



# KNORR-BREMSE

Annual Report 2025



# Profile

Knorr-Bremse is the global market and technology leader for braking systems and a leading supplier of other innovative solutions for the rail and commercial vehicle industries. For over 120 years, we have driven sustainable innovation and connected system solutions. Our products make a crucial contribution to greater safety, efficiency, and reliability on rail and road. Knorr-Bremse focuses its innovation on pioneering transportation solutions that build on global megatrends such as urbanization, sustainability, digitalization, and mobility. These concepts are shaping the global transformation within the transportation sector and offer enticing prospects for long-term growth in the rail and commercial vehicle segments.

## Knorr-Bremse worldwide

We are proud of more than

**120**

years of business success

with around

**30,000**

employees

at over

**100**

locations

in

**30**

countries



## Key performance indicators

		2025	2024	+ / -
<b>Revenues</b>	<b>In € million</b>	<b>7,817</b>	<b>7,883</b>	<b>-0.8 %</b>
EBIT	In € million	903	911	-0.8 %
EBIT margin	%	11.6	11.6	
EBIT operative	In € million	1,016	966	+5.1 %
EBIT margin operative	%	13.0	12.3	
Net income	In € million	572	477	+19.8 %
Return on sales after tax	%	7.3	6.1	
Earnings per share	€	3.31	2.76	+19.9 %
<b>Incoming orders</b>	<b>In € million</b>	<b>8,417</b>	<b>8,186</b>	<b>+2.8 %</b>
Order book (31.12.)	In € million	7,362	7,182	+2.5 %
<b>Free Cash Flow</b>	<b>In € million</b>	<b>790</b>	<b>730</b>	<b>+8.3 %</b>
Operating Cash flow	In € million	1,116	1,042	+7.1 %
Capital expenditure	In € million	319	350	-8.9 %
Capital expenditure in % of sales	%	4.1	4.4	
R&D costs	In € million	534	568	-5.9 %
R&D costs in % of sales	%	6.8	7.2	
<b>Total assets</b>	<b>In € million</b>	<b>8,883</b>	<b>9,613</b>	<b>-7.6 %</b>
Equity	In € million	3,180	3,127	+1.7 %
Equity ratio	%	35.8	32.5	
ROCE	%	23.4	20.8	
Net Working Capital	days' sales	51.6	59.2	-7.6
<b>Knorr-Bremse share</b>				
Number of shares		161,200,000	161,200,000	
Dividend per share	€	1.90	1.75	+8.6 %
Employees		30,913	32,549	-5.0 %



### Rail vehicle systems

		2025	2024	+ / -
<b>Revenues</b>	<b>In € million</b>	<b>4,316</b>	<b>4,044</b>	<b>+6.7 %</b>
EBIT	In € million	646	625	+3.4 %
EBIT margin	%	15.0	15.5	
EBIT operative	In € million	713	630	+13.2 %
EBIT margin operative	%	16.5	15.6	
Capital expenditure	In € million	136	138	-1.3 %
R&D costs	In € million	273	276	-1.1 %
R&D costs in % of sales	%	6.3	6.8	
Employees		17,546	17,896	-2.0 %



### Commercial vehicle systems

		2025	2024	+ / -
<b>Revenues</b>	<b>In € million</b>	<b>3,503</b>	<b>3,842</b>	<b>-8.8 %</b>
EBIT	In € million	319	350	-8.9 %
EBIT margin	%	9.1	9.1	
EBIT operative	In € million	363	401	-9.4 %
EBIT margin operative	%	10.4	10.4	
Capital expenditure	In € million	173	199	-12.9 %
R&D costs	In € million	262	292	-10.3 %
R&D costs in % of sales	%	7.5	7.6	
Employees		11,981	13,550	-11.6 %

# 01



## To Our Shareholders

- 06 Letter from the CEO
- 11 The Executive Board
- 12 Celebrating Knorr-Bremse –  
120 years of Knorr-Bremse
- 14 Report of the Supervisory Board
- 28 The Supervisory Board

# 02



## Combined Management Report

- 32 About the Group
- 40 Further Details of Corporate Governance
- 44 Group Sustainability Statement
- 130 Business Report
- 143 Supplementary Report
- 143 Report on Risks, Opportunities and  
Expected Developments
- 156 Knorr-Bremse AG (HGB)
- 158 Assurance Report to the Group  
Sustainability Statement

# 03



## Consolidated Financial Statements

164	Consolidated Statement of Income
165	Consolidated Statement of Comprehensive Income
166	Consolidated Balance Sheet
168	Consolidated Statement of Cash Flows
170	Consolidated Statement of Changes in Equity
172	Notes to the Consolidated Financial Statements
252	Responsibility Statement
253	Independent Auditor's Report



# 04

## Compensation Report

264	Introduction
264	Overview of the Fiscal Year
265	Executive Board Compensation
280	Supervisory Board Compensation
284	Multi-year overview
287	Report on the audit of the remuneration report
289	Financial Calendar
289	Imprint

# 01





## To Our Shareholders

---

- 06** Letter from the CEO
  - 11** The Executive Board
  - 12** Celebrating Knorr-Bremse –  
120 years of Knorr-Bremse
  - 14** Report of the Supervisory Board
  - 28** The Supervisory Board
-

# Letter from the CEO

Dear Readers,

Geopolitical tensions, economic uncertainty and a challenging market environment again impacted the past fiscal year. So I am all the more pleased to be able to say today that Knorr-Bremse has delivered. We have successfully steered our company through a demanding year and are in a very good position, both operationally and financially. This success is one thing above all: a great team effort. I would therefore like to start – also on behalf of the entire Executive Board – by expressing my sincere thanks to all colleagues worldwide for their commitment, dedication and expertise.

2025 was not only a successful year for Knorr-Bremse, but also a special one. Together with our employees, we celebrated our 120th anniversary at our locations around the world. This anniversary stands for an extraordinary success story, for innovation, entrepreneurial thinking and the will to shape things – values that have always defined Knorr-Bremse and still guide our actions to this day.

As the global market leader, we have a global footprint – with strong roots in Germany and a clear international orientation. It is in particular in uncertain times that the importance of ethos, discipline and perseverance are displayed. With our BOOST strategy program, we have done our homework: We have systematically adapted our processes and structures, honed our portfolio, increased our efficiency at all levels and have thus achieved excellent results. Now we are embarking on the next stage and focusing on our sustainable growth. Our most important goal is to further expand our position as a technology and global market leader. BOOST is not a short-term project, but rather an expression of a fundamental attitude: We want to become faster, more agile and better – continuously and sustainably.

Fiscal year 2025 impressively demonstrated that this approach works. We achieved all our financial targets for revenues, operating EBIT margin and free cash flow. Our order books are at an almost record level, debt is low and cash flows are high. This robust financial structure gives us stability and the strategic leeway to invest in the future of Knorr-Bremse in a targeted manner.

**» Thanks to a clear strategic direction, great discipline and systematic implementation of our transformation, Knorr-Bremse is now stronger than ever and excellently positioned for sustainable, profitable growth. «**

**Marc Llistosella**  
Chief Executive Officer



Our Rail Division (RVS) once again turned in a very strong fiscal year, setting new records for key indicators. Our colleagues can justifiably feel very proud of this team effort. The persistently high demand globally in the rail vehicle market is reflected not only in strong order intake, but also in record order books. The Rail Division contributed significantly to the very good overall results in numerous countries with both its OE and aftermarket business. Our customers' well-filled order books and successful reduction of old orders, with their inflation-related burden, also make us very confident about the current fiscal year, in which we continue to expect high demand.

At the same time, the Truck Division (CVS) proved extremely resilient despite a challenging market environment, generating a double-digit return under these conditions – an enormous achievement by all our colleagues there. While there was a slightly positive trend in European markets and a positive one in China overall, the North American truck market suffered significant declines. First signs of a gradual recovery, including in North America, as well as anticipated boosts to growth in the service business – driven in part by the very positive performance of Cojali, in which we hold a majority interest, and the initial successes of the CVS service platform – underscore our solid starting position for the current year.

Expressed in figures, this means: Knorr-Bremse's consolidated revenues remained nearly stable at around € 7.8 billion in fiscal 2025, despite further sales of companies. Order intake was € 8.4 billion and the order backlog at the year-end € 7.4 billion, i.e. both remained at a very high level. At the same time, we increased our profitability sharply thanks to the systematic implementation of our Group-wide BOOST strategy program: The operating EBIT margin improved to 13%, while operating free cash flow reached € 790 million, a new record in Knorr-Bremse's history.

With these results we met our outlook for fiscal 2025 in full. In view of this performance the Executive Board and Supervisory Board will propose to the General Meeting that a dividend of € 1.90 per share be paid. This is equivalent to an increase of around 9 % compared with the previous year.

Our success is based not least on the trust our customers place in us as technology and global market leader. This trust is confirmed by numerous international orders, the strong performance of our aftermarket business and the growing importance of digital solutions. Now, more than ever, Knorr-Bremse is a global provider of safe, efficient and sustainable mobility solutions.

To give an example: In 2025, the Rail Division once again secured important international contracts – including with Siemens Mobility for the Munich suburban rail network, with CRRC for metro and locomotive projects in China and Kazakhstan and with partners in India and the United Kingdom. At the same time, our Truck Division is underscoring its innovativeness with its full electric power steering EPS and long-term customer agreements, such as the extension of a major contract for 200,000 electronic leveling control systems per annum in the coming years and the targeted expansion of its digital aftermarket business.

In fiscal 2025, the Rail Division benefited from high global demand and once again posted record revenues of more than € 4.3 billion, while its operating EBIT margin rose sharply to 16.5%. Despite a challenging market environment, the Truck Division proved robust and generated an operating EBIT margin of 10.4% on revenues of more than € 3.5 billion – clear proof of the resilience and competitive strength of our business.

Pinpointed investments in cutting-edge fields underline our aspiration to remain successful long-term. We are pressing ahead rigorously with our global digitalization strategy, among other things by establishing our new center for artificial intelligence in India. At the same time, we are investing substantially in modernizing and automating our production sites. For instance, around € 125 million – also with the support of the European Union – is being channeled to further development of our largest European truck location in Aldersbach, while we have successfully completed modernization of our plant in Mödling.

A key component of our strategic further development is the targeted expansion of new growth areas across our core business. In the “Mobility as a Service” arena, we are bundling in particular digital solutions and services related to the aftermarket business in the truck segment. The aim is to support customers throughout the entire life cycle of their vehicles – with data-based applications, networked platforms and digital ecosystems that increase availability, efficiency and cost-effectiveness.

In the rail segment, the future field of “Wayside” stands for smart systems along the rail infrastructure, for example in the areas of signaling, control and monitoring technology. With selective investments and acquisitions – such as duagon – we are strengthening our role here as a tier 1 partner for the entire rail transportation system and expanding our value creation beyond the vehicle.

In addition, we are tapping into new, attractive long-term business fields in the shape of energy technologies and green technologies. In the energy industry, we see potential as a system provider for smart power distribution and grid management. Green technologies – for example, in the field of recycling and circular economy solutions – address key future issues as regards sustainable industry. Both fields are of strategic interest because they feed into our technological competence, our system expertise and our mission to achieve sustainable and profitable growth.

We also made important progress in the issue of sustainability last year. Since 2018, we have reduced our Scope 1 and Scope 2 CO<sub>2</sub>e emissions by 79%, meaning we are fully on track to achieve our 2030 climate target. We increased our self-generated renewable energy by 41% year over year. At the same time, we further increased the proportion of EU taxonomy-aligned revenue. This progress is also reflected in improved ESG ratings and numerous external awards. We believe sustainability and economic success are not a contradiction in terms, but two sides of the same coin.

Today, we can say with conviction that Knorr-Bremse is in a very good position. Thanks to our clear ethos, systematic implementation of our BOOST strategy program and great discipline, we have further strengthened our business even under challenging geopolitical conditions. We tackle intense international competition daily, have our costs and structures firmly under control and combine technological excellence with entrepreneurship. The results testify to the effectiveness of our measures – and fill us with confidence moving forward. In fiscal 2026, we expect revenues between € 8.0 billion and € 8.3 billion, an operating EBIT margin of around 14% and free cash flow between € 750 million and € 850 million.\*

Knorr-Bremse is nearing the finishing line with its BOOST program. Our transformation is having an impact – and is now entering its next phase. We are continuing to hone our portfolio, are sustainably increasing our performance and are making targeted investments to enable growth with substance. In doing so, we are securing our position as technology and global market leader and laying the foundation for profitable growth long-term.

I thank you for your trust and support.

Munich, March 19, 2026



**Marc Llistosella**  
Chief Executive Officer

\* The outlook for 2026 is based on the assumption of largely stable exchange rates year-on-year and, in general, stable geopolitical and economic environments. In addition to effects from the acquisition of the duagon Group, the outlook is based on the current portfolio of companies and therefore does not take into account any potential effects from further acquisitions or divestments.

# The Executive Board



**Frank Markus Weber**  
Chief Financial Officer

—  
Worldwide responsibility for Finance, Accounting, Controlling, Taxes, Treasury, M&A, Sustainability, and Investor Relations

**Marc Llistosella**  
Chief Executive Officer  
—  
Worldwide responsibility for Strategy, Communications, Digitalization, IT, Information Security, Security, and Internal Audit



**Dr. Claudia Mayfeld**  
Member of the Executive Board  
—  
Worldwide responsibility for People & Integrity



**Dr. Nicolas Lange**  
Member of the Executive Board  
—  
Worldwide responsibility for the Rail Vehicle Systems division



**Bernd Spies**  
Member of the Executive Board  
—  
Worldwide responsibility for the Commercial Vehicle Systems division



# Celebrating Knorr-Bremse

120 years of Knorr-Bremse – creating truly memorable anniversary moments at KB sites across the globe.

#OneWorldOneKB



La Pocatière (Quebec),  
Canada



Lisieux,  
France



Munich,  
Germany



Getafe,  
Spain

Dalian,  
China



Liberec,  
Czech Republic



Beijing,  
China



Kecskemét,  
Hungary



Budapest,  
Hungary



Pune,  
India



Florence,  
Italy



# Report of the Supervisory Board

*Dear shareholders,*

As the Chairman of the Supervisory Board, I wish to report to you on the Supervisory Board's work during the 2025 fiscal year which recently ended. In a fiscal year marked by geopolitical uncertainty and global market protectionism, Knorr-Bremse impressively demonstrated its resilience and excellence. Rigorous implementation of the global BOOST 2026 strategy program played a decisive role here. The measures are aimed at successfully further developing Knorr-Bremse as the global market and technology leader and increasing profitability. A vital part of that is strategic development of the portfolio through the acquisition of the duagon Group in the Rail division and the platform provider Travis in the Truck division; however, it also entails streamlining the portfolio to remove non-performing business areas, most recently the sale of Kiepe, GT, and Sheppard as key components. Strategic acquisitions and divestments are monitored closely by the Supervisory Board. In fiscal 2025, Knorr-Bremse once again increased its operating profitability year over year and generated a record high free cash flow of € 790 million. Knorr-Bremse impresses with its operational strength in an economic environment that is particularly challenging for the truck sector.

We are making sure that you, our shareholders, are also included in this success. The preliminary business figures published on February 19, 2026, and the continued strong operational performance, despite the impact of restructuring, put the company in a position to propose a dividend of € 1.90 per share at the Annual General Meeting, a dividend higher than the previous year.

The focuses of the Supervisory Board's work in the fiscal year now ended, which are explained in detail below in the section *Significant topics of Supervisory Board work* (starting on page 8), included the integration of the US signaling technology business acquired from Alstom in 2024 and, with it, Knorr-Bremse's successful entry into the new control, command, and signaling (CCS) field of business, achieved with a target that has already exceeded the financial expectations on which the acquisition was based. Other focal points of the Supervisory Board's strategic work were the above-mentioned acquisition of the duagon Group in RVS at the beginning of 2026 and the acquisition of TRAVIS Road Services, which complements our CVS service platform. Finally, advising on strategic measures by the Executive Board for adjusting the portfolio and increasing profitability (brownfield) and growth initiatives (greenfield) as part of BOOST was a key focus.

## **Collaboration of the Supervisory Board and Executive Board**

In the reporting period, the Supervisory Board continued to fulfill its duties pursuant to the law, the Articles of Association, and the rules of procedure with great care. The Supervisory Board was directly involved in all decisions that were of fundamental significance to the Group and complied with the relevant recommendations of the German Corporate Governance Code (GCGC). It advised the Executive Board on the leadership of the company and ongoing acquisition projects, one specific example being the acquisition of the duagon

A portrait of Dr. Reinhard Ploss, Chairman of the Supervisory Board. He is a middle-aged man with short, light brown hair, wearing glasses and a dark blue suit jacket over a light blue button-down shirt. He is looking slightly to the right of the camera with a neutral expression.

**» The candid and trusting collaboration that has evolved between the Executive Board, managers, and the Supervisory Board is a key factor for the Knorr-Bremse success. «**

**Dr. Reinhard Ploss**  
Chairman of the Supervisory Board

Group. The Supervisory Board also maintained ongoing dialog with the Executive Board on strategic initiatives such as on growth options in adjacent and new business fields like energy technology (Power & Grid) in particular. At the same time, the Supervisory Board monitored the senior management of the Executive Board on the basis of regular reports with which it remained informed in relation to business development, planning, and risks. I again wish to emphasize the candid, cooperative and trusting collaboration that has evolved between the Executive Board, managers, and the Supervisory Board and which is a key factor for success.

The principles of responsible and good corporate governance are the foundation of the Supervisory Board's work. They include a regular examination of the Supervisory Board's understanding of corporate governance, of the legal framework for the Supervisory Board's work, and of relevant developments, both in Germany and globally. The focus of the Supervisory Board's monitoring and advisory activities is on the legality, propriety, expediency, and efficiency of senior management and Group management. The subject matter and performance of the Supervisory Board's work are governed in more detail in the rules of procedure for the Supervisory Board, Audit Committee, and Executive Board, which are available on the website. The Supervisory Board is closely involved in the corporate planning and discussions of strategic projects and topics. Besides the rules of procedure, there is a list of reserved matters governing contractual arrangements and measures that require the approval of the Supervisory Board before the Executive Board can implement them. The comprehensive preliminary review and preliminary consideration partly required as a result is conducted in the committees, specifically in the Strategy Committee, the Audit Committee, or the Executive Committee – depending on the subject matter. The Supervisory Board and its committees take care to always have an appropriate information base and make decisions at their own discretion for the interests of the company. The members of the Supervisory Board are personally responsible for pursuing the training and professional development that they need for their duties. They are given the company's full support for this. In 2025, the members of the Strategy Committee and Audit Committee were (again) given training on their specific responsibilities as part of ESG reporting.

During the past fiscal year, the Executive Board regularly, immediately, and comprehensively reported to the Supervisory Board by means of written and oral reports, both at and between meetings. The reports contained all relevant information on the strategic development, planning, business development within the year, position of the company, risk situation, risk management, compliance, competitors of the Commercial Vehicle Systems and Rail Vehicle Systems divisions (peers) with a separate analysis of the business units, situation in the capital market, including expectations of analysts and investors, and current events. The Supervisory Board jointly discussed with the Executive Board the business transactions important for the company and the company's further development. It was included in a timely manner in all decisions of fundamental importance for the Company. The Executive Board also informed the Supervisory Board about urgent matters between the regular meetings. As the Chairman of the Supervisory Board, I also maintained a dialog with the Executive Board between Supervisory Board meetings on the business situation and on significant business transactions of the company as part of regular business reviews. The same applies to the ongoing development of the organization and corporate culture, which are both essential factors for achieving our business targets. The strength of the leadership and culture are key drivers of the company's development, even if their effect can only be seen in the business results after some time has passed. An understanding of this is highly important for the Supervisory Board so that it can judge whether the set targets are realistic at an early stage. I held regular talks with important investors on key topics and issues relating to the Supervisory Board.

In the 2025 fiscal year, we maintained a consistently high attendance rate in our meetings, as we had in previous years. The average attendance at full-board meetings was around 99%. All meetings were held in person, with the exception of the short Supervisory Board meeting before the Annual General Meeting. The option of virtual attendance was available if good reason was given. The Executive Committee, Nomination Committee, Audit Committee, and Strategy Committee likewise met in person. The personal attendance records presented below are evidence of the high degree of commitment that the members of the Supervisory Board have. Supervisory Board and committee members took part in the resolutions by sending voting instructions if they were prevented from attending individual meetings. Documents for meetings were made available at an early stage for the attendees' preparation; handouts were only used for late-notice developments and changes.

### 1.01 MEETING ATTENDANCE OF THE SUPERVISORY BOARD MEMBERS IN FISCAL 2025

Name	Supervisory Board (full board)	Executive Committee	Audit Committee	Nomination Committee	Strategy Committee
<b>Dr. Reinhard Ploss</b>	8 (8)	4 (4)	7 (7)	2 (2)	3 (3)
<b>Franz-Josef Birkeneder (Deputy Chairman)</b>	8 (8)	4 (4)	7 (7)		<b>3 (3)</b>
<b>Dr. Theodor Weimer (Deputy Chairman)</b> (until April 30, 2025)	3 (3)	1 (1)			
<b>Stephan Sturm (from April 30, 2025)</b> (Deputy Chairman from July 31, 2025)	5 (5)	<b>2 (2)</b>			
<b>Kathrin Dahnke</b>	8 (8)		<b>7 (7)</b>	<b>2 (2)</b>	
<b>Thomas Mittmann</b>	8 (8)				
<b>Dr. Sigrid Evelyn Nikutta</b>	8 (8)				<b>3 (3)</b>
<b>Wolfgang Nirschl</b>	8 (8)		<b>6 (7)</b>		
<b>Werner Ratzisberger</b>	8 (8)	<b>4 (4)</b>			<b>3 (3)</b>
<b>Annemarie Sedlmair</b>	8 (8)				
<b>Dr. Stefan Sommer</b>	7 (8)				<b>2 (3)</b>
<b>Julia Thiele-Schürhoff</b>	8 (8)			<b>2 (2)</b>	<b>3 (3)</b>
<b>Manuela Deseive</b>	<b>8 (8)</b>				
<b>Meeting attendance in %</b>	<b>99.04%</b>	<b>100%</b>	<b>96.43%</b>	<b>100%</b>	<b>94.45%</b>

(in parentheses: number of meetings held during the term of the respective Supervisory Board or committee member)

#### Discussions of the Supervisory Board and Its Committees

Meetings and resolutions of the full Supervisory Board are normally prepared by the Chairman of the Supervisory Board in consultation with the Chief Executive Officer, and furthermore by the Executive Committee and, depending on the topic concerned, by the Audit and Strategy Committees. The Supervisory Board established a Mediation Committee, whose services were not needed during the reporting period. The Nomination Committee met two times during the reporting period. The committee chairs, Ms. Dahnke (Audit Committee), Dr. Sommer (Strategy Committee), and I myself (Executive Committee, Nomination Committee), provided regular reports to the Supervisory Board on the work done in the committees. The main subjects of the committees' consultations are summarized below.

The shareholder representatives (the owners' panel) regularly held advance meetings prior to the Supervisory Board meetings. Members of the Executive Board also took part in these meetings on an ad hoc basis. Internal discussions were held as needed at the end of Supervisory Board meetings without the presence of the Executive Board members.

### Significant Topics of Supervisory Board Work

A total of eight Supervisory Board meetings were held during the reporting period, including the two-day strategy meeting. They were held at the Knorr-Bremse Group's locations in Munich (6), Mödling (1), and Hohenkammer (1). In one case, the Supervisory Board made decisions through a written circulation procedure on the basis of a pre-formulated decision proposal from the Executive Board. The following presents a chronological overview of the substantive focuses of selected meetings of the full Supervisory Board:

1. The focuses for the two-day strategy meeting on January 30 and 31, 2025, were the strategic alignment of the Group and of both divisions, the strategic financial planning, and core innovation projects in CVS and RVS. The Supervisory Board reviewed the status of implementation of the key strategic and operational BOOST subprojects in brownfield and greenfield. This includes further optimization of the product portfolio, the reduction of structural costs (SG&A), the adjustment of R&D expenditure in line with the strategic financial framework, the expansion of the profitable aftermarket business in the truck and rail sectors, and ongoing examination of M&A opportunities and organic growth possibilities. The Supervisory Board also sees itself as a sparring partner for the Executive Board in this regard. Further focuses for the strategy meeting included the IT and HR strategies as well as the setup of product compliance management (PCM).
2. At the accounts meeting on March 20, 2025, the Supervisory Board discussed with the auditor the annual and consolidated financial statements for the 2024 fiscal year and the outcomes of the audit, and – based on the preceding deliberations of the Audit Committee – gave the necessary approval. The Supervisory Board seconded the Executive Board's proposal for appropriating the net profit for the 2024 fiscal year (payment of a dividend of € 1.75 per share). The Supervisory Board approved the Report of the Supervisory Board, the Corporate Governance Statement and Compensation Report, the dependency report, and the Group Sustainability Statement. The Supervisory Board also adopted the motions for the Annual General Meeting and approved it being held virtually, as already in previous years. The Supervisory Board dealt with selected BOOST initiatives, in particular the status of divestment projects as part of the portfolio adjustment. The Supervisory Board likewise conducted its regular review of recently closed M&A transactions in terms of whether they fulfilled the business case underlying the acquisition and the respective strategic foundations.
3. At its meeting on April 29, 2025, the Supervisory Board dealt with preparations for the Annual General Meeting the next day, discussing in particular the advantages and disadvantages of holding a virtual meeting, as well as public broadcasting of (also) the general debate. The Supervisory Board approved both.
4. At its meeting on July 31, 2025, the Supervisory Board dealt with the results for the first half of the year, the status of selected BOOST measures, the ongoing divestment and restructuring activities of the Rail Division, and the integration of the signaling technology business acquired from Alstom. The Supervisory Board elected Stephan Sturm, who succeeded Dr. Theodor Weimer on the Supervisory Board effective April 30, 2025, as its Deputy Chairman.

5. At an extraordinary meeting on September 19, 2025, the Supervisory Board discussed the acquisition of the duagon Group and unanimously approved the acquisition. With duagon, Knorr-Bremse is strengthening its existing electronics business and gaining an expert in specialized solutions in the fields of embedded electronics and communication and software solutions in the rail sector, with applications for both trains and railway infrastructure.
6. At its meeting held at the Knorr-Bremse site in Mödling, Austria, on October 9, 2025, as part of which the Supervisory Board also visited the production facility, the Supervisory Board reviewed the status of the ongoing M&A and divestment activities in the rail sector, in particular the carve-out and sale of the global air conditioning system business. The full Supervisory Board also discussed organic and inorganic measures to expand the profitable aftermarket and platform business in the truck sector. The acquisition of the platform provider Travis is an important component in this regard, as is the establishment of a joint venture with WESP for the structured evaluation of workshop data in the commercial vehicles sector. Both contribute to the creation of a holistic and digitalized aftermarket ecosystem that has significant long-term growth potential. Based on an external guest talk, the Supervisory Board discussed the Knorr-Bremse Group's AI strategy and specific practical applications (use cases). The growth options for both divisions in the Indian market and India's role as a global production location were another focus of the October meeting. In this context, the Supervisory Board also discussed the establishment of a new site in Chennai (One Campus India) and gave the approval required for the investments necessary for that. Lastly, the Supervisory Board decided to extend the appointment of Dr. Nicolas Lange as the Executive Board member responsible for rail for a period of five years, i.e. until the end of September 30, 2031.
7. During the planning meeting on December 17, 2025, the Supervisory Board discussed the 2026 budget and the strategic financial planning of the Group and divisions for the years 2027 through 2030. It approved this planning after a full discussion and adopted the company's targets derived from it for the Executive Board's Short-Term Incentive (STI) and the individual STI targets for fiscal 2026. The Supervisory Board also dealt with a possible expansion of the energy technology business (Power & Grid) and inorganic growth options in this field. Finally, the Supervisory Board dealt with preparations for this year's Annual General Meeting, as well as with the declaration of compliance with the German Corporate Governance Code published on the same day, which I will discuss in more detail in the Corporate Governance section.

At the meetings, the Supervisory Board and Executive Board regularly gave individuals at the next levels an opportunity to present on topics. Through this, the Supervisory Board receives a good picture of potential young talent as well as the entrenchment of topics relevant to it within the organization.

## Executive Committee

The Executive Committee coordinates the work of the Supervisory Board, prepares the meetings of the full Supervisory Board, and monitors the execution of the resolutions adopted by the Supervisory Board. It is in charge of resolutions regarding transactions with members of the Executive Board, the approval of contracts with Supervisory Board members, and long-term succession planning for the Executive Board. In matters relating to the Supervisory Board, the Executive Committee makes decisions about delaying the public disclosure of insider information in accordance with Article 17 (4) Market Abuse Regulation where necessary.

A total of four meetings of the Executive Committee were held during the reporting period, each of them in person. Among other things, the Executive Committee dealt with the determination of the financial and non-financial targets and the individual targets for the Short-Term and Long-Term Incentives, as well as with preparation for a change to the measurement of the subtargets relevant to the LTI. The Executive Committee also discussed the extension of Dr. Lange's appointment and the envisaged appointment of Frank Weber as a member of the Supervisory Board of Vossloh AG, which has since been completed with the approval of the Executive Committee. Where necessary to prepare the decision by the Supervisory Board, the Executive Committee concluded its deliberations by issuing to the Supervisory Board a recommendation for the resolution. As the Chairman of the Executive Committee, I regularly reported to the Supervisory Board about the work done by the Executive Committee.

### Members of the Executive Committee:

- Dr. Reinhard Ploss (Chairman)
- Franz-Josef Birkeneder
- Dr. Theodor Weimer (until April 30, 2025)
- Stephan Sturm (from July 31, 2025)
- Werner Ratzisberger

## Audit Committee

The Audit Committee prepares Supervisory Board resolutions regarding the approval of financial statements and proposals for appropriating net profit. It takes the place of the Supervisory Board to engage auditors for specific audits. In relation to the *appointment* of the auditor at the Annual General Meeting, the Audit Committee proposes a recommendation to the Supervisory Board. The composition, duties, and competencies of the Audit Committee comply with the specifications of the Financial Market Integrity Strengthening Act (FISG). For example, the Chairwoman of the Audit Committee, Kathrin Dahnke, enjoys a direct right to obtain information from the heads of Internal Audit, Controlling, Risk Management, and Compliance, which are the relevant central departments. Moreover, she maintains regular and partly bilateral communication with the auditor. The information provided in the Corporate Governance Statement explains the composition of the Audit Committee (in relation to "financial experts"). Ms. Dahnke regularly reports to the full Supervisory Board about the Audit Committee's work.

The Audit Committee convened for a total of seven meetings in the 2025 fiscal year. It dealt with the Knorr-Bremse Group's financial reporting, in particular the preliminary figures and the Annual Report for fiscal 2024, as well as the quarterly and half-yearly financial reporting. The risk management system, internal control system, compliance management system, reports from Internal Audit, and the status of significant litigation are regularly presented to the Audit Committee by the responsible heads of division and discussed by it. A key component of the committee's work is its involvement in the annual and consolidated

financial statements, beginning with the definition of audit focus topics; as well as in approving the proposed fee for the auditor, the relevant audit reports from the auditor KPMG, the dependency report, the combined nonfinancial report (sustainability report), and the Executive Board's proposal for appropriating net profit for the past fiscal year.

#### **Members of the Audit Committee:**

- Kathrin Dahnke (Chairwoman)
- Franz-Josef Birkeneder
- Dr. Reinhard Ploss
- Wolfgang Nirschl

## **Strategy Committee**

The Strategy Committee advises the Supervisory Board and Executive Board on core issues relating to the Group's strategy, including the Group's business policy and commercial direction. One of its focuses is the analysis and ongoing development of the commercial and rail vehicle divisions, new business ideas, and potential development prospects, which also requires alternative evaluation methods and perspectives. The committee's duties further include providing strategy advice for divestments, mergers, and acquisitions, including monitoring performance after transactions have closed. Moreover, it is also responsible for performing strategic evaluations of the Knorr-Bremse Group's global footprint of locations and subsidiaries and discussing potential improvement with the Executive Board. The Strategy Committee also supports the Executive Board with the development and evaluation of proposals for managing the company's innovation. It ultimately has subject matter responsibility for certain sustainability-related topics, alongside the Audit Committee which oversees the sustainability reporting. For instance, the Strategy Committee advises the Executive Board on the systematic identification of the company's risks and opportunities that are associated with social and environmental factors, and on the appropriate consideration of environmental and social objectives in the corporate governance.

The Strategy Committee met for three meetings during the reporting period, all of which were held in person. Among other items, it dealt with the BOOST project and the implementation of the brownfield measures defined by the Executive Board, including the portfolio adjustment measures passed; it also reviewed the status of the ongoing M&A and divestment projects, the preparation of and focuses for the strategy meeting, and the product pipeline of the two divisions, from preliminary development through market launch down to phase-out (S curves). A further focus was the discussion of organic and inorganic growth options and their systematic evaluation in greenfield, including in the Power & Grid field, conceivable activities of the Knorr-Bremse Group in the green tech sector, a structured analysis of the development factors and growth drivers in e-mobility, growth options in adjacent markets, and the opportunities, challenges and implementation strategies for both divisions in the Chinese market.

#### **Members of the Strategy Committee:**

- Dr. Stefan Sommer (Chairman)
- Franz-Josef Birkeneder
- Julia Thiele-Schürhoff
- Dr. Reinhard Ploss
- Dr. Sigrid Nikutta
- Werner Ratzisberger

## Nomination Committee

If necessary, the Nomination Committee proposes appropriate candidates to the Supervisory Board that the latter may propose for election as new Supervisory Board members at Annual General Meetings.

The Nomination Committee met two times during the reporting period. Using the Supervisory Board's current skills profile as a basis, the committee dealt with issues relating to succession and appointments. The Supervisory Board focused on preparing for the replacement of Dr. Sigrid Nikutta, who will step down from the Supervisory Board effective the end of this year's Annual General Meeting on April 30, 2026. The committee nominated Dr. Christian Schlögel as her designated successor. As former Chief Digital Officer of Körber AG, Dr. Schlögel boasts proven implementation expertise in the fields of software, digitization, digital transformation, and artificial intelligence. He has over 30 years of leadership experience at global technology, software, and industrial companies.

### Members of the Nomination Committee:

- Dr. Reinhard Ploss (Chairman)
- Kathrin Dahnke
- Julia Thiele-Schürhoff

## Mediation Committee

The Mediation Committee did not convene during the reporting period.

### Members of the Mediation Committee:

- Dr. Reinhard Ploss
- Franz-Josef Birkeneder
- Kathrin Dahnke
- Werner Ratzisberger

## Corporate Governance

The Supervisory Board attaches a great level of importance to ensuring satisfactory corporate governance. It examined its own understanding of corporate governance and compliance separately and intensively during the reporting period. The framework for this consists of the corporate governance requirements for listed German companies, in particular the ones under the German Stock Corporation Act (AktG), German Codetermination Act (MitbestG), and German Corporate Governance Code (GCGC), as amended. The Supervisory Board made a declaration of compliance pursuant to section 161 AktG for the reporting period in conjunction with the Executive Board on December 17, 2025. This declaration of compliance was made available on the company's website and is also printed in the Corporate Governance Statement.

Knorr-Bremse AG fulfilled all recommendations of the German Corporate Governance Code in fiscal 2025 except for recommendations C.4 and G.11 of the GCGC. The deviation from C.4 is only temporary because a member of the Supervisory Board is taking over provisionally as Chair of the Supervisory Board of another listed company and thus – due to the fact that appointment as a Chair counts double – the recommended maximum number of five Supervisory Board mandates will be exceeded for a time. Malus and clawback provisions, as recommended under G.11, have already been included in four of the five Executive Board contracts and are to be fully implemented in the course of 2026.

The Supervisory Board regularly assesses how effectively it is fulfilling its duties as a whole as well as through its committees (an “efficiency review” under section D.12 of the German Corporate Governance Code). Such an efficiency review is to be next conducted in the second half of the year.

### **Conflicts of Interest**

The Supervisory Board conducts continuous monitoring to see if there are potential conflicts of interest in its decision-making, such as may arise if members hold dual mandates. The outcome of this monitoring was that there were no conflicts of interest relevant to the Supervisory Board’s decision-making during the 2025 fiscal year or the current fiscal year.

### **Audit of Annual and Consolidated Financial Statements**

The Supervisory Board and the Audit Committee in particular performed relevant audit procedures to ensure that the annual and consolidated financial statements and further financial statements for the 2025 fiscal year met the applicable requirements.

The annual financial statements of Knorr-Bremse AG as compiled by the Executive Board in accordance with Germany’s generally accepted accounting principles (HGB), the combined management report of Knorr-Bremse AG, and the consolidated financial statements for the 2025 fiscal year based on International Financial Reporting Standards (IFRS) were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich and each awarded an unqualified opinion. KPMG was elected as the auditor of the financial statements for the 2025 fiscal year at the Annual General Meeting on April 30, 2025. KPMG has been the auditor of the Knorr-Bremse Group since its IPO in 2018 and was also appointed as the auditor prior to that. Michael Mokler was and is the main auditor overseeing the audit for the purposes of section 319a (1) sentence 4 HGB. Angelika Huber-Strasser is a further key audit partner. The auditor reported on the status of the audit of the annual and consolidated financial statements in February when the preliminary figures were published. It audited the report on relations with affiliated companies (dependency report, section 312 AktG) that was compiled by the Executive Board and issued the following opinion in regard to the report: “Having conducted a due and proper audit and appraisal, we hereby confirm that 1. the actual disclosures contained in the report are correct, 2. the legal transactions disclosed in the report did not involve inappropriately high consideration or compensation for any disadvantages, 3. no circumstances relating to the measures disclosed in the report suggest an assessment other than the one made by the Executive Board.”

The aforementioned reports, the Executive Board’s proposal for the appropriation of net profit, and the auditor’s reports were provided to all members of the Supervisory Board in a timely fashion or were displayed for their perusal at the Supervisory Board meeting on March 19, 2026. The Audit Committee conducted a preliminary audit of all documents at its meetings on February 18, 2026 (preliminary figures), and March 13, 2026, with Audit Committee Chairwoman Kathrin Dahnke reporting to the Supervisory Board about this at the Supervisory Board meeting on March 19, 2026. The financial statements and reports were presented to the Supervisory Board by the Executive Board and discussed in detail. The auditors attending the meetings reported on the results of their audits. In this context, the auditors dealt in particular with the especially important audit matters mentioned in the audit opinion, with other key focal areas of the audit, and with the respective procedure during the audit, including the conclusions, and made themselves available for additional queries and requests for information. The Audit Committee did not find any vulnerabilities in the risk management system, internal control system, internal audit system, or compliance management system. After our own audit of the annual financial statements, consolidated financial statements, and combined management report, we – as the Supervisory Board – do not have any cause to raise objections, for which reason we agreed with the Executive Board’s assessment of the position of Knorr-Bremse AG and the Knorr-Bremse

Group. The Supervisory Board approved the annual and consolidated financial statements for the 2025 fiscal year in line with the recommendation of the Audit Committee, which means that the annual financial statements of Knorr-Bremse AG are hereby adopted.

We held in-depth discussions with the Executive Board about the appropriation of net profit and concur with the Executive Board's proposal to distribute a dividend of € 1.90 per no-par-value share with dividend rights for fiscal year 2025. The proposal for the appropriation of net profit reflects the Group's strong operational performance; non-recurring effects from the continuous BOOST restructuring are to be offset. The Supervisory Board approved this Report of the Supervisory Board, the Corporate Governance Statement and Compensation Report, the dependency report, and the Consolidated Nonfinancial Statement.

A resolution will be made about the proposed appropriation of net profit at the Annual General Meeting on April 30, 2026. The agenda for the Annual General Meeting also includes the regularly scheduled elections to the Supervisory Board, the Compensation Report for the 2025 fiscal year, and the likewise regular confirmation of the compensation system for members of the Supervisory Board (the content of which is unchanged).

#### **Membership changes to Supervisory Board and Executive Board**

The composition of the Executive Board and Supervisory Board as at December 31, 2025, is illustrated in the overviews on page 28 for the Supervisory Board and page 11 for the Executive Board. There were the following changes in the past fiscal year:

## **Supervisory Board**

Stephan Sturm succeeded Dr. Theodor Weimer as a shareholder representative on April 30, 2025, after the latter stepped down from the board for personal reasons. Manuela Deseive, who had been elected as a substitute member in 2021, succeeded Sylvia Walter on the employee side on January 1, 2025, after the latter resigned from the Supervisory Board having reached retirement age. The company supports the newly elected members of the Supervisory Board in familiarizing themselves with their roles via a structured onboarding program to provide them with a comprehensive overview of the company and the global position of the Group, its operations, and the products of the two divisions.

## Executive Board

The makeup of the Executive Board remained stable in the 2025 reporting period. I would like to emphasize the unanimous decisions of the Supervisory Board to extend the contracts of the serving members of the Executive Board, Marc Llistosella and Dr. Nicolas Lange, ahead of time by five years in each case. In my view, they testify to the mutual trust between the Supervisory Board and the Executive Board and the high performance and effectiveness of the Executive Board as a team under the CEO's leadership.

### Acknowledgment

The fact that Knorr-Bremse was able to achieve and, in the case of the Rail Division, even exceed its ambitious targets in a fiscal year marked by geopolitical uncertainty and global market protectionism is testament not only to the great resilience of its business model and the effectiveness of its BOOST measures, but also to the commitment, abilities and performance of the entire Knorr-Bremse team and its managers. The Supervisory Board thanks the Executive Board and all employees who guided and are guiding the company successfully and securely through the fiscal year. The Supervisory Board will continue to oversee the Executive Board constructively in the future. I personally wish to highlight the open and positive demeanor founded on mutual trust that I encounter in my interactions with everyone involved. Based on the culture as well as substantive insight, it reinforces my confidence that Knorr-Bremse can keep up its success on its journey into the future.

Munich, March 19, 2026

*best regards and all the best  
yours Reinhard Ploss*

**Dr. Reinhard Ploss**  
Chairman of the Supervisory Board

## Supervisory Board of Knorr-Bremse AG

### **Dr. Reinhard Ploss, Munich**

- Chair of the Supervisory Board
- Member of the Supervisory Board of Deutsche Telekom AG
- Ordinary member of the TUM University Council
- Member of the Board of Trustees of Foundation for Demoscopy Allensbach
- Member of the Quantum Computing Advisory Board of Deutsches Zentrum für Luft- und Raumfahrt e. V. (DLR)
- Chair of Qutac (Quantum Technology & Application Consortium) Executive Committee
- Honorary member of Board of Trustees, Stifterverband für die Deutsche Wissenschaft

### **Franz-Josef Birkeneder\*, Aldersbach**

- Deputy Chairman of the Supervisory Board
- Global project support for Knorr-Bremse Systeme für Nutzfahrzeuge GmbH

### **Stephan Sturm, Hofheim am Taunus (since April 30, 2025)**

- Deputy Chair of the Supervisory Board (since Juli 31, 2025)
- Chair of the Executive Board of Heinz Hermann Thiele Familienstiftung
- Deputy Chair of the Supervisory Board of CRX Markets AG
- Chair of the Supervisory Board of Hugo Boss AG

### **Dr. Theodor Weimer, Frankfurt am Main (until April 30, 2025)**

- Deputy Chair of the Supervisory Board (until April 30, 2025)
- Member of the Supervisory Board of Deutsche Bank AG (until May 22, 2025)

### **Kathrin Dahnke, Bielefeld**

- Independent management consultant
- Chair of the Audit Committee
- Member of the Supervisory Board and Chair of the Audit Committee of B. Braun SE
- Member of the Supervisory Board, Chair of the Supervisory Board since January 1, 2026 and Chair of the Audit Committee of Jungheinrich AG
- Member of the Supervisory Board of Aurubis AG
- Member of the Supervisory Board of Fraport AG

### **Manuela Deseive\*, Munich**

- Commercial employee
- Member of the Works Council of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Knorr-Bremse AG, Knorr-Bremse Services GmbH
- Member of the Supervisory Board of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH (until July 31, 2025)

**Thomas Mittmann\*, Berlin**

- Technical coordinator in site and facility management
- Member of the works council of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH in Berlin

**Dr. Sigrid Evelyn Nikutta, Berlin**

- Member of the Executive Board (Goods Traffic) of Deutsche Bahn AG and CEO of DB Cargo AG (until December 31, 2025)
- Chair of the Board of Trustees of Deutsches Institut für Wirtschaftsforschung (DIW)
- Member of the University Council, Bielefeld University

**Wolfgang Nirschl\*, Passau**

- Director and First Authorized Representative of IG Metall trade union, Passau

**Werner Ratzisberger\*, Munich**

- Full-time member of the Works Council of Knorr-Bremse Systeme für Nutzfahrzeuge GmbH

**Annemarie Sedlmair\*, Munich**

- IG Metall Bezirksleitung Bayern, legal counsel
- Member of the Supervisory Board of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH
- Member of the Supervisory Board of Bosch Rexroth AG
- Member of the Advisory Board of Fachakademie für Arbeitsrecht der Kritischen Akademie Inzell

**Dr. Stefan Sommer, Meersburg**

- Chair of the Strategy Committee
- Member of the Board of Directors of Aeva Inc., California, USA
- Chair of the Supervisory Board of Jost Werke AG
- Member of the Presidential Council of DEKRA e. V.

**Julia Thiele-Schürhoff, Munich**

- Member of the Executive Board of Heinz Hermann Thiele Family Trust
- Chair of the Advisory Board of Knorr-Bremse Global Care e. V.

\* elected by the employees

# The Supervisory Board



**Dr. Reinhard Ploss**  
Chairman of the Supervisory Board  
CEO of Infineon Technologies AG,  
retired, Munich



**Franz-Josef Birkeneder \***  
Deputy Chairman of the  
Supervisory Board, Global Project  
Support, Knorr-Bremse Commercial  
Vehicle Systems; Aldersbach Plant  
Manager until 2022



**Stephan Sturm**  
(since April 30, 2025)  
Chairman of the Executive Board,  
Heinz Hermann Thiele Family Foundation;  
Former Chief Executive Officer (CEO)  
of Fresenius SE, Munich



**Kathrin Dahnke**  
Chairwoman of the Supervisory Board  
Audit Committee, Self-employed  
Management Consultant, Munich



**Thomas Mittmann \***  
Technical Coordinator in Site & Facility  
Management, Member of the  
Knorr-Bremse Rail Vehicle Systems  
Works Council, Berlin



**Dr. Stefan Sommer**  
Chairman of the Supervisory Board  
Strategy Committee, Former Member  
of the Board of Management of  
Volkswagen AG with responsibility for  
the Components and Procurement  
business, Consultant, Meersburg



**Julia Thiele-Schürhoff**  
Member of the Executive Board of the Heinz Hermann Thiele Family Foundation, Chairwoman of the Advisory Board of Knorr-Bremse Global Care e.V., Munich



**Manuela Deseive\***  
Facility Management Officer, Commercial Employee, Munich



**Wolfgang Nirschl\***  
Managing Director and First Authorized Representative of IG Metall trade union, Passau

**Annemarie Sedlmair\***  
District Legal Counsel of the Bavarian district leadership of IG Metall trade union, Munich

**Dr. Sigrid Evelyn Nikutta**  
Former Member of the Management Board (Freight Transport) of Deutsche Bahn AG; Berlin



**Werner Ratzisberger\***  
Full-Time Member of the Works Council of Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich



\* Employee representative

# 02

*\* Combined Management Report: We have combined the management report of the Knorr-Bremse Group with the management report for Knorr-Bremse AG, in accordance with Section 315 (3) of the German Commercial Code (HGB) in conjunction with Section 298 (2) HGB. The management report is therefore termed a combined management report. Unless otherwise specified, the information below is applicable to both the Knorr-Bremse Group and Knorr-Bremse AG. Statements which refer exclusively to Knorr-Bremse AG are marked as such, and appear at the end of the combined management report.*



## Combined Management Report\*

---

- 32** About the Group
  - 40** Further Details of Corporate Governance
  - 44** Group Sustainability Statement
  - 130** Business Report
  - 143** Supplementary Report
  - 143** Report on Risks, Opportunities, and Expected Developments
  - 156** Knorr-Bremse AG (HGB)
  - 158** Assurance Report to the Group Sustainability Statement
-

# Combined Management Report

## About the Group<sup>1</sup>

### Overview of the Group<sup>2</sup>

#### Organizational structure of the Group

Knorr-Bremse AG is the listed management holding company of the Group. It controls the divisions and handles central functions such as strategy, treasury, accounting, controlling, HR, legal affairs, M&A, taxes, internal audit, compliance, sustainability, and corporate communications. Knorr-Bremse AG serves as the corporate center, along with the regional holding companies Knorr Brake Holding Corporation (North America), Knorr-Bremse Asia-Pacific (Holding) Limited, and Knorr-Bremse Brasil (Holding) as well as Knorr-Bremse Services GmbH and KB Intellectual Property GmbH & Co. KG.

We manage our business operations through two business units (divisions), which also represent our reportable segments under IFRS:

- Rail Vehicle Systems (RVS division) and
- Commercial Vehicle Systems (CVS division)

#### Divisions, sales markets, market share, products, and services

##### RAIL VEHICLE SYSTEMS DIVISION

The Rail Vehicle Systems division supplies highly advanced, safety-critical systems for equipping mass transit vehicles such as commuter trains, metro cars, and light rail vehicles as well as freight cars, locomotives, and high-speed trains. The business unit additionally operates as a supplier in the rail signaling technology segment. Knorr-Bremse is the world market leader in the global market for rail vehicle braking systems. Knorr-Bremse is also a leading market player in entrance systems and HVAC systems. Details of the Group's market share are based on internal market analyses and estimates for fiscal year 2024.<sup>3</sup>

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 transport, power electrics, rail computing

and communication systems, stationary and mobile testing equipment, windscreen wiper and wash systems, and signaling technologies (control, command, and signaling [CCS]).

Furthermore, Knorr-Bremse has concentrated its extensive rail aftermarket activities under the RailServices umbrella, with innovative solutions for the complete life cycle of a vehicle and including a comprehensive spare part business. RailServices continues to focus on the four service topics of "environmental improvements," "availability solutions," "process optimization," and "lifetime expansion." Whether standalone or in combination, RailServices always keeps sight of the greatest possible added value for its customers' vehicle operations.

##### COMMERCIAL VEHICLE SYSTEMS DIVISION

Our Commercial Vehicle Systems division supplies products and systems primarily for trucks, as well as for buses, trailers, and agricultural machinery. Knorr-Bremse is the world market leader in the global market for disk brakes as well as pneumatic braking systems for commercial vehicles. It is also a leading supplier of products for braking systems and vehicle dynamics (including steering systems) as well as fuel efficiency. Details of the Group's market share are based on internal market analyses and estimates for the 2025 fiscal year.<sup>3</sup>

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 such as engine components and transmission control systems (i.e., vibration dampers, engine air management, transmission control, and gear/clutch actuation), and trailer and aftermarket solutions.

Under our TruckServices brand, we offer premium products as well as spare parts and extensive services in the commercial vehicle aftermarket. With Cojali S.L., in which

<sup>1</sup> None of the disclosures in this Combined Management Report regarding the categorization of revenues as OE or aftermarket or regarding order books and order intake are audited. These disclosures are not the subject matter of the auditor's conclusions.

<sup>2</sup> This section forms part of the Knorr-Bremse Group Sustainability Statement for the fiscal year from January 1 through December 31, 2025.

<sup>3</sup> Not audited; not subject to auditor's conclusions.

we hold a controlling interest, we are expanding our range of cross-brand and remote diagnostic solutions under the Jaltest brand. The Knorr-Bremse Diagnostics and Bendix ACom diagnostic solutions are now available as additional modules on the Jaltest platform. Our range of services is being expanded further, with the following offerings to further digitalize aftermarket business processes: WESP CV, a data-based benchmarking solution for optimizing workshop workflows, established in January 2026; and PleaseFix, a digital solution for raising workshop and vehicle fleet efficiency during the repair and maintenance request process. The further expansion of the subject of sustainability is very important at TruckServices, with the ESB Reman brand offering electronic control unit reconditioning for commercial vehicles.

## Business model/structure of the Group<sup>4</sup>

### Legal structure of the Group

Knorr-Bremse AG is the parent company of the Knorr-Bremse Group. As at December 31, 2025, the Group comprised 111 fully consolidated German and foreign subsidiaries directly or indirectly controlled by the company. The Group is represented at more than 100 locations in 30 countries.

### Changes to the Group's Portfolio and Asset Deals

Information on changes to our portfolio may be found in the "Events of Material Importance to Business Performance" chapter.

### Business model

#### FINANCIAL SIGNIFICANCE OF INDIVIDUAL PRODUCTS, SERVICES, AND SALES MARKETS

We sell our products and services to customers around the world and are partners to nearly all major OEMs, as well as rail and fleet operators. Traditionally, Europe is our strongest sales region. In 2025, we generated 48.1% of our revenues by region (i.e., based on the country in which the particular vehicle for which we supply systems or components is operating) in Europe/Africa, with the remainder coming from the Asia-Pacific region (25.9%) and North and South America (26.0%)<sup>5</sup>. Both divisions have a substantial aftermarket business. In 2025, our aftermarket activities accounted for approximately 46.0% of total revenues.

#### BUSINESS PROCESSES AND QUALITY

The majority of our products and systems is safety-critical, a high level of availability, reliability, and quality is one of the main reasons our customers choose to buy from us. We have therefore implemented integrated management systems in both divisions which, in relation to quality,

environmental, and health and safety requirements, are based on established processes which meet statutory requirements.

Knorr-Bremse stands for a high level of quality in its products and services. We regularly implement various initiatives in our divisions to increase quality awareness and sustainably foster a quality-oriented mindset across the Group. We employ a 360-degree management system approach to help us meet all requirements during a product's life cycle – from development, testing, careful supplier selection, production, and assembly right through to how the product is used by customers. Compliance with all relevant quality indicators – such as cost of poor quality, supplier and customer delivery quality, functional test failures, and product safety results – is monitored in monthly, global reports. These management reviews prioritize the continuous improvement of our product and system quality, along with the responsibility of each individual employee for safe production and work processes.

We review and improve the implementation of our process management system by conducting regular internal audits and assessments around the world. This is further confirmed by external certification audits based on IRIS (International Railway Industry Standard) for our Rail Vehicle Systems division and on IATF 16949 (International Automotive Task Force standard) for our Commercial Vehicle Systems division. Additionally, the fact that a performance metric forms part of the performance management system reflects the importance of the overall subject of quality.

#### CUSTOMER RELATIONSHIPS

In both divisions, we cultivate long-term relationships with our customers. These include global and regional OEMs and operators.

Around 44.5% of the Rail Vehicle Systems division's revenues are generated by OE business. In 2025, aftermarket sales accounted for 55.5% of the division's revenues. Sales to OE customers generated around 65.7% of revenues in the Commercial Vehicle Systems division. Aftermarket sales accounted for around 34.3% of the division's revenues in 2025.

#### PROCUREMENT

As well as ensuring our production sites are supplied with materials, our procurement activities focus on achieving cost savings and on establishing collaborative partnerships with innovative suppliers. The procurement organization plays a key role in cost-optimized procurement as

<sup>4</sup> This section forms part of the Knorr-Bremse Group Sustainability Statement for the fiscal year from January 1 through December 31, 2025.

<sup>5</sup> Not audited; not subject to auditor's conclusions.

well as the quality-compliant and on-time delivery of our end products. The material cost ratio as a percentage of Group revenues was 45.8% in 2025 (2024: 48.2%). This underscores the importance of procurement and supply chain management for Knorr-Bremse.

Our Group-wide Supplier Code of Conduct includes the standards our suppliers are required to meet with respect to working conditions, human rights, environmental protection, health and safety, business ethics, and compliance. Adherence to the code is monitored through externally verified supplier screening, supplier visits, and on-site social audits. Further information and comments are provided in the “Workers in the Value Chain [S2]” and “Business Conduct [G1]” chapters of the Group Sustainability Statement.

The availability and prices of raw materials as well as energy prices are crucial procurement factors for our production and assembly units. We therefore monitor various commodity and energy indexes on a monthly basis (such as the German Bundesverband der Deutschen Gießerei-Industrie, MEPS, the FastMarkets database, the London Metal Exchange, the EEX, and the Eurostat Index). In the event of significant market fluctuations (price, availability), we practice risk management to develop risk mitigation or minimization measures for the respective categories of goods and/or suppliers that are affected.

Our procurement and supply chain management focuses on improving our supply chain capabilities, supply chain processes, and inventory levels across the entire value chain: inbound, within our plants and plant network, outbound, and at the recycling stage. Our supply chain management approach is also governed by factors such as integrated planning, parts availability, tariffs and foreign trade, logistics and material handling, transportation, short lead times, and parts traceability. Last year, the Rail Vehicle Systems division had an additional focus on optimizing replacement times. We have a coordinated delivery cycle with a standardized process model and synchronized supply chains across multiple locations. This allows us to guarantee reliable delivery and adequate stock levels, and simultaneously high logistical performance as well as delivery quality and reliability, while keeping costs low.

The extensive supply chain analytics capabilities that have been established are increasingly being applied in many areas and support the expansion of our strict performance management approach. Overall, the availability of purchased parts in the Rail Vehicle Systems and Commercial Vehicle Systems divisions during the reporting period increased significantly year over year, however, there still

exists a small number of supply shortages and irregularities due to specific, one-off events (e.g., consequences of insolvency or limitations on chip supplies for the automotive industry). Supply shortages that arise in places still need to be managed and alleviated using task force solutions. Given the global market developments (e.g., tariffs, rare earths, and Ukraine), the assumption should remain that there will be shortages at short notice in the future, too. The identified risks and limitations were integrated into the procurement strategy and sourcing decision-making process to further boost supply chain resilience.

#### Global sourcing

To leverage the potential of Asian supplier markets for the Rail Vehicle Systems division, a global purchasing office was also established in India to support our European and North American purchasing teams. A China-based team, established within the global commodity management, systematically taps into the Chinese procurement market for the Rail Vehicle Systems division’s global requirements, achieving synergies for the Group. We have set up a global supplier selection process for the Commercial Vehicle Systems division. The existing sourcing offices in India and Mexico are now fully integrated into the global purchasing structures so that the share of supplies sourced from best-cost countries is optimized on a lasting basis (e.g., India, Vietnam, or Mexico). Both divisions leveraged synergies and held a joint supplier day in Chennai, India with the motto “A World Full of Opportunities.” This was a clear statement of the strategic relevance that the Indian market has to Knorr-Bremse’s plans.

We make sure to limit our dependency on individual regions and retain or develop alternative sources of supply. Decision-making regarding purchases in the Commercial Vehicle Systems division is therefore always presented to a multidisciplinary Sourcing Board (which includes representatives from various departments, i.e., Purchasing, Research & Development, Quality, Logistics, and Sustainability) for the final decision. A purchasing localization strategy increases supply chain flexibility, supports the further development of local technological know-how, and reduces vulnerability to currency volatility and customs barriers thanks to the “natural hedging” provided by localized procurement. In both divisions a “dual sourcing” strategy is pursued that offers a high degree of independence from single suppliers. In 2025, both divisions continued to work intensively on boosting the terms of payment. To support our suppliers and avoid jeopardizing their financial stability, we have offered selected suppliers a Sustainability-linked Supply Chain Finance program (SSCF) for more than 10 years and are

constantly enhancing it. A decision was made in 2025 to migrate to a new platform and a successful pilot was carried out, achieving administrative benefits in the operational implementation as well as better conditions for the participating suppliers. Under the SSCF, suppliers receive early payment from a bank in return for deducting a discount from the relevant invoices and consequently benefit from Knorr-Bremse's good rating.

#### Global category strategy

For purchasing in both divisions, there are global organizational structures for categories of goods and they are responsible for developing and enhancing strategies for specific categories of goods. Framework agreements are made with suppliers and the portfolio of suppliers itself is developed further. Given the geopolitical developments, the organization is continuing to focus on supply chain reliability.

To strengthen their resilience, both divisions invested in modern risk management tools for the purpose of detecting potential disruptions in their infancy and taking proactive countermeasures. Moreover, we are integrating AI-based methods to raise efficiency and further optimize costs in the procurement process.

In its direct purchasing, the Group consistently pursues cross-divisional category strategies to achieve volume effects and works to ensure uniform framework agreements and establish a strategic supplier panel. Purchasing strategies are under development and in the process of further optimization for indirect purchasing in a total of six categories in the areas of IT, logistics, capital goods, building management, services, and travel management to improve procurement costs, processes, and quality.

#### Challenges arising from macroeconomic developments and geopolitical uncertainty

Procurement activities globally continued to be influenced by the persistent volatility in global supply chains in 2025.

Crisis situations arose due to external influences such as restrictions imposed by the Chinese government (e.g., rare earths and limitations on chip supplies) and increased tariffs in North America as well as specific challenges, insolvency of a small number of key suppliers among them. Shortages and high freight costs caused by geopolitical developments remained a burden on supply chains. Thanks to the established risk management – which had previously already proved itself in earlier semiconductor and logistics crises – the procurement teams were largely successful in avoiding short-notice shutdowns at sub-suppliers and preventing production

downtime. Delivery capabilities were safeguarded, following a clear “customer first” maxim. To reduce chip procurement risk, the Commercial Vehicle Systems division began cooperation with a provider of electromagnetic systems and components for industrial applications.

Supply bottlenecks and price increases, especially in the area of logistics, plus inflation made procurement activities more difficult for the two divisions and for indirect purchasing. There is increasing significance being put on the improvement of our suppliers' ESG performance. The implementation of supply chain legislation and increase in transparency surrounding supplier recycling quotas and CO<sub>2</sub> reduction initiatives remain at the top of the procurement teams' agendas.

While raw material costs for the year as a whole generally developed positively due to the relaxation of commodity markets and energy prices, wage increases and the shortage of well-qualified workers among our suppliers were challenges that all three procurement areas had to continue dealing with in 2025. As part of the three-year BOOST program, both divisions worked intensively on reducing the cost of materials, on upskilling our employees, and on process optimizations, resulting in successful improvement of purchase prices. These initiatives, which included for example value engineering, relocation, and renegotiation, all countered inflation and contributed to an overall reduction in procurement costs, which accordingly made a key contribution to the company's success.

#### LOCATIONS AND DISTRIBUTION OF WORK WITHIN THE GROUP

Knorr-Bremse operates production plants in Europe, Africa, North America, South America, and the Asia-Pacific. In recent years, alongside intensive localization initiatives, we have further expanded our global production and engineering footprint in both divisions by means of multiple acquisitions and joint ventures. Our products are manufactured all over the world, with a global balance between high-tech locations such as Western Europe and North America and best-cost locations such as Eastern Europe, Africa, the Asia-Pacific, Mexico, and South America.

Production at our locations is based on uniform global standards which deliver a high degree of flexibility coupled with reliable delivery capacity. At the same time, they help us to ensure a uniformly high standard of quality at each location, for example, by deploying the Group-wide Knorr-Bremse Production System (KPS) to manage production. KPS uses a variety of tools and techniques – including metrics, lean management methods, shop floor

management, and pull principles that are rolled out by experts and taught by an internal lean training academy.

## Control system

### Company-specific leading indicators

For many years, Knorr-Bremse has excelled at identifying signs of changes in the marketplace at an early stage and rapidly responding to them. To better control our business, we monitor a range of leading indicators. This enables us to respond to any fluctuations in the economic cycle or changes in demand and implement suitable measures in a timely fashion. Four types of indicator are used:

- Key leading economic indicators are the money supply, raw material prices, energy prices, and procurement manager and business climate indices in all regions. Political analyses and macroeconomic statistics, on transportation volumes and prices for example, also help to identify relevant economic developments at an early juncture. We also pay close attention to interest rate trends. The market demand in our commercial vehicle business correlates with trends in the global economy, while the rail vehicle business – and especially the passenger segment – is usually only marginally cyclical.
- More specific indicators for estimating future potential business include our customers' production and sales plans, as well as order book and order intake statistics and forecasts. We also keep track of financial analysts' expectations for publicly traded companies in the rail and commercial vehicles sector.
- The third leading indicator is actual invitations to tender issued by our customers. We collect information on these in our sales database, together with an assessment of our acquisition opportunities.
- The fourth group of indicators comprises the **order intake**<sup>6</sup> and **order books**<sup>7</sup> for our two divisions, both in absolute terms and relative to revenues. Since many orders have a relatively long lead time, both these metrics are useful for estimating capacity utilization and sales revenues over the next few quarters and years.

### External influencing factors

The most important external factor influencing the Rail Vehicle Systems division is order book trends among our customers – the companies that actually build the vehicles. In addition, the size and average age of our installed base and their use are primary factors for the development of our aftermarket business. Global and regional

market studies generally provide orientation for the market developments expected within the industry and the trends for the subsystem market that is relevant to Knorr-Bremse. The key market studies for this include the "World Rail Market Study, forecast 2024 to 2029" from UNIFE (Association of the European Rail Industry) and the "Worldwide Market for Railway Industry 2024" study from SCI.

In the Commercial Vehicle Systems division, the truck production rate in the respective countries and regions provides information on the production volume of truck manufacturers, which are in turn among the division's main customers in the original equipment business. For the aftermarket, the vehicle fleet available in the market based on historic production rates and specially available indices (e.g., MacKay) provide insight into market development.

In certain regions, government emission and safety regulations influence our business and mostly have positive effects. In general, more stringent limit values – for CO<sub>2</sub> emissions, for example – are driving the demand for low-emissions vehicle technology.

Exchange rate fluctuation has an influence on our revenues and absolute earnings; however, the impact on our margins' development is moderate thanks to the high degree of localization. As we have set up local development operations in major foreign markets, with local production plants and procurement structures, our need to export between different regions is low. This lowers the transaction risks arising from currency risks and reduces transportation costs. Consequently, the main effects that emerge are the translation effects of converting foreign currency items into euros.

### Value management

The financial performance indicators used for managing Knorr-Bremse are primarily **revenues, operating EBIT, operating EBIT margin, and free cash flow.**

The operating EBIT is the Group's EBIT adjusted for material individual items. When calculating the operating EBIT, income and expenses are adjusted if their amount and the low frequency of their occurrence hinder or distort the assessment of Knorr-Bremse's operating profitability. Such items include above all expenses for and income from M&A activities, expenses in connection with

<sup>6</sup> Incoming orders are defined as all orders for a specific period; These purchase orders are reported as incoming orders when legally binding documents exist that oblige the company to supply a certain quantity of goods or services within a certain timeframe and at a certain price.

<sup>7</sup> The order book is defined as all incoming orders that have not yet been delivered, rejected, or canceled.

restructuring, and expenses and income for miscellaneous matters, for example, in connection with litigation.

The operating margin is calculated from the ratio of operating EBIT to revenues.

Free cash flow is calculated by deducting disbursements for capital expenditure on property, plant, and equipment and intangible assets from the cash flow from operating activities, and by adding proceeds from the sale of property, plant, and equipment and intangible assets to the cash flow from operating activities.

The performance indicators are regularly reviewed for their significance and adjusted and refined where necessary. Further information can be found in the “Corporate Management Indicators” chapter.

The revenue, operating EBIT, operating EBIT margin, and free cash flow metrics also form the basis for our performance management system for the previous fiscal year. Knorr-Bremse uses this performance management system to reward Executive Board members for sustained long-term improvements in the company’s performance. Further information about our remuneration policy may be found in the separately published Compensation Report.

Knorr-Bremse practices active portfolio management. The Executive Board continuously monitors the portfolio’s performance and future prospects and makes adjustments as required.

## Research and Development

Research and development success is important for both Knorr-Bremse divisions to reinforce their leading technological position with innovation and, in doing so, generate a crucial competitive edge. In focusing on technological breakthroughs, we actively shape the megatrends of urbanization, sustainability, digitalization, and mobility. At the center of all this is the constant enhancement of our existing products and systems as well as the generation of new ones – for more safety, tangible customer benefits, more added value, and sustainable growth. Each division has a targeted focus on the important topics in technology and innovation.

- Rail Vehicle Systems division: traffic flow, digital solutions, operations and maintenance, travel comfort, environmental footprint, and total cost of ownership;
- Commercial Vehicle Systems division: transportation safety, emission reduction and e-mobility, automated driving, connectivity, digital services, and total cost of ownership.

Our development work is consistently oriented around the benefits for our customers. The focus is on solutions that optimize traffic flows, boost operational efficiency, and improve cost-effectiveness across the entire life cycle. Digital platforms as well as machine learning and AI-based analytics enable predictive maintenance and reduce unscheduled downtime. With them, we add value for operators and increase fleet availability. We are simultaneously contributing actively to sustainability with energy-efficient braking systems, use of lightweight components, and electrification of core functions, which altogether reduce our products’ environmental footprint. Our digital solutions – from cloud-based service platforms to cybersecurity frameworks – not only ensure the integrity of data, but also unlock new possibilities for connected mobility. With these innovations, we are combining technological excellence with financial responsibility and shaping the future of transportation in partnership with our customers.

Our day-to-day actions are guided by our principle of delighting our customers each day by combining electronics, hardware, and software to make ultramodern product and system solutions which always meet the latest regulatory requirements and frequently set the standards in engineering.

Our research and development work is an innovation engine, and we target specific innovation focuses in each division. On top of that, we identify shared potential synergies and apply them to further mechanical and mechatronic developments.

The collaboration of our divisions unlocks synergies, especially in the digital field – from sensor technology and analytics to edge computing and artificial intelligence as well as condition monitoring. These synergies not only accelerate time to market, but also increase the efficiency and level of innovation of our development.

At Group level, we invested € 534 million (representing 6.8% of revenues) in our R&D activities in fiscal 2025. Of this, € 273 million or 6.3% of associated revenues was spent in the Rail Vehicle Systems division and € 262 million or 7.5% of associated revenues in the Commercial Vehicle Systems division. [Table → 2.01](#)

Our global R&D teams in Munich, Schwieberdingen, Budapest, and Pune work together closely, developing joint innovation projects across countries and departments. There is a focus on close communication with our customers and users, and this lets us identify regional needs at an early stage and respond to them specifically.

This teamwork ensures a balance between global innovation and local specialization.

Further local sites with a significant concentration on customer-specific requirements and projects are to be found in, for example, Avon and Watertown (USA) and Suzhou (China).

Together with our customers, leading universities, and technical institutions, we are creating an inspirational innovation network where new ideas and projects are created continuously. Through our close partnerships with entities such as the Technical University of Munich, Technical University of Berlin, University of Budapest, and external networks and incubators such as UnternehmerTUM in Munich, we join forces with start-ups and experts from the digital world. Our more than 15 external R&D partnerships and our active role as a founding member of research initiative Europe's Rail Joint Undertaking (ERJU) are evidence that we are shaping the future of the rail industry together with strong partners. We, together with about 30 key companies and the EU, are investing in innovation. This close cooperation enables us to identify industry trends early on, set new standards, and achieve lasting successes. In particular, with the Digital Automatic Coupler (DAC) and development of the digital freight train (DFT) of the future, we are putting our shared innovation capabilities on display. Our solutions have been used successfully at test organizations internationally since 2023 and are constantly being developed further.

The Knorr-Bremse Group's innovations and research findings are regularly presented at the industry's foremost trade shows (e.g., IAA TRANSPORTATION, Auto-mechanika, and InnoTrans). At IAA TRANSPORTATION

2024, we presented key technologies for contributing to the safe future of road transportation: the modular SYNACT® family of disk brakes for heavy commercial vehicles and buses and the weight-reduced NexTT disk brake for trailers. Another key new development is our modular GSBC brake control system, which is a central component of our driver assistance systems and automated driving. Knorr-Bremse meets the strict requirements for efficiency and flexibility in air compression and air supply systems with the rotary vane compressor and Global Scalable Air Treatment (GSAT) technology platform. With fully electric power steering (EPS) and our advanced hybrid power steering (AHPS), we have strengthened our position as one of the leading global suppliers of steering systems for commercial vehicles and exhibited two innovative solutions from our state-of-the-art portfolio. To complement its intelligent, electronic iTESB®X trailer braking system, Knorr-Bremse offers cloud-based services and digital solutions such as the Online Configuration Tool (OCT) platform and the Software Update Management System (SUMS). At Auto-mechanika 2024 in Frankfurt am Main, Knorr-Bremse TruckServices presented PleaseFix, a service booking tool that significantly improves vehicle fleet efficiency through optimal repair and maintenance planning. At InnoTrans 2024 in Berlin, Knorr-Bremse demonstrated a range of innovations such as "zero step" barrier-free vehicle access, a close-to-production version of the Digital Automatic Coupler (DAC), including the first specification-compliant electric coupler; an innovative outlook for next-generation braking technology, and the comprehensive Data2Action digital solution landscape, which combines elements of condition-based maintenance (CBM), condition monitoring (CM), and cybersecurity in an innovative way.

## 2.01 R&D METRICS

in € million	2025	2024
<b>R&amp;D costs*</b>	<b>534</b>	<b>568</b>
Capitalized development costs**	109	108
Amortization and impairment of capitalized development costs**	55	51
R&D employees (Dec. 31)	4,514	4,947

\* Research and development costs

Research and development costs include all costs over a financial period (including capitalized costs) that can be allocated to research into and development of new products, further development of existing products, and pure research.

\*\* The capitalized development costs and the amortization of them include all costs that can be allocated to the development of new products and further development of existing products.

In the long term, it is necessary to make rail transport more attractive, more efficient, and faster for it to remain competitive against other forms of passenger and freight transport. Availability and the efficient management of life

cycle costs are the basis for this, while digital service solutions represent the next step toward achieving this goal economically and sustainably.

The increasing prevalence of automated train operation (ATO) is an essential component of sustainable human and freight mobility and is also the key to efficiency increases and digitalization in European freight transportation. With DB Cargo AG's *Betuweroute* (Batavian Route) ATO, we are working together with our partners to advance the approval of ATO in rail freight on the open network and contributing our global capabilities to the simulation of vehicle dynamics. This will enable monitoring of the dynamic forces in a train and prevention of safety risks, which will be a milestone for safety, standardization, and future rollouts of rail freight solutions along the Rhine–Alpine corridor.

Knorr-Bremse is determinedly expanding its digital portfolio, including with data-based services (condition-based monitoring [CBM], predictive maintenance), energy optimization (e.g., LEADER® driver assistance), and Digital Rail Suite, a reusable cloud component for data input, data storage, and client management (edge-ingest, event data modeling). Our investments in companies and our partnerships (e.g., environment monitoring with AI-based sensors) provide impetus for operational safety and availability.

The Digital Automatic Coupler (DAC) is a key element of the digital freight train and is being addressed by Knorr-Bremse as part of Europe's Rail Joint Undertaking (ERJU). The DAC is entrenched in the EU's flagship projects (e.g., TRANS4M-R/Full Digital Freight Train Operation) and connected to operational testing in a commercial "pioneer train" environment across Europe. With it, we are underscoring our systems-based approach: The DAC, automatic wagon order, and train completeness recognition all interact within the ERJU program to raise the efficiency and capacity of freight transportation.

With regard to cybersecurity, Knorr-Bremse aligns its digital products and services with the requirements under the EU Cyber Resilience Act (CRA). It aims for vulnerability management, security level conformity, and contractual assurances across the supply chain. The CRA will become applicable in stages starting in 2026. In relation to data spaces, we are a driving force for the European Rail Data Space (ERDS/RDS), with the objective being a secure, interoperable data ecosystem standard for the rail sector along with a governance model. The RDS enables scalable, trustworthy data usage for use cases such as asset management, supply chain automation, and environmental efficiency, which means that it directly addresses the rail industry's digitalization goals.

Seamless interaction between infrastructure and vehicles remains the key to smart rail mobility. With KB Signaling,

the portfolio is successfully being expanded for safety-critical applications in North America as well as Europe and other markets. In 2025, further projects entered the implementation stages with a special focus on digitalization as well as security and cybersecurity standards.

In our Commercial Vehicle Systems division, our research and development activities in recent years have concentrated on the key industry priorities of road safety, automated driving, reduction of emissions, e-mobility, connectivity, and digital services.

Society's requirements for transportation safety are steadily increasing in all regions of the world. Reliable, ready-to-use advanced driver assistance systems (ADAS) such as blind-spot detection and lane-keeping assist are a focus of development at Knorr-Bremse. It contributes its deeply rooted expertise in safety-critical systems through this development, enabling things such as the implementation of the EU General Safety Regulation (GSR).

Highly automated driving (HAD, SAE level 4 and up) creates entirely new possibilities for road transportation by reducing the total cost of operation. The progressive shift from human responsibility to technical solutions places very exacting demands on the safety architecture of future, automated commercial vehicles. Knorr-Bremse is developing a broad and modular approach to fail-safe systems for braking, steering, and energy supply. These systems enable commercial vehicle makers and digital businesses to push ahead with HAD and equip truck-trailer combinations with the systems that are needed. With full EPS and electrohydraulic AHPS, Knorr-Bremse – one of the world's leading manufacturers of steering for commercial vehicles – offers no fewer than two platforms for fail-safe steering systems.

In view of developments in e-mobility, fundamental changes to commercial vehicle architecture are to be expected. To shape this transformation proactively, Knorr-Bremse continued developing eCUBATOR®, the e-mobility innovation unit established in 2020, over the 2025 fiscal year as planned. The team was partly integrated into the series development, and eCUBATOR® was partly integrated into the innovation section. In this context, Knorr-Bremse's experts continue to employ a generalist systems approach to create innovative and intelligent solutions for electric commercial vehicles. For Knorr-Bremse, it unlocks a vast number of possibilities for efficient and scalable technologies, from traction to braking and steering as well as energy supply. For first-generation electric commercial vehicles, for example, Knorr-Bremse has developed screw-type compressors, which are primarily built into electric buses and trucks.

Knorr-Bremse is already turning its attention toward second-generation electric vehicles with energy management systems such as the redundant power management system; electromechanical actuators, extended drive integration functions, and electronic braking systems. Accordingly, Knorr-Bremse is driving progress on the development of the electromechanical braking system (EMBS) as a technology leader for safety-relevant subsystems. With increasing vehicle connectivity, the possibilities for connecting intelligent systems and functions are rising. Knorr-Bremse has held a majority interest in Cojali S.L., based in Spain, since November 2022 to build up its position in digital and data-driven aftermarket solutions. Cojali is a global developer and maker of cross-brand diagnostic solutions for commercial vehicles. To build up its position in digital and data-driven aftermarket solutions, Knorr-Bremse took the first step to acquiring TRAVIS Road Services International B.V., a Dutch company, by signing a purchase agreement on October 20, 2025. The closing of the transaction is expected to take place in Q2 2026, with the purchase price amounting to a mid double-digit million euro figure. TRAVIS is an online platform for booking road services for commercial vehicle operations such as parking, cleaning, charging, and repairing. The acquisition is an important component for other combined services that increase the efficiency of commercial vehicle repair and maintenance processes.

## Employees<sup>8</sup>

As at year-end 2025, the Knorr-Bremse Group had a total of 30,913 employees, including leased personnel, down 5.0% on the previous year (previous year: 32,549). Excluding temporary staff, the Group employed 27,448 people (previous year: 29,051). The change is mainly the result of organic effects (developments in the staffing levels of existing organizational structures). As at December 31, 2025, the Rail Vehicle Systems division employed a total of 17,546 people (previous year: 17,896) and the Commercial Vehicle Systems division employed a total of 11,981 people (previous year: 13,550).

At year-end 2025, Knorr-Bremse employed 16,375 people (15,605 excluding leased personnel) in the Europe/Africa region, compared with 16,730 (16,054 excluding leased personnel) in the previous year. At 53.0%, the percentage of employees in this region was significantly higher than the previous year's figure of 51.4%. In Germany, the head count fell slightly from 5,236 (5,115 excluding leased personnel) to 5,131 (5,006 excluding leased personnel) as at December 31, 2025. The number of employees in North and South America as at December 31, 2025, decreased

significantly to 5,626 (5,423 excluding leased personnel) from 6,612 (6,369 excluding leased personnel) in the previous year. This region's share of the total head count decreased significantly to 18.2% (previous year: 20.3%). By the end of 2025, the head count in the Asia-Pacific region had fallen slightly to 8,912 (6,420 excluding leased personnel) from 9,207 (6,628 excluding leased personnel) the year before. The number of employees in the region as a percentage of the Group's total workforce thus rose slightly to 28.8%, compared with 28.3% in the previous year.

## Further Details of Corporate Governance

### Corporate Governance Statement

The Knorr-Bremse AG corporate governance statement was published on March 19, 2026, on the website at <https://ir.Knorr-Bremse.com/corporate-governance-en>. Further details may also be found in the "Corporate Governance" chapter. Pursuant to section 317 (2) sentence 6 HGB, the auditor's audit of disclosures pursuant to sections 289f (2) and (5) and 315d HGB is limited to whether the disclosures have been made.

### Takeover-related disclosures pursuant to sections 289a (1) and 315a (1) HGB and explanatory report pursuant to section 176 (1) AktG

#### Composition of subscribed capital

The subscribed capital of Knorr-Bremse AG is divided into 161,200,000 bearer shares with full voting rights. The rights and obligations associated with the shares are governed by the German Stock Corporation Act (AktG). As of December 31, 2025, Knorr-Bremse AG did not hold any of its own shares, and nor does it currently do so.

#### Restrictions on voting rights/transfers and equivalent agreements

The members of the Executive Board have agreed to be bound for the duration of their appointment by a lock-up commitment covering any Knorr-Bremse shares they hold or have acquired in accordance with the Share Ownership Guideline (SOG). The Executive Board is not aware of any agreements by Knorr-Bremse AG shareholders containing restrictions on the exercise of voting rights or transfer of

<sup>8</sup> This section forms part of the Knorr-Bremse Group Sustainability Statement for the fiscal year from January 1 through December 31, 2025.

shares. There are statutory restrictions on voting rights, for example, pursuant to section 28 sentence 1 WpHG (violation of disclosure obligations), section 71b AktG (rights associated with own shares), and section 136 (1) AktG (exclusion of voting rights arising from certain conflicts of interest).

#### **Shareholdings exceeding 10% of voting rights**

On the basis of the voting rights notifications received by the Company in accordance with the provisions of the German Securities Trading Act (WpHG), there is a participation in the capital of the Company that exceeds 10% of the voting rights. KB Holding GmbH, Oberhaching, Germany, currently holds 58.99% of the voting rights in Knorr-Bremse AG. Pursuant to section 34 (1) WpHG, these voting rights are attributable to TIB Vermögens- und Beteiligungsholding GmbH, Oberhaching, Germany, and Stella Vermögensverwaltung GmbH, Oberhaching ("Stella"), Germany.

Until December 6, 2024, the voting rights were attributable to Mr. Robin Brühmüller in his capacity as executor of the estate of Heinz Hermann Thiele, who passed away on February 23, 2021. Until December 6, 2024, the majority of shares in Stella was held by Mr. Thiele's widow, Mrs. Nadia Thiele, as the preliminary heir (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated March 25, 2021). On December 6, 2024, Nadia Thiele transferred the shares she held in Stella to the Heinz Hermann Thiele Family Trust established in April 2023 (transfer in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024; „Familienstiftung"). Due to the control of the voting rights in Stella, the indirect equity interest of 58.99% held by KB Holding in Knorr-Bremse AG has also been attributed to the Family Trust (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024). The Family Trust is therefore the controlling shareholder of Knorr-Bremse AG.

Knorr-Bremse AG has not been notified of any other direct or indirect interests in Knorr-Bremse AG's capital stock that exceed 10% of voting rights, nor is it aware of any other such interests.

The Heinz Hermann Thiele Family Trust also on February 25, 2025, provided notice under section 43 WpHG that the acquisition of the voting rights was for the fulfillment of a bequest and not for the realization of strategic goals. The Family Trust also communicated in the voting rights notification dated February 25, 2025, that it did not intend to make any further acquisitions within the next twelve months and had no plans for a significant change

in the capital structure. As announced in a voting rights notification on February 25, 2025, Mr. Stephan Sturm, CEO of the Family Trust, was elected to the Supervisory Board; this appointment was carried out at the Annual General Meeting on April 30, 2025.

#### **Shares with special rights**

There are no Knorr-Bremse AG shares granting special rights.

#### **Control of voting rights where employees hold a capital interest and do not directly exercise their control rights**

There are no employee shareholdings in which control rights are not directly exercised. Like other shareholders, employees who hold shares in Knorr-Bremse AG exercise their rights of control directly, in accordance with statutory regulations and the Articles of Association.

#### **Provisions for appointing and dismissing members of the Executive Board**

The applicable statutory provisions can be found in Sections 84 and 85 AktG and in Section 31 of the German Codetermination Act (MitbestG). Knorr-Bremse AG's Articles of Association do not contain any provisions that deviate from the statutory regulations. In addition, Article 8 (1) of the Articles of Association stipulates that the Executive Board shall consist of at least two members and that the Supervisory Board may appoint one member of the Executive Board as Chair of the Executive Board (CEO) and another member of the Executive Board as Deputy Chair.

#### **Provisions for amending the Articles of Association**

The Annual General Meeting passes resolutions on amendments to the Articles of Association. Unless the German Stock Corporation Act (AktG) stipulates otherwise, the resolution shall, in accordance with Article 23 (2) of the Articles of Association, be passed by a simple majority of the votes cast and – to the extent that a majority of the capital represented at the time of the resolution is required – by a simple majority of the capital stock represented at the time the resolution is passed. Pursuant to section 13 (4) AktG, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect their wording. Pursuant to Article 6 (5) of the Articles of Association, the same applies to amendments to Article 6 of the Articles of Association, according to their respective utilization of Authorized Capital 2023 and upon expiry of the authorization period.

### Executive Board powers relating to the possibility of issuing or repurchasing shares

The powers of the Executive Board to issue shares are set down in Article 6 of the Articles of Association and in the statutory provisions:

#### AUTHORIZED CAPITAL

Until May 4, 2028, the Executive Board is authorized, with the Supervisory Board's approval, to increase the company's capital stock on one or more occasions by up to a total of € 32 million by issuing up to 32,240,000 new bearer shares against cash and/or non-cash contributions (Authorized Capital 2023). The new shares attract a share of profit from the beginning of the fiscal year in which they are issued. Where legally permissible, the Executive Board may, if approved by the Supervisory Board, deviate from this and from section 60 (2) AktG and specify that the new shares attract a share of profit from the beginning of a fiscal year that has already ended and for which a resolution regarding the appropriation of net profit has not yet been passed at an Annual General Meeting for the time of the shares' issue.

The new shares should be offered to the shareholders for subscription; they may also be acquired by banks or companies within the meaning of section 186 (5) sentence 1 AktG with the obligation to offer them to shareholders for subscription (indirect subscription right). However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part:

- to dispose of fractional amounts under exclusion of subscription rights;
- in the event of capital increases against non-cash contributions, in particular, as part of business combinations or for the purpose of acquiring companies, parts of companies, investments in other companies, or other assets or for entitlements to the acquisition of assets, including claims against the company or its subsidiaries within the meaning of section 18 AktG;
- in the event of a capital increase against cash contributions pursuant to section 186 (3) sentence 4 AktG if the issue price of the new shares is not significantly (as defined in section 203 (1) and (2) and section 186 (3) sentence 4 AktG) lower than the market price of the company's listed shares at the time of the final determination of the issue price and the exclusion of subscription rights is limited to a maximum of 10% of the company's existing capital stock in total; and
- (a) to the extent necessary to service purchase obligations or purchase rights to Knorr-Bremse shares arising from or in connection with warrant-linked and/or convertible bonds and/or profit participation rights with

option and/or conversion rights and/or obligations issued by the company or Group companies, or (b) to the extent necessary to protect against dilution, in order to grant subscription rights to shares in the company to holders or creditors of warrant-linked and/or convertible bonds and/or profit participation rights with option and/or conversion rights and/or obligations (or combinations of these instruments) issued by the company or Group companies, to the extent that they would be entitled to such rights as shareholders after exercising their option or conversion rights or after fulfilling their option or conversion obligations.

The sum (i) of the shares that are to be issued from conditional capital through bonds issued pursuant to an authorization that was granted at an Annual General Meeting of the company (with subscription rights excluded), and (ii) of the shares that are issued from Authorized Capital 2023 during the period of this authorization (with subscription rights excluded) must not exceed a proportional amount of € 16 million of the capital stock (equal to 10% of the capital stock of € 161 million as at the time of the authorization).

#### CONDITIONAL CAPITAL

Until May 04, 2028, the Executive Board is authorized, with the Supervisory Board's approval, to issue bearer or registered subordinated or non-subordinated convertible and/or warrant-linked bonds, profit participation rights, and/or income bonds (or combinations of these instruments) (hereinafter collectively referred to as bonds) in one or more tranches, or simultaneously in multiple series, in a total nominal amount of up to € 1,500 million. Furthermore, the Executive Board is authorized to grant the holders or creditors of the bonds (hereinafter collectively referred to as the holders) conversion or option rights on a total of up to 16,120,000 no-par bearer shares in the Company with a proportionate amount of the share capital of up to € 16 million in total, in accordance with the more detailed provisions in the terms and conditions of the bonds (hereinafter conditions of issue). The bonds may be issued against payment in cash and/or as contribution in kind. The conditions of issue may also provide for an option or conversion obligation upon expiry of the term or at an earlier date or on occurrence of a specific event.

Shareholders generally are entitled to a subscription right to the bonds. This subscription right may also be granted in such a way that the bonds are acquired by one or more banks or companies within the meaning of section 186 (5) sentence 1 AktG selected by the Executive Board with the obligation to offer these bonds to shareholders for subscription (indirect subscription right). However, the

Executive Board is authorized, with the Supervisory Board's consent, to exclude shareholders' subscription rights,

- to the extent that the bonds carrying conversion or option rights or conversion or option obligations are issued against cash payment and the Executive Board, after due examination, comes to the conclusion that the issue price of the bonds is not substantially lower than their hypothetical market value calculated using recognized mathematical, and in particular actuarial, methods. The authorization to exclude subscription rights applies to bonds with conversion or option rights or obligations for shares representing a proportionate amount of the capital stock that must not exceed 10% of the company's capital stock in total;
- to the extent that the bonds are issued against contribution in kind;
- to the extent necessary to grant the holders or creditors of bonds or warrants previously issued by the company or Group companies within the meaning of Section 18 AktG a subscription right in the amount to which they would be entitled after exercising their conversion or option rights or fulfilling their conversion or option obligations; and
- in order to remove fractional amounts from the subscription rights.

To grant shares to holders or creditors of convertible or warrant-linked bonds that were issued on the basis of the Executive Board's authorization, the Company's capital stock was conditionally increased by up to € 16 million by issuing up to 16,120,000 new no-par bearer shares (Conditional Capital 2023). The precise details are governed by Article 7 of the Articles of Association.

#### SHARE BUYBACK

The company's Executive Board is authorized to repurchase its own shares and sell repurchased shares in the cases provided for in section 71 AktG. At the Annual General Meeting held on May 5, 2023, authorization was given to the company's Executive Board, pursuant to section 71 (1) (8) AktG, to buy back Knorr-Bremse AG's own shares up to a total amount of 10% of the capital stock existing at the time of this authorization coming into effect or – where this amount is lower – of the capital stock existing at the time this authorization is exercised, up until May 4, 2028. The shares acquired on the basis of this authorization, together with other treasury shares that the company has already acquired and are already held by or attributable to the company, should at no time account for more than 10% of the capital stock.

At the Executive Board's discretion, shares may be acquired

- as purchases on the stock exchange, through a public purchase offer;
- by sending all shareholders a public invitation to submit sale offers; or
- by granting shareholders rights to tender.

The Annual General Meeting held on May 5, 2023, also authorized the Executive Board to act as follows with treasury shares acquired on the basis of the above or earlier authorizations:

- to sell them on the stock exchange or, subject to the Supervisory Board's approval, by means of a public offer to all shareholders in proportion to their shareholdings;
- with the consent of the Supervisory Board, to offer and transfer them in return for contributions in kind, in particular as (partial) consideration for the direct or indirect acquisition of companies, parts of companies or interests in companies or other assets, including claims against the company, or for claims to the acquisition of assets or relating to a business combination;
- to use them to service purchase obligations or purchase rights of Knorr-Bremse AG shares arising from or in connection with warrant-linked and/or convertible bonds issued by the company or Group companies.

#### Agreements in the event of a change of control resulting from a takeover bid

The principal Knorr-Bremse AG agreements that are subject to a change of control relate to (i) the € 700 million Knorr-Bremse AG sustainability-linked bond issued on September 21, 2022, which will mature in 2027, (ii) the € 750 million syndicated revolving credit facility which was signed on January 4, 2022, expires on January 4, 2029; and had not been used at the time this Combined Management Report was prepared, and (iii) the bond from Knorr-Bremse AG issued on September 23, 2024, with a tranche of € 600 million maturing in 2029 and a further € 500 million tranche maturing in 2032. According to the terms and conditions, creditors are entitled to demand repayment of the par value of the bonds by Knorr-Bremse AG in the event of a change of control if this change of control results in a downgraded credit rating within 120 days of the implementation of the change of control (change of control period), that is to say if a rating awarded to Knorr-Bremse AG or to the bonds is withdrawn or changed from an investment-grade rating to a non-investment-grade rating. If a change of control does occur, the terms and conditions of the syndicated revolving credit facility provide for Knorr-Bremse AG reaching an agreement with the creditors regarding the

continuation of the credit facility agreement within a period of at least 30 days from the announcement of the change of control, with the decision to be taken at the creditors' discretion.

## Group Sustainability Statement<sup>9</sup>

The Group Sustainability Statement was prepared in order to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and the requirements of sections 315b and 315c in conjunction with sections 289c to 289e of the German Commercial Code (HGB) for a Group non-financial statement.

The Group Sustainability Statement refers to the period from January 1 to December 31, 2025. Pursuant to section 315b of the HGB, Knorr-Bremse AG is obliged to draw up a non-financial statement for the Knorr-Bremse Group. The following contents of the Group Sustainability Statement represent the Group non-financial statement for the 2025 fiscal year for the Knorr-Bremse Group.

According to section 315c in conjunction with 289c of the HGB, the Group non-financial statement covers the information material for the Group due to its relevance to business activities with regard to the required aspects of environmental, employee and social matters, respect for human rights, anti-corruption, and anti-bribery. As shown in [Table → 2.02](#) they are included in the chapters mentioned. Knorr-Bremse's business model is described in the "About the Group" chapter in the Combined Management Report.

### 2.02 ALLOCATION OF THE MATERIAL ASPECTS ACCORDING TO CSR-RUG AND ESRS

Environmental matters	Climate change [E1] Pollution [E2] Water resources [E3] Resource use and circular economy [E5]
Employee matters	Own workforce [S1]
Social matters	Product and system safety
Respect for human rights	Own workforce [S1] Workers in the value chain [S2]
Combating corruption and bribery	Business conduct [G1]

The Group Sustainability Statement is made in accordance with the European Sustainability Reporting Standards (ESRS). In addition to the "General Disclosures" chapter, the required information on governance, strategy, impact, risk, and opportunity management as well as on metrics and targets are published for seven standards and the entity-specific topic of product and system safety. The topics are based on a double materiality assessment.

### General disclosures [ESRS 2]

#### General basis for preparation of Sustainability Statement [BP-1]

The scope of consolidation for this Sustainability Statement corresponds to that of the consolidated financial statements for Knorr-Bremse AG, the management holding company of the Group, in accordance with IFRS financial reporting. Information that refers only to individual entities of the consolidated companies is identified as such. Acquisitions are taken into account from the date of transfer of control, in line with our financial reporting. The metrics for 2024 were not adjusted for M&A activities and divestments during the reporting period.

The sustainability statement contains information about the material impacts, risks, and opportunities arising in conjunction with our own business and our upstream and downstream value chain. This means that the upstream and downstream value chains of the two divisions (Rail Vehicle Systems [RVS] and Commercial Vehicle Systems [CVS]) are included in the reporting on the basis of double materiality. The policies, actions, targets and metrics associated with the material topics are presented in the following sections.

