Solid performance continued

Financial Statement Release 2022

Q4

Solid performance continued

The figures presented in this report are unaudited. Figures in brackets, unless otherwise stated, refer to the same period a year earlier.

Since the beginning of June, Service and Industrial Equipment have been focused under the same leadership. Following this change, Konecranes has two Business Areas: Industrial Service and Equipment, and Port Solutions. Konecranes continues to report three segments: Service, Industrial Equipment, and Port Solutions, and the segment figures are comparable with historical figures.

FOURTH QUARTER HIGHLIGHTS

- Order intake EUR 879.1 million (892.3), -1.5 percent (-4.5 percent on a comparable currency basis), order intake decreased in Service but increased in Industrial Equipment and Port Solutions
- Service annual agreement base value EUR 306.9 million (290.4), +5.7 percent (+3.4 percent on a comparable currency basis)
- Service order intake EUR 283.2 million (307.7), -7.9 percent (-13.7 percent on a comparable currency basis)
- Order book EUR 2,901.7 million (2,036.8) at the end of December, +42.5 percent (+41.1 percent on a comparable currency basis)
- Sales EUR 1,020.9 million (948.9), +7.6 percent (+4.4 percent on a comparable currency basis), sales increased in Service and Industrial Equipment but decreased in Port Solutions
- Adjusted EBITA margin 11.6 percent (11.9) and adjusted EBITA EUR 118.2 million (113.2); the decrease in the adjusted EBITA margin was mainly attributable to lower underlying sales volumes
- Operating profit EUR 103.0 million (86.0), 10.1 percent of sales (9.1), adjustments totaled EUR 8.2 million (19.0), mainly comprising of restructuring costs
- Earnings per share (diluted) EUR 0.91 (0.86)
- Free cash flow EUR 90.8 million (65.7)

FINANCIAL GUIDANCE

Konecranes expects net sales to increase in full-year 2023 compared to 2022. Konecranes expects the full-year 2023 adjusted EBITA margin to improve from 2022.

FULL YEAR 2022 HIGHLIGHTS

- Order intake EUR 3,928.9 million (3,175.5), +23.7 percent (+19.2 percent on a comparable currency basis)
- Service order intake EUR 1,161.9 million (1,078.3), +7.8 percent (+1.5 percent on a comparable currency basis)
- Sales EUR 3,364.8 million (3,185.7), +5.6 percent (+1.8 percent on a comparable currency basis)
- Adjusted EBITA margin 9.5 percent (9.8) and adjusted EBITA EUR 318.4 million (312.2); the adjusted EBITA margin increased in Service but decreased in Industrial Equipment and Port Solutions
- Operating profit EUR 223.2 million (220.0), 6.6 percent of sales (6.9), adjustments totaled EUR 63.5 million (59.1), mainly comprising of costs related to the impacts of the war in Ukraine, merger related costs, and restructuring costs
- Earnings per share (diluted) EUR 1.77 (1.85)
- Free cash flow EUR 24.6 million (137.7)
- Net debt EUR 688.3 million (541.6) and gearing 48.0 percent (39.8)
- The Board of Directors proposes a dividend of EUR 1.25 (1.25) per share for 2022

FIRST QUARTER DEMAND OUTLOOK

The worldwide demand picture remains subject to volatility and uncertainty.

Despite the weakened global macro indicators, our overall demand environment within industrial customer segments has remained good and continues on a healthy level. That said, we have started to see some signs of weakening in all three regions.

Global container throughput continues high, and long-term prospects related to global container handling remain good overall.

Key figures

	Fourth quarter			January–December		
	10–12/2022	10–12/2021	Change %	1–12/2022	1–12/2021	Change %
Orders received, MEUR	879.1	892.3	-1.5	3,928.9	3,175.5	23.7
Order book at end of period, MEUR				2,901.7	2,036.8	42.5
Sales total, MEUR	1,020.9	948.9	7.6	3,364.8	3,185.7	5.6
Adjusted EBITDA, MEUR [1)]	140.2	134.8	4.0	406.1	398.9	1.8
Adjusted EBITDA, % [1)]	13.7%	14.2%		12.1%	12.5%	
Adjusted EBITA, MEUR [2)]	118.2	113.2	4.4	318.4	312.2	2.0
Adjusted EBITA, % [2)]	11.6%	11.9%		9.5%	9.8%	
Adjusted operating profit, MEUR [1)]	111.2	105.0	5.9	286.6	279.1	2.7
Adjusted operating margin, % [1)]	10.9%	11.1%		8.5%	8.8%	
Operating profit, MEUR	103.0	86.0	19.8	223.2	220.0	1.4
Operating margin, %	10.1%	9.1%		6.6%	6.9%	
Profit before taxes, MEUR	99.1	81.6	21.4	190.7	192.5	-0.9
Net profit for the period, MEUR	72.5	69.2	4.8	138.5	147.4	-6.0
Earnings per share, basic, EUR	0.91	0.87	4.6	1.77	1.86	-4.5
Earnings per share, diluted, EUR	0.91	0.86	5.4	1.77	1.85	-4.3
Gearing, %				48.0%	39.8%	
Net debt/Adjusted EBITDA [1)]				1.7	1.4	
Return on capital employed, %				9.0%	9.3%	
Adjusted return on capital employed, % [3)]				13.4%	13.4%	
Free cash flow, MEUR	90.8	65.7		24.6	137.7	
Average number of personnel during the period				16,563	16,625	-0.4

[1)] Excluding adjustments, see also note 11 in the summary financial statements
[2)] Excluding adjustments and purchase price allocation amortization, see also note 11 in the summary financial statements
[3)] ROCE excluding adjustments, see also note 11 in the summary financial statements

CEO Anders Svensson:

2022 was a year like no other, without question. In addition to the terrible war in Ukraine, we faced accelerated inflation, continued global supply chain constraints and increased market uncertainty – all this while still dealing with COVID-19 pandemic. Despite the many challenges, Konecranes ended 2022 with a solid performance. Order intake remained good, and delivery capability continued to improve. Our quarterly and full-year adjusted EBITA margins did not reach last year's levels, but Konecranes has demonstrated its ability to navigate in the most challenging of environments, and I am proud of the hard work and dedication of our whole team.

While market uncertainty continued in the fourth quarter and macro-economic indicators are signaling weakening market conditions, our overall demand sentiment remained solid. The 4.5% year-on-year decrease in Group order intake in comparable currencies was mainly due to Business Segment Service's tough comparison period, which included a large modernization order. Short-cycle orders remained on a healthy level and sequentially grew slightly, indicating that our customers continued to place orders despite the uncertainty.

In Q4, our sales execution improved again compared to the previous quarters. Quarterly sales exceeded €1 billion and grew 4.4% in comparable currencies from the previous year. That said, we continued to face component availability challenges and other supply chain constraints, and COVID-19 hampered our performance in APAC. At the year-end, our orderbook was 41.1% higher than a year ago on a comparable currency basis, reflecting both the strong order intake during the year as well as delivery challenges.

Despite the sales growth, profitability declined slightly in Q4. Our 11.6% adjusted EBITA margin was slightly behind last year's record level. The decrease was mainly driven by lower underlying sales volumes, particularly in Port Solutions.

Turning to our Business Segments, Service's order intake declined 13.7% year-on-year in comparable currencies. Excluding the comparison period's large modernization order, Service order intake grew year-on-year. Sales increased 7.7% year-on-year in comparable currencies mainly thanks to pricing, leading to slightly improved profitability and an adjusted EBITA margin of 21.1%. The agreement base value also continued to grow and was 3.4% higher in comparable currencies at the end of Q4 versus a year ago.

Industrial Equipment's external order intake grew 2.9% year-on-year in comparable currencies. Although customer delays and supply chain constraints continued to impact sales execution, external sales increased 9.2% in comparable currencies. The adjusted EBITA margin declined slightly year-on-year to 6.0%, mainly due to inflation. However, the year-on-year profitability gap continued to narrow from the previous quarters, reflecting the positive impact of the price increases implemented earlier last year. We expect the positive pricing impact to continue in 2023.

In Port Solutions, the market environment continued to be favorable. Order intake totaled €356 million and included a large automation order. Sales decreased as expected, down 2.6% year-on-year in comparable currencies mainly due to orderbook timing. At the same time, project execution had a negative impact on the adjusted EBITA margin, which declined to 6.5%. Following the strong 2022 market sentiment and order intake, Port Solutions ended the year with a record-high orderbook of €1.6 billion.

Looking into 2023, we expect the market volatility and uncertainty to continue. Although our demand environment has remained solid so far, we have started to see some signs of slowing down within our industrial customer segments also outside of Europe. We have updated our Q1 demand outlook to reflect the current market sentiment.

We have also given financial guidance for the year that has started. We expect our net sales to increase in full-year 2023 compared to 2022 and our full-year adjusted EBITA margin to improve from 2022. Although our delivery capability has improved, material availability challenges and supply chain constraints are not over, and we expect them to continue to impact our performance this year. At the same time, our high orderbook and the pricing actions we took last year provide a solid foundation for the new year and give us confidence amidst the market uncertainty.

Finally, I am proud and excited to lead Konecranes as its new President and CEO. At the time of my appointment, I referred to Konecranes as a global industry leader with strong heritage, unique offering and footprint, and great people. My first months at the company have only confirmed my initial impressions. Konecranes has many good qualities to build on, and we have much to achieve. That said, a lot of work lies ahead of us. Together with the Konecranes Leadership Team, I look forward to hosting our Capital Markets Day in Helsinki on May 10, 2023, to share what's next for our company.

Konecranes Plc's financial statement release 2022

Note: The figures presented in this report are unaudited. Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

Since the beginning of June, Service and Industrial Equipment have been focused under the same leadership. Following this change, Konecranes has two Business Areas: Industrial Service and Equipment, and Port Solutions. Konecranes continues to report three segments: Service, Industrial Equipment, and Port Solutions, and the segment figures are comparable with historical figures.

MARKET REVIEW

In 2022, the global manufacturing sector was negatively impacted by high inflation, economic uncertainty and supply chain constraints. In addition, the war in Ukraine increased energy costs and market volatility particularly in Europe.

The world's manufacturing sector's operating conditions, according to the global manufacturing Purchasing Managers' Index (PMI), were in contraction at the end of the fourth quarter of 2022. Before turning to deterioration below the neutral 50 mark in September, the PMI had been in expansion territory for more than two years. December's PMI of 48.6 was the lowest reading since mid-2020, and excluding the lows seen in the beginning of the COVID-19 pandemic, it was the lowest level since the first half of 2009.

In the eurozone, December's manufacturing PMI was in deterioration with a reading of 47.8. It was the sixth successive month in contraction although the PMI slightly improved from November. In the US, December's manufacturing PMI was in contraction with a reading of 46.2. The PMI fell below the neutral 50 mark in November and December's level was among the lowest readings since 2009. In the emerging markets, December's manufacturing PMI was in expansion territory in India while in Brazil and China, the PMI was in deterioration.

The manufacturing industry capacity utilization rate in the European Union decreased in the fourth quarter. The capacity utilization rate was at a lower level on a year-on-year basis, it dropped back to approximately the same readings registered prior to the start of the COVID-19 pandemic. The manufacturing industry capacity utilization rate in the US decreased in December. The capacity utilization rate was at a lower level on a year-on-year basis, it returned below the recent highs recorded earlier during 2022.

Global container throughput, according to the RWI/ISL Container Throughput Index, began 2022 at a relatively strong level compared to the historical readings. At the end of 2022, the global container throughput was approximately on the same level as the year before, although there was some fluctuation during the year.

Regarding raw material prices, at the end of the fourth quarter both steel and copper prices were below the previous year's levels. The average EUR/USD exchange rate was approximately 11 percent lower compared to the year-ago period.

ORDERS RECEIVED

In the fourth quarter, orders received totaled EUR 879.1 million (892.3), representing a decrease of 1.5 percent. On a comparable currency basis, order intake decreased 4.5 percent. Orders received decreased in the Americas and APAC but remained approximately the same in EMEA.

In Service, orders received decreased 7.9 percent on a reported basis and 13.7 percent on a comparable currency basis. In Industrial Equipment, order intake increased 11.6 percent on a reported basis and 7.8 percent on a comparable currency basis. External orders received in Industrial Equipment increased 6.7 percent on a reported basis and 2.9 percent on a comparable currency basis. In Port Solutions, order intake increased 0.2 percent on a reported basis and 0.4 percent on a comparable currency basis.

