
KONECRANES

# GOVERNANCE AND FINANCIAL REVIEW **2022**

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## Corporate Governance



## Financial Review




**Information about Konecranes' Annual Report 2022**
Konecranes' Annual Report 2022 consists of three separate reports: Annual Review, Governance and Financial Review, and Sustainability Report. All documents are downloadable on our Annual Report website at **https://investors.konecranes.com/annual_report_2022.**

# CORPORATE GOVERNANCE STATEMENT 2022

## Corporate governance

Konecranes Plc ("Konecranes", "the Company") is a Finnish public limited liability company that complies with the Finnish Companies and Securities Market Acts, the rules of Nasdaq Helsinki, and other regulations concerning public companies, as well as with Konecranes Plc's Articles of Association, in its decisionmaking and administration.

Konecranes complies with the Finnish Corporate Governance Code 2020 (the "Code"), which came into force on January 1, 2020, and was approved by the board of the Securities Market Association. The Code can be found at www.cgfinland.fi. Konecranes complies with the recommendations of the Code with no exceptions. Konecranes has issued Corporate Governance Statement and Remuneration Report based on the Code. Read more at **www.konecranes.com > Investors > Corporate Governance.**

### General Meeting

The General Meeting of Shareholders is Konecranes' highest decision-making body, through which shareholders exercise their decision-making power and right of supervision and control over the Company's business.

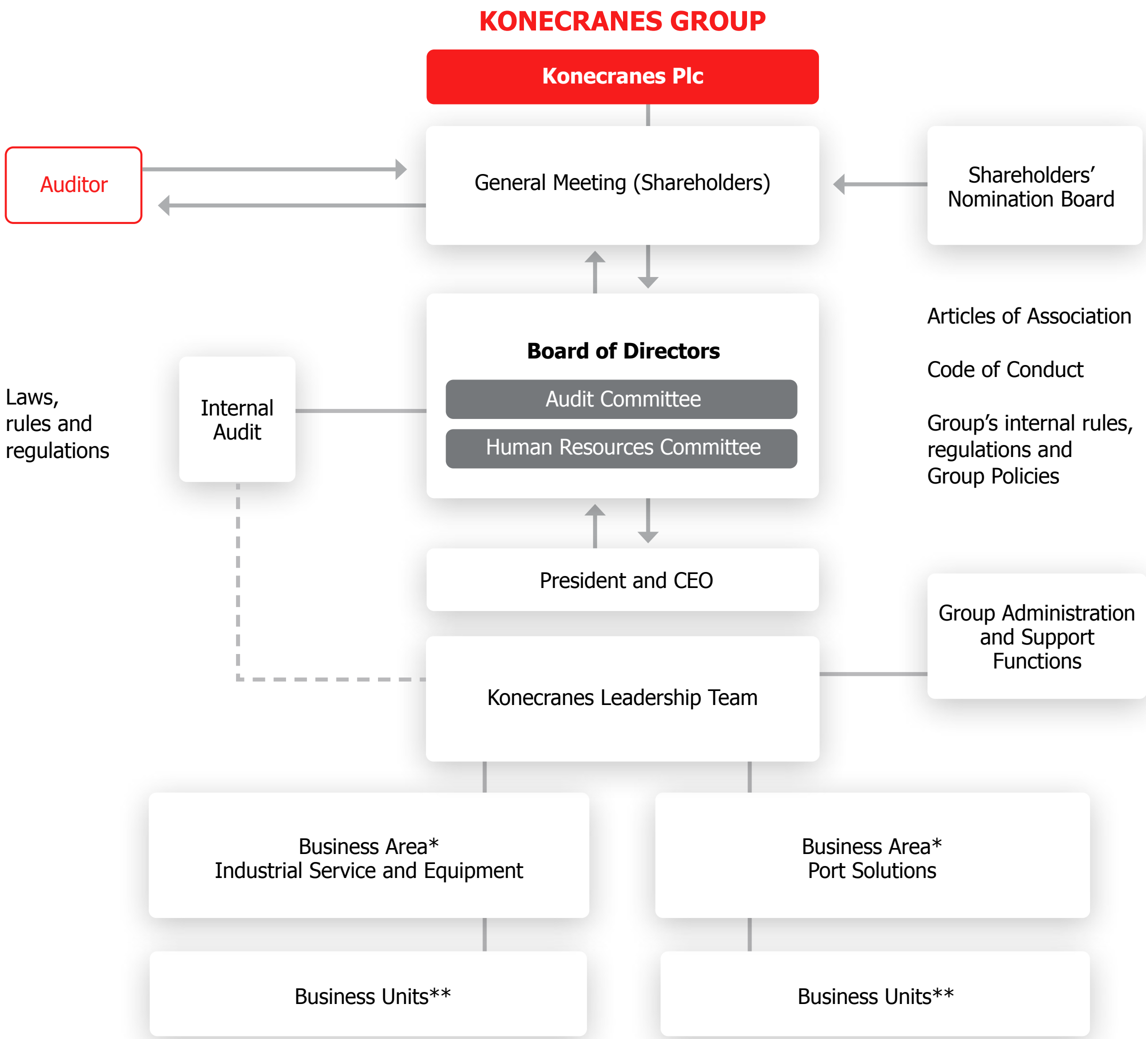
The Annual General Meeting (AGM) must be held within six months after the end of a financial year. Konecranes Plc's Annual General Meeting 2022 was held in Hyvinkää on June 15, 2022.

An Extraordinary General Meeting (EGM) must be held, for example, when the Board of Directors considers it necessary or if an auditor or shareholders with at least 10 percent of shares so demand in writing to consider a specific issue. In 2022, no EGM was arranged.

The Board of Directors ("Board") shall convene an AGM or EGM by publishing a notice on the Company's website or in one or more national newspapers or by sending a written notice to shareholders by mail no more than three (3) months and no less than three (3) weeks before a meeting. The notice shall include the proposed agenda. The Company shall disclose on its website the date by which shareholders shall notify the Board of Directors of any issue that they wish to be included in the agenda. The Company will publish the decisions made at General Meetings as stock exchange releases and on the Company's website without delay after meetings.

The minutes of the General Meeting, including those appendices of the minutes that are part of decisions made by the meeting, will be posted on the Company's website within two weeks of a General Meeting. More information on General Meetings can be found on the Company's website at **https://investors.konecranes.com/general-meeting.**

## Corporate Governance structure of the Konecranes Group in 2022




* Konecranes has two Business Areas, Industrial Service and Equipment, and Port Solutions, and three Business Segments: Service, Industrial Equipment and Port Solutions.

** Some Business Units are managed and organized as through three regions: Americas, EMEA and APAC.

# Shareholders' Nomination Board

### Composition of the Shareholders' Nomination Board

**Mr. Reima Rytsölä**
b. 1969
Finnish citizen
Appointed by Solidium Oy
**Education:** M.Soc.Sc.
**Principal occupation:** CEO of Solidium Oy

**Mr. Peter Therman**
b. 1968
Finnish citizen
Appointed by HC Holding Oy Ab (Hartwall Capital)
**Education:** M.Sc. (Econ.)
**Principal occupation:** Deputy Chairman of the Board of Directors of Hartwall Capital

**Mr. Mikko Mursula**
b. 1966
Finnish citizen
Appointed by Ilmarinen Mutual Pension Insurance Company
**Education:** M.Sc. (Econ.)
**Principal occupation:** Deputy CEO, Investments of Ilmarinen Mutual Pension Insurance Company

**Mr. Stig Gustavson**
b. 1945
Finnish citizen
Appointed by Stig Gustavson and family
**Education:** M.Sc. (Tech.)

Konecranes has a Shareholders' Nomination Board, which prepares proposals to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, for the election and remuneration of the members of the Board of Directors and to identify potential Board member candidates.

The Charter of the Shareholder's Nomination Board is available on the Company's website at **www.konecranes.com > Investors > Corporate Governance > Shareholders' Nomination Board.**

The Shareholders' Nomination Board is comprised of one member appointed by each of the four largest shareholders of the Company. The Chair of the Company's Board of Directors serves as an expert in the Nomination Board without being a member. The shareholders entitled to appoint a member are determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Ltd. on August 31 each year. Nominee registered holdings or holdings, e.g., through several funds or group companies may be taken into account when making a written request to the Chair of the Board of Directors no later than on August 30 each year.

The member appointed by a shareholder shall resign from the Nomination Board if the shareholder concerned later transfers more than half of the shares held on August 31 and as a result thereof is no longer amongst the Company's ten largest shareholders.

The Nomination Board is established until a General Meeting of the Company decides otherwise. The members shall be nominated annually, and their term of office shall end when new members are nominated to replace them.

# Board of Directors

**Christoph Vitzthum**
b. 1969
Finnish citizen
**Chairman of the Board since 2016**
**Board Member since 2015**
Independent of the Company and its significant shareholders
**Education:** M.Sc. (Econ.)
**Principal occupation:**
President and CEO, Fazer Group
**Shares:** 10,648

**Pasi Laine**
b. 1963
Finnish citizen
**Vice Chairman of the Board since 2022**
**Board Member since 2022**
Independent of the Company and its significant shareholders
**Education:** M.Sc. (El.Eng.)
**Principal occupation:**
President and CEO, Valmet Oyj
**Shares:** 1,037

**Pauli Anttila**
b. 1984
Finnish citizen
**Board Member since 2022**
Independent of the Company but deemed to be dependent of a significant shareholder of the Company based on his current position as Investment Director and Member of the Management team, Solidium Oy
**Education:** M.Sc. (Econ.)
**Principal occupation:**
Investment Director and Member of the Management Team, Solidium Oy
**Shares:** 1,225

**Janina Kugel**
b. 1970
German citizen
**Board Member since 2016**
Independent of the Company and its significant shareholders
**Education:** M.Sc. (Econ.)
**Principal occupation:**
Board professional and independent strategic advisor
**Shares:** 4,961

**Ulf Liljedahl**
b. 1965
Swedish citizen
**Board Member since 2016**
Independent of the Company and its significant shareholders
**Education:** B.Sc. (Economics and Business Administration)
**Principal occupation:**
President and CEO, Volito AB
**Shares:** 4,961

# Board of Directors

**Niko Mokkila**
b. 1979
Finnish citizen
**Board Member since 2020**
Independent of the Company but deemed to be dependent of a significant shareholder of the Company based on his current position as Managing Director of Hartwall Capital Oy Ab
**Education:** M.Sc. (Tech.), M.Sc. (Econ.)
**Principal occupation:**
Managing Director, Head of Investment Operations, Hartwall Capital Oy Ab
**Shares:** 2,498

**Per Vegard Nerseth**
b. 1964
Norwegian citizen
**Board Member since 2018**
Independent of the Company and its significant shareholders
**Education:** B.Sc. (Econ.), MBA
**Principal occupation:**
Chief Executive Officer, CMR Surgical
**Shares:** 4,270

**Päivi Rekonen**
b. 1969
Finnish citizen
**Board Member since 2018**
Independent of the Company and its significant shareholders
**Education:** M.Soc.Sc., M.Sc. (Econ.)
**Principal occupation:**
Board professional and independent strategic advisor
**Shares:** 4,270

**Helene Svahn**
b. 1974
Swedish citizen
**Board Member since 2022**
Independent of the Company and its significant shareholders
**Education:** Ph.D. (El. Eng)
**Principal occupation:**
Professor in Nanobiotechnology, Royal Institute of Technology (KTH), Sweden
**Shares:** 725

**Sami Piittisjärvi**
b. 1992
Finnish citizen
**Board Member since 2022**
Independent of the Company's significant shareholders but deemed to be dependent of the Company due to his position as an employee of Konecranes.
**Education:** Bachelor of Electrical Engineering
**Principal occupation:**
Manager, portfolio management, Business Unit Port Services
**Shares:** 36

Sami Piittisjärvi was selected from among candidates put forward by the employees of Konecranes in accordance with the agreement on employee representation between Konecranes and its employees.

The Board of Directors shall under the Konecranes Articles of Association have a minimum of five and maximum of ten members. The Directors are elected at each Annual General Meeting. The managing director may be a member of the Board of Directors, but (s)he cannot be elected the Chair of the Board. In 2022, Konecranes President and CEO was not a member of the Board of Directors.

### Main tasks

The Board is vested with powers and duties to manage and supervise the administration and operations of the Company as set forth in the Companies Act, the Articles of Association, and any other applicable Finnish laws and regulations. The Company complies with all other applicable rules and regulations affecting the Company or its affiliates (Group Companies) outside Finland, provided that such compliance does not constitute a violation of Finnish law. As a publicly listed company, the Rules of Nasdaq Helsinki will apply to the Company and the Company complies with the Finnish Corporate Governance Code 2020.

The Board has a general obligation to pursue the best interests of the Company and all of its shareholders. The Board is accountable to the Company's shareholders. The members of the Board of Directors shall act in good faith and with due care, exercising their business judgment on an informed basis in what they believe to be the best interest of the Company and its shareholder community as a whole.

The Board of Directors shall decide on the business strategy of the Company; the appointment and dismissal of the President and CEO (holding the position of the managing director under the Companies Act), the deputy to the President and CEO, and other senior management, Group structure, acquisitions and divestments, financial matters and investments. It shall also continuously review and monitor the operations and performance of Group companies, risk management, and the Company's compliance with applicable laws, as well as any other issues determined by the Board of Directors. The Board shall keep itself informed of issues and business activities of major strategic importance to the Company on an ongoing basis. The Board shall appoint a secretary to be present at all Board meetings.

The President and CEO and Chief Financial Officer report to the Board on a quarterly basis on the sales funnel, competitive situation, market sentiment, the Company's order intake and financial performance and full-year forecast, as well as on safety, people, and customer topics. The status of the most important development activities, e.g., major IT investments, R&D projects and acquisition cases, may be presented to the Board by the persons directly responsible for such matters.

### Diversity of the Board of Directors

The Board has a diversity policy which was approved in 2016. According to the policy, the Members of the Board of Directors are always selected based upon their expected contribution and effectiveness as members of the Board of Directors, and capability to positively influence the long-term strategic direction and performance of the Company. As a team, the Board of Directors works for the benefit of the key stakeholders, including customers, employees and shareholders. Diversity in the composition of the Board of Directors enables diversity in thinking and high-quality decision making.

When considering diversity within the Board of Directors, the main attribute is diversity in thinking, including individual professional and personal experiences, influenced by diversity in nationality, age and gender. Board selections are based on a candidate's background and competency to understand Konecranes' current and future markets, strategy, employees and customers, including a sound understanding of financials and business dynamics.

Collectively the Board of Directors should have combined experience in different markets, geographies and important topics like digitalization and corporate responsibility.

For a well-functioning Board of Directors, it is important that Board members are committed to Board work and have the possibility to devote the time needed to understand the Company's current situation, customers and strategy.

The most important nomination criteria for Board candidates are competency, knowledge, personal qualities and integrity. Both genders shall be represented on the Board of Directors, and Konecranes' aim is to strive towards a good and balanced Board composition taking into account all aspects of Board diversity.

At the end of 2022, out of ten Board members, three were female, representing almost one third of the total. The Board had four different nationalities and consisted of different educational backgrounds from the fields of engineering, economics, social science and human resource management.

In 2022, Konecranes' Board convened 22 times. The attendance of the Board members at meetings was 99 percent. The attendance of the members to the Board and committee meetings is presented in the table on the following page:

## Board meetings 2022

| | Board meetings | |
|---|---|---|
| **Member** | **Attendance** | **Percentage** |
| **Chairman** | | |
| Christoph Vitzthum | 22/22 | 100% |
| **Vice Chairman** | | |
| Pasi Laine | 5/5 | 100% |
| **Other Board Members** | | |
| Janina Kugel | 21/22 | 95% |
| Helene Svahn | 5/5 | 100% |
| Niko Mokkila | 22/22 | 100% |
| Päivi Rekonen | 22/22 | 100% |
| Pauli Anttila | 5/5 | 100% |
| Per Vegard Nerseth | 22/22 | 100% |
| Sami Piittisjärvi | 5/5 | 100% |
| Ulf Liljedahl | 22/22 | 100% |

## Committee meetings 2022

| | Audit Committee meetings | | Human Resources Committee meetings | |
|---|---|---|---|---|
| **Member** | **Attendance** | **Percentage** | **Attendance** | **Percentage** |
| **Chairman** | | | | |
| Christoph Vitzthum | | | 7/7 | 100% |
| **Vice Chairman** | | | | |
| Pasi Laine | | | | |
| **Other Board Members** | | | | |
| Janina Kugel | | | 7/7 | 100% |
| Helene Svahn | | | | |
| Niko Mokkila | 9/9 | 100% | | |
| Päivi Rekonen | 9/9 | 100% | | |
| Pauli Anttila | | | | |
| Per Vegard Nerseth | | | 7/7 | 100% |
| Sami Piittisjärvi | | | | |
| Ulf Liljedahl | 9/9 | 100% | | |

Pasi Laine, Helene Svahn, Pauli Anttila and Sami Piittisjärvi Board members since the AGM 2022 on June 15.

# Committees

**The Board of Directors has appointed two committees consisting of its members: the Audit Committee and the Human Resources Committee. The Board has confirmed rules of procedure for both Committees.**

## The Audit Committee

In 2022, the Board's Audit Committee was comprised of the following members:

- Mr. Ulf Liljedahl (Chair)
- Mr. Niko Mokkila
- Ms. Päivi Rekonen

At the end of 2022, all members of the Audit Committee were deemed to be independent of the Company, but Niko Mokkila was deemed to be dependent of a significant shareholder of the Company. All members have sufficient expertise on corporate management. In addition, all members have a degree in business administration and/or economics and one of the members has CFO experience.

The Board shall appoint an Audit Committee from among its members to assist the Board in its responsibilities relating to the appropriate arrangement of the control of the Company accounts and finances pursuant to the Companies Act. The intention is not to extend the duties of the Board from what is expressly stipulated in the Finnish Companies Act. The Audit Committee shall not make independent decisions and it may rely on the information provided to it.

The Audit Committee shall have at least three (3) non-executive Board members, who are independent of and not affiliated with the Company. At least one member must be independent of significant shareholders. The members must have the qualifications necessary to perform the responsibilities of the Audit Committee, and at least one member shall have expertise specifically in accounting, bookkeeping or auditing.

### Main tasks

The tasks and responsibilities are defined in the Charter of the Audit Committee, which is based on a Board resolution as part of the Company's corporate governance principles and includes the following:

- Monitoring the reporting process of financial statements;
- Supervising the financial reporting process;
- Monitoring the financial position of the Company by reviewing Annual Financial Statements and, to the extent appropriate, Interim Financial Statements;
- Overseeing the quality and integrity of the Financial Statements and related Disclosures;
- Monitoring the efficiency and adequacy of the Company's internal control, internal audit and risk management systems;
- Monitoring the adequacy and development of the Company's information and cyber security;
- Reviewing the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the Company's corporate governance statement;
- Reviewing and monitoring plans and reports of the Internal Audit function;
- Approving the annual plan, issuing instructions and reviewing the operations of the Internal Audit function;
- Overseeing development and quality of the Company's compliance and ethics processes and reviewing regular summaries of significant investigations
- Evaluating the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company to be audited;
- Preparing the proposal for resolution on the election of external auditors;
- Reviewing the external audit plan;
- Monitoring the statutory audit of the financial statements and consolidated financial statements and reviewing all material reports from the auditor addressed to Konecranes Plc and its subsidiary companies; and
- Preparing and making recommendations and proposals for action to the Board resulting from listed tasks to the extent Audit Committee finds necessary.

In 2022, Konecranes' Audit Committee convened 9 times. The attendance of the Audit Committee members at meetings was 100 percent. The attendance of the members is presented in the table on page 9.

## The Human Resources Committee

In 2022, the Board's Human Resources Committee was comprised of the following members:

- Ms. Janina Kugel (Chair)
- Mr. Per Vegard Nerseth
- Mr. Christoph Vitzthum

All members of the Human Resources Committee are deemed to be independent of the Company and its significant shareholders.

The Human Resources Committee is responsible for assisting and providing guidance and recommendations to the Board of Directors of the Company in fulfilling its oversight and other responsibilities in relation to e.g.:

- the operative structure and selection of senior management;
- talent management, retention and succession planning of senior management;
- professional and competence development for senior management;
- evaluation and compensation of the President and CEO and Konecranes Leadership Team (KLT);
- general principles for compensation, long- and short-term incentive compensation plans and share-based incentive plans;
- human resources, sustainability, ESG (Environmental, Social and Governance) and safety strategies and performance; and
- any other matters delegated to the Human Resources Committee by the Board.

The Human Resources Committee is appointed to assist the Board in its responsibilities and the Human Resources Committee does not have independent decision-making power. The Human Resources Committee consists of a minimum of three (3) directors. The Board elects the members and the Chair of the Human Resources Committee from among its members. The majority of the members shall be independent of the Company.

### Main tasks

The tasks and responsibilities are defined in the Charter of the Human Resources Committee, which is based on a Board resolution as part of the Company's corporate governance principles and includes the following:

- Reviewing the organizational structure of the Company and making related recommendations or proposals to the Board, when needed. The Committee considers the principles for selecting senior management and prepares proposals to the Board concerning the approval of the appointments, transfers and terminations for Konecranes Leadership Team (KLT) positions.
- Reviewing and monitoring Konecranes' Talent Management and Succession Planning process and reviewing potential successor candidates for KLT positions. In addition, the Committee evaluates, together with the President and CEO, any special retention needs for senior management.
- Reviewing development plans for the KLT members and executive development programs, including training and competence development programs for senior management members.
- Reviewing the President and CEO's authority and responsibilities and making related recommendations or proposals to the Board, when needed. On an annual basis, the Committee makes a recommendation to the Board on the President and CEO's compensation based on an evaluation of the Company's performance, compensation benchmark of chief executive officers in comparable global organizations, information on the competitive market for persons with similar skills and competences, and the Human Resources Committee's assessment of the President and CEO's current and expected contribution to the Company's success. Based upon a recommendation by the President and CEO, the Committee makes proposals to the Board concerning the approval of the base compensation review and incentive levels for KLT members.
- Evaluating and making recommendations to the Board concerning Konecranes' general compensation principles. The Human Resources Committee reviews incentive compensation plans and share-based plans to assess whether they provide an appropriate balance of risk and reward in relation to the Company's overall business strategy and expected performance, shareholder value creation and alignment of shareholder and senior management interests, without encouraging senior management to take unnecessary or excessive risks. The Human Resources Committee makes recommendations to the Board concerning the President and CEO's variable compensation and the adoption and amendment of long- and short-term incentive compensation plans and share-based plans which are subject to shareholder or Board approval. The Committee prepares proposals to the Board concerning the approval of the performance targets for the President and CEO, annual grants and the achievement against targets for the KLT members. The Committee monitors compliance with share ownership guidelines for the President and CEO and the KLT members.
- Reviewing reports on the Company's human resources, sustainability, ESG and safety strategies and performance against the set targets, business strategy and Konecranes' values. The Committee receives reports on the Company's practices for supporting diversity and inclusion, workplace safety activities and performance, and the actual performance against Konecranes' fair labor frame.

In 2022, Konecranes' Human Resources Committee convened 7 times. The attendance of the Human Resources Committee members at meetings was 100 percent. The attendance of the members is presented in the table on page 9.

# President and CEO

**Anders Svensson,** from October 19, 2022
b. 1975
Swedish citizen
**President and CEO since October 19, 2022**
Member of the Konecranes Leadership Team since 2022
Employed since 2022
**Education:** M.Sc. (Eng.)
**Shares:** 0

**Teo Ottola,** Interim CEO until October 18, 2022
b. 1968
Finnish citizen
**Chief Financial Officer and Deputy CEO, Interim CEO between January 1, 2022 and October 18, 2022**
Member of the Konecranes Leadership Team since 2007
Employed since 2007
**Education:** M.Sc. (Econ.)
**Shares:** 45,220

## Main tasks and duties

Under the Companies Act, the President and CEO is responsible for the day-to-day management of the Company in accordance with instructions and orders given by the Board. The President and CEO may undertake actions which, considering the scope and nature of the operations of the Company, are unusual or extensive, only with the authorization of the Board. The President and CEO shall see to it that the Company's accounting practices comply with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO is also responsible for preparing matters presented to the Board and for the Company's strategic planning, finance, financial planning, reporting, and risk management.

## Deputy CEO

Konecranes CFO, Teo Ottola, acts as the Deputy CEO.

# Konecranes Leadership Team

In addition to the President and CEO, the following persons belong to the Konecranes Leadership Team (KLT):

**Teo Ottola**
b. 1968
Finnish citizen
**Chief Financial Officer, Deputy CEO**
Member of the Konecranes Leadership Team since 2007
Employed by Konecranes since 2007
**Education:** M.Sc. (Econ.)
**Shares:** 45,220

**Fabio Fiorino**
b. 1967
Canadian citizen
**Executive Vice President, Industrial Service and Equipment**
Member of the Konecranes Leadership Team since 2012
Employed by Konecranes since 1995
**Education:** B. Eng., P. Eng., MBA
**Shares:** 33,588

**Anneli Karkovirta**
b. 1963
Finnish citizen
**Senior Vice President, People and Culture**
Member of the Konecranes Leadership Team since 2021
Employed by Konecranes since 2014
**Education:** M.Sc. (Econ.)
**Shares:** 1,975

**Mika Mahlberg**
b. 1963
Finnish citizen
**Executive Vice President, Port Solutions**
Member of the Konecranes Leadership Team since 2017
Employed by Konecranes since 1997
**Education:** M.Sc. (Eng.)
**Shares:** 18,603

# Konecranes Leadership Team

**Juha Pankakoski**
b. 1967
Finnish citizen
**Executive Vice President, Technologies**
Member of the Konecranes Leadership Team since 2015
Employed by Konecranes since 2004
**Education:** M.Sc. (Eng.), eMBA
**Shares:** 16,080

**Sirpa Poitsalo**
b. 1963
Finnish citizen
**Senior Vice President, General Counsel**
Member of the Konecranes Leadership Team since 2016
Employed by Konecranes since 1988
**Education:** LL.M.
**Shares:** 38,282

**Topi Tiitola**
b. 1969
Finnish citizen
**Senior Vice President, Integration and Project Management Office**
Member of the Konecranes Leadership Team since 2020
Employed by Konecranes since 1995
**Education:** M.Sc. (Econ.)
**Shares:** 9,048

**Carolin Paulus**
b. 1969
German citizen
**Executive Vice President, Business Area Industrial Equipment**
Member of the Konecranes Leadership Team since 2020
Employed by Konecranes since 1988
**Education:** B. Econ, Business Management

KLT Member until May 31, 2022

## Main tasks

The Konecranes Leadership Team assists the President and CEO, but has no official statutory position based on legislation or the Articles of Association. In practice, however, the Konecranes Leadership Team plays a significant role in the Company's management system, strategy preparation and decisionmaking. The Konecranes Leadership Team convenes on a monthly basis.

# Internal control and risk management related to financial reporting

**Risk management**

Konecranes' Board of Directors has defined and adopted a set of risk management principles based on widely accepted international good management practices. The Audit Committee evaluates and reports on the adequacy and appropriateness of internal controls and risk management to the Board.

Risk is anything that will clearly affect Konecranes' ability to achieve its business objectives and execute its strategies. Risk management is part of Konecranes' control system and is designed to ensure that any risks related to the Company's business operations are identified and managed adequately and appropriately to always safeguard the continuity of Konecranes' business and operations.

Risk management is considered an integral part of running Konecranes' operations. Konecranes' corporate risk management principles provide a basic framework for risk management across Konecranes, and each legal entity and/or operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience and relevance. Same principle is also applied to financial reporting.

The risk management principles define risk management as a continuous and systematic activity aimed at protecting employees from personal injury, safeguarding the assets of all Group companies and the Group as a whole, and ensuring stable and profitable financial performance. By minimizing losses due to realized risks and optimizing the cost of risk management, Konecranes can safeguard its overall long-term competitiveness. Konecranes has assessed its strategic, operational, financial and hazard-related risks.

Management of financial risks is described in note 33 to Konecranes' Financial Statements 2022.

## Internal Control

Internal control related to financial reporting is designed to provide reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements covering listed companies.

## Control environment

Corporate governance and business management at Konecranes are based on the Company's three core values: trust in people, total service commitment and sustained profitability. The control environment is the foundation for all other components of internal control and for promoting employee awareness of key issues, supporting the execution of strategy and regulatory compliance. The Board of Directors and Management are responsible for defining the Konecranes Group's control environment through business management structures, corporate policies, instructions and financial reporting frameworks. These include Konecranes' Code of Conduct, Anti-Corruption Policy and Konecranes' Controller's Manual, which constitute the main tool for accounting and financial reporting principles with respect to providing information, guidelines and instructions. The interpretation and application of accounting standards is the responsibility of the global accounting function. Guidelines and instructions for reporting are updated when necessary and are reviewed at least once a year.

Konecranes has two Business Areas, Industrial Service and Equipment, and Port Solutions, and three Business Segments: Service, Industrial Equipment and Port Solutions. Port Solutions also incorporates those service branches and spare part units which are dedicated to serve the port customer segment. In 2022, Business Segments Service and Industrial Equipment were focused under the same leadership.

Business Segment Service has four business units: Industrial Service, Modernizations, Component spare parts and Parts supply. Business Unit Industrial Service and Business Unit Modernizations are internally managed and reported as a line organization through three regions — Europe, Middle East and Africa (EMEA), Americas (AME) and Asia-Pacific (APAC). Other business units are managed as line organizations globally. Business Segment Industrial Equipment has six business units: Configured to Order Cranes, Industrial Products, Engineered to Order Cranes, Nuclear Cranes, Components and Supply. Four first listed business units are managed and reported as a line organization through same three regions as Industrial Service and Modernizations. Business Unit Components and Business Unit Supply are managed as global line organizations. Business Area Port Solutions is operated as line organizations further divided into business units, and under business units further into product lines. These segments have clear product line profit responsibilities, ensuring a flawless order delivery process and enabling effective decision making. Support functions, such as Finance, Legal, People and Culture, IT and Marketing and Communications are managed as line organizations.

In the finance operating model, management accounting (business controlling) and financial accounting are segregated where applicable. Management accounting employees support the business area management decision making, whereas financial accounting primarily follows Group's legal structure with a close link to Group-level financial accounting and reporting. Group Internal Controls is focused on supporting local units in improving controls and processes and monitoring compliance with Konecranes' internal controls and is part of the Internal Audit organization.

Financial targets are set, and planning and follow-up activities are executed, along the business area and business unit structures in alignment with the overall business targets of the Konecranes Group. The operations of Business Segment Service are typically monitored based on profit-responsible service branches, which are further consolidated to country and region levels. Business Segment Industrial Equipment is mainly monitored via the Components, Industrial Cranes and Products, and Process and Nuclear Cranes units, which are divided into business/product lines. The manufacturing of components, sub-assemblies and other parts have a separate set of key performance indicators (KPIs), as these supply operations are treated as cost centers rather than profit-generating units. Business Segment Port Solutions has Lift Trucks, Mobile Harbor Cranes, Port Cranes, Software, Solutions, and Port Services business units monitored in the same way as in Business Segment Industrial Equipment.

## Control activities

The Konecranes Leadership Team has operational responsibility for internal controls. Control activities are integrated into the business processes of the Konecranes Group and management's business supervision and monitoring procedures. Management follow-up is carried out through monthly management reporting routines and performance review meetings. These meetings are conducted at the business area and business unit levels, based on their own management structures, as well as at the Group level. Topics covered in the meetings include safety, review of the sales funnel, competitive situation, market sentiment, order intake and order book, monthly financial performance, quarterly and rolling 12-month forecasts, quality related matters and business risks, matters related to personnel, customers and internal control topics are also taken into account. Management separately follows up the most important development activities.

All legal entities and business units have their own defined controller functions. Representatives from controller functions participate in planning and evaluating unit performance and ensure that monthly and quarterly financial reporting follows the Company's policies and instructions and that all financial reports are delivered on time in accordance with schedules set by the Company.

Konecranes has identified and documented the significant internal controls that relate to its financial processes either directly or indirectly through other processes. Group companies are responsible for implementing the identified and documented internal controls. Konecranes has a register of internal controls that applies to all entities globally. The register includes controls over assets, liabilities, revenue, and costs that require the involvement of Business and Financial Management. The register includes approximately 90 controls that are categorized as key controls or operational controls. The list of internal controls is reviewed annually.

### Assessments and monitoring

Each operational legal entity/unit assesses and reports its compliance with the centrally determined set of significant internal controls through completion of an annual controls assessment document. In 2022, two Ukrainian entities did not complete the assessment due to the ongoing war, and one new recently established entity will complete its first assessment in 2023. Responsibility for fulfilling this reporting requirement lies with the managing directors and controllers. This document is reviewed by the Internal Audit team, which ensures completion of the assessment and provides feedback and guidance when needed on how to improve existing processes to fill possible gaps in controls.

In 2022, Internal Audit visits covered approximately 30 percent of the operational legal entities and around 74 percent of Group revenues. In addition to the above-described self-assessment of the control environment and Internal Audit visits, Group Internal Controls coordinated a self-testing process for 41 operational legal entities. Remediation of the control deficiencies is the responsibility of the Managing Director of the legal entity, and Internal Audit conducts a re-audit after the entity has corrected control weaknesses.

### Communication

The Controller's Manual, together with reporting instructions, control register and policies, is stored in the Konecranes Intranet for access by personnel. The Company, Business Areas and regions also arrange meetings to share information on financial processes and practices. Information for the Company's external stakeholders is regularly communicated via the Konecranes website. To ensure that the information provided is comprehensive and accurate, Konecranes has established a set of external communication guidelines. These define how, by whom, and when information should be issued; and they are designed to ensure that Konecranes meets all its disclosure obligations and to further strengthen internal controls related to financial reporting.

### During 2022

Konecranes acquired MHE-Demag in the beginning of 2020, and the legal entity consolidation was completed in late 2021. In 2022, Konecranes continued MHE-Demag integration, for example, in oneKonecranes processes, tools and control framework.

In 2022, Konecranes continued its IT system roll-out to implement harmonized processes, increase operational visibility and improve decision making, and to reduce the overall number of various IT systems. The oneKonecranes SAP ERP system is being taken into use for transaction handling and logistics within all three business segments. At the end of 2022, oneKonecranes SAP coverage was 77 percent of Konecranes entities, increasing from 2021 (71 percent).

Konecranes also continued the implementation and development of the Shared Service Center concept to offer mainly transaction handling services, master data maintenance and selected financial accounting, procurement and HR services.

The internal control environment has been further improved using common, unified processes and a common system platform. The annual review and update of internal controls was focused on compliance and contractual matters.


# Other information

## Internal audit

Konecranes' Internal Audit function is an independent unit, which assists the organization in achieving its objectives. The unit evaluates the efficiency of risk management, control and governance processes.

Internal Audit operates according to an audit plan approved by the Board's Audit Committee. The unit's working methods are based on the professional standards laid down by the Institute of Internal Auditors (IIA) and focus on process-oriented engagement rather than solely entity-based auditing. Internal audit results are reported to audited units' operative management, local subsidiaries' Chair of the Board (internal Board) and relevant KLT members. Remediation follow-ups are coordinated by Internal Audit and the Group Internal Controls function. Remediated findings are verified by Internal Audit in separate re-audits.

In 2022, the Internal Audit Team conducted 33 planned audits according to an approved annual audit plan. As part of ongoing risk assessment process, the plan was specified during the year. Internal audits in 2022 generally covered 50 key controls, and the risk-based part 43 operational controls. Also, sample sizes varied from limited to wide based on the analyzed risk level. The internal audit annual plan covered 30 percent of active operational legal entities, both Financial Service Centers (FSSC) in Tallinn and Xiamen, and centralized functions, such as Global IT Services, and HR Services in the U.S., Germany, China, SEA Countries and Finland. Additionally, Internal Audit conducted or participated in 5 audits based on the compliance and ethics risk assessment.

All Internal Audit activities are reported to the Konecranes Leadership Team and the Board's Audit Committee on a regular basis. Internal Audit is responsible to the Audit Committee.

## Related party transactions

Konecranes' Board of Directors has defined the principles for monitoring and evaluating related party transactions in terms of identification, reporting and supervision of related party transactions, as well as the proper decision making.

All related party transactions that are not part of the Company's ordinary course of business, or are made in deviation from customary commercial terms, require a Board's decision to be carried out. Such a decision shall be supported by appropriate documentation to demonstrate that the transaction is compatible with the purpose and interests of the Company and is commercially justified.

Konecranes regularly identifies its related parties and follows transactions by those parties through its ERP system, as well as through disclosures by related parties. The existence of other possible related parties in the form of shareholders is reviewed and evaluated throughout the year by the Legal Function to verify whether any shareholder has control or significant influence over Konecranes. The related party transactions connected to the key management personnel are collected systematically once a year by the Legal Function.

In 2022, Konecranes has not conducted related party transactions that would be material from the perspective of the Company or would deviate from the Company's normal business operations or would not be made on market or market equivalent terms. Information on related party transactions can be found in note 30 to Konecranes' Financial Statements.

## Insider administration

The Board of Directors has approved the Konecranes Plc Insider Regulations based on Market Abuse Regulation ("MAR"), regulation and guidance given by the European Securities and Markets Authority, the Finnish Securities Markets Act, Nasdaq Helsinki Ltd's Guidelines for Insiders and guidance given by the Financial Supervisory Authority.

Konecranes maintains an insider list ("Insider List") recording all persons having access to insider information related to the Company. The Insider List consists of one or more project-specific sections. Konecranes has determined that it will not establish a permanent insider section in this Insider List, and there are thus no permanent insiders in Konecranes.

At Konecranes, persons discharging managerial responsibilities ("Managers") according to MAR are the members of the Board of Directors, the President and CEO and the members of the Konecranes Leadership Team.

Managers and their closely associated persons have to notify Konecranes and Financial Supervisory Authority of all transactions, as defined in MAR, conducted on their own account relating to the financial instruments of Konecranes within three days of the transactions. Managers are prohibited from trading in Konecranes' financial instruments during a closed period starting on the 15th day of the month prior to the end of each calendar quarter and ending when the corresponding interim report or the financial statement bulletin is published, including the day of publication of said report ("Closed Period").

Konecranes keeps a record of persons who regularly participate in the preparation of Group-level financial results or who can otherwise have access to such information and has decided that the Closed Period set by Konecranes applies to them. Persons included in the Insider List's project-specific sections are prohibited from trading in Konecranes' financial instruments until termination of the project concerned.

## External audit

According to the Articles of Association of Konecranes, the Company has to have at least one regular APA auditor and one deputy auditor, or alternatively at least one auditing corporation, with an APA auditor as the responsible auditor. The auditors are elected to their office for a term expiring at the end of the Annual General Meeting of shareholders following the election. Ernst & Young Oy, Authorized Public Accountant Firm, has been the Company's external auditor since 2006. Mr. Toni Halonen served as Principal Auditor in 2022 and has been in this position since 2021. Ernst & Young Oy and its affiliated audit companies received EUR 4.1 million in fees for auditing Konecranes Group companies in 2022 and EUR 0.2 million of fees for non-audit services. In 2021, the corresponding fees were EUR 3.8 million and EUR 0.3 million.

