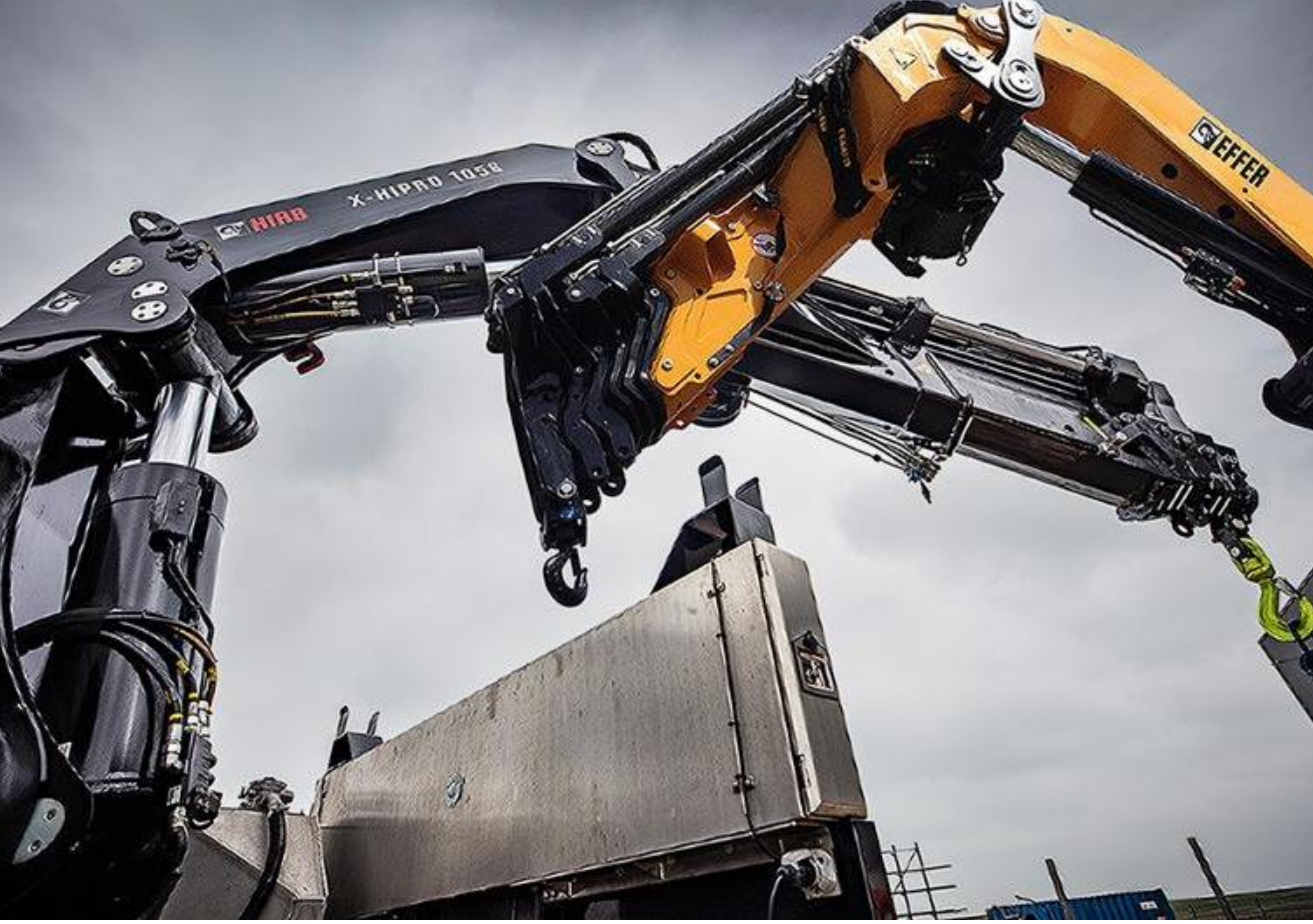


Cargotec's interim report January–March 2022

# IMPROVED PROFITABILITY DESPITE SUPPLY CHAIN CHALLENGES

CARGOTEC

# Cargotec's interim report January–March 2022: Improved profitability despite supply chain challenges

- New strategy focusing on sustainability and higher financial performance
- Excellent progress in services and in Hiab continued
- Uncertainty on deliveries due to component availability continues

## January–March 2022 in brief: Strong demand continued

- Orders received increased by 2 percent and totalled EUR 1,135 (1,115) million.
- Order book amounted to EUR 3,151 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 17 percent and totalled EUR 851 (730) million.
- Service sales increased by 12 percent and totalled EUR 284 (254) million.
- Service sales represented 33 (35) percent of consolidated sales.
- Eco portfolio sales increased by 38 percent and totalled EUR 202 (147) million.
- Eco portfolio sales represented 24 (20) percent of consolidated sales.
- Operating profit was EUR 37 (25) million, representing 4.4 (3.4) percent of sales. The operating profit includes items affecting comparability worth EUR -28 (-27) million.
- Comparable operating profit increased by 26 percent and amounted to EUR 65 (52) million, representing 7.7 (7.1) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR -70 (51) million. Cash flow was negative due to increase in net working capital stemming mainly from higher inventories.
- Net income for the period amounted to EUR 21 (10) million.
- Earnings per share was EUR 0.33 (0.15).

## Outlook for 2022

Cargotec expects its comparable operating profit for 2022 to improve from 2021 (EUR 232 million).

# Cargotec's key figures

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Orders received | 1,135 | 1,115 | 2% | 4,427 |
| Service orders received | 307 | 299 | 2% | 1,162 |
| Order book, end of period | 3,151 | 2,217 | 42% | 2,847 |
| Sales | 851 | 730 | 17% | 3,315 |
| Service sales | 284 | 254 | 12% | 1,076 |
| Service sales, % of sales | 33% | 35% | | 32% |
| Eco portfolio sales | 202 | 147 | 38% | 626 |
| Eco portfolio sales, % of sales | 24% | 20% | | 19% |
| Operating profit | 37.5 | 24.5 | 53% | 355.7 |
| Operating profit, % | 4.4% | 3.4% | | 10.7% |
| Comparable operating profit | 65.3 | 51.6 | 26% | 231.5 |
| Comparable operating profit, % | 7.7% | 7.1% | | 7.0% |
| Income before taxes | 30.2 | 18.3 | 65% | 333.1 |
| Cash flow from operations before financing items and taxes | -70.3 | 51.2 | < -100 % | 169.3 |
| Net income for the period | 21.1 | 9.6 | > 100 % | 246.7 |
| Earnings per share, EUR | 0.33 | 0.15 | > 100 % | 3.82 |
| Interest-bearing net debt, end of period | 573 | 739 | -22% | 414 |
| Gearing, % | 37.8% | 58.6% | | 26.8% |
| Interest-bearing net debt / EBITDA* | 1.2 | 3.5 | | 0.9 |
| Return on capital employed (ROCE), last 12 months, % | 15.3% | 2.9% | | 14.5% |
| Personnel, end of period | 11,282 | 11,449 | -1% | 11,174 |

* Last 12 months' EBITDA

In the calculation of the balance sheet related key figures, the assets held for sale and liabilities related to assets held for sale are included in the applicable account groups, even though in the balance sheet they are presented on one row.

# Cargotec's CEO Mika Vehviläinen: New refocused strategy, improved profitability despite supply chain challenges

The year 2022 has started eventfully. We refocused our strategy at the end of March. Sustainability and profitable growth remain our breakthrough objectives but, going forward, we focus on developing Hiab, Kalmar mobile equipment and straddle and shuttle carriers, as well as related services (Core businesses). The decision to refocus the strategy follows the decision of the Boards of Directors of Cargotec and Konecranes to cancel the planned merger after the negative resolution of the UK Competition & Markets Authority. Along with the strategy refocus, we announced our plans to exit Kalmar's heavy port cranes business, and started an evaluation of strategic options of MacGregor.

Hiab and refocused Kalmar offer their customers lifecycle services as well as market leading equipment and technologies. During the last eight years, their comparable operating profit margins have been above 10 percent. A large installed base with related services forms the basis of these businesses with both of them holding leading market positions in structurally attractive markets.

Our refocused strategy enables additional investments in research, development and M&A in our core businesses, providing us a good position to further enhance our business through electrification, robotics and digitalisation.

The market environment has also evolved strongly during the first quarter. The persisting coronavirus pandemic and the related restriction measures have caused global delivery and logistics challenges, as a result of which also the level of inflation has risen. China's strong blockage measures pose a risk that these challenges will continue.

Russia's attack on Ukraine is cruel and unjustified. We comply with the international sanctions imposed on Russia and have stopped our sales in Russia and Belarus. The direct impacts of the attack on Cargotec's business have so far been limited. However, in the form of component availability challenges and accelerating inflation, for example, the indirect effects of the crisis on the global economy and our business are significant.

We have responded to these challenges by continuing the price increases we started last year, engaging in an active supplier cooperation, and building alternative supply chains.

Despite the uncertain market situation, demand for our core businesses continued strong. Hiab reached its all-time second highest orders received while Kalmar's demand remained on a strong level. Our sales increased by 17 percent during the first quarter, even when component challenges still had a negative effect on our sales development. We estimate the supply chain challenges to continue also during the rest of the year.

The positive development of our service business continued with orders received increasing by two percent to 307 million euros, which is close to an all-time record. Service sales increased by 12 percent to 284 million euros.

Also the customer interest towards our eco portfolio is strong. As examples, Hiab received a record order for electric truck mounted forklifts and Kalmar was awarded its first orders for the world's first fully electric reachstackers. Kalmar's order to provide the world's first electric reachstacker with a combined charging system to Norway as well as Hiab's record order also include five-year service agreements. The eco portfolio sales also progressed well, increasing as much as by 38 percent from the comparison period and reaching a 24 percent share of Cargotec total sales. In the future, as 28 new products were added to the eco portfolio and Hiab presented its third all-electric truck mounted forklift model, we will be able to respond even better to the demand for sustainable equipment.

Our comparable operating profit increased by 26 percent to 65 million euros. This illustrates well the excellent resilience and agility of our business when, despite supply chain challenges, we were able to improve our profitability.

# Reporting segments' key figures

## Orders received

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Kalmar | 499 | 529 | -6% | 2,063 |
| Hiab | 482 | 425 | 13% | 1,713 |
| MacGregor | 154 | 161 | -5% | 652 |
| Internal orders | 0 | 0 | | 0 |
| **Total** | **1,135** | **1,115** | **2%** | **4,427** |

## Order book

| MEUR | 31 Mar 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Kalmar | 1,449 | 1,302 | 11% |
| Hiab | 1,125 | 985 | 14% |
| MacGregor | 577 | 560 | 3% |
| Internal order book | 0 | 0 | |
| **Total** | **3,151** | **2,847** | **11%** |

## Sales

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Kalmar | 372 | 324 | 15% | 1,512 |
| Hiab | 340 | 287 | 18% | 1,250 |
| MacGregor | 140 | 119 | 18% | 553 |
| Internal sales | 0 | 0 | | -1 |
| **Total** | **851** | **730** | **17%** | **3,315** |

## Operating profit

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Kalmar | 22.7 | 18.0 | 26% | 344.5 |
| Hiab | 43.5 | 33.1 | 31% | 144.7 |
| MacGregor | -5.7 | -7.9 | 28% | -40.0 |
| Corporate administration and support functions | -23.0 | -18.6 | -23% | -93.5 |
| **Total** | **37.5** | **24.5** | **53%** | **355.7** |

## Comparable operating profit

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Kalmar | 28.5 | 20.2 | 41% | 120.1 |
| Hiab | 48.6 | 38.8 | 25% | 166.3 |
| MacGregor | 0.1 | 3.3 | -96% | -14.7 |
| Corporate administration and support functions | -12.0 | -10.7 | -12% | -40.1 |
| **Total** | **65.3** | **51.6** | **26%** | **231.5** |

# Telephone conference for analysts, investors and media

A live international telephone conference for analysts, investors and media will be arranged on the publishing day at 3:00 p.m. EEST. The event will be held in English. The report will be presented by CEO Mika Vehviläinen and CFO Mikko Puolakka. The presentation material will be available at www.cargotec.com by latest 2:30 p.m. EEST.

The telephone conference can be accessed with code 51056245# by calling one of the following numbers:

Finland: +358 981 710 310

France: +33 170 750 711

Germany: +49 691 380 3430

Singapore: +65 642 98 349

Sweden: +46 856 642 651

Switzerland: +41 225 809 034

United Kingdom: +44 333 300 0804

United States: +1 631 913 1422

The event can also be viewed as a live webcast at https://cargotec.videosync.fi/2022-q1. The conference call will be recorded and an on-demand version of the conference will be published at Cargotec’s website later during the day.

Note that by dialling in to the conference call, the participant agrees that personal information such as name and company name will be collected.

