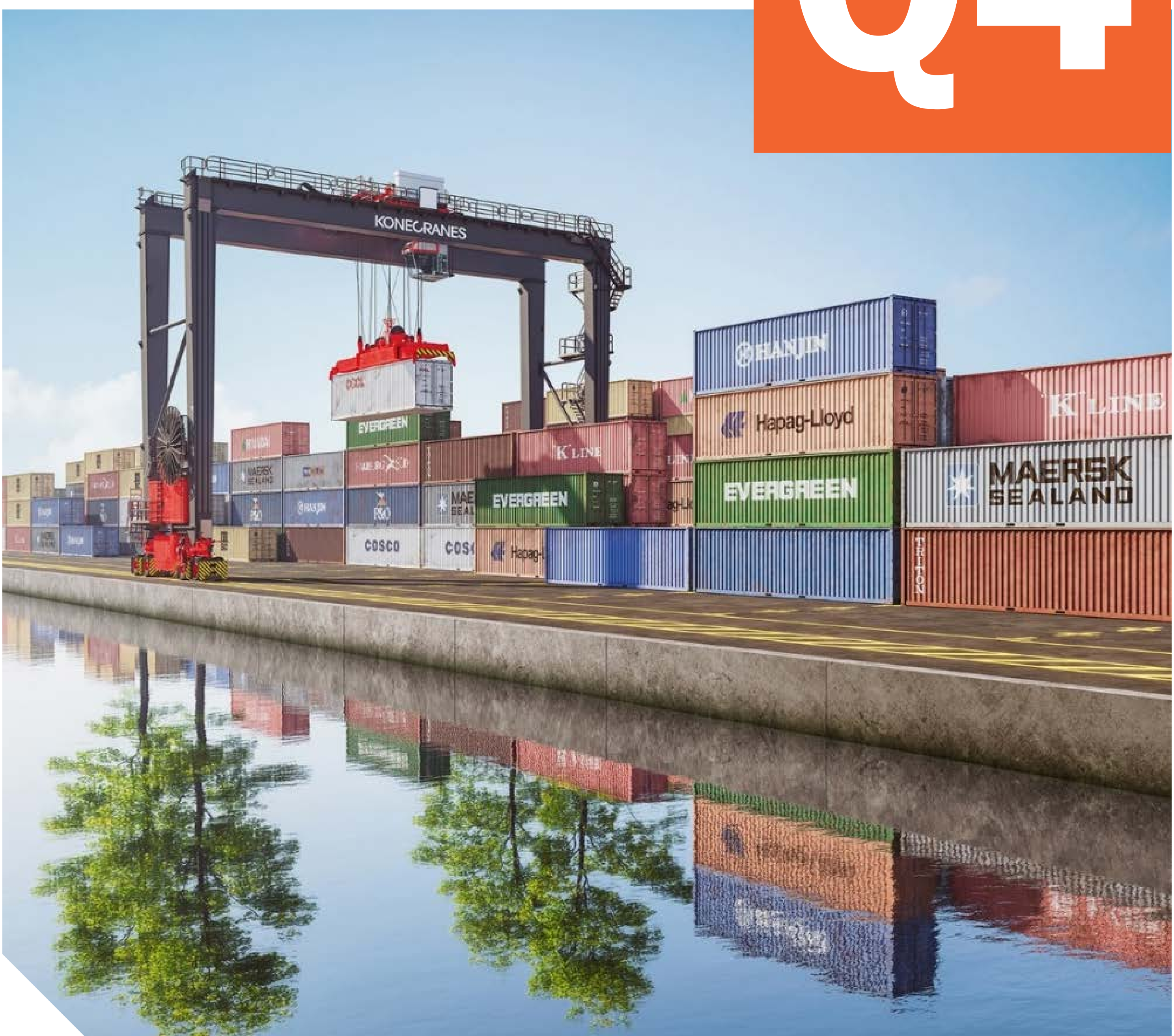
Strong performance in all Business Areas

Financial Statement Release 2021

Q4



Strong performance in all Business Areas

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

FOURTH QUARTER HIGHLIGHTS

- Order intake EUR 892.3 million (843.3), +5.8 percent (+4.2 percent on a comparable currency basis)
- Service annual agreement base value increased 5.3 percent (+1.7 percent on a comparable currency basis) to EUR 290.4 million (275.7). Service order intake was EUR 307.7 million (233.6), +31.7 percent (+28.3 percent on a comparable currency basis), positively impacted by a large modernization project in the United States
- Order book EUR 2,036.8 million (1,715.5) at the end of December, +18.7 percent (+15.7 percent on a comparable currency basis)
- Sales EUR 948.9 million (936.8), +1.3 percent (-0.4 percent on a comparable currency basis), sales increased in Business Areas Service and Industrial Equipment but decreased in Port Solutions
- Adjusted EBITA margin 11.9 percent (10.9) and adjusted EBITA EUR 113.2 million (102.1); the increase in the adjusted EBITA margin was mainly driven by positive sales mix and continued focus on strategic initiatives
- Operating profit EUR 86.0 million (83.0), 9.1 percent of sales (8.9), restructuring and merger related costs totaled EUR 19.0 million (10.1)
- Earnings per share (diluted) EUR 0.86 (0.69)
- Free cash flow EUR 65.7 million (177.2).

FULL YEAR 2021 HIGHLIGHTS

- Order intake EUR 3,175.5 million (2,727.3), +16.4 percent (+17.0 percent on a comparable currency basis)
- Service order intake EUR 1,078.3 million (927.8), +16.2 percent (+17.2 percent on a comparable currency basis)
- Sales EUR 3,185.7 million (3,178.9), +0.2 percent (+0.7 percent on a comparable currency basis)
- Adjusted EBITA margin 9.8 percent (8.2) and adjusted EBITA EUR 312.2 million (260.8); the adjusted EBITA margin improved in all three Business Areas
- Operating profit EUR 220.0 million (173.8), 6.9 percent of sales (5.5), restructuring and merger related costs totaled EUR 59.1 million (51.1)
- Earnings per share (diluted) EUR 1.85 (1.54)
- Free cash flow EUR 137.7 million (366.1)
- Net debt EUR 541.6 million (577.1) and gearing 39.8 percent (46.1)
- The Board of Directors proposes a dividend of EUR 0.88 (0.88) per share for 2021.

FIRST QUARTER DEMAND OUTLOOK

The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.

In Europe and North America, the demand environment within the industrial customer segments is on a healthy level. In Asia-Pacific, the demand environment remains below Europe and North America.

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

FINANCIAL GUIDANCE

Konecranes expects net sales to increase in full-year 2022 compared to 2021. Konecranes expects the full-year 2022 adjusted EBITA margin to improve from 2021.

Key figures

	Fourth quarter			January–December		
	10–12/2021	**10–12/2020**	**Change %**	**1–12/2021**	**1–12/2020**	**Change %**
Orders received, MEUR	892.3	843.3	5.8	3,175.5	2,727.3	16.4
Order book at end of period, MEUR				2,036.8	1,715.5	18.7
Sales total, MEUR	948.9	936.8	1.3	3,185.7	3,178.9	0.2
Adjusted EBITDA, MEUR [1)]	134.8	124.5	8.2	398.9	356.7	11.8
Adjusted EBITDA, % [1)]	14.2%	13.3%		12.5%	11.2%	
Adjusted EBITA, MEUR [2)]	113.2	102.1	10.9	312.2	260.8	19.7
Adjusted EBITA, % [2)]	11.9%	10.9%		9.8%	8.2%	
Adjusted operating profit, MEUR [1)]	105.0	93.1	12.8	279.1	224.9	24.1
Adjusted operating margin, % [1)]	11.1%	9.9%		8.8%	7.1%	
Operating profit, MEUR	86.0	83.0	3.6	220.0	173.8	26.6
Operating margin, %	9.1%	8.9%		6.9%	5.5%	
Profit before taxes, MEUR	81.6	76.3	7.0	192.5	170.3	13.0
Net profit for the period, MEUR	69.2	55.2	25.5	147.4	122.9	19.9
Earnings per share, basic, EUR	0.87	0.69	26.2	1.86	1.54	20.2
Earnings per share, diluted, EUR	0.86	0.69	24.6	1.85	1.54	19.5
Gearing, %				39.8%	46.1%	
Net debt/Adjusted EBITDA [1)]				1.4	1.6	
Return on capital employed, %				9.3%	8.3%	
Adjusted return on capital employed, % [3)]				13.4%	11.1%	
Free cash flow, MEUR	65.7	177.2		137.7	366.1	
Average number of personnel during the period				16,625	17,027	-2.4

1) Excluding adjustments, see also note 10 in the summary financial statements
2) Excluding adjustments and purchase price allocation amortization, see also note 10 in the summary financial statements
3) ROCE excluding adjustments, see also note 10 in the summary financial statements

Interim CEO Teo Ottola:

Konecranes ended 2021 on a strong note, and all our three Business Areas performed well. We continued to work hard to mitigate the impact of global component availability issues and posted our highest Q4 adjusted EBITA margin ever - 11.9%. Our record-high order book together with continued strong commitment and performance focus across our whole organization, provides a solid foundation for Konecranes' 2022 performance.

In Q4, overall market sentiment continued stable and relatively similar to the previous quarter, although with the new Omicron variant, COVID-19 related market volatility is not over. Year-on-year, Konecranes' Q4 orders received grew 4.2% in comparable currencies. After three strong quarters, order intake in our short-cycle products has stabilized, and component orders declined sequentially in Q4.

Component availability, customer delays and other supply chain constraints continued to affect our sales in Q4, but with our mitigating actions we managed to prevent the late backlog from growing from Q3. Despite these challenges, we maintained good sales execution and our Q4 sales increased 1.3% year-on-year. As a result of our strong Q4 order intake, our order book broke again a new record of EUR 2,036.8 million at the end of December.

We set a new Q4 profitability record with our adjusted EBITA margin of 11.9 percent, beating the previous record from year-ago. This is an excellent achievement given global component and other supply chain issues and the disruptions the pandemic keeps causing. All our three Business Areas improved their profitability year-on-year, and sales mix was favorable.

As for our Q4 performance by each Business Area, Service order intake improved by 28.3% year-on-year in comparable currencies, largely driven by a big modernization order received in the US at the end of the year. Although component shortages and logistics delays impacted Service sales, the adjusted EBITA margin of 21.0% was all-time high. The agreement base value grew by 1.7% from the previous year in comparable currencies.

Industrial Equipment's external order intake grew by 9.3% in comparable currencies. Net sales grew year-over-year despite continued customer delays and supply chain constraints. We continued to make good progress with our strategic initiatives, and as a result, Industrial Equipment's adjusted EBITA margin was 6.2% versus 5.8% a year ago, supported by a positive sales mix.

Within ports, activity remained high. In Q3, the timing of customers' decision-making led to lower orders, nevertheless, Port Solutions ended the year with a strong Q4 order intake of EUR 354.9 million, and we saw good order intake in automation projects. Sales execution in Port Solutions continued good, although mobile equipment sales were somewhat impacted by component shortages. Port Solutions' adjusted EBITA margin totaled 8.5% and was 0.4 percentage points ahead of last year.

Turning to 2022, we expect the market volatility to continue due to the pandemic and global supply chain constraints. We have updated our demand outlook for Q1 to reflect the current market sentiment. We have also given new financial guidance. We expect our net sales to increase in full-year 2022 compared to 2021 and our full-year adjusted EBITA margin to improve from 2021. As for the component availability, customer delays and other supply chain constraints, we expect them to continue and to impact our net sales during the first half of 2022.

Our announced merger with Cargotec remains in process with merger control filings and integration planning ongoing. In November, Konecranes and Cargotec announced the planned operating model of the Future Company, as well as several planned Leadership Team selections. In December, the two companies submitted commitments to the European Commission aiming to satisfy competition concerns and offered a remedy package comprising a commitment to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions. Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding anti-trust concerns continue, and Konecranes and Cargotec are awaiting their decisions. We continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently.

Finally, as I have now started as Interim CEO, I would like to thank the whole Konecranes organization for the excellent Q4 and full-year 2021 results, and I look forward to the coming months. Our team's continued strong commitment and performance focus, as well as our record-high orderbook provides a solid foundation for the year that has just begun. In 2022, Konecranes will maintain its commitment to business excellence, continuous improvement, and sustainability. Despite the pandemic and global supply chain constrains, I am confident that we have all the ingredients in place for another successful year.