In full year 2022, orders received totaled EUR 3,928.9 million (3,175.5), representing an increase of 23.7 percent. On a comparable currency basis, order intake increased 19.2 percent. Orders received increased in the Americas, EMEA and APAC.

In Service, order intake increased 7.8 percent on a reported basis and 1.5 percent on a comparable currency basis. In Industrial Equipment, orders received increased 18.5 percent on a reported basis and 13.3 percent on a comparable currency basis. External orders received in Industrial Equipment increased 15.3 percent on a reported basis and 9.9 percent on a comparable currency basis. In Port Solutions, order intake increased 47.3 percent on a reported basis and 46.8 percent on a comparable currency basis.

ORDER BOOK

At the end of December, the value of the order book totaled EUR 2,901.7 million (2,036.8), which was 42.5 percent higher compared to previous year. On a comparable currency basis, the order book increased 41.1 percent. The order book increased 29.7 percent in Service, 20.8 percent in Industrial Equipment and 62.6 percent in Port Solutions.

SALES

In the fourth quarter, Group sales increased 7.6 percent to EUR 1,020.9 million (948.9). On a comparable currency basis, sales increased 4.4 percent. Sales increased 13.2 percent in Service and 13.5 percent in Industrial Equipment but decreased 2.8 percent in Port Solutions. Industrial Equipment's external sales increased 13.9 percent.

ORDERS RECEIVED AND NET SALES

	10–12/ 2022	10–12/ 2021	Change percent	Change % at comparable currency rates	1–12/ 2022	1–12/ 2021	Change percent	Change % at comparable currency rates
Orders received, MEUR	879.1	892.3	-1.5	-4.5	3,928.9	3,175.5	23.7	19.2
Net sales, MEUR	1,020.9	948.9	7.6	4.4	3,364.8	3,185.7	5.6	1.8

In full year 2022, Group sales totaled EUR 3,364.8 million (3,185.7), representing an increase of 5.6 percent. On a comparable currency basis, sales increased 1.8 percent. Sales increased 11.5 percent in Service and 10.7 percent in Industrial Equipment but decreased 5.4 percent in Port Solutions. Industrial Equipment's external sales increased 11.3 percent.

At the end of December, the regional breakdown of sales, calculated on a rolling 12-month basis, was as follows: EMEA 51 (52), Americas 36 (33) and APAC 13 (16) percent.

FINANCIAL RESULT

In the fourth quarter, the Group adjusted EBITA increased to EUR 118.2 million (113.2). The adjusted EBITA margin decreased to 11.6 percent (11.9). The adjusted EBITA margin was 21.1 percent (21.0) in Service, 6.0 percent (6.2) in Industrial Equipment and 6.5 percent (8.5) in Port Solutions. The decrease in the Group adjusted EBITA margin was mainly attributable to lower underlying sales volumes. Gross margin decreased on a year-on-year basis.

In full year 2022, the Group adjusted EBITA increased to EUR 318.4 million (312.2). The adjusted EBITA margin decreased to 9.5 percent (9.8). The adjusted EBITA margin increased in Service to 18.6 percent (18.5) but decreased in Industrial Equipment to 2.7 percent (3.5) and in Port Solutions to 6.3 percent (7.4). The decrease in the Group adjusted EBITA margin was mainly attributable to lower underlying sales volumes and cost inflation primarily in Industrial Equipment.

In full year 2022, the consolidated adjusted operating profit increased to EUR 286.6 million (279.1). The adjusted operating margin decreased to 8.5 percent (8.8).

In full year 2022, the consolidated operating profit totaled EUR 223.2 million (220.0). The operating profit includes adjustments of EUR 63.5 million (59.1), which mainly comprised of costs related to the impacts of the war in Ukraine, merger related costs, and restructuring costs. Year-on-year, the operating margin increased in Service to 17.3 percent (17.0) and decreased in Industrial Equipment to -0.9 percent (1.7) and in Port Solutions to 3.8 percent (7.0).

In full year 2022, depreciation and impairments totaled EUR 124.4 million (120.1). The impact arising from the purchase price allocation amortizations and goodwill impairments represented EUR 31.8 million (33.2) of the depreciation and impairments. In Q3 2022, EUR 3.9 million of goodwill in the Agilon business was impaired.

In full year 2022, the share of the result in associated companies and joint ventures was EUR 0.4 million (0.3).

In full year 2022, financial income and expenses totaled EUR -32.9 million (-27.8). Net interest expenses accounted for EUR 26.1 million (15.7) of the sum and the remainder was mainly attributable to other financing expenses.

In full year 2022, profit before taxes was EUR 190.7 million (192.5).

In full year 2022, income tax was EUR 52.2 million (45.1). The Group's effective tax rate was 27.4 percent (23.4).

In full year 2022, net profit was EUR 138.5 million (147.4).

In full year 2022, the basic earnings per share were EUR 1.77 (1.86) and the diluted earnings per share were EUR 1.77 (1.85).

On a rolling 12-month basis, the return on capital employed was 9.0 percent (9.3) and the return on equity 9.9 percent (11.3). The adjusted return on capital employed was 13.4 percent (13.4).

BALANCE SHEET

At the end of December, the consolidated balance sheet amounted to EUR 4,340.6 million (3,845.8). The total equity at the end of the reporting period was EUR 1,433.0 million (1,360.6). The total equity attributable to the equity holders of the parent company was EUR 1,432.9 million (1,351.4) or EUR 18.10 per share (17.08).

Net working capital totaled EUR 581.2 million (424.5). The increase in net working capital resulted mainly from an increase in inventories. Sequentially, net working capital increased by EUR 2.7 million.

CASH FLOW AND FINANCING

In full year 2022, net cash from operating activities was EUR 66.7 million (168.4). The decrease in net cash from operating activities was mainly due to change in net working capital during the period. Cash flow before financing activities was EUR 23.1 million (137.7), which included cash inflows of EUR 2.6 million (9.8) related to sale of property, plant and equipment, and EUR 0.1 million (0.0) related to divestment of Businesses. It included cash outflows of EUR 1.6 million (0.0) related to acquisition of Group companies, and EUR 44.7 million (40.5) related to capital expenditure.

At the end of December, interest-bearing net debt was EUR 688.3 million (541.6). Net debt increased mainly due to weaker operating cash flow. The equity to asset ratio was 37.9 percent (38.9) and gearing 48.0 percent (39.8).

At the end of December, cash and cash equivalents amounted to EUR 413.9 million (320.7). None of the Group's committed EUR 400 million back-up financing facility was in use at the end of the period.

In June 2022, Konecranes paid dividends, amounting to EUR 98.9 million or EUR 1.25 per share, to its shareholders.

CAPITAL EXPENDITURE

In full year 2022, capital expenditure excluding acquisitions and joint arrangements amounted to EUR 37.0 million (49.8). The amount consisted mainly of investments in machinery and equipment, buildings, office equipment and information technology.

ACQUISITIONS AND DIVESTMENTS

In full year 2022, the cash impact of capital expenditure for acquisitions and joint arrangements was EUR -1.6 million (0.0). The cash impact of divestment of Businesses was EUR 0.1 million (0.0).

In July 2022, Konecranes acquired a small crane service business of Garabi Industrial Technologies in Spain. In September 2022, Konecranes acquired the non-controlling interest of 6% of Konecranes Real Estate GmbH & Co. KG in Germany. In November 2022, Konecranes became the sole owner and provider of TBA software products by acquiring the non-controlling interest of 30.22% of Ports Software Solutions B.V. in the Netherlands.

In September 2022, Konecranes divested the small automation business Motronica in Italy from the Port Solutions segment. In September-December 2022, Konecranes divested the service business in Russia to local management who have established their own companies.

PERSONNEL

In full year 2022, the Group had an average of 16,563 employees (16,625). On December 31, the number of personnel was 16,522 (16,573). In full year 2022, the Group's personnel decreased by 51 people net.

At the end of December, the number of personnel by operating segment was as follows: Service 7,802 employees (7,890), Industrial Equipment 5,529 employees (5,516), Port Solutions 3,102 employees (3,083) and Group staff 89 employees (84).

The Group had 9,565 (9,683) employees working in EMEA, 3,131 (3,016) in the Americas and 3,826 (3,874) in APAC.

SUSTAINABILITY

Konecranes makes lifting and material flows more productive and sustainable and works for a decarbonized and circular world for its customers and society.

On February 1, 2022, Konecranes presented new climate targets in line with the Paris Agreement limiting global warming to 1.5°C. The new climate targets cover emissions in both Konecranes' own operations and its value chain and support Konecranes' efforts to cut emissions, further develop its low-carbon portfolio and mitigate climate risks. The targets have been validated by Science Based Targets initiative (SBTi).

Konecranes' Science Based 1.5°C climate targets are:

- For Scope 1 and 2 greenhouse gas (GHG) targets, Konecranes is committed to reduce its carbon emissions by 50 percent by 2030
- For scope 3, Konecranes aims to reduce absolute carbon emissions by 50 percent by 2030, encompassing the use of sold products and steel related purchases. This covers more than 70 percent of the value chain emissions.

In September 2022, Konecranes received a Gold rating from EcoVadis for its ambitious climate work for the second time. The company's actions, policies and reporting put it in the top 2% of its general-purpose machinery peers, and in the top 7% of all rated companies globally.

In December 2022, Konecranes' climate work was rewarded with an A- rating in CDP's Climate Change performance ranking. It is recognition of Konecranes' ambitious efforts to make holistic climate disclosures and climate risk and opportunities management a business norm.

In full year 2022, sales of Konecranes' "eco portfolio", consisting of fully electrified and hybrid equipment, as well as modernizations and retrofits, totaled 53 percent of Konecranes' sales (50 percent in full-year 2021). For Service, the eco portfolio represented 16 percent of sales (16 percent in full-year 2021), for Industrial Equipment 100 percent (100 percent in full-year 2021) and for Port Solutions 49 percent (42 percent in full-year 2021). The relatively low eco portfolio share of Service is due to only modernizations and retrofits being included in the eco portfolio, although all maintenance work and spare parts aim at extending product lifecycle and increased resource-efficiency. For Port Solutions, the eco portfolio share is impacted by sales mix and timing of project revenues.

Konecranes has activities that qualify as environmentally sustainable according to the EU Taxonomy Regulation. The activities are eligible according to the first published technical screening criteria for climate change mitigation. Konecranes has activities that are in the scope of Technical Screening Criteria (TSC) 3.6. Manufacture of other low carbon technologies.

These activities are, according to Article 16 of the Taxonomy Regulation, enabling substantial contribution towards climate change mitigation, which is one of the objectives defined in Article 9 of the Regulation.

More detailed information on Taxonomy eligibility and the calculation method will be available in Konecranes' 2022 Annual Report.

BUSINESS SEGMENTS

SERVICE

	10–12/ 2022	10–12/ 2021	Change percent	Change % at comparable currency rates	1–12/ 2022	1–12/ 2021	Change percent	Change % at comparable currency rates
Orders received, MEUR	283.2	307.7	-7.9	-13.7	1,161.9	1,078.3	7.8	1.5
Order book, MEUR	445.5	343.5	29.7	26.0	445.5	343.5	29.7	26.0
Agreement base value, MEUR	306.9	290.4	5.7	3.4	306.9	290.4	5.7	3.4
Net sales, MEUR	376.0	332.2	13.2	7.7	1,343.3	1,205.3	11.5	5.4
Adjusted EBITA, MEUR [1)]	79.3	69.7	13.9		249.4	222.4	12.2	
Adjusted EBITA, % [1)]	21.1%	21.0%			18.6%	18.5%		
Purchase price allocation amortization, MEUR	-3.6	-3.9	-7.1		-14.3	-15.5	-8.1	
Adjustments,MEUR	-0.8	-1.0			-2.9	-2.0		
Operating profit (EBIT), MEUR	74.9	64.8	15.6		232.3	204.9	13.4	
Operating profit (EBIT), %	19.9%	19.5%			17.3%	17.0%		
Personnel at the end of period	7,802	7,890	-1.1		7,802	7,890	-1.1	

[1)] Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.

Operational highlights in Q4 2022:

- Konecranes has successfully continued deployment of electric service vehicles in Finland, Singapore and the United States according to its Climate Roadmap. The electric vehicles play an important part in Konecranes' efforts to cut emissions and in reaching its sustainability targets. For service technicians, the electric vehicles have multiple power outlets allowing to charge tools while on the job.