# REMUNERATION REPORT 2022

## Letter from the Chair of the HR Committee

Dear Shareholders,

It is my pleasure to present you Konecranes' 2022 Remuneration Report on behalf of the Board's HR Committee. The Remuneration Report has been prepared in accordance with the requirements of the EU Shareholders' Rights Directive and the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association. The Report is based on Konecranes' Remuneration Policy, which covers the principles for remuneration of the Konecranes Board of Directors, the President and CEO and the Deputy CEO.

At Konecranes, remuneration is linked to performance and achievements on all organizational levels. While providing a competitive and motivating compensation, the primary target of Konecranes management remuneration is to align the interests of shareholders, board members and executives, and to enhance commitment to achieve strategic targets and to promote the long-term financial success of the company, as well as to contribute to the positive development of shareholder value. The executive shareholding requirements support the alignment of corporate aims and executive interests.

In recent years, profitability improvement has been a key strategic focus area at Konecranes, and it has been emphasized in both short-term and long-term incentive metrics. The short term-incentive plan has been based on annual targets related to Konecranes' financial performance. In 2022, as in 2021, the President and CEO's, the Deputy CEO's and other senior management's short-term incentives had a 70 percent weight on adjusted EBITA margin and 30 percent weight on orders growth.

In 2022, Konecranes had a record-high order intake, and the orders growth maximum target was reached. However, profitability declined from the previous year as the company faced delivery challenges due to component availability and supply chain constraints. Also, the accelerated cost inflation and the war in Ukraine had a negative impact on the performance. Profitability development is reflected in the outcomes of the short-term incentives presented in this report, resulting in lower 2022 short-term incentives to be paid in March 2023 compared to the 2021 short-term incentives paid out in 2022.

Konecranes' share-based compensation is based on longer-term financial performance and shareholder value creation, and in recent years, profitability has been emphasized in the Performance Share Plan metrics. Since the Performance Share Plan was launched in 2020, the adjusted earnings per share (EPS) has been the sole performance criterion. EPS is a widely used metric for assessing long-term financial performance, as EPS growth rate indicates well the corporate value growth over time.

In 2022, the three-year-long Performance Share Plan (PSP) was again divided into three one-year-long measurement periods, as the Board wanted to enable motivating, efficient and relevant target setting for the long-term incentives in the middle of the increased uncertainty caused by the COVID-19 pandemic, the war in Ukraine that had only just begun and as the planned merger with Cargotec was cancelled. Despite the one-year-long measurement periods, any rewards based on the PSPs will be paid only after the three-year-long performance periods. As the adjusted EPS declined in 2022, the outcome for the measurement period 2022 of the share-based plans was lower compared to the two previous years.

In October 2022, Konecranes was pleased to welcome a new President and CEO, Anders Svensson. As he started at the company during the fourth quarter of the year, his remuneration data from 2022 covers only less than three months. To ensure the new President and CEO's commitment towards the company, and since he started at Konecranes only after the launch of the PSP 2022, he was granted 17,070 gross Konecranes shares through a Restricted Share Unit (RSU) plan, 40 percent of which will vest on December 31, 2023, and 60 percent on December 31, 2024. The President and CEO is currently the only participant in the RSU plan, and his remuneration is aligned with Konecranes' Remuneration Policy, which allows deviations, such as RSU shares, in special circumstances, for example when recruiting a new President and CEO.

Turning to future, Konecranes continues to develop its remuneration and to follow that the remuneration levels and elements are aligned with market practices. As a next step, starting from 2023, the short-term incentive targets of the President and CEO, the Deputy CEO and other senior management will have a 10 percent weight on ESG performance criterion which comprises elements of $CO_2$ emissions from own operations, safety and diversity and inclusion. Introducing an ESG criterion is fully aligned with Konecranes' ambitious sustainability agenda and further enforces the management's commitment to Konecranes' sustainability targets.

I welcome any feedback or comments on Konecranes' Remuneration Report 2022.

**Janina Kugel**
**Chair of the Konecranes HR Committee**

## 1. Introduction

This report has been prepared by the Konecranes' Board of Directors Human Resources Committee. It is based on **Konecranes' Remuneration Policy** and has been prepared in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive, which was implemented in Finland in 2019, and the Finnish Corporate Governance Code 2020. The report will be presented at the Konecranes 2023 AGM, and the resolution of the AGM on the matter will be advisory.

Konecranes' Remuneration Policy was implemented in 2020 to formalize the existing and continuing practices and to illustrate the link between Konecranes' business targets and strategy and how those have been considered for existing remuneration principles. The Remuneration Policy was first presented at the 2020 AGM. The AGM 2020 gave an advisory resolution to support the Remuneration Policy, covering the principles for remuneration of the members of the Board of Directors, President and CEO and Deputy CEO. The Remuneration Policy's validity is regularly reviewed by the Board of Directors and presented to the General Meeting at least every four years or whenever substantial changes are made to it.

In 2022, the remuneration decisions, also in the recruitment of the new CEO, were made within the frame of the Remuneration Policy. There were no deviations from the Remuneration Policy.

The primary target of Konecranes management remuneration is to align the interests of Board members, executives, and shareholders and to enhance commitment to achieve strategic targets and to promote the long-term financial success of the Company, as well as to contribute to the positive development of shareholder value. The executive shareholding requirements support the alignment of corporate aims and executive interests.

At Konecranes, remuneration is linked to performance and achievements on all organizational levels. The short term-incentive plan is based on annual targets related to the financial performance of the group. The long-term Performance Share Plan is based on longer-term financial performance and shareholder value creation.

### Development of the fees of the Board of Directors and CEO compared to the development of the average remuneration of employees and to the Company's financial development over the preceding five financial years:

| **Financial Performance / Remuneration in EUR** | **2018** | **2019** | **2019 vs. 2018** | **2020** | **2020 vs. 2019** | **2021** | **2021 vs. 2020** | **2022** | **2022 vs. 2021** |
|---|---|---|---|---|---|---|---|---|---|
| Net sales, MEUR | 3,156.1 | 3,326.9 | **5.4%** | 3,178.95 | **-4.4%** | 3,185.7 | **0.2%** | 3,364.8 | **5.6%** |
| Adjusted EBITA, MEUR | 257.1 | 275.1 | **7.0%** | 260.8 | **-5.2%** | 312.2 | **19.7%** | 318.4 | **2.0%** |
| Chair of the Board | 140,000 | 140,000 | **0.0%** | 140,000 | **0.0%** | 140,000 | **0.0%** | 140,000 | **0.0%** |
| Vice Chair of the Board | | | | | | | | 100,000 | |
| Other board members | 70,000 | 70,000 | **0.0%** | 70,000 | **0.0%** | 70,000 | **0.0%** | 70,000 | **0.0%** |
| President & CEO *) | 647,700 | 515,976 | **-16.5%** | 698,677 | **35.4%** | 901,303 | **29.0%** | 748,778 | **-16.9%** |
| Average KC employees **) | 48,059 | 50,931 | **6.0%** | 46,913 | **-7.9%** | 49,089 | **4.6%** | 53,129 | **8.2%** |
| CEO-to-employee pay ratio | 13.48 | 10.13 | **-24.8%** | 14.89 | **47.0%** | 18.36 | **23.3 %** | 14.09 | **-23.2%** |

* The compensation of the President and CEO reflects the remuneration of Panu Routila from 2018 to October 2019, Rob Smith from February 2020 to December 2021, Interim CEO Teo Ottola from January 2022 to October 18, 2022 and Anders Svensson from October 19, 2022 onwards. The remuneration details contain the base salary as well as the car and phone benefit, pension is not included in this amount.

** Excluding restructuring costs. The lower remuneration in 2020 compared to the previous years is due to COVID-19-related temporary lay-offs and other temporary measures (e.g., shorter work weeks and utilization of holiday banks).

## 2. Remuneration of Board of Directors

The Board the Directors remuneration consists of Annual Fee, Board Meeting Attendance Fee, Committee Attendance Fee, and travel reimbursements.

The AGM 2022 confirmed that the annual remuneration of the Board of Directors remained unchanged. As per the AGM 2022 decision, 40 percent of the annual remuneration was paid in Konecranes shares acquired on behalf of the Board members at a price determined in public trading on Nasdaq Helsinki. According to the trading plan by the Company, the purchase of shares has been carried out in three equal instalments; each instalment purchased within a two-week period following each of the Company's interim report announcements and the Company's financial statement release. The Company pays transaction costs and transfer tax in connection with the purchase of remuneration shares.

### Board meeting attendance in 2022

| Member | Board meetings attended | Audit Committee meetings attended | HR Committee meetings attended |
|---|---|---|---|
| **Chair** | | | |
| Christoph Vitzthum | 22/22 | | 7/7 |
| **Vice Chair** | | | |
| Pasi Laine | 5/5 | | |
| **Other Board Members** | | | |
| Janina Kugel | 21/22 | | 7/7 |
| Helene Svahn | 5/5 | | |
| Niko Mokkila | 22/22 | 9/9 | |
| Päivi Rekonen | 22/22 | 9/9 | |
| Pauli Anttila | 5/5 | | |
| Per Vegard Nerseth | 22/22 | | 7/7 |
| Sami Piittisjärvi | 5/5 | | |
| Ulf Liljedahl | 22/22 | 9/9 | |

Pasi Laine, Helene Svahn, Pauli Anttila and Sami Piittisjärvi Board members since the AGM 2022 on June 15.

Furthermore, the AGM 2022 decided that the Board members are eligible for a meeting fee of EUR 1,000 for each meeting they attend. For meetings of the Board committees, the Chairs of the Audit Committee and the Human Resources Committee are entitled to a compensation of EUR 3,000 and the other Board members are entitled to a compensation of EUR 1,500 per each attended committee meeting.

In case the remuneration could not be paid in shares due to legal or other regulatory restrictions or due to other reasons related to the Company or a Board member, the annual remuneration would be paid fully in cash. In case the term of office of a member of the Board of Directors ends before the closing of the Annual General Meeting in 2023, he or she is entitled to the prorated amount of the annual remuneration calculated on the basis of his or her actual term in office. In 2022, all Konecranes Board members received 40 percent of their annual remuneration in Konecranes shares.

In addition to the Annual Fee, a Board Meeting Attendance Fee and Committee Attendance Fee was paid to the Board members and Board Committee members to compensate for any additional time commitment or duties. Travel expenses for all Board members, including the employee representative, were compensated against receipt.

Konecranes' Board members are not in an employment relationship or service contract with Konecranes with the exception of Sami Piittisjärvi who was selected as a Board member among the employees. The other Board members do not participate in Konecranes' incentive programs or have pension schemes arranged by Konecranes.

In accordance with the agreement on employee representation between Konecranes and its employees, no Board remuneration shall be paid to Board members employed by the Company. Therefore, Sami Piittisjärvi did not receive remuneration for his Board membership and meeting attendance.

The members of the Shareholders' Nomination Board are not entitled to any remuneration from Konecranes on the basis of their membership.

### Fees payable to the Board members as confirmed by the latest Annual General Meeting on June 15, 2022

| Annual fee 2022 | Total EUR |
|---|---|
| Chair of the Board | 140,000 |
| Vice Chair | 100,000 |
| Board member | 70,000 |
| Fee per Board meeting | 1,000 |
| Fee per Board Committee meeting | 1,500 |
| Chair of the Audit and HR Committee per committee meeting | 3,000 |

Board members are also reimbursed for their travel expenses.

## Total remuneration paid to the Board of Directors in 2022

| | | | | Committee and Board Meeting Fees | | | |
|---|---|---|---|---|---|---|---|
| **Member** | **EUR cash portion as part of Total Annual Remuneration** | **No. of shares as part of Total Annual Remuneration** | **EUR value of shares as part of Total Annual Remuneration** | **EUR Committee Meeting Fees** | **EUR Board Meeting Fees (since AGM 2022)** | **EUR Committee and Board Meetings TOTAL** | **Total EUR** |
| **Chair** | | | | | | | |
| Christoph Vitzthum | 77,036 | 1,874 | 51,298 | 9,000 | 4,000 | 13,000 | 141,334 |
| **Vice Chair** | | | | | | | |
| Pasi Laine | 40,028 | 1,037 | 26,639 | - | 4,000 | 4,000 | 70,667 |
| **Other Board Members** | | | | | | | |
| Janina Kugel | 38,543 | 936 | 25,624 | 18,000 | 3,000 | 21,000 | 85,167 |
| Helene Svahn | 28,043 | 725 | 18,624 | - | 4,000 | 4,000 | 50,667 |
| Niko Mokkila | 38,543 | 936 | 25,624 | 12,000 | 4,000 | 16,000 | 80,167 |
| Päivi Rekonen | 38,543 | 936 | 25,624 | 12,000 | 4,000 | 16,000 | 80,167 |
| Pauli Anttila | 28,043 | 725 | 18,624 | - | 4,000 | 4,000 | 50,667 |
| Per Vegard Nerseth | 38,543 | 936 | 25,624 | 9,000 | 4,000 | 13,000 | 77,167 |
| Ulf Liljedahl | 38,543 | 936 | 25,624 | 24,000 | 4,000 | 28,000 | 92,167 |
| **Other Board Members** | **248,803** | **6,130** | **165,366** | **75,000** | **27,000** | **102,000** | **516,169** |
| **Total Board Compensation** | **365,866** | **9,041** | **243,304** | **84,000** | **35,000** | **119,000** | **728,170** |

Due to the payment cycle, Board remuneration from January 1, 2022 until the AGM 2022 was based on the decision made by the AGM 2021. From the AGM 2022 until December 31, 2022 the partial remuneration was based on the AGM 2022 decision.

Pasi Laine, Helene Svahn and Pauli Anttila have been members of the Board since the AGM 2022 (June 15, 2022). The Board meeting fees were decided by the AGM 2022.

The Board remuneration presented in the above table is based on payments made in 2022. The Committee meeting meeting fees include fees of 6 HR Committee and 8 Audit Committee meetings. The Board meeting fees include fees of 4 Board meetings.

No remuneration was paid to Sami Piittisjärvi, in accordance with the agreement on employee representation between Konecranes and its employees.

## 3. Remuneration of the President and CEO and the Deputy CEO

The Konecranes Remuneration Policy applied since the 2020 Annual General Meeting defines the principles for the remuneration of the President and CEO and the Deputy CEO.

Both the President and CEO's and the Deputy CEO's remuneration are decided by the Board of Directors on the proposal by the HR Committee.

Remuneration of the Konecranes President and CEO and Deputy CEO includes a fixed salary with fringe benefits, performance-based annual variable pay and a long-term, performance-based share plan.

In addition to the Finnish statutory pension, the CEO and Deputy CEO have a supplementary contribution pension benefit provided by the Company. The pension scheme for the President and CEO sets the defined contribution at 20 percent of the annual base salary, including fringe benefits and excluding performance-based compensation (annual or long-term incentives). The contribution level for the Deputy CEO is set at 1 percent of the annual base salary. The retirement age in this supplementary pension plan is 63 years.

### Remuneration paid to the President and CEO and the Deputy CEO in 2022

In 2022, the fixed salary including salaries and fringe benefits paid to the President and CEO amounted to EUR 162,137 and for the Deputy CEO to EUR 640,003.

The short-term incentive payments for 2021 were paid in 2022 and amounted to EUR 659,999 for the previous President & CEO Rob Smith and EUR 229,089 for the Deputy CEO Teo Ottola. The short-term incentive plan 2021 for the previous President and CEO and Deputy CEO was based on the achievement of the following measures: 70 percent weight on Group adjusted EBITA margin and 30 percent weight on on Group orders received. The actual outcome was 82.5 percent out of the maximum 100 percent. In 2022, the Deputy CEO (then Interim CEO) Teo Ottola was also paid

### Key remuneration elements for the President and CEO and the Deputy CEO according to the Remuneration Policy:

| Remuneration element | Key features of the policy |
|---|---|
| **Base salary**<br><br>To provide fixed remuneration reflecting the nature of the role and the business, the performance and contribution as well as external market trends | The base salary of the Konecranes CEO and Deputy CEO reflects the performance and individual work responsibilities, experience, skills, and knowledge.<br><br>The Annual Salary Review Process also applies to the CEO and Deputy CEO and is completed by the Board of Directors after the evaluation and proposal by the HR Committee. Industry practices, market trends and average salary increases at Konecranes are considered when reviewing the salary. |
| **Benefits and pension**<br><br>To provide additional fixed compensation in line with the Company's practices in the prevailing market | The CEO's and Deputy CEO's benefits mostly follow employment country practices. Other benefits may include a company car and a phone benefit. Also, a housing benefit may be offered if considered appropriate.<br><br>The CEO / Deputy CEO normally participates in the statutory pension scheme of the relevant country. In addition, Konecranes provides supplementary contribution-based pension benefits to the CEO / Deputy CEO (Defined Contribution Plan). The retirement age will be defined according to applicable country legislation or may be defined in the CEO service contract. |
| **Short-term incentives**<br><br>To provide a performance-based, variable remuneration tied to the achievement of annual key business and financial targets | The annual targets for the CEO and Deputy CEO are decided by the Board of Directors considering strategic business priorities. Typical performance indicators may be financial, operational, or strategic.<br><br>The CEO's and Deputy CEO's annual incentive is based on the actual financial performance of the Company against the set targets. The actual pay-out amount is approved by the Board of Directors based on the HR Committee's evaluation and proposal prior to the payment. |
| **Long-term incentives**<br><br>To support long-term shareholder return by linking a significant portion of the compensation to the long-term financial performance of Konecranes | Konecranes provides a rolling Performance Share Plan with a three-year performance period, after which the plan participants may earn rewards according to the realization of the criteria for the period. For each share plan period, a maximum reward is defined.<br><br>The actual reward payment is based on the performance of the Company against the pre-set criteria, agreed and approved by the Board of Directors. If a threshold level for the criteria is not met, rewards are not awarded. For practical reasons, a part of the earned share reward is paid in cash to cover the necessary taxes for the reward. |
| **Shareholding requirement**<br><br>To support alignment of corporate aims and executive interests | The CEO and Deputy CEO have a shareholding requirement tied to the share-based incentive plans.<br><br>Restrictions on selling shares earned through the plans are defined in the incentive plans and executive contracts. |

a one-off cash bonus of EUR 198,000. The bonus was paid as a compensation for the extraordinary workload caused by the planned merger in 2020–2022.

The short-term incentive plan for 2022 for the Deputy CEO was based on the achievement of the same measures as in 2021: 70 percent weight on Group adjusted EBITA margin and 30 percent weight on Group orders received. The short-term incentive payments for 2022 due to be paid in 2023 amount to EUR 89,114 for the Deputy CEO, and the outcome was 30 percent out of the maximum 100 percent.

Rewards based on the long-term Performance Share Plan (PSP) 2019 were paid in 2022. The plan had two criteria: 40 percent weight on sales growth compound annual growth rate (CAGR) of 2019–2021 and adjusted cumulative earnings per share (EPS) 2019–2021, excluding defined restructuring costs, purchase price allocation amortization and certain other unusual items, and the outcome for the PSP 2019 was 18 percent. The previous President & CEO did not participate PSP 2019, but the Deputy CEO was delivered 3,471 gross shares of which 50 percent was paid in shares and 50 percent in cash.

The Performance Share Plans 2020, 2021 and 2022 consist of a three-year-long performance period including three one-year-long measurement periods with separate targets decided by the Board of Directors. The criterion for the measurement period 2020 for PSP 2020 was adjusted earnings per share (EPS) and the outcome for the measurement period 2020 was 96 percent. The criterion for the measurement period 2021 for both PSP 2020 and PSP 2021 was adjusted earnings per share (EPS) and the outcome for the measurement period 2021 was 100 percent. The criterion for the measurement period 2022 for PSP 2020, PSP 2021 and PSP 2022 was adjusted earnings per share (EPS) and the outcome for the measurement period 2022 was 11 percent.

The three-year-long performance period for PSP 2020 ended in December 2022 and the total outcome from three one-year-long measurement periods was 69 percent. The PSP 2020 rewards are due to be paid in 2023, and the Deputy CEO will be delivered 11,061 gross shares, of which 50 percent will be paid in shares and 50 percent in cash.

The previous Konecranes President and CEO Rob Smith participated in the PSP 2020 and PSP 2021 Plans. As he left the Company on December 31, 2021, he is not entitled to any share-based compensation based on these plans.

PSP 2021 related rewards are due to be paid in 2024, and PSP 2022 related rewards in 2025, in case plan conditions are met.

In 2022, the total remuneration paid to the President and CEO amounted to EUR 162,137, and for the Deputy CEO and Interim CEO to EUR 1,165,569.

## Remuneration elements and terms of employment of the President and CEO and Deputy CEO

| | **President and CEO Anders Svensson**<br>(from October 19, 2022) | **Deputy CEO Teo Ottola**<br>(Interim CEO from January 1 to October 18, 2022) |
|---|---|---|
| **Base salary** | Fixed salary with fringe benefits<br>Monthly salary: EUR 66,667.00 | Fixed salary with fringe benefits<br>Monthly salary: EUR 26,011.44 |
| **Short-term incentives** | Based on financial performance<br>Max. 100% of annual base salary | Based on financial performance<br>Max. 100% of annual base salary |
| **Long-term incentives** | Restricted Share Unit (RSU) 2017 plan<br>(17,170 gross shares, 40% vesting on December 31, 2023 and 60% on December 31, 2024) | Performance Share Plans 2020, 2021 and 2022 |
| **Proportion of fixed and variable pay (as % of total target remuneration)** | 67% base salary<br>33% STI*<br>0% LTI*<br>* target opportunity, long-term incentive is excluding RSU 2017. As the new CEO started as late as in October 2022, he did not participate in the PSP 2022 program nor the STI program | 43% base salary<br>22% STI*<br>35% LTI*<br>* target opportunity |
| **Pensions** | Finnish Statutory pension<br>Defined contribution plan at 20% of annual salary | Finnish Statutory pension<br>Defined contribution plan at 1% of salary |
| **Shareholding requirements** | Must hold min. 50% of any net shares given based on reward plans<br>• Until the value of shareholding equals annual salary, and<br>• Membership in the Konecranes Leadership Team continues | Must hold min. 50% of any net shares given based on reward plans<br>• Until the value of shareholding equals annual salary, and<br>• Membership in the Konecranes Leadership Team continues |
| **Period of notice** | 6 months' notice by the President and CEO and by the Company | 6 months' notice by the Deputy CEO or 9 months' notice by the Company |
| **Severance pay** | Equals to 12 months' salary and fringe benefits in case of termination prior to the age of 63, in addition to the salary for the notice period | Equals to 9 months' salary and fringe benefits, in addition to the salary for the notice period |
| **Retirement age** | 63 years | 65 years 6 months |

## Short-term incentives

| 2022 | Target levels | | | | STI outcome | | | |
|---|---|---|---|---|---|---|---|---|
| **KPI** | **Weight** | **Low (12.5%)** | **Target (50%)** | **Max (100%)** | **Performance outcome** | **Total performance outcome** | **President and CEO** | **Deputy CEO** |
| Orders received (MEUR) | 30% | 3,130 | 3,268 | 3,369 | 100% | 30.0% | – | EUR 89,114 |
| Adjusted EBITA (%) | 70% | 9.8% | 10.3% | 10.8% | 0% | | | |

| 2021 | Target levels | | | | STI outcome | | | |
|---|---|---|---|---|---|---|---|---|
| **KPI** | **Weight** | **Low (12.5%)** | **Target (50%)** | **Max (100%)** | **Performance outcome** | **Total performance outcome** | **President and CEO** | **Deputy CEO** |
| Orders received (MEUR) | 30% | 2,700 | 2,800 | 2,950 | 100% | 82.5% | EUR 659,999 | EUR 229,089 |
| Adjusted EBITA (%) | 70% | 8.2% | 9.5% | 10.1% | 75% | | | |

## Long-term incentives

| | | | | | | Allocated shares* | | Awarded shares* | |
|---|---|---|---|---|---|---|---|---|---|
| **KPI** | **Performance period** | **KPI** | **Performance outcome** | **Total performance outcome** | **Payment/vesting schedule** | **President and CEO** | **Deputy CEO** | **President and CEO** | **Deputy CEO** |
| PSP 2019 | 2019–2021 | sales growth CAGR<br>adjusted EPS | 0%<br>30% | 18% | Paid in 2022 | – | 19,000 | – | 3,471 |
| PSP 2020 | 2020<br>2021<br>2022 | adjusted EPS<br>adjusted EPS<br>adjusted EPS | 96%<br>100%<br>11% | 69% | To be paid in 2023 | – | 16,000 | – | 11,061 |
| PSP 2021 | 2021<br>2022<br>2023 | adjusted EPS<br>adjusted EPS<br>adjusted EPS | 100%<br>11%<br>n/a | n/a | To be paid in 2024 | – | 16,000 | – | n/a |
| PSP 2022 | 2022<br>2023<br>2024 | adjusted EPS<br>adjusted EPS<br>n/a | 11%<br>n/a<br>n/a | n/a | To be paid in 2025 | – | 22,000 | – | n/a |

* Gross shares, including the reward paid in cash.

## Remuneration of the President and CEO and Deputy CEO in 2022 and 2021

| | **2022** Anders Svensson | **2022** Teo Ottola | **2022** Rob Smith | **2021** Rob Smith | **2021** Teo Ottola |
|---|---|---|---|---|---|
| | **President & CEO** | **Deputy CEO** (Interim CEO, from January 1 until October 18, 2022) | **Former President & CEO** | **Former President & CEO** | **Deputy CEO** |
| **Fixed Salary** (Salaries and fringe benefits) | 162,137 | 640,003 | - | 901,303 | 311,174 |
| Short-term incentives paid (based on previous year's performance) | - | 229,089 | 659,999 | 256,284 | 87,125 |
| One-time bonus | - | 198,000 | | | |
| Value of long-term incentive rewards paid | - | 98,477 | - | - | 4,691 |
| **Variable Pay** | - | 525,566 | 659,999 | 256,284 | 91,816 |
| **Total Remuneration paid** | **162,137** | **1,165,569** | **659,999** | **1,157,587** | **402,990** |
| Proportion of fixed and variable pay (as % of total target remuneration) | 100% / 0% | 55% / 45% | 100% / 0% | 78% / 22% | 77% / 23% |
| Estimated short-term incentives due payment (based on previous year performance) | | 89,114 | - | 659,999 | 245,062 |
| Gross shares delivered | | 3,672 | - | - | 127 |
| Performance share rights allocated (# of share rights) | - | 54,000 | - | - | 51,000 |
| Restricted share rights allocated (# of share rights) | 17,170 | - | - | - | - |
| Shareholding in Konecranes Plc (# of shares) | 0 | 45,200 | - | | 43,308 |
| Expense of statutory/voluntary pension plans | 62,487 | 198,862 | - | 290,836 | 66,481 |

## Long-term Incentives

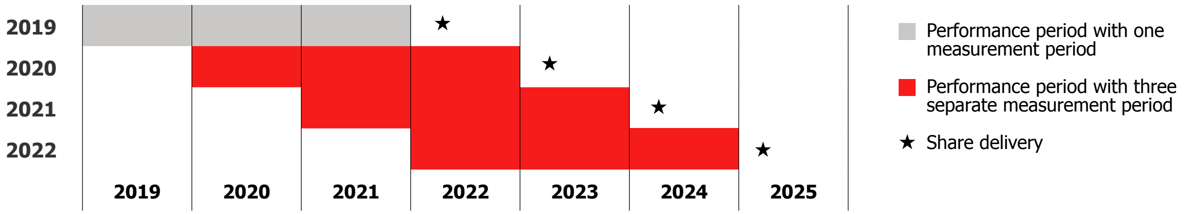
### Performance Share Plan (PSP)

The aim of Konecranes' Performance Share Plans is to align the objectives of shareholders and Konecranes' key employees to increase the value of the Company, to commit key employees to the Company and to reward employees for achieving set targets. The actual grant is directly linked to Key Performance Indicators supporting long-term shareholder return and applies multi-year performance period.

All the currently active PSP plans have three-year performance periods, but the measurement periods vary. The PSP plans launched before 2020 had a measurement period of three years, whereas the most recent three PSP plans have had three separate one-year-long measurement periods within the three-year performance period. Despite the one-year-long measurement periods, remuneration is paid only after the three-year-long performance period. Due to the uncertainty caused by the COVID-19 pandemic in 2020 and 2021, the war in Ukraine in 2022, as well as the planned merger announcement made in 2021, the Board of Directors decided to apply one-year-long measurement periods instead of three-year-long periods for the Plans started in 2020, 2021 and 2022 to enable efficient and relevant target-setting. The PSP 2023 plan, established on February 1, 2023, again has a measurement period of three years.

The potential rewards from the PSP plans will be paid partly in shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid, if the plan participant's employment or service ends before the reward payment.

## Performance Share Plan




| Performance Share Plan (year) | PSP 2019 | PSP 2020 | PSP 2021 | PSP 2022 |
|---|---|---|---|---|
| Performance period | 2019–2021 | 2020–2022 | 2021–2023 | 2022–2024 |
| Number of participants * | 182 | 148 | 159 | 159 |
| Measure | Adjusted Cumulative EPS and Sales Growth CAGR % | Adjusted EPS for years 2020, 2021 and 2022 ** | Adjusted EPS for years 2021 and 2022 ** | Adjusted EPS for year 2022 ** |
| Performance share rights allocated (# of share rights) | 584,000 | 517,000 | 556,800 | 564,500 |
| Grant date share value, EUR/share | 32.16 | 22.60 | 32.20 | 22.11 |
| Total share value, based on the grant date value | EUR 18,781,440 | EUR 11,684,200 | EUR 17,928,960 | EUR 12,481,095 |
| Total gross shares delivered | 104,661 | N/A | N/A | N/A |
| **Gross shares delivered to CEO & Deputy CEO** | | | | |
| Anders Svensson, CEO since October 19, 2022 | 0 | N/A | N/A | N/A |
| Teo Ottola, Deputy CEO (Interim CEO, from October 7, 2019 to January 31, 2020 and from January 1 to October 18, 2022) | 3,471 | N/A | N/A | N/A |

* At the end of December 2022
** PSP 2020, PSP 2021 and PSP 2022 have three separate 1-year measurement periods with separate targets for each 1-year period. Measure for years 2020, 2021 and 2022 was adjusted EPS.

**2019–2021 Performance Share Plan (paid in 2022)**
The 2019–2021 PSP plan had two criteria: 40 percent weight on sales growth compound annual growth rate (CAGR) of 2019–2021 and 60 percent weight on adjusted cumulative earnings per share (EPS) 2019–2021, excluding defined restructuring costs, purchase price allocation amortization and certain other unusual items. The plan was directed to approximately 200 key employees, with a maximum of 670,000 allocated Konecranes shares, including the proportion to be paid in cash. There was one cap on the value of total reward: if the share price had grown 75 percent from granting to vesting, the exceeding reward would have been cut. The payment of the total reward from the 2019–2021 plan took place in 2022. The outcome of the PSP plan was 18 percent.

**2020–2022 Performance Share Plan (payable in 2023)**
The 2020–2022 PSP plan had a three-year-long performance period with three separate one-year-long measurement periods. The Board of Directors has annually resolved the criterion and separate targets for each measurement period, and the criterion for all measurement periods (2020, 2021 and 2022) was adjusted EPS. Adjustments to the EPS included defined restructuring costs, mergers and acquisitions related transaction costs and other unusual items. The target group of the plan for the performance period 2020–2022 consisted of a maximum of 160 key employees of the Konecranes Group. The rewards to be paid on the basis of the performance period correspond to the value of a maximum total of 600,000 Konecranes shares, including the proportion to be paid in cash. The outcome for the measurement period 2020 was 96 percent, 100 percent for the measurement period 2021 and 11 percent for the measurement period 2022. The total outcome of the plan was 69 percent. The payment of the total reward from the three-year performance period takes place in 2023, if the plan term conditions are met.

**2021–2023 Performance Share Plan (payable in 2024)**
The 2021–2023 PSP plan has a three-year performance period with three separate one-year-long measurement periods with separate targets for 2021, 2022 and 2023. The Board of Directors has annually resolved the criterion and targets for each measurement period, and the criterion for both 2021 and 2022 was adjusted EPS. Adjustments to the EPS have included defined restructuring costs, mergers and acquisitions related transaction costs and other unusual items. The target group of the plan for the performance period 2021–2023 consists of a maximum of 170 key employees of the Konecranes Group. The rewards to be paid on the basis of the performance period correspond to the value of a maximum total of 634,921 Konecranes shares, including the proportion to be paid in cash. The outcome for the measurement period 2021 was 100 percent, and the outcome for the measurement period 2022 was 11 percent. The payment of the total reward from the three-year performance period takes place in 2024, if the plan term conditions are met.

**2022–2024 Performance Share Plan (payable in 2025)**
The 2022–2024 plan has a three-year-long performance period with three separate one-year-long measurement periods and separate targets for 2022, 2023 and 2024. The criterion for the measurement period 2022 is adjusted EPS. Adjustments to the EPS include defined restructuring costs, mergers and acquisitions related deal costs and other unusual items. The target group of the plan for the performance period 2022–2024 consists of a maximum of 170 key employees of the Konecranes Group. The rewards to be paid on the basis of the performance period correspond to the value of a maximum total of 600,000 Konecranes shares, including the proportion to be paid in cash. The outcome for the measurement period 2022 was 11 percent. The payment of the total reward takes place in 2025, if the plan term conditions are met.

### Restricted Share Unit Plan 2017 (RSU)
In addition to the Performance Share Plan, Konecranes has a Restricted Share Unit Plan (RSU) which can be used for retention purposes under special conditions. The vesting periods can last from 12 to 36 months. The prerequisite for reward payment is that a key employee’s employment or service continues until the end of the vesting period. The rewards to be allocated on the basis of the entire plan will amount to a maximum total of 200,000 Konecranes shares, including the proportion to be paid in cash.

Currently, there is only one participant in the RSU 2017 plan: the Konecranes President and CEO Anders Svensson who joined the Company in October 2022. He has been allocated 17,170 gross shares, of which 40 percent will be vesting on December 31, 2023 and 60 percent on December 31, 2024.

### Restricted Share Unit Plan (RSU 2020)
On October 27, 2020, the Board of Directors of Konecranes decided to establish a share-based incentive plan for the Konecranes Group key employees following the announcement of the planned merger with Cargotec Corporation. The Restricted Share Unit Plan 2020 was intended to function as a bridge plan for the transition period before the closing of the Merger and forming

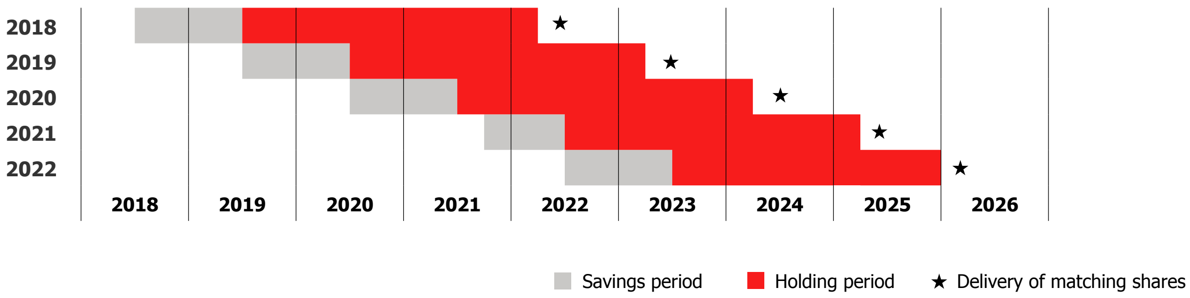
the Future Company in the Merger. The aim of the plan was to align the objectives of the shareholders and the key employees, to secure business continuity during the transition period, and to retain key employees at Konecranes. The reward from the plan was conditional to the closing of the Merger. As the planned merger with Cargotec was cancelled in March 2022, the RSU 2020 plan was also cancelled, and no remuneration has been or will be paid based on the plan.

### Employee Share Savings Plan (ESSP)

In 2012, Konecranes launched an Employee Share Savings Plan for all employees, including the Management, except in those countries where the plan could not be offered for legal or administrative reasons. Participants can save a monthly a sum of up to 5 percent of their gross salary, which is used to buy Konecranes shares from the market on behalf of the participants. If participants are still in possession of these shares after an approximate three-year-long holding period, they will receive one matching share for every two initially purchased shares.

This ESSP plan is also available for the President and CEO and Deputy CEO. The President and CEO has not participated in the ESSP, but the Deputy CEO participates in the ESSP 2022 plan which is currently on savings period with potential rewards due in 2026. In May 2022, the Deputy CEO was delivered ESSP 2018 matching shares: 201 gross shares, 50 percent of which was paid in shares and 50 percent in cash.

## Employee Share Savings Plan




| Employee Share Savings Plan (year) | ESSP 2018 | ESSP 2019 | ESSP 2020 | ESSP 2021 | ESSP 2022 |
|---|---|---|---|---|---|
| Savings period | July 1, 2018–June 30, 2019 | July 1, 2019–June 30, 2020 | October 1, 2020–June 30, 2021 | July 1, 2021–June 30, 2022 | August 1, 2022–June 30, 2023 |
| Number of participants * | 1,620 | 1,729 | 2 ,071 | 2 ,195 | 2,348 |
| Number of shares acquired | 105,239 | 143,287 | 87,480 | 158,370 | 30,017 (On-going) |
| Delivered or expected matching shares to be delivered * | 52,620 | 71,644 | 43,740 | 79,185 | 15,009 (on-going) |
| Share price by delivery date or by the end of December 2022 (for non-vested plans), EUR/share | 26.47 | 28.76 | 28.76 | 28.76 | 28.76 |
| Value of the delivered or expected matching shares ** | EUR 1,392,851 | EUR 2,060,481 | EUR 1,257,962 | EUR 2,277,361 | EUR 431,659 (on-going) |

* At the end of December 2022
** Share value by delivery date or by the end of December 2022 (for non-vested plans)

# Risk management

Konecranes' Board of Directors has defined and adopted a set of risk management principles based on widely accepted international good management practices. The Audit Committee evaluates and reports on the adequacy and appropriateness of internal controls and risk management to the Board.

## Risk management principles

Risk is anything that will clearly affect Konecranes' ability to achieve its business objectives and execute its strategies. Risk management is part of Konecranes' control system and is designed to ensure that any risks related to the Company's business operations are identified and managed adequately and appropriately to safeguard the continuity of Konecranes' business at all times. The Group's risk management principles provide a basic framework for risk management across Konecranes, and each Group company or operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience, and relevance. The Group's risk management principles define risk management as a continuous and systematic activity aimed at protecting employees from personal injury, safeguarding the assets of all Group companies and the Group as a whole, and ensuring stable and profitable financial performance. By minimizing losses due to realized risks and optimizing the cost of risk management, Konecranes can safeguard its overall long-term competitiveness.

## Significant risks for Konecranes

Konecranes has assessed its strategic, operational, hazard and financial risks. The risk descriptions below, sample

risks and the risk management methods are intended to be indicative only and should not be considered exhaustive.