Konecranes Plc's financial statement release 2021

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

MARKET REVIEW

The world's manufacturing sector, according to the aggregated J.P. Morgan Global Manufacturing Purchasing Managers' Index (PMI), ended the year 2021 clearly in expansion territory above the 50.0 mark at 54.2. December's PMI was the 18th successive month indicating improving operating conditions and the PMI was slightly higher compared to the level in the beginning of the year.

In the eurozone, manufacturing sector operating conditions remained in improvement in the fourth quarter despite the PMI continued to be impacted by supply-side constraints. In December, the PMI was 58.0 which was its 10-month low. Within the region, all country-specific PMIs ended the year well above the 50-borderline. The UK manufacturing PMI ended the year at 57.9 and alike the eurozone, was higher than in the beginning of the year. The manufacturing industry capacity utilization rate in the European Union decreased in the fourth quarter after it had recently passed the pre-COVID level in the second quarter. Despite the drop, the capacity utilization rate remained slightly above the pre-COVID level in the end of 2021.

In the US, the manufacturing sector's PMI reading was 57.7 in December although material shortages and supplier delays continued. December's PMI was below the readings seen in the beginning of 2021. The US manufacturing capacity utilization rate reached the pre-pandemic level at the end of the second quarter and continued to trend further upwards in the end of the year. Despite the increase, the capacity utilization rate was not yet at the recent peaks of mid-2018.

As for emerging markets, China's manufacturing sector operating conditions ended the year in improvement with a PMI reading of 50.9. In Brazil, the Manufacturing PMI was below the 50 mark in deterioration at 49.8 in December. In India, the Manufacturing PMI was firmly in expansion with a reading of 55.5 in December. In Russia, manufacturing sector operating conditions were in expansion and December's PMI was 51.6.

Global container throughput, according to the RWI/ISL Container Throughput Index, faced some fluctuation but remained relatively steady at a high level during 2021. At the end of December, global container throughput was approximately 2 percent higher than the year before.

Regarding raw material prices, at the end of the fourth quarter steel prices were above and copper prices were clearly above the previous year's levels. The average EUR/USD exchange rate was approximately 4 percent higher compared to the year-ago period.

ORDERS RECEIVED

In the fourth quarter, orders received totaled EUR 892.3 million (843.3), representing an increase of 5.8 percent. On a comparable currency basis, order intake increased 4.2 percent. Orders received increased in the Americas and EMEA but decreased in APAC.

In Service, orders received increased 31.7 percent on a reported basis and 28.3 percent on a comparable currency basis. In Industrial Equipment, order intake increased 13.8 percent on a reported basis and 11.3 percent on a comparable currency basis. External orders received in Industrial Equipment increased 11.8 percent on a reported basis and 9.3 percent on a comparable currency basis. In Port Solutions, order intake decreased 12.1 percent on a reported basis and 12.5 percent on a comparable currency basis.

In full year 2021, orders received totaled EUR 3,175.5 million (2,727.3), representing an increase of 16.4 percent. On a comparable currency basis, order intake increased 17.0 percent. Orders received increased in the Americas, EMEA and APAC.

In Service, order intake increased 16.2 percent on a reported basis and 17.2 percent on a comparable currency basis. In Industrial Equipment, orders received increased 19.5 percent on a reported basis and 20.3 percent on a comparable currency basis. External orders received in Industrial Equipment increased 21.7 percent on a reported basis and 22.6 percent on a comparable currency basis. In Port Solutions, order intake increased 11.9 percent on a reported basis and 11.7 percent on a comparable currency basis.

ORDER BOOK

At the end of December, the value of the order book totaled EUR 2,036.8 million (1,715.5), which was 18.7 percent higher compared to previous year. On a comparable currency basis, the order book increased 15.7 percent. The order book increased 60.9 percent in Service, 18.5 percent in Industrial Equipment and 8.9 percent in Port Solutions.

SALES

In the fourth quarter, Group sales increased 1.3 percent to EUR 948.9 million (936.8). On a comparable currency basis, sales decreased 0.4 percent. Sales increased 5.4 percent in Service and 5.9 percent in Industrial Equipment but decreased 4.9 percent in Port Solutions. Industrial Equipment's external sales increased 5.4 percent.

In full year 2021, Group sales totaled EUR 3,185.7 million (3,178.9), representing an increase of 0.2 percent. On a comparable currency basis, sales increased 0.7 percent. Sales increased 1.3 percent in Service and 0.6 percent in Port Solutions but decreased 2.8 percent in Industrial Equip-

ORDERS RECEIVED AND NET SALES

	10–12/ 2021	10–12/ 2020	Change percent	Change % at comparable currency rates	1–12/ 2021	1–12/ 2020	Change percent	Change % at comparable currency rates
Orders received, MEUR	892.3	843.3	5.8	4.2	3,175.5	2,727.3	16.4	17.0
Net sales, MEUR	948.9	936.8	1.3	-0.4	3,185.7	3,178.9	0.2	0.7

ment. Industrial Equipment's external sales decreased 1.4 percent.

At the end of December, the regional breakdown of sales, calculated on a rolling 12-month basis, was as follows: EMEA 52 (54), Americas 33 (31) and APAC 16 (16) percent.

FINANCIAL RESULT

In the fourth quarter, the Group adjusted EBITA increased to EUR 113.2 million (102.1). The adjusted EBITA margin increased to 11.9 percent (10.9). The adjusted EBITA margin was 21.0 percent (19.2) in Service, 6.2 percent (5.8) in Industrial Equipment and 8.5 percent (8.1) in Port Solutions. The increase in the Group adjusted EBITA margin was mainly driven by positive sales mix and continued focus on strategic initiatives. Gross margin improved on a year-on-year basis.

In full year 2021, the Group adjusted EBITA increased to EUR 312.2 million (260.8). The adjusted EBITA margin increased to 9.8 percent (8.2). The adjusted EBITA margin increased in Service to 18.5 percent (17.2), in Industrial Equipment to 3.5 percent (2.3) and in Port Solutions to 7.4 percent (5.6). The increase in the Group adjusted EBITA margin was mainly attributable to continued focus on strategic initiatives and cost management as well as improved project management execution.

In full year 2021, the consolidated adjusted operating profit increased to EUR 279.1 million (224.9). The adjusted operating margin increased to 8.8 percent (7.1).

In full year 2021, the consolidated operating profit totaled EUR 220.0 million (173.8). The operating profit includes adjustments of EUR 59.1 million (51.1), which are mainly comprised of transaction and integration costs and restructuring costs. The operating margin increased in Service to 17.0 percent (15.2), in Industrial Equipment to 1.7 percent (0.4) and in Port Solutions to 7.0 percent (2.6).

In full year 2021, depreciation and impairments totaled EUR 120.1 million (130.0). The impact arising from the purchase price allocations for acquisitions represented EUR 33.2 million (35.9) of the depreciation and impairments.

In full year 2021, the share of the result in associated companies and joint ventures was EUR 0.3 million (21.2). The higher share of the result in associated companies and joint ventures in 2020 was mainly due to the acquisition of MHE-Demag in the beginning of 2020.

In full year 2021, financial income and expenses totaled EUR -27.8 million (-24.6). Net interest expenses accounted for EUR 15.7 million (18.0) of the sum and the remainder was mainly attributable to realized and unrealized exchange rate differences related to the hedging of future cash flows, which are not included in the hedge accounting, and other financing expenses.

In full year 2021, profit before taxes was EUR 192.5 million (170.4).

In full year 2021, income taxes were EUR 45.1 million (47.5). The Group's effective tax rate was 23.4 percent (27.9).

In full year 2021, net profit was EUR 147.4 million (122.9).

In full year 2021, the basic earnings per share were EUR 1.86 (1.54) and the diluted earnings per share were EUR 1.85 (1.54).

On a rolling 12-month basis, the return on capital employed was 9.3 percent (8.3) and the return on equity 11.3 percent (9.8). The adjusted return on capital employed was 13.4 percent (11.1).

BALANCE SHEET

At the end of December, the consolidated balance sheet amounted to EUR 3,845.8 million (4,016.5). The total equity at the end of the reporting period was EUR 1,360.6 million (1,251.1) or EUR 17.08 per share (15.69). The total equity attributable to the equity holders of the parent company was EUR 1,351.4 million (1,242.0).

Net working capital totaled EUR 424.5 million (337.2). Sequentially, net working capital increased by EUR 21.2 million. The sequential increase in net working capital resulted mainly from an increase in accounts receivable and in receivables arising from percentage of completion method.

CASH FLOW AND FINANCING

Net cash from operating activities in full year 2021 was EUR 168.4 million (407.1). 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 137.7 million (242.0), which included cash inflows of EUR 9.8 million (2.8) related to sale of property, plant and equipment, and cash outflows of EUR 0.0 million (124.1) related to acquisition of Group companies and EUR 40.5 million (43.8) related to capital expenditure.

At the end of December, interest-bearing net debt was EUR 541.6 million (577.1). Net debt decreased mainly due to the strong operating cash flow in 2021. The equity to asset ratio was 38.9 percent (34.1) and the gearing 39.8 percent (46.1).

At the end of December, cash and cash equivalents amounted to EUR 320.7 million (591.9). None of the Group's committed EUR 400 million back-up financing facility was in use at the end of the period.

In April 2021, Konecranes paid dividends, amounting to EUR 69.6 million or EUR 0.88 per share, to its shareholders.

CAPITAL EXPENDITURE

Capital expenditure in full year 2021, excluding acquisitions and joint arrangements, amounted to EUR 49.8 million (42.8). The amount consisted mainly of investments in machinery and equipment, buildings, office equipment and information technology.

ACQUISITIONS AND DIVESTMENTS

In full year 2021, the cash impact of capital expenditure for acquisitions and joint arrangements was EUR 0.0 million (-124.1).

PERSONNEL

In full year 2021, the Group had an average of 16,625 employees (17,027). On December 31, the number of personnel was 16,573 (16,862). In full year 2021, the Group's personnel decreased by 289 people net.

At the end of December, the number of personnel by Business Area was as follows: Service 7,890 employees (8,062), Industrial Equipment 5,516 employees (5,720), Port Solutions 3,083 employees (2,970) and Group staff 84 (110).

The Group had 9,683 (9,688) employees working in EMEA, 3,016 (2,964) in the Americas and 3,874 (4,210) in APAC.

SUSTAINABILITY

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

Konecranes signed the Science Based Targets Initiative (SBTi) commitment letter in late-2020. Konecranes is already systematically focusing on reducing its carbon footprint and charting emissions from its supply chain as well as from the products and solutions provided for customers; committing to the SBTi takes these efforts to the next level. In full year 2021, Konecranes worked on defining new climate targets for its operations, reinforcing the company's commitment to mitigate climate risks, cut emissions and enhance low-carbon portfolio.

In full year 2021 sales of Konecranes' "eco portfolio", consisting of fully electrified and hybrid equipment, as well as modernizations and retrofits, totaled 50 percent of Konecranes' sales (55 percent in full-year 2020). For Service, the eco portfolio represented 16 percent of sales (16 percent in full-year 2020), for Industrial Equipment 100 percent (100 percent in full-year 2020) and for Port Solutions 42 percent (53 percent in full-year 2020). The relatively low eco portfolio share of Service is due to only modernizations and retrofits being included in the eco portfolio, although all maintenance work and spare parts aim at extending product lifecycle and increased resource-efficiency.

Konecranes has activities that qualify as environmentally sustainable according to the EU Taxonomy Regulation. The activities are eligible according to the first published technical screening criteria for climate change mitigation. Konecranes has activities that are in the scope of Technical Screening Criteria (TSC) 3.6. Manufacture of other low carbon technologies 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 total taxonomy-eligible revenue is expected to increase in 2022 as the activities of the Service Business Area are expected to partially fall in the forthcoming scope of the environmental objective "Transition to a circular economy and waste prevention". Taxonomy-eligible products represent 14 percent of Konecranes' revenue.

More detailed information on Taxonomy eligibility and the calculation method, will be available in Konecranes' 2021 Annual Report.