In its sustainability statement, Knorr-Bremse did not make use of the option to omit certain information relating to intellectual property, know-how, or results of innovation.

#### Disclosures in relation to specific circumstances [BP-2]

For its reporting, Knorr-Bremse deviates from the time horizons set out in ESRS 1 section 6.4 to ensure a time horizon definition that is consistent with Group-wide risk management. Short-term is defined as the current fiscal year, medium-term as a period up to three years, and long-term as a period of more than three years.

Knorr-Bremse is continuously working to improve its data management and data quality. To this end we are standardizing the system landscape and largely automating the collection of data. Individual data estimated using indirect

<sup>9</sup> This section was not subject to a substantive review as part of the statutory audit of our combined management report. However, our auditor, KPMG AG

Wirtschaftsprüfungsgesellschaft, has conducted an independent, limited assurance engagement for the Group Sustainability Statement contained in this section.

sources such as sector-average data or other approximations are explained in the relevant passages of the report. In particular, there are estimation and measurement uncertainties in the Scope 3 metrics and resource inflows. For smaller locations with fewer than 50 employees, environmental indicators such as water consumption and volumes of waste are extrapolated on the basis of the per capita averages in the Group and the number of employees. This is indicated in the appropriate places in the statement.

The data reported in this statement was not subjected to additional external validation unless otherwise stated.

#### CHANGES TO THE PREPARATION OR PRESENTATION OF SUSTAINABILITY INFORMATION

Knorr-Bremse had already prepared its report for fiscal year 2024 in accordance with the requirements of the CSRD/ESRS. This reporting forms the basis for the further

development and comparability of future sustainability reporting. Comparative figures from the previous year may not be available for metrics collected and published for the first time in 2025. Revisions to prior-year figures are indicated where applicable.

#### INFORMATION DUE TO DIFFERENT LEGAL PROVISIONS OR SUSTAINABILITY REPORTING STANDARDS

The reporting follows the requirements of the CSRD/ESRS. Information pursuant to Article 8 of Regulation 2020/852 ("Taxonomy Regulation") is published in a separate "EU Taxonomy" chapter within the Group Sustainability Statement.

#### INCLUSION OF INFORMATION BY REFERENCE

The following table provides details about information disclosed by reference. [Table → 2.03](#)

### 2.03 OVERVIEW OF REFERENCED INFORMATION

Disclosure requirement		Reference in other sections of the Group Management Report
ESRS 2 GOV-5 [36 a) to e)]	Risk Management and Internal Controls over Sustainability Reporting	Report on risks, opportunities, and expected developments (except statement regarding the adequacy and effectiveness of the risk management system and the internal control system)
ESRS 2 SBM-1 [40 a) i and ii]	Strategy, business model, and value chain	Overview of the Group, business model/structure of the Group
ESRS 2 SBM-1 [40 a) iii]	Strategy, business model, and value chain	Employees
ESRS 2 SBM-1 [42 a) and c)]	Strategy, business model, and value chain	Overview of the Group, business model/structure of the Group
ESRS 2 SBM-1 [42 b)]	Strategy, business model, and value chain	Overview of the Group, business model/structure of the Group

## Governance

### ROLE OF THE ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES [GOV-1]

Responsibility for corporate governance at Knorr-Bremse AG is in the hands of two governing bodies: The Executive Board manages day-to-day operations, while the Supervisory Board oversees the work of the Executive Board and provides advice and support. The rules of procedure for the Supervisory Board and Executive Board govern cooperation in detail and ensure that the Supervisory Board receives adequate, continuous information.

### Composition and diversity

As stipulated by the Articles of Association, the Executive Board of Knorr-Bremse AG consists of at least two members. As of December 31, 2025, the Executive Board had five members, of whom four were men (80%) and one a

woman (20%), as in the previous year. The gender diversity of the Executive Board, i.e., the ratio of female to male members, is thus 20%. All five members of the Executive Board are managing board members.

In accordance with the German Codetermination Act (MitbestG), the Supervisory Board of Knorr-Bremse AG is made up of twelve members with equal representation. The six members representing shareholders are elected at the Annual General Meeting while the six employee representatives are elected by the employees at the Knorr-Bremse locations in Germany. As in the previous year, the gender diversity on the Supervisory Board is 1.4:1 with seven male (58%) and five female (42%) members.

In the Supervisory Board's assessment, as of December 31, 2025, four of the six shareholder representatives can be considered as independent, a 67% (2024: 83%) ratio

which complies with the recommendation of the German Corporate Governance Code (GCGC).

#### Tasks and responsibilities

The Supervisory Board exercises a central oversight function. It decides on the appointment of the Executive Board members and the rules of procedure and responsibilities within the Executive Board. As part of its oversight function, it supervises fundamental decisions and the implementation of the sustainability strategy, and reviews the material impacts, risks, and opportunities associated with sustainability. Through its committees, the Supervisory Board is also responsible for sustainability-related issues and sustainability management aspects. The Strategy Committee treats sustainability as an integral part of the BOOST corporate strategy. It addresses sustainability-related opportunities and risks and the integration of sustainability criteria into the Executive Board's remuneration system. The Audit Committee reviews the sustainability report and assesses risk-related sustainability aspects. It also supports the Supervisory Board in monitoring the achievement of defined sustainability targets. To carry out these tasks, the Supervisory Board receives regular reports on the status, trends, and comparative figures relating to relevant sustainability issues.

As the management body, the Executive Board of Knorr-Bremse AG manages the company's operations, defines the strategy, and implements it in consultation with the Supervisory Board. The members of the Executive Board collectively bear responsibility for the entire management of the company and decide on fundamental questions of business policy and the annual and multi-year planning. The Executive Board therefore assumes overall responsibility for ensuring the sustainability of the business strategy. The Executive Board ensures that legal provisions, official regulations, and internal guidelines are followed within the company and works to make sure they are observed by Group companies. Furthermore, the tasks of the Executive Board include the establishment of an internal control, risk, and compliance management system that is appropriate and effective in view of the scope of the company's business operations and its risk situation. Further information on the extent to which Knorr-Bremse has integrated sustainability aspects into the Group-wide risk management system and the internal control system (ICS) can be found in the reporting on GOV-5, respectively in the report on risks, opportunities, and expected developments. The Executive Board informs the Supervisory Board and its Audit Committee regularly, promptly, and comprehensively about all issues relevant to the company relating to strategy, planning, business development, risk situation, risk management, and compliance.

The Executive Board monitors the definition and implementation of the sustainability strategy and targets through established organizational structures and systematic processes. [Table → 2.04](#)

The Sustainability department coordinates the implementation of the sustainability strategy and reports directly to the Chief Financial Officer (CFO). The Group-wide ESG Board manages the topic of sustainability in organizational terms and supports the implementation of the defined measures. The various function areas and divisions are tasked with the operational implementation of projects. The ESG Board meets several times a year and deliberates on the further development of the sustainability program, including the setting of targets and actions for the strategic topics. It is composed as follows: three members of the Executive Board (Chief Financial Officer (CFO), Executive Board member People & Integrity (Labor Director), Executive Board member with responsibility for RVS), one member of the Management Board from the CVS division, a member of each of the Management Boards of the Knorr-Bremse regions of North America/South America and the Asia-Pacific, the Chair of Knorr-Bremse Global Care e. V., and the Head of the Sustainability department.

The divisional ESG boards come before the Group-wide ESG Board in the chain of responsibility. They coordinate the implementation status of the ESG measures between departments. The Sustainability department is represented in all bodies, thus ensuring that cross-divisional issues are addressed and coordinated equally. In addition to the Management Board members with responsibility for the topic, the divisional ESG boards also include the heads of the functional units, who are closely involved in the further development and implementation of the sustainability program. These include in particular Purchasing, Health, Safety and Environment (HSE), Business Development, Research & Development (R&D), EcoDesign, and Sales. In the RVS division, the Executive Board member is also a member of the divisional ESG Board.

In addition, the departments shape the implementation and development of the sustainability program. They define strategy and goals, whose progress is monitored using indicators, regular reports, and internal reviews. Established bodies discuss individual specialist topics, such as human rights or sustainable purchasing, and monitor the operational implementation of actions. For example, a Human Rights Steering Committee has been established in which the Human Rights Officer exchanges information with representatives from the HR, Sustainability, and Purchasing departments on regulatory

developments, the development of human rights risks, and the status of the implementation of human rights due diligence obligations, and coordinates actions.

Rights Officer also informs the Executive Board at least once a year about human rights risks and the implementation status of countermeasures.

Risk reporting on human rights risks has been part of regular quarterly risk reporting since 2024. The Human

**2.04 KNORR-BREMSE'S SUSTAINABILITY ORGANIZATION**

<p><b>Supervisory Board</b>                  • Strategy Committee                  • Audit Committee  <i>(Meeting frequency: at least once a year and as required)</i></p>			Strategic decisions
<p><b>Executive Board</b>                  Responsible for the sustainable alignment of the business strategy  <i>(Meeting frequency: approximately every 4 weeks)</i></p>			
<p><b>Group-wide ESG Board</b>                  Sustainability management and support for actions  <i>(Meeting frequency: quarterly and as required)</i></p>	<p><b>Human Rights Steering Committee</b>                  Coordination of human rights due diligence  <i>(Meeting frequency: quarterly)</i></p>	<p><b>Sustainability department</b>                  Addressing and coordinating topics</p>	Recommendations for decisions
<p><b>RVS ESG Board</b>                  Cross-departmental coordination on the implementation of actions  <i>(Meeting frequency: quarterly and as required)</i></p>	<p><b>CVS ESG Board</b>                  Cross-departmental coordination on the implementation of actions  <i>(Meeting frequency: quarterly and as required)</i></p>	<p><b>Sustainability department</b>                  Addressing and coordinating topics</p> <hr/> <p><b>Compliance department</b>                  Monitoring the implementation of human rights due diligence</p>	Cross-functional alignment and planning
<p><b>Departments</b>                  Implementation and further development of the sustainability program</p>	<p><b>Expert committees</b>                  e.g., sustainable procurement                  Monitoring operational measures</p>	<p><b>Sustainability department</b>                  Technical support for the implementation of actions and reporting</p>	Operational implementation

**Skills and specialist knowledge**

When appointing the members of the Executive Board the Supervisory Board pays particular attention to their specialist and social skills and to many years' experience in comparable positions, ideally in the sectors relevant for Knorr-Bremse and in an international setting. In addition, it looks for a suitable character and appropriate educational background (university degree or comparable

qualification). Furthermore, the Executive Board members should have in-depth expertise in sustainability.

The experience of the members of the Executive Board in sectors, products, and geographic locations relevant to Knorr-Bremse is summarized in the table below.

[Table → 2.05](#)

## 2.05 COMPETENCES OF THE MEMBERS OF THE EXECUTIVE BOARD

	<b>Llistosella</b> Strategy, Communi- cation, IT, Information Security, Corporate Security, Internal Audit, and Digitalization	<b>Weber</b> Finance, Accounting, Controlling, Taxes, Treasury, M&A, Sustainability, and Investor Relations	<b>Dr. Mayfeld</b> Integrity, Legal, IP, Data Protection, and Human Resources	<b>Dr. Lange</b> Rail Vehicle Systems division	<b>Spies</b> Commercial Vehicle Systems division
Strategy	X	X	X	X	X
Environment		X		X	X
Social	X		X		
Corporate governance	X	X	X	X	X
Products	X			X	X
Risks/opportunities	X	X	X	X	X
Green finance		X	X		
Rail, commercial vehicle, and automotive industries (incl. supply sector)	X			X	X

To enable the Supervisory Board to perform its advisory and oversight functions, members are selected and appointed on the basis of their expertise, which includes sustainability aspects. The Supervisory Board's skills profile shows which in-depth experience and knowledge

is required of the members of the Board and that they collectively possess. The tables below set out the experience of the members of the Supervisory Board that is relevant for the sectors, products and geographic locations of Knorr-Bremse. [Table → 2.06](#), [Table → 2.07](#)

## 2.06 SHAREHOLDER REPRESENTATIVES

	<b>Dr. Ploss</b> Chairman of the Supervisory Board	<b>Sturm</b> Deputy Chairman of the Supervisory Board	<b>Dahnke</b> Chair of the Audit Committee	<b>Dr. Nikutta</b>	<b>Dr. Sommer</b>	<b>Thiele-Schürhoff</b>
Rail, commercial vehicle, and automotive indus- tries (incl. supply sector)	X			X	X	X
Research and develop- ment (especially in tech- nologies and related fields that are relevant to the company)	X				X	
Sustainability – environment	X	X		X		X
Sustainability – social	X	X		X		X
Sustainability – governance	X	X	X	X	X	
Digitalization/ Industry 4.0	X	X		X		
Management of a large or medium-sized business with interna- tional operations	X	X	X	X	X	
Production, marketing, and sales	X			X		
Personnel recruitment and development	X			X		X
Accounting and statu- tory audits (incl. audit of sustainability reporting)	X	X	X			
Controlling and risk management		X	X			
Corporate governance and corporate compliance	X	X	X	X	X	X

## 2.07 EMPLOYEE REPRESENTATIVES

	Birkeneder	Mittmann	Ratzisberger	Sedlmair	Nirschl	Deseive
Rail, commercial vehicle, and automotive industries (incl. supply sector)	X	X	X	X	X	X
Research and development (especially in technologies and related fields that are relevant to the company)	X	X				
Sustainability – environment	X					
Sustainability – social		X	X	X	X	X
Sustainability – governance	X					
Digitalization/ Industry 4.0	X					
Management of a large or medium-sized business with international operations						
Production, marketing, and sales	X	X	X		X	
Personnel recruitment and development	X	X	X	X	X	X
Accounting and statutory audits (incl. audit of sustainability reporting)	X	X			X	X
Controlling and risk management	X	X			X	X
Corporate governance and corporate compliance				X		

Knorr-Bremse attaches great importance to ensuring that the expertise of its governing body members is kept up to date. Strategically relevant sustainability topics and the associated impacts, risks, and opportunities are addressed both through our established internal reporting lines (see above) and, where necessary, with the help of external experts. In addition, the members of the Supervisory Board are responsible for pursuing the sustainability-related training and professional development measures they need for their duties, with support from the company.

### INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES [GOV-2]

The Executive Board and Supervisory Board regularly receive relevant information on sustainability issues from departments and bodies (see "The Role of the Administrative, Management, and Supervisory Bodies [GOV-1]"). Feedback from corporate management on this is

incorporated into the revision and fine-tuning of the sustainability strategy and its implementation.

The ESG Board informs the Executive Board on new developments and the status quo on the topic of sustainability on a quarterly basis. The heads of the Sustainability department and relevant Group departments provide information on specific topics. In the reporting period, this included in-depth information on the CSRD, the Climate Strategy, and green financial instruments, as well as the results of the double materiality assessment. The Chief Financial Officer (CFO) and the Executive Board member People & Integrity additionally take part in regular meetings with the Head of Sustainability and/or the Chief Compliance Officer and the Human Rights Officer.

The Supervisory Board was informed about sustainability topics by the Sustainability department in 2025. The focus was on the implementation and realignment of the CSRD, as well as the current status and further development of the Group-wide sustainability strategy.

The ESG Board, and hence also the Executive Board, as well as the Supervisory Board's Audit Committee, address the results of the materiality assessment, including the associated material impacts, risks, and opportunities. In the context of risk management, the Executive Board and Supervisory Board also keep themselves informed about sustainability risks. This includes the material impacts, risks and opportunities in connection with sustainability and the effectiveness of the implemented policies, actions, and targets. An overview of the analyzed material impacts, risks, and opportunities is provided under "Material Impacts, Risks, and Opportunities and their Interaction with Strategy and Business Model [SBM-3]".

#### **INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES [GOV-3]**

A critical lever for encouraging sustainability involves embedding corresponding targets in the management remuneration system. This helps us to create clear incentives for responsible conduct and the systematic implementation of our sustainability strategy. Our performance-based variable remuneration system considers factors that contribute to sustainability topics that are important to Knorr-Bremse. These include climate protection, health and safety in the workplace, as well as good working conditions for our employees. The variable, performance-related compensation component consists of two elements: a short-term incentive (STI) and a long-term incentive (LTI).

The short-term variable remuneration for a fiscal year includes ESG targets, half of which consist of the target "own contribution to carbon neutrality" (sum of project-based energy efficiency improvements and self-generated or "direct line PPA" solar power) and the target "work-related accidents per 200,000 contractual working hours". These ESG targets are weighted at 20% of the target bonus for management levels 0 to 2 (Executive Board and senior executives). Since 2025, the same ESG system has applied to management levels 3 and 4 (middle management), albeit with a 10% weighting. The new bonus plan is currently being rolled out across the Group and is scheduled to be fully implemented by 2026.

20% of long-term variable remuneration depends on the achievement of the sustainability targets reduction of Scopes 1 + 2 CO<sub>2</sub>e emissions, weighted at 70%, and Employee satisfaction, weighted at 30%. LTI remuneration applies to management levels 0 to 2.

On the basis of the compensation system the Supervisory Board defines a specific target total compensation for each Executive Board member, which should be in appropriate relation to the tasks and performance of the

Executive Board member and the company's situation. Furthermore, it should not exceed standard compensation without justification. The Supervisory Board reviews the Executive Board compensation and composition on a regular basis to ensure they are appropriate and in line with the market. This is designed to support the company's long-term development.

Please see the Remuneration Report for further information.

#### **STATEMENT ON DUE DILIGENCE [GOV-4]**

An overview of where information on our due diligence processes can be found in the sustainability statement is shown in [Table → 2.08](#).

#### **2.08 OVERVIEW OF THE CORE ELEMENTS**

<b>Core elements of due diligence</b>	<b>Paragraphs in the Sustainability Statement</b>
a) Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 ESRS 2 MDR-P ESRS E1 ESRS S1-2 ESRS S2-2 Entity-specific disclosures
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1 ESRS 2 SBM-3
d) Taking actions to address those adverse impacts	ESRS 2 MDR-A ESRS E1-1 ESRS E1-3 ESRS E2-2 ESRS E3-2 ESRS E5-2 ESRS S1-4 ESRS S2-4 Entity-specific disclosures
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-M ESRS 2 MDR-T ESRS E1-5 ESRS E1-6 ESRS E2-2 ESRS S1-5 ESRS S1-9 ESRS S1-12 ESRS S1-13 ESRS S1-15 ESRS S1-16 ESRS S1-17 ESRS S2-5 Entity-specific disclosures

## RISK MANAGEMENT AND INTERNAL CONTROLS [GOV-5]

Information on our risk management and the internal control procedures with regard to sustainability reporting can be found in the Report on Risks, Opportunities, and Expected Developments.

## Strategy

### STRATEGY, BUSINESS MODEL, AND VALUE CHAIN [SBM-1]

As a successful global player in the mobility industry in the field of brakes and in other rail and commercial vehicle systems, developing solutions for safe, efficient, and sustainable transportation is an integral part of Knorr-Bremse's corporate identity. By fulfilling our aim of taking a consistently responsible approach to employees, partners, the environment, and society, we are making a contribution to sustainable development. Accordingly, sustainability is integrated into the strategy and business model of Knorr-Bremse. Sustainability is anchored as a strategic, cross-cutting topic in the BOOST strategy program through the key pillars of "products", "processes," and "people". This aims to further strengthen Knorr-Bremse's market position, innovative power, and operational resilience.

With its product and service portfolio, Knorr-Bremse seeks to actively support customers worldwide and enable them to develop sustainable mobility solutions for the rail and commercial vehicle sectors. Our focus on maximum safety, complemented by a structured EcoDesign approach, resource conservation, and the avoidance of emissions along the entire value chain, supports us and our customers in achieving defined sustainability goals. At the same time, we are working to systematically and continuously integrate sustainability into decision-making processes and to leverage identified potential through measures to enhance our sustainability performance. Challenges such as decarbonization along the value chain, strengthening the Knorr-Bremse Group's resilience to sustainability-related risks, and increasing resource efficiency rank among the key focus areas of our activities. Examples of how we are addressing these challenges include innovative product solutions for reducing emissions, expanding renewable energies and energy efficiency measures, and working directly with suppliers. In addition, we are initiating a greater number of measures aimed at cultural change, organizational transformation, and talent management. This is how we intend to further strengthen Knorr-Bremse's attractiveness as an employer, and to recruit and retain the best specialists and managers.

To ensure that Knorr-Bremse has access to the capital market at moderate costs, both in the medium and long term, we have implemented green financial instruments in our financing structure. In September 2024, for example, a green bond was issued in the context of capital market financing for the first time. Its proceeds will be invested in suitable sustainability projects with a focus on clean transport, renewable energies, energy efficiency, and green buildings. This allocation follows the Green Financing Framework published by Knorr-Bremse in August 2024, which is in accordance with the Green Bond Principles of the ICMA (International Capital Market Association) and is followed up through allocation and impact reporting. Knorr-Bremse published its first allocation and impact report in September 2025.

A detailed description of the main markets, products, and services on offer and of the business model and the value chain can be found in the "Business Model/Structure of the Group" section of the "About the Group" chapter. Fundamental information on the benefits our company and our technological developments and solutions offer to our stakeholders are detailed in the "Research and Development" section. The number of employees by geographical areas is set out in the "Employees" section.

### INTERESTS AND VIEWS OF OUR STAKEHOLDERS [SBM-2]

Knorr-Bremse considers trust-based cooperation and open dialog with stakeholders to be a key foundation for sustainable business success. This dialog uses established formats such as direct conversations with customers, trade fairs, active association work, talk with investors, our Annual General Meeting, as well as communication with employees. The goal is to identify trends, global developments, and market requirements at an early stage and to promote a common understanding of sustainability. The insights gained into the needs, interests, and viewpoints of the various stakeholder groups, which were gathered as part of our double materiality assessment, among other things, are reflected in our sustainability decisions and thus shape both the further development of our sustainability strategy and the orientation of our business model and overarching corporate strategy. In the reporting period, stakeholder consultations and their results did not lead to a need to adjust the strategy and business model of Knorr-Bremse.

The Executive Board and Supervisory Board are kept informed of the interests and viewpoints of the stakeholders concerned with regard to the sustainability-related impacts from Knorr-Bremse. This information is provided in the form of written and verbal reports inside and

outside meetings, e.g., on rating analyses, regulatory developments, and project progress.

Detailed information on the involvement of the most important stakeholders for us are set out in the following table. [Table → 2.09](#)

## 2.09 INVOLVEMENT OF OUR STAKEHOLDERS

Stakeholders and category	Format of involvement	Purpose of involvement	Action on results
Capital market (incl. investors, shareholders, lenders)	<ul style="list-style-type: none"> <li>Individual and group talks</li> <li>Annual General Meeting</li> <li>Roadshows and conferences</li> <li>Financial/ESG reporting</li> <li>ESG ratings</li> </ul>	<ul style="list-style-type: none"> <li>Fulfillment of information disclosure obligations and requirements</li> <li>Identification of ESG priorities</li> <li>Securing optimum financing options</li> <li>Risk mitigation</li> <li>Generation of direct feedback</li> </ul>	<ul style="list-style-type: none"> <li>Further development</li> <li>Business and sustainability strategy</li> <li>Availability and use of financing instruments</li> <li>Transparency and risk mitigation</li> <li>Improved ESG ratings</li> </ul>
Public authorities	<ul style="list-style-type: none"> <li>Dialog</li> <li>Consultation</li> <li>Conferences and forums</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws</li> <li>Early detection of regulatory changes</li> <li>Interest-driven politics</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening the business model</li> <li>Risk mitigation</li> <li>Compliance with legal requirements and ESG standards</li> </ul>
Associations	<ul style="list-style-type: none"> <li>Association memberships</li> <li>Committee and project work</li> </ul>	<ul style="list-style-type: none"> <li>Dialog on sustainability and sectoral topics</li> <li>Strengthening the network</li> <li>Development of industry standards</li> </ul>	<ul style="list-style-type: none"> <li>Preparation of industry standards</li> <li>Implementation of new solutions</li> </ul>
Employees and company management	<ul style="list-style-type: none"> <li>Regular dialog between employees and managers</li> <li>Information events (town halls, works council meetings)</li> <li>Local action days and initiatives</li> <li>Whistleblower system</li> <li>Employee survey</li> </ul>	<ul style="list-style-type: none"> <li>Workforce engagement</li> <li>Strengthening employee satisfaction and loyalty</li> <li>Compliance with internal policies</li> <li>Dialog and knowledge transfer on sustainability topics</li> <li>Improved HSE performance</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of internal measures and global initiatives on sustainability</li> <li>Further development of corporate culture</li> <li>Further development of sustainability strategy</li> <li>Preparation and updating of internal policies</li> </ul>
Suppliers and business partners	<ul style="list-style-type: none"> <li>Bilateral talks</li> <li>Supplier evaluation and audits</li> <li>Supplier development and training</li> <li>Conferences and supplier days</li> <li>Industry initiatives (e.g., Railsponsible)</li> </ul>	<ul style="list-style-type: none"> <li>Fair and reliable business relationships</li> <li>Transparency in the supply chain</li> <li>Compliance with the Code of Conduct for Suppliers</li> <li>Compliance with human rights and environmental standards</li> </ul>	<ul style="list-style-type: none"> <li>Supplier selection and development</li> <li>Risk mitigation</li> <li>Achievement of own sustainability targets</li> <li>Development of long-term partnerships</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer meetings</li> <li>Trade fairs, conferences, and events</li> <li>Satisfaction surveys</li> <li>Project work in industry associations</li> </ul>	<ul style="list-style-type: none"> <li>Trust-based customer relationships</li> <li>Strengthening customer satisfaction</li> <li>Offering sustainable product and system solutions</li> <li>Identification of sustainability-related product requirements</li> </ul>	<ul style="list-style-type: none"> <li>Improvement and further development of sustainable product and system solutions</li> <li>Improvement of customer relations</li> <li>Cooperation on sustainability objectives</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Dialog with stakeholder associations</li> <li>Direct contact opportunities</li> <li>Partnerships with educational institutions</li> <li>Cooperation with initiatives and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Support for local communities</li> <li>Insights into the attitudes of local stakeholders</li> <li>Trust building and employer attractiveness</li> <li>Outreach to and recruitment of young talent</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Local Care and Global Care projects</li> <li>Participation in local initiatives</li> <li>Actions as an attractive employer</li> </ul>

### MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL [SBM-3]

A double materiality assessment was used to identify the material topics for Knorr-Bremse. The overview below shows the topics and subtopics identified as material in

accordance with ESRS 1 AR16. The topic-specific sections contain a detailed description of the relevant impacts, risks, and opportunities. They also explain where these topics are located in the business model, their impact on people and the environment, and the expected time horizons. [Table → 2.10](#)

#### 2.10 MATERIAL SUSTAINABILITY MATTERS

Topic	Sub-topic	Value chain stage
Climate change (ESRS E1)	Climate change mitigation	Upstream Own operations Downstream
	Climate change adaptation	Upstream Own operations
	Energy	Upstream Own operations Downstream
Pollution (ESRS E2)	Pollution of air, water, soil	Upstream Downstream
	Substances of (very high) concern	Upstream Downstream
Water and marine resources (ESRS E3)	Water withdrawal and consumption	Upstream Own operations
Resource use and circular economy (ESRS E5)	Resource inflows	Upstream
	Resource outflows	Downstream
	Waste	Upstream Own operations Downstream
Own workforce [ESRS S1]	Working conditions	Own operations
	Equal treatment and opportunities for all	Own operations
	Other work-related rights	Own operations
Workers in the value chain (ESRS S2)	Working conditions	Upstream
	Other work-related rights	Upstream
Business conduct (ESRS G1)	Corporate culture	Own operations
	Corruption and bribery	Own operations
	Protection of whistleblowers	Own operations
	Management of relationships with suppliers	Upstream
Product and system safety (entity-specific disclosures)		Downstream

In addition to the ESRS topics, Knorr-Bremse also assessed entity-specific aspects as part of its materiality assessment. Product and system safety were classified as material, and the aspect of noise is also reported in the Pollution topical standard. The material topics and subtopics we identified were unchanged from the previous year. However, adjustments were made at the level of individual impacts, risks, and opportunities. Selected impacts were consolidated and bundled to avoid overlaps and make the presentation clearer and more comprehensible. In addition, individual new impacts and risks were included in the reporting. The content is explained in the relevant topical standards.

In addition to international guidelines and insights from stakeholder analyses, Knorr-Bremse primarily uses findings from the materiality assessment to further develop its sustainability strategy as part of its business strategy. We assess how the material matters are connected to the business model. The resulting sustainability program, with defined responsibilities and integrated processes, helps to manage negative impacts and risks and to selectively exploit opportunities. The program is regularly reviewed and adapted to incorporate new developments. This also contributes to the resilience of the business model and strategy to significant impacts and risks and is intended to enable corresponding opportunities to be leveraged. Resilience assessment is embedded in Knorr-Bremse's

management processes and is carried out qualitatively for all topics as part of the materiality assessment, considering short-term, medium-term, and long-term perspectives. For the topic of climate change (ESRS E1), we also conducted an in-depth resilience analysis, which is presented in the topical standard.

Currently, the significant risks and opportunities do not have any financial impacts on Knorr-Bremse's financial position, performance, or cash flows. Additionally, no risks or opportunities were identified for the 2025 reporting period that would require adjustments to the carrying amounts reported in the annual financial statements.

### Management of impacts, risks, and opportunities

#### PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES [IRO-1]

Topics that are relevant for the focus of sustainability management and the corresponding reporting by Knorr-Bremse are derived from a double materiality assessment in accordance with CSRD/ESRS requirements.

The materiality assessment is based on a multi-level process with the targeted involvement of relevant internal and external stakeholders. The starting point was the segmentation of Knorr-Bremse's two value chains (RVS and CVS) and the identification of relevant stakeholder groups in the various divisions and regions. Based on this, a comprehensive concept for engaging stakeholder groups was developed, comprising the following key formats: 1. online surveys, 2. interviews with experts, departments, and significant decision-makers, 3. workshops with internal experts along the value chain, and 4. benchmarking with peer groups from our industries. The results were then validated and confirmed with the involvement of internal and external stakeholders.

The materiality assessment was reviewed and validated as part of an update in the 2025 reporting period. This was done using new data, in-depth departmental workshops, and a comparison with industry practices. In addition, a targeted peer review of Knorr-Bremse's results was conducted in comparison with leading companies in the transportation and mobility industry to ensure consistency and completeness. The Sustainability department confirmed the final results of the materiality assessment. The entire Executive Board and the Supervisory Board reviewed and approved the material topics for 2025. An overview of the material sustainability matters of Knorr-Bremse can be found in the "Material Impacts, Risks, and Opportunities and their Interaction with Strategy and Business Model [SBM-3]" chapter.

#### Impact Materiality

The materiality of impacts is determined on the basis of Knorr-Bremse's established sustainability due diligence process (see chapter "Statement on Due Diligence [GOV-4]").

The sustainability matters defined in ESRS 1 AR 16 were the starting point for identifying potentially material topics and the associated impacts, risks and opportunities. In addition, industry-specific topics such as product and system safety were included. To identify, assess, and prioritize actual and potential impacts, Knorr-Bremse analyzed its business activities, business relationships, and various levels of the value chain – from raw material extraction to the end of the product life cycle. This considered both different business activities (e.g., production, administration) and the regions of the locations. On this basis, the impacts influenced by our own activities and business relationships were identified and assessed.

For the upstream value chain, hotspot analyses were carried out for the three most important materials purchased by Knorr-Bremse: aluminum, iron/steel, and circuit boards. With regard to our own operations, the focus was on our two divisions, RVS and CVS. The range of internal stakeholders involved was broad, including people responsible for compliance, human resources, human rights, and risk management. This allowed the perspectives of all relevant functions and regions to be considered. In addition to dialog with internal departments (e.g., EcoDesign, Sales) and customers, benchmarking with peer groups was also performed for the downstream value chains. As part of the 2025 update, the materiality of the topics was reviewed in departmental workshops and revised where necessary.

We involved external experts directly or indirectly, depending on the extent to which they were involved and their function. The two main groups were affected stakeholders and users of sustainability statements. This covered civil society, NGOs, governments, academic researchers, and analysts. Internal stakeholders were selected on the basis of their direct connections to specific subsegments of Knorr-Bremse's value chains. Similar to the expert perspective, direct consultations were used in this case to identify the perspectives of customers and the views of peer groups (Railsponsible, CLEPA benchmark, and selected dialog formats), among other things. The perspective of experts was gathered in the same way. Examples of the indirect involvement of other stakeholders include industry benchmarks and publicly available sources such as position papers, experience reports, or studies. Existing findings, such as those from supplier audits or dialog with peers, were also taken into account.

The materiality of impacts of the various sustainability topics was assessed independently of each other. The analysis included both the actual and the potential impacts on people and the environment that are directly related to our operating procedures, products or services. Different time horizons were also considered for potential impacts in order to reveal possible short-, medium-, and long-term consequences.

The assessment is based on the evaluation of negative impacts according to severity parameters (scale, scope, irremediable character of the impact) and, in the case of positive effects, on their scale and scope. All potential impacts were also classified by their likelihood. A materiality threshold was defined to determine the material impacts. Topics whose assessment was close to this threshold were analyzed in greater detail.

In 2025, we expanded the data set to include updated sources, including the results of Group-wide LkSG risk analyses for the upstream value chain and our own operations, internal HSE databases, and findings from the EU Taxonomy analysis. The reassessment also incorporated events that occurred during the reporting period, as well as changes in markets (e.g., regulatory and customer requirements) and in geographical orientation (e.g., new countries with operating locations, changes in supply chains). This gave the analysis a broader data basis and allowed it to be coordinated even more closely with the due diligence and risk management processes.

#### Financial materiality

We assessed the financial risks and opportunities resulting from sustainability-related impacts separately for each sustainability topic. This assessment was based on the likelihood of occurrence and the magnitude of the financial effect, and of both actual and potential gross risks and opportunities. Sustainability risks and opportunities were considered equally with all other risk categories. A distinction was made between short-, medium-, and long-term time horizons. The assessment used a risk management-based scale. We started by analyzing the key impacts and then identified the associated risks and opportunities. We also considered risks and opportunities that do not arise directly from individual impacts, but from overarching dependencies or general conditions.

#### Integration of the materiality assessment into further processes

The Executive Board, Supervisory Board, and ESG Board reviewed and approved the process and the updated materiality assessment for 2025. The findings derived from this assessment are incorporated into the

sustainability strategy and are continuously monitored in the context of sustainability management.

Knorr-Bremse's integrated risk and opportunity management considers both financial and non-financial ESG risks and opportunities. The reporting, discussion, and assessment of these comprehensive risks take place on a quarterly basis as part of an Executive Board meeting. Opportunities resulting from material sustainability matters are included in our risk assessment tool. They are therefore also part of the report on the company's risk and opportunity profile. The necessary strategic implications are also included in our overall strategy. Further details of the risk management process are described in the Report on Risks, Opportunities, and Expected Developments.

#### Input parameters

Knorr-Bremse used various input parameters to identify and assess the impacts on people and the environment. Findings from previous materiality assessments served as an important basis. Other key sources of information included results from internal audits, risk analyses, and employee surveys, as well as internal metrics and supplier information. In addition, specific reports and data on environmental risks were used, such as the WWF Biodiversity Risk Filter and the Aqueduct Water Risk Atlas.

#### Future reporting

To comply with the CSRD requirements, the materiality-based methodology under the NFRD was switched to a double materiality assessment practice in 2023. This practice will in future be reviewed continuously in the Sustainability department and validated once a year to ensure it is up to date. The results will subsequently be incorporated into the annual reporting.

### PROCESSES TO IDENTIFY AND ASSESS MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES [IRO-1]

#### Climate change [E1]

Knorr-Bremse conducted various analyses to assess the impacts, risks, and opportunities associated with climate change. The company's impacts on climate change were analyzed by means of the actual greenhouse gas (GHG) emissions. The analysis covered production-related emissions (Scope 1 and Scope 2) and indirect emissions (Scope 3) from purchased goods and services (Scope 3.1), transportation and logistics (Scope 3.4), as well as the use of sold products (Scope 3.11). Moreover, an estimate was made of future emissions including the GHG reduction targets validated by the Science Based Targets initiative (SBTi) and reduction measures already launched, for example, internal renewable energy production. The emission levels are described in the "Greenhouse Gas Emissions [1-6]" chapter.

Knorr-Bremse examined potential physical climate risks across the entire value chain during the reporting period. For this purpose, own locations as well as locations of suppliers considered material were identified using geo-coordinates and examined for various physical risks with an external tool. Going forward, an extended selection of suppliers will help us gain an even more comprehensive picture of potential risks. The analysis evaluated the likelihood of occurrence and intensity of potential climate risks and classified them as either acute or chronic. In addition, we performed a qualitative analysis of the climate risks in our sales markets. The basis for assessing the physical risks was the SSP5-8.5 high-emissions scenario of the Intergovernmental Panel on Climate Change (IPCC), which describes a rise in the global average temperature by 4.4 degrees Celsius by the end of the century. This worst-case scenario was selected using the precautionary principle. Climate risks were assessed for the reporting period (short term) and for the time horizons 2030 (medium term) and 2050 (long term) so as to realistically model the useful life of buildings and facilities. These time horizons also form the basis of the transition plan for climate change mitigation and the associated capital expenditures.

Potential transition risks and opportunities were assessed during a revalidation of the previous year's analyses. The analysis of physical and transition climate risks and the company's resilience to these risks is explained in the "Climate Change [E1]" chapter, "[Table → 2.18](#) Climate Change: Overview, Impacts, and Opportunities."

The scenario analysis focuses on the physical risks as well as the material transition risks and opportunities in the supply chain, in its own production, and in its sales markets. Transition events relevant to Knorr-Bremse were assessed in terms of their probability of occurrence, extent, and duration. The RVS and CVS divisions were considered separately. This was based on the International Energy Agency (IEA) 1.5-degree scenario "Net Zero Emissions by 2050." This describes an ambitious path to limiting global warming and highlights the potential risks and uncertainties of the transition. It therefore serves as the basis for the evaluation of possible risks and opportunities in the transition to a low-emissions economy. This scenario assumes considerable global capital expenditure on clean energy technologies and infrastructure as well as strong political action and incentives. The energy mix will shift significantly toward renewable energies, while the use of fossil fuels will decline sharply. The electrification of industry and transportation is viewed here as a key building block for decarbonization. In the CVS division, in particular, the rapid establishment of this technology plays a major role for the zero-emission

mobility of commercial vehicles. The global perspective view of this scenario reflects activities on various continents.

Knorr-Bremse has identified no assets or business activities that would be incompatible with the transition to a climate-neutral economy on account of locked-in GHG emissions, for example. Further information can be found in the "Transition Plan for Climate Change Mitigation [E1-1]" chapter.

The accounting for climate-related targets in the financial report (critical climate-related assumptions) is based on the results of the climate risk analysis that is supported by the two underlying scenarios.

#### **Pollution [E2]**

In order to determine the impacts, risks and opportunities in connection with pollution in our own operations, Knorr-Bremse analyzed the amount of pollutants and the use of substances of (very high) concern at selected production sites. Guidance was provided by the thresholds of the E-PRTR (European Pollutant Release and Transfer Register) Regulation and the REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Regulation. The material actions with an impact on the upstream value chain include the production of the purchased materials (e.g., steel, aluminum, and PCB) and energy. This was determined by analyzing emission hotspots along our value chain, whose results were confirmed in 2025. In the downstream value chain, in particular rail or truck braking processes are among the material impacts that can cause air, water or soil pollution. In addition, noise pollution during the product use phase is a topic of regular discussion with affected stakeholders

In the 2025 reporting period, we did not publish any metrics on substances of (very) high concern, as sufficiently consistent and reliable information is not yet available in the upstream value chain. Substances of (very high) concern enter our own operations solely through the upstream value chain. Knorr-Bremse is working closely with its suppliers to improve the data situation. Based on the expected more reliable information, Knorr-Bremse intends to develop and report on policies, actions, and targets in the medium term.

#### **Water resources [E3]**

Knorr-Bremse analyzed the impact of its business activities on water consumption and water withdrawal and evaluated it by means of relevant metrics. In the reporting period, for example, we conducted a detailed water risk analysis to assess water-related risks in connection with water scarcity. We used the Aqueduct Water Risk Atlas for

this purpose. In addition, we examined both worldwide Knorr-Bremse locations and over 6,200 supplier locations. China, India, Australia, Mexico, USA, Spain and Turkey were identified as material regions for a heightened water risk both in own business operations and in the upstream value chain. In the upstream value chain, the steel, aluminum, and electronics industries are significantly affected. This is evident from the externally commissioned analysis of the environmental impact of Knorr-Bremse's value chain described in [IRO-1]. This analysis, which was updated in 2025, revealed that water-related impacts and risks in our own business operations primarily arise in production activities such as surface treatments and cooling processes in production.

#### Biodiversity [E4]

Knorr-Bremse identified a small number of own locations in proximity to biodiversity-sensitive areas. The locations affected were assessed using an external tool with regard to actual and potential impacts, risks, and opportunities in the area of biodiversity. Transition and physical risks were factored into the analysis. The assessment covered the entire value chain in accordance with the approach described in the "Impact Materiality" section of the "Processes to Identify and Assess Material Impacts, Risks, and Opportunities [IRO-1]" chapter. No significant negative impacts were identified, barring systemic risks. No mitigation measures are therefore necessary at this time. An equivalent analysis for supplier locations is planned in the future.

#### Resource use and circular economy [E5]

Knorr-Bremse analyzed impacts, risks, and opportunities in resource use and waste management across the entire value chain. In the upstream value chain, industry-specific analyses were conducted with external support for the main groups of commodities, i.e. steel, aluminum and circuit boards. Key environmental and social aspects such as emissions, resource consumption, and human rights risks were investigated as part of this. In our own field of business, waste management was assessed based on the relevant prior-year waste metrics (e.g., share of recycling in total waste, share of hazardous and non-hazardous waste) without applying specific thresholds. In the downstream value chain, there was an analysis of the impact of our products in the use and disposal phases.

#### Business Conduct [G1]

Knorr-Bremse analyzed the governance structures and practices, taking into account regional differences. This was done by reference to our global governance standards, which apply uniformly to all business activities. The two divisions RVS and CVS were classified as comparable and were therefore not differentiated. For M&A activities,

there was a review whether the governance practices of the potential contracting parties are in accordance with our ethical standards.

#### COVERED DISCLOSURE REQUIREMENTS [IRO-2]

In line with ESRS 1 Appendix E, the material sustainability matters of ESRS 1 AR16 and the associated disclosure requirements were determined on the basis of the identified impacts, risks, and opportunities. Data points on metrics were examined individually in accordance with ESRS 1 Appendix E to evaluate their materiality. The thresholds for information materiality were defined on a case-by-case basis.

Indices derived from other EU legislation, both for covering disclosure requirements and for data points, are listed in the Appendix to the Sustainability Statement.

### EU Taxonomy

A key element in the achievement of the EU climate and energy targets and in the realization of the European Green Deal's aims is the directing of capital flows toward sustainable activities. For this reason, a taxonomy or classification system for environmentally sustainable economic activities has been introduced, based on the Action Plan on Financing Sustainable Growth.

Under Taxonomy Regulation (EU) 2020/852, and pursuant to Article 8 on transparency in non-financial statements, Knorr-Bremse is required to disclose its environmentally sustainable economic activities and the associated Taxonomy-eligible and Taxonomy-aligned revenue, capital expenditure (CapEx), and operating expenditure (OpEx). An economic activity is deemed Taxonomy-eligible if it is described in one of the delegated acts supplementing the Taxonomy Regulation.

These legal acts include the Delegated Regulations on the Climate Taxonomy, which define economic activities with regard to the environmental objectives of "climate change mitigation" (CCM) and "climate change adaptation" (CCA). In addition, the Taxonomy defines further activities with regard to the objectives of sustainable use and protection of water and marine resources (WTR), transition to a circular economy (CE), pollution prevention and control (PPC), and protection and restoration of biodiversity and ecosystems (BIO). An economic activity is deemed Taxonomy-aligned if it meets the technical screening criteria set out in the delegated acts and is undertaken in accordance with the minimum safeguards. To meet the technical screening criteria, an activity must contribute substantially to one or more environmental objectives without doing significant harm to other environmental objectives.

As part of the “Omnibus I” package, the European Commission presented Commission Delegated Regulation (EU) 2026/73 amending the existing legal acts on the EU Taxonomy. The objective is to simplify reporting requirements and reduce administrative burdens. Knorr-Bremse has opted to apply the reporting provisions as amended by the Omnibus Delegated Act for the 2025 fiscal year.

When preparing its disclosures for fiscal year 2025, Knorr-Bremse took into account the interpretative guidance published by the European Commission on the application of the EU’s climate and environmental taxonomy and on disclosure requirements.

#### **Analysis of Taxonomy eligibility**

The EU Taxonomy refers both to economic activities that fall within Knorr-Bremse’s core business and to capital expenditure and operating expenditure that is not directly connected with the core business, such as individual measures in the field of buildings.

With regard to the environmental objective of climate change mitigation, the EU Taxonomy recognizes that the manufacture of low-carbon vehicles, as well as of rail vehicles and rail infrastructure, relies on components that play a key role in reducing greenhouse gas emissions or, in the case of rail transport, are essential for environmental performance, operation, and functioning over the lifetime of trains and rail infrastructure. For Knorr-Bremse, as a manufacturer of commercial and rail vehicle systems, the relevant economic activities are therefore CCM 3.18

manufacture of automotive and mobility components and CCM 3.19 manufacture of rail rolling stock constituents, along with activity CCM 6.14 infrastructure for rail transport. With regard to activity CCM 3.18, Knorr-Bremse’s portfolio was examined to identify the product families that play a significant role in the provision of zero-emission vehicles and the improvement of their environmental performance. With regard to the manufacture of rail vehicle components and rail transport infrastructure, the company considered the subsystems listed in Annex II of Directive 2016/797. The subsystems listed under point 2.7 were assessed as material for the environmental performance, operation, and functioning of rail vehicles and were therefore reported under activity CCM 3.19. Environmental performance is not limited to reducing CO<sub>2</sub> emissions. For activity CCM 6.14, meanwhile, the company took into account the subsystems listed in points 2.2–2.6. Alongside climate change mitigation, we have identified the economic activity CE 4.1 “provision of IT/OT data-driven solutions” – which falls under the circular economy objective – as relevant. Such solutions include software as well as information technology and operational technology systems designed for remote monitoring and predictive maintenance.

Since further dynamic developments surrounding the EU Taxonomy regulations may lead to adjustments in the interpretation of the respective economic activities, Knorr-Bremse will continue to monitor them closely. The table below provides an overview of Knorr-Bremse’s Taxonomy-eligible economic activities. [Table → 2.11](#)

## 2.11 OVERVIEW OF TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES

<b>Taxonomy-eligible activity</b>	<b>Description of the activity</b>	<b>Knorr-Bremse economic activity</b>
CCM 3.18 Manufacture of automotive and mobility components	Manufacture, repair, maintenance, retrofitting, repurposing, and upgrade of mobility components for zero-emission personal mobility devices and of automotive and mobility systems, components, separate technical units, parts, and spare parts, essential for delivering and improving the environmental performance of end vehicles of the categories M1, M2, M3, N1, N2, and N3	Manufacture of products and systems – such as brake control systems, compressors, and driver assistance systems, along with related spare parts and services – which are essential to providing, and improving the environmental performance of, trucks or buses that do not produce direct CO <sub>2</sub> emissions
CCM 3.19 Manufacture of rail rolling stock constituents	Manufacture, installation, technical consulting, retrofitting, upgrade, repair, maintenance, and repurposing of products, equipment, systems, and software related to the rail constituents	Manufacture of products – such as braking systems, highly integrated train control systems, or HVAC systems for rail vehicles, along with related spare parts and services – that are essential to environmental performance, operation, and functioning over the lifetime of rail rolling stock
CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	Purchase, financing, rental, leasing, and operation of vehicles designated as category M1, N1, or L (2- and 3-, and 4-wheel vehicles)	Company fleet
CCM 6.14 Infrastructure for rail transport	Manufacture, installation, technical consulting, retrofitting, upgrade, repair, maintenance, and repurposing of products, equipment, systems, and software related to the rail constituents	Manufacture, maintenance, and servicing of signaling systems or platform screen doors, along with spare parts, for rail infrastructure
CCM 7.3 Installation, maintenance, and repair of energy efficiency equipment	Individual renovation measures consisting in installation, maintenance, or repair of energy efficiency equipment	Heating, ventilation, and air conditioning systems, LED lighting, facade insulation
CCM 7.4 Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Charging stations for electrified vehicles
CCM 7.5 Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings	Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings	Lighting control and energy management systems, building automation systems
CCM 7.6 Installation, maintenance, and repair of renewable energy technologies	Installation, maintenance, and repair of renewable energy technologies, on-site	Solar energy systems, heat pumps
CCM 7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate	Leasing buildings
CE 4.1 Provision of IT/OT data-driven solutions	Software and information technology (IT) or operational technology (OT) systems, including artificial intelligence (AI) based solutions, such as for automated machine learning, built for the purpose of remote monitoring and predictive maintenance	Manufacture of predictive maintenance systems and solutions for rail and commercial vehicles, such as automatic fault detection

In addition to capital and operating expenditure related to the manufacture of rail vehicle, automotive, and mobility components and rail infrastructure, as well as the provision of data-driven IT/OT solutions, we also identified ongoing development projects that can be allocated to these economic activities. These are classified as Taxonomy-eligible if they are associated with the eco-

nomical activities CCM 3.18, CCM 3.19, CCM 6.14, or CE 4.1 or serve to maintain them. Below is a summary of the shares of revenue, capital expenditure, and operating expenditure that are Taxonomy-eligible, along with the corresponding Taxonomy-aligned metrics for the 2025 fiscal year. [Table → 2.12](#)

## 2.12 OVERVIEW OF TAXONOMY METRICS

KPI	Total in € million	Proportion of Taxonomy-eligible activities %	Taxonomy- aligned activities in € million	Proportion of Taxonomy- aligned activities %	Breakdown of environmental objectives of Taxonomy-aligned activities					
					CCM	CCA	WTR	CE	PPC	BIO
					%	%	%	%	%	%
Revenue	7,817	53.3%	2,742	35.1%	34.9%	-	-	0.2%	-	-
CapEx	426	57.3%	112	26.5%	26.4%	-	-	0.1%	-	-
OpEx	518	21.9%	65	12.5%	12.0%	-	-	0.5%	-	-
			Not assessed activities considered non-material		Taxonomy-aligned activities in 2024 in € million	Proportion of Taxonomy- aligned activities in 2024				
						%				
Revenue	35.1%	-	-	2,467	31.2%					
CapEx	22.8%	-	-	110	17.5%					
OpEx	12.5%	-	-	36	6.3%					

### Analysis of Taxonomy alignment

Knorr-Bremse has analyzed the Taxonomy-eligible economic activities using the relevant technical screening criteria (substantial contribution, Do No Significant Harm/DNSH) and critically reviewed implementation and compliance on a location-specific basis and with the respective departments.

The technical screening criteria for economic activity CCM 6.5 transport by motorbikes, passenger cars, and light commercial vehicles are not currently met. Consequently, it cannot be reported as Taxonomy-aligned for the 2025 fiscal year.

#### SUBSTANTIAL CONTRIBUTION TO THE ENVIRONMENTAL OBJECTIVE OF CLIMATE CHANGE MITIGATION

Below are the interpretations of the criteria for a substantial contribution to climate change mitigation for those activities that can be designated as Taxonomy-aligned:

##### Economic activity 3.18 Manufacture of automotive and mobility components

The criteria for a substantial contribution to climate change mitigation for this activity include, among other things, that the manufacture, repair, maintenance, retrofit, repurposing, and upgrade of automotive and mobility systems and components for motor vehicles are designed not to cause direct (tailpipe) CO<sub>2</sub> emissions. Therefore, the substantial contribution criterion was only considered to be met by components used in these vehicles.

##### Economic activity 3.19 Manufacture of rail rolling stock constituents

For this activity, the criterion for a substantial contribution to climate change mitigation requires that the manufacture, repair, maintenance, and retrofitting of subsystems are intended for trains, passenger coaches, or freight wagons that do not cause direct (tailpipe) CO<sub>2</sub> emissions. Where this requirement is met, the screening criterion is deemed fulfilled.

##### Economic activity 6.14 Infrastructure for rail transport

Due to the different roles in connection with infrastructure for rail transport, which include the construction, modernization, operation, and maintenance as well as manufacture, upgrade, repair, and maintenance of systems, among other things, various criteria are defined for a substantial contribution. Here we included the manufacture, fitting, repair, and maintenance of components associated with new electrified or existing trackside infrastructure and ancillary subsystems such as energy storage systems, trackside train control, traffic control, or telematics applications.

##### Economic activity 7.3 Installation, maintenance, and repair of energy efficiency equipment

The criteria for a substantial contribution differ depending on the individual measures to be taken into account. In the case of capital expenditure on energy efficiency equipment, a review was made of whether this meets the minimum national requirements set and whether, if applicable, it falls into the two highest classes of energy efficiency.

##### Economic activities 7.4–7.6

For the remaining Taxonomy-eligible economic activities, the requirements for a substantial contribution are deemed to be met if the technology in question falls under the respective economic activity section. No further screening criteria are defined for economic activities CCM 7.4 to 7.6.

##### Economic activity 7.7 Acquisition and ownership of buildings

We analyzed self-constructed buildings and leased buildings that do not qualify as production buildings based on their primary use of space, taking into account the available energy performance certificates and the date of construction. For buildings constructed before December 31, 2020, publicly available studies were used to determine whether they are among the top 15% of the national building stock of non-residential buildings. Buildings constructed after that date were examined to establish whether their performance falls short of the requirements defined for nearly zero-energy buildings by more than 10%. Another requirement is that buildings with a floor space of more than 5,000 m<sup>2</sup> constructed after December 31, 2020, must be tested for air tightness and thermal integrity and that their life cycle greenhouse gas potential must be calculated. For all buildings falling under CCM 7.7 that meet these criteria, an additional assessment was carried out to determine whether their efficient operation is ensured by systems for monitoring and evaluating energy efficiency.

#### SUBSTANTIAL CONTRIBUTION TO THE ENVIRONMENTAL OBJECTIVE OF A CIRCULAR ECONOMY

Below are the interpretations of the criteria for a substantial contribution to a circular economy for the activity that can be designated as Taxonomy-aligned:

##### Economic activity 4.1 Provision of IT/OT data-driven solutions

Due to the varied roles associated with the provision of IT/OT data-driven solutions, including development, implementation, optimization, and maintenance of systems, among other things, various criteria are defined

for a substantial contribution. Here we included remote monitoring and predictive maintenance systems that provide information on abnormal sensor values and the condition of the product, as well as predictions of imminent failures of rail and commercial vehicle systems along with recommendations for measures to prevent such failures. In addition, the solutions are designed for reuse, durability, recyclability, and easy disassembly.

## DO NO SIGNIFICANT HARM/DNSH

### Climate change adaptation

Climate change involves acute and chronic physical climate risks. To ensure that Knorr-Bremse does not compromise the environmental objective of climate change adaptation, a climate-risk and vulnerability analysis needs to be conducted so that relevant climate risks can be countered in good time. The analysis was carried out in accordance with the ESRS as well as the regulatory requirements under the Taxonomy and, in addition to the production and administrative locations, also covers the most significant direct suppliers (see chapters "General Disclosures [ESRS 2]" and "Climate Change [E1]").

After taking into account location-specific vulnerabilities and the countermeasures and remedial actions already implemented, no significant physical climate risks were identified for Knorr-Bremse's production and administrative locations. To ensure that we remain as accurate as possible in measuring our exposure to climate risk in the future, we continuously monitor and evaluate these countermeasures and remedial actions. The requirements under Appendix A have been met through the performance of a climate risk and vulnerability analysis.

### Sustainable use and protection of water and marine resources

The production locations of companies connected to the Taxonomy-eligible economic activities CCM 3.18, CCM 3.19, CCM 6.14, and CE 4.1 are evaluated according to the DNSH criteria for sustainable use and protection of water and marine resources. This evaluation is based on whether an Environmental Impact Assessment has been carried out and effective remedial action has been taken. Where an Environmental Impact Assessment is not required under the applicable law, we additionally examined whether any projects or activities fall within the scope of the Water Framework Directive (2000/60/EC). When this was the case, we then validated whether the locations in question meet the requirements set by the competent authorities to ensure a good water status and good ecological potential. This method was also applied for facilities in third countries if the applicable national regulations pursue objectives equivalent to the Water Framework Directive. If this is not the case, the impacts of these

locations on water resources were assessed using environmental aspect analyses, which are performed as part of ISO 14001 certification. For production locations that are in third countries, that are not certified according to ISO 14001, and for which there are no comparable national regulations, the DNSH criterion was deemed not to be met.

In addition, we evaluated the requirements for achieving a good environmental status of marine waters that were added under the amended climate taxonomy – and found no significant negative impacts.

### Transition to a circular economy

The fulfillment of the DNSH criterion in relation to the product-based circular economy concerns economic activities CCM 3.18 and CCM 3.19 as well as activity CCM 6.14. Among other things, the focus here is on evaluating component reuse, the use of secondary raw materials, high durability, recyclability, and easy disassembly. As part of sustainable product design, we ensure during the development and design stages that our products can be remanufactured and overhauled and assess, among other things, the recyclability of the materials used (see chapter "Resource Use and Circular Economy [E5]").

### Pollution prevention and control

This DNSH criterion demands that substances listed in a variety of EU chemicals regulations and directives not be manufactured, placed on the market, or used. In accordance with these specifications, Knorr-Bremse analyzes and collects information on the used substances in internal databases that are based on the UNIFE Railway Industry Substance List and the Global Automotive Declarable Substance List. Information on substances of very high concern (SVHCs) is documented internally and made available to the public. For externally sourced parts, this information comes from the suppliers. These suppliers are subject to a Europe-wide disclosure obligation. In the case of in-house developments, the Knorr-Bremse developers specify which materials are used. As a key element of this DNSH criterion, SVHCs that have a concentration of more than 0.1% mass percentage and have been listed on the REACH candidate list for at least 18 months must be examined more closely. In accordance with the specifications, the screening criterion for these substances was only deemed fulfilled when they are used in controlled conditions and there are no alternative substances or technologies available on the market. The same also only applies when the components, if applicable, do not contain any lead, hexavalent chromium, or cadmium. As part of this, the maximum permissible concentration values specified in various European regulations (such as Regulation (EU) 2023/544) for the purpose of adapting to

scientific and technical progress were taken into account. According to legal requirements, mercury must not be manufactured, placed on the market, or used.

#### Protection and restoration of biodiversity and ecosystems

The DNSH criteria for the protection and restoration of biodiversity and ecosystems must be fulfilled for economic activities CCM 3.18, CCM 3.19, and CCM 6.14. As with approach for water and marine resources the production locations were evaluated based on whether an Environmental Impact Assessment has been conducted and effective remedial action has been taken. Where an Environmental Impact Assessment is not required under the applicable law, we also examined whether any projects or activities at the production locations fall within the scope of the Habitats Directive (92/43/EEC), which requires an appropriate impact assessment whenever significant impacts on biodiversity-sensitive areas cannot be ruled out. Where this was the case, we then evaluated whether the requirements set by the competent authorities were being met in order to demonstrate that the conservation objectives of natural habitats and wild flora and fauna can be guaranteed. This method was also applied for facilities in third countries if the applicable national regulations had aims comparable to the Habitat Directive. If this did not apply, the impacts of these locations were also assessed using environmental aspect analyses, which are performed as part of ISO 14001 certification. For locations in third countries that do not have ISO 14001 certification and are not subject to regulations comparable to the Habitat Directive, the DNSH criterion was deemed not to be met.

#### MINIMUM SAFEGUARDS

The minimum safeguards require businesses to implement processes that safeguard compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the eight fundamental ILO conventions, and the Universal Declaration of Human Rights. The minimum safeguards encompass the four core topics of human rights, including science, technology, and innovation; bribery and corruption, fair competition, and taxation.

#### Human rights, including employee rights

Policy statements and guidelines provide specifications for human rights in Knorr-Bremse's commercial context. These documents draw on the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the ILO conventions. On top of that, Knorr-Bremse reports annually on its implementation of the ten global principles of the United Nations Global Compact.

Under the Supply Chain Due Diligence Act, Knorr-Bremse performed during the reporting period an analysis of the human rights risks in its supply chain and own business units in accordance with legal requirements. This analysis complements the established risk management processes and structures used to identify and assess potential and actual negative impacts. The results of the human rights risk analysis were included as a criterion in the selection of internal auditors to conduct audits. In addition, the existing risk minimization and prevention measures include, among other things, raising awareness of human rights due diligence within the company and along the supply chain, taking sustainability aspects into account in purchasing decisions, and visiting and auditing suppliers. Moreover, the Executive Board is responsible for remedial measures in the event of human rights violations. The complaint mechanism at Knorr-Bremse consists of, firstly, the IntegrityLine whistleblower system, through which employees and external stakeholders can make anonymous or personalized reports of suspected human rights violations. In the 2025 fiscal year, no cases of child labor, forced labor or modern slavery were reported through this system.

Continuous monitoring of the measures is part of the due diligence process at Knorr-Bremse. Such monitoring includes audits and employee surveys, as well as reports on them (see chapter "Own Workforce [S1]").

Our business activities also partly involve activities related to science, technology, and innovation. Relevant risks in these areas are addressed as part of the existing, Group-wide processes. Issues are covered by risk and opportunity management system as well as various compliance policies. The established, company-wide processes safeguard adherence to the minimum safeguards.

#### Bribery and corruption

Combating corruption and bribery is an important part of Knorr-Bremse's corporate responsibility and one of the key topics in the area of compliance management. Group-wide guidelines, such as the Group's Code of Conduct, lay out conduct requirements to prevent conflicts of interest and corruption. The Code of Conduct is based on the principles of the UN Global Compact and defines the principles for Group-wide, responsible commercial conduct across the entire value chain, including a prohibition of corruption in any form. These principles of action and rules are binding for all the Group's employees and are a component of the written employment contracts for new employees around the world. These principles are also given concrete expression through six Group-wide compliance guidelines.

A compliance management system has been implemented and regional as well as general responsibilities have been defined in order to detect potential risks at their beginnings. Employees are required to learn knowledge and the conduct for this topic through training sessions. A cross-functional Compliance Committee confers about topical compliance issues at Knorr-Bremse's locations, among other things. Full-time compliance officers are appointed at particularly risky or commercially significant locations to minimize any risk of bribery or corruption. The complaint mechanism functions analogously to that for human rights issues. The continuous monitoring of the measures entails external audits, an internal control system for checks against the compliance guidelines, and an internal Group Audit department alongside the monitoring duties exercised by the Executive Board. Knorr-Bremse provides public and transparent reporting on its anti-corruption and compliance activities in its Group Sustainability Statement.

Knorr-Bremse, including its companies' Management Boards and its Executive Board, was not convicted of bribery during the reporting period, which is an important criterion for upholding the minimum safeguards on corruption and bribery (see chapter "Business Conduct [G1]").

#### Fair competition

The principle of fair competition is part of Knorr-Bremse's due diligence for compliance. Accordingly, the due diligence processes listed above for bribery and corruption apply to fair competition, too.

Knorr-Bremse was not subject to any fines for violations of antitrust law for the 2025 reporting period.

Further details about material official proceedings can be found in the Report on Risks and Opportunities and in chapter "H.9. Legal Disputes and Litigation" in the notes to the consolidated financial statements.

#### Taxation

To analyze the minimum safeguards in connection with taxes in its own operations, Knorr-Bremse checks that its business processes comply with the relevant tax regulations. To ensure responsible conduct in relation to taxes, Knorr-Bremse has made a commitment through its applicable Group Tax Policy to comply with the tax laws and regulations of the countries where Knorr-Bremse operates. The Group's responsible approach to compliance within the legal environment is defined in its Code of Conduct. Knorr-Bremse takes measures as required for the identification and analysis of potential and actual negative impacts in order to minimize tax risks. They

include, among other things, the following risk management strategies and processes: ICS tax controls or incorporation of tax risks as part of risk reporting. Based on its Group Tax Policy, Knorr-Bremse has committed to avoiding aggressive tax planning and to exchanging information with tax authorities transparently. There is no known case of Knorr-Bremse being found guilty of tax violations in the 2025 reporting period.

#### Calculation of KPIs in connection with Taxonomy-eligible and Taxonomy-aligned economic activities

Pursuant to section 315e (1) HGB, Knorr-Bremse's consolidated financial statements as at December 31, 2025, have been prepared in accordance with IFRS as applicable in the EU. The amounts used for calculating the revenue, CapEx, and OpEx metrics are thus based on the figures reported in the consolidated financial statements.

In principle, all consolidated Group companies are included in this analysis with respect to their revenue, capital expenditure, and operating expenditure. The values presented are therefore exclusively consolidated values. This ensures that data is only incorporated after consolidation of costs and intercompany eliminations. Simultaneously, this data was allocated to precisely one economic activity and environmental objective within the metrics, resulting in it being offset in the numerator. This is intended to stop the data from being counted twice when calculating the metrics across multiple economic activities and within the metric.

#### REVENUES

The revenue of € 7,817 million (2024: € 7,883 million) recognized in the consolidated statement of income forms the nominator of the revenue KPI. Revenue is allocated to the respective economic activities through a detailed analysis of the items included in the revenue. The sum of revenue associated with Taxonomy-aligned economic activities forms the denominator of the revenue KPI and is € 2,742 million for the 2025 fiscal year (2024: € 2,467 million).

The year-over-year increase in Taxonomy-aligned revenue is primarily attributable to economic activity CCM 3.19, which is largely driven by the increased revenues in the RVS division. Furthermore, changes in the interpretation of activity CCM 3.19, an improved data basis in relation to electrified rolling stock types, and adjustments made to Appendix C as part of the Omnibus Delegated Act result in further adjustments.

### CAPITAL EXPENDITURE (CAPEX)

The basis of the capital expenditure is the additions to property, plant, and equipment and intangible assets during the fiscal year under review before depreciation, amortization, and any remeasurements for the fiscal year in question and without changes to fair value (application of IAS 16, 38, 40 and IFRS 16). The total capital expenditure pursuant to the EU Taxonomy Regulation comprises additions to property, plant, and equipment and intangible assets, which form the nominator and can be identified based on the statements of changes in fixed assets in the notes to the consolidated financial statements (see chapters F.1. [Table → 3.30](#) and F.3. [Table → 3.33](#)). They amount to € 426 million and are therefore below the previous year's figure (2024: € 631 million) which was higher largely as a result of acquisitions.

The sum of the additions that correspond to Taxonomy-aligned capital expenditure forms the numerator of the KPI. They relate to assets or processes that are associated with Taxonomy-aligned economic activities, are part of a plan to expand a Taxonomy-aligned economic activity, or relate to the purchase of individual measures. To determine the capital expenditure associated with economic

activities CCM 3.18, CCM 3.19, CCM 6.14, or CE 4.1, the calculation used allocation formulas that were derived from the Taxonomy-aligned proportion of revenue in each business area. These allocation formulas ensure that the only assets and production processes that are taken into account are those that are connected to Taxonomy-aligned economic activities.

A CapEx plan is required when the expansion of a Taxonomy-aligned economic activity spans multiple reporting periods and CapEx is incurred before the expansion is completed. Accordingly, Knorr-Bremse is disclosing a CapEx plan for a period of three years (fiscal year 2025–2027). The planned measures involve renovation of a building (such as the remediation of the roof and conversion of the heating to a heat pump system), bringing it into line with the screening criteria defined for economic activity CCM 7.7 in relation to the environmental objective of climate change mitigation. The work is being completed by the landlord during the aforementioned period and is part of a tenancy agreement that was renegotiated and approved by the Executive Board during the reporting period. The total amount of the CapEx plan is € 12 million. [Table → 2.13](#)

### 2.13 QUANTITATIVE BREAKDOWN OF CAPEX NUMERATOR

in € million	2025						2024					
	CCM 3.18	CCM 3.19	CCM 6.14	CCM 7.3-7.6	CCM 7.7	CE 4.1	CCM 3.18	CCM 3.19	CCM 6.14	CCM 7.3-7.6	CCM 7.7	CE 4.1
Property, plant, and equipment	2	46	0	7	–	0	3	45	1	4	–	1
Intangible assets	2	26	0	–	–	0	–	20	0	–	–	5
Right-of-use assets	0	13	–	–	16	–	0	5	–	–	26	–
<b>Total</b>	<b>4</b>	<b>85</b>	<b>0</b>	<b>7</b>	<b>16</b>	<b>0</b>	<b>3</b>	<b>70</b>	<b>1</b>	<b>4</b>	<b>26</b>	<b>6</b>
Of which business combinations	–	–	–	–	–	–	–	–	–	–	–	–
Of which CapEx plan	–	–	–	–	12	–	–	–	–	–	–	–

**OPERATING EXPENDITURE (OPEX)**

The OpEx metric represents the proportion of operating expenditure within the meaning of the EU Taxonomy that is connected to Taxonomy-aligned economic activities. The denominator of this metric comprises the direct, uncanceled costs of research and development (R&D), maintenance expenditure (including building renovation measures) and short-term leases. The numerator is calculated from the analysis of the aforementioned expenditure items, which may be assigned to a Taxonomy-aligned economic activity. [Table → 2.14](#)

There were significant year-over-year changes due to a better data basis for the screening of R&D projects.

**2.14 QUANTITATIVE BREAKDOWN OF OPEX NUMERATOR\***

in € million	2025	2024
R&D costs	33	8
Maintenance expenses	27	25
Short-term leases	5	3
<b>Total</b>	<b>65</b>	<b>36</b>

\* This does not include expenditure for the daily operation of property, plant, and equipment, such as the costs of the raw materials or the employees needed to operate the property, plant, and equipment. Depreciation is also not included in the OpEx KPI.

Knorr-Bremse uses the reporting templates in accordance with Delegated Regulation (EU) 2026/73 to present its revenue KPIs [Table → 2.15](#), CapEx KPIs [Table → 2.16](#), and OpEx KPIs [Table → 2.17](#).

**Further Taxonomy-related information**

In August 2024, Knorr-Bremse published a Green Finance Framework based on the criteria for making a substantial contribution to climate change mitigation as defined by the EU Taxonomy. This framework enables Knorr-Bremse to use green financial instruments such as the € 500 million green bond issued in the 2024 fiscal year. The separately published Green Bond Report provides information on the allocation status of the use of proceeds for sustainable projects – as defined by the Green Finance Framework – and the environmental impacts that have been achieved.

## 2.15 REVENUE TEMPLATE 2025

Economic activities	Code	Taxonomy-eligible KPI	Taxonomy-aligned KPI	Taxonomy-aligned KPI
		(Proportion of Taxonomy-eligible Revenue)	(monetary value of Revenue)	(Proportion of Taxonomy-aligned Revenue)
		%	in € million	%
Manufacture of automotive and mobility components	CCM 3.18	0.8%	24	0.3%
Manufacture of rail rolling stock constituents	CCM 3.19	49.3%	2,684	34.3%
Infrastructure for rail transport	CCM 6.14	3.0%	22	0.3%
Provision of IT/OT data-driven solutions	CE 4.1	0.2%	12	0.2%
Sum of alignment per objective				
<b>Total KPI (Revenue)</b>		<b>53.3%</b>	<b>2,742</b>	<b>35.1%</b>

## 2.16 CAPEX TEMPLATE 2025

Economic activities	Code	Taxonomy-eligible KPI	Taxonomy-aligned KPI	Taxonomy-aligned KPI
		(Proportion of Taxonomy-eligible CapEx)	(monetary value of CapEx)	(Proportion of Taxonomy-aligned CapEx)
		%	in € million	%
Manufacture of automotive and mobility components	CCM 3.18	4.0%	4	1.0%
Manufacture of rail rolling stock constituents	CCM 3.19	31.5%	85	20.1%
Transport by motorbikes, passenger cars, and light commercial vehicles	CCM 6.5	2.2%	0	0.0%
Infrastructure for rail transport	CCM 6.14	3.1%	0	0.0%
Installation of energy-efficient equipment	CCM 7.3	0.2%	0	0.1%
Installation of charging stations for electric vehicles	CCM 7.4	0.0%	0	0.0%
Installation of instruments and devices for measuring, regulation, and controlling energy performance of buildings	CCM 7.5	0.0%	0	0.0%
Installation of renewable energy technologies	CCM 7.6	1.5%	7	1.5%
Acquisition and ownership of buildings	CCM 7.7	14.7%	16	3.7%
Provision of IT/OT data-driven solutions	CE 4.1	0.1%	0	0.1%
Sum of alignment per objective				
<b>Total KPI (CapEx)</b>		<b>57.3%</b>	<b>112</b>	<b>26.5%</b>

## 2.17 OPEX TEMPLATE 2025

Economic activities	Code	Taxonomy-eligible KPI	Taxonomy-aligned KPI	Taxonomy-aligned KPI
		(Proportion of Taxonomy-eligible OpEx)	(monetary value of OpEx)	(Proportion of Taxonomy-aligned OpEx)
		%	in € million	%
Manufacture of automotive and mobility components	CCM 3.18	1.1%	3	0.6%
Manufacture of rail rolling stock constituents	CCM 3.19	17.2%	59	11.4%
Infrastructure for rail transport	CCM 6.14	1.2%	0	0.0%
Acquisition and ownership of buildings	CCM 7.7	1.7%	0	0.0%
Provision of IT/OT data-driven solutions	CE 4.1	0.7%	3	0.5%
Sum of alignment per objective				
<b>Total KPI (OpEx)</b>		<b>21.9%</b>	<b>65</b>	<b>12.5%</b>

Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
CCM	CCA	WTR	CE	PPC	BIO			
%	%	%	%	%	%	E	T	%
0.3%	-	-	-	-	-	E	-	39.2%
34.3%	-	-	-	-	-	E	-	69.7%
0.3%	-	-	-	-	-	E	-	9.6%
-	-	-	0.2%	-	-	E	-	58.3%
34.9%	0.0%	0.0%	0.2%	0.0%	0.0%			
<b>34.9%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>35.1%</b>	<b>0.0%</b>	<b>65.8%</b>

Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
CCM	CCA	WTR	CE	PPC	BIO			
%	%	%	%	%	%	E	T	%
1.0%	-	-	-	-	-	E	-	24.1%
20.1%	-	-	-	-	-	E	-	63.6%
0.0%	-	-	-	-	-	E	-	0.0%
0.0%	-	-	-	-	-	E	-	1.2%
0.1%	-	-	-	-	-	E	-	36.4%
0.0%	-	-	-	-	-	E	-	100.0%
0.0%	-	-	-	-	-	E	-	0.0%
1.5%	-	-	-	-	-	E	-	100.0%
3.7%	-	-	-	-	-	-	-	25.4%
-	-	-	0.1%	-	-	E	-	95.0%
26.4%	0.0%	0.0%	0.1%	0.0%	0.0%			
<b>26.4%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>22.8%</b>	<b>0.0%</b>	<b>46.2%</b>

Environmental objective of Taxonomy-aligned activities						Enabling activity	Transitional activity	Proportion of Taxonomy-aligned in Taxonomy-eligible
CCM	CCA	WTR	CE	PPC	BIO			
%	%	%	%	%	%	E	T	%
0.6%	-	-	-	-	-	E	-	53.9%
11.4%	-	-	-	-	-	E	-	66.3%
0.0%	-	-	-	-	-	E	-	1.0%
0.0%	-	-	-	-	-	-	-	0.0%
-	-	-	0.5%	-	-	E	-	66.1%
12.0%	0.0%	0.0%	0.5%	0.0%	0.0%			
<b>12.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>12.5%</b>	<b>0.0%</b>	<b>57.0%</b>

CCM Climate change mitigation  
CCA Climate change adaptation  
WTR Water and marine resources  
CE Circular economy  
PPC Pollution prevention and control  
BIO Biodiversity and ecosystems

## Climate change [E1]

Climate change represents a global challenge. As a global enterprise that manufactures goods, our business activities across the entire value chain have direct and indirect impacts on the environment and global climate. Our

Climate Strategy reflects our desire to contribute to global climate change mitigation and support the achievement of the goals of the Paris Agreement. At the same time, we seek to minimize the medium- and long-term risks that climate change poses to our company.

### Material impacts, risks, and opportunities [SBM-3]

#### 2.18 CLIMATE CHANGE: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Climate change mitigation	Actual negative impact	Upstream	Greenhouse gas (GHG) emissions, primarily from purchased goods and services (Scope 3.1), and the transportation of materials and intermediate products (Scope 3.4)
		Own operations	Scope 1 and 2 GHG emissions through combustion of fossil fuels, refrigerant losses, and indirect energy consumption for production processes, operational procedures, and office work
		Downstream	GHG emissions primarily during the use of our sold products (Scope 3.11)
	Actual positive impact	Upstream	Reduction of Scope 3 GHG emissions through targeted procurement of low carbon materials, supplier engagement, and measures to promote the circular economy, including remanufacturing
		Own operations	Reduction of Scope 1 and 2 GHG emissions by increasing energy efficiency and use of renewable energies
		Downstream	Reduction of Scope 3 GHG emissions, in particular through product innovations to reduce energy consumption and emissions during the use of our sold products
	Risk (medium-/long-term)	Upstream	Financial risks resulting from stricter regulation and higher pricing of GHG emissions, as well as potential penalties for non-compliance with climate-related requirements in the supply chain
		Own operations	Financial risks resulting from stricter regulation and higher pricing of GHG emissions, as well as potential penalties for non-compliance with legal requirements
		Downstream	Misguided capital expenditure and slower transformation processes due to a lack of planning certainty in the development of zero-emission technology in the commercial vehicle sector
Climate change adaptation	Risk (medium-/long-term)	Upstream	Interruptions or delays in the value chain due to acute or chronic climate risks, such as flooding, storms, wildfires, extreme heat, and water stress
		Own operations	Interruptions or delays in production due to acute or chronic climate risks, such as flooding, storms, wildfires, extreme heat, and water stress
Energy	Actual negative impact	Upstream	Energy consumption, especially in the production of energy-intensive materials made of iron, steel, and aluminum, as well as electronic components
		Own operations	Energy consumption, primarily from production processes, operational procedures, and office work
		Downstream	Energy consumption from the operation of Knorr-Bremse systems during the use phase

Knorr-Bremse has underpinned its commitment to climate change mitigation by implementing actions to reduce emissions along the entire value chain. We aim to minimize the direct and indirect impacts of our business activities on the climate and the environment and, in particular, to contribute to carbon-efficient mobility through our product portfolio. In pursuing these goals and activities, we also aim to mitigate potential physical and transition risks for our company.

Knorr-Bremse assessed the resilience of its business model and strategy to relevant climate risks in the reporting period by revalidating the previous year's analyses. In the process, we analyzed strategies, processes, and actions that counteract the identified potential physical and transition risks. Expert discussions with the relevant departments were held again for the resilience assessment. The purpose of these discussions was to ensure that current developments and potential new risks are adequately considered and that the risks identified to date and the resilience derived from them remain valid. As far as resilience to physical climate risks is concerned, our own locations and supplier locations were analyzed in terms of their adaptation measures in the same way as in the previous year. The climate scenarios and time horizons we used are consistent with the short-, medium-, and long-term perspectives used to determine physical and transition risks and to set climate targets (see chapter "General Disclosures [ESRS 2]"). In addition, we have assessed climate protection actions (see chapter "Management Approach and Actions in Relation to Climate Change [E1-3]") to determine whether they can effectively counteract the identified risks.

To ensure that the potential physical climate risks identified at our locations are limited to an acceptable level, we implement appropriate adaptation measures at these locations. In addition, detailed emergency plans specify the steps to be taken in the event of a natural disaster in order to minimize damage. Residual financial risk is covered by insurance. A climate risk assessment was carried out for the most important direct suppliers to analyze resilience to climate risks along the supply chain. When there is increased risk exposure, we engage in dialog with suppliers to identify adaptation measures. This enables Knorr-Bremse to address indirect or cascading effects that could impact its economic activities.

By consistently implementing our Climate Strategy, we aim to limit the risk of financial impacts of increased carbon pricing both on our own operations and in the supply chain (see chapter "Management Approach and Actions in Relation to Climate Change [E1-3]"). We also continuously analyze new regulations and legal require-

ments. The results are integrated into our business processes to prevent non-compliance and avoid the risk of sanctions.

Varying global market dynamics in the transition toward zero-emission mobility in the commercial vehicle sector also pose potential transition risks. This includes uncertainties due to shifting political and market conditions, which can make reliable planning difficult and delay or misdirect investments, as well as slow down transformation processes. That is why Knorr-Bremse addresses these challenges in both its strategy and innovation processes. In addition, we engage in stakeholder dialog, in particular with our customers, to help identify market opportunities and risks at an early stage. Knorr-Bremse is actively supporting the transition to zero-emission technology by expanding its product portfolio. We already have the expertise and product groups to equip both fossil-fuel-powered and electrified commercial vehicles and trains. In 2025, the eCUBATOR innovation unit, which specializes in electric commercial vehicles, was further developed. Its team of experts is now working on overarching system solutions in series development and innovation that will help reduce emissions. The 1.5-degree scenario also shows for the RVS division a rising demand for low-carbon transportation solutions. Compared with a business-as-usual scenario, this results in slight growth in the rail vehicle market.

To safeguard medium- and long-term access to capital at moderate costs, Knorr-Bremse is increasingly integrating green financial instruments into its financing structure. In the reporting period, the Green Bond Report 2025 on our first green bond was published in the context of capital market financing. The report shows how the funds from the green bond have been allocated to sustainable projects and what measurable environmental impacts were achieved as a result.

Overall, Knorr-Bremse considers itself well prepared for the changes in the net zero scenario and is addressing the identified climate risks at both strategic and operational levels. The product portfolio is being continuously adapted, and sustainability criteria are firmly integrated into the business strategy. In addition, the transition plan for climate change mitigation and the defined GHG emission reduction targets provide valuable momentum for the strategic direction and can strengthen the company's long-term positioning on a net zero scenario.

#### **Transition plan for climate change mitigation [E1-1]**

Knorr-Bremse is committed to the long-term goal of net zero emissions (Scopes 1–3) by 2050. The milestones along the way are the intermediate targets for our own

production and for the upstream and downstream value chain that are to be reached by 2030. These intermediate targets were validated by the Science Based Targets initiative (SBTi). According to the requirements of the SBTi, both our 2030 and our net zero 2050 target are in accordance with the targets of the Paris Agreement (see chapter “Climate Change Mitigation Targets [E1-4]”). The same emission categories are considered for both time horizons.

#### CLIMATE TARGETS FOR PRODUCTION-RELATED EMISSIONS (SCOPE 1 AND SCOPE 2)

We intend to reduce our direct Scope 1 and indirect Scope 2 emissions (market-based) by 75% by 2030 compared to the baseline year 2018. This target is aligned with the 1.5 degree target of the Paris Agreement and is planned to be achieved mainly through the following levers:

- Increase in CO<sub>2</sub>e and energy efficiency (lever 1): energy efficiency measures and use of low-carbon fuels or zero-emission forms of energy in production and heating systems and in the fleet
- Self-generation of renewable energy (lever 2): investments in measures to increase the share of our own renewable energy produced at Knorr-Bremse locations
- Purchase of renewable energy (lever 3): increasing the share of renewable energy purchased through green power tariffs, power purchase agreements, and green electricity certificates

#### CLIMATE TARGETS FOR THE UPSTREAM AND DOWNSTREAM VALUE CHAIN (SCOPE 3)

Our target for the upstream and downstream value chain is to reduce GHG emissions by 25% by 2030 compared to the baseline year 2021. This Scope 3 target is aligned with the Paris Agreement target of limiting global warming to well below 2 degrees Celsius. It relates to relevant GHG emissions in key areas of Knorr-Bremse’s upstream and downstream value chain, including indirect emissions from purchased goods and services (category 3.1), transport and logistics (3.4), and emissions from the use of our sold products (3.11). The following levers have been identified to achieve these targets:

- Decarbonization of the supply chain (lever 4): procurement of emission-reduced production material, such as green steel or materials with a high proportion of secondary raw materials, improvement of our suppliers’ energy efficiency in production, and decarbonization of transportation, e.g., through active transportation management
- Increasing our products’ efficiency and decarbonization of the use phase (lever 5): increasing our products’ energy efficiency and conversion or further adaptation

of the portfolio to energy-saving and low emission products

- Decarbonization of the electricity mix in countries where our products are used (lever 6): this passive lever is not directly within our control, but we are examining the effects on our carbon footprint in detail

The indirect Scope 3 emissions in the upstream and downstream value chain can only be influenced indirectly by Knorr-Bremse. Aside from our own activities, any effective reduction depends in large part on external factors, including the decarbonization strategies and actions of our suppliers, the availability of technological solutions to produce CO<sub>2</sub>e-reduced materials, and customer demand for energy- and CO<sub>2</sub>e-efficient product solutions such as in the area of e-mobility. Achieving the GHG emission reduction targets therefore requires joint efforts by Knorr-Bremse and its business partners along the value chain.

The previously identified levers and actions (see chapter “Management Approach and Actions in Relation to Climate Change [E1-3]”) are designed to help us reach our GHG emission reduction targets. At the same time, we are continuously working on identifying new potential initiatives and developing those already identified in order to expand the transition plan for our 2030 intermediate target and to make it resilient to external developments ([Table → 2.19](#)). The transition plan up to 2050 will also be continuously refined over the coming years, taking into account wide-ranging assumptions. Knorr-Bremse believes that its business model, which will benefit from the expected decarbonization of the transportation sector, positions it well on the path to net zero by 2050.

Details on the implementation of the transition plan, including specific actions and the progress made toward achieving the targets, can be found in the “Management Approach and Actions in Relation to Climate Change [E1-3]” chapter.

#### LOCKED-IN GHG EMISSIONS

Based on an analysis of potential levers for achieving our climate targets, we have not identified any significant locked-in emissions within our own operations that might jeopardize our climate targets. Locked-in emissions are CO<sub>2</sub>e emissions that arise from (production) activities at particularly relevant locations and that are unlikely to be reduced by technological or economic means in the next few years. The share of Scope 2 emissions that originated from the purchase of heat (local and district heating) was classified as locked-in emissions. Scope 2 emissions from the purchase of electricity, on the other hand, are not counted as locked-in emissions, since they can be mitigated by switching to green electricity.

To keep the proportion of locked-in emissions low in the future, we have introduced an internal CO<sub>2</sub>e shadow price (see chapter "Internal Carbon Pricing [E1-8]") and integrated our Scope 1 and Scope 2 target achievement into the LTI remuneration of senior management (see chapter "General Disclosures [ESRS 2]").

In the upstream and downstream value chain, we have identified GHG emissions from the use of the sold products of our two divisions (Scope 3.11) as locked-in GHG emissions, since the entire expected service life of each final product is considered here. The levers and actions to continuously reduce our GHG emissions are described in the "Management Approach and Actions in Relation to Climate Change [E1-3]" chapter. Despite our persistent efforts, reaching our targets entails significant challenges, especially for Scope 3. This is attributed to external dependencies as a supplier, e.g., from market developments such as the electrification of the transportation sector.

#### **INTEGRATION OF TRANSITION PLAN INTO BUSINESS STRATEGY**

The transition plan for climate change mitigation is closely linked to Knorr-Bremse's general business strategy and was reviewed and approved by the ESG Board in the reporting period (see chapters "Strategy, Business model, and Value Chain [SBM-1]," "Management Approach and Actions in Relation to Climate Change [E1-3]," and "Climate Change Mitigation Targets [E1-4]").

The Climate Strategy is integrated into the business processes. We achieve this through local climate change mitigation measures at our production facilities, the promotion of CO<sub>2</sub>e-efficient processes in our supply chain, the continued development of our product portfolio for zero-emission and energy-efficient mobility, as well as sustainable investments and efficient production processes (see chapter "Management Approach and Actions in Relation to Climate Change [E1-3]"). Approved projects are included in our annual financial planning. We continuously review and refine the levers and actions in our transition plan. If necessary, this also involves adapting our budget and strategy process to implement our transition plan.

With its solutions and services in the rail and commercial vehicle industries, Knorr-Bremse can help to decarbonize the end-product use phase and hence the transportation sector as a whole. In light of this, we currently do not see any need to adjust our business model to achieve our climate targets.

Our Rail division supplies products and systems for equipping various vehicle types such as local trains, freight cars,

locomotives and high-speed trains, as well as components and solutions for trackside control and signaling technology. Since rail transport promotes low-emission mobility and logistics, the contribution to sustainability is immediate. In addition, the Knorr-Bremse systems are developed with a view to energy and emission efficiency. Examples of such systems include solutions such as AirSupply Smart and Sustainable Friction Pairing. The multifunctional AirSupply Smart system can provide compressed air depending on vehicle load, speed, number of braking operations, and route topography, thereby ensuring efficient energy management with low noise emissions. Sustainable Friction Pairing optimally synchronizes the brake disc and brake pad to minimize environmental impact from particulate emissions. Geometric adjustments to the brake disc reduce air resistance, which lowers energy consumption. In addition, digital solutions are also optimizing rail transport and the carbon footprint for rail operators. The digital driver assistance system (LEADER Flow), which drafts driving recommendations in real time and thus contributes to maximum energy savings, is one contribution to emission reduction. The innovative Digital Automatic Coupler (DAC) paves the way for automation and digitalization in the entire rail freight transport sector, thereby helping to reduce emissions both directly and indirectly. Alongside the solutions for new vehicles, RailServices, through its services and retrofit solutions, contributes to an extended lifespan and thus a more positive environmental footprint.

In the CVS division we support vehicle manufacturers in the technology-open development of efficient commercial vehicles with reduced emissions with our entire product portfolio. The planned products of our zero-emission road map include oil-free e-compressors which increase energy efficiency and sustainability while at the same time reducing the maintenance required. Our modular and weight-optimized SYNACT® disc brake family is designed to be highly energy efficient. Active Caliper Release (ACR) reduces residual drag torque and can ensure fuel savings and a smaller carbon footprint. The fully electric EPS (Electric Power Steering) system provides crucial support for the electrification and automated driving of commercial vehicles. Irrespective of the powertrain technology, EPS reduces vehicle energy and fuel consumption through its "power-on-demand" principle. This lowers operating costs and overall CO<sub>2</sub> emissions and directly contributes to meeting the EU CO<sub>2</sub> targets. In the aftermarket (Knorr-Bremse TruckServices), we have established EconX®, a brand for industrially remanufactured products. These products have significantly reduced CO<sub>2</sub>e emissions compared with new ones due to their lower consumption of raw materials and energy. In

view of the economic importance of this business area, EconX® makes a significant contribution to reducing emissions (see chapter “Management Approach and Actions on Resource Use and Circular Economy [E5-2]”).

#### **CAPITAL EXPENDITURE TO IMPLEMENT THE TRANSITION PLAN**

To achieve our 2030 climate targets using the six levers, we currently look at approximately 80 potential emission reduction initiatives and actions (Scopes 1 to 3). Capital expenditure and financial resources can already be estimated and quantified for somewhat more than one-third of these activities. Their implementation – based on current planning – will require costs in the low double-digit million range. The remaining initiatives, which largely relate to the decarbonization of our value chain, will be evaluated in more detail in a next step. Since this also entails expenditure on research and development, and in the substitution of materials, the provision and allocation of funds will also be required here. Capital expenditure in connection with the initiatives and actions on climate change mitigation is examined in accordance with the EU Taxonomy and reported accordingly, provided that the compliance criteria are met. As at December 31, 2025, the share of taxonomy-aligned capital expenditure (CapEx) stood at 26.5%. A special CapEx plan for extending a Taxonomy-aligned economic activity is reported as part of this (see chapter “EU Taxonomy”).

Knorr-Bremse is not excluded from the EU Paris-aligned Benchmarks.

#### **Policies in relation to climate change [E1-2]**

The topics of climate change mitigation, climate change adaptation, and energy efficiency as well as use of renewable energy are addressed in the policies described below. Further information on these policies can be found in the appendix to the Sustainability Statement [Table → 2.58](#).

In the Code of Conduct, we commit to making an active contribution to reducing CO<sub>2</sub>e emissions and to climate change mitigation and environmental protection along the value chain. In particular, this includes supporting climate-friendly and environmentally friendly technologies and increasing the energy efficiency of our products in production and application.

The Health, Safety, and Environment (HSE) Policy sets out Group-wide principles of environmental and climate protection and energy management. In this policy, we pledge to avoid or minimize any potential harm to people and the environment that may arise from our processes, products, or services. This includes the use of renewable energy, the procurement of which we are promoting. Climate change adaptation actions are taken into account

in the context of overarching aspects such as emergency management and the establishment of an environmental management system. Furthermore, we also wish to reduce our GHG emissions by striving to continuously increase the energy efficiency of our products in the production and the use phases.

Our Supplier Code of Conduct obliges our suppliers to minimize the negative impacts of their business activities on the climate. We expect our suppliers to employ appropriate management systems to avoid environmental and safety risks as well as to continuously improve the standards they have in place. If risks or violations are identified, we help our suppliers to develop and implement effective actions to rectify the situation and prevent future incidents. In addition, suppliers are encouraged to promote the development and wider use of energy-efficient and environmentally friendly technologies and to reduce emissions to air. The general expectations of suppliers to minimize their negative impact on the global climate also include measures such as the use of renewable energies.

We have also developed internal guidelines and specifications to anchor sustainability matters in our purchasing and investment decision-making. The guideline Environment & energy-relevant aspects when purchasing products, energy services, and equipment sets out clear criteria, recommendations, and rules for the procurement of new operating resources, with a particular focus on energy-related and environmental aspects. This guideline is available globally to all employees who are responsible for purchasing relevant products. It includes recommendations for various areas such as lighting, air conditioning systems, equipment (e.g., computers, monitors, printers), and materials. Another specification concerns investment decisions exceeding € 500 thousand. For those, the internally defined CO<sub>2</sub>e shadow price should be taken into account in the decision-making process for climate-efficient measures in order to promote alternatives with lower CO<sub>2</sub>e emissions (see chapter “Internal Carbon Pricing [E1-8]”).

#### **Climate change mitigation targets [E1-4]**

In its Climate Strategy, Knorr-Bremse has laid out quantitative GHG emission reduction targets – both for its own production and along the value chain (see chapter “Transition Plan for Climate Change Mitigation [E1-1]”). We were guided by the methodology of the SBTi and the framework conditions of the Paris Agreement to derive these targets. In addition, findings from the scenario-based risk analysis and company-internal assumptions on future customer preference and sales volume developments were included. These targets were discussed and decided on with stakeholders from the relevant

departments, including HSE, Purchasing, EcoDesign, and Logistics, and at the Executive Board meeting. Our Scope 1 and 2 targets are consistent with the 1.5 degree climate scenario, and our Scope 3 target is aligned with the Paris Agreement target of limiting global warming to well below 2 degrees Celsius. Our climate targets have been validated by the SBTi.

With a view to the targets we have set, the reduction of Scope 1 and Scope 2 emissions in the reporting period was approximately 79% and Scope 3 emissions approximately 7% from their base year levels.

The table below shows the expected contribution of the identified decarbonization levers to achieving our GHG emission reduction targets. [Table → 2.19](#)

## 2.19 HIGH-LEVEL TARGETS AND LEVERS (TRANSITION PLAN)\*

Lever no.	Scope 1 and 2 (baseline year 2018)	% of baseline year 2025	% of baseline year Emission growth in 2030	% of baseline year 2030 target
	<b>Total</b>		<b>-79</b>	<b>-78</b>
1	Increase in CO <sub>2</sub> e efficiency and energy efficiency			-2
2	Self-generation of renewable energy			0
3	Purchase of renewable energy			-1
	Further levers/potential – to be defined			-

Lever no.	Scope 3 (baseline year 2021)	% of baseline year 2025	% of baseline year Emission growth in 2030	% of baseline year 2030 target
	<b>Total</b>		<b>-7</b>	<b>1</b>
4	Decarbonization of the supply chain			-2
5	Increase of product efficiency and decarbonization of the use phase			-5
6	Decarbonization of the electricity mix in the countries of use			-8
	Further levers/potential – to be defined			-11

\* More than one-third of the initiatives can be assessed in concrete terms with regard to their potential implementation, and these form the basis for the estimate provided in the transition plan. Other initiatives are identified and screened on an ongoing basis.

