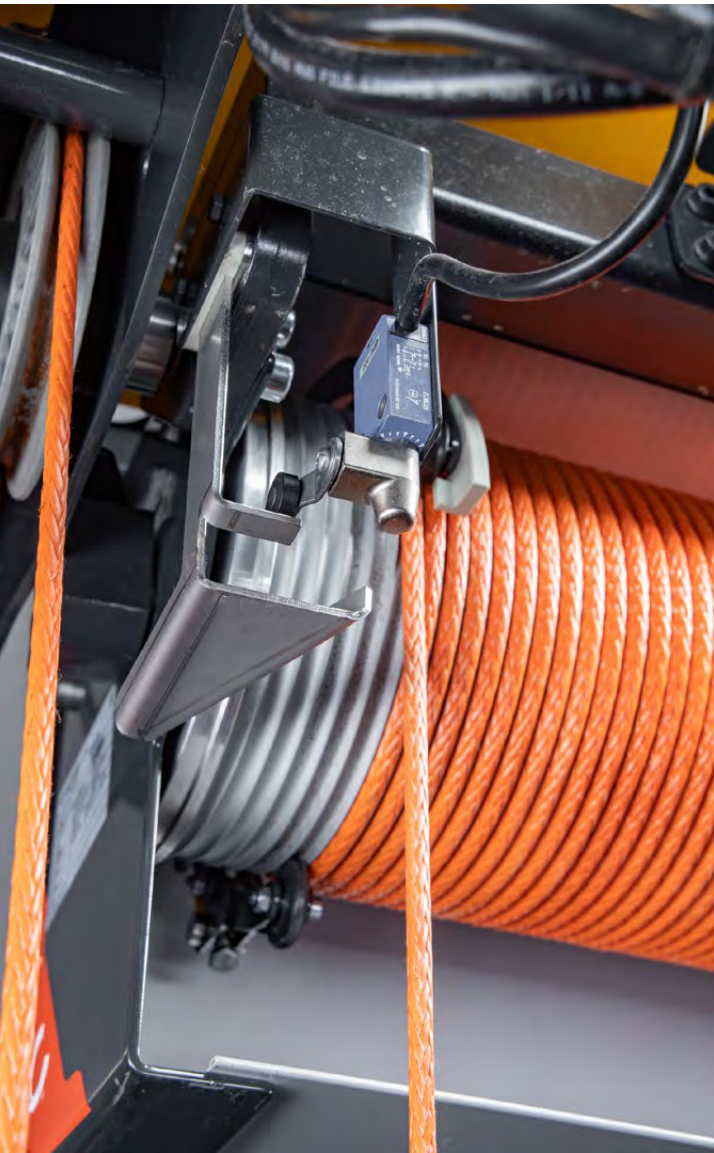


ANNUAL REVIEW 2020



KONECRANES®

Strong performance in a year of unprecedented adversity and change

2020 will be forever associated with the COVID-19 pandemic. On its own, the rapid global spread of the virus and a company's reaction would suffice as the main theme for the year, but for Konecranes, there was even more change in store: the announced merger with Cargotec to create a global leader in sustainable material flow.

We took quick, decisive steps in early 2020 to mitigate the impact of COVID-19, tapping our digital insights to chart and handle volatile demand in real time, and adjusting our business to keep costs in balance. In parallel, we sharpened our strategy, identifying and executing strategic initiatives to improve our operations. Together, these actions underpinned our impressive financial performance. We also took big strides with our sustainability agenda in 2020.

On October 1, we announced plans to merge with Cargotec, further supporting our strategy and growth ambitions. In December shareholders of both companies gave their support for the plan, a major step towards the expected completion of the merger on January 1, 2022, given all conditions and merger control approvals for completion are fulfilled. Until then, both companies will operate fully separately and independently.

The battle against COVID-19 continues, demanding vigilance on both demand and costs, but we take heart from our response so far – and our resilience. After an extraordinary year we will tackle 2021 with both caution and confidence, knowing that the actions taken in 2020 give us a rock-solid foundation for future success.

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Information about Konecranes' Annual Report 2020

Konecranes' Annual Report 2020 consists of three separate reports: Annual Review, Governance and Financial Review, and Sustainability Report. All documents are downloadable on our Annual Report website at https://investors.konecranes.com/annual_report_2020.

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Konecranes in 2020

The acquisition of MHE-Demag was completed in early 2020. The combined operations of Konecranes and MHE-Demag started on January 2, 2020. With the acquisition, Konecranes increased its presence and market coverage in the strategically important and fast-growing Southeast Asia.

Investments made in technology came through in the year of the COVID-19 pandemic. Our TRUCONNECT crane utilization data and digital telemetry assisted us in real-time demand-supply balancing and in tailoring our service for our customers.

In the area of sustainability, we showed strong leadership in work safety, implementing fast and effective actions to mitigate the impact of COVID-19 on the well-being of our employees and the business. We made important advances in mapping human rights related risks and focus areas. We signed the Science Based Targets Initiative (SBTi) commitment and sharpened our approach on managing climate change risks and opportunities.

In Diversity & Inclusion, we focused extensive efforts on internal awareness creation. Appreciation of diversity and building a culture of inclusion were reflected in many internal tools and practices. An all-employee training on unconscious biases was rolled out across the company.

A planned merger between Konecranes and Cargotec was announced on October 1, 2020 and the shareholders of both companies approved the plan in December. The Future Company will be a customer-focused global leader in sustainable material flow. The completion of the merger is currently expected to take place on January 1, 2022, given all conditions and merger control approvals for completion are fulfilled.

Important deals and deliveries were closed, new product features made available. We finalized Konecranes' largest-ever delivery of 86 Automated Stacking Cranes for the Virginia Port Authority in June and secured important deals on the next-generation S-series overhead cranes. We introduced a new customer application called CheckApp for Daily Inspections to support customers in their self-service, and released a fully electric forklift truck, the E-VER, adding the latest eco-efficient technology to our conventional lift trucks.



86

**Automated Stacking
Cranes delivered to the
Virginia Port Authority**



2020 was a year like no other, and fundamentally transformative for Konecranes and the world around us.

We are committed to reducing our energy intensity (MWh/sales) by 25% and greenhouse gas emission intensity (tCO₂e/sales) by 50% during 2017–2025.