**For further information, please contact:**
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Aki Vesikallio, Director, Investor Relations, tel. +358 40 729 1670

Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has signed the United Nations Global Compact Business Ambition for 1.5°C. The company's sales in 2021 totalled approximately EUR 3.3 billion and it employs around 11,000 people. www.cargotec.com

# Cargotec's interim report January–March 2022

The interim report provides estimates on future prospects involving risk and uncertainty factors, and other factors as a result of which the performance, operation or achievements of Cargotec may substantially deviate from the estimates. Forward-looking statements relating to future prospects are subject to risks, uncertainties and assumptions, the implementation of which depends on the future business environment and other circumstances, such as the development of the war between Russia and Ukraine and the coronavirus pandemic.

## Operating environment

Russia's attack on Ukraine has affected the global market sentiment and made it uncertain. The prices of raw materials, energy and freight have gone up as a result of the coronavirus pandemic and are likely to increase further, with product component availability challenges continuing as well. Nevertheless, the high demand for our solutions has continued and the utilisation rates of our connected equipment have been high. Due to global supply chain challenges, Cargotec's deliveries in 2022 are subject to uncertainty.

According to the International Monetary Fund's (IMF) world economic outlook published in April 2022, the global economy is projected to grow by 3.6 percent in 2022 and in 2023. In the IMF's advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), IMF projects a 3.3 percent growth in 2022 and a 2.4 percent growth in 2023. The growth projections have decreased compared to the IMF's previous outlook publication in January. The main reasons behind the lower projections are the war in Ukraine as well as monetary tightening and financial market volatility.[1]

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to have increased by 3.1 percent during the first quarter and increase by 4.1 percent in 2022. The forecast has been lowered from the previous December estimate, which stems from a generally weaker macroeconomic sentiment, higher inflation, and increasing risks on the supply side, largely revolving around new Covid pandemic lockdowns in China and the war between Russia and Ukraine.[2]

Oxford Economics estimates that construction activity – one of Hiab's demand drivers – would have increased by about 3 percent in Europe and decreased by about 4 percent in the US during the first quarter. In 2022, Oxford Economics estimates construction activity to increase by approximately 3 percent in Europe and by 2 percent in the US compared to the previous year.[3]

The demand for MacGregor's cargo handling solutions is impacted by the level of merchant ship contracting, which decreased in the first quarter to 243 (309). The high container ship order activity continued but was affected negatively by rising new ship prices as well as longer delivery times stemming from congestion in the shipyards. The forecast for the total number of merchant ship orders in 2022 has been raised from September, but order volumes are still expected to decline to 1,365 from a strong comparison period (1,724). In the offshore sector, despite the increases in oil price, the amount of new vessel contracting is still expected to remain at a low level due to the overcapacity of offshore supply vessels and drilling rigs, for example. The focus of new orders has shifted to vessels supporting wind power while the offshore wind farms are growing in size and

[1] International Monetary Fund: World Economic Outlook, April 2022
[2] Drewry Container Forecaster, March 2022
[3] Oxford Economics, March 2022

being built farther from the coast into deeper waters.[4] The changing energy situation has increased interest in offshore operations.

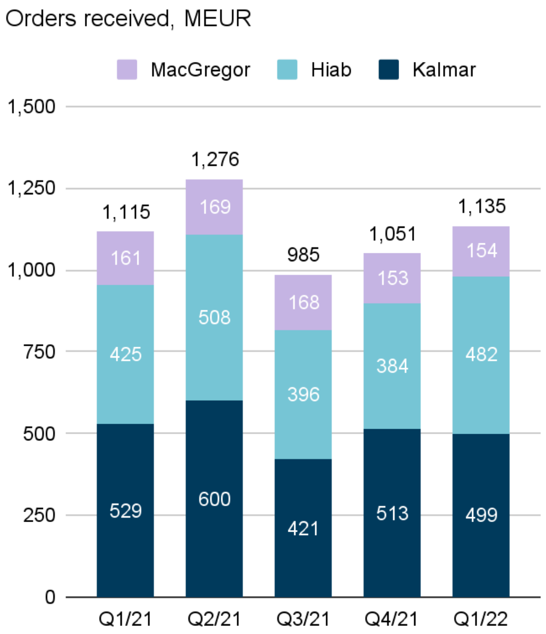
[4] Clarkson, April 2022

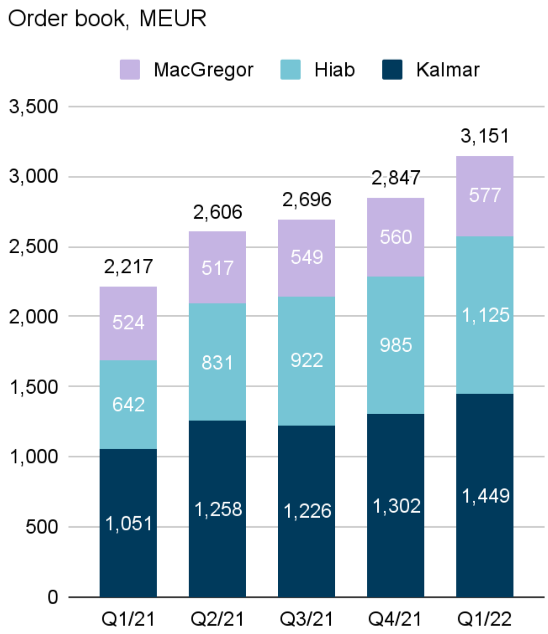
# Financial performance

## Orders received and order book

### Orders received and order book

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Orders received | 1,135 | 1,115 | 2% | 4,427 |
| Service orders received | 307 | 299 | 2% | 1,162 |
| Order book, end of period | 3,151 | 2,217 | 42% | 2,847 |




In the first quarter of 2022, orders received increased by 2 percent from the comparison period and totalled EUR 1,135 (1,115) million. Hiab's orders increased from the comparison period while orders received decreased in Kalmar and MacGregor. Service orders received increased by 2 percent and totalled EUR 307 (299) million.

The order book increased by 11 percent from the end of 2021, and at the end the first quarter it totalled EUR 3,151 (31 Dec 2021: 2,847) million. Kalmar's order book totalled EUR 1,449 (1,302) million, representing 46 (46) percent, Hiab's EUR 1,125 (985) million or 36 (35) percent and MacGregor's EUR 577 (560) million or 18 (20) percent of the consolidated order book.

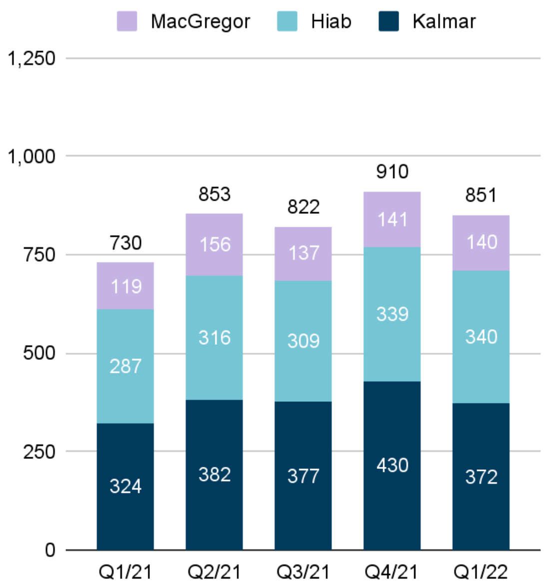
In geographical terms, the share of orders received in the first quarter was 47 (48) percent in EMEA and 36 (31) percent in the Americas. Asia-Pacific's share of orders received was 17 (21) percent.

# Sales

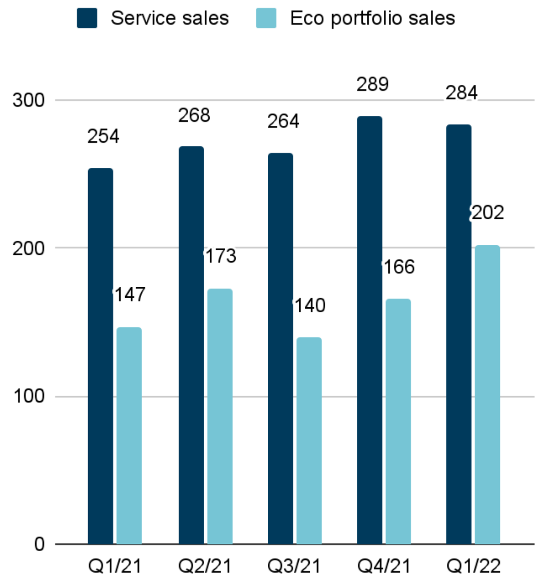
## Sales

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Sales | 851 | 730 | 17% | 3,315 |
| Service sales | 284 | 254 | 12% | 1,076 |
| Eco portfolio sales | 202 | 147 | 38% | 626 |

Sales, MEUR




Service and eco portfolio sales, MEUR

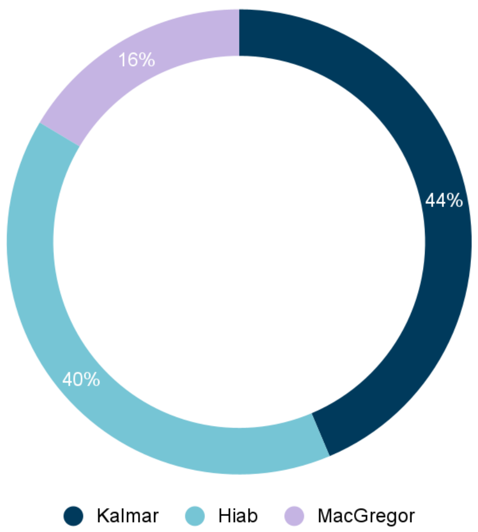



In the first quarter of 2022, sales increased from the comparison period by 17 percent and amounted to EUR 851 (730) million. Sales increased in all business areas.

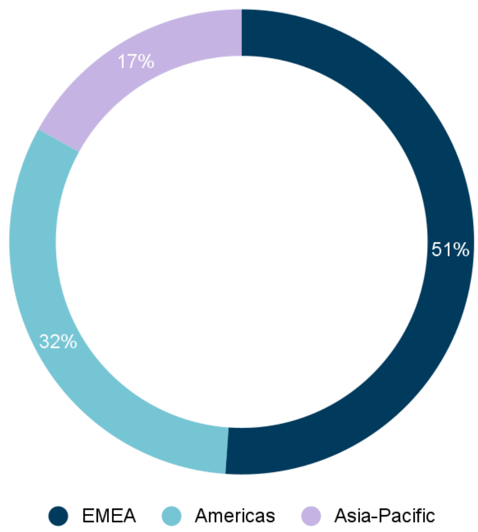
Service sales increased by 12 percent from the comparison period and totalled EUR 284 (254) million, representing 33 (35) percent of consolidated sales. Software sales decreased by 69 percent and amounted to EUR 11 (36) million. The decrease in software sales was due to the divestment of the Navis software business. In total, service and software sales amounted to EUR 295 (290) million, representing 35 (40) percent of consolidated sales.

Cargotec's eco portfolio consists of products and services that enhance customers' sustainability with tangible environmental benefits. In the first quarter, the eco portfolio sales increased by 38 percent and totalled EUR 202 (147) million, representing 24 (20) percent of consolidated sales. The increase was driven by higher sales of Hiab's and Kalmar's eco portfolio products, diminished by the divestment of Navis software business.

Sales by business area
Q1/2022, %




Sales by geographical area
Q1/2022, %



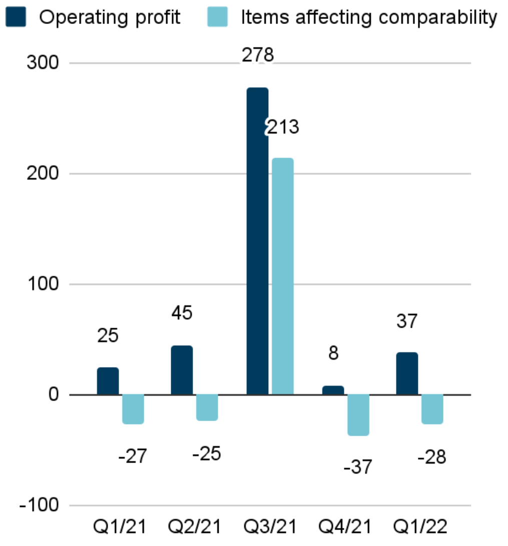

Sales increased in all geographical areas in the first quarter. EMEA's share of consolidated sales was 51 (52) percent, Americas' 32 (31) percent and Asia-Pacific's 17 (17) percent.