In the fourth quarter, order intake in Service decreased 7.9 percent to EUR 283.2 million (307.7). On a comparable currency basis, orders received decreased 13.7 percent. The comparison period included a large nuclear modernization order in the United States. Both field service orders and parts orders increased. Order intake decreased in the Americas and remained approximately the same in EMEA and in APAC.

The order book increased 29.7 percent to EUR 445.5 million (343.5). On a comparable currency basis, the order book increased 26.0 percent.

The annual value of the agreement base increased 5.7 percent year-on-year to EUR 306.9 million (290.4). On a comparable currency basis, the annual value of the agreement base increased 3.4 percent. Sequentially, the annual value of the agreement base decreased 2.7 percent on a reported basis and increased 1.2 percent on a comparable currency basis.

Sales increased 13.2 percent to EUR 376.0 million (332.2). On a comparable currency basis, sales increased 7.7 percent. Both field service sales and parts sales increased. Sales increased in the Americas, EMEA and APAC.

The fourth-quarter adjusted EBITA was EUR 79.3 million (69.7) and the adjusted EBITA margin 21.1 percent (21.0). The increase in the adjusted EBITA margin was mainly attributable to higher sales driven by pricing. Gross margin increased on a year-on-year basis. The operating profit was EUR 74.9 million (64.8) and the operating margin 19.9 percent (19.5).

In full year 2022, orders received totaled EUR 1,161.9 million (1,078.3), corresponding to an increase of 7.8 percent. On a comparable currency basis, orders received increased 1.5 percent.

Sales increased 11.5 percent to EUR 1,343.3 million (1,205.3). On a comparable currency basis, sales increased 5.4 percent. Both field service sales and parts sales increased.

The adjusted EBITA was EUR 249.4 million (222.4) and the adjusted EBITA margin was 18.6 percent (18.5). The increase in the adjusted EBITA margin was mainly attributable to higher sales driven by pricing. The operating profit was EUR 232.3 million (204.9) and the operating margin 17.3 percent (17.0).

INDUSTRIAL EQUIPMENT

	10–12/ 2022	10–12/ 2021	Change percent	Change % at comparable currency rates	1–12/ 2022	1–12/ 2021	Change percent	Change % at comparable currency rates
Orders received, MEUR	306.2	274.5	11.6	7.8	1,389.2	1,172.5	18.5	13.3
of which external, MEUR	258.6	242.4	6.7	2.9	1,192.4	1,033.7	15.3	9.9
Order book, MEUR	857.2	709.9	20.8	18.3	857.2	709.9	20.8	18.3
Net sales, MEUR	376.9	332.1	13.5	9.2	1,205.6	1,088.7	10.7	5.9
of which external, MEUR	335.1	294.1	13.9	9.2	1,068.8	960.2	11.3	6.0
Adjusted EBITA, MEUR [1)]	22.5	20.6	9.3		32.5	38.0	-14.4	
Adjusted EBITA, % [1)]	6.0%	6.2%			2.7%	3.5%		
Purchase price allocation amortization, MEUR	-1.8	-2.7	-34.3		-11.0	-10.8	1.4	
Adjustments,MEUR	-9.7	-1.1			-32.5	-8.5		
Operating profit (EBIT), MEUR	11.0	16.8	-34.2		-10.9	18.7	-158.6	
Operating profit (EBIT), %	2.9%	5.0%			-0.9%	1.7%		
Personnel at the end of period	5,529	5,516	0.2		5,529	5,516	0.2	

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.*

Operational highlights in Q4 2022:

- Industrial Equipment had a solid order intake in the fourth quarter. Out of Konecranes' key customer segments, orders were strong from Aviation and Aerospace industries.

In the fourth quarter, Industrial Equipment's orders received totaled EUR 306.2 million (274.5), corresponding to an increase of 11.6 percent. On a comparable currency basis, orders received increased 7.8 percent. External orders received increased 6.7 percent on a reported basis and 2.9 percent on a comparable currency basis. Order intake increased in standard cranes and components but decreased in process cranes. Orders received increased in the Americas and EMEA but decreased in APAC.

The order book increased 20.8 percent to EUR 857.2 million (709.9). On a comparable currency basis, the order book increased 18.3 percent.

Sales increased 13.5 percent to EUR 376.9 million (332.1). On a comparable currency basis, sales increased 9.2 percent. External sales increased 13.9 percent on a reported basis and 9.2 percent on a comparable currency basis. Sales increased in standard cranes, process cranes and components. Sales increased in the Americas and EMEA but decreased in APAC.

The fourth-quarter adjusted EBITA was EUR 22.5 million (20.6) and the adjusted EBITA margin 6.0 percent (6.2). The decrease in the adjusted EBITA margin was mainly attributable to cost inflation. Gross margin decreased on a year-on-year basis. Operating profit was EUR 11.0 million (16.8) and the operating margin 2.9 percent (5.0).

In full year 2022, orders received totaled EUR 1,389.2 million (1,172.5), corresponding to an increase of 18.5 percent. On a comparable currency basis, orders received increased 13.3 percent. External orders received increased 15.3 percent on a reported basis and 9.9 percent on a comparable currency basis. Order intake increased in standard cranes, process cranes and components.

Sales increased 10.7 percent to EUR 1,205.6 million (1,088.7). On a comparable currency basis, sales increased 5.9 percent. External sales increased 11.3 percent on a reported basis and 6.0 percent on a comparable currency basis. Sales increased in standard cranes, process cranes and components.

The adjusted EBITA was EUR 32.5 million (38.0) and the adjusted EBITA margin 2.7 percent (3.5). The decrease in the adjusted EBITA margin was mainly attributable to cost inflation and low underlying sales volumes. The operating profit was EUR -10.9 million (18.7) and the operating margin -0.9 percent (1.7).

PORT SOLUTIONS

	10–12/ 2022	10–12/ 2021	Change percent	Change % at comparable currency rates	1–12/ 2022	1–12/ 2021	Change percent	Change % at comparable currency rates
Orders received, MEUR	355.7	354.9	0.2	0.4	1,639.5	1,112.7	47.3	46.8
Order book, MEUR	1,599.0	983.5	62.6	63.5	1,599.0	983.5	62.6	63.5
Net sales, MEUR	328.4	337.9	-2.8	-2.6	1,015.0	1,072.9	-5.4	-6.0
of which service, MEUR	64.7	50.9	27.1	23.0	226.1	181.9	24.3	20.4
Adjusted EBITA, MEUR [1)]	21.4	28.8	-25.7		63.5	79.9	-20.5	
Adjusted EBITA, % [1)]	6.5%	8.5%			6.3%	7.4%		
Purchase price allocation amortization, MEUR	-1.6	-1.6	-0.1		-6.6	-6.8	-3.6	
Adjustments,MEUR	2.9	1.4			-18.6	1.7		
Operating profit (EBIT), MEUR	22.6	28.5	-20.7		38.4	74.8	-48.7	
Operating profit (EBIT), %	6.9%	8.4%			3.8%	7.0%		
Personnel at the end of period	3,102	3,083	0.6		3,102	3,083	0.6	

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.*

Operational highlights in Q4 2022:

- In 2022 many Konecranes Noell hybrid type NSC 644 EHY straddle carriers were delivered to EUROGATE's German container terminals. Since 1970, 530 Konecranes Noell Straddle Carriers have been delivered to the EUROGATE Group, which has grown steadily over the years to become indispensable to European container traffic.
- Port Services had strong orders and good sales execution in the fourth quarter. Overall, modernizations, retrofits and parts had good demand throughout the year, and Konecranes' AnyBrand portfolio of port services is gaining traction.

In the fourth quarter, Port Solutions' order intake totaled EUR 355.7 million (354.9), representing an increase of 0.2 percent. On a comparable currency basis, orders received increased 0.4 percent. Orders received increased in APAC but decreased in the Americas and EMEA.

The order book increased 62.6 percent to EUR 1,599.0 million (983.5). On a comparable currency basis, the order book increased 63.5 percent.

Sales decreased 2.8 percent to EUR 328.4 million (337.9). On a comparable currency basis, sales decreased 2.6 percent.

The fourth-quarter adjusted EBITA was EUR 21.4 million (28.8) and the adjusted EBITA margin 6.5 percent (8.5). The decrease in the adjusted EBITA margin was mainly attributable to lower sales and project execution challenges. Gross margin increased on a year-on-year basis. Operating profit was EUR 22.6 million (28.5) and the operating margin 6.9 percent (8.4).

In full year 2022, orders received totaled EUR 1,639.5 million (1,112.7), corresponding to an increase of 47.3 percent. On a comparable currency basis, orders received increased 46.8 percent.

Sales decreased 5,4 percent to EUR 1,015.0 million (1,072.9). On a comparable currency basis, sales decreased 6.0 percent.

The adjusted EBITA was EUR 63.5 million (79.9) and the adjusted EBITA margin 6.3 percent (7.4). The decrease in the adjusted EBITA margin was mainly attributable to lower sales due to timing of customer deliveries. In addition, the comparison period included a provision release of EUR 5 million. Gross margin increased on a year-on-year basis. Operating profit was EUR 38.4 million (74.8) and the operating margin 3.8 percent (7.0).

GROUP OVERHEADS

In the fourth quarter, the adjusted unallocated Group overhead costs and eliminations were EUR 4.9 million (5.8), representing 0.5 percent of sales (0.6).

The unallocated Group overhead costs and eliminations were EUR 5.6 million (24.1), representing 0.5 percent of sales (2.5). These included adjustments of EUR 0.6 million (18.3).

In full year 2022, the adjusted unallocated Group overhead costs and eliminations were EUR 27.0 million (28.1), representing 0.8 percent of sales (0.9).

The unallocated Group overhead costs and eliminations were EUR 36.6 million (78.4), representing 1.1 percent of sales (2.5). These included adjustments of EUR 9.5 million (50.3), consisting mainly of merger related costs.

The impact of the war in Ukraine on Konecranes

Konecranes operates a crane and component factory in Zaporizhzhia, in the south-eastern part of Ukraine. The factory is one of the Industrial Equipment supply factories for crane components and a crane manufacturing unit for Eastern Europe deliveries. It also offers extra capacity for Konecranes' western crane deliveries specializing in large steel structures. The factory has approximately 350 employees.

In addition, Konecranes has approximately 70 people working in crane service, port service, spare parts, and industrial crane sales operations mainly in Odessa, Mariupol and Zaporizhzhia.

Konecranes has supported its employees and their families based in Ukraine throughout the war and has continued to pay salaries and wages to the Ukrainian employees. The safety and well-being of Konecranes' employees based in Ukraine, and their families, are a number one priority for Konecranes.

The production at the Ukrainian factory was stopped immediately after the war started. The planned production has been redirected to other Konecranes manufacturing sites. This has generated additional operating costs mainly within Industrial Equipment. In full year 2022, these costs totaled approximately EUR 4 million.

As the level of uncertainty regarding Konecranes' operations in Ukraine remains high due to the ongoing war, Konecranes impaired all Ukraine related assets, including inventories and receivables, in the first quarter. The impact of the impairments on operating profit was approximately EUR 4.0 million negative in January–December.

Konecranes condemns Russia's aggression towards Ukraine and has decided not to take any new business from Russia. As a result of this decision, Konecranes wrote off EUR 78.9 million of orders from Russian the first quarter. In total, in 2022, the Russia related sales reversals totaled EUR 33.5 million, out of which EUR 21.2 million in Port Solutions and EUR 12.3 million in Industrial Equipment. The negative result impact of Russia related actions totaled EUR 37.8 million, out of which EUR 17.8 million in Port Solutions, EUR 19.6 million in Industrial Equipment, EUR 0.4 million in Service and EUR 0.1 million unallocated items. These amounts have been included in adjustments.

In the fourth quarter, Konecranes divested its Russian Service business to local management who had established their own companies. Konecranes cancelled all Russian maintenance agreements already in the third quarter, and they were written-off from the Konecranes service agreement base, with a EUR 3.5 million negative impact on the agreement base value.

At the end of December, Konecranes order book included EUR 0.3 million of orders from Russia.

The war has increased market volatility and uncertainty by increasing cost inflation and global material availability concerns and other supply chain issues. It is too early to estimate how long and to what extent they will impact Konecranes' business and performance.