The year 2020 in numbers

2,727.3

MEUR (-13.9%)
Order intake

3,178.9

MEUR (-4.4%)
Net sales

8.2%

Adjusted EBITA margin

1,715.5

MEUR (-6.3%)
Order book

2,300

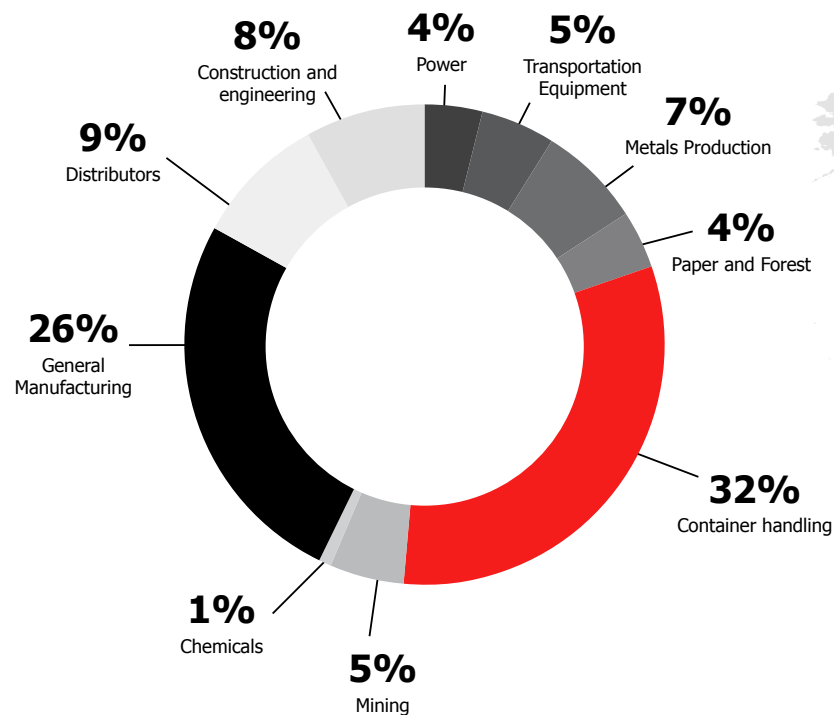
Number of active and
pending patents

46.1%

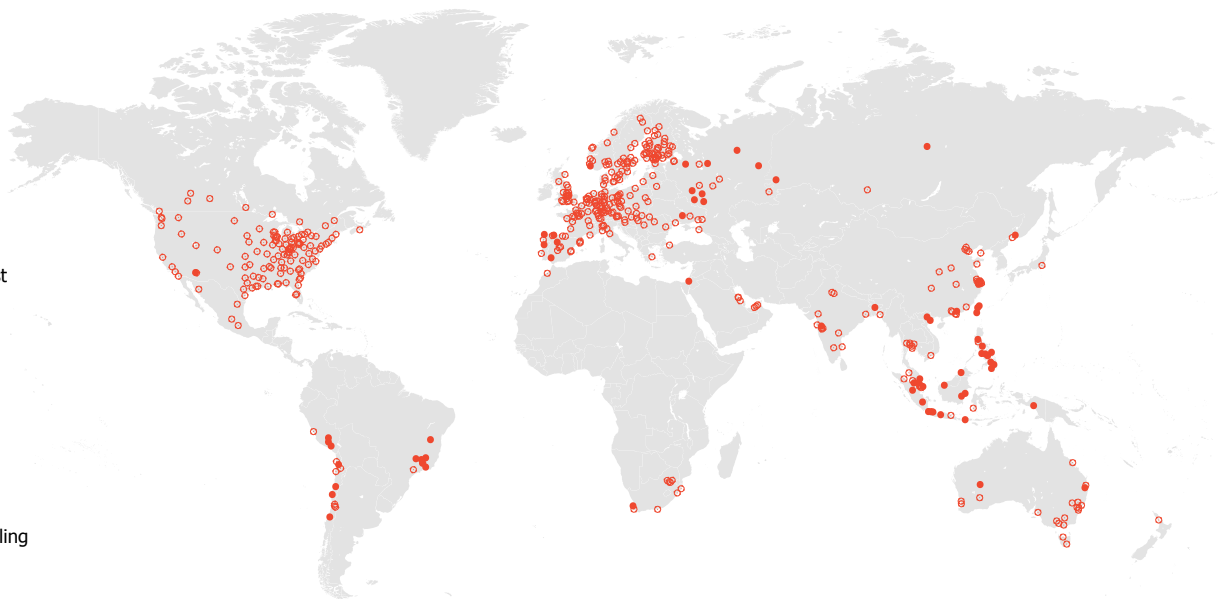
Gearing



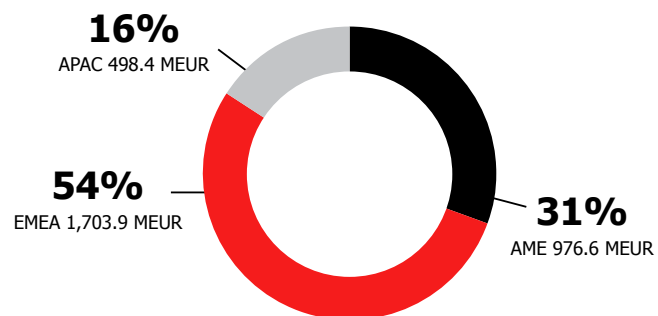
Orders by customer segments, 2020



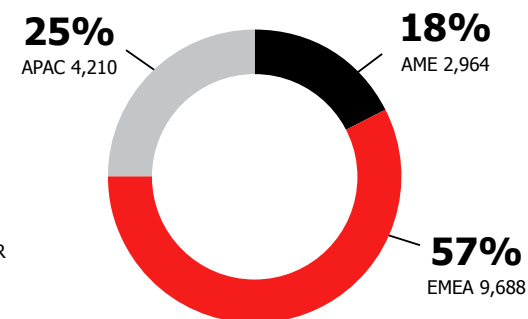
Being close to our customers through a local presence



Net sales per region, 2020



Personnel by region, 2020



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

CEO's review

Dear Shareholders,

2020 was a year like no other, and fundamentally transformative for Konecranes and the world around us. The COVID-19 pandemic exacted human and economic costs unseen for generations, forcing companies globally to rapidly adjust to the volatile conditions. Against this challenging backdrop, we took rapid action to protect the health and safety of our people, and moved quickly to ensure business continuity and performance in the short term and sharpen our strategy for the longer term. In addition, we made meaningful progress in delivering on our commitment to operate more sustainably and to help our customers do the same. In October, we announced the most important development for Konecranes in our 26-year history as an independent company: our plan to merge with Cargotec to create a global leader in sustainable material flow. Simply put it was an extraordinary 12 months, capped by strong earnings to end the year, giving us good momentum and positioning us well for the future.

I will share more details about these remarkable achievements below, but before doing so I would like to express my deep gratitude for your support throughout the year. My thanks also go to Konecranes employees and our business partners for their unwavering commitment to safety and ensuring uninterrupted mission-critical operations during a time of extraordinary global uncertainty. The pandemic has humbled and defeated businesses around the world, and I am proud of how we have all worked through this pandemic together and are emerging even stronger,

ready to seize the many opportunities that arise from this period of unprecedented upheaval.

Rapid pandemic response

As the coronavirus rapidly spread globally in early 2020, countries began to impose extensive restrictions on the daily conduct of people and businesses, impacting our ability to access customer premises and manufacture, deliver, install and service equipment. Restrictions of varying severity remain in force around the world at the time of this writing, although the rapid development of vaccines and their ongoing rollout give cause for hope later in 2021.

As this crisis unfolded, Konecranes prioritized the safety of its personnel and customers, many of whom were playing central roles in safeguarding the continuous flow of food, medical supplies and other fundamentally important materials. In particular, Konecranes took rapid steps to:

- Leverage the real-time insights from our tens of thousands of connected devices and pieces of equipment around the world to balance demand and supply in real time and ensure our operations fully support our customers.
- Examine all facets of our business to ensure our cost base was competitive and aligned with the uncertain and reduced demand. This meant cost-flexing actions throughout our company that included temporary layoffs, reduced working hours, streamlined spending and permanent cost adjustments.

The pandemic has reinforced the importance of digitalization, and companies like Konecranes which have had the foresight to invest in a broad digital footprint have benefitted as a result. Our connected equipment gives Konecranes and its customers unmatched insight into daily operations and ensures optimal availability and performance. This large, connected fleet provides valuable usage data, and we are excited about the additional opportunities this will bring as we move into 2021.

Strategic initiatives deliver results

In parallel with these actions, and following the integration of the MHPS business and full acquisition of MHE-Demag which was completed in January 2020, we advanced our strategy, deciding to extend beyond lifting into the broader material flow of our customers and identifying and executing the following key initiatives:

- Service revenue and profitability growth
- Industrial Equipment profitability improvement
- Improved project management
- Lean operations
- Procurement excellence
- Business process efficiency improvement

We gained good traction with this work already in 2020, as evidenced by the financial results of our three business areas.