During the reporting year, activities to identify and further develop GHG emission reduction measures were intensified and continued. As a result, several initiatives from the previous year were implemented, and additional new potential initiatives were identified. These initiatives are continuously assessed for their feasibility and form the basis for the transition plan to achieve our GHG emission reduction targets. The further development and implementation of the initiatives are carried out in alignment with the climate strategy, and progress on implementation is regularly reported to the ESG Board.

Numerous other principles and framework conditions are considered for setting and achieving our GHG emission reduction targets. The GHG emission reduction targets are based on our GHG inventory (see chapter "Greenhouse Gas Emissions [E1-6]") and correspond to the boundaries of that inventory. When setting the targets, future developments, such as changes in sales volume or customer preferences, were taken into account as far as possible.

The potential impacts of future activities, e.g., in the context of M&A transactions, are also factored into the target system.

Carbon credits are not counted toward the targets presented here. The baseline years were chosen in accordance with the recommendations of the SBTi and validated by it. As such, we believe that our baseline years are representative and therefore suitable as a starting point.

Insights from our risk and opportunity analysis helped us identify the decarbonization levers. The focus was particularly on developments and scenarios consistent with the 1.5-degree target, for example in the area of zero-emission mobility.

We actively monitor the progress we are making toward achieving our climate targets. To this end, we calculate, analyze, and publish how our Scopes 1 to 3 GHG emissions are developing each year. The HSE organization and

the ESG Board conduct internal reviews. In addition, these targets are incorporated into our management compensation system, as actions to increase energy efficiency and expand the self-generation of renewable energy are part of the short-term incentive (STI). The absolute reduction of Scope 1 and Scope 2 emissions is a factor in the long-term incentive (LTI) (see chapter "Integration of Sustainability-Related Performance in Management Incentive Schemes [GOV-3]").

### Management approach and actions in relation to climate change [E1-3]

Our 2030 Climate Strategy is aimed at significantly reducing fossil energy consumption and CO<sub>2</sub>e emissions along the value chain. Experts in the fields of sustainability, EcoDesign, Purchasing, Engineering, HSE, Logistics, and Supply Chain Management are all working on its implementation. Local environmental and energy management teams are responsible for continuously evaluating and improving the energy efficiency of our business processes. This enables us to monitor consumption data, identify potential savings, and evaluate the effectiveness of the actions we have implemented at our locations. We follow the European Energy Efficiency Directive in our implementation of energy management. Worldwide, 80 locations are currently certified according to ISO 14001 (employee coverage rate: 86%) and 46 locations are certified according to ISO 50001 or have carried out an energy audit in accordance with EN 16247 (employee coverage rate: 62%).

During the reporting period, we continuously implemented actions to achieve our Scopes 1 to 3 GHG emission reduction targets. The future emission reductions we expect to achieve by means of the individual levers are presented in the "Climate Change Mitigation Targets [E1-4]" chapter. For future emission reduction we also expect the introduction of new technologies, for example industrial heat pumps or the procurement of low-emission materials. These and other examples are described in more detail within the following levers.

#### INCREASE OF CO<sub>2</sub>e EFFICIENCY AND ENERGY EFFICIENCY (LEVER 1)

To increase CO<sub>2</sub>e efficiency and energy efficiency, we identify savings potential based on internal and external analyses and use the results to develop energy- and/or emission-saving projects. The types of actions implemented at selected locations in 2025 include: modernization of heating systems, replacement of conventional heating systems with heat pumps, utilization of waste heat from compressors, reduction of gas consumption in production processes, building modernization, and optimization of space requirements. In addition, efficient, new

heating systems were approved at sites in Europe to reduce fossil fuel consumption. In America, projects were also approved for optimizing heating systems, insulating production equipment, and reducing fossil fuel consumption in production processes and vehicle fleets.

We are planning further actions to increase CO<sub>2</sub>e and energy efficiency through to 2030. These include the integration and increased use of waste heat from operations, installation of efficient HVAC systems, thermal insulation to reduce our production halls' thermal load, window replacement, and other programs to reduce fossil fuel consumption in our buildings, facilities, and processes. We are also planning to introduce initiatives to use low-carbon fuels in heating systems and vehicle fleets.

#### SELF-GENERATION OF RENEWABLE ENERGY (LEVER 2)

At present, we operate photovoltaic (PV) systems at 19 locations which contribute to self-generated electricity from renewable sources. This applies to sites in Australia, China, Germany, Spain, Italy, France, India, Mexico, and the USA, among others. Existing PV systems in Spain and Germany were expanded during the reporting period while new systems were put into operation in Mexico, Hungary, and Austria. In total, approximately 13.5 GWh of electricity was generated from PV systems at Knorr-Bremse locations in 2025, equal to roughly 4.4% of the total electricity consumed by Knorr-Bremse. Moreover, we are planning a further expansion of installed capacity. For instance, the installation of further systems commenced or continued in Japan, Hungary, the USA, France, Mexico, and Poland during the reporting period, and other PV projects were approved for Germany and Austria. We are planning to further expand our renewable energy generation capacity by 2030.

#### PURCHASE OF RENEWABLE ENERGY (LEVER 3)

In 2025, as in the previous year, approximately 99% of the electricity supplied to Knorr-Bremse came from renewable energy sources via green electricity contracts or certificates. For our locations in Brazil, France, Sweden, and Japan, as well as in Acuña (Mexico), Avon (USA), Manchester (UK), and, for the first time, Nankou in China, all or part of our electricity is sourced through green electricity contracts. At other locations around the world, we purchase green electricity certificates based on the quality criteria we have defined, e.g., regarding energy sources, the year and place of production, or the age of the power plants. In Europe, the green electricity certificates are European Guarantees of Origin, with the exception of specific local Guarantees of Origin in Poland and the UK. In Canada and the USA, we purchase Renewable Energy Certificates (RECs), while in China, India, Mexico, South

Africa, Thailand, and Turkey we use International Renewable Energy Certificates (I-RECs).

We see further potential for expanding our procurement of renewable energy by 2030, particularly at locations in Australia.

#### **DECARBONIZATION OF THE SUPPLY CHAIN (LEVER 4)**

Based on an analysis of the raw materials and suppliers with the greatest potential for reducing GHG emissions, we have requested the decarbonization strategies of these partners. We are working together with them to develop action plans to support progress in emissions reduction and to align their reduction targets with our own and those of our customers.

To improve data transparency, we are advancing the implementation of a CO<sub>2</sub>e accounting tool that captures our suppliers' primary CO<sub>2</sub>e data and measures reduction activities. At the same time, we are intensifying direct engagement, including through workshops and surveys, to gain insights into planned and implemented decarbonization strategies. Key topics include the development and implementation of CO<sub>2</sub>e reduction strategies, the use of low-emission materials, and increasing the share of recycled content. Joint initiatives with suppliers include in particular the procurement of sustainably manufactured products, such as those made of low-emission steel or materials with a high recycled content. We are also encouraging the expansion of renewable energies and improvements of energy efficiency among our suppliers.

To reduce transportation-related emissions (Scope 3.4) we further advanced the introduction of a new transportation management system in the Asia-Pacific and South America regions in the reporting period. In the CVS division, this means that over 70% of transports are already being recorded in the reporting period. A logistics service provider is actively managing and optimizing transportation with the aim of reducing CO<sub>2</sub>e emissions in the logistics network.

Further reduction potential can be achieved through optimized location decisions, the use of alternative fuels such as HVO100 (synthetic diesel fuel from renewable raw materials), and the gradual electrification of logistics transportation. A pilot project was also launched in 2025 in which an electric truck provides a shuttle service between a Knorr-Bremse location and a logistics hub.

#### **INCREASING OUR PRODUCTS' EFFICIENCY AND DECARBONIZATION OF THE USE PHASE (LEVER 5)**

Knorr-Bremse is continuously developing products that have a positive effect on energy consumption or GHG

emissions compared to conventional products. Emission reduction measures were implemented in both divisions in 2025. These include e-compressors for commercial vehicles in the CVS division, the proportion of which increased in the reporting period. We also improved the efficiency of various RVS product groups in 2025, for example by using heat pumps and optimizing fan control in HVAC (heating, ventilation, and air conditioning) systems. The air supply product group introduced its new AirSupply Smart product line in 2025, which focuses on downsizing the compressor by integrating a variable speed drive. Moreover, we refined the calculation methodology to enable us to plan and assess the impacts of potential actions more precisely.

In the RVS division, the most important initiatives planned between now and 2030 focus on the HVAC, air supply, and power electric product groups. The aim is to increase efficiency through technical optimizations and to make products more energy-efficient and compact through downsizing, thereby sustainably reducing the energy consumption of rail vehicles and further decarbonizing their operation.

In the CVS division, we intend to continuously increase the share of e-compressors and more energy-efficient clutch compressors by 2030. High savings potential is expected in particular from the larger share of e-compressors, which produce significantly lower GHG emissions compared to conventional diesel-powered applications. One measure that can help save energy in air supply is to lower the air demand in downstream systems, such as air treatment. We are continuously working on these solutions and plan to increase their proportion continuously by 2030.

In addition, other products from both divisions also contribute to reducing overall energy consumption and emissions of the end vehicles, even if this cannot be represented in our GHG emissions balance for Scope 3.11 due to the prescribed calculation methodology. Examples include the SYNACT® brake family for trucks, which enables significant weight reduction, and the fully electric EPS (Electric Power Steering) system, which reduces vehicle energy and fuel consumption regardless of the powertrain technology through its "power-on-demand" principle. The LEADER Flow driver assistance system enables rail vehicle operators to reduce their energy consumption through optimized driving. This is consistent with Knorr-Bremse's commitment to providing energy-efficient solutions for a sustainable mobility ecosystem.

### DECARBONIZATION OF THE ELECTRICITY MIX IN THE COUNTRIES OF USE (LEVER 6)

The decarbonization of the electricity mix in the countries where our products are used represents a passive lever for Knorr-Bremse. This is because we have no direct influence on how grid electricity is generated and supplied in the individual countries. Nevertheless, there is also potential here which contributes to achieving our climate targets by 2030 through an emission-reduced electricity mix. This assessment is based on an evaluation of current emission factors and scenarios within the framework of the Announced Pledges Scenario (APS) of the International Energy Agency (IEA).

For information on the allocation of funds (CapEx, OpEx) required to carry out the actions we have taken or planned, see the "Transition Plan for Climate Change Mitigation [E1-1]" chapter.

### CLIMATE CHANGE ADAPTATION ACTIONS

Alongside the reduction of GHG emissions, adapting the company to the consequences of climate change also plays a key role for Knorr-Bremse. Necessary adaptation measures are planned and implemented at local level. Once significant physical climate risks have been identified, an annual assessment is performed to determine whether appropriate measures are available at the affected locations.

Examples of location-related adaptation measures to storm and flood risks include structural precautions such as flood retention basins and organizational measures such as emergency plans that set out a systematic and structured approach to prepare for upcoming events.

To reduce heat stress, drinking water stations, fans, and air conditioning systems are used in offices and production facilities, among others. In addition, heat protection plans define procedures, for example, starting work earlier in the day to reduce exposure during the hottest part of the day.

### Energy consumption and mix [E1-5]

In 2025, Knorr-Bremse recorded total energy consumption of 432 GWh. This is equivalent to an approximately 10% decrease compared with the previous year. The total consumption of fossil energies fell by 16% to 127 GWh. These developments are driven by the consistent implementation of our energy efficiency measures, the switch to renewable energies as the energy source we use, and the effects of M&A activities and divestments.

[Table → 2.20](#), [Table → 2.21](#)

### 2.20 ENERGY CONSUMPTION AND MIX\*

	2025	2024
<b>Total energy consumption (GWh)</b>	<b>432</b>	<b>479</b>
Total energy consumption from activities in high climate impact sectors (GWh)	432	479
<b>Total energy consumption from fossil sources (GWh)</b>	<b>127</b>	<b>152</b>
Share of fossil sources in total energy consumption (%)	29.3	31.6
Fuel consumption from crude oil and petroleum products (GWh)	27	29
Fuel consumption from natural gas (GWh)	81	101
Fuel consumption from other fossil sources (GWh)	3	2
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (GWh)	16	19
<b>Total energy consumption from renewable sources (GWh)</b>	<b>305</b>	<b>327</b>
Share of renewable sources in total energy consumption (%)	70.7	68.4
Fuel consumption from renewable sources (GWh)	0	1
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (GWh)	292	317
Consumption of self-generated non-fuel renewable energy (GWh)	13	10

\* The data provided for the reporting period includes the proportional energy consumption from M&A activities since the time of acquisition/up to the time of divestment. The prior-year figures were not retroactively adjusted. The values presented here are adapted to the CSRD methodological requirements.

### 2.21 ENERGY INTENSITY

	2025	2024
Energy intensity: total energy consumption from activities in high-climate-impact sectors per net revenue from activities in high-climate-impact sectors (MWh/€ million)	55.2	60.7
Net revenue from activities in high-climate-impact sectors* used to calculate energy intensity (€ million)	7,817	7,883

\* Total net revenue, see chapter "Business Performance," section "Financial Performance." Knorr-Bremse is assigned to NACE code C Manufacturing.

Knorr-Bremse's energy consumption and mix is consolidated based on the individual locations' data which is reported according to our internal Sustainability Data Reporting Guideline. The energy intensity for a given fiscal year is calculated as the total energy consumption divided by the corresponding revenues. The energy consumption of smaller locations with fewer than 50 employees is assumed by using representative average energy consumption figures.

## GHG emissions [E1-6]

### 2.22 GROSS SCOPES 1, 2, AND 3 GHG EMISSIONS\*

	2025	2024	Baseline year Scope 1, 2: 2018 Scope 3: 2021
<b>Scope 1</b>			
Gross emissions (thousands of tons of CO <sub>2</sub> e)	26	31	32
Emissions from regulated emission trading schemes (%)	7.2	6.6	
<b>Scope 2</b>			
Location-based gross emissions (thousands of tons of CO <sub>2</sub> e)	106	122	136
Market-based gross emissions (thousands of tons of CO <sub>2</sub> e)	3	4	109
<b>Scope 1 and Scope 2</b>			
Total Scope 1 and location-based Scope 2 emissions (thousands of tons of CO <sub>2</sub> e)	133	152	168
Total Scope 1 and market-based Scope 2 emissions (thousands of tons of CO <sub>2</sub> e)	30	35	142
<b>Scope 3 (significant)**</b>			
3.1 Purchased goods and services (thousands of tons of CO <sub>2</sub> e)	2,045	2,028	2,025
3.4 Upstream transportation and distribution (thousands of tons of CO <sub>2</sub> e)***	202	194	191
3.11 Use of sold products (thousands of tons of CO <sub>2</sub> e)	37,978	37,452	41,236
Total indirect gross emissions (thousands of tons of CO <sub>2</sub> e)	40,225	39,674	43,452
<b>Total GHG emissions</b>			
Total GHG emissions, location-based (thousands of tons of CO <sub>2</sub> e)	40,357	39,827	43,620
Total GHG emissions, market-based (thousands of tons of CO <sub>2</sub> e)	40,254	39,709	43,594

\* The data provided for the reporting period includes the proportional emissions from M&A activities since the time of acquisition/up to the time of divestment. The prior-year figures were not retroactively adjusted. The baseline figure fully accounts for M&A activity data. No carbon credits were included in the reported emissions. The disclosures of emission reduction targets are located in [Table → 2.19](#).

\*\* Based on a screening of all Scope 3 categories according to factors including the size of emissions and the extent to which they can be influenced, the three Scope 3 categories mentioned here are priority categories for Knorr-Bremse.

\*\*\* Previous year value (difference of ~116 thousand tons of CO<sub>2</sub>e) as well as baseline year value adjusted due to adjustment of the data basis and calculation methodology

### 2.23 GHG INTENSITY

	2025	2024
Total GHG emissions (location-based) per net revenue* (thousands of tons of CO <sub>2</sub> e/€ million)	5.2	5.1
Total GHG emissions (market-based) per net revenue* (thousands of tons of CO <sub>2</sub> e/€ million)	5.1	5.1

\* Total net revenue, see chapter "Business Performance," section "Financial Performance"

Knorr-Bremse calculates its CO<sub>2</sub>e emissions in accordance with the requirements of the Greenhouse Gas (GHG) Protocol. The boundaries for the calculation are based on the operational control of our business units. The CO<sub>2</sub>e figures recorded include emissions of CO<sub>2</sub> and other greenhouse gases such as nitrous oxide and methane, as well as emissions from refrigerant leakage. To ensure that our emissions calculations are consistent and comparable, we use standardized emission factors from sources that are recognized in our industry. When it comes to emissions in the upstream and downstream value chain (Scope 3), we report on the categories that are most relevant to us: Scopes 3.1, 3.4 and 3.11. These account for more than 95% of our total Scope 3 emissions and are part of the targets set out in our Climate Strategy. We explain our calculation approach in detail below:

#### Scope 1 emissions

Here we calculate direct emissions that arise within the company from the combustion of natural gas, liquefied petroleum gas, crude oil, and fossil fuels or during self-generation of electricity. That also includes the fuel consumption of the company's own vehicles. Refrigerant losses are also included in the accounting. We calculate the emissions based on the country-specific emission factors of the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA) as well as those of BEIS/DEFRA that were applicable in the reporting period. Biogenic CO<sub>2</sub>e emissions from the combustion or biodegradation of biomass are calculated the same way. Their volume amounts to 249 t CO<sub>2</sub>e (2024: 472 t CO<sub>2</sub>e) and is not included in the Scope 1 emissions.

#### Scope 2 emissions

Here we calculate emissions from purchased energy in the form of electricity, district heating, steam, and cooling. To calculate location-based CO<sub>2</sub>e emissions, Knorr-Bremse uses the current VDA and IEA (International Energy Agency) country-specific emission factors. The market-

based accounting approach uses the specific CO<sub>2</sub>e emission factors provided by electricity suppliers. If electricity from renewable energies is used, the emission factor is set at 0 kg CO<sub>2</sub>e/kWh. If no supplier data is available, the average IEA emission factors for the respective country are used (see location-based approach). Since the IEA does not publish emission factors for biogenic CO<sub>2</sub>e emissions, no biogenic Scope 2 emissions (location-based) are reported.

Green electricity accounts for 99% of the total electricity purchased. Of this, 87% is through energy attribute certificates and 13% green electricity purchased directly from the supplier. More information about the purchase of renewable energy can be found in the "Management Approach and Actions in Relation to Climate Change [E1-3]" chapter.

#### *Scope 3.1 emissions – purchased goods and services*

Emissions are calculated on the basis of the cost of materials and services (spend-based approach). The emission factors used in this calculation are taken from an external data model that combines life cycle assessment and environmentally extended input-output (EEIO) methods with trade data and other external datasets. The calculated emissions cover the entire upstream supply chain – from the production of raw materials to Tier 1 suppliers ("cradle to gate").

#### *Scope 3.4 emissions – upstream transportation and distribution*

Here we calculate transport-related emissions from inbound transportation, company-internal transportation, and outbound transportation paid for by Knorr-Bremse. The calculation of the CVS division's carbon footprint is based mainly on primary emissions data provided by transportation service providers or other value chain partners. This data accounted for an aggregate 0.2% of the total gross GHG emissions for Scope 3. In addition, distance-based and spend-based approaches were used to calculate the required data.

For the RVS division, the carbon footprint is calculated exclusively on the basis of a distance-based approach that applies standard emission factors (well-to-wheel) from the GLEC framework of the Smart Freight Centre. Where distances are unable to be calculated precisely, we apply reference values. In the CVS division, the emission factors for calculations using the spend-based method are sourced from the Quantis Scope 3 Evaluator. The emissions of external warehouses are calculated on the basis of their size, using the GHG emission values published by CRREM Global Pathways for industrial distribution

warehouses per year and square meter. These figures are added to the transport-related emissions. For the fuel composition, we took into account the admixture of bio-fuels to fossil fuels. Since this composition may vary depending on local legislation, we applied uniform cross-regional emission factors from the GLEC framework. We continuously work on improving our data basis and calculation methods so that we can progressively increase the precision of the Scope 3 reporting further.

#### *Scope 3.11 emissions – use phase of sold products*

Here we calculate the direct emissions that arise during our products' use phase through the direct consumption of energy and fuel in rail and commercial vehicles as well as in stationary installations. The calculation is based on the estimated energy consumption over the entire lifetime of the products that we delivered to our customers in the reporting period. These emissions are relevant for us because our products have a long service life and the emissions are calculated for the entire use phase. The locked-in emissions created during the use phase are thereby already taken into account when calculating the annual Scope 3.11 emissions.

In the RVS division, we have identified 20 relevant product groups for calculating emissions. A typical use phase profile across the product service life was defined for each product group and took into account different rail vehicle types such as diesel multiple units (DMUs), electric multiple units (EMUs), and locomotives. Most products have set maintenance intervals during their useful life, though this does not affect the estimated energy consumption during their use phase. To calculate the emissions, the energy consumption is multiplied by the current, region-specific emission factors (well-to-wheel) of the IEA and BEIS/DEFRA. The calculation is based on assumptions regarding the share of powertrains in rail vehicles worldwide. This data comes from global market studies and is regularly updated. The calculation does not include indirect emissions from the use phase that arise from the transportation of our products, nor does it include emissions resulting from maintenance work, since these are not considered significant.

In the CVS division, one relevant product group was identified for calculating emissions. An estimation for further product groups with direct energy consumption indicated that their combined emissions account for about 2% of the CVS division's Scope 3.11 emissions, meaning they were not considered relevant. They were therefore added to the calculation as a lump sum. To calculate emissions in the CVS division, we used current, regional emission factors (well-to-wheel) from the IEA and BEIS/DEFRA in the reporting period. Our Scope 3.11 emissions are to

a large degree dependent on our sales figures and the respective customer preferences, so they may vary significantly from one reporting period to the next.

Biogenic CO<sub>2e</sub> emissions from the combustion or biodegradation of biomass that arise in the upstream and downstream value chain are not yet being reported for the year under review. We do not have any information available on the specific use of biogenic fuels by our customers and service providers; so far, this has simply been covered by the emission factors used. Separate reporting of biogenic emissions is planned for the future, provided that the effort involved in doing so is not disproportionate.

### Carbon credits for reducing greenhouse gas emissions [E1-7]

Our goal is to reach net zero emissions by 2050. To achieve this, we want to lower our Scopes 1 to 3 GHG emissions by at least 90%. The GHG emissions remaining in 2050 are to be removed from the atmosphere or stored in the long term as part of climate protection projects. The plan is to support this by investing in corresponding carbon credits.

Since 2024, we have been gaining experience in capturing and storing greenhouse gas emissions outside our own value chain. In a project run by our partner atmosfair gGmbH, biochar and the CO<sub>2</sub> stored in it are processed together with compost and limestone to produce plant fertilizer. When the fertilizer is applied, CO<sub>2</sub> is stored in the soil, thus creating a biogenic sink.

For the current year, in addition to the project using biochar, we are continuing to focus our financial commitment on the "Clean Drinking Water" project in Kenya, another climate change mitigation project run by atmosfair gGmbH that is certified according to the Gold Standard.

During the reporting period, carbon credits were not counted toward greenhouse gas emissions ([Table → 2.22](#)) or toward the achievement of our Scopes 1 to 3 targets (see chapter "Climate Change Mitigation Targets [E1-4]"). [Table → 2.24](#)

## 2.25 TYPE OF INTERNAL CARBON PRICE

Type of internal carbon price	Relevant volume (%)	Prices applied (€/t CO <sub>2e</sub> )	Assumptions made to determine prices
Internal carbon shadow price for capital expenditure over € 500 thousand	100% of Scope 1 and 2 GHG emissions	100	Based on benchmark

## 2.24 CANCELED CARBON CREDITS\*

		in 2025 (for 2025)	in 2025 (for 2024)
<b>Total (t CO<sub>2</sub>)</b>		<b>1,100</b>	<b>3,150</b>
Share of removal projects (%)	Biochar	9	32
Share of mitigation projects (%)	Water + stoves	91	68
Recognized quality standard 1 – Global Artisan C-Sink (%)	Biochar	9	32
Recognized quality standard 2 – CDM + Gold Standard (%)	Stoves	0	52
Recognized quality standard 3 – Gold Standard (%)	Water	91	16
Share of projects within the EU (%)		0	0
Share of carbon credits that qualify as corresponding adjustments (%)		0	0

\* The carbon credits listed here are based on existing contractual agreements.

### Internal carbon pricing [E1-8]

An additional management tool to support CO<sub>2e</sub> reduction and increase energy efficiency is the internal shadow carbon price, which we introduced in 2023. It is applied worldwide to investment decisions exceeding € 500,000 that could have an impact on our Scope 1 and Scope 2 emissions. The shadow carbon price therefore supports the assessment of alternative, lower-carbon technologies and, on this basis, encourages their consideration in investments.

The internal shadow carbon price is reassessed every two years, based on our estimate of the future cost of GHG emissions, in particular taking into account the forecasts on the EU ETS price trend. In addition, the experiences and insights of companies in our industry are considered when setting the price.

The internal carbon price is used as a shadow price and is therefore not included in the financial statements. It serves as a reference point to support operational decisions. [Table → 2.25](#)

## Pollution [E2]

The pollution of the environment, be it of land, water, or air, represents a major challenge for a sustainable future. It threatens ecosystems and human health. Knorr-Bremse is therefore committed to avoiding pollution wherever possible and reducing existing impacts

along the entire value chain. We take care to design our production processes and products in such a way as to minimize their negative environmental impacts. We also strive to expand our range of brake technologies and continue developing solutions that do not produce particulate emissions.

### Material impacts, risks, and opportunities [SBM-3]

#### 2.26 POLLUTION: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Pollution of air, water, soil	Actual negative impact	Upstream	Pollution of air, water, and soil, particularly from the production of key materials and components such as iron, steel, aluminum, and electronics
		Downstream	Pollution of air, water, and soil from rail and truck applications that release emissions and particles during braking operations
	Actual positive impact	Downstream	Positive environmental impacts through innovative product and system solutions that reduce emissions and noise during use
Substances of (very high) concern*	Actual and potential negative impact (medium-/long-term)	Upstream	Release of substances of (very high) concern when extracting and processing raw materials as well as intermediate products made from them
		Downstream	Release of substances of (very high) concern through product use and at the end of the life cycle through product disposal/reuse

\* Statements and metrics on substances of (very high) concern are not reported in the 2025 reporting period (see chapter "Processes to Identify and Assess Material, Related Impacts, Risks, and Opportunities [IRO 1]").

Knorr-Bremse uses raw materials such as steel, iron, and other metals, as well as intermediate products made from these materials, to manufacture its products. The processing and production processes in the upstream value chain can cause air, water, and soil pollution. We try to minimize these environmental impacts by consciously selecting suppliers with sustainable processes (see chapter "Management approach and actions related to pollution [E2-2]"). Purchased materials may also contain substances of concern and substances of very high concern. We regularly analyze their use and, if necessary, identify substitution measures.

In our own operations, we monitor and control environmental impacts through our environmental management system. We use state-of-the-art production technologies and targeted actions at our sites to prevent or reduce emissions. Following a comparison with the E-PRTR (European Pollutant Release and Transfer Register) Regulation, emissions from our own processes were classified as not material because we do not operate any processes with high emissions.

In the downstream value chain, negative impacts can occur, particularly when our products are used. Brake

technologies are essential for a safe and reliable flow of traffic and for the safety of drivers, passengers, and freight. The predominant technologies in trucks, buses and trains today cause abrasion during the braking process due to the friction between the brake pad and brake disc, a normal mechanical occurrence. We are conscious of the fact that part of the material abraded gets into the environment, and this is associated with a risk of pollution. For this reason we are working on innovative system solutions for rail and commercial vehicle traffic that avoid negative impacts on the environment and on people in the best possible way.

#### Policies related to pollution [E2-1]

Knorr-Bremse has committed itself and its suppliers to the avoidance or mitigation of pollution. This commitment is documented in binding guidelines. Further information on the individual policies can be found in the appendix to the Sustainability Statement, [Table → 2.58](#).

The HSE Policy describes our commitment to protect the environment through the sustainable use of natural resources and the use of renewable resources and recycling methods. We seek to mitigate and control any negative environmental impacts caused by our operations.

Knorr-Bremse has committed itself to the responsible use of energy and chemicals, the protection of soil and water resources, and the prevention of noise, air pollution, and waste. We assume responsibility for our products and services throughout their entire life cycle. We do this by developing safe, environmentally friendly, and energy-efficient technologies and, where possible, by avoiding the use of substances of (very) high concern.

The Supplier Code of Conduct requires our business partners to comply with all relevant laws and international environmental standards. Furthermore, they are expected to minimize negative effects on the environment in their operations and reduce emissions in the air, water, and soil. Proper handling of hazardous substances, goods, and waste, as well as product labeling and packaging that complies with the legal requirements, must be ensured.

#### **Management approach and actions in relation to pollution [E2-2]**

Knorr-Bremse develops innovative solutions for rail and commercial vehicles that reduce the negative impacts on the environment. We create the prerequisites for this to happen with our EcoDesign approach: Already in product development we prioritize sustainability aspects and environmentally friendly product design alongside functional and safety requirements. The selection of materials plays an important role in the process (see chapter "Management Approach and Measures for Resource Use and Circular Economy [E5-2]"). Our sustainable supplier management also seeks to avoid negative environmental impacts in the upstream value chain (see chapter "Management of Relationships with Suppliers [G1-2]").

In the downstream value chain there are no uniform, standardized measurement processes and limits for emissions from the brake pad abrasion, especially particulate matter, either in the rail or the commercial vehicle sectors. Nevertheless, to reduce potentially negative environmental impacts, we want to improve existing products systematically and develop innovative solutions. Knorr-Bremse's goal is to continuously optimize vehicle safety during the braking process, while at the same time minimizing the polluting emissions of the products.

Special material properties are required to ensure reliable braking performance for rail and commercial vehicles on different surfaces and in different weather conditions. That is why, as part of our development work, we regularly examine the characteristics and functions of the materials used and seek to improve them.

The RVS division measures the particle and particulate matter emissions of the friction pairing of train brakes, for

example at specially equipped test rigs. To this end, we test the interplay of different combinations, e.g., of brake disks made from different materials and surfaces with optimized brake pads or of train wheels with optimized brake pads. The analyses form the basis for the development of pairings in sustainable friction pairing, which can contribute to reducing particulate emissions through the optimum harmonization of brake pads and brake discs. These projects have resulted in model development measures relating to innovations such as brake discs with optimized cooling performance and reduced wear on the friction pairing. In addition, we incorporate the findings from these test series into the development of industry standards for particulate matter measurements. In addition, RVS is working on technologies that are currently in development or already being implemented and are designed to comply with future environmental standards. These include intelligent electrodynamic solutions for traction and brake control, increased use of which significantly reduces mechanical wear and tear, thereby reducing abrasion and the resulting particulate emissions. Additionally, the contactless linear eddy current brake, in combination with the electrodynamic brake, forms a friction-free service brake.

The zero-emission road map of CVS also comprises a large number of emission-reducing products whose material characteristics and operating behavior were carefully analyzed and optimized. The SYNACT® disk brake family, for instance, aims to reduce not only carbon emissions, but also the emission of pollutant particle matter. The use of copper-free brake pads in disk brake avoids friction between copper particles that impact soil and water. Knorr-Bremse's e-compressors are also designed to reduce the emission of oil and fine particulate matter during vehicle operation thanks to their energy-efficient functioning. We are already integrated into the commercial vehicle approval process in safety and with the introduction of the EURO-7 standard we will expand this contribution to emissions, especially brake dust emissions.

Knorr-Bremse also offers technological solutions for the noise management of vehicles. For commercial vehicles, for example, we developed the eSilencer, which reduces noise emissions when releasing compressed air. In rail vehicles, local residents in particular benefit from noise-reducing technology, including the "whisper brake" and the silent mode of the AirSupply Smart intelligent air supply system.

#### **Targets related to pollution [E2-3]**

We have not yet determined quantitative targets to avoid pollution because there are currently no uniform

standardized measurements methods. We are, however, evaluating a possible quantitative objective on an ongoing basis as part of the steady development of our sustainability strategy.

## Water resources [E3]

Sustainable water management is an essential global task, especially in regions experiencing increasing water stress. Knorr-Bremse aims to reduce water consumption across

the company, particularly in production, through responsible water management. In light of this, we are continuously working to use water efficiently and conserve resources, taking into account the varying conditions and needs of our global locations. These efforts are based on water risk analyses, water-saving production technologies, water recycling, and effective wastewater management.

### Material impacts, risks, and opportunities [SBM-3]

#### 2.27 WATER RESOURCES: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Water withdrawal and consumption	Risk (medium-/long-term)	Upstream	Risk of supply chain disruptions due to water scarcity, water stress, declining water quality and quantity, or inadequate water infrastructure
	Risk (medium-/long-term)	Own operations	Risk of production stoppages due to water scarcity, water stress, declining water quality and quantity, or inadequate water infrastructure

Due to its product portfolio and the production technologies used, Knorr-Bremse's water consumption and hence its impact on water resources is limited overall. At our production sites, we mainly use water in water-based cooling processes, surface treatments, and machine processing. Despite the overall low water consumption, we see the sustainable use of water as a resource at our locations as an important task of our environmental management. The increasing global water scarcity constitutes a potential risk for our company, especially in regions with water stress. There, supply chains and production processes can be interrupted through acute or chronic water availability bottlenecks or failures. A tense supply situation could, moreover, lead to higher capital expenditure in production. To identify potential risks due to water scarcity, we carried out a water risk analysis in the reporting period using the online tool Aqueduct Water Risk Atlas at our locations around the world. Even though potential risks due to water scarcity were identified at 32 of the 90 locations checked, we were unable to determine any current risk during the analysis of the implemented countermeasures.

As part of our water management we are developing risk mitigation strategies that are in accordance with our overarching sustainability objectives. We are taking targeted action to optimize water consumption at our locations, especially in the areas where water stress has been determined. This includes initiatives for the reuse and efficient

use of water, as well as the deployment of water-saving technologies. In addition, we expect our suppliers to take their own steps toward the efficient use of water so as to contribute to reducing water consumption along the entire value chain.

#### Policies related to water resources [E3-1]

The Group-wide HSE Policy describes our commitment to the protection of water resources. We follow the goal of designing our production activities and our products and services along the upstream and downstream value chains such that they do not have any negative impacts on the water as a resource. This applies in particular in areas with water stress. We see appropriate water treatment as a step toward more sustainable water management. Further information on the contents of the HSE Policy can be found in the appendix to the Sustainability Statement, [Table → 2.58](#).

Our Supplier Code of Conduct commits all suppliers to compliance with all relevant environmental protection laws. We expect our suppliers to comply with international environmental standards and to handle natural resources sparingly and responsibly. Furthermore, they must minimize the negative impact of their operations on water resources and reduce emissions in the water.

### Management approach and actions in relation to water resources [E3-2]

Water management is part of our environmental management, which is guided by the principle of the environmental management standard ISO 14001. Operational implementation at our locations is decentralized and performed by the local HSE organizations. The local management of every location is tailored to the specific local circumstances and to the requirements of local laws and provisions.

As part of water management we aim for efficient use of water which is as environmentally friendly as possible. To this end, we record our water withdrawal and perform an environmental aspect analysis at the locations in the course of ISO 14001 certification. It measures, among other things, the amount of water consumption and the release of pollutants into the water. Where risks are identified we implement the necessary improvement measures in our environmental management system. We review our technical infrastructure with regard to water, such as water treatment plants, on a regular basis in accordance with legal requirements and ensure their continuous operation.

In the 2025 reporting period, the total amount of water sourced for all locations globally came to 1,900 thousand m<sup>3</sup>. 74% of the water sourced from the environment comes from groundwater reservoirs. It is used primarily for sustainable cooling and heating systems at the German locations in Munich and Aldersbach and, in line with statutory provisions, is returned in its entirety to the aquifer in chemically unchanged form. Most of the remaining amount is freshwater from municipal suppliers. We use this primarily for our production processes, such as cleaning, varnishing, and galvanizing and for location operation. For washing and cleaning processes during the production of a product we also use purified water in some cases. We prevent groundwater hazard in the course of production by ensuring, during surface treatment processes by means of technical measures, that no hazardous substances can get into the soil in the event of disruption to the plant.

At some locations, the withdrawal of freshwater and the amount of wastewater are reduced through the use of water treatment facilities. Wastewater is usually discharged into the public sewer system and cleaned in municipal wastewater treatment plants. The compliance with thresholds is monitored by us and by the authorities. At one of our locations in India there is no public sewer system. There, the water is purified according to national stipulations and used to water the green spaces.

We implemented measures for efficient water management in the 2025 reporting period. For example, the use of groundwater for heating and cooling at the Munich location was significantly improved. By implementing intelligent control systems for the well pumps, to only pump water when needed, we were able to reduce the amount of groundwater used by around 155 thousand m<sup>3</sup> (21%). At the Hungarian location of Kecskemét (CVS), the procedure for using coolants was improved in 2025. Coolants can be recycled and reused through filtering and oil removal. This reduces the demand for new coolant and water; moreover, fewer coolant residues need to be disposed of.

While around 36% (2024: 33%) of our locations are in areas of water stress, water withdrawal at these locations only came to about 12% (2024: 9%) of the total volume of water sourced within the company. This underscores our commitment to implement water-saving and water-reusing actions at the locations, particularly in areas of high water stress. For example, at Knorr-Bremse South Africa (RVS, CVS) near Johannesburg we use a water recycling plant for wastewater recycling. We thereby realize a near-closed water circuit with a surface treatment center in production. We also began gradually introducing a wastewater recycling system for the metal treatment process at our Acuña (CVS) site in Mexico during the reporting period. The water treated by reverse osmosis will be fed back into the production cycle so that the location's fresh water consumption can be reduced in the long term. In the first phase of the project, the target recovery rate is around 60% (approximately 6 thousand m<sup>3</sup>). In addition, just like at the Chinese Daxing location (RVS), a new wastewater treatment system was installed to replace the previous evaporation technology. This has significantly reduced the concentration of pollutants in the wastewater at both locations and enabled the treated water to be discharged back into the public sewer system. At the Indian location in Palwal (RVS), rainwater is collected and filtered during the monsoon season. With an overall water capacity of around 15 thousand m<sup>3</sup> annually, this allows us to reduce freshwater use at the location considerably. A similar system has also been in operation at the Indian location in Pune (CVS) since 2025. In addition, as part of the modernization of the entire wastewater treatment system, a new, automated wastewater treatment plant with MBR (membrane bioreactor) technology for biological water treatment was installed there. The wastewater treated in this way is used to irrigate the green spaces on the premises. At our Brazilian location in Iltupeva we are also watering green spaces with treated water. The measure, ongoing since 2024, fits into our continuing water use program at the location and is designed to reduce freshwater usage by more than 700 m<sup>3</sup> per year.

To identify potential water protection measures in the upstream value chain, we performed a water risk analysis in the reporting period. Using the Aqueduct Water Risk Atlas, an online tool, direct suppliers in areas of high water risk were identified and asked about their measures to minimize water risks. Based on the findings of these and future analyses, we will continue to examine the options for specific water protection measures in the upstream value chain.

### Targets related to water resources [E3-3]

Regarding water management, no quantitative targets have been defined to date. Since 2024, we have been reporting global metrics in order to use them as a basis for defining quantitative targets for the medium term.

Independently of measurable objectives, in line with the HSE Policy, we are striving to use water as a resource in a sustainable and thus efficient manner and, if possible, to reuse it multiple times through recirculation wherever possible. In this, we rely on our environmental management, which is guided by the ISO 14001 standard. Through internal and external audits we check compliance with legal requirements and internal stipulations at the locations. The HSE departments of the Knorr-Bremse locations implement local water management measures and define location-specific targets where required. At the moment, no Group-wide tracking of targets and their achievement is in place. The regular implementation of the water risk analysis will support us in the qualitative tracking and assessment of our measures.

### Water consumption [E3-4]

#### 2.28 WATER CONSUMPTION\*

	2025	2024
Total water withdrawal (thousands of m <sup>3</sup> )	1,900	2,190
Total water consumption (thousands of m <sup>3</sup> )	80	90
Total water consumption in areas of high-water stress (thousands of m <sup>3</sup> )	31	33
Total water consumption in areas at water risk (thousands of m <sup>3</sup> )	2	2
Intensity of water consumption (m <sup>3</sup> /€ million)	10.2	11.5

\* Total water recycled and reused metric is classified as not material for Knorr-Bremse.

At 1,900 m<sup>3</sup>, water withdrawal in 2025 fell by 13% compared with the previous year. One reason for this is lower groundwater usage at the Munich location thanks to improved heating and cooling processes (see chapter "Management Approach and Actions in Relation to Water Resources [E3-2]").

Knorr-Bremse calculates water consumption on the basis of the water withdrawals less water outflows. Water consumption is recorded Group-wide and relates solely to direct operational activities. The available data is based on the direct measurements of water meters, on invoices from water service providers and on best estimates and extrapolations. Areas with water risks were identified using the Aqueduct Water Risk Atlas, which rates regions' water stress and danger.

### Resource use and circular economy [E5]

The efficient use of resources and the transition to a circular economy are crucial for conserving finite raw materials and reducing environmental impacts. These approaches also help to mitigate risks arising from resource depletion. Knorr-Bremse is addressing these challenges using a holistic approach along the value chain. Sustainability criteria such as recyclability, durability, and conservation of resources are an important part of the development and procurement processes. Building on this, the RailServices and TruckServices businesses are prolonging the service life of products through industrial refurbishing, which reduces the amount of materials used. Waste management with a focus on prevention also helps to reduce raw material and production waste at the locations by reducing the use of primary raw materials and promoting recycling of materials.

**Material impacts, risks, and opportunities [SBM-3]**

**2.29 RESOURCE USE AND CIRCULAR ECONOMY: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES**

Topic	Impact/risk/opportunity	Value chain stage	Description
Resource inflows	Actual negative impact	Upstream	Resource scarcity and environmental impact from the procurement of nonrenewable raw materials such as steel, aluminum, and plastics
		Upstream	Environmental impact from the use of primary materials (e.g., iron/steel, aluminum, plastics) and purchased electronic components, especially when there is no reuse or recycling at the end of the product life
Resource outflows (products and services)	Actual positive impact	Downstream	Conservation of resources through reduced use of primary and nonrenewable materials and extended product life cycles through EcoDesign, circular economy, sustainable procurement, and stakeholder cooperation
Waste	Actual negative impact	Upstream	Waste generation from the extraction, processing, and manufacture of purchased materials and components
		Own operations	Waste generation, primarily from production, manufacturing, and supporting operational processes
		Downstream	Waste generation during and at the end of product use, particularly from nonreusable or nonrecyclable components

Knorr-Bremse is increasingly focusing on actions to promote the circular economy. Our goal is to extend product life cycles and conserve valuable resources. In production we aim to minimize the use of primary raw materials where possible and make increasing use of recyclable materials. Furthermore, we seek to avoid waste or, if it is inevitable, to reuse it in an environmentally friendly way as far as possible. A high percentage of the production waste is already transferred to external recycling processes.

In the product life cycle, we aim to increase the useful life of products wherever possible, e.g., through repairs and remanufacturing. In this connection, through the EcoDesign approach we are integrating the principle of circularity already in the early phase of our product development. The focus is on factors, including optimizing for the selection of environmentally friendly production material, accounting of environmental impact, and the preparation of products for industrial remanufacturing. Remanufacturing (CVS) or overhauling (RVS) is now a strategically important line of business of Knorr-Bremse. Through the recyclability and extended life cycle of our products, together with the associated new business models, we aim to create further added value for our company, our business partners, and the environment.

**Policies on resource use and circular economy [E5-1]**

Knorr-Bremse has set down its commitment to sustainable handling of resources and the strengthening of the circular economy in binding directives.

The Group-wide HSE Policy describes our commitment to environmental protection through the sustainable use of natural resources, the increasing use of renewable and secondary resources, and application of recycling methods. In waste management we are committed to the extensive avoidance of waste and are guided in its implementation by the principles of a circular economy and waste hierarchy. In addition, we integrate environmental matters into both our production processes and our product design by developing and promoting safe, environmentally friendly and energy-efficient technologies. Further information on the HSE Policy can be found in the appendix to the Sustainability Statement [Table → 2.58](#).

The internally developed EcoDesign assessment form supplements our requirements and targets for ecological product design in both divisions. In addition to various internal requirements, regulatory stipulations, standards, and customer expectations are also integrated. The form also provides assessment tools such as supportive standards and methods for evaluating potential environmental impacts. Further details are described in the “Management Approach and Actions for Resource Use and Circular Economy [5-2]” chapter.

Our Supplier Code of Conduct requires our suppliers to comply with all relevant laws and international environmental standards, which also includes the saving and responsible handling of all natural resources. We also require them to minimize the negative impacts of their operations on the environment and to drive the development and spreading of energy-efficient and environmentally friendly technologies. To review compliance with these requirements, we rely on control processes that include assessments, audits, training, and contractual obligations, among other things (see chapter “Governance [G1]”).

**Management approach and measures for resource use and circular economy [E5-2]**

A key element of our circular economy activities is ecological product design, which creates important requirements for the use of recycled materials and the design for overhauling of products to extend the product life cycle. In particular, the industrial remanufacturing of our products forms a major part of our business model with a roughly 13.0% (2024: 12.0%) share of the Group’s revenues (including labor and spare part demand) in the reporting period. Beyond remanufacturing, we want to close the raw material cycles through effective waste management. All subsequently stated measures are implemented continuously and across the company by the responsible departments.

**ENVIRONMENTAL PRODUCT DESIGN**

With our EcoDesign approach we aim to develop products, processes, and services that have improved environmental impacts across the entire product life cycle. This relates to hazardous substances, longevity, the conservation of resources, and the avoidance of emissions. Accordingly, we have integrated sustainability aspects into our innovation and development processes. This also includes the assessment of the potential of upcoming projects and product ideas with regard to sustainability. In the RVS division’s innovation projects, EcoDesign is one of five different assessment criteria in the planning process.

When developing new products and solutions, we want to take account of and minimize their environmental impact from the start. Correspondingly, we analyze and evaluate product developments according to EcoDesign criteria along the entire product life cycle and, on this basis, identify improvements. [Table → 2.30](#)

**2.30 ECODESIGN CRITERIA IN THE DEVELOPMENT PROCESS FOR NEW PRODUCTS AND SOLUTIONS**

Material extraction and production phase	Use phase	End of product life cycle
<ul style="list-style-type: none"> <li>• Hazardous substances</li> <li>• Weight (CVS division)</li> <li>• Choice of materials (incl. proportion of secondary material)</li> <li>• Origin of materials (conflict minerals)</li> </ul>	<ul style="list-style-type: none"> <li>• Weight (RVS division)</li> <li>• Energy efficiency</li> <li>• Longevity</li> <li>• Direct emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Recyclability</li> </ul>

In the RVS division the development teams are obliged to analyze and evaluate both innovation projects and complex customer projects with the help of the EcoDesign assessment form. The tool defines our requirements for sustainable product design and provides assessment methods for evaluating environmental impacts. For example, the recyclability analysis of the materials used helps us to identify and reduce their potential environmental impact (see chapter “Resource Outflows [E5-5]”).

The CVS division has set down its EcoDesign requirements and targets in the product development and commercialization (PDC) process. The requirements apply to new products and products that have undergone material changes and, accordingly, are already considered during project planning and in product and process development. Specific directives and concrete tools and methods support this process. They include, for example, the International Material Data System (IMDS) for identifying hazardous and materials requiring labeling, comparative analyses of material-specific environmental impacts, and the EcoDesign assessment form. In 2025, for example, the Trailer Brake Module (TBM) project provided important findings for optimized ecological product design.

In addition, we also carried out life cycle assessments (LCAs) during the reporting period to calculate product-related environmental impacts. For example, the RVS division made a cradle-to-gate calculation of the carbon footprint for a complete brake system as part of a project in Germany. The LCAs are conducted in accordance with standards such as ISO 14040, ISO 14067, and the UNIFE Product Category Rules. The results of the analyses provide us with valuable insights into how materials and energy are used in production.

Regular training of engineering and Research & Development employees in the past few years has given them a shared understanding of EcoDesign standards for evaluating product development. Another goal is to integrate

the procurement function more closely into EcoDesign as an interface to suppliers. With this in mind, the RVS division held a training session for the global procurement organization in 2025 on the requirements of environmental law and their implementation. In addition, opportunities for improvement are regularly discussed with Procurement management.

**REMANUFACTURING OF PRODUCTS**

Our Knorr-Bremse RailServices (RVS division, overhauling) and Knorr-Bremse TruckServices (CVS division, remanufacturing) units process used Knorr-Bremse products industrially so that they can subsequently be used in vehicle operation with identical functionality. The resulting longer product life cycles lead to reduced material usage and energy consumption and positively impact the life cycle assessment of Knorr-Bremse and our customers. We lay the foundation for this industrial remanufacturing process as early as product development and design.

Knorr-Bremse TruckServices offers around 500 different refurbished products in the Europe/Africa region under the EconX® brand, including disc brake clamping units, compressors, EBS modules, and electronic clutch actuators. The refurbished products are installed in trucks again or individual parts or raw materials are direct send for recycling. This saves CO<sub>2</sub>, energy, and material. In addition, our Europe-wide repair services for electronic control units in trucks, buses, off-highway, and agricultural vehicles offer our customers a low-cost alternative to new vehicles while at the same time reducing the amount of electronic waste. Bendix refurbishes air dryer cartridges for trucks at the location in Acuña, Mexico. [Table → 2.31](#)

**2.31 REMANUFACTURING PROCESS ECONX® PRODUCT SERIES (CVS)**

Products such as clamping units (brake calipers), air treatment, clutch actuators, compressors				
Return used products	Disassemble and clean	Clean	Refurbish	Reassemble and test
<ul style="list-style-type: none"> <li>• Collect used products via Knorr-Bremse TruckServices' aftermarket logistics</li> <li>• Value of used parts (core) motivates buyers to return products using the used parts system</li> </ul>	<ul style="list-style-type: none"> <li>• Manually dismantle the product into individual components</li> <li>• Dispose of wear parts in an environmentally friendly manner</li> <li>• Check and clean reusable components</li> </ul>	<ul style="list-style-type: none"> <li>• Thoroughly clean used parts using state-of-the-art equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Mechanically refurbish individual parts before reassembly (as needed)</li> <li>• Replace software versions</li> </ul>	<ul style="list-style-type: none"> <li>• Reassembly of products follows the production processes for new Knorr-Bremse original parts, partly on the same assembly line</li> <li>• Quality assurance end-of-line tests</li> </ul>

RailServices offers rail vehicle customers overhaul and repair services through a network of more than 50 service centers worldwide. Installing overhauled components helps to maintain their functionality until the end of the train's service life. In 2025, the RVS division again refurbished products across all product groups through the global service center network. These products included compressors, brake calipers, braking system valves, door controls, entrance system actuators and door leaves; ventilators, cables, and electronics for air conditioning systems. Individual components or systems are often replaced or additional functionalities added as part of comprehensive upgrades or modernization projects, which can extend the useful life of the entire vehicle. For example, a modernization package for braking systems can ensure the continued use of existing light rail vehicle platforms and hence vehicle operation for many years by replacing important system components at the end of their life cycle. The modernization of door systems

includes, for example, more sensitive obstruction protection, new electric door drives, and visual and audible TSI (Technical Specification for Interoperability) warnings, thereby contributing to increased accessibility and safety in the vehicle.

**WASTE MANAGEMENT**

As part of its environmental management strategy, Knorr-Bremse aims to continuously reduce its waste volumes. In terms of the waste pyramid we pursue three key targets: the avoidance of waste through the deliberate and optimized use of resources, the substitution of materials with more environmentally friendly alternatives, and the promotion of the circular economy for the reuse or recovery of materials.

To avoid waste, we adapt processes directly to our locations. The company-specific production system (KPS) helps us reduce the volume of waste in production. Using value stream analyses, we can identify and eliminate

various types of waste such as overproduction and avoidable reject products.

Specific measures to prevent and reduce waste were implemented at several locations during the reporting period. For example, the production process in Kecskemét (Hungary, CVS) was adapted accordingly through the Eco Fluid Saver project. This involves separating the cooling lubricant emulsion produced during machining from the aluminum shavings, processing it, and reusing it. This significantly reduced the consumption of hazardous substances and the amount of hazardous waste. In the pilot phase with two machine centers, approximately 15,000 liters of emulsion waste per year have already been saved. Starting in 2026, the system is set to be expanded to ten machines, with approximately 75,000 liters of emulsion being reused annually.

Further measures to prevent waste include encouraging the circular economy and reducing single-use materials. At the Pamplona location (Spain, RVS), a newly introduced rental system for reusable cleaning textiles significantly reduces the volume of hazardous waste that previously had to be disposed of as contaminated hazardous waste. At IFE-CR in Modřice (Czech Republic), all employees received reusable sealable cups as part of the local sustainability campaign "Stop-Check-Act," which significantly reduced the consumption of disposable paper cups. Rail Services in Budapest (Hungary) has introduced paperless, digitally driven work instructions in its production department. This has virtually eliminated the use of paper, toner, and printers in this application area.

Knorr-Bremse organizes waste disposal locally, taking statutory provisions into account. To ensure appropriate disposal, we are working with licensed service providers that are certified at regular intervals. Our locations are obliged to obtain documented proof of the method used for the disposal of production waste from the service providers.

#### Targets on resource use and circular economy [E5-3]

By adding value in a circular way, Knorr-Bremse wants to contribute to the conservation of natural resources and a reduction in its environmental footprint. To this end, we identify potential for optimization along the value chain and assess its implementability in our business model. The measures subsequently implemented are regularly reviewed and subjected to a qualitative assessment on a regular basis. Their number and the relevance of their contribution to resource conservation also provide us with insights into the progress of our circular value creation. We develop quantitative targets for future reporting as part of our commitment to the circular economy.

#### Resource inflows [E5-4]

In 2025, Knorr-Bremse mainly procured castings, processed components, and aluminum, iron, and steel sheets from suppliers for our production processes. Additionally, we used electronic components, friction materials, and various plastics in the manufacturing process. The following table shows the weight-based distribution of the primary and secondary materials used. [Table → 2.32](#)

#### 2.32 RESOURCE INFLOWS

	2025	2024
Total weight of products and technical and biological materials used (t)	415,000	402,900
Weight of the secondary components, products, and materials used, reused, or recycled in the manufacture of products (t)	136,100	129,300
Share of the weight of the secondary components, products, and materials used, reused, or recycled in the manufacture of products (%)	33	32

The aggregated weight data is collected globally in our internal data systems and includes all materials purchased directly in both divisions. The proportion of primary and secondary raw materials is currently based on estimates and takes into account industry averages, materials, and supplier locations. This calculation is therefore based on significant assumptions that may influence the reported value. We are currently working actively to improve the accuracy and granularity of the data. For example, we have started collecting information at the component level, focusing on weight, energy consumption, and material composition. As part of this initiative, approximately 700 suppliers were contacted to obtain primary data. To date, 37% of the target data sets have been successfully collected. In addition, we conduct decarbonization analyses in which suppliers report their recycling rates and targets. These efforts underscore our commitment to working closely with suppliers and to continuously improving data reliability and consistency in the upstream value chain.

#### Resource outflows [E5-5]

In both divisions, Knorr-Bremse offers a broad portfolio of innovative products that are aligned with the principles of the circular economy in many aspects and are geared to longevity, easy maintenance, reparability, reusability, and overall optimization.

In the RVS division, Knorr-Bremse develops and manufactures systems for the entire rail ecosystem that are critical

to safety and business operations. The product portfolio in the On-Train segment includes braking systems, entrance, air conditioning, and sanitary systems, automatic coupling systems, and electromechanical and electronic control components. In addition, the offering includes control, command, and signaling technology systems for rail infrastructure. Both areas are complemented by digital solutions, including applications in the Internet of Things (IoT), computing & communication, train control and management systems (TCMS), and cybersecurity concepts. In the aftermarket, Knorr-Bremse RailServices supports its customers as a strategic partner throughout the entire product life cycle, e.g., with innovative technological solutions and services.

In the CVS division, braking systems for trucks, buses, trailers, and agricultural machinery form part of the portfolio. The focus here is on electronic brake control, driver assistance, and air supply systems, all of which make a material contribution to transportation safety. CVS also produces drive systems including torsional vibration dampers for diesel engines that guarantee robust and reliable performance. The products are characterized by longevity and are easy to disassemble, making it easy for them to be repaired, recycled, and reused.

Knorr-Bremse strives to maximize the expected lifetime of its products, taking into account legal and customer-specific requirements. The expected lifetime is the period during which the product is expected to perform its intended function reliably under normal conditions of use. It varies for Knorr-Bremse's products on the market, depending on the division.

At RVS, products have an expected service life of up to 30 years, depending on the specific product and project requirements. Due to the project business, no usual industry averages on lifetime are available for a direct comparison.

At CVS, the average product life cycle is up to 15 years. This estimate is based on the assumption that, after this period, we may no longer have access to the vehicle to provide services. This may be due to the fact that the vehicle has reached the end of its operational lifetime or because we do not offer an aftermarket service on a local market. Because all components used in our products must meet the requirements for the system lifetime, no additional specific information on the lifetime is generally defined.

Whereas we derive the expected lifetime in the RVS division from individual project specifications and requirements, our estimates in the CVS division are based on market observations across the vehicle's entire lifecycle.

This methodology is based on internal data and assumptions regarding vehicle use and maintenance practices. Limitations result from the variability of the individual product application cases and the lack of publicly available averages, typical of the industry, for a direct comparison.

We promote the longevity of our products and systems by making available repair options for them. In both divisions, the design of our products and components for reparability together with a comprehensive offer of repair services provide the prerequisites for this.

The majority of Knorr-Bremse's products and systems can be repaired. The only exceptions are wear parts, consumables, individual components, and small parts where repairs are not economically viable. We therefore offer repair kits for a large part of our product range, which workshops or operators can use to extend the service life of the products. The available information was collected and validated in-house because there is not yet an established external assessment system for the quantification of reparability.

In both divisions we analyze the recyclability of our products. In 2025, 47 projects were audited in RVS on the basis of a recyclability analysis according to the ISO 22628 and/or ISO 21106 standards. The average recyclability of these projects was above 95% (2024: 95%). The calculation methodology is based on a detailed assessment of the materials used in our products. We assumed a uniform material composition for all products and uniform recycling opportunities.

In the CVS division, the recyclability was calculated as totaling 90% (2024: 90%) of the total weight of the produced products. This percentage is based on an analysis of the total weight, material composition, and sales volumes of our product portfolio using averages. This means that the recyclable share of a product is estimated on the basis of this average data without performing specific measurements. During the reporting year, the calculation approach was adjusted and more precise input parameters were applied. The prior-year figure was retrospectively recalculated in accordance with the updated methodology, ensuring that both years are based on a consistent data foundation. In waste management, Knorr-Bremse prioritizes material and energy recovery of waste over landfilling wherever possible. Waste at Knorr-Bremse consists of residual waste as well as, in particular, steel and iron materials (scrap metal), light metals, polymers, consumables, and packaging materials. Additionally, electroplating sludge is produced during the surface treatment of metallic materials. [Table → 2.33](#)

## 2.33 WASTE

	2025	2024
<b>Total amount of waste generated (t)</b>	<b>59,800</b>	<b>65,500</b>
<b>Waste diverted from disposal (t)</b>	<b>51,700</b>	<b>56,500</b>
Hazardous waste (t)	5,300	5,600
Preparation for reuse	900	1,200
Recycling	2,000	2,000
Other recovery operations	2,300	2,400
Non-hazardous waste (t)	46,400	50,900
Preparation for reuse	1,600	300
Recycling	42,800	44,800
Other recovery operations	2,000	5,800
<b>Waste directed to disposal (t)</b>	<b>8,100</b>	<b>9,000</b>
Hazardous waste (t)	3,000	3,000
Incineration	1,300	1,400
Landfill	300	200
Other types of disposal	1,400	1,400
Non-hazardous waste (t)	5,100	6,000
Incineration	2,600	3,300
Landfill	2,300	2,400
Other types of disposal	200	300
<b>Non-recycled waste* (t)</b>	<b>12,500</b>	<b>17,200</b>
Non-recycled waste* (%)	20.9	26.3
<b>Total hazardous waste (t)</b>	<b>8,300</b>	<b>8,600</b>

\* The definition of recycling includes the volumes reported under the categories 'Recycling' and 'Preparation for reuse'. The prior-year figures were updated from 9,000 t to 17,200 t due to a methodological adjustment.

The calculation basis for the reported waste is usually the invoices received from waste recipients. Where information on the disposal type is not available, the volumes of waste are allocated to the waste for landfill category.

### Own workforce [S1]

International companies must implement human resources measures that promote a diverse workforce in terms of both personal and professional aspects. For Knorr-Bremse, this means integrating 30,913 people (including contingent workers) at over 100 locations in 30 countries worldwide. We want to be an attractive employer for all our employees, because their qualifications, motivation, and diversity are the foundation of our success. That is why we place great importance on attracting and developing talent, as well as on a working environment that promotes safety, health, fair pay, training opportunities, work-life balance, and equal opportunities. This approach helps us to address key workforce-related risks to safeguard the long-term sustainability of our strategy and business model.

## Material impacts, risks, and opportunities [SBM-3]

### 2.34 OWN WORKFORCE: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Health and safety	Potential negative impact (short-/medium-/long-term)	Own operations	Injury, illness, or death of employees due to work-related accidents
	Actual positive impact	Own operations	Improved employee well-being and prevention of employee injuries through comprehensive health and safety measures, effective emergency strategies, and targeted training in our own operations
Training and skills development	Actual positive impact (short-term)	Own operations	Enhanced employee skills, increased performance, greater innovation, and improved employee retention through the provision of fundamental and strategic training opportunities
		Own operations	Greater employee satisfaction, talent development, and a fair, inclusive working environment through performance-based development processes, including clear career paths and succession planning
Equal treatment and equal opportunities	Actual positive impact	Own operations	Enhanced cooperation, resilience, and innovative strength through a diverse and inclusive workforce, supported by fair recruitment and equal opportunities
		Own operations	Fairness, satisfaction, and employee retention through fair pay and broad access to career and management positions
Working conditions	Actual positive impact	Own operations	Improved health, satisfaction, and productivity of employees through flexible working time models and comprehensive programs to promote work-life balance, including health services
	Potential negative impact (short-/medium-term)	Own operations	Potential negative impacts on adequate working conditions due to excessive working hours, low flexibility, and structural disadvantages in working time arrangements
	Risk* (medium-/long-term)	Own operations	Loss of specialist knowledge and resource bottlenecks due to high employee turnover and challenges in attracting and retaining qualified specialists
Adequate wages	Actual positive impact	Own operations	Securing employees' living standards and contributing to their economic stability through appropriate wage practices that are adjusted for inflation and cost-of-living increases
Other work-related rights	Potential negative impact (short-/medium-term)	Own operations	Human rights violations, including child labor, forced labor, excessive working hours, and inadequate health and safety measures
	Risk (medium-/long-term)	Own operations	Financial penalties, legal consequences, and reputational damage due to failure to comply with human rights due diligence requirements

\* We included this factor as an additional risk in our own business operations in the 2025 reporting period.

As an innovation driver in the mobility sector, Knorr-Bremse relies on highly qualified and motivated employees. To attract and retain them, we must continuously enhance our appeal as an employer. At the same time, we are laying the foundation for the successful future development of the company. In the BOOST corporate strategy Knorr-Bremse therefore defined "people" as one of three overarching action areas. It sets out the following material key goals:

- Further development of our corporate culture
- Expansion of talent management

- Optimization and digitization of the human resources (HR) organization, e.g., by providing a user-friendly HR IT landscape
- Positioning as an "employer of choice"

The global HR strategy specifies the "people" area of action and initiates corresponding measures that were pushed ahead within the reporting period. It is only in this way that we are able to recruit first-rate talent, develop and foster it, and retain our qualified specialist and executive staff in the company.

Our reporting takes into account the following groups of our workforce:

- Employees are all persons who are on the Knorr-Bremse payroll and are fully subject to a duty to follow our instructions. There is a direct employment relationship between Knorr-Bremse and its employees.
- Contingent workers (= non-employees according to ESRS/CSRD) are persons from an external agency or institution ("agency") who are available to Knorr-Bremse on a temporary basis. They follow Knorr-Bremse's instructions but are not on our payroll. Contractual relationships only exist between the agency and Knorr-Bremse (temporary agency work contract) and between the agency and the contingent worker (usually an employment contract).

The actions and processes described in this chapter apply across the entire Knorr-Bremse Group to all employees, unless otherwise stated in the text. If contingent workers are also included, this is indicated accordingly and referred to as "own workforce."

The assessment of the potentially negative impacts includes the composition of the workforce and the existence of vulnerable groups (persons with a disability, children, and pregnant women). This was done in the context of the human-rights risk analysis for our own operations.

Knorr-Bremse assumes responsibility for complying with its human rights due diligence obligations. As part of the double materiality assessment and risk analyses in accordance with the Supply Chain Due Diligence Act, we have examined our business activities for risks of human rights violations.

The human rights risk analysis is performed for all Group companies that have operating activities. In the reporting period, 87 of the reported Group companies were analyzed, which corresponds to approximately 90% of Knorr-Bremse's total workforce. The risk analysis considers factors such as the type of business operations, country risks, and external indices, e.g., the Global Slavery Index or the World Bank Governance Indicators. Factors such as the economic development of the company being examined, the size and composition of the workforce, survey results on employee satisfaction, and employee sickness or turnover rates are also included in the analysis. The potential damage and reports from the whistleblower system are also considered. We assess the probability of occurrence and potential impacts for each risk category on a scale from 1 (low) to 4 (high). Multiplying both values gives the companies a risk score. This value is used to

assign a low, medium, or high priority to the relevant risk. The potential damage is weighted more heavily than the probability of occurrence to also take into account unlikely but potentially serious scenarios ("black swans"). We conduct on-site visits to verify the results and gain further insights. In a final step, the aggregated risk scores of the companies are used to determine whether a topic is also "material" at Group level. This is the case if the risk in question is a high priority at more than 50% of the companies.

In the reporting period, we used this approach to identify material risks for our own workforce that could have particularly serious consequences for physical and mental health and life. These include risks to health and safety in the workplace, forced labor, and child labor. The negative impacts on health and safety in the workplace, as well as forced and child labor, were a high priority at 40, 47, and 51 of the companies examined.

The transition plan for climate change mitigation does not result in any material impacts on our own workforce.

The content structure of the "Own Workforce [S1]" chapter deviates from the structure of the European Sustainability Reporting Standard (ESRS) in the following aspects. We describe the contents required by law on our principles, measures, targets, and metrics in individual subject-specific subchapters: "Principles and Employee Participation," "Working Conditions," "Training and Skills Development," "Diversity and Equal Opportunities," and "Occupational Health and Safety."

### Principles and employee participation

Knorr-Bremse has set down its expectations for the fair treatment of employees in various directives and is bound by them. If there are complaints in connection with violations, we systematically follow up on them. Furthermore, regular dialog with our employees is important to us. We gather their feedback through various dialog formats and incorporate it, for example, into the further development of our corporate culture.

### POLICIES RELATED TO OWN WORKFORCE [S1-1]

We set out our commitment to be a responsible employee in the Knorr-Bremse Code of Conduct and in our Human Rights Policy, which also serves as a declaration of principles within the meaning of the German Supply Chain Due Diligence Act. Both policies are available on the intranet and on our Group website. Within the Knorr-Bremse organization they form the basis for daily interactions and set out the expectations for human rights and the environment that Knorr-Bremse has of its own workforce.

The Knorr-Bremse Code of Conduct, which applies throughout the Group, sets out key principles and rules for the respect for human rights and to promote a working environment that is based on dignity, trust, and respect and free from discrimination. The code is binding on all employees and forms part of the employment contract (see appendix to the Sustainability Statement [Table → 2.58](#)).

The Human Rights Policy sets out our human rights expectations for our employees and our suppliers in the supply chain and describes, as a declaration of principles, the procedures for implementing identified risks. It prohibits human trafficking, forced labor, and child labor and describes how we want to protect the human rights of all persons who work for us either directly or indirectly, including the topics of occupational health and safety and labor rights. The policy is implemented through systematic management of human rights risks. For this purpose, we carry out an annual human rights risk analysis in our own operations, supplemented by case-specific reviews. To ensure that the policy and associated processes stay up to date, we conduct an assessment at least once a year. This assessment is based on our risk assessment, whistleblower reports, and information from implemented actions.

We explicitly include our suppliers in our human rights policy. We define requirements for our business partners in conjunction with our Code of Conduct for Suppliers. They relate to aspects including safety at work, precarious employment, human trafficking, and forced and child labor. Further information on our supplier management can be found in the “Workers in the Value Chain [S2]” chapter.

These policies are in accordance with the following international agreements on the protection of human rights and labor rights:

- United Nations Global Compact
- United Nations Sustainable Development Goals (SDGs)
- Declaration of the International Labor Organization (ILO) on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- United Nations Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- Supply Chain Due Diligence Act (LkSG)

We implement human rights-related requirements in our own operations with the help of the Human Rights Due Diligence policy. It clarifies the procedures described in the Human Rights Policy by describing requirements

to prevent human rights violations, including child labor and forced labor. The policy also defines minimum standards, e.g., regarding the selection and monitoring of employment agencies, the design of employment contracts, and age verification.

We also reaffirmed our requirements for respect, equal opportunities and inclusion in the Group-wide Anti-Discrimination & Anti-Harassment Policy. It supports our efforts to create and maintain an inclusive and open working environment free from discrimination and harassment. The policy is intended to ensure the equality of all people, regardless of their visible and invisible characteristics, such as ethnic origin, skin color, gender, sexual orientation, disability, age, beliefs, political views, national origin, social origin, or other characteristics. The policy also describes possible forms of discrimination and harassment. It explains the individual co-responsibility of employees, executives, and HR for respectful interactions in the workplace, and reinforces the obligation to report incidents observed or party to using the described complaint channels and whistleblowing systems. The responsibility for implementation of the policy lies at the top level with the Executive Board. The regional Management Board of the location in question is responsible for the operational implementation of the policy.

Specific personnel and time resources are available to implement our commitment. These include the HR Culture & Talent Development and HR Business Partnering teams, which are in regular dialog with managers and employees to ensure cooperation. Resource allocation is adapted annually to the priorities of the commitment so that we can respond flexibly to new challenges faced by employees and increase the effectiveness of our actions.

The Group-wide Health, Safety, and Environment (HSE) policy is our central policy for occupational safety and health. It defines, among other things, binding commitments to the avoidance of work-related accidents. Further information on the HSE Policy can be found in the appendix to the Sustainability Statement, [Table → 2.58](#).

#### **INVOLVEMENT OF EMPLOYEES [S1-2]**

The involvement and participation of employees strengthen the company at various levels. On the one hand, participation enhances our innovative strength. On the other, it underscores employee retention and provides us with important additional perspectives when making decisions on social and human rights issues. These include health and safety in the workplace, personal development opportunities, respect and equal opportunities, working conditions, and fair wage arrangements. For this, Knorr-Bremse relies on direct communication and

feedback. In addition, objective and trust-based cooperation with employee representatives is very important to us. We respect employees' right to freedom of association and assembly and to collective bargaining, wherever these are legally permitted and possible.

The Global Head of Human Resources bears the overall responsibility for measures aimed at direct involvement of employees and reports regularly to the Executive Board member People & Integrity (Labor Director). Employees are involved through various globally standardized formats:

- The annual employee review as part of the Performance & Growth process serves to assess performance, promote skills, evaluate potential, and support the individual development of each employee. The results of the review form the basis for defining development goals and the resulting measures, such as training. The process ensures continuous dialog between managers and employees throughout the year, for example, by means of the mid-yearly check-in. This provides a structured opportunity to reflect on the individual development and goals progress of the employees.
- The Leadership Feedback initiative provides important insights about the individual professional development that managers require. In it, managers responsible for at least five employees are given feedback on the various aspects of their leadership. Leadership Feedback is obligatory and must be conducted within a period of two years. The aim is to develop common measures to improve collaboration on the basis of the results, strengthen dialog between managers and team members, and establish an open feedback culture.
- The Global Employee Survey (GES) is conducted approximately every two years using an external tool. In this employee survey, employees worldwide have an opportunity to answer questions on a range of topics. Free text fields can be used to provide individual feedback and specific suggestions for improvement. The survey results, which are presented centrally by management, are discussed at team level between managers and employees. The pulse check is a shortened survey that takes place in the interim years. It reviews the effectiveness of the measures resulting from the GES. The Executive Board is actively involved throughout the entire process.
- Other local and global exchange formats between the Executive and Management Boards as well as employees include town hall meetings and employee meetings. They take place at different intervals and in different formats depending on the requirements of the respective country. Questions from employees to the management are a fixed item on the agenda.

In addition, Knorr-Bremse involves employees through trusting cooperation with the Works Councils, where these exist at the locations. The Works Councils represent the interests of the employees before the employer on the premises (local Works Council), in the company (Central Works Council), and in the Group (Group Works Council) by exercising their statutory participation rights. Executive Board, the Human Resources department, and the Works Councils meet regularly several times a year and on specific occasions – for example, at economic committee meetings or to conclude works agreements. There is also a European Works Council, which acts as a forum for dialog between Knorr-Bremse and employee representatives on cross-border issues.

Knorr-Bremse incorporates the insights gained from the dialog formats into its strategy, processes, and individual development paths. In particular, the results of the employee survey are an important indicator of the effectiveness of measures and the satisfaction of employees. The Global Employee Survey is a systematic study of key aspects of the employees' work situation and subjective perceptions. It includes work satisfaction, the sense of purpose in the employees' work, general well-being, and situational stresses so that further, targeted developments can be made on these topics. The most recent global employee survey took place in February 2025. Based on the results, company-wide action areas were identified, such as career opportunities, corporate culture, and communication. Building on this, managers worldwide who had access to the results developed individual measures for their own areas.

Knorr-Bremse also supports Employee Resource Groups (ERG): voluntary, employee-led, topic-focused networks. The ERGs encourage a sense of belonging for employees and allow Knorr-Bremse to gain deeper insights into the views and needs of the different employment groups. These are open to all employees at a particular location, with content tailored to the specific country. The largest network is Women@KB. This women's network was founded in Munich in 2022 and has now established itself in eight international locations. Other groups combine topics such as veterans and intergenerational exchange. The ERGs work closely with Knorr-Bremse's Center of Expertise Culture & Talent Development, propose measures to improve working conditions, and increase the visibility of the groups within the company.

## 2.35 OVERVIEW OF OFFERINGS WITH EMPLOYEE INVOLVEMENT

Format	Content/Target	Frequency
Performance & Growth	Employee performance reviews, mid-yearly check-in, development plan, feedback function	Annually (now with mid-yearly check-in)
Leadership feedback	Insights into the individual professional development needs of managers	At least every two years
Global Employee Survey (GES)	Employee survey	Every two years (now with pulse check in the interim years)
Employee Resource Groups	Networks	Continuous
Town hall meetings and works council meetings	Q&A dialog between management and employees	At least once a year
Dialog with employee representatives	Dialog between Executive Board, HR, and Works Councils	Several times a year

### REMIEDIATION OF NEGATIVE IMPACTS ON OWN WORKFORCE [S1-3]

We have implemented a whistleblower and complaint system to identify and prevent any potential negative effects on the workforce at an early stage, as well as to remedy complaints and effectively address violations. It enables all employees and external persons to report violations of human rights, laws, and internal guidelines and to submit information and complaints about potential violations. Employees can contact the Compliance department, the Works Council, and, at German locations, the complaints office in accordance with the General Equal Treatment Act. We also use our publicly accessible whistleblower system to receive and confidentially process information, anonymously on request, about potential negative impacts on members of our own workforce. Rules of procedure for dealing with whistleblower information and complaints have been agreed by the Executive Board and govern the process, responsibilities, and rights of whistleblowers and the individuals concerned. The Compliance department reviews all reports received and forwards them to the relevant departments for further investigation, or conducts the investigation itself. If there is an initial suspicion, investigations are carried out, if necessary with external assistance. If rule violations are identified, remedial measures are taken. Proven misconduct is sanctioned, with the decision left to local management. The Executive Board receives regular reports on the number of cases and the results of the investigations.

Further explanations of the individual process steps and about how Knorr-Bremse provides information on how the whistleblower system can be reached can be found in the "Corporate Culture and Business Conduct Policies [G1-1]" chapter, specifically in the "Complaint Management" and "Protection of Whistleblowers and Incident Investigation Procedures" sections.

### EMPLOYEE CHARACTERISTICS [S1-6]

#### 2.36 NUMBER OF EMPLOYEES BY GENDER

	2025	2024
<b>Total number of employees*</b>	<b>27,448</b>	<b>29,051</b>
Male	21,463	22,604
Female	5,982	6,350
Unknown	3	97

\* See also chapter "Employees."

#### 2.37 NUMBER OF EMPLOYEES BY COUNTRY\*

	2025	2024
Germany	5,006	5,115
China	3,449	3,576
Hungary	2,936	3,025
USA	2,920	3,512
Czech Republic	1,871	1,815
India	1,871	1,882
Mexico	1,667	2,043
Spain	1,377	1,398
Austria	1,077	1,108
Brazil	727	694
Italy	641	638
France	573	590
Japan	548	554
UK	518	712
Australia	425	424
Poland	425	438
Denmark	417	442
South Africa	275	272
Switzerland	180	187
Turkey	138	110
Canada	109	120
Sweden	102	105
Hong Kong	68	78

\* Germany, China, Hungary and USA meet the CSRD thresholds of at least 50 employees and at least 10% of the total workforce.

### 2.38 NUMBER OF EMPLOYEES BY EMPLOYMENT CONDITIONS AND GENDER

	2025	2024
<b>Permanent employees</b>	<b>25,786</b>	<b>27,139</b>
Male	20,232	21,212
Female	5,551	5,830
Unknown	3	97
<b>Temporary employees</b>	<b>1,662</b>	<b>1,912</b>
Male	1,231	1,392
Female	431	520
Unknown	0	0
<b>Employees without guaranteed working hours</b>	<b>136</b>	<b>156</b>
Male	78	88
Female	58	68
Unknown	0	0
<b>Full-time employees</b>	<b>25,809</b>	<b>27,407</b>
Male	20,501	21,634
Female	5,305	5,677
Unknown	3	96
<b>Part-time employees</b>	<b>1,639</b>	<b>1,644</b>
Male	962	970
Female	677	673
Unknown	0	1

### 2.39 NUMBER OF EMPLOYEES BY EMPLOYMENT CONDITIONS AND REGION

	2025	2024
<b>Total number of employees</b>	<b>27,448</b>	<b>29,051</b>
Asia/Australia	6,420	6,628
Europe/Africa	15,605	16,054
North America	4,696	5,675
South America	727	694
<b>Permanent employees</b>	<b>25,786</b>	<b>27,139</b>
Asia/Australia	5,387	5,462
Europe/Africa	14,999	15,346
North America	4,677	5,643
South America	723	688
<b>Temporary employees</b>	<b>1,662</b>	<b>1,912</b>
Asia/Australia	1,033	1,166
Europe/Africa	606	708
North America	19	32
South America	4	6
<b>Employees without guaranteed working hours</b>	<b>136</b>	<b>156</b>
Asia/Australia	1	1
Europe/Africa	135	154
North America	0	1
South America	0	0
<b>Full-time employees</b>	<b>25,809</b>	<b>27,407</b>
Asia/Australia	6,416	6,619
Europe/Africa	14,010	14,461
North America	4,656	5,633
South America	727	694
<b>Part-time employees</b>	<b>1,639</b>	<b>1,644</b>
Asia/Australia	4	9
Europe/Africa	1,595	1,593
North America	40	42
South America	0	0

### 2.40 EMPLOYEE TURNOVER\*

	2025	2024
Number of employees who have left Knorr-Bremse (number)	3,726	3,458
Employee turnover rate (%)	13.1	11.7

\* Turnover reasons included: voluntary resignation, dismissal, retirement, and death

All figures are head count figures. The figures provided refer to December 31, 2025. The exception to this is the information on employee turnover, which covers the entire reporting period from January 1, 2025, to December 31, 2025.

Permanent and temporary employees are differentiated according to whether they have a permanent or fixed-term employment contract. Employees without guaranteed working hours refer to people who work, for example, to cover seasonal requirements or other additional needs. They may be employed on a permanent or fixed-term basis.

## INCIDENTS, COMPLAINTS, AND SEVERE HUMAN RIGHTS IMPACTS [S1-17]

We investigate complaints about potential human rights violations and take appropriate action where necessary. There were no serious human rights violations in connection with our employees during the reporting period.

[Table → 2.41](#)

### 2.41 INCIDENTS AND COMPLAINTS

	2025	2024
Reported violations in the areas of social and human rights concerns (total number)	110	90
Of which reported cases of discrimination including harassment (number)	57	46
Complaints submitted to the OECD National Contact Point for Multinational Enterprises (number)	0	0
Total amount of material fines, sanctions, and compensation payments in connection with the incidents and complaints described above (€)	0	0

### Working conditions

Knorr-Bremse strives to have satisfied employees who are committed and value their working environment. Attractive working conditions promote motivation and satisfaction, thereby increasing employee productivity. At the same time, good working conditions help to retain talented employees in the Company in the long term. This makes them an important factor for competitiveness in the global environment and sustainable business success.

### MANAGEMENT APPROACH AND ACTIONS [S1-4]

Knorr-Bremse is convinced that a productive and sustainable working environment can be created and its competitiveness strengthened by making targeted investments in the areas of employment conditions and personnel development (see subchapter "Training and Skills Development"). The basis for this, including with regard to the actions, is our global human resources strategy, which is based on the objectives of the BOOST business strategy. We gain additional important insights and impulses for implementation through dialog and feedback formats with employees (see chapter "Involvement of Employees [S1-2]"). When designing our actions, we also take into account external trends and evolving developments in the HR market.

The Group's Human Resources department plans, manages, and monitors all overarching cross-company activities at Knorr-Bremse regarding the employees. The

Global Head of Human Resources bears the overall global HR responsibility and reports regularly to the Executive Board member People & Integrity. Regional HR officers are responsible for implementing and supervising the measures in their respective regions. Local HR experts implement the central guidelines at their locations, whereby local conditions are taken into account.

The following actions contribute to good working conditions by mitigating material risks resulting from the impact on employees while reinforcing positive effects.

### Adequate wages

Knorr-Bremse ensures that its employees around the world receive fair pay in line with the market. Salaries should be based exclusively on qualifications and performance. At the same time, we strive for internationally comparable remuneration. This involves evaluating all job profiles according to a globally standardized system and comparing them with benchmarks. We have currently implemented this for 80.1% (2024: 79.8%) of all employees. To protect human rights and adhere to statutory requirements, we regularly check that locally prescribed minimum wages are complied with. As a rule, our employees' remuneration lies above the statutory minimum wage because of the necessary qualifications (see chapter "Adequate Wage Metrics [S-1-10]").

Knorr-Bremse is introducing a new remuneration system at its German locations. Implementation of the Balance project began in 2024 at the Berlin location and is scheduled to be completed by 2026. Depending on the job position, the remuneration system includes a variable salary component as well as optional, location-dependent additional benefits. Greater transparency and better comparability are to ensure performance-based remuneration in line with the market. With the introduction of the new remuneration system, we are reducing the standard working hours to 40 hours per week.

In addition to the regular remuneration, our employees can also receive additional benefits. These are paid voluntarily by Knorr-Bremse – in the form of financial payments or benefits in kind. One example is quick financial support for employees in difficult life situations.

Another offer for employees is the Heinz Hermann Thiele share program, which was launched in September 2021. Once a year, eligible employees have the opportunity to purchase shares in Knorr-Bremse AG up to a fixed amount. The purchase is financially subsidized by the company. At the end of 2025, around 27,700 employees in 24 countries with at least six months' service were

eligible to participate. In the reporting period, 10% of eligible employees took part in the program.

#### Work-life balance

A good work-life balance is a decisive factor for the satisfaction of our employees. Knorr-Bremse's New Work concept, which encourages agile and collaborative working, takes this into account. This includes comprehensive options for mobile working, flexible working hours, and online training opportunities. Supportive family and health programs complement this offering. Special financial assistance and contributions to health care and health insurance are also possible. Our locations implement the measures on their own responsibility and are guided by regional and local requirements, and the legal framework.

Six out of seven locations in Germany have been certified according to a *berufundfamilie* ("job and family") audit. This seal of quality stands for family-friendly working conditions and a family-conscious HR policy that also takes into account employees' different phases of life.

#### TARGETS [S1-5]

Our aim is to be an attractive employer. An important indicator of this is the engagement index. This is determined regularly as part of the global employee survey. It is made up of responses on the topic of job satisfaction and the willingness to recommend Knorr-Bremse as an employer. Since 2024, the engagement index has been part of the target agreements for the long-term variable remuneration of managers at the top two management levels (see Compensation Report for further information). The target value for 2025 was 71 (target value 2024: 71). This target was slightly exceeded, with a score of 72 reached in the employee survey conducted in 2025. The improved engagement index is attributable to the increased willingness of employees to recommend Knorr-Bremse as an employer. Employees particularly viewed the flexibility of working independently in terms of time and location, as well as the good work-life balance, as positive aspects. They also welcomed the further development of the leadership culture at Knorr-Bremse. The target index was again defined internally, taking industry developments into account and based on benchmarks. Employees and workers' representatives were not involved in the target-setting process. The engagement index is reviewed and revised annually if necessary.

#### ADEQUATE WAGE METRICS [S1-10]

Knorr-Bremse' objective is to ensure fair, equitable, and nondiscriminatory remuneration for all employees worldwide. To achieve this, jobs are objectively assessed based on the internationally recognized HAY Job Evaluation Framework. This system analyzes positions in terms of

expertise, problem-solving, and responsibility, thereby enabling transparent, consistent job classification. To determine the standard market remuneration for the classified functions, we use global comparison databases that provide standardized benchmark values for various function groups and regions. Above and beyond our alignment with statutory minimum wage regulations, we strive to ensure that our employees receive an income that rewards their work and their contribution to the company appropriately.

Compliance with local minimum wages in line with local legal requirements was confirmed by all locations. In all countries, the relevant prescribed minimum level is already reached with the basic remuneration. If no local minimum wage is prescribed, we remunerate our employees at least in line with the peer group in other companies in the industrial sector. We ensure this wage level on the basis of regular market studies. However, we pay the majority of our employees above the applicable minimum wage due to the qualifications required. In addition, we regularly review whether our remuneration policy is in line with the current cost of living and market standards in currently 30 countries.

#### SOCIAL PROTECTION METRICS [S1-11]

For the most part, Knorr-Bremse employees are insured against loss of income due to sickness, unemployment, employment injury, acquired disability, parental leave, and retirement. In countries where this is regulated by law, cover is provided through state programs. In countries without corresponding statutory regulations, Knorr-Bremse has set up its own company programs. The following table lists countries in which our employees have limited social protection for the above-mentioned loss of income. [Table → 2.42](#)

#### 2.42 COUNTRIES WITH LIMITED SOCIAL PROTECTION IN 2025

Loss of income from	Country
Sickness	-
Unemployment	India
Employment injury	-
Acquired disability	-
Parental leave	India
Retirement	-

#### WORK-LIFE BALANCE METRICS [S1-15]

Knorr-Bremse employees are entitled to family-related leave in certain situations (e.g., maternity leave, paternity leave, parental leave, leave to care for relatives).

[Table → 2.43](#)

**2.43 FAMILY-RELATED LEAVE ENTITLEMENT COVERAGE**

in %	2025	2024
Employees entitled to special family-related leave	88.3	90.9
Employees* who have taken special leave for family reasons	8.0	8.0
Female**	12.1	12.0
Male**	6.8	6.8

\* Australia was not included due to legal limitations. The coverage rate includes 29 countries.

\*\* As a percentage of the total number of eligible women/men

**Training and skills development**

Knorr-Bremse relies on skilled, motivated employees who are constantly developing, both professionally and personally. Qualified employees can perform their tasks more effectively – both technically and socially, especially as managers. Knorr-Bremse supports its employees with a wide range of opportunities for training and skills development, enabling them to realize their full potential and have long-term success within the Company.

**MANAGEMENT APPROACH AND ACTIONS [S1-4]**

Qualified employees are a competitive advantage and an important basis for a company’s success. The goal of strategic personnel development program at Knorr-Bremse is therefore to systematically promote the continuous professional development of employees. The range includes qualification and training measures, primarily in the areas of social skills, languages, project and quality management, and technology and IT applications.

**Talent management**

The results of the annual employee performance review within the Performance & Growth process are relevant for the professional and personal development of employees, among other things. The review results in an assessment of the employee’s performance and potential by the manager, thus providing the basis for an individual development plan, including possible training measures. The format also provides insights into Company-wide requirements, which are taken into account in the internal training program.

**Training opportunities and lifelong learning**

Our employees can access personalized training opportunities via the myLearning global learning platform. At the end of December 2025, around 15,500 employees had access to the learning environment, representing approximately 50% of the total workforce. The platform contains approximately 4,200 courses, including e-learning and in-person training, and brings together mandatory training and voluntary courses in a single location. One focus

in the reporting period was on developing skills in the field of artificial intelligence: a wide range of additional training courses enabled employees to learn about new AI requirements and potential. To assure quality and learning success, participants can rate how happy they are with the courses (learning happiness) and how efficient they are (learning efficiency). The rating is based on a five-point scale. The level of student learning happiness immediately after completing the training was 4.1 in 2025. Learning efficiency, which was surveyed among both students and their managers three months after the end of the training, was also 4.1 in the reporting period.

Our own training courses are supplemented by the external self-learning tool LinkedIn Learning, which offers about 25,000 courses on work-related topics. Our employees completed more than 13,500 hours of learning in it in 2025.

**Succession planning and management of potential**

Succession planning is a strategic component of Knorr-Bremse’s annual HR process. Through targeted talent development, we aim to ensure continuity in key roles and minimize risks associated with unfilled positions, for example due to employee turnover. Succession planning starts with the Performance & Growth process. This is used to identify key positions and select suitable successors. Individually tailored development measures are planned and implemented for these talented employees. These include participation in the International Management Potential Group (IMPG) for management level 3 or the Germany-specific Junior Management Potential Group (JMPG) program for management level 4. A total of 39 people took part in both programs in the reporting period, composed of 7 women and 32 men.

**Training opportunities for managers**

Another key task of our personnel development program is to strengthen and further develop the skills of our managers. This is because good leadership plays a significant role in motivating our employees, retaining them, and enabling them to work to their full potential. With the Leadership Culture Journey, we have established a Group-wide development program based on our Leadership Principles. The measures for leadership development are designed to strengthen the role model function of our managers and to promote an open, inclusive leadership style. In addition, we aim to improve employee motivation and career development, optimize cross-functional cooperation, and establish clear lines of responsibility. Implementation is taking place in stages: after management levels 1 to 3 had already been trained in 2024, the focus in 2025 was on management level 4. Approximately 87% of this target group have completed the Leadership

Summits. The “Leading Leaders” and “Leading People” programs are offered in addition. The formats are specifically tailored to the development of the different requirements and roles within the management levels.

Leadership feedback, in which team members evaluate their supervisors, is a key component in measuring and developing leadership culture. The feedback serves as a basis for developing measures to improve cooperation, to foster a more effective dialog, and to create a more open culture of feedback.

To generate a competent pool of managers and ensure forward-looking succession planning, we rely on potential analysis procedures (Development Center) and Group-wide management development programs (Management Potential Groups). In addition, Knorr-Bremse offers supplementary global and regional development programs.

**Career paths**

In addition to the traditional management career path, Knorr-Bremse has been gradually introducing an expert career path since 2024. Following its successful rollout in Germany, the program is set to be expanded worldwide in selected focus countries in 2026. The expert career path was developed as a model of excellence and an equivalent alternative to the management career path. It is designed to preserve specialist expertise, reinforce innovative strength, and encourage sustainable growth. The visible recognition of outstanding expertise is also intended to strengthen employees’ ties with the company.

The Management Evolution Program (MEP), an 18-month trainee program for graduates, serves to attract talent for the long term.

Knorr-Bremse continues to place high value on training its own young professionals. This applies particularly to the specialist fields that are important for us, such as industrial mechanics, machining technology, electronics, mechatronics, and IT. In 2025, 491 young people completed an apprenticeship at Knorr-Bremse (2024: 291). In the area of academic training, especially in work-study programs, we cooperate closely with German and international universities.

**TARGETS [S1-5]**

The individual development plan for the employees participating in the process is based on the results of the annual performance review. A high completion rate for annual performance reviews is therefore important as part of the Performance & Growth process. The target value is at least 90%, and its achievement is reviewed annually as part of the internal control system. In 2025, we significantly exceeded the target value with a rate of 95%. As

Performance & Growth processes are completed in the following year, the 95% completion rate in 2025 refers to evaluations that began in 2024 and have now been completed. To maintain this level in the long term, we must ensure consistent information flows to our employees and managers. That is why we will communicate the individual process steps globally in the future and no longer exclusively locally.

**TRAINING AND SKILLS DEVELOPMENT METRICS [S1-13]**

**2.44 PERFORMANCE REVIEW COVERAGE RATE**

	in %	2025	2024
<b>Performance review coverage rate</b>		<b>85.8</b>	<b>85.1</b>
Female		87.7	86.8
Male		85.2	84.9
Unknown		66.7	8.2

\* Equates to the share of employees for whom a performance review was done during the reporting period. The coverage rate is influenced by the purchase of new companies (delayed system rollout) and new recruits in the second half of the year, as performance reviews are not held during an employee’s first year. The relevant categories of people are not part of the performance review process, though they are included in the total number of employees.

The data basis for this information is the global performance management system. It assigns a form to employees who are to be involved in the regular performance review process. The coverage rate is calculated as follows: number of employees who are assigned at least one form, divided by the number of employees (in accordance with Employee characteristics [S1-6]). The figures refer to the end of the reporting period (reporting date December 31, 2025).

**2.45 AVERAGE NUMBER OF TRAINING HOURS**

	in hours	2025
<b>Average number of training hours</b>		<b>20.4</b>
Female		22.0
Male		19.9

The calculation of the average number of training hours per employee per year takes into account all workplace-related learning formats offered or enabled by Knorr-Bremse. Such formats include, for example, face-to-face training, e-learning courses and seminars, language courses, and mentoring and coaching programs. Internal as well as external training programs are included in the calculation. Data is collected primarily via the global “myLearning” learning management system which records the majority of formal learning activities. To supplement this, manual questioning is conducted where

certain training formats or external programs are not incorporated into the system.

To calculate the average training hours, Knorr-Bremse refers to a representative sample. The sample is collected in a way that represents regions and function areas proportionally and takes into account employees in production and technology as well as office and knowledge roles so that the workforce structure is considered appropriately. The average is calculated as the sum of the training hours identified in the sample divided by the number of employees included in the sample.

### Equal treatment and equal opportunities

Respect, equal opportunities, and inclusion (REI) not only contribute to a better, unbiased working environment but are also key factors for global business success. This is underlined by objectives such as a more balanced gender distribution as well as concepts for intergenerational knowledge transfer and international exchange.