## Strategic risks

At Konecranes, strategic risks are considered to have potential long-term impact on Konecranes businesses and strategic objectives.

Demand for Konecranes' products and services is affected by the development of local and global economies, regional and country-specific political and geopolitical issues and stability, as well as the business cycles of Konecranes' customer industries. Currency fluctuations may cause changes in the competitiveness of Konecranes' products in a specific market and affect its customers' businesses. Demand for maintenance services is driven by the capacity utilization rates of customers. Capital expenditure on industrial cranes varies with the development of industrial production and production capacity, while demand for port solutions follows trends in global container traffic and port investment cycles. Lift truck demand follows other industrial and port product segments. In addition to risks related to sales volumes, adverse changes in demand can also result in overcapacity and affect market prices, as can the actions of competitors.

Konecranes' aim is to increase the proportion of service revenue in its total revenue stream and thereby reduce its exposure to economic cycles. In general, the demand for services is less volatile than that for equipment. As part of its strategy, Konecranes strives to maintain a reasonably wide geographical market presence to balance out economic trends in different market areas, while also paying attention to relevant distribution costs. Konecranes also aims to limit the risks resulting from changes in demand in different customer segments, as well as the demand for certain products, by maintaining a diverse customer base and offering a wide range of products and services. Konecranes also strives to differentiate itself from its competitors and reduce the competitive pressures that it experiences, through active product development.

## Operational risks

Konecranes' operational risks are closely related to day-to-day activities, decisions, and management of business. These risks are continuously managed at all organizational levels.

Konecranes' ability to operate is dependent on the availability, expertise, and competence of professional personnel. Konecranes' personnel objectives are supported by active talent processes, talent acquisition and engagement as well as systematic employee surveys and third-party social responsibility assessments. Konecranes invests continuously in improving the essential competencies in the industry-leading technical skills of its service technicians, digital talent, leadership development, and in customer-centric and effective sales and sales management skills, among other things. Failure to obtain, develop and retain the required capabilities could have an adverse effect on Konecranes growth and profitability.

As Konecranes has and maintains a strong brand and reputation, issues affecting Konecranes' reputation or brand could have negative impact on Konecranes' business and financial performance. Such risks could materialize, for example, due to issues with safety, cyber security, quality, or major delivery challenges.

Konecranes' supply relies on its supply chain of own manufacturing operations, while most components used are sourced from external suppliers. Konecranes subcontracts and outsources a substantial share of activities and processes while working closely with partners and service providers in various activities, such as logistics and IT. This model exposes Konecranes to availability, continuity and cost risks of components and subcontracted labor, and services. A failure to secure materials, components, resources or services in a timely manner, or quality issues within these, can cause business disruptions, cost increases or quality risks with supply. Labor availability constraints can impact Konecranes' capacity to operate.

## Hazard risks

Hazard risks are, by nature, occurrences with negative consequences.

Employee and subcontractor safety is the top priority in everything Konecranes does. Konecranes' goal is that everyone gets home safe every day. In Konecranes' way of working, there is no job so important and no service so urgent that one cannot take the time to perform work safely and correctly. Safety extends to Konecranes' offering of safety-enhancing products, solutions, and services to support the safety of customers. Safety risks may expose individuals and businesses to various negative consequences.

Konecranes' business depends on the reliable and continuous operation of its production facilities, supply chain, various internal and outsourced services, and functioning logistics. Konecranes, its customers and suppliers rely materially on information technology and availability, integrity, and quality information. Potential disruption with any of these may cause business interruption to Konecranes' operations, with financial consequences and damage to Konecranes' brand.

Cybersecurity incidents, severe weather events, natural catastrophes or terrorism ere examples of hazard risks that are difficult to predict, challenging to mitigate or prevent and may cause interruption to Konecranes, its supply chain or service providers.

## Financial risks

See note 33 in the Financial Statements for a detailed overview of financial risk management.

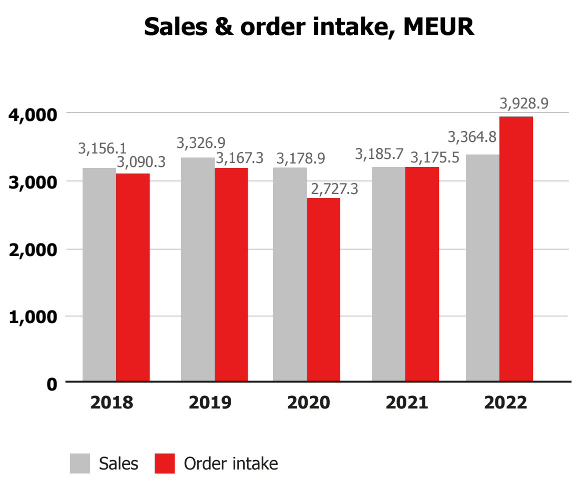
## Insurance

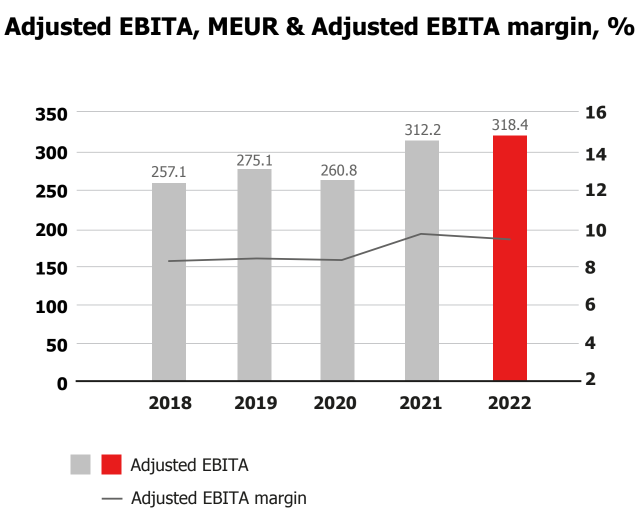
The Group continuously reviews its insurance policies as part of its overall risk management. Insurance policies are used to cover all risks that are economically feasible or otherwise reasonable to insure.

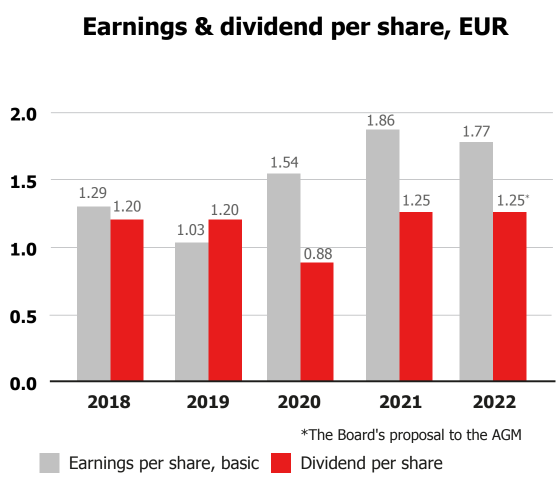
# FINANCIAL REVIEW 2022

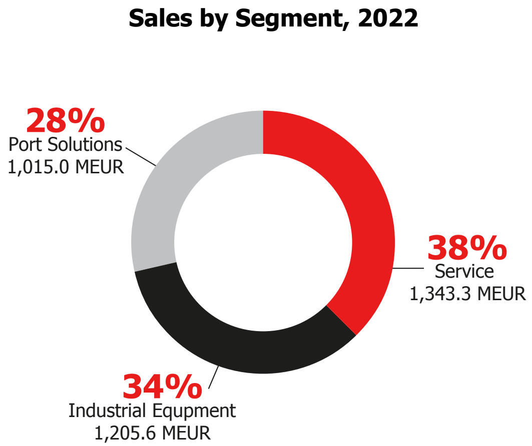
## Contents

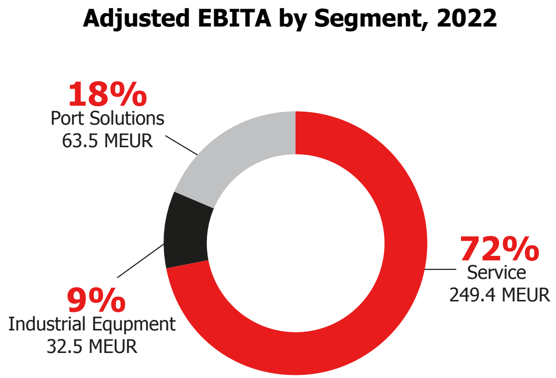
# 2022 highlights

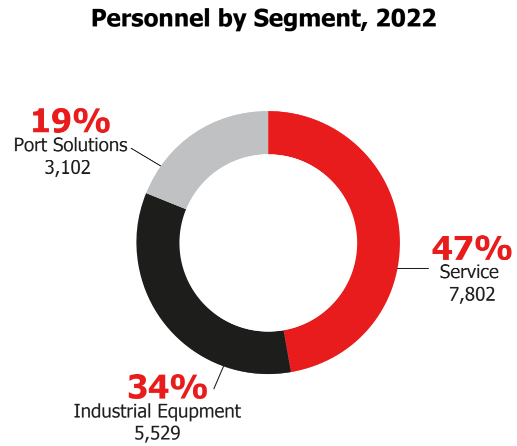


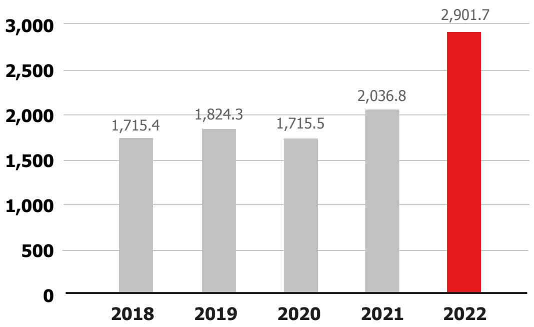



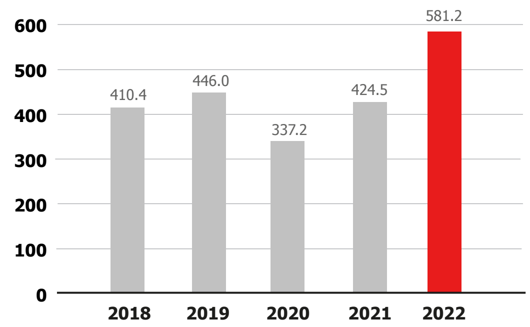




Percentages have been rounded and may not total to 100%.

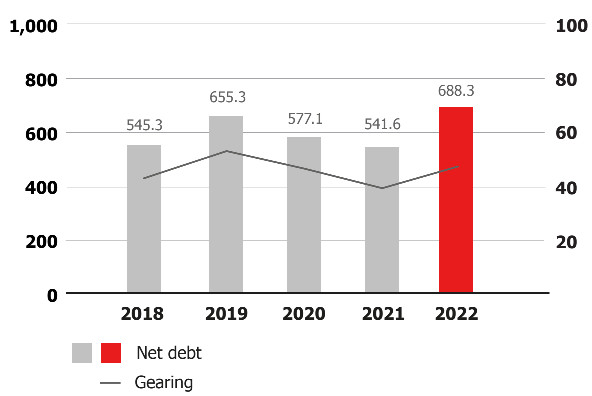
### Order book, MEUR



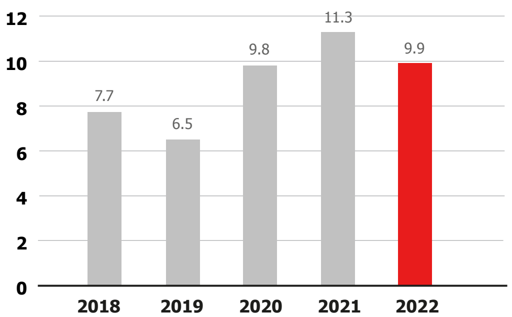

### Year-end net working capital, MEUR



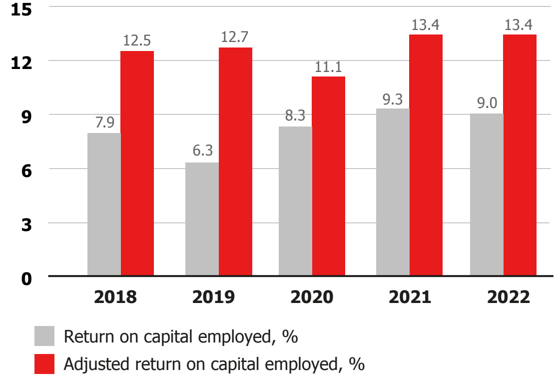

### Year-end net debt, MEUR & Gearing, %



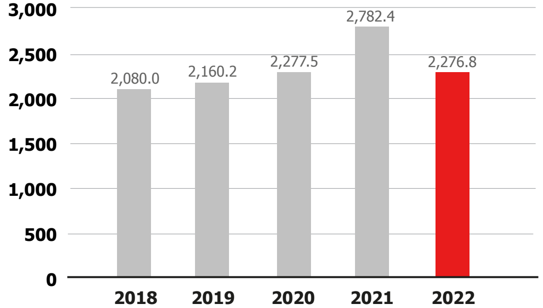

### Return on equity, %




### ROCE, % & Adjusted ROCE, %




### Year-end market capitalization*, MEUR




* Excluding treasury shares

# Report of the Board of Directors

Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

## 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 and net sales

| | 10–12/2022 | 10–12/2021 | Change % | Change % at comparable currency rates | 1–12/2022 | 1–12/2021 | Change % | 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 |

## Orders received

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 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 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 percent 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 percent 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.

# Segments

## Service

| | 10–12/2022 | 10–12/2021 | Change % | Change % at comparable currency rates | 1–12/2022 | 1–12/2021 | Change % | 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 3 in the notes to the consolidated financial statements.

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.

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 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 % | Change % at comparable currency rates | 1–12/2022 | 1–12/2021 | Change % | 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 3 in the notes to the consolidated financial statements.

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.

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 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 % | Change % at comparable currency rates | 1–12/2022 | 1–12/2021 | Change % | 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 3 in the notes to the consolidated financial statements.

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.

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 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 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 June 15, 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 June 28, 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 cooperation 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 startups 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 startups 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 cooperation.

Konecranes' REACH program, an invitation to collaboration with startups based on predefined themes, ran also in 2022. Accelerator, our internal program inspiring Konecranes people to take on board the best practices from startups 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.

## Statement of non-financial information

The scope of the reporting includes non-financial topics that relate to Konecranes' key impacts and reflect stakeholder expectations. These topics Konecranes identifies through materiality assessment. The most essential non-financial topics for Konecranes are responsible business conduct; anti-corruption; safety of employees; product-related safety and security; respect of human rights; diversity, equity and inclusion, greenhouse gas emissions, circular economy and fair sourcing.

Konecranes reports the disclosed information in accordance with the Accounting Act amendment 1376/2016, which is based on the EU Directive 2014/95/EU on the disclosure of non-financial and diversity information. More information about the topics is available in the Sustainability Report 2022 that is prepared according to the international framework of Global Reporting Initiative (GRI), Sustainability Accounting Standards Board's SASB standards as well as following the recommendations of Task Force on Climate-related Financial Disclosures (TCFD). Konecranes is a signatory of the United Nations Global Compact striving for the same goals as the UN regarding human and labor rights, protecting the environment and fighting corruption. More information about Konecranes' external commitments is available in the Sustainability Report 2022.

### Business model and value creation

Konecranes' business aims to deliver optimal productivity while improving the safety and environmental sustainability of the company's customers' operations by manufacturing intelligent and connected lifting devices, adopting new technologies and optimizing material handling flows. Safe ways of working are an integral part of Konecranes' business. By prioritizing safety and security in all areas of its operations, the company can improve safety throughout its value chain and provide solutions for uninterrupted and secure material handling. Information security is essential – from manufacturing and servicing equipment to Konecranes' digital ecosystem. Konecranes' systematic way to manage information security ensures compliance with legal and customer requirements. With its knowledge, products, services and solutions, Konecranes provides monetary value with sustained profitability and stability and seeks to maximize the positive contributions for its stakeholders and the society.

Konecranes enables reliable and optimized material handling performance and can support decarbonization with its innovative material handling and lifting technologies. Investing in new technologies and substituting existing technology with lower-emission alternatives is a big opportunity for Konecranes and for its customers by reducing their carbon footprint. Including circular economy principles in various processes and utilizing several circular business models helps Konecranes improve its resource and energy efficiency while creating value for the customer. For example, the Business Segment Service executes the product lifecycle extension strategy by offering maintenance and repairs, remanufacturing of parts, modernization, and retrofitting. Maintaining the lifecycle value of a device for as long as possible saves natural resources, as well as reduces greenhouse gas emissions. The use phase of Konecranes products can last for decades, so investing in data-driven, eco- and resource-efficient products means the customer can preserve the value of their equipment for a longer period of time and thus also reduce its environmental impact.

Being a preferred partner and being able to select trustworthy partners is paramount for the whole Konecranes value chain. Sustainable business practices and systematic risk management are crucial for creating longer-term shareholder value and financial stability. In 2022, Konecranes issued a total of EUR 300 million Schuldschein loan that has floating and fixed rate tranches with maturities until 2026, 2027 and 2030. The interest margin will be adjusted based on Konecranes' EcoVadis ESG (Environmental, Social and Governance) rating. The issuing of the loan demonstrates Konecranes' commitment to ESG by connecting the company's sustainability performance to financing.

To remain a key player and an attractive employer within local communities, Konecranes strives to make a positive impact on the societies in which the company operates. This is done by providing jobs and income for employees, by boosting local economies as an employer, supporting non-profit organizations, providing and buying of local services and goods, and also being a significant taxpayer in many countries where the company operates.

In 2022, a total of EUR 458 million (2021: 427) in taxes and other compulsory tax-like payments were paid and collected in countries where the Group operates, implying an effective tax rate of 27.4 percent (2021: 23.4). A total of EUR 207 million (2021: 182) was paid (taxes borne) directly by the Group itself, while EUR 251 million (2021: 244) was collected (taxes collected). Konecranes is a compliant taxpayer in each country where it operates and does not practice aggressive tax planning that would artificially decrease the Group's taxable income.

Konecranes' innovation focuses not only on products, technologies, and service solutions, but also on new ways of working and leveraging workforce diversity to drive innovation. Konecranes' employees, with their expertise and motivation, are central to the company's success and bring the company's strategy to life. In Konecranes' view, varied skill sets are a key driver of creativity and value creation to the company's customers. To ensure that the company continues to deliver value it focuses on maintaining close ties with its key stakeholders to understand their evolving needs and expectations; engaging and developing the best talent; implementing smart technologies in its product and service offering; innovating new business models; and improving product development and reliability.

## Environmental responsibility and climate related disclosures

Konecranes follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to share Konecranes' approach to climate-related topics in a transparent manner.

Konecranes' environmental responsibility agenda is driven by decarbonization and advancing circularity. The scope of the agenda includes the company's own operations, customers and our supply chain. Konecranes' commitment to science-based emission targets to limit the global warming to 1.5°C is guiding its environmental sustainability strategy. Konecranes' commitments concerning environmental responsibility including all aspects of climate action and circularity can be found in the company's Code of Conduct and in its Environmental Policy, updated in 2021 and available publicly at **Konecranes.com.** They outline Konecranes' principles for managing the environmental impact, and the company's Global Vehicle Policy as well as Corporate Travel Policy support the work.

In 2021, Konecranes extended its climate roadmap to cover its impacts in the value chain holistically. In 2022 Konecranes focused on developing its eco-optimized portfolio, continuing the electrification of ports equipment and decreasing the carbon impact of its supply chain with a particular focus on steel. Konecranes also updated its Design for Environment concept.

## Climate governance

Sustainability, including climate matters, is embedded into Konecranes' governance processes at several levels. The Board of Directors' HR Committee is the official supervisory Board Committee following climate topics on an annual basis. The Board of Directors approves the long-term focus, ambition level and targets. The Board of Directors' HR Committee reviews performance and activities annually.

The Konecranes Leadership Team (KLT) plays a significant role in the company's management system, strategy preparation and decision making and is involved in risk and financial planning process but has no official statutory position based on legislation or the Articles of Association. Sustainability is integrated into Konecranes' strategy. The KLT reviews the sustainability strategy annually as well as all major climate related action plans and targets. It follows emissions data on a monthly basis and oversees other climate-related issues when needed. Of the KLT members, Senior Vice President Human Resources (SVP HR) is responsible for the climate topics and participates in HR Committee meetings. The Sustainability Council, nominated by the KLT, sponsored by the SVP People and Culture and chaired by the Head of Sustainability defines, guides and reviews the overall sustainability strategy including climate-related topics, short-term targets and action plans. The Head of Sustainability is responsible for taking actions and decisions to the operative level, and for building and coordinating climate action plans, proposing activities and targets, and following the progress.

## Climate targets and metrics

Konecranes climate ambition is aligned with the ambition of Paris Agreement in limiting the global warming to 1.5°C. The targets were validated by the Science Based Target initiative in January 2022.

Within Scope 1 and 2 greenhouse gas (GHG) targets, Konecranes is committed to reducing its absolute carbon emissions by 50 percent by 2030. As part of the science-based targets ambition, Konecranes tightened the schedule to reach the previous target of powering the company's factories with 100 percent renewable electricity from 2025 to 2022. The share of renewable electricity in 2022 was 100 percent (2021: 67). Konecranes succeeded in decreasing emissions from own operation by 50 percent compared to 2019 baseline.

Ninety-nine percent of Konecranes' emissions originate from the value chain. The two main Scope 3 emissions categories are the use of sold products as well as the purchased goods and services. 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 target covers more than 70 percent of the value chain emissions. As a supportive action, Konecranes will also fully offset flight emissions. Scope 1 and 2 emissions data is collected monthly to monitor progress. Scope 3 data is currently collected at least on an annual basis.

| Emissions | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Scope 1 | 40,100 | 44,500 | 43,000 | 52,500 |
| Scope 2 | 2,900 | 14,400 | 30,300 | 33,100 |
| Scope 3 | 4,650,700 | 5,106,900 | 4,900,300 | 5,667,700 |

- GHG emissions calculated in line with the GHG Protocol methodology.
- Scope 1 includes emissions from fuel, natural gas and LPG consumption and fugitive emissions (refrigerants).
- Scope 2 includes emissions from electricity and district heat consumption. Scope 2 indirect emissions are calculated according to the GHG Protocol Scope 2 Guidance dual reporting requirement: location-based and market-based method.
- The figures cover all forms of energy used in Konecranes' manufacturing locations and service units. Potential renewable shares are not taken into account for fuels. All fuel consumption from Konecranes' service operations and the electricity consumption from the company's largest service office sites are included. Figures on the use of natural gas, LPG and district heat from Konecranes' service operations are excluded because collecting this data from the company's service network is challenging and the consumption amounts are estimated to be very marginal.
- Scope 3 includes emissions from use of sold products, purchased goods and services, upstream transportation and distribution, employee commuting, investments, fuel- and energy related activities, downstream transportation and distribution, end-of-life treatment of sold products, capital goods, business travel and waste generated in operations.
- Scope 3 emission factor for category use of sold products was updated. For data comparability, Konecranes applied the new factor also to the 2021 and 2020 figures.

## Environmental management in Konecranes' own operations

Konecranes focuses on improving the energy efficiency as well as the waste and chemical management of its own operations, in both service and manufacturing operations. In addition to the Science Based Targets, Konecranes has signed national voluntary agreements on energy efficiency. The company will meet improvement targets by investing in energy efficiency actions such as in heat recovery and lighting as well as to more fuel-efficient cars and route optimization. In chemical management the objective is to substitute hazardous chemicals with less harmful ones and to minimize the amount of hazardous chemicals in products. Waste management focuses on resource efficiency and increasing the recycling rate.

Konecranes' environmental work is driven by the HSE Excellence that focuses on certifying operations with ISO14001 Environmental Management System, implementing rules for environmental behaviour as well as minimum requirements for environmental management. Konecranes aims to certify all its manufacturing sites with ISO 14001:2015. In 2022 total of 83 percent (2021: 80) of the company's factories have an ISO 14001 environmental management system certificate requiring systematic continuous development and the establishment of local annual targets. The coverage has increased from 2021.

The company assesses the environmental risks of its service and manufacturing operations in greater details as part of the local environmental management system, where each of the company's units is responsible for evaluating, prioritizing, and mitigating their risks on a local level. Environmental incidents and near-miss cases are reported through the company's global Health, Safety and Environment (HSE) reporting tool, and root causes are investigated, and corrective actions are taken accordingly. In addition, the company aims to minimize waste and reuse and recycle as much as possible.

## Eco-optimized offering and circularity

Konecranes promotes decarbonization by substituting existing technologies with lower-emission alternatives and by extending product lifecycles with its solutions and service concepts. Konecranes' customers gain clear benefits by investing in durable equipment that can be repaired and modernized and receive added value from uninterrupted operations.

In 2021 Konecranes defined a company-level strategy to further improve the overall environmental responsibility of its offering that enables the Science Based Targets pathway and advances circularity. Konecranes' main focus is on electrifying the offering as well as ensuring product development focuses on energy efficiency. For diesel-powered vehicles, the company provides innovative power options ranging from hybrids to full electric and battery technology, with additional energy-saving features such as regenerative braking. To provide accurate data on the environmental impact of its solutions for decision making, the company calculates its products' energy consumption and $CO_2$ emissions, and critically assesses this data with the help of a third party (as part of the company's Environmental Product Declarations).

Konecranes designs its products with their complete lifecycle in mind, as the majority of the environmental impact of a product's lifecycle is defined at the product design stage. Konecranes' product design is based on smart design principles focusing on maintainability, repairability, durability, and material selections, including recyclability and energy efficiency. In 2022 the Design for Environment guideline was upgraded to ensure all products and services shall be more sustainable than the previous generation.

Konecranes wants to be a leader in advancing circular economy. Therefore, the company puts efforts into investigating new circular solutions and their possible business potential. During 2022, three circular innovation ideas were moved to a phase, where the company further studies and evaluates their business opportunities. Konecranes' circular economy thinking focuses on using less, using longer, and using again. Circularity plays an essential role also in tackling climate change as greenhouse gas emissions can be reduced by improving resource efficiency, designing out waste and keeping materials and products longer in use.

Konecranes' service operations promote circular economy by extending the lifecycle of equipment through maintenance and repairs, remanufacturing of parts, modernization, and retrofitting; this helps Konecranes improve its own resource efficiency while reducing its customers' environmental footprints. Preventive maintenance supports emissions reductions as the data can be used to optimize maintenance activities (service visits and spare parts needs). Konecranes' retrofitting and modernization services can provide a complete transformation of an existing crane as an alternative to replacing it by updating the equipment to meet today's standards. On top of improved performance, modernizations save a significant amount of steel and in most cases reduce use phase emissions when traditional diesel generators are retrofitted as hybrids or full electric.

### Climate risk management

Konecranes has a Group-wide process for evaluating risks. Climate risks are integrated into multi-disciplinary company-wide risk management process. The Board of Directors of Konecranes has defined and adopted a set of risk management principles based on widely accepted international management practices. These principles serve as part of the company's system of controls and are designed to ensure that any risks related to the company's business operations are identified and managed adequately and appropriately to safeguard the continuity of Konecranes' business at all times. As part of the process, risk points are discussed, documented, and prioritized. For assessing risks, Konecranes uses the scale of probability, costs of mitigation, and impacts for the business.

Company-level climate-related risks and opportunities are assessed systematically at least bi-annually. As a basis for climate assessment, Konecranes uses the information received from natural hazard risk evaluations, climate risk scenario analysis as well as the insights from internal experts and business segments' management team members. Short-, medium- and long-term (0–20 years) risks and opportunities are identified and assessed. Local environmental and climate-related risks are assessed according to the requirements of the ISO 14001 environmental management system. The key risks are reported to risk management (legal department), the KLT and to the Board of Directors' Audit Committee. KLT and business segment management teams are responsible to act for supporting in mitigating risks with the needed activities. More information about climate risks management can be found from **Konecranes CDP answer (chapter C2),** available at **Konecranes.com.**

### Identified risks and opportunities and resilient business strategy

The potential effects of climate change are far reaching. Konecranes has reviewed both aspects of climate change – how does climate change affect Konecranes and how does Konecranes contribute to climate change. In 2022 Konecranes updated its climate scenario analysis and verified key risks and opportunities in all business segments. During the process potential short to long-term financial impacts were considered.

Konecranes recognizes climate risks having potential negative impact on short-, medium- and long-term. Among the most significant physical risks are floods and severe storms that might damage Konecranes manufacturing sites or customers' sites and cause business interruption and delays in the manufacturing and transportation. The company has conducted several natural hazard assessments with its insurance company to understand the probability, time scale and actual risks involved. This information is taken into consideration in the business continuity planning.

Technological development is identified to be one of the most significant transitional risks and opportunities for Konecranes. In case Konecranes product offering is not attractive to its customers and does not solve their environmental targets Konecranes could lose market share. To mitigate these risks Konecranes has committed to electrify its offering, continue developing the energy efficiency of its equipment and seek new services and solutions that accelerate circularity and digitalization. The most relevant climate opportunities reside in Konecranes' offering, enabling the decarbonization of customers' operations by providing equipment and solutions that reduce emissions and advance electrification. Transition to a low-carbon society is faster in the climate scenarios where global warming is less than 2°C. In these scenarios, Konecranes has identified possible increased sales opportunities due to the current and future eco-optimized offering. The company offers hybrid and electric cranes as an alternative to traditional diesel-fueled cranes, and energy-saving features such as regenerative braking to help customers minimize their emissions. Konecranes conducts at least three studies annually to seek new circular opportunities that further support its eco-optimized offering development.

Emerging regulations create a significant climate-related risk for the company as they might lead to increased cost of energy and materials e.g. due to taxes of carbon-intensive raw-materials. To mitigate this risk, Konecranes is closely following how the regulations develop, is applying smart design principles to maximize the resource efficiency and is investing in renewable energy sources.

Konecranes considers production methods that improve energy efficiency and minimize waste as a climate-related opportunity. The company continues to expand lean manufacturing with the Konecranes Way program.

An extensive list of climate risk and opportunities is available on the website at **Konecranes.com.** More information is also available in **Konecranes CDP answer (chapter C2).**

## Respect for human rights

Konecranes respects human rights and promotes the principles set in the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO). Konecranes' commitment to human rights is evident in multiple internal policies. The basic principles are stated in Konecranes Code of Conduct and in 2022 the company published a Human Rights Policy. Konecranes has also a corporate policy, the Fair Labor Frame, which sets a standard and ambition to workforce-related activities, such as working hours and freedom of association.

Additionally, human rights are addressed in the company's Health & Safety and Diversity & Inclusion Policies, as well as in the data protection compliance requirements. To ensure that human rights are also respected in Konecranes' supply chain, the company has included its basic requirements in its Supplier Code of Conduct. Human rights are part of the company's annual, mandatory Code of Conduct training.

As part of Konecranes' overall human rights due diligence, the company regularly assesses human rights risks and impacts, engages with affected stakeholders and develops and implements procedures for preventing, mitigating and monitoring potential and actual adverse human rights impacts in its own operations and business relationships. The company works continuously to improve the due diligence process.

In 2022 Konecranes updated its human rights risk and impact assessment by combining an earlier human rights risk screening conducted with the help of an external service provider with results received from different monitoring sources, such as audits, surveys and a whistleblowing channel. Amongst relevant potential human rights risks in the company's own or in its value chain's operations are occupational safety and health, working conditions, non-discrimination and harassment, slavery and forced labor, privacy and environmental degradation.

The company has several processes in place to prevent and mitigate the identified risks. The section **Safety** explains how the company is addressing health and safety topics, while the section **Diversity** describes the company's strong Diversity, Equity & Inclusion program, which proactively prevents discrimination. The environmental degradation caused by climate change has various negative impacts on people. Konecranes works to reduce its carbon emissions, as written in the section **Environmental responsibility and climate related disclosures.** Konecranes takes data privacy seriously and has a data protection program in place with a structured governance model and periodic trainings.

Since 2021 Konecranes has conducted third-party social responsibility assessments in the company's operations located in high-risk countries, paying special attention to issues identified in the human rights risk screening, such as working conditions. The company took action to mitigate identified non-conformities locally and is developing global processes to address topics recurring across the sites. Assessments will continue in 2023.

To manage the above-mentioned human rights risks within its complex supplier base, Konecranes has a set of supply chain compliance management processes. Read more in the section **Responsible business conduct.**

## Safety

Safety is an integral part of Konecranes' business and prioritizing safety in all areas of operation creates a competitive advantage for the company. Konecranes' goal is for everyone to get home safe, every day. Konecranes seeks to achieve this goal through strategic, centrally led programs and business-specific initiatives. Transparent and comprehensive safety reporting and follow-up procedures help the company build a coherent safety culture, recognize its most significant risks and validate the effectiveness of its safety work. Konecranes' occupational health and safety principles are defined in the company's Code of Conduct and Health and Safety policy. In addition, the company has several safety management tools and global practices in place.

There are considerable occupational health and safety risks in the material handling industry. Konecranes' most significant safety risks are related to factory work, vehicle incidents, crane and equipment installation, and the service business, where the working conditions of technicians vary from job to job. All Konecranes employees receive trainings to perform their tasks safely and correctly.

The company follows incidents and hazards using two management systems, the ARMOR HSE reporting tool and the AIR product compliance management system, as well as through customer feedback collected after each major delivery. Currently 69 percent of the manufacturing sites are ISO 45001 certified. Safety performance data is continuously available to management through online safety performance dashboards and is addressed on all management levels. Overall performance trends are reviewed monthly in the Konecranes Leadership Team and Business Area leadership meetings, focusing especially on leading indicators and preventive actions and safety incidents with Serious Injury or Fatality Potential or Actual Serious or Fatal outcomes called.

The KPI for Konecranes' safety is the Total Recordable Incident (TRI) rate, which refers to the number of injuries requiring medical treatment per one million working hours.

The recordable incident rate for 2022 was 5.6 (6.7 in 2021), an improvement of 16 percent compared to the previous year. The company also tracks the number of Safety Observations made as a leading KPI. In 2022, Konecranes personnel made a total of 71,382 safety observations, which was 40 percent more than in 2021 (51,004).

## People strategy

Konecranes' talented, diverse, innovative, and engaged employees help its customers improve safety and productivity every day. The Konecranes people strategy supports this by ensuring that the needed resources and competencies for the future are in place, and that employees are engaged, motivated and capable to meet future business requirements.

Konecranes believes in engagement and continuous learning and development, and offers its employees a variety of training courses and activities in areas like technology, sales, communication, leadership, health and safety, language, culture and project management. In addition, employees can enrich their work, for example, by learning from peers or on the job, and by joining communities, such as employee resource groups.

At Konecranes employee engagement is measured by conducting pulse surveys and employee engagement surveys across the organization. The main risk related to low employee engagement is the loss of talent and competencies. At Konecranes this risk is mitigated through fair and competitive compensation, culture and leadership development programs, succession planning, internal job rotation and talent management, as well as various programs to support professional growth and well-being.

## Diversity

Konecranes aims to create a diverse and inclusive working environment where people feel trusted, they can be themselves and there is a sense of belonging. Konecranes wants to represent the multicultural communities where it operates and be a great partner for its customers. All backgrounds and the variety of talents are an asset for the company's growth. Konecranes' work is based on a Diversity, Equity and Inclusion (DEI) vision, supported by a "4T" strategy (Talented, Transforming, Trusted and Togetherness). The company has already successfully integrated Diversity and Inclusion into the company's cultural foundation and business agenda.

During 2022, Konecranes further developed its approach, expanded it to cover equity, and embedded inclusion and equity in the company's processes. The objective is to make sure that everybody can have the opportunity to succeed, and that their diverse backgrounds are valued. By assuring psychological safety, variety of ideas and viewpoints inherent in diverse backgrounds, we aim to be the company of choice for employees with the potential to be the best in the industry. Inclusion means that the strengths of differences are welcomed and leveraged and that Konecranes offers a working environment where everyone can be themselves and feel valued for their contribution. In Konecranes' view, varied skillsets are a key driver of creativity and value creation, and diversity and inclusivity result in teams that deliver better results.

Konecranes continued to raise awareness on DEI topics internally. Key activities in 2022 included internal "Coffee and Culture" webinar series focusing on the company's culture and belonging; launching new learning paths related to resilience and detecting biases; running Employee Resource Groups on various DEI-related topics that focus in raising awareness, providing support, and improving the work environment.

The current gender balance for all Konecranes employees is 18.2 percent female and 81.7 percent male. Konecranes has a goal to have at least 22 percent gender diversity in the total organization and in leadership by the end of 2025. The progress is followed on a monthly basis. Mentoring and the fast-track program continued, supporting the increase of women in leadership positions. At the end of 2022, there were 14.3 percent women in leadership positions (2021: 14.3). Konecranes takes gender and geographic diversity into consideration in the talent and succession plan process. The company involved the entire organization in its inclusive talent process, allowing to identify talents and create development actions. Our efforts and systematic approach in DEI was rewarded in 2022 by the Finnish Foundation for Share Promotion (Pörssisäätiö) where Konecranes has been recognized as the best Finnish Large Cap company furthering diversity.

## Responsible business conduct

Konecranes' Code of Conduct and Corporate Governance Framework guide the everyday activities of the company by clearly describing internal standards and ethical values as well as legal obligations. The Code of Conduct is complemented by several Group-wide policies covering areas including safety, environment, supplier requirements, anti-corruption, data protection, competition compliance and diversity. The main compliance policies and the yearly Code of Conduct training are available in 35 languages. All employees are expected to understand and abide by the Code of Conduct. Konecranes has a regular compliance and ethics risk assessment process supported by risk assessment surveys to gather insights throughout the organization. Konecranes global Compliance & Ethics program is managed by the Group's Compliance & Ethics team and its development and quality are overseen by an executive-level Compliance and Ethics Committee and Audit Committee of the Board of Directors of Konecranes Plc.

Konecranes promotes a healthy speak-up culture where people can feel safe reporting ethical concerns.

Multiple ways to raise concerns are offered, including an externally hosted Whistleblowing Channel open to the company's employees as well as all externals, which enables anonymous reporting when allowed by local laws. All reports made are reviewed and investigated, as appropriate. There is a clear policy of no retaliation. Konecranes also encourages its suppliers and other business partners to report on any compliance and ethics concerns relating to Konecranes.

During 2022 the focus was put on updating the Group's whistleblowing and investigation processes and related guidance to ensure compliance with the new whistleblowing law requirements especially in the EU. Also, multiple awareness-raising activities took place in 2022, with the main focus on advanced competition law trainings, relaunch of our trade sanctions and export controls e-learning and the yearly Code of Conduct training. The Code of Conduct training is mandatory for all employees globally, including operatives, and over 15,000 employees were trained during 2022.

To help mitigate risks and drive ethical practices in supply chains, the Konecranes Supplier Code of Conduct (SCoC) states the sustainability standards expected from third parties. The SCoC has requirements, for example, on anti-corruption, human rights, safety, environmental and compliance topics. The SCoC forms a key part of any agreements made with key suppliers and subcontractors. By the end of 2022, 52 percent of suppliers (as share of spend) had a signed commitment to the SCoC or equivalent requirements. Background checks on suppliers and subcontractors are done before entering into business relationships and defined suppliers are assessed based on self-assessments. The requirements are regularly reviewed and developed to ensure that environmental and social impacts are managed properly through responsible sourcing. In 2022 Konecranes continued third-party supplier audits concentrating particularly on compliance with Konecranes' Supplier Code of Conduct.

