

Markaryd, Sweden 2022-03-22

Dear Customer and Distribution partners,

Ref: Notice due to Russian invasion and war in Ukraine

Konecranes Lift Trucks condemns Russia's aggression towards Ukraine. We are saddened and terrified by the war and deeply concerned for our Ukrainian distributor employees and their families.

In the last few days, we have received questions on whether the current situation has an impact on our delivery capacity, or any other effect to our production. As of the date of this letter, we have identified suppliers with sub-supply from the concerned area where production and logistics have stopped, are likely to stop, or are not possible due to the current circumstances.

Ukraine is a major producer of slab material, coils, and iron ore as well as of various electrical components and harnesses. All supply from Ukraine has stopped or are heavily affected.

The tragic situation thus has repercussions for Konecranes Lift Trucks.

Our production is running but due to these unforeseeable circumstances for which Konecranes Lift Trucks is not accountable and which are beyond our control, the risk for disruptions to our production lead-times has increased.

Moreover, our steel supplier has alerted us about potential challenges of availability of steel. Due to the anticipated shortage of steel and steel-related products, the costs for these are expected to increase significantly within the near future. Additionally, energy prices are soaring which will put further pressure on transport and general costs.

The situation and its implications are changing rapidly, and we continue to monitor and take actions, where possible. We have assigned a task force that works with mitigation activities. However, due to this volatile situation we must reserve the right to request compensation for such increases, also for already placed orders.

Price Escalation clause to be implemented in our offering with immediate effect

In the event of significant price increase of steel and/or steel-related components occurring during the contract, we reserve the right to adjust the Contract Sum accordingly.

A change in the price of steel or steel-related products is considered significant when that change is 10% or more, between the date of offer or contract and the date of readiness Ex. Works.

The source for the price escalation mechanism: **INDEX MEPS (international) Ltd European Steel Germany Basis price for Hot Rolled Plates (EUR) is used as base for review of steel price development.**

We will keep you updated on how the situation develops.

Best regards,



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