#### MANAGEMENT APPROACH AND ACTIONS [S1-4]

We have summarized our principles for respect, equal opportunities, and inclusion in a Group-wide strategy which defines the three global priority areas of gender diversity, age and generations, as well as internationality. Further topics that are of local importance for the locations are defined and processed at the regional level. Our global programs for respect, equal opportunities, and inclusion and their implementation are subject to compliance with the respective regional and local laws and regulations of the countries in which our subsidiaries and branches operate and are reviewed on an ongoing basis. The Center of Expertise Culture & Talent Development is responsible for the implementation of the respect, equal opportunities, and inclusion strategy. Both regional and local managers are responsible for coordinating and implementing respect, equal opportunities, and inclusion activities at their locations.

Knorr-Bremse aims to further strengthen the culture of diversity and also to raise awareness among employees to advocate for employment equity for all employees. To this end, we offer training, conduct campaigns, organize events, and promote exchange among all employees. We provide training to ensure that all employees are aware of the importance of inclusion, equal opportunities and know how to recognize and respond to discrimination. In 2024, we also rolled out a global e-learning program on inclusive collaboration, which is available in four languages (German, English, French, and Spanish). A total of 1,534 employees have taken part in these training programs so far. The Employee Resource Groups, whose establishment is supported by Knorr-Bremse, are a further

initiative for equal opportunities and inclusion in the Company. Our established HR processes also contribute to this topic with inclusive and equitable recruitment practices, flexible working hours and locations, and the promotion of open and transparent communication within the company:

- Regular analysis of the gender pay gap helps us to identify existing differences in average gross hourly earnings and develop targeted measures to promote equal opportunities and equal pay between genders (see chapter "Compensation Metrics [S1-16]").
- In our hiring processes we always promote the best candidate. To further support gender equality in our workforce, we aim to include at least one qualified female applicant for consideration in the final interview stage for management positions at levels 2 to 4. This is not a quota or final slate requirement. Rather, we are operating at the top of the talent pool and setting targets to ensure qualified female talent is considered for these management positions where applicable.
- Founded in Munich in 2022, the Women@KB women's network has now established itself in eight locations. All local networks are connected through an international community. In addition to training and development opportunities, the women's networks in Germany offer a mentoring program and networking events. This year, the networks of the international locations met for the first time in a joint workshop to work on a common strategy.
- Mentoring programs at the locations bring together employees with different professional, cultural, and personal backgrounds. These programs promote cross-departmental exchange, learning from colleagues, and the strengthening of internal networks.
- We want to expand our talent pool for technical professionals by collaborating with various initiatives and universities. For example, we participate in the mentorING program at the Technical University of Munich, in which female students of science and technology courses can participate.

To ensure Knorr-Bremse's future success, we need to promote the exchange of knowledge between generations and actively develop new talent. Our goal is to attain a healthy balance between younger and older employees. We wish to achieve this with the following measures focusing on the topic of age and generations:

- To retain older employees, we rely, for example, on partial retirement models or special further training offers.
- We want to use AI-based platforms to support the transfer of knowledge in succession processes and onboarding. We have selected an external tool for this purpose

that stores both formal and informal knowledge and makes it accessible to our employees. The knowledge management tool was tested with a pilot group in 2024 and evaluated in the 2025 reporting period. Based on the positive results, another pilot for a larger user group is planned for 2026.

- By strengthening the employer brand, we want to remain attractive for both internal and external talent. A key contribution to this is the external approach to young professionals, for instance, at career fairs or through cooperation with universities and sponsorships with educational institutions. In addition, we invite potential talent to on-site events, such as the annual Girls Day.

Launched in 2024, the Generations@KB network has established itself as a platform for targeted dialog between generations and for colleagues at different points in their lives. The reverse mentoring program launched in October 2024 was successfully completed in July 2025, with 19 tandems. In addition, two internal knowledge-sharing events were held, featuring topic-based interviews and presentations on personal experiences. Lunch or after-work meetings for young professionals, networking activities at internal company events, and Lunch & Learn sessions on the topic of New Work complemented the networking activities.

Our third global focus topic of internationality is a key strength of our globally operating Group. Cultural diversity is deeply rooted in the corporate culture of Knorr-Bremse and is an important success factor that we would like to continue to promote and expand in a targeted manner. In 2025, 83.4% of our workforce was employed at locations outside Germany. Overall, people with 116 different nationalities work for Knorr-Bremse worldwide. We promote international cooperation through intercultural training, language courses, cross-location projects, and stays abroad. For example, international exchange is an integral part of our Management Evolution Program (MEP). Here, trainees gain experience in international projects and work at a foreign location for at least six months. As a global player, Knorr-Bremse also sends employees on international assignments on a regular basis. These expatriates can work abroad for a period ranging from six months to five years in the process. There were 44 employees posted abroad in 2025 (2024: 39).

**TARGETS [S1-5]**

Our specific goal is to promote gender equality. Our goal is to increase the percentage of women in both the workforce and management. In 2022, Knorr-Bremse defined global targets for this with a target horizon of the end of the third quarter of 2027:

- 25% proportion of women in the workforce
- 20% proportion of women in management levels 1 to 4

The targets are based on the year 2021, when the proportion of women in the workforce was 20.3% and 14.1% at management levels 1 to 4. In the latter case, we take into account both female managers and female employees with an equivalent expert career path without management responsibility. The targets are subject to regional and local legal requirements and regulations and are reviewed regularly.

The targets to increase the proportion of women were defined together with the Executive Board. Employees and employee representatives were not involved directly in defining the targets. The Center of Expertise Culture & Talent Development reports once a quarter to the Executive Board member People & Integrity on progress and on actions taken to achieve the targets.

**DIVERSITY METRICS [S1-9]**

**2.46 GENDER DISTRIBUTION AT THE TOP MANAGEMENT LEVEL (MANAGEMENT LEVELS 1 AND 2)**

	2025		2024	
	Number	In %	Number	In %
Men	103	85.8	98	86.0
Women	17	14.2	16	14.0
Unknown	0	0.0	0	0.0

**2.47 AGE STRUCTURE**

	Number	2025	2024
<30 years		3,577	4,213
30–50 years		16,980	17,761
>50 years		6,889	6,983
Unknown		2	94

The average age in 2025 at Knorr-Bremse was 42.3 (2024: 41.8). This will further increase due to demographic change in industrialized countries.

### INCLUSION ON THE JOB METRICS [S1-12]

Employees with disabilities or health restrictions are an important part of our workforce. To promote their equal participation, we have implemented various inclusion measures, such as providing workspaces that are tailored to individual circumstances. The disabled persons' delegation supports people with disabilities to find a suitable workplace within the Group. The share of our employees who had a disability during the reporting period was 2.0%, of whom 0.5% were female and 1.5% male (2024: 2.1%, of whom 0.6% female and 1.5% male).

The data was collected manually and is based on the applicable national definitions. Australia, Canada, and Sweden could not be included due to legal restrictions. In other countries, provision of this information is voluntary. Overall, the coverage rate comprises 27 countries.

### COMPENSATION METRICS [S1-16]

Salaries at Knorr-Bremse should only differ on the basis of employees' qualifications and performance. In 2025, the unadjusted gender pay gap at Knorr-Bremse worldwide was 12.9% (2024: 10.3%). The average gross hourly earnings of male employees were thus above those of female employees by this percentage. The unadjusted gender pay gap does not consider structural factors such as age, job, function in the company, qualification, value of the function (grading), or location of the employees. The unadjusted gender pay gap thus provides no information on the extent to which equal work is paid unequally.

Knorr-Bremse conducted a more in-depth analysis in 2024 as part of its own fair pay project at German locations. This has identified the influencing factors of location, function in the company, and value of the function as additional remuneration drivers. The econometric model used produces an adjusted gender pay gap of <1% in Germany<sup>10</sup>. This figure was validated externally and supports Knorr-Bremse's fundamentally gender-neutral compensation policy.

The ratio of the total annual compensation of the highest-paid person in the company to the median total annual compensation of all employees (excluding the highest-paid person) at Knorr-Bremse is 79.8 (2024: 83.6).

The data was collected using the local HR information systems.

### Occupational health and safety

A key objective of Knorr-Bremse's sustainability strategy is to create a working environment that ensures the health

and safety of our workforce to the fullest extent possible. We consciously assume this responsibility toward each and every individual who works for us. We actively work to prevent workplace accidents and encourage employee well-being through preventive occupational safety and effective health management.

### MANAGEMENT APPROACH AND ACTIONS [S1-4]

Occupational health and safety management is defined in our HSE Policy and internal HSE processes, and is firmly anchored within our organizational structures. All processes and standards conform to the applicable laws as well as international standards such as ISO 45001, ISO 14001, and ISO 9001. System and process audits, HSE safety audits, facility acceptance audits, and regular location inspections help ensure compliance with these requirements. In the Rail Vehicle Systems division, 54 production and service sites around the world are certified on occupational health and safety in accordance with ISO 45001 (2024: 50). This corresponds to a coverage of 51% of our workforce. At locations that are not externally certified but have implemented Knorr-Bremse corporate management systems (Rail Excellence [REX] at RVS, Truck Excellence [TEX] at CVS)<sup>11</sup>, we verify compliance with our internal processes and standards through internal audits.

Overall responsibility for occupational health and safety lies with the Executive Board. The central HSE departments of our divisions develop strategic guidelines which they coordinate with all locations. On site, HSE specialists implement all occupational health and safety activities, providing support to managers. These local HSE officers define location-specific emergency preparedness and response plans for dealing with potential emergencies. In addition, they manage the occupational safety processes at the location and, in particular, assess the risk of injury and accident posed by production facilities, workplaces, and processes. Incidents are followed up by a root-cause analysis by local HSE specialists, who implement suitable processes or safety and protective measures to remedy the situation. Furthermore, at some locations, a variety of innovative solutions are also being used. In Modřice (Czech Republic, RVS), 2025 forklifts were equipped with AI-supported camera systems to further reduce incidents and accidents involving the vehicles. The cameras detect people in danger zones and automatically brake the forklift. In the production hall in Kecskemét (Hungary, CVS), a newly installed intelligent system with motion sensors and visual signals monitors and controls the traffic of forklifts and pedestrians at intersections and hazardous areas. This aims to prevent safety incidents at blind spots or critical locations, such as curves or transport

<sup>10</sup> This is a voluntary disclosure calculated according to general standards.

<sup>11</sup> Coverage rate among employees around 82%.

gates. Digital technologies are also used in first aid. In Suzhou (China, RVS), smart first aid kits support a faster and better documented response process. They digitally record information about the user and the key details of the incident and automatically report inventory and expiration date data.

Knorr-Bremse is continually working to improve occupational health and safety across the Group. Regular activities and actions help to increase employees' safety awareness. These include internal training, location-specific safety activities, informational campaigns, regular occupational safety meetings, and specially prepared reports. Divisional global HSE meetings are held annually to facilitate a Group-wide exchange. They are supplemented by cross-divisional events and meetings at a national and regional level.

To reinforce the safety culture, preventive measures are taken at the locations to assess risks and safety-related behavior, beyond raising awareness. These include the standardized recording across the Group of near misses, i.e., where a potential accident did not happen, and first aid incidents. These processes were driven further and trained across the Group in 2025. The aim is to identify potential risks at an early stage, devise targeted preventive measures, and further improve occupational safety. One example of improved occupational safety status recording is a platform introduced at the Liberec site (Czech Republic, CVS) for conducting structured occupational safety audits. Managers conduct weekly audits and discuss five key safety aspects (e.g., hazards, personal protective equipment, contingency measures) with employees. All observations and measures are digitally documented and tracked. In Bowling Green (USA, CVS), a new software program automatically evaluates existing image data for unsafe behavior in the working environment. The software identifies safety-critical situations, such as missing PPE or risky interactions between pedestrians and vehicles, and generates trend analyses. This allows training courses to be developed to meet requirements and risk prevention measures to be addressed at an early stage. Since the solution was introduced, the accident rate and number of incidents have fallen significantly. In addition, practical "Hands On HSE" training courses continued in 2025. These courses impart safety knowledge through interactive exercises and simulations, for example on the safe use of machinery, PPE, and ergonomic working methods. The program encourages personal responsibility and promotes confidence to act.

Our occupational health management encompasses the areas of mental risk assessment, ergonomics management, workplace health promotion, employee support

programs, and health protection for employees. We use the Health Performance Index (HPI) to guide us in our occupational health management activities. This defines minimum requirements for the individual measures and assesses how well they have been implemented. This enables us to derive targeted improvement measures and, at the same time, promote the knowledge transfer between locations based on identified best practice examples. The index is now also being used at selected European locations in addition to Germany. Initial assessments have been carried out at a global level and potential for optimization has been identified.

In the interests of prevention in the area of health, we have been recording work-related illnesses in our workforce across the Group since 2025. The insights gained from this will be incorporated into the continued development of our health management system in the future, for example through targeted preventive measures. At present, we offer a variety of illness prevention and health promotion measures at our locations, depending on local requirements. These include seminars, workshops, exercise programs, and medical preventive services, with a focus on resilience and mindfulness training. For example, employees in the Americas region can take courses on health-conscious behavior and receive a discount on their health insurance. In addition, we offer gyms at all American locations and hold regular health days with various activities such as health checks. In the UK, trained individuals known as Mental Health First Aiders are on hand to provide first aid in the event of mental health issues and crises. At our German locations and in the Americas region, the *mein EAP* program (Employee Assistance Program) offers support and advice in personal crisis situations. This professional short-term counseling service is available to employees and their family members facing health, career, and personal issues. EAP also supports care management by helping to find therapy places and specialized physicians. The high number of users reflects that the program has been well received by employees. In addition, the autonomous learning tool LinkedIn Learning offers a series of courses on health protection, resilience, and stress prevention.

#### TARGETS [S1-5]

Our goal is to prevent work-related accidents as far as possible. To this end, we measure the number of work-related accidents per 200,000 contractual working hours. After the target for 2024 was achieved, the target value for 2025 was lowered further, thereby making the requirement more ambitious. It amounts to 0.7 (2024: 0.8) workplace accidents per 200,000 contractual working hours and is in line with our continuous improvement management. This workplace accident metric is also a factor in our

variable management remuneration (see Compensation Report for further information). In addition, the HSE management systems at our various locations comprise individual targets for improving occupational health and safety.

The global HSE officers and the Executive Board set the Group targets for occupational health and safety. The locations are actively involved in this process through regular expert dialog. The global targets are communicated to the relevant locations and clarified for them. The necessary measures for achieving the targets are developed by the HSE specialists, taking local circumstances into account. The location managers are involved in both the review and target-setting processes and are supported in all matters by the local HSE organization.

### Workers in the value chain [S2]

Globally operating companies bear a high level of responsibility for fair working conditions in their value chain. Knorr-Bremse pays particular attention to respecting human rights and protecting workers. To avoid human rights risks and minimize reputational and business risks, we rely on risk analyses, complaint mechanisms, binding procurement guidelines, supplier audits, and training. These tools help us to effectively manage risks and build long-term, trust-based business relationships. Where necessary, we support suppliers in implementing improvement measures and foster their understanding of sustainability.

#### OCCUPATIONAL HEALTH AND SAFETY METRICS [S1-14]

##### 2.48 OCCUPATIONAL SAFETY

	2025	2024
People in own workforce who are covered by Knorr-Bremse's health and safety management system based on legal requirements and/or recognized standards or guidelines (%)	100	100
Fatalities as a result of work-related injuries and ill health among Knorr-Bremse's own workforce (number)	0	0
Fatalities as result of work-related injuries and ill health among other workers working on Knorr-Bremse's locations (number)	0	0
Reportable work-related accidents (number)	210	249
Number of reportable work-related accidents per 200,000 contractually agreed hours of work	0.6	0.7
Number of reportable work-related accidents per 1 million contractually agreed hours of work	3.1	3.5

## Material impacts, risks, and opportunities [SMB-3]

### 2.49 WORKERS IN THE VALUE CHAIN: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Working conditions and other work-related rights	Potential negative impact (short-/medium-term)	Upstream	Human rights violations, including child labor, forced labor, poor working conditions, and inadequate occupational health and safety
	Risk (medium-/long-term)	Upstream	Risk of fines, exclusion from tenders, and reputational damage due to non-compliance with human rights due diligence obligations

Knorr-Bremse is aware that its business activities along the value chain can have potential negative impacts on workers. Part of our strategy and business model is therefore to integrate sustainability aspects into the supply chain with the aim of minimizing the risk of human rights violations and promoting fair working conditions for workers in the supply chain. To this end, we have defined clear human rights requirements which are based on our internal commitments, international standards, and statutory specifications such as the German Supply Chain Due Diligence Act (LkSG) (see chapter "Policies Related to Own Workforce [S1-1]"). We work with suppliers and other actors in the value chain in structured processes to identify, assess, and manage actual and potential impacts on workers, including vulnerable groups. This allows us to build long-term business relationships that contribute to sustainable economic development in the supply regions while also reducing risks in the supply chain. In addition, our management approach minimizes business risks for us, such as the risk of being fined or excluded from tenders due to a violation of human rights due diligence obligations.

As part of its analysis of potential impacts, risks, and opportunities, Knorr-Bremse includes the workers in its upstream and downstream value chain. In addition, workers who do not belong to our own workforce but who work at our locations are considered, as well as those who work for joint ventures in which Knorr-Bremse is involved.

We learn about potential human rights-related risks in the supply chain in particular from the risk analyses we conduct in accordance with the LkSG. We assess the extent to which our direct suppliers are exposed to potential risks, drawing on external sources of information on procurement categories, country risks, and the potential extent of damage. In addition, industry-specific risk factors and the assessment of the vulnerability of particularly at-risk worker groups in high-risk regions, e.g., migrant workers and contingent labor, are also included in the assessment. We pay close attention to raw material

supply chains and geographical areas where there is a widespread or systemic risk of child and forced labor. On this basis, Knorr-Bremse identified increased potential risks in Asia (China, India, and Vietnam), Latin America (Brazil and Mexico), and parts of Europe (Slovakia, Turkey, and Hungary) in the reporting period. Metal processing and electronics have been identified as particularly risk-prone areas, meaning that these countries and industries structurally expose blue-collar workers and employees at the lower levels of the value chain to greater risks. By comparing this risk data with our suppliers' sustainability ratings, we create individual risk profiles and derive risk mitigation measures. For example, we are continuously refining our well-established management system for responsible mineral sourcing with the aim of specifically reducing human rights risks, particularly for vulnerable groups in mines and smelters (see chapter "Management approach and actions relating to value chain workers [S2-4]"). In addition, established complaint mechanisms, assessments, social audits, and escalation procedures help identify risks at an early stage and take appropriate remedial measures. No material negative impacts related to individual incidents or specific business relationships were identified in the reporting period.

#### Policies related to value chain workers [S2-1]

Knorr-Bremse has outlined its expectations regarding fair working conditions, equal treatment, and equal opportunity, as well as compliance with other labor-related rights, in a set of binding policies. The following policies apply to all workers in the upstream and downstream value chain.

The Supplier Code of Conduct sets out our requirements with regard to working conditions, human rights, environmental protection, safety, business ethics, and compliance. We expect our suppliers not only to comply with these principles, but also to convey the requirements to their own suppliers and subcontractors. Furthermore, the code describes how Knorr-Bremse intends to ensure compliance with the outlined principles and which

whistleblower and complaint mechanisms suppliers can use in the event of violations (see chapter “Remediation of Negative Impacts and Channels [S2-3]”). To ensure that these requirements are formally integrated into the procurement process, the Code of Conduct is an integral part of the contract and must be confirmed. Updates are communicated to suppliers via structured communication channels. We monitor compliance through externally verified sustainability assessments, supplier visits, and on-site social audits (see chapter “Management of Relationships with Suppliers [G1-2]”).

The Human Rights Policy sets out in detail the principles and expectations regarding respect for human rights. The policy explicitly covers the topics of forced labor, modern slavery, human trafficking, and child labor.

In addition, the Responsible Minerals Sourcing Policy governs responsible mineral sourcing. This policy is binding for all our suppliers who process or market relevant minerals. The policy was revised in 2025. This update reaffirms our strengthened commitment to ethical sourcing and compliance with evolving international requirements, including the EU Conflict Minerals Regulation (2017/821), the German Supply Chain Due Diligence Act, and the OECD Due Diligence Guidance. The revision extends the scope to cobalt and mica, defines clearer requirements for suppliers, and clarifies our complaint mechanism. The appendix to the Sustainability Statement includes a table summarizing relevant details of Knorr-Bremse’s policies in accordance with the ESRS, [Table → 2.58](#).

#### **Involvement of workers in the value chain [S2-2]**

Knorr-Bremse’s processes for minimizing the impact of its business activities also take into account the perspectives of workers along the value chain. Some of the ways in which we gather their input include direct communication, regular supplier audits conducted by Knorr-Bremse or external experts, as well as training programs. We decide on the best way to engage with workers on a case-by-case basis. Such engagement can take place while we are onboarding new suppliers or in the course of our existing supplier relationships. The supplier risk profile that we create plays a crucial role in this context (see chapter “Management of Relationships with Suppliers [G1-2]”). Moreover, Knorr-Bremse has established complaint mechanisms to record and systematically process worker concerns regarding human rights due diligence. These mechanisms are available to workers throughout the value chain and comprise anonymous reporting channels, escalation procedures, and follow-up protocols to ensure resolution and remediation. For more information on

handling reported complaints, see the “Remediation of Negative Impacts and Channels [S2-3]” chapter.

Overall responsibility for measures aimed at direct engagement with our suppliers’ workers lies with the global purchasing organization, while the Sustainable Purchasing department is responsible for implementing these measures. The Group Human Rights Officer and the Compliance department also help investigate incidents reported via our complaint management system.

Various indicators are used to assess the effectiveness of our commitment. We use metrics such as the number of reported incidents, improvements in audit results, and direct feedback from suppliers.

On-site visits to suppliers give us direct insights into vulnerable groups in the value chain. In the course of these visits, independent experts conduct special sustainability audits during which they interview employees of our suppliers or their representatives to verify that workers’ rights are being respected. Moreover, Knorr-Bremse has integrated sustainability aspects into the company’s own supplier visits. Knorr-Bremse auditors are trained to check for and identify sustainability and human rights risks on site with the help of checklists.

Through our project work in industry associations, we gain further insights into systemic human rights violations in the supply chain. As active members of industry initiatives such as the Responsible Minerals Initiative (conflict minerals), Railsponsible (RVS supply chain), Automotive Industry Dialog (AG), and Drive Sustainability (CVS supply chain), we work together with customers, competitors, and other stakeholders to improve sustainability standards in the supply chain. This cooperation also offers an opportunity to engage indirectly with workers along the value chain, for example through joint audits, assessments, or industry-wide complaint mechanisms.

#### **Remediating negative impacts and channels [S2-3]**

Knorr-Bremse wants to ensure that suppliers follow the principles set out in our Supplier Code of Conduct. Our Supply Chain Management team therefore screens and rates suppliers with regard to their human rights due diligence obligations – for instance, by means of audits, media analyses, and assessments and by incorporating sustainability risks into the supplier selection process (see chapter “Business Conduct [G1]”). We also take active action against policy violations that are reported to us via the channels provided. Any negative impacts of our business activities identified as a result will be minimized or remedied by means of targeted measures.

Our expectations with respect to complaint procedures are documented in the Supplier Code of Conduct. Suppliers are required to provide their employees and stakeholders with the opportunity to report concerns or violations of our policy without fear of retaliation. To this end, we advise suppliers to set up their own whistleblower system or to join an industry-wide system. We also ask them to inform their employees about the Knorr-Bremse whistleblower and complaint system.

Knorr-Bremse's publicly accessible whistleblower system can be used to report possible human rights violations anonymously. In addition, violations of the Code of Conduct may also be reported to our compliance contact persons by email. Details of these complaint channels are provided in our Code of Conduct, our Human Rights Policy, and on our website. There is no systematic review at Knorr-Bremse to determine whether supplier employees are familiar with our whistleblower system. The reporting process and the relevant procedural rules, such as rules on the protection of whistleblowers, are described in more detail in the "Corporate Culture and Business Conduct Policies [G1-1]" chapter.

We expect our suppliers to immediately report to Knorr-Bremse any violations of the standards set out in the Code of Conduct, as well as to document and subsequently remedy such violations. Should our business activities have harmed or contributed to harming an employee of a supplier, we offer our support in determining effective remedial action. Knorr-Bremse reserves the right to review suppliers or to carry out audits to ensure that remedial action has been taken. If the supplier does not adequately address the issue within a reasonable period of time, Knorr-Bremse will consider terminating the business relationship.

#### **Management approach and actions relating to value chain workers [S2-4]**

Our strategy for continuously improving sustainability performance in the value chain is firmly anchored in our global procurement processes. Implementation of this strategy is supported by cross-functional cooperation between the Purchasing, Compliance, and Sustainability departments. We ensure that our suppliers apply the sustainability standards and integrate them into their own processes through various measures, including assessments, audits and training, as well as contractual obligations. For details, see the "Management of Relationships with Suppliers [G1-2]" chapter.

Knorr-Bremse is systematically expanding its processes for respecting and safeguarding human rights in the supply chain. At Knorr-Bremse, the Executive Board and

the management teams of the subsidiaries share responsibility for the implementation of human rights due diligence. Upon the LkSG coming into force, the Executive Board specified the responsibilities for human rights risk management and delegated them to the competent departments. The Human Rights Officer in the Compliance department monitors compliance with the requirements of the LkSG in the Group and reports regularly to the Executive Board. At the operational level, measures are implemented by the departments.

We continued to analyze human rights risks in our supply chain and in our own business areas in 2025 in accordance with legal requirements (see chapter "Material Impacts, Risks, and Opportunities [SBM-3]"). On this basis, we identify suppliers with an elevated risk profile and derive appropriate measures. During the reporting period, 382 suppliers were identified whose risk scores exceeded our threshold. We take a multistep approach with these high-risk suppliers, who represent around 15% of our total procurement volume. In the first step, we ask them to sign the current Supplier Code of Conduct and have their sustainability performance reassessed. We then develop customized improvement plans based on their risk classification and sustainability ratings. These plans can include corrective measures, capacity-building measures, and follow-up assessments. Our goal is to actively engage suppliers in sustainability issues. The effectiveness of these measures is reflected in the results of external sustainability assessments: in 2025, the average sustainability score of this group rose by 4%, increasing the proportion of suppliers with better ratings in the ABCD classification (see chapter "Management of Relationships with Suppliers [G1-2]").

In addition, Knorr-Bremse conducted several ad hoc risk analyses during the reporting period to detect potential human rights or environmental violations in the supply chain. Publicly available media sources were systematically analyzed to determine whether business partners were associated with fines, sanctions, or allegations of misconduct. If relevant incidents were identified, we examined whether and to what extent our direct or indirect suppliers were affected. It was apparent in several cases that suppliers were involved in reported violations. In each of these cases, Knorr-Bremse contacted the management of the companies concerned directly to ensure that appropriate remedial and corrective measures were taken. This included discussions about causes, specific expectations for improvements, and, where necessary, reviews through audits or documentation analyses.

We have established a special due diligence process for responsible sourcing of minerals. The central tools for

managing and reporting are our Company-wide Responsible Minerals Sourcing Policy and regular supplier questionnaires. Once a year, we require our direct suppliers with 3TG relevance (tin, tantalum, tungsten, and gold) to inform us of the origin of the minerals used in the Conflict Minerals Reporting Template (CMRT). We require the suppliers concerned to use only ethically sound smelters or refiners that are certified by independent third parties in accordance with recognized standards. The last survey covered more than 85% of our procurement volume. This identified 40 (2024: 40) smelters or refiners that were classifiable as critical. These non-certified smelters or refiners were called on to join the Responsible Minerals Assurance Process (RMAP) and undergo independent verification. The audits assess whether an operation’s business practices, management systems, and values align with the key principles of responsible sourcing. Again in 2025, we called on affected suppliers to divest themselves of high-risk smelting plants or refineries.

In addition, we also collect information on other raw materials to meet our due diligence obligations in the supply chain: in addition to cobalt and mica, this has also included copper, graphite, lithium, and nickel since 2025. We collect this information using the Extended Minerals Reporting Template (EMRT). During the 2025 campaign, we asked 1,266 suppliers to answer the questionnaire.

[Table → 2.50](#)

**2.50 REPORTING OF CONFLICT MINERALS\***

	2025	2024
Number of suppliers invited to take the CMRT survey	1,266	1,314
Response rate of surveyed suppliers in relation to number of suppliers (%)	54.4	76.6
Share of purchasing volume from surveyed suppliers in procurement expenditure (%)	86.3	87.4
Response rate of surveyed suppliers in relation to procurement expenditure (%)	61.5	88.6

\* The figure for 2024 relates to the percentage of suppliers who have provided us with information on the use and origin of conflict minerals in the August 2024–April 2025 reporting period. The figures for 2025 represent an interim status for the period from August 2025 to January 2026. The current data collection process will end in April 2026.

**Targets related to value chain workers [S2-5]**

Knorr-Bremse has defined targets with the aim of continuously improving its suppliers’ sustainability performance. The focus here is on gradually increasing the proportion of suppliers with sustainability assessments, working together to improve their individual assessment results, and thereby gradually optimizing their risk profiles (see chapter “Management of Relationships with Suppliers [G1-2]”). When setting our goals, we consider the results of existing supplier assessments, feedback from industry initiatives, and dialog with relevant stakeholders. To support implementation, we sensitize our suppliers to the importance of sustainability assessments, support their participation in them, and accompany them through the assessment process. Knorr-Bremse has not currently defined any further quantitative targets regarding workers in the value chain.

**Business conduct [G1]**

Sustainable corporate governance is based on responsible business practices and clear principles. Corporate governance at Knorr-Bremse is geared toward promoting a trust-based corporate culture and supporting comprehensive compliance management. Violations of ethical business conduct – for example, in the areas of corruption or human rights – are systematically investigated. That applies both internally and along the value chain.

Key tools include our compliance and risk management, supplier and customer management, employee training, the role model function played by managers, and continuous dialog with stakeholders. This is how we seek to reduce legal and reputational risks while strengthening the trust of our business partners and stakeholders.

## Material impacts, risks, and opportunities [SBM-3]

### 2.51 BUSINESS CONDUCT: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Corporate culture	Actual positive impact	Own operations	Strengthened trust, fairness, and responsible behavior of employees and external stakeholders by promoting transparency, <u>accountability, and ethical behavior over and above compliance</u> . Enhanced employee well-being and contribution to a more equitable, resilient society through a diverse, inclusive, and <u>meaningful working environment</u> .
Corruption and bribery	Potential negative impact (medium-term)	Own operations	Loss of trust in public institutions and the rule of law, distortion of competition in the market, and damage to competitors due to <u>corruption and bribery</u> .
	Risk (medium-term)	Own operations	Fines, loss of business opportunities, seizure of assets, and claims for damages due to corruption, money laundering, or other <u>violations of compliance rules</u> .
Protection of whistleblowers	Actual positive impact	Own operations	Increased openness, accountability, and psychological safety by fostering a culture where employees can express their opinions freely and anonymously without fear of retaliation.
Management of relationships with suppliers	Actual positive impact	Upstream	Improved working conditions and stronger business relationships for employees and suppliers through responsible supplier selection and long-term, transparent partnerships.

#### Business conduct policies and corporate culture [G1-1]

Knorr-Bremse focuses on good and sustainable corporate governance in its activities, adhering to applicable law and ethical rules and strengthening the reputation of the company. We want to build trust in Knorr-Bremse: with employees, customers, business partners, shareholders, the capital markets, and the general public. We therefore expect all managers, employees, and our business partners to conduct themselves responsibly and respectfully in a way that complies with the principles of integrity and mutual respect. Our goals and activities are consistent with our corporate values: entrepreneurship, technological excellence, reliability, passion, and responsibility. These five values guide our daily actions and dealings with our various stakeholders.

We align our business activities with the requirements of our compliance management policy. This is guided by our commitment to comply with laws, internal rules, and voluntary pledges.

The Group-wide Code of Conduct for employees contains our compliance requirements and is based on our corporate values and the principles of the UN Global Compact. The Code defines our principles for responsible business conduct within the Company and in relation to our external stakeholders. This includes a ban on corruption of any kind. The Code of Conduct, which is binding for all employees of the Group, therefore forms part of the

written employment contracts of new employees worldwide. Its principles and rules of conduct are specified in compliance policies covering the following areas: handling gifts and invitations, preventing corruption and money laundering, dealing with conflicts of interest, implementing due diligence obligations with regard to human rights, and fair competition. We also revised our policies on business partner screening and on donations and sponsorship during the reporting period. In addition, we also adopted a new policy that creates a uniform framework of internal sanctions for legal and policy violations.

The principles and expectations regarding respect for human rights laid down in the Code of Conduct are set out in more detail in the Human Rights Policy. The main themes of this policy are the ban on child and forced labor, equal treatment of all employees, the right to health and safety in the workplace, and freedom of association. Our Human Rights Policy is based on the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the Ten Principles of the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, the OECD Guidelines for Multinational Enterprises and the OECD Due Diligence Guidance. Detailed information can be found in the "Role of the Administrative, Management, and Supervisory Bodies [GOV-1]" chapter.

We have integrated compliance controls into our internal control system (ICS) to ensure compliance with the policies. In addition, Knorr-Bremse's Internal Audit department conducts regular audits to verify that the policies are being applied.

At Knorr-Bremse, responsible conduct is based on a strong corporate culture that is being continuously refined. It encourages employees to identify with the Company and can therefore contribute to long-term business success. Motivated, dedicated employees enable Knorr-Bremse to maintain its innovative edge, respond flexibly to challenges, incorporate a wide range of perspectives, and remain an attractive employer for employees of all generations.

One focus at Knorr-Bremse in the reporting period was the further implementation of the new vision of leadership that was defined in 2023 in the course of the cultural development. The new leadership vision is anchored in globally applicable leadership principles and forms the basis for a state-of-the-art, value-driven leadership culture. A key aspect is to strengthen employees' initiative and decision-making capabilities and empower them to actively take on responsibility. A condition for this is a "speak-up" culture characterized by trust, in which employees can openly address even sensitive issues – confident that their feedback will be treated respectfully and appreciatively. In our Leadership Culture Journey, managers are familiarized with the new understanding of leadership in workshops and further developed in their role as role models (leading by example). More information on the Group-wide rollout of this personnel development program can be found in the "Management Approach and Measures [S1-4]" chapter.

Knorr-Bremse aims to continuously drive forward cultural change and create a working environment where employees want to work. It is therefore crucial to understand how our employees experience the corporate culture in their everyday work. To obtain this feedback directly from our employees, we have introduced various platforms and dialog formats – leadership feedback, annual performance reviews, regular global employee surveys, and insights gained from processing reports to our whistleblower system. The results obtained from this are incorporated into targeted actions to improve the corporate culture or internal processes, controls, and policies (see chapter "Engaging with Own Workforce [S1-2]").

The considerable importance of employee satisfaction is also reflected in its anchoring in management objectives: since 2024, the achievement of targets for the long-term incentive (LTI) for management levels 0 to 2 (Executive

Board, Management Board, divisional management) has been directly linked to employee satisfaction.

#### **COMPLAINT MANAGEMENT AND WHISTLEBLOWING SYSTEM**

Knorr-Bremse's compliance management seeks to ensure compliance with laws, internal regulations, and voluntary commitments. Our whistleblower system is an integral part of our compliance management system. Employees, business partners, and external persons can report information and suspected cases of possible compliance violations to the compliance organization in various ways: via email, directly through the compliance organization, or online via an independent, anonymous whistleblower portal. In addition, an option to submit reports via a telephone hotline was introduced in the 2025 reporting period. This globally accessible portal operated by an external service provider allows reports on any compliance breaches to be reported in 31 countries and in 21 languages. The system also enables protected communication for whistleblowers who prefer not to reveal their identity.

In addition, the internal Incident Notification and Alarm Services (INAS) system is used for personalized reporting of time- and safety-critical events and incidents from the areas of data protection, information security, and Group security. Events classifiable as critical reach the responsible area of the Group directly via the system.

#### **PROTECTION OF WHISTLEBLOWERS AND INTERNAL INVESTIGATION PROCEDURES**

Both our Code of Conduct and the rules of procedure for internal investigations adopted by the Executive Board contain requirements to protect whistleblowers. The rules of procedure govern not only the course of action and the responsibilities involved, but also the rights of whistleblowers and the persons implicated. Key principles include the protection of whistleblowers from disadvantages, the fairness and confidentiality of the process, the independence of investigations and the safeguarding of data privacy. The involvement of stakeholders was set out and described in an agreement with the Group Works Council which anchors information and details on employee surveys, analysis of electronic media, and involvement of the Works Council.

These requirements are in line with the statutory provisions, specifically Directive (EU) 2019/1937 and the national implementing legislation, such as the German Whistleblower Protection Act, and the German Supply Chain Due Diligence Act (LkSG). Discrimination against whistleblowers on the basis of a report made in good faith is expressly prohibited. This applies even if the report or complaint turns out to be unsubstantiated.

The prohibition on discrimination applies to both employees and external parties. It does not apply if a report or complaint is made against better judgment or in gross negligence with the objective of bringing another person into disrepute, subjecting them to criminal prosecution, or otherwise inflicting damage. Nor does it apply if the complaint or report is made against better remeasurement with the aim of averting any pending and justified disciplinary action. The prohibition on discrimination does not provide protection from criminal prosecution by the authorities, either.

In practical terms, the whistleblower is additionally protected by the option to submit anonymous reports via the online portal.

We provide details on complaint management and the whistleblowing system through internal information and training events, via the Group-wide intranet, and in the e-learning courses on the Code of Conduct. The Knorr-Bremse website additionally provides clear and understandable information on how to access the whistleblowing system as well as on responsibilities and the complaint process. The internal rules of procedure are also available on the website. In addition, the FAQ section on the whistleblower system platform explains the complaint mechanism.

In the 2025 reporting year, we switched the whistleblower system to a Navex tool. We used the migration as an opportunity to again provide comprehensive information about the system and its importance to the workforce and management using poster campaigns and information events.

We follow up on every report as quickly as possible and forward it to the relevant departments for further clarification. Investigations are carried out where an initial suspicion is substantiated. We take legally permissible sanctions if a breach of rules is determined or misconduct is proven. A new policy adopted in 2025 created a uniform framework for this. If the investigations reveal a need for improvement with regard to internal processes, controls, or requirements, this is addressed through appropriate remedial measures. This is how we continuously refine our compliance management system.

The internal rules of procedure also set out that nobody who has or could appear to have a vested interest in a certain outcome of the process is permitted to be involved in an investigation or decision concerning the consequences. The reasons for this may be close relationships to the persons affected by the investigations or allegations affecting the party's own area of responsibility.

Potential conflicts of interest must be disclosed immediately. If conflicts of interest are suspected, the affected persons must not receive any information on the progress of the process in case this puts the investigation at risk.

Persons tasked with the investigation are functionally independent in accordance with our rules of procedure. They are not subject to any general or specific instructions that may exclude or hamper independent determination and analysis of the facts. They determine both the objective of the investigation and the procedure independently.

To ensure that the whistleblowing and complaint system is independent and unbiased, responsibility for it lies with the Group Compliance department. It monitors the development of reports in terms of type, number, duration, outcome, and geographical distribution. This provides information on the level of awareness of the system, the trust placed in it by employees, and its effectiveness. In the employee survey, which takes place approximately every two years, our employees can assess whether they can raise critical issues without fear of discrimination.

We want to ensure that all relevant cases are captured in the whistleblower system. For this reason, we obtain annual confirmation from the Management Boards that all cases known to them have been reported in accordance with our requirements.

The Executive Board receives regular information on reports received, the results of investigations, and the actions taken.

#### **PREVENTION THROUGH TRAINING AND COMMUNICATION**

To prevent compliance breaches, Knorr-Bremse relies on transparent communication and training. The leadership guidelines communicated in the context of leadership development illustrate how a well-developed speak-up culture can strengthen compliance throughout the company (see chapter "Management Approach and Measures [S1-4]"). Employees with online access are required to complete a global e-learning course, which is available in 14 languages, on the Code of Conduct every two years. In December 2025, approximately 95% of employees with access to our "myLearning" learning platform had a valid certificate for the Code of Conduct training (approximately 46% of the total workforce).

A separate e-learning course on corruption prevention is aimed at employees in purchasing and sales and at managers, who are exposed to an increased risk in these areas due to their contact with external business partners or because of their responsibilities. Employees from these divisions are also required to complete this training every

two years. Anti-corruption training was assigned to 3,405 employees in high-risk positions. Of them, approximately 94% (3,201 employees) had obtained a valid certificate by the end of December 2025. All of the Executive Board received anti-corruption training and is informed regularly about regulatory developments and compliance-related topics by the Chief Compliance Officer.

In addition to e-learning courses, live training (in person and webinars) is held for employees on specific compliance content. In 2025, 99 of these compliance training courses were held worldwide (2024: 75), reaching a total of around 2,800 participants.

During the reporting period, employees were also provided with comprehensive information about Knorr-Bremse's compliance work during "Compliance Week." We also expanded our internal information offerings relating to the compliance management system. On the intranet, a Compliance Hub provides employees with a clear overview of key information about the system and internal contacts. This is also where the new CCO Podcast series is published, in which Knorr-Bremse's Chief Compliance Officer reports on current topics in their field of expertise.

### Management of relationships with suppliers [G1-2]

To live up to our self-image as a sustainable company, we are committed to assuming responsibility along the entire value chain. Strategic Purchasing helps lay the foundation for reliable, efficient, and sustainable Knorr-Bremse products by selecting the right suppliers and materials.

Knorr-Bremse is a global group that works with a large number of predominantly local suppliers. Each year, we purchase products and services from approximately 27,000 suppliers in 71 countries. They include roughly 6,300 partners for the manufacturing and production of parts, components, and materials for our products; just by themselves, they account for 73% of procurement spending. The purchased products primarily contain metals, friction components, electronic components and plastics, with the proportion of raw materials directly purchased by us being low.

Knorr-Bremse has firmly embedded the Group-wide strategy for sustainable procurement in its purchasing processes. The purchasing managers for direct and indirect materials are responsible for its implementation. Compliance with and optimization of sustainability standards in the supply chain are accompanied by experts at Group level. The Sustainable Procurement Steering Committee – comprising the heads of the global purchasing units and the Sustainability department – discusses

and decides on strategic and current sustainability topics several times a year. Their work is supported and monitored by the ESG boards at divisional and Group level. Our procurement is associated with significant impacts on the environment and society in production countries, so our goal is to work with our suppliers to improve sustainability in the supply chain and minimize risks. Our approach to supplier management is based on three pillars: setting clear sustainability requirements, reviewing and assessing supplier performance against these requirements, and providing targeted training for suppliers and procurement employees.

### GUIDELINES AND SUSTAINABILITY REQUIREMENTS

Knorr-Bremse set out its commitment to sustainability in the supply chain in its Group-wide Code of Conduct. We also expect our suppliers to act in line with our values and international environmental and human rights standards. These include the principles of the UN Global Compact, the International Labour Organization (ILO) conventions, the UN Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises. These principles are specified and defined in our Code of Conduct for Suppliers, our Human Rights Policy, the Conflict Minerals Policy, and our Quality Guidelines.

Our Group-wide Code of Conduct for Suppliers is intended to promote and require the systematic inclusion of sustainability aspects in the production methods and conduct of our suppliers. It sets out the standards our suppliers are required to meet with respect to working conditions, human rights, environmental protection, safety, business ethics and compliance. We expect our suppliers to comply with the requirements and implement them in their upstream supply chain. The compulsory code is available in 16 languages and is an integral component of all supplier contracts. In addition, the Knorr-Bremse Human Rights Policy additionally details our expectations in terms of respect for human rights.

Process descriptions and guidance provide an overview of the sustainability criteria and management approaches that we incorporate into the global purchasing processes. Internal policies specify the extent to which sustainability aspects must be considered in procurement decisions for certain product groups. These include renewable energy, business travel, and energy-efficient products, equipment, and services.

### SUPPLIER SCREENING AND EVALUATION

We use measures such as assessments, audits, training and contractual commitments to ensure that our suppliers implement and apply the sustainability standards. External service providers who are experts in the industry

continuously carry out sustainability assessments, evaluating our suppliers' sustainability management and performance. Suppliers are selected for such assessments based on criteria such as procurement volume, supplier classification, and the relevant ESG risk profile. The ESG risk profiles are determined using the CSR Risk Check external tool, which assesses the potential sustainability risks of certain business activities, taking into account material groups, industries, and country contexts. We currently have a valid sustainability assessment for approximately 3,500 suppliers. This covers 77% of our global procurement volume. Our target rate for 2026 will remain at 75%, as numerous existing certificates will expire this year and need to be reevaluated. We are also focusing on improving the assessments of the evaluated suppliers while preserving the coverage rate. [Table → 2.52](#)

**2.52 SUSTAINABILITY ASSESSMENT OF SUPPLIERS**

	2025	2024
in % of purchasing volume	77.0	75.9

We use the results of the sustainability assessments to evaluate the individual risks of suppliers and classify them into defined categories. To do this, we use a four-level ABCD classification system that enables measurable and continuous improvement in the sustainability practices of our suppliers. Suppliers in category D are classified with the highest sustainability risk. This group currently represents 8% of our global purchasing volume. Our goal is to continuously reduce the proportion of these suppliers. We are therefore developing action plans to improve the sustainability performance of the suppliers concerned. Knorr-Bremse sees two options for suppliers in category D: either they demonstrably improve their sustainability performance, or we gradually relocate the purchasing volume allocated to them to alternative suppliers. The classification is also linked to our Sustainability-linked Supplier Early Payment Program (S.E.P.P.).

As a supplement to these sustainability assessments, we conduct risk analyses of our suppliers in the areas of human rights (see chapter "Remediation of Negative Impacts and Channels [S2-3]") and physical climate risks (see chapter "Material Impacts, Risks, and Opportunities [E1-SBM-3]").

We also audit and assess suppliers' sustainability performance in external audits and supplier visits. Our Supplier Development department uses a specific checklist to assess sustainability-related risks when visiting suppliers (On-Site Risk Checker). This checklist is used to assess

and document sustainability aspects such as human rights, occupational health and safety, environmental management, and decarbonization strategy issues. The results help us in our decision whether additional local audits or other further investigations are necessary. In addition, Knorr-Bremse engages independent experts to conduct sustainability audits at selected suppliers. The objective of these audits is to assess the extent to which suppliers comply with international social and environmental standards and applicable national regulations. The frameworks of the Responsible Business Alliance (RBA), Together for Sustainability (TfS), and the UN Global Compact, among others, serve as references. In 2025, a total of 17 on-site audits were conducted, including two follow-up audits. Suppliers were selected for auditing based on criteria such as procurement volume, human rights risk analysis results, and sustainability assessments. If discrepancies or potential for improvement are identified during audits or assessments, Knorr-Bremse works with suppliers to develop and implement corrective measures. Follow-up audits are carried out as necessary to review progress. The insights gained help to proactively address potential risks and improve due diligence compliance across the entire value chain.

**CONSIDERATION OF SUSTAINABILITY CRITERIA WHEN SELECTING SUPPLIERS**

We take account of suppliers' sustainability assessments in our contract award process. In the CVS division, sustainability assessment – with a minimum category of C – and signature of the Supplier Code of Conduct are mandatory requirements for awarding contracts. Both criteria are actively included in the assessment by the Sourcing Board, the review and decision-making body for supplier contracts. Failure to meet these criteria constitutes a reason for exclusion from the selection process. In the RVS division, preference is given to suppliers with "preferred" or "potential preferred" supplier status. To achieve the highest supplier status in this division, we also require a valid sustainability assessment with at least a C category. In both divisions, we also expect our suppliers to have a certified environmental management system in place that meets the requirements of the international ISO 14001 standard. At present, 59% of our direct purchasing volume is sourced from suppliers with a valid ISO 14001 certification.

**FURTHER DEVELOPMENT AND QUALIFICATION**

To meet our sustainability requirements in the long term, we support our suppliers with training programs in the further development of their sustainable orientation, competencies, and activities. In 2025, for example, we further expanded our training offerings with a focus on sustainability assessment, responsible mineral sourcing,

and decarbonization. These training courses were aimed at suppliers who together account for over 80% of our direct material spending. In addition, external service providers who carry out sustainability assessments for us conduct supplementary webinars and other support measures on the topic of sustainability.

One of the incentives Knorr-Bremse offers for suppliers to continue with their sustainability activities and systematically pursue their sustainability targets are its sustainability-linked financing programs. The Sustainability-linked Supply Chain Finance (SSCF) program enables suppliers to obtain money from the bank early, i.e., as soon as they receive an order and long before it is paid for. A sustainability component was added to the program in 2022, enabling suppliers who reach certain sustainability targets to receive loan disbursements faster and with better terms. The condition is that they undergo an evaluation by an ESG rating agency. This can be either Ecovadis or NQC, which is well established in the automotive industry. In collaboration with Deutsche Bank and CRX Markets, the entire SSCF process has been designed to be very simple and accessible in order to deliberately appeal to smaller suppliers as well.

We see training and awareness raising for purchasing employees as another key requirement for sustainable supplier management. Around the world, they should have the necessary expertise to be able to assess, advise and audit suppliers. We provided these specialists with ongoing information about sustainability in procurement at events, workshops, and webinars in the reporting period. The main topics included the on-site risk checklist, CO<sub>2</sub> data collection and decarbonization of the supply chain, CBAM (Carbon Border Adjustment Mechanism), conflict minerals, the LkSG (German Supply Chain Due Diligence Act), and the EUDR (EU Deforestation Regulation). In 2025, 89% of employees in global procurement participated in our e-learning course on sustainable procurement processes and practices.

### **Prevention and detection of corruption and bribery [G1-3]**

Combating corruption and bribery is an essential part of corporate responsibility at Knorr-Bremse. We do not tolerate any form of corruption and expect the same of our business partners. Conflicts of interest, including and especially in dealing with our business partners, must be avoided. We have established appropriate compliance policies (see chapter "Corporate Culture and Business Conduct Policies [G1-1]").

The structure of our compliance management system (CMS) is based on the requirements of audit standard 980

of the Institute of Public Auditors in Germany (IDW). The main goal of the CMS is to effectively anchor compliance in business processes. For example, we aim to ensure that employees comply with the law and internal regulations, prevent systematic misconduct, and detect and remedy breaches.

The main focus of our CMS is preventing corruption, ensuring fair competition, and avoiding conflicts of interest, fraud, and embezzlement. The topics are determined on the basis of a Group-wide compliance risk analysis in which potential compliance risks are identified and assessed using risk scenarios.

The Chief Compliance Officer is responsible for implementing the CMS and reports to the member of the Executive Board People & Integrity (Labor Director). Compliance topics are also a regular agenda item at Executive Board meetings. The Supervisory Board and the Audit Committee are also regularly informed about the status of the CMS and new compliance requirements.

In the Knorr-Bremse regions, regional compliance officers take on the role of advising and training employees, processing compliance cases, and identifying local risks. Business activities in Europe, Brazil, China, India, and the North America are supported by full-time compliance coordinators.

The Group Audit department supports the Executive Board in its monitoring function through independent and objective audit procedures. These are geared toward improving business processes and uncovering any breaches of laws or internal rules or guidelines. The internal control system (ICS), which comprises compliance-specific controls, additionally serves to verify compliance with compliance guidelines. Knorr-Bremse locations must also conduct spot checks to prove that they are effectively implementing the guideline requirements.

If the investigations reveal a need for improvement with regard to internal processes, controls, or requirements for corruption prevention, this is addressed through appropriate remedial measures in order to continually refine the compliance management system.

Further information on our anti-corruption and anti-bribery procedures can be found in the "Business conduct and Corporate Culture Policies [G1-1]" chapter.

## Incidents of corruption or bribery [G1-4]

### 2.53 INCIDENTS OF CORRUPTION AND BRIBERY

	2025	2024
Convictions for violation of anti-corruption and anti-bribery laws (number)	0	0
Fines for violation of anti-corruption and anti-bribery laws (€)	0	0
Total number of confirmed incidents of corruption or bribery (number)	2	2
Incidents in which employees were dismissed or disciplined for corruption or bribery (number)	2	2

The figures are taken from the internal whistleblowing system, which records incoming reports with a time stamp and then evaluates and follows them up.

In the reporting year, business relationships with three smaller local indirect suppliers in the Asia-Pacific region

were terminated due to potential violations of anti-bribery regulations (2024: 0).

During the reporting period, neither Knorr-Bremse nor any of its employees acting in the course of their duties for Knorr-Bremse were subject to public legal proceedings or convictions for corruption-related offenses.

## Product and system safety

Safety plays a crucial role in passenger and freight transport and is essential so that operators and passengers can have confidence in state-of-the-art mobility solutions. That is why Knorr-Bremse has set itself high safety standards, which guide us in the development and improvement of our products and services for commercial and rail vehicles. Our integrated management systems provide us with valuable support in this area, with processes covering compliance with internal standards as well as regulatory and customer-specific requirements for quality and safety. Through continuous research and development, we enhance the safety and reliability of our products throughout their entire life cycle.

## Material impacts, risks, and opportunities [SBM-3]

### 2.54 PRODUCT AND SYSTEM SAFETY: OVERVIEW OF IMPACTS, RISKS, AND OPPORTUNITIES

Topic	Impact/risk/opportunity	Value chain stage	Description
Product and system safety	Actual positive impact	Downstream	Safer products and lower risk of damage for users and society due to high product safety standards and strict quality controls
	Risk (medium-/long-term)	Downstream	High warranty and recall costs as well as lost sales can result from product or system safety defects, leading to liability or reputational damage*

\* The risk of potential product or system safety defects was included in the 2025 reporting period.

With its products, systems, and services, Knorr-Bremse contributes substantially to safe, efficient, and connected rail and commercial vehicle transportation. Our portfolio not only includes braking systems as our core products, but also intelligent entrance systems, air conditioning, auxiliary power supply systems, and signaling and control technology for rail vehicles and electronic control and driver assistance systems for commercial vehicles. Many of our products and systems are safety-critical, meaning that reliability and quality are key criteria in our customers' decision to purchase products from us.

We monitor compliance with the strict safety requirements of our products, systems, and services that arise from customer requirements, legal requirements, as well as standards, very carefully. Knorr-Bremse AG uses

comprehensive quality planning, quality assurance, and testing procedures for this purpose. However, a residual risk remains that products supplied by us may have quality defects or may not be properly installed or used. In such cases, we work closely with our customers to find a solution quickly. We also recognize provisions based on our best estimate for the overall risk in the area of quality and product liability.

### Policies on product and system safety

Product safety and quality are a core principle of Knorr-Bremse's business activities, as emphasized in the Group's vision, corporate values, and Code of Conduct. As a signatory to the European Railway Safety Culture Declaration, the RVS division further demonstrates its commitment to promoting a culture of safety in the industry.

Both divisions have their own safety and quality policies, and the locations must implement them. At RVS, the requirements are set out in the safety policy and quality policy, while CVS is subject to the requirements of the Quality First Policy. A key concern here is continuous improvement of product and system quality along the entire supply chain. In addition, the safe design of production and work processes is equally important.

The Product Safety and Product Conformity Organizational Policy lays down the framework for implementing our requirements for product safety. It documents the responsibilities and tasks in the organization. Overall responsibility for compliance with product safety and product conformity lies with the Executive Board of Knorr-Bremse. The Executive Board involves the companies of the RVS and CVS divisions for this. The Product Safety Committee (PSC) has to ensure that product safety and product conformity are implemented.

Knorr-Bremse's quality management systems are based on international standards. In the RVS division, these are the quality standards ISO 9001 and ISO 22163 (formerly IRIS, International Railway Industry Standard). The rail-specific requirements included in ISO 22163 are firmly anchored in the division's processes and manuals and the Knorr-Bremse production system. For the CVS division, the IATF (International Automotive Task Force) 16949 quality standard applies. [Table → 2.55](#)

### **Management approach and actions related to product and system safety**

Our processes for managing product and system safety are described in and steered by means of the Rail Excellence (REX) and Truck Excellence (TEX) management systems. We use a variety of methods to ensure continuous quality and safety at all stages of the value chain over which we can exert an influence. This includes the development process, product validation, the careful selection of suppliers, the Knorr-Bremse manufacturing process, and the delivery of our products. Among the methods and actions used are failure mode and effects analyses (FMEAs), product safety audits and reviews, our own production line audits, regular mandatory product safety training for relevant employees, product testing, field testing, and in-depth market monitoring. Regular internal audits and assessments serve to verify and optimize the implementation of our integrated management system. As a quality control measure, we regularly conduct regional, global, and product-specific quality reviews. The reviews and strict escalation processes ensure that potential safety-critical incidents are assessed and resolved at an early stage.

In the use phase, Knorr-Bremse is committed to fulfilling its obligation to monitor products globally and identify potential risks, and has implemented a product integrity process for this purpose. The regional quality managers are responsible for active product monitoring through market observation, media research, customer complaint analysis, and checks of accident/recall databases. Potential risks in product and system safety are reported to the Group Clearing board. After the matters have been investigated, which includes performing a risk assessment, Group Clearing decides on the recommended actions and involves the PSC if needed. If there are safety-critical incidents, the PSC decides on the final assessment and on suitable risk prevention measures to ensure the safety and conformity of the marketed products and systems.

To meet supplier management quality standards, both divisions monitor and audit their supplier base. In addition to a process audit for suppliers, the RVS division uses prior information suppliers have provided about themselves, including on quality certificates such as ISO 22163. Adherence to this standard is a requirement for attaining the status of preferred supplier at Knorr-Bremse. In the CVS division, every supplier must undergo a product safety audit and a review by the Sourcing Board, which includes representatives from the Purchasing, Quality, Logistics, and R&D departments.

Knorr-Bremse is constantly working to further improve the level of safety and quality in both of its divisions – with respect to both business processes and the product portfolio. With our high-quality and reliable products, systems, and services, we aim to make a substantial contribution to improving transportation safety. This self-imposed commitment, along with growing demands from society, means that transportation safety is a key focus of our research and development activities. Some of the safety-related products we have developed include braking systems for higher transportation capacity and safety, collision avoidance and object detection systems, and digital and electrified product solutions (see chapter "About the Group," section "Research and Development").

In rail transport, Knorr-Bremse contributes to safety not only through its own technological development work, but also by actively helping to shape industry standards. Knorr-Bremse contributes its technical expertise to the European industry association UNIFE (Union des Industries Ferroviaires Européennes) and works with ISO committees to develop new rail standards. A Knorr-Bremse expert was honored with the ISO Excellence Award in 2025 for their special contribution to this international standardization work. The Company is also participating in the DIN anniversary campaign "50 Years. 50 Standards."

### Targets and metrics related to product and system safety

Our internal corporate guidelines create a binding framework for our safety and quality targets. The zero-defect philosophy and our integrated management system are designed to help us achieve the goals we have set for all our products and services: increased efficiency, maximum flexibility and productivity from production to vehicle operation, maximum delivery reliability and customer satisfaction, accident prevention, and improved infrastructure utilization.

We ensure that relevant quality metrics such as cost of poor quality, delivery quality, as well as functional test failures and product safety audit results, are monitored by providing a monthly report to the quality organization, the divisional Management Boards, and the Executive Board. Each year, we set global quality targets for suppliers, business processes, and customers. In both divisions, these targets are linked to remuneration for management levels 0 to 4, weighing in at 10% of short-term variable remuneration. The performance criterion "quality" focuses on operating activities in the business units, with quality targets such as the "cost of poor quality" set for both divisions. In the reporting period, the quality targets for

CVS were 70% achieved and those for RVS 197% (see Compensation Report for further information).

The global quality officers and the Executive Board set the Group targets for product and system safety. The locations are also involved in this process through regular dialog with the relevant experts. In the CVS division, the regions and other global functions, such as Purchasing, participate as well. The global targets are broken down for the quality managers and their respective locations. To achieve the targets, we conduct a status analysis for each location to determine necessary actions. Location managers are involved in both the review and the target-setting process. They are supported in all matters by the local quality organization.

### 2.55 CERTIFIED BUSINESS UNITS

	2025	2024
Locations with a certified quality management system in accordance with ISO 9001, ISO 22163, or IATF 16949 (number)	114	110
Coverage rate of employees (%)	93	91

## Appendix to the Sustainability Statement

### 2.56 INDEX OF COVERED DISCLOSURE REQUIREMENTS

Chapter	ESRS standard	Disclosure requirement	Definition	Chapter in the report
General disclosures	ESRS 2	BP-1	General basis for preparation of sustainability statements	General disclosures [ESRS 2]
General disclosures	ESRS 2	BP-2	Disclosures in relation to specific circumstances	General disclosures [ESRS 2]
General disclosures	ESRS 2	GOV-1	The role of the administrative, management and supervisory bodies	General disclosures [ESRS 2]
General disclosures	ESRS 2	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	General disclosures [ESRS 2]
General disclosures	ESRS 2	GOV-3	Integration of sustainability-related performance in incentive schemes	General disclosures [ESRS 2]
General disclosures	ESRS 2	GOV-4	Statement on due diligence	General disclosures [ESRS 2]
General disclosures	ESRS 2	GOV-5	Risk management and internal controls over sustainability reporting	General disclosures [ESRS 2]
General disclosures	ESRS 2	SBM-1	Strategy, business model and value chain	General disclosures [ESRS 2]
General disclosures	ESRS 2	SBM-2	Interests and views of stakeholders	General disclosures [ESRS 2]
General disclosures	ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	General disclosures [ESRS 2]
General disclosures	ESRS 2	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	General disclosures [ESRS 2]
General disclosures	ESRS 2	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	General disclosures [ESRS 2]
Climate change	ESRS E1	E1-1	Transition plan for climate change mitigation	Climate change [E1] General disclosures [ESRS 2]
Climate change	ESRS E1	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – material impacts, risks, and opportunities and their interaction with strategy and business model	Climate change [E1] General disclosures [ESRS 2]
Climate change	ESRS E1	E1-2	Policies related to climate change mitigation and adaptation	Climate change [E1]
Climate change	ESRS E1	E1-3	Actions and resources in relation to climate change policies	Climate change [E1]
Climate change	ESRS E1	E1-4	Targets related to climate change mitigation and adaptation	Climate change [E1]
Climate change	ESRS E1	E1-5	Energy consumption and mix	Climate change [E1]
Climate change	ESRS E1	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Climate change [E1]
Climate change	ESRS E1	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Climate change [E1]
Climate change	ESRS E1	E1-8	Internal carbon pricing	Climate change [E1]
Climate change	ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
Pollution	ESRS E2	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – material impacts, risks, and opportunities and their interaction with strategy and business model	Pollution [E2]
Pollution	ESRS E2	E2-1	Policies related to pollution	Pollution [E2]
Pollution	ESRS E2	E2-2	Actions and resources related to pollution	Pollution [E2]
Pollution	ESRS E2	E2-3	Targets related to pollution	Pollution [E2]
Pollution	ESRS E2	E2-5	Substances of concern and substances of very high concern	Phase-in

Chapter	ESRS standard	Disclosure requirement	Definition	Chapter in the report
Pollution	ESRS E2	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Phase-in
Water	ESRS E3	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – material impacts, risks, and opportunities and their interaction with strategy and business model	Water resources [E3]
Water	ESRS E3	E3-1	Policies related to water and marine resources	Water resources [E3]
Water	ESRS E3	E3-2	Actions and resources related to water and marine resources	Water resources [E3]
Water	ESRS E3	E3-3	Targets related to water and marine resources	Water resources [E3]
Water	ESRS E3	E3-4	Water consumption	Water resources [E3]
Water	ESRS E3	E3-5	Potential financial effects from water and marine resources-related impacts, risks, and opportunities	Phase-in
Resource use and circular economy	ESRS E5	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – material impacts, risks, and opportunities and their interaction with strategy and business model	Resource use and circular economy [E5]
Resource use and circular economy	ESRS E5	E5-1	Policies related to resource use and circular economy	Resource use and circular economy [E5]
Resource use and circular economy	ESRS E5	E5-2	Actions and resources related to resource use and circular economy	Resource use and circular economy [E5]
Resource use and circular economy	ESRS E5	E5-3	Targets related to resource use and circular economy	Resource use and circular economy [E5]
Resource use and circular economy	ESRS E5	E5-4	Resource inflows	Resource use and circular economy [E5]
Resource use and circular economy	ESRS E5	E5-5	Resource outflows	Resource use and circular economy [E5]
Resource use and circular economy	ESRS E5	E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks, and opportunities	Phase-in
Own workforce	ESRS S1	ESRS 2 SBM-2	Disclosure requirement related to ESRS 2 SBM-2 – interests and views of stakeholders	General disclosures
Own workforce	ESRS S1	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – material impacts, risks, and opportunities and their interaction with strategy and business model	Own workforce [S1]
Own workforce	ESRS S1	S1-1	Policies related to own workforce	Own workforce [S1]
Own workforce	ESRS S1	S1-2	Processes for engaging with own workforce and workers' representatives about impacts	Own workforce [S1]
Own workforce	ESRS S1	S1-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Own workforce [S1]
Own workforce	ESRS S1	S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Own workforce [S1]
Own workforce	ESRS S1	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Own workforce [S1]
Own workforce	ESRS S1	S1-6	Characteristics of the undertaking's employees	Own workforce [S1]
Own workforce	ESRS S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	Phase-in
Own workforce	ESRS S1	S1-9	Diversity metrics	Own workforce [S1]
Own workforce	ESRS S1	S1-10	Adequate wages	Own workforce [S1]
Own workforce	ESRS S1	S1-11	Social protection	Own workforce [S1]
Own workforce	ESRS S1	S1-12	Persons with disabilities	Own workforce [S1]
Own workforce	ESRS S1	S1-13	Training and skills development metrics	Own workforce [S1]

Chapter	ESRS standard	Disclosure requirement	Definition	Chapter in the report
Own workforce	ESRS S1	S1-14	Health and safety metrics	Own workforce [S1] Phase-in for work-related ill health and for non-employees in the undertaking's own workforce
Own workforce	ESRS S1	S1-15	Work-life balance metrics	Own workforce [S1]
Own workforce	ESRS S1	S1-16	Compensation metrics (pay gap and total remuneration)	Own workforce [S1]
Own workforce	ESRS S1	S1-17	Incidents, complaints, and severe human rights impacts	Own workforce [S1]
Workers in the value chain	ESRS S2	ESRS 2 SBM-2	Disclosure requirement related to ESRS 2 SBM-2 interests and views of stakeholders	General disclosures Workers in the value chain [SBM3, S2-2]
Workers in the value chain	ESRS S2	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 material impacts, risks, and opportunities and their interaction with strategy and business mode	Workers in the value chain [S2]
Workers in the value chain	ESRS S2	S2-1	Policies related to value chain workers	Workers in the value chain [S2]
Workers in the value chain	ESRS S2	S2-2	Processes for engaging with value chain workers about impacts	Workers in the value chain [S2]
Workers in the value chain	ESRS S2	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Workers in the value chain [S2]
Workers in the value chain	ESRS S2	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Workers in the value chain [S2]
Workers in the value chain	ESRS S2	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Workers in the value chain [S2]
Business conduct	ESRS G1	ESRS 2 SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – material impacts, risks, and opportunities and their interaction with strategy and business model	Business conduct [G1]
Business conduct	ESRS G1	ESRS 2 GOV-1	Disclosure requirement related to ESRS 2 GOV-1 – the role of the administrative, management, and supervisory bodies	Business conduct [G1]
Business conduct	ESRS G1	G1-1	Corporate culture and business conduct policies	Business conduct [G1]
Business conduct	ESRS G1	G1-2	Management of relationships with suppliers	Business conduct [G1]
Business conduct	ESRS G1	G1-3	Prevention and detection of corruption and bribery	Business conduct [G1]
Business conduct	ESRS G1	G1-4	Incidents of corruption or bribery	Business conduct [G1]
Product and system safety (entity-specific disclosure)				Product and system safety

## 2.57 INDEX OF DATA POINTS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Chapter in the report
ESRS 2 GOV-1	21 (d)	Board's gender diversity	X		X		General disclosures [ESRS 2]
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			X		General disclosures [ESRS 2]
ESRS 2 GOV-4	30	Statement on due diligence	X				General disclosures [ESRS 2]
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	X	X	X		Not material
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	X		X		Not material
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	X		X		Not material
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			X		Not material
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				X	Climate change [E1]
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		X	X		Not material
ESRS E1-4	34	GHG emission reduction targets	X	X	X		Climate change [E1]
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	X				Climate change [E1]
ESRS E1-5	37	Energy consumption and mix	X				Climate change [E1]
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	X				Climate change [E1]
ESRS E1-6	44	Gross Scopes 1, 2, 3 and Total GHG emissions	X	X	X		Climate change [E1]
ESRS E1-6	53-55	Gross GHG emissions intensity	X	X	X		Climate change [E1]
ESRS E1-7	56	GHG removals and carbon credits			X		Climate change [E1]
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			X		Phase-in
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; location of significant assets at material physical risk		X			Phase-in
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		X			Phase-in
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			X		Phase-in
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water, and soil	X				Not material
ESRS E3-1	9	Water resources	X				Water resources [E3]
ESRS E3-1	13	Dedicated policy	X				Water resources [E3]
ESRS E3-1	14	Sustainable oceans and seas	X				Not material
ESRS E3-4	28 (c)	Total water recycled and reused	X				Not material
ESRS E3-4	29	Total water consumption in m <sup>3</sup> relative to net revenue from own activities	X				Water resources [E3]

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Chapter in the report
ESRS 2- SBM 3 – E4	16 (a) i		X				Not material
ESRS 2- SBM 3 – E4	16 (b)		X				Not material
ESRS 2- SBM 3 – E4	16 (c)		X				Not material
ESRS E4-2	24 (b)	Sustainable land/agriculture practices or policies	X				Not material
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or ' policies	X				Not material
ESRS E4-2	24 (d)	Policies to address deforestation	X				Not material
ESRS E5-5	37 (d)	Non-recycled waste	X				Resource use and circular economy [E5]
ESRS E5-5	39	Hazardous waste and radioactive waste	X				Resource use and circular economy [E5]
ESRS 2- SBM 3 – S1	14 (f)	Risk of incidents of forced labor	X				Own work-force [S1]
ESRS 2- SBM 3 – S1	14 (g)	Risk of incidents of child labor	X				Own work-force [S1]
ESRS S1-1	20	Human rights policy commitments	X				Own work-force [S1]
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			X		Own work-force [S1]
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	X				Own work-force [S1]
ESRS S1-1	23	Work-related accident prevention policy or management system	X				Own work-force [S1]
ESRS S1-3	32 (c)	Complaints handling mechanisms	X				Own work-force [S1]
ESRS S1-14	88 (b) & (c)	Number of fatalities and number and rate of work-related accidents	X		X		Own work-force [S1]
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities, or illness	X				Own work-force [S1] Phase-in for work-related ill health and for non-employees in the under-taking's own workforce
ESRS S1-16	97 (a)	Unadjusted gender pay gap	X		X		Own work-force [S1]
ESRS S1-16	97 (b)	Excessive CEO pay ratio	X				Own work-force [S1]
ESRS S1-17	103 (a)	Incidents of discrimination	X				Own work-force [S1]
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Own work-force [S1]
ESRS 2- SBM 3 – S2	11 (b)	Significant risk of child labor or forced labor in the value chain	X				Own work-force [S1]
ESRS S2-1	17	Human rights policy commitments	X				Own work-force [S1]

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Chapter in the report
ESRS S2-1	18	Policies related to value chain workers	X				Workers in the value chain [S2]
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Workers in the value chain [S2]
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8			X		Workers in the value chain [S2]
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	X				Workers in the value chain [S2]
ESRS S3-1	16	Human rights policy commitments	X				Not material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Not material
ESRS S3-4	36	Human rights issues and incidents	X				Not material
ESRS S4-1	16	Policies related to consumers and end-users	X				Not material
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	X		X		Not material
ESRS S4-4	35	Human rights issues and incidents	X				Not material
ESRS G1-1	10 (b)	United Nations Convention against Corruption	X				Business conduct [G1]
ESRS G1-1	10 (d)	Protection of whistleblowers	X				Business conduct [G1]
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	X		X		Business conduct [G1]
ESRS G1-4	24 (b)	Anti-corruption and anti-bribery standards	X				Business conduct [G1]

## 2.58 OVERVIEW OF POLICIES [MDR-P]

Policy	General objectives	Core content	Scope of application (geography, stakeholders, value chain)	Top-level responsibility	Referenced standards	Communication
<b>Code of Conduct</b>	Fair and sustainable business practices as well as ethical and responsible principles of action	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Integrity and corporate governance</li> <li>• Human rights</li> <li>• Working conditions</li> <li>• Dealings with business partners</li> <li>• Protection of company property</li> <li>• Product safety and quality</li> <li>• Export control</li> <li>• Climate change mitigation and environmental protection</li> <li>• Social commitment</li> <li>• Whistleblower system</li> </ul>	<ul style="list-style-type: none"> <li>• Group-wide</li> <li>• Own workforce</li> <li>• Expectations of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Compliance department</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• Standards of the International Labour Organization (ILO)</li> </ul>	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Employment contracts</li> <li>• Direct communication</li> <li>• eLearning</li> </ul>
<b>Human Rights Policy</b>	Respect for and protection of human rights	<ul style="list-style-type: none"> <li>• Working conditions</li> <li>• Occupational safety</li> <li>• Forced labor, modern slavery, and human trafficking</li> <li>• Child labor</li> <li>• Equal opportunity and integration</li> <li>• Harassment</li> <li>• Freedom of association, freedom of assembly, and collective bargaining</li> <li>• Freedom of expression</li> <li>• Corruption</li> <li>• Privacy</li> <li>• Whistleblower system</li> </ul>	<ul style="list-style-type: none"> <li>• Group-wide</li> <li>• Own workforce</li> <li>• Persons working indirectly for Knorr-Bremse</li> <li>• Upstream and downstream value chain</li> <li>• Society and local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Compliance department</li> </ul>	<ul style="list-style-type: none"> <li>• International Bill of Human Rights</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• UN Global Compact</li> <li>• Standards of the International Labor Organization (ILO)</li> <li>• OECD Guidelines for Multinational Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> </ul>
<b>Human Rights Due Diligence Guideline</b>	Respect for and protection of human rights	<ul style="list-style-type: none"> <li>• Working conditions</li> <li>• Forced labor, modern slavery, and trafficking in human beings</li> <li>• Child labor</li> <li>• Whistleblower system</li> </ul>	<ul style="list-style-type: none"> <li>• Group-wide</li> <li>• Own workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• HR department</li> </ul>	<ul style="list-style-type: none"> <li>• International Bill of Human Rights</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• UN Global Compact</li> <li>• Standards of the International Labor Organization (ILO)</li> <li>• OECD Guidelines for Multinational Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> </ul>

Policy	General objectives	Core content	Scope of application (geography, stakeholders, value chain)	Top-level responsibility	Referenced standards	Communication
<b>HSE Policy</b>	Internal principles for health, safety, and environmental protection	<ul style="list-style-type: none"> <li>• Health protection</li> <li>• Occupational safety</li> <li>• Environmental protection</li> <li>• Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Group-wide</li> <li>• Own workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• HSE department</li> </ul>		<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> <li>• eLearning</li> </ul>
<b>Anti-Discrimination &amp; Anti-Harassment Policy</b>	Open and inclusive working environment free of discrimination and harassment	<ul style="list-style-type: none"> <li>• Equality of all individuals regardless of visible and non-visible characteristics</li> <li>• Zero tolerance of discrimination and harassment</li> <li>• Whistleblower systems</li> </ul>	<ul style="list-style-type: none"> <li>• Group-wide</li> <li>• Own workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• HR department</li> </ul>		<ul style="list-style-type: none"> <li>• Internet</li> <li>• Direct communication</li> </ul>
<b>Code of Conduct for Suppliers</b>	Standards and expectations placed on suppliers	<ul style="list-style-type: none"> <li>• Business ethics and compliance</li> <li>• Human rights (incl. conflict minerals)</li> <li>• Working conditions</li> <li>• Discrimination and harassment</li> <li>• Forced labor, child labor</li> <li>• Occupational safety</li> <li>• Environmental protection</li> <li>• Product safety and integrity</li> <li>• Data protection</li> <li>• Whistleblower system</li> </ul>	<ul style="list-style-type: none"> <li>• Worldwide</li> <li>• Suppliers of direct and indirect materials</li> </ul>	Purchasing department	UN Global Compact	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> <li>• Contracts</li> </ul>
<b>Responsible Minerals Policy</b>	Handling of conflict minerals	<ul style="list-style-type: none"> <li>• Due diligence in the supply chain</li> <li>• Membership of the Responsible Minerals Initiative</li> <li>• Ensuring responsible sourcing of minerals</li> <li>• Whistleblower system</li> </ul>	<ul style="list-style-type: none"> <li>• Worldwide</li> <li>• Suppliers that use conflict minerals</li> </ul>	Purchasing department	<ul style="list-style-type: none"> <li>• Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance)</li> <li>• Requirements from EU Regulation 2017/821, Section 1502 of the Dodd Frank Act</li> <li>• RMI Conflict Minerals Reporting Template</li> </ul>	<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> <li>• Contracts</li> </ul>
<b>RVS Safety Policy</b>	Product safety	<ul style="list-style-type: none"> <li>• Safe products, systems, and services</li> <li>• Legally prescribed safety requirements</li> <li>• Process and product improvement</li> </ul>	<ul style="list-style-type: none"> <li>• RVS division</li> <li>• Own workforce</li> <li>• Upstream and downstream value chain</li> </ul>	Quality department		<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> </ul>

Policy	General objectives	Core content	Scope of application (geography, stakeholders, value chain)	Top-level responsibility	Referenced standards	Communication
<b>RVS Quality Policy</b>	Product quality	<ul style="list-style-type: none"> <li>• Product and service quality</li> <li>• Quality management system</li> <li>• Process and product improvement</li> </ul>	<ul style="list-style-type: none"> <li>• RVS division</li> <li>• Own workforce</li> <li>• Upstream and downstream value chain</li> </ul>	Quality department		<ul style="list-style-type: none"> <li>• Internet</li> <li>• Intranet</li> <li>• Direct communication</li> </ul>
<b>CVS Quality First Policy</b>	Product safety and quality	<ul style="list-style-type: none"> <li>• Quality of products and services</li> <li>• Safe products and systems</li> <li>• Process and product improvement</li> </ul>	<ul style="list-style-type: none"> <li>• CVS division</li> <li>• Own workforce</li> <li>• Upstream and downstream value chain</li> </ul>	Quality department		<ul style="list-style-type: none"> <li>• Internet</li> <li>• Direct communication</li> </ul>

Implementation of the policies is monitored by the responsible departments through regular reviews. Progress is regularly reported to the responsible department heads, with adjustments made as needed to ensure alignment with policy objectives.

## Business Report<sup>12</sup>

### General economic and industry-related conditions

#### Economic activity and industry environment MOMENTUM IN THE GLOBAL ECONOMY, SUBDUED OUTLOOK<sup>13</sup>

The global economy is in a period of major uncertainty triggered by new US tariffs, increasing protectionism, stricter immigration policies, and an altogether more fragmented global order. Many of these measures are dragging down global trade, investment, and confidence in the global market economy. Global GDP growth for 2025 stood at 3.3%.

Inflation globally was 4.1% in 2025 and slowed in most major economies, while in the US the return to the inflation target is slower than in other countries. This is primarily attributable to falling energy prices, the normalization of supply chains, the delayed impact of restrictive monetary policy and the fact that temporary demand stimuli are coming to an end.

Alongside the risks mentioned above, larger fiscal risks and possible market overreactions – such as exaggerated expectations of AI's productivity – darkened the picture. Geopolitical tension and climate shocks are exacerbating the situation, too.

While the global economy initially demonstrated resilience to trade policy shocks, the latest data indicates a clear slowdown. GDP growth in the USA in 2025 reached 2.1%, although it was distorted by inventory and import corrections. Investments in, i.e., spending on commercial and housing construction declined whereas investments continued to be made in defense and AI. The labor market became significantly weaker, which could be seen in the smaller number of new jobs and the higher unemployment. Net immigration also fell strongly, causing a further negative impact on the supply of workers.

Major economies such as China, the eurozone, and Japan also saw an abatement of the early-year growth which had been propped up by pre-emptive effects. In China, GDP growth reached 5.0% for the year overall. Japan's GDP growth was most recently overshadowed by shrinking export numbers, reaching a value of 1.3%. In the eurozone, GDP growth rose by 0.5 percentage points to 1.4%. GDP growth in Germany recorded solid growth, but neverthe-

less amounted to only around 0.2% as temporary pre-emptive effects in relation to investment and in trade abated, structural pressures and the weak industrial economy dampened momentum. This placed Germany at the bottom end of the advanced economies.

Extensive weaknesses in consumer demand and investment highlights the lack of demand, while trade flows, which were distorted mainly by pre-emptive effects, influenced the data for the previous quarters. Consumers and businesses continue to have subdued sentiment.

Emerging and developing countries performed more strongly than expected in the first half of 2025 for reasons such as record harvests in Brazil, robust service sector growth in India, and stable domestic demand in Türkiye. The prospects are, however, looking grimmer: US tariffs are dragging down exports, the willingness to invest is shrinking, and fiscal flexibility is restricted in many places. Total GDP growth of 4.4% was achieved as a result. Low-income countries are particularly suffering from a lack of external finance and from international aid cuts.

#### CHANGES IN FINANCIAL MARKETS CHALLENGING STABILITY<sup>14</sup>

Financial markets performed varyingly in 2025. The yields on longer-term government bonds increased in most industrial countries despite the expected loosening of monetary policy. The reasons for this were the growing supply of bonds, quantitative tightening by central banks, and falling demand for long-term investments. The US dollar recovered slightly against the currencies of major advanced economies, such as the euro and Chinese yuan, in the latter part of 2025, after the previously strong demand for the US dollar for hedging purposes declined as uncertainty eased. The US dollar faced renewed pressures from time to time after an investigation into the Chair of the Federal Reserve was initiated; however, these effects proved to be temporary.

Many major economies continued to pursue fiscal policies that are too stimulatory. While the primary deficits in 2025 were below the record levels seen in 2020 and 2021, they still remained larger than they were before the crisis; Brazil and India are the only exceptions to this. In China, poor domestic demand resulted in sustained fiscal impulses. Simultaneously, the increased spending on aging populations, energy, and defense in many countries magnified the need to consolidate. High debt levels dragged down debt sustainability; at the same time, the terms of global finance remained loose overall despite periods of higher

<sup>12</sup> None of the disclosures in this Combined Management Report regarding the categorization of revenues as OE or aftermarket or regarding order intake, order books, book-to-bill ratios, and forward order books are audited. These disclosures are not the subject matter of the auditor's conclusions.

<sup>13</sup> The information presented in this chapter is based on analyses and findings of the International Monetary Fund (IMF) as outlined in its latest report.

<sup>14</sup> The information presented in this chapter is based on analyses and findings of the International Monetary Fund (IMF) as outlined in its latest report.

government bond yields. In some economies, the refinancing risks remained elevated, especially when debts were large and markets volatile.

Worries about the US economy resulted in risk aversion in the finance markets for a short while, although the global stock indexes recovered rapidly. The financing terms remain favorable from a historical view while AI stocks are carrying the market. However, the high valuations increase the risk of stronger fluctuation, especially if the productivity gains that AI investment promises prove to be disappointing. A decline in overall investment could end up being drastic as investments in AI and data centers were key growth drivers in recent times.

The DAX 40 posted growth of about 22% in 2025, and the MDAX approximately 19% (source: Refinitiv).

In 2025, the USD/EUR exchange rate moved in the range of 1.02 to 1.19, ending the year at 1.17 (source: Refinitiv).

#### RAIL VEHICLE MARKET

In a highly competitive market environment, Knorr-Bremse is one of the world's leading companies in the key rail vehicle subsystem markets. The main competitor in the relevant product segments is Wabtec Corporation although, as a vehicle manufacturer, its overlap with Knorr-Bremse's product segments is limited. Knorr-Bremse is active in multiple regions, including Europe/Africa, North and South America, and the Asia-Pacific. Our position as a leading supplier of systems in the rail transport sector represents an important foundation for our future business development.

Despite the prevailing geopolitical tension as well as the significant proliferation of protectionist tendencies, including global tariff policies in particular, the global market environment still proved to be growing stably in 2025.

Compared with 2024, passenger volumes increased in long-distance as well as regional and local transportation. Global rail freight transportation is currently marked by a drop in demand and a heavy cost burden.

The following market assessments are based on analyses in leading industry studies and internal market research.

#### Europe/Africa

Passenger transportation in 2025 grew year over year once again while freight market volumes were trending downward in 2025.

#### North America/South America

Passenger transportation in the Americas in 2025 continued to grow a slight amount at its low level though was still below the heights seen in the 2010s. The freight market is on the decline and remains exposed to persistent pressure from poor industry demand.

#### Asia-Pacific

Passenger and freight transportation in China rose further year over year. New vehicle procurement in 2025 increased further year over year for high-speed trains and declined for metro trains. The aftermarket saw greater demand for spare parts and maintenance orders.

India is still the second-largest rail vehicle market in Asia behind China, which defended its position as the world's largest market.

#### COMMERCIAL VEHICLE MARKET

##### Competitive situation and market position

With the product portfolio offered by the Commercial Vehicle Systems division, Knorr-Bremse is one of the global leaders in this sector. Alongside smaller vendors, Knorr-Bremse's principal competitor is Wabco Holdings, Inc., which was acquired by ZF Friedrichshafen in 2020. Wabco is in direct competition with Knorr-Bremse in the development of future trends such as driver assistance, automated driving, and e-mobility. In our core markets, North America and Europe, Knorr-Bremse has a market-leading position for air brake systems. Its leading position in highly regulated markets for disk brakes and driver assistance systems represents a strong foundation with much potential for further growth in the Asia-Pacific region. These assessments are based on internal market analyses for the 2025 fiscal year<sup>15</sup>.

The following market data relates to truck production rates in each region as published by various organizations (e.g., GlobalData UK Ltd, formerly known as LMC Automotive Ltd.) in December 2025 as well as the company's estimates.

The global commercial vehicle market, measured by truck production rate, posted growth of 4% year over year in 2025. We were also confronted with an unfavorable mix effect in 2025 as a result of the larger drop in production in North America, a market with a greater share per vehicle. Europe, which is also a market with a greater share per vehicle, saw slight 1% growth. The Chinese market had a significant increase of 23%; however, our share per vehicle in that high-volume market is not as large.

<sup>15</sup> Not audited; not subject to auditor's conclusions.

### Europe/Africa

After a significant decline in 2024, vehicle production in western Europe rose slightly by 1% to roughly 413 thousand units in 2025. Eastern Europe recorded a 4% decrease from 2024 to reach roughly 55 thousand units.

### North America/South America

Commercial vehicle production in North America fell by a significant 26% over 2024 to 314 thousand units. In South America, truck and bus production went down by 10% to 151 thousand units after a positive 2024.

### Asia-Pacific

After a decline in 2024, truck production in China rose by 23% to over 1.2 million units in 2025. In India, commercial vehicle production saw a 5% increase over 2024 while Japan had a 7% decline. Overall, commercial vehicle production in the Asia region saw a 16% rise to roughly 1.7 million units.

### General statement by the Executive Board and achievement of objectives

The Executive Board of Knorr-Bremse AG is very satisfied with the business development in 2025, a year shaped by a geopolitical and economic environment that continued to be challenging. Knorr-Bremse proved its resilient and crisis-proof business model once again and achieved an almost stable revenue level and a near-record order book. In relation to revenues, the projection in the 2024 Combined Management Report was unable to be met while the adjusted range in the 2025 Half-Year Financial Report was met due to currency translation effects arising for the Group. The operating EBIT margin is in the middle of the target range projected in the 2024 Combined Management Report and was supported by efficiency measures. Free cash flow met the projection in the 2024 Combined Management Report and reached a historic record. The company was close to posting a new order book record, while order intake was also up on the previous year's level. [\(Table → 2.59\)](#)

## 2.59 ACHIEVEMENT OF OBJECTIVES (TARGET-ACTUAL COMPARISON)

		2025 actual	2025 Half-Year Financial Report	2024 Combined Management Report	2024 actual
<b>Most significant financial performance indicators</b>					
Revenues	in € million	7,817	7,800–8,100	8,100–8,400	7,883
Operating EBIT margin (as % of revenues)	%	13.0	12.5–13.5	12.5–13.5	12.3
Free cash flow	in € million	790	700–800	700–800	730

In the last fiscal year, Knorr-Bremse attained **revenues** of € 7,817 million, equivalent to a slight fall of roughly 0.8% from the previous year (previous year: € 7,883 million). Knorr-Bremse thus reached the revised guidance of € 7,800 million to € 8,100 million outlined in its 2025 Half-Year Financial Report, although fell short of the revenue guidance of € 8,100 million to € 8,400 million in its 2024 Combined Management Report, mainly due to currency translation effects. Due to the contrasting developments in OE and aftermarket revenue, the share of aftermarket revenues in the Group's total revenues rose by 43.1% year over year to 46.0%.

The revenue downturn resulted from the **Commercial Vehicle Systems division** as a consequence of significant declines in OE business. The Commercial Vehicle Systems division attained revenues of € 3,503 million, representing a moderate 8.8% decline year over year. This meant that the "near-unchanged level" forecast in the 2024

Combined Management Report was not met as a result of a sharp slump in the market and currency translation effects.

The **Rail Vehicle Systems division**, on other hand, saw a robustly increased € 4,316 million in revenues and was able to eclipse the previous year's level by 6.7%, due in particular to increased aftermarket revenues, so it was largely able to offset the falling revenues in the Commercial Vehicle Systems division. The division's "significant increase" forecast in the 2024 Management Report was not realized.

The **operating EBIT margin** was 13.0% of revenues and was therefore also within the margin forecast of 12.5–13.5% which was published in the 2024 Combined Management Report and confirmed in the 2025 Half-Year Financial Report. A robust increase of 70 base points from the previous year (12.3%) was attained.

The **Rail Vehicle Systems division** increased its operating EBIT margin by a robust 90 base points year over year due to a more profitable aftermarket business, improved pricing in new contracts, and successes gained from structural measures, achieving a level of 16.5%. This was in keeping with the “solid increase” that was forecast for the operating EBIT margin of the Rail Vehicle Systems division in the 2024 Combined Management Report.

The **Commercial Vehicle Systems division** achieved an operating EBIT margin of 10.4%, up year over year despite a tense market in the second half of the year. The slight to robust increase projected for this division’s operating EBIT margin in the 2024 Management Report was therefore not achieved.

The Group’s **Operating EBIT** was € 1,016 million and thus moderately above the prior-year level by 5.1% (€ 966 million). Compared with the recognized EBIT of € 903 million, adjustments were made in particular for € 83 million of expenses associated with restructuring, the majority of which related to employee benefits in connection with the termination of employment. Furthermore, adjustments were made for M&A-related expenses of € 22 million mainly concerning amortization of the purchase price allocation connected to the acquisition of KB Signaling. Expenses of € 6 million for non-recurring financial support to a supplier in distress and expenses of € 2 million in connection with a recall campaign in the North American market reported in the previous year were also adjusted. To calculate the operating EBIT in the previous year, the recognized EBIT was adjusted in particular for € 26 million in connection with M&A activities, concerning mainly € 18 million of impairment for the planned disposal of GT Emissions Systems in the Commercial Vehicle Systems division, as well as € 8 million of depreciation and amortization from the purchase price allocation connected to the acquisition of KB Signaling in the Rail Vehicle Systems division. Furthermore, there was an adjustment for € 18 million of expenses in connection with restructuring (including restructuring advice and severance payments). There were also expenses of € 16 million in the Commercial Vehicle Systems division in connection with a prior-period recall campaign associated with a software update in the North American market. This stood against an adjustment for prior-period income of € 4 million in connection with customer contracts in the Rail Vehicle Systems division.

**Free cash flow** amounted to € 790 million, which was therefore at the upper end of the range of € 700 million to € 800 million published in the 2024 Combined Management Report and confirmed in the 2025 Half-Year Financial Report and was a robust amount above the

prior-year level (€ 730 million). In particular, the increased cash flow from operating activities and reduced capital expenditure had positive impacts on free cash flow.

### Corporate management indicators

The most significant financial key performance indicators at Knorr-Bremse in the 2025 fiscal year were revenues, operating EBIT, operating EBIT margin, and free cash flow. See the “Value Management” chapter for further details.

We report operating return on capital employed (ROCE) as a further performance metric at Knorr-Bremse. We are using these changes to take account of the capital market’s requirements and to place greater emphasis on the metrics predominantly used in this context.

[Table → 2.60, 2.61](#)

## 2.60 MANAGEMENT INDICATORS

	2025	2024
Revenues (€ million)	7,817	7,883
EBIT (€ million)	903	911
EBIT margin (as % of revenues)	11.6	11.6
Operating EBIT (€ million)	1,016	966
Operating EBIT margin (as % of revenues)	13.0	12.3
Operating ROCE (%)*	23.4	20.8
Net working capital in days’ sales	52	59
Employees (as of Dec. 31, incl. temp. staff)	30,913	32,549

## 2.61 DIVISIONAL REVENUES AND (OPERATING) EBIT MARGIN

	2025	2024
<b>Rail Vehicle Systems</b>		
Revenues	4,316	4,044
EBIT margin (as % of revenues)	15.0	15.5
Operating EBIT margin (as % of revenues)	16.5	15.6
<b>Commercial Vehicle Systems</b>		
Revenues	3,503	3,842
EBIT margin (as % of revenues)	9.1	9.1
Operating EBIT margin (as % of revenues)	10.4	10.4

Non-financial performance indicators are not primarily used to control the company. They are more useful as a means of gaining deeper insight into the situation within the Group and making decisions based on this information. Further information on non-financial factors can be found in the “Group Sustainability Statement” chapter.

Operating ROCE shows whether we generate a desired return for the Group on adjusted capital employed in operations, thus providing a benchmark for efficient capital allocation. The adjusted capital employed includes the sum of all property, plant, and equipment; intangible assets, and net working capital, adjusted for the continued effects of KB Signaling's assets identified during purchase price allocation.

As a result of the improved operating EBIT, the reported operating ROCE in the 2025 fiscal year was 23.4% and significantly above the corresponding, comparable prior-year level (20.8%).

Operating ROCE (in %) is calculated as follows:

(operating EBIT/adjusted capital employed<sup>16</sup> as at December 31) × 100.

The number of employees as at December 31, 2025, was 30,913 (including leased personnel) and moderately down on the corresponding prior-year figure (32,549). This change was caused mainly by the restructuring measures.

### Events of material importance to business performance

The following events of material importance should be highlighted in the 2025 fiscal year:

#### 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 will run until the end of 2026 and also affect the period beyond that. As at December 31, 2025, € 83 million of this amount had already been recognized as an expense. The provisions formed in this context amount to € 26 million as of the reporting date. Of this amount, € 13 million is attributable to the Rail Vehicle Systems division, € 8 million to the Commercial Vehicle Systems division and € 5 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.

#### 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 includes G.T. Group Ltd., Peterlee, United Kingdom, and its subsidiary, GT Emissions Systems Ltd., Peterlee, United Kingdom. The sale price was € 4 million, which was paid in full in cash as of December 31, 2025. Taking cumulative historical currency translation into account, there was a € 3 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.

#### ASSETS HELD FOR SALE AND CORRESPONDING LIABILITIES

The assets held for sale and corresponding liabilities include assets of € 251 million (2024: € 16 million) and liabilities of € 152 million (2024: € 10 million). These assets and liabilities as at December 31, 2025, pertain to the climate systems disposal group which is slated for disposal and allocated to the Rail Vehicle Systems division. The HVAC systems disposal group is to be sold in connection with the streamlining of the portfolio. A fair value measurement taking existing purchase price offers into account did not indicate a need for impairment.

#### MARC LLISTOSELLA'S CONTRACT RENEWED

In January 2025, the Supervisory Board of Knorr-Bremse AG renewed the contract of Marc Llistosella, the Chief Executive Officer of Knorr-Bremse AG, ahead of time by five years as of January 2026 to December 2030.