ADMINISTRATION

Abandonment of the planned merger of Konecranes Plc and Cargotec Corporation

On October 1, 2020, Konecranes Plc ("Konecranes") and Cargotec Corporation ("Cargotec") announced that their respective Boards of Directors had signed a combination agreement and a merger plan ("the Merger Plan") to combine the two companies through a merger ("the Merger").

On March 29, 2022, Konecranes announced that the UK Competition & Markets Authority ("CMA") had blocked the merger. According to the CMA's final report issued on the same day, the remedies - which had been accepted by the European Commission ("EC") - would not be effective in addressing the CMA's concerns and thus the planned merger between Konecranes and Cargotec could not be completed. The completion of the planned merger would have required approvals from all relevant competition authorities. Thus, Konecranes and Cargotec decided to cancel the planned merger and immediately ceased the pursuit of the merger and the related processes and continue to operate separately as fully independent companies.

Service and Industrial Equipment under one leadership

On April 27, 2022, Konecranes announced that as a result of the Industrial Assessment, which was started in October 2021, it had decided to focus Service and Industrial Equipment under one leadership to strengthen Konecranes' role as the global lifting leader. As a result, since the beginning of June, Konecranes has had two Business Areas: Industrial Service and Equipment, and Port Solutions. Despite the change, Konecranes continues to report three operating segments: Service, Industrial Equipment and Port Solutions, and the segment financials are comparable with historical figures.

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc (”Konecranes” or the ”Company”) was held on 15 June 2022. The meeting approved the Company’s annual accounts for the fiscal year 2021, discharged the members of the Board and the CEO from liability, and approved all proposals made by the Board and its committees to the AGM.

The AGM approved the Board’s proposal that a dividend of EUR 1.25 per share is paid. The dividend was paid on 28 June 2022.

The AGM decided to approve the Konecranes Remuneration Report. The resolution on the report is advisory.

The AGM confirmed that the annual remuneration for the Board of Directors and the meeting fee for the committees remain unchanged, in addition to which a meeting fee for meetings of the Board of Directors was introduced.

The AGM approved the Shareholders’ Nomination Board’s proposals: the number of members of the Board is ten, the election of members of the Board according to the proposal, and the election of Christoph Vitzthum as Chairman and Pasi Laine as Vice Chairman of the Board.

The AGM decided to re-elect Ernst & Young Oy as the Company’s auditor. The remuneration will be paid according to an invoice approved by the Company.

The AGM authorized the Board to decide on the repurchase and/or on the acceptance as pledge of the Company’s own shares.

The AGM authorized the Board to decide on the issuance of shares as well as the issuance of special rights entitling to shares.

The AGM authorized the Board to decide on the transfer of the Company’s own shares.

The AGM authorized the Board to decide on a directed issuance of shares without payment for the Employee Share Savings Plan.

The AGM authorized the Board to decide on donations.

The resolutions of the AGM have been published in the stock exchange release dated June 15, 2022.

Board of Directors

The Board of Directors elected in the Annual General Meeting 2022 consists of

- Christoph Vitzthum, Chairman of the Board
- Pasi Laine, Vice Chairman of the Board
- Pauli Anttila, Member of the Board
- Janina Kugel, Member of the Board
- Ulf Liljedahl, Member of the Board
- Niko Mokkila, Member of the Board
- Per Vegard Nerseth, Member of the Board
- Päivi Rekonen, Member of the Board
- Helene Svahn, Member of the Board
- Sami Piittisjärvi, Member of the Board

The term of office ends at the closing of the Annual General Meeting in 2023.

On June 15, 2022, Konecranes announced that the Board had held its first meeting. The Board decided to continue with an Audit Committee and a Human Resources Committee.

Ulf Liljedahl was elected Chairman of the Audit Committee, and Niko Mokkila and Päivi Rekonen as Committee members. Janina Kugel was elected Chairwoman of the Human Resources Committee, and Per Vegard Nerseth and Christoph Vitzthum as Committee members.

All Board members with the exception of Sami Piittisjärvi are deemed to be independent of the Company and all Board members with the exception of Niko Mokkila and Pauli Anttila are deemed to be independent of the Company’s significant shareholders.

Sami Piittisjärvi is deemed not to be independent of the Company due to his current position as an employee of Konecranes. Niko Mokkila is deemed not to be independent of a significant shareholder of the Company based on his current position as Managing Director at Hartwall Capital Oy Ab. Pauli Anttila is deemed not to be independent of a significant shareholder of the Company based on his current position as Investment Director and Member of the Management Team at Solidium Oy.

Konecranes Leadership Team

In full year 2022, Konecranes Leadership Team consisted of

- Anders Svensson, President and CEO (since October 19, 2022)
- Teo Ottola, CFO, Deputy CEO (also interim CEO until October 18, 2022)
- Fabio Fiorino, Executive Vice President, Industrial Service and Equipment (until May 31, 2022, Executive Vice President, Service)
- Carolin Paulus, Executive Vice President, Industrial Equipment (until May 31, 2022)
- Mika Mahlberg, Executive Vice President, Port Solutions
- Juha Pankakoski, Executive Vice President, Technologies
- Anneli Karkovirta, Senior Vice President, People and Culture
- Sirpa Poitsalo, Senior Vice President, General Counsel
- Topi Tiitola, Senior Vice President, Integration and Project Management Office

Shareholders' Nomination Board

On September 20, 2022, Konecranes announced the composition of the Shareholders' Nomination Board. The Shareholders' Nomination Board is comprised of one member appointed by each of the four largest shareholders of Konecranes Plc. The Nomination Board consists of:

- Reima Rytsölä, CEO of Solidium, appointed by Solidium Oy,
- Peter Therman, Deputy Chairman of the Board of Directors of Hartwall Capital, appointed by HC Holding Oy Ab,
- Mikko Mursula, Deputy CEO, Investments of Ilmarinen, appointed by Ilmarinen Mutual Pension Insurance Company, and
- Stig Gustavson, appointed by Stig Gustavson and family.

In addition, Christoph Vitzthum, the Chairman of the Board of Directors, serves as an expert in the Nomination Board without being a member.

On December 22, 2022, Konecranes announced that the Shareholders' Nomination Board had submitted its proposals for the 2023 Annual General Meeting to the Board of Directors. The proposals were published in a stock exchange release on the same day.

SHARES AND TRADING

Share capital and shares

On December 31, 2022, the company's registered share capital totaled EUR 30.1 million. On December 31, 2022, the number of shares including treasury shares totaled 79,221,906.

Treasury shares

On December 31, 2022, Konecranes Plc was in possession of 55,307 treasury shares, which corresponds to 0.1 percent of the total number of shares, and which had on that date a market value of EUR 1.6 million.

On June 20, 2022, 32,140 treasury shares were conveyed without consideration to the key employees as a reward payment for the Konecranes Restricted Share Unit Plan 2017.

Market capitalization and trading volume

The closing price for the Konecranes shares on the Nasdaq Helsinki on December 30, 2022, was EUR 28.76. The volume-weighted average share price in full year 2022 was EUR 27.14, the highest price being EUR 38.43 in January and the lowest EUR 19.61 in September. In full year 2022, the trading volume on the Nasdaq Helsinki totaled 63.7 million, corresponding to a turnover of approximately EUR 1,729.3 million. The average daily trading volume was 251,844 shares representing an average daily turnover of EUR 6.8 million.

On December 31, 2022, the total market capitalization of Konecranes Plc was EUR 2,278.4 million including treasury shares. The market capitalization was EUR 2,276.8 million excluding treasury shares.

Performance Share Plans 2020, 2021 and 2022

On February 3, 2022, Konecranes announced that Board of Directors had resolved adjusted earnings per Share (EPS) as the criterion for 2022, which is the third measurement period of the Performance Share Plan 2020 and the second measurement period of the Performance Share Plan 2021. Adjustments to the EPS include defined restructuring costs, mergers and acquisitions related deal costs and other unusual items.

Additional information, including essential terms and conditions of the Plan 2020 are available in a stock exchange release published on July 23, 2020, and those of the Plan 2021 in a stock exchange release published on February 3, 2021.

On March 30, 2022, Konecranes announced that the Board of Directors had resolved to establish a new Performance Share Plan 2022. The Plan has a performance period from 2022 to 2024 with three separate measurement periods and separate targets for 2022, 2023 and 2024.

The criterion for the measurement period 2022 is adjusted earnings per Share (EPS). The EPS target for the first measurement period was also resolved by the Board of Directors.

The target group of the Plan for the performance period 2022—2024 consists of a maximum of 170 key employees of the Konecranes group.

Additional information, including essential terms and conditions of the Plan, is available in the stock exchange release dated March 30, 2022.

Employee Share Savings Plan

On March 30, 2022, Konecranes announced that the Board of Directors had decided to launch a new Plan Period relating to the Employee Share Savings Plan. The new Plan Period began on August 1, 2022, and will end on June 30, 2023. The other terms and conditions of the Plan Period 2022–2023 approved by the Board on March 30, 2022, have been published in the stock exchange release on the same day.

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In full year 2022, Konecranes received the following notifications of major shareholdings.

Date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %	Total, shares
May 20, 2022	Solidium Oy	Above 10%	10.02		10.02	7,934,506

RESEARCH AND DEVELOPMENT

In 2022, Konecranes' research and product development expenditure totaled EUR 47.7 (47.7) million, representing 1.4 (1.5) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Technological leadership forms a foundation for Konecranes' competitiveness and positive impact. Through innovation, new solutions and ways of working, Konecranes supports customers' operations and boosts sustainability in the lifting and material handling industries.

Konecranes' offering is based on Core of Lifting hardware and software componentry. These central components have been designed and constructed for the specific purpose of lifting, enabling optimal performance and sustainability as well as maximized lifetime. The componentry is well-designed to meet the Industry 4.0-transition, and integrates with Konecranes' digitized and automated offering.

Konecranes' research and development efforts are focused around creating tangible customer benefits, improved business operations and a positive impact. Around half of all Konecranes' research and development is directed to environmental topics.

Konecranes develops new solutions both internally and in co-operation with others. In 2022, Konecranes participated in DIMECC's InDEx program, focusing on the data economy and communication between equipment in factory settings. The crane has a critical role in manufacturing and big potential as a central piece of a smart factory, coordinating communication between equipment as well as gathering data critical for improving operations. High-quality data is also crucial for Konecranes' industry-leading service offering, supporting timely maintenance. This minimizes equipment downtime, lengthens its lifecycle, and supports the proper identification of defects, a crucial part of equipment safety. The development in electronics and automation has allowed Konecranes to expand its offering of smart features more widely, now available for standard and configurable cranes as well. Tapping into the increased digitalization of solutions, combined with growing eco-offering as evident in 2022 in the addition of battery power options to RTGs and straddle carriers, ensures that Konecranes maintains its technological edge.

The ability to provide customers with the latest solutions enhancing safety, sustainability and productivity strengthens Konecranes' position as the provider of choice and ability to push the industry forward.

In innovation efforts, Konecranes also utilizes the agility of start-ups both as partners and through methods associated with them. The collaboration is mutually beneficial, with Konecranes benefitting from the agile, leading startups in their field and with the start-ups getting access to an industry-leading company and possible references. The collaboration is also always commercial, with Konecranes paying for the projects. Konecranes utilizes experience to support the collaboration between corporations and startups at large, for instance by publishing a publicly available guidebook in 2022 on fruitful co-operation.

Konecranes' REACH-program, an invitation to collaboration with start-ups based on predefined themes, ran also in 2022. Accelerator, our internal program inspiring Konecranes people to take on board the best practices from start-ups in their own ways of working was also arranged in 2022. A total of 90 employees have now participated in the program arranged in collaboration with Maria 01, the leading startup campus in the Nordics, bringing the new ways of thinking and working back to their teams.

LITIGATION

Various legal actions, claims, and other proceedings are pending against the Group in different countries. These actions, claims, and other proceedings are typical for this industry and are consistent with the global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn, and asbestos legacy), employment, auto liability, and other matters involving liability claims.

RISKS AND UNCERTAINTIES

Global pandemics, such as COVID-19, have and may have a negative impact on Konecranes' customers and its own operations. Physical restrictions on the daily conduct of people and businesses can lead to lower revenue recognition and adversely impact cash flow. Physical restrictions may also lead to component availability and other supply chain issues and inventory obsolescence. Furthermore, global pandemics can increase the likelihood of weaker demand conditions and, as a result, may lead to overcapacity, impairment of assets and credit losses.