BUSINESS AREAS

SERVICE

	10–12/ 2021	10–12/ 2020	Change percent	Change % at comparable currency rates	1–12/ 2021	1–12/ 2020	Change percent	Change % at comparable currency rates
Orders received, MEUR	307.7	233.6	31.7	28.3	1,078.3	927.8	16.2	17.2
Order book, MEUR	343.5	213.4	60.9	54.1	343.5	213.4	60.9	54.1
Agreement base value, MEUR	290.4	275.7	5.3	1.7	290.4	275.7	5.3	1.7
Net sales, MEUR	332.2	315.3	5.4	2.7	1,205.3	1,190.0	1.3	2.2
Adjusted EBITA, MEUR [1)]	69.7	60.6	14.9		222.4	205.2	8.4	
Adjusted EBITA, % [1)]	21.0%	19.2%			18.5%	17.2%		
Purchase price allocation amortization, MEUR	-3.9	-4.0	-3.6		-15.5	-16.1	-3.6	
Adjustments,MEUR	-1.0	-1.2			-2.0	-7.7		
Operating profit (EBIT), MEUR	64.8	55.4	16.9		204.9	181.4	12.9	
Operating profit (EBIT), %	19.5%	17.6%			17.0%	15.2%		
Personnel at the end of period	7,890	8,062	-2.1		7,890	8,062	-2.1	

[1)] Excluding adjustments and purchase price allocation amortization. See also note 10 in the summary financial statements.

Operational highlights in Q4 2021:

- In December 2021, Konecranes received a USD 58.6 million order from a major power utility in the United States to modernize four polar reactor cranes. Due to plant extensions, the customer is looking to increase lifting capacity and update the controls to variable frequency drives for smoother travelling motion and better load control. During the seven-year project, the crane trolleys will be replaced with complete eight-wheel equalizing trolleys with 150-ton standard capacity and 180-ton special rated capacity for occasional use. Previously, Konecranes has upgraded two of the utility's polar cranes to 140 ton in 2002.
- Service agreement base retention rate remains steady at a high level and the roll-out of the digital service offering has continued successfully. Within the digital offering, the number of TRUCONNECT connections, subscriptions for the CheckApp self-service application, and devices being recorded with the Slings and Accessories Inspection continues to accelerate.

In the fourth quarter, order intake in Service increased 31.7 percent to EUR 307.7 million (233.6). On a comparable currency basis, orders received increased 28.3 percent. The year-on-year increase was positively impacted by a large order to modernize four polar reactor cranes in the United States. Both field service orders and parts orders increased. Order intake increased in the Americas and EMEA but decreased in APAC.

The order book increased 60.9 percent to EUR 343.5 million (213.4). On a comparable currency basis, the order book increased 54.1 percent.

The annual value of the agreement base increased 5.3 percent year-on-year to EUR 290.4 million (275.7). On a comparable currency basis, the annual value of the agreement base increased 1.7 percent. Sequentially, the annual value of the agreement base increased 1.3 percent on a reported basis and stayed approximately the same with a change of 0.0 percent on a comparable currency basis.

Sales increased 5.4 percent to EUR 332.2 million (315.3). On a comparable currency basis, sales increased 2.7 percent. Both field service sales and parts sales increased. Sales increased in the Americas, EMEA and APAC.

The fourth-quarter adjusted EBITA was EUR 69.7 million (60.6) and the adjusted EBITA margin 21.0 percent (19.2). The increase in the adjusted EBITA margin was mainly attributable to sales growth and positive sales mix. Gross margin improved on a year-on-year basis. The operating profit was EUR 64.8 million (55.4) and the operating margin 19.5 percent (17.6).

In full year 2021, orders received totaled EUR 1,078.3 million (927.8), corresponding to an increase of 16.2 percent. On a comparable currency basis, orders received increased 17.2 percent.

Sales increased 1.3 percent to EUR 1,205.3 million (1,190.0). On a comparable currency basis, sales increased 2.2 percent. Both field service sales and parts sales increased.

The adjusted EBITA was EUR 222.4 million (205.2) and the adjusted EBITA margin was 18.5 percent (17.2). The increase in the adjusted EBITA margin was mainly attributable to sales growth and efficient cost management in both variable and fixed costs. The operating profit was EUR 204.9 million (181.4) and the operating margin 17.0 percent (15.2).

INDUSTRIAL EQUIPMENT

	10–12/ 2021	10–12/ 2020	Change percent	Change % at comparable currency rates	1–12/ 2021	1–12/ 2020	Change percent	Change % at comparable currency rates
Orders received, MEUR	274.5	241.3	13.8	11.3	1,172.5	981.2	19.5	20.3
of which external, MEUR	242.4	216.9	11.8	9.3	1,033.7	849.1	21.7	22.6
Order book, MEUR	709.9	598.8	18.5	12.6	709.9	598.8	18.5	12.6
Net sales, MEUR	332.1	313.6	5.9	3.8	1,088.7	1,120.1	-2.8	-1.9
of which external, MEUR	294.1	279.1	5.4	3.2	960.2	973.8	-1.4	-0.5
Adjusted EBITA, MEUR [1]	20.6	18.1	13.9		38.0	25.4	49.6	
Adjusted EBITA, % [1]	6.2%	5.8%			3.5%	2.3%		
Purchase price allocation amortization, MEUR	-2.7	-3.1	-13.9		-10.8	-12.5	-13.5	
Adjustments,MEUR	-1.1	-4.8			-8.5	-8.6		
Operating profit (EBIT), MEUR	16.8	10.1	65.8		18.7	4.3	332.4	
Operating profit (EBIT), %	5.0%	3.2%			1.7%	0.4%		
Personnel at the end of period	5,516	5,720	-3.6		5,516	5,720	-3.6	

[1] *Excluding adjustments and purchase price allocation amortization. See also note 10 in the summary financial statements.*

Operational highlights in Q4 2021:

- In 2021, Konecranes completed the manufacturing of the first Interceptors for The Ocean Cleanup, and the first unit was successfully handed over and installed. After starting operations in December 2020, the production of the Interceptors has been ramped up according to plan. During 2021, Konecranes received further orders for additional Interceptors which will be delivered in 2022.
- In the fourth quarter, Konecranes received several automated paper and pulp mill crane orders from its global customer base. The total value of the orders exceeded EUR 20 million, and the cranes will be delivered to customers in China, Germany, and Brazil

In the fourth quarter, Industrial Equipment's orders received totaled EUR 274.5 million (241.3), corresponding to an increase of 13.8 percent. On a comparable currency basis, orders received increased 11.3 percent. External orders received increased 11.8 percent on a reported basis and 9.3 percent on a comparable currency basis. Order intake increased in standard cranes, process cranes and components. Orders received increased in the Americas, EMEA and APAC.

The order book increased 18.5 percent to EUR 709.9 million (598.8). On a comparable currency basis, the order book increased 12.6 percent.

Sales increased 5.9 percent to EUR 332.1 million (313.6). On a comparable currency basis, sales increased 3.8 percent. External sales increased 5.4 percent on a reported basis and 3.2 percent on a comparable currency basis. Sales increased in standard cranes and components but decreased in process cranes. Sales increased in the Americas, EMEA and APAC.

The fourth-quarter adjusted EBITA was EUR 20.6 million (18.1) and the adjusted EBITA margin 6.2 percent (5.8). The increase in the adjusted EBITA margin was mainly attributable to higher sales, continued progress on strategic initiatives and positive sales mix. Gross margin improved on a year-on-year basis. Operating profit was EUR 16.8 million (10.1) and the operating margin 5.0 percent (3.2).

In full year 2021, orders received totaled EUR 1,172.5 million (981.2), corresponding to an increase of 19.5 percent. On a comparable currency basis, orders received increased 20.3 percent. External orders received increased 21.7 percent on a reported basis and 22.6 percent on a comparable currency basis. Order intake increased in standard cranes, process cranes and components.

Sales decreased 2.8 percent to EUR 1,088.7 million (1,120.1). On a comparable currency basis, sales decreased 1.9 percent. External sales decreased 1.4 percent on a reported basis and 0.5 percent on a comparable currency basis. The sales decrease was mainly due to delivery challenges caused by customer delays, component availability issues, and other supply chain challenges. Sales decreased in standard cranes and process cranes but increased in components.

The adjusted EBITA was EUR 38.0 million (25.4) and the adjusted EBITA margin 3.5 percent (2.3). The increase in the adjusted EBITA margin was mainly attributable to continued progress on strategic initiatives, improved sales mix, and cost management. The operating profit was EUR 18.7 million (4.3) and the operating margin 1.7 percent (0.4).

PORT SOLUTIONS

	10–12/ 2021	10–12/ 2020	Change percent	Change % at comparable currency rates	1–12/ 2021	1–12/ 2020	Change percent	Change % at comparable currency rates
Orders received, MEUR	354.9	403.7	-12.1	-12.5	1,112.7	994.5	11.9	11.7
Order book, MEUR	983.5	903.2	8.9	8.4	983.5	903.2	8.9	8.4
Net sales, MEUR	337.9	355.3	-4.9	-5.5	1,072.9	1,066.0	0.6	0.4
of which service, MEUR	50.9	44.3	14.8	12.6	181.9	167.9	8.3	8.7
Adjusted EBITA, MEUR [1)]	28.8	28.7	0.3		79.9	59.7	33.7	
Adjusted EBITA, % [1)]	8.5%	8.1%			7.4%	5.6%		
Purchase price allocation amortization, MEUR	-1.6	-1.8	-10.1		-6.8	-7.3	-6.7	
Adjustments,MEUR	1.4	1.3			1.7	-24.4		
Operating profit (EBIT), MEUR	28.5	28.2	1.4		74.8	28.0	166.8	
Operating profit (EBIT), %	8.4%	7.9%			7.0%	2.6%		
Personnel at the end of period	3,083	2,970	3.8		3,083	2,970	3.8	

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 10 in the summary financial statements.*

Operational highlights in Q4 2021:

- The Port of Felixstowe, operated by Hutchison Ports, ordered 17 Automated Rubber-Tired Gantry Cranes (ARTGs). This order marks the first Konecranes ARTGs to be delivered to the United Kingdom, and the first Konecranes ARTGs ordered by Hutchison Ports. To date, it is the largest order of Konecranes ARTGs for a single terminal or project. Completion and go-live is scheduled for Q4 2025. The new ARTGs will be fully electric, powered by busbars, and delivered as carbon neutral.
- Konecranes has received a big order for the supply of 20 Konecranes Noell battery-hybrid Straddle Carriers NSC 644 EHY equipped with Konecranes Noell twin-lift spreader to MSC Gate Bremerhaven, Germany.
- Port of Blyth in the UK ordered an eco-efficient Konecranes Gottwald Generation 6 Mobile Harbor Crane to achieve their ambitious decarbonization goals. The crane will be operated by external power supply on their modernized quay at Bates Clean Energy Terminal from April 2022.

In the fourth quarter, Port Solutions' order intake totaled EUR 354.9 million (403.7), representing a decrease of 12.1 percent. On a comparable currency basis, orders received decreased 12.5 percent. Orders received decreased in the Americas and APAC but increased in EMEA.

The order book increased 8.9 percent to EUR 983.5 million (903.2). On a comparable currency basis, the order book increased 8.4 percent.

Sales decreased 4.9 percent to EUR 337.9 million (355.3). On a comparable currency basis, sales decreased 5.5 percent.

The fourth-quarter adjusted EBITA was EUR 28.8 million (28.7) and the adjusted EBITA margin 8.5 percent (8.1). The increase in the adjusted EBITA margin was mainly attributable to improved project management execution and positive sales mix. Gross margin improved on a year-on-year basis. Operating profit was EUR 28.5 million (28.2) and the operating margin 8.4 percent (7.9).

In full year 2021, orders received totaled EUR 1,112.7 million (994.5), corresponding to an increase of 11.9 percent. On a comparable currency basis, orders received increased 11.7 percent.

Sales increased 0.6 percent to EUR 1,072.9 million (1,066.0). On a comparable currency basis, sales increased 0.4 percent.

The adjusted EBITA was EUR 79.9 million (59.7) and the adjusted EBITA margin 7.4 percent (5.6). The increase in the adjusted EBITA margin was mainly attributable to improved project management execution and cost management. Gross margin improved on a year-on-year basis. Operating profit was EUR 74.8 million (28.0) and the operating margin 7.0 percent (2.6).

Group overheads

In the fourth quarter, the adjusted unallocated Group overhead costs and eliminations were EUR 5.8 million (5.3), representing 0.6 percent of sales (0.6).