In **Service**, our growth engine, the 2020 adjusted EBITA margin rose to a record 17.2 percent, an impressive

achievement given the challenges of the pandemic, which dented sales. Our Service agreement base gave us resilience in dealing with the business impact of COVID-19, as did our digital investments. An example here is our new self-service customer application, CheckApp for Daily Inspections, a digitalized and cost-effective way for customers to record and retrieve daily inspection data that can be used for internal auditing and compliance. The integration of MHE-Demag extended our capabilities in Southeast Asia with some 700 service engineers and brought us additional industrial products to service.

Industrial Equipment (IE), which struggled in 2019 as it streamlined manufacturing and took one-time process crane costs, rebounded nicely in 2020. Its full-year adjusted EBITA margin improved to 2.3 percent from 1.5 percent a year ago – powered by a strong second-half adjusted EBITA margin of over 5 percent – despite a fall in sales due to the pandemic. IE benefited from the incorporation of MHE-Demag, which significantly broadened our footprint in Southeast Asia. We saw good order momentum in the automotive and energy sectors, and the first orders for our innovative next-generation S-series cranes. IE also renewed its operating model to increase efficiency, took important steps to turn around its unprofitable ETO (engineered-to-order cranes) business, reduced its factory footprint and centralized process crane-related personnel in Finland and in Germany.

Port Solutions reported lower net sales and profitability in 2020 due to the pandemic, but finished the year strongly with record order intake and sales in the fourth quarter. The business took big steps during the year with its Path to Port Automation strategy, winning a deal for 34 automated stacking cranes with DP World Antwerp

Gateway, finalizing its delivery of 86 automated stacking cranes with the Virginia Port Authority, and continuing its port automation projects with the Hadarom container terminal in Israel and Abu Dhabi in the United Arab Emirates. Port Solutions also booked its largest-ever reach stacker contract in 2020 – 39 units for the German Bundeswehr (Federal Armed Forces).

Meaningful steps in sustainability

While Konecranes delivered excellent operational and financial performance under challenging circumstances, I am proud that we did this while making significant progress in our efforts to ensure that, together with our customers and suppliers, we operate more sustainably to reduce our climate and environmental impact.

Konecranes signed the Science Based Targets Initiative (SBTi) commitment letter and will define new climate targets for our business in 2021. We are already systematically focusing on reducing the carbon footprint of our own operations and charting emissions from our supply chain as well as from the products and solutions we provide for our customers; committing to the SBTi takes these efforts to the next level. One key development on this front in 2020 was the release of our fully electric forklift truck, the E-VER, which is powered by an efficient Li-ion battery and combines the quality, power and productivity of our conventional lift trucks with the latest eco-efficient technology. In comparison with a standard diesel engine, Konecranes E-VER has zero direct emissions and cuts energy consumption by up to 70 percent.

We also announced we have partnered with The Ocean Cleanup, the Dutch non-profit organization developing

advanced technologies to rid the oceans of plastic, to design, manufacture, and service The Ocean Cleanup's Interceptor™, which extracts plastic from rivers before entering the world's oceans. This ramping up of production is an important step as the non-profit prepares to tackle the world's 1,000 most polluting rivers.

As our sustainability work continues, we have won recognition for the progress shown so far. Konecranes received an A- rating in the CDP's climate program and a leadership ranking – something uncommon for capital goods companies – based on our 2019 disclosure on actions to cut emissions, mitigate climate risks and develop the low-carbon economy. I encourage you to read our 2020 Sustainability Report to get an update on the breadth of our activities in this area.

Creating a global leader in sustainable material flow

These are all important and positive developments. And there is no doubt that the most important one of the year was the October 1 announcement of our merger plans with Cargotec. The combination is a compelling fit of two Nordic industrial companies with a global perspective, and underpins our strategic plans and growth ambitions. Together we aim to create value for shareholders and be the lifecycle partner for customers, solving their sustainability challenges through innovation with our team of top global talent.

The merger represents the exciting next step for Konecranes as we extend our core lifting business further into the sustainable material flow value stream, meeting growing customer demand for more comprehensive

solutions, products and services. The agreement is the latest in our long history of growth through successful M&A, as seen with the MHPS business and MHE-Demag acquisitions.

In December, Konecranes and Cargotec shareholders approved the merger plan, and my thanks go to all Konecranes shareholders for your trust. With this backing now secured, we will begin to ramp up planning for the future company, communicating regularly and transparently as we move towards the expected completion of the deal on January 1, 2022. Until then, both companies will operate fully separately and independently.

Focus and commitment

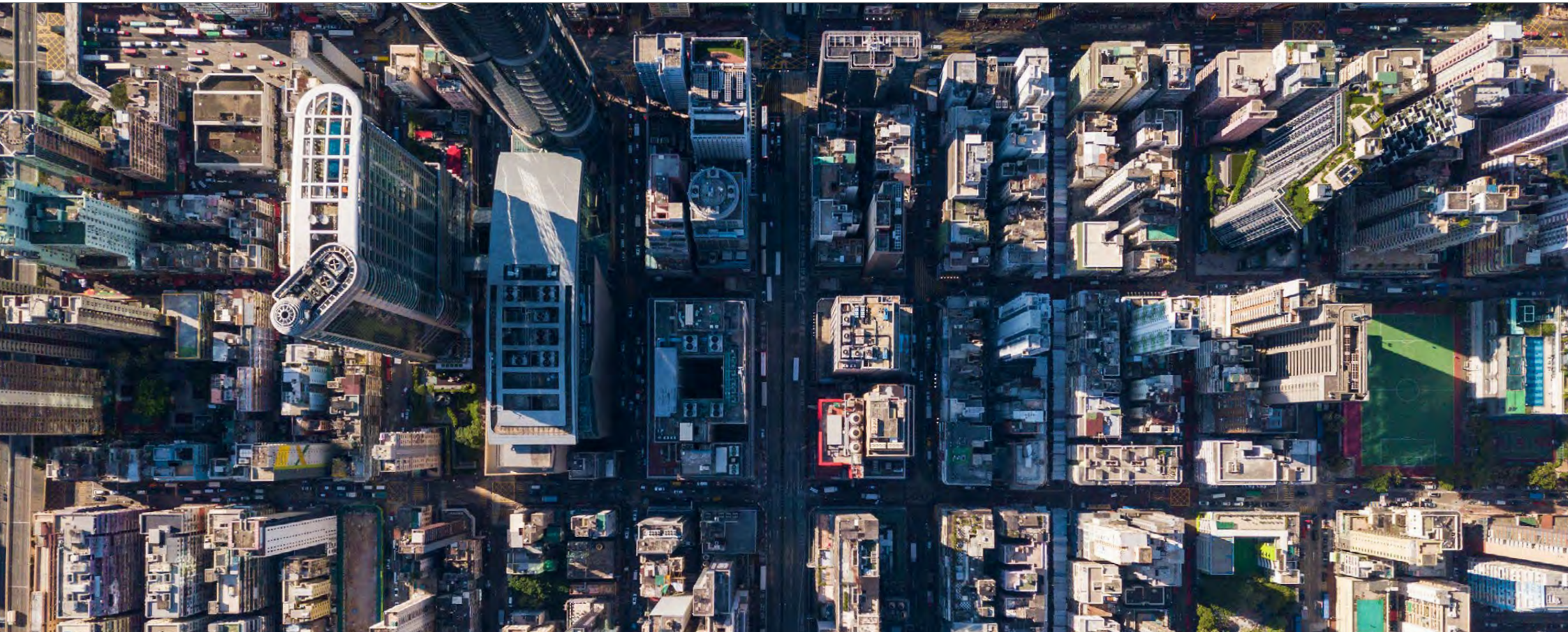
While the prospect of joining with Cargotec is an exciting one, we will maintain our clear focus on high performance, continuous improvement and sustainability. This distinguishes great companies from the merely good ones, and it is our commitment to our shareholders, our customers and ourselves. I am confident we will do this, and we will do this together.