# Financial result

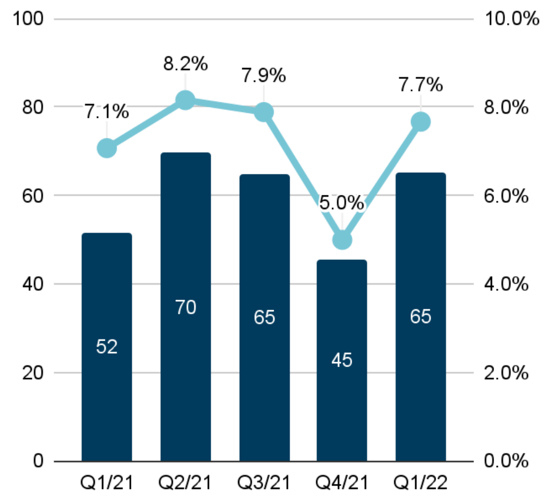
## Operating profit and comparable operating profit

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Operating profit | 37.5 | 24.5 | 53% | 355.7 |
| Operating profit, % | 4.4% | 3.4% | | 10.7% |
| Comparable operating profit | 65.3 | 51.6 | 26% | 231.5 |
| Comparable operating profit, % | 7.7% | 7.1% | | 7.0% |

Operating profit and items affecting comparability
MEUR




Comparable operating profit, MEUR
Comparable operating profit margin, %




Operating profit for the first quarter totalled EUR 37 (25) million. The operating profit includes items affecting comparability worth EUR -28 (-27) million. EUR -6 (-2) million of the items were related to Kalmar, EUR -5 (-6) million to Hiab, EUR -6 (-11) million to MacGregor and EUR -11 (-8) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -9 (-8) million were related to the cancelled merger plan with Konecranes Plc. Of the items affecting comparability, EUR -10 million were related to the impairment provision to assets that relate to Cargotec's business in Russia. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the first quarter increased by 26 percent and totalled EUR 65 (52) million, representing 7.7 (7.1) percent of sales. The comparable operating profit increase was driven by higher sales in Hiab and in Kalmar mobile equipment.

## Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the first quarter totalled EUR 4 (5) million. Net financing expenses totalled EUR 7 (6) million.

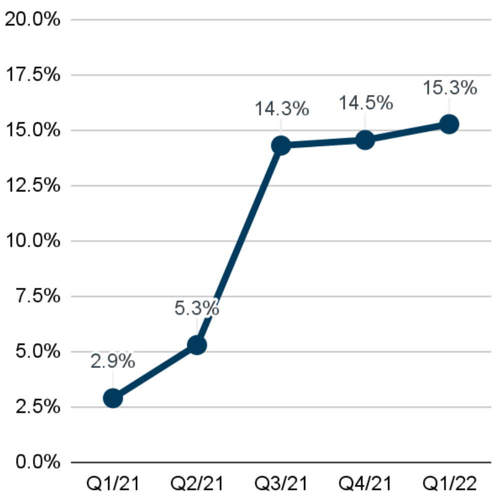
Net income for the first quarter totalled EUR 21 (10) million, and earnings per share was EUR 0.33 (0.15).

## Balance sheet, cash flow and financing

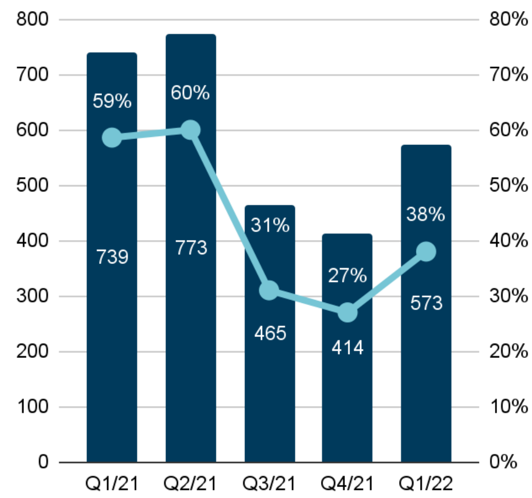
The consolidated balance sheet total was EUR 4,087 (31 Dec 2021: 4,027) million at the end of the first quarter. Equity attributable to the equity holders of the parent was EUR 1,514 (1,544) million, representing EUR 23.48 (23.95) per share. Property, plant and equipment on the balance sheet amounted to EUR 426 (410) million and intangible assets to EUR 1,146 (1,139) million.

Return on equity (ROE, last 12 months) was 18.6 (31 Dec 2021: 17.3) percent at the end of the first quarter, and return on capital employed (ROCE, last 12 months) was 15.3 (14.5) percent. Cargotec's financial target is to reach 15 percent return on capital employed.

Return on capital employed, %
(ROCE, last 12 months)




Interest-bearing net debt, MEUR
Gearing, %




Cash flow from operating activities before financial items and taxes totalled EUR -70 (51) million during the first quarter. Cash flow was negative due to increase in net working capital stemming mainly from higher inventories.

Cargotec's liquidity position is strong. The liquidity reserves, consisting of cash and cash equivalents and an undrawn EUR 300 million long-term revolving credit facility, totalled EUR 649 million on 31 March 2022 (31 Dec 2021: 789).

The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 53 (43) million, which includes EUR 36 (35) million lease liabilities. In addition, Cargotec had access to a EUR 150 million commercial paper programme, of which undrawn EUR 150 (150) million, as well as undrawn bank overdraft facilities, totalling EUR 112 (111) million.

Interest-bearing debt amounted to EUR 937 (31 Dec 2021: 919) million, of which EUR 173 (163) million was in lease liabilities. Of the interest-bearing debt, EUR 53 (43) million was current and EUR 885 (876) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 1.3 (1.3) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 365 (505) million. Interest-bearing net debt totalled EUR 573 (414) million.

At the end of the first quarter, Cargotec's equity to assets ratio was 39.2 (31 Dec 2021: 40.6) percent. Gearing was 37.8 (26.8) percent.

# Corporate topics

## Research and development

Research and product development expenditure in the first quarter decreased by 12 percent from the comparison period and totalled EUR 23 (27) million, representing 2.7 (3.6) percent of sales. Research and development investments were focused on themes supporting climate targets such as digitalisation, electrification, and robotisation as well as projects that aim to improve the competitiveness and cost efficiency of products. During the quarter, research and development efforts focused for example on the following:

### Kalmar

In January, Kalmar signed a one-year agreement with Norwegian rail operator CargoNet covering the field-testing of a Kalmar Electric Reachstacker.

Kalmar also signed a joint development agreement with the US-based Coast Autonomous Inc. to speed up the development and launch of robotic solutions across the mobile equipment offering. Kalmar also became a minority shareholder of Coast Autonomous.

### Hiab

In January, Hiab introduced the MOFFETT E5 NX as the third model in the eSeries of all-electric truck mounted forklifts. The MOFFETT E5 NX is the specialist for medium to heavy-duty tasks, lifting up to 2,500 kg. It has been nominated for an IFOY AWARD in the category Special Vehicle/Warehouse Truck and is the world's first electric truck mounted forklift with a moving mast.

In March, Hiab's US tail lift brand WALTCO launched two new heavy-duty liftgates with a lifting capacity of 3,300 lbs (1,500 kg) and 4,400 lbs (2,000 kg). The two models, WALTCO HDC 33/44 and WALTCO ZS 33/44 MK2, are high-quality liftgates designed to maximise uptime and ease of operation, while keeping both the operator and the working environment safe.

### MacGregor

During the first quarter, MacGregor received the 2022 SMART4SEA Technology Award for the development of its condition-based and predictive maintenance service OnWatch Scout.

Carbon capture, utilisation and storage technology (CCUS) is acknowledged as critical in reaching the net-zero emissions goal and limiting global warming, as outlined in the Paris Agreement on climate change. MacGregor is actively working on the new CCUS segment, leveraging its offshore know-how and capabilities and in close dialogue with other industry stakeholders.

# Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 27 (12) million in the first quarter. Investments in customer financing were EUR 7 (4) million. Depreciation, amortisation and impairment amounted to EUR 29 (31) million. The amount includes impairments worth EUR 0 (2) million.

# Acquisitions and divestments in 2022

On 29 March 2022, Cargotec and Konecranes announced that the companies had jointly decided to cancel the planned merger[5]. According to the UK Competition & Markets Authority's (CMA) final report issued earlier at the same date, the proposed remedies – which would have removed all overlapping businesses of the two companies and had been accepted by the European Commission – would not have been effective in addressing CMA's concerns. Consequently, the Boards of Directors of Cargotec and Konecranes concluded that it is in the best interest of Cargotec and Konecranes and the companies' respective shareholders that the merger is cancelled. Cargotec and Konecranes immediately ceased the pursuit of the merger and the related processes and continue now to operate separately as fully independent companies.

By the end of the first quarter, Cargotec had booked EUR 66 million in merger-related expenses, of which EUR 9 million have been booked in 2022. The final costs of the merger will be reported as they become available. Cargotec estimates that the costs associated with the merger will no longer increase substantially.

More information regarding acquisitions and divestments is available in Note 15, Acquisitions and disposals.

# Operational restructurings

Restructuring costs in the first quarter amounted to EUR 13 (10) million, which includes an EUR 10 million impairment provision to assets that relate to Cargotec's business in Russia. For the year 2022, the restructuring costs of ongoing restructuring programmes are estimated to be approximately EUR 25 million. The estimate does not include costs related to the cancelled merger between Cargotec and Konecranes nor costs related to Cargotec's refocused strategy, and the restructuring cost estimate may be subject to change.

More information regarding restructuring costs and other items affecting comparability is available in Note 7, Comparable operating profit.

# Personnel

Cargotec employed 11,282 (31 Dec 2021: 11,174) people at the end of the first quarter. The average number of employees in the first quarter was 11,245 (1–12/2021: 11,232).

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[5] On 1 October 2020, the Boards of Directors of Cargotec and Konecranes Plc signed a combination agreement and a merger plan to combine the two companies through a merger. Extraordinary general meetings of Cargotec and Konecranes held on 18 December 2020 approved the merger.

# Strategy and vision

With its business areas Kalmar, Hiab and MacGregor, Cargotec's vision is to become the global leader in sustainable cargo flow. The breakthrough objectives are sustainability and profitable growth. In concrete terms, Cargotec aims to reduce the $CO_2$ emissions of its value chain by 1 million tons by 2024.

Cargotec refocused its strategy in March. Cargotec will focus on sustainability and growth in profitable core businesses Hiab, Kalmar Mobile Solutions and Kalmar's horizontal transportation business (Core Businesses). Cargotec will start to plan an exit from the Kalmar's heavy port cranes business as well as initiate an evaluation of strategic options of MacGregor, including a potential sale of the business.

Core Businesses will support customers with lifecycle services as well as with market leading equipment and technologies. Automated, robotised and zero emission equipment help Kalmar and Hiab customers to overcome sustainability challenges.

# Sustainability

Cargotec's refocused strategy puts a high focus on sustainability and the company's climate programme, Mission Climate. The climate programme will continue and be in the centre of attention to drive the low-carbon industry transformation and the emission reductions in practice. The programme's ultimate goal is to get Cargotec on the path of achieving a net zero emission value chain in the future. During 2022, more focus will also be put on social topics, like improving the management of health, safety and human rights.

The year 2022 started with boosting Cargotec's sustainable offering. During the first quarter, 28 product additions were made to the eco portfolio. The portfolio consists of products and services that enhance customers' sustainability with tangible environmental benefits. Of the added products, eight came from Kalmar, eight from Hiab, and 12 from MacGregor. Kalmar delivered a fully electric portfolio by the end of 2021, and new electric products (such as the electric reachstacker and the electric heavy forklift) were added to the portfolio. Fuel and emission efficiency-enabling loader cranes with variable pump solution were added to Hiab's offering, among others, while MacGregor added several products that enable installations of offshore wind power turbines.

In the first quarter, the eco portfolio sales increased by 38 percent and totalled EUR 202 (147) million, representing 24 (20) percent of consolidated sales. The increase was driven by higher sales of Hiab's and Kalmar's eco portfolio products, diminished by the divestment of Navis software business.

Cargotec reported the proportion of EU taxonomy eligible activities for the first time in 2021.[6] In 2022, we continue the preparation to report in accordance with the upcoming EU Taxonomy regulation and aim to revise the eco portfolio criteria to align with the taxonomy. We continue to conduct product life cycle assessment (LCA) studies in order to prove the EU Taxonomy-alignment of the eco equipment. We report the EU taxonomy-aligned activities in connection with the 2022 annual report.

At the end of the first quarter, Cargotec's safety performance, measured by rolling 12 months industrial injury frequency rate (IIFR), was 6.0 (5.1). The IIFR in Cargotec's assembly sites was 7.3

[6] In 2021, the proportion of taxonomy-eligible economic activities in Cargotec's total turnover was 100 percent, 100 percent in the capital expenditure, and 100 percent in the operational expenditure.

(3.9), while it was 5.3 (5.7) in non-assembly operations. The target for 2022 is to have an IIFR rate less than 5 in all operations.

In the beginning of the year, a fatal incident took place in our operations in the US. Cargotec is committed to the safety of its employees and will do its utmost to eliminate risks from its operations to avoid similar accidents happening. We strive towards our IIFR target and to avoid all serious incidents. To promote occupational safety, we have implemented a series of measures including safety inspections, proactive reporting, risk assessments and subsequent risk eliminations, among others.