The unallocated Group overhead costs and eliminations were EUR 24.1 million (10.7), representing 2.5 percent of sales (1.1). These included merger related costs and restructuring costs of EUR 18.3 million (5.4).

In full year 2021, the adjusted unallocated Group overhead costs and eliminations were EUR 28.1 million (29.5), representing 0.9 percent of sales (0.9).

The unallocated Group overhead costs and eliminations were EUR 78.4 million (40.0), representing 2.5 percent of sales (1.3). These included merger related costs and restructuring costs of EUR 50.3 million (10.5).

COVID-19 impact on Konecranes

Demand conditions have been recovering since the beginning of the second half of 2020, but the COVID-19 pandemic continues to impact Konecranes. Overall, the pandemic has made the demand environment uncertain, which has impacted order intake. Additionally, physical restrictions on the daily conduct of people and businesses have led to lower revenue recognition.

Net sales were impacted by COVID-19 in all three Business Areas in full year 2021. COVID-19 has not led to major order cancellations in any of the three Business Areas. In addition to physical restrictions, the component availability and logistics issues following the pandemic impacted Konecranes' sales negatively during full year 2021. Konecranes has not seen major changes in its supplier network.

In full year 2021, all Konecranes factories were in operation except for some sites in APAC which were closed during parts of the second and third quarters. At the end of December, all Konecranes factories were in operation.

The impact of COVID-19 on the Group's profitability has been mitigated through almost real-time demand-supply balancing and cost management actions. For example, these have included temporary layoffs, reduced working hours, and streamlined spending. Permanent cost adjustments have also been made.

Some customer payment delays have occurred, but the impact has not been significant. Konecranes has further enhanced payment collection and credit control. Inventory levels have increased due to customer delivery delays, component availability, and logistics issues.

The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic. There are still uncertainties regarding the COVID-19 pandemic and related component availability issues as well as other supply chain constraints. It is too early to estimate how long and to what extent they will impact Konecranes' business and performance.

ADMINISTRATION

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 December 3, 2020 Konecranes announced that the Finnish Financial Supervisory Authority had approved the merger prospectus concerning the combination of Konecranes Plc and Cargotec Corporation.

On December 18, 2020 Konecranes held an Extraordinary General Meeting ("EGM") that approved the Merger in accordance with the Merger Plan. In order to prevent the spread of the COVID-19 pandemic, the EGM was arranged without the physical presence of shareholders or their proxy representatives. Cargotec's Extraordinary General Meeting was held on the same day and resolved to approve the Merger.

Pursuant to the Merger Plan, Konecranes shall be merged into Cargotec through an absorption merger so that all assets and liabilities of Konecranes shall be transferred without a liquidation procedure to Cargotec and Konecranes will be dissolved. The shareholders of Konecranes will receive new shares in Cargotec as merger consideration in proportion to their existing shareholdings as described in more detail in the Merger Plan.

On July 2, 2021 Konecranes and Cargotec confirmed that they had filed for approval in many of the jurisdictions where the transaction requires regulatory review. The various competition authorities, including the European Commission ("EC"), the UK Competition and Markets Authority ("CMA"), the US Department of Justice, and the Chinese State Administration for Market Regulation, were reviewing the proposed Merger at the date of the announcement. The EC opened a Phase II review in connection with the planned Merger on July 2, 2021. The Phase II review continued during H2/2021.

On August 6, 2021 it was announced that the Boards of Directors of Konecranes and Cargotec had agreed to select Mr. Mika Vehviläinen as the President and CEO of the Future Company, and the Board of Directors of Cargotec had made the appointment accordingly. The appointment of Mika Vehviläinen will become effective upon completion of the Transaction. Mika Vehviläinen has served as Cargotec's CEO since 2013.

On August 10, 2021 Konecranes announced that Konecranes and Cargotec had received an unconditional approval for their planned merger from the State Administration for Market Regulation, the competition authority in China.

On November 4, 2021 Konecranes and Cargotec announced the planned high-level operating model and leadership team for the Future Company. The planned leadership for the Future Company has been confirmed by both companies' Boards of Directors. The planned leadership team would only become effective as of the completion of the merger. Plans related to the high-level operating model including businesses and business units, group operations, functions, future organization structure and further selections are subject to separate decision-making as well as to various local legal requirements.

On November 26, 2021 Konecranes and Cargotec noted CMA's announced Provisional Findings regarding the planned merger of Konecranes and Cargotec by stating that they disagree with CMA's Provisional Findings. The companies have considered the contents of the CMA's initial findings and continue to engage with the CMA.

On December 9, 2021 Konecranes announced progress in Regulatory Proceedings in the Merger between Konecranes and Cargotec. On the date of the announcement, the Companies had Submitted Commitments to the European Commission to Satisfy Competition Concerns. The remedy package comprised of a commitment to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions. The proposed divestitures would eliminate overlaps between the Parties' Container Handling Equipment businesses but allow the Future Company to combine others and continue to be a strong player in all aspects in Container Handling Equipment. The final decision on possible divestitures of any businesses as well as possible terms and conditions thereof will be confirmed only after the EC's further review process, as well as further proceedings with the other competent authorities. The possible divestitures are further subject to various local legal requirements.

The completion of the Merger is subject to necessary merger control approvals having been obtained and other conditions to completion having been fulfilled. The European Commission, the UK Competition and Markets Authority and the US Department of Justice have phase II reviews of the Merger ongoing. Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding anti-trust concerns continue, and Konecranes and Cargotec are awaiting their decisions. The companies continue to work towards the merger being completed by the end of H1 2022.Until completion, both companies will operate fully separately and independently.

Konecranes and Cargotec update the total cost estimate in connection with the merger to be approximately EUR 125 million. The estimate presented in the January–September 2021 interim report on 28 October 2021 was approximately EUR 100 million. The costs consist mostly of expenses related to financial reporting, legal matters, and advisory services (excluding the estimated transaction costs of the refinancing and integration planning). A considerable part of the total costs and the cost estimate increase are related to the processes for applying for the necessary merger control approvals for the merger. The cost estimate will be refined as the competition authority processes progress.

Additional information on the Merger is available in the stock exchange releases dated October 1, 2020, December 3, 2020, December 18, 2020, July 2, 2021, August 6, 2021, August 10, 2021, November 4, 2021, November 26, 2021, and December 9, 2021 available on the Konecranes website, as well as on the merger website www.sustainablematerialflow.com.

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc (”Konecranes” or the ”Company”) was held on Tuesday 30 March 2021. In order to prevent the spread of the COVID-19 pandemic, the Annual General Meeting was held without shareholders' and their proxy representatives' presence at the meeting venue. The meeting approved the Company's annual accounts for the fiscal year 2020, discharged the members of the Board of Directors and the persons who had served as CEO from liability, and approved all proposals made by the Board of Directors and its committees to the AGM.

The AGM approved the Board's proposal that a dividend of EUR 0.88 per share be paid from the distributable assets of the parent Company. The dividend was paid to shareholders who on the record date of the dividend payment 1 April 2021 were registered as shareholders in the Company's shareholders' register maintained by Euroclear Finland Ltd. The dividend was paid on 13 April 2021.

The AGM approved the Board's proposal and authorized the Board of Directors to resolve, before the completion of the Merger, on an extra distribution of funds to be paid either from the Company's reserve for invested unrestricted equity as a return of equity or from its retained earnings as a dividend or as a combination of both so that the total maximum amount of funds to be distributed under the authorization would amount to EUR 158,268,918 corresponding to EUR 2.00 per share. The authorization is in force until the opening of the following Annual General Meeting of the Company. The Company will separately publish its Board of Directors' resolution to distribute funds based on the authorization and will simultaneously confirm the applicable record and payment dates. Funds paid on the basis of the authorization will be paid to shareholders who are registered as shareholders in the Company's shareholders' register maintained by Euroclear Finland Oy on the record date of the payment.

The AGM decided to approve the Konecranes Remuneration Report covering the remuneration of the members of the Board of Directors, President & CEO and Deputy CEO in 2020. The resolution by the Annual General Meeting on the Remuneration report is advisory.

The AGM confirmed that the amount of annual remuneration payable to the members of the Board other than the employee representative be unchanged as follows: the remuneration to the Chairman of the Board is EUR 140,000, the remuneration to the Vice Chairman of the Board is EUR 100,000 in the event that a Vice Chairman is elected by the Board, and the remuneration to the other Board members is EUR 70,000. In case the term of office of a Board member ends before the closing of the Annual General Meeting in 2022, 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. The AGM furthermore approved that the Chairmen 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. No remuneration will be paid to Board members employed by the Company, in accordance with the agreement on employee representation between Konecranes and its employees. Travel expenses for all Board members, including the employee Board member, will be compensated against receipt.

The AGM approved the proposal of the Company's shareholders HC Holding Oy Ab, Solidium Oy and Ilmarinen Mutual Pension Insurance Company, that the number of members of the Board of Directors shall be seven (7). The Board members Ms. Janina Kugel, Mr. Ulf Liljedahl, Mr. Janne Martin, Mr. Niko Mokkila, Mr. Per Vegard Nerseth, Ms. Päivi Rekonen and Mr. Christoph Vitzthum were re-elected for a term of office ending at the closing of the Annual General Meeting in 2022, and Christoph Vitzthum was elected as Chairman of the Board of Directors.

The AGM decided to re-elect Ernst & Young Oy as the Company's auditor for a term expiring at the end of the Annual General Meeting following the election.

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

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act.

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

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the continuation of the Share Savings Plan that the Annual General Meeting 2012 decided to launch.

The AGM authorized the Board of Directors to decide on donations in the aggregate maximum amount of EUR 200,000 to be given to universities, institutions of higher education or to other non-profit or similar purposes.

The resolutions of the Konecranes Annual General Meeting have been published in the stock exchange release dated March 30, 2021.

Board of Directors

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

- Christoph Vitzthum, Chairman of the Board
- Päivi Rekonen, Member of the Board
- Janina Kugel, Member of the Board
- Ulf Liljedahl, Member of the Board
- Per Vegard Nerseth, Member of the Board
- Niko Mokkila, Member of the Board
- Janne Martin, Member of the Board (resigned from the Board of Directors on July 27, 2021)

The term of office ends at the closing of the Annual General Meeting in 2022.

On March 30, 2021 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 are deemed to be independent of the Company and all Board members with the exception of Niko Mokkila are deemed to be independent of the Company's significant shareholders. Janne Martin was deemed not to be independent of the Company due to his position as an employee of Konecranes and 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.

On July 27, 2021, Konecranes announced that Janne Martin, an employee representative and a member of Konecranes Board of Directors, had resigned from the Konecranes Board of Directors, as he had decided to leave the company to take a position at another company. In accordance with the agreement on employee representation between Konecranes and its employees, an employee representative will need to resign from the Konecranes Board of Directors when he is no longer employed by the company.

Konecranes Leadership Team

In 2021, Konecranes Leadership Team consisted of

- Rob Smith, President and CEO (until 31 December 2021)
- Teo Ottola, CFO, Deputy CEO (also interim CEO since 1 January 2022)
- Fabio Fiorino, Executive Vice President, Business Area Service
- Carolin Paulus, Executive Vice President, Business Area Industrial Equipment
- Mika Mahlberg, Executive Vice President, Business Area Port Solutions
- Juha Pankakoski, Executive Vice President, Technologies
- Anneli Karkovirta, Senior Vice President, Human Resources (since 30 August 2021)
- Timo Leskinen, Senior Vice President, Human Resources (until 29 August 2021)
- Sirpa Poitsalo, Senior Vice President, General Counsel
- Topi Tiitola, Senior Vice President, Integration and Project Management Office

On July 1, 2021 Konecranes announced that Timo Leskinen, SVP for Human Resources, and a member of the Konecranes Leadership Team, had decided to leave the company and take a position at another company. He left Konecranes on 30 September 2021. From August 30, 2021 until his departure, he acted as Senior Advisor.

On August 6, 2021 Konecranes announced that President and CEO Rob Smith had decided to leave the company. He left Konecranes on 31 December 2021. The company's CFO, Teo Ottola, who also serves as Deputy CEO, acts as the interim CEO from 1 January 2022 until the completion of the planned merger between Konecranes and Cargotec Corporation.

On August 27, 2021 Konecranes announced that Anneli Karkovirta had been appointed Senior Vice President, Human Resources, and member of the Konecranes Leadership Team effective August 30, 2021.