Warm Regards,



Rob Smith
President and CEO





Megatrends driving Konecranes' business

Konecranes recognizes four megatrends that especially have an impact on our customers and business operations. They provide great opportunities for us to develop our business further.

Sustainability

Konecranes' offering helps and supports customers to shift to a low-carbon future and reduce their environmental footprint through eco-efficient products and service solutions, accelerating circular economy. Through digitalization we offer tools to improve the productivity, serviceability and lifetime of equipment. We aim to improve the safety of our customers on all levels by incorporating safety into the design, manufacture, maintenance and service of our products.



Digitalization

Leveraging digitalization provides great possibilities for Konecranes to automate equipment, processes and entire customer operations from manufacturing to port operations. Digitalization allows us to collect more and higher-quality data from our customers' operations. We can use this to, for example, provide better maintenance services that predict equipment failures before they occur, and optimize service activities according to customers' production cycles.

Digitalization also introduces new cybersecurity risks which must be mitigated. Cybersecurity is an increasing customer priority. As a technology leader, Konecranes applies industry best practices in this area.



Productivity

Productivity improvement continues to be a priority for all companies, and especially so in capital-intensive industrial production. Konecranes places a strategic focus on the crane as part of the entire material handling ecosystem.

We offer customers many solutions which improve productivity and profitability through smart, connected equipment and optimized maintenance. Examples include Konecranes' lift trucks for both ports and industrial clients, our offering in automatic warehouse management, automated guided vehicles for maneuvering large containers in ports and our monorail systems employing overhead rails to transport materials within factories.



Geopolitics

Changes in geopolitics, and especially the increased protectionism seen in many markets over the past few years, are reflected in the operating environment and conditions of businesses across the world.

From onshoring to protecting vulnerable supply chains to navigating trade wars, our approach is to continuously evaluate our supply network and strengthen it to weather changing external conditions that impact our industry. Our business portfolio also benefits from being diversified. This helps to protect us from regional and segment volatility.

Strategy

Our strategy leverages the global megatrends and our key competencies, with a focus on accelerating growth and increasing profitability through strategic choices and initiatives, the material flow concept and the planned merger with Cargotec.

Strategic choices

We describe the backbone of our business approach with a set of strategic choices:

- ▶ **Customer choice:** We serve a diversified customer base across many industries, which gives greater stability and resilience against downturns in the different sectors.
- ▶ **Offering choice:** A broad lifting equipment offering with high share of services. We service both our own and 3rd party equipment.
- ▶ **Technology choice:** Our Core of Lifting approach, an integrated package of gears, motor and controls designed by Konecranes, gives a competitive advantage for all businesses.
- ▶ **Go-to-market choice:** Two channel (direct and indirect), multi-strategy in both Industrial Equipment and Port Solutions.
- ▶ **Sustainability choice:** Committed to sustainability and responsible business practices.

Strategic initiatives

We have identified key strategic initiatives to strengthen our core competencies: Service revenue and profitability growth, Industrial Equipment profitability improvement, project management, lean operations, procurement excellence and business process efficiency improvement. These initiatives drive our activities, ensuring we continue our high-performance focus.

Profitable growth is strongly correlated with customer satisfaction, employee engagement and an innovative offering. An industry-leading company excelling in profitable growth has the means to invest in innovative products and services, attract and retain the best talent and consistently deliver a world-class customer experience.

The material flow concept

To support growing customer demand for more comprehensive solutions, products and services, we have extended our ambitions beyond lifting into the broader material flow. We aim for a seamless and integrated material flow beyond cranes and port equipment with real-time tracking. We provide advanced services with a complementary software offering to ensure optimized operations for our customers.

The planned merger with Cargotec

In October 2020, Konecranes and Cargotec announced their plans to combine the two companies through a merger to create a global leader in sustainable material flow. The Future Company will be well positioned to lead the industry shift towards increased sustainability with its valuable customer-facing brands and complementary offerings across its businesses in industries, factories, ports, terminals and road and sea-cargo handling. The Future Company is expected to deliver value by capturing synergies and growing faster than the market, being the lifecycle partner for its customers, solving the sustainability challenge through innovation, positioning itself well to grow in material flow and by creating and combining a team of top global talent.

Mission

We are not just lifting things, but entire businesses.

Vision

We know in real time how millions of lifting devices perform. We use this knowledge around the clock to make our customers' operations safer and more productive.

STRATEGIC CHOICES

Customer choice

Offering choice

Technology choice

Go-to-market choice

Sustainability choice

STRATEGIC INITIATIVES

Service revenue and profitability growth

Industrial Equipment profitability improvement

Project management

Lean operations

Procurement excellence

Business process efficiency improvement

MATERIAL FLOW CONCEPT

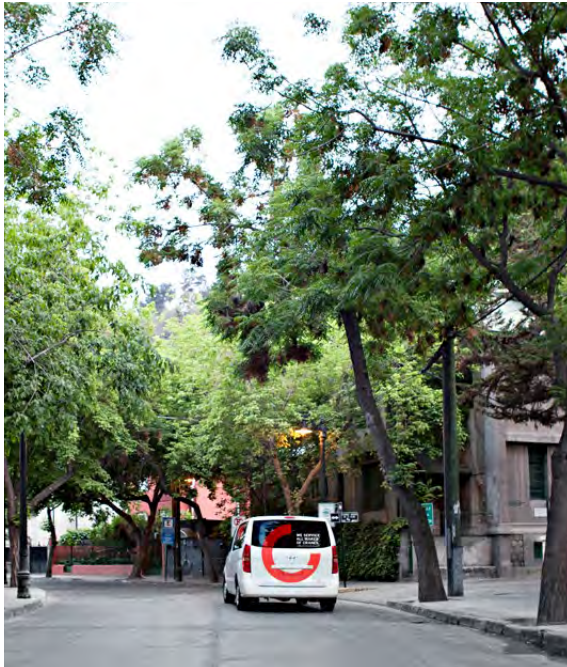
PORT SOLUTIONS



INDUSTRIAL EQUIPMENT



Business Area reviews



Service

Business Area Service provides industry-leading maintenance services for all types and makes of industrial cranes and hoists. Our objective is to improve the safety, productivity and sustainability of our customers' operations. Lifecycle Care is our comprehensive and systematic approach to managing customer assets; we connect data, machines and people to deliver a digitally-enabled customer experience in real time.



Industrial Equipment

Business Area Industrial Equipment offers hoists, cranes and material handling solutions for a wide range of customers from General Manufacturing to various kinds of process industries like Waste-to-Energy, Paper and Forest, Automotive and Metals Production. Products are marketed through a multi-brand portfolio.



Port Solutions

Business Area Port Solutions offers a full range of manned and fully automated container cranes, mobile harbor cranes, manned and fully automated straddle carriers, heavy-duty lift trucks, and automated guided vehicles. It also comprises a complete array of shipyard cranes and Terminal Operating System (TOS) and Equipment Control System (ECS) software, optimizing operations of entire container terminals.

Service

Record profitability despite pandemic

Performance and profitability improvement in the face of global economic uncertainty was the emerging story in 2020 for Business Area Service. A strong Service agreement base gave us resilience for dealing with the business impact of the COVID-19 pandemic. Previous investments in the digital ecosystem came through in 2020 with improved productivity. Based on customer data from our TRUCONNECT Remote Monitoring service, we were able to achieve dynamic, real-time planning that allowed us to leverage resources according to our customers' fast-changing, pandemic-affected needs. We also implemented both temporary and permanent cost flexing actions throughout the year, which supported profitability.

COVID-19 affected Service net sales especially in the second quarter of 2020, as scheduled maintenance activities were postponed due to access restrictions and regional lockdowns. Despite the physical restrictions, many mission-critical industries continued to operate, and some customers took advantage of the production downtime by servicing their assets. COVID-19 did not lead to major order cancellations within Service, but scheduled work and projects were postponed.