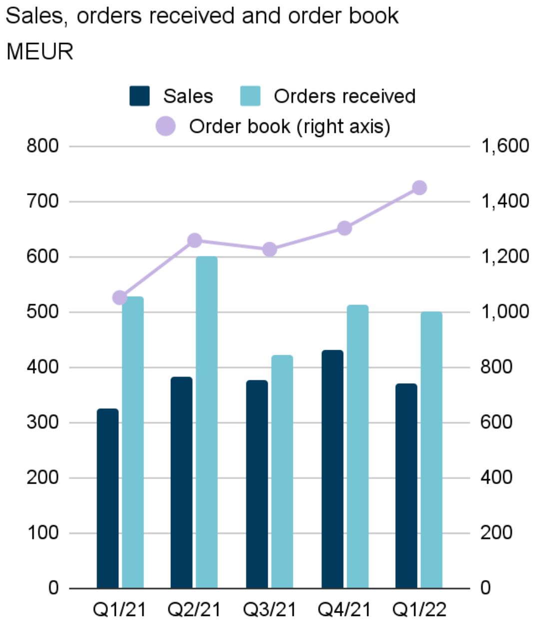
# Leadership Team

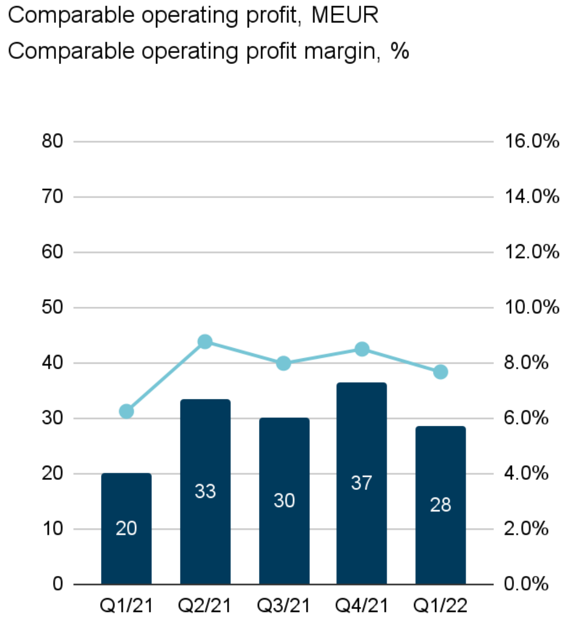
On 31 March 2022, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO; Outi Aaltonen, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Antti Kaunonen, President, Kalmar Automation Solutions; Michel van Roozendaal, President, Kalmar Mobile Solutions; Scott Phillips, President, Hiab; and Leif Byström, President, MacGregor.

# Reporting segments

## Kalmar

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Orders received | 499 | 529 | -6% | 2,063 |
| Order book, end of period | 1,449 | 1,051 | 38% | 1,302 |
| Sales | 372 | 324 | 15% | 1,512 |
| Service sales | 124 | 112 | 10% | 468 |
| % of sales | 33% | 35% | | 31% |
| Operating profit | 22.7 | 18.0 | 26% | 344.5 |
| % of sales | 6.1% | 5.6% | | 22.8% |
| Comparable operating profit | 28.5 | 20.2 | 41% | 120.1 |
| % of sales | 7.7% | 6.2% | | 7.9% |
| Personnel, end of period | 4,902 | 5,471 | -10% | 4,876 |




In the first quarter, orders received by Kalmar decreased by 6 percent from the comparison period and totalled EUR 499 (529) million. The decrease was mainly due to the divestment of the Navis software business. Orders increased in services with the combined orders received of mobile equipment and straddle and shuttle carriers remaining at the comparison period's strong level. Orders decreased in heavy port cranes. In geographical terms, orders received decreased compared to the comparison period in EMEA and in Asia-Pacific and increased in Americas.

Kalmar's major orders received in the first quarter included:

- world's first electric reachstacker with a combined charging system and a five-year Kalmar Complete Care service agreement to Norway,
- three medium electric forklift trucks for timber handling in Austria,
- two heavy forklift trucks and two Super Gloria reachstackers to a customer in Brazil handling wind turbine components, and
- five reachstackers to Germany.

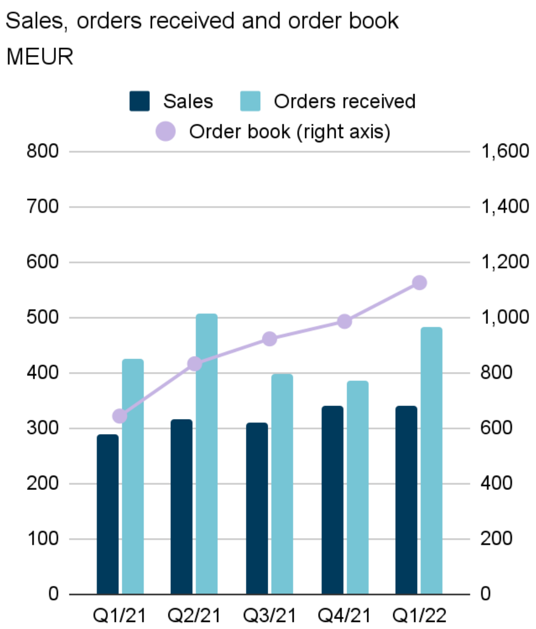
Kalmar's order book increased by 11 percent from the end of 2021, and at the end of the first quarter it totalled EUR 1,449 (31 Dec 2021: 1,302) million. The order book increase was mainly a result of the strong mobile equipment demand as well as the impact of supply chain challenges on delivery times.

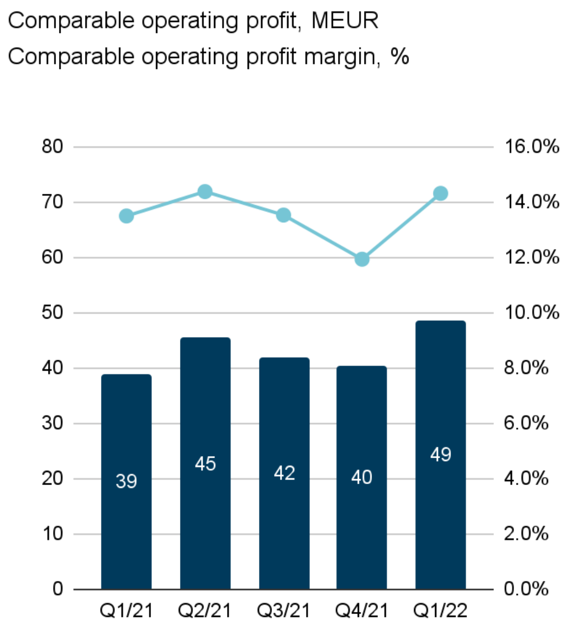
Kalmar's first quarter sales increased by 15 percent from the comparison period and totalled EUR 372 (324) million. The combined sales of mobile equipment and straddle and shuttle carriers as well as service sales increased. Sales in heavy port cranes remained at the comparison period's level. Supply chain challenges had a negative impact on sales. Service sales increased by 10 percent and totalled EUR 124 (112) million, representing 33 (35) percent of sales

Kalmar's first quarter operating profit totalled EUR 23 (18) million. The operating profit includes EUR -6 (-2) million in items affecting comparability. Comparable operating profit amounted to EUR 28 (20) million, representing 7.7 (6.2) percent of sales. The comparable operating profit increase was driven by higher mobile equipment sales.

## Hiab

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Orders received | 482 | 425 | 13% | 1,713 |
| Order book, end of period | 1,125 | 642 | 75% | 985 |
| Sales | 340 | 287 | 18% | 1,250 |
| Service sales | 93 | 85 | 10% | 351 |
| % of sales | 27% | 30% | | 28% |
| Operating profit | 43.5 | 33.1 | 31% | 144.7 |
| % of sales | 12.8% | 11.5% | | 11.6% |
| Comparable operating profit | 48.6 | 38.8 | 25% | 166.3 |
| % of sales | 14.3% | 13.5% | | 13.3% |
| Personnel, end of period | 3,662 | 3,343 | 10% | 3,585 |




Hiab's orders received for the first quarter increased by 13 percent from the comparison period and totalled EUR 482 (425) million. Orders received includes large non-recurring orders. Service orders received increased.

Hiab's major orders received in the first quarter included:

- MOFFETT M8 55 NX truck mounted forklifts to a building materials and supply customer in the US. The value of the order is over EUR 24.5 million,
- all-electric MOFFETT E4 truck mounted forklifts with a five-year ProCare service contract to a wood and building materials dealer and logistics company in Germany. The value of the order is EUR 4.5 million, and
- MULTILIFT demountables with installation to a waste and recycling company in Germany. The value of the order is EUR 1.7 million.

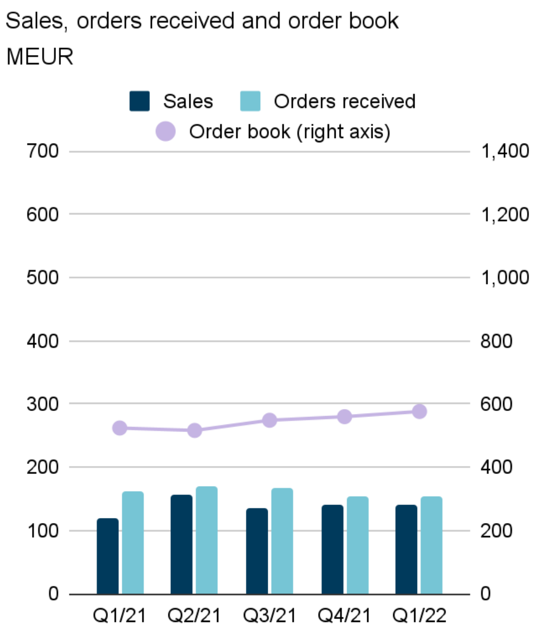
Hiab's order book increased by 14 percent from the end of 2021, totalling EUR 1,125 (31 Dec 2021: 985) million at the end of the year. The increase in the order book was mainly due to strong demand, supply chain challenges, and extended truck delivery times impacting customer deliveries.

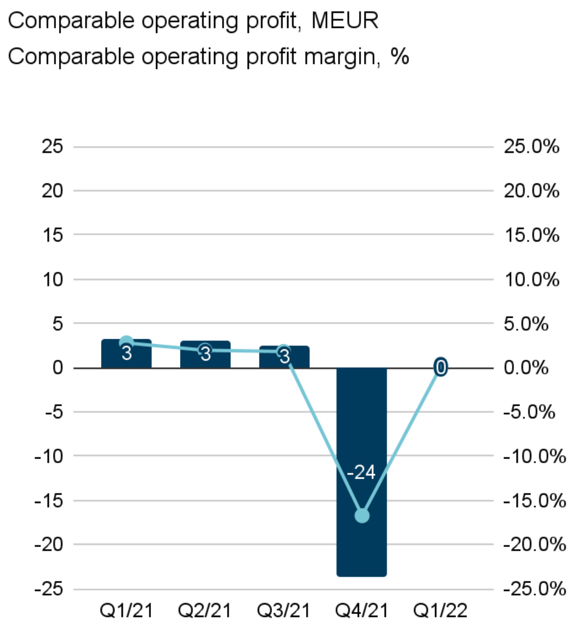
Hiab's first quarter sales increased by 18 percent and totalled EUR 340 (287) million. Global component shortages and delays in truck deliveries had a negative effect on Hiab's sales. Service sales increased by 10 percent and amounted to EUR 93 (85) million, representing 27 (30) percent of sales.

Hiab's first quarter operating profit increased from the comparison period by 31 percent and totalled EUR 44 (33) million. The operating profit includes EUR -5 (-6) million in items affecting comparability. The comparable operating profit amounted to EUR 49 (39) million, representing 14.3 (13.5) percent of sales. Hiab's comparable operating profit increased due to higher sales.

## MacGregor

| MEUR | Q1/22 | Q1/21 | Change | 2021 |
|---|---|---|---|---|
| Orders received | 154 | 161 | -5% | 652 |
| Order book, end of period | 577 | 524 | 10% | 560 |
| Sales | 140 | 119 | 18% | 553 |
| Service sales | 67 | 57 | 17% | 257 |
| % of sales | 48% | 48% | | 47% |
| Operating profit | -5.7 | -7.9 | 28% | -40.0 |
| % of sales | -4.1% | -6.7% | | -7.2% |
| Comparable operating profit | 0.1 | 3.3 | -96% | -14.7 |
| % of sales | 0.1% | 2.8% | | -2.7% |
| Personnel, end of period | 1,907 | 1,954 | -2% | 1,909 |




MacGregor's orders received in the first quarter decreased by 5 percent from the comparison period to EUR 154 (161) million. Orders received decreased in EMEA and Asia-Pacific and increased in the Americas. Of the orders, around four fifths were related to merchant ships and one fifth to the offshore sector. Service orders received decreased.