Shareholders' Nomination Board

On September 20, 2021 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 shareholders entitled to appoint a member are determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Ltd. on 31 August each year.

The following members were appointed to Konecranes' Shareholders Nomination Board:

- Peter Therman, Deputy Chairman of the Board of Directors of Hartwall Capital, appointed by HC Holding Oy Ab with 7,931,238 shares,
- Pauli Anttila, Investment Director of Solidium Oy, appointed by Solidium Oy with 6,744,506 shares,
- Mikko Mursula, Chief Investment Officer of Ilmarinen, appointed by Ilmarinen Mutual Pension Insurance Company with 2,465,000 shares, and
- Stig Gustavson, appointed by Stig Gustavson and family with 2,366,157 shares.

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

SHARES AND TRADING

Share capital and shares

On December 31, 2021 the company's registered share capital totaled EUR 30.1 million. On December 31, 2021, the number of shares including treasury shares totaled 79,221,906.

Treasury shares

On December 31, 2021, Konecranes Plc was in possession of 87,447 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 3.1 million.

Market capitalization and trading volume

The closing price for the Konecranes shares on the Nasdaq Helsinki on December 30, 2021 was EUR 35.16. The volume-weighted average share price in full year 2021 was EUR 36.41, the highest price being EUR 42.31 in September and the lowest EUR 28.80 in January. In full year 2021, the trading volume on the Nasdaq Helsinki totaled 44.0 million, corresponding to a turnover of approximately EUR 1,603.7 million. The average daily trading volume was 174,774 shares representing an average daily turnover of EUR 6.4 million.

In addition, according to Fidessa, approximately 65.8 million shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in full year 2021.

On December 31, 2021, the total market capitalization of Konecranes Plc was EUR 2,785.4 million including treasury shares. The market capitalization was EUR 2,782.4 million excluding treasury shares.

Performance share plan 2021

On February 3, 2021, Konecranes announced that the Board of Directors had resolved to establish a new Performance Share Plan 2021. 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 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 2021–2023 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 February 3, 2021.

Employee share savings plan

On March 30, 2021, 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 July 1, 2021 and will end on June 30, 2022. The other terms and conditions of the Plan Period 2021–2022 approved by the Board on March 30, 2021 have been published in the stock exchange release on the same day.

Other share-based incentive plans and Employee Share Savings Plan periods

Konecranes has currently several long-term incentive plans, Performance Share Plans, active and a Restricted Share Unit Plan 2020. In addition, Konecranes has currently several Employee Share Savings plan periods active or on a waiting period.

Information on Konecranes' long-term incentive plans, the Employee Share Savings Plan, and the Restricted Share Unit Plan is available in the Remuneration Report 2020 and on the Konecranes Investors website https://investors.konecranes.com

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In full year 2021, Konecranes did not receive notifications of major shareholdings.

RESEARCH AND DEVELOPMENT

In 2021, Konecranes' research and product development expenditure totaled EUR 47.7 (48.5) million, representing 1.5 (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 is at the core of Konecranes' operations, allowing the company to develop the best solutions for the continuously evolving customer demands and is key to a positive societal impact. Konecranes' innovations create customer value and contribute to making material flows more sustainable, efficient, and safer.

Innovation, research and development are central priorities across the Konecranes organization. In 2019, Konecranes founded a Data Science Lab in Lyon, France. Since its inception, it has been tasked with facilitating and driving innovation based in data. In close co-operation with the businesses and functions, the Data Science Lab has cocreated new solutions for both the customer-facing offering and to internal operations. As of 2021, the Data Science Lab has trained over 150 Konecranes employees in using data science to create value adding solutions based in data.

A core aspect of Konecranes' innovation work is to combine technological leadership with the agility of startups. This is done both through co-operation with startups and by implementing their philosophies to the company's internal ways of working. Konecranes Accelerator, the internal startup program, was held in May–June 2021 and gathered five teams of experts from across Konecranes, with participants from both the businesses and functions. Coached and mentored by experts from the Maria01 network, a leading startup campus in the Nordics, the benefit of the program was two-fold. It allowed Konecranes employees to design customer centric solutions to business needs, but also provoked them to bring new ways of thinking to their own team's operations.

REACH, Konecranes' open call to startups, also ran in 2021. In it, startups apply to work together with Konecranes to collaborate around pre-defined topics. In 2021, these were equipment contextual awareness, radical reduction of energy and waste in material handling processes, and safety in material and container handling operations.

The collaboration with startups is mutually beneficial. Konecranes benefits from the agile, leading startups in their field and they get access to a leading industrial company and possible references. Furthermore, all pilot projects are commercial, which means Konecranes will always pay for them. Konecranes' Discovery-program, targeting more specific business solutions together with startups, is active with many ongoing development projects in 2021. In addition to the collaboration with startups, Konecranes is also active in multiple innovation ecosystems, such as DIMECC's Intelligent Industry Ecosystem.

Customer trust in Konecranes' solutions is built not only on the productivity benefits they bring, but also on their verifiable safety and security. Cybersecurity is a priority for Konecranes, and in 2021 leaps were made in standardizing and formalizing security management. In June, it was announced that Konecranes' security management system had achieved ISO/IEC 27001 certification for information security management. The scope covers the development and delivery of yourKONECRANES.com customer portal, productivity enhancing mobile applications and TRUCONNECT® suite of remote service products and applications for all Konecranes customers in manufacturing and process industries, shipyards, ports and terminals. The achievement is important for Konecranes' customers in many industries, but especially in ports, power and automotive, where security is a critical requirement when choosing a supplier.

Konecranes' operational environment is forever changing, with new regulations and ambitions on aspects such as productivity and sustainability. Konecranes always thrives to be the primary choice among current and potential customers, and research and development work is geared towards supporting that.

In 2021, Konecranes made strides in developing products that answer to growing customer and societal expectations for increased sustainability in the industry. In late 2020, Konecranes E-VER, a lift truck with a state-of-the-art electric driveline, equipped with a lithium-ion battery powering its two motors, was introduced. Customer deliveries started in 2021. Konecranes Lift Trucks business, which celebrated its 10,000th unit sold in 2021, has further developed their service-based business model during the year. Konecranes Data Science Lab developed a data-based model to predict the fuel consumption of reach stackers, making it possible to provide a guarantee to customers on which consumption levels and emissions to expect from the machines they acquire.

Urban development has brought inhabitation closer to ports in many parts of the world. As a consequence, noise pollution is increasingly a priority for customers in the industry. Konecranes has been active in developing silent components to bring decibel levels down. This has been done holistically, with new solutions for e.g. the gear tooth contact, the design for and materials used in the shell, as well as how the core components are fastened into the equipment. The possibility to choose silent components has been well-received by customers, especially for rail-mounted gantry cranes (RMG) and rubber-tired gantry cranes (RTG), both tall pieces of equipment from which noise travels far. The silent components can be used in all the pieces of equipment that use our Core of Lifting-technology.

Many of Konecranes cranes are smart, utilizing connectivity for communication and diagnostics. These features are already a competitive advantage for the company. The dawn of 5G, with its high bandwidth and low latency, opens further opportunities in digitalized factory and port solutions. This is especially true for machine-to-machine communication, with the improved bandwidths opening avenues for pursuing holistic ecosystems of connected equipment. In the Spring of 2021, it was announced that Nokia and Edzcom will jointly be delivering a 5G standalone private wireless network to Konecranes Hyvinkää smart factory in Finland. The experience during the ramp-up phase was good, with plans to expand 5G connectivity to include solutions delivered to customers as well – further supporting their productivity and safety.

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 general 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 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 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.

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 Zaporozhye, Ukraine.

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 2021

Date	Release
December 9, 2021	Progress in Regulatory Proceedings in the Merger between Konecranes and Cargotec: The Companies have Submitted Commitments to the European Commission to Satisfy Competition Concerns
November 26, 2021	Konecranes and Cargotec note CMA's announced Provisional Findings regarding the planned merger of Konecranes and Cargotec
November 4, 2021	Konecranes and Cargotec announce planned high-level operating model and leadership team for the Future Company
October 28, 2021	Konecranes Plc: Interim report January–September 2021
October 27, 2021	Konecranes Plc's financial information and AGM in 2022
September 20, 2021	Composition of the Shareholders' Nomination Board of Konecranes Plc
August 27, 2021	Konecranes appoints Anneli Karkovirta Senior Vice President, Human Resources
August 10, 2021	State Administration for Market Regulation has approved the merger between Konecranes and Cargotec in China
August 6, 2021	Mika Vehviläinen selected as President and CEO of the Future Company as from completion of the merger between Konecranes and Cargotec
August 6, 2021	President and CEO Rob Smith to leave Konecranes
July 28, 2021	Konecranes Plc: Half-year financial report January–June 2021
July 27, 2021	Change in Konecranes Board of Directors

Date	Release
July 2, 2021	The European Commission commences Phase II review of the merger between Konecranes and Cargotec; completion of the merger expected by the end of H1/2022
July 1, 2021	Change in Konecranes Leadership Team
April 28, 2021	Konecranes Plc: Interim Report January–March 2021
March 30, 2021	The Board of Directors of Konecranes Plc decided to continue the Employee Share Savings Plan
March 30, 2021	Konecranes Plc: Board of Directors' organizing meeting
March 30, 2021	Resolutions of Konecranes Plc's Annual General Meeting of shareholders
March 5, 2021	Konecranes Plc's Annual Report 2020 published
March 1, 2021	Notice to the Annual General Meeting of Konecranes Plc
February 4, 2021	Konecranes Plc: Financial statement release 2020
February 3, 2021	The Board of Directors of Konecranes Plc has resolved to establish a new performance share plan
January 20, 2021	Proposals to the Annual General Meeting made by Konecranes Plc's Shareholders' Nomination Board and Certain Shareholders

CORPORATE PRESS RELEASES DURING FULL YEAR 2021

- On December 14, 2021, Konecranes announced that it will modernize four polar reactor cranes for a major US power utility. The order was booked in December 2021.
- On December 14, 2021, Konecranes announced that it now delivers hybrid and electric RTGs as carbon neutral.
- On December 8, 2021, Konecranes announced that it will supply 6 cranes to Singapore’s Tuas Nexus - Integrated Waste Management Facility (IWMF). The order was booked in August 2021.
- On November 30, 2021, Konecranes announced that a first Konecranes Gottwald Generation 6 Mobile Harbor Crane will go to Italy. The order was booked in November 2021.
- On November 8, 2021, Konecranes announced that Eurotransit ordered Konecranes RMGs for a new intermodal terminal in Kazakhstan. The order was booked in August 2021.
- On November 3, 2021, Konecranes announced that LOGISTEC USA ordered two Konecranes Gottwald Generation 6 Mobile Harbor Cranes to reduce marine carbon footprint in Florida. The order was booked in August 2021.
- On October 18, 2021, Konecranes announced that Nemport in Turkey ordered a fleet of Konecranes Noell RTGs to handle growing demand. The order was booked in July 2021.
- On October 14, 2021, Konecranes announced that its January–September 2021 interim report will be published on October 28, 2021.
- On September 23, 2021, Konecranes announced that an Italian terminal operator ordered two Konecranes Gottwald Mobile Harbor Cranes to keep pace with material handling demand. The first order was placed in March 2021, and the option for a second was exercised in August.
- On September 22, 2021, Konecranes announced that its sustainability work was rewarded with first Gold rating from EcoVadis.
- On September 13, 2021, Konecranes announced that it won a 14-crane order from thyssenkrupp Marine Systems for Kiel shipyard. The order was booked in July 2021.
- On September 9, 2021, Konecranes announced that Goeyvaerts ordered two Konecranes Generation 6 Mobile Harbor Cranes to meet growing rental demand. The order was booked in July 2021.
- On August 19, 2021, Konecranes announced that a Brazilian terminal ordered three new Konecranes Generation 6 Mobile Harbor Cranes to increase capacity, competitiveness. The order was booked in June 2021.
- On July 29, 2021, Konecranes announced that it won its first customer for EPA-approved new diesel-to-hybrid conversion technology.
- On July 14, 2021, Konecranes announced that its January–June 2021 half-year financial report will be published on July 28, 2021.
- On June 16, 2021, Konecranes announced that it launched a new generation of energy-efficient mobile harbor cranes as global trade accelerates.
- On May 26, 2021, Konecranes announced that it received a $43.5 million portal jib order from the US Navy. The order was booked in May 2021.
- On April 19, 2021, Konecranes announced that Nokia and Edzcom will deploy a 5G SA private wireless network to support Konecranes’ advanced R&D work.
- On April 14, 2021, Konecranes announced that Georgia Ports Authority ordered 28 Konecranes container cranes as larger ship traffic grows. The order for 20 RTG cranes was booked in Q1 2021, and the order for 8 STS cranes was booked in Q4 2020.
- On April 14, 2021, Konecranes announced that its January–March 2021 interim report will be published on April 28, 2021.
- On April 1, 2021, Konecranes announced that an Italian terminal ordered a Konecranes Gottwald Mobile Harbor Crane to increase productivity and lower environmental impact. The order was booked in Q1 2021.
- On March 31, 2021, Konecranes announced that the Konecranes lift trucks now support renewable, fossil-free diesel.