Service order intake and sales were impacted by the lower industrial activity due to COVID-19, especially in Southeast Asia and the Americas. Following a challenging second quarter, order intake and sales recovered sequentially both in the third and fourth quarters as businesses adjusted to the pandemic and local physical restrictions were eased.



A big thanks goes to our colleagues working in the front lines who visit customer sites and keep our customers' operations going during the pandemic in a safe way. Our own response to COVID-19 was based on effective sharing of best practices about safe work protocols, active team communications and – importantly – technology, which brought increased flexibility. Digitalization allowed for more customer self-service, as well as innovation about the way we do our own work, such as increasing remote sales.

Highlights

In 2020, we introduced a new customer application, CheckApp for Daily Inspections, to support customers in their self-service. It provides a digitalized and cost-effective way for recording and retrieving daily inspection data that can be used for internal auditing and compliance. The CheckApp is an important milestone in our continuous efforts to improve the customer experience by developing digital solutions.

We continued work on the Service operating model, which is our long-term development program for optimizing the organization. In 2020, we continued to leverage our digital platforms and internal 1KC processes to enhance organizational performance and the customer experience.

A key pursuit in 2020 was also the integration of MHE-Demag. Konecranes acquired the remaining other 50 percent stake of the joint venture, a leading supplier of industrial cranes and services in Southeast Asia, at the start of the year. By Q3 2020, we were working in a joint organization. MHE-Demag extended our service capability by some 700 service engineers and with additional industrial products to service. For full-year 2020, on a reported basis, Service's order intake and sales increased in APAC as a result of the consolidation of MHE-Demag. The profitability of MHE-Demag met expectations despite the COVID-19 effect on business volume as MHE-Demag adjusted its capacity to demand efficiently.

Stepping up to help customers in difficult times

While 2020 was certainly challenging due to COVID and related restrictions, we were able to step up to help our customers when they needed us most.

- **U.S. – Automotive:** This customer asked if we could continue to provide support during their COVID shutdown. In a few of their plants we were the only vendor approved to work because of our commitment and adherence to the customer's safety requirements.
- **China – Waste-to-Energy:** This customer had applied a strict policy on the number of people coming to the facility during the COVID pandemic. We had three technicians who stayed on-site, away from home, for more than two months to keep the cranes running.
- **Finland – Paper:** This customer asked for support to keep their production going without interruption during the COVID pandemic. We gave them a detailed plan for daily work and safety precautions. Our technicians were permitted to continue their work and a 24/7 stand-by team was put in place.

213.4

Order book at the end of 2020, MEUR

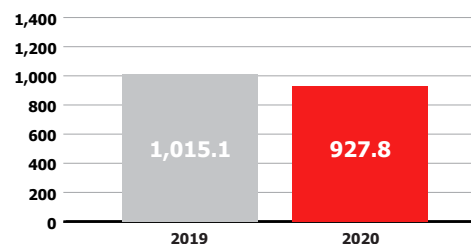
17.2

Adjusted EBITA 2020, %

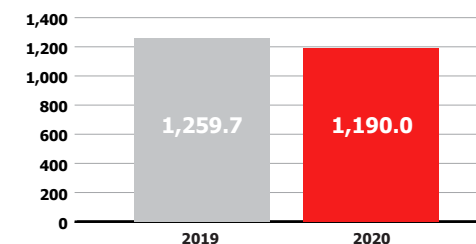
8,062

Number of employees at the end of 2020

Orders received, MEUR



Net Sales, MEUR



Industrial Equipment

Re-thinking business

In Industrial Equipment (IE), COVID-19 started to affect net sales at the end of the first quarter. Net sales were negatively impacted in the second and third quarters by delivery delays resulting from access limitations to customer sites. Industrial Equipment did not see major order cancellations, but orders and deliveries were postponed.

We reacted quickly to the pandemic and a model to balance supply and demand was put in place to manage possible customer postponements and to ensure we delivered on customer orders in a fast-changing environment. Our cost base was carefully examined, and savings were made through procurement excellence activities and adjusting our manufacturing capacity to correspond with demand. In addition, the profitability improvement versus 2019 was driven by good progress with the turnaround of the process crane business and lean operations, procurement and project management initiatives. The activities proved successful, and together with continued progress on strategic initiatives and cost management allowed IE to consecutively improve its profitability throughout 2020. This positive development demonstrates that Industrial Equipment is heading in the right direction.

Our manufacturing locations are at the heart of the IE business. Making the factories as safe as possible was a key priority from the onset of the pandemic. Activities included separating shifts, providing masks to employees and increasing cleaning and hygiene precautions. Site managers and COVID-19 response teams did excellent work, keeping people safe and ensuring active communications and



sharing of best practices worldwide. Remote work for office personnel was recommended where possible.

Highlights

A clear highlight in 2020 were the good orders from automotive and energy sector customers. A deal with a customer in the Americas region was made at the peak of the first wave of the pandemic when many industrial companies were ramping down production. A win with a Chinese automotive company demonstrated Konecranes' configured-to-order (CTO) capability and demonstrated increasing presence in the Chinese market. Success in the Waste-to-Energy sector continued in the APAC region including orders from China, Southeast Asia and Australia.

A high point was also the order by Wärtsilä Finland to deliver over 40 next-generation lifting products to their Smart Technology Hub. The comprehensive order covered Konecranes' benchmark products including the award-winning S- and C-series lifting products.

The acquisition of the remaining other 50 percent stake of our MHE-Demag joint venture was completed in January 2020. The integration process made significant progress during the year, and we now work in a joint organizational

setup. The acquisition represents a major enhancement of Konecranes' footprint in Southeast Asia, more than tripling our employee base in the region. MHE-Demag brings both excellent regional brand reputation as well as additional industrial product opportunities that widen our portfolio. Integration work continues in 2021.

Progress on strategic initiatives

IE made good progress on its key strategic initiatives in 2020. The work to turn around the unprofitable ETO (engineered-to-order cranes) business has shifted our focus to projects where we can deliver most value to our customers. We drove technology innovation, achieved efficiency improvements, developed project execution, reduced our factory footprint and turned the sales focus to profitable projects only.

In 2020, we also made progress with lean manufacturing by starting implementation of Konecranes Way in 13 "lighthouse", or priority factories. Lean thinking will be implemented production line by production line. We already saw promising results through continuous productivity improvements and increased employee activity in daily operations. This work will continue and we are targeting to introduce Konecranes Way in all of our factories during 2021.

Konecranes and The Ocean Cleanup partner to tackle global plastic waste problem

In December, Konecranes announced it had partnered with The Ocean Cleanup, the Dutch non-profit developing advanced technologies to rid the oceans of plastic, to design, manufacture, and service The Ocean Cleanup's Interceptor™, which is designed to extract plastic from rivers before entering the ocean. This is an important step as the non-profit organization prepares to tackle the world's 1,000 most polluting rivers.

The Ocean Cleanup chose Konecranes because of its expertise and worldwide footprint. Konecranes' engineering and design expertise, along with its global service network, mean it can build, service and maintain Interceptors around the world to ensure maximum collection of plastic waste. Two Interceptors are being manufactured simultaneously at Konecranes' MHE-Demag facility in Klang, Malaysia and are expected to be completed in May 2021.

"We're proud to partner with The Ocean Cleanup and harness our global engineering, manufacturing and service capabilities to clean our world's rivers and oceans," said Konecranes President and CEO, Rob Smith. "This exciting partnership underscores our commitment to sustainability and a sustainable future."