MacGregor's major orders received in the first quarter included:

- RoRo equipment for four Aurora class Pure Car and Truck Carriers to a customer in Norway.

MacGregor's order book increased by 3 percent from the end of 2021, totalling EUR 577 (31 Dec 2021: 560) million at the end of the first quarter. Around three quarters of the order book relates to merchant ships and one quarter to the offshore sector.

MacGregor's first quarter sales increased by 18 percent from the comparison period to EUR 140 (119) million. Service sales increased by 17 percent and totalled EUR 67 (57) million, representing 48 (48) percent of sales.

MacGregor's operating profit for the first quarter totalled EUR -6 (-8) million. Operating profit includes EUR -6 (-11) million in items affecting comparability. The comparable operating profit totalled EUR 0 (3) million, representing 0.1 (2.8) percent of sales. The comparable operating profit increased in the merchant ship business, remained at the comparison period level in the service business but decreased in the offshore business.

# Annual General Meeting and shares

## Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held 17 March 2022 in Helsinki, Finland. The Annual General Meeting approved a distribution of a dividend of EUR 1.07 for each of class A shares and a dividend of EUR 1.08 for each outstanding class B shares. The dividend was paid to shareholders who on the record date of dividend distribution, 21 March 2022, are registered as shareholders in the company's shareholder register. The dividend payment day was 28 March 2022.

The meeting adopted the financial statements and consolidated financial statements and approved the remuneration report. The meeting granted discharge from liability to the CEO and the members of the Board of Directors for the financial year 1 January–31 December 2021.

The number of the Board members was confirmed at eight. The current Board members Jaakko Eskola, Ilkka Herlin, Teresa Kemppi-Vasama, Johanna Lamminen, Casimir Lindholm, Kaisa Olkkonen, Teuvo Salminen and Heikki Soljama were re-elected to the Board of Directors.

The yearly remuneration of the Board of Directors was confirmed as follows: EUR 95,000 will be paid to the Chairman of the Board, EUR 70,000 to the Vice Chairman, EUR 70,000 to the Chairman of the Audit and Risk Management Committee and EUR 55,000 to the other Board members. In addition, members are to be paid EUR 1,000 for attendance at board and committee meetings. The yearly remuneration will be paid quarterly in cash.

The Annual General Meeting elected the accounting firm Ernst & Young Oy as the company's auditor. The fees to the auditors were decided to be paid according to their invoice reviewed by the company.

The Annual General Meeting authorised the Board to decide on the repurchase and/or on the acceptance as pledge of Cargotec's shares with non-restricted equity. Altogether no more than 6,400,000 shares in the company may be purchased and/or accepted as pledge, of which no more than 952,000 are class A shares and 5,448,000 are class B shares. This authorisation shall remain in effect for a period of 18 months from the resolution by the general meeting and it will supersede the previous one.

On 17 March 2022, Cargotec's Board of Directors elected by the Annual General Meeting elected in its organising meeting Ilkka Herlin to continue as Chair of the Board. Jaakko Eskola was elected as Vice Chair of the Board. The Board also elected the Chairs and the members for the Audit and Risk Committee as well as the Nomination and Compensation Committee. Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board.

Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting on 17 March 2022. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com.

# Shares and trading

## Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of March 2022. The number of class B shares was 55,182,079, while the number of class A shares totalled 9,526,089.

On 17 March 2022, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for a share-based incentive programme. The share reward payments are related to the third matching period of the matching share programme launched in 2019.

In the share issue, 28,903 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programme in accordance with the programme-specific terms and conditions. Cargotec purchased the shares at the market price on 7 February 2022 at public trading on Nasdaq Helsinki Ltd. More detailed information about the launch and the terms and conditions of the programmes is available in stock exchange releases published on 8 February 2017 and on 20 February 2019.

The decision on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 19 March 2019. According to the authorisation, the Board of Directors can decide on a share issue amounting to a maximum of 952,000 class A shares and 5,448,000 class B shares.

At the end of March 2022, Cargotec held a total of 224,840 own class B shares, accounting for 0.35 percent of the total number of shares and 0.15 percent of the total number of votes. At the end of March, the number of outstanding class B shares totalled 54,957,239.

## Share-based incentive programmes

In February 2022, The Board of Directors of Cargotec Corporation resolved on the performance criteria for the share-based incentive programme for the year 2022. The performance share programme, approved by the Board of Directors in 2020, includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria supporting the implementation of the strategy and the required performance levels for each criterion. Sustainability is an important part of the target setting and rewarding of the key employees.

For the performance period of 2020–2022, the potential reward of the last measuring period 2022 will be based on the business areas' Mission Climate roadmap and development of the eco portfolio for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion is Cargotec's Mission Climate roadmap and development of the eco portfolio.

For the performance period of 2021–2023, which started last year, the potential reward of the second measuring period 2022 will be based on the business areas' service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit.

Performance criteria for the performance period 2022–2024 will be decided later.

### Market capitalisation and trading

| Trading on Nasdaq Helsinki Oy | Q1/22 | Q1/21 |
|---|---|---|
| Total market value of class B shares at the end of the period[7], MEUR | 1,898 | 2,534 |
| Market capitalisation of class A and B shares at the end of the period[8], MEUR | 2,226 | 2,971 |
| Closing price of class B share[9], EUR | 34.54 | 46.10 |
| Volume-weighted average price of class B share, EUR | 37.25 | 40.99 |
| Highest quotation of class B share, EUR | 48.46 | 46.14 |
| Lowest quotation of class B share, EUR | 27.12 | 33.60 |
| Trading volume, million class B shares | 17 | 9 |
| Turnover of class B shares, MEUR | 641 | 363 |

In addition, class B shares were traded in several alternative marketplaces.

At the end of the period, the number of registered shareholders was 41,548. The number of Finnish household shareholders was 39,450, corresponding to around 18 percent ownership of Cargotec’s shares. At the end of the period, around 27 percent of Cargotec’s shares were nominee registered or held by non-Finnish holders.

## Short-term risks and uncertainties

Developments in the global economy and cargo flows have a direct effect on Cargotec’s operating environment and customers’ willingness to invest. Changes in the global economy and supply chains, geopolitical tensions, sanctions and trade wars can have an impact on global flow of goods and therefore on the demand of Cargotec’s solutions.

Russia’s condemnable and unjustified attack on Ukraine and the Western countermeasures against Russia have exacerbated existing market disruptions and created new ones. Disruptions in supply chains, problems with the availability of raw materials and energy, accelerating inflation and increased uncertainty are slowing down economic growth and could lead to recession or even stagflation. As the crisis continues, its effects are becoming more widespread and more serious as the war divides the world and the economic disruption it causes intensifies and spreads to new areas, even creating threats to world food production.

The current situation has hampered Cargotec's operations. Problems with the availability of raw materials and components, as well as logistics, have slowed down our assembly operations and may cause production downtime as the situation worsens. The extension of delivery times has had a negative effect on Cargotec's net sales and gross margin. Due to new availability problems, prices have continued to rise, increasing the challenges to control costs and passing them on to the prices of end products. Interest rates are also expected to continue to rise.

Along with the sanctions imposed on Russia, Cargotec's sales to Russia and Belarus have been suspended. Cargotec employs approximately 50 people in Russia and ensuring safe working conditions for them can prove to be challenging. Cargotec does not have a direct representation in

[7] excluding own shares held by the company
[8] excluding own shares held by the company, unlisted class A shares are valued at the average price of class B shares on the last trading day of the period
[9] on the last trading day of the period

Ukraine; however, some of our suppliers have used Ukrainian steel, among others. To replace this can be difficult in the short term.

The Covid-19 pandemic can have direct and indirect impacts on Cargotec’s business. In some areas, such as in China, safety measures and travel restrictions may limit Cargotec's business prerequisites, hamper the selling, operating and delivering of Cargotec's solutions, and complicate the global component shortage. Ensuring a safe working environment for Cargotec personnel may be challenging. The amount of personnel sick leaves may also increase.

In a changing market situation, customers may also try to postpone or cancel orders. Deterioration of the global economic outlook and access to finance can lead to economic and financial difficulties among Cargotec’s customers. In some cases their financial position may deteriorate significantly or even lead to insolvency.

The turnover, availability and cost of skilled personnel can create disturbances to Cargotec and its supplier operations.

Container traffic growth rate and a possible slowdown or contraction in global economic growth may in the longer term have an effect on the demand of Kalmar's cargo handling solutions. Kalmar’s project executions face risks related to schedule, cost and delivery guarantees. Kalmar has an assembly site in Shanghai which, due to Chinese Covid-19 restrictions, has been closed since the end of March. Kalmar’s delivery capabilities and result may be affected, should the restrictions persist.

Hiab’s demand is impacted by the development of the construction market. The rising prices and availability challenges of building materials can have a negative effect on construction activity, which in turn can negatively impact the demand for Hiab's solutions. A significant share of Hiab’s orders are from the United States. Even though the cash flows are hedged for the existing order book, the weakening of the US dollar could in the longer term weaken Hiab’s results. Similarly, a stronger dollar can improve Hiab’s results. The Hiab solutions are installed on trucks, and the truck delivery bottlenecks can have a negative impact on Hiab's sales development.

MacGregor's market situation still involves uncertainties, even though demand in the merchant ship market picked up in 2021 and the long-term growth estimates have been raised. The increases in the new vessel construction costs as well as the high amounts of order bookings at shipyards may slow down new vessel orders. In the short term, the tightening emission regulation for ships and related uncertainty may limit new investments in the short term. Global decarbonisation targets have led to a fall in investments by the oil industry, which has long been reflected in decreased offshore vessel investments. However, increase in contracting for wind turbine installations and service vessels is estimated to partly compensate that in the future. Project executions face risks related to schedule, cost and delivery guarantees, especially those related to new product developments. Downward revision of market estimates or rising interest rates could result in an impairment of MacGregor's goodwill.

In March, Cargotec announced its refocused strategy. As part of the strategy, Cargotec plans to exit from Kalmar’s heavy port cranes business, evaluate strategic options of MacGregor, and review its operational model. The valuation of evaluated businesses may include risks. The planned actions can also include risks related to the retention of skilled personnel, customer relationships, the execution of potential transactions, and costs, for example.

Cargotec is involved in certain legal disputes and trials. The interpretation of international agreements and legislation may weaken the predictability of the end results of legal disputes and trials.

Risks regarding Cargotec's acquisitions are related to, for example, the knowledge of the local markets, authority processes, customers, corporate culture, integration, costs, achieving targets as well as key employees.

Information security risks are also materially related to Cargotec's operations. A cyber attack on systems that are critical to the operations of the company, its customers or suppliers can disrupt operational stability, lead to a decrease in sales and damage Cargotec's reputation, for example.

There are also ethical risks related to the industries and the geographical scope where Cargotec operates. Cargotec has increased actions to ensure compliance with its business guidelines, regulations and ethical principles. Related internal processes are constantly being developed.

More information on risks is available at www.cargotec.com, under Investors > Governance > Internal control and risk management.

# Outlook for 2022

Cargotec expects its comparable operating profit for 2022 to improve from 2021 (EUR 232 million).

# Financial calendar 2022

Half year financial report January–June 2022, on Wednesday, 20 July 2022

Interim report January–September 2022, on Wednesday, 26 October 2022

Helsinki, 27 April 2022
Cargotec Corporation
Board of Directors

This interim report is unaudited.

# Consolidated statement of income

| MEUR | Note | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|---|
| **Sales** | 5 | **850.9** | **729.6** | **3,315.0** |
| Cost of goods sold | | -661.1 | -548.5 | -2,582.1 |
| **Gross profit** | | **189.8** | **181.0** | **732.9** |
| *Gross profit, %* | | *22.3%* | *24.8%* | *22.1%* |
| Other operating income | | 8.3 | 16.9 | 294.2 |
| Selling and marketing expenses | | -47.3 | -46.6 | -188.4 |
| Research and development expenses | | -23.4 | -27.6 | -103.9 |
| Administration expenses | | -58.7 | -65.6 | -251.7 |
| Restructuring costs | 7 | -13.4 | -9.7 | -33.3 |
| Other operating expenses | | -19.4 | -25.4 | -101.1 |
| Share of associated companies' and joint ventures' net income | | 1.5 | 1.4 | 7.0 |
| **Operating profit** | | **37.5** | **24.5** | **355.7** |
| *Operating profit, %* | | *4.4%* | *3.4%* | *10.7%* |
| Financing income | | 0.8 | 0.7 | 4.7 |
| Financing expenses | | -8.1 | -7.0 | -27.4 |
| **Income before taxes** | | **30.2** | **18.3** | **333.1** |
| *Income before taxes, %* | | *3.5%* | *2.5%* | *10.0%* |
| Income taxes | 9 | -9.1 | -8.7 | -86.4 |
| **Net income for the period** | | **21.1** | **9.6** | **246.7** |
| *Net income for the period, %* | | *2.5%* | *1.3%* | *7.4%* |
| **Net income for the period attributable to:** | | | | |
| Equity holders of the parent | | 21.2 | 9.6 | 246.5 |
| Non-controlling interest | | -0.1 | 0.0 | 0.2 |
| **Total** | | **21.1** | **9.6** | **246.7** |
| **Earnings per share for profit attributable to the equity holders of the parent:** | | | | |
| Earnings per share, EUR | | 0.33 | 0.15 | 3.82 |
| Diluted earnings per share, EUR | | 0.33 | 0.15 | 3.82 |

The notes are an integral part of the interim report.