- On March 26, 2021, Konecranes announced that a Nigerian port ordered two Konecranes Gottwald Mobile Harbor Cranes for greater flexibility to match growing demand. The order was booked in January 2021.
- On March 25, 2021, Konecranes announced that it will deliver 17 next-generation S-series cranes to a wind power producer in Estonia. The order was booked in February 2021.
- On March 12, 2021, Konecranes announced that Ports America Chesapeake ordered 15 eco-efficient hybrid RTGs from Konecranes. The order was booked in January 2021.
- On March 10, 2021, Konecranes announced that a Danish port ordered a Konecranes Gottwald Mobile Harbor Crane to improve performance, meet demand. The order was booked in Q1 2021.
- On February 26, 2021, Konecranes announced that the Europe's largest iron ore producer LKAB picked Konecranes for Service technology, polar precision.
- On February 9, 2021, Konecranes announced that five hybrid Konecranes RTGs were ordered by Norfolk Southern in the US. This order was booked in December 2020.
- On February 5, 2021, Konecranes announced that in the first quarter of 2021, it won an order for two eco-efficient Konecranes Gottwald Model 8 Cranes on Barge from China.
- On February 1, 2021, Konecranes announced that the President and CEO commented on first year in the role.
- On January 28, 2021, Konecranes announced that it had closed the syndication of the merger financing arrangement.
- On January 21, 2021, Konecranes announced that its financial statement release 2020 will be published on February 4, 2021.
- On January 18, 2021, Konecranes announced that DP World Antwerp Gateway ordered fleet of Automated Stacking Cranes from Konecranes. This order was booked in December 2020.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On February 3, 2022, Konecranes gave together with Cargotec an update on the planned merger. It was announced that based on an ongoing dialogue with relevant competition authorities, the remedy requirements are more complex than expected. The dialogue with relevant competition authorities continues, and Konecranes and Cargotec continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently.

FIRST QUARTER DEMAND OUTLOOK

The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.

In Europe and North America, the demand environment within the industrial customer segments is on a healthy level. In Asia-Pacific, the demand environment remains below Europe and North America.

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

FINANCIAL GUIDANCE

Konecranes expects net sales to increase in full-year 2022 compared to 2021. Konecranes expects the full-year 2022 adjusted EBITA margin to improve from 2021.

BOARD OF DIRECTORS' PROPOSAL FOR DISPOSAL OF DISTRIBUTABLE FUNDS

The parent company's non-restricted equity is EUR 954,876,269.66, of which the net income for the year is EUR 38,775,203.83. The Group's non-restricted equity is EUR 1,284,729,000.

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 30 March 2022 that a dividend of EUR 0.88 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity. The proposal is unchanged from the dividend for the year 2020 and is in accordance with the Combination Agreement, as disclosed in the Merger Prospectus released on December 4, 2020. The proposal will be included in the notice to the Annual General Meeting, which will be published during February 2022.

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 Monday, February 28, 2022.

Espoo, February 3, 2022
Konecranes Plc
Board of Directors

Important Notice

Securities laws in the United States and in other jurisdictions restrict Konecranes from discussing or disclosing any information with respect to the contemplated merger of Konecranes and Cargotec (the “Merger”) further to the information disclosed in this report. Further information regarding the Merger can be found at https://sustainablematerialflow.com/. Until the completion of the Merger, Cargotec and Konecranes will carry out their respective businesses as separate and independent companies. The information contained in this report concerns only Konecranes.

The Merger and the merger consideration securities have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold or delivered within or into the United States, except pursuant to an applicable exemption of, or in a transaction not subject to, the U.S. Securities Act.

The information in this report is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction and it does not constitute an offer of or an invitation by or on behalf of, Konecranes, or any other person, to purchase any securities.

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

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

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

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

Consolidated statement of income

EUR million	Note	10–12/2021	10–12/2020	Change percent	1–12/2021	1–12/2020	Change percent
Sales	6	**948.9**	**936.8**	**1.3**	**3,185.7**	**3,178.9**	**0.2**
Other operating income		2.3	4.3		11.3	10.7	
Materials, supplies and subcontracting		-464.8	-480.8		-1,413.0	-1,473.0	
Personnel cost		-256.8	-231.0		-1,023.5	-993.5	
Depreciation and impairments	7	-29.8	-30.1		-120.1	-130.0	
Other operating expenses		-113.7	-116.2		-420.4	-419.3	
Operating profit		**86.0**	**83.0**	**3.6**	**220.0**	**173.8**	**26.6**
Share of associates' and joint ventures' result		0.2	0.2		0.3	21.2	
Financial income		10.4	10.1		28.6	38.6	
Financial expenses		-14.9	-17.1		-56.4	-63.2	
Profit before taxes		**81.6**	**76.2**	**7.1**	**192.5**	**170.4**	**13.0**
Taxes	9	-12.4	-21.1		-45.1	-47.5	
PROFIT FOR THE PERIOD		**69.2**	**55.1**	**25.6**	**147.4**	**122.9**	**19.9**
Profit for the period attributable to:							
Shareholders of the parent company		68.9	54.6		146.9	122.2	
Non-controlling interest		0.3	0.5		0.5	0.7	
Earnings per share, basic (EUR)		0.88	0.69	27.3	1.86	1.54	20.6
Earnings per share, diluted (EUR)		0.87	0.69	25.7	1.85	1.54	19.9

Consolidated statement of other comprehensive income

EUR million	10–12/2021	10–12/2020		1–12/2021	1–12/2020	
Profit for the period	**69.2**	**55.1**		**147.4**	**122.9**	
Items that can be reclassified into profit or loss						
Cash flow hedges	0.2	2.4		-11.0	8.1	
Exchange differences on translating foreign operations	8.6	-1.0		22.8	-15.8	
Income tax relating to items that can be reclassified into profit or loss	0.0	-0.5		2.2	-1.6	
Items that cannot be reclassified into profit or loss						
Re-measurement gains (losses) on defined benefit plans	17.6	-18.8		17.6	-18.8	
Income tax relating to items that cannot be reclassified into profit or loss	-5.8	5.9		-5.8	5.9	
Other comprehensive income for the period, net of tax	**20.6**	**-12.0**		**25.8**	**-22.2**	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**89.8**	**43.1**		**173.2**	**100.7**	
Total comprehensive income attributable to:						
Shareholders of the parent company	89.5	42.5		172.6	100.4	
Non-controlling interest	0.3	0.6		0.6	0.3	

Consolidated balance sheet

EUR million

ASSETS	Note	31.12.2021	31.12.2020
Non-current assets			
Goodwill		1,022.1	1,016.7
Intangible assets		503.1	536.0
Property, plant and equipment		339.3	341.8
Advance payments and construction in progress		10.9	20.0
Investments accounted for using the equity method		6.8	6.5
Other non-current assets		0.8	0.8
Deferred tax assets		120.2	118.9
Total non-current assets		**2,003.2**	**2,040.7**
Current assets			
Inventories			
Raw material and semi-manufactured goods		324.6	289.8
Work in progress		380.7	336.6
Advance payments		21.1	18.4
Total inventories		726.4	644.8
Accounts receivable		492.1	489.2
Other receivables		25.3	29.1
Loans receivable		2.8	1.8
Income tax receivables		16.2	13.4
Contract assets from percentage of completion method	6	161.3	102.3
Other financial assets		3.6	21.2
Deferred assets		94.2	82.1
Cash and cash equivalents		320.7	591.9
Total current assets		**1,842.6**	**1,975.8**
TOTAL ASSETS		**3,845.8**	**4,016.5**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	Note	31.12.2021	31.12.2020
Equity attributable to equity holders of the parent company			
Share capital		30.1	30.1
Share premium		39.3	39.3
Paid in capital		752.7	752.7
Fair value reserves	13	-2.7	6.0
Translation difference		11.0	-11.6
Other reserve		65.7	58.0
Retained earnings		308.4	245.3
Net profit for the period		146.9	122.2
Total equity attributable to equity holders of the parent company		**1,351.4**	**1,242.0**
Non-controlling interest		9.2	9.1
Total equity		**1,360.6**	**1,251.1**
Non-current liabilities			
Interest-bearing liabilities	12	447.1	859.7
Other long-term liabilities		289.0	306.4
Provisions		20.7	18.4
Deferred tax liabilities		142.6	143.6
Total non-current liabilities		**899.4**	**1,328.1**
Current liabilities			
Interest-bearing liabilities	12	418.0	311.1
Advance payments received	6	344.7	352.3
Accounts payable		255.4	201.6
Provisions		105.4	142.6
Other short-term liabilities (non-interest bearing)		53.2	61.2
Other financial liabilities		16.9	5.5
Income tax liabilities		23.0	18.5
Accrued costs related to delivered goods and services		178.3	165.3
Accruals		190.9	179.2
Total current liabilities		**1,585.8**	**1,437.3**
Total liabilities		**2,485.2**	**2,765.4**
TOTAL EQUITY AND LIABILITIES		**3,845.8**	**4,016.5**

Consolidated statement of changes in equity

EUR million	Equity attributable to equity holders of the parent company				
	Share capital	Share premium	Paid in capital	Cash flow hedges	Translation difference
Balance at 1 January, 2021	**30.1**	**39.3**	**752.7**	**6.0**	**-11.7**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-8.7	22.6
Total comprehensive income				-8.7	22.6
Balance at 31 December, 2021	**30.1**	**39.3**	**752.7**	**-2.7**	**10.9**
Balance at 1 January, 2020	**30.1**	**39.3**	**752.7**	**-0.5**	**3.7**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				6.5	-15.4
Total comprehensive income				6.5	-15.4
Balance at 31 December, 2020	**30.1**	**39.3**	**752.7**	**6.0**	**-11.7**

EUR million	Equity attributable to equity holders of the parent company				
	Other Reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2021	**58.0**	**367.5**	**1,242.0**	**9.1**	**1,251.1**
Dividends paid to equity holders		-69.6	-69.6	-0.2	**-69.8**
Equity-settled share based payments	7.7	0.0	7.7		**7.7**
Acquisitions		-1.2	-1.2	-0.3	**-1.5**
Profit for the period		146.9	146.9	0.5	**147.4**
Other comprehensive income		11.8	25.7	0.1	**25.8**
Total comprehensive income	0.0	158.7	172.6	0.6	**173.2**
Balance at 31 December, 2021	**65.7**	**455.4**	**1,351.4**	**9.2**	**1,360.6**
Balance at 1 January, 2020	**58.8**	**353.4**	**1,237.5**	**9.2**	**1,246.7**
Dividends paid to equity holders		-95.0	-95.0	-0.3	**-95.3**
Equity-settled share based payments	-0.8	0.0	-0.8		**-0.8**
Acquisitions		-0.1	-0.1	-0.1	**-0.2**
Profit for the period		122.2	122.2	0.7	**122.9**
Other comprehensive income		-12.9	-21.8	-0.4	**-22.2**
Total comprehensive income	0.0	109.3	100.4	0.3	**100.7**
Balance at 31 December, 2020	**58.0**	**367.6**	**1,242.0**	**9.1**	**1,251.1**