Global component and labor availability issues and other global supply chain constraints may lead to production and customer delivery delays and have a negative impact on Konecranes sales and cash flow. Accelerated inflation may increase risk for negative impact on Konecranes cash flow and result.

Konecranes operates in emerging countries that face political, economic, and regulatory uncertainties. Adverse changes in the operating environment of these countries may result in currency losses, elevated delivery costs, or loss of assets. Konecranes operates a crane factory in Zaporizhzhia, Ukraine. In 2022, Konecranes impaired all Ukraine related assets as the level of uncertainty regarding Konecranes' operations in Ukraine remains high due to the ongoing war.

The operations in emerging countries have had a negative impact on the aging structure of accounts receivable and may increase credit losses or the need for higher provisions for doubtful accounts.

Political risks and uncertainties have also increased outside the emerging countries due to the emergence of populism, patriotism, and protectionism in a number of Western economies. This has led and can lead to further increases in tariffs on imported goods, such as components that Konecranes manufactures centrally before exporting them to most of the countries in which it operates. The resulting tariffs may result in a decrease in profitability.

Konecranes has made several acquisitions and expanded organically into new countries. A failure to integrate the acquired businesses, MHPS and MHE-Demag in particular, or grow newly established operations may result in a decrease in profitability and impairment of goodwill and other assets.

One of the key strategic initiatives of Konecranes is oneKONECRANES. This initiative involves a major capital expenditure on information systems. A higher-than-expected development or implementation costs, or a failure to extract business benefits from new processes and systems may lead to an impairment of assets or decrease in profitability.

Konecranes delivers projects, which involve risks related, for example, to engineering and project execution with Konecranes' suppliers. A failure to plan or manage these projects may lead to higher-than-estimated costs or disputes with customers.

Challenges in financing, e.g. due to currency fluctuations, may force customers to postpone projects or even cancel the existing orders. Konecranes intends to avoid incurring costs for major projects under construction in excess of advance payments. However, it is possible that the cost-related commitments in some projects temporarily exceed the number of advance payments.

The Group's other risks are presented in the Notes to the Financial Statements and the Governance Supplement to the Annual Report.

STOCK EXCHANGE RELEASES DURING FULL YEAR 2022

Date	Release
December 22, 2022	Konecranes Plc's Shareholders' Nomination Board's proposals for the composition and compensation of the Board of Directors
October 26, 2022	Konecranes Plc: Interim report January-September 2022
October 25, 2022	Konecranes Plc's financial information and AGM in 2023
September 20, 2022	Composition of the Shareholders' Nomination Board of Konecranes Plc
July 27, 2022	Konecranes Plc: Half-year financial report January-June 2022
July 15, 2022	Anders Svensson to start as President and CEO of Konecranes on October 19, 2022, Konecranes plans to host a CMD in H1/2023
July 12, 2022	Profit warning: Konecranes lowers full-year 2022 financial guidance
June 15, 2022	Konecranes Restricted Share Unit Plan 2017 - directed share issue
June 15, 2022	Konecranes Plc: Board of Directors' organizing meeting
June 15, 2022	Resolutions of Konecranes Plc's Annual General Meeting of shareholders
June 10, 2022	Anders Svensson appointed President and CEO of Konecranes
May 20, 2022	Konecranes Plc: Notice pursuant to the Finnish Securities Market Act, Chapter 9, Section 10
May 13, 2022	Konecranes Plc's Board of Directors convenes the Annual General Meeting 2022
May 11, 2022	Konecranes Plc's Shareholders' Nomination Board revises its proposals for the Annual General Meeting
April 27, 2022	Konecranes Plc: Interim report January-March 2022
April 27, 2022	Changes in Konecranes Leadership Team
April 26, 2022	Konecranes plans to hold the Annual General Meeting on June 15, 2022; the Board has decided its dividend proposal

Date	Release
April 21, 2022	Konecranes comments on the impacts of the war in Ukraine on its business and financial performance
March 30, 2022	The Board of Directors of Konecranes Plc has resolved to establish a new Performance Share Plan
March 30, 2022	The Board of Directors of Konecranes Plc decided to continue the Employee Share Savings Plan
March 29, 2022	Konecranes comments on its strategy and next steps following the abandonment of the planned merger and cancels its Annual General Meeting scheduled for March 30, 2022
March 29, 2022	The UK CMA blocks the merger between Konecranes and Cargotec and thus the Companies have Jointly Decided to Cancel the Planned Merger
February 28, 2022	Konecranes Plc's Annual Report 2021 published
February 25, 2022	Notice to the Annual General Meeting of Konecranes Plc
February 24, 2022	The European Commission Conditionally Approved the Proposed Merger; the Completion Remains Subject to Further Authority Approvals
February 3, 2022	Proposals by the board of directors to the annual general meeting 2022
February 3, 2022	The Board of Directors of Konecranes Plc has resolved the criterion for the measurement period 2022 of the Performance Share Plans 2020 and 2021
February 3, 2022	Konecranes Plc: Financial statement release 2021
February 3, 2022	Konecranes and Cargotec provide an update on planned merger: Remedy requirements are more complex than expected, dialogue with relevant competition authorities continues
January 28, 2022	Konecranes Plc's Shareholders' Nomination Board's proposals for the composition and compensation of the Board of Directors

CORPORATE PRESS RELEASES DURING FULL YEAR 2022

- On December 22, 2022, Konecranes announced that a Port in the Bahamas ordered a Konecranes Gottwald Generation 6 Mobile Harbor Crane to raise productivity and eco-efficiency. The order was booked in November 2022.
- On December 13, 2022, Konecranes announced that its climate work was rewarded with an A- rating in CDP's Climate Change performance ranking.
- On December 1, 2022, Konecranes announced that an Indian port operator ordered three Generation 6 Konecranes Gottwald Mobile Harbor Cranes to electrify bulk handling. The order was booked in September 2022.
- On October 27, 2022, Konecranes announced that it is to deliver a complete automated container handling solution to London Gateway. The order was booked in April 2022.
- On October 12, 2022, Konecranes announced that its January–September 2022 interim report will be published on October 26, 2022.
- On October 6, 2022, Konecranes announced that Port Houston ordered 26 eco-efficient hybrid Konecranes RTGs. The order was booked in Q3 2022.
- On October 4, 2022, Konecranes announced that CSP Spain ordered 11 Konecranes hybrid RTGs. The order was booked in Q3 2022.
- On September 30, 2022, Konecranes announced that a North Italian terminal ordered a Generation 6 Konecranes Gottwald Mobile Harbor Crane to lift productivity and eco-efficiency. The order was booked in July 2022.
- On September 15, 2022, Konecranes announced that the Konecranes-led international research project OPTIMUM was awarded by ITEA for Excellence for leaps in smart factory development.
- On September 5, 2022, Konecranes announced that Georgia Ports Authority ordered 12 Konecranes RTGs for the Port of Savannah. The order was booked Q3 2022.
- On July 13, 2022, Konecranes announced that it had successfully placed a €300 million ESG-linked Schuldschein loan on strong demand from investors.
- On July 13, 2022, Konecranes announced that its January–June 2022 half-year financial report will be published on July 27, 2022.
- On July 1, 2022, Konecranes announced that Kemi Shipping ordered eight Konecranes E-VER electric forklifts to its fleet in northern Finland. The order was booked in June 2022.
- On May 31, 2022, Konecranes announced that it is to supply nuclear fuel handling machines to Sweden's largest nuclear power plant. The order was booked in April 2022.
- On May 18, 2022, Konecranes announced that it had been named best Finnish Large Cap company on furthering diversity.
- On April 26, 2022, Konecranes announced that Georgia Ports Authority had ordered a fleet of 22 Konecranes container cranes. The order was booked in Q1 2022.
- On April 13, 2022, Konecranes announced that its January–March 2022 interim report will be published on April 27, 2022.
- On February 1, 2022, Konecranes presented new climate targets in line with limiting global warming to 1.5°C.

- On January 26, 2022, Konecranes announced that it provides 17 Automated Rubber-Tired Gantry Cranes in fully integrated solution for Port of Felixstowe. The order was booked in Q4 2021.
- On January 20, 2022, Konecranes announced that its financial statement release 2021 will be published on February 3, 2022.
- On January 10, 2022, Konecranes announced that it partnered with Pesmel to supply automated warehouse container handling systems.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On February 1, 2023, Konecranes announced that the Board of Directors had decided to establish a new Performance Share Plan 2023 for Konecranes key employees. The Plan has a three-year performance period from 2023 to 2025. The Plan has two performance criteria: the compound adjusted Earnings per Share (EPS) for the financial years 2023–2025 with a 60 percent's weighting and the cumulative annual growth rate (CAGR) for Sales for the financial years 2023–2025 with a 40 percent's weighting. The targets for the three-year performance period have also been decided by the Board of Directors. The target group of the Plan consists of a maximum of 170 Konecranes key employees. Additional information, including essential terms and conditions of the Plan, is available in the stock exchange release dated February 1, 2023.

On February 1, 2023, Konecranes announced that the Board of Directors had decided the criterion for the measurement period 2023 of the Performance Share Plans 2021 and 2022. The criterion is adjusted earnings per share (EPS). Also the targets for the measurement period 2023 were decided by the Board of Directors. Additional information on the criterion is available in the stock exchange release dated February 1, 2023.

On February 1, 2023, Konecranes announced that the Board of Directors had decided to launch a new Plan Period relating to the Employee Share Savings Plan. The new Plan Period will begin on July 1, 2023, and will end on June 30, 2024. The other terms and conditions approved by the Board have been published in the stock exchange release on dated February 1, 2023.

FIRST QUARTER DEMAND OUTLOOK

The worldwide demand picture remains subject to volatility and uncertainty.

Despite the weakened global macro indicators, our overall demand environment within industrial customer segments has remained good and continues on a healthy level. That said, we have started to see some signs of weakening in all three regions.

Global container throughput continues high, and long-term prospects related to global container handling remain good overall.

FINANCIAL GUIDANCE

Konecranes expects net sales to increase in full-year 2023 compared to 2022. Konecranes expects the full-year 2023 adjusted EBITA margin to improve from 2022.

BOARD OF DIRECTORS' PROPOSAL FOR DISPOSAL OF DISTRIBUTABLE FUNDS

The parent company's non-restricted equity is EUR 956,868,289.67, of which the net income for the year is EUR 100,324,987.85. The Group's non-restricted equity is EUR 1,364,732,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend, the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the end of fiscal year.

Based on such assessments, the Board of Directors proposes to the Annual General Meeting to be held on 29 March 2023 that a dividend of EUR 1.25 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity. The proposal will be included in the notice to the Annual General Meeting, which will be published during February 2023.

A PDF version of the Konecranes' full audited financial statements, including the report of the Board of Directors, and corporate governance statement will be available as pdf documents on Konecranes website on Tuesday, February 28, 2023.

Espoo, February 2, 2023
Konecranes Plc
Board of Directors

Important Notice

The information in this report contains forward-looking statements, which are information on Konecranes' current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. All statements other than statements of historical fact included herein are forward-looking statements including, without limitation, those regarding:

- expectations for general economic development and market situation,
- expectations for general developments in the industry,
- expectations regarding customer industry profitability and investment willingness,
- expectations for company growth, development, and profitability,
- expectations regarding market demand for Konecranes' products and services,
- expectations regarding the successful completion of acquisitions on a timely basis and Konecranes' ability to achieve the set targets and synergies,
- expectations regarding competitive conditions and
- expectations regarding cost savings.

These statements may include, without limitation, any statements preceded by, followed by or including words such as "target," "believe," "expect," "aim," "intend," "may," "anticipate," "estimate," "plan," "project," "will," "can have," "likely," "should," "would," "could" and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Konecranes' control that could cause Konecranes' actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Konecranes' present and future business strategies and the environment in which it will operate in the future.

Information in this report, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results.