#### DR. NICOLAS LANGE'S CONTRACT RENEWED

The Supervisory Board of Knorr-Bremse AG unanimously renewed the contract with Dr. Nicolas Lange, member of the Executive Board of Knorr-Bremse AG, ahead of time by five years as of October 2026.

#### Other events in the course of business

Moreover, the following events occurred in the 2025 fiscal year and will likely have effects on business performance in subsequent years:

#### ACT FOR AN IMMEDIATE INVESTMENT TAX PROGRAM TO STRENGTHEN GERMANY AS A BUSINESS LOCATION

A decision was made in July 2025 to reduce corporation tax gradually from the current 15% to 10% starting in 2032. The plan is to reduce the corporation tax rate in stages, by one percentage point per year from 2028. Deferred taxes were measured taking into account the gradual reduction in the corporation tax rate. The probable expected reduction was determined for each temporary difference and the tax rate in force at that time was applied. This resulted in deferred tax income of € 7 million.

<sup>16</sup> The reported capital employed of € 4,656 million less the KB Signaling assets of € 313 million identified during purchase price allocation at the reporting date December 31, 2025.

#### 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.

#### ACQUISITION OF THE DUAGON GROUP

Knorr-Bremse acquired duagon Holding AG, Dietikon, Switzerland, consisting of twelve subsidiaries, for a preliminary purchase price of € 490 million upon signing the agreement on September 25, 2025 and closing of the transaction on January 5, 2026. The purchase price was paid in full in cash as at 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. There is no entitlement to payment if the relevant threshold is not reached. If it is reached or exceeded, payment is limited to a contractually agreed maximum amount. The contingent consideration was measured at a fair value of € 0 million at the acquisition-date, as it is currently assumed that the relevant threshold will not be met. The contractually possible payout amount ranges between € 0 million and € 37 million. The fair value measurement is regularly reviewed. 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.

By signing the October 20, 2025, purchase agreement, Knorr-Bremse Systeme für Nutzfahrzeuge GmbH has taken the first step to acquiring 92.5% in TRAVIS Road Services International B.V., Tilburg, Netherlands. The closing of the transaction is expected to take place in Q2 2026, with the purchase price amounting to a mid double-digit million euro figure.

There are reciprocal purchase and sale options for the 7.5% minority interest remaining with management. TRAVIS is an online platform for booking road services for commercial vehicle operations such as parking, cleaning, charging, and repairing. The acquisition is an important component for other combined services that increase the efficiency of commercial vehicle repair and maintenance processes.

#### Business performance

As a rule, the charts and tables in the combined management report show IFRS figures. Operating EBIT is defined as earnings before interest, other financial result, and income taxes, adjusted for one-off effects.

## Financial performance

### 2.62 GROUP AND DIVISIONAL KEY INDICATORS

in € million	Rail Vehicle Systems	Commercial Vehicle Systems	Other seg- ments and consolidation	Group 2025
<b>Key figures</b>				
Order intake	4,774	3,644	(2)	8,417
Order book (Dec. 31)	5,576	1,788	(2)	7,362
Capital expenditure (before IFRS 16 and acquisitions)	136	173	9	319
R&D costs	273	262	(0)	534
<b>Condensed Statement of Income</b>				
Revenues	4,316	3,503	(2)	7,817
Changes in inventory and own work capitalized	(2)	51	3	52
Cost of materials	(1,702)	(1,872)	(5)	(3,579)
Personnel expenses	(1,200)	(751)	(153)	(2,104)
Other operating income and expenses	(599)	(417)	122	(834)
Depreciation, amortization, and impairment	(167)	(195)	(27)	(389)
<b>Earnings before interest and taxes (EBIT)</b>	<b>646</b>	<b>319</b>	<b>(62)</b>	<b>903</b>
M&A activities	22	0	–	22
Restructuring expenses	45	36	2	83
Expenses and income from one-off effects, for example in connection with litigation	–	8	–	8
<b>Operating EBIT</b>	<b>713</b>	<b>363</b>	<b>(60)</b>	<b>1,016</b>
Operating EBIT margin (as % of revenues)	16.5	10.4	–	13.0

in € million	Rail Vehicle Systems	Commercial Vehicle Systems	Other seg- ments and consolidation	Group 2024
<b>Key figures</b>				
Order intake	4,440	3,748	(2)	8,186
Order book (Dec. 31)	5,352	1,832	(2)	7,182
Capital expenditure (before IFRS 16 and acquisitions)	138	199	13	350
R&D costs	276	292	–	568
<b>Condensed Statement of Income</b>				
Revenues	4,044	3,842	(3)	7,883
Changes in inventory and own work capitalized	86	67	4	157
Cost of materials	(1,703)	(2,093)	(7)	(3,803)
Personnel expenses	(1,095)	(837)	(123)	(2,055)
Other operating income and expenses	(543)	(430)	94	(879)
Depreciation, amortization, and impairment	(164)	(199)	(29)	(392)
<b>Earnings before interest and taxes (EBIT)</b>	<b>625</b>	<b>350</b>	<b>(64)</b>	<b>911</b>
M&A activities	8	18	–	26
Restructuring expenses	1	17	–	18
Expenses and income from one-off effects, for example in connection with litigation	(4)	16	–	12
<b>Operating EBIT</b>	<b>630</b>	<b>401</b>	<b>(64)</b>	<b>966</b>
Operating EBIT margin (as % of revenues)	15.6	10.4	–	12.3

The Knorr-Bremse Group's **order intake** was € 8,417 million and a slight 2.8% up year over year (€ 8,186 million). The moderate increase in rail vehicle order intake was more than able to offset the slight declines in commercial vehicle demand. The **book-to-bill ratio**, the ratio of incoming orders to revenues, increased slightly from the previous year (1.04) to 1.08 in fiscal 2025, representing a solid basis for capacity utilization in 2026. The **order book** as at December 31, 2025, amounted to € 7,362 million (previous year: € 7,182 million) and grew slightly to a high level once again due to robust orders in the rail vehicle business. This results in a forward order book<sup>17</sup> of 11.3 months. **Consolidated revenues** during the year were again negatively influenced by not only the two disposals in the commercial vehicle segment, but also by the persistently tense situation in the commercial vehicle market and by currency effects. In contrast to that, however, revenues benefited from including the full-year results of the Signaling companies acquired in 2024. Consolidated revenues therefore decreased a slight 0.8% from the previous year (€ 7,883 million) to € 7,817 million. If adjusted to actual 2024 rates, revenues would be slightly increased by 1.7%. [Table → 2.62](#)

While revenues in the Asia-Pacific region and Europe were up slightly, revenues in North America were trending moderately downward primarily because of market and currency factors. The Rail Vehicle Systems division in the 2025 fiscal year recorded a robust 6.7% rise in revenues year over year and increased its revenues in the three main regions. Revenues in the Commercial Vehicle Systems division were down on the previous year by a moderate 8.8%. [Table → 2.62](#); [Table → 2.63](#)

For the Group as a whole, the share of aftermarket revenues in total revenues increased very significantly from 43.1% to 46.0% due to rising aftermarket revenues alongside falling OE revenues.

Regional revenues developed as follows: [Table → 2.63](#)

### 2.63 CONSOLIDATED REVENUES BY GROUP COMPANY LOCATION

in € million	2025	%	2024	%
Europe/Africa	3,829	49.0	3,751	47.6
North America	1,819	23.3	1,987	25.2
South America	175	2.2	176	2.2
Asia-Pacific	1,994	25.5	1,969	25.0
	<b>7,817</b>	<b>100.0</b>	<b>7,883</b>	<b>100.0</b>

The **cost of materials** was € 3,579 million (previous year: € 3,803 million) and decreased by a solid 5.9% as a result of reduced expenses in the commercial vehicles segment and stable expenses in rail business. The decrease in the cost of materials, which was mainly due to portfolio and volume factors, along with an only slight decrease in consolidated revenues resulted in a **material cost ratio** of 45.8%, significantly below the previous year (48.2%) by a margin of 240 basis points. **Personnel expenses**, on the other hand, rose by a slight 2.4% to € 2,104 million (previous year: € 2,055 million) due to personnel-related restructuring expenses in particular. With revenues declining slightly, the **personnel costs ratio** increased moderately from the previous year (26.1%) to 26.9% of revenues. The total net **other operating expenses and income** decreased slightly by € -15 million to € -894 million (previous year: € -879 million).

**Research and development** (R&D) costs in 2025 were € 534 million and were thus a moderate € 34 million lower than the previous year's level of € 568 million. The decline in research and development costs is mainly the result of structural staff adjustments as well as portfolio effects. Savings on the cost of materials and on service expenses additionally helped adapt the cost basis to the changed market environment following the completion of major projects with intensive capital expenditure. The R&D ratio of 6.8% of revenues emphasizes the Group's long-term innovation priorities and also the successes in its efficiency drives in spite of the moderate decrease from the previous year (7.2%).

**Operating EBIT** increased by a robust € 50 million or 5.1% year over year to a total of € 1,016 million. The operating EBIT margin improved from the previous year (12.3%) to a robust 13.0%.

Adjustments were made when calculating the operating EBIT (see chapter "General Statement by the Executive Board and Achievement of Objectives").

The negative **financial result** decreased by a very significant € 182 million to € 84 million in the 2025 fiscal year (previous year: € 266 million). This development is mainly due to the decrease in impairment of other financial assets in connection with the previous year's fair value adjustment for the carrying amount of the remaining purchase price receivable from the sale of Kiepe Group. Furthermore, positive contributions were made by the net income from currency differences as well as by the lower expenses from the deconsolidation of subsidiaries.

<sup>17</sup> The forward order book is calculated by dividing the order book by the Group's average monthly revenues.

The Knorr-Bremse Group's **income before taxes** therefore increased by 27.0% in 2025 and amounted to € 819 million (previous year: € 645 million).

The **tax rate** in the 2025 fiscal year increased significantly to 30.2% (previous year: 26.0%). The year-over-year change is mainly due to smaller reversals of the impairment of deferred tax assets from tax loss carry-forwards as well as increased tax expenditure in the previous year.

This resulted in **earnings after taxes** of € 572 million or 7.3% of revenues in the 2025 fiscal year, compared with € 477 million or 6.1% of revenues in 2024. After deduction of non-controlling interests, earnings per share reached € 3.31 (previous year: € 2.76).

Our **proposed dividend** for the 2025 fiscal year amounts to € 1.90 per share, with a payout ratio of approximately 53% (previous year: approximately 60%). For this reason, we are aiming for a dividend payout ratio above the long-term range of 40% to 50% of the Group's post-tax earnings for the current fiscal year so that our shareholders are included in Knorr-Bremse's pleasing operational developments which have been diluted mainly by the non-recurring, negative effects of the restructuring.

## SEGMENT REPORT FOR DIVISIONS

### Rail Vehicle Systems division

**Order intake** in the **Rail Vehicle Systems** division saw a robust increase of 7.5% year over year, from € 4,440 million to € 4,774 million. All regions recorded a positive order trend, while demand in the Asian and North American markets in particular grew significantly. With an **order book** of € 5,576 million as at December 31, 2025, the division again achieved high order numbers thanks to its 4.2% increase on the previous year's level of € 5,352 million. [Table → 2.59](#)

Over the past fiscal year, the Rail Vehicle Systems division saw a solid 6.7% year-over-year **increase in revenues** to € 4,316 million (previous year: € 4,044 million). Consequently, the "significant increase" in revenues forecast in the 2024 Combined Management Report was not realized. The projected range, which was adjusted in the 2025 Half-Year Financial Report due to currency translation effects for the Group, also reduced the revenues expected for the Rail Vehicle Systems division accordingly and was described as a "robust increase" in the Q2/2025 financial result presentation. This latter projection was in turn met. Aside from slightly increased revenues in Asia and robust growth in Europe, North America in particular profited from KB Signaling's full-year contribution. In addition, the increase in revenues was most of all due to robust growth in the aftermarket business in the three

main regions as well as a slight to moderate increase in OE business in Europe and North America. In Europe, increased OE revenues from the regional and commuter category, among others, more than made up for declining revenues in the freight business in particular. The robust increase in OE revenues in North America is primarily due to the full-year contribution of KB Signaling as well as increased locomotive business revenues, which stood against declining OE revenues in the freight business. The year-over-year decrease in OE revenues in Asia was mainly due to a downturn in the metro business, which was compensated for by higher revenues in the high-speed and locomotive business. Thanks to the bigger increase in aftermarket business, its share of the division's total revenues rose to 55.5% (previous year: 54.0%) while the share of OE business came to 44.5% (previous year: 46.0%).

In 2025, the Rail Vehicle Systems division's **operating EBIT** saw a significant € 83 million increase to € 713 million (previous year: € 630 million) due to volume and mix factors. The **operating EBIT margin**, at 16.5% of revenues, saw a robust year-over-year increase from 15.6%, which aligned with the "robust increase" guidance for the division in the previous year's Combined Management Report. Adjustments were made when calculating the operating EBIT (see chapter "General Statement by the Executive Board and Achievement of Objectives" as well as [Table → 2.59](#)).

The Rail Vehicle Systems division's **capital expenditure** of € 136 million in 2025 remained almost unchanged year over year (previous year: € 138 million) and went toward things such as capacity-expanding automation projects, site optimizations, and replacement investments. At € 167 million, **depreciation, amortization, and impairment** was up slightly on the previous year's figure of € 164 million.

**R&D costs** in 2025 came to € 273 million, decreasing by a slight € 3 million, or 1.1%, from the previous year (€ 276 million). The R&D-to-revenue ratio of 6.3% was slightly lower than the previous year (6.8%), with revenues having seen a greater boost. Development activities concentrated on the industry trends derived from megatrends. These activities include, among other things, solutions for increasing transportation capacity, eco-friendliness, availability, life cycle management, and digitalization.

### Commercial Vehicle Systems division

**Order intake** in the **Commercial Vehicle Systems** division in the 2025 fiscal year was € 3,644 million, a slight € 104 million decrease on the previous year

(€ 3,748 million). An increased demand in Europe was only partly able to compensate for the decline in North American orders caused by market, currency and portfolio factors. The falling order intake as at December 31, 2025, resulted in the **order book** shrinking a slight € 44 million to € 1,788 million after its prior-year level (€ 1,832 million). [Table → 2.59](#)

The **revenues** of € 3,503 million had declined moderately by € 338 million year over year (previous year: € 3,842 million), which meant that the “near-unchanged level” forecast in the 2024 Combined Management Report was not met. The projected range, which was adjusted in the Half-Year Financial Report due to currency translation effects for the Group, also reduced the revenues expected for the Commercial Vehicle Systems division accordingly and was described as a “moderate decline” in the Q2/2025 financial result presentation. This latter projection was in turn realized. The decline in revenues that was witnessed was mainly due to lower truck production in North America as well as significantly diminishing OE business, while aftermarket revenues almost met the prior-year level. Owing to this development, the share of aftermarket revenues in the division’s total revenues rose significantly to 34.2% from 31.6% the year before. This increase resulted in the share of OE revenues in total revenues declining significantly year over year to 65.8% (previous year: 68.4%). The categorization of revenues as OE or aftermarket is based on the management reporting.

**Operating EBIT** in the Commercial Vehicle Systems division fell a moderate € 38 million, or 9.4%, year over year and came to € 363 million in 2025 (previous year: € 401 million). The **operating EBIT margin** of 10.4% remained unchanged from the previous year (10.4%) due to a similarly large decline in revenues, which meant that the “slightly to robustly rising operating EBIT margin” forecast in the 2024 Combined Management Report was not met. This is mainly based on the declines in the attractive North American market. Adjustments were made when calculating the operating EBIT (see chapter “General Statement by the Executive Board and Achievement of Objectives” as well as [Table → 2.59](#)).

In 2025, the Commercial Vehicle Systems division’s **capital expenditure** decreased significantly by € 26 million year over year to € 173 million (previous year: € 199 million) due to generally lower capital expenditure levels. As in the previous year, significant capital expenditure continued to go to 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 € 195 million and thus a

slight € 4 million down on than the previous year’s level (€ 199 million).

The division’s **R&D costs** decreased significantly during the 2025 fiscal year to € 262 million (previous year: € 292 million). The decline in research and development costs is mainly the result of structural staff adjustments as well as portfolio effects. Savings on the cost of materials and on service expenses additionally helped adapt the cost basis to the changed market environment following the completion of major projects with intensive capital expenditure. Due to the similarly large decrease in revenues, the R&D ratio in 2025 was 7.5% and near-unchanged from the previous year (7.6%). Research and development activities focused on the megatrends of road safety, automated driving, emission reduction, e-mobility and connectivity. The decline in absolute R&D costs reflects the successful implementation of efficiency measures.

### Financial position (financial development)

#### FINANCIAL AND LIQUIDITY MANAGEMENT

Our centralized financial and liquidity management system aims to fulfill two key objectives: the optimization of earnings and costs, and the reduction of financial risks. In addition, it makes the Group’s financing and liquidity requirements more transparent. In our liquidity management, we adhere to the principle of always maintaining sufficient liquid funds to be able to meet our payment obligations at all times, while also being in a position to act whenever M&A opportunities arise.

Our most important source of finance is cash flow from operating activities. As a rule, external funds are raised by Knorr-Bremse AG – or, where required by financial law, by our respective holding companies in Asia and North America – and made available to Group companies as required. Liquidity management is also the responsibility of Knorr-Bremse AG and our respective holding companies in Asia and North America. Among other things, the latter organize a cash pooling system that – as far as legally possible – manages all the Group’s cash and cash equivalents. Companies in countries with legal restrictions on the movement of capital (such as China, India and Brazil) finance themselves largely from local resources.

The investment of excess liquidity is governed by a Financial Asset Management policy and is the responsibility of the Group Treasury department. Our partners are exclusively banks and financial service providers with an investment-grade rating. Cash and cash equivalents, at € 1,738 million at year-end, was a significant 23.2% under the previous year’s figure of € 2,263 million, which was mainly due to the timely repayment of a 2018 bond of an amount of € 750 million in June 2025. Their share of total

assets was thus 19.6% after 23.5% at the end of the previous reporting period.

We strengthen our internal financing power and funds tied up in working capital by applying systematic net working capital management, including liquidity-optimizing instruments such as a sustainability-linked Supply Chain Finance Program and factoring. This boosts our metrics. Information on our utilization of financial instruments can be found in the "Currency, Interest Rate, and Liquidity Risks and Financial Instruments for Risk Minimization" section of the "Risk Report" chapter.

#### KNORR-BREMSE GROUP'S FINANCING STRUCTURE

In January 2022, a € 750 million syndicated loan linked to a sustainability rating (an ESG-linked loan) was taken out to safeguard long-term financing. The syndicated line of credit has a term of five years and can be extended by one year up to two times. Both extension options have now been exercised, taking the term to January 2029. The existing debt issuance program (DIP) was updated in September 2023. A € 700 million corporate bond linked to sustainability criteria was issued in 2022 with a coupon of 3.25%, with the main purposes of financing the acquisition of Cojali S. L. and paying for the Bosch put option for the acquisition of the minority interests in Knorr-Bremse Systeme für Nutzfahrzeuge GmbH and Knorr-Bremse Commercial Vehicles Systems Japan Ltd. Rating agency S&P has given this bond an "A" rating.

After a further update to the existing debt issuance program (DIP) in September 2024, Knorr-Bremse AG issued an additional two-tranche bond of a total amount of € 1,100 million. The first green bond from Knorr-Bremse, with a term of eight years, raised € 500 million and has a 3.250% coupon rate. The proceeds from this bond are going to appropriate green projects in the categories of clean transportation, renewable energies, energy efficiency, and green buildings in accordance with the Green Financing Framework of Knorr-Bremse AG. Moody's Investor Services evaluated the bond and issued a sustainability quality score of SQS2 (very good), which is confirmation of the framework's conformance to the ICMA Green Bond Principles and LMA Green Loan Principles and, moreover, of a significant contribution to sustainability. The five-year bond raised € 600 million and has a 3.000% coupon rate. The proceeds from this bond are earmarked for general business purposes, including partial financing of the acquisition of the rail signaling technology business from Alstom Signaling North America. Moreover, part of the proceeds has been used to refinance debt that matured in 2025. There was also a further update of the DIP in 2025, although an additional bond was not issued. [Table → 2.64](#)

#### 2.64 FINANCIAL LIABILITIES (DEC. 31)

in € million	December 31, 2025	December 31, 2024
Bonds and debt instruments	1,801	2,553
Lease liabilities	502	555
Liabilities from options on minority interests	122	115
Liabilities towards credit institutions	61	66
Purchase price liabilities	34	45
Derivative financial instruments	2	47
Other financial liabilities	562	565
	<b>3,084</b>	<b>3,946</b>
Current	605	1,391
Non-current	2,479	2,555

#### CASH FLOW

##### Cash flow from operating activities

The cash inflow from operating activities in 2025 increased by a robust € 74 million from the previous year (€ 1,042 million) to € 1,116 million. Net income for the period increased by a significant € 95 million from the previous year (€ 477 million) to € 572 million while depreciation and amortization fell slightly to € 389 million in the 2025 fiscal year (2025: € 392 million). The non-cash measurement of derivatives changed as a result of changes in exchange rates at the reporting date relative to the hedging rates from an expense of € 48 million in the previous year to income of € 72 million in the 2025 fiscal year. The adjustments for other non-cash expenses and income changed by € 87 million, from € 68 million in the previous year to € -20 million. This change is mainly attributable to the fact that after losses from foreign currency valuation in the previous year, gains from foreign currency valuation were recognized in the reporting year.

The interest result decreased very significantly by € 27 million, from € 47 million in 2024 to € 74 million, mainly due to interest expense for the bond issued in September 2024. Refer to chapter E.8. of the notes to the consolidated financial statements for further details of the change in the interest result.

Tax expenses increased very significantly by € 79 million, from € 168 million in the previous year to € 247 million due to the rise in income before taxes. The income tax payments likewise fell significantly by € 23 million to € 181 million, primarily as a result of the refund of capital gains taxes on an intragroup distribution.

The lower trade payables and contract liabilities in 2025, as well as the decrease in other provisions, also had a

positive impact on the determination of cash flow from operating activities. [Table → 2.65](#)

## 2.65 CONDENSED CASH FLOW STATEMENT

in € million	2025	2024
Consolidated net income (including minority interests)	572	477
Adjustments for		
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	389	392
(Gain)/loss on the sale of consolidated companies and other business units	1	65
(Gain)/loss on the disposal of fixed assets	6	1
Non-cash changes in the measurement of derivatives	(72)	48
Other non-cash expenses and income	(20)	68
Interest income	74	47
Income from investments	24	18
Income tax expense	247	168
Income tax payments	(181)	(204)
Changes of		
Inventories, trade accounts receivable, and other assets that cannot be allocated to investing or financing activities, including impairment of them	(68)	(56)
Trade accounts payable, provisions, and other liabilities that cannot be allocated to investing or financing activities	144	18
<b>Cash flow from operating activities</b>	<b>1,116</b>	<b>1,042</b>
<b>Cash flow from investing activities</b>	<b>(306)</b>	<b>(750)</b>
<b>Cash flow from financing activities</b>	<b>(1,256)</b>	<b>630</b>
<b>Cash flow changes in cash funds</b>	<b>(446)</b>	<b>922</b>
Change in cash funds resulting from exchange rate and valuation-related movements	(72)	25
<b>Change in cash fund</b>	<b>(518)</b>	<b>947</b>
<b>Free cash flow</b>	<b>790</b>	<b>730</b>

### Cash flow from investing activities

The cash flow from investing activities in the 2025 fiscal year fell very significantly by € 444 million to € 306 million (previous year: € 750 million).

The cash outflows for the acquisition of consolidated entities, mainly the acquisition of KB Signaling in the Rail Vehicle Systems division, amounted to € 636 million during the previous year as opposed to just € 8 million in the 2025 fiscal year.

There were barely any proceeds from the sale of financial assets in 2025, which was mainly caused by the 2024 dissolution of a special fund launched in the 2020 fiscal year (2025: € 1 million; 2024: € 193 million).

### Cash flow from financing activities

The 2025 fiscal year saw a € 1,256 million cash outflow from financing activities after a € 630 million cash inflow

from financing activities the year before, essentially driven by the corporate bonds issued in September 2024.

The cash outflow in the 2025 fiscal year is mainly due to the € 750 million corporate bond that was repaid in June as well as the € 282 million dividend that was distributed.

### Free cash flow

**Free cash flow**<sup>18</sup> amounted to € 790 million and was therefore a solid € 60 million higher than the previous year's figure of € 730 million. This is mainly attributable to the significant improvement in the cash flow from operating activities, which was up € 74 million on the previous year.

### LIQUIDITY

The significant decline in cash and cash equivalents to € 1,712 million (previous year: € 2,230 million) was primarily the result of the positive balance of cash inflow

<sup>18</sup> Free cash flow is calculated by deducting payments for investments in property, plant and equipment and intangible assets from the cash flow from operating

activities, and by adding proceeds from the sale of property, plant and equipment and intangible assets to the cash flow from operating activities.

from operating activities (€ 1,116 million), cash outflow for investing activities (€ 306 million) and cash outflow for financing activities (€ 1,256 million). Net liabilities<sup>19</sup> amounted to € 627 million in 2025 after € 912 million the year before. This very significant decline is mainly due to the decrease in financial liabilities resulting from the timely repayment of a bond in June 2025 to an amount of € 750 million, while the absolute decline in cash and cash equivalents was lower. [Table → 2.66](#)

## 2.66 CASH FUNDS (DEC. 31)

in € million	2025	2024
Cash and cash equivalents (Jan. 1)	2,230	1,283
Cash flow from operating activities	1,116	1,042
Cash flow from investing activities	(306)	(750)
Cash flow from financing activities	(1,256)	630
Other	(72)	25
<b>Cash funds (Dec. 31)</b>	<b>1,712</b>	<b>2,230</b>

The ratio of the Group's net debt to equity was 19.7% (previous year: 29.2%). The year-over-year development is the result of a very significant € 285 million decrease in net debt, while equity only grew slightly. The Group has access to approved credit facilities totaling € 2,440 million (including a syndicated and ESG-linked credit facility of € 750 million), of which 73.2% remained undrawn at the end of the fiscal year. Interest rates on liabilities conform with prevailing market terms, according to maturity.

The other financial obligations as at year-end 2024 were mainly comprised of obligations for capital expenditure projects (€ 65 million) as well as other obligations (€ 235 million). The other liabilities item includes uncompleted orders as well as purchase obligations for building service charges, logistics service contracts, and license obligations as well as loan commitments. For further details, see also chapter H.7. of the notes to the consolidated financial statements.

With our ability to generate cash flows from operating activities, our cash and cash equivalents, undrawn credit facilities, and our existing credit ratings at year-end, we are confident that we have sufficient flexibility to cover our capital requirements for achieving sustainable organic growth and making strategic acquisitions.

### Rating

Two external rating agencies, Standard & Poor's and Moody's, have rated the Knorr-Bremse Group's financial standing since 2000. The Group has been rated

investment grade from the outset. In 2025, too, S&P and Moody's reaffirmed their ratings ("A-" with a "stable" outlook and "A3" with a "stable" outlook respectively). Both agencies highlight the consistently robust liquidity and strong competitive position which is due to heavy investment in research and development in particular. Accordingly, the ratings continue to have a stable position in the investment-grade segment.

## ASSETS AND CAPITAL STRUCTURE

The Group's **total assets** decreased a moderate 7.6% to € 8,883 million from their December 31, 2024, level (€ 9,614 million), which was mainly due to the timely repayment of a 2018 bond of an amount of € 750 million in June 2025. [Table → 2.67](#)

## 2.67 BALANCE SHEET RATIOS

in € million	2025	2024
Net debt/(cash) (Dec. 31)	627	912
Gearing (Dec. 31)*	0.2	0.3
Net working capital (NWC) (Dec. 31)	1,121	1,296
Net working capital in days' sales	51.6	59.2
Turnover rate – inventories**	7.4	6.5
Receivables/days' sales outstanding***	60.2	63.2
Equity ratio (Dec. 31)	35.8%	32.5%
<b>Total assets (Dec. 31)</b>	<b>8,883</b>	<b>9,614</b>

\* Indicates the ratio of net debt to equity.

\*\* Indicates how often inventories are turned over each year; the turnover rate is calculated by dividing annualized sales revenues by inventories.

\*\*\* The number of days that elapse between the invoicing date and the date of payment receipt.

**Net working capital**, defined as the sum of inventories, trade accounts receivable and contract assets less trade accounts payable and contract liabilities as well as current bills of exchange recognized in the other financial assets/liabilities, stood at € 1,121 million as at December 31, 2025, and was thus lower than the previous year (€ 1,296 million). This is essentially attributable to a reduction in inventories, in particular as a result of the reclassification of the climate systems disposal group to assets held for sale and the corresponding liabilities. Measured in terms of days' sales, this corresponds to a commitment of 51.6 days (previous year: 59.2 days). The comparatively high prior-year figure mainly results from the logic used for calculations when acquiring KB Signaling as only 4 months of revenues were consolidated.

The Knorr-Bremse Group reported an **equity ratio** of 35.8% as at December 31, 2025, very significantly above the previous year's level of 32.5%, which was mainly due

<sup>19</sup> This is the result of offsetting (netting) cash and cash equivalents against bank loans, bonds, notes, lease liabilities, and non-current bills of exchange.

to the timely repayment of a 2018 bond of an amount of € 750 million in June 2025. [Table → 2.68](#)

## 2.68 EQUITY

in € million	2025	2024
Subscribed capital	161	161
Other equity	2,943	2,884
<b>Equity attributable to the shareholders of Knorr-Bremse AG</b>	<b>3,104</b>	<b>3,045</b>
Non-controlling interests	76	82
<b>Total equity</b>	<b>3,180</b>	<b>3,127</b>

As for the **other balance sheet items**, the non-current assets decreased moderately by a total of € 212 million to € 3,986 million. This was mainly driven by a slight decrease in property, plant and equipment of € 84 million, caused by scheduled depreciation and disposals that were not compensated by capital expenditure. For the same reasons, a moderate decrease was also recorded in intangible assets. Current assets decreased by a significant € 519 million to € 4,897 million. This is mainly the result of the significant € 525 million decrease in cash and cash equivalents to € 1,738 million from the June 2025 repayment of a € 750 million bond that was issued in 2018. The repayment can also essentially be seen in the very significant € 786 million decline in current financial liabilities to € 605 million.

Assets of € 251 million (previous year: € 16 million) and liabilities of € 152 million in connection with assets held for sale (previous year: € 10 million) were removed from the balance sheet line items. These assets and liabilities as at December 31, 2025, pertain to the climate systems disposal group which is slated for disposal and allocated to the Rail Vehicle Systems division. In the previous year, they pertained to the entities in the GT Emissions Systems disposal group, which have since been disposed of.

## CAPITAL EXPENDITURE

The Knorr-Bremse Group's capital expenditure on property, plant and equipment and intangible assets reflected the Group's growth and innovation priorities. **Capital expenditure on property, plant, and equipment** decreased year over year by a slight € 9 million to € 224 million (previous year: € 233 million), thus representing 2.9% of revenues (previous year: 3.0%). In the 2025 financial year, capital expenditure focused on the further development of production capacities through the modernization and expansion of plant and equipment. This included, for example, capital expenditure under the

strategic investment program Aldersbach 2030 aimed at the industrialization and scaling of steering systems (EPS) through the expansion, automation and digitalization of the site. Investments in intangible assets declined significantly by € 22 million to € 95 million (prior year: € 117 million) and were primarily directed toward research and development activities. In parallel, investments were made to strengthen and harmonize the global IT infrastructure. [Table → 2.69](#)

## 2.69 CAPITAL EXPENDITURE, DEPRECIATION, AND AMORTIZATION

in € million	2025	2024
Capital expenditure on property, plant, and equipment	224	233
Investments in intangible assets	95	117
Depreciation (excl. depreciation of right-of-use assets under IFRS 16)	315	321

## Supplementary Report

Details are available in chapter H.2. of the notes to the consolidated financial statements. Events after the Reporting Date.

## Report on Risks, Opportunities, and Expected Developments

### Report on risks and opportunities<sup>20</sup>

#### Risk management system

##### PRINCIPLES AND OBJECTIVES

As an international corporate group with a global presence, Knorr-Bremse encounters both risks and opportunities in the course of its entrepreneurial activities. The goal of risk management is to identify risks across the Group and minimize their potential consequences on the Group's anticipated financial performance and position. The system should likewise identify and leverage opportunities to boost stakeholder value in the long term. The focus is on early, systematic identification and analysis of potential risks and opportunities in order to provide sufficient scope for effective risk management, including the timely introduction of suitable countermeasures. The

<sup>20</sup> This section forms part of the Knorr-Bremse Group Sustainability Statement for the fiscal year from January 1 through December 31, 2025.

basis for this is a transparent, systematic risk reporting system that covers all business processes.

We always carefully evaluate opportunities and risks in all our business activities. They include risks and opportunities from operational areas as well as environmental, social, and governance (ESG) risks and opportunities. Knorr-Bremse encourages all employees to proactively report risks and requires them to deal with risks in a responsible manner. In addition to regular reporting periods, an internal ad-hoc reporting process enables risks of major significance to be identified at an early stage and managed as rapidly as possible.

The risk management system established in the Group is subject to continuous further development, including adjustments to internal and external requirements.

#### ORGANIZATION AND PROCESS

Our risk management structures and procedures are aligned with our overall organizational structure and anchored in a corporate policy that includes clear definitions of responsibilities and reporting structures. Under the direction of Group Controlling & Risk Management, our analysis of potential risks is conducted quarterly in the form of a worldwide bottom-up risk inventory covering all Group companies. Company locations report potential risks in quantified form to regional managers, who in turn pass on the aggregated data to divisional managers. An essential component of regular risk reporting is a summary Group risk report; this is discussed and adopted in the Risk Committee. The participants in the Risk Committee are the heads of finance with divisional responsibility, the heads of other governance functions and the global head of ESG. The Group risk report is then presented to the Knorr-Bremse Group's Executive Board at quarterly intervals and explained and discussed at the relevant Executive Board meeting. The Supervisory Board's Audit Committee conducts an in-depth review of the risk report at least once a year and also on an ad-hoc basis if necessary.

The identified risks are assigned to one of 14 specific risk categories that are aligned with the company's value chain. Within the company's departments, particular attention is paid to identifying sustainability-related risks and this will be expanded further in the future. In relation to the evaluation of environmental, social, and governance (ESG) risks, there is an upstream "materiality assessment" process for identifying the issues relevant to Knorr-Bremse in advance. Building on this process, the risk management process comprises a total of six stages, from identification through evaluation, mitigation, and aggregation to reporting and monitoring, including for

ESG risks. The identified risks are evaluated from an overall perspective in terms of their impact on earnings and liquidity and likelihood of occurrence. The priority is to present the risk portfolio transparently, together with an appraisal of effective risk limitation measures. Those responsible for risk management provide quantitative and qualitative assessments of these measures in their reports. Possible measures include the avoidance, reduction, transfer, or acceptance of the respective risk. The internal control system, among other things, represents a form of mitigation for identified risks.

As part of this process, the identified and assessed gross risk is offset to some extent by the operational measures that contain the risk and reduce the potential damage, and the remaining risk indicates the net risk before the likelihood of occurrence. Factoring in the probability of occurrence allows us to quantify the weighted net risk, the "expected value." For the purpose of provisioning for possible loan losses on the balance sheet, appropriate provisions and loss allowances must be recognized in the annual and consolidated financial statements in compliance with accounting regulations. The valuation of gross risk as well as the valuation of net risk is done after deducting the risk provisions.

In the subsequent risk aggregation phase, the individual risks are aggregated based on identity of cause and allowing for possible interdependencies. Furthermore, in consultation with the divisions and those responsible for risk management, the Risk Management function performs a plausibility check on the net risk calculation and validates compliance with guidelines. This process of aggregation, the performance of a plausibility check and validation is also part of the Risk Committee's quarterly agenda.

The aggregated expected values of the risks in each category are classified in accordance with the risk's materiality to the Group as follows:

- Low (< € 10 million)
- Medium (€ 10 million to € 50 million)
- High (> € 50 million)

Unless otherwise stated, the impact on EBIT is always considered when assessing a risk or opportunity.

The risk management software that has been rolled out makes it possible to evaluate individual risks in risk scenarios ("best case," "most likely case," and "worst case").

The early risk detection system is integrated into the risk management system. As part of the introduction of risk management software, a possibility to assess long-term

risks was created in addition to assessments of short- and medium-term risks. Recording these long-term issues, especially abstract and strategic ones, ensures that risks are identified at an early stage and managed.

To evaluate the Group's risk-bearing capacity, the potential impacts that all risks might have on profit are analyzed in a Monte Carlo simulation (confidence level: 95%). If the risk and opportunity profiles are symmetrical, the opportunities' potential impacts on profit are considered as well. The aggregated risks and opportunities are compared with the recognized equity and consolidated net income of the Knorr-Bremse Group, which serve as its risk coverage potential.

#### INTEGRATION OF INSIDE-OUT PERSPECTIVE

For sustainability-related risks and opportunities, the evaluation assesses the short-, medium-, and long-term impacts on the Knorr-Bremse Group and, moreover, looks at the "inside-out" perspective, i.e., the impacts on humans and the environment caused by the Knorr-Bremse Group. Environmental and social risks as well as the human rights risks associated with them are identified across the value chain and integrated into the risk management process (qualitative assessment).

#### RISK REPORTING

The Executive Board provides the Supervisory Board's Audit Committee with regular, timely, and comprehensive updates on all risks and opportunities of relevance to the Group. Process-integrated monitoring is the Risk Committee's task. The examination and process-independent monitoring of the risk management process is the task of Internal Audit. The Knorr-Bremse Group thus has a reporting and control system in place with the aim of implementing efficient and effective risk monitoring and management globally.

#### KEY FEATURES OF THE INTERNAL CONTROL SYSTEM (ICS)

The internal control system (ICS) is an element of internal governance for the purpose of process-integrated and organizational monitoring measures and controls that are intended to safeguard the accuracy of external financial and non-financial reporting. The Knorr-Bremse ICS sets out Group-wide specifications for the design of the internal control system for accounting processes and processes for non-financial operating areas, including the controls related to sustainability.

The job of the financial ICS is to safeguard the propriety and reliability of accounting processes. The non-financial ICS focuses on the propriety and reliability of non-financial operating processes.

We use our ICS to ensure compliance with the relevant legal requirements and applicable Group guidelines. The ICS encompasses the principles, procedures, and measures which Executive Board has implemented within the company for the purpose of handling risks systematically and transparently.

The fundamental principles of the ICS are the four-eyes principle and the separation-of-duties principle. Group companies are responsible for complying with existing standardized Group-wide rules and country-specific regulations, and for documenting the internal controls they use to ensure reliable and appropriate financial and non-financial reporting. The risk control matrix with our most important controls has been introduced in all Group companies. These controls have their effectiveness tested regularly in our Group companies using the principle of materiality and in combination with a risk-based approach. The financial ICS is at a higher level than the non-financial ICS, however the non-financial ICS is continuously being improved further.

Group Controlling & Risk Management plays a supporting and coordinating role and centrally files the documentation of risks and controls and the regular control assessment. The Internal Audit function also verifies the existence and effectiveness of the documented processes during its independent audits. Group Controlling & Risk Management reports to the Executive Board on the effectiveness of the control system in relation to accounting controls and operating controls. The Executive Board regularly provides the Supervisory Board with a detailed breakdown of ICS and Internal Audit results once a year as part of the Audit Committee meeting.

The most important instruments, control and hedging routines in the accounting process and operational processes are:

- Knorr-Bremse AG's accounting guideline defines the accounting process in the individual companies and within the Group. The guideline covers all relevant IFRS rules and is regularly updated by the Corporate Accounting function.
- Knorr-Bremse's Group guidelines lay out the Group-wide specifications for operational business processes in order to minimize or avoid risks within the processes.
- All accounting processes are subject to multi-level validation in the form of spot checks, plausibility checks and other controls by the operating companies, the divisions, and the Group Controlling, Group Accounting/Taxes and Internal Audit functions. The controls relate to various aspects, such as the reliability and adequacy of IT systems, the completeness and accu-

racy of financial reporting, and the completeness of provisions.

- The fundamental ICS principles – the four-eyes principle and separation-of-duties principle – apply generally, but in particular to the commercial processes that trigger entries in the consolidation system. For example, depending on the amounts involved, orders or invoices may have to be signed off by the head of department, Management Board, or Executive Board. The process from ordering through to payment is secured by separating the functions of employees in Purchasing and Accounting.
- Access authorizations control access to the consolidation system; this is reserved for a selected group of employees in Corporate Accounting. Data that is entered for Group companies is checked in a multi-level process. First, it is validated by the Group company itself,

then by the relevant segment's Controlling function, and finally by Corporate Accounting.

To ensure that financial statements are prepared correctly, we carefully consider significant regulations pertaining to and new developments in accounting and reporting. Particular attention is paid to the accounting treatment of construction contracts based on the percentage-of-completion method, impairment testing of goodwill, and the reliability of qualitative and forward-looking statements in the Combined Management Report.

The breakdown in the table below shows the aggregate expected value (respective net risk by likelihood and after risk provisions) for the Group per risk category.

[Table → 2.70](#)

## 2.70 KNORR-BREMSE GROUP – RISK CATEGORIES\*

	Low (< € 10 million)	Medium (€ 10 million to € 50 million)	High (> € 50 million)
Strategy, M&A/PMI	■		
Legal & Regulatory	■		
Compliance		■	
Research & Development	■		
Purchasing		■	
Market & Customers Project Management	■		
Logistics	■		
Production	■		
Quality & Product Liability	■		
HR	■		
Finance & Treasury	■		
IT Systems & IT Security		■	
Sustainability	■		
External/Other	■		

\* Tax risks are not comparable with other risks due to various underlying measurement parameters, for which reason tax risks are not presented in the table.

Significant changes in the risk portfolio since the previous year arose mainly in the Purchasing risk category as well as Human Resources.

Risks in the Purchasing category have decreased since the previous year. This is due firstly to the assumption that the risk arising from market price increases for energy, raw materials, and wages will develop moderately and secondly to risk already largely being considered in the planning or mitigated with countermeasures. Geopolitical

uncertainty, trade conflicts, and natural disasters continue to have the potential to result in supply chain disruptions and further risks within our supplier structure. In the CVS division in particular, we are observing a slightly elevated insolvency risk among European suppliers that have focused their investment on electromobility and are in a financially tense situation due to the current economic conditions in that sector. The changes in US economic policy still may result in elevated costs in connection with the increase of US import tariffs, but the risk in this context

has nonetheless reduced as the higher tariff level has largely been incorporated into the planning. Furthermore, new risks have additionally emerged since the previous year, and cost increases in connection with Chinese restrictions on the export of rare earths and chip components may arise from them.

The risk portfolio in the Human Resources category has reduced since the previous year. Restructuring costs for optimizing the company footprint have been carried over to the business planning or have been realized.

The Knorr-Bremse Group's individual risk categories are explained in more detail below:

#### **STRATEGIC RISKS, RISKS ASSOCIATED WITH MERGERS AND ACQUISITIONS (M&A) AND POST-MERGER INTEGRATION (PMI)**

As a technology leader<sup>21</sup> in the rail and commercial vehicle sectors, we are regularly exposed to the efforts of both established competitors and new market players to gain market share at our expense. Mergers and acquisitions among our competitors should be noted in this context. We counter such strategic risks with a sustainable innovation strategy and intensive cultivation of customer relationships so we can continue to respond optimally to customer needs in terms of the technology, quality and pricing of our products and services. As well as continuously developing our existing product portfolio, we focus in particular on averting the risks of unsuccessful or delayed entry into new, promising product areas. For this purpose, we take steps to ensure the timely identification, evaluation and efficient implementation of development projects aimed at opening up new product areas. This applies in particular to product ranges linked to the current megatrends of urbanization, sustainability, digitalization and mobility. As a systems supplier, we are determined to continue offering our customers the greatest possible benefits in all these fields. Another risk to be mentioned is that the Chinese government has for years been endeavoring to strengthen the local economy and thus the autonomy of the country by placing a stronger obligation on companies to use local Chinese companies in the supply chain. Knorr-Bremse is responding to this with adjustments in its presence and positioning in the country in order to meet the changed requirements. Risks may also arise from strategic decisions involving portfolio adjustments or changes. These may take the form of restructuring costs, value adjustments or similar risks – for example, in the event of relocations or closures.

Risks can arise from both strategic and operational perspectives during the M&A process itself and in the post-

merger integration (PMI) phase. Among other things, from a financial perspective such risks include possible mispricing, which we seek to prevent by conducting extensive due diligence. Other risks include higher than expected integration and onboarding costs, or delays during the integration process and subsequent changes to the purchase price. Risk provisions are recognized for these in the balance sheet where necessary. To reduce these risks, we involve employees holding key positions in the integration process at an early stage. This makes it easier to ensure effective integration with our corporate culture, working conditions, systems, and processes. As a general rule, Knorr-Bremse participates in the risks of its investments in line with its respective interest and, as a result, may also be subject to equity price risks if an investment is publicly listed. In addition, risks may also arise from the sale of business units.

#### **LEGAL AND REGULATORY RISKS**

Its worldwide presence means that Knorr-Bremse operates in a wide variety of different legal systems. Current and potential future changes to these legal systems give rise, among other things, to risks associated with tax, antitrust, IP, environmental, labor, contract, and data protection law as well as risks arising from class action litigation. To avoid or minimize litigation and any potential financial exposure, strategic risks or reputational damage that might ensue, we rely on the support of external counsel and tax experts, as well as the legal reviews and assessments carried out by our Legal department.

To counter the potential damage to our business resulting from imitations and product piracy, the company relies on the IP department's in-depth scrutiny of our markets, its rigorous defense of our interests, and close collaboration with government agencies when necessary. Details of current proceedings can be found in chapter H.9. "Legal Disputes and Litigation" of the notes to the consolidated financial statements.

#### **COMPLIANCE-RELATED RISKS**

Corruption, breaches of export controls and sanctions, anti-competitive practices, conflicts of interest, fraud, and embezzlement are among the things identified by the compliance management system as potential compliance risks. These subjects were determined based on a compliance risk analysis which involves selected business units and markets. As part of a worldwide compliance risk analysis, possible compliance risks were compiled and assessed on the basis of risk scenarios. Provisions for tax risks were recognized in the consolidated financial statements as at December 31, 2025, unchanged since the previous year, for issues that were identified as part of

<sup>21</sup> Not audited; not subject to auditor's conclusions.

internal investigations. As a global company, we maintain business relationships with customers in countries that are subject to export control regulations, embargoes, economic sanctions, and other forms of trade restrictions. New or broadened sanctions in countries where we have activities could result in a limitation of our business activities.

#### **RISKS ASSOCIATED WITH RESEARCH AND DEVELOPMENT**

Both product development and product optimization processes are generally associated with a range of risks, in particular time-to-market delays and deviations from product quality requirements – e.g., in respect of approval procedures. It is also important to safeguard against potential infringements of intellectual property (IP) rights. In addition, costs may overrun the original budget, especially in relatively long-term development projects. To meet these challenges, we have a global, highly qualified team of R&D specialists, cutting-edge R&D facilities, efficient and effective processes, all under tight project control. As well as the Technology Center at our Munich head office, equipped with the latest measuring stations and test rigs, we should also mention our R&D Centers in Schwieberdingen, Germany, Kematen, Austria, Getafe, Spain, Buccinasco, Italy, Budapest, Hungary, Pune, India, and Avon (Ohio) and Watertown (New York), US.

#### **RISKS ASSOCIATED WITH PURCHASING**

Potential risks in the procurement process include, along with isolated supply shortages, in particular late deliveries, quality defects, and rising supplier prices that cannot always be passed on in full to customers, or only after some time has elapsed. Furthermore, there is also a risk of possible insolvencies among suppliers. We counter this risk early on in the selection process and also by tracking the financial stability of our suppliers as part of our continuous monitoring program. Moreover, we have selected multiple suppliers for strategically relevant product components in order to reduce our dependency on individual suppliers as far as this is commercially prudent. We conclude framework agreements with our suppliers to minimize supply risks. We also pool procurement volumes to obtain more advantageous purchasing terms.

Furthermore, there exist risks originating mainly from geopolitical developments such as effects resulting from the recently erupted Middle East conflict (e.g. higher energy prices) import tariffs and Chinese restrictions on rare earth and chip component exports. Further purchasing risks within our supplier structure are also apparent to us and are caused by physical climate risks.

#### **MARKET RISKS AND RISKS IN CUSTOMER PROJECT MANAGEMENT**

Even after drawing up a detailed sales budget that fully reflects market expectations for a given fiscal year, unexpected market developments or individual customer risks, in particular, can easily cause revenue targets and associated earnings targets to be missed. With respect to markets, the Commercial Vehicle Systems division's business is the main concern because it is generally more sensitive to cyclical fluctuations. Any decline in vehicle production has an impact on revenues from the division's original equipment (OE) business. Irrespective of order trends, customer pressure on prices may also have a negative impact on margins. In the Rail Vehicle Systems division, where project business plays a more important role, we focus not just on market movements, but also on possible strategic and operational project delays. In addition, price pressures can arise in both segments as a result of customers merging. Thanks to the Group's broad global base, the effects of regional or segment-related market developments can often be offset, even across the divisions.

Customer-project-specific risks may arise in the Rail Vehicle Systems division in particular, owing to the division's reliance on project-related business. Such risks include, in particular, budget overruns, possibly including in the form of currency and inflation risks in the project environment, schedule overruns and divergences from agreed product specifications. For instance, failure to deliver on time or with the warranted product features may result in additional remediation costs or lead to contractual compensation payments or penalties. To avoid such risks, we rely on effective project management and controlling, fine-grained monitoring, and intensive communication with our customers through our global key account managers.

The current geopolitical developments still may have impacts on both divisions' sales volumes and result in lost or delayed projects among customers.

#### **LOGISTICAL RISKS**

Material risks affecting logistics include possible delays in the supply chain to Knorr-Bremse as well as in the company's own supply chain through to its end customers. Such delays may result in production delays or downtime, which in turn may cause bottlenecks in deliveries to our customers. We counteract these risks by means of an integrated planning process that is closely coordinated with our production and delivery schedules. Furthermore, there is continuous monitoring of the risks and measures within this field from the perspective of suppliers, production, and customer projects. Optimized warehouse management also enables us to achieve a balance

between availability on the one hand and capital-efficient inventories on the other. Even so, special freight (e.g., air freight) and other measures to eliminate delivery bottlenecks may be required, entailing higher logistics costs. Moreover, blockades of freight routes (e.g., the conflict in the Middle East) as well as trade wars may result in delays and additional costs.

#### **PRODUCTION-RELATED RISKS**

Bottlenecks in production can result from a lack of manpower or insufficient mechanical production capacity, also because of machine downtime. Risks may also arise in connection with the termination of supply contracts with major suppliers and risks posed by bottlenecks for components. We counteract these risks firstly by means of coordinated production planning and contractual covenants, and secondly by relying on state-of-the-art production facilities and regular maintenance, investing in replacement equipment whenever required to avoid equipment obsolescence. Integrated quality controls enable us to identify and remedy quality defects at an early stage so we can avoid rejects, waste, and reworking. Our globally standardized manufacturing concept, the Knorr-Bremse Production System (KPS), ensures that all production locations meet our high quality standards. Comprehensive occupational safety and environmental protection standards have also been defined within the Group.

#### **RISKS ASSOCIATED WITH QUALITY AND PRODUCT LIABILITY**

The primary objective of quality management is to ensure that we reliably fulfill our customers' requirements. As a manufacturer of safety-relevant products, quality is an especially high priority and has been deeply embedded in our corporate values for many years. If, despite comprehensive quality assurance measures, we were on occasion to supply our customers with products that did not meet the expected quality standards, there is a risk of incurring additional costs for rectifying defects or settling customers' warranty claims. In such cases, we work closely with our customers to promptly find and implement solutions. Our overall exposure to quality and product liability risks is offset by, among other things, provisions that cover these risks through our best estimates.

#### **RISKS ASSOCIATED WITH HUMAN RESOURCES (HR)**

To mitigate the risks of employee turnover in a targeted way, we offer attractive remuneration packages, good working conditions, and individual professional development opportunities. We are addressing the shortage of skilled workers with our own management development program aimed at recruiting young, talented, and capable employees and retaining them in the company over the

long term. Nevertheless, the departure of highly qualified employees can result in a loss of expertise and resource bottlenecks. In addition to running in-house training courses, we also undertake targeted marketing in universities and offer dual vocational education and training (work-study programs). The risk from the ongoing development of pension obligations is relatively low in view of the total assets; some pension obligations have already been outsourced to external pension funds.

#### **RISKS ASSOCIATED WITH FINANCE AND TREASURY**

Currency, interest rate, and liquidity risks are described in detail in chapter H.1. of the notes to the consolidated financial statements. Detailed information can also be found below in the Risk Report on the Use of Financial Instruments. Where necessary, risk provisions are recognized for these in the balance sheet.

Moreover, this risk category includes tax risks, too. The Knorr-Bremse Group and its subsidiaries operate in many countries globally and, for this reason, are subject to numerous different pieces of legislation and tax audits. Any changes in legislation as well as case law and differing legal interpretations by taxation authorities, especially in relation to cross-border transactions, may be associated with significant uncertainty. It is therefore a possibility that recognized provisions prove to be insufficient and, from this, there arise negative impacts on the Group's consolidated earnings and cash flow.

Any changes or findings made by taxation authorities are monitored continuously by the tax department, and actions are taken as needed.

#### **RISKS ASSOCIATED WITH IT SYSTEMS AND IT SECURITY**

Insufficient system stability and inadequate data availability pose fundamental IT risks. Redundant data centers protect us against possible data loss and the failure of critical systems. Cyberattacks on our IT systems pose a serious threat. We protect ourselves through an information security management system, which is put into practice with Group-wide IT organization, a dedicated Cyber Monitoring and Defense Center (CMDC), an information security program, and various IT security solutions. This system is adapted constantly and kept up to date with a continuous improvement process. We train our employees on the topic of information security and regularly inform them about current threats and the appropriate practices regarding these. Further risks may also arise in connection with, among other things, software licenses.

### RISKS ASSOCIATED WITH SUSTAINABILITY

The Sustainability category comprises potential risks identified in connection with issues pertaining to the climate and environmental protection as well as the protection of human rights.

Physical as well as transition risks are relevant to the climate and environment. The potential transition risks identified in connection with the transition to a low-emission economy concern, for example, the rising costs of energy and materials as a result of stricter regulation and higher carbon pricing as well as potential sanctions for non-compliance with statutory specifications and climate-related requirements in the supply chain. There is another risk for Knorr-Bremse in the lack of planning certainty due to the changing political and market environments for the development of zero-emission commercial vehicle technology. It may result in misguided investment in new technologies and slow down transformation processes.

With climate change advancing further, physical climate risks in particular, such as extreme weather events, and chronic climate risks grow in relevance. These may result in damage to property as well as interruptions in our business areas and in the supply chain.

In relation to human rights, we prioritize the risks that can have particularly grievous consequences for life, limb, or mental health, namely occupational health and safety as well as forced and child labor, regardless of the likelihood of such risks materializing.

The company deals with the above risks at an early stage in order to be able to react to them with appropriate measures or take preventive action in all areas.

### OTHER RISKS

The Other Risks category includes all risks that do not fall into one of the above-mentioned categories. These include, for example, potential reputational damage.

### Risk report on the use of financial instruments

#### CURRENCY, INTEREST RATE, LIQUIDITY, COMMODITY PRICE, AND CREDIT RISKS AND FINANCIAL INSTRUMENTS FOR RISK MINIMIZATION

As a result of its international activities and the volatility of the world's financial markets, the Knorr-Bremse Group is exposed to various financial risks, especially market risks, liquidity risks and credit risks. Company policy aims to limit these risks through systematic financial management. The Group therefore utilizes a number of financial instruments, such as forward exchange transactions, currency swaps, currency options and interest rate swaps. Derivative financial instruments are used solely to hedge

existing positions (hedged items) against interest rate and exchange rate exposure (in line with market risk).

### HEDGING OF FOREIGN CURRENCY RISKS

Forward exchange transactions and currency options are used solely to hedge the currency risks on selected assets and anticipated cash flows within the Knorr-Bremse Group. Knorr-Bremse AG's hedging transactions are designed to reduce risks arising from exchange rate fluctuations. We always enter into a separate hedging transaction for each individual major project. All financial derivatives and their hedged items are regularly monitored and measured. The effectiveness of the hedging relationship is also monitored, and hedges are adjusted under certain circumstances.

The high level of local manufacturing and local supply within the respective currency zones established by the Group's geographical diversification in recent years has minimized our transactional exposure. Hedge Accounting has been used since fiscal 2019 to record the hedging of fluctuating cash flows that result from exchange rate movements and are associated with transactions that are highly likely to occur.

### HEDGING OF INTEREST RATE RISKS

We pursue a conservative interest rate and financing strategy with three core elements: long-term interest rate and financing security, matching maturities, and a ban on speculation.

Our financial liabilities are primarily the bonds issued in 2022 and 2024 and borrowings from bilateral credit facilities. Our corporate financing is exposed to limited interest rate risks. The risk of interest rate fluctuation arising from operational activities is also of no great significance to the Knorr-Bremse Group at present, as the Group's geographical diversification in recent years has established a high level of local manufacturing and local supply within the respective regions. Our interest rate risk management covers all interest-bearing and interest-sensitive balance sheet items. Regular interest rate analyses allow us to identify risks at an early stage. Corporate Treasury is responsible for debt financing, financial investment and interest rate hedging; exceptions above a certain size must be approved by the Chief Financial Officer.

Our pension risks are manageable. At € 224 million, pension provisions at the end of the year were moderately below the previous year's level of € 239 million and thus represented an unchanged 2.5% (previous year: 2.5%) of total assets.

### HEDGING OF LIQUIDITY RISKS

Our liquidity requirements are largely covered by our operating cash flow. Cash and cash equivalents together with existing credit facilities allow us to meet our payment obligations at all times. By virtue of cash pooling in each of our respective currency zones, we can utilize individual companies' liquidity surpluses for other Group subsidiaries, to the extent permitted by national capital transfer regulations. This avoids recourse to external loans and interest expenses.

### CREDIT RISKS

Credit risks arise from investments with banks, operating trade accounts receivable from customers, and contract assets. On the credit institution's side, the risk relates to counterparty default, while on the customer's side the risk relates to late, partial, or no settlement of receivables without compensation and to default. The carrying amount of the financial assets reported in the consolidated financial statements represents the maximum default risk. Regular monitoring is carried out both on the bank side and on the customer side. Decisions on financial transactions are made on the basis of this monitoring. Contracts on financial derivatives and financial transactions are only concluded with financial institutions with high credit ratings in order to keep the counterparty default risk as low as possible. In principle, commercial transactions are exposed to the risk of a possible loss of value due to the defaulting of business partners, such as banks, suppliers, and customers.

There was no material concentration of a default risk with regard to a business partner or a clearly distinguishable group of business partners. As of the reporting date, there were no material agreements that limit the maximum default risk.

### HEDGING OF COMMODITY PRICE RISKS

Commodity price risks exist whenever raw materials required in the production process (especially metals) can only be purchased at higher costs due to fluctuating market prices and it is not possible to offset these higher costs by adjusting the selling price to customers. The planned purchases of raw materials or components with raw material contents as well as the corresponding sales contracts are taken into account for the analysis of the commodity price risk. The resulting risk position, representing our exposure, is continuously monitored and hedged on a case-by-case basis using commodity swaps. Hedge accounting is not applied here.

### FINANCING RISKS

Knorr-Bremse's financing situation is comfortable and reflects the company's excellent credit standing and solid balance sheet structure. As at December 31, 2025,

Knorr-Bremse had access to approved credit facilities totaling € 2,440 million (including a syndicated and ESG-linked credit facility of € 750 million), of which approximately 73.2% remained undrawn. Furthermore, Knorr-Bremse has a bond for € 700 million maturing in 2027 as well as a two-tranche bond with € 600 million and € 500 million tranches maturing in September 2029 and September 2032 respectively. Neither our credit facilities with banks nor the bonds we have issued include any financial covenants.

### HEDGING OF INVESTMENT RISKS

Our investment guideline governs the handling of investment risks. Among other things, it defines approved asset classes and creditworthiness requirements.

### RATING

See Financial Position (Financial Development) in the Liquidity section.

More information on the management of financial risks can be found in chapter H.1. of the notes to the consolidated financial statements.

### Opportunity management system

Knorr-Bremse's opportunity management system follows the processes of the risk management system. Alongside regular management reviews, opportunities are also reported in the quarterly report on risks and opportunities. It should always be borne in mind, however, that even opportunities may be associated with risks that must be carefully weighed up in all circumstances.

As part of the rigorous implementation of Knorr-Bremse's growth strategy, we continuously monitor current and future markets in order to pinpoint and evaluate potential global opportunities at an early stage. To do this, we stay in close contact with our customers and suppliers so we can identify future trends and any resulting market demand. Furthermore, we conduct regular benchmark analyses both against our direct competitors and against peer groups of subcontractors in the rail and commercial vehicle sectors. Besides the Executive Board and Corporate Development, the divisions' central departments are also responsible for identifying potential opportunities to adapt existing products to meet future customer needs or add new product areas. In the opinion of management, Knorr-Bremse makes above-average investments in new technologies in order to further extend the company's innovation and market leadership, safeguard our existing sales markets, and open up new markets. In addition to internal growth opportunities, we also exploit external opportunities by undertaking targeted acquisitions and setting up joint-venture companies.

Operational opportunities are discussed in regular reviews at divisional level, taking account of specific regional circumstances. Knorr-Bremse is constantly working to optimize cost management and streamline process efficiency to further enhance the competitiveness of the company's products and services.

### Synergies between divisions

Knorr-Bremse pursues a strategy of generating opportunities and options for synergies between its Rail Vehicle Systems and Commercial Vehicle Systems divisions. The Executive Board and Management Boards continually monitor important, long-term trends in both industries in order to identify potential.

Appealing synergies arise from our presence in both market segments. As the product offerings across the two divisions are based on similar core technologies, joint development projects enable the transfer of know-how and experience. Moreover, some systems for rail vehicles and systems for commercial vehicles use similar components and materials. Such synergistic areas include materials science for friction materials, and disk brake technology. Future development work in both product areas will benefit from shared experience in, for example, the use of sensors in environment detection systems. Both divisions use research institutions jointly across the world.

### Megatrends

The following megatrends represent important strategic opportunities for Knorr-Bremse:

#### URBANIZATION

Growing population sizes and increasing urbanization are creating opportunities, especially for business in systems and innovative solutions for the rail and commercial vehicle industry, as the demand for faster, more efficient, and more reliable transit continues to grow. This trend is bolstered by people commuting between their home and place of work and creating demand for safe and high-performing public transportation.

#### SUSTAINABILITY

Knorr-Bremse profits from the strengthening of rail transportation as part of the efforts made by cities, states, and countries to protect the climate and environment. Electrification and other energy-efficient and eco-friendly solutions are the result of a growing public awareness of the importance of energy efficiency, combined with intensified government energy initiatives such as stricter emission regulations. End-to-end eco-design is helping to reduce the carbon footprint of our products and make road and rail transportation more energy-efficient.

#### DIGITALIZATION

Digitalization is making critical advances in system and solution connectivity for the rail and commercial vehicle industry. It unlocks new possibilities for making significant increases in efficiency and cost-effectiveness across the entire life cycle. The aim is also to increase the availability of the transportation forms, including in particular with new product generations, innovative customer solutions, and the smart services of the future. For example, digitalization creates a basis for automated train operation (ATO), condition-based maintenance and connectivity of rail vehicles as well as workshop diagnostics and telematics and service solutions for commercial vehicles. On top of that, the use of artificial intelligence opens up significant potential for the developments of the future.

#### MOBILITY

An increasingly mobile and interconnected global population increases the demand for safer, more reliable, and more efficient mobility and logistics solutions. Our product range across both divisions makes a decisive contribution to meeting this demand. New solutions are being developed in response to this growing trend, primarily in the form of automated driving features, driver assistance solutions, and digital innovations which aim to further increase safety and efficiency while reducing operating costs and emission levels.

The above megatrends generate growth opportunities in both divisions.

### General statement on the risks and opportunities situation

Analysis of the Group-wide risk profile has revealed no identifiable risks that could threaten the survival of the Group of companies. The opportunities presented above are intended to contribute to the achievement of our long-term growth targets. The analysis of the opportunities situation did not give rise to any material changes compared with the previous year.

No ESG-related risks, which very likely could have severe negative impacts on the non-financial aspects of the Knorr-Bremse Group, had been identified as of the reporting date or at the time the annual and consolidated financial statements were prepared.

The Group-wide risk and opportunities situation is evaluated each quarter at the monthly Executive Board meetings and a general statement on the adequacy and effectiveness of our internal control system is made once per year. Based on this, the Executive Board does not see

any indications that our risk management or internal control systems are inadequate or ineffective as a whole.<sup>22</sup>

There is continuous monitoring of processes and systems for the risk management system as well as the internal control system in order to rectify the vulnerabilities identified and ensure continuous improvement of processes and systems. We continuously make improvements to our risk management and internal control systems based on internal and external audit findings.

## Report on expected developments

### Subdued outlook and varying monetary policy<sup>23</sup>

The global economy in 2026 continues to be influenced by elevated uncertainty and geopolitical tension, with an assumption that global growth will remain at the 2025 level of 3.3%. The main factors behind the grim situation are the ongoing protectionist tendencies, fragmented trade relationships, and more restrictive fiscal policy in many countries. Meanwhile, inflation is falling globally yet in some regions is only returning to its target after a delay, especially in the US. Downside risks also predominate in 2026, especially because of further possible trade conflicts, the greater vulnerability of financial markets and public finances to negative shocks, and structural challenges such as weak productivity growth and demographic shifts.

In parallel with that, monetary policy worldwide is moving away from rigidity and in a divergent direction. The varying monetary policies practiced by different countries result in significant differences in interest and exchange rates. The US and UK, for example, are expected to see interest rate cuts whereas the eurozone is likely to see unchanged interest rates and Japan interest rate hikes.

Global growth is still restrained and is expected to remain at 3.3% in 2026 and therefore clearly below the pre-pandemic average of 3.7% (2000-2019). The US will likely slightly increase its growth from 2.1% in 2025 to 2.4% in 2026. Growth in the eurozone is predicted to decrease from 1.4% in 2025 to 1.3% in 2026 and in Japan from 1.1% (2025) to 0.7% (2026), while in Germany it will increase from 0.2% (2025) to 1.1% (2026). In emerging and

developing economies, growth will go down from 4.4% in 2025 to 4.2% in 2026 with a few regional differences. In India, a decline from 7.3% in 2025 to 6.4% in 2026 is anticipated, while China is expected to fall from 5.0% in 2025 to 4.5% in 2026.

Global inflation is estimated to fall from 4.1% in 2025 to 3.8% in 2026. In the US, it will likely only return to the 2% target in 2027. In Japan, inflation will probably continue to weaken in 2026 and approach the target by 2027. In the eurozone, overall inflation is expected to be 2.0%, with core inflation likely to return to this level by 2027. Inflation in Germany in 2026 is expected to be in line with that of the eurozone, meaning that the rise in prices should continue to stabilize and be close to the monetary policy target. In China, inflation is expected to rise moderately from a low starting level, while in India, inflation will probably move back toward the target after falling sharply in 2025. The outlook for Brazil and Mexico remains positive, with the growth and inflation forecasts being reaffirmed for both countries and Mexico in particular profiting from robust domestic demand and favorable trade conditions. In many Asian economies, on the other hand, inflation is expected to go down further in 2026.

Global trade is only growing moderately and will increase by 2.6% on average in 2026. The pre-emptive effects in anticipation of expected tariffs are expected to abate in 2026. These shifts are being influenced by exchange rate adjustments and fiscal measures such as spending programs in China, Germany, and the US.

In the medium term, the global economy will remain mediocre or even weak when compared with the pre-pandemic historical average. Growth is expected for the years 2027 through 2030 at an average 3.2% per year, significantly below the historical average of 3.7% that characterized 2000 to 2019. The biggest declines in growth rates affect emerging and middle-income economies; the poorest countries will lose more ground economically, especially as finance flows in these economies go downward for reasons including cuts to grants and soft loans. Reduced development aid also jeopardizes investments in health, energy supply, and human capital while intensifying the risk that global imbalances grow.

<sup>22</sup> The statement regarding adequacy and effectiveness did not form part of the audit of the consolidated financial statements.

<sup>23</sup> The information presented in this chapter is based on analyses and findings of the International Monetary Fund (IMF) as outlined in its latest report.

## 2.71 FULL-YEAR GUIDANCE FOR THE GROUP

<b>Most significant performance indicators</b>		<b>2026 target</b>	<b>2025 actual</b>
Revenues	€ million	8,000–8,300	7,817
Operating EBIT margin (as % of revenues)	%	~14	13.0
Free cash flow	€ million	750–850	790

### Global rail and commercial vehicle markets

#### GLOBAL RAIL VEHICLE PRODUCTION

Despite the prevailing uncertainty caused by geopolitical tension, and especially the significantly exacerbated tendencies toward protectionism, the global rail transport industry remains a growth market which additionally receives support from various government investment programs. Sustainable growth is expected in the long term both in the passenger business and in the freight market, particularly as a result of climate protection measures and the change in mobility within cities. Alongside the aftermarket as the continuous driver of growth, the OE market especially will be a driving force in the future.

In Europe, extensive actions are being taken to progress the Clean Industrial Deal and reinforce the rail industry as a key cornerstone of decarbonization. It provides for road and air transportation gradually being shifted to rail transportation. Increasing investments in vehicles and infrastructure are driving market growth. The biggest growth markets include, in particular, Germany, France, Scandinavia, the UK and Ireland, Poland, and the Iberian Peninsula. Moreover, alternative drive systems, which are intended to replace diesel multiple units and diesel locomotives, are playing an increasing role.

The long-term development of the North American market is shaped by political and economic trends. In the short term, the infrastructure package passed in 2021 will prevent a decline in the market as funding has been provided for the projects already announced. In the medium to long term, though, a reduction of federal support cannot be ruled out. For the years ahead, the freight market is expected to remain at a consistently lower level while passenger transportation is expected to grow slightly.

Increasing growth continues to be expected in Southeast Asia and the Pacific region. Higher infrastructure investment in India is resulting in strong growth of the OE market especially due to major projects with international participation.

China, following a strong year, is expected to see a decline with development balanced between new procurement and aftermarket.

These market assessments are based on leading industry studies and internal market research.

#### GLOBAL COMMERCIAL VEHICLE PRODUCTION

For 2026, based on the forecasts of its major OEM customers, Knorr-Bremse expects stable to slightly growing global truck production. However, truck production in Knorr-Bremse's key markets is expected to develop differently.

For Western Europe, based on the latest market data, we expect a stable to slightly increasing truck production rate. Based on order intake in recent months, we anticipate an increase in truck production of approximately 2% to around 420 to 425 thousand units. Development in Eastern Europe is predicted to be positive with a 25% increase to roughly 68 thousand units.

Although the market environment in North America remains very challenging, we expect a slight recovery in 2026 following a very low level in 2025. One of the contributing factors is the level of truck inventories at dealers, which has steadily declined in recent months. In South America, after a difficult 2025, we expect production to recover in 2026 with a 2% increase to roughly 154 thousand units.

Developments in Asia are primarily driven by the highly dynamic market in China. Solid production rates at the end of the previous year and a positive start to 2026 indicate a carryover of momentum into 2026. Accordingly, we expect truck production in the Chinese market to remain broadly stable; however, this development is highly dependent on government incentive programs and the evolution of vehicle exports. Vehicle production in Japan is adversely affected by intensifying competition in export markets. As a result, no significant market recovery is expected for 2026, with production stagnating at around 160 thousand units. In contrast, further growth in production rates of 4% is expected in India.

The market data relates to the truck production rate in each region as published by various organizations, including for example GlobalData, or by our major customers.

#### **Revenue, profitability, and free cash flow**

The outlook for 2026 is based on the assumption of largely stable exchange rates year-on-year and, in general, stable geopolitical and economic environments. In addition to effects from the acquisition of the duagon Group, the outlook is based on the current portfolio of companies and therefore does not take into account any potential effects from further acquisitions or divestments.

From today's perspective, we anticipate revenues of between € 8,000 million and € 8,300 million for the 2026 fiscal year. Based on this revenue forecast, we expect an operating EBIT margin of ~14% and free cash flow in a corridor between € 750 million and € 850 million.

#### **Proposed dividend**

The dividend proposal for 2025 (€ 1.90 per share) means a payout ratio of approximately 53%. For this reason, we are aiming for a dividend payout ratio above the long-term range of 40% to 50% of the Group's post-tax earnings for the current fiscal year so that our shareholders are included in Knorr-Bremse's pleasing operational developments which have been diluted mainly by the non-recurring, negative effects of the restructuring.

#### **Executive Board's statement summarizing expected developments**

In addition to global tariff developments, the continuing Russia-Ukraine war, and geopolitical developments, the most significant challenges ahead include maintaining our position as one of the innovation leaders, rapidly responding to changing market circumstances, and continually improving our cost position. With this in mind, we are continuing to develop our competencies further, investing in the future, and adapting our organization to enhance our efficiency and satisfy market demands. This will safeguard Knorr-Bremse's market leadership in both rail and commercial vehicle markets going forward. Our robust business model enables us to generate sufficient financial resources to continue to pursue a sustainable dividend policy and further develop the Group organically through acquisitions. Over the last two years, the focus of the BOOST strategy was primarily on optimizing cost structures and the portfolio. These measures will be continued consistently in 2026. Furthermore, it will now be our goal to invest specially in the parts of the company, the technologies, and the regions that reinforce our growth dynamic and increase the profitability of Knorr-Bremse. Altogether, Knorr-Bremse is looking at the year 2026 confidently and from a position of strength.

## Knorr-Bremse AG (HGB)

The annual financial statements of Knorr-Bremse AG comply with the provisions of German GAAP (according to the German Commercial Code – HGB), whereas the consolidated financial statements have been prepared in compliance with IFRS. As the parent company of the Group, Knorr-Bremse AG performs the role of service provider and holding company, as well as operational management functions. The company's commercial development depends primarily on the business performance of the operating Group companies. The economic environment in which Knorr-Bremse AG operates essentially corresponds to that of the Group as described in the Business Report in the General Economic and Industry-Related Conditions section.

Total income (loss) from investments in affiliated companies is regarded as the most significant performance indicator. This includes income from participations, income from profit transfer agreements and expenses from loss transfers.

Knorr-Bremse AG as at year-end 2025 employed 243 (previous year: 212) people.

### Net assets, financial position, and results of operations

Along with interests in affiliated companies, Knorr-Bremse AG's balance sheet largely reflects receivables from and payables to Group companies. These are centrally administered, partly within the framework of the cash-pooling process managed by Knorr-Bremse AG.

The net assets and financial position of Knorr-Bremse AG was impacted by the moderate decrease in financial assets from € 1,497 million to € 1,424 million, which was mainly the result of a repayment by Knorr Brake Holding Corporation, Avon, Ohio/US. On top of that, the third-party bond liabilities went down significantly by € 750 million to € 1,800 million (previous year: € 2,550 million) due to the timely repayment of a 2018 bond in June 2025. This was also associated with a significant fall in cash on hand and bank balances as at the reporting date by € 331 million (previous year: € 1,297 million) to € 967 million. Equity increased significantly from € 1,072 million to € 1,367 million. This was due to a very significant rise of € 294 million in the net retained profit of € 889 million due to an increase in the net income. The total assets of Knorr-Bremse AG decreased significantly, primarily as a result of the repayment of the aforementioned bond, and

amounted to € 3,896 million as at December 31, 2025 (previous year: € 4,384 million).

In 2025, the very sharp rise of € 252 million in the investment result resulted in a very significant increase in earnings before taxes to € 598 million (previous year: € 362 million). The total investment result had increased mainly due to a very significant € 174 million year-over-year increase in the profit transfer from Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Munich, Germany, although this was partially compensated for with a very significant € 54 million decrease in the profit transfer of € 43 million from Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich, Germany. The total investment result for the 2025 fiscal year was € 657 million, which is very significantly above the previous year's € 403 million and therefore above the "stable investment result" that was forecast. The taxes on income, at € 21 million, remained solid above the previous year's level of € 20 million. Altogether, Knorr-Bremse AG therefore posted a very significantly higher net income of € 577 million when compared with the previous year (€ 342 million).

Knorr-Bremse AG acts as an in-house bank for its subsidiaries around the world. This includes handling the central hedging of market price risks. The subsidiaries contract their hedging transactions with Knorr-Bremse AG, which in turn hedges part or all of the residual net risk for the Group with external banks. With the aid of the global process standardization and process transparency achieved through Knorr Excellence, Knorr-Bremse AG is able to efficiently manage its own business and that of its affiliated and related companies.

### Appropriation of retained net earnings

Knorr-Bremse AG posted retained net profit of € 889 million in fiscal 2025 (previous year: € 594 million). The Executive Board of Knorr-Bremse AG will suggest that the Annual General Meeting distribute a total dividend of € 306 million for the past fiscal year. This corresponds to a dividend per share with dividend rights of € 1,90 (161,200,000 shares). Following a € 250 million allocation to retained earnings, the remaining unappropriated retained earnings of Knorr-Bremse AG (separate financial statements), totaling € 333 million (previous year: € 312 million), are planned to be carried forward.

### Relationship with affiliated companies

In the view of the Executive Board, under section 312 of the German Stock Corporation Act (AktG), Knorr-Bremse AG constitutes a company directly dependent on KB Holding GmbH, Oberhaching, Germany (hereinafter

“KB Holding”), which directly holds more than half of the share capital of Knorr-Bremse AG. The Executive Board understands that the shares in KB Holding are held by TIB Vermögens- und Beteiligungsholding GmbH, Oberhaching, Germany (hereinafter “TIB”), the majority of whose shares are in turn held by Stella Vermögensverwaltungs GmbH, Oberhaching, Germany (hereinafter “Stella”). The company is therefore indirectly dependent on TIB and Stella pursuant to Section 17 in conjunction with Section 16 (4) AktG. Stella, TIB, and KB Holding have notified the company that they have an indirect or direct majority interest in the company. The Heinz Hermann Thiele Family Trust (“Familienstiftung”) has controlled the voting rights in Stella since that time, in accordance with the voting rights notification under sections 33 and 34 (1) WpHG dated December 9, 2024. The indirect equity interest of 58.99% held by KB Holding in Knorr-Bremse AG is also attributed to the Family Trust in view of its control over the voting rights in Stella.

Pursuant to section 312 AktG, the Executive Board has drawn up a Report on Relations with Affiliated Companies that includes the following statement by the Executive Board:

“We declare that in the legal transactions and measures shown in the Report on Relations with Affiliated Companies, according to the circumstances known to us at the time at which the said legal transactions took place or measures were taken or refrained from, in each case

Knorr-Bremse AG received appropriate consideration for the legal transactions and was not placed at a disadvantage as a result of measures taken or refrained from.”

## Risks and opportunities

Knorr-Bremse AG participates in the risks and opportunities of its subsidiaries; the degree of participation depends on the respective shareholding. For more details, please refer to the “Report on Risks, Opportunities, and Expected Developments” chapter. Furthermore, the liability relationships existing between Knorr-Bremse AG and its subsidiaries may result in exposure to risks.

## Expected developments

Knorr-Bremse AG’s future business growth is closely linked to the Group’s ongoing operating performance. The Report on Risks, Opportunities and Expected Developments provides more details of our prospects and plans for our operating activities.

Knorr-Bremse AG anticipates a significant fall in income from investments in affiliated companies in 2026. However, corporate reorganization measures in Germany that have not yet been approved by the Executive Board may result in an improvement in the result from investments. The potential accounting implications are currently being assessed. Our future ability to pay dividends remains assured.

Munich, March 19, 2026

Knorr-Bremse AG

Executive Board



MARC LLISTOSELLA



DR. NICOLAS LANGE



DR. CLAUDIA MAYFELD



BERND SPIES



FRANK MARKUS WEBER

## Assurance report of the independent German Public Auditor on a limited assurance engagement in relation to the Consolidated Sustainability Statement<sup>24</sup>

To the Knorr-Bremse AG, Munich

### Assurance Conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement, included in section "Group Sustainability Statement" of the group management report, of Knorr-Bremse AG, Munich, (hereinafter "Company" or "Knorr-Bremse AG") for the financial year from January 1 to December 31, 2025. The Consolidated Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 applying Delegated Regulation (EU) 2026/73 of the European Commission, adopted on July 4, 2025 as well as Sections 315b and 315c of the HGB [Handelsgesetzbuch: German Commercial Code] for a consolidated non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852 applying Delegated Regulation (EU) 2026/73 of the European Commission, adopted on July 4, 2025, Sections 315b and 315c HGB for a consolidated non-financial statement, and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying Consolidated Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Consolidated Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "Processes to identify and assess material impacts, risks, and opportunities [IRO-1]" of the Consolidated Sustainability Statement, or
- the disclosures in section "EU Taxonomy" of the Consolidated Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852 applying Delegated Regulation (EU) 2026/73 of the European Commission, adopted on July 4, 2025.

### Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the Consolidated Sustainability Statement".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these

<sup>24</sup> Our engagement applied to the German version of the Consolidated Sustainability Statement. This text is a translation of the Assurance report of the independent German Public Auditor issued in the German language, whereas the German text is authoritative

requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

## **Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Sustainability Statement**

The executive directors are responsible for the preparation of the Consolidated Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a Consolidated Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the Consolidated Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Consolidated Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Consolidated Sustainability Statement.

## **Inherent Limitations in Preparing the Consolidated Sustainability Statement**

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in section "GHG emissions [E1-6] - Scope-3.1, Scope-3.4 und Scope-3.11" and "Resource inflows [E5-4]" of the Consolidated Sustainability Statement, the quantification of the non-financial performance indicators for Scope 3 emissions and for resource inflow is also subject to inherent uncertainties due to estimations and measurement inaccuracies.

These inherent limitations also affect the assurance engagement on the Consolidated Sustainability Statement.

## **German Public Auditor's Responsibilities for the Assurance Engagement on the Consolidated Sustainability Statement**

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Consolidated Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the company's executive directors, and to issue an assurance report that includes our assurance conclusion on the Consolidated Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the Consolidated Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Consolidated Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.

- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

### Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we among other things:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Consolidated Sustainability Statement
- inquired of the executive directors and relevant employees involved in the preparation of the Consolidated Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Consolidated Sustainability Statement, and about the internal controls relating to this process
- evaluated the reporting policies used by the executive directors to prepare the Consolidated Sustainability Statement
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain
- performed analytical procedures and made inquiries in relation to selected information in the Consolidated Sustainability Statement
- conducted site visits
- considered the presentation of the information in the Consolidated Sustainability Statement
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

## Restriction of Use / Clause on General Engagement Terms

This assurance report is solely addressed to Knorr-Bremse AG, Munich.

The engagement, in the performance of which we have provided the services described above on behalf of Knorr-Bremse AG, Munich, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 ([www.kpmg.de/AAB\\_2024](http://www.kpmg.de/AAB_2024)). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations to EUR 4 million specified in item No. 9 included therein) and acknowledges their validity in relation to us.

München, 19 March 2026

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Mokler	Vogl
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

# 03



## Consolidated Financial Statements

---

- 164** Consolidated Statement of Income
  - 165** Consolidated Statement of Comprehensive Income
  - 166** Consolidated Balance Sheet
  - 168** Consolidated Statement of Cash Flows
  - 170** Consolidated Statement of Changes in Equity
  - 172** Notes to the Consolidated Financial Statements
  - 252** Responsibility Statement
  - 253** Independent Auditor's Report
-

# Consolidated Statement of Income

of Knorr-Bremse AG, for the Fiscal Year from January 1 to December 31, 2025

## 3.01 CONSOLIDATED STATEMENT OF INCOME

in € million	Notes	2025	2024
Revenues	E.1.	7,817	7,883
Change in inventory of unfinished/finished products	E.2.	(37)	44
Own work capitalized	E.2.	89	113
<b>Total operating performance</b>		<b>7,869</b>	<b>8,040</b>
Other operating income	E.3.	89	118
Cost of materials	E.4.	(3,579)	(3,803)
Personnel expenses	E.5.	(2,104)	(2,055)
Other operating expenses	E.6.	(983)	(997)
<b>Earnings before interest, tax, depreciation, and amortization (EBITDA)</b>		<b>1,292</b>	<b>1,303</b>
Depreciation, amortization, and impairment	E.7.	(389)	(392)
<b>Earnings before interest and taxes (EBIT)</b>		<b>903</b>	<b>911</b>
Interest income	E.8.	51	60
Interest expenses	E.8.	(126)	(107)
Result from financial investments using the equity method	E.8.	(32)	(16)
Impairment of other financial assets	E.8.	(7)	(65)
Other financial result	E.8.	30	(138)
<b>Income before taxes</b>		<b>819</b>	<b>645</b>
Taxes on income	E.9.	(247)	(168)
<b>Net income</b>		<b>572</b>	<b>477</b>
of which attributable to:			
Profit (loss) attributable to non-controlling interests		38	32
Profit (loss) attributable to the shareholders of Knorr-Bremse AG		534	445
<b>Earnings per share in €</b>	<b>E.10.</b>		
Undiluted		3.31	2.76
Diluted		3.31	2.76

# Consolidated Statement of Comprehensive Income

of Knorr-Bremse AG, for the Fiscal Year from January 1 to December 31, 2025

## 3.02 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € million	Notes	2025	2024
<b>Consolidated net income</b>		<b>572</b>	<b>477</b>
Actuarial gains and losses	F.11.	12	(4)
Deferred taxes	E.9.2.	(5)	0
<b>Items that will not be reclassified to profit or loss</b>		<b>7</b>	<b>(4)</b>
Currency translation		(210)	54
Hedging transactions reserve	F.15.4.	51	(33)
Reserve for costs of hedging	F.15.4.	(9)	1
Deferred taxes	E.9.2.	(13)	10
<b>Items that may be reclassified to profit or loss</b>		<b>(181)</b>	<b>32</b>
<b>Other comprehensive income after taxes</b>		<b>(174)</b>	<b>28</b>
<b>Comprehensive income</b>		<b>398</b>	<b>505</b>
Total comprehensive income attributable to non-controlling interests		32	34
Total comprehensive income attributable to the shareholders of Knorr-Bremse AG		366	471

# Consolidated Balance Sheet

of Knorr-Bremse AG, as of December 31, 2025

## 3.03 ASSETS

in € million	Notes	2025	2024
<b>Assets</b>			
Intangible assets	F.1.	868	933
Goodwill	F.1./F.2.	852	883
Property, plant, and equipment	F.3.	1,815	1,899
Investments accounted for using the equity method	C.6.	46	36
Other financial assets	F.4.	76	83
Other assets	F.5.	105	102
Income tax receivables	F.16.	2	1
Assets from employee benefits	F.11.	24	24
Deferred tax assets	E.9.	198	237
<b>Non-current assets</b>		<b>3,986</b>	<b>4,198</b>
Inventories	F.6.	1,057	1,216
Trade accounts receivable	F.5.	1,308	1,385
Other financial assets	F.4.	144	89
Other assets	F.5.	236	206
Contract assets	E.1.	119	160
Income tax receivables	F.16.	44	81
Cash and cash equivalents	F.7.	1,738	2,263
Assets held for sale and disposal groups	F.8.	251	16
<b>Current assets</b>		<b>4,897</b>	<b>5,416</b>
<b>Total assets</b>		<b>8,883</b>	<b>9,614</b>

## 3.04 EQUITY AND LIABILITIES

in € million	Notes	2025	2024
<b>Equity</b>			
Subscribed capital	F.9.1.	161	161
Capital reserves	F.9.2.	14	14
Retained earnings	F.9.3.	3,242	3,015
Other components of equity	F.9.4.	(313)	(145)
<b>Equity attributable to the shareholders of Knorr-Bremse AG</b>		<b>3,104</b>	<b>3,045</b>
Equity attributable to non-controlling interests		76	82
<b>Equity</b>		<b>3,180</b>	<b>3,127</b>
<b>Liabilities</b>			
Provisions for pensions	F.11.	224	239
Provisions for other employee benefits	F.11.	43	32
Other provisions	F.12.	191	228
Trade accounts payable	F.13.	–	11
Financial liabilities	F.14.	2,479	2,555
Other liabilities	F.13.	17	13
Income tax liabilities	F.16.	6	6
Deferred tax liabilities	E.9.	121	90
<b>Non-current liabilities</b>		<b>3,081</b>	<b>3,174</b>
Provisions for other employee benefits	F.11.	17	19
Other provisions	F.12.	174	170
Trade accounts payable	F.13.	1,092	1,128
Financial liabilities	F.14.	605	1,391
Other liabilities	F.13.	148	139
Contract liabilities	E.1.	314	343
Income tax liabilities	F.16.	120	113
Liabilities directly associated with assets held for sale	F.8.	152	10
<b>Current liabilities</b>		<b>2,622</b>	<b>3,313</b>
<b>Liabilities</b>		<b>5,703</b>	<b>6,487</b>
<b>Total equity and liabilities</b>		<b>8,883</b>	<b>9,614</b>

# Consolidated Statement of Cash Flows

of Knorr-Bremse AG, for the Fiscal Year from January 1 to December 31, 2025

## 3.05 CONSOLIDATED STATEMENT OF CASH FLOWS

in € million	Notes	2025	2024
Net income (including minority interests)		572	477
Adjustments for			
Depreciation, amortization, and impairment losses on intangible assets and property, plant, and equipment		389	392
(Gain)/loss on the sale of consolidated companies and other business units		1	65
(Gain)/loss on the disposal of fixed assets		6	1
Non-cash changes in the measurement of derivatives		(72)	48
Other non-cash expenses and income		(20)	68
Interest result		74	47
Investment result		24	18
Income tax expense		247	168
Income tax payments		(181)	(204)
Changes of			
Inventories, trade accounts receivable, and other assets that cannot be allocated to investing or financing activities, including write-downs on these assets		(68)	(56)
Trade accounts payable, provisions as well as other liabilities that cannot be allocated to investing or financing activities		144	18
<b>Cash flow from operating activities</b>	<b>G.1.</b>	<b>1,116</b>	<b>1,042</b>
Proceeds from the sale of intangible assets		1	5
Disbursements for investments in intangible assets		(95)	(118)
Proceeds from the sale of property, plant, and equipment		4	29
Disbursements for investments in property, plant, and equipment		(236)	(228)
Proceeds from financial investments and from the sale of investments		1	193
Disbursements for investments in financial assets		(20)	(44)
Proceeds from the sale of consolidated companies and other business units less cash and cash equivalents disposed of		8	6
Disbursements for the acquisition of consolidated companies and other business units less cash and cash equivalents acquired		(8)	(636)
Interest received		42	47
Other disbursements		(3)	(4)
<b>Cash flow from investing activities</b>	<b>G.2.</b>	<b>(306)</b>	<b>(750)</b>

in € million	Notes	2025	2024
Proceeds from borrowings		69	1,099
Disbursements from the repayment of borrowings		(836)	(31)
Disbursements for lease liabilities		(78)	(69)
Interest paid		(91)	(59)
Dividends paid to parent company shareholders		(282)	(264)
Dividends paid to non-controlling interests		(30)	(18)
Payments for acquisition of non-controlling interests		(32)	–
Proceeds from grants and subsidies		5	6
Payments from settlement of derivatives		19	(34)
<b>Cash flow from financing activities</b>	<b>G.3.</b>	<b>(1,256)</b>	<b>630</b>
<b>Cash flow changes</b>		<b>(446)</b>	<b>922</b>
Change in cash funds resulting from exchange rate and valuation-related movements		(72)	25
<b>Change in cash funds</b>		<b>(518)</b>	<b>947</b>
Cash funds at the beginning of the period		2,230	1,283
<b>Cash funds at the end of the period</b>	<b>G.4.</b>	<b>1,712</b>	<b>2,230</b>
Cash and cash equivalents		1,738	2,263
Reclassification as assets held for sale and disposal groups		20	0
Short-term bank debt (less than 3 months)		(46)	(33)

# Consolidated Statement of Changes in Equity

of Knorr-Bremse AG, as of December 31, 2025

## 3.06 GROUP STATEMENT OF CHANGES IN EQUITY

in € million	Notes	Subscribed capital	Capital reserves	Retained earnings
<b>As of Jan. 1, 2025</b>		<b>161</b>	<b>14</b>	<b>3,014</b>
Dividends		-	-	(282)
<b>Net income</b>		-	-	<b>534</b>
Other comprehensive income after taxes		-	-	-
<b>Comprehensive income</b>		-	-	<b>534</b>
Acquisition of non-controlling interests		-	-	(24)
Gains and losses on hedging transactions and costs of hedging reclassified to inventories		-	-	-
<b>As of Dec. 31, 2025</b>	<b>F.9.</b>	<b>161</b>	<b>14</b>	<b>3,242</b>
<b>As of Jan. 1, 2024</b>		<b>161</b>	<b>14</b>	<b>2,830</b>
Dividends		-	-	(264)
<b>Net income</b>		-	-	<b>445</b>
Other comprehensive income after taxes		-	-	-
<b>Comprehensive income</b>		-	-	<b>445</b>
Reclassification of components of OCI to Group earnings		-	-	3
Gains and losses on hedging transactions and costs of hedging reclassified to inventories		-	-	-
Other		-	-	-
<b>As of Dec. 31, 2024</b>	<b>F.9.</b>	<b>161</b>	<b>14</b>	<b>3,014</b>

Other components of equity							Total 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		
(103)	10	(20)	(31)	3,045	82	3,127	
-	-	-	-	(282)	(30)	(312)	
-	-	-	-	534	38	572	
(204)	(8)	37	7	(168)	(6)	(174)	
(204)	(8)	37	7	366	32	398	
-	-	-	-	(24)	(8)	(32)	
-	1	(2)	-	(1)	-	(1)	
(307)	3	15	(24)	3,104	76	3,180	
(155)	9	1	(24)	2,836	68	2,904	
-	-	-	-	(264)	(18)	(282)	
-	-	-	-	445	32	477	
52	0	(22)	(4)	26	2	28	
52	0	(22)	(4)	471	34	505	
-	-	-	(3)	-	-	-	
-	1	1	-	2	-	2	
-	-	-	-	-	(2)	(2)	
(103)	10	(20)	(31)	3,045	82	3,127	

# Notes to the Consolidated Financial Statements

of Knorr-Bremse AG, as of December 31, 2025

## A. Basis of Preparation

### A.1. About 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 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 brake systems for rail and commercial vehicles and other safety-critical systems.

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 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 such as engine components and transmission control systems (i.e., vibration dampers, engine air management, transmission control, and gear/clutch actuation), and trailer and aftermarket solutions.

### A.2. Accounting principles

The company's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as well as the supplementary provisions of section 315e (1) of the German Commercial Code (HGB). All mandatory standards applicable on the reporting date were implemented. The consolidated statement of income is prepared based on the total cost method.

The consolidated financial statements were approved for publication by the Executive Board on March 19, 2026.

### A.3. Measurement bases

The Group consistently applied the following accounting methods to all periods presented in these consolidated financial statements.

The consolidated financial statements were prepared according to historical purchase and production costs with the exception of the following balance sheet items with different measurement bases on the respective reporting dates. [Table → 3.07](#)

#### 3.07 MEASUREMENT BASES

Asset	Method
Derivatives	Fair value
Non-derivative financial instruments, measured at fair value through profit or loss	Fair value
Non-derivative financial instruments, measured at fair value through OCI	Fair value
Contingent consideration in the context of a business combination	Fair value
Net defined benefit liability (asset) from defined-benefit plans	Present value of the defined-benefit obligation less the fair value of the plan assets

#### A.4. Functional and presentation currency

The 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.

#### A.5. Use of discretionary decisions and estimates

The preparation of the consolidated financial statements requires a certain amount of discretionary decisions, estimates, and assumptions by the Executive Board, which affect the application of the accounting methods and the stated amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes of estimates are reported prospectively.