# Consolidated statement of comprehensive income

| MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| **Net income for the period** | **21.1** | **9.6** | **246.7** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that cannot be reclassified to statement of income:* | | | |
| Actuarial gains (+) / losses (-) from defined benefit plans | 0.4 | 0.2 | -0.5 |
| Gains (+) / losses (-) on designated share investments measured at fair value | -1.7 | -4.7 | 14.2 |
| Taxes relating to items that cannot be reclassified to statement of income | -0.1 | 0.0 | 0.0 |
| *Items that can be reclassified to statement of income:* | | | |
| Gains (+) / losses (-) on cash flow hedges | -11.8 | -16.5 | -9.5 |
| Gains (+) / losses (-) on cash flow hedges transferred to statement of income | 11.8 | 8.4 | -3.9 |
| Translation differences | 22.2 | 33.1 | 65.9 |
| Taxes relating to items that can be reclassified to statement of income | 0.2 | 1.8 | 2.3 |
| Share of other comprehensive income of associates and JV, net of tax | -0.6 | -0.3 | -0.3 |
| **Other comprehensive income, net of tax** | **20.3** | **22.0** | **68.3** |
| | | | |
| **Comprehensive income for the period** | **41.5** | **31.6** | **315.0** |
| | | | |
| **Comprehensive income for the period attributable to:** | | | |
| Equity holders of the parent | 41.6 | 31.5 | 314.6 |
| Non-controlling interest | -0.1 | 0.1 | 0.4 |
| **Total** | **41.5** | **31.6** | **315.0** |

The notes are an integral part of the interim report.

# Consolidated balance sheet

| ASSETS, MEUR | Note | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | 977.8 | 955.8 | 966.8 |
| Other intangible assets | | 168.7 | 182.1 | 172.6 |
| Property, plant and equipment | | 426.3 | 422.5 | 409.5 |
| Investments in associated companies and joint ventures | 16 | 75.4 | 72.6 | 73.7 |
| Share investments | 16 | 34.9 | 32.9 | 36.6 |
| Loans receivable and other interest-bearing assets* | 11 | 12.4 | 18.0 | 12.6 |
| Deferred tax assets | | 136.6 | 126.8 | 129.7 |
| Derivative assets | 12 | 1.1 | 0.0 | 1.0 |
| Other non-interest-bearing assets | | 9.3 | 17.1 | 8.4 |
| **Total non-current assets** | | **1,842.4** | **1,827.8** | **1,811.0** |
| | | | | |
| **Current assets** | | | | |
| Inventories | | 915.9 | 649.0 | 792.9 |
| Loans receivable and other interest-bearing assets* | 11 | 3.6 | 4.2 | 3.6 |
| Income tax receivables | | 28.4 | 25.4 | 31.8 |
| Derivative assets | 12 | 16.5 | 12.6 | 10.8 |
| Accounts receivable and other non-interest-bearing assets | | 931.8 | 764.6 | 888.3 |
| Cash and cash equivalents* | 11 | 348.5 | 414.4 | 488.8 |
| **Total current assets** | | **2,244.8** | **1,870.3** | **2,216.3** |
| | | | | |
| **Assets held for sale** | **17** | **-** | **194.2** | **-** |
| | | | | |
| **Total assets** | | **4,087.2** | **3,892.3** | **4,027.3** |

*Included in interest-bearing net debt.

| EQUITY AND LIABILITIES, MEUR | Note | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|---|
| **Equity attributable to the equity holders of the parent** | | | | |
| Share capital | | 64.3 | 64.3 | 64.3 |
| Share premium account | | 98.0 | 98.0 | 98.0 |
| Translation differences | | -23.0 | -78.0 | -45.2 |
| Fair value reserves | | -7.4 | -2.3 | -7.0 |
| Reserve for invested non-restricted equity | | 52.8 | 54.0 | 54.0 |
| Retained earnings | | 1,329.6 | 1,122.8 | 1,380.1 |
| **Total equity attributable to the equity holders of the parent** | | **1,514.4** | **1,258.8** | **1,544.3** |
| | | | | |
| Non-controlling interest | | 2.3 | 2.8 | 2.7 |
| **Total equity** | | **1,516.6** | **1,261.6** | **1,547.0** |
| | | | | |
| **Non-current liabilities** | | | | |
| Interest-bearing liabilities* | 11 | 884.5 | 778.1 | 876.1 |
| Deferred tax liabilities | | 26.8 | 21.1 | 26.9 |
| Pension obligations | | 112.8 | 115.1 | 112.9 |
| Provisions | | 3.1 | 6.5 | 6.5 |
| Derivative liabilities | 12 | - | 0.0 | - |
| Other non-interest-bearing liabilities | | 72.4 | 65.4 | 68.3 |
| **Total non-current liabilities** | | **1,099.7** | **986.2** | **1,090.6** |
| | | | | |
| **Current liabilities** | | | | |
| Current portion of interest-bearing liabilities* | 11 | 36.4 | 385.1 | 34.8 |
| Other interest-bearing liabilities* | 11 | 16.1 | 5.5 | 8.6 |
| Provisions | | 114.8 | 99.0 | 103.3 |
| Advances received | | 221.6 | 199.0 | 217.2 |
| Income tax payables | | 38.7 | 18.5 | 37.6 |
| Derivative liabilities | 12 | 26.4 | 20.2 | 6.8 |
| Accounts payable and other non-interest-bearing liabilities | | 1,016.8 | 842.3 | 981.3 |
| **Total current liabilities** | | **1,470.9** | **1,569.5** | **1,389.6** |
| | | | | |
| **Liabilities directly associated with the assets held for sale** | **17** | **-** | **74.9** | **-** |
| | | | | |
| **Total equity and liabilities** | | **4,087.2** | **3,892.3** | **4,027.3** |

*Included in interest-bearing net debt.

The notes are an integral part of the interim report.

# Consolidated statement of changes in equity

| | Attributable to the equity holders of the parent | | | | | | | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| MEUR | Share capital | Share premium account | Translation differences | Fair value reserves | Reserve for invested non-restricted equity | Retained earnings | Total | | |
| **Equity 1 Jan 2022** | **64.3** | **98.0** | **-45.2** | **-7.0** | **54.0** | **1,380.1** | **1,544.3** | **2.7** | **1,547.0** |
| Net income for the period | | | | | | 21.2 | 21.2 | -0.1 | 21.1 |
| Cash flow hedges | | | | -0.4 | | | -0.4 | - | -0.4 |
| Translation differences | | | 22.2 | | | | 22.2 | 0.0 | 22.2 |
| Actuarial gains and losses from defined benefit plans | | | | | | 0.3 | 0.3 | - | 0.3 |
| Gains and losses on designated share investments measured at fair value | | | | | | -1.7 | -1.7 | | -1.7 |
| **Comprehensive income for the period*** | **-** | **-** | **22.2** | **-0.4** | **-** | **19.8** | **41.6** | **-0.1** | **41.5** |
| Profit distribution | | | | | | -69.5 | -69.5 | -0.1 | -69.6 |
| Treasury shares acquired | | | | | -1.2 | | -1.2 | | -1.2 |
| Share-based payments | | | | | | -0.4 | -0.4 | | -0.4 |
| **Transactions with owners of the company** | **-** | **-** | **-** | **-** | **-1.2** | **-70.0** | **-71.2** | **-0.1** | **-71.2** |
| Transactions with non-controlling interests | | | | | | -0.4 | -0.4 | -0.3 | -0.7 |
| **Equity 31 Mar 2022** | **64.3** | **98.0** | **-23.0** | **-7.4** | **52.8** | **1,329.6** | **1,514.4** | **2.3** | **1,516.6** |
| | | | | | | | | | |
| **Equity 1 Jan 2021** | **64.3** | **98.0** | **-110.9** | **4.4** | **57.4** | **1,185.6** | **1,298.7** | **2.7** | **1,301.4** |
| Net income for the period | | | | | | 9.6 | 9.6 | 0.0 | 9.6 |
| Cash flow hedges | | | | -6.6 | | | -6.6 | - | -6.6 |
| Translation differences | | | 33.0 | | | | 33.0 | 0.1 | 33.1 |
| Actuarial gains and losses from defined benefit plans | | | | | | 0.2 | 0.2 | | 0.2 |
| Gains and losses on designated share investments measured at fair value | | | | | | -4.7 | -4.7 | | -4.7 |
| **Comprehensive income for the period*** | **-** | **-** | **33.0** | **-6.6** | **-** | **5.1** | **31.5** | **0.1** | **31.6** |
| Profit distribution | | | | | | -69.5 | -69.5 | - | -69.5 |
| Treasury shares acquired | | | | | -3.4 | | -3.4 | | -3.4 |
| Share-based payments | | | | | | 1.5 | 1.5 | | 1.5 |
| **Transactions with owners of the company** | **-** | **-** | **-** | **-** | **-3.4** | **-68.0** | **-71.3** | **-** | **-71.3** |
| Transactions with non-controlling interests | | | | | | | - | | - |
| **Equity 31 Mar 2021** | **64.3** | **98.0** | **-78.0** | **-2.3** | **54.0** | **1,122.8** | **1,258.8** | **2.8** | **1,261.6** |

*Net of tax

The notes are an integral part of the interim report.

# Consolidated statement of cash flows

| MEUR | Note | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|---|
| **Net cash flow from operating activities** | | | | |
| Net income for the period | | 21.1 | 9.6 | 246.7 |
| Depreciation, amortisation and impairment | 8 | 28.6 | 30.6 | 117.4 |
| Financing items | | 7.3 | 6.2 | 22.7 |
| Taxes | 9 | 9.1 | 8.7 | 86.4 |
| Change in net working capital | | -135.0 | -4.0 | -60.1 |
| Other adjustments | | -1.4 | 0.0 | -243.7 |
| **Cash flow from operations before financing items and taxes** | | **-70.3** | **51.2** | **169.3** |
| Cash flow from financing items and taxes | | 5.1 | -32.4 | -113.1 |
| **Net cash flow from operating activities** | | **-65.2** | **18.8** | **56.2** |
| | | | | |
| **Net cash flow from investing activities** | | | | |
| Acquisitions of businesses, net of cash acquired | 15 | -0.7 | 4.3 | -2.2 |
| Disposals of businesses, net of cash sold | 15 | 1.4 | - | 354.5 |
| Investments in associated companies and joint ventures | 16 | - | -0.6 | -1.9 |
| Cash flow from investing activities, other items | | -9.6 | -5.0 | -15.9 |
| **Net cash flow from investing activities** | | **-9.0** | **-1.4** | **334.5** |
| | | | | |
| **Net cash flow from financing activities** | | | | |
| Treasury shares acquired | | -1.2 | -3.4 | -3.4 |
| Repayments of lease liabilities | | -10.4 | -10.4 | -40.6 |
| Repayments of long-term borrowings | | - | - | -250.0 |
| Proceeds from short-term borrowings | | 7.1 | - | 1.9 |
| Repayments of short-term borrowings | | -1.2 | -14.1 | -30.5 |
| Profit distribution | | -59.0 | -61.4 | -69.8 |
| **Net cash flow from financing activities** | | **-64.8** | **-89.2** | **-392.4** |
| | | | | |
| **Change in cash and cash equivalents** | | **-139.0** | **-71.7** | **-1.7** |
| | | | | |
| Cash and cash equivalents, and bank overdrafts at the beginning of period | | 488.2 | 482.3 | 482.3 |
| Effect of exchange rate changes | | -1.8 | 1.5 | 7.5 |
| Cash and cash equivalents included in assets held for sale | 17 | - | 0.3 | - |
| **Cash and cash equivalents, and bank overdrafts at the end of period** | | **347.4** | **412.4** | **488.2** |
| | | | | |
| Bank overdrafts at the end of period | | 1.1 | 2.0 | 0.6 |
| **Cash and cash equivalents at the end of period** | | **348.5** | **414.4** | **488.8** |

The notes are an integral part of the interim report.

# Notes to the interim report

## 1. General information

Cargotec Corporation (1927402-8) is a limited liability company domiciled in Helsinki, Finland. The registered address is Porkkalankatu 5, 00180 Helsinki, Finland. Cargotec Corporation and its subsidiaries form the Cargotec Group (later referred to as Cargotec or company). Cargotec Corporation's class B shares are quoted on Nasdaq Helsinki since 1 June 2005.