Consolidated statement of income

EUR million	Note	10–12/2022	10–12/2021	Change percent	1–12/2022	1–12/2021	Change percent
Sales	7	**1,020.9**	**948.9**	**7.6**	**3,364.8**	**3,185.7**	**5.6**
Other operating income		1.5	2.3		8.1	11.3	
Materials, supplies and subcontracting		-502.9	-464.8		-1,510.2	-1,413.0	
Personnel cost		-270.8	-256.8		-1,091.9	-1,023.5	
Depreciation and impairments	8	-31.6	-29.8		-124.4	-120.1	
Other operating expenses		-114.2	-113.7		-423.2	-420.4	
Operating profit		**103.0**	**86.0**	**19.8**	**223.2**	**220.0**	**1.5**
Share of associates' and joint ventures' result		-0.2	0.2		0.4	0.3	
Financial income		22.8	10.4		26.8	28.6	
Financial expenses		-26.6	-14.9		-59.7	-56.4	
Profit before taxes		**99.1**	**81.6**	**21.3**	**190.7**	**192.5**	**-0.9**
Taxes	10	-26.5	-12.4		-52.2	-45.1	
PROFIT FOR THE PERIOD		**72.5**	**69.2**	**4.8**	**138.5**	**147.4**	**-6.0**
Profit for the period attributable to:							
Shareholders of the parent company		72.1	68.9		140.3	146.9	
Non-controlling interest		0.4	0.3		-1.8	0.5	
Earnings per share, basic (EUR)		0.91	0.87	4.6	1.77	1.86	-4.5
Earnings per share, diluted (EUR)		0.91	0.86	5.4	1.77	1.85	-4.3

Consolidated statement of other comprehensive income

EUR million	10–12/2022	10–12/2021		1–12/2022	1–12/2021	
Profit for the period	**72.5**	**69.2**		**138.5**	**147.4**	
Items that can be reclassified into profit or loss						
Cash flow hedges	31.4	0.2		2.0	-11.0	
Exchange differences on translating foreign operations	-23.8	8.6		-3.2	22.8	
Income tax relating to items that can be reclassified into profit or loss	-6.3	0.0		-0.4	2.2	
Items that cannot be reclassified into profit or loss						
Re-measurement gains (losses) on defined benefit plans	62.6	17.6		62.6	17.6	
Income tax relating to items that cannot be reclassified into profit or loss	-18.7	-5.8		-18.7	-5.8	
Other comprehensive income for the period, net of tax	**45.2**	**20.6**		**42.3**	**25.8**	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**117.7**	**89.8**		**180.8**	**173.2**	
Total comprehensive income attributable to:						
Shareholders of the parent company	117.3	89.5		183.1	172.6	
Non-controlling interest	0.4	0.3		-2.3	0.6	

Consolidated balance sheet

EUR million

ASSETS	**Note**	**31.12.2022**	**31.12.2021**
Non-current assets			
Goodwill		1,019.6	1,022.1
Intangible assets		475.4	503.1
Property, plant and equipment		345.9	339.3
Construction in progress		18.1	10.9
Investments accounted for using the equity method		7.8	6.8
Other non-current assets		0.8	0.8
Deferred tax assets		103.8	120.2
Total non-current assets		**1,971.4**	**2,003.2**
Current assets			
Inventories			
Raw material and semi-manufactured goods		395.5	324.6
Work in progress		551.9	380.7
Advance payments		45.3	21.1
Total inventories		992.7	726.4
Accounts receivable		585.6	492.1
Other receivables		32.9	25.3
Loans receivable		3.9	2.8
Income tax receivables		15.0	16.2
Contract assets	7	183.5	161.3
Other financial assets		43.7	3.6
Deferred assets		98.0	94.2
Cash and cash equivalents		413.9	320.7
Total current assets		**2,369.2**	**1,842.6**
TOTAL ASSETS		**4,340.6**	**3,845.8**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	Note	31.12.2022	31.12.2021
Equity attributable to equity holders of the parent company			
Share capital		30.1	30.1
Share premium		39.3	39.3
Paid in capital		752.7	752.7
Fair value reserves	14	-1.1	-2.7
Translation difference		8.3	11.0
Other reserve		67.8	65.7
Retained earnings		395.5	308.4
Net profit for the period		140.3	146.9
Total equity attributable to equity holders of the parent company		**1,432.9**	**1,351.4**
Non-controlling interest		0.1	9.2
Total equity		**1,433.0**	**1,360.6**
Non-current liabilities			
Interest-bearing liabilities	13	1,056.4	447.1
Other long-term liabilities		217.7	289.0
Provisions		19.0	20.7
Deferred tax liabilities		133.7	142.6
Total non-current liabilities		**1,426.8**	**899.4**
Current liabilities			
Interest-bearing liabilities	13	49.8	418.0
Advance payments received	7	564.3	344.7
Accounts payable		306.2	255.4
Provisions		93.4	105.4
Other short-term liabilities (non-interest bearing)		56.1	53.2
Other financial liabilities		15.9	16.9
Income tax liabilities		31.7	23.0
Accrued costs related to delivered goods and services		165.1	178.3
Accruals		198.3	190.9
Total current liabilities		**1,480.8**	**1,585.8**
Total liabilities		**2,907.6**	**2,485.2**
TOTAL EQUITY AND LIABILITIES		**4,340.6**	**3,845.8**

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent company				
EUR million	**Share capital**	**Share premium**	**Paid in capital**	**Cash flow hedges**	**Translation difference**
Balance at 1 January, 2022	**30.1**	**39.3**	**752.7**	**-2.7**	**10.9**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				1.6	-2.6
Total comprehensive income				1.6	-2.6
Balance at 31 December, 2022	**30.1**	**39.3**	**752.7**	**-1.1**	**8.3**
Balance at 1 January, 2021	**30.1**	**39.3**	**752.7**	**6.0**	**-11.7**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-8.7	22.6
Total comprehensive income				-8.7	22.6
Balance at 31 December, 2021	**30.1**	**39.3**	**752.7**	**-2.7**	**10.9**

	Equity attributable to equity holders of the parent company				
EUR million	**Other Reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January, 2022	**65.7**	**455.3**	**1,351.3**	**9.2**	**1,360.6**
Dividends paid to equity holders		-98.9	-98.9	-0.3	**-99.2**
Equity-settled share based payments	2.1	0.0	2.1		**2.1**
Acquisitions		-4.8	-4.8	-6.5	**-11.3**
Profit for the period		140.3	140.3	-1.8	**138.5**
Other comprehensive income		43.8	42.8	-0.5	**42.3**
Total comprehensive income	0.0	184.1	183.1	-2.3	**180.8**
Balance at 31 December, 2022	**67.8**	**535.7**	**1,432.9**	**0.1**	**1,433.0**
Balance at 1 January, 2021	**58.0**	**367.6**	**1,242.0**	**9.1**	**1,251.1**
Dividends paid to equity holders		-69.6	-69.6	-0.2	**-69.8**
Equity-settled share based payments	7.7	0.0	7.7		**7.7**
Acquisitions		-1.3	-1.3	-0.3	**-1.6**
Profit for the period		146.9	146.9	0.5	**147.4**
Other comprehensive income		11.8	25.7	0.1	**25.8**
Total comprehensive income	0.0	158.7	172.6	0.6	**173.2**
Balance at 31 December, 2021	**65.7**	**455.4**	**1,351.4**	**9.2**	**1,360.6**

Consolidated cash flow statement

EUR million	1–12/2022	1–12/2021
Cash flow from operating activities		
Profit for the period	138.5	147.4
Adjustments to net income		
Taxes	52.2	45.1
Financial income and expenses	32.9	27.8
Share of associates' and joint ventures' result	-0.4	-0.3
Depreciation and impairments	124.4	120.1
Profits and losses on sale of fixed assets and businesses	-2.4	-4.2
Other adjustments	-0.7	10.1
Operating income before change in net working capital	**344.5**	**346.0**
Change in interest-free current receivables	-159.9	-28.0
Change in inventories	-264.4	-65.3
Change in interest-free current liabilities	262.0	-5.7
Change in net working capital	**-162.3**	**-99.0**
Cash flow from operations before financing items and taxes	**182.2**	**247.0**
Interest received	28.0	13.1
Interest paid	-56.5	-28.1
Other financial income and expenses	-33.7	-16.2
Income taxes paid	-53.3	-47.4
Financing items and taxes	**-115.5**	**-78.6**
NET CASH FROM OPERATING ACTIVITIES	**66.7**	**168.4**
Cash flow from investing activities		
Acquisition of Group companies, net of cash	-1.6	0.0
Divestment of Businesses, net of cash	0.1	0.0
Capital expenditures	-44.7	-40.5
Proceeds from sale of property, plant and equipment	2.6	9.8
NET CASH USED IN INVESTING ACTIVITIES	**-43.6**	**-30.7**
Cash flow before financing activities	**23.1**	**137.7**
Cash flow from financing activities		
Proceeds from borrowings	600.0	0.0
Repayments of borrowings	-331.7	-155.6
Repayments of lease liability	-44.1	-42.6
Proceeds from (+), payments of (-) current borrowings	-43.7	-146.4
Change in loans receivable	-1.2	-1.0
Acquired non-controlling interest	-11.0	-1.6
Dividends paid to equity holders of the parent	-98.9	-69.6
Dividends paid to non-controlling interests	-0.3	-0.2
NET CASH USED IN FINANCING ACTIVITIES	**69.1**	**-417.0**
Translation differences in cash	1.0	8.1
CHANGE OF CASH AND CASH EQUIVALENTS	**93.2**	**-271.2**
Cash and cash equivalents at beginning of period	320.7	591.9
Cash and cash equivalents at end of period	413.9	320.7
CHANGE OF CASH AND CASH EQUIVALENTS	**93.2**	**-271.2**

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the reporting period.

FREE CASH FLOW (alternative performance measure)

EUR million	1–12/2022	1–12/2021
Net cash from operating activities	66.7	168.4
Capital expenditures	-44.7	-40.5
Proceeds from sale of property, plant and equipment	2.6	9.8
Free cash flow	**24.6**	**137.7**

Notes

1. CORPORATE INFORMATION

Konecranes Plc ("Konecranes Group" or "the Group") is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ Helsinki.

Konecranes is a world-leading manufacturer and servicer of cranes, lifting equipment and machine tools, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes operates internationally, with its products being manufactured in North and South America, Europe, Africa, the Middle East, and Asia and sold worldwide. Konecranes has three operating segments Service, Industrial Equipment and Port Solutions.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for twelve months ending 31.12.2022 and 31.12.2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). As such, they do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2022. The unaudited interim condensed consolidated financial statements including notes thereto are presented in millions of euros and all values are rounded to the nearest million (€ 000 000) except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. These assumptions, estimates and judgments are based on management's historical experience, best knowledge about the events and other factors, such as expectations on future events, which are assessed to be reasonable in the given circumstances. Although these estimates and judgments are based on the management's best understanding of current events and circumstances, actual results may differ from the estimates. Possible changes in estimates and assumptions are recognized in the financial reporting period the estimate or assumption is changed.

The war in Ukraine

Konecranes has reviewed the risks related to the war in Ukraine for the effects to assets and ongoing projects and impaired the values of property, plant and equipment (EUR 2.1 million), inventories (EUR 1.5 million), receivables (EUR 0.5 million) and deferred tax assets (EUR 0.4 million) in Ukraine due to the circumstances, which indicated that the carrying amount is unlikely to be recoverable. Konecranes has also recorded additional losses and provisions to the inventories and receivables in Russia (EUR 1.1 million) and for the projects to Russia (EUR 31.0 million), which includes EUR 33.5 million reversal of sales. See also paragraph The impact of the war in Ukraine on Konecranes.

Notes

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2022.

5. ACQUISITIONS

in July 2022, Konecranes acquired a small crane service business of Garabi Industrial Technologies in Spain and paid EUR 1.5 million as purchase price for the acquired assets. The fair values of the acquired business were EUR 1.6 million for Intangible assets (clientele), EUR 0.1 million for Property, plant and equipment, EUR 0.3 million for Inventories and EUR 0.4 million for Deferred tax liability.

In September 2022, Konecranes acquired the non-controlling interest of 6% of Konecranes Real Estate GmbH & Co. KG in Germany and paid EUR 2.7 million as purchase price.

In November 2022 Konecranes became the sole owner and provider of TBA software products by acquiring the non-controlling interest of 30.22% of Ports Sofware Solutions B.V. in the Netherlands. TBA Group provides software as well as port planning and optimizing consultancy services in the ports, intermodal and warehousing sectors. The acquisition price was EUR 8.0 million of which EUR 5.0 million was paid in cash and EUR 3.0 million was recorded as deferred purchase price. At the same time the TBA design consultancy operations were transferred to a new legal entity of which Konecranes Group now owns 49%.