Discretionary decisions in the application of accounting policies influence the amounts recognized in the consolidated financial statements primarily in relation to revenues recognized over time in the Rail Vehicle Systems segment. This concerns in particular the identification of individual performance obligations from customer contracts as well as the estimation of the expected total costs and assumptions and estimation uncertainty in relation to planned project costs (chapters D.1 and E.1.). Discretionary decisions also apply in relation to the acquisition of subsidiaries and determination of the fair value of the consideration transferred (including contingent consideration) as well as in provisional determination of the fair values of the identifiable assets and liabilities acquired (chapter H.2.).

Effects on the consolidated financial statements as a result of assumptions and estimation uncertainty particularly occur in the measurement of defined-benefit obligations resulting from key actuarial assumptions (chapters D.9. and F.11.) and in the measurement of write-downs

resulting from expected credit losses relating to receivables and contract assets resulting from assumptions about probabilities of default (chapters D.11. and F.15.2.). There are also assumptions and estimation uncertainty in the recognition and measurement of development projects, restructuring provisions and other provisions for litigation and warranties and contingent liabilities (chapters D.4. and F.1., D.10. and F.12. as well as H.8.). The measurement of the warranty provisions is based on estimates of costs regarding expected warranty claims.

## B. Accounting Standards

### B.1. Accounting standards issued by the IASB and applied for the first time

These consolidated financial statements are prepared by the Group in accordance with the IFRS regulations. All IFRS accounting standards that were mandatory for application in the European Union as of December 31, 2025, are applied. Early application options for new financial reporting standards before mandatory application are not used.

#### Amendments

Application of the amended standards listed below had no material effects on the consolidated financial statements.

- Amendments to IAS 21: Lack of Exchangeability

### B.2. Standards issued by the IASB that have not yet been applied

In addition to the standards presented above, the IASB has also issued additional standards, interpretations, and amendments to standards or interpretations which are not required to be applied at present and which, in some cases, still require adoption in EU law ("endorsement") to be applicable. [Table → 3.08](#)

### 3.08 ACCOUNTING STANDARDS ISSUED BY THE IASB

New or Amended Standards and Interpretations	Contents of, or Amendment to, Standard or Interpretation	Date of Mandatory Application in EU*
Amendments to IFRS 9 and IFRS 7:	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards	Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7:	Contracts Referencing Nature-dependent Electricity	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027

\* Applicable to annual periods beginning on or after the date specified.

With the exception of IFRS 18 shown below, the Group currently does not assume that applying these standards, interpretations and changes will have a significant effect on the presentation of the financial statements.

#### IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 with only limited wording changes and complementing them with new requirements. Some of the requirements from IAS 1 have also been moved to IAS 8 or to IFRS 7. In addition, the IASB made minor changes to IAS 7 and IAS 33.

The main changes in the new standards compared with the previous requirements in IAS 1 are as follows:

- New defined categories and sub-totals in the statement of profit or loss;
- Special disclosure of management-defined performance measures (MPMs) in the notes; and
- New requirements for the aggregation and disaggregation of information in IFRS financial statements.

In addition, all entities will be required to use the operating profit sub-total as the starting point for reporting cash flows from operating activities using the indirect method.

IFRS 18 applies to annual reporting periods beginning on or after January 1, 2027, though early application is permitted. The standard must be applied retrospectively in accordance with certain transitional provisions.

The Group expects that applying the standard will have material effects on the consolidated financial statements, particularly as regards the presentation of the statement of income, the statement of cash flows and the additional disclosure requirements for MPMs.

The Group is also considering the effects on the aggregation of information in the financial statements, including items currently designated as "Other".

## C. Consolidation

### C.1. Principles of consolidation

The consolidated financial statements include the financial statements of the company and all material affiliated companies. Subsidiaries controlled by the Group are fully consolidated. The Group controls a company if it is exposed to fluctuating returns or is entitled to these returns and has the ability to influence these returns using its power of control over the company. The financial statements of subsidiaries are contained in the consolidated financial statements from the date on which the control starts and up to the date on which the control ends.

The Group recognizes business combinations based on the acquisition method. As part of the capital consolidation, the acquisition costs of the acquired shares are offset against the equity of the subsidiaries assigned to the Group. The acquired, identifiable net assets and the consideration transferred are generally recognized at fair value. A positive difference that arises between the acquisition costs of the acquired shares and the identifiable net assets upon initial consolidation is recognized as goodwill. All goodwill is reviewed annually for impairment. A negative difference is reported directly in profit or loss.

The consideration transferred does not contain any amounts associated with the fulfillment of previously existing relationships. Such amounts are fundamentally reported in profit and loss.

Any conditional obligation to provide consideration is reported at the fair value at the time of acquisition. Other

contingent considerations are measured at fair value on each reporting date and subsequent changes to the fair value of the contingent considerations are reported in profit and loss.

Non-controlling interests are recognized with their corresponding share of the identifiable net assets of the acquired company at the date of acquisition.

Put options over remaining non-controlling interests agreed as part of business combinations are recognized in anticipation of the acquisition of these interests. In this respect, no non-controlling interests are recognized. Changes in the measurement of the put options are recognized in the financial result.

Associated companies are companies in which the Group has significant influence, but no control or joint control in relation to financial and business policy. A joint venture is an agreement over which the Group exercises joint control, whereby the Group has rights to the net assets of the agreement rather than rights to its assets and obligations for its liabilities.

Shares in associated companies and joint ventures are reported based on the equity method. They are initially recognized at the acquisition costs, which also include transaction costs and capital-replacing loans. After the initial recognition, the consolidated financial statements contain the Group's share in the comprehensive income, less distributions received, of the investments reported based on the equity method, the change in value of the amortized difference and any write-downs to be recognized up to the date on which the significant influence or joint control ends. The company conducts an impairment test for shares in associated companies and joint ventures if there are objective indications of impairment in companies accounted for using the equity method. If such indications exist, Knorr-Bremse determines the need to adjust the value. If the carrying amount exceeds the recoverable amount of an investment, the carrying amount is written down to the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use.

For interests in joint arrangements that are to be classified as a joint operation according to IFRS 11, the Group recognizes its interest in any jointly controlled or created assets, liabilities, revenue, or expenses. These are included

in the financial statements under the respective item designations.

All intragroup receivables, payables, expenses, and income are eliminated within the scope of the debt consolidation as well as the consolidation of expense and income. Unrealized gains from transactions with companies that are recognized based on the equity method are derecognized against the investment in the amount of the Group's interest in the associated company. Unrealized losses are eliminated in the same manner as unrealized gains.

## C.2. Foreign currency translation

Foreign currency receivables and payables of the companies included in the consolidated financial statements are reported at the spot exchange rate on the date of the transaction. These items are translated at the closing rate on the reporting date.

Annual financial statements of consolidated Group companies prepared in a foreign currency are translated using the modified reporting date method. Accordingly, assets and liabilities from foreign Group companies are translated at the closing rate on the reporting date, while income and expenses from foreign Group companies are translated at the average rate for the respective fiscal year. The resulting currency translation differences are reported in other comprehensive income and recognized in the line item currency translation as long as the currency translation difference is not assigned to the non-controlling interests.

The performance of the U.S. dollar against the euro impacted on the translation of the financial statements of the U.S. Group companies. Due to the application of the modified reporting date method, the depreciation of the U.S. dollar led to corresponding adjustments to the reported amounts of assets and liabilities as well as to currency translation differences that were recognized in other comprehensive income and reported directly in equity.

The exchange rates on which the foreign currency translation is based, which have a material effect on the consolidated financial statements, are listed below:

[Table → 3.09](#)

### 3.09 CURRENCY EXCHANGE RATES

EUR per foreign currency unit		Dec. 31, 2025		Dec. 31, 2024	
		Closing rate	Average rate	Closing rate	Average rate
USA	USD	0.85106	0.88478	0.96256	0.92412
China	CNY	0.12156	0.12314	0.13187	0.12842
Hungary	HUF	0.00260	0.00251	0.00243	0.00253
Czech Republic	CZK	0.04126	0.04050	0.03971	0.03981
United Kingdom	GBP	1.14600	1.16705	1.20601	1.18124
India	INR	0.00947	0.01015	0.01124	0.01105
Japan	JPY	0.00543	0.00592	0.00613	0.00610
Hong Kong	HKD	0.10933	0.11349	0.12394	0.11844
Brazil	BRL	0.15537	0.15841	0.15563	0.17160

## C.3. Changes to the Group

### Main disposals of consolidated companies

#### DISPOSAL OF GT EMISSIONS SYSTEMS

The GT Emissions Systems companies allocated to the Commercial Vehicle Systems division were disposed of as part of a portfolio adjustment which 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. 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: [Table → 3.10](#)

#### 3.10 DISPOSAL OF GT EMISSIONS SYSTEMS

in € million	Jan. 22, 2025
<b>Assets</b>	
Deferred tax assets	1
<b>Non-current assets</b>	<b>1</b>
Inventories	2
Trade accounts receivable	11
Other assets	1
Income tax receivables	1
Cash and cash equivalents	0
<b>Current assets</b>	<b>15</b>
<b>Liabilities</b>	
Other provisions	0
Financial liabilities	1
Deferred tax liabilities	1
<b>Non-current liabilities</b>	<b>2</b>
Other provisions	0
Trade accounts payable	8
Financial liabilities	1
Other liabilities	0
<b>Current liabilities</b>	<b>9</b>
<b>Total net assets disposed of</b>	<b>5</b>

The sale price was € 4 million, which was paid in full in cash as of December 31, 2025. Taking cumulative historical currency translation into account, there was a € 3 million loss on deconsolidation that was recognized in the other financial result.

#### Adjustments to the provisional purchase price allocation

##### ACQUISITION OF KB SIGNALING

In connection with the acquisition of KB Signaling, the finalization of the purchase price allocation and the purchase price was completed within the one-year measurement period up to August 31, 2025. The adjustments were not material.

## C.4. Composition of the Group

### Table → 3.11

For details on the group of consolidated companies, refer to the list of shareholdings pursuant to section 313 (2) of the German Commercial Code (HGB) in chapter H.12.

### 3.11 COMPOSITION OF THE GROUP

	2025	2024
<b>Number of fully consolidated subsidiaries</b>	<b>111</b>	<b>111</b>
Domestic	13	10
International	98	101
<b>Proportionately consolidated companies</b>	<b>1</b>	<b>1</b>
Domestic	–	–
International	1	1
<b>Associated companies</b>	<b>6</b>	<b>6</b>
Domestic	3	3
International	3	3
<b>Non-consolidated subsidiaries</b>	<b>6</b>	<b>4</b>
Domestic	1	–
International	5	4
<b>Investments</b>	<b>4</b>	<b>4</b>
Domestic	1	1
International	3	3

The number of consolidated companies remained unchanged on the previous year. The main disposals are attributable to deconsolidations (chapter C.3.). Additions principally resulted from the establishment of new companies in connection with the carve-out of the HVAC systems disposal group held for sale (chapter F.8.). Liquidations and mergers implemented as part of portfolio adjustments had an offsetting effect.

## C.5. Significant non-controlling interests

### Table → 3.12

### 3.12 SIGNIFICANT NON-CONTROLLING INTERESTS

Name	Registered Of- fice/Country of Foundation	Ownership Shares Constituting Non- controlling Interests	
		Dec. 31, 2025	Dec. 31, 2024
In %			
Knorr-Bremse CARS LD Vehicle Brake Disc Manufacturing (Beijing) Co., Ltd.	Daxing, China	50.0	50.0

The Group holds a 50% interest in Knorr-Bremse CARS LD Vehicle Brake Disc Manufacturing (Beijing) Co., Ltd., Daxing, China (Knorr-Bremse CARS). Knorr-Bremse has a controlling interest in this company due to having the possibility to appoint a majority of members in the relevant bodies. This company is therefore fully consolidated in accordance with IFRS 10.

Summarized financial information for Knorr-Bremse CARS prepared in accordance with IFRS is presented in [Table → 3.13](#). This is information before eliminations of transactions made with other Group companies

### 3.13 KNORR-BREMSE CARS

in € million	2025	2024
Revenues	212	225
Net income	42	43
Profit share attributable to non-controlling interests	21	21
Other comprehensive income	(4)	6
Comprehensive income	38	45
Total comprehensive income attributable to non-controlling interests	19	22
	<b>Dec. 31, 2025</b>	<b>Dec. 31, 2024</b>
Current assets	118	124
Non-current assets	11	12
Current liabilities	(58)	(62)
Non-current liabilities	(11)	(14)
Net assets	60	60
Net assets attributable to non-controlling interests	30	30
	<b>2025</b>	<b>2024</b>
Cash flows from operating activities	23	43
Cash flows from investing activities	(1)	(0)
Cash flows from financing activities	(38)	(26)
Net decrease (previous year: net increase) in cash and cash equivalents	(17)	16
	<b>2025</b>	<b>2024</b>
Dividends paid during the year to non-controlling interests	19	13

## C.6. Investments in associates

The aggregate carrying amount of investments in associates accounted for using the equity method was € 46 million as of December 31, 2025 (2024: € 36 million). These companies had a cumulative loss from continuing operations of € 32 million (2024: € 16 million). This includes the proportional net profits and impairment losses.

## D. Notes on Accounting Policies

### D.1. Revenues

Knorr-Bremse generates revenue from contracts with customers in the two divisions Rail Vehicle Systems and Commercial Vehicle Systems, which also represent the reportable segments of the consolidated financial statements. Revenue is recognized in accordance with IFRS 15 when the customer has obtained control over the goods and services which Knorr-Bremse is obligated to perform and provide. Control is either transferred at a point-in-time or over a period of time.

#### Rail Vehicle Systems division

Revenue in the Rail Vehicle Systems segment is the result of short-term services and deliveries, and primarily for

replacement part deliveries in the aftermarket segment. Each of these deliveries and services represents a separate performance obligation. Revenue for such services is recognized at the time of delivery. The amount of revenue is determined based on the contractually agreed prices.

For revenue recognition over a period of time, a distinction is made between whether the contract qualifies as a project or not. Most OE business is project business. Projects in the aftermarket segment, which take the form of, e.g., long-term service contracts, are an exception.

The majority of the project business relates to contracts for the design, production, and delivery of braking systems with a precisely defined function for a certain number of trains or locomotives. There are projects with similar structures for door systems and air conditioning systems. In projects, the entire scope of services represents one performance obligation. This is primarily because the engineering services form the framework for the systems of all trains or locomotives to be outfitted with hardware in the specific project. Therefore, there is a very high level of dependency between the engineering of the system and the hardware, as well as the production, delivery and commissioning of the system. Therefore, Knorr-Bremse performs a high percentage of integration services for each single train or each single locomotive for a project. In addition, this integration service applies to all

systems to be outfitted in a specific project: all of them must meet exactly the same functionality.

When assessing revenue recognition over time, Knorr-Bremse applies the regulation of IFRS 15.35(c) for project agreements. There is no alternative use for Knorr-Bremse for systems installed in the trains or locomotives, since, simply for practical reasons, it is not possible to use customer- and vehicle-specific systems that have been installed and put into operation for some other use. Therefore, revenue from project business is recognized over time if Knorr-Bremse has a right to "compensation for services performed up to a certain time" over the entire term of the project. This assessment is based on an assessment of the respective contract with the customer. In particular, the question here is whether the customer has the right to terminate the contract without requiring any failure to perform on Knorr-Bremse's part. If there is no such right of termination, Knorr-Bremse has a right to satisfy the contract. In this case, the requirement of "compensation for services performed up to a certain time" is fulfilled. If there are statutory termination rights without any failure by Knorr-Bremse, there is a right to compensation. If the contract grants a termination right to the customer without any failure by Knorr-Bremse, the question is whether Knorr-Bremse would have a right in such cases to compensation of costs incurred up until such a termination becomes effective, including a margin share. Only if such right is confirmed is the criterion of "compensation for services performed up to a certain time" met and revenue recognized over time. The percentage-of-completion method is used to recognize revenue over time. Progress is determined by using the cost-to-cost method; the costs incurred are compared to the planned costs for each project. This determines the stage of progress and the revenue to be recognized up to a period end date. By applying this method, the engineering input and hardware delivery performed by Knorr-Bremse are reflected properly in revenue across the entire term of a project, since it is applied independent of invoicing or payment dates. Estimates are required in particular when determining planned costs and are dependent on the range of delivery and performance. The amount of revenue is determined based on the contractually agreed prices for the contractually stipulated quantity of systems. Generally, these are fixed prices, possibly supplemented by price escalation clauses. The effects of price escalation clauses are taken into consideration if it is possible to reliably assess requirements for such clauses to become effective. Price escalation clauses or other variable consideration is included in the transaction price, if it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur as soon as the uncertainty in connection with the variable consi-

deration has been resolved. The amount of variable consideration is determined on the basis of the most probable amount.

Knorr-Bremse is generally entitled to invoice all hardware deliveries in projects. Customers make advance payments; however, these tend to be low due to the ongoing invoices for delivered hardware components. Therefore, there are generally no significant financing components. Engineering work required after the contract is concluded but before the start of hardware production and delivery, as well as the production and delivery of hardware, generally result in the recognition of contract assets. Agreed compensation payments, invoices for delivered hardware and customer advance payments have a counter effect. These payments and invoices result in contract liabilities depending on their amount and degree of progress.

In addition to the classic project business, the Rail Vehicle Systems segment has long-term service contracts. Under fully comprehensive service contracts, the customer is provided with a full range of replacement parts, maintenance, and overhaul work at agreed intervals, as well as repairs and training over the life of the contract. They often cover the full 20-to-30-year service lives of the vehicles. If the goods and services included in the package are purchased separately by the customer and invoiced separately by Knorr-Bremse, the associated revenue is recognized as separate current performance obligations at the time of delivery. The amount of revenue is determined based on the contractually agreed prices.

Another contract model for long-term service contracts specifies consideration on the basis of contractually agreed fixed prices, which are paid by the customer either on a periodically recurring basis or on the basis of kilometers traveled by the rail vehicles. In return, the customer is entitled to call off the materials and services defined in the contract during the life of the contract. These goods and services are not invoiced separately. These cases represent a stand-ready obligation under IFRS 15.26(e), for which revenue is recognized over time in accordance with IFRS 15.35(a).

Payments of nomination fees from Knorr-Bremse to customers are capitalized and amortized against revenue over the term of series delivery. The development work required for the start of series production is generally based on framework agreements without binding order of quantities and may last up to several years. If future series delivery is at least highly likely to occur based on such framework agreements and costs are covered, these development costs are capitalized as costs to fulfill the anticipated series production and gradually reversed at the

start of series production over the projected term. The reversals are recognized in changes in inventory. Compensation payments by customers during the development phase are recognized as contract liabilities and amortized against revenue with the start of series production over the term of series production.

In general, there is a warranty assuring freedom from defects and over the term determined by law. Customary longer terms may exist in the project business.

Practical expedients are used in relation to the disclosure of significant financing components (IFRS 15.63) and the costs of obtaining a contract with an amortization period of up to one year (IFRS 15.94).

### Commercial Vehicle Systems division

In the Commercial Vehicle Systems segment, revenue in OE and aftermarket business is generated from the series production of components for braking systems and other subsystems. Ordering is primarily based on electronic processes in which an ordered quantity only becomes binding at the start of the so-called frozen zone. The frozen zone is a certain number of days before the notified delivery deadline. Each delivery represents a separate performance obligation according to IFRS 15. In this case, revenue is recognized upon transfer of risk. The amount of revenue is determined based on the prices set forth in framework agreements or individual contracts and the quantities delivered.

The Knorr-Bremse Group offers service contracts for certain products sold. An advance payment or payment of installments of a consistent amount across the contract term is typical for such contracts. The revenue from these contracts is deferred if the customer has made an advance payment and recognized in profit or loss across the contract term.

Payments of nomination fees from Knorr-Bremse to customers are capitalized and amortized against revenue over the term of series delivery. The development work required for the start of series production is generally based on framework agreements without binding order of quantities and may last up to several years. If future series delivery is at least highly likely to occur based on such framework agreements and costs are covered, these development costs are capitalized as costs to fulfill the anticipated series production and gradually reversed at the start of series production over the projected term. The reversals are recognized in changes in inventory. Compensation payments by customers during the development phase are recognized as contract liabilities and

amortized against revenue with the start of series production over the term of series production.

Frequently, there are agreements on volume bonuses for series delivery, which Knorr-Bremse must reimburse to the customer depending on the defined delivery quantities for one year. The delivery quantity for the completed period is used to allocate and measure the reimbursement obligations according to the contractually defined quantity corridors. These reimbursement obligations are recognized as a decrease in revenue and recorded as a liability in the balance sheet.

In general, there is a warranty assuring freedom from defects and over the term determined by law.

## D.2. Government grants

Government grants are recognized if adequate certainty exists that the conditions associated with the grant will be met and the grants will be provided.

These can be divided into grants for assets and performance-related grants.

The Company deducts grants for assets from the carrying amount of the asset. Performance-related grants are reported in other operating income.

## D.3. Income taxes

Current taxes are the expected tax debt or tax claim in relation to the taxable income or tax loss for the fiscal year based on the tax rates that apply on the reporting date, or which will be in place shortly, as well as all adjustments to the tax debt in previous years. In addition, the current tax also includes adjustments for any tax payments or refunds due for any years not yet finally assessed (however without interest payments or refunds). In case amounts recognized in the tax returns probably cannot be realized (uncertain tax positions), tax liabilities are recognized. The amount is calculated from the best possible estimate of the expected tax payment (expected value or most likely value of the tax uncertainty). Current tax debts also include all tax debts that arise as a result of dividends.

Deferred taxes are recognized with regard to temporary differences between the carrying amounts of the assets and liabilities for group accounting purposes and the amounts used for tax purposes. Deferred taxes are not recognized for:

- temporary differences in the event of the initial reporting of assets or debts for a transaction that does not relate to a business combination and that does not

influence the accounting earnings before taxes or the taxable earnings

- temporary differences in connection with shares in subsidiaries, associates, and jointly controlled entities, if the Group is able to control the timing of the reversal of the temporary differences and it is likely that they will not be reversed in the foreseeable future
- taxable temporary differences in the event of the initial reporting of goodwill.

A deferred tax claim is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is likely that future taxable earnings will be available for which they can be used. Future taxable profits are determined on the basis of the individual business plans of the subsidiaries, taking into account the reversal of temporary differences. Unrecognized deferred tax claims are reassessed on every reporting date and recognized in the amount likely to be permitted by the realization of future taxable earnings.

Deferred tax liabilities are additionally recognized for temporary differences arising from future dividend distributions of a subsidiary (outside basis differences).

Deferred tax claims are reviewed on every reporting date and reduced to the extent to which it is no longer likely that the associated tax benefit will be realized; write-ups are reported if the probability of future taxable earnings improves.

Deferred taxes are measured based on the tax rates, which are expected to be applied to temporary differences, as soon as they reverse, namely, using tax rates that apply or have been announced on the reporting date.

The measurement of deferred taxes reflects the tax consequences that arise from the Group's expectation with regard to the manner of recognition of the carrying amounts of its assets and the settlement of its debts as of the reporting date.

Deferred tax claims and deferred tax debts are netted if certain conditions are met.

#### D.4. Intangible assets

Intangible assets with a determinable useful life that were not acquired as part of a business combination are recognized at the acquisition or production costs less cumulative amortization and cumulative impairment.

The goodwill resulting from a business combination is recognized with the acquisition costs, less any necessary impairment.

Development projects are capitalized at acquisition or production costs, including development-related overheads, if the development costs can be reliably measured, the product or process is technically and commercially appropriate, a future commercial benefit is probable, and the Group intends and has adequate resources to complete the development and use or sell the asset. The assumptions made include estimation uncertainty that may effect measurement.

Development projects are measured at the acquisition or production costs, less cumulative amortization and cumulative impairment expenses.

Intangible assets with a determinable useful life are subject to linear amortization over their estimated useful lives. The amortization is fundamentally recognized in profit and loss. Goodwill as well as intangible assets without a determinable useful life are not subject to regular amortization. Of the capitalized intangible assets, only goodwill has an indefinite useful life.

The estimated useful lives of the other capitalized intangible assets are:

- Licenses and acquired rights: 1 – 20 years
- Brands and customer relationships: 3 – 20 years
- Internally generated intangible Assets: 3 – 10 years

The goodwill and intangible assets in development are tested for impairment each year.

#### D.5. Property, plant, and equipment

Property, plant, and equipment (PPE) are measured at acquisition or production costs, less cumulative depreciation and cumulative impairment expenses.

Depreciation is calculated on a scheduled, linear basis over the estimated useful life. Depreciation is fundamentally recognized in profit and loss.

Land is not subject to regular depreciation.

The estimated useful lives of significant property, plant, and equipment assets for the current year and comparison years amount to:

- Buildings: 3 – 50 years
- Technical equipment and machinery: 3 – 25 years
- Other equipment, factory and office equipment: 1 – 25 years

## D.6. Leases

Leases are accounted for in accordance with IFRS 16. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as lessee

The Group recognizes and measures all leases (except for short-term leases and leases for which the underlying asset is of low value – up to € 5 thousand) in accordance with a single model. It recognizes liabilities for making lease payments and right-of-use assets for the right to use the underlying asset.

### RIGHT-OF-USE ASSETS

The Group recognizes right-of-use assets as of the commencement date of the lease (i.e., as of the date on which the underlying leased asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The costs of the right-of-use assets contain the lease liabilities recognized, the initial direct costs incurred and the lease payments made at or before the commencement date, less any lease incentives received and the estimate of costs for dismantling or removing the underlying asset or for restoring the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis as follows over the shorter of the lease term and the expected useful life of the leased asset:

- Land and buildings: 1 to 78 years
- Equipment and machinery: 1 to 15 years
- Vehicles and other equipment: 1 to 9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the exercise of a purchase option is reflected in the costs, the depreciation will be calculated on the basis of the expected useful life of the leased asset.

The right-of-use assets will also be tested for impairment. Details on the accounting policies can be found in chapter D.13.

The Group's right-of-use assets are included in "property, plant and equipment".

### LEASE LIABILITIES

On the commencement date, the Group recognizes the lease liabilities at the present value of the lease payments to be made over the lease term. In determining the lease term, extension and termination options are taken into account, if it is reasonably certain that they will be exercised or not exercised (see chapter H.11 for details). The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be payable under residual value guarantees. The lease payments further include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate in the period in which the event or condition that triggers this payment occurs are recognized as an expense (unless the payments are incurred to produce inventories).

When calculating the present value of the lease payments, the Group normally uses its incremental borrowing rate at the commencement date because the interest rate implicit in the lease cannot be readily determined. Following the commencement date, the amount of the lease liability is increased to reflect interest and reduced to reflect the lease payments made. In addition, the carrying amount of the lease liability is revalued in the event of changes to the lease, changes to the lease term, changes to the lease payments (e.g., changes in future lease payments as a result of a change in an index or a rate used to determine those payments) or in the event of a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in "financial liabilities" (see chapters F.14. and H.11.).

### SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the exemption for short-term leases (i.e., leases whose term from the commencement date is a maximum of twelve months and which do not include a purchase option) for short-term leases of machinery and technical equipment. It also applies the exemption for leases of low value assets to leases of items of office equipment classified as low value. Lease payments for short-term leases and for leases of low value assets are recognized as an expense on a straight-line basis over the lease term.

## D.7. Inventories

Inventories are essentially valued at the lower of the acquisition or production costs and the net realizable value. Unfinished and finished products include manufacturing costs that can be attributed directly to the production process as well as an adequate share of production overheads. Production-related administration costs are also capitalized.

The net realizable value is calculated based on the proceeds that can be realized on the market in the normal course of business, less the costs for manufacturing the product and sales costs.

## D.8. Assets or disposal groups held for sale

Non-current assets or disposal groups are classified as "assets held for sale and discontinued operations" if it is highly probable that the associated carrying amount will largely be realized by a sale transaction and not by continued utilization.

Non-current assets and also non-current and current assets included in disposal groups are recognized at the lower of the carrying amount and fair value less costs of disposal. Any impairment loss is first allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis. Intangible assets and PPE are no longer subject to regular depreciation and amortization, and any associated company recognized using the equity method is no longer recognized using the equity method as soon as it is classified as held for sale.

## D.9. Employee benefits

The Group recognizes defined contribution as well as defined benefit plans.

The obligations for defined-contribution plans are of secondary importance in the Group's view. They are reported as an expense once the associated work has been performed.

The Group's net obligation with regard to defined-benefit plans is calculated separately for every plan by estimating the benefits earned by the employees in the current period and earlier periods. This amount is discounted and the fair value of any plan asset is deducted from this amount.

The calculation of defined-benefit obligations is based on actuarial reports on the basis of the projected unit credit method.

Revaluations of the net defined-benefit liability are reported directly in other comprehensive income. The revaluation includes actuarial profits and losses, the income from plan assets (not including interest) and the impact of any asset cap (not including interest).

## D.10. Other provisions

Provisions are recognized for legal or constructive obligations toward third parties that were caused by past events, that are likely to lead to the outflow of resources, and whose amount can be reliably estimated. Provisions have uncertain timing and/or amounts.

The amount of the provisions is calculated based on the best estimate of the amount of the expected outflow of resources. If the provisions are expected to be utilized within the normal business cycle, they are classified as short-term. Long-term provisions with a term of more than one year are discounted on the reporting date using the corresponding interest rates.

### Warranties

Provisions for warranty obligations are established for the expected warranty obligations from the sale of products and services. The provisions are based on the best estimates with regard to the fulfillment of the obligations, taking account of actual values for claims from the past. They also include provisions for claims already raised by customers.

### Restructuring measures

An accrued liability for restructuring measures is reported as soon as the Group has approved a detailed and formal restructuring plan and the restructuring measures have either started or have been communicated to the affected parties. Future operating losses are not taken into account.

### Contractual provisions

Contractual provisions are recognized for existing contracts based on the imminent obligation excess of unavoidable costs over proceeds. The provision is valued at the present value of the expected excess obligation from the continuation of the contract. Before a provision is established for an onerous contract, the Group recognizes an impairment on the assets associated with this contract.

### Sundry other provisions

Sundry other provisions are valued at the amount necessary to meet the requirements of current commitments on the reporting date.

### Provisions for taxes

The Group reports all risks and obligations arising from tax matters under tax liabilities.

## D.11. Financial instruments

In accordance with IAS 32.11, all contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity are considered financial instruments. Financial instruments measured at amortized cost (AC) are initially recognized at fair value on the trading day, taking into account attributable transaction costs. Transaction costs must be recognized immediately in the income statement for financial instruments measured at fair value through profit or loss (FVTPL). Furthermore, (current) trade accounts receivable are recognized on initial recognition not at fair value but at the transaction price.

Classification of financial instruments:

### Financial assets from debt instruments

Financial assets are classified in the following measurement categories: "at amortized cost," "at fair value through other comprehensive income," and "at fair value through profit and loss." A classification into the three categories takes place based on the Group's business model for managing the financial assets as well as the characteristics of the contractual payment flows of the assessed financial assets.

The "at amortized cost" category contains all financial assets whose business model is associated with the aim of collecting the contractually agreed payment flows (business model: "hold"). Likewise, the contractual terms and conditions of the financial asset must be such that cash flows occur at fixed dates that exclusively represent repayments and interest payments on the outstanding notional amount (SPPI criterion "cash flow condition").

Measurement at fair value through other comprehensive income is to be applied to financial assets with the aim of realizing cash flows both through the receipt of contractual payments and through sale ("holding and selling" business model). At the same time, the contractual conditions of the financial asset must also be structured so that payment flows, which exclusively represent principal and interest payments on the outstanding nominal amount,

are generated on defined dates (SPPI criterion: cash flow condition).

Financial assets measured at fair value through profit or loss are those that are either held for trading or managed on the basis of their fair value or whose cash flows are maximized through sales. If financial instruments are classified as at fair value through profit or loss, transaction costs are reported through profit or loss directly in the period in which they arise. This relates to a residual category, which contains all financial assets that cannot be assigned to the "hold" or "hold and sell" business model (business model: "trade/other"), as well as assets for which the SPPI criterion does not result in a positive decision. Financial assets for which the "fair value option" is exercised for the initial recognition are also classified as "at fair value through profit and loss".

Financial assets in the "at amortized cost" category particularly include trade accounts receivable (not including factoring), cash and cash equivalents and other receivables.

Cash equivalents are short-term, extremely liquid financial investments that can be converted to cash at any time and that are only subject to insignificant risks of changes in value.

Financial assets in the category "at fair value through other comprehensive income" exist in the Group in the form of trade accounts receivable for which factoring with derecognition is applied.

Financial assets in the category "at fair value through profit or loss" take the form of freestanding derivatives, equity investments and debt investments such as bonds and debt instruments. There are no financial assets that fall under the "fair value option."

Reclassifications between the measurement categories did not occur in 2025.

### Financial liabilities

Financial liabilities are classified in the "at amortized cost" category. The Knorr-Bremse Group only recognizes financial liabilities from derivatives with negative fair values and variable purchase price liabilities at fair value. If the fair value option is exercised for the initial recognition, they are classified as "at fair value through profit and loss." There are no financial liabilities which fall under "fair value option."

Financial liabilities in the category "at amortized cost" are mainly bonds issued, liabilities to banks, trade accounts payable and liabilities to minority shareholders.

Financial liabilities in the category “at fair value through profit or loss” in the Group include freestanding derivatives with a negative market value and earn-out liabilities.

### Equity instruments

Equity instruments under IFRS 9 are essentially classified at fair value through profit and loss. For the initial recognition of a financial investment in an equity instrument that is held as a long-term strategic investment rather than for trading purposes, IFRS 9 provides for an irrevocable option to report the changes to fair value in other comprehensive income (“FVOCI option”). In this case, the classification takes place in the “at fair value through other comprehensive income” category. In one case, an equity investment was classified as “at fair value through other comprehensive income” at initial recognition. In general, dividends are recognized in the statement of income. Furthermore, the fair value changes recognized in equity are not reclassified to the statement of income upon disposal of the equity instrument.

The fair value corresponds to the prices quoted on an active market, where applicable. If such a market does not exist, the fair value is calculated based on measurement models using current market parameters.

### Derecognitions and modifications

Financial assets are derecognized if the contractual rights to payments that arise from the instrument expire or, alternatively, the financial assets are transferred with all material risks and opportunities. Financial liabilities are derecognized if the contractual obligations are settled, canceled, or expire. In the event of adjustments to loan conditions or extensions of terms, the Group validates whether this involves substantial modifications within the meaning of IFRS 9. The assessment as to whether a modification is substantial is made on the basis of qualitative and quantitative criteria; the criteria used by the Group for financial assets correspond to the criteria for financial liabilities. If there is a substantial modification, the existing financial instrument is derecognized and the substantially modified financial instrument is rebooked. If there is a non-substantial modification, the carrying amount of the financial instrument is adjusted through profit or loss.

### Derivative financial instruments

Within the Group, financial derivatives must be recognized as financial assets or financial liabilities at fair value, irrespective of the purpose. The fair value of derivatives is calculated by discounting the future payment flows at the market interest rate and using other established actuarial methods, such as option price models. Derivatives are recognized on the trading day. The fair value of unconditional derivatives is zero at initial recognition under

market conditions. Options are initially recognized at fair value (equal to the premium paid or received). Counterparty-specific credit risks are taken into account as part of the measurement of financial derivatives.

The Group uses financial derivatives in the form of forward exchange transactions and foreign exchange options, interest rate swaps, cross-currency interest rate swaps, and commodity derivatives to hedge against currency, interest rate, and commodity risks. While currency risks primarily arise due to sales in foreign currencies, interest rate risks are predominantly caused by variable-rate liabilities, while commodity price risks arise as a result of the procurement of metals in the production process.

### Impairments

IFRS 9 requires expected losses to be reported for all financial assets within the scope of the impairment provisions. The loss reported as well as the interest collected are calculated based on the assignment of the instrument to the categories listed below.

According to the general impairment model (“general approach”), the change in value is determined based on the following three levels:

Level 1: All relevant instruments are initially assigned to level 1. The present value of the expected losses from possible default events within the next twelve months (“12-month expected credit loss”) after the reporting date must be reported and recognized as an expense. Interest is recognized on the basis of the gross carrying amount. Consequently, the effective interest method is applied on the basis of the carrying amount before risk provisioning is taken into account.

Level 2: This includes all instruments, which have undergone a significant increase in the default risk since their initial reporting. The monitoring for a significant increase in the default risk as of the reporting date is carried out in connection with a screening process of the relative changes in ratings or credit default swap spreads (CDS spreads) of the business partner. Generally, a significant increase in the default risk is assumed in the event that the financial instruments are more than 30 days overdue. If the business partner for the financial instruments has at least an investment-grade rating, no assessment of a significant increase in the credit risk is made. The impairment corresponds to the present value of the expected losses from possible default events over the remaining term of the instrument (“lifetime expected credit loss”). The interest is reported in the same way as for level 1.

Level 3: If, in addition to an increased risk of default, there is objective evidence of an impairment of an instrument, the impairment is also measured based on the present value of the expected losses from possible default events over the remaining term. The reporting of the interest in the following periods must be adjusted so that the interest income is calculated based on the net book value and therefore based on the book value after taking account of the loan loss provision.

At each balance sheet date, the Group tests whether there is objective evidence of impairment for financial instruments carried "at amortized cost" or "at fair value through other comprehensive income." Criteria for impairment include default or default of debtors, indications of imminent insolvency or the disappearance of an active market for a security due to financial difficulties.

A default event exists when it is considered probable that a debtor cannot or will not be able to meet its payment obligations or meet them in full. Where a default event exists, the gross carrying amounts of the financial assets (fully or partially) are derecognized so that the gross carrying amount after derecognition represents the expected recoverable amount. In addition, a default event is assumed in the event of significant payment delays. For financial instruments within the scope of the "general approach," a default event is assumed in connection with an amount overdue by more than 90 days.

For the Group, cash and cash equivalents, loan receivables and guarantees in particular are subject to the impairment requirements under the general approach.

For trade accounts receivable and lease receivables, IFRS 9 provides for a simplified approach to impairment ("simplified approach") under which an impairment in the amount of the expected losses must be reported over the remaining term for all instruments, irrespective of the credit quality. Consequently, no distinction is made for these financial instruments between allocations to level 1 or level 2 of the impairment model under IFRS 9. A transfer to level 3 takes place if there is objective evidence of impairment. With respect to trade accounts receivable, a default event is assumed in the case that there are delays in payment in excess of 12 months. A default also exists if it is considered probable that a debtor cannot meet or cannot entirely meet its payment obligations.

IFRS 9.5.5.4 requires in particular also the use of forward-looking information in determining expected credit losses. The company meets this requirement for the determination of impairment by using CDS spreads.

Trade accounts receivable and lease receivables of business partners are divided into four groups:

- Group 1: debtor-specific CDS spread can be determined
- Group 2: rating-equivalent benchmark CDS spread can be determined
- Group 3: the probability of default can be determined via an information agency
- Group 4: the probability of default is determined on the basis of the average CDS spreads in the appropriate sectors: rail, truck and banks.

Rating and default probability data are updated quarterly.

Lease receivables that would fall under the impairment provisions did not exist for the company.

#### Hedge accounting

Derivatives are measured at fair value. If a derivative is (or components of a derivative are) included in hedge accounting as a cash flow hedging instrument, the effective changes are recognized in other comprehensive income and cumulatively included in the hedging transactions reserve. Within the Group, non-designated portions of hedging instruments – the forward components – are treated as hedging costs. They are transferred to the reserve for the costs of hedging without effect on profit or loss.

If a hedged forecast transaction later leads to the recognition of a non-financial item, such as inventories, the cumulative amount from the reserve for hedging transactions and the reserve for costs of hedging is included directly in the cost of the non-financial item when this is recognized.

In the case of all other hedged forecast transactions, the cumulative amount that is transferred to the hedging transaction reserve and the reserve for the costs of hedging is reclassified to profit or loss in the period or periods in which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for the recognition of hedging relationships or the hedging instrument is sold, expires, is terminated, or is exercised, the hedge accounting is discontinued prospectively.

If the occurrence of the hedged transaction can no longer be expected, the hedging transaction reserve and the

reserve for costs of hedging are directly released to the income statement and thus recognized in profit and loss. If the occurrence of the hedged transaction continues to be expected but is no longer highly probable, the amount accumulated in the hedging transaction reserve is reclassified depending on the occurrence of the expected cash flows.

## D.12. Fair value – financial instruments (financial assets)

Measurement of fair value: In the Knorr-Bremse Group, financial instruments classified as “at fair value through profit or loss” (in particular, equities, bonds, and free-standing derivatives) and “at fair value through other comprehensive income” (equity instruments) are measured at fair value. In addition, the fair value of financial instruments that are not measured at fair value is disclosed in the notes to the consolidated financial statements.

The fair value is the price that would be received in an orderly transaction between market participants on the assessment date for the sale of an asset or that would be paid for the transfer of a liability. When measuring the fair value, it is assumed that the transaction is concluded on the principal market for the asset or liability, or on the most favorable market for the asset or liability, if no principal market is available.

The Group must have access to the principal market or to the most favorable market. The fair value of an asset or liability is measured based on the assumptions that the market participants would use as a basis for the pricing in their best commercial interest.

The Group uses measurement techniques that are appropriate under the circumstances and for which adequate data to measure the fair value is available. In this respect, the use of material input factors which can be observed must be as high as possible, while the use of input factors that cannot be observed must be kept to a minimum.

All financial assets and liabilities measured at fair value or whose fair value is disclosed in the notes are classified in the fair value hierarchies described below based on the input parameter of the lowest level, which is material for the overall measurement at fair value.

- Level 1: (Unadjusted) prices listed in active markets
- Level 2: Assessment methods in which key market parameters for assessment can be observed directly or indirectly

- Level 3: Assessment methods in which significant parameters for valuation are not observable on the market

The assessment procedures and the input parameters used are reviewed regularly. The aim of the reviews is to use observable input factors in determining fair value as far as possible. Rearrangements in the hierarchy level are made at the end of the period in which the change occurred.

## D.13. Fair value – non-financial assets

The carrying amounts of the Group’s non-financial assets are reviewed on every reporting date in order to determine whether there is any indication of an impairment. If this is the case, the recoverable amount of the asset is estimated. Goodwill is reviewed annually for impairment.

To check whether impairment exists, assets are combined into the smallest group of assets that generate cash inflows from continued use that are largely independent of the cash inflows from other assets or cash-generating units (CGUs). Goodwill that was acquired as part of a business combination is assigned to one or more groups of CGUs from which a benefit from the use of the synergies of the business combination is expected.

The recoverable amount of an asset or a CGU is the higher of the value in use and the fair value less costs to sell. When assessing the value in use, the estimated future cash flows are discounted to their present value, whereby a weighted average cost of capital (WACC) before tax is used which reflects the current market valuations of the interest effect and the specific risks of an asset or a CGU. The fair value is the price that would be received in an orderly transaction between market participants on the assessment date for the sale of an asset or that would be paid for the transfer of the liability. The fair value of non-financial assets is determined in an equivalent manner to the fair value of financial assets (chapter D.12).

An impairment loss is reported if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognized as expenditure.

An impairment loss with regard to the goodwill would not be reversed. For other assets, an impairment loss is only reversed to the extent that the market value of the asset does not exceed the carrying amount that would have been calculated, less the depreciation or amortization, if no impairment loss had been reported.

## E. Notes to the Consolidated Statement of Income

### E.1. Revenues

#### Classification of revenues

Table → 3.14 presents a breakdown, by region and the type of time recording, of consolidated revenue that is

generally within the scope of IFRS 15. Revenue in the fiscal year includes income from foreign currency hedging in the amount of € 4 million (2024: € 9 million). Of this, € 4 million (2024: € 4 million) is attributable to the Rail Vehicle Systems division and € 0 million (2024: € 5 million) to the Commercial Vehicle Systems division.

#### 3.14 CLASSIFICATION OF REVENUES

in € million	Revenue according to segment reporting			Total
	Rail Vehicle Systems	Commercial Vehicle Systems	Other segments and consolidation	
	<b>2025 fiscal year</b>			
<b>Disaggregation of segments</b>				
<b>a) Region (by registered office of the Group company)</b>				
Europe/Africa	2,297	1,534	(2)	3,829
North America	664	1,155	(0)	1,819
South America	32	143	(0)	175
Asia-Pacific	1,323	671	(0)	1,994
	<b>4,316</b>	<b>3,503</b>	<b>(2)</b>	<b>7,817</b>
<b>b) Type of time recording</b>				
Recognition at a point in time	3,200	3,445	(2)	6,643
Recognition over time	1,116	58	–	1,174
	<b>4,316</b>	<b>3,503</b>	<b>(2)</b>	<b>7,817</b>
	<b>2024 fiscal year</b>			
<b>Disaggregation of segments</b>				
<b>a) Region (by registered office of the Group company)</b>				
Europe/Africa	2,182	1,572	(3)	3,751
North America	521	1,466	(0)	1,987
South America	38	138	0	176
Asia-Pacific	1,303	666	–	1,969
	<b>4,044</b>	<b>3,842</b>	<b>(3)</b>	<b>7,883</b>
<b>b) Type of time recording</b>				
Recognition at a point in time	3,019	3,795	(3)	6,811
Recognition over time	1,025	47	–	1,072
	<b>4,044</b>	<b>3,842</b>	<b>(3)</b>	<b>7,883</b>

#### Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations amounts to € 2,399 million as of December 31, 2025 (2024: € 2,877 million). This relates to the project business for the Rail Vehicle Systems segment and includes only customer contracts with an original contractual term of over one year. The projects have an average term of five years. As of December 31, 2025, contracts from project business will last through the year 2063.

#### Information on contract balances in connection with IFRS 15

##### CONTRACT ASSETS AND CONTRACT LIABILITIES

The contract assets and contract liabilities primarily relate to the presentation of project business in the Rail Vehicle -Systems segment according to the method of revenue recognition over a period of time.

According to this method, contract assets result from services performed, insofar as these are not settled through

invoices. Advance payments from customers have a counter effect. Depending on the relationship between the percentage of completion in the specific project, invoices and advance payments, therefore, there may be either contract assets or contract liabilities.

For contracts with revenue not recognized over a period of time, advance payments are also recognized as contract liabilities if the relevant performance obligations have not yet been fulfilled. In addition, compensation payments for development costs before series production are recognized as contract liabilities. As in the previous year,

the latter only refers to the Commercial Vehicle Systems segment as of December 31, 2025.

For contracts with revenue recognized over a period of time, advance payments are accounted for as contract liabilities and recognized as revenues over the contract term.

**Table → 3.15** shows the effects in the reconciliation of contract assets and liabilities between January 1, 2025 and December 31, 2025.

### 3.15 RECONCILIATION OF CONTRACT ASSETS AND LIABILITIES

in € million	Contract assets	Contract liabilities
	<b>2025 fiscal year</b>	
<b>As of Jan. 1, 2025</b>	<b>160</b>	<b>343</b>
Increase in contract liabilities from invoices and effects from changes in advance payments	–	181
Transfer of the opening balance for contract assets to trade accounts receivable through invoices	(108)	–
Change as a result of the recognition of revenue	90	(147)
Change of impairment on contract assets	1	–
Reclassifications pursuant to IFRS 5	(13)	(41)
Other	(11)	(22)
<b>Closing balance as of Dec. 31, 2025</b>	<b>119</b>	<b>314</b>
	<b>2024 fiscal year</b>	
<b>As of Jan. 1, 2024</b>	<b>77</b>	<b>233</b>
Increase in contract liabilities from invoices and effects from changes in advance payments	–	172
Transfer of the opening balance for contract assets to trade accounts receivable through invoices	(59)	–
Change as a result of the recognition of revenue	63	(107)
Change of impairment on contract assets	0	–
Additions resulting from business acquisitions	73	37
Other	6	8
<b>Closing balance as of Dec. 31, 2024</b>	<b>160</b>	<b>343</b>

Revenues of the reporting period, which were included in the opening balance of contract liabilities as of January 1, 2025, amounted to € 147 million (2024: € 107 million).

#### OTHER ASSETS

Other assets include so-called nomination fees from the Commercial Vehicle Systems and Rail Vehicle Systems segments of € 25 million (2024: € 32 million). The capitalized amounts will be depreciated against revenue from the start of series production and over the term of series production. In 2025, the depreciation recognized on these assets amounted to € 4 million (2024: € 4 million).

The other non-current assets include costs to fulfill a contract of € 73 million (2024: € 61 million). These relate to engineering costs in the Commercial Vehicle Systems

segment before series production. These will be depreciated against changes in inventory as from the start of series production and over the term of series production. In 2025, the depreciation recognized on these assets amounted to € 6 million (2024: € 6 million).

## E.2. Change in inventory and own work capitalized [Table → 3.16](#)

### 3.16 CHANGE IN INVENTORY AND OWN WORK CAPITALIZED

in € million	2025	2024
Change in inventory of finished and unfinished products	(37)	44
Own work capitalized	89	113

The change in inventory reflects the change in finished and unfinished products and the contract performance costs and contract initiation costs written down against the change in inventory. The development of finished and unfinished products is covered in chapter F.6. Inventories.

Own work capitalized results from the capitalization of development projects.

## E.3. Other operating income

[Table → 3.17](#)

### 3.17 OTHER OPERATING INCOME

in € million	2025	2024
Currency translation gains	46	42
Income from government grants	8	11
Insurance compensation and compensation payments	2	22
Income from the disposal of fixed assets	1	6
Other income	32	37
	<b>89</b>	<b>118</b>

Other operating income was down year over year, largely due to a decline in income from insurance compensation.

## E.4. Cost of materials

[Table → 3.18](#)

### 3.18 COST OF MATERIALS

in € million	2025	2024
Expenses for raw materials, consumables and supplies and for purchased goods	(3,196)	(3,444)
Expenses for purchased services	(383)	(359)
	<b>(3,579)</b>	<b>(3,803)</b>

The cost of materials is comprised of the expenditure on raw materials, consumables, supplies, and purchased goods as well as on purchased services. In particular, 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, resulted in a year-over-year decline in the cost of materials in the 2025 fiscal year. In the Rail Vehicle Systems division, the increase resulting from the acquisition of KB Signaling was offset by counteracting effects from improved purchasing prices.

In the reporting period, inventories in the amount of € 3,196 million (2024: € 3,444 million) were recognized as expenses. This included reductions in write-downs on inventories amounting to € 20 million (2024: increase of € 32 million).

## E.5. Personnel expenses

[Table → 3.19](#)

### 3.19 PERSONNEL EXPENSES

in € million	2025	2024
Wages and salaries	(1,624)	(1,641)
Social security contributions	(329)	(317)
Expenses for personnel leasing	(71)	(76)
Other personnel expenses	(80)	(21)
	<b>(2,104)</b>	<b>(2,055)</b>

The personnel expenses primarily include wages and salaries, as well as social security contributions.

The increase in personnel expenses is due in particular to personnel-related restructuring expenses.

For the 2025 fiscal year, expenses for defined contribution pension plans amount to € 79 million (2024: € 78 million) and are reported under social security contributions, including contributions to the statutory pension insurance.

## E.6. Other operating expenses

[Table → 3.20](#)

### 3.20 OTHER OPERATING EXPENSES

in € million	2025	2024
Legal, consulting and audit costs	(167)	(155)
Maintenance expenses	(118)	(129)
Personnel expenses	(114)	(120)
Order-related expenses	(112)	(146)
Other services	(105)	(102)
External research and development costs	(59)	(73)
Currency translation losses	(57)	(43)
Other expenses	(251)	(229)
	<b>(983)</b>	<b>(997)</b>

Other operating expenses decreased by 1.4% in 2025 from € 997 million to € 983 million. The decrease is primarily due to lower order-related expenses that are not attributable to the cost of materials. In particular, an increase in legal, consulting and audit costs and in currency translation losses had an offsetting effect.

Other services include services such as logistics, security and building services and cleaning.

Other expenses mainly comprise license and patent fees, energy, insurance and utility costs, and administration costs.

## E.7. Depreciation, amortization, and impairment

Depreciation, amortization and impairments is comprised as follows: [Table → 3.21](#)

### 3.21 DEPRECIATION, AMORTIZATION, AND IMPAIRMENT

in € million	2025	2024
<b>Amortization and impairments of intangible assets</b>	<b>(123)</b>	<b>(120)</b>
thereof amortization of intangible assets	(115)	(100)
thereof impairments of intangible assets	(8)	(21)
<b>Depreciation and impairments of property, plant, and equipment</b>	<b>(266)</b>	<b>(271)</b>
thereof depreciation of property, plant, and equipment	(263)	(260)
thereof impairments of property, plant and equipment	(3)	(12)
	<b>(389)</b>	<b>(392)</b>

The Group's depreciation, amortization and impairments decreased by € 3 million in 2025 to € 389 million.

Amortization of intangible assets rose to € 115 million (2024: € 100 million).

Depreciation of property, plant and equipment includes depreciation of lease assets of € 74 million (2024: € 72 million).

Impairment losses on property, plant and equipment in the previous year particularly related to the impairment losses on non-current assets of GT Emissions Systems.

## E.8. Financial result

### 3.22 FINANCIAL RESULT

in € million	2025	2024
Interest income from financial instruments, thereof	42	50
a) Financial instruments (AC)	42	49
b) Financial instruments (FVTPL)	0	1
c) Financial instruments (FVOCI)	0	0
Interest income from defined benefit plans	9	9
Other	0	1
<b>Interest income</b>	<b>51</b>	<b>60</b>
Interest expenses from financial instruments, thereof	(86)	(64)
a) Financial instruments (AC)	(85)	(62)
b) Financial instruments (FVTPL)	(1)	(2)
c) Financial instruments (FVOCI)	–	(0)
Lease interest expenses	(19)	(20)
Interest expenses from defined benefit plans	(16)	(17)
Compounding of provisions	(1)	(3)
Other	(4)	(3)
<b>Interest expenses</b>	<b>(126)</b>	<b>(107)</b>
<b>Share of profits and losses of companies accounted for using the equity method, after taxes</b>	<b>(32)</b>	<b>(16)</b>
<b>Impairment of other financial assets</b>	<b>(7)</b>	<b>(65)</b>
Currency translation differences, thereof	36	0
a) Financial instruments (AC)	36	–
b) Financial instruments (FVOCI)	0	–
c) Financial instruments (FVTPL)	–	0
Income from the deconsolidation of subsidiaries and related effects	2	2
Income from the revaluation of financial instruments (FVTPL)	0	5
Other	0	0
<b>Other financial income</b>	<b>38</b>	<b>7</b>
Currency translation differences, thereof	(1)	(51)
a) Financial instruments (AC)	–	(51)
b) Financial instruments (FVOCI)	–	(0)
c) Financial instruments (FVTPL)	(1)	–
Expenses from the deconsolidation of subsidiaries and related effects	(3)	(68)
Expenses from the revaluation of financial instruments (FVTPL)	(4)	(1)
Other	(0)	(25)
<b>Other financial expenses</b>	<b>(8)</b>	<b>(145)</b>
<b>Other financial result from other financial income and other financial expenses</b>	<b>30</b>	<b>(138)</b>
<b>Financial result</b>	<b>(84)</b>	<b>(266)</b>

The decrease in interest income of € 9 million to € 51 million is largely due to a smaller asset base.

Interest expenses increased to € 126 million (2024: € 107 million), mainly due to the full-year effect of interest on the new bond issued in September 2024, which was only recognised on a pro rata basis in the previous year.

Foreign currency gains or losses on financial Instruments carried at amortized cost (AC) mainly result from the currency translation differences of cash and cash equivalents at the closing rate; these foreign currency gains or losses are netted. The currency gains or losses on financial instruments recognized at fair value through profit or loss (FVTPL) resulted from the realized gains or losses on currency derivatives and the measurement effects from existing currency derivatives.

The loss from companies accounted for using the equity method arose mainly from the share of profit or loss of Nexxiot AG, based in Zürich, Switzerland, and the measurement of Kiepe Electric GmbH, based in Düsseldorf, Germany.

The decrease in impairment of other financial assets is primarily attributable to the fair value adjustment for the carrying amount of the remaining purchase price receivable in connection with the sale of Kiepe Group recognized in the previous year.

Please refer to chapter C.3 for the material expenses arising from the deconsolidation of subsidiaries.

Interest income and expense from financial instruments (AC) carried at amortized cost represent the total interest expense and income of these assets and liabilities determined using the effective interest method.

The items reported under other financial result particularly include expenses from changes in the measurement of put options and dividend liabilities.

For further information on interest income and interest expenses from defined-benefit plans, please refer to chapter F.11.

## E.9. Taxes on income

### E.9.1. Taxes reported in profit and loss [Table → 3.23](#)

#### 3.23 TAXES REPORTED IN PROFIT AND LOSS

in € million	2025	2024
Current year	(226)	(233)
Previous years	1	10
<b>Current tax expense</b>	<b>(225)</b>	<b>(223)</b>
Recognition/reversal of temporary differences	2	28
Temporary differences from previous years	(19)	17
Tax losses/credits	(5)	10
<b>Deferred tax expense/income</b>	<b>(22)</b>	<b>55</b>
<b>Tax expenses</b>	<b>(247)</b>	<b>(168)</b>

The tax expenses include current and deferred taxes. Current and deferred taxes are reported in profit and loss, except for the extent to which they are associated with a business combination or with items reported directly in equity or in the other comprehensive income.

Tax losses/credits of € -5 million (2024: € 17 million) related to the current year; no amounts were recognized for previous years (2024: € -7 million).

The change in deferred taxes was primarily due to the change in temporary differences from previous years.

### E.9.2. Taxes reported in other comprehensive income

The breakdown of taxes reported in other comprehensive income is presented in [Table → 3.24](#).

### 3.24 TAXES REPORTED IN OTHER COMPREHENSIVE INCOME

in € million	Before tax	Deferred tax assets (-)/ liabilities (+)	After tax
			<b>Dec. 31, 2025</b>
Revaluation of net debt from defined benefit plans	33	(9)	24
Currency translation differences	307	–	307
Hedge accounting	(27)	9	(18)
<b>Total</b>	<b>313</b>	<b>0</b>	<b>313</b>
			<b>Dec. 31, 2024</b>
Revaluation of net debt from defined benefit plans	45	(14)	31
Currency translation differences	104	–	104
Hedge accounting	14	(4)	10
<b>Total</b>	<b>163</b>	<b>(18)</b>	<b>145</b>

#### E.9.3. Reconciliation of the effective tax rate

The difference between the effective and expected tax expenses in both fiscal years resulted mainly from lower local tax rates compared to the hypothetical tax rate at group level.

Material negative effects on the tax rate resulted from non-deductible operating expenses and tax from the previous year.

The impairment of deferred tax assets on loss and interest carryforwards in 2025 totaled € 8 million (2024: € 16 million), of which € 5 million (2024: € 7 million) was attributable to the “Change/write-off of deferred tax assets on loss and interest carryforwards” item and € 3 million (2024: € 9 million) to “Tax from previous year.”

The “Change/write-off of deferred tax assets on loss and interest carryforwards” and “Tax from previous year” items additionally include impairment reversals on deferred tax assets of € -3 million (2024: € -21 million). [Table → 3.25](#)

### 3.25 RECONCILIATION OF THE EFFECTIVE TAX RATE

	Dec. 31, 2025		Dec. 31, 2024	
	%	€ million	%	€ million
Earnings before taxes		819		645
Expected taxes	30.8	253	30.8	199
Differences between the local and hypothetical tax rate at the top level	(10.1)	(83)	(10.5)	(68)
Changes to the tax rate	(1.3)	(11)	(0.5)	(3)
Effects from permanent differences due to different accounting under the IFRS and tax return	0.8	7	0.5	3
Increase in tax due to non-tax deductible expenses	4.7	39	7.2	46
Tax-exempt income	(1.1)	(9)	(1.4)	(9)
Change/write-off of deferred tax assets on loss and interest carryforwards	0.4	3	(2.6)	(17)
Change/adjustment of unrecognized deductible temporary differences	(0.2)	(2)	(0.1)	(0)
Tax from previous year	2.2	18	(2.2)	(14)
Other	4.0	32	4.8	31
<b>Effective taxes</b>	<b>30.2</b>	<b>247</b>	<b>26.0</b>	<b>168</b>

#### E.9.4. Change in deferred taxes

As in the previous year, the allocation and development of deferred tax positions showed an asset surplus. The changes in other comprehensive income related to pension obligations and hedge accounting. Effects from first-time consolidations and deconsolidations, prior-year effects, as well as non-income-affecting reclassifications under IFRS 5 are reported under "Other."

The changes in tax rates largely resulted from a gradual reduction in German corporation tax, from the current 15% to 10% starting in 2032. The plan is to reduce the corporation tax rate in stages, by one percentage point per year from 2028. Deferred taxes were measured taking into account the gradual reduction in the corporation tax rate. The probable expected reduction was determined for

each temporary difference and the tax rate in force at that time was applied. This resulted in deferred tax income of € 7 million and a change in other comprehensive income of € -1 million.

As of December 31, 2025, deferred tax assets of € 4 million (2024: € 4 million) were recognized for companies in China that incurred a loss in the current or prior period. Recognition was based on sufficiently reliable future taxable income, supported by order books, sustainable cost savings, and nonrecurring causes.

Deferred taxes on tax loss carryforwards fell by a total of € 16 million, primarily due to currency effects.

[Table → 3.26](#)

#### 3.26 CHANGE IN DEFERRED TAXES IN THE BALANCE SHEET DURING THE YEAR

in € million	Net as of Jan. 1	In profit/loss	In other income	Other	Net currency translation differences	As of Dec. 31		
						Net	Deferred tax assets	Deferred tax liabilities
<b>2025 fiscal year</b>								
Intangible assets	(139)	(6)	–	0	2	(143)	45	(188)
Property, plant and equipment	(147)	12	–	1	5	(129)	11	(140)
Investments	(21)	19	(8)	(1)	1	(10)	28	(38)
Inventories	68	1	–	0	(3)	66	72	(6)
Other assets	(12)	(6)	(5)	0	1	(22)	12	(34)
Tax loss carryforwards	110	(5)	–	0	(11)	94	94	–
Pension obligations	27	(0)	0	(0)	(0)	27	29	(2)
Other provisions	49	(5)	–	(5)	(5)	34	39	(5)
Liabilities	212	(32)	(5)	(4)	(11)	160	190	(30)
<b>Tax assets (liabilities) before netting</b>	<b>147</b>	<b>(22)</b>	<b>(18)</b>	<b>(9)</b>	<b>(21)</b>	<b>77</b>	<b>520</b>	<b>(443)</b>
Netting of taxes	–	–	–	–	–	–	(322)	322
<b>Net tax assets (liabilities)</b>	<b>147</b>	<b>(22)</b>	<b>(18)</b>	<b>(9)</b>	<b>(21)</b>	<b>77</b>	<b>198</b>	<b>(121)</b>
<b>2024 fiscal year</b>								
Intangible assets	(170)	(9)	–	38	3	(139)	60	(199)
Property, plant and equipment	(160)	8	–	8	(3)	(147)	14	(161)
Investments	(12)	(12)	4	(0)	(1)	(21)	24	(45)
Inventories	52	12	–	3	1	68	82	(14)
Other assets	(16)	4	2	(1)	0	(12)	25	(37)
Tax loss carryforwards	27	10	–	68	4	110	110	–
Pension obligations	28	(2)	(0)	(0)	0	27	39	(12)
Other provisions	42	1	–	4	2	49	63	(14)
Liabilities	150	43	4	13	3	212	244	(32)
<b>Tax assets (liabilities) before netting</b>	<b>(60)</b>	<b>55</b>	<b>10</b>	<b>133</b>	<b>9</b>	<b>147</b>	<b>661</b>	<b>(514)</b>
Netting of taxes	–	–	–	–	–	0	(424)	424
<b>Net tax assets (liabilities)</b>	<b>(60)</b>	<b>55</b>	<b>10</b>	<b>133</b>	<b>9</b>	<b>147</b>	<b>237</b>	<b>(90)</b>

### E.9.5. Unrecognized deferred tax assets

Deferred tax assets were not reported with regard to the following items, as it is not likely that taxable income, against which the Company can settle deferred tax assets, will be available in the future.

Tax loss carryforwards and interest carryforwards not recognized for tax purposes amounted to € 228 million (2024: € 246 million\*) and included local tax loss carryforwards of € 42 million (2024: € 37 million\*) resulting from the acquisition of KB Signaling, as well as a tax loss carryforward of € 118 million (2024: € 134 million) arising from the disposal loss incurred in connection with the divestment of R.H. Sheppard. Deferred tax assets were not recognized as it is not probable that future taxable profit will be available against which the deferred tax assets

can be utilized before the loss carryforwards expire. [Table → 3.27](#)

### 3.27 UNRECOGNIZED DEFERRED TAX ASSETS

in € million	Dec. 31, 2025	Dec. 31, 2024*
	Gross	Gross
from deductible temporary differences	2	17
From tax loss and interest carryforwards	228	246
	<b>230</b>	<b>263</b>

\* adjusted

The non-capitalized tax loss carryforwards expire as shown in [Table → 3.28](#).

### 3.28 NON-CAPITALIZED TAX LOSS CARRYFORWARDS

in € million	Dec. 31, 2025		Dec. 31, 2024*	
		Expiration date		Expiration date
Expirable	183	1–10 years	208	1–10 years
Non-expirable	45		38	
	<b>228</b>		<b>246</b>	

\* adjusted

### E.9.6. Additional disclosures

As of December 31, 2025, the Group's parent company recorded deferred tax liabilities of € 12 million (2024: € 11 million) for temporary differences on future dividend payments (outside basis differences). No other deferred tax liabilities for temporary differences (outside basis differences) in the amount of € 353 million (2024: € 586 million) in connection with investments in subsidiaries, associated companies or jointly controlled companies were reported as of the reporting date.

The Group is of the opinion that the income tax liabilities formed are adequate for the years where the tax audit is not closed in consideration of all available information, including the interpretation of tax law and previous experience.

#### GLOBAL MINIMUM TAX

A range of agreements have been made at a global level to address concerns about the uneven distribution of profits and unequal amount of taxes paid by large multinationals. They include an agreement by more than 135 countries to introduce a global, minimum rate of tax of 15% (OECD BEPS Pillar 2).

In December 2022 the Council of the European Union issued a directive on a global minimum level of taxation,

which had to be transposed into local legal and administrative regulations by the individual member states by December 31, 2023. As of the reporting date, the new regulations had already been transposed into German law (Minimum Tax Act – MinStG) and entered into force. The Group falls within the scope of these regulations from January 1, 2024.

The Group applies the temporary, mandatory exemption with regard to the recognition of deferred taxes resulting from the introduction of the global minimum level of taxation and then recognizes these taxes as actual tax expense/income when they arise.

In the 2024 fiscal year, Knorr-Bremse implemented a Pillar 2 reporting process that facilitates the calculation of a provision for top-up tax at Group level. Based on the figures for the 2025 financial year, Knorr-Bremse AG calculated the Pillar 2 top-up taxes for the Group and a potential tax liability for Knorr-Bremse AG. Primary top-up tax will only arise if potential top-up taxes are not already offset by qualified local top-up taxes. As of December 31, 2025, no primary Pillar 2 top-up tax is payable at the level of Knorr-Bremse AG.

The Heinz Hermann Thiele Family Trust is the ultimate parent company. This means that it is the taxable entity for global minimum taxation for the entire tax group. Knorr-Bremse AG is the entity liable to the Family Trust for the Knorr-Bremse compensation obligation and is the entity liable to the tax authorities. As a rule, the Pillar 2 calculation has to be made at the level of the Family Trust, taking account of its other affiliated companies and its own consolidated earnings.

In its group of companies, Stella Vermögensverwaltungs GmbH, Oberhaching ("Stella") as the ultimate parent company, is required to prepare consolidated financial statements in accordance with the German Commercial Code.

Knorr-Bremse is closely monitoring further developments in every country in which Knorr-Bremse operates.

## E.10. Earnings per share

Undiluted earnings per share are calculated in accordance with IAS 33 from the earnings attributable to Knorr-Bremse AG shareholders and the weighted average number of shares outstanding during the year. [Table → 3.29](#)

### 3.29 EARNINGS PER SHARE

	2025	2024
Profit (loss) attributable to the shareholders of Knorr-Bremse AG (in € million)	534	445
Weighted average of shares outstanding (in million pieces)	161.2	161.2
Earnings per share in EUR (undiluted)	3.31	2.76
Earnings per share in EUR (diluted)	3.31	2.76

As in the previous year, diluted earnings per share correspond to undiluted earnings per share.

## F. Notes to the Consolidated Balance Sheet

### F.1. Intangible assets [Table → 3.30](#)

#### 3.30 INTANGIBLE ASSETS

in € million	Goodwill	Software, licenses and acquired rights	Brands and customer relation- ships	Internally generated intangible assets	Advance payments made on intangible assets under con- struction	Other assets	Total
<b>Acquisition and production cost</b>							
<b>As of Jan. 1, 2024</b>	<b>696</b>	<b>620</b>	<b>217</b>	<b>532</b>	<b>10</b>	<b>21</b>	<b>2,096</b>
Currency translation differences	(5)	13	6	8	(0)	1	23
Additions	-	6	0	110	0	0	116
Disposals	-	(5)	-	-	(0)	(0)	(5)
Acquisitions from business combinations	196	64	90	0	-	-	350
Disposal from the scope of consolidation	(3)	(1)	(9)	(1)	(0)	(4)	(19)
Reclassifications pursuant to IFRS 5	(1)	(0)	(12)	-	-	(7)	(20)
Reclassifications	-	18	-	(9)	(9)	0	-
<b>As of Dec. 31, 2024</b>	<b>883</b>	<b>716</b>	<b>292</b>	<b>641</b>	<b>0</b>	<b>9</b>	<b>2,542</b>
<b>As of Jan. 1, 2025</b>	<b>883</b>	<b>716</b>	<b>292</b>	<b>641</b>	<b>0</b>	<b>9</b>	<b>2,542</b>
Currency translation differences	(19)	(29)	(20)	(19)	(0)	0	(87)
Additions	-	7	-	88	0	0	95
Disposals	(4)	(9)	(1)	(0)	-	(9)	(24)
Acquisitions from business combinations	-	-	-	-	-	-	-
Disposal from the scope of consolidation	-	(0)	-	-	-	-	(0)
Reclassifications pursuant to IFRS 5	(8)	(1)	-	(1)	-	-	(10)
Reclassifications	-	3	-	(4)	-	1	-
<b>As of Dec. 31, 2025</b>	<b>852</b>	<b>687</b>	<b>271</b>	<b>705</b>	<b>0</b>	<b>1</b>	<b>2,516</b>
<b>Accumulated depreciation, amortization and impairment expenses</b>							
<b>As of Jan. 1, 2024</b>	<b>-</b>	<b>(406)</b>	<b>(86)</b>	<b>(110)</b>	<b>(9)</b>	<b>(17)</b>	<b>(629)</b>
Currency translation differences	-	(10)	(1)	(1)	0	(1)	(12)
Additions	-	(47)	(18)	(33)	-	(1)	(100)
Disposals	-	5	(0)	0	-	0	5
Impairments	(1)	(0)	-	(19)	-	(1)	(21)
Disposal from the scope of consolidation	-	1	6	0	-	5	12
Reclassifications pursuant to IFRS 5	1	0	12	-	-	7	20
Reclassifications	-	(9)	-	0	9	-	-
<b>As of Dec. 31, 2024</b>	<b>-</b>	<b>(467)</b>	<b>(87)</b>	<b>(162)</b>	<b>-</b>	<b>(9)</b>	<b>(725)</b>
<b>As of Jan. 1, 2025</b>	<b>-</b>	<b>(467)</b>	<b>(87)</b>	<b>(162)</b>	<b>-</b>	<b>(9)</b>	<b>(725)</b>
Currency translation differences	-	22	5	6	-	(0)	33
Additions	-	(45)	(22)	(48)	-	(0)	(115)
Disposals	-	9	0	0	-	9	18
Impairments	-	-	-	(8)	-	-	(8)
Disposal from the scope of consolidation	-	0	-	-	-	-	0
Reclassifications pursuant to IFRS 5	-	1	-	0	-	-	1
Reclassifications	-	-	-	-	-	-	-
<b>As of Dec. 31, 2025</b>	<b>-</b>	<b>(480)</b>	<b>(104)</b>	<b>(212)</b>	<b>-</b>	<b>(0)</b>	<b>(796)</b>
<b>Carrying amount as of Dec. 31, 2024</b>	<b>883</b>	<b>249</b>	<b>205</b>	<b>478</b>	<b>0</b>	<b>1</b>	<b>1,817</b>
<b>Carrying amount as of Dec. 31, 2025</b>	<b>852</b>	<b>207</b>	<b>167</b>	<b>493</b>	<b>0</b>	<b>1</b>	<b>1,720</b>

Please refer to chapter F.2. for changes in goodwill.

The internally generated intangible assets item relates to the finished and unfinished capitalized costs of the Group's development activities. Development costs are capitalized if the requirements defined in IAS 38 are met. These are subject to straight-line depreciation over the respective useful life. Additions in the fiscal year amounted to € 88 million (2024: € 110 million). Of this, € 47 million (2024: € 43 million) is attributable to the Rail Vehicle Systems division and € 35 million (2024: € 60 million) to the Commercial Vehicle Systems division.

Climate change had an overall impact on Knorr-Bremse's business activities and its associated capital expenditure. In particular, Knorr-Bremse invests in technologies for emission reduction and e-mobility in the Commercial Vehicle Systems division. Here, Knorr-Bremse focuses on minimizing CO<sub>2</sub> and particulate emissions in its systems. In the company's research and development activities, climate/sustainability risks are already taken into account in the business planning.

As long as know-how is not ready for use, an impairment test is performed at least as of December 31 of the relevant fiscal year.

Knorr-Bremse does not currently know of any significant changes in the business environment brought about by climate change (including, for example, changes in regulation) that could adversely affect Knorr-Bremse or be evidence of impairment of assets.

The Group uses the total cost method in determining period results. The research and development costs recognized in the statement of income as expense amount to € 425 million (2024: € 459 million).

## F.2. Goodwill

According to IFRS, goodwill essentially has an unlimited useful life. Goodwill is divided between the Group's cash-generating units (CGU) and the value is assessed annually. The Rail Vehicle Systems and Commercial Vehicle Systems segments are defined as cash-generating units for the purpose of impairment testing. For the purpose of impairment testing, the following goodwill is allocated to the cash-generating units of the Group as follows:

[Table → 3.31](#)

### 3.31 GOODWILL

in € million	Dec. 31, 2025	Dec. 31, 2024
Rail Vehicle Systems	392	409
Commercial Vehicle Systems	460	474
	<b>852</b>	<b>883</b>

The decline in goodwill in both divisions is mainly attributable to currency translation effects. In the Rail Vehicle Systems division, goodwill decreased by € 17 million to € 392 million, while in the Commercial Vehicle Systems division it declined by € 14 million to € 460 million.

The determination of the recoverable amount for the respective cash-generating unit is based in each case on the value in use, which was estimated by discounted future cash flows of the cash-generating unit.

The cash flow forecasts contain specific estimates for the Rail Vehicle Systems division for two years and a subsequent rough planning period of three years, and specific estimates for the Commercial Vehicle Systems division for one year, a subsequent rough planning period of four years, and a sustainable growth rate for the period thereafter. The terminal value is based on a steady state.

As part of the estimation of the cash flows for the planning period, Knorr-Bremse also examined the possible effects of climate risks.

Key figures for the sales budget in the Rail Vehicle Systems division include global passenger numbers and the transport volume of freight trains. The figures published on this by renowned market research institutions (e.g., SCI) do not provide any indications of future decreases in passenger numbers or lower expected transport volumes. Climate change tends to have a slightly positive impact on the aforementioned figures here because rail transport in the form of electric locomotives is perceived as climate friendly. Moreover, the braking, entrance and HVAC systems Knorr-Bremse produces can be installed in any rail vehicle, regardless of the type of drive.

The respective regions' truck production rate in particular plays a significant role for the sales budget in the Commercial Vehicle Systems division. A transition toward e-mobility and autonomous driving is taking place in commercial vehicles. This transition does not have any material impact on Knorr-Bremse's (unit) sales figures because commercial vehicles need the main product sold – air brake systems – regardless of the type of drive. The company also develops commercial vehicle parts espe-

cially for new e-vehicles (e.g., screw-type compressors for electric buses).

In particular, Knorr-Bremse invests in emission reduction and e-mobility in the Commercial Vehicle Systems division. Here, Knorr-Bremse focuses on minimizing CO<sub>2</sub> and particulate emissions in its systems. This capital expenditure is included in the cash-flow planning.

In summary, we consider that the relevant climate/sustainability effects are not material and have been included in our forecast cash flows.

The discount rate used was the historical weighted average cost of capital (WACC) after corporate taxes calculated on the basis of a group of peer companies.

The key assumptions used in estimating the recoverable amount are subject to estimation uncertainty and are set out below:

The sales growth rates forecast in the detailed planning stage are based on a consolidation of detailed bottom-up plans of the significant legal entities included in cash-generating units and take into account past order data as well as industry-specific market information from external sources. In the rough planning period, the sales growth rates are determined with a view to the longer-term growth rates obtained from external sources.

The rising or constant EBIT margins forecast in the detailed planning stage take past experience and current

data from the respective order backlogs into account. Average EBIT margins extrapolated from the past are used in the rough planning period.

**Table → 3.32** shows the discount rates and growth rates used to extrapolate the cash flow forecasts in determining the recoverable amount of the cash-generating units.

### 3.32 CASH-GENERATING UNITS

In %	Dec. 31, 2025	Dec. 31, 2024
<b>Rail Vehicle Systems</b>		
Discount rate (WACC) before taxes	10.5	10.8
Discount rate (WACC) after taxes	8.4	8.6
Sustainable growth rate	1.0	1.0
<b>Commercial Vehicle Systems</b>		
Discount rate (WACC) before taxes	11.0	10.8
Discount rate (WACC) after taxes	8.7	8.5
Sustainable growth rate	1.0	1.0

The sustainable growth rate was calculated based on the estimate of long-term inflation expectations and is based on the assumptions that a market participant would make.

Knorr-Bremse reviews the carrying amount of goodwill at the end of each fiscal year for impairment.

The impairments tests did not indicate any need for impairment.

### F.3. Property, plant and equipment [Table → 3.33](#)

#### 3.33 PROPERTY, PLANT AND EQUIPMENT

in € million	Land, land rights and buildings, including build- ings on land owned by others	Technical equipment and machinery	Other equip- ment, factory and office equipment	Advance payments and plant under construction	Total
<b>Acquisition and production cost</b>					
<b>As of Jan. 1, 2024</b>	<b>1,210</b>	<b>1,300</b>	<b>847</b>	<b>238</b>	<b>3,595</b>
Currency translation differences	15	11	7	5	38
Additions	70	44	71	121	306
Disposals	(48)	(29)	(40)	(0)	(117)
Acquisitions qualifying as business combinations	39	10	1	4	54
Disposal from the scope of consolidation	(26)	(38)	(6)	(7)	(77)
Reclassifications pursuant to IFRS 5	(5)	(17)	(2)	(1)	(25)
Reclassifications	7	83	37	(127)	-
<b>As of Dec. 31, 2024</b>	<b>1,261</b>	<b>1,363</b>	<b>916</b>	<b>234</b>	<b>3,774</b>
<b>As of Jan. 1, 2025</b>	<b>1,261</b>	<b>1,363</b>	<b>916</b>	<b>234</b>	<b>3,774</b>
Currency translation differences	(52)	(48)	(32)	(13)	(145)
Additions	106	39	61	125	331
Disposals	(73)	(30)	(86)	(0)	(189)
Acquisitions qualifying as business combinations	-	-	-	-	-
Disposal from the scope of consolidation	(8)	-	-	-	(8)
Reclassifications pursuant to IFRS 5	(25)	(9)	(25)	(0)	(59)
Reclassifications	27	69	36	(132)	-
<b>As of Dec. 31, 2025</b>	<b>1,236</b>	<b>1,384</b>	<b>870</b>	<b>214</b>	<b>3,704</b>
<b>Accumulated depreciation, amortization and impairment expenses</b>					
<b>As of Jan. 1, 2024</b>	<b>(385)</b>	<b>(750)</b>	<b>(596)</b>	<b>(0)</b>	<b>(1,731)</b>
Currency translation differences	(3)	(4)	(7)	(0)	(14)
Additions	(77)	(96)	(86)	-	(260)
Disposals	31	22	37	0	91
Impairments	(2)	(7)	(1)	(1)	(12)
Disposal from the scope of consolidation	3	19	4	-	26
Reclassifications pursuant to IFRS 5	5	17	2	1	25
Reclassifications	(0)	(0)	(0)	0	-
<b>As of Dec. 31, 2024</b>	<b>(428)</b>	<b>(799)</b>	<b>(647)</b>	<b>(1)</b>	<b>(1,875)</b>
<b>As of Jan. 1, 2025</b>	<b>(428)</b>	<b>(799)</b>	<b>(647)</b>	<b>(1)</b>	<b>(1,875)</b>
Currency translation differences	14	26	24	0	64
Additions	(78)	(93)	(92)	-	(263)
Disposals	43	29	78	-	150
Impairments	(3)	(0)	(0)	-	(3)
Disposal from the scope of consolidation	4	-	-	-	4
Reclassifications pursuant to IFRS 5	9	6	19	-	34
Reclassifications	(0)	(0)	(0)	0	-
<b>As of Dec. 31, 2025</b>	<b>(439)</b>	<b>(831)</b>	<b>(618)</b>	<b>(1)</b>	<b>(1,889)</b>
<b>Carrying amount as of Dec. 31, 2024</b>	<b>834</b>	<b>564</b>	<b>268</b>	<b>233</b>	<b>1,899</b>
<b>Carrying amount as of Dec. 31, 2025</b>	<b>797</b>	<b>553</b>	<b>252</b>	<b>213</b>	<b>1,815</b>

Additions to property, plant and equipment increased by € 24 million, or 8.0%, in 2025 from € 306 million to € 331 million.

Additions to land and buildings related primarily to newly concluded or extended leases, which are included in

additions at € 90 million (2024: € 58 million) in accordance with IFRS 16.

These are mainly leases at the sites in India (€ 21 million), the Czech Republic (€ 16 million), Austria (€ 13 million), and Germany (€ 13 million).

Other right-of-use assets under IFRS 16 were capitalized in an amount of € 16 million (2024: € 15 million) under other equipment, factory and office equipment.

Capital expenditure on technical equipment and machinery and on other equipment, factory and office equipment in the Rail Vehicle Systems division focused on expansion and replacement investments for high-growth product groups while increasing automation. The Commercial Vehicle Systems division continued to focus its capital expenditure on provision of supplier tools as well as equipment for the production of new generations of products.

The PPE item is subject to annual scheduled depreciation and amortization. Impairment losses on property, plant, and equipment are reported separately (see chapter E.7.).

As of December 31, 2025, similar to in the prior year, a parcel of land in Berlin was encumbered by a land charge in the amount of € 29 million. As in the previous year, Knorr-Bremse did not make use of the land charge in the fiscal year.

## F.4. Other financial assets

[Table → 3.34](#)

### 3.34 OTHER FINANCIAL ASSETS

in € million	Dec. 31, 2025	Dec. 31, 2024
Receivables from bills of exchange	66	45
Derivative financial instruments	53	5
Equity instruments	30	31
Purchase price receivables	14	15
Other financial assets	57	76
	<b>220</b>	<b>172</b>
Current	144	89
Non-current	76	83

Other financial assets increased by € 48 million year over year, from € 172 million to € 220 million.

Derivatives increased by € 49 million to € 53 million.

Further disclosures regarding the other financial assets are provided in chapter F.15.

## F.5. Trade accounts receivable and other assets

[Table → 3.35](#)

### 3.35 TRADE ACCOUNTS RECEIVABLE

in € million	Dec. 31, 2025	Dec. 31, 2024
Accounts receivable due from associated and related companies and parties	43	38
Trade accounts receivable	1,265	1,347
Current	1,308	1,385
Non-current	–	–

The decline in trade accounts receivable is due in particular to the reclassification of the HVAC systems disposal group to assets held for sale and corresponding liabilities (see chapter F.8.).

Changes in impairments under IFRS 9 can be found in chapter F.15.2.

The composition of other assets is shown in [Table → 3.36](#) below. For further information on other assets, see chapter E.1.

### 3.36 OTHER CURRENT AND NON-CURRENT ASSETS

in € million	Dec. 31, 2025	Dec. 31, 2024
Tax receivables	116	133
Prepaid expenses	107	60
Costs to fulfill a contract	73	61
Nomination costs	25	32
Other	20	22
	<b>341</b>	<b>308</b>
Current	236	206
Non-current	105	102

## F.6. Inventories [Table → 3.37](#)

### 3.37 INVENTORIES

in € million	Materials and supplies	Unfinished goods	Finished goods	Merchandise	Goods in transit	Advance payments	Total
							<b>2025</b>
<b>Gross inventory as of Dec. 31, 2025</b>	<b>661</b>	<b>137</b>	<b>134</b>	<b>226</b>	<b>81</b>	<b>8</b>	<b>1,247</b>
Accumulated write-down to net realizable value	(110)	(19)	(14)	(47)	–	–	(190)
<b>As of Dec. 31, 2025</b>	<b>551</b>	<b>118</b>	<b>120</b>	<b>179</b>	<b>81</b>	<b>8</b>	<b>1,057</b>
							<b>2024</b>
<b>Gross inventory as of Dec. 31, 2024</b>	<b>783</b>	<b>162</b>	<b>151</b>	<b>237</b>	<b>83</b>	<b>10</b>	<b>1,426</b>
Accumulated write-down to net realizable value	(135)	(11)	(16)	(48)	–	–	(210)
<b>As of Dec. 31, 2024</b>	<b>648</b>	<b>151</b>	<b>135</b>	<b>189</b>	<b>83</b>	<b>10</b>	<b>1,216</b>

The € 159 million decrease in inventories to € 1,057 million as of December 31, 2025 (2024: € 1,216 million) is due in particular to the reclassification of the HVAC systems disposal group to assets held for sale and corresponding liabilities (see chapter F.8.).

## F.7. Cash and cash equivalents

[Table → 3.38](#)

### 3.38 CASH AND CASH EQUIVALENTS

in € million	Dec. 31, 2025	Dec. 31, 2024
<b>Cash and cash equivalents</b>	<b>1,738</b>	<b>2,263</b>

Cash and cash equivalents include cash and demand deposits at credit institutions as well as highly liquid assets in different currencies that can be converted to cash quickly and are only subject to insignificant risks of changes in value.

The cash and cash equivalents are measured at acquisition cost and adapted by an adjustment for the probability of default in relation to the banks ("expected credit loss") based on a public issuer rating for core and principal commercial banks. Further information on the rating is provided in chapter H.1.4.

## F.8. Assets held for sale and corresponding liabilities

The assets held for sale and corresponding liabilities include assets of € 251 million (2024: € 16 million) and liabilities of € 152 million (2024: € 10 million). These assets and liabilities as at December 31, 2025 pertain to the HVAC systems disposal group which is slated for disposal and allocated to the Rail Vehicle Systems division.

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 December 31, 2025.

[Table → 3.39](#)

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

in € million	Dec. 31, 2025
<b>Assets</b>	
Intangible assets	1
Goodwill	8
Property, plant, and equipment	25
Other financial assets	2
Other assets	1
Deferred tax assets	8
<b>Non-current assets</b>	<b>45</b>
Inventories	83
Trade accounts receivable	76
Other financial assets	7
Other assets	5
Contract assets	13
Income tax receivables	2
Cash and cash equivalents	20
<b>Current assets</b>	<b>206</b>
<b>Assets held for sale and disposal groups</b>	<b>251</b>
<b>Liabilities</b>	
Provisions for pensions	0
Provisions for other employee benefits	1
Other provisions	15
Financial liabilities	5
<b>Non-current liabilities</b>	<b>21</b>
Other provisions	6
Trade accounts payable	58
Financial liabilities	23
Other liabilities	3
Contract liabilities	41
Income tax liabilities	0
<b>Current liabilities</b>	<b>131</b>
<b>Liabilities directly associated with assets held for sale</b>	<b>152</b>
<b>Assets and liabilities held for sale</b>	<b>99</b>

The assets held for sale in the previous year and corresponding liabilities were sold in the 2025 fiscal year.

## F.9. Equity

### F.9.1. Subscribed capital

Knorr-Bremse AG's subscribed capital (capital stock) is divided into 161,200,000 fully paid up no-par-value bearer shares with full voting rights, each representing a share of the capital stock of € 1.00. In total, the capital stock thus amounts to € 161 million. Each share guarantees the right to the dividend resolved by the Annual General Meeting.

Until May 4, 2028, the Executive Board is authorized, with the Supervisory Board's approval, to increase the company's capital stock on one or more occasions by up to a total of € 32 million by issuing up to 32,240,000 new bearer shares against cash and/or non-cash contributions (Authorized Capital 2023). The new shares attract a share of profit from the beginning of the fiscal year in which they are issued. Where legally permissible, the Executive Board may, if approved by the Supervisory Board, deviate from this and from section 60 (2) AktG and specify that the new shares attract a share of profit from the beginning of a fiscal year that has already ended and for which a resolution regarding the appropriation of net profit has not yet been passed at an Annual General Meeting for the time of the shares' issue.

Until May 4, 2028, the Executive Board is authorized, with the Supervisory Board's approval, to issue bearer or registered subordinated or non-subordinated convertible and/or warrant-linked bonds, profit participation rights, and/or income bonds (or combinations of these instruments) (hereinafter collectively referred to as bonds) in one or more tranches, or simultaneously in multiple series, in a total nominal amount of up to € 1,500 million. Furthermore, the Executive Board is authorized to grant the holders or creditors of the bonds (hereinafter collectively referred to as the holders) conversion or option rights on a total of up to 16,120,000 no-par bearer shares in the Company with a proportionate amount of the share capital of up to € 16 million in total, in accordance with the more detailed provisions in the terms and conditions of the bonds (hereinafter conditions of issue). The bonds may be issued against payment in cash and/or as contribution in kind. The conditions of issue may also provide for an option or conversion obligation upon expiry of the term or at an earlier date or on occurrence of a specific event.

To grant shares to holders or creditors of convertible or warrant-linked bonds that were issued on the basis of the Executive Board's authorization, the Company's capital stock was conditionally increased by up to € 16 million by issuing up to 16,120,000 new no-par bearer shares

(Conditional Capital 2023). The precise details are governed by Article 7 of the Articles of Association.

KB Holding GmbH, Oberhaching, Germany, currently holds 58.99% of the voting rights in Knorr-Bremse AG. Pursuant to section 34 (1) WpHG, these voting rights are attributable to TIB Vermögens- und Beteiligungsholding GmbH, Oberhaching, Germany, and Stella Vermögensverwaltung GmbH, Oberhaching, Germany. Until December 6, 2024, the voting rights were attributable to Mr. Robin Brühmüller in his capacity as executor of the estate of Heinz Hermann Thiele, who passed away on February 23, 2021. Until December 6, 2024, the majority of shares in Stella was held by Mr. Thiele's widow, Mrs. Nadia Thiele, as the preliminary heir (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated March 25, 2021). On December 6, 2024, Nadia Thiele transferred the shares she held in Stella to the Heinz Hermann Thiele Family Trust established in April 2023 (transfer in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024). Due to the control of the voting rights in Stella, the indirect equity interest of 58.99% held by KB Holding in Knorr-Bremse AG has also been attributed to the Family Trust (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024). The Family Trust is therefore the controlling shareholder of Knorr-Bremse AG.

#### **F.9.2. Capital reserves**

The Group's capital reserves remain unchanged at € 14 million as of December 31, 2025.

#### **F.9.3. Retained earnings**

In addition to the legal reserve of the parent company, retained earnings contain the parent company's other retained earnings, the effect of IFRS transitions, the profit carried forward from the previous year, and the share of net income attributable to the shareholders of Knorr-Bremse AG.

#### **F.9.4. Other components of equity**

The line item other components of equity contains the changes in equity outside profit or loss. This includes currency translation differences as a result of the translation of annual financial statements of foreign subsidiaries, changes in the measurement of financial assets whose changes in fair value are recognized, the actuarial gains and losses from the measurement of benefits to employees reported in the year under review, the effects of hedge accounting as well as taxes recognized directly in equity.

#### **F.9.5. Takeover disclosures required by law pursuant to section 289a HGB and section 315a HGB**

##### **A) PARTICIPATION IN CAPITAL EXCEEDING 10% OF VOTING RIGHTS**

On the basis of the voting rights notifications received by the Company in accordance with the provisions of the German Securities Trading Act (WpHG), there is a participation in the capital of the Company that exceeds 10% of the voting rights. KB Holding GmbH, Oberhaching, Germany, currently holds 58.99% of the voting rights in Knorr-Bremse AG. Pursuant to section 34 (1) WpHG, these voting rights are attributable to TIB Vermögens- und Beteiligungsholding GmbH, Oberhaching, Germany, and Stella Vermögensverwaltung GmbH, Oberhaching, Germany.

Until December 6, 2024, the voting rights were attributable to Mr. Robin Brühmüller in his capacity as executor of the estate of Heinz Hermann Thiele, who passed away on February 23, 2021. Until December 6, 2024, the majority of shares in Stella was held by Mr. Thiele's widow, Mrs. Nadia Thiele, as the preliminary heir (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated March 25, 2021). On December 6, 2024, Nadia Thiele transferred the shares she held in Stella to the Heinz Hermann Thiele Family Trust established in April 2023 (transfer in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024). Due to the control of the voting rights in Stella, the indirect equity interest of 58.99% held by KB Holding in Knorr-Bremse AG has also been attributed to the Family Trust (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024). The Family Trust is therefore the controlling shareholder of Knorr-Bremse AG. [Table → 3.40](#)

In addition, the Heinz Hermann Thiele Family Trust issued a notification pursuant to section 43 WpHG on February 25, 2025 stating that the acquisition of voting rights had been made in fulfillment of a bequest and did not serve a strategic purpose. The Family Trust also communicated in the voting rights notification dated February 25, 2025 that it did not intend to make any further acquisitions within the next twelve months and had no plans for a significant change in the capital structure. As announced in a voting rights notification on February 25, 2025, Mr. Stephan Sturm, CEO of the Family Trust, was elected to the Supervisory Board; this appointment was carried out at the Annual General Meeting on April 30, 2025.

### 3.40 VOTING RIGHTS NOTIFICATION

Party obligated to disclose	Date of reaching, exceeding or falling below the thresholds	Threshold value reached	Disclosure obligations and/or additions pursuant to WpHG <sup>1</sup>	New share of voting rights	
				In %	absolute
Mrs. Nadia Thiele, Germany <sup>2</sup>	Feb. 23, 2021	50% exceeded	Section 34 WpHG	58.99	95,097,851
Mr. Robin Brühmüller, Germany <sup>3</sup>	May 17, 2021	50% exceeded	Section 34 WpHG	58.99	95,097,851
Heinz Hermann Thiele Family Trust <sup>4</sup>	Apr. 6, 2023	50% exceeded	Section 38 WpHG	58.99	95,097,851
Mrs. Nadia Thiele, Germany <sup>5</sup>	Dec. 6, 2024	fell below 3%	Section 34 WpHG	–	–
Mr. Robin Brühmüller, Germany <sup>5</sup>	Dec. 6, 2024	fell below 3%	Section 34 WpHG	–	–
Heinz Hermann Thiele Family Trust <sup>5</sup>	Dec. 6, 2024	50% exceeded	Section 34 WpHG	58.99	95,097,851
BlackRock Inc., Wilmington, DE, USA <sup>6</sup>	July 21, 2025	3% exceeded	Section 34 WpHG	3.23 (of which 0.10 instruments)	5,207,197
Norges Bank, Oslo, Norway <sup>7</sup>	Nov. 11, 2025	3% exceeded	Section 34 WpHG	3.04 (of which 0.02 instruments)	4,905,032
Norges Bank, Oslo, Norway <sup>8</sup>	Dec. 17, 2025	fell below 3%	Section 34 WpHG	2.86	4,610,389

<sup>1</sup> The aforementioned provisions of the WpHG refer to the version applicable at the time of publication of the voting rights announcement.