## 2. Accounting principles

The interim report has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2021 and comply with changes in IAS/IFRS standards effective from 1 January 2022 that had no material impact on the interim report.

All figures presented have been rounded, which may cause, for example, the sum of individual figures to deviate from the presented sum total.

## 3. Prevailing economic uncertainty

The world had not recovered from the corona pandemic when a new crisis erupted as Russia invaded Ukraine. The war and the Western countermeasures against Russia have exacerbated existing market disruptions and created new ones. Disruptions in supply chains, problems with the availability of raw materials and energy, accelerating inflation and increased uncertainty are slowing down economic growth and could lead to recession, or even stagflation. As the crisis continues, its effects are becoming more widespread and more serious as the war divides the world and the economic disruption it causes intensifies and spreads to new areas - even creating threats to world food production.

The current situation has hampered Cargotec's operations. Problems with the availability of raw materials and components, as well as logistics, have slowed down our assembly operations and may cause production downtime as the situation worsens. The extension of delivery times has had a negative effect on Cargotec's net sales and gross margin. Due to new availability problems, prices have continued to rise, increasing the challenges of controlling costs and passing them on to the prices of end products. Interest rates are also expected to continue to rise.

The Covid-19 pandemic can have direct and indirect impacts on Cargotec's business. In some areas, such as in China, safety measures and travel restrictions may limit Cargotec's business prerequisites, hamper the selling, operating and delivering of Cargotec's solutions, and complicate the global component shortage. Ensuring a safe working environment for Cargotec personnel may be challenging. The amount of personnel sick leaves may also increase. Kalmar has an assembly site in Shanghai which, due to Chinese Covid-19 restrictions, has been closed since the end of March. Kalmar's delivery capabilities and result may be affected, should the restrictions persist.

Cargotec's sales to Russia and Ukraine have been low. In 2021, approximately one percent of Cargotec's net sales and order backlog came from sales to these countries. Cargotec complies with the sanctions imposed on Russia, as a result of which the sale of equipment to Russia has been suspended. At the time of reporting, the assets of Cargotec's Russian subsidiaries totalled EUR 14.3 million and, in addition, Cargotec's subsidiaries outside Russia had trade receivables from Russia totalling EUR 1.1 million. Due to the prevailing risks and outlook, Cargotec has recognised a provision of EUR 10.0 million in the first quarter in connection with the above balance sheet items, which has been treated as a restructuring expense.

### MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on 31 March, 2022 due to the low level of MacGregor's recoverable amount in relation to the assets being tested. The recoverable amount of the MacGregor segment was determined based on value in use, and the test showed an increase compared to the fourth quarter of 2021 testing. The strengthening was mainly due to changes in market forecasts and the balance sheet structure. The pre-tax WACC used in the testing was 10.1 (31 Dec, 2021: 9.9) percent.

Based on the performed impairment tests, no impairment loss has been recognised. However, MacGregor's recoverable amount is still on a low level in comparison to the assets being tested, and it is sensitive to changes in WACC as well as in forecasts. MacGregor segment’s goodwill on the reporting date was EUR 474.6 (31 Dec 2021: 469.0) million.

As part of MacGregor's impairment testing, sensitivity analyses have been performed for the key assumptions based on three different scenarios. The changes tested in the analyses are a 2 percentage point increase in the discount rate in the first scenario, a 10 percent decrease in turnover and a 2 percentage point decrease in operating profit margin throughout the estimation period in the second scenario, and the combined effect of the previous scenarios in the third scenario. The results of the sensitivity analysis are presented in the table below.

### MacGregor goodwill sensitivity analysis

| | | Sensitivity analysis scenarios and results | | |
|---|---|---|---|---|
| | | Scenario 1 | Scenario 2 | Scenario 3 |
| | Recoverable amount in excess of book value of assets, MEUR | WACC +2 percentage points | Sales -10 percent and operating profit -2 percentage points | Sales -10 percent, operating profit -2 percentage points and WACC +2 percentage points |
| 31 Mar 2022 | 131.0 | No impairment* | Impairment** | Impairment |
| 31 Dec 2021 | 86.0 | Impairment* | Impairment** | Impairment |

*Threshold for impairment was WACC before taxes +2.7 (31 Dec 2021: +1.0) percentage points.
**Threshold for impairment was estimation period sales -10 percent and operating profit -1.1 percentage points (31 Dec 2021: estimation period sales -10 percent and operating profit -0.2 percentage points).

Due to the current minor excess value of MacGregor's recoverable amount compared to the book value of assets, should the scenarios considered in the sensitivity analysis realise, the amount to be written off would be; EUR 0 (31 Dec 2021: 56) million in the first scenario, EUR 97 (183) million in the second, and EUR 190 (269) million in the third.

## Changes in Cargotec's strategy

Following the cancellation of the merger between Cargotec and Konecranes, Cargotec announced on 30 March 2022 its refocused strategy to sell or close down Kalmar's heavy port cranes business. In addition, Cargotec will launch a process to evaluate MacGregor's strategic options, with MacGregor's sale as one option. As a result of the decisions, it has been assessed for both businesses whether the business can be presented as a continuing business or as held for sale in accordance with IFRS 5. Analyses of both Kalmar's heavy port cranes business and MacGregor's business have concluded that the criteria for classification as held for sale are not yet met, and, therefore, both are presented as normal continuing businesses in Cargotec's first quarter reporting. As the process progresses, Cargotec reassesses the fulfilment of the classification criteria.

## 4. Segment information

| Sales, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 372 | 324 | 1,512 |
| Hiab | 340 | 287 | 1,250 |
| MacGregor | 140 | 119 | 553 |
| Internal sales | 0 | 0 | -1 |
| **Total** | **851** | **730** | **3,315** |

| Sales by geographical area, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| EMEA | 435 | 378 | 1,641 |
| Americas | 272 | 224 | 1,033 |
| Asia-Pacific | 144 | 127 | 641 |
| **Total** | **851** | **730** | **3,315** |

| Sales by geographical area, % | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| EMEA | 51% | 52% | 49% |
| Americas | 32% | 31% | 31% |
| Asia-Pacific | 17% | 17% | 19% |
| **Total** | **100%** | **100%** | **100%** |

| Operating profit and EBITDA, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 22.7 | 18.0 | 344.5 |
| Hiab | 43.5 | 33.1 | 144.7 |
| MacGregor | -5.7 | -7.9 | -40.0 |
| Corporate administration and support functions | -23.0 | -18.6 | -93.5 |
| **Operating profit** | **37.5** | **24.5** | **355.7** |
| Depreciation, amortisation and impairment | 28.6 | 30.6 | 117.4 |
| **EBITDA** | **66.1** | **55.2** | **473.1** |

| Operating profit, % | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 6.1% | 5.6% | 22.8% |
| Hiab | 12.8% | 11.5% | 11.6% |
| MacGregor | -4.1% | -6.7% | -7.2% |
| Cargotec | 4.4% | 3.4% | 10.7% |

| Items affecting comparability, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | | | |
| Restructuring costs | -7.0 | -0.4 | -3.7 |
| Impacts of the purchase price allocation | -0.2 | -0.2 | -0.9 |
| Other items affecting comparability | 1.5 | -1.6 | 229.0 |
| **Items affecting comparability, total** | **-5.8** | **-2.2** | **224.4** |

| | | | |
|---|---|---|---|
| Hiab | | | |
| Restructuring costs | -3.9 | -4.9 | -17.8 |
| Impacts of the purchase price allocation | -1.3 | -0.7 | -3.7 |
| Other items affecting comparability | - | - | 0.0 |
| **Items affecting comparability, total** | **-5.1** | **-5.6** | **-21.5** |
| | | | |
| MacGregor | | | |
| Restructuring costs | -2.2 | -3.7 | -8.6 |
| Impacts of the purchase price allocation | -2.9 | -2.8 | -11.4 |
| Other items affecting comparability | -0.8 | -4.8 | -5.3 |
| **Items affecting comparability, total** | **-5.8** | **-11.3** | **-25.3** |
| | | | |
| Corporate administration and support functions | | | |
| Restructuring costs | -0.3 | -0.6 | -3.2 |
| Other items affecting comparability | -10.7 | -7.3 | -50.2 |
| **Items affecting comparability, total** | **-11.0** | **-8.0** | **-53.4** |
| | | | |
| **Total** | **-27.8** | **-27.1** | **124.2** |

| Comparable operating profit, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 28.5 | 20.2 | 120.1 |
| Hiab | 48.6 | 38.8 | 166.3 |
| MacGregor | 0.1 | 3.3 | -14.7 |
| Corporate administration and support functions | -12.0 | -10.7 | -40.1 |
| **Total** | **65.3** | **51.6** | **231.5** |

| Comparable operating profit, % | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 7.7% | 6.2% | 7.9% |
| Hiab | 14.3% | 13.5% | 13.3% |
| MacGregor | 0.1% | 2.8% | -2.7% |
| Cargotec | **7.7%** | **7.1%** | **7.0%** |

| Orders received, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 499 | 529 | 2,063 |
| Hiab | 482 | 425 | 1,713 |
| MacGregor | 154 | 161 | 652 |
| Internal orders received | 0 | 0 | 0 |
| **Total** | **1,135** | **1,115** | **4,427** |

| Orders received by geographical area, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| EMEA | 539 | 533 | 2,049 |
| Americas | 405 | 346 | 1,506 |
| Asia-Pacific | 192 | 236 | 873 |
| **Total** | **1,135** | **1,115** | **4,427** |

| Orders received by geographical area, % | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| EMEA | 47% | 48% | 46% |
| Americas | 36% | 31% | 34% |
| Asia-Pacific | 17% | 21% | 20% |
| **Total** | **100%** | **100%** | **100%** |

| Order book, MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Kalmar | 1,449 | 1,051 | 1,302 |
| Hiab | 1,125 | 642 | 985 |
| MacGregor | 577 | 524 | 560 |
| Internal order book | 0 | 0 | 0 |
| **Total** | **3,151** | **2,217** | **2,847** |

| Number of employees at the end of period | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Kalmar | 4,902 | 5,471 | 4,876 |
| Hiab | 3,662 | 3,343 | 3,585 |
| MacGregor | 1,907 | 1,954 | 1,909 |
| Corporate administration and support functions | 811 | 681 | 804 |
| **Total** | **11,282** | **11,449** | **11,174** |

| Average number of employees | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Kalmar | 4,883 | 5,443 | 5,158 |
| Hiab | 3,649 | 3,368 | 3,399 |
| MacGregor | 1,909 | 1,954 | 1,929 |
| Corporate administration and support functions | 803 | 667 | 747 |
| **Total** | **11,245** | **11,432** | **11,232** |

## 5. Revenue from contracts with customers

| Cargotec, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Equipment sales | 556 | 439 | 2,143 |
| Service sales | 284 | 254 | 1,076 |
| Software sales | 11 | 36 | 95 |
| **Total sales** | **851** | **730** | **3,315** |
| Recognised at a point in time | 758 | 575 | 2,870 |
| Recognised over time | 93 | 154 | 445 |

| Kalmar, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Equipment sales | 236 | 175 | 948 |
| Service sales | 124 | 112 | 468 |
| Software sales | 11 | 36 | 95 |
| **Total sales** | **372** | **324** | **1,512** |
| Recognised at a point in time | 321 | 256 | 1,268 |
| Recognised over time | 51 | 67 | 244 |

| Hiab, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Equipment sales | 247 | 203 | 899 |
| Service sales | 93 | 85 | 351 |
| **Total sales** | **340** | **287** | **1,250** |
| Recognised at a point in time | 337 | 284 | 1,237 |
| Recognised over time | 3 | 3 | 13 |

| MacGregor, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Equipment sales | 73 | 61 | 296 |
| Service sales | 67 | 57 | 257 |
| **Total sales** | **140** | **119** | **553** |
| Recognised at a point in time | 101 | 35 | 365 |
| Recognised over time | 39 | 84 | 188 |

## 6. Share-based payments

In February 2022, The Board of Directors of Cargotec Corporation resolved on the performance criteria for the share-based incentive programme 2020-2024 for the year 2022. The performance share programme, approved by the Board of Directors in 2020, includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria supporting the implementation of the strategy and the required performance levels for each criterion. Sustainability is an important part of the target setting and rewarding of the key employees.

For the performance period of 2020–2022, the potential reward of the last measuring period 2022 will be based on the business areas' Mission Climate roadmap and development of the eco portfolio for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion is Cargotec's Mission Climate roadmap and development of the eco portfolio.

For the performance period of 2021–2023, which started last year, the potential reward of the second measuring period 2022 will be based on the business areas' service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit.

Performance criteria for the performance period 2022–2024 will be decided later.

In addition, due to the cancellation of the planned merger of Cargotec and Konecranes, the share-based bridge incentive programme 2020–2023 has been cancelled and the accrued expenses for the programme have been reversed through profit or loss.