5.1. Divestments

In September 2022 Konecranes divested from Ports Solutions segment the small automation business Motronica in Italy. Konecranes received proceeds of EUR 0.4 million and recorded EUR 0.4 million pre-tax profit from the transaction. Between September and December Konecranes also divested the service business in Russia and received proceeds of EUR 0.3 million and recorded EUR 0.4 million pre-tax loss from the transactions.

Notes

6. SEGMENT INFORMATION

6.1. Operating segments

EUR million

Orders received	**1–12/2022**	% of total	**1–12/2021**	% of total
Service [1]	1,161.9	28	1,078.3	32
Industrial Equipment	1,389.2	33	1,172.5	35
Port Solutions [1]	1,639.5	39	1,112.7	33
./. Internal	-261.6		-188.0	
Total	**3,928.9**	**100**	**3,175.5**	**100**

[1] *Excl. Service Agreement Base*

Order book total [2]	**31.12.2022**	% of total	**31.12.2021**	% of total
Service	445.5	15	343.5	17
Industrial Equipment	857.2	30	709.9	35
Port Solutions	1,599.0	55	983.5	48
Total	**2,901.7**	**100**	**2,036.8**	**100**

[2] *Percentage of completion deducted*

Sales	**1–12/2022**	% of total	**1–12/2021**	% of total
Service	1,343.3	38	1,205.3	36
Industrial Equipment	1,205.6	34	1,088.7	32
Port Solutions	1,015.0	28	1,072.9	32
./. Internal	-199.2		-181.1	
Total	**3,364.8**	**100**	**3,185.7**	**100**

Adjusted EBITA	**1–12/2022** MEUR	EBITA %	**1–12/2021** MEUR	EBITA %
Service	249.4	18.6	222.4	18.5
Industrial Equipment	32.5	2.7	38.0	3.5
Port Solutions	63.5	6.3	79.9	7.4
Group costs and eliminations	-27.0		-28.1	
Total	**318.4**	**9.5**	**312.2**	**9.8**

Operating profit (EBIT)	**1–12/2022** MEUR	EBIT %	**1–12/2021** MEUR	EBIT %
Service	232.3	17.3	204.9	17.0
Industrial Equipment	-10.9	-0.9	18.7	1.7
Port Solutions	38.4	3.8	74.8	7.0
Group costs and eliminations	-36.6		-78.4	
Total	**223.2**	**6.6**	**220.0**	**6.9**

Notes

Business segment assets	31.12.2022 MEUR		31.12.2021 MEUR	
Service	1,502.5		1,422.6	
Industrial Equipment	1,112.0		926.6	
Port Solutions	1,070.0		900.4	
Unallocated items	656.1		596.2	
Total	**4,340.6**		**3,845.8**	

Business segment liabilities	31.12.2022 MEUR		31.12.2021 MEUR	
Service	252.5		212.7	
Industrial Equipment	503.3		376.6	
Port Solutions	539.3		405.8	
Unallocated items	1,612.4		1,490.2	
Total	**2,907.6**		**2,485.2**	

Personnel (at the end of the period)	31.12.2022	% of total	31.12.2021	% of total
Service	7,802	47	7,890	48
Industrial Equipment	5,529	33	5,516	33
Port Solutions	3,102	19	3,083	19
Group staff	89	1	84	1
Total	**16,522**	**100**	**16,573**	**100**

Notes

Orders received, Quarters	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Service [1)]	283.2	298.3	297.2	283.1	307.7	257.9	257.5	255.2
Industrial Equipment	306.2	334.0	384.8	364.1	274.5	289.8	331.5	276.7
Port Solutions [1)]	355.7	453.6	403.5	426.6	354.9	210.2	272.1	275.5
./. Internal	-66.1	-73.5	-77.8	-44.2	-44.8	-44.2	-54.4	-44.7
Total	**879.1**	**1,012.5**	**1,007.8**	**1,029.6**	**892.3**	**713.7**	**806.7**	**762.8**

[1)] *Excl. Service Agreement Base*

Order book, Quarters	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Service	445.5	490.0	457.2	396.4	343.5	293.1	273.0	254.5
Industrial Equipment	857.2	976.0	961.9	854.8	709.9	747.3	718.4	663.2
Port Solutions	1,599.0	1,586.2	1,406.4	1,233.9	983.5	957.0	983.3	949.0
Total	**2,901.7**	**3,052.1**	**2,825.4**	**2,485.2**	**2,036.8**	**1,997.4**	**1,974.8**	**1,866.7**

Sales, Quarters	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Service	376.0	347.1	319.1	301.1	332.2	296.0	298.7	278.3
Industrial Equipment	376.9	311.0	274.6	243.1	332.1	267.7	260.6	228.4
Port Solutions	328.4	273.3	237.3	176.0	337.9	255.5	243.5	236.0
./. Internal	-60.3	-46.8	-43.9	-48.1	-53.3	-45.6	-43.5	-38.7
Total	**1,020.9**	**884.6**	**787.1**	**672.1**	**948.9**	**773.6**	**759.3**	**704.0**

Adjusted EBITA, Quarters	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Service	79.3	68.1	49.6	52.4	69.7	56.1	50.3	46.4
Industrial Equipment	22.5	12.5	2.7	-5.2	20.6	11.7	5.4	0.3
Port Solutions	21.4	21.0	16.0	5.2	28.8	16.0	17.3	17.8
Group costs and eliminations	-4.9	-6.3	-7.4	-8.3	-5.8	-6.3	-7.7	-8.2
Total	**118.2**	**95.3**	**60.9**	**44.1**	**113.2**	**77.4**	**65.3**	**56.2**

Adjusted EBITA margin, Quarters	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Service	21.1	19.6	15.5	17.4	21.0	18.9	16.8	16.7
Industrial Equipment	6.0	4.0	1.0	-2.1	6.2	4.4	2.1	0.1
Port Solutions	6.5	7.7	6.7	2.9	8.5	6.3	7.1	7.5
Group EBITA margin total	**11.6**	**10.8**	**7.7**	**6.6**	**11.9**	**10.0**	**8.6**	**8.0**

Personnel, Quarters (at the end of the period)	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Service	7,802	7,832	7,939	7,896	7,890	7,819	7,913	7,957
Industrial Equipment	5,529	5,499	5,504	5,528	5,516	5,594	5,593	5,626
Port Solutions	3,102	3,112	3,082	3,070	3,083	3,039	2,943	2,945
Group staff	89	84	85	87	84	88	86	86
Total	**16,522**	**16,527**	**16,610**	**16,581**	**16,573**	**16,540**	**16,535**	**16,614**

Notes

6.2. Geographical areas

EUR million

Sales by market	1–12/2022	% of total	1–12/2021	% of total
Europe-Middle East-Africa (EMEA)	1,714.1	51	1,645.9	52
Americas (AME)	1,201.1	36	1,042.2	33
Asia-Pacific (APAC)	449.7	13	497.7	16
Total	**3,364.8**	**100**	**3,185.7**	**100**

Personnel by region (at the end of the period)	31.12.2022	% of total	31.12.2021	% of total
Europe-Middle East-Africa (EMEA)	9,565	58	9,683	58
Americas (AME)	3,131	19	3,016	18
Asia-Pacific (APAC)	3,826	23	3,874	23
Total	**16,522**	**100**	**16,573**	**100**

Sales by market, Quarters	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Europe-Middle East-Africa (EMEA)	586.2	452.1	374.7	301.0	459.3	409.2	403.8	373.6
Americas (AME)	307.5	312.8	310.0	270.7	320.5	255.4	238.2	228.0
Asia-Pacific (APAC)	127.2	119.7	102.4	100.4	169.1	108.9	117.3	102.5
Total	**1,020.9**	**884.6**	**787.1**	**672.1**	**948.9**	**773.6**	**759.3**	**704.0**

Personnel by region, Quarters (at the end of the period)	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Europe-Middle East-Africa (EMEA)	9,565	9,564	9,678	9,708	9,683	9,569	9,509	9,561
Americas (AME)	3,131	3,120	3,108	3,034	3,016	2,958	2,993	2,967
Asia-Pacific (APAC)	3,826	3,843	3,824	3,839	3,874	4,013	4,033	4,086
Total	**16,522**	**16,527**	**16,610**	**16,581**	**16,573**	**16,540**	**16,535**	**16,614**

Notes

7. CONTRACT ASSETS AND LIABILITIES (Percentage of completion method and advances received)

EUR million	31.12.2022	31.12.2021
The cumulative revenues of non-delivered projects	641.3	682.8
Advances received netted	457.9	521.5
Total	**183.5**	**161.3**
Gross advance received from percentage of completion method	572.2	593.8
Advances received netted	457.9	521.5
Total	**114.3**	**72.3**

Net sales recognized under the percentage of completion method amounted EUR 364.6 million in 1–12/2022 (EUR 447.4 million in 1–12/2021).

Contract assets relate to receivable arising from percentage of completion method. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed progress billings. Where progress billings exceed the sum of contract costs, recognized profits and recognized losses these liabilities are included in the line item contract liabilities.

Advance payments received	31.12.2022	31.12.2021
Advance received from percentage of completion method (netted)	114.3	72.3
Other advance received from customers	450.1	272.4
Total	**564.3**	**344.7**

8. IMPAIRMENTS

EUR million	1–12/2022	1–12/2021
Goodwill	3.9	0.0
Property, plant and equipment	5.3	0.3
Total	**9.2**	**0.3**

Konecranes conducted Goodwill impairment tests during 2022 and impaired the Goodwill of Agilon Cash Generating Unit due to decreased discounted cash flow projections. Agilon is an automated storage and retrieval system designed especially for maintenance, production and distribution operations and warehouse management. The development of the sales has not met the targets and consequently the cash flows have been insufficient. Business is partially based on rental model, which employs capital. Agilon business operates mainly in region Europe and belongs to Industrial Equipment segment. According to the Goodwill test the recoverable amount of the unit is EUR 2.4 million, which is based on its value in use calculations. The discount rate used for the calculation was 14.5% (13.2% 31.12.2021)

Impairments of Property Plant and Equipment in 2022 relate mainly to war in Ukraine and restructuring actions and in 2021 to restructuring actions.

9. RESTRUCTURING COSTS

Konecranes has recorded EUR 17.0 million restructuring costs during 1–12/2022 (EUR 11.3 million expenses in 1–12/2021) of which EUR 2.9 million was impairment of assets (EUR 0.3 million for 1–12/2021). The remaining restructuring items are reported 1–12/2022 in personnel costs (EUR 4.8 million), materials and supplies (EUR 4.8 million) and in other operating expenses (EUR 4.5 million).

Notes

10. INCOME TAXES

Taxes in statement of Income	1–12/2022	1–12/2021
Local income taxes of group companies	63.8	47.7
Taxes from previous years	-0.6	1.4
Change in deferred taxes	-11.0	-3.9
Total	**52.2**	**45.1**

11. KEY FIGURES

	31.12.2022	31.12.2021	Change %
Earnings per share, basic (EUR)	1.77	1.86	-4.9
Earnings per share, diluted (EUR)	1.77	1.85	-4.7
Alternative Performance Measures:			
Return on capital employed, %	9.0	9.3	-3.2
Adjusted return on capital employed, %	13.4	13.4	0.0
Return on equity, %	9.9	11.3	-12.4
Equity per share (EUR)	18.10	17.08	6.0
Gearing, %	48.0	39.8	20.6
Net debt / Adjusted EBITDA	1.7	1.4	20.0
Equity to asset ratio, %	37.9	38.9	-2.6
Investments total (excl. acquisitions), EUR million	37.0	49.8	-25.7
Interest-bearing net debt, EUR million	688.3	541.6	27.1
Net working capital, EUR million	581.2	424.5	36.9
Average number of personnel during the period	16,563	16,625	-0.4
Average number of shares outstanding, basic	79,151,542	79,134,459	0.0
Average number of shares outstanding, diluted	79,508,099	79,606,960	-0.1
Number of shares outstanding	79,166,599	79,134,459	0.0

Notes

Calculation of Alternative Performance Measures

Konecranes presents Alternative Performance Measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative Performance measures should not be considered as a substitute for measures of performance in accordance with the IFRS.