## Anti-corruption and bribery prevention

Konecranes' Anti-Corruption policy and Code of Conduct demonstrate the company's commitment to work against corruption in all forms, including extortion and bribery and set the foundation for our anti-corruption program. The Anti-Corruption Policy has compliance protocols and guidelines in place to detect and address risks, with a zero-tolerance approach embedded in the monitoring and follow-up processes. Several actions and processes are set up to mitigate corruption and fraud risks including internal controls, a Gift and Hospitality Portal and Conflict of Interest portal.

Anti-Corruption matters form an important element of the Code of Conduct training. Konecranes' zero-tolerance approach is also promoted to business partners in the Konecranes Distributor Code of Conduct, Supplier Code of Conduct and Supplier Manual. Konecranes uses a risk-based Know-Your-Counterparty process to conduct due diligence and background screenings, identify red-flags and carry out risk assessments on third parties worked with whereby the level of scrutiny and required approval process are determined by considering, for example, the risks associated with the business in question, country risks and business partner risks. Selected suppliers are also audited for their anti-corruption work.

## Taxonomy eligibility and alignment

Konecranes has activities that qualify as environmentally sustainable according to the EU Taxonomy as per EU Regulation 2020/852. Konecranes has activities that are in the scope of Technical Screening Criteria (TSC) 3.6. Manufacture of other low carbon technologies and 8.2. Data-driven solutions for greenhouse gas (GHG) emissions reductions. 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.

The process for reviewing taxonomy-eligibility and alignment of all Konecranes activities was completed in 2022. It included identifying the eligible activities, reviewing the technical screening criteria (TSC) and the Do-No-Significant-Harm criteria (DNSH) for each of the environmental objectives for all relevant business activities and carrying out an assessment of the Minimum Social Safeguards (MSS) at corporate level. The purpose of the process was to define the taxonomy-eligibility and alignment and to gather evidence of the substantial contribution.

The relevant activities of Konecranes are eligible with the objective of Climate Change Mitigation (CCM) according to the Technical Screening Criteria of 3.6. Manufacture of other low carbon technologies and 8.2. Data-driven solutions for greenhouse gas (GHG) emissions reductions. The calculation of the revenue percentage is based on low carbon technology such as inverter-controlled drives, regenerative braking and hybrid and electric power options. These technologies substitute existing technology with lower-emission alternatives. These activities are enabling substantial contribution towards climate change mitigation according to representative life cycle assessments (LCA) made in comparison to the best performing alternative technologies. Eligibility of revenue was evaluated at product level and represent only sales to external customers for each Business Segment. Taxonomy-eligible products represent 14 percent of Konecranes' revenue. The revenue percentage of software solutions eligible for TSC 8.2. represents 0–1 percent of total revenue.

Subsequent assessments made for all the eligible activities confirmed that Konecranes has adequate social minimum safeguards in place. Konecranes is committed to UN guiding principles on Business and Human rights and OECD guidelines. Konecranes has analyzed the Do No Significant Harm criteria towards remaining five environmental objectives. Konecranes has identified that its products include commercial components that on low concentrations include Substances of Very High Concern (SVHC) e.g. lead that is restricted in the Pollution prevention and control criterion g. Konecranes is compliant with the REACH Regulation. Konecranes fulfils the other four Do No Significant Harm criteria. Konecranes is expecting the EU to publish more guidance related to the "essential for the society" exemption to define whether the revenue is taxonomy-aligned. For this reason, Konecranes will not report its alignment.

CapEx and the specifically defined categories of OpEx described in the Taxonomy Regulation are reported at company level. 12 percent of CapEx and 36 percent of specifically defined taxonomy OpEx is taxonomy eligible. These activities include, for example, facility improvements, sourcing of green activities and research and development projects. They support the transition towards a low carbon economy and achieving the Science Based Targets set for own operations and for the value chain.

## Table 1. Revenue

| | | | | Substantial contribution criteria | | DNSH criteria (Does Not Significantly Harm) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Economic activity** | **Revenue FY 2022** | **Revenue FY 2021** | **Revenue FY 2022** | **Climate change mitigation** | **Climate change adaptation** | **Climate change mitigation** | **Climate change adaptation** | **Water & marine resources** | **Circular economy** | **Pollution** | **Biodiversity and ecosystems** | **Minimum social safeguards** | **Taxonomy-aligned proportion of revenue 2022** | **Taxonomy-aligned proportion of revenue 2021** | **Of which Enabling or Transitional activity** |
| | MEUR | MEUR | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Company level | % | % | E/T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | |
| A1. Environmentally sustainable activities (Taxonomy-aligned) | N/A | N/A | N/A | | | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) | N/A | N/A | N/A | | | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| Turnover of eligible activities with substantial contribution | 462 | 289 | 14% | | | | | | | | | | | | |
| Segment Port Solutions: Electric and hybrid equipment (activity 3.6.) | 326 | 155 | 10% | 10% | 0% | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| Segment Industrial Equipment: Wire rope hoists with inverter-controlled drives and winches with regenerative braking (activity 3.6.) | 136 | 134 | 4% | 4% | 0% | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| Segment Industrial Service: Wire rope hoists with inverter-controlled drives and winches with regenerative braking (activity 3.6.) | 3 | 2 | 0% | 0% | 0% | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | 2,903 | 2,897 | 86% | | | | | | | | | | | | |
| Total (A+B) | 3,365 | 3,186 | 100% | | | | | | | | | | | | |

## Table 2. Capex

| Economic activity | Capex FY 2022 | Capex FY 2021 | Capex FY 2022 | Substantial contribution criteria: Climate change mitigation | Substantial contribution criteria: Climate change adaptation | DNSH criteria (Does Not Significantly Harm): Climate change mitigation | DNSH: Climate change adaptation | DNSH: Water & marine resources | DNSH: Circular economy | DNSH: Pollution | DNSH: Biodiversity and ecosystems | Minimum social safeguards | Taxonomy-aligned proportion of capex 2022 | Taxonomy-aligned proportion of capex 2021 | Of which Enabling or Transitional activity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | MEUR | MEUR | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Corp. | | | E/T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | |
| A1. Environmentally sustainable activities (Taxonomy-aligned) | N/A | N/A | N/A | | | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) | N/A | N/A | N/A | | | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| Turnover of eligible activities | 5 | 2 | 12% | | | | | | | | | | | | |
| Related to taxonomy-eligible assets or processes, enabling to become aligned, purchase of taxonomy-eligible activities, enabling activities to become low-carbon or to reduce emissions | 5 | 2 | 12% | 12% | | Y | Y | Y | Y | Y | Y | Y | 12% | 5% | **E** |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | 32 | 47 | 88% | | | | | | | | | | | | |
| Total (A+B) | 37 | 50 | 100% | | | | | | | | | | | | |

## Table 3. Opex

| Economic activity | Opex FY 2022 | Opex FY 2021 | Opex FY 2022 | Substantial contribution criteria: Climate change mitigation | Substantial contribution criteria: Climate change adaptation | DNSH criteria (Does Not Significantly Harm): Climate change mitigation | DNSH: Climate change adaptation | DNSH: Water & marine resources | DNSH: Circular economy | DNSH: Pollution | DNSH: Biodiversity and ecosystems | Minimum social safeguards | Taxonomy-aligned proportion of opex 2022 | Taxonomy-aligned proportion of opex 2021 | Of which Enabling or Transitional activity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | MEUR | MEUR | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | | | | E/T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | |
| A1. Environmentally sustainable activities (Taxonomy-aligned) | N/A | N/A | N/A | | | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) | N/A | N/A | N/A | | | Y | Y | Y | Y | N/A | Y | Y | N/A | N/A | **E** |
| Turnover of eligible activities | 24 | 26 | 36% | | | | | | | | | | | | |
| Related to taxonomy-eligible assets or processes, enabling to become aligned, purchase of taxonomy-eligible activities, enabling activities to become low-carbon or to reduce emissions | 24 | 26 | 36% | 36% | | Y | Y | Y | Y | Y | Y | Y | | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities | 43 | 40 | 64% | | | | | | | | | | | | |
| Total (A+B) | 67 | 66 | 100% | | | | | | | | | | | | |

Konecranes continues to develop taxonomy assessment and reporting in 2023 as the final technical screening criteria for the four remaining objectives will be finalized. According to the current draft criteria it is possible that certain service activities of Konecranes will be eligible and aligned according to the new objectives. The total taxonomy-eligible and aligned revenue is therefore expected to increase in 2023 as the activities related to service are expected to partially fall in the forthcoming scope of the environmental objective "Transition to a circular economy and waste prevention".

## 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 |

| Date | Release |
|---|---|
| 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 |
| 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 EUR 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 cumulative adjusted Earnings per Share (EPS) for the financial years 2023–2025 with a 60 percent's weighting and the compound 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 March 29, 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 1, 2023
Konecranes Plc
Board of Directors

# Konecranes Group 2018–2022

| Business development | | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 3,928.9 | 3,175.5 | 2,727.3 | 3,167.3 | 3,090.3 |
| Order book | MEUR | 2,901.7 | 2,036.8 | 1,715.5 | 1,824.3 | 1,715.4 |
| Net sales | MEUR | 3,364.8 | 3,185.7 | 3,178.9 | 3,326.9 | 3,156.1 |
| of which outside Finland | MEUR | 3,262.0 | 3,098.1 | 3,096.3 | 3,244.2 | 3,056.3 |
| Export from Finland | MEUR | 789.6 | 955.2 | 1,075.9 | 969.6 | 777.0 |
| Personnel on average | | 16,563 | 16,625 | 17,027 | 16,104 | 16,247 |
| Personnel on December 31 | | 16,522 | 16,573 | 16,862 | 16,196 | 16,077 |
| Capital expenditure | MEUR | 37.0 | 49.8 | 42.8 | 39.5 | 35.4 |
| as % of Net sales | % | 1.1% | 1.6% | 1.3% | 1.2% | 1.1% |
| Research and development costs | MEUR | 47.7 | 47.7 | 48.5 | 41.1 | 42.1 |
| as % of Net sales | % | 1.4% | 1.5% | 1.5% | 1.2% | 1.3% |

| Profitability | | | | | | |
|---|---|---|---|---|---|---|
| Net sales | MEUR | 3,364.8 | 3,185.7 | 3,178.9 | 3,326.9 | 3,156.1 |
| Adjusted EBITA | MEUR | 318.4 | 312.2 | 260.8 | 275.1 | 257.1 |
| as % of net sales | % | 9.5% | 9.8% | 8.2% | 8.3% | 8.1% |
| Adjusted operating profit | MEUR | 286.6 | 279.1 | 224.9 | 250.4 | 219.6 |
| as % of net sales | % | 8.5% | 8.8% | 7.1% | 7.5% | 7.0% |
| Operating profit | MEUR | 223.2 | 220.0 | 173.8 | 148.7 | 166.2 |
| as % of net sales | % | 6.6% | 6.9% | 5.5% | 4.5% | 5.3% |
| Income before taxes | MEUR | 190.7 | 192.5 | 170.3 | 118.5 | 138.7 |
| as % of net sales | % | 5.7% | 6.0% | 5.4% | 3.6% | 4.4% |
| Net income (incl. non-controlling interest) | MEUR | 138.5 | 147.4 | 122.9 | 82.8 | 98.3 |
| as % of net sales | % | 4.1% | 4.6% | 3.9% | 2.5% | 3.1% |

| Key figures and balance sheet | | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Equity (incl. non-controlling interest) | MEUR | 1,433.0 | 1,360.6 | 1,251.1 | 1,246.7 | 1,284.1 |
| Balance sheet | MEUR | 4,340.6 | 3,845.8 | 4,016.5 | 3,854.2 | 3,567.0 |
| Return on equity | % | 9.9 | 11.3 | 9.8 | 6.5 | 7.7 |
| Return on capital employed | % | 9.0 | 9.3 | 8.3 | 6.3 | 7.9 |
| Current ratio | | 1.6 | 1.2 | 1.4 | 1.4 | 1.3 |
| Equity to asset ratio | % | 37.9 | 38.9 | 34.1 | 35.4 | 39.8 |
| Net working capital | MEUR | 581.2 | 424.5 | 337.2 | 446.0 | 410.4 |
| Interest-bearing net debt | MEUR | 688.3 | 541.6 | 577.1 | 655.3 | 545.3 |
| Gearing | % | 48.0 | 39.8 | 46.1 | 52.6 | 42.5 |

| Shares in figures | | | | | | |
|---|---|---|---|---|---|---|
| Earnings per share, basic | EUR | 1.77 | 1.86 | 1.54 | 1.03 | 1.29 |
| Earnings per share, diluted | EUR | 1.77 | 1.85 | 1.54 | 1.03 | 1.29 |
| Equity per share | EUR | 18.10 | 17.08 | 15.69 | 15.70 | 16.06 |
| Cash flow per share | EUR | 0.84 | 2.13 | 5.15 | 2.19 | 1.39 |
| Dividend per share | EUR | 1.25* | 1.25 | 0.88 | 1.20 | 1.20 |
| Dividend/earnings | % | 70.6 | 67.2 | 57.1 | 116.5 | 93.0 |
| Effective dividend yield | % | 4.3 | 3.6 | 3.1 | 4.4 | 4.5 |
| Price/earnings | | 16.2 | 18.9 | 18.7 | 26.6 | 20.5 |
| Trading low / high** | EUR | 19.61/38.43 | 28.80/42.31 | 14.05/33.08 | 24.84/38.15 | 25.05/42.43 |
| Average share price** | EUR | 27.14 | 36.41 | 23.03 | 29.98 | 33.56 |
| Share price on December 31** | EUR | 28.76 | 35.16 | 28.78 | 27.40 | 26.39 |
| Year-end market capitalization | MEUR | 2,276.8 | 2,782.4 | 2,277.5 | 2,160.2 | 2,080.0 |
| Number traded*** | (1,000) | 87,275 | 56,561 | 121,487 | 96,906 | 123,158 |
| Stock turnover | % | 110.3 | 71.5 | 153.6 | 122.9 | 156.3 |
| Average number of shares outstanding, basic | (1,000) | 79,152 | 79,134 | 79,078 | 78,836 | 78,811 |
| Average number of shares outstanding, diluted | (1,000) | 79,508 | 79,607 | 79,272 | 78,836 | 78,811 |
| Number of shares outstanding, at end of the period | (1,000) | 79,167 | 79,134 | 79,134 | 78,839 | 78,817 |

* The Board's proposal to the AGM
** Source: Nasdaq Helsinki
*** Source: Intercontinental Exchange

# Calculation of key figures

| | | |
|---|---|---|
| Operating profit (EBIT) | Sales + Other operating income – Materials, supplies and subcontracting – Personnel cost – Depreciation and impairment – Other operating expenses | |
| Adjusted EBITA | Operating profit (EBIT) + purchase price allocation impacts and impairment + restructuring costs + transaction costs + other items affecting to comparability | |
| Adjusted Operating profit | Operating proft (EBIT) + restructuring costs + transaction costs + other items affecting to comparability | |
| 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 |
| Current ratio: | Current assets / Current liabilities | |
| 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 |
| Earnings per share: | Net profit for the shareholders of the parent company / Average number of shares outstanding | |
| Earnings per share, diluted: | Net profit for the shareholders of the parent company / Average fully diluted number of shares outstanding | |
| Equity per share: | Equity attributable to the shareholders of the parent company / Number of shares outstanding | |
| Cash flow per share: | Net cash flow from operating activities / Average number of shares outstanding | |
| Effective dividend yield (%): | Dividend per share / Share price at the end of financial year | X 100 |
| Price per earnings: | Share price at the end of financial year / Earnings per share | |
| 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) | |
| Year-end market capitalization: | Number of shares outstanding multiplied by the share price at the end of year | |
| Average number of personnel: | Calculated as average of number of personnel in quarters | |
| Number of shares outstanding: | Total number of shares - treasury shares | |

Operating profit % and EBITA % are used to measure business profitability before financial items and taxes. Adjusted operating profit and Adjusted EBITA are used to reflect the underlying business performance and to enhance comparability between financial periods and is frequently used by management, analysts and investors. See also note 3 for reconciliation.

Return on equity % represents the rate of return that shareholders receive on their investments and Return on capital employed % represent relative profitability or the rate of return that has been received on capital employed requiring interest or other return.

Current ratio, Equity to asset ratio, Interest-bearing net debt, Interest-bearing net debt / Equity are used to measure solvency and indebtedness of the Konecranes Group. Some of Konecranes' loan agreements include a covenant measured by Gearing percentage. Capital expenditure and Net working capital give additional information of the cash flows and funding needs of the Konecranes Group. Share related alternative performance measures enhance the information of equity, cash flow and dividend attributable to the shareholders and development of the Konecranes share value in the stock exchange.

# Reconciliation of certain alternative performance measures

| Reconciliation of adjusted operating profit and adjusted EBITA (MEUR) | 2022 | 2021 |
|---|---|---|
| **Operating profit** | **223.2** | **220.0** |
| Restructuring costs | | |
| Employment termination costs | 4.8 | 13.5 |
| Impairments of non-current assets | 2.9 | 0.3 |
| Impairments of inventories | 4.8 | -0.1 |
| Other restructuring costs and income | 4.5 | -2.3 |
| **Restructuring costs, total** | **17.0** | **11.3** |
| Transaction and integration costs | 8.7 | 47.8 |
| Costs related to the impacts of the war in Ukraine | 37.8 | 0.0 |
| **Adjusted operating profit** | **286.6** | **279.1** |
| Purchase price allocation and goodwil impairment impacts | 31.8 | 33.2 |
| **Adjusted EBITA** | **318.4** | **312.2** |
| | | |
| **Reconciliation of interest-bearing net debt** | | |
| Interest-bearing liabilities | 1,106.2 | 865.1 |
| Loans receivable | -3.9 | -2.8 |
| Cash and cash equivalents | -413.9 | -320.7 |
| **Interest-bearing net debt** | **688.4** | **541.6** |
| | | |
| **Reconciliation of net working capital** | | |
| Total current assets | 2,369.2 | 1,842.6 |
| - Interest bearing current assets | -3.9 | -2.8 |
| - Cash and cash equivalents | -413.9 | -320.7 |
| **Non-interest-bearing current assets** | **1,951.4** | **1,519.0** |
| **Deferred tax assets (excluding purchase price allocation)** | **103.8** | **120.2** |
| Total current liabilities | -1,480.8 | -1,585.9 |
| - Current Interest-bearing liabilities | 49.8 | 418.0 |
| **Non-interest-bearing current liabilities** | **-1,431.0** | **-1,167.9** |
| **Deferred tax liabilities (excluding purchase price allocations)** | **-23.9** | **-26.2** |
| **Non-current provisions** | **-19.0** | **-20.7** |
| **Net working capital** | **581.2** | **424.5** |

Transaction and integration costs 2022 and 2021 relate to the cancelled merger with Cargotec Oyj.

# Consolidated statement of income – IFRS

| (1,000,000 EUR) | | Jan 1–Dec 31 2022 | Jan 1–Dec 31 2021 |
|---|---|---|---|
| Note: | | | |
| 3,5,6 | **Sales** | **3,364.8** | **3,185.7** |
| | | | |
| | Other operating income | 8.1 | 11.3 |
| 7 | Materials, supplies and subcontracting | -1,510.2 | -1,413.0 |
| 7,8 | Personnel cost | -1,091.9 | -1,023.5 |
| 9 | Depreciation and impairments | -124.4 | -120.1 |
| 7 | Other operating expenses | -423.2 | -420.4 |
| | | | |
| | **Operating profit** | **223.2** | **220.0** |
| | | | |
| 4,16 | Share of associates' and joint ventures' result | 0.4 | 0.3 |
| 10 | Financial income | 26.8 | 28.6 |
| 10 | Financial expenses | -59.7 | -56.4 |
| | | | |
| | **Profit before taxes** | **190.7** | **192.5** |
| | | | |
| 11 | Taxes | -52.2 | -45.1 |
| | | | |
| | **PROFIT FOR THE PERIOD** | **138.5** | **147.4** |
| | | | |
| | | | |
| | **Profit for the period attributable to** | | |
| | Shareholders of the parent company | 140.3 | 146.9 |
| | Non-controlling interest | -1.8 | 0.5 |
| | | | |
| 12 | Earnings per share, basic (EUR) | 1.77 | 1.86 |
| 12 | Earnings per share, diluted (EUR) | 1.77 | 1.85 |

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

| (1,000,000 EUR) | | Jan 1–Dec 31 2022 | Jan 1–Dec 31 2021 |
|---|---|---|---|
| Note: | | | |
| | | | |
| | **Profit for the period** | **138.5** | **147.4** |
| | **Items that can be reclassified into profit or loss** | | |
| 34 | Cash flow hedges | 2.0 | -11.0 |
| | Exchange differences on translating foreign operations | -3.2 | 22.8 |
| 11.3 | Income tax relating to items that can be reclassified into profit or loss | -0.4 | 2.2 |
| | **Items that cannot be reclassified into profit or loss** | | |
| 28 | Re-measurement gains (losses) on defined benefit plans | 62.6 | 17.6 |
| 11.3 | Income tax relating to items that cannot be reclassified into profit or loss | -18.7 | -5.8 |
| | **Other comprehensive income for the period, net of tax** | **42.3** | **25.8** |
| | | | |
| | **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **180.8** | **173.2** |
| | | | |
| | **Total comprehensive income attributable to:** | | |
| | Shareholders of the parent company | 183.1 | 172.6 |
| | Non-controlling interest | -2.3 | 0.6 |

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated balance sheet – IFRS

## ASSETS

| (1,000,000 EUR) | | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|---|
| Note: | | | |
| | **Non-current assets** | | |
| 13 | Goodwill | 1,019.6 | 1,022.1 |
| 14 | Intangible assets | 475.4 | 503.1 |
| 15 | Property, plant and equipment | 345.9 | 339.3 |
| | Construction in progress | 18.1 | 10.9 |
| 16 | Investments accounted for using the equity method | 7.8 | 6.8 |
| | Other non-current assets | 0.8 | 0.8 |
| 17 | Deferred tax assets | 103.8 | 120.2 |
| | **Total non-current assets** | **1,971.4** | **2,003.2** |
| | | | |
| | | | |
| | **Current assets** | | |
| 18 | Inventories | 992.7 | 726.4 |
| 19 | Accounts receivable | 585.6 | 492.1 |
| 20 | Other receivables | 36.8 | 28.1 |
| | Income tax receivables | 15.0 | 16.2 |
| 6 | Contract assets | 183.5 | 161.3 |
| 32 | Other financial assets | 43.7 | 3.6 |
| 21 | Deferred assets | 98.0 | 94.2 |
| 22 | 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** |

## EQUITY AND LIABILITIES

| (1,000,000 EUR) | | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|---|
| Note: | | | |
| | **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 |
| 34 | Fair value reserves | -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 |
| 23 | **Total equity attributable to equity holders of the parent company** | **1,432.9** | **1,351.4** |
| 16 | Non-controlling interest | 0.1 | 9.2 |
| | **Total equity** | **1,433.0** | **1,360.6** |
| | | | |
| | **Non-current liabilities** | | |
| 26,27,32 | Interest-bearing liabilities | 1,056.4 | 447.1 |
| 28 | Other long-term liabilities | 217.7 | 289.0 |
| 24 | Provisions | 19.0 | 20.7 |
| 17 | Deferred tax liabilities | 133.7 | 142.6 |
| | **Total non-current liabilities** | **1,426.8** | **899.4** |
| | | | |
| | **Current liabilities** | | |
| 26,27,32 | Interest-bearing liabilities | 49.8 | 418.0 |
| 6 | Advance payments received | 564.3 | 344.7 |
| | Accounts payable | 306.2 | 255.4 |
| 24 | Provisions | 93.4 | 105.4 |
| 25 | Other short-term liabilities (non-interest-bearing) | 56.1 | 53.2 |
| 32 | Other financial liabilities | 15.9 | 16.9 |
| | Income tax payables | 31.7 | 23.0 |
| | Accrued costs related to delivered goods and services | 165.1 | 178.3 |
| 25 | 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** |

The accompanying notes form an integral part of the consolidated financial statements.

# Consolidated statement of changes in equity – IFRS

| | Equity attributable to equity holders of the parent company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **(1,000,000 EUR)** | **Share capital** | **Share premium account** | **Paid in capital** | **Cash flow hedges** | **Translation difference** | **Other reserve** | **Retained earnings** | **Total** | **Non-controlling interest** | **Total equity** |
| **Balance at January 1, 2022** | **30.1** | **39.3** | **752.7** | **-2.7** | **10.9** | **65.7** | **455.4** | **1,351.4** | **9.2** | **1,360.6** |
| Dividends paid to equity holders | | | | | | | -98.9 | -98.9 | -0.3 | **-99.2** |
| Equity-settled share based payments (note 29) | | | | | | 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 | | | | 1.6 | -2.6 | | 43.8 | 42.8 | -0.5 | **42.3** |
| Total comprehensive income | | | | 1.6 | -2.6 | | 184.1 | 183.1 | -2.3 | **180.8** |
| **Balance at December 31, 2022** | **30.1** | **39.3** | **752.7** | **-1.1** | **8.3** | **67.8** | **535.8** | **1,432.9** | **0.1** | **1,433.0** |
| | | | | | | | | | | |
| **Balance at January 1, 2021** | **30.1** | **39.3** | **752.7** | **6.0** | **-11.7** | **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 (note 29) | | | | | | 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 | | | | -8.7 | 22.6 | | 11.8 | 25.7 | 0.1 | **25.8** |
| Total comprehensive income | | | | -8.7 | 22.6 | | 158.7 | 172.6 | 0.6 | **173.2** |
| **Balance at December 31, 2021** | **30.1** | **39.3** | **752.7** | **-2.7** | **10.9** | **65.7** | **455.4** | **1,351.4** | **9.2** | **1,360.6** |

# Consolidated cash flow statement – IFRS

| (1,000,000 EUR) | | Jan 1–Dec 31 2022 | Jan 1–Dec 31 2021 |
|---|---|---|---|
| Note: | | | |
| | **Cash flow from operating activities** | | |
| | Profit for the period | 138.5 | 147.4 |
| | Adjustments to net profit for the period | | |
| | 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 | -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 |
| 11 | Income taxes paid | -53.3 | -47.4 |
| | **Financing items and taxes** | **-115.5** | **-78.6** |
| | | | |
| | **NET CASH FROM OPERATING ACTIVITIES** | **66.7** | **168.4** |

| (1,000,000 EUR) | | Jan 1–Dec 31 2022 | Jan 1–Dec 31 2021 |
|---|---|---|---|
| Note: | | | |
| | **Cash flow from financing activities** | | |
| 4 | Acquisition of Group companies, net of cash | -1.6 | 0.0 |
| 4 | Divestment of businesses, net of cash | 0.1 | 0.0 |
| | Capital expenditures | -44.7 | -40.5 |
| | Proceeds from sale of property, plant and equipment and other | 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** | | |
| 27.6 | Proceeds from borrowings | 600.0 | 0.0 |
| 27.6 | Repayments of borrowings | -331.7 | -155.6 |
| 27.6 | Repayments of lease liability | -44.1 | -42.6 |
| 27.6 | 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 company | -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 |
| 22 | 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 year.

The accompanying notes form an integral part of the consolidated financial statements.

# Notes to the consolidated financial statements

## 1. Corporate information

Konecranes Plc ("Konecranes Group" or "the Group") is a Finnish public limited company organized under the laws of Finland and domiciled with its principal place of business 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 reportable segments: Service, Industrial Equipment and Port Solutions.

## 2. Accounting principles

### 2.1. Basis of preparation

The consolidated financial statements of Konecranes Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for items that are required by IFRS to be measured at fair value, principally certain financial instruments.

The 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.

Due to the rounding, some totals might differ from the sum of individual figures as calculations are done originally in thousands of euros.

The financial statements were approved for issuance by the Board of Directors on February 1, 2023.

#### Principles of consolidation

The consolidated financial statements comprise the consolidated balance sheet of Konecranes Plc and its subsidiaries as at December 31, 2022 and 2021 and the consolidated statements of income and cash flows for the periods ended December 31, 2022 and 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that majority of voting rights result in control. To support this presumption and when the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under this method, the consolidated financial statements show the Group's investment in and share of net assets of the associate or joint venture. Any premium over net assets paid to acquire an interest in an associate or joint venture is recognized as goodwill within the same line as the underlying investment. The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as share of profit of an associate and a joint venture in the statement of profit or loss.

## 2.2. Use of estimates and judgments

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 the company assess 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. Changes in estimates and assumptions are recognized in the financial period the estimate or assumption is changed.

The most important items in the consolidated financial statements, which require management's estimates and that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change are impairment testing, recognition of deferred taxes, measurement of the fair value of assets and actuarial assumptions in defined benefit plans, and percentage of completion revenue recognition in long term projects.

### Impairment testing

The recoverable amount for goodwill has been determined based on value in use of the relevant cash generating unit to which the goodwill is allocated. The recoverable amounts of all material intangible assets and property, plant and equipment have also been based on their value in use. The impairment testing of goodwill is based on numerous judgmental estimates of the present value of the cash flows which effect the valuation of the cash generating units (CGU) pertaining to the goodwill. Cash flow forecasts are made based on CGU specific historical data, order book, the current market situation, and industry specific information of the future growth possibilities. These assumptions are reviewed annually as part of management's annual and strategic planning cycles and can be subject to significant adjustment as arising from the development of the global economy, pressure from competitors' products, climate risks and opportunities as well as changes in raw material prices and operating expenses. The value of the benefits and savings from the efficiency improvement programs already announced and included in certain cash flow estimates are also subjective and based on management's best estimate of the impact. The fair value of the CGUs is determined using a derived weighted average cost of capital as the rate to discount estimated future cash flows. The discount rate used may not be indicative of actual rates obtained in the markets in the future. See note 13.

### Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method according to which the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the consideration transferred for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. The measurement of fair value of the acquired net assets is based on market value of similar assets (property, plant and equipment), or an estimate of expected cash flows (intangible assets). The valuation, which is based on prevailing repurchase value, expected cash flows or estimated sales price, requires management judgement, estimates and assumptions. See note 4.

### Recognition of deferred taxes

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. The tax effect of unused tax losses is recognized as a deferred tax asset when it becomes probable that the tax losses will be utilized. In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. The actual current tax exposure is estimated together with assessing temporary differences resulting from differing treatment of items, such as depreciation, provisions and accruals, for tax and accounting purposes. When recording the deferred tax assets judgments have been based on the estimates of the taxable income in each subsidiary and country in which Konecranes operates, and the period over which the deferred tax assets will be recoverable based on the estimated future taxable income and planned tax strategies to utilize these assets. The amount of deferred tax assets considered realizable could however be reduced in subsequent years if estimates of future taxable income during their carry forward periods are reduced, or rulings by the tax authorities are unfavourable. Estimates are therefore subject to change due to both market related and tax authorities related uncertainties, as well as Konecranes' own future decision matters such as restructuring. Konecranes is unable to accurately quantify the future adjustments to deferred income tax expense that may occur as a result of these uncertainties. See note 17.

### Actuarial assumptions in defined benefit plans

The net pension liability and expense for defined benefit plans is based on various actuarial assumptions such as the assumed discount rate, expected development of salaries and pensions and mortality rates. Significant differences between assumptions and actual experience, or significant changes in assumptions, may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in Remeasurement gains/loss on defined benefit plans in other comprehensive income. Discount rates are determined annually based on changes in long-term, high quality corporate bond yields.

Decreases in the discount rates results in an increase in the defined benefit obligation and in pension costs. Conversely, an increase in the discount rate results in a decrease in the defined benefit obligation and in pension costs. Increases and decreases in mortality rates have an inverse impact on the defined benefit obligation and pension costs. Increases and decreases in salary and pension growth rates have a direct correlating impact on the defined benefit obligation and pension costs.

The assumed discount rate, which is based on rates observed at the end of the preceding financial year may not be indicative of actual rates realized. The actual development for salaries and pensions may not reflect the estimated future development due to the uncertainty of the global economy and various other factors. Konecranes uses generational mortality tables to estimate probable future mortality improvements. These tables assume that the trend of increasing life expectancy will continue, resulting in pension benefit payments to younger members being likely to be paid for longer time periods than older members' pensions, given that assumed retirement ages are those defined in the rules of each plan.

The funded status, which can increase or decrease based on the performance of the financial markets or changes in our assumptions, does not represent a mandatory short-term cash obligation. Instead, the funded status of a defined benefit pension plan is the difference between the defined benefit obligation and the fair value of the plan assets. See note 28.

### Revenue recognition over time in long-term projects

Konecranes applies the percentage of completion method for recognizing revenue over time from certain long-term large crane projects and modernizations in accordance with IFRS 15 Revenue Recognition. The percentage of completion is based on the cost-to-cost method. Under this method, progress of contracts is measured by actual costs incurred in relation to management's best estimate of total estimated costs at completion, which are reviewed and updated routinely for contracts in progress. The cumulative effect of any change in estimate is recorded in the period in which the change in estimate is determined.

The percentage of completion method of accounting involves the use of assumptions and projections, principally relating to future material, labour and project-related overhead costs. As a consequence, there is a risk that total contract costs will exceed those originally estimated and the margin will decrease, or the contract may become unprofitable. This risk increases as the duration of a contract increases because there is a higher probability that the circumstances upon the estimates were originally based will change, resulting in increased costs that may not be recoverable. Factors that could cause costs to increase include: unanticipated technical problems with equipment supplied or developed by us which may require us to incur additional costs to remedy, changes in the cost of components, materials or labour, project modifications creating unanticipated costs, suppliers' or subcontractors' failure to perform, and delays caused by unexpected conditions or events. By recognizing changes in estimates cumulatively, recorded revenue and costs to date reflect the current estimates at the stage of completion for each project. Additionally, losses on long-term contracts are recognized in the period when they are identified and are based upon the anticipated excess of contract costs over the related contract revenues.

### COVID-19 and the war in Ukraine

The impacts of the Covid-19 pandemic and the war in Ukraine on estimates in the financial reporting rely on management's best judgement. The Group has assessed the impacts to goodwill, other intangible and tangible assets as part of the impairment testing process, and to defined benefit plans, provisions, valuation of inventory, recoverability of deferred tax assets and collectability of account receivables as part of the regular reporting process.

Uncertainties remain regarding the COVID-19 pandemic and related component availability issues as well as other supply chain constraints.

Konecranes operates a crane and component factory in Zaporizhzhia, in the south-eastern part of Ukraine. The production at the Ukrainian factory was stopped immediately after the war in Ukraine started. The planned production has been redirected to other Konecranes manufacturing sites. 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. Konecranes also decided not to take any new business from Russia, wrote off orders and reversed sales related to Russian projects, divested its Russian Service business to local management who have established their own companies and cancelled all Russian maintenance agreements. The war has increased market volatility and uncertainty by increasing cost inflation and global material availability concerns and other supply chain issues. See note 24.

Significant judgement has been used for the cash flows used for calculation of recoverable amounts of cash generating units in impairment testing. The estimates and assumptions for market development, growth, and other significant factors used in the impairment testing are based on management's best estimates under the current circumstances. See note 13.

Konecranes reviews and estimates its customer credit risks related to accounts receivable and ongoing projects as part of normal reporting process. Provision for doubtful accounts has been prepared based on the historical credit loss pattern, but it is also adjusted case by case with forward-looking risk positions. There has not been any significant change in payment delays related to customer receivables. To limit the risks, the Group applies a conservative credit policy towards customers. It is Konecranes practice to review customers carefully before entering formal business relationships and to require credit reports from new customers. Customer credit risks are mitigated with advance payments, letters of credits, payment guarantees and credit insurance where applicable. See note 19.

Although COVID-19 and the war in Ukraine have impacted the delays in deliveries and have led to increase in certain inventory levels, Konecranes does not see material increase of the risk for obsolete inventory values. There have not been major order cancellations, but rather the orders and deliveries have been postponed. The risks related to work in progress and contract assets are also mitigated with advance payments collected from customers.

### Climate risks

Climate risks might have a significant impact on our operations, which requires significant judgment for example in revenue recognition (especially in long-term projects), provisions, collectability of accounts receivable and impairment of assets.

The biggest climate-related risks are physical risks related to own operations and supply chain, transitional risks related to technological decisions, and market risks related to cost impacts. Market risks can relate to increased production costs due to changing input prices (energy, raw materials etc.) and output requirements (for example waste treatment). Technological development pressure in carbon-intensive industries might also increase the development costs as well as the availability of technology or key components. The potential physical risks are mostly related to transportation or production locations. An increase in extreme weather conditions could especially affect our crane installations and project sites. Heavy rainfall and floods would put some of our production sites at risk. Extreme weather conditions can also have a potential impact on the shipment of our products or spare parts. The impacts of the climate risks on estimates and assumptions used in the financial reporting rely on management's best judgement and knowledge under the current circumstances.

## 2.3. Summary of significant accounting policies

### Revenue recognition

Revenue is recognized at an amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer and to the extent that it is probable that the economic benefits will flow to the company, that revenue can be reliably measured, and that collectability is reasonably assured. Revenue is measured at the fair value of the consideration received or receivable. The creditworthiness of the buyer is assessed before engaging into a sale. However, if a risk of non-payment arises after revenue recognition, a provision for non-collectability is established.

The company recognizes revenue when it satisfies an identified performance obligation by transferring promised goods or service to the customer. Goods and services are generally considered to be transferred when the customer obtains the control to it. Control means that the customer can direct the use of and obtain benefit from the good and service and also prevent others from directing the use of and receiving the benefits from them. Thus, the customer has sole possession of the right to use the good or service for the remainder of its economic life or to consume the good or service in its own operations.

The transaction price is usually fixed but may also include variable considerations such as volume or cash discounts or penalties. Variable consideration is included in the revenue only to the extent that it is highly probable that the amount will not be subject of significant reversal when the uncertainty is resolved. The variable considerations are estimated using the most likely value method if not yet realized in the end of the reporting period. If the contract is separated in to more than one performance obligation, Konecranes allocates the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised goods or services in each performance obligation or if the standalone selling prices do not exist Konecranes typically uses the expected cost plus a margin approach to estimate the standalone selling price.

Contract assets relate to receivables arising from percentage of completion method. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed advance payments received. Where advance payments received exceed the sum of contract costs, recognized profits, and recognized losses these liabilities are included in the line-item advance payments received. Contract assets are subject to impairment assessment. See also financial assets at amortized cost.