Consolidated cash flow statement

EUR million	1–12/2021	1–12/2020
Cash flow from operating activities		
Profit for the period	147.4	122.9
Adjustments to net income		
Taxes	45.1	47.5
Financial income and expenses	27.8	24.6
Share of associates' and joint ventures' result	-0.3	-21.2
Depreciation and impairments	120.1	130.0
Profits and losses on sale of fixed assets and businesses	-4.2	-2.2
Other adjustments	10.1	0.8
Operating income before change in net working capital	**346.0**	**302.4**
Change in interest-free current receivables	-28.0	115.7
Change in inventories	-65.3	42.4
Change in interest-free current liabilities	-5.7	-33.1
Change in net working capital	**-99.0**	**125.0**
Cash flow from operations before financing items and taxes	**247.0**	**427.4**
Interest received	13.1	21.9
Interest paid	-28.1	-36.8
Other financial income and expenses	-16.2	20.7
Income taxes paid	-47.4	-26.1
Financing items and taxes	**-78.6**	**-20.3**
NET CASH FROM OPERATING ACTIVITIES	**168.4**	**407.1**
Cash flow from investing activities		
Acquisition of Group companies, net of cash	0.0	-124.1
Capital expenditures	-40.5	-43.8
Proceeds from sale of property, plant and equipment	9.8	2.8
NET CASH USED IN INVESTING ACTIVITIES	**-30.7**	**-165.1**
Cash flow before financing activities	**137.7**	**242.0**
Cash flow from financing activities		
Proceeds from non-current borrowings	0.0	151.8
Repayments of non-current borrowings	-5.6	-5.4
Repayments of lease liability	-42.6	-42.5
Proceeds from (+), payments of (-) current borrowings	-296.4	-20.0
Change in loans receivable	-1.0	-1.0
Acquired non-controlling interest	-1.6	0.0
Dividends paid to equity holders of the parent	-69.6	-95.0
Dividends paid to non-controlling interests	-0.2	-0.3
NET CASH USED IN FINANCING ACTIVITIES	**-417.0**	**-12.4**
Translation differences in cash	8.1	-15.9
CHANGE OF CASH AND CASH EQUIVALENTS	**-271.2**	**213.7**
Cash and cash equivalents at beginning of period	591.9	378.2
Cash and cash equivalents at end of period	320.7	591.9
CHANGE OF CASH AND CASH EQUIVALENTS	**-271.2**	**213.7**

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

FREE CASH FLOW (alternative performance measure)

EUR million	1–12/2021	1–12/2020
Net cash from operating activities	168.4	407.1
Capital expenditures	-40.5	-43.8
Proceeds from sale of property, plant and equipment	9.8	2.8
Free cash flow	**137.7**	**366.1**

Notes

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for twelve months ending 31.12.2021 and 31.12.2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). As such, they do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2021. The unaudited interim condensed consolidated financial statements including notes thereto are presented in millions of euros and all values are rounded to the nearest million (€ 000 000) except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2021.

Notes

5. SEGMENT INFORMATION

5.1. Operating segments

EUR million

Orders received by Business Area	1–12/2021	% of total	1–12/2020	% of total
Service [1]	1,078.3	32	927.8	32
Industrial Equipment	1,172.5	35	981.2	34
Port Solutions [1]	1,112.7	33	994.5	34
./. Internal	-188.0		-176.1	
Total	**3,175.5**	**100**	**2,727.3**	**100**

[1] Excl. Service Agreement Base

Order book total [2]	31.12.2021	% of total	31.12.2020	% of total
Service	343.5	17	213.4	12
Industrial Equipment	709.9	35	598.8	35
Port Solutions	983.5	48	903.2	53
Total	**2,036.8**	**100**	**1,715.5**	**100**

[2] Percentage of completion deducted

Sales by Business Area	1–12/2021	% of total	1–12/2020	% of total
Service	1,205.3	36	1,190.0	35
Industrial Equipment	1,088.7	32	1,120.1	33
Port Solutions	1,072.9	32	1,066.0	32
./. Internal	-181.1		-197.2	
Total	**3,185.7**	**100**	**3,178.9**	**100**

Adjusted EBITA by Business Area	1–12/2021 MEUR	EBITA %	1–12/2020 MEUR	EBITA %
Service	222.4	18.5	205.2	17.2
Industrial Equipment	38.0	3.5	25.4	2.3
Port Solutions	79.9	7.4	59.7	5.6
Group costs and eliminations	-28.1		-29.5	
Total	**312.2**	**9.8**	**260.8**	**8.2**

Operating profit (EBIT) by Business Area	1–12/2021 MEUR	EBIT %	1–12/2020 MEUR	EBIT %
Service	204.9	17.0	181.4	15.2
Industrial Equipment	18.7	1.7	4.3	0.4
Port Solutions	74.8	7.0	28.0	2.6
Group costs and eliminations	-78.4		-40.0	
Total	**220.0**	**6.9**	**173.8**	**5.5**

Notes

Business segment assets	31.12.2021 MEUR		31.12.2020 MEUR	
Service	1,422.6		1,409.7	
Industrial Equipment	926.6		916.5	
Port Solutions	900.4		854.2	
Unallocated items	596.2		836.1	
Total	**3,845.8**		**4,016.5**	

Business segment liabilities	31.12.2021 MEUR		31.12.2020 MEUR	
Service	212.7		192.5	
Industrial Equipment	376.6		356.4	
Port Solutions	405.8		415.0	
Unallocated items	1,490.2		1,801.5	
Total	**2,485.2**		**2,765.4**	

Personnel by Business Area (at the end of the period)	31.12.2021	% of total	31.12.2020	% of total
Service	7,890	48	8,062	48
Industrial Equipment	5,516	33	5,720	34
Port Solutions	3,083	19	2,970	18
Group staff	84	1	110	1
Total	**16,573**	**100**	**16,862**	**100**

Notes

Orders received by Business Area, Quarters	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service [1)]	307.7	257.9	257.5	255.2	233.6	218.9	209.1	266.1
Industrial Equipment	274.5	289.8	331.5	276.7	241.3	226.8	234.9	278.2
Port Solutions [1)]	354.9	210.2	272.1	275.5	403.7	163.3	184.2	243.2
./. Internal	-44.8	-44.2	-54.4	-44.7	-35.3	-43.6	-46.7	-50.5
Total	**892.3**	**713.7**	**806.7**	**762.8**	**843.3**	**565.5**	**581.5**	**737.0**

[1)] *Excl. Service Agreement Base*

Order book by Business Area, Quarters	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	343.5	293.1	273.0	254.5	213.4	230.2	249.8	256.9
Industrial Equipment	709.9	747.3	718.4	663.2	598.8	669.1	725.4	754.5
Port Solutions	983.5	957.0	983.3	949.0	903.2	843.6	929.4	949.9
Total	**2,036.8**	**1,997.4**	**1,974.8**	**1,866.7**	**1,715.5**	**1,742.8**	**1,904.5**	**1,961.3**

Sales by Business Area, Quarters	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	332.2	296.0	298.7	278.3	315.3	294.6	276.5	303.7
Industrial Equipment	332.1	267.7	260.6	228.4	313.6	270.1	269.9	266.6
Port Solutions	337.9	255.5	243.5	236.0	355.3	250.2	207.9	252.6
./. Internal	-53.3	-45.6	-43.5	-38.7	-47.3	-47.0	-49.7	-53.3
Total	**948.9**	**773.6**	**759.3**	**704.0**	**936.8**	**767.9**	**704.7**	**769.6**

Adjusted EBITA by Business Area, Quarters	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	69.7	56.1	50.3	46.4	60.6	55.1	47.6	41.9
Industrial Equipment	20.6	11.7	5.4	0.3	18.1	13.4	4.5	-10.6
Port Solutions	28.8	16.0	17.3	17.8	28.7	17.8	13.3	0.0
Group costs and eliminations	-5.8	-6.3	-7.7	-8.2	-5.3	-6.1	-7.9	-10.2
Total	**113.2**	**77.4**	**65.3**	**56.2**	**102.1**	**80.1**	**57.5**	**21.1**

Adjusted EBITA margin by Business Area, Quarters	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	21.0	18.9	16.8	16.7	19.2	18.7	17.2	13.8
Industrial Equipment	6.2	4.4	2.1	0.1	5.8	5.0	1.7	-4.0
Port Solutions	8.5	6.3	7.1	7.5	8.1	7.1	6.4	0.0
Group EBITA margin total	**11.9**	**10.0**	**8.6**	**8.0**	**10.9**	**10.4**	**8.2**	**2.7**

Personnel by Business Area, Quarters (at the end of the period)	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	7,890	7,819	7,913	7,957	8,062	8,051	8,271	8,657
Industrial Equipment	5,516	5,594	5,593	5,626	5,720	5,772	5,874	6,030
Port Solutions	3,083	3,039	2,943	2,945	2,970	3,021	3,017	3,052
Group staff	84	88	86	86	110	113	108	111
Total	**16,573**	**16,540**	**16,535**	**16,614**	**16,862**	**16,957**	**17,270**	**17,850**

Notes

5.2. Geographical areas

EUR million

Sales by market	1–12/2021	% of total	1–12/2020	% of total
Europe-Middle East-Africa (EMEA)	1,645.9	52	1,703.9	54
Americas (AME)	1,042.2	33	976.6	31
Asia-Pacific (APAC)	497.7	16	498.4	16
Total	**3,185.7**	**100**	**3,178.9**	**100**

Personnel by region (at the end of the period)	31.12.2021	% of total	31.12.2020	% of total
Europe-Middle East-Africa (EMEA)	9,683	58	9,688	57
Americas (AME)	3,016	18	2,964	18
Asia-Pacific (APAC)	3,874	23	4,210	25
Total	**16,573**	**100**	**16,862**	**100**

Sales by market, Quarters	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Europe-Middle East-Africa (EMEA)	459.3	409.2	403.8	373.6	538.5	402.0	359.3	404.1
Americas (AME)	320.5	255.4	238.2	228.0	250.9	231.4	230.5	263.8
Asia-Pacific (APAC)	169.1	108.9	117.3	102.5	147.3	134.5	114.9	101.6
Total	**948.9**	**773.6**	**759.3**	**704.0**	**936.8**	**767.9**	**704.7**	**769.6**

Personnel by region, Quarters (at the end of the period)	Q4/2021	Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Europe-Middle East-Africa (EMEA)	9,683	9,569	9,509	9,561	9,688	9,817	9,923	10,131
Americas (AME)	3,016	2,958	2,993	2,967	2,964	2,880	3,002	3,200
Asia-Pacific (APAC)	3,874	4,013	4,033	4,086	4,210	4,260	4,345	4,519
Total	**16,573**	**16,540**	**16,535**	**16,614**	**16,862**	**16,957**	**17,270**	**17,850**

Notes

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

EUR million	31.12.2021	31.12.2020
The cumulative revenues of non-delivered projects	682.8	554.6
Advances received netted	521.5	452.3
Total	**161.3**	**102.3**
Gross advance received from percentage of completion method	593.8	510.0
Advances received netted	521.5	452.3
Total	**72.3**	**57.7**

Net sales recognized under the percentage of completion method amounted EUR 447.4 million in 1–12/2021 (EUR 496.8 million in 1–12/2020).

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

Advance payments received	31.12.2021	31.12.2020
Advance received from percentage of completion method (netted)	72.3	57.7
Other advance received from customers	272.4	294.6
Total	**344.7**	**352.3**

7. IMPAIRMENTS

EUR million	1–12/2021	1–12/2020
Property, plant and equipment	0.3	0.0
Total	**0.3**	**0.0**

All impairments in 2021 and 2020 relate to restructuring actions.

8. RESTRUCTURING COSTS

Konecranes has recorded EUR 11.3 million restructuring costs during 1–12/2021 (EUR 42.6 million in 1–12/2020) of which EUR 0.3 million was impairment of assets (EUR 0.0 million for 1–12/2020). The remaining EUR 11.0 million of restructuring cost is reported 1–12/2021 in personnel costs (EUR 13.5 million) and in other operating expenses (EUR 2.8 million) and profits on disposal of assets in other operating income (EUR 5.3 million).