Return on equity (%):	=	Net profit for the period / Total equity (average during the period)	X 100
Return on capital employed (%):	=	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Adjusted return on capital employed (%):	=	Adjusted EBITA / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Equity to asset ratio, %:	=	Shareholders' equity / Total amount of equity and liabilities - advance payment received	X 100
Gearing, %:	=	Interest-bearing liabilities - liquid assets - loans receivable / Total equity	X 100
Equity per share:	=	Equity attributable to the shareholders of the parent company / Number of shares outstanding	
Net working capital:	=	Non interest-bearing current assets + deferred tax assets (excluding Purchase Price Allocation) - Non interest-bearing current liabilities - deferred tax liabilities (excluding Purchase Price Allocation) - provisions	
Interest-bearing net debt:	=	Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)	
Average number of personnel:	=	Calculated as average of number of personnel in quarters	
Number of shares outstanding:	=	Total number of shares - treasury shares	
EBITDA:	=	Operating profit + Depreciation, amortization and impairments	
Adjusted EBITA:	=	Operating profit + Amortization and impairment of Purchase Price Allocations + Transaction and integration costs + Restructuring costs + other items affecting comparability	

Notes

Reconciliation of adjusted EBITDA, EBITA and Operating profit (EBIT)	1–12/2022	1–12/2021
Adjusted EBITDA	**406.1**	**398.9**
Transaction and integration costs	-8.7	-47.8
Restructuring costs (excluding impairments)	-14.1	-11.0
Costs related to the impacts of the war in Ukraine (excluding impairments of property, plant and equipment)	-35.8	0.0
EBITDA	**347.6**	**340.1**
Depreciation, amortization and impairments	-124.4	-120.1
Operating profit (EBIT)	**223.2**	**220.0**
Adjusted EBITA	**318.4**	**312.2**
Purchase price allocation amortization and Goodwill impairment	-31.8	-33.2
Adjusted Operating profit (EBIT)	**286.6**	**279.1**
Transaction and integration costs	-8.7	-47.8
Restructuring costs	-17.0	-11.3
Costs related to the impacts of the war in Ukraine	-37.8	0.0
Operating profit (EBIT)	**223.2**	**220.0**

Interest-bearing net debt	31.12.2022	31.12.2021
Non current interest bearing liabilities	1,056.4	447.1
Current interest bearing liabilities	49.8	418.0
Loans receivable	-3.9	-2.8
Cash and cash equivalents	-413.9	-320.7
Interest-bearing net debt	**688.4**	**541.6**

The period end exchange rates:	31.12.2022	31.12.2021	Change %
USD - US dollar	1.067	1.133	6.2
CAD - Canadian dollar	1.444	1.439	-0.3
GBP - Pound sterling	0.887	0.840	-5.3
CNY - Chinese yuan	7.358	7.195	-2.2
SGD - Singapore dollar	1.430	1.528	6.8
SEK - Swedish krona	11.122	10.250	-7.8
AUD - Australian dollar	1.569	1.562	-0.5

The period average exchange rates:	31.12.2022	31.12.2021	Change %
USD - US dollar	1.054	1.183	12.3
CAD - Canadian dollar	1.370	1.483	8.2
GBP - Pound sterling	0.853	0.860	0.8
CNY - Chinese yuan	7.078	7.629	7.8
SGD - Singapore dollar	1.451	1.589	9.5
SEK - Swedish krona	10.626	10.146	-4.5
AUD - Australian dollar	1.517	1.575	3.9

Notes

12. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.12.2022	31.12.2021
For own commercial obligations		
Guarantees	862.5	783.0
Other	72.7	55.1
Total	**935.2**	**838.2**

Guarantees

The guarantees are related to the fact that from time to time Konecranes provides customers with guarantees that guarantee the Company's obligations pursuant to the applicable customer contract. In sale of investment goods (machinery) the typical guarantees are the following:

- tender guarantees (bid bonds) given to the customer to secure the bidding process
- advance payment guarantees given to the customer to secure their down payment for project
- performance guarantees to secure customers over the Company's own performance in customer contracts, and
- warranty period guarantees to secure the correction of defects during the warranty period.

Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty, Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group.

Notes

13. FINANCIAL ASSETS AND LIABILITIES

13.1. Carrying amount of financial assets and liabilities in the balance sheet

EUR million **Financial assets 31.12.2022**	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	622.5	622.5
Derivative financial instruments	12.2	31.5	0.0	43.7
Cash and cash equivalents	0.0	0.0	413.9	413.9
Total	**12.2**	**31.5**	**1,036.3**	**1,080.0**

Financial liabilities 31.12.2022				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	1,056.4	1,056.4
Other payable	0.0	0.0	7.9	7.9
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	49.8	49.8
Derivative financial instruments	10.7	5.2	0.0	15.9
Accounts and other payable	0.0	0.0	362.4	362.4
Total	**10.7**	**5.2**	**1,476.4**	**1,492.3**

EUR million **Financial assets 31.12.2021**	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	520.2	520.2
Derivative financial instruments	1.5	2.1	0.0	3.6
Cash and cash equivalents	0.0	0.0	320.7	320.7
Total	**1.5**	**2.1**	**840.9**	**844.5**

Financial liabilities 31.12.2021				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	447.1	447.1
Other payable	0.0	0.0	10.5	10.5
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	418.0	418.0
Derivative financial instruments	7.0	9.9	0.0	16.9
Accounts and other payable	0.0	0.0	308.6	308.6
Total	**7.0**	**9.9**	**1,184.2**	**1,201.1**

Notes

During the year 2022 the Group cancelled the merger related EUR 392 million committed financing facility (originally EUR 635 million) in full and prepaid the EUR 250 million senior bond. In addition, the Group issued a new EUR 300 million Schuldschein loan and repaid the EUR 73 million bilateral loan which matured during the fourth quarter.

At the end of fourth quarter 2022, the Group's liquid cash reserves were EUR 413.9 million (31.12.2021: EUR 320.7 million). For safeguarding the Group's cash position, the Group has established EUR 400 million committed revolving credit facility with an international loan syndication (2017–2024), which remained undrawn at the end of December 2022. In addition, the Group may draw short term financing from the domestic commercial paper markets within the EUR 500 million limit, which was unutilized at the end of December 2022 (31.12.2021: EUR 40 million).

At the end of December 2022, the outstanding short- and long-term loan portfolio consists of: EUR 550 million term loans, EUR 377 million Schuldschein loan and EUR 25 million employment pension loan. The loan portfolio contains floating and fixed rate tranches and interest swaps. The weighted average interest rate for these loans is at the end of period 2.50% per annum. The Group is in compliance with the quarterly monitored financial covenant (gearing). No specific securities have been given for the loans. The Group continues to have healthy gearing ratio of 48.0% (31.12.2021: 39.8%) which is in compliance with the financial covenants the Group has to comply with.

Derivatives are initially recorded in the balance sheet at fair value and subsequently measured at fair value at each balance sheet date. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative instruments that are not designated as hedges (hedge accounting) are measured at fair value, and the change in fair value is recognized in the consolidated statement of income. When the derivative is designated as a hedge (hedge accounting) the effective part of the change in fair value is recognized in other comprehensive income. Any ineffective part is recognized in the consolidated statement of income. The foreign exchange forward contracts are measured based on the closing date's observable spot exchange rates and the quoted yield curves of the respective currencies. Interest rate swaps are measured based on present value of the cash flows, which are discounted based on the quoted yield curves.

Notes

13.2 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial assets and liabilities:

Financial assets	Carrying amount **31.12.2022**	Carrying amount **31.12.2021**	Fair value **31.12.2022**	Fair value **31.12.2021**
Current financial assets				
Account and other receivables	622.5	520.2	622.5	520.2
Derivative financial instruments	43.7	3.6	43.7	3.6
Cash and cash equivalents	413.9	320.7	413.9	320.7
Total	**1,080.0**	**844.5**	**1,080.0**	**844.5**
Financial liabilities				
Non-current financial liabilities				
Interest-bearing liabilities	1,056.4	447.1	1,082.4	448.3
Other payable	7.9	10.5	7.9	10.5
Current financial liabilities				
Interest-bearing liabilities	49.8	418.0	49.8	419.1
Derivative financial instruments	15.9	16.9	15.9	16.9
Accounts and other payable	362.4	308.6	362.4	308.6
Total	**1,492.3**	**1,201.0**	**1,518.3**	**1,203.4**

The management assessed that cash and short-term deposits, accounts receivable, accounts payable, bank overdrafts and other current payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the loan.

Notes

13.3 Hierarchy of fair values

	31.12.2022			31.12.2021		
Financial assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instruments						
Foreign exchange forward contracts	0.0	41.9	0.0	0.0	3.5	0.0
Fuel oil derivative	0.0	0.0	0.0	0.0	0.1	0.0
Interest rate derivative	0.0	1.8	0.0	0.0	0.0	0.0
Total	**0.0**	**43.7**	**0.0**	**0.0**	**3.6**	**0.0**
Other financial assets						
Cash and cash equivalents	413.1	0.0	0.8	320.7	0.0	0.0
Total	**413.1**	**0.0**	**0.8**	**320.7**	**0.0**	**0.0**
Total financial assets	**413.1**	**43.7**	**0.8**	**320.7**	**3.6**	**0.0**

Financial liabilities						
Derivative financial instruments						
Foreign exchange forward contracts	0.0	15.8	0.0	0.0	16.9	0.0
Fuel oil derivative	0.0	0.1	0.0	0.0	0.0	0.0
Total	**0.0**	**15.9**	**0.0**	**0.0**	**16.9**	**0.0**
Other financial liabilities						
Interest bearing liabilities	0.0	1,106.2	0.0	0.0	865.1	0.0
Other payables	0.0	0.0	0.8	0.0	0.0	3.0
Total	**0.0**	**1,106.2**	**0.8**	**0.0**	**865.1**	**3.0**
Total financial liabilities	**0.0**	**1,122.1**	**0.8**	**0.0**	**882.0**	**3.0**

14. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	**31.12.2022** Nominal value	**31.12.2022** Fair value	**31.12.2021** Nominal value	**31.12.2021** Fair value
Foreign exchange forward contracts	1,609.6	26.1	1,060.1	-13.4
Interest rate derivative	300.0	1.8	88.4	0.0
Fuel oil derivative	1.7	-0.1	1.4	0.1
Total	**1,911.3**	**27.8**	**1,149.9**	**-13.3**

Derivatives not designated as hedging instruments in hedge accounting

The Group also enters into other derivatives, foreign exchange or currency options with the intention of reducing the risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Notes

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward contracts and interest rate swaps measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales and purchases in US dollar and interest expenses. These forecast transactions are highly probable, and they comprise about 35.5% of the Group's total hedged transaction flows. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At the inception of these deals the Group assess whether the critical terms of the foreign currency forward contracts and interest rate swaps match the terms of the expected highly probable forecast transactions. On a quarterly basis the Group performs qualitative effectiveness test by checking that the hedging instrument is linked on the relevant assets and liabilities, projected business transactions or binding contracts according to the hedging strategy and that there are no related credit risks. Hedge ineffectiveness is recognized through profit or loss.

The cash flow hedges of the expected future sales, purchases and interest expenses in 2022 and 2021 were assessed to be highly effective and a net unrealized gain or loss, with a deferred tax asset relating to the hedging instruments, is included in OCI. The amounts recognized in OCI are shown in the table below and the reclassifications to profit or loss during the year are as shown in the consolidated statement of income.

Fair value reserve of cash flow hedges

EUR million	31.12.2022	31.12.2021
Balance as of January 1	-2.7	6.0
Gains and losses deferred to equity (fair value reserve)	2.0	-11.0
Change in deferred taxes	-0.4	2.2
Balance as of the end of period	**-1.1**	**-2.7**

15. TRANSACTIONS WITH RELATED PARTIES

EUR million	31.12.2022	31.12.2021
Sales of goods and services with associated companies and joint arrangements	25.4	18.0
Receivables from associated companies and joint arrangements	4.1	3.3
Purchases of goods and services from associated companies and joint arrangements	64.5	53.6
Liabilities to associated companies and joint arrangements	1.5	1.7

ANALYST AND PRESS BRIEFING

A live international webcast and telephone conference for analysts, investors and media will be arranged on February 2, 2023, at 11:30 a.m. EET. The Financial statement release will be presented by President and CEO Anders Svensson and CFO Teo Ottola.

Please see the press release dated January 19, 2023, for the webcast and telephone conference details.

NEXT REPORT

Konecranes Plc plans to publish its Interim report, January–March 2023 on April 28, 2023.

KONECRANES PLC

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Konecranes is a world-leading group of Lifting Businesses, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. In 2022, Group sales totaled EUR 3.4 billion. The Group has approximately 16,500 employees in around 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).

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