**Nature of goods and services and timing of satisfaction of performance obligations and significant payment terms**

Service segment principally generates revenue from providing maintenance and consultative services as well as spare parts for all types and makes of industrial cranes and hoists. Service also provides modernizations which are complete transformations of existing cranes as an alternative to replacing them. Revenue from services is recognized when the outcome of the transaction can be estimated reliably and by customer acknowledgement for the completion of the service work or by reference to the stage of completion based on services performed at the end of the reporting period if it can be measured. The assessment of the stage of completion is dependent on the nature of the contract but will generally be based on costs incurred to the extent these relate to services performed up to the reporting date. In modernization projects, typically customer controls the assets that is enhanced thus the revenue is recognized over time according to the percentage of completion method. In spare parts business, the transfer of control and revenue recognition usually takes place either when goods are shipped or made available to the buyer for shipment, depending on the terms of the contract or when the customer has accepted the delivery. Usually, customers pay according to agreed payment terms after the services and products have been delivered. Sometimes it is required that the payment is done in advance. In these cases, for example in annual maintenance contracts, the payment is periodized to meet the revenue recognition in accordance with the delivery of services and goods. In modernization projects the customers are typically required to make advance payments according to the milestones defined in the modernization project contract.

Industrial Equipment segment generates revenue from hoists, cranes and material handling solutions for a wide range of customers. For standard equipment and components, the revenue is recognized when goods are shipped or made available to the buyer for shipment, depending on the terms of the contract or when the customer has accepted the delivery, which is typically an installed crane. The revenue from large, engineered crane projects is recognized over time according to the percentage of completion (POC) method as those contracts are specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. Konecranes is then also entitled to an amount that at least compensates the entity for performance completed to date even if the customer can terminate the contract for the reasons other than our failure to perform as promised. In general, the warranty period for cranes is two years for which Group records a warranty provision based on historical data. The revenue for extended warranty is recognized over the extended warranty period. In crane projects the customers are typically required to make advance payments in accordance with the milestones defined in the crane project contract.

Port Solutions segment generate revenue from container handling equipment, shipyard equipment, mobile harbor cranes, heavy-duty lift-trucks and Port Solutions related software. All equipment deliveries are supported by a complete range of services. Most of the container handling and shipyard equipment are tailored and engineered to the customer needs so the revenue from these projects is recognized over time according to the percentage of completion (POC) method as those contracts are specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. Konecranes is then also entitled to an amount that at least compensates the entity for performance completed to date even if the customer can terminate the contract for the reasons other than our failure to perform as promised. The revenue of lift trucks and standard ports equipment is recognized when goods are shipped or made available to the buyer for shipment, depending on the terms of the contract or when the customer has accepted the delivery. The general warranty period for ports equipment differs to some extent depending on the components used in the projects. For general warranty the Group records a warranty provision based on historical data. The revenue for possible extended warranty is recognized over the extended warranty period. In Port Solutions projects the customers are typically required to make advance payments according to the milestones defined in the project contract. The advance payments from clients do not generally include a significant financing component, because typically the payment schedule of advances follows the timing of performance obligations to be satisfied.

**Measurement of stage of completion for performance obligations satisfied over time**
The stage of completion of a contract is determined by the proportion that the contract costs incurred for the work performed to date bear to the estimated total contract costs (cost-to-cost method) at completion. This depicts best the transfer of control to the customer, which occurs as we incur costs on our contracts. When the final outcome of a project cannot be reliably determined, the costs arising from the project are expensed in the same reporting period in which they occur, but the revenue from the project is recorded only to the extent that the Group will receive an amount corresponding to actual costs. An expected loss on a contract is recognized immediately in statement of income. Revenue in respect of variations to the contract scope and claims is recognized when it is probable that it will be received and is capable of being measured reliably.

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to reliably measure the expenditure during development.

Amortization of capitalized development costs begins when development is complete, and the asset is available for use.

### Adjusted EBITA (alternative performance measure)

Group is using adjusted EBITA as alternative performance measure, to reflect the underlying business performance and to enhance comparability between financial periods. It is frequently used by management, analysts and investors. Adjusted operating profit before amortization and impairment of purchase price allocations (a non-GAAP measure) represents earnings from continuing operations before income taxes (a GAAP measure), excluding restructuring, transaction and restructuring related asset impairment costs as well as other adjusting items, amortization and impairment of purchase price allocations and financial income and expense. Alternative Performance measures should not be considered as a substitute for measures of performance in accordance with the IFRS. See also note 3.

### Earnings per share

Basic earnings per share are computed by dividing net income from continuing operations and net income from discontinued operations all attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by assuming conversion or exercise of all potentially dilutive share-based payment plans.

### Dividend distribution

The company recognizes a liability to make dividend distributions to equity holders when the distribution is approved by the shareholders. A corresponding amount is recognized directly in equity.

### Employee benefits

Konecranes companies have various pension plans in accordance with local conditions and practices. Pensions are generally managed for the Group companies by outside pension insurance companies or by similar arrangements. These pension plans are classified either as defined contribution or defined benefit plans. Under defined contribution plans, expenses are recognized for the period the contribution relates to. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employee benefits. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) within insurance system as a defined contribution plan.

Under defined benefit plans, a liability recognized in the balance sheet equals to the net of the present value of the defined benefit obligation (calculated using the Projected Unit Credit Method) less the fair value of the plan assets at the balance sheet date. Actuarial gains and losses are recognized in the consolidated statement of other comprehensive income as remeasurement items when they occur. Remeasurement recorded in other comprehensive income is not recycled. Past service cost is recognized in the statement of profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined liability or asset. Independent actuaries calculate the defined benefit obligation by applying the Projected Unit Credit Method. The Group presents service cost, past-service cost, gains and losses on curtailments and settlements and net interest expense or income as Personnel cost – Pension costs: Defined benefit plans in the statement of income (see note 8).

A liability for termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

### Share-based payments

Employees (including senior executives) of the Group and its subsidiaries receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) or receive settlement in cash (cash-settled transactions).

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled in Personnel cost – Other personnel expense in the statement of income. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recorded in the statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The tax laws or regulations usually obliges Konecranes to withhold an amount for an employee's tax obligation associated with a share-based payment and transfer that amount, normally in cash, to the tax authority on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement permit Konecranes to withhold the number of equity instruments equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon vesting of the share-based payment. This share-based payment arrangement with a net settlement feature is classified in its entirety as an equity-settled share-based payment transaction and the payment made shall be accounted for as a deduction from equity for the shares withheld.

**Cash-settled transactions**

The cost of cash-settled transactions, which is usually related to the additional employee social cost or taxes of the share-based payments, is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in Personnel cost – Other personnel expenses in the statement of income (see Note 8).

## Foreign currency translation

The Group's consolidated financial statements are reported in euros, which is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**Transactions and balances**

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the end of each reporting period, foreign currency monetary items are retranslated at the functional currency spot exchange rate in effect at the reporting date. The resulting foreign currency exchange differences are recorded in the statement of income with the exception of differences that arise on monetary items that provide an effective hedge for a net investment in a foreign operation (such as intragroup loans where settlement is neither planned nor likely to occur in the foreseeable future). These are recognized in other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**Foreign operations**

The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### Income tax

Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax balances. Taxes are calculated using rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities and deferred tax assets are calculated on all temporary differences arising between the tax basis and the book value of assets and liabilities. Deferred tax is not recognized for non-deductible goodwill on initial recognition and temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter-company inventory margin and derivative financial instruments. In connection with an acquisition, the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

### Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method according to which the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the consideration transferred for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. For each acquisition the non-controlling interest in the acquiree, if any, can be recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. If the purchase consideration is less than the fair value of the Group's share of the net assets acquired, the difference is recognized directly through the profit and loss. Direct acquisition transaction costs are expensed as incurred.

### Assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a disposal rather than through the continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate disposal in its present condition. Actions required to complete the disposal should indicate that it is unlikely that significant changes to the disposal will be made or that the decision to dispose will be withdrawn. Management must be committed to the disposal expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### Intangible assets

Intangible assets include service contracts, patents and trademarks as well as software licenses and implementation costs. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets with definite useful life are amortized on the straight-line basis over expected useful lives, which may vary from 5 to 20 years with service contracts and patents and trademarks and from 4 to 7 years with software licenses. They are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful life are not amortized, but they are tested annually for impairment in a manner equivalent to that for testing goodwill. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### Impairment testing of goodwill

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If the carrying amount for a CGU exceeds its recoverable amount, an impairment loss equal to the difference is recognized. Konecranes uses a discounted cash flow analyses to assess the fair value of goodwill. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period of five years. A previously recognized impairment loss on goodwill is not reversed even if there is a significant improvement in circumstances having initially caused the impairment.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is recorded on a straight-line basis over the estimated useful economic life of the assets as follows:

- Buildings 10–40 years
- Machinery and equipment 3–10 years

No depreciation is recorded for land.

Improvements made for existing property, plant and equipment that will provide future economic benefit are capitalized and depreciated over the remaining useful life of the asset.

For leased right-of-use assets please see the accounting principles section for leases.

### Impairment of assets subject to amortization and depreciation

The carrying values of intangible assets subject to amortization, property, plant and equipment and investments in associates and joint ventures are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such an indication exists, the recoverable amount of the assets will be estimated.

The recoverable amount is the higher of the asset's fair value less selling costs and value in use which is the present value of the cash flows expected from the asset's use and eventual disposal. An impairment loss is recognized in the statement of income when the recoverable amount of an asset is less than its carrying amount. Impairment losses on these assets are reversed if their recoverable amounts subsequently increase.

### Valuation of inventories

Raw materials and supplies are valued at the acquisition cost or, if lower, at the net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Semi-manufactured goods are valued at variable production costs including a share of production overheads based on normal capacity. Work in progress of uncompleted orders includes direct labour and material costs, as well as a proportion of overhead costs related to production and installation. Raw materials and supplies are valued using weighted average cost or the first-in, first-out (FIFO) basis. The inventory stock obsolescence provision is based on the best estimate of slow-moving and obsolete inventory at the balance sheet date. The estimates are based on frequent review and evaluation of inventory ageing and composition.

### Account and other receivables

Account and other receivables are initially recorded at fair value after which they are subsequently measured at amortised cost. Account receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The provision for doubtful accounts is estimated based on the Group's historical credit loss experience adjusted with current conditions and reasonable and supportable forecasts about the future. The effect is recognized in the statement of income.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with banks and other liquid investments that are held for the purpose of meeting short-term cash commitments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value as the instruments have a maturity of three months or less from the date of acquisition. Bank overdrafts are included in current interest-bearing liabilities.

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Konecranes' assumptions about pricing by market participants.

### Derivative financial instruments and hedge accounting

The Group's global operations expose it to currency risk and to a lesser extent interest rate risk.

The Group uses derivative financial instruments, primarily forward contracts and interest rate swaps, to hedge its risks associated with foreign currency fluctuations relating to certain commitments and forecasted transactions and interest rate risks. Derivative financial instruments are used for hedging purposes in accordance with the Group's hedging policy and not for speculative purposes. These instruments are initially recognized at fair value at the derivative contract date and are re-measured to fair value at subsequent reporting dates. Derivatives are presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For certain large crane projects, the Group applies hedge accounting. The Group designates hedges of the foreign currency risk of firm commitments and highly probable forecasted transactions to a cash flow hedge. Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly in other comprehensive income, while the ineffective portion is recognized immediately in the income statement. See note 34.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the other comprehensive income is transferred to profit or loss for the period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of income as they arise.

The Group does not apply fair value hedging.

## Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss; financial assets at fair value through OCI; or financial assets at amortized cost. Financial assets are classified according to their cash flow characteristics and the business model they are managed in. Trade day accounting is applied to regular purchases and sales of financial assets. They include account and other receivables, interest bearing investments and derivative financial instruments. The subsequent measurement of financial assets depends on their classification, as follows:

### Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest rate method. Account receivables and other receivables are recognised at their anticipated realisable value which is the original invoice amount less an estimated provision for doubtful accounts for impairment. The increase in the credit risk for financial assets measured at amortised cost is assessed at the end of the reporting period. The credit loss allowance is estimated based on the Group's historical credit loss experience adjusted with current conditions and reasonable and supportable forecasts about the future. The Group applies the simplified approach to record expected credit losses on its accounts receivable by using a provision matrix where accounts receivable is grouped based on different customer bases and different historical loss patterns.

### Financial assets at fair value through profit or loss

Interest-bearing investments, which are non-derivative financial assets and have fixed or determinable payments and are not quoted on active markets, are measured at fair value through the statement of income. This category also includes derivatives that are not qualifying for hedge accounting.

### Financial assets at fair value through other comprehensive income

Derivatives that are qualifying for hedge accounting are classified as financial assets at fair value through other comprehensive income. The treatment of gains and losses arising from revaluation is described above in the accounting policy for derivative financial instruments and hedge accounting.

## Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss; financial liabilities at fair value through other comprehensive income; or as financial liabilities measured at amortized cost, as appropriate. Financial liabilities include trade and other payables, finance debt and derivative financial instruments. The Group determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category.

### Financial liabilities at fair value through other comprehensive income

These financial liabilities are typically derivatives designated for hedge accounting and are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described above in the accounting policy for derivative financial instruments and hedge accounting.

### Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest and other finance income and finance costs. This category of financial liabilities includes accounts payables and interest-bearing liabilities.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently existing, legally enforceable, unconditional right of offset that applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency.

**Derecognition of financial instruments**

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or the Group has transferred its rights to receive cash flow; and either the Group has transferred substantially all the risks and rewards of the assets, or the Group has neither transferred nor retained substantially all the risks and rewards of the assets but has transferred the control of the assets.

Financial liability is derecognized when the obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from same lender on substantially different terms, or terms of existing loan are substantially modified, such an exchange or modification is accounted for as an extinguishment of the original liability and the recognition of a new financial liability. The difference between the respective carrying amounts is recognised in the income statement.

## Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is considered probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions may arise from restructuring plans, onerous contracts, guarantees and warranties, among other events. Obligations arising from restructuring plans are recognized when the detailed and formal restructuring plans have been established, the personnel concerned have been informed and when there is a valid expectation that the plan will be implemented. The warranty provision is based on the history of past warranty costs and claims on delivered products under warranty. Additionally, warranty provisions can be established on a case by case basis to take into consideration the potentially increased risks.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

## Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, possible initial cost incurred, lease payments done before the commencement date and less any lease incentives received. The recognized right-of-use assets are mainly rentals of premises and vehicles which are typically depreciated on a straight-line basis over the shorter of the lease term and estimated useful life of the asset. Right-of-use assets are subject to possible impairment.

**Lease liabilities**

At the commencement date of a lease the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of the lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term, a change in the fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption to equipment that are considered of low value. Lease payments on short term leases and leases of low value assets are recognized as an expense over the lease term.

**Judgment in determining the lease term**

The Group has various lease agreements for office equipment, vehicles and premises with varying terms and renewal rights. The Group determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend or early terminate the lease if it is reasonably certain to be exercised. The Group uses judgment especially for the use of extension options as well as when defining the lease term for open end lease agreements so that they are based on the business requirements, factors that create an economic incentive and real estimated useful lifetime of the underlying asset.

### Cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. In the cash flow statement a distinction is made between cash flows from operating, investing and financing activities. Currency differences on cash and cash equivalents are recognized separately in the cash flow statement. Revenue and expenses for income tax are recognized under Cash flows from operating activities. Interest costs and interest revenues are recognized under Cash flows from operating activities. Cash flows as a result of the acquisition or disposal of financial interests (subsidiaries and interests) are recognized under Cash flows from investing activities, taking into account the cash, cash equivalents and repaid third party debts present in these interests. Dividends paid out, as well as obtained and repaid loans, are recognized under Cash flows from financing activities.

## 2.4. Application of new and amended IFRS standards and IFRIC interpretations

The relevant new or revised IFRSs that Konecranes has adopted from January 1, 2022 were the following:

Annual Improvements to IFRS Standards 2018-2020: Improvement in IFRS 9, Financial Instruments, clarifies that when assessing if a modification of a financial liability results in a modification of an existing debt instrument or recognition of a new one, the entity should prepare a present value test of the cash flows related to financial liability before and after modification including fees paid and received between the lender and borrower.

Reference to the Conceptual Framework amends IFRS 3 Business combinations. The amendments update the reference to the 2018 Conceptual Framework, as well as add an exception to the recognition principle for liabilities and contingent liabilities within the scope of IAS 37 or IFRIC 21. In addition, the amendments add clarification on the prohibition to recognize contingent assets at the acquisition date.

Amendments to IAS 16, Property, Plant, and Equipment: Proceeds before Intended Use, the amendment clarifies how to account for sales proceeds when items are produced and while an item of property, plant, and equipment is brought to the location and condition necessary for it to be capable of operating in the manner intended by management. In accordance with the clarification, such proceeds should be reported as revenues and not as a reduction of costs.

Amendments to IAS 37, Onerous Contracts - Cost of Fulfilling a Contract. The amendments specify which costs an entity needs to include when assessing whether a contract is loss-making. These costs relate directly to the contract such as labor and materials and allocation of other costs that relate directly to fulfilling the contract such depreciation charge related to property, plant, and equipment used in fulfilling the contract.

None of these amendments for IFRS standards had significant impact to the financial statements of Konecranes.

New and amended standards issued applicable from January 1, 2023, but not yet effective are disclosed below. The Group adopts new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, the amendment specifies the requirements for classifying liabilities as current or non-current.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, The amendment replaces the requirement to disclose significant accounting policies with a requirement to disclose material accounting policies. The amendment aims to help companies to disclose accounting policies, which are material for users to understand the information in the company's financial statements.

Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction, the amendment clarifies deferred tax accounting for transactions and events, such as leases that lead to the initial recognition of both an asset and a liability. The amendments require companies to recognize a separate deferred tax asset and deferred tax liability when the temporary differences arising on the initial recognition of an asset and a liability are equal.

New or amended standards, improvements or annual improvements applicable from January 1, 2023 or later do not have significant effect for the Group.

## 3. Segment information

For management purposes, the Group is organized into business units based on its products and services and had three reportable segments in 2022 and 2021: Service, Industrial Equipment and Port Solutions.

The Service segment provides maintenance and installation Service segment provides maintenance and installation services of industrial equipment, the Industrial Equipment segment produces industrial cranes and their components to variety of industries and the Port Solutions segment produces lifting equipment for ports and provides services for port equipment.

Some business units have been aggregated to form the above reportable operating segments due to the similar economic characteristics with respect to the nature of the production process, product type and class of customers for their products.

The above reportable segments are based on the Group's management reporting and organizational structure. Konecranes Group's chief operating decision maker is the Board of Directors.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, the performance of the investees accounted for using the equity method is evaluated using proportionate consolidation.

The assets and liabilities of the reportable segments include only items directly connected with the business as well as the goodwill related to them. Taxes and financial income and expenses are managed on Group level and are not allocated to segments.

Konecranes reports also three geographical areas, which are the main market areas: EMEA (Europe, Middle East and Africa), AME (Americas) and APAC (Asia-Pacific). Sales are reported by the customer location and assets and capital expenditure by the location of the assets.

## 3.1. Operating segments

| | Service | | Industrial Equipment | | Port Solutions | | Corporate functions and unallocated | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| **Sales** | | | | | | | | | | | | |
| Sales to external customers | 1,292.8 | 1,161.3 | 1,068.8 | 960.2 | 1,003.2 | 1,064.3 | 0.0 | 0.0 | | | **3,364.8** | **3,185.7** |
| Inter-segment sales | 50.6 | 44.0 | 136.8 | 128.5 | 11.9 | 8.6 | 9.8 | 9.2 | -209.0 | -190.3 | **0.0** | **0.0** |
| **Total sales** | 1,343.3 | 1,205.3 | 1,205.6 | 1,088.7 | 1,015.0 | 1,072.9 | 9.8 | 9.2 | -209.0 | -190.3 | **3,364.8** | **3,185.7** |
| Adjusted EBITA | 249.4 | 222.4 | 32.5 | 38.0 | 63.5 | 79.9 | -27.1 | -28.1 | 0.1 | 0.0 | **318.4** | **312.2** |
| % of net sales | 18.6% | 18.5% | 2.7% | 3.5% | 6.3% | 7.4% | | | | | **9.5%** | **9.8%** |
| Purchase price allocation amortization | -14.3 | -15.5 | -11.0 | -10.8 | -6.6 | -6.8 | | | | | **-31.8** | **-33.2** |
| Adjusted operating profit | 235.2 | 206.9 | 21.5 | 27.2 | 57.0 | 73.1 | -27.1 | -28.1 | 0.1 | 0.0 | **286.6** | **279.1** |
| % of net sales | 17.5% | 17.2% | 1.8% | 2.5% | 5.6% | 6.8% | | | | | **8.5%** | **8.8%** |
| **Adjustments to operating profit** | | | | | | | | | | | | |
| Transaction and integration costs | | | | | -0.1 | | -8.6 | -47.8 | | | **-8.7** | **-47.8** |
| Restructuring costs | -2.6 | -2.0 | -12.9 | -8.5 | -0.6 | 1.7 | -0.9 | -2.5 | | | **-17.0** | **-11.3** |
| Costs related to the impacts of the war in Ukraine | -0.4 | 0.0 | -19.6 | 0.0 | -17.8 | 0.0 | -0.1 | 0.0 | | | **-37.8** | **0.0** |
| **Total** | -2.9 | -2.0 | -32.5 | -8.5 | -18.6 | 1.7 | -9.5 | -50.3 | | | **-63.5** | **-59.1** |
| Operating profit | 232.3 | 204.9 | -10.9 | 18.7 | 38.4 | 74.8 | -36.6 | -78.4 | 0.1 | 0.0 | **223.2** | **220.0** |
| % of net sales | 17.3% | 17.0% | -0.9% | 1.7% | 3.8% | 7.0% | | | | | **6.6%** | **6.9%** |
| Share of associates and joint ventures result (note 16) | | | | | | | 0.4 | 0.3 | | | **0.4** | **0.3** |
| Financial income | | | | | | | 26.9 | 28.6 | | | **26.9** | **28.6** |
| Financial expenses | | | | | | | -59.7 | -56.4 | | | **-59.7** | **-56.4** |
| **Profit before tax** | | | | | | | | | | | **190.7** | **192.5** |
| Segment assets | 1,502.5 | 1,422.6 | 1,112.0 | 926.6 | 1,070.0 | 900.4 | | | | | **3,684.5** | **3,249.6** |
| Investment accounted for using the equity method (note 16) | | | | | | | 7.8 | 6.8 | | | **7.8** | **6.8** |
| Cash and cash equivalents | | | | | | | 413.9 | 320.7 | | | **413.9** | **320.7** |
| Deferred tax assets | | | | | | | 103.8 | 120.2 | | | **103.8** | **120.2** |
| Income tax receivables | | | | | | | 15.0 | 16.2 | | | **15.0** | **16.2** |
| Other unallocated and corporate function level assets | | | | | | | 115.6 | 132.4 | | | **115.6** | **132.4** |
| **Total assets** | **1,502.5** | **1,422.6** | **1,112.0** | **926.6** | **1,070.0** | **900.4** | **656.1** | **596.2** | | | **4,340.6** | **3,845.8** |

### 3.1. Operating segments (continued)

| | Service | | Industrial Equipment | | Port Solutions | | Corporate functions and unallocated | | Eliminations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Segment liabilities | 252.5 | 212.7 | 503.3 | 376.6 | 539.3 | 405.8 | | | | | **1,295.2** | **995.1** |
| Interest-bearing liabilities | | | | | | | 1,106.2 | 865.1 | | | **1,106.2** | **865.1** |
| Deferred tax liabilities | | | | | | | 133.7 | 142.6 | | | **133.7** | **142.6** |
| Income tax payables | | | | | | | 31.7 | 23.0 | | | **31.7** | **23.0** |
| Other unallocated and corporate function level liabilities | | | | | | | 340.9 | 459.5 | | | **340.9** | **459.5** |
| **Total liabilities** | **252.5** | **212.7** | **503.3** | **376.6** | **539.3** | **405.8** | **1,612.4** | **1,490.2** | | | **2,907.6** | **2,485.2** |
| | | | | | | | | | | | | |
| **Other disclosures** | | | | | | | | | | | | |
| Capital expenditure | 8.9 | 10.9 | 20.9 | 28.8 | 7.3 | 10.2 | 0.0 | 0.0 | | | **37.0** | **49.8** |
| Personnel | 7,802 | 7,890 | 5,529 | 5,516 | 3,102 | 3,083 | 89 | 84 | | | **16,522** | **16,573** |

### Revenue expected to be recognized in the future periods related to performance obligations that are unsatisfied or partially unsatisfied

| | During 2023 | During 2024 | From 2025 onwards | Total |
|---|---|---|---|---|
| Service | 397.3 | 18.4 | 29.9 | **445.5** |
| Industrial Equipment | 701.3 | 117.0 | 38.9 | **857.2** |
| Port Solutions | 1,015.6 | 514.3 | 69.0 | **1,599.0** |
| **Total** | **2,114.2** | **649.7** | **137.8** | **2,901.7** |

The transaction price associated with unsatisfied or partially unsatisfied performance obligations does not include variable consideration that is constrained. The Group total revenue will also include new orders, scope changes and contract extensions which are not known at reporting date and thus are excluded in this table.

### 3.2. Geographical areas

| 2022 | EMEA* | AME | APAC | Total |
|---|---|---|---|---|
| External sales* | 1,714.1 | 1,201.1 | 449.7 | **3,364.8** |
| Assets* | 3,052.7 | 643.6 | 644.3 | **4,340.6** |
| Capital expenditure | 27.2 | 3.6 | 6.3 | **37.0** |
| Personnel | 9,565 | 3,131 | 3,826 | **16,522** |

* External sales to Finland EUR 102.8 million. Non-current assets (excluding deferred tax assets) in Finland: EUR 175.6 million and in other countries: EUR 1,692.0 million.

| 2021 | EMEA* | AME | APAC | Total |
|---|---|---|---|---|
| External sales* | 1,645.9 | 1,042.2 | 497.7 | **3,185.7** |
| Assets* | 2,637.8 | 546.1 | 661.9 | **3,845.8** |
| Capital expenditure | 36.4 | 1.0 | 12.4 | **49.8** |
| Personnel | 9,683 | 3,016 | 3,874 | **16,573** |

* External sales to Finland EUR 87.6 million. Non-current assets (excluding deferred tax assets) in Finland: EUR 172.8 million and in other countries: EUR 1,710.2 million.

There are no single customers which have over 10% of Group's sales.

## 4. Acquisitions and divestments

### 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. If the business had been acquired on January 1, 2022, the full year sales 2022 of the acquiree would have been EUR 3,365.9 million and EBIT EUR 223.2 million.

### Acquisitions of non-controlling interests

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%. The total effect from these acquisitions was EUR -4.8 million in retained earnings and EUR -6.5 million in non-controlling interest.

### Divestments

In September 2022 Konecranes divested from the Port 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.

### Acquisitions and divestments in 2021

There were no acquistions or divestments during 2021.

## 5. Disaggregation of revenue in sales

| Customer contract revenue | 2022 | 2021 |
|---|---|---|
| Sale of goods | 2,308.4 | 2,242.4 |
| Rendering of services | 1,047.1 | 936.1 |
| Total customer contract revenue | 3,355.5 | 3,178.5 |
| | | |
| **Other revenue** | | |
| Leasing of own products | 8.9 | 6.9 |
| Royalties | 0.4 | 0.4 |
| Total other revenue | 9.3 | 7.3 |
| | | |
| **Total sales** | **3,364.8** | **3,185.7** |

| | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 |
|---|---|---|---|---|---|---|
| **Timing of satisfying performance obligations by Segments** | **At a point of time** | **Over time** | **Total** | **At a point of time** | **Over time** | **Total** |
| Service | 165.3 | 1,127.5 | **1,292.8** | 150.1 | 1,011.2 | **1,161.3** |
| Industrial Equipment | 882.5 | 165.1 | **1,047.6** | 778.8 | 181.4 | **960.2** |
| Port Solutions | 877.6 | 146.8 | **1,024.4** | 836.4 | 227.9 | **1,064.3** |
| Corporate functions | 0.0 | 0.0 | **0.0** | 0.0 | 0.0 | **0.0** |
| **Total** | **1,925.4** | **1,439.4** | **3,364.8** | **1,765.3** | **1,420.5** | **3,185.7** |

## 6. Contract balances

### 6.1. Contract assets and liabilities

| Contract assets | 2022 | 2021 |
|---|---|---|
| The cumulative revenues of non-delivered projects | 641.3 | 682.8 |
| Advances received netted | 457.9 | 521.5 |
| **Total** | **183.5** | **161.3** |
| | | |
| Transfers to receivables from contract assets recognized at the beginning of period | 303.2 | 220.3 |
| | | |
| **Contract liabilities** | | |
| Gross advance received from percentage of completion method | 572.2 | 593.8 |
| Advances received netted | 457.9 | 521.5 |
| **Total** | **114.3** | **72.3** |
| | | |
| Revenue recognised in the current period that was included in the contract liability opening balance | 257.4 | 185.8 |
| Increases due to cash received | 284.0 | 306.5 |

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.

See note 3 for revenue expected to be recognized in the future periods related to performance obligations that are unsatisfied or partially unsatisfied and note 21 for unbilled revenue.

### 6.2. Advances received

| | 2022 | 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** |

# 7. Operating Expenses

| | 2022 | 2021 |
|---|---|---|
| Change in work in progress | -170.9 | -35.0 |
| Production for own use | -1.1 | -0.7 |
| Material and supplies | 1,267.5 | 1,030.7 |
| Subcontracting | 414.7 | 418.1 |
| Materials, supplies and subcontracting | 1,510.2 | 1,413.0 |
| | | |
| Wages and salaries | 884.8 | 829.6 |
| Pension costs | 66.9 | 65.1 |
| Other personnel expenses | 140.2 | 128.8 |
| Personnel cost | 1,091.9 | 1,023.5 |
| | | |
| Other operating expenses | 423.3 | 420.4 |
| **Total operating expenses** | **3,025.3** | **2,856.9** |

Research and development costs recognized as an expense in the statement of income amount to EUR 47.7 million in the year 2022 (EUR 47.7 million in 2021).

## 7.1. Audit and non-audit fees to Group auditor

| | 2022 | 2021 |
|---|---|---|
| Audit | 4.1 | 3.8 |
| Non-audit services | 0.2 | 0.3 |
| **Total** | **4.3** | **4.0** |

# 8. Personnel expenses and number of personnel

## 8.1. Personnel expenses

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 884.8 | 829.6 |
| Pension costs: Defined benefit plans | 9.5 | 10.7 |
| Pension costs: Defined contribution plans | 57.5 | 54.5 |
| Other personnel expenses | 140.2 | 128.8 |
| **Total** | **1,091.9** | **1,023.5** |

## 8.2. Number of personnel

| | 2022 | 2021 |
|---|---|---|
| Average number of personnel | 16,563 | 16,625 |
| Number of personnel as at December 31 | 16,522 | 16,573 |
| Number of personnel as at December 31 in Finland | 2,151 | 2,065 |

## 8.3. Personnel by Reportable Segment at the end of period

| | 2022 | 2021 |
|---|---|---|
| Service | 7,802 | 7,890 |
| Industrial Equipment | 5,529 | 5,516 |
| Port Solutions | 3,102 | 3,083 |
| Group Staff | 89 | 84 |
| **Total** | **16,522** | **16,573** |

# 9. Depreciation, amortization and impairments

## 9.1. Depreciation and amortization

| | 2022 | 2021 |
|---|---|---|
| Intangible assets | 38.0 | 44.2 |
| Buildings | 31.4 | 30.7 |
| Machinery and equipment | 45.7 | 45.0 |
| **Total** | **115.2** | **119.8** |

## 9.2. Impairments

| | 2022 | 2021 |
|---|---|---|
| Property, plant and equipment | 5.3 | 0.3 |
| Goodwill | 3.9 | 0.0 |
| **Total** | **9.2** | **0.3** |

The nature of the impairments is described in the disclosures of goodwill, intangible assets and property, plant and equipment (see notes 13, 14 and 15).

# 10. Financial income and expenses

## 10.1. Financial income

| | 2022 | 2021 |
|---|---|---|
| Interest income on bank deposits and loans | 6.1 | 2.1 |
| Exchange rate gains | 20.4 | 25.6 |
| Other financial income | 0.4 | 0.9 |
| **Total** | **26.8** | **28.6** |

## 10.2. Financial expenses

| | 2022 | 2021 |
|---|---|---|
| Interest expenses on liabilities | 26.5 | 19.0 |
| Net loss on financial instruments at fair value through profit or loss | 27.2 | 30.8 |
| Other financial expenses | 6.0 | 6.6 |
| **Total** | **59.7** | **56.4** |
| | | |
| **Financial income and expenses net** | **-32.9** | **-27.8** |

The company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized effect of EUR +2.0 million (2021: EUR -11.0 million) with deferred taxes of EUR -0.4 million (2021: EUR +2.2 million) relating to the hedging instruments is included in equity. The hedged operative cash flows are expected to occur during the next 3–18 months. The realized and recycled currency differences from these hedges recorded in the statement of income were EUR -17.8 million in 2022 (EUR -0.4 million in 2021).

# 11. Income taxes

## 11.1. Taxes in statement of income

| | 2022 | 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** |

## 11.2. Reconciliation of income before taxes with total income taxes

| | 2022 | 2021 |
|---|---|---|
| Profit before taxes | 190.7 | 192.5 |
| Tax calculated at the domestic corporation tax rate of 20.0% (2021: 20.0%) | 38.1 | 38.5 |
| Effect of different tax rates of foreign subsidiaries | 16.0 | 10.2 |
| Taxes from previous years | -0.6 | 1.4 |
| Tax effect of non-deductible expenses and tax-exempt income | 0.1 | -1.2 |
| Tax effect of unrecognized tax losses of the current year | 2.4 | 0.6 |
| Tax effect of utilization of previously unrecognized tax losses | -4.0 | -4.6 |
| Tax effect of recognition of previously unrecognized tax losses | -2.2 | -0.3 |
| Tax effect of impairment of previously recognized deferred tax assets | 1.7 | -1.1 |
| Tax effect of recognizing the controlled temporary difference from investment in subsidiaries | -1.8 | 2.4 |
| Tax effect of tax rate change | -0.1 | 0.2 |
| Other items | 2.5 | -1.0 |
| **Total** | **52.2** | **45.1** |
| | | |
| **Effective tax rate %** | **27.4%** | **23.4%** |

The company evaluates regularly the net realizable value of its deferred tax assets.

## 11.3. Tax effects of components in other comprehensive income

| | 2022 | 2021 |
|---|---|---|
| Cash flow hedges | -0.4 | -2.2 |
| Re-measurement gains (losses) on defined benefit plans | -18.7 | 5.8 |
| **Total** | **-19.1** | **3.6** |

# 12. Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding during the year for the dilutive effect of the shares issued under the share based incentive plans. Weighted average number of shares is excluding the number of treasury shares.

| | 2022 | 2021 |
|---|---|---|
| Net profit attributable to shareholders of the parent company | 140.3 | 146.9 |
| | | |
| Weighted average number of shares outstanding (1,000 pcs) | 79,152 | 79,134 |
| Effect of share based incentive plans (1,000 pcs) | 357 | 473 |
| Weighted average number of shares outstanding, diluted (1,000 pcs) | 79,508 | 79,607 |
| | | |
| Earnings per share, basic (EUR) | 1.77 | 1.86 |
| Earnings per share, diluted (EUR) | 1.77 | 1.85 |

# 13. Goodwill and goodwill impairment testing

## 13.1. Goodwill

| | 2022 | 2021 |
|---|---|---|
| Acquisition costs as of January 1 | 1,036.8 | 1,031.4 |
| Translation difference | 1.5 | 5.4 |
| Acquisition costs as of December 31 | 1,038.3 | 1,036.8 |
| Accumulated impairments as of January 1 | -14.7 | -14.7 |
| Impairments for the financial year | -3.9 | 0.0 |
| **Total as of December 31** | **1,019.6** | **1,022.1** |

## 13.2. General principles

Management monitors the performance of the Group through the monthly meetings and monthly reporting that take place on a business unit level. Impairment testing is done at the lowest level of the Group at which goodwill is monitored internally.

## 13.3. Total goodwill in reportable segments after impairments

| | 2022 | 2021 |
|---|---|---|
| Industrial Cranes | 153.7 | 154.0 |
| Agilon | 0.0 | 3.9 |
| **Goodwill in Industrial Equipment total** | **153.7** | **157.9** |
| | | |
| Industrial Crane Service | 662.9 | 660.0 |
| Machine Tool Service | 3.9 | 4.1 |
| **Goodwill in Service total** | **666.8** | **664.1** |
| | | |
| Port Cranes | 163.3 | 163.4 |
| Lift trucks | 35.8 | 36.7 |
| **Goodwill in Port Solutions total** | **199.1** | **200.0** |
| | | |
| **Total goodwill in reportable segments as of December 31** | **1,019.6** | **1,022.1** |

The recoverable amounts of the CGUs are determined based on value in use calculations using the discounted cash flow method. The forecasting period of cash flows is five years and it is based on financial forecasts of the management responsible for that CGU, and adjusted by Group management if needed. Cash flows beyond the five-year period were calculated using the terminal value method. The forecasts have been made based on the CGU specific historical data, order book, the current market situation and industry specific information of the future growth possibilities. The present increase of cost inflation is considered to be covered mostly by the increases in sales prices while on the long-term cost inflation is expected to return back to a lower level. The productivity and efficiency assumptions are based on internal targets, which are evaluated against actual performance. These assumptions are reviewed annually as part of management's annual planning and strategic planning cycles. Calculations are prepared during the fourth quarter of the year.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk-free long-term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on the business portfolio of companies which operate in a similar industry.

The key assumptions, being the average compound annual growth rate for the forecasted sales of the five years and the discount rate are as follows:

| | Compound annual growth rate | Discount rate |
|---|---|---|
| Industrial Cranes | 4.0% | 14.6% |
| Agilon | 13.8% | 14.5% |
| Industrial Crane Service | 7.5% | 15.2% |
| Machine Tool Service | 4.5% | 13.3% |
| Lift trucks | 9.9% | 12.7% |
| Port Cranes | 6.5% | 13.8% |

The average compound growth rate for the gross profit is consistent with that of sales. Furthermore for all the CGUs a 1% terminal growth rate has been applied.

## Impairment charges

Konecranes 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. The business is partially based on a rental model, which employs capital. The 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% on December 31, 2021).

The impairment testing performed in 2021 did not result in any impairments being recognized.

## Sensitivity analyses

In addition to impairment testing using the base case assumptions, four separate sensitivity analyses were performed for each CGU:

1) A discount rate analysis where the discount rate was increased by 5% points.

2) A Group management adjustment to the future profitability. The cash flow of each CGU was analyzed by the Group management. Based on the CGU specific historical data and future growth prospects the cash flows were decreased by 10% in each year including terminal year.

3) A higher discount rate (+5% points) analysis combined with lower (-10%) cash flows as mentioned above.

4) A decrease in the compound annual growth rate for the sales for each of the five forecasted years (- 2% points) combined with the current discount rate.

## 2022

There was no indication of impairment of goodwill for any other CGU than Agilon from the sensitivity tests. The probability for material impairment losses is low for the other CGUs in which under the basic scenario, the calculated value in use was approximately two times higher than the CGUs' assets employed.

## 2021

Sensitivity tests using both higher discount rate (+5% points) and lower cash flow estimates (-10%) indicated that the goodwill in Agilon would have been impaired by EUR 0.6 million. There was no indication of impairment of goodwill for any other CGU from the sensitivity tests.