<sup>2</sup> Notification due to devolution of the inheritance to the heir owing to the passing of Heinz Hermann Thiele on February 23, 2021

<sup>3</sup> Notification due to execution of Heinz Hermann Thiele's will

<sup>4</sup> Notification due to legacy registration

<sup>5</sup> Notification due to legacy registration from the will of Heinz Hermann Thiele

<sup>6</sup> BlackRock Inc. exceeded the 3% threshold several times in the reporting year, last notification: July 21, 2025.

<sup>7</sup> Norges Bank exceeded the 3% threshold several times in the reporting year, last notification: November 11, 2025.

<sup>8</sup> Norges Bank fell below the 3% threshold several times in the reporting year, last notification: December 17, 2025.

#### B) NOTIFICATIONS IN ACCORDANCE WITH THE GERMAN SECURITIES TRADING ACT:

Pursuant to section 160 (1) no. 8 of the German Stock Corporation Act (AktG), information must be provided on the existence of equity interests notified to Knorr-Bremse AG pursuant to section 20 (1) and (3) AktG or pursuant to section 33 (1) or (2) of the German Securities Trading Act (WpHG).

The German Securities Trading Act requires investors whose share of voting rights in listed companies reaches certain thresholds to make a disclosure. The following reportable investments were notified to Knorr-Bremse AG in writing in the 2024 and 2025 fiscal years up until the balance sheet date. The information relates in each case to the most recent notification made to Knorr-Bremse AG by a reportable entity. All disclosures made by Knorr-Bremse AG regarding equity investments in the year under review and beyond can be found on the Company's website (<https://ir.knorr-bremse.com>). [Table → 3.40](#)

#### F.9.6. Dividends

In the fiscal years, Knorr-Bremse AG declared and paid the dividends shown in [Table → 3.41](#)

#### 3.41 DIVIDENDS

in € million	2025	2024
€ 1.75 per bearer share (2024: € 1.64)	282	264

The dividends relate in all cases to the prior year. For the 2024 fiscal year, in the 2025 fiscal year a dividend of € 1.75 per bearer share was declared and therefore paid in the total amount of € 282 million.

The Executive Board of Knorr-Bremse AG will suggest that the Annual General Meeting distribute a total dividend of € 306 million for the past fiscal year. This corresponds to a dividend per share of € 1.90.

#### F.9.7. Capital management

The Group's objective is to maintain a strong capital base and ensure the sustainable development of the company.

To this end, the Group prepares short-term and long-term liquidity planning. Short-term liquidity planning covers a rolling planning horizon with precise expected cash flows including currency changes. Long-term liquidity planning is carried out annually with different time horizons in the divisions – for one year at Commercial Vehicle Systems and for two years at Rail Vehicle Systems.

To manage free cash flow<sup>1</sup>, the Group has established a net working capital management and investment process. Demand-oriented investments, which serve to maintain and further develop the Company, are made within the annual target of around 3% to 5% of annual sales. Net working capital is managed by closely monitoring the divisions' working capital positions and liquidity management programs such as factoring and the sustainability-linked Supply Chain Finance Program. Net working capital is defined as the sum of inventories, trade accounts receivable, and contract assets less trade accounts payable and contract liabilities as well as current bills of exchange, which are recognized in the other financial assets/liabilities.

In addition, Knorr-Bremse makes targeted use of retained earnings to maintain a stable equity ratio. In principle, the Group plans to distribute between 40% and 50% of consolidated net income as dividends and to retain the remaining profit. This serves to strengthen the equity ratio with a target of over 30%. The Group defines the equity ratio as the ratio of equity to total assets.

## F.10. Share-based payment arrangements

As of the end of the fiscal year, long-term bonus agreements (long-term incentives), which are structured as a share-based payment model, were in place with the Executive Board and selected members of the wider management team of the Group.

In the reporting year, the Group committed a total of 165,333 (2024: 199,806) share appreciation rights (SARs) to eligible individuals as of January 1, 2025. This commitment gives them the right to receive a cash payment after four years of service.

The extent of the disbursement for the 2024–2027 and 2025–2028 tranches is the product of the number of committed share appreciation rights, the average share price of Knorr-Bremse AG within the last 60 days before the end of the four-year assessment period and the relative total shareholder return (50% weighting), the return on capital employed (30% weighting) and the fulfillment of ESG targets (20% weighting). The disbursement is limited to a maximum of 200% of the target amount. The average actual value for the return on capital employed, in comparison with a defined target value, is assigned to a target corridor ranging from 0% to 200%. The relative total

shareholder return of Knorr-Bremse AG is fixed in relation to the average total shareholder return of the companies from the industrial goods peer group selected by the Supervisory Board as well as selected rail and truck peers. The ESG criterion is determined from the reduction of Scope 1 + 2 CO<sub>2</sub>e emissions and from employee satisfaction. Both the total shareholder return component and the ESG component are likewise assigned to a target corridor ranging from 0% to 200%.

For the 2022–2025 and 2023–2026 tranches, the disbursement is calculated as the product of the number of committed share appreciation rights, the average share price of Knorr-Bremse AG within the last 60 days before the end of the four-year assessment period and the equally weighted development of EPS and relative total shareholder return. The payment for these tranches is capped at 180% (Executive Board Chair/CEO) or 200% (other Executive Board members) of the target amount. The average actual EPS value, in comparison with a defined target value, is assigned to a target corridor ranging from 0% to 200%. The relative total shareholder return is fixed in relation to three comparative groups in the assessment period. These comparative groups are the companies listed on the MDAX and two peer group companies defined by the Supervisory Board in the categories "Rail & Truck" and "High Quality Industrial Goods". This component is likewise assigned to a target achievement corridor ranging from 0% to 200%.

The following amounts are set aside for the long-term incentive. [Table → 3.42](#)

### 3.42 CARRYING AMOUNT OF THE LTI PROVISION

in € million	2025	2024
2021–2024 tranche	–	6
2022–2025 tranche	4	2
2023–2026 tranche	13	6
2024–2027 tranche	10	4
2025–2028 tranche	4	–
	<b>31</b>	<b>18</b>

The following amounts were recognized as expenses for the long-term incentive: [Table → 3.43](#)

<sup>1</sup> Free cash flow is calculated by deducting disbursements for investments in property, plant, and equipment and intangible assets from cash flow from operating

activities and adding deposits received from the sale of property, plant, and equipment as well as intangible assets.

### 3.43 ADDITION TO THE LTI PROVISION

in € million	2025	2024
2021–2024 tranche	–	4
2022–2025 tranche	2	0
2023–2026 tranche	7	3
2024–2027 tranche	6	4
2025–2028 tranche	4	–
	<b>19</b>	<b>11</b>

As of the reporting date, the sub-target of EPS development was at a factor of 0.0% (2024: 0.0%) for the 2022–2025 tranche and 62.0% (2024: 77.0%) for the 2023–2026

tranche. Starting with the 2024–2027 tranche, EPS development will no longer be a measurement parameter for the long-term incentive. The valuation of the sub-target of total shareholder return in relation to peer groups was carried out in a Monte-Carlo simulation. In this case, the EPS sub-target was also considered as an input factor in order also to take account of the maximum total disbursement of the LTI. Service- and market-independent performance conditions associated with the transactions were not considered in determining the value.

The following inputs were used in determining fair values on the grant date and on the measurement date of the share appreciation rights. [Table → 3.44](#)

### 3.44 VALUATION PARAMETERS AS OF THE RESPECTIVE MEASUREMENT DATE

Tranche	2022–2025	2023–2026	2024–2027	2025–2028
<b>Parameters as of the grant date</b>				
Grant date	Jan.1, 2022	Jan.1, 2023	Jan.1, 2024	Jan. 1, 2025
Closing price of Knorr-Bremse share	86.90	51.04	58.80	70.35
Calculated dividend yield	1.75%	3.62%	2.47%	2.49%
Knorr-Bremse volatility	30.97%	38.53%	30.33%	27.68%
Risk-free interest rate	-0.55%	2.53%	1.94%	2.06%
Remaining term in years until allocation	4.00	4.00	4.00	4.00
<b>Parameters as of the December 31, 2025 grant date</b>				
Closing price of Knorr-Bremse share	95.15	95.15	95.15	95.15
Calculated dividend yield	1.84%	1.84%	1.84%	1.84%
Previous year's dividend paid by Knorr-Bremse	6.69	4.84	3.39	1.75
Knorr-Bremse volatility	33.45%	33.45%	30.62%	30.58%
Risk-free interest rate	0.00%	2.01%	2.10%	2.22%
Remaining term in years until allocation	0.00	1.00	2.00	3.00

Expected volatility is based on an assessment of the past volatility of the Company's share price, especially in the period that corresponds to the four-year term.

## F.11. Employee benefits

[Table → 3.45](#)

### F.11.1. Employee benefits

#### 3.45 EMPLOYEE BENEFITS

in € million	Dec. 31, 2025	Dec. 31, 2024
Assets from employee benefits	24	24
Provisions for pensions	224	239
Other personnel related provisions	60	51
<b>Provisions for employee benefits</b>	<b>284</b>	<b>290</b>
Non-current	267	271
Current	17	19

The provisions for employee benefits include provisions for pension commitments and other personnel provisions.

In various countries, Knorr-Bremse makes pension commitments to its employees based on defined-benefit plans, the benefits of which depend either on the employee's pensionable remuneration or contain other guarantees. Pension commitments are measured based on actuarial principles using the projected unit credit method. The pension plan accruals reported in the balance sheet correspond to the present value of the defined-benefit obligation in consideration of future salary and pension increases as of the reporting date, less the fair value of the plan assets. An excess of plan assets beyond the present value of the defined-benefit obligation is limited to the present value of the benefit attributable to the company, from the reimbursement of contributions or the reduction of future contribution payments.

The defined-benefit plans in Germany and the United Kingdom represent the majority of the gross obligation at approximately 68.9%. Pension obligations from defined benefit -pension schemes also exist in France, India, Italy, Japan, Turkey, Austria, Sweden, Switzerland, South Korea and the USA. In Germany, the United Kingdom, Japan, South Korea, Austria (in some cases), and the USA, the benefits are granted on a voluntary basis, while, in the other countries, the benefits are based on statutory regulations.

#### GERMANY

Employees benefits are granted from pension schemes for which the benefits in old age, in the event of disability or death are calculated depending on the period of employment, the salary at the time of commencement of the annuity, and the relevant assessment ceiling in the

statutory pension insurance scheme (BBG), as well as a defined benchmark figure. The benefits are paid in the form of a pension. The plan was closed to new admissions with effect from January 1, 2003. Plan participants primarily include beneficiaries. Moreover, individual plans also exist, especially amongst managers, which were concluded on an individual contractual basis.

The obligations in Germany are largely completely unfunded, which means that no plan assets exist, which are solely intended to meet pension commitments – with the exception of one company for which a pledged reinsurance policy exists.

In Germany, the interest rate risk as well as the life expectancy of the plant participants play a major role as part of a risk consideration, as the benefits are primarily paid in the form of an annuity. However, the risk was reduced by closing the pension plan to new admissions.

#### UNITED KINGDOM

In the United Kingdom, the employees and managers benefit from defined-benefit plans, which are closed to new admissions; in addition, existing plan participants are no longer entitled to any increase in entitlements, with the exception of a few special cases for which the benefits continue to increase together with the salary. At the time, the plan was introduced on a voluntary basis. The plan provides for benefits upon retirement and death. Until the closure of the plan in 2012, these benefits were dependent on salary and years of service. Payment essentially occurs in the form of an annuity, whereby part of the benefit can also be paid out as a one-off capital payment at the request of the plan participant.

In the United Kingdom, a board of trustees, which is comprised of company and employee representatives, is responsible for asset management. The investment strategy targets long-term value additions with low volatility.

The pension schemes in the United Kingdom are exposed to the interest rate risk, due to the payment as a lifelong pension, as well as the risk of a higher life expectancy than assumed so that the pensions will have to be paid out for longer than planned. However, the risks were limited by closing the pension plan. Moreover, an investment risk also exists, in that the plan assets may not develop as expected and that the plan assets may therefore only be able to partially offset changes to the scope of obligations.

Please refer to Section E.5. with regard to expenses in connection with defined benefit pension plans.

### F.11.2. Change in net debt Table → 3.46

#### 3.46 CHANGE IN NET DEBT

	Defined benefit obligation		Fair value of plan asset		Net liabilities (net assets) from defined benefit plans	
in € million	2025	2024	2025	2024	2025	2024
<b>As of Jan. 1</b>	<b>469</b>	<b>475</b>	<b>254</b>	<b>258</b>	<b>215</b>	<b>217</b>
Current service costs	5	6	–	–	5	6
Past service costs	1	0	–	–	1	0
Gains/losses from settlements	–	–	–	–	–	–
Interest income	–	–	9	9	(9)	(9)
Interest expense	16	17	–	–	16	17
Net cash flow	(11)	(17)	(11)	(18)	0	1
Remeasurements	(16)	(4)	(5)	(7)	(11)	3
a) Return on plan assets	–	–	1	(6)	(1)	6
b) Actuarial gains/losses (change in demographic assumptions)	0	0	–	–	0	0
c) Actuarial gains/losses (change in financial assumptions)	(19)	(7)	–	–	(19)	(7)
d) Effect of experience adjustments	3	3	–	–	3	3
e) Asset ceiling	–	–	(6)	(1)	6	1
Currency translation differences	(6)	4	(7)	6	1	(2)
Employer contributions	(15)	(13)	3	5	(18)	(18)
Participant contributions	1	1	1	1	–	–
Effects of business combinations and disposals	0	–	(0)	–	0	–
<b>As of Dec. 31</b>	<b>444</b>	<b>469</b>	<b>244</b>	<b>254</b>	<b>200</b>	<b>215</b>
of which						
Germany	185	199	2	2	183	197
United Kingdom	121	129	145	153	(24)	(24)
Switzerland	91	91	91	92	(0)	(1)
Other countries	47	50	6	7	41	43

### F.11.3. Plan assets

Some pension obligations are secured by assets that meet the definition of plan assets in accordance with IAS 19. For these pension obligations, the net debt is reported from the defined-benefit obligation and the fair value of the plan assets.

For plans with a positive excess of the fair value of plan assets over the present value of the related obligation, the resulting asset is tested for impairment and, if necessary, limited to the present value of the economic benefits that the Group can derive from refunds or reductions in future contributions.

The plan assets primarily contain debt securities, investment funds and insurance policies, which are largely held by long-term, external carriers (funds). Plan assets are mainly held in the United Kingdom and Switzerland.

In order to reduce asset and liability risks (Asset-Liability Matching, ALM), Knorr-Bremse has developed a risk minimization program in cooperation with trustees. The investment strategy is transferred to a qualified actuary who implements the investment strategy in relation to the pension plans and carries out the investment strategy.

The assets controlled as part of this transfer are allocated to a "Growth" or "Liability Hedging" portfolio. The allocation ratio is agreed at regular intervals.

The "Growth" portfolio comprises a combination of equities, fixed-income securities and other available funds that are available in the manager's portfolio. The fund manager determines the investment mix.

The "Liability Hedging" portfolio comprises LDI funds (liability-driven investment), fixed-income securities, index-linked funds, and other available funds that are available in the manager's portfolio. The fund manager determines the investment mix.

The objectives of the risk minimization strategy are to minimize the risk from the pension plans by increasing the allocation of assets to the liability hedging portfolio. Such reallocation must take place if agreed key figures are exceeded in order to make it possible to align assets with liabilities.

The pension obligations in the United Kingdom and Switzerland are largely covered by legally independent pension schemes. Any return of funds to the employer is precluded. The contracts meet the requirements for qualifying insurance policies pursuant to IAS 19.8.

In the fiscal year, adjustments totaling € -6 million (2024: € -1 million) were recognized due to asset ceilings for the plan assets. These corrections are based on obligations of € 91 million (2024: € 91 million).

The plan assets include the investments shown in [Table. → 3.47.](#)

### 3.47 PLAN ASSETS

in € million	Dec. 31, 2025	Dec. 31, 2024
Cash and cash equivalents	1	3
Equity instruments	38	35
Debt instruments	167	173
Real estate	21	18
Assets held by insurance companies	7	8
Investment funds	13	15
Less asset ceiling	(7)	(1)
Other	4	3
<b>Fair value of plan assets</b>	<b>244</b>	<b>254</b>
thereof		
United Kingdom	145	153
Switzerland	91	92
Other countries	8	9
<b>Return on plan assets (including interest income)</b>	<b>10</b>	<b>3</b>
thereof		
United Kingdom	6	(8)
Switzerland	4	11
Other countries	0	0

### F.11.4. Actuarial assumptions

[Table → 3.48](#) lists the key actuarial assumptions (in the form of weighted averages in %) used on the reporting date.

### 3.48 ACTUARIAL ASSUMPTIONS

In %	Dec. 31, 2025	Dec. 31, 2024
<b>Defined benefit obligation</b>		
Discount rate	4.0	3.7
Salary increase	3.0	3.1
Pension increases	1.8	1.9
thereof Germany		
Discount rate	4.1	3.5
Salary increase	3.0	3.0
Pension increases	2.0	2.0
thereof UK		
Discount rate	5.5	5.5
Salary increase	3.7	3.9
Pension increases	2.8	3.0
thereof Switzerland		
Discount rate	1.3	1.0
Salary increase	1.5	1.5
Pension increases	-	-

The most important defined-benefit plans exist in Germany and the United Kingdom. The biometric basis for valuating these obligations in Germany is the generation-dependent guideline tables 2018 G from Prof. Klaus Heubeck, published by Heubeck Richttafeln GmbH on July 20, 2018. These tables are based on the newest statistics of the statutory pension insurance and the Federal Statistical Office and therefore reflect the most recent developments in probabilities of life expectancy, disability, marriage, and fluctuation. Since the average life expectancy has continued to rise (albeit more slowly than in the past), the pension obligations for domestic companies increased slightly.

In the United Kingdom, the mortality tables with projection CMI 2017 are used as the biometric basis.

Age-dependent turnover tables are also taken into account.

### F.11.5. Future cash flows

In the 2026 fiscal year, employer payments into the plan assets are expected to amount to € 3 million. As of December 31, 2025, average annual benefit payments from pension plans in the amount of € 30 million (2024: € 29 million) were expected for the upcoming ten fiscal years.

As of December 31, 2025, the weighted average term of the defined-benefit obligation was 11.3 years (2024: 11.6 years).

### F.11.6. Sensitivity analysis

The following sensitivity analysis presents the effects of reasonable changes of individual factors on the defined-benefit obligation as of the reporting date. [Table → 3.49](#)

## 3.49 SENSITIVITY ANALYSIS

in € million	Dec. 31, 2025		Dec. 31, 2024	
	Increase	Decrease	Increase	Decrease
<b>Present value of defined-benefit obligation</b>				
Change in discount rate 0.5%	(23)	26	(26)	29
Change in salary increase rate 0.5%	3	(3)	3	(3)
Change in future pension increases 0.5%	15	(10)	17	(12)

Although the analysis does not take account of the complete distribution of the expected cash flows according to

the plan, it provides an approximate value of the sensitivity of the -presented assumptions.

## F.12. Other provisions

Table → 3.50

### 3.50 OTHER PROVISIONS

in € million	Warranty provisions	Contractual provisions	Restructuring provisions	Other provisions	Total
					<b>2025</b>
<b>As of Jan. 1, 2025</b>	<b>335</b>	<b>30</b>	<b>0</b>	<b>33</b>	<b>398</b>
Currency translation differences	(20)	(2)	(0)	(1)	(23)
Additions	129	7	26	10	172
Additions to the scope of consolidation	–	–	–	–	–
Utilization	(132)	(5)	(0)	(4)	(141)
Reversals	(14)	(3)	(0)	(4)	(21)
Disposals from the scope of consolidation	(0)	–	–	–	(0)
Compounding	1	–	–	–	1
Reclassifications pursuant to IFRS 5	(19)	(2)	(0)	(0)	(21)
<b>As of Dec. 31, 2025</b>	<b>280</b>	<b>25</b>	<b>26</b>	<b>34</b>	<b>365</b>
thereof current	115	16	26	17	174
thereof non-current	165	9	–	17	191
					<b>2024</b>
<b>As of Jan. 1, 2024</b>	<b>309</b>	<b>10</b>	<b>1</b>	<b>38</b>	<b>358</b>
Currency translation differences	7	1	0	0	8
Additions	143	6	0	8	157
Additions to the scope of consolidation	6	19	–	2	27
Utilization	(108)	(5)	(1)	(7)	(121)
Reversals	(21)	(1)	(0)	(7)	(29)
Disposals from the scope of consolidation	(4)	–	–	(1)	(5)
Compounding	3	–	–	–	3
Reclassifications pursuant to IFRS 5	(0)	–	–	–	(0)
<b>As of Dec. 31, 2024</b>	<b>335</b>	<b>30</b>	<b>0</b>	<b>33</b>	<b>398</b>
thereof current	135	19	0	16	170
thereof non-current	200	11	–	17	228

The provisions for warranty obligations cover obligations from cases that have already occurred as well as future – obligations that are based on empirical values. The latter are essentially directly related to the development and structure of revenue. The provisions are based on estimates from -historical warranty data for similar products and services. For the long-term components, outflows are expected within the next two to five years.

Contractual provisions include contingency reserves from pending transactions of € 25 million (2024: € 30 million). For the long-term components, outflows are expected within the next two to five years.

On February 20, 2025, Knorr-Bremse announced extensive efficiency measures and plans to increase profitability as part of the group-wide BOOST program, which will run until 2026 but also affect the period beyond that. The provision formed in this context amounts to € 26 million as

of the reporting date. Of this amount, € 13 million is attributable to the Rail Vehicle Systems division, € 8 million to the Commercial Vehicle Systems division and € 5 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.

Other provisions related to individual identifiable risks and obligations, especially environmental protection obligations and process risks. For the long-term components, outflows are expected within the next two to five years.

## F.13. Trade accounts payable and other liabilities

### Trade accounts payable [Table → 3.51](#)

#### 3.51 TRADE ACCOUNTS PAYABLE

in € million	Dec. 31, 2025	Dec. 31, 2024
Trade accounts payable	1,092	1,139
Current	1,092	1,128
Non-current	–	11

The decrease in trade accounts payable is primarily due in particular to the reclassification of the HVAC systems disposal group to assets held for sale and corresponding liabilities (see chapter F.8.).

#### Supplier finance arrangements

To support supplier financing, we offer selected suppliers a sustainability-linked Supply Chain Finance Program (SSCF). The purpose of this program is to facilitate efficient payment processes and enable suppliers to sell their receivables from the Group to a bank at a discount before the maturity date (factoring). The discount is calculated on the basis of the EURIBOR interest rate with matching maturities plus a company-specific risk premium. The agreement does not currently stipulate a maximum amount (per supplier or region) for early payment of invoices. The discount is lower than the standard market discount for early repayment. The Group did not derecognize the original trade accounts payable as there was neither a legal debt discharge nor a substantial change to the debt payable. From a Group perspective, the payment terms were not essentially modified due to the agreement. No additional interest and expenses are incurred by the Group for payment of debts to suppliers. The amounts of suppliers at the reverse factoring stage therefore continue to be reported by the Group under trade accounts payable since the nature and function of these liabilities correspond to those of trade accounts payable.

[Table → 3.52](#), [Table → 3.53](#)

### 3.52 TRADE ACCOUNTS PAYABLE THAT ARE THE SUBJECT OF SUPPLIER FINANCING ARRANGEMENTS

in € million	Dec. 31, 2025	Dec. 31, 2024
Trade accounts payable that are the subject of supplier financing arrangements	214	191
of which trade accounts payable for which the suppliers have already received payments from the bank	148	138

### 3.53 BANDWIDTH OF PAYMENT TERMS

in days	Dec. 31, 2025	Dec. 31, 2024
Trade accounts payable that are the subject of supplier financing arrangements	30 – 190	30 – 190
Comparable trade accounts payable that are not the subject of supplier financing arrangements	30 – 180	30 – 180

The payments to the bank are included in the cash flow from operating activities because they remain part of the Group's normal operating cycle and their fundamental character remains operational, i.e., they represent payments for the purchase of goods and services. From the Group's perspective, payments by the bank to suppliers are non-cash transactions.

#### Other liabilities

The composition of other liabilities is shown in the table below. [Table → 3.54](#)

### 3.54 OTHER LIABILITIES

in € million	Dec. 31, 2025	Dec. 31, 2024
Liabilities from taxes	78	73
Social security liabilities	27	25
Deferred income	16	14
Other	44	39
	<b>165</b>	<b>152</b>
Current	148	139
Non-current	17	13

## F.14. Financial liabilities [Table → 3.55](#)

### 3.55 FINANCIAL LIABILITIES

in € million	Dec. 31, 2025	Dec. 31, 2024
Bonds and debt instruments	1,801	2,553
Lease liabilities	502	555
Liabilities from options on minority interests	122	115
Liabilities towards credit institutions	61	66
Purchase price liabilities	34	45
Derivative financial instruments	2	47
Other financial liabilities	562	565
	<b>3,084</b>	<b>3,946</b>
Current	605	1,391
Non-current	2,479	2,555

Financial liabilities decreased by € 862 million, from € 3,946 million to € 3,084 million, largely due to the drop in current financial liabilities as a result of the repayment in June 2025 of the € 750 million bond issued on June 14, 2018.

Following this repayment, the bonds and debt instruments as of December 31, 2025 include a two-tranche bond with a total volume of € 1,100 million issued in 2024 and a € 700 million bond issued in 2022. The 2024 two-tranche bond comprises a € 600 million bond maturing in September 2029 with a coupon of 3.000% and Knorr-Bremse's first green bond with a volume of € 500 million. The green bond has a coupon of 3.250% and will mature in September 2032. The 2022 bond will mature in September 2029. It has a volume of € 700 million and a coupon of 3.25% that is linked to the positive validation of a greenhouse gas emissions (Scope 3) target by the Science Based Targets initiative (SBTi) (sustainability-linked bond). After achieving positive validation of the greenhouse gas emissions (Scope 3) sustainability performance target by the SBTi, this bond's coupon remains unchanged.

Because of the existing short-term loans (less than 3 months), liabilities to banks decreased by € 5 million, from € 66 million as of December 31, 2024 to € 61 million as of December 31, 2025.

The purchase price liabilities of € 34 million (previous year: € 45 million) mainly relate to the acquisition of Cojali S.L.

Derivatives decreased by € 45 million to € 2 million.

Other financial liabilities include in particular liabilities to employees and liabilities from refunds.

The following table shows the reconciliation of movements of liabilities to cash flows arising from financing activities. [Table → 3.56](#)

### 3.56 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES IN 2025

in € million	Liabilities				
	Liabilities towards credit institutions	Bonds and debt instruments	Liabilities from options on minority interests	Other financial liabilities	Lease liabilities
<b>As of Jan. 1, 2025</b>	<b>66</b>	<b>2,553</b>	<b>115</b>	<b>565</b>	<b>555</b>
<b>Change in cash flow from financing activities</b>					
Proceeds from borrowings	69	–	–	–	–
Disbursements from the repayment of borrowings	(76)	(750)	–	(10)	–
Disbursements for lease liabilities	–	–	–	–	(78)
Interest paid	(6)	(66)	–	–	(19)
Dividends paid to parent company shareholders	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–
Payments for acquisition of non-controlling interests	–	–	–	–	–
Proceeds from grants and subsidies	–	–	–	5	–
Payments from the settlement of derivatives	19	–	–	–	–
<b>Cash flow from financing activities</b>	<b>6</b>	<b>(816)</b>	<b>–</b>	<b>(5)</b>	<b>(97)</b>
<b>Changes arising from obtaining or losing control of subsidiaries or other businesses</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(1)</b>
<b>Effects in foreign exchange rates</b>	<b>(0)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(21)</b>
<b>Other changes related to liabilities</b>					
Other non-cash expenses and income	–	–	3	0	–
Interest expenses	6	64	4	9	19
New leases	–	–	–	–	47
Other cash flow changes	(17)	–	–	(6)	–
<b>Total other changes, related to liabilities</b>	<b>(11)</b>	<b>64</b>	<b>7</b>	<b>3</b>	<b>66</b>
<b>Total other changes, related to equity</b>					
<b>As of Dec. 31, 2025</b>	<b>61</b>	<b>1,801</b>	<b>122</b>	<b>562</b>	<b>502</b>

						Equity
	Currency translation	Revaluations from defined pension benefits (IAS 19)	Capital reserves	Retained earnings*	Non-controlling shares	Total
	(103)	(31)	14	3,014	82	6,830
	-	-	-	-	-	69
	-	-	-	-	-	(836)
	-	-	-	-	-	(78)
	-	-	-	-	-	(91)
	-	-	-	(282)	-	(282)
	-	-	-	-	(30)	(30)
	-	-	-	(24)	(8)	(32)
	-	-	-	-	-	5
	-	-	-	-	-	19
	-	-	-	(306)	(38)	(1,256)
	-	-	-	-	-	(2)
	-	-	-	-	-	(21)
	-	-	-	-	-	3
	-	-	-	-	-	102
	-	-	-	-	-	47
	-	-	-	-	-	(23)
	-	-	-	-	-	129
	(204)	7	-	534	32	369
	(307)	(24)	14	3,242	76	6,049

\*Value adjusted as of January 1, 2025

### 3.57 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES IN 2024

in € million	Liabilities				
	Liabilities towards credit institutions	Bonds and debt instruments	Liabilities from options on minority interests	Other financial liabilities	Lease liabilities
<b>As of Jan. 1, 2024</b>	<b>74</b>	<b>1,457</b>	<b>76</b>	<b>554</b>	<b>528</b>
<b>Change in cash flow from financing activities</b>					
Proceeds from borrowings	14	1,085	–	–	–
Disbursements from the repayment of borrowings	(18)	–	–	(13)	–
Disbursements for lease liabilities	–	–	–	–	(69)
Interest paid	(8)	(31)	–	–	(20)
Dividends paid to parent company shareholders	–	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–
Payments for acquisition of non-controlling interests	–	–	–	–	–
Proceeds from grants and subsidies	–	–	–	6	–
Disbursements from the settlement of derivatives	(34)	–	–	–	–
<b>Cash flow from financing activities</b>	<b>(46)</b>	<b>1,054</b>	<b>–</b>	<b>(7)</b>	<b>(89)</b>
<b>Changes arising from obtaining or losing control of subsidiaries or other businesses</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24</b>
<b>Effects in foreign exchange rates</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9</b>
<b>Other changes related to liabilities</b>					
Other non-cash expenses and income	–	–	36	15	–
Interest expenses	7	42	3	10	21
New leases	–	–	–	–	62
Other cash flow changes	31	–	–	(7)	–
<b>Total other changes, related to liabilities</b>	<b>38</b>	<b>42</b>	<b>39</b>	<b>18</b>	<b>83</b>
<b>Total other changes, related to equity</b>					
<b>As of Dec. 31, 2024</b>	<b>66</b>	<b>2,553</b>	<b>115</b>	<b>565</b>	<b>555</b>

						Equity
	Currency translation	Revaluations from defined pension benefits (IAS 19)	Capital reserves	Retained earnings*	Non-controlling shares	Total
	(155)	(24)	14	2,830	68	5,422
	-	-	-	-	-	1,099
	-	-	-	-	-	(31)
	-	-	-	-	-	(69)
	-	-	-	-	-	(59)
	-	-	-	(264)	-	(264)
	-	-	-	-	(18)	(18)
	-	-	-	-	-	-
	-	-	-	-	-	6
	-	-	-	-	-	(34)
	-	-	-	(264)	(18)	630
	-	-	-	-	-	24
	-	-	-	-	-	9
	-	-	-	-	-	51
	-	-	-	-	-	83
	-	-	-	-	-	62
	-	-	-	-	-	24
	-	-	-	-	-	220
	52	(7)	0	448	32	525
	(103)	(31)	14	3,014	82	6,830

\*Value adjusted as of January 1, 2024

## 3.58 INFORMATION IN ACCORDANCE WITH IFRS 9

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

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

\* Without information on fair value due to the fact that the carrying amount approximately equals fair value

Fair value			
Level 1	Level 2	Level 3	Total
9	76	21	106
-	40	-	40
-	13	-	13
9	0	21	30
-	23	-	23
-	-	-	-
-	-	-	-
-	-	-	-
1,810	185	18	2,013
-	1	-	1
-	1	-	1
-	61	-	61
-	122	-	122
1,810	-	-	1,810
-	-	-	-
-	-	18	18
-	-	-	-
-	-	-	-

Fair value			
Level 1	Level 2	Level 3	Total
7	32	21	60
-	4	-	4
-	1	-	1
7	3	21	31
-	24	-	24
-	-	-	-
-	-	-	-
-	-	-	-
2,559	228	24	2,811
-	36	-	36
-	11	-	11
-	66	-	66
-	115	-	115
2,559	-	-	2,559
-	-	-	-
-	-	24	24
-	-	-	-
-	-	-	-

## F.15. Financial instruments

### F.15.1. Financial instruments

**Table → 3.58** presents the non-netted carrying amounts and the fair values of the financial assets and liabilities as well as the categorization of the individual items. For the classification (hierarchy levels) of the fair value pursuant to IFRS 13, please refer to chapter D.12.

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 forward premiums and discounts into account. 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 risk 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 calculated 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. In line with Knorr-Bremse's rating, the company's own default risk was classified as low over the entire period.

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 1 percentage point, the value of the purchase price liability recognized would decrease by 1% or increase by 1%, 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 fell to € 18 million as of December 31, 2025. This resulted from the reclassification of a € 7 million purchase price installment, which is now secure. The interest cost of € 1 million, which was recognized in the interest result, had an offsetting effect.

### OFFSETTING Table → 3.59

#### 3.59 GLOBAL OFFSETTING

in € million	Dec. 31, 2025	Dec. 31, 2024
<b>Financial assets (derivatives)</b>		
Gross values in the balance sheet	52	5
Potential netting capability	2	4
Net value	50	1
<b>Financial liabilities (derivatives)</b>		
Gross values in the balance sheet	38	47
Potential netting capability	2	4
Net value	36	43

The table "Global Offsetting" shows the extent to which financial assets and financial liabilities were offset in the balance sheet as well as the possible effects from the offsetting of instruments that are subject to a legally enforceable global netting agreement or a similar agreement.

Derivative trading is subject to a global netting agreement. However, the German framework agreement and the ISDA agreements do not meet the criteria for an offsetting obligation in the Group balance sheet. The right to

offset is only enforceable in the event of future events (e.g., the insolvency of one of the contracting parties).

### FACTORING

The Group participates in receivables sales programs, in which trade accounts receivable are sold to a financial services provider. Through these measures, the Group pursues the goal of improving the liquidity situation and the possible risk of default, especially in relation to customers with extended payment terms. At Knorr-Bremse, a distinction was made between factoring with derecognition from the balance sheet and without derecognition from the balance sheet. The Group only practiced factoring with derecognition from the balance sheet in fiscal 2024 and 2025.

In the case of factoring with derecognition, essentially all opportunities and risks associated with ownership of the financial asset are transferred to the financial service providers. The intention is to hold the non-transferred receivables in a portfolio until final payment and to collect the contractual cash flows. The business model for these receivables is therefore classified as hold and sell and recognized at fair value through other comprehensive income. In the 2025 fiscal year, receivables of € 314 million (2024: € 330 million) were transferred in this way.

Due to the short term, the fair value of the receivables sold roughly corresponds to the carrying amount of the receivables prior to the transfer.

The notes on the financial result (chapter E.8) provide information on the net gains and net losses from financial instruments by measurement category.

### F.15.2. Impairment

Table → 3.60 shows the impairment losses recognized in accordance with IFRS 9 due to credit risks for debt instruments that are measured at amortized cost and at fair value through other comprehensive income.

### 3.60 FINANCIAL INSTRUMENTS IN IMPAIRMENT SCOPE

in € million	Impairment	Net change	Derecognition	Impairment
	<b>Dec. 31, 2024</b>			<b>Dec. 31, 2025</b>
Cash and cash equivalents	(0)	0	(0)	(0)
Trade accounts receivable (AC) and contract assets	(30)	(9)	9	(30)
Other financial assets	(65)	(7)	2	(70)
of which Level 2*	(11)	(7)	2	(16)
of which Level 3	(54)	–	–	(54)
	<b>Dec. 31, 2023</b>			<b>Dec. 31, 2024</b>
Cash and cash equivalents	(0)	(0)	0	(0)
Trade accounts receivable (AC) and contract assets	(34)	(5)	9	(30)
Other financial assets	–	(65)	–	(65)
of which Level 2*	–	(11)	–	(11)
of which Level 3	–	(54)	–	(54)

\* For other financial assets with a gross amount of € 57 million (2024: € 68 million), the expected credit loss is determined on the basis of a CCC rating with matching maturities, taking into account the terms to maturity.

The customers were divided into various categories. The calculated probabilities of default of the respective customer groups estimate the creditworthiness and the ability to meet commitments from receivables within the next 12 months.

For the 1st group, the adjustment takes place according to the public rating (S&P/Moody's or the implied rating according to the Thomson Reuters valuation model) and the associated probability of default on the respective cut-off dates.

For the 2nd group, a rating-equivalent comparative determination of the estimate is made.

For the 3rd group, the probability of default is determined by a credit agency.

For the 4th group, an average probability of default is determined on the basis of a comparison group with similar risk parameters.

#### F.15.3. Equity instruments

The company holds various investments in third companies as well as non-consolidated investments in affiliated/associated companies. These equity participations in the amount of € 9 million (2024: € 10 million) are reported at fair value.

Equity instruments recognized at fair value through other comprehensive income in the amount of € 21 million (2024: € 21 million) related to the investment in AutoBrains Technologies Ltd., Tel Aviv-Yafo, Israel. As in the previous year, Knorr-Bremse received no dividend from

the investment in the reporting period and there were no changes to the fair value recognized in OCI.

#### F.15.4. Derivatives in hedge accounting

[Table → 3.61](#) presents the notional amounts, the non-netted book values, average hedging rate and calculation parameters for determining the ineffectiveness of hedging instruments concluded to hedge the risks of changes in value in the context of cash flow hedges.

#### MEASUREMENT OF INEFFECTIVENESS

The Group uses the hypothetical derivative method to assess whether the designated derivative in each hedging relationship will prospectively be or has retrospectively been effective in relation to offsetting changes in cash flows of the hedged item. The prospective effectiveness is measured using critical terms match, whereby the critical parameters of the hedged item and hedge transaction, such as currency, term, and amount, match. Changes to the date of the hedged transactions and various effects of the counterparties' credit risk in the fair value of the hedged items and hedge transactions are possible causes of ineffectiveness.

For the hedging relationships in existence as of December 31, 2025, no material ineffectiveness has arisen.

#### RECLASSIFICATION

The hedging takes place in the revenues and purchase of intermediate products risk categories depending on the hedged item. [Table → 3.62](#) shows the status of hedging transaction reserves and reserves for costs of hedging in 2025 and presents reclassifications of hedge reserves and

reserves for costs of hedging broken down by risk category.

The interest rate risk from the September 2024 bond issue has also been hedged since the 2024 fiscal year. In this case, the hedged item was the highly likely bond issue, and mirrored forward starting interest rate swaps were

concluded as the hedging instrument. When the underlying transaction was concluded, the forward-starting interest rate swaps were terminated prematurely and, consequently, the cumulative amount in the cash flow hedge reserve will be reclassified over the term of the bonds. The forward starting interest rate swaps were designed as at full fair value.

### 3.61 HEDGING INSTRUMENTS IN HEDGE ACCOUNTING

Risk category – exchange rate risk	2025 fiscal year			2024 fiscal year		
	Forward exchange contracts/currency options			Forward exchange contracts/currency options		
	Revenues	Purchases	IC USD loan	Revenues	Purchases	IC USD loan
in € million						
<b>Notional amounts</b>						
Forward exchange contracts/currency options < 1 year	193	176	83	211	185	84
Forward exchange contracts/currency options > 1 year	165	105	138	156	122	221
<b>Carrying amounts</b>						
Receivables	21	11	9	3	–	–
Liabilities	–	1	–	6	15	15
Average hedging rate < 1 year	EUR/CZK: 25.32 EUR/HUF: 419.63	EUR/USD: 1.13	EUR/USD: 1.14	EUR/CZK: 24.87 EUR/HUF: 420.54	EUR/USD: 1.10	EUR/USD: 1.13
Average hedging rate > 1 year	EUR/CZK: 25.32 EUR/HUF: 435.33	EUR/USD: 1.17	EUR/USD: 1.16	EUR/CZK: 25.46 EUR/HUF: 420.31	EUR/USD: 1.12	EUR/USD: 1.15
Hedge transaction balance sheet item	Other financial assets and liabilities including derivatives			Other financial assets and liabilities including derivatives		
Item in profit or loss affected by the re-classification	Revenues and cost of materials		Other financing expenses	Revenues and cost of materials		Other financing expenses
Change in value of hedged item	5	21	13	(2)	(11)	21
Change in value of hedging instrument	(5)	(21)	(13)	2	11	(21)
Hedge ineffectiveness that has been recognized in the income statement	There is no material ineffectiveness			There is no material ineffectiveness		

## 3.62 RECLASSIFICATION OF THE CASH FLOW HEDGE RESERVES

in € million	2025		2024	
	Hedging transactions reserve	Reserve for costs of hedging	Hedging transactions reserve	Reserve for costs of hedging
<b>As of Jan. 1</b>				
Forward exchange contracts/currency options – revenues	14	(11)	1	(17)
Forward exchange contracts/currency options – purchases	10	4	(3)	4
Forward exchange contracts – IC USD loan	–	(8)	–	–
Interest rate derivatives	5	–	–	–
<b>Cash flow hedge</b>				
Changes in fair value				
Forward exchange contracts/currency options – revenues	(19)	(10)	17	(7)
Forward exchange contracts/currency options – purchases	(31)	6	17	4
Forward exchange contracts – IC USD loan	(34)	10	21	(6)
Interest rate derivatives	–	–	6	–
Amount reclassified to profit or loss:				
Forward exchange contracts/currency options – revenues	(7)	11	(4)	13
Forward exchange contracts/currency options – purchases	4	(3)	(2)	(3)
Forward exchange contracts – IC USD loan	34	(4)	(21)	(1)
Interest rate derivatives	(1)	–	(0)	–
Amount reclassified to cost of inventories				
Forward exchange contracts/currency options – revenues	–	–	–	–
Forward exchange contracts/currency options – purchases	2	(1)	(1)	(1)
<b>As of Dec. 31</b>				
Forward exchange contracts/currency options – revenues	(12)	(11)	14	(11)
Forward exchange contracts/currency options – purchases	(15)	6	10	4
Forward exchange contracts – IC USD loan	–	(1)	–	(8)
Interest rate derivatives	4	–	5	–

## F.16. Income taxes

Table → 3.63

## 3.63 INCOME TAXES

in € million	Dec. 31, 2025	Dec. 31, 2024
Income tax receivables	46	82
thereof non-current	2	1
thereof current	44	81
Income tax liabilities	126	119
thereof non-current	6	6
thereof current	120	113

The current income tax receivables of € 44 million relate mainly to receivables from the years 2024 and 2025. Current income tax liabilities mainly relate to liabilities in connection with the tax audit in Germany for the years 2020 through 2025. This item also includes income tax liabilities for the current 2024 and 2025 tax calculation.

## G. Notes to the Cash Flow Statement

The Group's statements of cash flows show the origin and use of cash flows and the net increase/decrease in cash and cash equivalents and are prepared in compliance with IAS 7 (Statement of Cash Flows).

A distinction is made between cash flows from operating activities from investing and financing activities. The cash flows from operating activities are derived indirectly based on the annual net profit. By contrast, the cash flows from investing and financing activities are determined based on payments.

### G.1. Cash flow from operating activities

The cash flow from operating activities is calculated by adjusting consolidated net income (including minority interests) for non-cash items, especially depreciation, amortization, and impairment losses on intangible assets and property, plant, and equipment, gains and losses on the disposal of noncurrent assets and on the sale of consolidated companies, and the interest result and investment result. Moreover, other changes in current assets, liabilities not related to investment and financing activities, and provisions are adjusted. It also includes the cash inflows from proceeds due to the settlement of the receivables underlying non-recourse factoring, as these do not constitute investing or financing activities. The cash flow from operating activities is shown following a correction of tax expenses and income, non-cash changes in the measurement of derivatives and other non-cash expenses and income.

The cash inflow from operating activities increased by € 74 million in 2025 compared with the previous year, to € 1,116 million.

Consolidated net income rose by € 95 million to € 572 million, while depreciation, amortization and impairment losses in the 2025 fiscal year decreased to € 389 million (2024: € 392 million).

The non-cash measurement of derivatives changed from expenses of € 48 million in the previous year to income of € 72 million in the 2025 fiscal year. The adjustments for other non-cash expenses and income changed by € 88 million, from € 68 million in the previous year to € -20 million. This change is mainly attributable to the fact that after losses from foreign currency valuation in the previous year, gains from foreign currency valuation were recognized in this financial year.

The interest result decreased by € 27 million, from € 47 million in 2024 to € 74 million, mainly due to interest expense for the bond issued in September 2024. See chapter E.8 for further details of the change in the interest result.

Tax expenses increased by € 79 million, from € 168 million in the previous year to € 247 million due to the rise in income before taxes. The income tax payments fell by € 23 million to € 181 million, primarily due to a refund of capital gains tax on an intragroup distribution.

### G.2. Cash flow from investing activities

The cash flow from investing activities results from the cash outflow for investments in intangible assets, property, plant, and equipment, and financial assets and for the acquisition of consolidated companies and the cash inflow from the disposal of intangible assets, property, plant, and equipment, financial assets and the sale of consolidated companies.

In the 2025 fiscal year, Knorr-Bremse signed a long-term lease providing for a sizable upfront payment at inception of the lease, while the current lease payments to be made over the term of the lease are merely symbolic in nature. The upfront payment made in the fiscal year at inception of the lease amounts to € 20 million and is presented as capital expenditure on property, plant, and equipment.

Interest received in investing activities is also reported.

In the event of changes to the group of consolidated companies by selling or buying companies, the purchase price paid (not including acquired debt) is reported as cash flow from investing activities.

In the 2025 fiscal year, cash outflow for investing activities fell by a total of € 444 million. Disbursements for investments in financial assets decreased by € 24 million year over year to € 20 million and largely related to the capital increase at the equity-accounted investment Nexxiot AG.

### G.3. Cash flow from financing activities

The cash flow from financing activities is calculated by netting the shareholder dividends paid and bank debt and loans obtained, and their repayment and interest payments. Other effects included here are disbursements for the repayment of lease liabilities and cash outflows to non-controlling interests. Furthermore, cash inflows and outflows are reported from the settlement of freestanding derivatives that were exercised during the fiscal year and are not part of hedge accounting. Moreover, the cash flow from financing activities includes proceeds from grants

and subsidies and disbursements for the acquisition of non-controlling interests.

In the 2025 fiscal year, there was a cash outflow from financing activities of € 1,256 million (2024: cash inflow of € 630 million), which is mainly due to the corporate bond repaid in June with a volume of € 750 million and the dividend distribution in the amount of € 282 million.

Interest paid of € 91 million (2024: € 59 million) primarily resulted from the interest payments for the publicly traded corporate bonds.

The "Payments for acquisition of non-controlling interests" item includes the full acquisition of minority interests in Merak Jinxin Air Conditioning Systems (Wuxi) Co., Ltd., Wuxi, China, and the partial acquisition of minority interests in Knorr-Bremse Rail Systems Japan Ltd., Tokyo, Japan, in the reporting year.

#### G.4. Composition of cash and cash equivalents [Table → 3.64](#)

##### 3.64 CASH FUNDS AT END OF PERIOD

in € million	Dec. 31, 2025	Dec. 31, 2024
Cash and cash equivalents	1,738	2,263
Reclassification as assets held for sale and disposal groups	20	0
Short-term liabilities to credit institutions (less than 3 months)	(46)	(33)
	<b>1,712</b>	<b>2,230</b>

In the reporting year, the development of the individual cash flows, after adjustment for effects caused by exchange rates of € 72 million, resulted in a decrease in funds by € 518 million to € 1,712 million.

The cash funds recognized in the statement of cash flows include the cash and cash equivalents presented in chapter F.7., the cash and cash equivalents presented in chapter F.8. that have been reclassified to the line item "assets held for sale and disposal groups" and liabilities to banks from overdraft facilities with maturities of up to three months, which are payable on demand.

## H. Other Information

### H.1. Managing of financial risks

As a result of its global operating activities, the Group is exposed to various financial risks, especially market risks, credit risks, and liquidity risks. The Group-wide risk management is focused on the unpredictable nature of developments on the financial markets and aims to minimize the potential negative effects on the Group's financial situation. The objective of the company policy is to limit risks through systematic financial management. To do so, the Group specifically uses financial derivatives to hedge against market risks.

The central Group Finance Department is responsible for risk management in accordance with the guidelines adopted by the Executive Board. It identifies, assesses, and hedges financial risks in close cooperation with the Group's operating units. The Executive Board provides guidelines for risk management as well as fixed principles for certain risk areas.

#### H.1.1. Currency risks

Currency risks arise from future transactions involving both the purchase of intermediate products and the sale of end products. Receivables and liabilities recognized in the balance sheet as well as highly probable expected cash flows in foreign currencies are examined. Risk positions also arise from financing in foreign currencies.

The objective of the Group's hedging transactions is to reduce the risks from exchange rate fluctuations. For this purpose, currency exposure is centralized and the aggregated position is hedged with external banks using forward exchange transactions and options. The terms are based on the terms of the underlying transactions, whereby the planning and hedging horizon generally extends over three years. Currency futures and option transactions are exclusively entered into to hedge existing and future foreign currency receivables and payables from the purchase and sale of goods, as well as to eliminate the currency risk for financing transactions. The operating exposures for the next 12 months are shown. Stable exposure is assumed for subsequent years. [Table → 3.65](#)

### 3.65 CURRENCY EXPOSURE

in € million	USD	HUF	CZK
			<b>Dec. 31, 2025</b>
Operating exposure	249	(242)	(117)
Derivatives	(154)	134	75
			<b>Dec. 31, 2024</b>
Operating exposure	307	(208)	(111)
Derivatives	(288)	139	71

Knorr-Bremse uses hedge accounting to record the hedging of fluctuating cash flows that result from exchange rate movements and are associated with transactions that are highly likely to occur and intragroup loans. The prerequisite for hedge accounting is that the economic relationship between the hedging instrument and the hedged item is documented and its effectiveness is proven. At the inception of the designated hedging relationships, the Group documents the risk management objectives and strategies for undertaking the hedge.

The company uses the value at risk as the primary risk measure to determine the risk potential for currency risks based on management reporting. It indicates the maximum loss that is not likely to be exceeded within a certain time period (12 months) with a certain probability (95%). Both the recognized and planned exposures and hedging transactions are included in the analysis. The value at risk is calculated for the core currencies of USD, HUF, and CZK.

[Table → 3.66](#)

### 3.66 VALUE AT RISK

in € million	2025	2024
USD	15	2
HUF	14	9
CZK	2	3

Exposures to other currencies exist, which, however, do not have a material effect on earnings. The aim of hedging is to reduce or eliminate the foreign currency risks resulting from the underlying transaction by entering into suitable financial derivatives.

#### H.1.2. Interest rate risks

Interest rate risks arise as a result of market-related fluctuations in the interest rates. They affect the level of the Group's interest expenses. These arise in the Knorr-Bremse Group from variable-interest financial obligations.

Interest rate risks are aggregated at headquarters and hedges are made at individual case level, taking into account the hedging period and nominal volume of the risk position.

The existing leases do not have interest rate risks.

The interest rate risk position, which includes variable-interest credit balances and liabilities, is shown below on the respective reporting date: [Table → 3.67](#).

### 3.67 INTEREST RATE EXPOSURE

in € million	Dec. 31, 2025	Dec. 31, 2024
Fixed-interest financial debt	1,804	2,558
Variable-interest financial debt	58	61

[Table → 3.68](#) shows the sensitivity of the Group earnings to a change in interest rates (by a rise of 100 basis points and a fall of 25 basis points) on variable-rate loans and balances.

### 3.68 EFFECT OF INTEREST RATE SENSITIVITY ON EARNINGS

in € million	Dec. 31, 2025		Dec. 31, 2024	
	+ 100 bp	- 25 bp	+ 100 bp	- 25 bp
Variable-interest financial debt	(1)	0	(1)	0

#### H.1.3. Commodity price risks

Commodity price risks arise from the fact that raw materials (especially metals) required in the production process can only be procured at higher costs due to fluctuating market prices, without a full price adjustment in sales transactions. The planned purchases of raw materials or components with raw material contents as well as the corresponding sales contracts are taken into account for the analysis of the commodity price risk. The resulting risk position, representing our exposure, is continuously monitored and hedged on a case-by-case basis using commodity swaps. Hedge accounting is not applied here.

The volume of the underlying transactions is calculated from the highly probable need for commodities over a

rolling one-year planning period. [Table → 3.69](#) lists the quantities of commodity exposures on the purchasing side for hedging them. The remaining open position can essentially be passed on the sales side.

### 3.69 COMMODITY EXPOSURE

in metric tons	Dec. 31, 2025	Dec. 31, 2024
Aluminum	6,840	6,577

[Table → 3.70](#) shows the sensitivity of consolidated earnings to commodity prices (10% increase/decrease in the market price).

### 3.70 EFFECT OF COMMODITY PRICE SENSITIVITY ON EARNINGS

in € million	Dec. 31, 2025		Dec. 31, 2024	
	+10%	-10%	+10%	-10%
Aluminum	(2)	2	(2)	2
	(2)	2	(2)	2

#### H.1.4. Credit risks

Credit risks arise from investments with banks, operating trade receivables from customers, loan receivables as well as contract assets. On the credit institution's side, the risk

relates to counterparty default, while on the customer's side the risk relates to late, partial, or no settlement of receivables without compensation and to default.

The carrying amount of the financial assets reported in the consolidated financial statements represents the maximum default risk. Regular monitoring is carried out both on the bank side and on the customer side. Decisions on financial transactions are made on the basis of this monitoring. Contracts on financial derivatives and financial transactions are only concluded with financial institutions with high credit ratings in order to keep the counterparty default risk as low as possible.

In principle, commercial transactions are exposed to the risk of a possible loss of value due to the defaulting of business partners, such as banks, suppliers, and customers.

#### SCREENING PROCESS FOR BANKS

The monitoring of core banks, including their rating and CDS development, as well as the diversification of the Group's business activities and investments, takes place on a quarterly basis. Compliance with the regulations in the guideline on the management of banking relationships is also reviewed at the same time. This specifies that no more than 25% of total deposits may be held by an individual bank and that business relationships may essentially only be maintained with banks with an investment grade rating. Financial investments are fine-tuned and adjusted as required on this basis. As a result, the assumption of low credit risk is supported by the investment guidelines only for investment-grade rated banks through regular controls.

#### IMPAIRMENT OF DEPOSITS

All of the company's deposits are held in the business accounts of a small number of selected banks, most of which belong to the group of core and principal commercial banks used by the Group. A public issuer rating is provided by established rating agencies for all core and principal commercial banks. For the Impairment of these cash holdings, the probability of default is calculated according to the rating scale. The rating indicators and probabilities of occurrence are updated quarterly. [Table → 3.71](#)

The shift in the value of the creditworthiness structure for investments is based largely on the change in the core and principal commercial bank structure (addition of further principal commercial banks for which regular checks are carried out to the rating portfolio).

#### 3.71 RATINGS

in € million	Dec. 31, 2025	Dec. 31, 2024
AAA to A	1,083	1,563
A- to BBB-	546	521
Not allocated, but within the investment grade range	109	179
	<b>1,738</b>	<b>2,263</b>

#### SCREENING PROCESS FOR CUSTOMERS AND SUPPLIERS

When establishing new business relationships, public sources, such as credit agencies, are used to obtain an economic business evaluation and credit opinion in advance. During the business relationship, a regular monitoring process occurs via the automated, system-based analyses of customer and supplier portfolios. This takes into account the probabilities of occurrence and sales volumes. While suppliers are monitored as a group, major customers are reviewed on an individual basis.

#### IMPAIRMENT OF RECEIVABLES

The credit rating structure of the Company's receivables portfolio is illustrated in [Tables → 3.72, 3.73](#).

#### 3.72 CREDIT STRUCTURE FOR TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

in € million	Dec. 31, 2025	Dec. 31, 2024
Top customers AAA to A	465	389
Top customers A- to BBB-	388	448
Worse than BBB-		
Top customers	–	–
Other receivables without a rating allocation on an individual basis	574	708
	<b>1,427</b>	<b>1,545</b>

#### 3.73 CREDIT STRUCTURE FOR TRADE ACCOUNTS RECEIVABLE AND CONTRACT ASSETS – EXPECTED CREDIT LOSS

in € million	Dec. 31, 2025	Dec. 31, 2024
Top customers AAA to A	0	0
Top customers A- to BBB-	0	0
Worse than BBB-		
Top customers	–	–
Other receivables without a rating allocation on an individual basis	30	30
	<b>30</b>	<b>30</b>

As of the reporting date, there were no material agreements that limit the maximum default risk. No significant collateral was received in the period under review. The shift in the value of the creditworthiness structure is based on the one hand on the change in the key customer structure itself and on the other hand on a change in the number of key customers.

According to the sales analysis of the customer structure, the 30 largest customers per division together account for the majority of total sales. This group therefore also accounts for the largest amount of total receivables. Receivables from this customer group are measured and their default probabilities determined in detail on a one-by-one basis using either a debtor-specific CDS spread or a rating-equivalent benchmark CDS spread or on the basis of credit reports, if they are available from publicly accessible information platforms or credit agencies.

For other customers outside the group of major customers, the probability of default is assessed on the basis of the benchmark CDS spread determined.

The default probabilities are updated quarterly. The identification of the 30 largest customers per division is updated annually.

The probabilities of default calculated reflect the creditworthiness of the respective company. In the case of impairment, due dates of receivables play a subordinate role because the underlying average terms of the receivables in the Group are largely in the short-term range.

There was no material concentration of a default risk with regard to a business partner or a clearly distinguishable group of business partners.

#### H.1.5. Liquidity risks

Liquidity risks arise from the possibility that funds required to satisfy payment obligations cannot be procured on time.

Within the Knorr-Bremse Group, liquidity risks arise from payment obligations arising from operating transactions or financing obligations. The management of liquidity within the Group is intended to ensure that sufficient cash and cash equivalents are always available to meet

payment obligations at maturity under both normal and tense conditions without incurring unacceptable losses or damaging the reputation of the Group. Liquidity requirements from business activities over the next three months are determined on a rolling weekly basis and differentiated by currency in short-term liquidity planning. This planning takes into account the more precise expected cash flows.

As part of rolling liquidity planning, medium-term planning is additionally carried out annually with different time horizons in the divisions – for one year at Commercial Vehicle Systems and for two years at Rail Vehicle Systems. The liquidity requirement is determined on the basis of the forecast cash flows. This process allows appropriate actions to be taken at an early stage in case of changes to the financing requirements.

The Group has sufficient cash and cash equivalents available to meet its payment obligations. In addition, there are credit, overdraft and guarantee lines totaling € 2,440 million (2024: € 2,633 million), of which € 1,786 million was undrawn. On September 15, 2022, the company issued a € 700 million sustainability-linked bond maturing in 2027. Furthermore, a bond with a volume of € 1,100 million was issued in September 2024 in two tranches with a maturity until 2029 and 2032, respectively.

The sustainability-linked Supply Chain Finance Program (see chapter F.13) is handled via a credit institution. The purpose of this program is to facilitate efficient settlement of supplier invoices and to offer participating suppliers payment dates that are earlier than the due date of the invoice concerned. The agreement allows the Group to centralize payments of trade accounts payable to the bank instead of paying each supplier individually. From the Group's perspective, the program does not significantly extend payment deadlines versus normal deadlines with other non-participating suppliers.

[Table → 3.74](#) shows the remaining contractual maturities of the financial liabilities as of December 31, 2025, including the estimated interest payments. This relates to undiscounted gross amounts, including estimated interest payments.

## 3.74 MATURITIES

in € million	Carrying amount	Contractually agreed cash flows			
		Up to 1 year	1 to 5 years	Over 5 years	
					<b>2025 fiscal year</b>
Derivative financial instruments	2	245	191	54	–
Liabilities towards credit institutions	61	61	58	3	–
Liabilities from options on minority interests	122	122	–	122	–
Bonds and debt instruments	1,801	2,031	57	1,442	533
Purchase price liabilities	34	35	14	22	–
Lease liabilities	502	581	86	243	252
Other financial liabilities	562	573	451	44	78
Trade accounts payable	1,092	1,092	1,091	1	–
	<b>4,176</b>	<b>4,740</b>	<b>1,947</b>	<b>1,931</b>	<b>863</b>
					<b>2024 fiscal year</b>
Derivative financial instruments	47	1,257	710	547	–
Liabilities towards credit institutions	66	66	61	5	1
Liabilities from options on minority interests	115	133	–	133	–
Bonds and debt instruments	2,553	2,847	815	1,483	549
Purchase price liabilities	45	47	17	30	–
Lease liabilities	555	668	88	265	315
Other financial liabilities	565	730	452	196	81
Trade accounts payable	1,139	1,139	1,128	11	–
	<b>5,086</b>	<b>6,887</b>	<b>3,272</b>	<b>2,670</b>	<b>946</b>

## H.2. Events after the reporting date

## ACQUISITION OF THE DUAGON GROUP

Through a purchase agreement dated September 25, 2025 and the subsequent closing of the transaction on January 5, 2026, Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, acquired 100% of duagon Holding AG, headquartered in Dietikon, Switzerland. duagon Holding AG is comprised of 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 fast-growing, high-

margin market segments for electronic, communications, and software solutions in rail transport.

## Consideration transferred

The purchase price for the duagon Group is € 490 million, which was paid in full in cash as of 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. There is no entitlement to payment if the relevant threshold is not reached. If it is reached or exceeded, payment is limited to a contractually agreed maximum amount. The contingent consideration was measured at a fair value of € 0 million at the acquisition-date, as it is currently assumed that the relevant threshold will not be met. The contractually possible payout amount ranges between € 0 million and € 37 million. The fair value measurement is regularly reviewed.

## Acquisition-related costs

The Group has incurred € 3 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: [Table → 3.75](#)

#### 3.75 FAIR VALUES OF THE ASSETS AND LIABILITIES ACQUIRED

in € million	
Customer relationships	181
Brands	10
Patented and unpatented technologies	37
Order backlog	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)
<b>Total identifiable net assets acquired</b>	<b>248</b>
Gross trade accounts receivable	19
Expected irrecoverable portion	0
<b>Net trade accounts receivable</b>	<b>19</b>

The royalty 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 royalty rates 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 fair values of the acquired assets and liabilities presented are provisional because not all information required for their measurement was yet available.

### Goodwill

The goodwill as a result of the acquisition is determined as follows: [Table → 3.76](#)

#### 3.76 DETERMINATION OF GOODWILL

in € million	
Consideration transferred	490
Fair value of the identifiable net assets	248
<b>Goodwill</b>	<b>242</b>

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 and the contingent consideration are still determined provisionally. The final figures will be determined within a one-year period through January 05, 2027.

#### U.S. TARIFF POLICY

On February 20, 2026, the U.S. Supreme Court ruled that the additional tariffs imposed in 2025 pursuant to the International Emergency Economic Powers Act (IEEPA) were unlawful. The ruling has no impact on the present consolidated financial statements. For the year 2026, Knorr-Bremse currently does not expect any material financial effects resulting from this ruling.

#### CONFLICT IN THE MIDDLE EAST

Since February 28, 2026, an armed conflict has been taking place between the United States of America (USA) and the State of Israel on the one hand and the Islamic Republic of Iran on the other. The conflict has had no impact on these consolidated financial statements. It cannot yet be determined how the escalated military conflict will affect the Group's net assets, financial position and results of operations for the 2026 financial year.

## H.3. Number of employees

[Table → 3.77](#)

#### 3.77 AVERAGE NUMBER OF EMPLOYEES

Number	2025	2024
Wage earners	15,538	16,673
of which leased personnel	3,287	3,373
Salaried employees	16,000	16,313
of which leased personnel	201	226
	<b>31,538</b>	<b>32,986</b>

In the 2025 fiscal year, the average number of employees was 31,538 (previous year: 32,986). The number of employees excluding leased personnel was 28,050 (previous year: 29,388).

## H.4. Auditor fees

[Table → 3.78](#)

### 3.78 AUDITOR FEES

in € thousand	2025	2024
Audit services	4,211	3,937
Other assurance services	208	355
Other services	280	373
	<b>4,699</b>	<b>4,665</b>

The fee for auditing services of the annual financial statements provided by KPMG AG Wirtschaftsprüfungsgesellschaft referred to the audit of the consolidated financial statements and the company's annual financial statements along with the summarized Group management report of Knorr-Bremse Aktiengesellschaft and of the Group as well as various audits of the annual financial statements of its German subsidiaries, including key focal points of the audit agreed with the Supervisory Board. The fees were influenced by non-recurring matters. Moreover, the audit included a review of the consolidated interim financial statements for the first half of 2025.

Other assurance services were provided for voluntary reviews of the non-financial statement in accordance with ISAE 3000, the issue of a comfort letter, audits related to the use of public funding and other contractually agreed assurance services.

Other services concern quality assurance measures mainly in connection with quarterly reporting as well as process consulting not related to accounting.

## H.5. Transactions with related parties

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.

### H.5.1. Parent company and ultimate parent entity

The Group is directly controlled by KB Holding GmbH, Oberhaching, Germany (hereinafter "KB Holding"), which holds around 58.99% of the shares of the Group.

The shares in KB Holding are held by TIB Vermögens- und Beteiligungsholding GmbH, Oberhaching, Germany (hereinafter "TIB"), of which Stella Vermögensverwaltungs GmbH, Oberhaching, Germany (hereinafter "Stella"), as the ultimate controlling party, in turn held a majority interest. To the knowledge of the Executive Board, from the death of Mr. Heinz Hermann Thiele as the ultimate controlling party on February 23, 2021 and until their transfer to the Heinz Hermann Thiele Family Trust, Oberhaching, Germany (hereinafter the "Family Trust") established in April 2023, the majority of shares in Stella were held by his widow, Mrs. Nadia Thiele, as the preliminary heir (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated March 25, 2021). From this date on, the voting rights under these shares were controlled by Mr. Robin Brühmüller, the executor of the deceased's estate. On December 6, 2024, Nadia Thiele transferred the shares she held in Stella to the Family Trust. Due to the control of the voting rights in Stella, the indirect equity interest of 58.99% held by KB Holding in Knorr-Bremse AG has also been attributed to the Family Trust since this date (in accordance with the voting rights notification pursuant to sections 33 and 34 (1) WpHG dated December 9, 2024).

### H.5.2. Related parties

All related parties that can be controlled by the Group or over which the Group can exercise significant influence are listed in the notes in chapter H.12.

Balances and transactions between Knorr-Bremse AG and its subsidiaries included in the consolidated financial statements that are related parties have been eliminated in the course of consolidation and are not explained in these notes.

In addition to the companies included in the consolidated financial statements, in the course of its normal business activities the Group also has relationships with other non-consolidated companies and associates and joint ventures that are considered to be related parties within the meaning of IAS 24.

### H.5.3. Remuneration of key management personnel

Management in key positions consists of the Executive Board and the Supervisory Board. The remuneration of members of management in key positions (on an expense basis) includes: [Table → 3.79](#)

### 3.79 REMUNERATION OF MANAGEMENT

in € thousand	2025	2024
<b>Compensation of the Executive Board</b>		
Short-term compensation	10,552	11,357
Post-employment benefits	1,500	1,467
Share-based payment	7,046	3,930
	<b>19,098</b>	<b>16,754</b>
<b>Compensation for the Members of the Supervisory Board</b>		
Short-term compensation	2,396	2,403
	<b>2,396</b>	<b>2,403</b>
<b>Total</b>	<b>21,494</b>	<b>19,157</b>

The remuneration of the members of the Executive Board includes salaries, benefits in kind, and contributions to defined-benefit and defined-contribution plans for post-employment benefits. The post-employment benefits of € 1,500 thousand (2024: € 1,467 thousand) concerned expenses for defined-contribution plans for Executive Board members active in the fiscal year. The remuneration for members of the Supervisory Board is paid out in the following year after the end of the Annual General Meeting.

Since the 2020 fiscal year, the LTI recognized under share-based payments has been awarded as a performance share plan based on virtual shares and paid out in annual tranches. The term of a tranche is four years (the "performance period"). This begins on January 1 of the respective grant year and ends on December 31 of the third year after the grant year. The LTI is paid out following approval of the consolidated financial statements for the last fiscal year of the relevant performance period. The amount of the LTI payout directly depends on the performance of the Knorr-Bremse share during the performance period. For the last time for the 2023–2026 tranche, it also depends in equal parts on the company's total shareholder return (TSR) over the performance period compared with the TSR of companies in three individually specified peer groups (relative TSR) over the same period and on the average increase in earnings per share (EPS) during this period relative to a target value set by the Supervisory Board at the start of the performance period. Starting from the 2024–2027 tranche, the EPS criterion was replaced by the return on capital employed (ROCE) with a 30% weighting and, as non-financial performance criteria, by the ESG targets for reducing Scope 1 + 2 emissions and for employee satisfaction (ESG) with a combined weighting of 20%. The Supervisory Board set values for both the ROCE and the ESG targets at the start of the performance period.

For further details, please refer to the information on LTI in the compensation report and in chapter F.10.

### TOTAL REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD IN ACCORDANCE WITH SECTION 314 (1) NO. 6 IN CONJUNCTION WITH SECTION 315E (1) HGB

The total remuneration of the members of the Supervisory Board granted in 2025 amounted to € 2,396 thousand (2024: € 2,403 thousand). In 2025, total remuneration granted to the Executive Board amounted to € 17,189 thousand (2024: € 18,222 thousand). Total remuneration granted includes share-based payment for the fiscal year with a fair value of € 5,137 thousand (2024: € 5,398 thousand) and 64,045 (2024: 85,901) virtual performance shares.

Former members of the Executive Board and their surviving dependents were awarded total remuneration of € 1,821 thousand in the fiscal year (2024: € 1,619 thousand). Pension provisions for former members of the Executive Board and for their surviving dependents amounted to € 46,562 thousand as of December 31, 2025 (2024: € 47,928 thousand).

### H.5.4. Purchase of goods and services

Table → 3.80

#### 3.80 SALE OF GOODS AND SERVICES

in € million	2025	2024
<b>Sale of goods and services</b>		
Associated companies	125	130
Ultimate parent entity and other persons connected with the estate	0	0
Other related companies and persons	0	1
	<b>125</b>	<b>131</b>

The sale of goods and services to related parties comprises legal transactions within and outside the scope of normal delivery and service relationships. Services to the ultimate parent entity and other persons connected with the estate in the amount of € 0 million (2024: € 0 million) related to reimbursed expenses.

Goods and services were purchased from related parties at arm's length.

### H.5.5. Purchase of goods and services

Table → 3.81

#### 3.81 PURCHASE OF GOODS AND SERVICES

in € million	2025	2024
<b>Purchase of goods and services</b>		
Associated companies	90	23
Ultimate parent entity and other persons connected with the estate	0	0
Ultimate parent entity and other persons connected with the estate (rents)	0	0
Other related companies and persons (rents)	1	21
Other related companies and persons (goods and services)	0	2
	<b>91</b>	<b>46</b>

The purchase of goods and services comprised legal transactions within the framework of and outside normal delivery and service relationships.

Goods and services (including rents) were purchased from related parties at arm's length conditions.

### H.5.6. Miscellaneous business transactions

Table → 3.82

#### 3.82 MISCELLANEOUS BUSINESS TRANSACTIONS

in € million	2025	2024
<b>Donations to</b>		
Related companies (Knorr-Bremse Global Care e. V.)	2	2
	<b>2</b>	<b>2</b>
<b>Dividends to</b>		
Parent company (KB Holding GmbH)	166	156
	<b>166</b>	<b>156</b>
<b>Further business transactions</b>		
Associated companies	-	7
Related companies	-	(0)
Members of the management in key positions	0	-
	<b>0</b>	<b>7</b>

Miscellaneous business transactions with related parties were conducted at arm's length.

### H.5.7. Balances with related parties

Table → 3.83

#### 3.83 BALANCES WITH RELATED PARTIES

in € million	Dec. 31, 2025	Dec. 31, 2024
<b>Right-of-use assets pursuant to IFRS 16</b>		
Related companies	113	15
Ultimate parent entity and other persons connected with the estate	0	1
	<b>113</b>	<b>16</b>
<b>Receivables to</b>		
Associated companies	148	115
Related companies	0	0
Ultimate parent entity and other persons connected with the estate	0	0
	<b>148</b>	<b>115</b>
<b>Liabilities to</b>		
Associated companies	26	13
Related companies	137	17
Ultimate parent entity and other persons connected with the estate	0	1
Members of the management in key positions	0	-
	<b>163</b>	<b>31</b>

The significant increase compared with the prior year in right-of-use assets recognized under IFRS 16 and the corresponding lease liabilities to related parties is mainly attributable to the expansion of the group of related parties as a result of the classification of the Heinz Hermann Thiele Family Trust as the ultimate controlling party.

The right-of-use assets in accordance with IFRS 16 and the reported liabilities to related companies mostly relate to rented properties in Germany, Austria and Hungary.

Receivables from associated companies result from deliveries and services as well as from the granting of loans.

Receivables from related parties result from trade receivables.

The receivables are unsecured and are settled in cash. No guarantees have been given or obtained. No impairment losses were recognized for unrecoverable or doubtful receivables from related parties in the current fiscal year or previous fiscal years.

The liabilities to associated companies result from deliveries and services.

No material transactions took place with entities under common control.

## H.6. Executive bodies

### H.6.1. Executive Board of Knorr-Bremse AG

#### Marc Llistosella, Chief Executive Officer (CEO)

- Responsible in particular for Strategy, Communications, Digitalization, IT, Information Security, Corporate Security and Internal Audit
- Member of the Advisory Board of Vaionic Technologies GmbH (until December 31, 2025)

#### Dr. Nicolas Lange

- Responsible for the Rail Vehicle Systems Division.
- Chair of the Supervisory Board of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH

#### Dr. Claudia Mayfeld

- Responsible in particular for Integrity, Legal, IP, Data Protection and Human Resources

#### Bernd Spies

- Responsible for the Commercial Vehicle Systems division
- Chair of the Supervisory Board of Knorr-Bremse Systeme für Nutzfahrzeuge GmbH
- Member of the Advisory Board of KAMAX Holding GmbH & Co. KG

#### Frank Markus Weber

- Responsible in particular for Finance, Accounting, Controlling, Taxes, Treasury, M&A, Sustainability, Global Business Services and Investor Relations
- Member of the board of Nexxiot AG, Switzerland (until October 30, 2025)
- Deputy Chair of the Supervisory Board of Vossloh AG (since May 2025)

### H.6.2. Supervisory Board of Knorr-Bremse AG

#### Dr. Reinhard Ploss, Unterhaching

- Chair of the Supervisory Board
- Member of the Supervisory Board of Deutsche Telekom AG
- Ordinary member of the TUM University Council
- Member of the Board of Trustees of Foundation for Demoscopia Allensbach
- Member of the Quantum Computing Advisory Board of Deutsches Zentrum für Luft- und Raumfahrt e. V. (DLR)
- Chair of Qutac (Quantum Technology & Application Consortium) Executive Committee
- Honorary member of Board of Trustees, Stifterverband für die Deutsche Wissenschaft

#### Franz-Josef Birkeneder\*, Aldersbach

- Deputy Chair of the Supervisory Board
- Global project support, Knorr-Bremse Commercial Vehicle Systems GmbH

#### Stephan Sturm, Hofheim am Taunus (since April 30, 2025)

- Deputy Chairman of the Supervisory Board (since July 31, 2025)
- Chair of the Executive Board of Heinz Hermann Thiele Family Trust
- Deputy Chair of the Supervisory Board of CRX Markets AG
- Chair of the Supervisory Board of Hugo Boss AG

#### Dr. Theodor Weimer, Frankfurt/Main (until April 30, 2025)

- Deputy Chair of the Supervisory Board (until April 30, 2025)
- Member of the Supervisory Board of Deutsche Bank AG (until May 22, 2025)

#### Kathrin Dahnke, Bielefeld

- Independent management consultant
- Chair of the Audit Committee
- Member of the Supervisory Board and Chair of the Audit Committee of B. Braun SE
- Member of the Supervisory Board, Chair of the Supervisory Board since January 1, 2026 and Chair of the Audit Committee of Jungheinrich AG
- Member of the Supervisory Board of Aurubis AG
- Member of the Supervisory Board of Fraport AG

#### Manuela Deseive\*, Gilching

- Commercial assistant
- Member of the Works Council of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Knorr-Bremse AG, Knorr-Bremse Services GmbH (until July 31, 2025)
- Member of the Supervisory Board of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH

#### Thomas Mittmann\*, Hoppegarten

- Technical coordinator in site & facility management
- Member of the Works Council of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Berlin

#### Dr. Sigrid Evelyn Nikutta, Berlin

- Member of the Executive Board (Goods Traffic) of Deutsche Bahn AG and CEO of DB Cargo AG (until December 31, 2025)
- Chair of the Board of Trustees of Deutsches Institut für Wirtschaftsforschung (DIW)
- Member of the University Council, Bielefeld University

**Wolfgang Nirschl\*, Passau**

- Managing Director and First Authorized Representative of IG Metall trade union in Passau

**Werner Ratzisberger\*, Ismaning**

- Full-time member of the Works Council of Knorr-Bremse Systeme für Nutzfahrzeuge GmbH

**Annemarie Sedlmair\*, Ismaning**

- IG Metall Bezirksleitung Bayern, legal counsel
- Member of the Supervisory Board of Knorr-Bremse Systeme für Schienenfahrzeuge GmbH
- Member of the Supervisory Board of Bosch Rexroth AG
- Member of the Advisory Board of Fachakademie für Arbeitsrecht der Kritischen Akademie Inzell

**Dr. Stefan Sommer, Meersburg**

- Chair of the Strategy Committee
- Member of the Board of Directors of Aeva Inc., California, US
- Chair of the Supervisory Board of Jost Werke AG
- Member of the Presidential Council of DEKRA e.V.

**Julia Thiele-Schürhoff, Munich**

- Member of the Executive Board of Heinz Hermann Thiele Family Trust
- Chair of the Executive Board of Knorr-Bremse Global Care e.V. (until November 20, 2025)
- Chair of the Advisory Board of Knorr-Bremse Global Care e.V. (since January 13, 2026)

\* elected by the employees

## H.7. Other financial obligations [Table → 3.84](#)

### 3.84 OTHER FINANCIAL OBLIGATIONS

in € million	Up to 1 year	1 to 5 years	Over 5 years	Total
				<b>Dec. 31, 2025</b>
Rent and lease obligations	3	3	0	6
Investment projects	57	8	–	65
Major repairs/maintenance work	12	3	–	15
Other obligations	96	129	10	235
	<b>168</b>	<b>143</b>	<b>10</b>	<b>321</b>
				<b>Dec. 31, 2024</b>
Rent and lease obligations	4	4	0	8
Investment projects	29	7	–	36
Major repairs/maintenance work	11	4	–	15
Other obligations	82	59	21	162
	<b>126</b>	<b>74</b>	<b>21</b>	<b>221</b>

The future rental and lease obligations firstly result from rental and lease agreements that contain variable lease payments and secondly from short-term or low-value rental agreements and leases that are not recognized under the exemption in IFRS 16.5. The prior-year figure had been dominated by rental agreements that had already been signed but did not commence until after the reporting dates, after which they will be accounted for in accordance with IFRS 16.

The obligations for capital expenditure projects mainly relate to ongoing construction projects as well as to upgrading and expansion expenditure on production plant and equipment.

Obligations for major repairs and maintenance work mostly comprise obligations in connection with maintenance at the Munich location.

In addition, the other liabilities item includes uncompleted orders as well as purchase obligations for building service charges, logistics service contracts and license obligations, as well as loan commitments.

## H.8. Contingent liabilities

### [Table → 3.85](#)

#### 3.85 CONTINGENT LIABILITIES

in € million	2025	2024
Guarantees	10	10
Warranties	0	0
Other	0	0
	<b>10</b>	<b>10</b>

Contingent liabilities lead to possible obligations that cannot be influenced due to the occurrence of potential future events. The amount of these obligations can also not be adequately calculated.

The Company's contingent liabilities involve guarantees and warranties. Guarantees were issued for outstanding bank bonds, performance warranties were issued for banks, and a rent guarantee was issued for commercial/factory buildings. The associated probability of occurrence was considered to be low in 2025 due to the ongoing stable business development of the borrower.

Alleged irregularities in conjunction with the initiation of business some time ago were reported through the Knorr-Bremse whistleblowing system. In the reporting year, provisions for tax risks in a single-digit million amount continued to be recognized in the consolidated financial statements for issues that were identified as part of a completed internal investigation. An additional

investigation was commissioned on further reports received via the whistleblowing system. The investigation was concluded in February 2023. No further provisions were recognized for this. Should these issues become the subject of an investigation by the authorities, and should this investigation determine there had been violations of applicable law, this could lead to additional risks for the Group. At the time the consolidated financial statements were prepared, it is not possible to estimate the additional financial impact of this contingent liability.

Tax risks may result in potential payment obligations of € 8 million (2024: € 3 million). Due to the low probability, no provision was recognized. The best possible estimate of contingent liabilities is made on the basis of the information available at the time of preparation. This estimate may change over time and is regularly adjusted to reflect new findings and circumstances.

## H.9. Legal disputes and litigation

### ADMINISTRATIVE ACTION IN BRAZIL

On September 27, 2016, the Brazilian competition authorities initiated administrative proceedings against the Group company Knorr-Bremse Sistemas para Veículos Comerciais Brasil Ltda., Itupeva, Brazil ("KBB"), and several of its competitors in Brazil. The allegations against KBB are limited to an allegedly unlawful exchange of information and do not involve antitrust behavior. In December 2025, the first instance of the Brazilian antitrust authorities issued a non-binding recommendation to impose a fine on KBB. This recommendation is currently being reviewed internally at the authorities with the involvement of KBB. Knorr-Bremse currently assesses the risk of the recommendation being confirmed as rather low. For this reason, no provision was recognized.

### INVESTIGATION AT THE COMPETITION COMMISSION OF INDIA

On June 19, 2023, the Competition Commission of India sent a request for information to Knorr-Bremse India Rail (KBI), a Group subsidiary, in relation to KBI's participation in various calls for tenders for brake disks in India. The office of the Director General of the CCI completed its investigation and submitted its report to the CCI. The report did not contain any adverse findings regarding KBI. After KBI submitted a statement on the report in early January, 2026, a decision by the CCI is expected. No reliable statement can be made at this time on the outcome of the proceedings. For this reason, no provision or contingent liability was recognized.

### PUBLIC INTEREST LITIGATION

A Public Interest Litigation (PIL) has been filed in Jaipur High Court against Indian Railway (IR), the Indian railway

authority RDSO, KBI and the licensees Prag Rubber Industries (Prag) and Medha Railway Equipments (Medha). The lawsuit filed by three Indian lawyers alleges that IR and RDSO, against the background of an allegedly defective design of the BMBS brake from KBI, Prag and Medha, (i) is endangering the safety of trains, (ii) this resulted in the derailment of trains, and (iii) IR allowed an upgrade to the BMBS without RDSO approval. The proceedings are still at an early stage. No reliable statement can be made at this time on the outcome of the lawsuit. For this reason, no provision or contingent liability was recognized.

### WINGMAN FUSION – CLASS ACTION

A trucking company in the USA has filed a class action lawsuit in an Illinois court against the truck manufacturers Navistar and Paccar as well as the commercial vehicle component supplier Bendix, a Group 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. No reliable statement can be made at this time on the outcome of the lawsuit. For this reason, no provision or contingent liability was recognized.

## H.10. Government grants

Government grants include grants for structural support and business development as well as funding for research and development projects.

No grants for assets were recognized in the 2025 fiscal year.

Performance-related grants in 2025 amounted to € 8 million (2024: € 11 million) and were recognized in profit or loss. Performance-related grants are essentially reported in other operating income.

## H.11. Leases

### Accounting for leases

The Group has entered into leases for land, buildings, a variety of technical equipment, machinery, vehicles and operating and office equipment that it uses in its operations. The respective useful lives are specified in chapter D.6. The Group's commitments from its leases are collateralized by the lessor's ownership of the leased assets.

Several leases, largely for land and buildings, include extension and termination options. The unrecognized residual value guarantees and the extension and termination options not taken into account amounted to € 48 million as of December 31, 2025 (2024: € 30 million).

The Group has also concluded leases for machinery that have a term of twelve months or less and for office equipment of low value. The Group applies the practical expedients that apply to short-term leases and leases of low value assets to these leases.

The following table presents the carrying amounts of the right-of-use assets recognized: [Table → 3.86](#)

### 3.86 RIGHT-OF-USE ASSETS

in € million	Dec. 31, 2025	Dec. 31, 2024
<b>Assets</b>		
Non-current assets		
Right-of-use assets – land and buildings	456	491
Right-of-use assets – technical equipment and machinery	3	2
Right-of-use assets – other equipment, furniture, and fixtures	24	23
<b>Total</b>	<b>483</b>	<b>516</b>

The following table lists the additions to right-of-use assets as shown in non-current assets: [Table → 3.87](#)

### 3.87 ADDITIONS TO RIGHT-OF-USE ASSETS

in € million	2025	2024
<b>Assets</b>		
Non-current assets		
Right-of-use assets – land and buildings	90	58
Right-of-use assets – technical equipment and machinery	2	0
Right-of-use assets – other equipment, furniture, and fixtures	16	15
<b>Total</b>	<b>108</b>	<b>73</b>

The following table shows the carrying amounts of the lease liabilities (which are included in financial liabilities) and the changes during the reporting period: [Table → 3.88](#)

### 3.88 LEASE LIABILITIES

in € million	Dec. 31, 2025	Dec. 31, 2024
<b>Equity and liabilities</b>		
Non-current financial liabilities		
Lease liabilities	432	483
Current financial liabilities		
Lease liabilities	70	72
<b>Total</b>	<b>502</b>	<b>555</b>

The maturity analysis of the lease liabilities is disclosed in chapter H.1.6.

The following amounts were recognized in profit or loss in the reporting period: [Table → 3.89](#)

### 3.89 AMOUNTS AFFECTING PROFIT OR LOSS

in € million	2025	2024
<b>Operating expenses</b>	<b>17</b>	<b>18</b>
Expenses from short-term leases	11	10
Expenses from leases of low value assets	4	6
Expenses from variable lease payments	1	1
Other expenses from leases (e.g., incidental expenses)	1	1
<b>Depreciation, amortization, and impairment</b>	<b>74</b>	<b>72</b>
Depreciation of right-of-use assets – land and buildings	62	61
Depreciation of right-of-use assets – technical equipment and machinery	1	1
Depreciation of right-of-use assets – other	11	10
<b>Financial result</b>	<b>17</b>	<b>22</b>
Interest expense on lease liabilities	19	20
Expenses/income from the currency translation of lease liabilities	(2)	2

\* Operating expenses are a cash item in the fiscal year.

The Group had cash outflows for capitalized leases of € 97 million in 2025 (2024: € 89 million). The future cash outflows for leases that have not yet commenced are disclosed in chapter H.7. Of these, € 0 million (2024: € 0 million) is attributable to leases that have been entered into but have not yet commenced, € 6 million (2024: € 7 million) is attributable to low-value and short-term leases, and € 0 million (2024: € 1 million) is attributable to leases with variable payments.

### Judgments

When applying the Group's accounting policies, the management made the following judgments that materially

influence the amounts in the consolidated financial statements:

The Group determines the lease terms based on the non-cancelable period of the lease and taking into account periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option or periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The Group has completed several leases that include extension and termination options. The Group makes judgments when assessing whether it is reasonably certain to exercise or not to exercise the lease's extension or termination option. This means it takes into account all relevant factors that represent an economic incentive for it to exercise the extension or the termination option. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a change in circumstances that is within its control and affects whether it is reasonably certain to exercise an option or not to exercise an option to extend or terminate the lease (e.g., conducting significant leasehold improvements or significant customization of the underlying asset).

#### ASSUMPTIONS AND ESTIMATES

When applying the Group's accounting policies, the management made the following assumptions and estimates that materially influence the amounts in the consolidated financial statements:

##### Leases – estimate of the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease. It therefore uses its incremental borrowing rates to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate thus reflects the interest that the Group would have to pay. If no observable interest rates are available (e.g., at subsidiaries that do not enter into financing transactions) or if the interest rate has to be adjusted in order to reproduce the terms of the lease (e.g., if the lease was not entered into in the subsidiary's functional currency), the incremental borrowing rate must be estimated. The Group estimates the incremental borrowing rate using observable inputs (e.g., market interest rates), if these are available, and must make certain company-specific estimates (e.g., standalone credit assessment of the subsidiary).

## H.12. List of shareholdings

Table → 3.90 shows the list of shareholdings in accordance with section 313 (2) HGB.