598.8

Order book at the end of 2020, MEUR

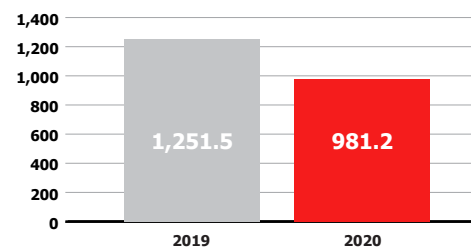
2.3

Adjusted EBITA 2020, %

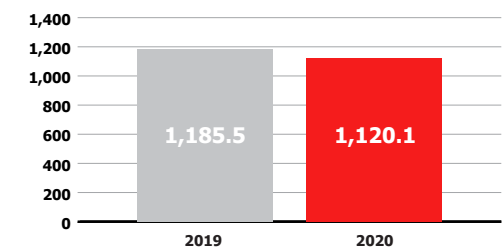
5,720

Number of employees at the end of 2020

Orders received, MEUR



Net Sales, MEUR



Port Solutions

Solid performance in unprecedented COVID year

In an exceptional year marked by the COVID-19 pandemic, Business Area Port Solutions was able to deliver fair results in 2020. In Q1, Port Solutions booked a one-time cost overrun of EUR 18 million in a port crane project in the US that impacted the adjusted EBITA margin, but beyond this, the results for both sales and profitability were good despite the pandemic.

The negative impact of COVID-19 became visible in the second quarter. The order intake and net sales of shorter cycle products, such as lift trucks, were the first to be negatively affected. The more late-cyclical project and automation business was impacted with some delay. Travel and access restrictions had a negative impact on sales, especially in the second and third quarters.

Global container throughput recovered in the second half and ended 2020 above the year before. Despite the challenging market environment and hurdles to delivery execution caused by the COVID-19 pandemic, Port Solutions finished 2020 by achieving new all-time high quarterly records for both order intake and sales.

Delivering despite the pandemic

On an operative level, Port Solutions delivered consistently despite the challenging circumstances. All projects were delivered on time, and no COVID-19-related factory shutdowns were made. Raw materials were well available throughout 2020.

Both Konecranes and its customers moved to remote working wherever possible during 2020. While this meant



finding new ways of staying connected, we were able to continue working closely with customers, closing contracts and ensuring smooth deliveries. Our global service presence is a strategic advantage, allowing for strong local operations close to our customers. We combine this with our centralized knowledge delivered remotely, as needed.

Highlights

In 2020, we continued to deliver many strategically important automation projects, including the finalization of 86 Automated Stacking Cranes for the Virginia Port Authority and the handover of the automated straddle carrier project for the Port of Auckland in New Zealand. Execution of automation projects continued in the Hadarom container terminal in Israel and Abu Dhabi in the United Arab Emirates.

Other highlights include the suite of retrofits for Rubber Tired Gantry (RTG) cranes offered by Port Services, giving customers a high degree of uptime and productivity. A key development in 2020 was also the release of a fully electric forklift truck, the E-VER. Powered by an efficient Li-ion battery, it combines the quality, power and productivity of our conventional lift trucks with the latest eco-efficient technology.

Konecranes' largest deal ever delivered successfully

In November 2016, Konecranes signed a contract for 86 Automated Stacking Cranes (ASCs) with the Virginia Port Authority (VPA). With a value of EUR 200 million, this is the largest deal won by Konecranes to date. In the summer of 2020, the massive delivery was finalized on time and on budget, despite the turmoil caused by COVID-19.

VPA partnered with Konecranes to automate their manual processes and double capacity by an additional 1 million containers annually. The ASC allows for a substantial uplift in operating efficiency compared to a manual operation and offers advanced features such as Active Load Control.

The cranes were manufactured in Poland and shipped to Virginia for final installation. Despite restrictions on international travel in 2020 the delivery was handled impeccably, with an international Konecranes team staying on the customer site during lockdown to finalize the installations.

"In late 2016 we embarked on an ambitious plan to renovate and upgrade our two largest terminals. Konecranes was selected because we knew they could perform at a very high level. When you are about to spend \$800 million and disrupt your operations on a major scale, you need a partner that you can trust to just do it. From the first delivery in early 2018 until the last in May 2020 they executed totally on time. It's hard to overstate the contribution that they made to the success of our projects. They were the perfect partner," says Rich Ceci, Sr. Vice President Technology and Projects, Virginia International Terminals.

903.2

Order book at the end of 2020, MEUR

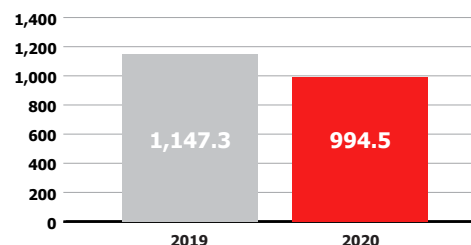
5.6

Adjusted EBITA 2020, %

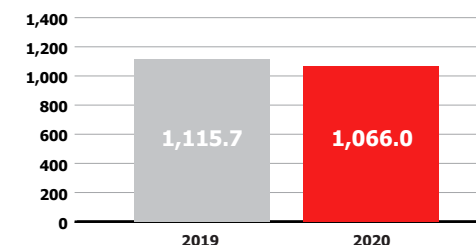
2,970

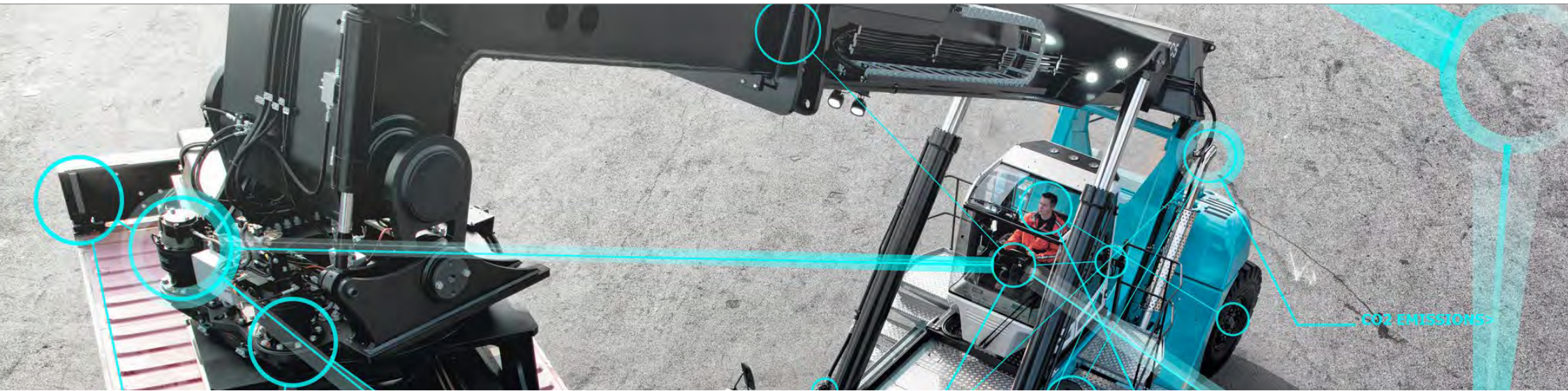
Number of employees at the end of 2020

Orders received, MEUR



Net Sales, MEUR





Research and technology development

Our technological know-how gives us a competitive edge, allowing us to develop new solutions for our customers, find new revenue streams and upgrade our own operations. This was underscored in 2020, as our innovations helped both our customers and our own people stay safe and productive in the midst of the COVID-19 pandemic.

Real-time equipment data

Konecranes has provided customers with tens of thousands of pieces of connected equipment to give them unmatched insights into daily operations and ensure maximum production uptime. This large, connected fleet provides valuable usage data, the importance of which has been elevated in the COVID-19 pandemic.