## 14. Intangible assets

| 2022 | Patents and trademarks | Software | Other | Intangible assets total |
|---|---|---|---|---|
| Acquisition costs as of January 1 | 243.8 | 191.7 | 504.1 | **939.6** |
| Additions | 0.0 | 9.8 | 0.0 | **9.8** |
| Disposals | -0.3 | -0.6 | -1.1 | **-2.0** |
| Business combinations | 0.0 | 0.0 | 1.6 | **1.6** |
| Transfer within assets | 0.0 | 0.0 | 0.0 | **0.0** |
| Translation difference | 0.0 | 0.0 | 0.0 | **0.0** |
| Acquisition costs as of December 31 | 243.5 | 200.9 | 504.6 | **949.0** |
| Accumulated amortization as of January 1 | -19.5 | -168.4 | -248.5 | **-436.4** |
| Translation difference | 0.0 | 0.1 | 0.2 | **0.3** |
| Accumulated amortization relating to disposals | 0.3 | 0.2 | 0.0 | **0.5** |
| Amortization for financial year | -1.4 | -10.0 | -26.5 | **-38.0** |
| **Total as of December 31** | **222.8** | **22.7** | **229.8** | **475.4** |

| 2021 | Patents and trademarks | Software | Other | Intangible assets total |
|---|---|---|---|---|
| Acquisition costs as of January 1 | 243.7 | 180.2 | 504.8 | **928.8** |
| Additions | 0.0 | 12.2 | 0.0 | **12.2** |
| Disposals | 0.0 | -0.7 | -1.3 | **-2.0** |
| Transfer within assets | 0.0 | 0.0 | 0.0 | **0.0** |
| Translation difference | 0.0 | 0.0 | 0.5 | **0.5** |
| Acquisition costs as of December 31 | 243.8 | 191.7 | 504.1 | **939.6** |
| Accumulated amortization as of January 1 | -17.7 | -158.0 | -217.0 | **-392.7** |
| Translation difference | 0.0 | -0.1 | -0.3 | **-0.4** |
| Accumulated amortization relating to disposals | 0.0 | 0.7 | 0.2 | **0.9** |
| Amortization for financial year | -1.8 | -11.1 | -31.3 | **-44.2** |
| **Total as of December 31** | **224.2** | **23.3** | **255.6** | **503.1** |

The category Other consists mainly of customer lists and technology acquired in business combinations. They are stated at cost and amortized on a straight-line basis over their expected useful lives. The normal amortization period of intangible assets varies from 4 to 20 years. The amortization of intangible assets is included in the depreciation and impairments line in the consolidated statement of income. On December 31, 2022 and December 31, 2021, the intangible assets having indefinite useful life consisted of the Demag and Gottwald trademarks of EUR 167.0 million and EUR 51.0 million. As there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the entity, it is classified as intangible assets having an indefinite useful life. The carrying amounts of these assets are tested on a yearly basis in connection with the goodwill impairment testing.

The addition of EUR 9.8 million (EUR 12.2 million in 2021) mainly consisted of capitalized development costs of the Group's ERP systems.

## 15. Property, plant and equipment

| 2022 | Land | Buildings | Machinery & Equipment | Property, plant and equipment total |
|---|---|---|---|---|
| Acquisition costs as of January 1 | 29.8 | 288.8 | 418.4 | **737.0** |
| Additions | 0.0 | 40.2 | 48.4 | **88.6** |
| Disposals | 0.0 | -8.7 | -15.0 | **-23.7** |
| Transfer within assets | -0.2 | 0.1 | 0.0 | **0.0** |
| Impairment | 0.0 | -1.1 | -3.6 | **-4.8** |
| Translation difference | 0.1 | -0.2 | 0.6 | **0.5** |
| Acquisition costs as of December 31 | 29.7 | 319.0 | 448.8 | **797.5** |
| Accumulated depreciation as of January 1 | 0.0 | -113.0 | -284.7 | **-397.7** |
| Translation difference | 0.0 | 0.3 | 0.4 | **0.7** |
| Accumulated depreciation relating to disposals | 0.0 | 8.3 | 14.4 | **22.7** |
| Depreciation for financial year | 0.0 | -31.4 | -45.7 | **-77.2** |
| **Total as of December 31** | **29.7** | **183.1** | **133.1** | **345.9** |

| 2021 | Land | Buildings | Machinery & Equipment | Property, plant and equipment total |
|---|---|---|---|---|
| Acquisition costs as of January 1 | 30.1 | 263.3 | 391.6 | **685.0** |
| Additions | 0.0 | 30.9 | 43.0 | **74.0** |
| Disposals | -0.6 | -10.6 | -19.0 | **-30.2** |
| Transfer within assets | 0.0 | 0.4 | -0.4 | **0.0** |
| Impairment | 0.0 | 0.0 | -0.3 | **-0.3** |
| Translation difference | 0.3 | 4.8 | 3.3 | **8.5** |
| Acquisition costs as of December 31 | 29.8 | 288.8 | 418.4 | **737.0** |
| Accumulated depreciation as of January 1 | 0.0 | -88.3 | -254.9 | **-343.2** |
| Translation difference | 0.0 | -0.3 | -0.4 | **-0.7** |
| Accumulated depreciation relating to disposals | 0.0 | 6.3 | 15.6 | **21.9** |
| Depreciation for financial year | 0.0 | -30.7 | -45.0 | **-75.6** |
| **Total as of December 31** | **29.8** | **175.8** | **133.7** | **339.3** |

| Classification of Property, plant and equipment | 2022 | 2021 |
|---|---|---|
| Property, plant and equipment, owned | 213.5 | 223.8 |
| Right-of-use assets, leased | 132.5 | 115.6 |
| **Total** | **345.9** | **339.3** |

**2022**

| Right of use assets | Land and Buildings | Machinery and Equipment | Total |
|---|---|---|---|
| Balance as of January 1 | 76.5 | 39.1 | **115.6** |
| Translation difference | 0.3 | 0.6 | **0.9** |
| New contracts and changes in lease contracts | 36.0 | 23.5 | **59.6** |
| Depreciation during the year | -23.2 | -20.3 | **-43.5** |
| **Total as of December 31** | **89.6** | **42.9** | **132.5** |

**2021**

| Right of use assets | Land and Buildings | Machinery and Equipment | Total |
|---|---|---|---|
| Balance as of January 1 | 78.5 | 42.5 | **121.0** |
| Translation difference | 2.0 | 1.4 | **3.4** |
| New contracts and changes in lease contracts | 18.1 | 15.6 | **33.6** |
| Depreciation during the year | -22.1 | -20.4 | **-42.5** |
| **Total as of December 31** | **76.5** | **39.1** | **115.6** |

In impairments of Property, Plant and Equipment in 2022, EUR 1.6 million relate to the war in Ukraine, EUR 2.9 million to restructuring actions and EUR 0.3 million to old rental assets, and in 2021 (EUR 0.3 million) to restructuring actions.

# 16. Interests in other entities and non-controlling interests

## 16.1. Investments accounted for using the equity method

| Associated Companies | 2022 | 2021 |
|---|---|---|
| Acquisition costs as of January 1 | 1.7 | 1.7 |
| Share of associated companies' result after taxes* | 0.1 | 0.1 |
| Dividends received | -0.1 | -0.1 |
| Change from subsidiary shares | 0.8 | 0.0 |
| **Total as of December 31** | **2.5** | **1.7** |

| Joint Ventures | 2022 | 2021 |
|---|---|---|
| Acquisition costs as of January 1 | 5.1 | 4.8 |
| Share of joint ventures' result after taxes* | 0.3 | 0.2 |
| Dividends received | -0.1 | 0.0 |
| Translation difference | 0.0 | 0.1 |
| **Total as of December 31** | **5.3** | **5.1** |

* Including adjustments from purchase price allocation.

## 16.2. Investments in Associated Companies and Joint Ventures

The following table illustrates the summarized financial information of the Group's investments and reconciliation with the carrying amount of the investments in consolidated financial statements.

| 2022 | Carrying amount of the investment | Non-current assets* | Current assets* | Non-current liabilities* | Current liabilities* | Revenue* | Profit/loss after tax from continuing operations* | Total comprehensive income* | Dividends received |
|---|---|---|---|---|---|---|---|---|---|
| Investments in associated companies and joint ventures | 7.8 | 3.6 | 54.5 | 0.9 | 31.3 | 69.3 | 1.4 | 1.4 | 0.2 |
| **Total** | **7.8** | **3.6** | **54.5** | **0.9** | **31.3** | **69.3** | **1.4** | **1.4** | **0.2** |

| 2021 | Carrying amount of the investment | Non-current assets* | Current assets* | Non-current liabilities* | Current liabilities* | Revenue* | Profit/loss after tax from continuing operations* | Total comprehensive income* | Dividends received |
|---|---|---|---|---|---|---|---|---|---|
| Investments in associated companies and joint ventures | 6.8 | 3.8 | 52.5 | 0.8 | 31.4 | 58.5 | 1.1 | 1.1 | 0.1 |
| **Total** | **6.8** | **3.8** | **52.5** | **0.8** | **31.4** | **58.5** | **1.1** | **1.1** | **0.1** |

*Asset and liability values, revenue and profit/loss represent values according to the latest published financial information.

## 16.3. Joint operations

Konecranes has classified the interest in AS Konesko (domiciled in Estonia) as a joint operation based on the joint arrangement agreement. AS Konesko is a strategic supplier of components used in Konecranes products. Konecranes has the exclusive right to purchase certain motors and end carriages from AS Konesko at a price to be agreed upon with AS Konesko. However Konecranes retains ownership of the current motor designs and the trademark rights to the end carriages.

Konecranes owns as of December 31, 2022 49.5% of AS Konesko shares.

Konecranes has recognized and accounted for the assets, liabilities, revenues and expenses relating to its interest in AS Konesko in accordance with IFRS 11.

### 16.4. Subsidiaries with material non-controlling interest

| 2022 | Accumulated non-controlling Interest | Goodwill | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Revenue | Profit/loss after tax from continuing operations | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|---|
| Non-controlling interests | 0.1 | 0.0 | 1.4 | 5.3 | 0.1 | 6.9 | 6.6 | -0.6 | -0.6 |
| **Total** | **0.1** | **0.0** | **1.4** | **5.3** | **0.1** | **6.9** | **6.6** | **-0.6** | **-0.6** |

| 2021 | Accumulated non-controlling Interest | Goodwill | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Revenue | Profit/loss after tax from continuing operations | Total comprehensive income |
|---|---|---|---|---|---|---|---|---|---|
| Non-controlling interests | 9.2 | 0.0 | 66.6 | 38.1 | 10.6 | 58.0 | 42.4 | 4.4 | 4.4 |
| **Total** | **9.2** | **0.0** | **66.6** | **38.1** | **10.6** | **58.0** | **42.4** | **4.4** | **4.4** |

Assets and liabilities as well as revenue and profit/loss values represent the total company values including purchase price allocations. See also the company list for the ownership and principal place of business of the subsidiaries.

## 17. Deferred tax assets and liabilities

### 17.1. Deferred tax assets

| | 2022 | 2021 |
|---|---|---|
| Employee benefits | 30.2 | 53.1 |
| Provisions | 18.0 | 18.1 |
| Unused tax losses | 10.1 | 9.6 |
| Other temporary differences | 45.4 | 39.4 |
| **Total** | **103.8** | **120.2** |

Other temporary differences include timing differences arising for example from accrued costs, advances received and unrealized currency differences that are not deductible in taxation until they occur.

### 17.2. Deferred tax liabilities

| | 2022 | 2021 |
|---|---|---|
| Intangible and tangible assets | 114.8 | 121.0 |
| Other temporary difference | 18.9 | 21.6 |
| **Total** | **133.7** | **142.6** |

The deferred tax assets and deferred tax liabilities have been netted on a juridical company level when there is a legally enforceable right to offset income tax receivables against income tax payables related to income taxes levied by the same tax authority. The gross amount of deferred tax assets in 2022 were EUR 110.9 million (EUR 125.3 million in 2021) and deferred tax liabilities EUR 140.8 million (EUR 147.7 million in 2021).

Konecranes has not recognized the temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

### 17.3. Tax losses carried forward

At the end of year 2022, Konecranes recorded a deferred tax asset of EUR 10.1 million (EUR 9.6 million in 2021) related to unused tax losses on the carry-forward losses of EUR 187.2 million (EUR 199.9 million in 2021) in total. The tax losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 144.4 million in the year 2022 (EUR 157.8 million in 2021). EUR 134.7 million of these carry-forward tax losses available have unlimited expiry, EUR 18.8 million expire later than in five years and EUR 33.7 million expire in five years.

Part of the carry-forward losses relate to Morris Material Handling, Inc., USA, which was acquired in 2006. The overall carry-forward losses of Morris Material Handling, Inc. amounted to EUR 23.1 million (EUR 24.1 million in 2021).

To assess if the convincing evidence threshold per IAS 12 was met, Konecranes has prepared tax forecasts for future periods considering the restructuring done and the tax planning opportunities that were being implemented at that time.

**Tax losses carried forward and related deferred tax assets on December 31 by the most significant countries as following:**

| 2022 | Tax losses carried forward | Potential deferred tax assets | Deferred tax assets not recorded | Deferred tax assets |
|---|---|---|---|---|
| France | 75.2 | 18.8 | 18.8 | 0.0 |
| India | 25.1 | 6.3 | 6.3 | 0.0 |
| USA | 23.1 | 5.5 | 0.0 | 5.5 |
| Austria | 16.4 | 4.1 | 4.1 | 0.0 |
| Australia | 10.7 | 3.2 | 0.0 | 3.2 |
| Philippines | 5.3 | 1.3 | 1.3 | 0.0 |
| Germany | 4.4 | 1.4 | 1.4 | 0.0 |
| Japan | 4.0 | 1.2 | 1.2 | 0.0 |
| Great Britain | 3.4 | 0.9 | 0.9 | 0.0 |
| South Africa | 3.3 | 0.9 | 0.9 | 0.0 |
| Other | 16.2 | 3.0 | 1.7 | 1.4 |
| **Total** | **187.2** | **46.7** | **36.6** | **10.1** |

| 2021 | Tax losses carried forward | Potential deferred tax assets | Deferred tax assets not recorded | Deferred tax assets |
|---|---|---|---|---|
| France | 77.4 | 20.0 | 20.0 | 0.0 |
| India | 34.5 | 10.8 | 10.8 | 0.0 |
| USA | 24.2 | 5.7 | 0.0 | 5.7 |
| Austria | 17.9 | 4.5 | 4.2 | 0.3 |
| Australia | 3.2 | 1.0 | 0.0 | 1.0 |
| Philippines | 2.6 | 0.7 | 0.0 | 0.7 |
| Germany | 4.4 | 1.4 | 1.4 | 0.0 |
| Japan | 3.8 | 1.2 | 1.2 | 0.0 |
| Great Britain | 9.1 | 1.7 | 1.7 | 0.0 |
| South Africa | 5.1 | 1.4 | 1.4 | 0.0 |
| Other | 17.8 | 3.8 | 1.7 | 2.0 |
| **Total** | **199.9** | **52.0** | **42.4** | **9.6** |

## 18. Inventories

| | 2022 | 2021 |
|---|---|---|
| Raw materials and semi-manufactured goods | 357.3 | 278.4 |
| Work in progress | 551.9 | 380.7 |
| Finished goods | 38.1 | 46.2 |
| Advance payments | 45.3 | 21.1 |
| **Total** | **992.7** | **726.4** |

| 2022 | Balance at the beginning of the year | Translation difference | Business combinations | Utilized during the period | Provision not needed | Additions | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| Provision for obsolete inventory | 42.0 | 0.3 | 0.0 | -2.8 | -1.2 | 13.9 | **52.2** |

| 2021 | Balance at the beginning of the year | Translation difference | Business combinations | Utilized during the period | Provision not needed | Additions | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| Provision for obsolete inventory | 42.7 | 1.1 | 0.0 | -9.2 | -0.7 | 8.0 | **42.0** |

## 19. Ageing analysis of accounts receivable

| | 2022 | 2022 | 2021 | 2021 |
|---|---|---|---|---|
| | Accounts receivable | including impairment of | Accounts receivable | including impairment of |
| Not overdue | 376.2 | 2.7 | 326.7 | 3.2 |
| 1–30 days overdue | 92.9 | 0.8 | 81.7 | 0.5 |
| 31–60 days overdue | 41.9 | 0.6 | 40.1 | 0.2 |
| 61–90 days overdue | 26.4 | 1.1 | 19.4 | 0.7 |
| more than 91 days overdue | 48.1 | 19.2 | 24.3 | 22.2 |
| **Total** | **585.6** | **24.5** | **492.1** | **26.8** |

The carrying amount of accounts receivable approximates to their fair value. Accounts receivable are subject to only minor credit risk concentrations due to the Group’s extensively diversified customer portfolio. Credit losses recognized from the customer contracts for the financial year totaled EUR 5.9 million (EUR 5.8 million in 2021).

## 19. Ageing analysis of accounts receivable (continues)

| 2022 | Balance at the beginning of the year | Translation difference | Business combinations | Utilized during the period | Provision not needed | Additions | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| Provision for doubtful accounts (Impairment) | 26.8 | 0.0 | 0.0 | -5.8 | -8.2 | 11.7 | **24.5** |

| 2021 | Balance at the beginning of the year | Translation difference | Business disposals | Utilized during the period | Provision not needed | Additions | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| Provision for doubtful accounts (Impairment) | 31.8 | 1.5 | 0.0 | -5.7 | -5.8 | 5.0 | **26.8** |

The release of the provision for doubtful accounts relates to the cash received from individual receivables which were historically provided for due to management's uncertainty of their collectability.

## 20. Other receivables

| | 2022 | 2021 |
|---|---|---|
| Notes receivable | 5.6 | 4.7 |
| Value added tax | 31.2 | 23.4 |
| **Total** | **36.8** | **28.1** |

## 21. Deferred assets

| | 2022 | 2021 |
|---|---|---|
| Interest | 1.9 | 0.5 |
| Prepaid expenses | 23.0 | 23.1 |
| Unbilled revenue | 39.7 | 36.8 |
| Other | 33.4 | 33.8 |
| **Total** | **98.0** | **94.1** |

## 22. Cash and cash equivalents

| | 2022 | 2021 |
|---|---|---|
| Short-term deposits | 25.7 | 77.9 |
| Cash in hand and at bank | 388.2 | 242.8 |
| **Total** | **413.9** | **320.7** |

Short-term deposits have a maturity of three months or less. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

## 23. Equity

### 23.1. Shareholders' equity

| | Number of shares | Number of treasury shares |
|---|---|---|
| As of January 1, 2021 | 79,134,459 | 87,447 |
| Share subscriptions with share awards | 0 | 0 |
| **As of December 31, 2021** | **79,134,459** | **87,447** |
| Share subscriptions with share awards | 32,140 | -32,140 |
| **As of December 31, 2022** | **79,166,599** | **55,307** |

The total shareholders' equity consists of share capital, share premium, paid in capital, cash flow hedges, translation difference, other reserves and retained earnings. Consistent with local legislation Konecranes' share has no nominal value. All issued shares are fully paid and listed on Nasdaq Helsinki.

Share premium includes the value of shares, which exceeds the accounting par value of the shares, for shares issued before 1 September, 2006. Cash flow hedges include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Translation differences comprise the differences arising from translating non-euro functional currency entities to euro, which is the Group's presentation currency. Other reserves include the credit for equity settled share-based payment cost. The paid in capital includes the portion of shares' subscription price, which is not recorded to share capital or to liabilities according to IFRS. The paid in capital includes also other capital contributions to the Group, which are not recorded to some other reserve within the equity. The paid in capital includes also the possible amount of share capital decrease, which is not netted against accumulated losses or is not distributed to shareholders.

Dividend proposal per share for 2022 was EUR 1.25 and dividend for 2021 was EUR 1.25.

### 23.2. Distributable earnings

See page 119 / Board of Directors' Proposal to the Annual General Meeting.

## 24. Provisions

| 2022 | Warranty | Restructuring | Pension commitments | Other | Total |
|---|---|---|---|---|---|
| Total provisions as of January 1 | 56.4 | 39.8 | 8.0 | 21.8 | **126.1** |
| Translation difference | -0.1 | 0.0 | 0.5 | 0.3 | **0.7** |
| Increase through business combination | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Additional provision in the period | 24.1 | 7.9 | 1.0 | 8.4 | **41.4** |
| Utilization of provision | -11.0 | -19.1 | 0.0 | -6.9 | **-37.0** |
| Unused amounts reversed | -14.1 | -0.9 | -2.0 | -1.8 | **-18.7** |
| **Total provisions as of December 31** | **55.4** | **27.7** | **7.5** | **21.9** | **112.4** |

| 2021 | Warranty | Restructuring | Pension commitments | Other | Total |
|---|---|---|---|---|---|
| Total provisions as of January 1 | 63.7 | 64.8 | 6.0 | 26.5 | **161.0** |
| Translation difference | 0.9 | 0.4 | 0.5 | 0.6 | **2.4** |
| Increase through business combination | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Additional provision in the period | 22.6 | 8.7 | 1.9 | 6.2 | **39.4** |
| Utilization of provision | -16.9 | -32.3 | 0.0 | -8.6 | **-57.8** |
| Unused amounts reversed | -13.8 | -1.7 | -0.4 | -2.9 | **-18.9** |
| **Total provisions as of December 31** | **56.4** | **39.8** | **8.0** | **21.8** | **126.1** |

The provision for warranties covers the expenses due to the repair or replacement of products during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects, the warranty reserve is calculated contract by contract and the warranty period can be significantly longer. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes.

Other provisions include provisions for claims, litigations and provisions for loss contracts in which the amount is not provided for as part of work in progress or percentage of completion receivable of the loss making project.

### Restructuring costs

Konecranes has recorded EUR 17.0 million of 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).

### 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 a EUR 33.5 million reversal of sales.

# 25. Current liabilities

## 25.1. Accruals

| | 2022 | 2021 |
|---|---|---|
| Wages, salaries and personnel expenses | 127.7 | 119.8 |
| Pension costs | 8.6 | 10.4 |
| Interest | 11.5 | 7.0 |
| Other items | 50.5 | 53.7 |
| **Total** | **198.3** | **190.9** |

## 25.2. Other current liabilities (non-interest bearing)

| | 2022 | 2021 |
|---|---|---|
| Value added tax | 24.3 | 23.2 |
| Payroll tax liability | 17.6 | 18.8 |
| Other short-term liabilities | 14.2 | 11.2 |
| **Total** | **56.1** | **53.2** |

# 26. Lease accounting

| **Maturity of undiscounted cash flows** | 2022 | 2021 |
|---|---|---|
| within 1 year | 40.3 | 40.1 |
| 1–5 years | 73.4 | 70.4 |
| over 5 years | 45.8 | 24.0 |
| **Total** | **159.5** | **134.5** |

| **Lease liabilities included in the balance sheet** | 2022 | 2021 |
|---|---|---|
| Non current interest-bearing liabilities | 104.0 | 85.1 |
| Current interest-bearing liabilities | 36.5 | 38.3 |
| **Total as of December 31** | **140.5** | **123.4** |

| **Amounts recognized in statement of income** | 2022 | 2021 |
|---|---|---|
| Depreciation for right of use asset | 43.5 | 42.5 |
| Income for subleasing right of use asset | -1.1 | -1.1 |
| Expenses related to short-term leases | 4.0 | 4.2 |
| Expenses related to leases of low-value assets | 2.4 | 2.5 |
| Interest on lease liabilities | 4.1 | 3.6 |
| **Total expenses** | **52.9** | **51.6** |
| | | |
| **Total cash flow of leases** | **54.7** | **52.7** |

The Group leases land and buildings for its production and office space. The leases of production facilities typically run for a period of two to seven years, and leases of office space for one to ten years. Some leases include an option to renew the lease for an additional period after the end of the contract term. Konecranes Group has major lease agreements of factory and office buildings in Hyvinkää and Hämeenlinna, Finland. During 2022 the second extention option of 5 years for these buildings was applied. Group has also included one additional 5-year option in the lease liability value. The Group has various other leases for office equipment, vehicles and premises with varying terms and renewal rights. Vehicles have typically a lease term from three to seven years. Leasing contracts comply with normal practices in the countries concerned. The average interest rate in lease contracts was 3.54 % (3.24% in 2021).

# 27. Interest-bearing liabilities

## 27.1. Non-current

| | 2022 | 2021 |
|---|---|---|
| Loans from financial institutions | 928.8 | 328.5 |
| Pension loans | 20.0 | 25.0 |
| Lease liabilities | 104.0 | 85.1 |
| Other long-term loans | 3.6 | 8.5 |
| **Total** | **1,056.4** | **447.1** |

## 27.2. Current

| | 2022 | 2021 |
|---|---|---|
| Loans from financial institutions | 0.0 | 77.9 |
| Bonds | 0.0 | 249.8 |
| Pension loans | 5.0 | 5.0 |
| Lease liabilities | 36.5 | 38.3 |
| Commercial papers | 0.0 | 40.0 |
| Other short-term loans | 8.3 | 7.0 |
| **Total** | **49.8** | **418.0** |

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 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 (December 31, 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% (December 31, 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.

In addition, the Group has certain revolving facilities the details of which can be found in note 33.3.

The average interest rate of the non-current liabilities portfolio at December 31, 2022 was 2.51% (2021: 1.42%) and that of the current liabilities portfolio was 3.93% (2021: 1.54%). The effective interest rate for EUR loans varied between 0.80–4.05% (2021: 0.06–3.80%).

## 27.3. Maturity tables of financial liabilities and liquidity risk

The following table reflects the maturity of interest bearing liabilities.

| **2022** | | | **Maturity** | | | |
|---|---|---|---|---|---|---|
| **Currency** | **Avg. duration** | **Avg. rate %** | **Less than 1 year** | **1–5 years** | **Over 5 years** | **Amount MEUR** |
| EUR | 1.5 years | 2.18 | 23.5 | 973.5 | 40.4 | **1,037.4** |
| INR | 1.7 years | 8.62 | 0.3 | 0.6 | 0.0 | **0.8** |
| CNY | 1.5 years | 4.59 | 1.6 | 1.2 | 0.0 | **2.8** |
| USD | 1.7 years | 4.01 | 7.8 | 15.7 | 0.5 | **24.0** |
| GBP | 1.8 years | 3.33 | 1.3 | 4.2 | 0.3 | **5.8** |
| Others | 1.1–3.0 years | 1.43–20.78 | 15.3 | 13.3 | 6.7 | **35.3** |
| **Total** | | **2.58** | **49.8** | **1,008.5** | **47.9** | **1,106.2** |

| **2021** | | | **Maturity** | | | |
|---|---|---|---|---|---|---|
| **Currency** | **Avg. duration** | **Avg. rate %** | **Less than 1 year** | **1–5 years** | **Over 5 years** | **Amount MEUR** |
| EUR | 1.5 years | 1.23 | 387.6 | 386.5 | 17.5 | **791.6** |
| INR | 1.1 years | 8.86 | 0.5 | 0.1 | 0.0 | **0.6** |
| CNY | 1.5 years | 4.97 | 1.0 | 0.8 | 0.0 | **1.8** |
| USD | 1.7 years | 3.62 | 7.5 | 14.3 | 0.6 | **22.5** |
| GBP | 1.8 years | 2.81 | 2.0 | 4.6 | 0.7 | **7.2** |
| Others | 1.0–3.1 years | 1.38–20.78 | 19.3 | 15.6 | 6.5 | **41.4** |
| **Total** | | **1.48** | **418.0** | **421.8** | **25.2** | **865.1** |

## 27.4. Liquidity risk, containing undiscounted cash flows of non-derivative financial liabilities by currency

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognized financial liabilities, excluding derivatives. The amounts disclosed are undiscounted net cash outflows for the respective upcoming fiscal years, based on the earliest date on which Konecranes could be required to pay. Cash outflows for financial liabilities (including interest) without fixed amount or timing are based on the conditions existing at December 31.

| 2022 | | | Maturity | | | |
|---|---|---|---|---|---|---|
| **Currency** | **Avg. duration** | **Avg. rate %** | **Less than 1 year** | **1–5 years** | **Over 5 years** | **Amount MEUR** |
| EUR | 1.5 years | 2.18 | 53.4 | 1,024.5 | 43.3 | **1,121.2** |
| INR | 1.7 years | 8.62 | 0.3 | 0.6 | 0.0 | **0.9** |
| CNY | 1.5 years | 4.59 | 1.7 | 1.3 | 0.0 | **3.0** |
| USD | 1.7 years | 4.01 | 8.6 | 17.3 | 0.4 | **26.2** |
| GBP | 1.8 years | 3.33 | 1.6 | 3.9 | 0.6 | **6.1** |
| Others | 1.1–3.0 years | 1.43–20.78 | 17.0 | 15.5 | 13.2 | **45.7** |
| **Total debt** | | **2.58** | **82.6** | **1,063.2** | **57.4** | **1,203.2** |
| Other financial liabilities | | | 362.4 | 7.9 | 0.0 | **370.3** |
| **Total financial liabilities** | | | **444.9** | **1,071.1** | **57.4** | **1,573.4** |

| 2021 | | | Maturity | | | |
|---|---|---|---|---|---|---|
| **Currency** | **Avg. duration** | **Avg. rate %** | **Less than 1 year** | **1–5 years** | **Over 5 years** | **Amount MEUR** |
| EUR | 1.5 years | 1.23 | 399.9 | 400.7 | 13.9 | **814.6** |
| INR | 1.1 years | 8.86 | 0.6 | 0.1 | 0.0 | **0.6** |
| CNY | 1.5 years | 4.97 | 1.1 | 0.9 | 0.0 | **1.9** |
| USD | 1.7 years | 3.62 | 7.8 | 14.4 | 0.8 | **22.9** |
| GBP | 1.8 years | 2.81 | 1.4 | 3.9 | 0.9 | **6.2** |
| Others | 1.0–3.1 years | 1.38–20.78 | 23.6 | 14.3 | 13.8 | **51.7** |
| **Total debt** | | **1.48** | **434.4** | **434.3** | **29.4** | **898.1** |
| Other financial liabilities | | | 308.6 | 10.5 | 0.0 | **319.1** |
| **Total financial liabilities** | | | **743.0** | **444.8** | **29.4** | **1,217.2** |

## 27.5. Maturity profile of the Group's financial liabilities

The following table reflects the maturity of all financial liabilities.

| 2022 | | Maturity of financial liabilities | | |
|---|---|---|---|---|
| Liability type | Amount drawn | Less than 1 year | 1–5 years | Over 5 years |
| Loans from financial institutions | 928.8 | 0.0 | 918.8 | 10.0 |
| Lease liabilities | 140.5 | 36.5 | 66.2 | 37.8 |
| Commercial paper program | 0.0 | 0.0 | 0.0 | 0.0 |
| Pension loans | 25.0 | 5.0 | 20.0 | 0.0 |
| Other long-term debt and short-term loans | 11.9 | 8.3 | 3.5 | 0.2 |
| Derivative financial instruments | 15.9 | 15.9 | 0.0 | 0.0 |
| Account and other payables | 370.3 | 362.4 | 7.9 | 0.0 |
| **Total** | **1,492.3** | **428.0** | **1,016.4** | **47.9** |

| 2021 | | Maturity of financial liabilities | | |
|---|---|---|---|---|
| Liability type | Amount drawn | Less than 1 year | 1–5 years | Over 5 years |
| Loans from financial institutions | 406.4 | 77.9 | 328.5 | 0.0 |
| Bonds | 249.8 | 249.8 | 0.0 | 0.0 |
| Lease liabilities | 123.4 | 38.3 | 68.2 | 16.9 |
| Commercial paper program | 40.0 | 40.0 | 0.0 | 0.0 |
| Pension loans | 30.0 | 5.0 | 20.0 | 5.0 |
| Other long-term debt and short-term loans | 15.5 | 7.0 | 6.1 | 2.4 |
| Derivative financial instruments | 16.9 | 16.9 | 0.0 | 0.0 |
| Account and other payables | 319.1 | 308.6 | 10.5 | 0.0 |
| **Total** | **1,201.0** | **743.5** | **433.2** | **24.4** |

## 27.6. Changes in Group's liabilities arising from financing activities

| 2022 | Non-current interest bearing loans | Non-current lease liabilities | Current interest bearing loans | Current lease liabilities | Financial derivatives | Total |
|---|---|---|---|---|---|---|
| Total liabilities as of January 1 | 362.0 | 85.1 | 379.7 | 38.3 | 16.9 | **882.0** |
| Proceeds | 600.0 | 0.0 | 0.0 | 0.0 | 0.0 | **600.0** |
| Repayments | -8.7 | 0.0 | -366.7 | -44.1 | 0.0 | **-419.5** |
| Acquisitions and disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Foreign exchange movement | 0.2 | 0.6 | 0.0 | 0.3 | 0.0 | **1.1** |
| Changes in fair values | 0.0 | 0.0 | 0.0 | 0.0 | -1.0 | **-1.0** |
| Changes in lease contracts | 0.0 | 61.5 | 0.0 | -1.2 | 0.0 | **60.3** |
| Other | -1.0 | -43.3 | 0.2 | 43.3 | 0.0 | **-0.8** |
| **Total as of December 31** | **952.4** | **104.0** | **13.3** | **36.5** | **15.9** | **1,122.1** |

| 2021 | Non-current interest bearing loans | Non-current lease liabilities | Current interest bearing loans | Current lease liabilities | Financial derivatives | Total |
|---|---|---|---|---|---|---|
| Total liabilities as of January 1 | 768.8 | 90.9 | 273.2 | 37.9 | 5.5 | **1,176.3** |
| Proceeds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Repayments | -5.6 | 0.0 | -296.4 | -42.6 | 0.0 | **-344.6** |
| Acquisitions and disposals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Foreign exchange movement | 0.3 | 2.5 | 0.6 | 1.1 | 0.0 | **4.5** |
| Changes in fair values | 0.0 | 0.0 | 0.0 | 0.0 | 11.4 | **11.4** |
| Changes in lease contracts | 0.0 | 36.3 | 0.0 | -2.7 | 0.0 | **33.6** |
| Other | -401.6 | -44.6 | 402.3 | 44.6 | 0.0 | **0.8** |
| **Total as of December 31** | **362.0** | **85.1** | **379.7** | **38.3** | **16.9** | **882.0** |

## 28. Other long-term liabilities

| | 2022 | 2021 |
|---|---|---|
| Employee benefits | 209.7 | 278.5 |
| Other non-interest-bearing long-term liabilities | 7.9 | 10.5 |
| **Total** | **217.7** | **289.0** |

### 28.1. Employee benefits

The company and most of its subsidiaries offer retirement plans which cover the majority of employees in the Group. Many of these plans are defined contribution, where Konecranes' contribution and resulting charge is fixed at a set level or is a set percentage of employees' pay. However the Group has significant defined benefit pension plans in the United Kingdom, Germany and Switzerland as well as individually insignificant plans in other countries. Companies in many countries have also other long-term employee benefits such as part-time pension benefits and jubilee benefits, which are reported as defined benefit plans.

The UK defined benefit plan is administered by an independent trustee company that is legally separated from the Group. The investments are managed by a professional and independent Fiduciary Manager who is appointed by the trustees. The Fiduciary Manager appoints Investment Managers as he/she see fit in order to achieve the Trustees' stated objectives for the scheme funding level and taking into account the agreed risk appetite. The Fiduciary Manager has trigger points set in conjunction with the Trustees which when reached allows he/she to make changes to the investments to repatriate the gains to achieve full funding position. The UK plan is subject to the UK's pensions legislation, is regulated by the UK Pensions Regulator and is exempt from most UK taxation through its registered status. The UK plan was closed to new members in 2005. Under the UK plan the employees are entitled to post-retirement installments calculated as an average annual basic salary from the best three years within the last ten years. The net liability in the United Kingdom was EUR 0.0 million (EUR 0.0 million in 2021).

In Germany the defined benefit pension plans are direct pension promises which are unfunded and administered by a service provider. The payments to plan participants start after retirement or in case of disability or death. Benefits are based on the number of years worked and the final salary. The commencement of pension payments depends on the beginning of the state pension, which is the earliest at age 63 in case of early retirement and otherwise 65 for old age pension. The biggest defined benefit pension plan in Germany is the Mannesmann Leistungsordnung (MLO), which is closed to new employees. The monthly pension benefit provided by this plan is calculated as the ratio Individual pay/Average pay, times the years of service, times 3.07, and has to be at least equal to 2.10 times the years of service. The net liability in Germany was EUR 184.8 million (EUR 242.4 million in 2021) of which the MLO plan was EUR 124.3 million (EUR 169.5 million in 2021).

The Swiss pension plans are administered via pension funds, which are legally separated from the Group. The board of Trustees of the pension funds are equally composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the assets and the administration and financing of the benefits. The plans function in and comply with a large regulatory framework and comply with the local minimum funding requirements. The plans are open to new members. Both the company and employees pay contributions to fund the plans. The pension plans qualify as defined benefit plan for IFRS purposes, because accruals are by law subject to a minimum guaranteed rate of return and the plan has to guarantee a certain legal minimum level of benefits. There is hence a risk that the company may have to pay additional contributions. Under the plans, participants are also insured against the financial consequences of old age, disability and death. The net liability in Switzerland was EUR 1.8 million (EUR 7.4 million in 2021) of which the pension plan was EUR 1.6 million (EUR 7.2 million in 2021).

The defined benefit plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The investment risk is being mitigated by investing the funds both to equity and debt instruments.

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss and the funded status and amounts recognized in the balance sheet for the respective plans:

### 28.2. Amounts recognized in the balance sheet

| | 2022 | 2021 |
|---|---|---|
| Present value of obligation wholly unfunded | 207.9 | 271.2 |
| Present value of obligation wholly or partly funded | 55.8 | 86.8 |
| Defined benefit plan obligations | 263.7 | 358.0 |
| Fair value of plan assets | -53.9 | -79.5 |
| **Total net liability recognized** | **209.7** | **278.5** |

### 28.3. Components of defined benefit plan recorded in comprehensive income

| | 2022 | 2021 |
|---|---|---|
| **Service cost:** | | |
| Current service cost | 6.7 | 9.3 |
| Net interest cost | 2.9 | 1.8 |
| Past service cost | -0.2 | -0.3 |
| Effect of settlement and curtailments | 0.0 | -0.1 |
| **Components of defined benefit plan costs recorded in profit or loss** | **9.5** | **10.7** |

| | 2022 | 2021 |
|---|---|---|
| **Remeasurement on the net defined benefit liability:** | | |
| The return on plan assets (excluding amounts included in the net interest expense) gains (-) / losses (+) | 20.2 | 3.7 |
| Actuarial gains (-) / losses (+) arising from changes in demographic assumptions | -0.1 | -3.1 |
| Actuarial gains (-) / losses (+) arising from changes in financial assumptions | -96.3 | -20.2 |
| Actuarial gains (-) / losses (+) arising from experience | 13.6 | 2.2 |
| **Components of defined benefit plan costs recorded in other comprehensive income** | **-62.6** | **-17.6** |
| | | |
| **Total (income (-) / expense (+))** | **-53.1** | **-6.9** |

The actuarial gains / losses in 2022 and 2021 were mainly caused by the change of discount rates in the defined benefit plans of Germany, Switzerland and the United Kingdom.