### 3.90 LIST OF SHAREHOLDINGS

1. Consolidated affiliated companies	Share of capital in %	Currency and unit	Equity	Income	Total assets	Footnote
Alisea Srl., Taranto, Italy	100.0	€ million	2	(0)	4	
Bendix Commercial Vehicle Systems LLC, Avon, Ohio, USA	100.0	€ million	607	124	989	
Bendix CVS Canada Inc., Anjou, Québec, Canada	100.0	€ million	7	3	16	
Bendix CVS de México S.A. de C.V, Cd Acuña, Coahuila, Mexico	100.0	€ million	45	9	88	
B&C Transit Inc, Oakland, California, USA	100.0	€ million	18	7	41	
Cojali France S.a.r.l., Martillac, France	100.0	€ million	3	1	6	
Cojali Italia S.R.L., Cesano Boscone, Milan, Italy	100.0	€ million	2	0	4	
Cojali S.L., Ciudad Real, Spain	55.0	€ million	154	38	219	
Cojali USA Inc., Doral, Florida, USA	51.0	€ million	11	2	18	
Comet Fans S.r.l., Solaro, Milan, Italy	100.0	€ million	7	3	14	
Distribuidora Bendix CVS (de) México SA de CV, Cd Acuña, Coahuila, Mexico	100.0	€ million	6	2	13	
Dr. techn. Josef Zelisko, Fabrik für Elektrotechnik und Maschinenbau Ges.m.b.H., Mödling, Austria	100.0	€ million	7	(2)	53	1)
Dyno-Inno Test Center for Brake Equipment (Suzhou) Ltd., Suzhou, China	100.0	€ million	1	(0)	1	

<b>1. Consolidated affiliated companies</b>	<b>Share of capital in %</b>	<b>Currency and unit</b>	<b>Equity</b>	<b>Income</b>	<b>Total assets</b>	<b>Footnote</b>
EVAC GmbH, Wedel, Germany	100.0	€ million	42	(4)	61	1)
Hasse & Wrede CVS Dalian, China Ltd., Dalian, China	80.0	€ million	15	9	36	
Hasse & Wrede GmbH, Berlin, Germany	100.0	€ million	12	(0)	32	1)
Heine Resistors GmbH, Dresden, Germany	100.0	€ million	7	3	12	
IFE-CR a.s., Brno, Czech Republic	100.0	€ million	22	6	102	
IFE North America LLC, Westminster, Maryland, USA	100.0	€ million	4	2	13	
IFE-VICTALL Railway Vehicle Door Systems (Qingdao) Co., Ltd., Qingdao, China	59.0	€ million	27	6	93	
KB Servicios de Mexico S.A. de C.V., Acuna, Mexico	100.0	€ million	11	1	12	3)
KB Signaling Inc., West Henrietta, New York, USA	100.0	€ million	679	(51)	784	
KB Signaling Operation LLC, Grain Valley, Montana, USA	100.0	€ million	259	3	310	
KB Rail Transportation Equip. Co Ltd., Wuhan, China	100.0	€ million	1	(0)	2	
KB IP Verwaltungs GmbH, Munich, Germany	100.0	€ million	0	(0)	0	3)
KB Intellectual Property GmbH & Co. KG, Munich, Germany	100.0	€ million	8	(2)	9	3)
Kiepe Electric India Pvt. Ltd., Faridabad, India	100.0	€ million	0	(0)	0	
Knorr Brake Company LLC., Westminster, Maryland, USA	100.0	€ million	43	16	127	
Knorr Brake Holding Corporation, Avon, Ohio, USA	100.0	€ million	900	106	1,656	
Knorr Brake Rail Mexico, SA de CV, Acuña, Mexico	100.0	€ million	12	1	23	
Knorr-Bremse/Nankou Air Supply Unit (Beijing) Co., Ltd., Nankou, China	55.0	€ million	11	4	34	
Knorr-Bremse Asia Pacific (Holding) Limited, Hong Kong, China	100.0	€ million	687	331	836	
Knorr-Bremse Australia Pty. Ltd., Granville, Australia	100.0	€ million	20	4	118	
Knorr-Bremse Benelux B.V.B.A., Heist-op-den-Berg, Belgium	100.0	€ million	1	0	2	
Knorr-Bremse Global Truck Management GmbH, Munich, Germany	100.0	€ million	0	0	2	1)
Knorr-Bremse Braking Systems for Commercial Vehicles (Dalian) Co. Ltd., Dalian, China	100.0	€ million	37	10	119	
Knorr-Bremse Brasil (Holding) Administração e Participação Ltda., Itupeva, Brazil	100.0	€ million	37	13	37	
Knorr-Bremse CARS LD Vehicle Brake Disc Manufacturing (Beijing) Co., Ltd., Daxing, China	50.0	€ million	60	42	129	
Knorr-Bremse Commercial Vehicle Systems Japan Ltd., Tokyo, Japan	100.0	€ million	81	30	211	
Knorr-Bremse Commercial Vehicle Systems (Shanghai) Co., Ltd., Shanghai, China	100.0	€ million	10	(6)	73	
Knorr-Bremse Commercial Vehicle Systems (Thailand) Ltd., Bangkok, Thailand	100.0	€ million	3	(1)	20	
Knorr-Bremse DETC Commercial Vehicle Braking Technology Co., Ltd., Shiyuan, China	51.0	€ million	25	4	73	
Knorr-Bremse España, S.A., Getafe, Spain	100.0	€ million	3	6	97	
Knorr-Bremse EVAC, LLC, Carson, California, USA	100.0	€ million	11	(0)	16	
Knorr-Bremse Fékrendszerek Kft., Kecskemét, Hungary	100.0	€ million	43	20	152	
Knorr-Bremse Guo Tong (Guangzhou) Railway Transportation Equipment Co., Ltd., Guangzhou/China	100.0	€ million	1	2	15	
Knorr-Bremse Ges.m.b.H., Mödling, Austria	100.0	€ million	107	66	277	
Knorr-Bremse Ibérica S.L., San Fernando de Henares, Spain	100.0	€ million	3	1	7	

<b>1. Consolidated affiliated companies</b>	<b>Share of capital in %</b>	<b>Currency and unit</b>	<b>Equity</b>	<b>Income</b>	<b>Total assets</b>	<b>Footnote</b>
Knorr-Bremse India Pvt. Ltd., Faridabad, India	100.0	€ million	98	32	172	
Knorr-Bremse Investment GmbH, Munich, Germany	100.0	€ million	24	0	24	1)
Knorr-Bremse Rail Systems Schweden AB, Lund, Sweden	100.0	€ million	7	4	28	
Knorr-Bremse Pamplona S.L., Pamplona, Spain	100.0	€ million	19	2	51	
Knorr-Bremse Polska SfN Sp. z o.o., Warsaw, Poland	100.0	€ million	1	1	2	
Knorr-Bremse Rail Systems Denmark A/S, Taastrup, Denmark	100.0	€ million	16	(6)	95	
Knorr-Bremse Rail Systems Italia S.r.l., Campi Bisenzio, Italy	100.0	€ million	49	24	110	
Knorr-Bremse Rail Systems Japan Ltd., Tokyo, Japan	97.0	€ million	6	3	20	
Knorr-Bremse Rail Systems Korea Ltd., Seoul, South Korea	100.0	€ million	5	2	11	
Knorr-Bremse Rail Systems España, S.A – Unipersonal, Getafe, Spain	100.0	€ million	73	11	118	3)
Knorr-Bremse Rail Systems Schweiz AG, Niederhasli, Switzerland	100.0	€ million	13	4	37	
Knorr-Bremse Rail Systems (UK) Ltd., Melksham, Wiltshire, United Kingdom	100.0	€ million	40	27	130	
Knorr-Bremse Rail Transportation Equipment (Changchun) Co., Ltd. Changchun/China	100.0	€ million	4	1	16	
Knorr-Bremse Rail Transportation Equipment (Chengdu) Co., Ltd., Chengdu/China	100.0	€ million	2	0	8	
Knorr-Bremse Rail Transportation Equipment (Chongqing) Co., Ltd., Chongqing, China	100.0	€ million	0	(0)	9	
Knorr-Bremse Railway Technologies (Shanghai) Co., Ltd., Shanghai, China	100.0	€ million	0	(0)	3	
Knorr-Bremse Raylı Sistemler Sanayi ve Ticaret Limited Şirketi, Ankara, Turkey	100.0	€ million	3	1	6	
Knorr-Bremse S.A. (Pty.) Ltd., Kempton Park, South Africa	75.0	€ million	18	7	29	
Knorr-Bremse S.R.L., Bucharest, Romania	100.0	€ million	1	0	1	
Knorr-Bremse Services Europe s.r.o., Stráž nad Nisou, Czech Republic	100.0	€ million	6	1	10	
Knorr-Bremse Services GmbH, Munich, Germany	100.0	€ million	8	(0)	113	1)
Knorr-Bremse Sistemas para Veículos Comerciais Brasil Ltda., Itupeva, Brazil	100.0	€ million	39	7	71	
Knorr-Bremse Sistemas para Veículos Ferroviários Ltda., Itupeva, Brazil	100.0	€ million	14	3	25	
Knorr-Bremse Sistemi per Autoveicoli Commerciali S.p.A., Arcore, Italy	100.0	€ million	11	5	34	
Knorr-Bremse SteeringSystems GmbH, Munich, Germany	100.0	€ million	31	(1)	121	
Knorr-Bremse System för Tunga Fordon AB, Malmö, Sweden	100.0	€ million	0	0	1	
Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich, Germany	100.0	€ million	405	(40)	1,380	1)
Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Munich, Germany	100.0	€ million	218	(2)	1,523	1)
Knorr-Bremse Systemes Ferroviaires S.A., Tinqueux, France	100.0	€ million	13	5	40	
Knorr-Bremse Systèmes pour Véhicules Utilitaires France S.A.S., Lisieux, France	100.0	€ million	52	30	120	
Knorr-Bremse Systems for Commercial Vehicles India Pvt. Ltd., Pune, India	100.0	€ million	11	3	71	
Knorr-Bremse Systems for Commercial Vehicles (Chongqing) Ltd., Chongqing, China	66.0	€ million	27	8	70	

	Share of capital in %	Currency and unit	Equity	Income	Total assets	Footnote
<b>1. Consolidated affiliated companies</b>						
Knorr-Bremse Systems for Commercial Vehicles (Suzhou) Co., Ltd., Suzhou, China	100.0	€ million	3	(0)	22	
Knorr-Bremse Systems for Commercial Vehicles Ltd., Bristol, United Kingdom	100.0	€ million	30	3	50	
Knorr-Bremse Systems for Rail Vehicles Enterprise Management (Beijing) Co., Ltd., Beijing, China	100.0	€ million	2	(1)	15	
Knorr-Bremse Systems for Rail Vehicles Kazakhstan Limited Liability Partnership, Astana, Republic of Kazakhstan	100.0	€ million	2	1	4	
Knorr-Bremse Systems for Rail Vehicles (Suzhou) Co., Ltd., Suzhou, China	100.0	€ million	158	121	409	
Knorr-Bremse Systemy Pojazdów Szynowych Spółka z Organizacją Odpowiedzialnością, Krakow, Poland	100.0	€ million	57	1	106	
Knorr-Bremse Systémy pro užitkovú vozidla ČR s.r.o., Stráž nad Nisou, Czech Republic	100.0	€ million	30	6	101	
Knorr-Bremse Technology Center India Pvt. Ltd., Pune, India	100.0	€ million	22	5	56	
Knorr-Bremse Ticari Arac Fren Sistemleri Limited Sirketi, Istanbul, Turkey	100.0	€ million	3	1	4	
Knorr-Bremse Vasúti Jármű Rendszerek Hungária Kft., Budapest, Hungary	100.0	€ million	77	27	220	
Merak HVAC Austria GmbH, Mödling, Austria	100.0	€ million	13	(4)	33	
Merak HVAC Holding, Munich, Germany	100.0	€ million	0	(0)	0	3)
Meerkat Ltd., Melksham, United Kingdom	100.0	€ million	(0)	(0)	4	3)
Merak Jinxin Air Conditioning Systems (Wuxi) Co., Ltd., Wuxi, China	100.0	€ million	15	6	77	
Merak North America LLC, Westminster, Maryland, USA	100.0	€ million	(20)	(1)	22	
Microelettrica Heine (Suzhou) Co., Ltd., Suzhou, China	100.0	€ million	6	2	10	
Microelettrica Power (Pty.) Ltd., Johannesburg, South Africa	74.0	€ million	6	2	9	
Microelettrica Scientifica (Pty.) Ltd., Johannesburg, South Africa	100.0	€ million	2	1	2	
Microelettrica Scientifica S.p.A., Buccinasco, Italy	100.0	€ million	37	12	77	
Microelettrica-USA LLC, Randolph, New Jersey, USA	100.0	€ million	3	0	5	
New York Air Brake LLC, Watertown, New York, USA	100.0	€ million	94	7	236	
PleaseFix GmbH, Munich, Germany	100.0	€ million	(2)	(1)	0	
Railnova SA, Brussels, Belgium	100.0	€ million	10	0	11	
Selectron Systems AG, Lyss, Switzerland	100.0	€ million	44	15	95	2)
Selectron Systems Italia S.A.R., Venice, Italy	100.0	€ million	–	–	–	2)
Selectron Systems (Beijing) Co., Ltd., Beijing, China	100.0	€ million	2	0	3	
Semiconductor Solutions (Pty.) Ltd., Pretoria, South Africa	100.0	€ million	2	0	2	
Skach Ges.m.b.H., Mödling, Austria	100.0	€ million	0	(0)	1	1)
Technologies Lanka Inc., La Pocatière, Québec, Canada	100.0	€ million	20	1	23	
Unicupler GmbH, Niederurnen, Switzerland	100.0	€ million	4	(0)	4	
Zelisko Elektrik Sanayi ve Ticaret Limited Şirketi, Istanbul, Turkey	100.0	€ million	3	1	6	

<b>2. Proportionately consolidated companies</b>	<b>Share of capital in %</b>	<b>Currency and unit</b>	<b>Equity</b>	<b>Income</b>	<b>Total assets</b>	<b>Footnote</b>
Sentient IP AB, Göteborg, Sweden	50.0	€ million	0	0	0	8)

<b>3. Associated companies valued using the equity method</b>	<b>Share of capital in %</b>	<b>Currency and unit</b>	<b>Equity</b>	<b>Income</b>	<b>Total assets</b>	<b>Footnote</b>
Alltrucks GmbH & Co. KG, Munich, Germany (general partner is Alltrucks Verwaltungs GmbH, Munich, Germany)	33.3	€ million	1	(0)	2	5)6)
Alltrucks Verwaltungs GmbH, Munich, Germany	33.3	€ million	0	0	0	5)6)
Kiepe Electric GmbH, Düsseldorf, Germany	15.0	€ million	28	0	134	5)6)9)
Knorr-Bremse DETC Commercial Vehicle Braking Systems (Shiyang) Co., Ltd., Shiyang, China	49.0	€ million	3	0	41	4)6)
Nexxiot AG, Zurich, Switzerland	42.1	€ million	13	(38)	76	5)6)
Shanghai Bobang Automotive Technology Co., Ltd., Shanghai, China	13.1	€ million	14	0	23	5)6)10)

<b>4. Non-consolidated affiliated companies</b>	<b>Share of capital in %</b>	<b>Currency and unit</b>	<b>Equity</b>	<b>Income</b>	<b>Total assets</b>	<b>Footnote</b>
BCVS Mexican Holdings LLC, Avon, Ohio, USA	100.0	€ million	0	0	0	
EKA DOOEL, Skopje, North Macedonia	100.0	€ million	1	0	1	4)6)
Knorr-Bremse Rail Transportation Equipment (Xi An) Co., Ltd.	100.0	€ million	3	0	3	
Knorr-Bremse Singapore (AP Holding) Private Limited, Singapore, Singapore	100.0	€ million	–	–	–	7)
Knorr-Bremse S.A. Holding Company (UK) Ltd., Melksham, Great Britain	100.0	€ million	0	3	0	
Knorr-Bremse Beta Rail GmbH, Munich, Germany	100.0	€ million	–	–	–	7)

<b>5. Associated companies and other investments not valued according to the equity method</b>	<b>Share of capital in %</b>	<b>Currency and unit</b>	<b>Equity</b>	<b>Income</b>	<b>Total assets</b>	<b>Footnote</b>
AutoBrains Technologies Ltd., Tel Aviv-Yafo, Israel	5.5	€ million	66	(18)	69	5)6)
IFB Institut für Bahntechnik GmbH, Berlin, Germany	6.7	€ million	2	0	5	4)6)
Rail Vision Ltd., Raanana, Israel	6.1	€ million	2	(10)	5	5)6)
Shenzhen SF-TrailerNet Technology Co., Ltd., Shenzhen, China	14.3	€ million	0	(0)	0	4)6)

<sup>1)</sup> Profit and loss transfer agreement

<sup>2)</sup> The companies are included in a Group division of Selectron Systems AG, Lyss, Switzerland.

<sup>3)</sup> The companies were consolidated for the first time in 2025. The statements of income were taken into consideration proportionally for the current year

<sup>4)</sup> Values refer to the 2024 fiscal year

<sup>5)</sup> Values refer to the 2023 fiscal year

<sup>6)</sup> Values determined in accordance with national GAAP

<sup>7)</sup> No annual financial statements available yet

<sup>8)</sup> Quotally consolidated as a joint operation

<sup>10)</sup> Significant influence due to further business relationships

<sup>11)</sup> Significant influence due to 20% share of voting rights on the company's board

Unless otherwise stated, the above amounts to equity, income and total assets are calculated in accordance with IFRS as they were determined for the purpose of preparing the consolidated financial statements of Knorr-Bremse AG.

# I. Segment Information

## I.1. Basics of Segmentation

The segment information has been expanded to include cost items in particular and is presented as follows for the years 2025 and 2024. [Table → 3.91](#)

### 3.91 INFORMATION ON REPORTABLE SEGMENTS

in € million	Reportable segments			Other segments and consolidation	Group
	Rail Vehicle Systems	Commercial Vehicle Systems	TOTAL		
					<b>2025 fiscal year</b>
<b>Condensed Statement of Income</b>					
External revenues	4,314	3,502	7,816	1	7,817
Intersegment revenues	2	1	3	(3)	–
<b>Segment revenues</b>	<b>4,316</b>	<b>3,503</b>	<b>7,819</b>	<b>(2)</b>	<b>7,817</b>
Changes in inventory and own work capitalized	(2)	51	49	3	52
Cost of materials	(1,702)	(1,872)	(3,574)	(5)	(3,579)
Personnel expenses	(1,200)	(751)	(1,951)	(153)	(2,104)
Other operating income and expenses	(599)	(417)	(1,016)	122	(894)
Depreciation, amortization, and impairment	(167)	(195)	(362)	(27)	(389)
<b>Earnings before interest and taxes (EBIT)</b>	<b>646</b>	<b>319</b>	<b>965</b>	<b>(62)</b>	<b>903</b>
M&A activities	22	0	22	–	22
Restructuring expenses	45	36	81	2	83
Expenses and income from one-off effects, for example in connection with litigation	–	8	8	–	8
<b>Operating EBIT</b>	<b>713</b>	<b>363</b>	<b>1,076</b>	<b>(60)</b>	<b>1,016</b>
Share of profit or loss from companies accounted for using the equity method	(32)	(0)	(32)	0	(32)
Net working capital	790	323	1,113	8	1,121
Capital expenditure (before IFRS 16 and acquisitions)	136	173	309	10	319
					<b>2024 fiscal year</b>
<b>Condensed Statement of Income</b>					
External revenues	4,043	3,840	7,883	(0)	7,883
Intersegment revenues	1	2	3	(3)	–
<b>Segment revenues</b>	<b>4,044</b>	<b>3,842</b>	<b>7,886</b>	<b>(3)</b>	<b>7,883</b>
Changes in inventory and own work capitalized	86	67	153	4	157
Cost of materials	(1,703)	(2,093)	(3,796)	(7)	(3,803)
Personnel expenses	(1,095)	(837)	(1,932)	(123)	(2,055)
Other operating income and expenses	(543)	(430)	(974)	94	(879)
Depreciation, amortization, and impairment	(164)	(199)	(363)	(29)	(392)
<b>Earnings before interest and taxes (EBIT)</b>	<b>625</b>	<b>350</b>	<b>975</b>	<b>(64)</b>	<b>911</b>
M&A activities	8	18	26	–	26
Restructuring expenses	1	17	18	–	18
Expenses and income from one-off effects, for example in connection with litigation	(4)	16	12	–	12
<b>Operating EBIT</b>	<b>630</b>	<b>401</b>	<b>1,031</b>	<b>(64)</b>	<b>966</b>
Share of profit or loss from companies accounted for using the equity method	(16)	0	(16)	0	(16)
Net working capital	923	376	1,299	(3)	1,296
Capital expenditure (before IFRS 16 and acquisitions)	138	199	337	13	350

The Group has two reportable segments, which are the Group's divisions, as described below. The divisions offer different products and services and are managed separately as they require different technology and marketing strategies.

In the Rail Vehicle Systems (RVS) segment, the company plays a key role in the development, production, sale, and service of modern braking systems and further subsystems for rail 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 Commercial Vehicle Systems (CVS) segment is also characterized by the development, production, sale, and service of modern braking systems. The product portfolio of the Commercial Vehicles Systems division includes 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 such as engine components and transmission control systems (i.e., vibration dampers, engine air management, transmission control, and gear/clutch actuation), and trailer and aftermarket solutions.

Other business areas mainly include leasing, holding, and logistics activities as well as media and IT services.

For each segment, the Group's Executive Board reviews internal management reports on a monthly basis.

Transfer prices between the segments are determined on an arm's length basis.

## 1.2. Information on reportable segments

The Executive Board of Knorr-Bremse, as the Chief Operating Decision Maker, allocates resources to the Group's business segments and regularly assesses their profitability. Reporting by business segment thus retrospectively reflects the Group's internal reporting and management structure.

Information regarding the results of each reportable segment is given below. The operating EBIT of a segment before tax is used to measure profitability, as the Executive Board believes that this is the most relevant information for assessing the results of the individual segments in relation to other industry companies.

Internal management and reporting at Knorr-Bremse is generally based on the IFRSs, as applied within the Group. The consolidated earnings figure used in internal management and reporting is operating EBIT. The operating EBIT is the Group's EBIT adjusted for material individual items. When calculating the operating EBIT, income and expenses are adjusted if their amount and the frequency of their occurrence hinder or distort the assessment of Knorr-Bremse's operating profitability. Such items include in particular expenses for and income from M&A activities, expenses in connection with restructuring, and expenses and income from one-off effects, for example in connection with litigation.

Operating EBIT in the Rail Vehicle Systems segment was € 713 million. To calculate operating EBIT, the recognized EBIT of € 646 million was adjusted in particular for € 45 million of expenses associated with restructuring, the majority of which related to employee benefits in connection with the termination of employment. Furthermore, adjustments were made for M&A-related expenses of € 22 million mainly concerning amortization of the purchase price allocation connected to the acquisition of KB Signaling. In the previous year, adjustments had been made for amortization of the purchase price allocation connected to the acquisition of KB Signaling in the amount of € 8 million. This stood against an adjustment for an off-period income of € 4 million in connection with customer contracts.

Operating EBIT in the Commercial Vehicle Systems was € 363 million. To calculate operating EBIT, the recognized EBIT of € 319 million was adjusted in particular for € 36 million of expenses associated with restructuring, most of which related to employee benefits in connection with the termination of employment. Expenses of € 6 million for extraordinary financial support to a supplier in distress and expenses of € 2 million in connection with a recall campaign in the North American market reported in the previous year were also adjusted. In the previous year, adjustments had been made in particular for expenses relating to M&A activities of € 18 million concerning the planned disposal of GT Emissions Systems. In addition, there were adjustments for € 17 million of expenses in connection with restructuring (including restructuring consultancy services and severance payments) and € 16 million in connection with a prior-

period recall campaign associated with a software update in the North American market.

Revenues within the segment are presented on a pre-consolidated basis. Internal reporting does not contain any segment-specific information on assets and liabilities with the exception of net working capital, which is defined in chapter F.9.7.

### I.3. Geographical information

The following table shows the Group's sales revenues and non-current assets, broken down by country of domicile of the Group company. [Table → 3.92, 3.93](#)

#### 3.92 REVENUES BY REGION

in € million	2025	2024
<b>Europe/Africa</b>	<b>3,829</b>	<b>3,751</b>
of which		
Germany	1,697	1,694
Austria	469	453
Spain	338	330
Hungary	32	46
<b>North America</b>	<b>1,819</b>	<b>1,987</b>
of which USA	1,743	1,903
<b>South America</b>	<b>175</b>	<b>176</b>
<b>Asia-Pacific</b>	<b>1,994</b>	<b>1,969</b>
of which China	1,164	1,188
	<b>7,817</b>	<b>7,883</b>

#### 3.93 NON-CURRENT ASSETS BY REGION

in € million	2025	2024
<b>Europe/Africa</b>	<b>1,638</b>	<b>1,620</b>
of which		
Germany	937	923
Hungary	190	174
Spain	131	168
Austria	66	65
<b>North America</b>	<b>714</b>	<b>851</b>
of which USA	646	770
<b>South America</b>	<b>25</b>	<b>24</b>
<b>Asia-Pacific</b>	<b>306</b>	<b>338</b>
of which China	122	144
	<b>2,683</b>	<b>2,834</b>
<b>Goodwill</b>	<b>852</b>	<b>883</b>
of which Rail		
Vehicle Systems (Global)	392	409
of which Commercial		
Vehicle Systems (Global)	460	474
	<b>3,535</b>	<b>3,717</b>

Non-current assets consist of property, plant, and equipment, goodwill, and other intangible assets.

Neither division is significantly dependent on external third parties. Neither in the year under review nor in the previous years did the Company generate more than 10% of its sales with one customer.

Goodwill is recognized globally at the level of the two segments. Please refer to chapter F.2. for details on goodwill.

## J. Group Association and Disclosure

Knorr-Bremse AG is included in the consolidated financial statements of Stella Vermögensverwaltungs-GmbH, Oberhaching, Germany, as of December 31, 2025 (largest and smallest range).

The consolidated financial statements of Knorr-Bremse AG are published in the trade register and in the commercial register of the District Court of Munich, Germany. The following subsidiaries are exempt from the obligation to prepare notes and management commentary under section 264 (3) HGB and section 264b HGB and from the audit and disclosure obligations under section 325 HGB:

- Knorr-Bremse Systeme für Schienenfahrzeuge GmbH, Munich, Germany
- Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich, Germany
- Knorr-Bremse Services GmbH, Munich, Germany
- EVAC GmbH, Wedel, Germany
- Hasse & Wrede GmbH, Berlin, Germany
- Knorr-Bremse Investment GmbH, Munich, Germany
- Knorr-Bremse SteeringSystems GmbH, Munich, Germany
- Knorr-Bremse Global Truck Management GmbH, Munich, Germany
- PleaseFix GmbH, Munich, Germany
- KB IP Verwaltungs GmbH, Pullach i. Isartal, Germany
- KB IntellectualProperty GmbH & Co. KG, Pullach i. Isartal, Germany

## K. Declaration of Compliance with the German Corporate Governance Code

The German Corporate Governance Codex includes regulations and recommendations for responsible management and controlling of publicly traded companies. The executive board and supervisory board of publicly traded joint stock companies are obligated under section 161 AktG to declare once annually that the recommendations of the German Corporate Governance Codex governmental commission have been fulfilled and will be fulfilled, or which recommendations have not been or will not be applied. In the latter case, justifications must be provided for why the respective recommendation was not and will not be fulfilled.

The Executive Board and Supervisory Board of Knorr-Bremse AG submitted the declaration of compliance with the German Corporate Governance Code pursuant to section 161 AktG on December 17, 2025. The declaration is publicly accessible on our website: [Knorr-Bremse/Investor Relations/Corporate Governance/Declaration of conformity/DCGK Declaration of compliance December 2025](#).

Munich, March 19, 2026

Knorr-Bremse AG

Executive Board



MARC LLISTOSELLA



DR. NICOLAS LANGE



DR. CLAUDIA MAYFELD



BERND SPIES



FRANK MARKUS WEBER

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the 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 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.

Munich, March 19, 2026

Knorr-Bremse AG

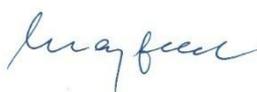
Executive Board



MARC LLISTOSELLA



DR. NICOLAS LANGE



DR. CLAUDIA MAYFELD



BERND SPIES



FRANK MARKUS WEBER

# Independent Auditor's Report

To Knorr-Bremse Aktiengesellschaft, München

## Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

### Opinions

We have audited the consolidated financial statements of Knorr-Bremse Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31. December 2025, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from 1. January to 31. December 2025, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report on the Company and the Group (hereinafter the "combined management report") of Knorr-Bremse Aktiengesellschaft for the financial year from 1. January to 31. December 2025.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified on the "Other Information" section of our auditor's report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31. December 2025, and of its financial performance for the financial year from 1. January to 31. December 2025, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

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

## Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

## Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1. January to 31. December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

### Valuation of customer relationships and order backlog arising from the acquisition of duagon Holding AG

Please refer to the disclosures in the notes to the consolidated financial statements, Sections "C. Consolidation (subsection C.1 Principles of consolidation)" and "D. Notes on Accounting Policies" for more information on the accounting policies applied.

Information regarding the acquisition of duagon Holding AG, Dietikon, Switzerland, can be found in the Notes to the Consolidated Financial Statements under section H.2 "Events after the Reporting Date".

### THE FINANCIAL STATEMENT RISK

On 25 September 2025, Knorr-Bremse Group entered into a purchase agreement with closing on 5 January 2026, and acquired duagon Holding AG, Dietikon, Switzerland, which comprises thirteen subsidiaries. The total preliminary purchase price amounted to EUR 490 million. Taking into account the acquired net assets of EUR 238 million (thereof customer relationships EUR 181 million and orderbacklog EUR 20 million), preliminary goodwill amounts to EUR 242 million.

Pursuant to IFRS 3, the identifiable assets acquired and liabilities assumed are generally recognised at fair value on the date of acquisition. Knorr-Bremse Group consulted an external expert to determine and measure the identifiable assets acquired and liabilities assumed.

The identification and measurement of assets acquired and liabilities assumed is complex and based on assumptions of the management board that require judgement. The main assumptions concern revenue planning and margin performance of the acquired business operations and the cost of capital.

There is a risk for the consolidated financial statements that the identifiable assets acquired, in particular the acquired customer relationships and order backlog, and liabilities assumed presented in the notes are identified improperly or measured inaccurately. Consequently, there is a risk that the disclosures in the notes to the consolidated financial statements are incomplete or not presented appropriately.

#### **OUR AUDIT APPROACH**

With the involvement of our valuation experts, we assessed the appropriateness of the key assumptions as well as the identification and valuation methods applied to the acquired customer relationships and order backlog. To that end, we first gained an understanding of the acquisition by consulting employees of the finance and M&A departments and by evaluating the relevant contracts.

We reconciled the total purchase price with the underlying purchase agreement and proof of payment.

We assessed the competence, professional skills and impartiality of the independent expert engaged by Knorr-Bremse Group. Furthermore, we assessed the process of identification of assets acquired and liabilities assumed for compliance with the requirements of IFRS 3 based on the business model of the acquired entities. We investigated the valuation methods used for their compliance with the accounting policies.

The plan prepared by management, including the expected revenue and margin development, was presented by the external expert and reviewed by us. The consistency of the assumptions was compared and assessed by the external expert against analyst estimates for peer group companies, and we have reviewed this assessment. We have verified the methodology and input parameters of the multi period excess earnings method based on our own calculations. We compared the assumptions and data underlying the cost of capital, in particular the risk-free rate, the market risk premium and the beta coefficient, with our own assumptions and publicly available data.

To assess computational accuracy, we verified selected calculations based on risk criteria. Finally, we assessed whether the disclosures in the notes regarding the acquisition of duagon Holding AG are complete and appropriate.

#### **OUR OBSERVATIONS**

The approach used for identifying and measuring the acquired customer relationships and acquired order backlog is appropriate and in line with the accounting policies to be applied. The key assumptions and data are appropriate and they are completely and properly presented in the notes to the consolidated financial statements.

#### **Revenue recognition in accordance with IFRS 15 in the rail segment**

Please refer to the disclosures in the notes to the consolidated financial statements, Section "D. Notes Accounting Policies (subsection D.1. Revenues)" for more information on the accounting policies applied.

Further explanatory notes can be found in section "E.1. Revenues" in the notes to the consolidated financial statements.

#### **THE FINANCIAL STATEMENT RISK**

The Group's revenue amounted to EUR 7,870 million in the 2025 financial year, of which EUR 4,316 million was reported in the Rail Vehicles segment. A significant portion of revenue from the Rail Vehicles segment amounting EUR 1,116 million is attributable to project business in the segment. In this business, agreements on the design, production and supply of braking systems with a precisely defined functionality for a specific number of train or locomotives are

considered as an inseparable performance obligation. This is because the development services cannot be separated from other services, meaning that they form one unit. Comparable structures are found in projects with door systems and air conditioning systems.

Revenue in the project business is recognized over time according to the stage of completion. The stage of completion is determined on the basis of the ratio of costs incurred to the estimated total project costs (input-based method).

The determination of revenue to be recognized is complex and is based on estimates, particularly with regard to the total project costs and the determination of the stage of completion. There is a risk for the consolidated financial statements that the stage of completion is incorrectly estimated and that revenue is therefore incorrectly accrued as at the reporting date (including the possible risk of management override of controls) and that both revenue and the result from these services are therefore allocated to the wrong financial year.

#### **OUR AUDIT APPROACH**

Based on our understanding of the process, we assessed the design and implementation of selected internal controls, in particular with regard to the estimation and event-driven updates of total project costs.

We assessed the instructions of the groupwide accounting policy in regards to IFRS 15. Using a riskbased selection of contracts, we assessed the proper implementation of the accounting policy. We compared the planned total revenues with the relevant contract documents. For contracts deliberately selected on a risk-oriented basis, we asked the respective project managers about their assessment of the total project costs. In this context, we tested the assumptions used to estimate the total project costs using internal cost calculations and external evidence. In addition, we analysed changes to the estimate of the total project costs for risk-oriented selected contracts.

We examined the accuracy of the Company's estimates to date by comparing cost estimates for completed contracts with the actual costs incurred for these contracts and analysed deviations.

Furthermore, we computationally verified the stage of completion determined according to the ratio of costs actually incurred to the expected total costs.

#### **OUR OBSERVATIONS**

The approach taken by the Knorr-Bremse Group for revenue recognition cut-off in terms of properly estimating the stage of completion in the Rail Vehicles Systems segment for revenue recognized over time according to IFRS 15 is appropriate. The assumptions underlying revenue recognition are reasonable.

### **Other Information**

Management and/or the supervisory board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the non-financial Group statement, included in the section "Group Sustainability Statement" of the combined management report,
- the Group corporate governance statement, which is referred to in the combined management report, and
- the information contained in the combined management report that is extraneous to management reporting and marked as unaudited.

The other Information includes also the remaining parts of the annual report. The other information does not include the consolidated financial statements, the information in the combined management report that was audited for content, nor our auditor's report thereon.

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

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

- is materially inconsistent with the consolidated financial statements, with the information in the combined management report that was audited for content, or with the knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that a material misstatement of this other information exists, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report**

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the combined management report

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction,

supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

## Other Legal and Regulatory Requirements

### Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

#### Assurance Opinion

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „kb-2025-12-31-de.xbri“ (SHA256-Hashwert:eb9c3ab5a5fc242919d12ca-99d4f48c3488d7a8862eba75d2d073a9b3eb0bb85); „KB LB 2025.xhtml“ (SHA256-Hashwert:5325a5b2aa9db8172245513987e0f96d79cf8a79087cb3ae6358e17df71e79c0) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit

opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1. January to 31. December 2025 contained in the "Report on the Audit of the Consolidated Financial Statements and the combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

### **Basis for the Opinions**

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in this regard is further described in the section "Auditor's Responsibilities for the Audit of the ESEF Documents." Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

### **Responsibilities of Management and the Supervisory Board for the ESEF Documents**

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

### **Auditor's Responsibilities for the Audit of the ESEF Documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

## Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 30. April 2025. We were engaged by the supervisory board on 4. Juni 2025. We have been the group auditor of Knorr-Bremse Aktiengesellschaft without interruption since the financial year 2018.

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

## Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

## German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Mokler.

Munich, 19. March 2026

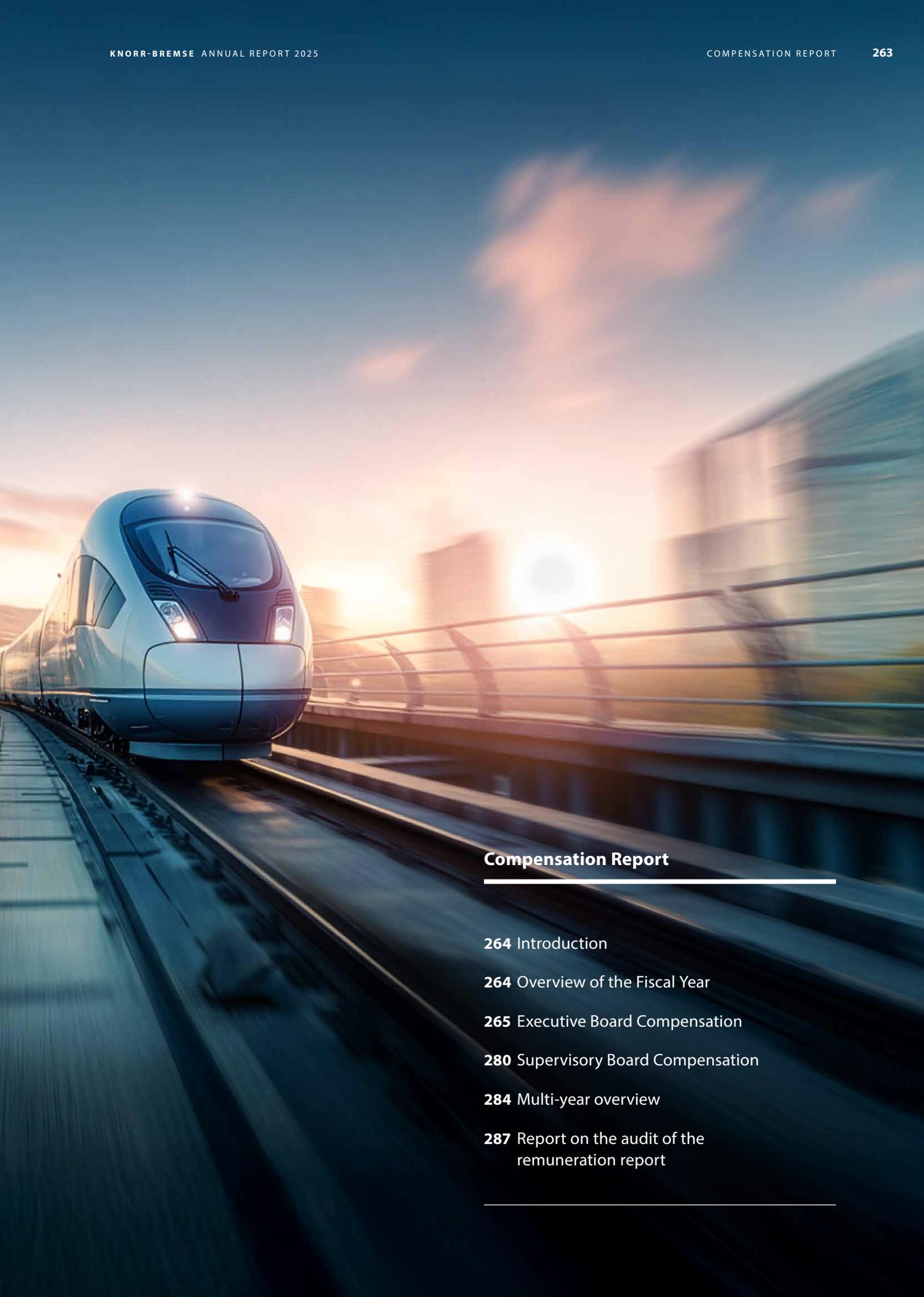
KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

gez. Huber-Straßer  
Wirtschaftsprüfer  
[German Public Auditor]

gez. Mokler  
Wirtschaftsprüfer  
[German Public Auditor]

# 04





## Compensation Report

---

**264** Introduction

**264** Overview of the Fiscal Year

**265** Executive Board Compensation

**280** Supervisory Board Compensation

**284** Multi-year overview

**287** Report on the audit of the  
remuneration report

---

# Compensation Report

## Introduction

This compensation report explains the principles of the compensation systems for the Executive Board and Supervisory Board of Knorr-Bremse AG and the compensation granted and owed within the meaning of section 162 (1) sentence 1 AktG to the current and former members of the Executive Board and Supervisory Board, in each case relating to the 2025 fiscal year (January 1 to December 31, 2025). The presentation of the compensation report takes into account the vote by last year's Annual General Meeting approving the 2024 compensation report pursuant to section 120a (4) AktG, in addition to other feedback from investors and authorized proxies.

This compensation report consistently discloses the compensation granted and owed in accordance with section 162 (1) sentence 2 no. 1 AktG for the fiscal year in which the underlying work (one or more years) was completed in full. For the variable compensation components, the compensation subtargets and the calculation of the actual target achievement are presented and described in detail.

The compensation report was jointly prepared by the Executive Board and the Supervisory Board. It was reviewed with regard to form and content by KPMG AG Wirtschaftsprüfungsgesellschaft above and beyond the requirements of section 162 (3) AktG. The auditor's report is included in the 2025 compensation report.

This compensation report is planned to be presented for approval at the Annual General Meeting on April 30, 2026.

## Overview of the fiscal year

### Business

The Executive Board of Knorr-Bremse AG is very satisfied with the business development in 2025, a year shaped by a geopolitical and economic environment that continued to be challenging.

In the last fiscal year, Knorr-Bremse attained revenues of € 7,817 million, equivalent to a slight fall of around 0.8% year over year (previous year: € 7,883 million). Reported EBIT came in at € 903 million, down by a modest 0.8% on the prior-year figure (€ 911 million). The Group's operating EBIT was € 1,016 million, a moderate 5.1% above the prior-year level (€ 966 million). Free cash flow amounted to € 790 million and was therefore a robust amount above the previous year (€ 730 million).

The Rail Vehicle Systems division exceeded the prior-year level with a solid increase in revenues of 6.7% to € 4,316 million. Revenues of the Commercial Vehicle Systems division, at € 3,503 million, were down a moderate € 338 million compared with the prior-year figure (€ 3,842 million).

### The Executive Board

The composition of the Executive Board of Knorr-Bremse AG did not change in the 2025 fiscal year.

### The Supervisory Board

Stephan Sturm was elected to the Supervisory Board on April 30, 2025 to succeed Dr. Theodor Weimer as shareholder representative. Manuela Deseive succeeded Sylvia Walter as an elected substitute member on the employee side on January 1, 2025, after the latter resigned from the Supervisory Board with effect from December 31, 2024 having reached retirement age.

## Executive Board compensation

### Description of the compensation system

The system of compensation for Executive Board members in the version applicable since January 1, 2024 should be clear and understandable. It adheres to the specifications of the German Stock Corporation Act (AktG) as amended by the German Act on the Implementation of the Second Shareholders' Rights Directive of December 12, 2019 (Federal Gazette Part I 2019, no. 50 of December 19, 2019) and incorporates the recommendations of the German Corporate Governance Code (**GCGC**).

The remuneration system of the Executive Board members is composed of fixed and variable components. The fixed components of the Executive Board members' remuneration are their fixed annual salary, fringe benefits, and pension contribution. The variable components are the short-term variable remuneration (short-term incentive, **STI**) and long-term variable remuneration (long-term incentive, **LTI**). The remuneration system also provides for Share Ownership Guidelines ("**SOG**") for the Executive Board members. An overview of the compensation system is provided in the table below: **Fig. 1**

FIG. 1 OVERVIEW OF THE COMPENSATION SYSTEM IN 2025

Compensation components	Assessment base/parameters
<b>Non-performance-related components</b>	
Fixed annual salary	- Fixed, contractually agreed remuneration paid in twelve monthly installments
Fringe benefits	- Mainly private usage of the company car, possibly with the services of a driver, in-surance policies (accident, D&O), reimbursement of the employer share in health and long-term care insurance
Pension contribution	- Annual payment for retirement benefit purposes - Aside from this, no company pension scheme is provided.
<b>Performance-related components</b>	
Short-term variable remuneration (STI)	Plan type - Target bonus
	Limitation of pay- ment amount - 200% of the target amount
	Performance criteria - EBIT* (35%) - Revenues* (20%) - Free cash flow* (15%) - ESG* (20%) ("ESG STI") - Quality (10%) - Modifier (0.8–1.2) to reflect the individual and collective per- formance of the Executive Board, in addition to stakeholder targets
	Payout - In the month following approval of the consolidated financial statements for the fiscal year
Long-term variable remuneration (LTI)	Plan type - Performance share plan
	Limitation of pay- ment amount - 200% of the target amount
	Performance criteria - Return on Capital Employed – ROCE* (30%) - ESG* (20%) ("ESG LTI") - Relative Total Shareholder Return – TSR (50%) - Benchmarked against selected companies in the industrial goods peer group and selected rail and truck peers
	Payout - Month following approval of the consolidated financial state- ments for the final fiscal year in the 4-year performance period
<b>Other</b>	
Share ownership obligation	- Obligation to buy shares in Knorr-Bremse AG in an amount equivalent to one gross fixed annual salary within four years and to hold them for the duration of the ap- pointment to the Executive Board
Payments upon taking position:	- If applicable, compensation payments upon taking office - If applicable, relocation benefits
Malus and clawback	- Possibility to reduce ("malus") or claw back variable remuneration in cases of com- pliance breaches or in the event of a retrospective correction of objectively errone- ous consolidated financial statements with relevance for variable compensation

\* Measurement of achievement of subtargets EBIT, revenues, free cash flow, ESG STI, ESG LTI and ROCE is based on the actual values in the approved and audited consolidated financial statements (where available). Here, the Supervisory Board is entitled to use its discretion to subtract unbudgeted extraordinary influences based on a list of criteria defined in advance by the Audit Committee. The aim of these adjustments is to measure the actual management performance of the Executive Board without distortion, such as by currency effects or effects of M&A activities.

### Target compensation and compensation structure

On the basis of the compensation system the Supervisory Board defines a specific target total compensation for each Executive Board member, which should be in appropriate relation to the tasks and performance of the Executive Board member and the company's situation and should not exceed standard compensation without justification. The Supervisory Board regularly reviews the Executive Board compensation to ensure it is appropriate and in line with the market. The regular review of compensation takes place as a comparison with companies in the DAX, MDAX and selected companies from the industrial goods peer group as well as selected rail and truck peers (horizontal comparison). A vertical comparison is also carried out, which considers the Executive Board compensation in relation to the employees at other levels of the Knorr-Bremse Group in Germany. Based on the results of the regular review of Executive Board compensation, which was most recently conducted in January 2025 with external oversight, the Supervisory Board considers that the compensation is in line with the market and appropriate.

The Supervisory Board also regularly reviews the compensation structure of the Executive Board members in order to incentivize the company's long-term performance. The target total remuneration comprises the sum of all

remuneration components relevant for total remuneration. In the case of the STI and LTI, the target amount is in each case based on 100% target achievement. Long-term variable compensation accounts for a larger proportion of the total target compensation than the short-term variable compensation. The relative proportions of fixed and variable compensation are shown below on the basis of the total target compensation. **Fig. 2**

**FIG. 2 STRUCTURE OF COMPENSATION ELEMENTS**

CEO*: 25% – 35% OEBM*: 40% – 50%	CEO*: 25% – 35% OEBM*: 20% – 30%	CEO*: 35% – 45% OEBM*: 30% – 40%
Non-performance-related components/fixed compensation	Performance-related components/variable compensation	
Fixed annual salary including fringe benefits and pension contribution	Short-term incentive (STI)	Long-term incentive (LTI)
Annual payment		Payment after four years

\* CEO = Chief Executive Officer / OEBM = Ordinary Executive Board member

The target compensation of the Executive Board members active in 2025 is presented in the following table: [Table → 4.01](#)

## 4.01 TARGET COMPENSATION OF EXECUTIVE BOARD MEMBERS

	<b>Marc Llistosella</b> Chief Executive Officer (CEO) (since January 1, 2023)			<b>Frank Markus Weber</b> Chief Financial Officer (CFO) (since July 1, 2020)			<b>Dr. Claudia Mayfeld</b> Chief Human Resources & Integrity Officer (CHRO) (since May 1, 2021)		
in € thousand	2025	In %	2024	2025	In %	2024	2025	In %	2024
Base remuneration	1,000	24	1,000	900	31	900	900	34	900
Fringe benefits	28	1	28	27	1	27	33	1	33
Pension contribution	300	7	300	300	10	300	300	11	267
One-year variable compensation (STI)									
STI 2025	1,300	31	–	750	26	–	600	23	–
STI 2024	–	–	1,300	–	–	750	–	–	600
Multi-year variable compensation (LTI)									
LTI 2025–2028	1,500	36	–	900	31	–	800	30	–
LTI 2024–2027	–	–	1,500	–	–	900	–	–	800
<b>Total target compensation</b>	<b>4,128</b>	<b>100</b>	<b>4,128</b>	<b>2,877</b>	<b>100</b>	<b>2,877</b>	<b>2,633</b>	<b>100</b>	<b>2,600</b>

	<b>Bernd Spies</b> Commercial Vehicle Systems division (since March 12, 2022)			<b>Dr. Nicolas Lange</b> Rail Vehicle Systems division (since October 1, 2023)		
in € thousand	2025	In %	2024	2025	In %	2024
Base remuneration	900	34	900	900	34	833
Fringe benefits	28	1	28	35	1	35
Pension contribution	300	11	300	300	11	300
One-year variable compensation (STI)						
STI 2025	600	23	–	600	23	–
STI 2024	–	–	600	–	–	600
Multi-year variable compensation (LTI)						
LTI 2025–2028	800	30	–	800	30	–
LTI 2024–2027	–	–	800	–	–	800
<b>Total target compensation</b>	<b>2,628</b>	<b>100</b>	<b>2,628</b>	<b>2,635</b>	<b>100</b>	<b>2,568</b>

### Fixed compensation components

The compensation system for the Executive Board comprises the following fixed compensation components.

#### Annual salary

Executive Board members receive a fixed, non-performance-related annual salary, which is paid in 12 equal installments as a monthly salary.

#### Fringe benefits

In addition, Executive Board members receive fringe benefits. For each member of the Executive Board, the company bears, in particular, the costs of accident insurance for death or disability, the employer's contribution to private health and long-term care insurance, and a company car that can also be used privately, possibly with the services of a driver. Furthermore, Executive Board members are covered by a D&O liability insurance policy.

#### Pension contribution

For the purposes of an old-age pension, the Executive Board members receive an annual pension contribution, payable at the end of the fiscal year in question. Knorr-Bremse AG does not have any pension commitments to current members of the Executive Board.

#### Other

The Supervisory Board may, on a case-by-case basis, grant a payment on the occasion of a new Executive Board member taking up his or her position in the first or second year of the new member's appointment. This payment can be used to compensate for, for example, losses of variable remuneration that an Executive Board member faces from a former employer as a result of moving to Knorr-Bremse AG. No such payments were pledged or made in 2025 fiscal year.

## Variable compensation components

The variable performance-related compensation component consists of two elements: a short-term incentive (STI) and a long-term incentive (LTI).

### STI

The STI (Fig. 3) is a performance-related bonus with a performance period of one year.

The STI ensures the variable compensation's strategic alignment by directly linking it to the financial performance criteria. Furthermore, the short-term variable remuneration is based on non-financial performance criteria. This supports the strategic development of the Group, which also includes social and environmental aspects and takes account of sustainable corporate development.

The first step of the STI is dependent on financial performance criteria and the achievement of quality and ESG targets (collectively the "company STI targets"). In the second step, the Supervisory Board uses a modifier to reflect the individual performance of the Executive Board member, the collective performance of the Executive Board and the achievement of stakeholder targets.

The financial performance criteria for calculating the amount paid from the STI in the 2025 fiscal year were EBIT, with a weighting of 35%, revenues, with a weighting of 20%, and free cash flow, with a weighting of 15%. In addition, target achievement depended on the quality performance criterion, which accounted for 10%, and on internal ESG targets, which accounted for 20%.

The EBIT refers to the earnings before interest, before the other financial result, and before income taxes as recognized in the company's approved and audited consolidated financial statements. EBIT reflects the company's profitability and its value promise to continue delivering an excellent margin.

Revenues are the revenues recognized in the company's approved and audited consolidated financial statements. They are a core element of the profitable growth strategy, and of Knorr-Bremse AG's value promise to grow faster than the market.

Free cash flow is calculated by deducting disbursements for capital expenditure on property, plant, and equipment and intangible assets from the cash flow from operating activities, and by adding proceeds from the sale of property, plant, and equipment and intangible assets to the cash flow from operating activities.

The performance criteria "quality" focuses on operating activities in the divisions, with quality targets such as the "cost of poor quality" set for both divisions.

ESG targets are also included as a material non-financial performance criterion in the form of two internal criteria, each weighted at 50% ("ESG criteria"). The ESG criteria are, firstly, the company's own contribution to CO<sub>2</sub> reduction and energy efficiency, consisting of the sum of energy efficiency increases and internally generated solar power in relation to the Group's total energy demand, and, secondly, the development of workplace accidents per 200,000 hours of work.

The company STI targets were weighted depending on the responsibilities of each Executive Board member. For the central functions, this was either exclusively for the entire Group (Marc Llistosella, Frank Markus Weber and Dr. Claudia Mayfeld) or 50% for the entire Group and 50% for the segment for which the Executive Board member is responsible (Bernd Spies for Commercial Vehicle Systems and Dr. Nicolas Lange for Rail Vehicle Systems).

The Supervisory Board defines the targets for each fiscal year for the individual performance criteria EBIT, revenues and free cash flow, which are derived from the budget planning. For the quality performance criterion, the Supervisory Board defines a value for each subtarget that corresponds to target achievement of 100%. It is entitled to use its discretion to deviate from this target and to set a minimum value corresponding to a target achievement of 0% and a maximum value corresponding to a target achievement of 200% for the sub-targets EBIT, revenues, free cash flow and/or quality if the Supervisory Board believes these would more accurately reflect these sub-targets and incentivize the members of the Executive Board accordingly. For the ESG performance criterion, the Supervisory Board defines values for the ESG criteria that correspond to target achievement of 100%, as well as a minimum value corresponding to target achievement of 0% and a maximum value corresponding to target achievement of 200%.

At the end of the fiscal year the total target achievement is measured on the basis of the target achievement for each performance criterion. To measure the target achievement for each of the performance criteria, the Supervisory Board compares the actual figure with the target figure (budget figure or defined value) for the respective fiscal year. The ratio of the actual figure to the target value (as a percentage) indicates the extent to which the targets have been met, and for the performance criteria EBIT, revenues, free cash flow and quality, results in the following target achievement specified by the Supervisory Board,

with target achievement between 0% (for achieving or coming in below the minimum value) and 200% (for achieving or exceeding the minimum value) interpolated on a straight-line basis.

Total target achievement is calculated as follows:

- Total target achievement =
- EBIT target achievement x 35%
- + revenues target achievement x 20%
- + free cash flow target achievement x 15%
- + ESG target achievement x 20%
- + quality target achievement x 10%

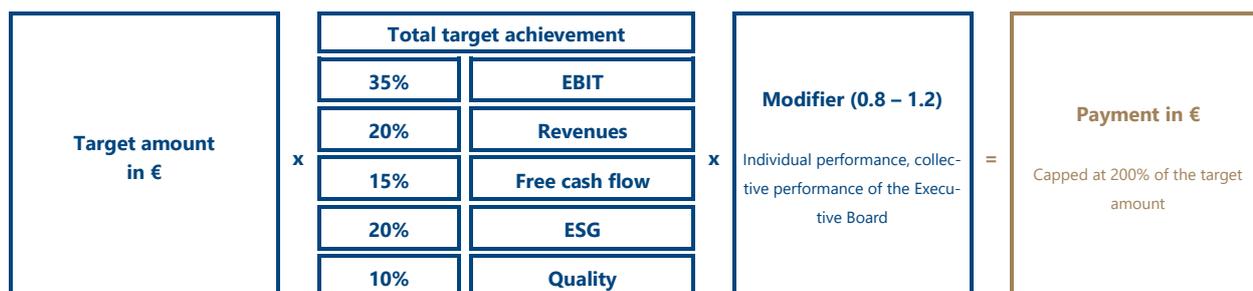
At the beginning of the year, in addition to the performance criteria, the Supervisory Board defines other non-financial performance criteria and their weightings, in order to assess the individual performance of the Executive Board member and the performance of the entire Executive Board and the achievement of stakeholder targets ("success criteria"). The individual performance criteria are taken into account by means of a modifier. This is set by the Supervisory Board at its discretion, depending on the extent to which the non-financial performance criteria are met.

The total target achievement measured on the basis of the financial performance criteria and the ESG targets is

multiplied by the modifier (0.8 to 1.2) and the defined target amount (in euros) to produce the payment amount. The annual STI payment is capped at 200% of the target amount for all Executive Board members. The payout amount is due for payment in the month after the approval of Knorr-Bremse AG's consolidated financial statements for the fiscal year relevant for the STI.

Measurement of achievement of subtargets EBIT, revenues, free cash flow and ESG is based on the actual values in the consolidated financial statements (where available). Here, the Supervisory Board is entitled to use its discretion to subtract unbudgeted extraordinary influences based on a list of criteria defined in advance by the Audit Committee. The aim of these adjustments is to measure the *actual management performance* without distortion, such as by currency effects, M&A effects or unbudgeted extraordinary influences. For the past fiscal year, effects from currency translation, from M&A (KB Signaling, duagon, Sheppard), and from the global BOOST restructuring in particular were adjusted when determining STI target achievement at Group level. At divisional level, adjustments were made for effects from advance payments to suppliers and from the unbudgeted acquisition of a property in Chennai, India (One Campus India), as quantified in [Table → 4.02](#).

FIG. 3 HOW THE STI WORKS



The following performance criteria, target values, and actual achievement figures were used to determine STI target achievement for fiscal year 2025 [Table → 4.02, Table → 4.03](#). The target values for the performance criteria were derived before the start of the 2025 fiscal year from the budget planning approved by the Supervisory Board.

The capital market guidance for the 2025 fiscal year confirmed these targets. The historically high free cash flow of € 790 million in particular (compared with € 730 million in the previous year) led to a correspondingly high target achievement for this key figure.

#### 4.02 STI TARGET ACHIEVEMENT 2025 – EBIT, REVENUES, FREE CASH FLOW

Performance criterion	Executive Board member weighting	Floor	Target level	Maximum value	Actual value	Adjusted actual value	Target achievement
<b>Group</b>	Marc Llistosella: 100%						
EBIT (in € million)	Frank Markus Weber: 100%	934	1,038	1,142	903	1,046	107%
Revenues (in € million)	Dr. Claudia Mayfeld: 100%	7,675	8,137	8,555	7,817	8,132	99%
Free cash flow (in € million)	Bernd Spies: 50% Dr. Nicolas Lange: 50%	597	665	733	790	813	200%
<b>Commercial Vehicle Systems</b>							
EBIT (in € million)	Bernd Spies: 50%	362	404	443	319	375	30%
Revenues (in € million)		3,572	3,784	3,976	3,504	3,726	73%
Free cash flow (in € million)		292	324	356	313	348	176%
<b>Rail Vehicle Systems</b>							
EBIT (in € million)	Dr. Nicolas Lange: 50%	640	715	783	647	731	124%
Revenues (in € million)		4,103	4,353	4,579	4,316	4,408	124%
Free cash flow (in € million)		507	560	608	594	669	200%

## 4.03 STI TARGET ACHIEVEMENT 2025 – QUALITY AND ESG TARGETS

Performance criterion	Weighting	Floor	Target level	Maximum value	Actual value	Target achievement
<b>Quality Commercial Vehicle Systems</b>						
Cost of poor quality (in %)	60.0%	1.26	1.05	0.84	1.55	70%
Ready for assembly (in ppm)	8.0%	240	200	160	180	
Raw material (in ppm)	8.0%	2,640	2,200	1,760	1,976	
Functional test failures (in ppm)	8.0%	5,040	4,200	3,360	3,536	
Intercompany rejects (in ppm)	8.0%	30	25	20	17	
Zero mileage (in ppm)	8.0%	18	15	12	10	
<b>Quality Rail Vehicle Systems</b>						
Cost of poor quality (in %)	50.0%	1.33	1.11	0.89	0.90	197%
Supplied delivery quality (in ppm)	25.0%	1,080	900	720	576	
Delivery quality (in ppm of external delivery quantity)	25.0%	1,416	1,180	944	762	
<b>ESG Group</b>						
Own contribution to CO <sub>2</sub> reduction (in GWh) (internal)*	50.0%	9.20	11.50	13.80	16.41	190%
Workplace accidents per 200,000 contractual working hours (internal)	50.0%	0.89	0.74	0.59	0.62	
<b>ESG Commercial Vehicle Systems</b>						
Own contribution to CO <sub>2</sub> reduction (in GWh) (internal)*	50.0%	6.56	8.20	9.84	11.79	168%
Workplace accidents per 200,000 contractual working hours (internal)	50.0%	0.66	0.55	0.44	0.51	
<b>ESG Rail Vehicle Systems</b>						
Own contribution to CO <sub>2</sub> reduction (in GWh) (internal)	50.0%	2.64	3.30	3.96	4.62	200%
Workplace accidents per 200,000 contractual working hours (internal)	50.0%	1.14	0.95	0.76	0.76	

\* ESG CO<sub>2</sub> target including Aldersbach solar farm.

The Supervisory Board assessed the individual performance of the Executive Board members, the collective performance of the Executive Board and the achievement of stakeholder targets. For the 2025 fiscal year, the Supervisory Board defined the following overarching objectives for the Executive Board in particular, which are weighted differently: implementing the sub-programs and sub-projects of the BOOST project with continuous reporting on financial and strategic effects on the Knorr-Bremse Group and the divisions; implementing the M&A measures planned in the brownfield to streamline the portfolio; developing specific clusters to discuss strategic potential in

the greenfield; executing the implementation plan for the S4/HANA project while achieving the most effective cross-divisional standardization possible; developing a plan for the strategic realignment of IT towards product-driven IT. On the basis of significant, measurable progress in the BOOST project, as well as in the streamlining of the portfolio and IT transformation, the Supervisory Board defined the individual modifier at its discretion for all Executive Board members as 1.1.

This resulted in the following (total) target achievement [Table →4.04](#) for the individual Executive Board members.

## 4.04 INDIVIDUAL STI TARGET ACHIEVEMENT 2025

Executive Board member	Target achievement: EBIT, revenues, free cash flow	Target achievement: quality	Target achievement: ESG targets	Modifier	Total target achievement
	70% weighting	10% weighting	20% weighting		
Marc Llistosella	125%	139%	190%	1.1	153%
Frank Markus Weber	125%	139%	190%	1.1	153%
Dr. Claudia Mayfeld	125%	139%	190%	1.1	153%
Bernd Spies	99%	105%	179%	1.1	128%
Dr. Nicolas Lange	133%	168%	195%	1.1	164%

**LTI (description and award of the 2025-2028 tranche)**

The LTI (Fig. 2) is a performance share plan in which virtual shares in Knorr-Bremse AG are awarded in annual tranches.

In order to link compensation to the company's long-term development, the long-term variable compensation makes up most of the variable compensation and thus a significant proportion of total compensation. With a performance period of four years and an annual award, it is intended to incentivize the beneficiaries to work for the company's positive long-term performance over multi-year cycles. A combination of internal and external performance criteria take the stakeholder and shareholder approach into account.

Each tranche of the performance share plan has a performance period of four years ("**performance period**"). Each performance period starts on January 1 of the first fiscal year in the performance period ("**award year**") and ends on December 31 of the third year following the award year.

At the beginning of the award year the Executive Board members are awarded a provisional number of virtual shares (performance share units), calculated using the ratio of the individual target amount agreement in the service agreement and the average XETRA closing price of the Knorr-Bremse AG share in the 60 exchange trading days before the first day of the award year.

At the end of the performance period, the target achievement for the LTI is measured and the payment amount is defined for each Executive Board member depending on the target achievement.

As with the 2024–2027 tranche, the relevant performance criteria for the performance share plan of the 2025–2028 tranche are the total shareholder return (TSR) of Knorr-

Bremse AG compared with the TSR for selected companies from the industrial goods peer group and selected rail and truck peers ("**relative TSR**") and the return on capital employed ("**ROCE**"). This combines an internal financial performance criterion (ROCE) with an external capital market-based criterion (relative TSR). In addition, the ESG targets of Scope 1 + 2 reduction and employee satisfaction (ESG) are taken into account in the performance share plan as non-financial performance criteria. By contrast, the 2022–2025 and 2023–2026 tranches are based on the performance criteria of relative TSR (compared with the average of the TSRs from three peer groups) and the performance of earnings per share (EPS), each with a weighting of 50%.

ROCE is the return on capital employed in percent as reported in the approved and audited consolidated financial statements of Knorr-Bremse AG, based on the reported EBIT and capital employed. Capital employed includes the sum total of intangible assets, net working capital, and property, plant, and equipment.

Target achievement for the ROCE performance criterion is measured by comparing the average ROCE for the performance period ("**actual average ROCE**") and the minimum value, target value and maximum value for the ROCE set by the Supervisory Board, with the minimum value corresponding to target achievement of 0%, the target value corresponding to target achievement of 100% and the maximum value corresponding to target achievement of 200%. The target achievement is interpolated on a straight-line basis in each case between the minimum value and the target value and between the target value and the maximum value.

The non-financial **ESG** performance criterion is formed of the ESG criteria of reduction of Scope 1 + 2 CO<sub>2</sub>e emissions ("**Scope 1 + 2 reduction**"), weighted at 70%, and **employee satisfaction**, weighted at 30%. The applicable

figures for the Scope 1 + 2 reduction are the CO<sub>2</sub>e emissions in tCO<sub>2</sub>e as presented in the company's Group management report for the final year of the performance period. The applicable figure for employee satisfaction is the final engagement score, in index points, that was calculated during the performance period. The Supervisory Board sets a minimum value corresponding to 0% target achievement, a target value corresponding to 100% target achievement, and a maximum value corresponding to 200% target achievement for each ESG criterion for each performance period. The target achievement is interpolated on a straight-line basis in each case between the minimum value and the target value and between the target value and the maximum value. The Supervisory Board is authorized to swap the ESG criteria for future fiscal years in full or in part, to remove them, to add new ESG criteria, and to change the weighting of the ESG criteria.

The TSR refers to the share price performance, on the fictitious assumption that dividends are reinvested, and taking all capital measures into account. It indicates the increase in enterprise value from the perspective of the shareholders. To take into account the competitive position of Knorr-Bremse AG and incentivize the strategy of sustainable growth above the market average, the TSR of Knorr-Bremse AG is compared against selected, relevant, comparable companies from a peer group of companies in the industrial goods as well as rail and truck sectors ("**peer group**"). The following peer group companies are used for the LTI 2025–2028 tranche: Alfa Laval AB, Assa Abloy AB, Atlas Copco AB, Kone Oyi, Schindler Holding AG, Alstom SA, CAF, Stadler Rail AG, Talgo SA, Wabtec, Jost Werke SE, Daimler Truck, Paccar Inc, SAF Holland, Traton SE, and Volvo AB.

To measure relative target achievement for the TSR of Knorr-Bremse AG in relation to peer group companies, the TSR ranking achieved by Knorr-Bremse AG within the peer group is determined. The relative ranking shows the target achievement, which is interpolated on a straight-line basis between 0% for the 25th percentile and 200% for the 75th percentile.

Total target achievement is calculated using the following formula:

$$\begin{aligned} \text{Total target achievement} = & \\ & \text{ROCE target achievement} \times 30\% \\ + & \text{ESG target achievement} \times 20\% \\ + & \text{relative TSR target achievement} \times 50\% \end{aligned}$$

The final number of virtual shares is calculated by multiplying the number of virtual shares awarded by the total target achievement at the end of the performance period.

$$\begin{aligned} \text{Final number of virtual shares} = & \\ & \text{number of virtual shares awarded} \\ & \times \text{total target achievement} \end{aligned}$$

The payment amount is then obtained by multiplying the final number of virtual shares by the average XETRA closing price for the company share in the last sixty exchange trading days before the end of the respective performance period.

The following performance criteria, target values, and actual achievement figures were used to determine LTI target achievement in the 2022–2025 LTI tranche, which will be paid out in April 2026. [Table → 4.05, 4.06](#)

For the 2025–2028 LTI tranche, the figures shown in [Table → 4.07](#) represent the floor, target and cap for ROCE, ESG and relative TSR.

In addition, [Table → 4.08](#) shows the number of virtual shares awarded to each Executive Board member for the 2025–2028 LTI tranche.

As with the STI, the presentation of compensation granted and owed for Executive Board members in office in the reporting year is based on the vested amount. The compensation report for the fiscal year shows the tranche for which the underlying work (one or more years) has been completed in full in the reporting year. A newly awarded LTI tranche has therefore been shown at fair value in the compensation report for the award year as compensation granted and owed as of the end of the award year, because in accordance with the service agreement it was already vested in the first year of the performance period [Table → 4.10](#). This does not affect the loss of vested rights for bad leavers. The compensation report for the final year of the relevant performance period then shows the difference between the originally recognized fair value and the actual payment amount below ([Fig. 4](#)).

**4.05 LTI TARGET ACHIEVEMENT 2022–2025**

Award price 2022	in €	90.74
Award price 2025	in €	85.43
Strategic target EPS	in €	4.52
Average actual EPS	in €	3.14
<b>Achievement of average actual EPS</b>	<b>In %</b>	<b>0.0</b>
Relative TSR target		50th percentile
Actual relative TSR		45.5th percentile
<b>Relative TSR target achievement</b>	<b>In %</b>	<b>90.9</b>
<b>Payout ratio derived from total target achievement</b>	<b>In %</b>	<b>42.8</b>

**4.06 INDIVIDUAL LTI TARGET ACHIEVEMENT 2022–2025**

<b>Executive Board member</b>	<b>Target amount (in € thousand)</b>	<b>Number of performance share units awarded</b>	<b>Fair value of performance share units awarded as of December 31, 2022 (in € thousand)</b>	<b>Number of final performance share units</b>	<b>Payment amount of final performance share units* (in € thousand)</b>	<b>Difference between fair value (Dec. 31, 2022) and payment amount (in € thousand)</b>
Frank Markus Weber	880	9,699	343	4,409	377	34
Dr. Claudia Mayfeld	800	8,817	312	4,008	342	31
Bernd Spies (from March 12, 2022)	643	7,087	251	3,222	275	25
<b>Former Executive Board members</b>	<b>Target amount (in € thousand)</b>	<b>Number of performance share units awarded</b>	<b>Fair value of performance share units awarded as of December 31, 2022 (in € thousand)</b>	<b>Number of final performance share units</b>	<b>Payment amount of final performance share units* (in € thousand)</b>	<b>Difference between fair value (Dec. 31, 2022) and payment amount (in € thousand)</b>
Dr. Jürgen Wilder (until September 30, 2023)	800	8,817	312	4,008	342	31
Dr. Jan Mrosik (until April 30, 2022)	500	5,511	192	2,505	214	22

\* The agreement for the maximum remuneration applicable for 2022 is complied with through the payment of LTI 2022–2025.

**4.07 LTI TARGET 2025–2028**

<b>Performance criterion</b>	<b>Weighting</b>	<b>Floor</b>	<b>Target level</b>	<b>Maximum value</b>
Relative TSR	50%	25th percentile	50th percentile	75th percentile
ROCE	30%	19%	21%	23%
Scope 1+2 reduction in tCO <sub>2</sub> e	14%	34,650	33,077	31,504
Employee satisfaction	6%	68	71	74

#### 4.08 LTI AWARD 2025–2028

Executive Board member	Target amount (in € thousand)	Award price (in €)	Number of perfor- mance share units awarded	Maximum possi- ble number of performance share units (cap: 200%)	Fair value as of December 31, 2025	LTI measured as of December 31, 2025 (in € thousand)
Marc Llistosella	1,500	74.95	20,014	40,028	144.24%	2,164
Frank Markus Weber	900		12,009	24,018	144.24%	1,298
Dr. Claudia Mayfeld	800		10,674	21,348	144.24%	1,154
Bernd Spies	800		10,674	21,348	144.24%	1,154
Dr. Nicolas Lange	800		10,674	21,348	144.24%	1,154

#### Share ownership guidelines (SOG)

In addition to the LTI as a share-based compensation element, the share ownership guidelines for the Executive Board constitute a further key component of the compensation system with the objective of promoting the long-term and sustainable development of the company.

The members of the Executive Board are required to acquire and retain ownership of a minimum holding of shares in Knorr-Bremse AG amounting to 100% of their base remuneration for the duration of their service agreement (the **"SOG target"**). A member of the Executive Board is to acquire shares in Knorr-Bremse AG equal to at least 25% of the SOG target in each fiscal year until the

SOG target is achieved. In individual cases, the Supervisory Board can use its discretion to depart from the SOG provisions, taking into account the circumstances of the case (e.g., on account of restrictions on the acquisition of shares as a result of contractual, internal, or legal provisions). Since the 2025 fiscal year, SOG share purchases have been processed by an external service provider; the company bears the external costs incurred for the administration.

As of December 31, 2025, the members of the Executive Board in office held shares in Knorr-Bremse AG as shown in [Table → 4.09](#).

#### 4.09 OVERVIEW OF THE SHARE OWNERSHIP PROGRAM

Executive Board member	End of the build-up phase	Number of shares held	Total acquisition costs of the shares held (in €)	Proportion of the respective base remuneration
Marc Llistosella	December 31, 2026	10,460	750,056	75%
Frank Markus Weber	June 30, 2024	12,424	903,382	100%
Dr. Claudia Mayfeld	April 30, 2025	11,616	900,030	100%
Bernd Spies	March 11, 2026	12,258	862,528	96%
Dr. Nicolas Lange	September 30, 2027	10,024	762,216	85%

#### Malus/clawback

The compensation system for the Executive Board does not have a standard malus or clawback clause. Starting in the 2024 fiscal year, the Supervisory Board has, in certain circumstances, the possibility of retaining short-term and long-term variable remuneration components that have been earned (**"malus"**) or reclaiming part or all of them if less than three years have passed since payment of the variable remuneration component (**"clawback"**). In particular, such circumstances include a major breach of criminal law provisions or of material duties of care in the leadership of the company by an Executive Board member, or

a breach of organizational and monitoring obligations by an Executive Board member leading to such a breach by an employee of the company, a member of a governing body, or an employee of an affiliate of the company. Such circumstances furthermore include the subsequent correction of an objectively incorrect presentation in the consolidated financial statements for a measurement period related to the variable remuneration component, insofar as no variable remuneration payment or a smaller variable remuneration payment would be due based on the corrected consolidated financial statements. The required

amendments have already been written into the contracts for four out of the five Executive Board members.

## Maximum compensation

The total compensation to be granted to the Executive Board members for a fiscal year (sum of all the remuneration amounts spent for the fiscal year in question, including fixed annual salary, variable compensation components, pension contribution, and fringe benefits or any compensation payments made when new members are appointed) – irrespective of whether they are paid out in this fiscal year or at a later date – has a maximum absolute limit (“**maximum compensation**”). The maximum contractually agreed remuneration for the 2025 fiscal year is € 6,370,000 for the Chief Executive Officer (CEO), € 4,500,000 for the Chief Financial Officer (CFO) and € 4,030,000 for each ordinary Executive Board member.

Regardless of the maximum remuneration, the amount of individual variable remuneration components paid is also capped at 200% of the target amount.

None of the cash payments made to the Executive Board members during the reporting period exceeded the applicable maximum limit for the total compensation to be granted (sum of all the compensation amounts spent for the fiscal year in question, including fixed annual salary, variable compensation components, pension contribution and fringe benefits or any compensation in connection with new appointees commencing their role; maximum compensation). Because the expense for the LTI 2025–2028 will only occur at the end of the third year after the conclusion of the reporting year due to the four-year performance period, it will only be possible to report conclusively on compliance with the maximum compensation for fiscal year 2025 in the compensation report for fiscal year 2028. If the amount for the LTI 2025–2028 results in the maximum compensation being exceeded, the payout amount would be reduced in accordance with the arrangements in the service agreement. If the limit for a fiscal year were exceeded and reducing the payout amount for the LTI for the relevant award year still did not bring the compensation back below the limit, the STI would be reduced. If necessary, the Supervisory Board can, at its discretion, reduce other remuneration components or demand that granted remuneration be paid back.

## Compensation-related transactions

### Benefits promised or granted by a third party

In the reporting year, no member of the Executive Board was promised or granted benefits by a third party in respect of his or her work as an Executive Board member.

### Commitments in the event of termination of service agreements

The Supervisory Board may sign non-competition agreements with Executive Board members for a period of up to two years after they leave the company. Currently, all incumbent Executive Board members are subject to a non-competition agreement for twelve months after they leave the company. During this period, the Executive Board members are entitled to non-compete compensation amounting to a twelfth of the fixed annual salary (base remuneration) per month. The non-compete compensation is set off against any benefits otherwise owed by Knorr-Bremse AG for the period after the termination of the service agreement. Any income received for activities not covered by the non-competition agreement is offset against the non-competition compensation.

The current service agreements provide that in the event of termination of the appointment by mutual agreement, members of the Executive Board receive a compensation payment. The compensation payment is composed of the fixed annual salary and the STI for remaining term of the planned appointment, which for Dr. Mayfeld, Mr. Spies, Mr. Llistosella and Dr. Lange is no longer than 12 months, and for Mr. Weber no longer than 24 months. The compensation payment thus does not exceed the value of two years’ remuneration but remains below it and also does not remunerate more than the remaining term of the contract. The compensation payment is set off against any non-compete compensation paid by Knorr-Bremse AG.

If an appointment is prematurely revoked by the Supervisory Board, the respective service agreement ends upon expiration of a notice period pursuant to section 622 (2) of the German Civil Code (BGB). This notice period is extended to a maximum of 24 months to the end of the month (at most until the contract’s regular termination date) if the respective Executive Board member is blamelessly dismissed by the Annual General Meeting due to their incapacity to conduct business properly or due to a vote of no confidence, or if they resign prematurely, unilaterally and effectively from their position on the Executive Board for good cause. During the notice period, the members of the Executive Board receive their base remuneration. The claims to STI and LTI are based on the rules on leaving the Executive Board prematurely described above.

### Change of control

There is no right of special termination in the event of a change of control or any commitment to make payments based on the premature termination of Executive Board membership as a result of a change of control.

## Compensation granted and owed

### Presentation of compensation granted and owed in accordance with section 162 AktG

The granted compensation disclosed for the Executive Board members in office during the reporting period is the compensation for the fiscal year for which the underlying work (one or more years) has been completed in full in the reporting period. The amount shown is therefore independent of whether the compensation has already been paid during the fiscal year. For the variable compensation (STI and LTI) this means that depending on the plan's vesting schedule, the amount shown is either that which results from the target achievement of performance periods ending in the reporting year or the fair value at the time the entitlement is vested in full.

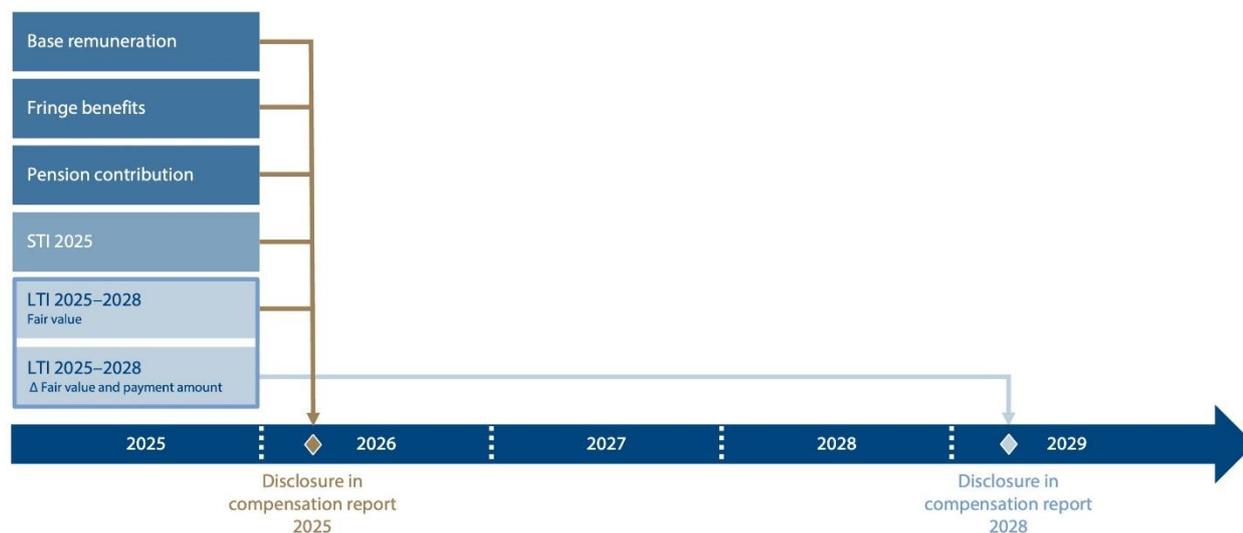
Base remuneration, pension contributions and fringe benefits also relate to the work done in the respective fiscal

year, regardless of whether they were paid during the fiscal year. The diagram in **Fig. 4** shows the presentation of compensation granted and owed in the 2025 fiscal year.

The LTI 2025–2028 was fully vested in the 2025 fiscal year in accordance with the agreement. The presentation therefore shows the fair value, which is obtained by multiplying the number of provisionally awarded virtual shares (performance share units) by the fair value as of December 31, 2025. The LTI 2025–2028 was not paid out, nor was or is there any entitlement to a payment before the end of the performance period at fiscal year-end 2028. A complete loss of all entitlement is also still possible.

Similarly, the LTI 2024–2027 was fully vested in 2024 in accordance with the agreement. The fair value as of December 31, 2024, calculated as for the LTI 2025–2028, is therefore shown as the previous year's figure.

**FIG. 4 PRESENTATION OF 2025 COMPENSATION ELEMENTS AS COMPENSATION GRANTED AND OWED**



### Active Executive Board members

The following [Table → 4.10](#) shows the individual compensation granted and owed, on a cash flow basis, in accordance with section 162 (1) sentence 2 number 1 AktG for

the Executive Board members active in the 2025 fiscal year, along with the corresponding figures for 2024 (where available).

#### 4.10 COMPENSATION GRANTED AND OWED TO EXECUTIVE BOARD MEMBERS

	Marc Llistosella Chief Executive Officer (CEO) (since January 1, 2023)			Frank Markus Weber Chief Financial Officer (CFO) (since July 1, 2020)			Dr. Claudia Mayfeld Chief Human Resources & Integrity Officer (CHRO) (since May 1, 2021)		
in € thousand	2025	In %	2024	2025	In %	2024	2025	In %	2024
Base remuneration	1,000	18	1,000	900	24	900	900	27	900
Fringe benefits	28	1	28	27	1	27	33	1	33
Pension contribution	300	5	300	300	8	300	300	9	267
One-year variable compensation (STI)									
STI 2025	1,988	36	–	1,147	31	–	917	28	–
STI 2024	–	–	2,314	–	–	1,335	–	–	1,068
Multi-year variable compensation (LTI) <sup>1)</sup>									
LTI 2025–2028	2,164	39	–	1,298	35	–	1,154	35	–
LTI 2024–2027	–	–	1,961	–	–	1,177	–	–	1,046
LTI 2023–2026	–	–	–	–	–	–	–	–	–
LTI 2022–2025 <sup>2)</sup>	–	–	–	34	1	–	31	1	–
LTI 2021–2024 <sup>2)</sup>	–	–	–	–	–	-292	–	–	-194
<b>Total compensation pursuant to section 162 AktG</b>	<b>5,479</b>	<b>100</b>	<b>5,603</b>	<b>3,706</b>	<b>100</b>	<b>3,447</b>	<b>3,335</b>	<b>100</b>	<b>3,120</b>

	Bernd Spies Commercial Vehicle Systems division (since March 12, 2022)			Dr. Nicolas Lange Rail Vehicle Systems division (since October 1, 2023)		
in € thousand	2025	In %	2024	2025	In %	2024
Base remuneration	900	28	900	900	27	833
Fringe benefits	28	1	28	35	1	35
Pension contribution	300	9	300	300	9	300
One-year variable compensation (STI)						
STI 2025	766	24	–	983	29	–
STI 2024	–	–	858	–	–	1,098
Multi-year variable compensation (LTI) <sup>1)</sup>						
LTI 2025–2028	1,154	36	–	1,154	34	–
LTI 2024–2027	–	–	1,046	–	–	1,046
LTI 2023–2026	–	–	–	–	–	–
LTI 2022–2025 <sup>2)</sup>	25	1	–	–	–	–
LTI 2021–2024 <sup>2)</sup>	–	–	–	–	–	–
<b>Total compensation pursuant to section 162 AktG</b>	<b>3,172</b>	<b>100</b>	<b>3,132</b>	<b>3,372</b>	<b>100</b>	<b>3,312</b>

1) The LTI 2024–2027 and LTI 2025–2028 were fully vested at the close of the respective award year and are shown at fair value as of the end of the respective award year.

2) Difference between the fair value originally shown in the 2021 and 2022 compensation reports and the actual amount paid for the 2021–2024 and 2022–2025 performance periods.

### Former Executive Board members

The following [Table → 4.11](#) shows the compensation individually granted and owed pursuant to section 162 (1)

sentence 2 number 1 AktG under commitments to former members of the Executive Board.

#### 4.11 COMPENSATION GRANTED AND OWED TO FORMER EXECUTIVE BOARD MEMBERS

in € thousand	Dr. Jürgen Wilder (until Sept. 30, 2023)		Dr. Jan Mrosik (until April 30, 2022)		Klaus Deller (until April 30, 2019)	
	2025	In %	2025	In %	2025	In %
Multi-year variable compensation (LTI)	342	100	214	100	-	-
Retirement pension	-	-	-	-	195	100
<b>Total compensation pursuant to section 162 AktG</b>	<b>342</b>	<b>100</b>	<b>214</b>	<b>100</b>	<b>195</b>	<b>100</b>

in € thousand	Dr. Dieter Wilhelm (until June 30, 2016)		Executive Board members who left prior to December 31, 2015	
	2025	In %	2025	In %
Multi-year variable compensation (LTI)	-	-	-	-
Retirement pension	262	100	295	100
<b>Total compensation pursuant to section 162 AktG</b>	<b>262</b>	<b>100</b>	<b>295</b>	<b>100</b>

## Supervisory Board compensation

### Description of the compensation system

The compensation system for members of the Knorr-Bremse AG Supervisory Board ([Fig. 5](#)) was revised with effect from fiscal year 2022 and approved at the Annual General Meeting on May 24, 2022 with 97.00% of the validly cast votes. It provides solely for fixed compensation in line with recommendation G.18 GCGC.

The Supervisory Board remuneration is intended to help attract suitable candidates for the office of Supervisory Board member. It is intended to ensure that the Supervisory Board as a whole is able to competently fulfill its duties to supervise and advise the Executive Board professionally and competently and thus to promote Knorr-Bremse AG's business strategy and long-term development.

The annual remuneration is payable after the end of the general meeting that receives the annual financial statements for the past fiscal year or decides on their approval, in the present case for fiscal 2025 after the Annual General Meeting on April 30, 2026. Supervisory Board members

who have not belonged to the Supervisory Board or a committee for a full fiscal year or have not held the role of chair or deputy chair for a full fiscal year receive the corresponding remuneration pro rata temporis, rounding up to a full month.

In addition, the Supervisory Board members receive an attendance fee of € 1 thousand each time they attend a meeting of the Supervisory Board, the Executive Committee, the Strategy Committee or the Audit Committee. Attendance at a meeting includes attendance by telephone, video conference or using similar common means of communication. If several meetings are held on the same day the attendance fee is paid once only.

In accordance with Article 18 (6) of the company's Articles of Association, the company reimburses the Supervisory Board members for reasonable expenditure incurred as part of fulfillment of their roles. Value-added tax is reimbursed by the company where Supervisory Board members are entitled to invoice the company separately for value-added tax and choose to exercise this right. Supervisory Board members are included in the company's D&O insurance policy without a deductible.

There are no pension commitments to members of the Supervisory Board, with the exception of pension commitments associated with employee activities.

FIG. 5 SUPERVISORY BOARD COMPENSATION

Compensation element	Supervisory Board Compensation		
	Chairman	Deputy Chairman	Member
Base remuneration	€ 300,000	€ 150,000	€ 100,000
Committee compensation	Audit Committee: € 120,000 Strategy Committee: € 120,000 Executive Committee: € 90,000	Audit Committee: € 40,000 Strategy Committee: € 40,000 Executive Committee: € 30,000	
Attendance fee	€ 1,000 per meeting <sup>1)</sup>		

1) Attendance at a meeting includes attendance by telephone, video conference or using similar common means of communication. If several meetings are held on the same day the attendance fee is paid once only. The annual attendance fee is capped at 9.9% of the total compensation for the Supervisory Board member in the respective year.

## Compensation granted and owed

The following [Table → 4.12](#) shows the committee memberships and attendance of the individual Supervisory Board members in fiscal 2025 on which their overall compensation is based. Here too, the compensation shown for the reporting year is that for which the underlying work has been completed in full in the reporting year. The amount shown is therefore independent of whether the compensation has already been paid during the fiscal year.

On the basis of the compensation system described above and the individual committee memberships and attendance, the following [Table → 4.13](#) shows the compensation granted and owed for fiscal year 2025. This is payable after the 2026 Annual General Meeting. Supervisory Board members did not receive any loans from the company in either fiscal year 2024 or fiscal year 2025.

## 4.12 MEMBERSHIP OF SUPERVISORY BOARD COMMITTEES AND ATTENDANCE AT MEETINGS

	Executive Committee (attendance/all meetings) <sup>3)</sup>	Audit Committee (attendance/all meetings) <sup>3)</sup>	Strategy Committee (attendance/all meetings) <sup>3)</sup>	Nomination Committee (attendance/all meetings) <sup>3)</sup>
Dr. Reinhard Ploss (Chairman of the Supervisory Board)	4/4 (C)	7/7 (M)	3/3 (M)	2/2 (C)
Franz-Josef Birkeneder <sup>1)</sup> (Deputy Chairman of the Supervisory Board)	4/4 (M)	7/7 (M)	3/3 (M)	
Stephan Sturm <sup>2)</sup> (Deputy Chairman of the Supervisory Board) (since April 30, 2025)	2/2 (M)			
Dr. Theodor Weimer (Deputy Chairman of the Supervisory Board) (until April 30, 2025)	1/1 (M)			
Kathrin Dahnke		7/7 (C)		2/2 (M)
Manuela Deseive <sup>1)</sup>				
Thomas Mittmann <sup>1)</sup>				
Dr. Sigrid Evelyn Nikutta			3/3 (M)	
Wolfgang Nirschl <sup>1)</sup>		6/7 (M)		
Werner Ratzisberger <sup>1)</sup>	4/4 (M)		3/3 (M)	
Annemarie Sedlmair <sup>1)</sup>				
Dr. Stefan Sommer			2/3 (C)	
Julia Thiele-Schürhoff			3/3 (M)	2/2 (M)
Sylvia Walter <sup>1)</sup>				

M = member; C = chair

1) Elected by the employees.

2) Mr. Sturm has acted as Deputy Chairman of the Supervisory Board since July 31, 2025.

3) Number of meetings held during the term of the respective Supervisory Board or committee member.

## 4.13 COMPENSATION GRANTED AND OWED

in € thousand	2025							2024						
	Base remuneration	In %	Committee compensation	In %	Attendance fee <sup>1)</sup>	In %	Total compensation	Base remuneration	In %	Committee compensation	In %	Attendance fee <sup>1)</sup>	In %	Total compensation
Dr. Reinhard Ploss (Chairman of the Supervisory Board)	300	62	170	35	16	3	486	300	62	170	35	17	3	487
Franz-Josef Birkeneder <sup>2)</sup> (Deputy Chairman of the Supervisory Board)	150	54	110	40	16	6	276	150	55	110	40	15	5	275
Stephan Sturm <sup>3)</sup> (Deputy Chairman of the Supervisory Board) (since April 30, 2025)	87	83	13	12	6	6	106	-	-	-	-	-	-	-
Dr. Theodor Weimer (Deputy Chairman of the Supervisory Board) (until April 30, 2025)	50	79	10	16	3	5	63	150	81	30	16	6	3	186
Kathrin Dahnke	100	43	120	51	15	6	235	100	43	120	51	14	6	234
Manuela Deseive <sup>2)4)</sup> (from January 1, 2025)	100	93	-	-	8	7	108	-	-	-	-	-	-	-
Thomas Mittmann <sup>2)</sup> (since July 1, 2024)	100	93	-	-	8	7	108	50	94	-	-	3	6	53
Dr. Sigrid Evelyn Nikutta	100	66	40	26	11	7	151	100	68	40	27	8	5	148
Wolfgang Nirschl <sup>2)</sup>	100	65	40	26	14	9	154	100	78	20	16	9	7	129
Werner Ratzisberger <sup>2)</sup>	100	55	70	39	11	6	181	100	60	55	33	11	7	166
Annemarie Sedlmair <sup>2)</sup> <sup>4)</sup>	100	93	-	-	8	7	108	100	94	-	-	6	6	106
Dr. Stefan Sommer	100	44	120	52	9	4	229	100	43	120	52	10	4	230
Julia Thiele-Schürhoff	100	66	40	26	11	7	151	100	67	40	27	10	7	150

1) The annual attendance fee is capped at 9.9% of the total compensation for the Supervisory Board member in the respective year.

2) Elected by the employees.

3) Mr. Sturm has acted as Deputy Chairman of the Supervisory Board since July 31, 2025.

4) In addition, Ms. Sedlmair received Supervisory Board compensation of € 25 thousand each in the 2024 and 2025 fiscal years from a subsidiary of Knorr-Bremse AG. In the 2025 fiscal year, Ms. Deseive received Supervisory Board remuneration of € 15 thousand from a subsidiary of Knorr-Bremse AG.

## Multi-year overview

The following overview [Table → 4.14](#) shows, in accordance with section 162 (1) sentence 2 no. 2 AktG, the relative change in the compensation of Executive Board and Supervisory Board members compared with the average compensation of employees and with selected earnings indicators for Knorr-Bremse AG and Knorr-Bremse Group.

The compensation shown for Executive Board members and Supervisory Board members represents the compensation granted and owed in accordance with section 162 (1) sentence 2 no. 1 AktG for the fiscal year in which the underlying work (one or more years) was completed in full. By contrast, the average compensation shown for employees represents the amount they received in the reporting year.

The key figures for which Knorr-Bremse AG issued guidance in the past fiscal year and the key figures that form the basis of the short and long-term remuneration of the Executive Board, specifically revenues, EBIT, free cash flow, ROCE and earnings per share (EPS) as well as the HGB-format annual financial statements of Knorr-Bremse AG, are used to present the results of operations.

The Knorr-Bremse Group's total workforce in Germany (excluding trainees, working students and interns) is applied for the presentation of the average total compensation of employees on a full-time equivalent basis. The total compensation comprises all fixed and variable compensation components that were paid in the reporting period.

4.14 MULTI-YEAR COMPARISON<sup>1)</sup>

	2025	Change	Change	Change	Change
	in € thousand	In %	2024/2023 In %	2023/2022 In %	2022/2021 In %
<b>Executive Board members</b>					
Marc Llistosella	5,479	-2	8	-	-
Frank Markus Weber	3,706	8	2	41	-11
Dr. Claudia Mayfeld	3,335	7	1	60	24
Bernd Spies	3,172	1	-1	100	-
Dr. Nicolas Lange	3,372	2	328	-	-
<b>Former Executive Board members</b>					
Dr. Jürgen Wilder	342	-49	-86	137	-32
Dr. Jan Michael Mrosik	214	-	-	-100	32
Klaus Deller	195	-	-	-100	-
Dr. Dieter Wilhelm	262	0	0	14	0
Members who left prior to December 31, 2015	295	2	11	-13	1
<b>Supervisory Board members</b>					
Dr. Reinhard Ploss	486	0	0	50	-
Franz-Josef Birkeneder <sup>2)</sup>	276	0	-1	-3	52
Stephan Sturm <sup>3)</sup>	106	-	-	-	-
Dr. Theodor Weimer <sup>3)</sup>	63	-66	-2	-3	55
Kathrin Dahnke	235	0	1	-3	70
Manuela Deseive <sup>2)3)</sup>	108	-	-	-	-
Thomas Mittmann <sup>2)</sup>	108	104	-	-	-
Dr. Sigrid Evelyn Nikutta	151	2	9	91	-
Wolfgang Nirschl <sup>2)</sup>	154	19	139	-	-
Werner Ratzisberger <sup>2)</sup>	181	9	10	-2	54
Annemarie Sedlmair <sup>2)</sup>	108	2	0	-3	36
Dr. Stefan Sommer	229	0	0	-1	75
Julia Thiele-Schürhoff	151	1	1	6	75
<b>Earnings indicators</b>					
<i>Knorr-Bremse Group</i>					
Revenues (in € million)	7,817	-1	-1	11	7
EBIT (in € million)	903	-1	5	21	-21
Operating EBIT margin (%)	13.0	6	9	2	-18
Free cash flow (in € million)	790	8	32	152	-63
ROCE (%)	19.4	7	-7	16	-32
Earnings per share – undiluted (in €)	3.31	20	-19	13	-21
<i>Knorr-Bremse AG</i>					
Net income pursuant to HGB (in € million)	577	69	-39	298	-58
<b>Workforce remuneration (per employee)</b>					
Workforce of the Knorr-Bremse Group in Germany	99	6	6	2	2

1) The compensation shown for Executive Board members and Supervisory Board members represents the compensation granted and owed in accordance with section 162 (1) sentence 2 no. 1 AktG for the fiscal year in which the underlying work was completed in full. By contrast, the average compensation shown for employees represents the amount they received in the reporting year.

2) Elected by the employees.

3) Dr. Theodor Weimer was a member of the Supervisory Board until April 30, 2025.

Stephan Sturm has been a member of the Supervisory Board since April 30, 2025 and the Deputy Chairman since July 31, 2025.

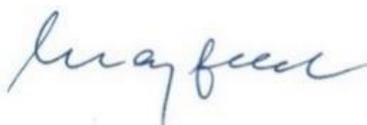
Manuela Deseive has been a member of the Supervisory Board since January 1, 2025.

This compensation report was jointly prepared by the Executive Board and the Supervisory Board. The Executive Board and Supervisory Board each passed resolutions to approve this compensation report on March 19, 2026.

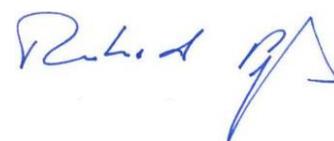
Munich, March 19, 2026



**MARC LLISTOSELLA**  
Chief Executive Officer (CEO)  
of Knorr-Bremse AG



**DR. CLAUDIA MAYFELD**  
Chief Human Resources & Integrity Officer  
of Knorr-Bremse AG



**DR. REINHARD PLOSS**  
Chairman of the Supervisory Board  
of Knorr-Bremse AG

## Report on the audit of the compensation report

We have audited the attached compensation report of Knorr-Bremse Aktiengesellschaft, Munich, for the fiscal year from January 1 to December 31, 2025, including the related disclosures, prepared to meet the requirements of section 162 AktG [Aktiengesetz: German Stock Corporation Act].

### Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of Knorr-Bremse Aktiengesellschaft are responsible for the preparation of the compensation report, including the related disclosures, in accordance with the requirements of section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express an opinion on this compensation report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts, including the related disclosures, in the compensation report. The procedures selected depend on the auditor's professional judgment. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the compensation report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the compensation report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the compensation report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the compensation report for the fiscal year from January 1 to December 31, 2025, including the related disclosures, complies in all material respects with the financial reporting requirements of section 162 AktG.

### Other matter – formal examination of the compensation report

The substantive audit of the compensation report described in this independent auditor's report includes the formal examination of the compensation report required by section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the compensation report, this opinion includes the conclusion that the disclosures pursuant to section 162 (1) and (2) AktG have been made, in all material respects, in the compensation report.

## Limitation of liability

The terms governing this engagement, which we fulfilled by rendering the aforesaid services to Knorr-Bremse Aktiengesellschaft, are set out in the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as amended on January 1, 2024. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of € 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Munich, March 19, 2026

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Huber-Straßer  
Wirtschaftsprüferin

Mokler  
Wirtschaftsprüfer

## Financial Calendar\*

April 30, 2026	Annual Shareholder's Meeting
May 7, 2026	Q1/Interim Statement 3 months 2026
July 30, 2026	Q2/Half Year Report 2026
October 29, 2026	Q3/Interim Statement 9 months 2026

\* The latest information on the dates can be found on our website [www.knorr-bremse.com](http://www.knorr-bremse.com).

## Imprint

Please feel free to contact us for further information.

### Publisher

Knorr-Bremse AG  
Moosacher Str. 80, 80809 Munich, Germany  
[corporate.communications@knorr-bremse.com](mailto:corporate.communications@knorr-bremse.com)  
[www.knorr-bremse.com](http://www.knorr-bremse.com)

### Contact Person

Alexander Stechert-Mayerhöfer, Knorr-Bremse AG,  
Munich

### Concept and Design

3st kommunikation GmbH, Mainz

### Photo Credits

Andreas Pohlmann, Munich  
Constantin Mirbach, Munich  
Knorr-Bremse AG, Munich  
3st Kommunikation / Midjourney  
Dani Lugo / Shutterstock.com  
General photographer / Shutterstock.com

Notice: The image motifs used on the cover and on pages 4–5, 30–31, 162–163 and 254–255 are AI-generated.

### Further information on the annual report

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. The Annual Report of Knorr-Bremse Group was published on March 19, 2026 in German and English. The German version is legally binding.