9. INCOME TAXES

Taxes in statement of Income	1–12/2021	1–12/2020
Local income taxes of group companies	47.7	51.7
Taxes from previous years	1.4	-3.3
Change in deferred taxes	-3.9	-1.0
Total	**45.1**	**47.5**

Notes

10. KEY FIGURES

	31.12.2021	31.12.2020	Change %
Earnings per share, basic (EUR)	1.86	1.54	20.6
Earnings per share, diluted (EUR)	1.85	1.54	19.9
Alternative Performance Measures:			
Return on capital employed, %	9.3	8.3	12.0
Adjusted return on capital employed, %	13.4	11.1	20.7
Return on equity, %	11.3	9.8	15.3
Equity per share (EUR)	17.08	15.69	8.9
Gearing, %	39.8	46.1	-13.7
Net debt / Adjusted EBITDA	1.4	1.6	-12.5
Equity to asset ratio, %	38.9	34.1	14.1
Investments total (excl. acquisitions), EUR million	49.8	42.8	16.4
Interest-bearing net debt, EUR million	541.6	577.1	-6.2
Net working capital, EUR million	424.5	337.2	25.9
Average number of personnel during the period	16,625	17,027	-2.4
Average number of shares outstanding, basic	79,134,459	79,077,608	0.1
Average number of shares outstanding, diluted	79,606,960	79,272,057	0.4
Number of shares outstanding	79,134,459	79,134,459	0.0

Notes

Calculation of Alternative Performance Measures

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

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

Notes

Reconciliation of adjusted EBITDA, EBITA and Operating profit (EBIT)	1–12/2021	1–12/2020
Adjusted EBITDA	**398.9**	**356.7**
Transaction and integration costs	-47.8	-8.5
Restructuring costs (excluding impairments)	-11.0	-42.6
Release of MHE-Demag purchase price allocation in inventories	0.0	-1.8
EBITDA	**340.1**	**303.8**
Depreciation, amortization and impairments	-120.1	-130.0
Operating profit (EBIT)	**220.0**	**173.8**
Adjusted EBITA	**312.2**	**260.8**
Purchase price allocation amortization	-33.2	-35.9
Adjusted Operating profit (EBIT)	**279.1**	**224.9**
Transaction and integration costs	-47.8	-8.5
Restructuring costs	-11.3	-42.6
Operating profit (EBIT)	**220.0**	**173.8**

Interest-bearing net debt	31.12.2021	31.12.2020
Non current interest bearing liabilities	447.1	859.7
Current interest bearing liabilities	418.0	311.1
Loans receivable	-2.8	-1.8
Cash and cash equivalents	-320.7	-591.9
Interest-bearing net debt	**541.6**	**577.1**

The period end exchange rates:	31.12.2021	31.12.2020	Change %
USD - US dollar	1.133	1.227	8.3
CAD - Canadian dollar	1.439	1.563	8.6
GBP - Pound sterling	0.840	0.899	7.0
CNY - Chinese yuan	7.195	8.023	11.5
SGD - Singapore dollar	1.528	1.622	6.1
SEK - Swedish krona	10.250	10.034	-2.1
AUD - Australian dollar	1.562	1.590	1.8

The period average exchange rates:	31.12.2021	31.12.2020	Change %
USD - US dollar	1.183	1.142	-3.4
CAD - Canadian dollar	1.483	1.530	3.2
GBP - Pound sterling	0.860	0.890	3.5
CNY - Chinese yuan	7.629	7.875	3.2
SGD - Singapore dollar	1.589	1.574	-0.9
SEK - Swedish krona	10.146	10.486	3.4
AUD - Australian dollar	1.575	1.655	5.1

Notes

11. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.12.2021	31.12.2020
For own commercial obligations		
Guarantees	783.0	580.2
Other	55.1	33.4
Total	**838.2**	**613.6**

Guarantees

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

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

Contingent liabilities relating to litigation

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

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

Notes

12. FINANCIAL ASSETS AND LIABILITIES

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

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

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

EUR million Financial assets 31.12.2020	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	520.1	520.1
Derivative financial instruments	7.7	13.4	0.0	21.2
Cash and cash equivalents	0.0	0.0	591.9	591.9
Total	**7.7**	**13.4**	**1,112.0**	**1,133.2**

Financial liabilities 31.12.2020				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	859.7	859.7
Other payable	0.0	0.0	7.2	7.2
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	311.1	311.1
Derivative financial instruments	1.9	3.7	0.0	5.5
Accounts and other payable	0.0	0.0	262.7	262.7
Total	**1.9**	**3.7**	**1,440.8**	**1,446.3**

Notes

During the year 2021, Group prepaid EUR 150 million of its term loan. In addition, in the fourth quarter of 2021 the Group refinanced the maturing EUR 73 million Schuldschein loan with a bilateral term loan and downsized respectively the committed merger financing related facility for the same amount. At the end of December, the Group's liquid cash reserves were EUR 320.7 million (31.12.2020: EUR 591.9 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 2021. In addition, the Group may draw short term financing from the domestic commercial paper markets within the EUR 500 million limit, for which EUR 40 million was utilized at the end of December 2021 (31.12.2020: EUR 181 million).

At the end of December 2021, the outstanding short- and long-term loans were: EUR 323 million term loans, EUR 77 million Schuldschein loan, EUR 250 million bond and EUR 30 million employment pension loan. In addition, an undrawn EUR 392 million committed merger financing related facility (originally EUR 635 million) remained in place. The Schuldschein loan and term loans contains floating and fixed rate tranches and the bond yield is fixed with annual coupon payment. The weighted average interest rate for these loans and the bond is currently 1.21% 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 39.8% (31.12.2020: 46.1%) which is in compliance with the financial covenants the Group has to comply with.

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

Notes

12.2 Fair values

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

Financial assets	Carrying amount **31.12.2021**	Carrying amount **31.12.2020**	Fair value **31.12.2021**	Fair value **31.12.2020**
Current financial assets				
Account and other receivables	520.2	520.1	520.2	520.1
Derivative financial instruments	3.6	21.2	3.6	21.2
Cash and cash equivalents	320.7	591.9	320.7	591.9
Total	**844.5**	**1,133.2**	**844.5**	**1,133.2**

Financial liabilities				
Non-current financial liabilities				
Interest-bearing liabilities	447.1	859.7	448.3	864.6
Other payable	10.5	7.2	10.5	7.2
Current financial liabilities				
Interest-bearing liabilities	418.0	311.1	419.1	311.2
Derivative financial instruments	16.9	5.5	16.9	5.5
Accounts and other payable	308.6	262.7	308.6	262.7
Total	**1,201.0**	**1,446.3**	**1,203.4**	**1,451.3**

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

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

Notes

12.3 Hierarchy of fair values

	31.12.2021			31.12.2020		
Financial assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instruments						
Foreign exchange forward contracts	0.0	3.5	0.0	0.0	21.2	0.0
Fuel oil derivative	0.0	0.1	0.0	0.0	0.0	0.0
Interest rate derivative	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**3.6**	**0.0**	**0.0**	**21.2**	**0.0**
Other financial assets						
Cash and cash equivalents	320.7	0.0	0.0	591.9	0.0	0.0
Total	**320.7**	**0.0**	**0.0**	**591.9**	**0.0**	**0.0**
Total financial assets	**320.7**	**3.6**	**0.0**	**591.9**	**21.2**	**0.0**

Financial liabilities						
Derivative financial instruments						
Foreign exchange forward contracts	0.0	16.9	0.0	0.0	5.5	0.0
Interest rate derivative	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**16.9**	**0.0**	**0.0**	**5.5**	**0.0**
Other financial liabilities						
Interest bearing liabilities	0.0	865.1	0.0	0.0	1,170.8	0.0
Other payables	0.0	0.0	3.0	0.0	0.0	0.7
Total	**0.0**	**865.1**	**3.0**	**0.0**	**1,170.8**	**0.7**
Total financial liabilities	**0.0**	**882.0**	**3.0**	**0.0**	**1,176.3**	**0.7**

13. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	**31.12.2021** Nominal value	**31.12.2021** Fair value	**31.12.2020** Nominal value	**31.12.2020** Fair value
Foreign exchange forward contracts	1,060.1	-13.4	1,052.2	15.6
Interest rate derivative	88.4	0.0	0.0	0.0
Fuel oil derivative	1.4	0.1	0.0	0.0
Total	**1,149.9**	**-13.3**	**1,052.2**	**15.6**

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 of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Notes

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward and interest rate derivative contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales and purchases and receivables in US dollar. These forecast transactions are highly probable, and they comprise about 30.8% 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 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 and purchases in 2021 and 2020 were assessed to be highly effective and a net unrealized loss, with a deferred tax asset relating to the hedging instruments, is included in OCI. The amounts recognized in OCI are shown in the table below and the reclassifications to profit or loss during the year are as shown in the consolidated statement of income.

Fair value reserve of cash flow hedges

EUR million	31.12.2021	31.12.2020
Balance as of January 1	6.0	-0.5
Gains and losses deferred to equity (fair value reserve)	-11.0	8.1
Change in deferred taxes	2.2	-1.6
Balance as of the end of period	**-2.7**	**6.0**

14. TRANSACTIONS WITH RELATED PARTIES

EUR million	31.12.2021	31.12.2020
Sales of goods and services with associated companies and joint arrangements	18.0	20.0
Receivables from associated companies and joint arrangements	3.3	4.3
Purchases of goods and services from associated companies and joint arrangements	53.6	48.7
Liabilities to associated companies and joint arrangements	1.7	0.8

Notes

15. MERGER PLAN WITH CARGOTEC

On October 1, 2020 Konecranes Plc (“Konecranes”) and Cargotec Corporation (“Cargotec”) announced that their respective Boards of Directors signed a combination agreement (the “Combination Agreement”) and a merger plan to combine the two companies through a merger (the “Future Company”). The EGM on December 18, 2020 approved the merger of Konecranes into Cargotec in accordance with the merger plan signed by the Boards of Directors of Konecranes and Cargotec on 1 October 2020 and approved the Merger Plan.

The customer industries of the Future Company will include container handling, manufacturing, transportation, construction and engineering, paper and pulp, metals productions, mining, power, chemicals and marine industries.The Future Company’s name will be determined and announced at a later stage. Pursuant to the merger plan, the Board of Directors of Cargotec will propose to the shareholders’ general meeting of Cargotec to be convened prior to the completion of the merger that the articles of association of Cargotec will be amended in connection with the registration of the execution of the merger to contain a new name of the Future Company. The location of the headquarters of the Future Company will be decided later.

The proposed combination will be implemented as a statutory absorption merger whereby Konecranes will be merged into Cargotec. Prior to or in connection with the completion of the merger, Cargotec will issue new shares without payment to the shareholders of Cargotec in proportion to their existing shareholding by issuing two (2) new class A shares for each class A share and two (2) new class B shares for each class B share, including new shares to be issued to Cargotec for its treasury shares. Upon completion, Konecranes’ shareholders will receive as merger consideration 0.3611 new class A shares and 2.0834 new class B shares in Cargotec for each share they hold in Konecranes on the record date. This implies that Konecranes shareholders would own approximately 50 percent of the shares and votes of the Future Company, and Cargotec shareholders would own approximately 50 percent of the shares and votes of the Future Company. In addition to the merger consideration shares, all the existing class A shares of Cargotec will be listed on Nasdaq Helsinki in connection with the merger.

The Konecranes Annual General meeting approved the Board’s proposal and authorized the Board of Directors to resolve, before the completion of the Merger, on an extra distribution of funds to be paid either from the Konecranes’ reserve for invested unrestricted equity as a return of equity or from its retained earnings as a dividend or as a combination of both so that the total maximum amount of funds to be distributed under the authorization would amount to EUR 158,268,918 corresponding to EUR 2.00 per share. The authorization is in force until the opening of the following Annual General Meeting of Konecranes. The extra distribution of funds will be paid in addition to the ordinary distribution(s). Konecranes and Cargotec have obtained necessary commitments for the financing of the completion of the merger.

The completion of the Merger is subject to necessary merger control approvals having been obtained and other conditions to completion having been fulfilled. In July, The European Commission and the UK Competition and Markets Authority (CMA) opened Phase II reviews in connection with the planned Transaction. Also, the US Department of Justice has opened phase II review of the merger. Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding anti-trust concerns continue, and Konecranes and Cargotec are awaiting their decisions. The companies continue to work towards the merger being completed by the end of H1 2022. Until completion, both companies will operate fully separately and independently.

ANALYST AND PRESS BRIEFING

A live international telephone conference for analysts, investors and media will be held on February 3, 2022, at 10:30 a.m. EET. The financial statement release will be presented by Konecranes' CFO and interim CEO Teo Ottola.

Please see the press release dated January 20, 2022 for the conference call details.

NEXT REPORT

Konecranes Plc plans to publish Interim report January–March 2022 on April 27, 2022.

KONECRANES PLC

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Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. In 2021, Group sales totaled EUR 3.2 billion. The Group has around 16,600 employees in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).

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