### 28.4. Movements of the present value of defined benefit obligation

| | 2022 | 2021 |
|---|---|---|
| Obligation as of January 1 | 358.0 | 380.8 |
| Translation difference | -2.4 | 5.6 |
| Settlements and curtailments | 0.0 | -0.1 |
| Current service cost | 6.9 | 9.4 |
| Interest cost | 4.3 | 2.9 |
| Past service cost | -0.2 | -0.3 |
| Actuarial gains (-) / losses (+) arising from changes in demographic assumptions | -0.1 | -3.1 |
| Actuarial gains (-) / losses (+) arising from changes in financial assumptions | -96.3 | -20.2 |
| Actuarial gains (-) / losses (+) arising from experience | 13.6 | 2.2 |
| Benefits paid (-) | -20.2 | -19.1 |
| **Obligation as of December 31** | **263.7** | **358.0** |

Of the benefits paid, EUR 6.1 million (2021: EUR 6.2 million) was paid from plan assets and EUR 14.1 million (2021: EUR 12.9 million) by employer directly.

| **Movements of the fair value of plan assets** | **2022** | **2021** |
|---|---|---|
| Fair value of plan assets as of January 1 | 79.5 | 81.6 |
| Translation difference | -1.9 | 5.1 |
| Interest income | 1.4 | 1.1 |
| Employee contributions | 0.4 | 1.4 |
| Employer contributions | 0.8 | 0.1 |
| The return on plan assets (excluding amounts included in the net interest expense) | -20.2 | -3.7 |
| Benefits paid (-) | -6.1 | -6.2 |
| **Fair value of plan assets as of December 31** | **53.9** | **79.5** |

### 28.5. Major categories of plan assets at the end of the reporting period

| | 2022 | 2021 |
|---|---|---|
| Equity instruments | 4.6 | 13.6 |
| Debt instruments | 30.7 | 51.5 |
| Insurances | 13.6 | 1.6 |
| Real estate | 3.3 | 7.2 |
| Others | 1.7 | 5.5 |
| **Total plan assets** | **53.9** | **79.5** |

The plan assets do not contain any Konecranes shares or assets.

Virtually all equity and debt instruments have quoted prices in active markets. The plan assets originate from the United Kingdom, Switzerland, Germany and India. It is the policy of the UK fund to invest approximately 20–25% to growth assets such as equity instruments as well as property and growth funds and 75–80% to risk reducing assets such as corporate bonds and fixed or index-linked gilts. The Swiss pension funds are secured by insurances. The company can only indirectly and partially determine the asset allocation through the 50/50 employer/employee representation in the board of Trustees. The return on plan assets was EUR -18.8 million (2021: EUR -2.6 million).

### 28.6. Defined benefit plan: the main actuarial assumptions

With the objective of presenting the assets and liabilities of the defined benefit plans at their fair value on the balance sheet, assumptions under IAS 19 are set by reference to market conditions at the valuation date. Qualified independent actuaries have updated the actuarial valuations under IAS 19 of the major defined benefit schemes operated by the Group to December 31, 2022. The assumptions used by the actuaries are chosen from a range of possible actuarial assumptions which, due to the long-term nature of the schemes, may not necessarily be borne out in practice. The actuarial assumptions used to calculate the benefit liabilities therefore vary according to the country in which the plan is situated. The following table shows the assumptions, weighted by liabilities, used to value the principal defined benefit plans.

| Germany | 2022 | 2021 |
|---|---|---|
| Discount rate % | 3.71 | 1.05 |
| Expected development of salaries % | 2.66 | 2.42 |
| Expected development of pensions % | 2.00 | 1.65 |
| Mortality table: Richttafeln 2018 G von Klaus Heubeck | | |

| UK | 2022 | 2021 |
|---|---|---|
| Discount rate % | 5.00 | 1.80 |
| Expected development of pensions % | 3.10 | 3.30 |
| Mortality table: SAPS base table of S3PA, applied at year of birth and weighted by male/female deferred members and pensioners, and CMI 2020 (2021: CMI 2020) projections with a long term improvement parameter of 1.25% (2021: 1.25%) per annum. | | |

| Switzerland | 2022 | 2021 |
|---|---|---|
| Discount rate % | 2.15 | 0.17 |
| Expected development of salaries % | 1.50 | 1.25 |
| Mortality table: BVG 2020 Generational and improvement factors CMI 2019 LTR 1.5%. | | |

| Other | 2022 | 2021 |
|---|---|---|
| Discount rate % | 2.80 - 10.50 | 0.60 - 12.42 |
| Expected development of salaries % | 1.16 - 11.00 | 1.10 - 10.05 |
| Expected development of pensions % | 2.00 - 10.57 | 1.61 - 10.57 |

The below table shows the % effect of a change in the significant actuarial assumptions used to determine the retirement benefits obligations in our main defined benefit pension obligation countries. The effect shows the increase or decrease in the liability. In the calculation of the sensitivity of the discount rate any effect from the return of plan assets has been ignored.

| Sensitivity analysis | Increase | Decrease |
|---|---|---|
| 0.5% points change in the discount rate | -5.6% | 6.2% |
| 0.5% points change in the expected development of salaries | 0.4% | -0.4% |
| 0.5% points change in the expected development of pensions | 4.2% | -3.8% |

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. A linear extrapolation of these amounts based on alternative changes in the assumptions as well as an addition of combined changes in the individual assumptions is not possible.

There are no changes in the way the sensitivity analyses were performed compared to the previous years.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation is 12 years (2021: 15 years).

The Group expects to contribute EUR 0.8 million to the above defined benefit pension plans in 2023 (Employer contribution).

## 29. Share-based payments

### Performance Share Plan

The Board of Directors of Konecranes Plc has resolved in 2017 to establish a long-term incentive plan for the Group key employees and the President and CEO. The share-based incentive plans are a Performance Share Plan 2017 for the Group key employees, a Restricted Share Unit Plan 2017 for selected Group key employees and a Performance Share Plan 2017–2021 for the President and CEO. The potential rewards from the incentive plans will be paid partly in Konecranes Plc shares and partly in cash to be used for taxes and tax-related costs after the performance periods or vesting periods. As a rule, no reward will be paid if a plan participant’s employment or service ends before the reward payment. The Performance Share Plan included three performance periods, calendar years 2017–2019, 2018–2020 and 2019–2021. The Board of Directors resolved on the performance criteria and on the required performance levels for each criterion at the beginning of each performance period.

The Board of Directors of Konecranes Plc resolved that the performance criteria for the performance period 2019–2021 under the company’s Performance Share Plan (the “Plan”) are the cumulative adjusted Earnings per Share (EPS) and the cumulative annual growth rate (CAGR) for Sales of the financial years 2019–2021. Adjustments to the EPS include defined restructuring costs, purchase price allocation amortization and certain other unusual items. The target group of the Plan for the performance period 2019–2021 consists of a maximum of 200 key employees of the Konecranes Group. The rewards to be paid on the basis of the performance period 2019–2021 correspond to the value of a maximum total of 670,000 Konecranes Plc shares. If the target determined by the Board of Directors is attained, the reward payout may be half of the maximum reward. The maximum reward payout requires that the target is clearly exceeded.

The Board of Directors of Konecranes Plc resolved in 2020 to establish a new Performance Share Plan 2020 for Konecranes key employees. The Plan has a performance period from 2020 to 2022 with three separate measurement periods and separate targets for 2020, 2021 and 2022.

The criterion for the measurement periods 2020, 2021 and 2022 is adjusted Earnings per Share (EPS). Adjustments to the EPS include defined restructuring costs, mergers and acquisitions related deal costs and other unusual items. The target group of the Plan for the performance period 2020–2022 consists of a maximum of 170 key employees of the Konecranes group. The rewards to be paid on the basis of the performance period 2020–2022 correspond to the value of a maximum total of 600,000 Konecranes Plc shares. The payment of the total reward takes place in 2023 if the plan term conditions are met. The potential rewards from the Plan will be paid partly in company shares and partly in cash after the performance periods. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid if plan participant's employment or service ends before the reward payment.

The Board of Directors of Konecranes Plc resolved in 2021 to establish a new Performance Share Plan 2021 for Konecranes key employees. The Plan has a performance period from 2021 to 2023 with three separate measurement periods and separate targets for 2021, 2022 and 2023.

The criterion for the measurement period 2021 and 2022 is adjusted Earnings per Share (EPS). Adjustments to the EPS include defined restructuring costs, mergers and acquisitions related deal costs and other unusual items. The target group of the Plan for the performance period 2021–2023 consists of a maximum of 170 key employees of the Konecranes group. The rewards to be paid on the basis of the performance period 2021–2023 correspond to the value of a maximum total of 634,921 Konecranes Plc shares. The payment of the total reward takes place in 2024 if the plan term conditions are met. The potential rewards from the Plan will be paid partly in company shares and partly in cash after the performance periods. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid if plan participant's employment or service ends before the reward payment.

The Board of Directors of Konecranes Plc resolved in 2022 to establish a new Performance Share Plan 2022 for Konecranes key employees. 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). Adjustments to the EPS include defined restructuring costs, mergers and acquisitions related deal costs and other unusual items. The EPS target for the first measurement period has also been 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. The rewards to be paid based on the Plan correspond to the value of a maximum total of 600,000 Konecranes Plc shares. The payment of the total reward takes place in 2025 if the plan term conditions are met. The potential rewards from the Plan will be paid partly in Konecranes Plc shares and partly in cash after the performance period. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants. As a rule, no reward will be paid if plan participant's employment or service ends before the reward payment.

### Restricted Share Unit Plan

The Restricted Share Unit Plan 2017 is directed to selected key employees in Konecranes. The vesting periods will last for 12 to 36 months. The prerequisite for reward payment is that a key employee's employment or service continues until the end of the vesting period. The rewards to be allocated on the basis of the entire plan will amount to a maximum total of 200,000 Konecranes Plc class shares including also the proportion to be paid in cash. 17,170 shares (no shares in 2021) of the restricted share unit plan were allocated during 2022.

### Restricted Share Unit Plan 2020

Konecranes Plc and Cargotec Corporation signed on October 1, 2020 a combination agreement and a merger plan to combine the two companies through a merger. The Board of Directors of Konecranes Plc decided to establish a share-based incentive plan for the Group key employees. The Restricted Share Unit Plan 2020 was intended to function as a bridge plan for the transition period before the closing of the Transaction and forming the combined company in the merger. The aim of the Plan was to align the objectives of the shareholders and the key employees, to secure business continuity during the Transition Period, andto retain key employees at the company.

As the merger was cancelled in March 2022, also the Restricted Share Unit Plan 2020 was cancelled in 2022.

### Ownership Obligations

A member of the Konecranes Leadership Team must hold a minimum of 50 percent of any net shares given on the basis of these plans, until the member's shareholding in the company in total corresponds to the value of the member's annual salary and the member's membership in the Konecranes Leadership Team continues.

The fair value of the equity-settled portion of the share rights granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share rights were granted. The model simulates the TSR and compares it against the group of principal competitors. It takes into account historical and expected dividends, and the share price fluctuation covariance of the Group and its competitors to predict the distribution of relative share performance. Fair value of the cash-settled portion is measured at each reporting date using a binomial option pricing model taking into account the terms and conditions upon which the instruments were granted and the current likelihood of achieving the specified target.

**Employee Share Savings Plan**

The Group has launched an Employee Share Savings Plan (ESSP) in which each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan until the end of the designated holding period. The matching shares will be paid in Konecranes shares and partly in cash. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings share amounts.

The fair value of the equity-settled portion of the share options granted is estimated at the date of grant using a binominal option pricing model, taking into account the terms and conditions upon which the share options were granted. Fair value of the cash-settled portion is measured at each reporting date using a binomial option pricing model taking into account the terms and conditions upon which the instruments were granted and the current likelihood of achieving the specified target.

### 29.1. Expenses for employee service

| | 2022 | 2021 |
|---|---|---|
| Expense arising from equity-settled share-based payment transactions | 6.7 | 9.5 |
| Expense arising from cash-settled share-based payment transactions | -1.9 | 2.5 |
| **Total expense arising from share-based payment transactions** | **4.7** | **11.9** |

The carrying amount of the liability arising from cash settled portion was EUR 0.8 million (2021: EUR 3.0 million).

### 29.2. Changes in the number of gross share rewards in Performance Share Plan

| | 2022<br>Number of shares | 2021<br>Number of shares |
|---|---|---|
| As of January 1 | 1,715,800 | 1,947,600 |
| Share rewards granted | 581,670 | 633,300 |
| Share rewards awarded | -149,661 | -2,000 |
| Share rewards expired | -477,839 | -668,933 |
| Share rewards forfeited | -14,500 | -194,167 |
| **Total as of December 31** | **1,655,470** | **1,715,800** |

### 29.3. Changes in the number of net share rewards in Restricted Share Unit Plan 2020

| | 2022<br>Number of shares | 2021<br>Number of shares |
|---|---|---|
| As of January 1 | 110,686 | 119,246 |
| Share rewards granted | 0 | 8,238 |
| Share rewards expired | -110,686 | 0 |
| Share rewards forfeited | 0 | -16,798 |
| **Total as of December 31** | **0** | **110,686** |

### 29.4. Changes in the number of gross share rewards in Employee Share Savings Plan

| | 2022<br>Number of shares | 2021<br>Number of shares |
|---|---|---|
| Outstanding as of January 1 | 190,438 | 182,160 |
| Share rewards granted | 84,047 | 64,142 |
| Share rewards awarded | -52,620 | -45,751 |
| Share rewards forfeited | -12,288 | -10,113 |
| **Outstanding as of December 31** | **209,577** | **190,438** |

### 29.5. Assumptions made in determining the fair value of Performance Shares Plan

The fair value for the cash settled portion is remeasured at each reporting date until the possible share delivery. The fair value of the liability will thus change in accordance with the Konecranes Plc share price.

For the 2019–2021 vesting periods granted in 2019 the fair value for the equity settled portion is based on two non-market vesting conditions (adjusted EPS and annual growth rate of sales). For the 2020–2022 vesting periods granted in 2020 the fair value for the equity settled portion is based on one non-market vesting condition (adjusted EPS). For the 2021–2023 vesting periods granted in 2021 the fair value for the equity settled portion is based on one non-market vesting condition (adjusted EPS) for the year 2021 and 2022 when the condition for 2023 is still open. For the 2022–2024 vesting periods granted in 2022 the fair value for the equity settled portion is based on one non-market vesting condition (adjusted EPS) for the year 2022 when the conditions for 2023 and 2024 are still open. The fair value for the equity settled portion based on non-market vesting condition has been determined at grant using the fair value of Konecranes share as of the grant date and expected dividend yield.

| | 2022 plan | 2021 plan | 2020 Restricted share unit plan | 2020 plan | 2019 plan |
|---|---|---|---|---|---|
| Share price at grant, EUR | 22.13 | 38.77 | 27.74 | 26.95 | 31.09 |
| Share price at reporting period end 31.12., EUR | 28.76 | 28.76 | 28.76 | 28.76 | 28.76 |
| Expected volatility, % * | 48.0% | 26.0% | 31.0% | 32.0% | 25.0% |
| Risk-free interest rate, % | 0.7% | 0.0% | 0.0% | 0.0% | 0.0% |
| Expected dividend per share, pa, EUR | 1.3 | 1.7 | 3.2 | 1.7 | 1.1 |
| Expected contractual life in years | 2.8 | 2.8 | 0.0 | 2.5 | 2.8 |
| Weighted average fair value of the share rewards at the grant date | 18.20 | 33.75 | 24.54 | 22.59 | 27.66 |
| Model used | Black-Scholes | Black-Scholes | Black-Scholes | Black-Scholes | Black-Scholes |

* Expected volatility was determined by calculating the historical volatility of the Konecranes share using monthly observations over corresponding maturity.

# 30. Related party transactions

The related parties of Konecranes include subsidiaries (see Company list), associated companies, joint ventures and joint operations, pension fund in the United Kingdom and the key management personnel of the Group and major shareholders. The key management personnel of the Group is comprised of the Board of Directors, the CEO and the Konecranes Leadership Team.

## 30.1. Key Management compensation

### Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting (AGM) on proposal by the Nomination Committee. The AGM 2022 confirmed an annual fee of EUR 140,000 for the Chairman of the Board (2021: EUR 140,000), EUR 100,000 for the Vice Chairman of the Board (2021: EUR 100,000), and EUR 70,000 for other Board members (2021: EUR 70,000). In case the term of office of a Board member ends before the closing of the Annual General Meeting in 2023, he or she is entitled to the prorated amount of the annual remuneration calculated on the basis of his or her actual term in office. In addition, compensation of EUR 1,500 was approved per meeting for attendance at Board committee meetings (2021: EUR 1,500). However, the chairman of audit committee is entitled to a compensation of EUR 3,000 (2021: EUR 3,000) per meeting for attendance at audit committee meetings.

According to the proposal, 50% of the annual remuneration is to be used for acquiring shares in the company. The remuneration may also be paid by transferring treasury shares based on the authorization given to the board of directors by the general meeting. In case such purchase of shares cannot be carried out due to reasons related either to the company or to a board member, the annual remuneration shall be paid entirely in cash.

Travel expenses will be compensated against receipt.

**2022**

| Total compensation to the Board of directors | Number of shares as part of compensation | Value of compensation in shares, EUR | Compensation paid in cash, EUR | Total compensation, EUR |
|---|---|---|---|---|
| Chairman of the Board | 1,874 | 51,298 | 90,036 | 141,334 |
| Board members | 7,167 | 192,005 | 394,831 | 586,836 |
| **Total** | **9,041** | **243,304** | **484,866** | **728,170** |

**2021**

| Total compensation to the Board of directors | Number of shares as part of compensation | Value of compensation in shares, EUR | Compensation paid in cash, EUR | Total compensation, EUR |
|---|---|---|---|---|
| Chairman of the Board | 1,508 | 55,908 | 96,092 | 152,000 |
| Board members | 3,770 | 139,771 | 288,229 | 428,000 |
| **Total** | **5,278** | **195,680** | **384,320** | **580,000** |

Expense of statutory pension plans was EUR 0.1 million in 2022 (EUR 0.0 million in 2021).

## President and CEO

The Human Resources Committee reviews the President and CEO's performance. Based on this review and relevant facts, the Board sets the total compensation package for the President and CEO.

August 6, 2021 Konecranes announced that Rob Smith has decided to leave the company. He left Konecranes on December 31, 2021. The company's CFO, Teo Ottola, who also serves as Deputy CEO, acted as the interim CEO from January 1, 2022 until October 18, 2022. Konecanes announced 10 June 2022 that Anders Svensson has been appointed as Konecranes' new President and CEO and he assumed his role on October 19, 2022.

| President and CEO | 2022 | 2021 |
|---|---|---|
| Salary and benefits, EUR (Anders Svensson October 19 – December 31, 2022, Teo Ottola January 1 – October 18, 2022, Rob Smith January 1, 2021 – December 31, 2021) | 750,905 | 901,303 |
| Annual variable pay, EUR | 1,087,088 | 256,284 |
| **Total** | **1,837,993** | **1,157,587** |
| | | |
| Expense of statutory pension plans (Anders Svensson October 19 – December 31, 2022, Teo Ottola January 1 – October 18, 2022, Rob Smith January 1, 2021 – December 31, 2021) | 203,162 | 184,172 |
| Expense of voluntary pension plans (Anders Svensson October 19 – December 31, 2022, Teo Ottola January 1 – October 18, 2022, Rob Smith January 1, 2021 – December 31, 2021) | 48,802 | 106,664 |
| **Total** | **251,964** | **290,836** |
| | | |
| Accrued annual variable pay of CEO | 48,557 | 615,815 |
| The accrual of variable pay is paid during the following year. | | |
| | | |
| Shareholding in Konecranes Plc (number of shares) | 0 | 0 |
| | | |
| Performance share rights allocated (number of share rights) [1] | 17,170 | 0 |
| Share-based payment costs, EUR | -68,933 | -218,859 |
| | | |
| Retirement age | 63 years | 63 years |
| Period of notice | 6 months | |
| Severance payment (including 6 months notice period) | 18 months salary and fringe benefits | |

[1] Performance share rights allocated to Rob Smith on December 31, 2021 are reported zero as he is not entitled to receive them.

### Konecranes Leadership Team

The Konecranes Leadership Team (KLT) convenes as frequently as necessary, normally on a monthly basis. Business Areas have their own management teams that convene on a regular basis. Only the KLT is classified to key management personnel due to the decision making power.

The Konecranes Leadership Team consists of the following members:

- President and CEO
- Chief Financial Officer, Deputy CEO
- Executive Vice President, Industrial Service and Equipment
- Executive Vice President, Port Solutions
- Executive Vice President, Technologies
- Senior Vice President, Human Resources
- Senior Vice President, General Counsel
- Executive Vice President, Senior Vice President, Integration and Project Management Office

The Human Resources Committee of the Board will, based upon a recommendation by the President and CEO, make a proposal to the Board concerning the approval of the base compensation review and incentive levels for KLT members.

The retirement age of the Finnish members of the KLT (excluding the President and CEO) is set according to the Employees Pensions Act (TyEL). The Finnish members of the KLT also participate in the contribution-based group pension insurance scheme offered to key personnel in Finland. The defined contribution payment by the company is 1% of annual salary excluding performance based compensation (annual or long term incentives). The Finnish KLT members also have life insurance and disability insurances. Non-Finnish members have local insurances.

| **Konecranes Leadership Team excluding the President and CEO** | **2022** | **2021** |
|---|---|---|
| Salary and benefits, EUR | 1,952,574 | 2,227,618 |
| Annual variable pay, EUR | 1,859,503 | 864,377 |
| **Total** | **3,812,077** | **3,091,995** |
| | | |
| Expense of statutory pension plans | 430,913 | 335,934 |
| Expense of voluntary pension plans | 14,358 | 19,688 |
| **Total** | **445,271** | **355,622** |
| | | |
| Shareholding in Konecranes Plc (number of shares) | 162,796 | 156,161 |
| | | |
| Performance share rights allocated (number of share rights) | 256,000 | 317,419 |
| Share-based payment costs, EUR | 196,577 | 2,014,697 |

There were no loans outstanding to the Konecranes Leadership Team at end of the period 2022 and 2021.

There were no guarantees on behalf of the Konecranes Leadership Team in year 2022 and 2021.

The employee benefits to the key management personnel of the Group were in total EUR 6.6 million in year 2022 (EUR 7.3 million in year 2021).

## 30.2. Transactions with associated companies and joint arrangements

| | **2022** | **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 |

Sales to and purchases from related parties are concluded using terms equivalent to arm’s length transaction.

### 30.3. Transactions with Pension Fund in the United Kingdom

| | 2022 | 2021 |
|---|---|---|
| Employer contributions | 0.2 | 0.0 |

### 30.4. Transactions with Board members

| | 2022 | 2021 |
|---|---|---|
| Board member holding the bond of Konecranes Plc through a 100% owned company | | |
| Interest-bearing short-term liabilities | 0.0 | 0.1 |

## 31. Guarantees and contingent liabilities

| | 2022 | 2021 |
|---|---|---|
| For own commercial obligations | | |
| Guarantees | 862.5 | 783.0 |
| Other | 72.7 | 55.1 |
| **Total** | **935.2** | **838.2** |

From time to time Konecranes provides customers with guarantees that guarantee Company's obligations pursuant to the applicable customer contract. In sales 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 pend against the Group in various countries. These actions, claims and other proceedings are typical of 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 has 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.

## 32. Financial assets and liabilities

### 32.1. Carrying amounts of financial assets and liabilities

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **Financial assets** | **Fair value through OCI** | **Fair value through income statement** | **Amortized cost** | **Carrying amounts by balance sheet item** | **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** | 0.0 | 0.0 | 520.2 | **520.2** |
| Derivative financial instruments | 12.2 | 31.5 | 0.0 | **43.7** | 1.5 | 2.1 | 0.0 | **3.6** |
| Cash and cash equivalents | 0.0 | 0.0 | 413.9 | **413.9** | 0.0 | 0.0 | 320.7 | **320.7** |
| **Total** | **12.2** | **31.5** | **1,036.3** | **1,080.0** | **1.5** | **2.1** | **840.9** | **844.5** |
| | | | | | | | | |
| **Financial liabilities** | | | | | | | | |
| **Non-current financial liabilities** | | | | | | | | |
| Interest-bearing liabilities | 0.0 | 0.0 | 1,056.4 | **1,056.4** | 0.0 | 0.0 | 447.1 | **447.1** |
| Other payables | 0.0 | 0.0 | 7.9 | **7.9** | 0.0 | 0.0 | 10.5 | **10.5** |
| **Current financial liabilities** | | | | | | | | |
| Interest-bearing liabilities | 0.0 | 0.0 | 49.8 | **49.8** | 0.0 | 0.0 | 418.0 | **418.0** |
| Derivative financial instruments | 10.7 | 5.2 | 0.0 | **15.9** | 7.0 | 9.9 | 0.0 | **16.9** |
| Account and other payables | 0.0 | 0.0 | 362.4 | **362.4** | 0.0 | 0.0 | 308.6 | **308.6** |
| **Total** | **10.7** | **5.2** | **1,476.4** | **1,492.3** | **7.0** | **9.9** | **1,184.2** | **1,201.1** |

Additional information on financial instruments is presented in Note 34.

## 32.2. 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:

| | Carrying amount | | Fair value | | |
|---|---|---|---|---|---|
| **Financial assets** | **2022** | **2021** | **2022** | **2021** | **Note** |
| **Current financial assets** | | | | | |
| Account and other receivables | 622.5 | 520.2 | 622.5 | 520.2 | 19,20 |
| Derivative financial instruments | 43.7 | 3.6 | 43.7 | 3.6 | 34.1 |
| Cash and cash equivalents | 413.9 | 320.7 | 413.9 | 320.7 | 22 |
| **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 | 27.1 |
| Other payables | 7.9 | 10.5 | 7.9 | 10.5 | |
| **Current financial liabilities** | | | | | |
| Interest-bearing liabilities | 49.8 | 418.0 | 49.8 | 419.1 | 27.2 |
| Derivative financial instruments | 15.9 | 16.9 | 15.9 | 16.9 | 34.1 |
| Account and other payables | 362.4 | 308.6 | 362.4 | 308.6 | 25.2 |
| **Total** | **1,492.3** | **1,201.0** | **1,518.3** | **1,203.4** | |

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities 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.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 – inputs for the financial instrument that are not based on observable market data (unobservable inputs)

### 32.3. Hierarchy of fair values

The following table allocates financial assets and financial liabilities measured at fair value to the three levels of the fair value hierarchy.

| | 2022 | | | 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 derivate | 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** |

There were no significant changes in classification of fair value of financial assets and financial liabilities in the period 2021 to 2022. There were also no significant movements between the fair value hierarchy classifications.

The level 3 valuations in other payables are contingent consideration liabilities resulting from business combinations or the acquisition of non-controlling interest and the cash settled share based payment liability.

## 33. Management of financial risks

The nature of Konecranes' business and its global presence exposes it to a range of financial risks. These risks include (i) market risks, which include potential unfavorable changes in foreign exchange rates, interest rates and commodities (ii) liquidity risk and (iii) credit and counterparty risk.

### 33.1. Market risk

The responsibility of identifying, evaluating and controlling the financial risks arising from the Group's global business operations is divided between the business units and the Group Treasury. However, the Group uses an approach in which most of the management of financial risks is centralized to Konecranes' Group Treasury. The Group Treasury functions within the legal entity Konecranes Finance Corporation. By centralization and netting of internal foreign currency cash flows, the Group's external hedging needs can be minimized.

Konecranes Finance Corporation is not a profit center in the sense that it would pursue to maximize its profits. The company aims to serve the operating companies of the Group in reducing their financial risks.

The Group's global business operations involve market risks in the form of currency, interest rate and commodity risk. The Group's objective is to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets.

Business units hedge their risks internally with the Group Treasury. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes Finance Corporation, and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties are centralized to and managed in Konecranes Finance Corporation in accordance with the Group's Treasury Policy. In a few special cases, when the local central bank regulation prohibits using group services in hedging and funding, this must be done directly between an operating company and a bank under the supervision of the Group Treasury.

Konecranes Finance Corporation uses a treasury system, which enables practically a real-time processing of transactions and in-depth records of activities and performance. The standard reporting is done on a weekly basis and it covers group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, portfolio of derivatives and counterparty credit exposure for financial transactions. In addition, all Group companies participate in the monthly managerial and statutory reporting.

### Foreign exchange risk

The Group's global business operations generate foreign exchange risk. However, most of the business units only have transactions in their own currency, i.e. these units have their sales and costs as well as internal funding from Konecranes Finance Corporation in their local home currency. Only 30 out of some 150 Group companies operate regularly in a foreign currency. These companies hedge their foreign exchange risk with Group Treasury. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 1–24 months and is done by using internal foreign exchange forward contracts. In this way, Konecranes Finance Corporation can manage the foreign exchange risk of the whole Group. The foreign currency funding of the other Group companies and possibly some external foreign currency funding can net some of these foreign currency items. The residual net exposure can be covered with commercial banks using foreign exchange forward contracts or currency options. Currency derivatives belonging to hedge accounting are managed in a separate portfolio than derivatives hedging other commercial flows and funding and cannot thus be netted out against other internal items. These instruments are used when the hedging effect cannot be obtained through internal netting and matching of cash flows within the Group.

The business units' commercial bids in a foreign currency can be hedged by using currency options or exchange forwards, but, in general, using currency clauses covers the risk.

For certain large crane projects, the Group applies hedge accounting under IAS 39. Hedges are done by using foreign exchange forward contracts. Currently, only USD denominated projects are included in the hedge accounting. The hedge accounting portfolio comprises both USD sales and purchases where gross flows are hedged separately. At the end of 2022, the hedge accounting net cash flows totaled USD 338 million (USD 201 million in 2021).

The following table shows the transaction exposure of Konecranes Finance Corporation as of December 31, 2022, and December 31, 2021 (in EUR millions):

| | 2022 | 2021 |
|---|---|---|
| AED | 1 | 1 |
| AUD | 57 | 38 |
| BRL | 3 | 5 |
| CAD | 36 | 20 |
| CHF | 4 | 3 |
| CLP | 1 | 1 |
| CNY | -35 | -2 |
| CZK | -15 | 12 |
| DKK | 8 | 5 |
| GBP | 85 | 53 |
| HUF | -3 | 0 |
| IDR | 8 | 9 |
| INR | 2 | 3 |
| JPY | 1 | 2 |
| KZT | -1 | 0 |
| MXN | -2 | -1 |
| MYR | 14 | 4 |
| NOK | 2 | 2 |
| PHP | 5 | 3 |
| PLN | 1 | 0 |
| RON | 1 | 0 |
| SEK | -181 | -131 |
| SGD | -27 | -10 |
| THB | 6 | 4 |
| TWD | 0 | 1 |
| USD | 427 | 284 |
| VND | 1 | 2 |
| ZAR | 4 | 6 |

The following table shows the translation exposure, which represents the equity of the Group in a local currency as of December 31, 2022, and December 31, 2021 (in EUR millions):

| | 2022 | 2021 |
|---|---|---|
| AED | 10 | 11 |
| AUD | 12 | 10 |
| BDT | 1 | 1 |
| BRL | 19 | 14 |
| CAD | 11 | 12 |
| CHF | 9 | 3 |
| CLP | 11 | 8 |
| CNY | 90 | 124 |
| CZK | 10 | 9 |
| DKK | 6 | 6 |
| GBP | -18 | -19 |
| HKD | 1 | 0 |
| HUF | 3 | 3 |
| INR | 8 | 5 |
| IDR | 17 | 19 |
| JPY | -8 | -8 |
| MAD | 2 | 2 |
| MXN | 1 | 2 |
| MYR | 11 | 14 |
| NOK | 1 | 1 |
| PEN | 6 | 6 |
| PHP | 4 | 6 |
| PLN | 2 | 1 |
| RON | 2 | 2 |
| RUB | 6 | 7 |
| SAR | -2 | -1 |
| SGD | 5 | -37 |
| SEK | -10 | -6 |
| THB | 15 | 18 |
| TRY | -1 | 0 |
| TWD | 4 | 4 |
| UAH | -1 | 2 |
| USD | 57 | 33 |
| VND | 1 | 1 |
| ZAR | 4 | 2 |

See note 34 for the notional and fair values of derivative financial instruments.

Changes in currency rates can affect the profitability and equity of the Group. The US dollar has the biggest impact, as many of the large crane projects outside the United States are denominated in USD and because the Group has a lot of local business operations in the United States. A depreciation of the USD would have a negative impact.

The following table shows the theoretical effects that changes in the EUR/USD exchange rate would have on the Group's annual EBIT and equity. An appreciation of US dollar against euro for 10 % increases EBIT by EUR 48.9 million (36.9 million in 2021) and increases equity by EUR 6.4 million (3.6 million in 2021). The below table provides a sensitivity analysis over the past two years:

| Change in EUR/USD rate | 2022 EBIT | 2022 Equity | 2021 EBIT | 2021 Equity |
|---|---|---|---|---|
| +10% | -40.0 | -5.3 | -30.2 | -2.9 |
| -10% | +48.9 | +6.4 | +36.9 | +3.6 |

The EBIT effect comprises transaction exposure for euro-based companies having frequent sales in USD and the translation exposure from EBIT generated in USD translated into euros. The transaction position is estimated for 2022 as the USD positions change from one year to another and these changes are mainly due to timing of major ports projects and currencies used in them. The estimate of the effects is based on the assumption that the USD denominated transactions are not hedged. In practice, however, all large projects with long maturities generating a substantial portion of the annual changes in the transaction position are hedged and subject to project specific pricing and the sensitivity changes based on the net exposure of the outstanding payables and receivables at the year end 2022 are not material. The change in equity is the translation exposure on the Group's equity in USD.

Appreciating US dollar has a positive impact on Group's operating margin when it impacts the revenues and costs reported in euros asymmetrically. This is due to the fact that the exchange rate change impacts mostly both Group's revenues and costs and partly only either of these. If the EBIT generated in USD based entities as well as cash flows from long lasting projects, as they are subject to project specific pricing which in practice may be adjusted to reflect the currency rate changes, are excluded from the sensitivity analysis the effect on EBIT is estimated to be approximately a EUR 12 million increase (EUR 9 million in 2021) when the dollar appreciates 10 percent.

## Interest rate risk

Changes in market interest rates have an impact on the Group's net interest expenses and the market value of interest rate derivatives. The objective for interest rate risk management is to reduce the volatility impact the market interest rate changes cause by optimizing the allocation between fixed and floating interest rates according to principles set in capital structure management.

Approximately 94% of the Group's interest-bearing liabilities are denominated in euro (92% in 2021). See note 27.3 for the currency split of outstanding debt.

The portion of the Group's long-term debt of total debt is related to the Group's gearing ratio. The higher the ratio is, the bigger the share of long-term debt should be of the total loan portfolio in line with principles set in the capital structure management. The interest rate risk related to long term loans may be hedged with interest rate derivatives such as interest rate swaps for which hedge accounting is applied. Other instruments that can be used for which no hedge accounting is applied are forward rate agreements, interest rate futures and interest rate options.

A change of one percentage point in interest rates in the Group's long-term debt portfolio would have the following effect on the Group's income statement and equity:

| Change in interest rates | 2022 Income statement | 2022 Equity | 2021 Income statement | 2021 Equity |
|---|---|---|---|---|
| +1 | -7.5 | +2.8 | -3.6 | +0.0 |
| - 1 | +7.8 | -3.0 | +0.9 | -0.0 |

The sensitivity analysis is excluding the interest-bearing assets. The effect on income statement is comprised of the Group's floating long-term debt which is recognized through the statement of income. The effect on equity is comprised of the changes in fair value of interest rate derivatives, measured through other comprehensive income, which are hedging the debt portfolio.

### Commodity risk

By using fuel oil derivatives, the Group may reduce the negative effect caused by oil price fluctuation. The overall importance of the energy price risk is small compared to other financial risks and cannot be described as significant.

See note 34 for the notional and fair values of derivative financial instruments.

Steel prices are fixed as a normal part of the procurement process. Price changes naturally affect the future procurement, but these changes can be taken into consideration in the price quotes to the end customers.

In large crane projects, the steel structures are subcontracted and as a normal part of the subcontracting process, the steel is included in the price of the subcontracting (i.e. the price is fixed with the subcontractor).

The Group can procure steel and steel components and thus may have an inventory of those. Market price fluctuation of steel can impact the profitability of customer projects or cause inventory obsolescence.

## 33.2. Credit and counterparty risks

Credit risk arises from the potential failure of a commercial counterparty to meet its commercial payment obligations. To limit this risk, the Group applies a conservative credit policy towards customers. It is Konecranes practice to review customers carefully before entering into formal business relationships and to require credit reports from new customers. Customer credit risks are mitigated with advance payments, letters of credits, payment guarantees and credit insurance where applicable. With these actions and careful monitoring of the customer payments credit risks can be mitigated.

The business units manage credit risks related to their commercial flows. There is currently no significant concentration of credit risk regarding the commercial activities, as the number of customers is high and their geographic distribution is wide. It is the Group's policy not to fund its customers beyond regular payment terms. See note 19 for a table of an aging analysis of accounts receivable. The theoretical maximum credit risk equals the carrying amount of all receivables.

Counterparty risk arises from the potential failure of a financial institution to meet its payment obligations regarding financial instruments. All credit risks related to other financial instruments than the regular accounts receivable are managed by Konecranes Group Treasury. There is no substantial concentration of credit risk regarding the financial instruments, since investments are rare and hedging instruments are done with a number of banks. Additionally, counterparties for financial instruments are limited to the core banks of the Group. These are all major banks with good credit ratings. The majority of all financial instruments are of short-term nature, with maturity of less than one year. There are no significant deposits or loans granted with external counterparties.

The Group has counterparty risk in form of cash holdings in several banks around the world. Despite the active cash management structures the Group has in place, cash holdings globally with several banks are needed to ensure the liquidity of Group companies. The Group Treasury follows closely the exposure in the Group according to principles set out in the Treasury Policy and takes necessary actions for reducing the risk.

A credit risk is run on the financial assets of the Group, which consist of cash and cash equivalents, receivables and certain derivatives arising from default of the other party, with a maximum risk equal to the carrying amount of these instruments.

## 33.3. Liquidity risks

Liquidity risks concern the availability of liquid assets or funding. Lack of funding might jeopardize normal business operations and eventually might endanger the ability to fulfill daily payment obligations.

For managing the liquidity risks, the Group has established EUR 400 million committed revolving credit facility with an international loan syndication (2017–2024). At the end of 2022 the facility was unutilized. To cover the short-term funding needs, Konecranes Finance Corporation can borrow from institutional investors through domestic commercial paper program (totaling EUR 500 million). In addition, business units around the world have working capital facilities totaling some EUR 270 million to cover the day-to-day funding needs. Cash and cash equivalents totalled EUR 417.8 million at the end of 2022 (EUR 323.5 million in 2021).