In the midst of the pandemic, understanding how lockdowns and movement restrictions affected production was of critical importance for future business success. Our equipment data provided a solution. In the spring, we acted quickly in building analytics of our data, gaining insights into whether assets were running normally, with lower utilization, or if they were completely shut down. This allowed us to balance our demand and supply in essentially real-time and to optimize our operations.

Customer focus through data

In 2019 Konecranes established a Data Science Lab in Lyon, France. Since its foundation, the Data Science Lab has focused on creating tangible business benefits, working closely with our business areas. During 2020, the Data Science Lab produced numerous analyses and algorithms for Konecranes to apply in its operations.

These innovations include a fuel consumption prediction method for our Lift Trucks business, allowing customers to gain accurate fuel usage estimations and giving us a competitive edge. The Data Science Lab also created

lifecycle analyses for different crane components, starting with our Rubber Tired Gantry (RTG) cranes. Having visibility into single components takes our predictive maintenance services to the next level, allowing us to plan service and parts replacements to maximize our customers' productivity by minimizing downtime.

Digitally driven growth

Digitalization provides Konecranes with multiple growth opportunities and ways to enhance the customer experience. In 2020, Konecranes launched a business model enabling digital features based on active subscriptions for its Lift Truck products. Previously only available as one-size-fits-all annual contracts, customers have now been given the opportunity to mix and match services – such as operations and usage data, condition monitoring and alerts notifications, or location-based services. Customers can now tailor services based on the specific business needs on a monthly basis. This has made accessing Konecranes' digital smart features easier than ever before. Customers are eager to test the features that meet their specific needs – such as geo-zoning to limit a machine's area of operation,



or a weighting system for cargo that allows the machine to give alerts if a load is too heavy.

Many of Konecranes' innovations stem from combining the company's scale and technological leadership with the agility of startups. In 2020, Konecranes received dozens of applications for cooperation from startups through its open call REACH program. Konecranes also formalized its Discovery concept in 2020, which focuses on identifying leading startup partners in their field to solve specific business needs. Konecranes also continued its internal Accelerator innovation program, facilitated in cooperation with the Maria 01 startup hub in Helsinki. The program gathered dozens of Konecranes employees across the organization. Coached by startup partners and serial entrepreneurs, participants develop new solutions in response to customer needs. Konecranes is also active in multiple innovation ecosystems beyond Maria 01, such as DIMECC's Intelligent Industry Ecosystem.

Multiple new innovations bloomed as a result of the startup cooperation in 2020. To enhance its internal operations, Konecranes teamed up with an indoor localization provider, producing detailed data on the duration of different crane

assembly phases. With this insight into assembly schedules, Konecranes can optimize its manufacturing and avoid standstills. Internal operations have been further sharpened by the introduction of virtual reality to strengthen the training of field service operatives. This will be further scaled up in 2021. Konecranes has also created digital efficiencies in-house, utilizing robotic process automation (RPA) to automate a wide range of repetitive tasks extending from processes handled by support functions such as finance and HR to assisting business units in, for example, customer order handling and master data management. In 2020 alone, over 60 processes were automated, freeing more than 60,000 hours of working time previously spent on manual and non-creative tasks. This initiative will continue in 2021 and beyond, allowing employees to focus on more business-critical tasks such as innovation and creating customer value. Since implementation began in 2018, Konecranes has automated over 250 processes with RPA.

Our customers benefit directly from our digital innovations. As a response to the travel and mobility restrictions imposed due to the COVID-19 pandemic, Konecranes developed an augmented reality solution together with a startup to support technical support from a distance.

Using the solution, customers can contact Konecranes' field service from a distance – even thousands of kilometers – getting detailed instructions on how to perform maintenance tasks that require special expertise. The solution has proved especially valuable in remote locations that are hard to reach.

Cybersecurity builds customer trust

Cybersecurity is an increasing customer priority and an essential part of Konecranes' technological leadership. As more solutions and products are digitized, customers expect the same level of safety from software and data as from our physical products. Konecranes' cybersecurity management is built around industry best practices, with an Information Security Management System based on the ISO 27001 standard. The standard is applicable for our own operations as well as for our products and services.

This commitment to security best practices supports our other commitments, such as ISO 9001 for quality and ISO 14001 for environmental management. We expect to gain the first ISO 27001 certifications during 2021, standardizing our security management and providing further assurance to our customers.

Sustainability at Konecranes

Reducing our carbon footprint by using resources more efficiently and minimizing emissions and waste is already business as usual for Konecranes. We have moved beyond this and are developing products, services and technologies that also reduce the environmental impact of our customers. We enable our customers' shift to a low-carbon future by being the key link in their material flow – not just providing individual lifting and service products and solutions but taking a holistic view of the customer's entire operations. With our knowledge and broad portfolio we seek to maximize the positive contributions to our different stakeholders and the surrounding society. On top of tangible sustainability benefits, we create value through enhancing circularity and through our deeply rooted safety culture.

Our key sustainability themes are combined into five sustainability cornerstones: sustainable offering and circularity; climate action and resource efficiency; safe workplace and products; diverse, inclusive and engaging workplace; and responsible business conduct. Konecranes has set ambitious targets for all five focus areas and regularly monitors performance and progress.

Safety in the year of COVID-19

The pandemic has had an impact both on our employees and our customers and subcontractors, necessitating precautions in our own factories and at customer sites. Given we are a key enabler in securing material flow, we maintain and deliver equipment to many essential



industries globally, even in crisis situations like the COVID-19 pandemic. We have maintained our level of operations and supported our customers in delivering those essential services, all while protecting both our own employees and our customers' staff.

In March, every Konecranes location developed a local response plan both to prevent infections in the workplace and to have a clear procedure on how to act should an employee become infected or be exposed to infected people. Early on we also issued guidance to our field staff on how to act at customer sites to prevent any exposure to and from our customers, and prepared a risk assessment procedure to evaluate, for example, how to send people abroad on customer projects. Regular global calls have produced a comprehensive picture of COVID-19 developments across the company, also providing a

platform for sharing best practices between countries. Both employees and customers have given positive feedback on our response and guidelines.

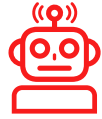
Advancing the culture of diversity & inclusion

We aspire to represent the multicultural communities where we operate, and in 2020 made clear progress on our diversity and inclusion roadmap. Wanting to raise awareness globally and locally, we trained the organization about unconscious biases and the importance of having diversity and inclusion (D&I) as a cultural foundation of the company. The unconscious bias e-learning is mandatory for all employees. As part of our talent development initiatives, we introduced a few programs to accelerate the representation of women in leadership positions. In addition, D&I activities were used to boost the sense of togetherness especially during the COVID-19 pandemic.

Sharpening our climate roadmap

Limiting global warming requires decarbonization of all industry sectors and everyone should analyze their ability to do their part. It means reviewing how climate change affects the company and how the company instigates climate change. In 2020 we continued discussions with top management and conducted a set of workshops for all business areas and the procurement function to define climate-related risks and opportunities on a detailed level. We reviewed Konecranes' impact on climate and how climate change potentially impacts Konecranes' business. Based on this work, we will sharpen our Climate roadmap for years to come. In December, Konecranes signed the Science Based Targets Initiative (SBTi) letter of commitment and will define new climate targets for its operations.