See note 27.3 for the maturity profile of the Group's financial liabilities.

### 33.4. Capital structure management

The primary objective of the Group's capital structure management is to ensure that it maintains a good credit status and a healthy capital ratio to support its business operations. At the same time, the Group also aims to maximize shareholder value by effective use of capital.

The Group manages its capital structure and fine-tunes it to adjust to probable changes in economic conditions. These actions may include adjusting the dividend payment to shareholders, buying back own shares or issuing new shares.

The Group monitors its capital structure using gearing ratio. This is calculated as a ratio of interest-bearing liabilities less liquid assets less loans receivable to total equity. At the end of 2022, the gearing ratio was 48.0% (39.8% in 2021).

The Group has a quantitative target for the capital structure in which the Interest-bearing net debt to equity ratio (gearing) should be below 80%.

The Group decides on the split between long-term and short-term debt in relation to the gearing ratio level. The following table shows the rough guidelines for the portion of long–term debt of total debt under different gearing ratio levels:

| Gearing ratio level | Portion of long–term of total debt |
|---|---|
| Under 50% | Under 1/3 |
| Between 50–80% | Between 1/3 and 2/3 |
| Over 80% | Over 2/3 |

The Group monitors the gearing ratio level on a weekly basis. The target of the Group's capital management has been met in recent years.

## 34. Hedge activities and derivatives

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 cash-flow 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.

### 34.1. Nominal and fair values of derivative financial instruments

| | 2022 Nominal value | 2022 Fair value | 2021 Nominal value | 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** |

See note 32.3 for the fair values of the derivatives recognized in assets and liabilities.

#### Derivatives not designated as hedging instruments

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

#### Cash flow hedges

**Foreign currency and interest 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.

### 34.2. Fair value reserve of cash flow hedges

| | 2022 | 2021 |
|---|---|---|
| Balance as of January 1 | -2.8 | 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 December 31** | **-1.2** | **-2.8** |

# Company list

| Subsidiaries owned by the parent company | | Book value of shares (1,000 EUR) | Parent company's share, % | Group's share, % |
|---|---|---|---|---|
| Finland: | Konecranes Finance Oy | 46,448 | 100 | 100 |
| | Konecranes Finland Oy | 17,163 | 26.02 | 100 |
| | Konecranes Global Oy | 102,391 | 100 | 100 |

| Subsidiaries owned by the group | | Book value of shares (1,000 EUR) | Group's share, % |
|---|---|---|---|
| Australia: | Konecranes and Demag Pty Ltd | 22,172 | 100 |
| | MHE-Demag Australia Pty Ltd | 16,858 | 100 |
| Austria: | Konecranes and Demag Ges.m.b.H. | 29,775 | 100 |
| Bangladesh: | Konecranes and Demag (Bangladesh) Ltd. | 111 | 100 |
| Belgium: | S.A. Konecranes N.V. | 6,150 | 100 |
| Brazil: | Konecranes Demag Brasil Ltda. | 32,688 | 100 |
| Canada: | Konecranes Canada Inc. | 893 | 100 |
| Chile: | Konecranes Chile SpA | 1 | 100 |
| China: | Cranes and Parts Trading (Shanghai) Co., Ltd. | 5,862 | 100 |
| | Dalian Konecranes Company Ltd. | 2,343 | 100 |
| | Demag Cranes & Components (Shanghai) Co., Ltd. | 14,349 | 100 |
| | Konecranes (Shanghai) Co. Ltd. | 0 | 100 |
| | Konecranes (Shanghai) Company Ltd. | 4,499 | 100 |
| | Konecranes Manufacturing (Jiangsu) Co., Ltd. | 29,637 | 100 |
| | Konecranes Port Machinery (Shanghai) Co., Ltd. | 7,623 | 100 |
| | SWF Krantechnik Co., Ltd. | 833 | 100 |
| Czech Republic: | Konecranes and Demag s.r.o. | 2,823 | 100 |
| Denmark: | Konecranes Demag A/S | 12,531 | 100 |
| Estonia: | Konecranes Oü | 0 | 100 |
| Finland: | Nosturiexpertit Oy | 10 | 100 |
| France: | KCI Holding France SAS | 40,500 | 100 |
| | Konecranes (France) SAS | 3,752 | 100 |
| | MHPS Cranes France SAS | 13,180 | 100 |
| | Verlinde SAS | 10,720 | 100 |
| Germany: | Demag Cranes & Components GmbH | 744,202 | 100 |
| | Eurofactory GmbH | 1,239 | 100 |
| | Konecranes GmbH | 483,804 | 100 |
| | Konecranes Holding GmbH | 315,262 | 100 |
| | Konecranes Noell GmbH | 37,501 | 100 |
| | Konecranes Real Estate GmbH Co. & KG | 36,364 | 100 |
| | Konecranes Real Estate Verwaltungs GmbH | 28 | 100 |
| | Kranservice Rheinberg GmbH | 1,492 | 100 |
| | SWF Krantechnik GmbH | 15,500 | 100 |
| Greece: | Konecranes Hellas Lifting Equipment and Services S.A. | 60 | 100 |
| Hong Kong: | Konecranes Hong Kong Limited | 0 | 100 |
| Hungary: | Konecranes Kft. | 889 | 100 |
| | Konecranes Supply Hungary Kft. | 1,856 | 100 |
| India: | Konecranes and Demag Private Limited | 17,434 | 100 |
| Indonesia: | PT. Konecranes | 2,505 | 100 |
| | PT MHE-Demag Indonesia | 3,600 | 100 |
| | PT MHE-Demag Technology Indonesia | 304 | 67 |
| Ireland: | Konecranes and Demag Limited | 300 | 100 |
| Israel: | Konecranes Israel Ltd | 0 | 100 |
| Italy: | Demag Cranes & Components S.r.l. | 13,997 | 100 |
| | Donati Sollevamenti S.r.l. | 2,561 | 100 |
| | MHPS Italia S.r.l. | 0 | 100 |
| Japan: | Konecranes Company, Ltd. | 0 | 100 |
| Latvia: | SIA Konecranes Latvija | 2 | 100 |
| Lithuania: | UAB Konecranes | 139 | 100 |
| Luxembourg: | Materials Handling International S.A. | 300 | 100 |
| Malaysia: | Konecranes Sdn. Bhd. | 534 | 100 |
| | Mechanical Handling Engineering (M) Sdn Bhd | 427 | 100 |
| | MHE-Demag Logistics Malaysia Sdn Bhd | 2,669 | 100 |
| | MHE-Demag Malaysia Sdn Bhd | 7,003 | 100 |
| | Rainfields Estate Sdn Bhd | 1,299 | 100 |
| Mexico: | Konecranes Mexico S.A. de C.V. | 2,188 | 100 |
| Morocco: | Konecranes Maghreb S.a.r.l. | 50 | 100 |
| The Netherlands: | Konecranes B.V. | 4,201 | 100 |
| | Konecranes Holding B.V. | 313,851 | 100 |
| | Port Software Solutions B.V. | 37,412 | 100 |
| | TBA B.V. | 3,678 | 100 |
| Norway: | Konecranes AS | 3,588 | 100 |
| Peru: | Konecranes Peru S.R.L. | 0 | 100 |
| Philippines: | MHE-Demag (P), Inc. | 5,826 | 100 |
| Poland: | Konecranes and Demag Sp. z o.o. | 1,359 | 100 |
| Portugal: | Konecranes and Demag, Lda. | 3,293 | 100 |
| Romania: | S.C. Konecranes S.A. | 98 | 100 |
| | S.C. TBA RO S.r.l. | 10 | 100 |
| Russia: | AO "Konecranes Demag Rus" | 0 | 100 |
| Saudi Arabia: | Saudi Cranes & Steel Works Factory Co. Ltd. | 9,635 | 100 |

| Subsidiaries owned by the group | | (1,000 EUR) Book value of shares | Group's share, % |
|---|---|---|---|
| Singapore: | KCI Cranes Holding (Singapore) Pte. Ltd. | 114,764 | 100 |
| | MHE-Demag (S) Pte. Ltd. | 199,621 | 100 |
| Slovakia: | Konecranes Slovakia s.r.o. | 200 | 100 |
| Slovenia: | Konecranes, d.o.o. | 200 | 100 |
| South Africa: | Konecranes and Demag (Pty) Ltd. | 0 | 100 |
| | Port Equipment Southern Africa (Pty) Ltd | 0 | 100 |
| Spain: | Konecranes and Demag Ibérica, S.L.U. | 31,799 | 100 |
| Sweden: | Konecranes AB | 1,229 | 100 |
| | Konecranes Lifttrucks AB | 20,892 | 100 |
| | Konecranes Sweden Holding AB | 1,682 | 100 |
| | Ulvaryd Fastighets AB | 1,168 | 100 |
| Switzerland: | Konecranes and Demag AG | 17,205 | 100 |
| Taiwan: | MHE-Demag Taiwan Company Limited | 1,813 | 100 |
| Thailand: | Katrolin Enterprise (T) Ltd | 86 | 100 |
| | Katrolin Holding (T) Ltd | 98 | 100 |
| | Konecranes (Thailand) Ltd.* | 118 | 49 |
| | Mahakorn (T) Ltd | 83 | 100 |
| | MHE-Demag (T) Ltd | 301 | 100 |
| | MHE-Demag Technology (T) Ltd | 260 | 100 |
| | Scenic Wealth (T) Ltd | 144 | 100 |
| Turkey: | Konecranes Ticaret Ve Servis Limited Sirketi | 93 | 100 |
| Ukraine: | Konecranes Ukraine JSC | 2,049 | 100 |
| | PJSC "Zaporozhje Kran Holding" | 204 | 100 |
| | JSC "Zaporozhcran" | 0 | 90.43 |
| United Arab Emirates: | Demag Cranes & Components Holding Ltd. | 0 | 100 |
| | Demag Cranes & Components (Middle East) FZE | 14,991 | 100 |
| | Konecranes Middle East FZE | 1,774 | 100 |
| United Kingdom: | KCI Holding UK Ltd. | 13,656 | 100 |
| | Konecranes Demag UK Limited | 6,387 | 100 |
| | Lloyds Konecranes Pension Trustees Ltd. | 0 | 100 |
| | Morris Material Handling Ltd. | 564 | 100 |
| | TBA Doncaster Limited | 2,011 | 100 |
| | TBA Leicester Limited | 10,342 | 100 |
| | UKMHPS Limited | 39,198 | 100 |
| U.S.A. | Demag Cranes & Components Corp. | 63,501 | 100 |
| | KCI Holding USA Inc. | 53,901 | 100 |
| | Konecranes, Inc. | 49,962 | 100 |
| | Konecranes Nuclear Equipment & Services, LLC | 0 | 100 |
| | MMH Americas, LLC | 0 | 100 |
| | Morris Material Handling, Inc. | 66,978 | 100 |
| | R&M Materials Handling, Inc. | 7,688 | 100 |

| Subsidiaries owned by the group | | (1,000 EUR) Book value of shares | Group's share, % |
|---|---|---|---|
| Vietnam: | Konecranes Vietnam Co., Ltd | 0 | 100 |
| | MHE-Demag Vietnam Company Ltd | 2,790 | 100 |

* Konecranes Group has the majority representation on the entity's board of directors and approves all major operational decisions and thereby Konecranes consolidates them in the Group's financial statements.

| Other shares and joint operations | | Assets value | Group's share, % |
|---|---|---|---|
| Estonia: | AS Konesko | 4,448 | 49.46 |
| Finland: | Kiinteistöosakeyhtiö Kuikantorppa | 261 | 50 |

| Investments accounted for using the equity method | | Assets value | Group's share, % |
|---|---|---|---|
| China: | Guangzhou Technocranes Company, Ltd. | 428 | 25 |
| | Jiangyin Dingli Shengshai High Tech Industrial Crane Company, Ltd. | 65 | 30 |
| | Shanghai High Tech Industrial Crane Company, Ltd. | 2,925 | 28 |
| Finland: | Fantuzzi Noell Baltic Oy | 388 | 25 |
| France: | Boutonnier Adt Levage S.A. | 551 | 25 |
| | Levelec S.A. | 228 | 20 |
| | Manulec S.A. | 213 | 25 |
| | Manelec S.A.R.L. | 106 | 25 |
| | S.E.R.E. Maintenance S.A. | 255 | 25 |
| Germany: | AQZ Ausbildungs- und Qualifizierungszentrum Düsseldorf GmbH | 0 | 30 |
| The Netherlands: | TBA Consultancy B.V. | 773 | 49 |
| Singapore: | MHE-Demag Techonology (S) Pte. Ltd. | 552 | 49.99 |
| Switzerland: | Demag IP Holdings GmbH | 159 | 50 |
| Thailand: | CSA Crane Service Asia Company Ltd | 74 | 49 |
| United Arab Emirates: | Crane Industrial Services LLC | 1,074 | 49 |

| Available-for-sale investments | | Book value of shares | Group's share, % |
|---|---|---|---|
| Finland: | East Office of Finnish Industries Oy | 50 | 5.26 |
| | Dimecc Oy | 120 | 5.69 |
| | Kiinteistö Oy Pärjä | 26 | 46.67 |
| | Levator Oy | 0 | 19 |
| | Vierumäen Kuntorinne Oy | 326 | 3.3 |
| France: | Heripret Holding SAS | 53 | 19 |
| Malaysia: | Kone Products & Engineering Sdn. Bhd. | 0 | 10 |
| Venezuela: | Gruas Konecranes CA | 20 | 10 |
| Others: | | 187 | |
| **Total:** | | **782** | |

# Parent company statement of income – FAS

| **(1,000 EUR)** | | **Jan 1–Dec 31 2022** | **Jan 1–Dec 31 2021** |
|---|---|---|---|
| Note: | | | |
| 2 | Depreciation and impairments | -184 | -179 |
| 3 | Other operating expenses | -15,627 | -48,913 |
| | | | |
| | **Operating profit** | **-15,810** | **-49,092** |
| | | | |
| 4 | Financial income and expenses | 81,669 | 35,841 |
| | | | |
| | **Income before appropriations and taxes** | **65,859** | **-13,251** |
| | | | |
| 5 | Appropriations | 39,445 | 52,388 |
| 6 | Income taxes | -4,979 | -362 |
| | | | |
| | **Net income** | **100,325** | **38,775** |

# Parent company balance sheet – FAS

| (1,000 EUR) | | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|---|
| Note: | | | |
| | **ASSETS** | | |
| | **NON-CURRENT ASSETS** | | |
| | **Tangible assets** | | |
| 7 | Machinery and equipment | 364 | 547 |
| | | **364** | **547** |
| | | | |
| 8 | **Investments** | | |
| | Investments in Group companies | 153,040 | 153,040 |
| | Other shares and similar rights of ownership | 171 | 170 |
| | | **153,211** | **153,210** |
| | | | |
| | **Total non-current assets** | **153,575** | **153,758** |
| | | | |
| | **CURRENT ASSETS** | | |
| | **Long-term receivables** | | |
| | Loans receivable from Group companies | 763,780 | 1,043,232 |
| | | **763,780** | **1,043,232** |
| | | | |
| | **Short-term receivables** | | |
| | Accounts receivable | 0 | 10,988 |
| | Amounts owed by Group companies | | |
| | Accounts receivable | 4,397 | 4,538 |
| 10 | Deferred assets | 103,155 | 74,897 |
| | Other receivables | 3,560 | 8,407 |
| 10 | Deferred assets | 374 | 2,703 |
| | | **111,485** | **101,534** |
| | | | |
| | **Cash in hand and at banks** | **3** | **3** |
| | | | |
| | **Total current assets** | **875,268** | **1,144,769** |
| | | | |
| | **TOTAL ASSETS** | **1,028,843** | **1,298,527** |

| (1,000 EUR) | | Dec 31, 2022 | Dec 31, 2021 |
|---|---|---|---|
| Note: | | | |
| | **SHAREHOLDERS' EQUITY AND LIABILITIES** | | |
| 11 | **EQUITY** | | |
| | Share capital | 30,073 | 30,073 |
| | Share premium account | 39,307 | 39,307 |
| | Paid in capital | 775,176 | 774,591 |
| | Retained earnings | 81,367 | 141,510 |
| | Net income for the period | 100,325 | 38,775 |
| | | **1,026,248** | **1,024,256** |
| | | | |
| | **APPROPRIATIONS** | | |
| | **Depreciation difference** | **0** | **65** |
| | | | |
| | **LIABILITIES** | | |
| | | | |
| | **Long-term liabilities** | | |
| | Loans payable - Intercompany | 0 | 893 |
| | | **0** | **893** |
| | **Current liabilities** | | |
| 12 | Bond | 0 | 249,841 |
| | Accounts payable | 1,163 | 9,892 |
| | Liabilities owed to Group companies | | |
| | Accounts payable | 144 | 140 |
| 13 | Accruals | 0 | 2,102 |
| | Other short-term liabilities | 71 | 1,001 |
| 13 | Accruals | 1,216 | 10,338 |
| | | **2,595** | **273,313** |
| | | | |
| | **Total liabilities** | **2,595** | **274,206** |
| | | | |
| | **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **1,028,843** | **1,298,527** |

# Parent company cash flow – FAS

| (1,000 EUR) | Jan 1–Dec 31 2022 | Jan 1–Dec 31 2021 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Operating income** | **-15,810** | **-49,092** |
| Adjustments to operating profit | | |
| Depreciation and impairments | 184 | 179 |
| Group contributions from subsidiaries | 52,340 | 58,320 |
| **Operating income before changes in net working capital** | **36,713** | **9,407** |
| | | |
| Change in interest-free short-term receivables | 11,977 | -4,435 |
| Change in interest-free short-term liabilities | -18,060 | 7,300 |
| **Change in net working capital** | **-6,084** | **2,864** |
| | | |
| **Cash flow from operations before financing items and taxes** | **30,630** | **12,271** |
| | | |
| Interest received | 5,352 | 5,231 |
| Interest paid | -4,371 | -4,514 |
| Other financial income and expenses | -1,969 | -1,866 |
| Income taxes paid | -26 | -5,049 |
| **Financing items and taxes** | **-1,014** | **-6,198** |
| | | |
| **NET CASH FROM OPERATING ACTIVITIES** | **29,616** | **6,073** |

| (1,000 EUR) | Jan 1–Dec 31 2022 | Jan 1–Dec 31 2021 |
|---|---|---|
| **Cash flow from investing activities** | | |
| Investments in other shares | -1 | 0 |
| Capital expenditure and advance payments to tangible assets | 0 | -35 |
| Dividends received | 40,000 | 37,500 |
| **NET CASH USED IN INVESTING ACTIVITIES** | **39,999** | **37,465** |
| | | |
| **Cash flow before financing activities** | **69,615** | **43,537** |
| | | |
| **Cash flow from financing activities** | | |
| Proceeds from share based payments and share issues | 585 | 0 |
| Repayments of long-term receivables | 278,560 | 26,101 |
| Repayments of long-term liabilities | -249,841 | 0 |
| Dividends paid | -98,918 | -69,638 |
| **NET CASH USED IN FINANCING ACTIVITIES** | **-69,614** | **-43,537** |
| | | |
| **CHANGE OF CASH AND CASH EQUIVALENTS** | **0** | **0** |
| | | |
| Cash and cash equivalents at beginning of period | 3 | 3 |
| Cash and cash equivalents at end of period | 3 | 3 |
| **CHANGE OF CASH AND CASH EQUIVALENTS** | **0** | **0** |

# Notes to the parent company's Financial Statement

## 1. Accounting principles

The financial statements of the company have been prepared in euro and in accordance with accounting principles generally accepted in Finland.

**STATEMENT OF INCOME**
(1,000,000 EUR)

## 2. Depreciation and impairments

| | 2022 | 2021 |
|---|---|---|
| Machinery and equipment | 0.2 | 0.2 |
| **Total** | **0.2** | **0.2** |

The values of fixed assets are based on original acquisition values. Depreciation periods, which are based on estimated financial operating times, are as follows:

- Immaterial rights 5–10 years
- Machines and inventory 4–10 years

## 3. Other operating expenses and personnel

Costs and expenses in the Statement of Income were as follows:

| | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 3.2 | 3.3 |
| Pension costs | 0.5 | 0.5 |
| Other personnel expenses | 0.1 | 0.0 |
| Other operating expenses | 0.4 | 0.4 |
| **Total** | **4.2** | **4.2** |

Wages and salaries in accordance with the Statement of Income:

| | 2022 | 2021 |
|---|---|---|
| Remuneration to Board | 0.7 | 0.6 |
| Other wages and salaries | 2.5 | 2.7 |
| **Total** | **3.2** | **3.3** |
| | | |
| **The average number of personnel** | **4** | **5** |
| | | |
| **Auditors fees** | | |
| Audit | 0.7 | 0.6 |
| Other services | 0.1 | 0.0 |
| **Total** | **0.8** | **0.6** |

## 4. Financial income and expenses

| | 2022 | 2021 |
|---|---|---|
| Financial income from long-term investments: | | |
| Dividend income from Group companies | 80.0 | 37.5 |
| **Dividend income total** | **80.0** | **37.5** |
| | | |
| Interest income from long-term receivables: | | |
| From Group companies | 5.2 | 5.2 |
| **Interest income from long-term receivables total** | **5.2** | **5.2** |
| | | |
| **Financial income from long-term investments total** | **85.2** | **42.7** |
| | | |
| Interest and other financial income | 0.0 | 0.1 |
| **Interest and other financial income total** | **0.0** | **0.1** |
| | | |
| Interest expenses and other financial expenses: | | |
| Other financial expenses | 3.5 | 7.0 |
| **Interest expenses and other financial expenses total** | **3.5** | **7.0** |
| | | |
| **Financial income and expenses total** | **81.7** | **35.8** |

## 5. Appropriations

| | 2022 | 2021 |
|---|---|---|
| Difference between planned and untaxed depreciations | 0.1 | 0.0 |
| Group contributions received from subsidiaries | 39.4 | 52.3 |
| **Total** | **39.4** | **52.4** |

## 6. Income taxes

| | 2022 | 2021 |
|---|---|---|
| Taxes on appropriations | 7.9 | 10.5 |
| Taxes on ordinary operations | -2.9 | -10.1 |
| Taxes from previous years | 0.0 | 0.0 |
| **Total** | **5.0** | **0.4** |

**BALANCE SHEET**

## 7. Machinery and equipment

| | 2022 | 2021 |
|---|---|---|
| Acquisition costs as of January 1 | 1.2 | 1.2 |
| Increase | 0.0 | 0.0 |
| Acquisition costs as of December 31 | 1.2 | 1.2 |
| Accumulated depreciation January 1 | -0.7 | -0.5 |
| Accumulated depreciation | -0.2 | -0.2 |
| **Total as of December 31** | **0.4** | **0.5** |

## 8. Investments

| | 2022 | 2021 |
|---|---|---|
| Acquisition costs as of January 1 | 153.2 | 153.2 |
| Increase | 0.0 | 0.0 |
| **Total as of December 31** | **153.2** | **153.2** |

### Investments in Group companies

| | Domicile | 2022 Carrying amount | 2021 Carrying amount |
|---|---|---|---|
| Konecranes Finance Corp. | Hyvinkää | 46.4 | 46.4 |
| Konecranes Finland Corp. | Hyvinkää | 4.2 | 4.2 |
| Konecranes Global Corp. | Hyvinkää | 102.4 | 102.4 |
| **Total** | | **153.0** | **153.0** |

### Other shares and similar rights of ownership

| | 2022 | 2021 |
|---|---|---|
| East Office of Finnish Industries Oy | 0.1 | 0.1 |
| Dimecc Oy | 0.1 | 0.1 |
| China Office of Finnish Industries | 0.0 | 0.0 |
| **Total** | **0.2** | **0.2** |

## 9. Treasury shares

| | 2022 | 2021 |
|---|---|---|
| Number of shares as of January 1 | 87,447 | 87,447 |
| Decrease | -32,140 | 0 |
| **Number of shares as of December 31** | **55,307** | **87,447** |

## 10. Deferred assets

| | 2022 | 2021 |
|---|---|---|
| Group contributions | 39.4 | 52.3 |
| Income taxes | 3.5 | 8.4 |
| Payments which will be realized during the next financial year | 61.9 | 22.7 |
| Interest | 2.4 | 2.6 |
| **Total** | **107.1** | **86.0** |

## 11. Equity

| | 2022 | 2021 |
|---|---|---|
| Share capital as of January 1 | 30.1 | 30.1 |
| **Share capital as of December 31** | **30.1** | **30.1** |
| | | |
| Share premium account as of January 1 | 39.3 | 39.3 |
| **Share premium account as of December 31** | **39.3** | **39.3** |
| | | |
| Paid in capital as of January 1 | 774.6 | 774.6 |
| Increase | 0.6 | 0.0 |
| **Paid in capital as of December 31** | **775.2** | **774.6** |
| | | |
| Retained earnings as of January 1 | 180.3 | 211.1 |
| Dividend paid | -98.9 | -69.6 |
| **Retained earnings as of December 31** | **81.4** | **141.5** |
| | | |
| **Net income for the period** | **100.3** | **38.8** |
| | | |
| **Shareholders' equity as of December 31** | **1,026.2** | **1,024.3** |
| | | |
| **Distributable equity** | | |
| | | |
| Paid in capital as of December 31 | 775.2 | 774.6 |
| Retained earnings as of December 31 | 81.4 | 141.5 |
| Net income for the period | 100.3 | 38.8 |
| **Total** | **956.9** | **954.9** |

## 12. Interest-bearing liabilities

| | 2022 | 2021 |
|---|---|---|
| Bond, short-term | 0.0 | 249.8 |
| **Total** | **0.0** | **249.8** |

A EUR 250 million bond was issued on June 9, 2017 and it matured on June 9, 2022. The bond had a three-month per call and an annual coupon rate of 1.75%.

## 13. Accruals

| | 2022 | 2021 |
|---|---|---|
| Wages, salaries and other personnel expenses | 1.0 | 1.9 |
| Interest | 0.0 | 2.5 |
| Other items | 0.2 | 8.0 |
| **Total** | **1.2** | **12.4** |

## 14. Contingent liabilities and pledged assets

| | 2022 | 2021 |
|---|---|---|
| **For obligations of subsidiaries** | | |
| Group guarantees | 1,238.0 | 1,235.2 |
| | | |
| **Leasing liabilities** | | |
| Next year | 0.5 | 0.5 |
| Later on | 0.1 | 0.5 |
| **Total** | **0.6** | **0.9** |

Leasing contracts mainly have a maturity of three years and they have no terms of redemption.

| | 2022 | 2021 |
|---|---|---|
| **Total by category** | | |
| Guarantees | 1,238.0 | 1,235.2 |
| Other liabilities | 0.6 | 0.9 |
| **Total** | **1,238.6** | **1,236.2** |

## 15. Nominal and fair values of derivative financial instruments

| | 2022 Fair value | 2022 Nominal value | 2021 Fair value | 2021 Nominal value |
|---|---|---|---|---|
| Foreign exchange forward contracts | 0.0 | 1.6 | 0.0 | 0.0 |

Derivatives are used for currency rate hedging only.

The derivative financial instruments are recognized according to KPL 5:2a at fair value in the parent company financial statements and the company does not apply hedge accounting for these derivatives.

# Board of Directors' proposal to the Annual General Meeting

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 financial year-end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.25 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Espoo, February 1, 2023

**Christoph Vitzthum**
Chairman of the Board

**Pasi Laine**
Vice chairman

**Pauli Anttila**
Board member

**Janina Kugel**
Board member

**Ulf Liljedahl**
Board member

**Niko Mokkila**
Board member

**Per Vegard Nerseth**
Board member

**Sami Piittisjärvi**
Board member

**Päivi Rekonen**
Board member

**Helene Svahn**
Board member

**Anders Svensson**
CEO

# Auditor's report
(Translation of the Swedish original)

To the Annual General Meeting of Konecranes Plc

## Report on the Audit of Financial Statements

### Opinion
We have audited the financial statements of Konecranes Plc (business identity code 0942718-2) for the year ended December 31, 2022. The financial statements comprise the consolidated balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

**In our opinion**
- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

### Basis for Opinion
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5 (1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 7.1 to the consolidated financial statements and note 3 to the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Revenue recognition of long-term contracts and related provisions**<br><br>Refer to note 2.2 Use of estimates and judgments, note 2.3 Summary of significant accounting policies, note 5, note 6 and note 24. | |
| In accordance with its accounting principles, Konecranes applies the percentage of completion (PoC) method (performance obligations satisfied over time) for recognizing revenue from long-term crane projects. The percentage of completion is based on the cost-to-cost method.<br><br>The percentage of completion method of accounting involves the use of significant management assumptions, estimates and projections, principally relating to future material, labor and project-related overhead costs and the estimated stage of completion. In year 2022, approximately 9 % percent of the sales of 3.4 billion euro were recognized under the PoC method. Revenue recognition of long-term contracts is a key audit matter and a significant risk of misstatement as defined by EU Regulation No 537/2014, point (c) of Article 10(2). | Our audit procedures to address the risk of material misstatement in respect of the long-term contracts included among others:<br><br>• Assessing the Group's accounting policies over revenue recognition of long-term contracts;<br>• Gaining an understanding of the PoC revenue recognition process;<br>• Examination of the project documentation and testing the PoC calculations and inputs of estimates in the calculations and comparing the estimates to actuals;<br>• Analytical procedures;<br>• Assessing significant judgments made by management based on an examination of the associated project documentation and discussion on the status of projects under construction with finance and project managers of the Company; and<br>• Assessing the Group's disclosures in respect of revenue recognition. |
| Konecranes makes several types of provisions related to risks associated with long-term project contracts and PoC accounting. These PoC related provisions require high level of management judgment and are a key audit matter due to that reason. | We have designed our audit procedures to be responsive to this specific audit area and our procedures included among others:<br><br>• Gaining an understanding of the PoC related provisions process;<br>• Testing the provision calculations and the inputs of estimates in these calculations and comparing estimates to actuals; and<br>• Performing inquiries with management with regards to any significant events or legal matters that could affect the provisions. |

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Revenue recognition**<br><br>Refer to note 2.3 Summary of significant accounting policies and note 5. | |
| According to the Group's accounting policies revenue is recognized at an amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. Goods and services are generally considered to be transferred when the customer obtains control. The terms and conditions of sales contracts vary by market and, in addition, the local management might feel pressure to achieve the revenue targets set.<br><br>Revenue recognition is a key audit matter and a significant risk of material misstatement as defines by EU Regulation No 537/2014, point (c) of Article 10(2) due to the significant risk relating to an incorrect timing of recognition of revenue. | Our audit procedures to address the risk of material misstatement in respect of correct timing of revenue recognition included among others:<br><br>• Analytical procedures;<br>• Assessing the Group's accounting policies over revenue recognition compared to applicable accounting standards;<br>• Assessing the revenue recognition process and –methodologies and testing controls;<br>• Testing revenue with substantive analytical procedures and by testing sales transactions;<br>• Assessing the Group's disclosures in respect of revenues. |
| **Valuation of goodwill**<br><br>Refer to note 2.2 Use of estimates and judgments, note 2.3 Summary of significant accounting policies and note 13. | |
| The value of goodwill at the date of the financial statements on 31 Dec 2022 amounted to 1.0 billion euros representing 23 % of total assets and 71 % of equity (2021: 1.0 billion euro, 27% of the total assets and 75 % of equity).<br><br>Valuation of goodwill is tested annually through goodwill impairment test. Konecranes has allocated goodwill to cash generating units (CGUs) which is the level for goodwill impairment test. The recoverable amount of a cash generating unit is based on value in use calculations, the outcome of which could vary significantly if different assumptions were applied. There are a number of assumptions used to determine the value in use of the cash generating units, including revenue growth, development of fixed costs, the operating margin and the discount rate applied. Changes in the above-mentioned assumptions may result in an impairment of goodwill. | Our audit procedures to address the risk of material misstatement relating to goodwill valuation included among others, involving our valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group, in particular those relating to the discount rate. We specifically focused on the cash generating units for which reasonably possible changes in assumptions could cause the carrying value to exceed its recoverable amount. We also assessed the historical accuracy of managements' estimates. We assessed the Group's disclosures in note 13 in the financial statements about the assumptions to which the outcome of the impairment tests were more sensitive. |

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| The annual impairment test is a key audit matter because<br>• The assessment process is complex and is based on numerous judgmental estimates;<br>• It is based on assumptions relating to market or economic conditions; and<br>• Of the significance of the goodwill to the balance sheet total.<br>Valuation of goodwill is a significant risk of misstatement as defined by EU Regulation No 537/2014, point (c) of Article 10(2). | |

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Reporting Requirements

### Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on March 8, 2006, and our appointment represents a total period of uninterrupted engagement of 17 years.

### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Governance publication but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Governance publication is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions based on assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

**Helsinki, February 1, 2023**

**Ernst & Young Oy**
Authorized Public Accountant Firm

**Toni Halonen**
Authorized Public Accountant

# Independent Auditor's Report on Konecranes Plc's ESEF-Consolidated Financial Statements

(Translation of the Swedish original)

To the Board of Directors of Konecranes Plc

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 549300EF0CDEQZBMA096-2022-12-31-sv.zip of Konecranes Plc for the financial year January 1 – December 31, 2022 to ensure that the financial statements are marked/tagged with iXBRL in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

## Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESESF RTS. This responsibility includes:

- preparation of ESEF-financial statements in accordance with Article 3 of ESEF RTS
- tagging the consolidated financial statements included within the ESEF- financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- ensuring consistency between ESEF financial statements and audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of ESEF RTS.

## Auditor's Independence and Quality Control

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The auditor applies International Standard on Quality Control (ISQC) 1 and therefore maintains a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the tagging of the notes to the financial statements and the entity identifier information in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF-financial statements are consistent with the audited financial statements

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our statement.

## Opinion

In our opinion the tagging of the consolidated financial statement included in the ESEF financial statement of Konecranes Plc for the year ended December 31, 2022 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Konecranes Plc for the year ended December 31, 2022 is included in our Independent Auditor's Report dated February 1, 2023. In this report, we do not express an audit opinion any other assurance on the consolidated financial statements.

**Helsinki 28.2.2023**

**Ernst & Young Oy**
Authorized Public Accountant Firm

**Toni Halonen**
Authorized Public Accountant

# Company information for ESEF reporting

| | |
|---|---|
| Domicile of entity | Hyvinkää |
| Legal form of entity | Publicly Listed Company |
| Country of incorporation | Finland |
| Address of entity's registered office | Koneenkatu 8, 05830 Hyvinkää, Finland |
| Principal place of business | Hyvinkää |
| Description of nature of entity's operations and principal activities | 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 reportable segments: Service, Industrial Equipment and Port Solutions. |
| Name of parent entity | Konecranes Plc |
| Name of ultimate parent of group | Konecranes Plc |

# Shares and shareholders

According to the register of Konecranes Plc's shareholders kept by Euroclear Finland Oy, there were 57,448 (2021: 49,299) shareholders at the end of the 2022.

### Largest shareholders according to the share register on December 31, 2022

| | | Number of shares and votes | % of shares and votes |
|---|---|---|---|
| 1 | Solidium Oy | 8,000,000 | 10.1% |
| 2 | HC Holding Oy Ab | 7,931,238 | 10.0% |
| 3 | Gustavson Stig and family* | 2,366,157 | 3.0% |
| 4 | Ilmarinen Mutual Pension Insurance Company | 2,100,000 | 2.7% |
| 5 | Varma Mutual Pension Insurance Company | 1,785,293 | 2.3% |
| 6 | Holding Manutas Oy | 1,065,000 | 1.3% |
| 7 | Elo Mutual Pension Insurance Company | 1,025,000 | 1.3% |
| 8 | Nordea Funds | 725,103 | 0.9% |
| 9 | Svenska Litteratursällskapet i Finland | 724,000 | 0.9% |
| 10 | Samfundet Folkhälsan i Svenska Finland rf | 615,600 | 0.8% |
| | **Ten largest registered shareholders' total ownership** | **26,337,391** | **33.2%** |
| | Nominee registered shares | 28,253,413 | 35.7% |
| | Other shareholders | 24,575,795 | 31.0% |
| | Shares held by Konecranes Plc | 55,307 | 0.1% |
| | **Total** | **79,221,906** | **100.0%** |

* Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all of his shares in Konecranes Plc to his near relatives retaining himself for life the voting rights and right to dividend attached to the donated shares. The donation encompassed in total 2,069,778 shares.

### Shares owned by the members of the Board and of Directors and of the Group Executive Board on December 31, 2022

| | Change in shareholding in 2022 | Number of shares owned | % of shares and votes |
|---|---|---|---|
| Board of Directors | 9,577 | 34,631 | 0.0% |
| Group Executive Board | 6,635 | 162,796 | 0.2% |
| **Total** | **16,212** | **197,427** | **0.2%** |

### Breakdown of share ownership by number or shares owned on December 31, 2022

| Shares | Number of shareholders | % of shareholders | Number of shares and votes | % of shares and votes |
|---|---|---|---|---|
| 1–100 | 33,052 | 57.5% | 1,373,869 | 1.7% |
| 101–1,000 | 21,489 | 37.4% | 7,079,533 | 8.9% |
| 1,001–10,000 | 2,682 | 4.7% | 6,819,275 | 8.6% |
| 10,001–100,000 | 169 | 0.3% | 4,565,655 | 5.8% |
| 100,001–1,000,000 | 25 | 0.0% | 7,153,852 | 9.0% |
| 1,000,001– | 8 | 0.0% | 23,976,309 | 30.3% |
| **Registered shareholders total** | **57,425** | **100.0%** | **50,968,493** | **64.3%** |
| Nominee registered shares | 11 | 0.0% | 28,253,413 | 35.7% |
| **Total** | **57,436** | **100.0%** | **79,221,906** | **100.0%** |

### Breakdown of share ownership by shareholder category on December 31, 2022

| | % of shares and votes |
|---|---|
| Households | 21.3% |
| Public sector organizations | 17.6% |
| Private companies | 13.7% |
| Financial and insurance institutions | 5.5% |
| Non-profit organizations | 5.3% |
| Foreigners | 1.0% |
| Nominee registered shares | 35.7% |
| **Total** | **100.0%** |

Source: Euroclear Finland Oy, December 31, 2022.

## Corporate Headquarters

**Konecranes Plc**
P.O. Box 661 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel. +358 20 427 11

**Governance**
Kiira Fröberg
Vice President, Investor Relations
Tel. +358 20 427 2050
kiira.froberg@konecranes.com

**Finance**
Teo Ottola
Chief Financial Officer
teo.ottola@konecranes.com

## Regional Headquarters

**Americas**
Konecranes Inc.
4401 Gateway Blvd.
Springfield, OH 45502, U.S.A.
Tel. +1 937 525 5533

**Europe, Middle East and Africa**
Konecranes
Region EMEA
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel. +358 20 427 11

**Asia-Pacific**
KCI Cranes Holding (Singapore) Pte Ltd
33 Gul Circle
Singapore 629570
Tel. +65 6 861 2233

KONECRANES

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).