How we make an impact



Industry 4.0

Automated and integrated solutions unlock new levels of efficiency



Geopolitics

Uncertainty in political and economic shifts affect trade patterns



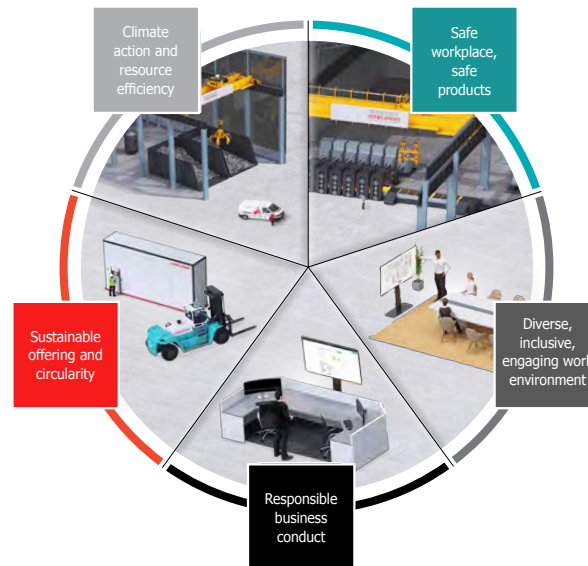
Energy transition & low carbon

Shift to clean energy sources



New talent economy

Talent migration and competition for talent



Safety

- Improving safety throughout the value chain
- Safe products, services and operations are seen as future-proofing business

Product excellence

- Enabling reliable and optimized performance
- Comprehensive, trustworthy and preventive service, maximizing uptime
- Constant development of technology, optimizing mechanical and electrical efficiency

Sustainable offering and circularity

- Low carbon product and solutions portfolio that supports our customers' transition to a low carbon future, accelerating circular economy
- Design for circularity, Lifecycle Care maintenance concept
- Sustainability criteria for suppliers

Ethical standards and transparency

- Compliance, ethics & integrity
- Information security

Social commitment

- Diversity and inclusion
- Respect in the workplace
- Raising awareness and impacting attitudes



Financial growth



Use of innovative technologies



Safety culture



Circular economy

Trends impacting us and our customers

Our sustainability core themes

Value added

Long term value creation

Konecranes as an investment

Konecranes is a world-leading supplier of industrial cranes and crane components, workstation lifting systems, container handling equipment and maintenance service.

With many innovative solutions and a solid patent portfolio, we are a technology leader in our industry.

Our service activities represent over 40 percent of total net sales, which provides a good base for long-term profitable growth and is moving us towards our target of 11 percent Group adjusted EBITA margin. For investors, Konecranes aims to generate growth and profitability while remaining competitive in a constantly changing marketplace. The company has done a good job managing its overall profitability and giving back to shareholders.

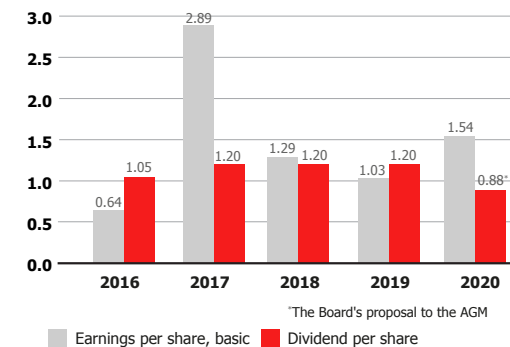
For the other stakeholders and society at large, Konecranes aims to create value e.g. by using resources efficiently, delivering consistent lifting performance to our customers, improving safety at all levels, operating in a responsible and transparent manner and supporting an inclusive society. To demonstrate Konecranes' strong long-term commitment to sustainability, we have committed to the Science Based Targets Initiative (SBTi) and will define new climate targets for our operations in 2021.

On October 1, 2020 Konecranes announced a merger with Cargotec. The merger is expected to be completed on January 1, 2022. The strategic and business rationale of the Future Company, as well as the preliminary financial ambitions, are available in the merger prospectus published on December 4, 2020.



Global leader in industrial lifting, port solutions and crane maintenance.

Earnings & dividend per share, EUR



1. Leader in technology

- Own key componentry: gears, motor and controls, enable optimized design, smarter features and better reliability.
- Digitalized product offering for improved safety and productivity.
- Access to massive data streams and real-time connectivity enables preventive and predictive maintenance solutions for highest lifecycle value.

2. Strong market position in all Business Areas

- Our global service branch network is unique in the industry. There is limited global or regional competition in industrial crane maintenance.
- Our family of leading brands secures our position as the global market leader in industrial cranes.
- We rank #1–3 in the market in all product categories for ports and container terminals.

3. Attractive opportunities for growth

- Significant growth potential in Service with the expansion of Konecranes' unparalleled service offering to Demag's as well as third-party installed base.
- Cross-promotion through enhanced product offering for ports, now covering the full range of equipment, software, automation solutions and service.

4. Target for 11% Group adjusted EBITA margin

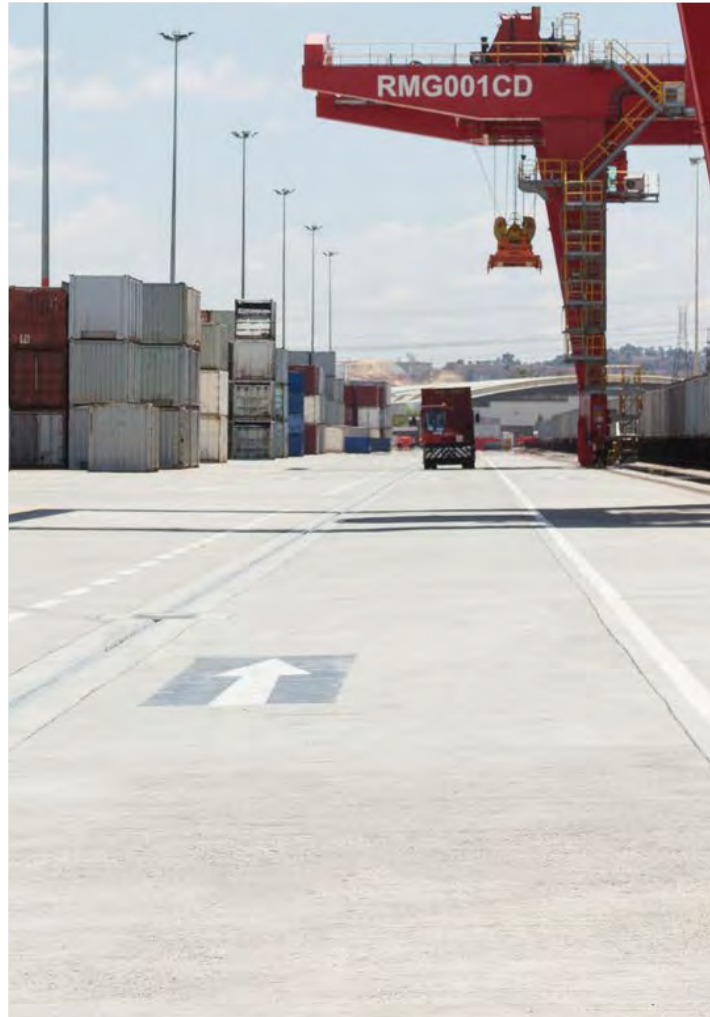
- Margin expansion driven by cost savings and efficiency improvements particularly in Business Area Industrial Equipment.
- Improved operating leverage especially in Business Area Service.

5. Solid financial position and dividend

- Healthy balance sheet, providing a good base for long-term development and growth.
- For the last 15 years until 2019, Konecranes always maintained or increased its dividend. For the same period, the average dividend pay-out ratio was 85 percent of earnings for 2005–2020 (including 2020 proposal).
- The Board's dividend proposal of EUR 0.88 per share for the year 2020 is in line with the combination agreement, and as disclosed in the merger announcement on October 1, 2020.

6. Strong long-term commitment to sustainability

- We aim to maximize the circular value of all our products. Our circular economy business model helps us to raise our resource and energy-efficiency, while reducing our customers' environmental footprint.
- We are committed to reducing our energy intensity (MWh/sales) by 25 percent and greenhouse gas emission intensity (tCO₂e/sales) by 50 percent during 2017–2025.
- We are also committed to run our factories with 100 percent renewable electricity by 2025.



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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 2020, Group sales totaled EUR 3.2 billion. The Group has around 16,900 employees in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).