In March, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for a share-based incentive programme. The share reward payments are related to the third matching period of the matching share programme launched in 2019. In the share issue, 28,903 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programme in accordance with the programme-specific terms and conditions.

## 7. Comparable operating profit

| MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| **Operating profit** | **37.5** | **24.5** | **355.7** |
| | | | |
| **Restructuring costs** | | | |
| Employment termination costs | 1.6 | 5.4 | 17.2 |
| Impairments of owned non-current assets | - | - | 0.6 |
| Impairments of inventories | -0.1 | 0.1 | 1.2 |
| Restructuring-related disposals of businesses* | 0.2 | -0.1 | -3.4 |
| Other restructuring costs** | 11.7 | 4.2 | 17.6 |
| **Restructuring costs, total** | **13.4** | **9.7** | **33.3** |
| | | | |
| **Impacts of the purchase price allocation** | **4.4** | **3.8** | **16.0** |
| | | | |
| **Other items affecting comparability** | | | |
| Insurance benefits | - | -2.1 | -2.1 |
| Expenses related to business acquisitions or disposals*** | 0.2 | 8.0 | -223.5 |
| Merger plan with Konecranes Plc | 8.9 | 7.7 | 50.4 |
| Other costs | 0.9 | - | 1.6 |
| **Other items affecting comparability, total** | **10.0** | **13.7** | **-173.6** |
| | | | |
| **Comparable operating profit** | **65.3** | **51.6** | **231.5** |

*Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals.

**Other restructuring costs includes contract termination costs (other than employment contracts), costs arising from outsourcing or transferring operations to new locations, maintenance costs of vacant and in the future redundant premises for Cargotec, gains and losses on sale of intangible assets and property, plant and equipment that relate to sold or discontinued operations as well as costs for the group-wide reorganisation of support functions. Year 2022 includes an EUR 10 million impairment provision to assets that relate to Cargotec's business in Russia.

***Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals. In 2021 includes approximately EUR 230 million profit including transaction costs and other related non-recurring items related to the sale of Navis, a profit of EUR 7 million from the settlement of the purchase price of TTS acquisition as well as a loss of EUR 12 million from the establishment of the CSSC MacGregor Marine Equipment (CMME) joint venture.

## 8. Capital expenditure, depreciation and amortisation

| Capital expenditure, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Owned assets | | | |
| Intangible assets | 1.4 | 0.5 | 7.1 |
| Land and buildings | 0.5 | 0.3 | 1.7 |
| Machinery and equipment | 12.8 | 7.5 | 34.5 |
| Right-of-use assets | | | |
| Land and buildings | 16.0 | 5.0 | 19.0 |
| Machinery and equipment | 3.2 | 2.4 | 17.9 |
| **Total** | **33.9** | **15.7** | **80.2** |

| Depreciation, amortisation and impairment, MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Owned assets | | | |
| Intangible assets | 5.8 | 7.5 | 26.1 |
| Land and buildings | 1.4 | 1.5 | 6.3 |
| Machinery and equipment | 11.4 | 11.8 | 43.2 |
| Right-of-use assets | | | |
| Land and buildings | 6.3 | 6.3 | 27.9 |
| Machinery and equipment | 3.8 | 3.5 | 13.9 |
| **Total** | **28.6** | **30.6** | **117.4** |

## 9. Taxes in statement of income

| MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Current year tax expense | 16.9 | 10.9 | 88.0 |
| Change in current year's deferred tax assets and liabilities | -6.8 | -2.3 | -3.4 |
| Tax expense for previous years | -1.0 | 0.1 | 1.8 |
| **Total** | **9.1** | **8.7** | **86.4** |

## 10. Net working capital

| MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Inventories | 915.9 | 649.0 | 792.9 |
| Operative derivative assets | 26.0 | 20.6 | 18.5 |
| Accounts receivable | 653.2 | 550.4 | 632.9 |
| Other operative non-interest-bearing assets | 275.4 | 228.8 | 250.6 |
| **Working capital assets** | **1,870.3** | **1,448.8** | **1,694.9** |
| | | | |
| Provisions | -117.9 | -105.4 | -109.8 |
| Advances received | -221.6 | -199.0 | -217.2 |
| Operative derivative liabilities | -30.5 | -20.9 | -26.8 |
| Accounts payable | -536.3 | -392.9 | -518.8 |
| Pension obligations | -112.8 | -115.1 | -112.9 |
| Other operative non-interest-bearing liabilities | -538.3 | -498.9 | 525.2 |
| **Working capital liabilities** | **-1,557.5** | **-1,332.2** | **-1,510.6** |
| | | | |
| **Net working capital in the balance sheet** | **312.9** | **116.5** | **184.3** |
| | | | |
| Net working capital of assets held for sale and associated liabilities held for sale* | - | -8.7 | - |
| | | | |
| **Total** | **312.9** | **107.9** | **184.3** |

*Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 17. Assets held for sale.

Assets and liabilities that are not allocated to business operations are not included in net working capital. Unallocated assets comprise loans and other interest-bearing receivables, cash and cash equivalents, income tax receivables, deferred tax assets, deferred interests, deferred considerations on disposals, and derivatives designated as hedges of future treasury transactions. Unallocated liabilities comprise loans and other interest-bearing liabilities, income tax payables, deferred tax liabilities, accrued interests, deferred considerations on acquisitions, dividend liabilities, and derivatives designated as hedges of future treasury transactions.

## 11. Interest-bearing net debt and liquidity

| MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Interest-bearing liabilities | 937.1 | 1,168.7 | 919.5 |
| Lease liabilities included in interest-bearing liabilities | 172.8 | 165.8 | 163.0 |
| Loans receivable and other interest-bearing assets | -16.0 | -22.2 | -16.2 |
| Cash and cash equivalents | -348.5 | -414.4 | -488.8 |
| **Interest-bearing net debt in balance sheet** | **572.5** | **732.2** | **414.5** |
| Interest-bearing net debt of assets and related liabilities held for sale | - | 6.6 | - |
| **Interest-bearing net debt*** | **572.5** | **738.7** | **414.5** |
| Equity | 1,516.6 | 1,261.6 | 1,547.0 |
| **Gearing** | **37.8%** | **58.6%** | **26.8%** |

| MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| Operating profit, last 12 months | 368.7 | 68.4 | 355.7 |
| Depreciation, amortisation and impairment, last 12 months | 115.3 | 143.0 | 117.4 |
| **EBITDA, last 12 months** | **484.0** | **211.3** | **473.1** |
| | | | |
| **Interest-bearing net debt / EBITDA, last 12 months*** | **1.2** | **3.5** | **0.9** |

*Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 17. Assets held for sale.

The fair values of interest-bearing assets and liabilities are not significantly different from their carrying amounts.

| MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Cash and cash equivalents | 348.5 | 414.4 | 488.8 |
| Committed long-term undrawn revolving credit facilities | 300.0 | 300.0 | 300.0 |
| Repayments of interest-bearing liabilities in the following 12 months | -52.6 | -390.6 | -43.4 |
| Liquidity of asset held for sale and liabilities directly associated with asset held for sale | - | -2.1 | - |
| **Liquidity** | **596.0** | **321.7** | **745.4** |

# 12. Derivatives

## Fair values of derivative financial instruments

| MEUR | Positive fair value 31 Mar 2022 | Negative fair value 31 Mar 2022 | Net fair value 31 Mar 2022 | Net fair value 31 Mar 2021 | Net fair value 31 Dec 2021 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| Currency forwards, cash flow hedge accounting | - | - | - | 0.0 | - |
| Equity warrants | 1.1 | - | 1.1 | - | 1.0 |
| **Total non-current** | **1.1** | **-** | **1.1** | **0.0** | **1.0** |
| | | | | | |
| **Current** | | | | | |
| Currency forwards, cash flow hedge accounting | 2.1 | 10.1 | -8.0 | -7.0 | -0.8 |
| Currency forwards, other | 14.5 | 16.3 | -1.8 | -0.5 | 4.7 |
| **Total current** | **16.5** | **26.4** | **-9.9** | **-7.6** | **4.0** |
| | | | | | |
| **Total derivatives** | **17.6** | **26.4** | **-8.8** | **-7.5** | **5.0** |

Financial assets and liabilities recognised at fair value through profit and loss comprise mainly currency derivatives. The recurring measurement of these instruments at fair value is based on commonly applied valuation methods and uses observable market-based variables. Therefore, these measurements are categorised in the fair value hierarchy as level 2 fair values.

## Nominal values of derivative financial instruments

| MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Currency forward contracts | 3,395.9 | 2,482.5 | 2,955.3 |
| Cash flow hedge accounting | 1,877.8 | 1,423.2 | 1,868.0 |
| Other | 1,518.1 | 1,059.4 | 1,087.3 |
| **Total** | **3,395.9** | **2,482.5** | **2,955.3** |

The derivatives have been recognised at gross fair values on the balance sheet, as the netting agreements related to derivatives allow unconditional netting only in the occurrence of credit events, but not in a normal situation. The group has not given or received collateral related to derivatives from the counterparties.

## 13. Commitments

| MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| Guarantees given on behalf of associated companies and joint ventures | - | 1.4 | 2.9 |
| Guarantees given on behalf of others | - | 0.4 | - |
| Customer financing | 12.5 | 16.7 | 13.6 |
| Off-balance sheet leases | 2.5 | 0.6 | 3.1 |
| Other contingent liabilities | 1.0 | 2.5 | 2.5 |
| **Total** | **15.9** | **21.6** | **22.1** |

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from the ordinary course of business. The total amount of these guarantees on 31 Mar 2022 was EUR 468.6 (31 Mar 2021: 413.6 and 31 Dec 2021: 420.0) million.

Certain products are sold under customer finance arrangements in which some level of risk is typically retained by Cargotec. When the level of retained risk is low and, therefore, not reflected on the balance sheet, it is reported in full as a contingent liability under commitments. No significant liabilities are expected to arise from the commitments related to customer financing.

Off-balance sheet leases include the lease commitments related to short-term leases, low-value leases, and leases that have not yet commenced. The aggregate off-balance sheet lease expenses totalled EUR 2.8 (1-3/2021: 0,4 and 1–12/2021: 7.6) million.

Certain legal claims and disputes based on various grounds are pending against Cargotec around the world. Management believes that the outcome of these disputes will not have a material effect on Cargotec's financial position.

# 14. Related party transactions

Cargotec's related parties include the parent company Cargotec Corporation and its subsidiaries, associated companies and joint ventures. Related parties include also the members of the Board of Directors, the CEO and other members of the Leadership Team, their close family members and entities controlled directly or indirectly by them. In addition, major shareholders with more than 20 percent ownership of shares or of the total voting rights in the company, are included in related parties.

## Transactions with associated companies and joint ventures

| MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| **Sale of products and services** | | | |
| Associated companies | - | - | - |
| Joint ventures | 0.5 | 0.2 | 1.0 |
| **Total** | **0.5** | **0.2** | **1.0** |
| | | | |
| **Purchase of products and services** | | | |
| Associated companies | 0.0 | -0.0 | - |
| Joint ventures | 0.9 | 0.8 | 4.3 |
| **Total** | **0.9** | **0.8** | **4.3** |

Transactions with associated companies and joint ventures are carried out at market prices.

## Balances with associated companies and joint ventures

| MEUR | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| **Loans receivable** | | | |
| Associated companies | 12.7 | 20.0 | 13.0 |
| **Total** | **12.7** | **20.0** | **13.0** |
| | | | |
| **Accounts receivable** | | | |
| Associated companies | - | 0.1 | 0.0 |
| Joint ventures | 0.7 | 1.0 | 0.4 |
| **Total** | **0.7** | **1.1** | **0.4** |
| | | | |
| **Accounts payable** | | | |
| Joint ventures | 1.5 | 1.1 | 1.1 |
| **Total** | **1.5** | **1.1** | **1.1** |

## Dividends received from associated companies and joint ventures

| MEUR | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| **Dividends received** | | | |
| Joint ventures | - | - | 5.0 |
| **Total** | **-** | **-** | **5.0** |

Acquisitions and disposals with related parties are presented in note 15, Acquisitions and disposals.

### Management remuneration

In 2021, in addition to fees paid for Board membership, two members of the Board of Directors received each a separate compensation of EUR 150,000 based on a separate consultancy agreement for their advisory work regarding the proposed and subsequently cancelled merger of Cargotec and Konecranes.

Cargotec did not have other material business transactions with its related parties than those presented above.

# 15. Acquisitions and disposals

## Disposals in 2022

In January, Hiab sold its Ukrainian subsidiary Cargotec Ukraine LLC to the company's executive management. The company has mainly sold Hiab equipment to the Ukrainian market. The transaction had no material effect on the reported figures.

## Acquisitions in 2021

In September, Hiab acquired the share capital of Galfab LLC in the United States at a purchase price of EUR 2.3 million. Galfab is specialised in designing and manufacturing waste equipment including roll-off hoists and containers, compactors and balers for the waste industry in the US. The acquisition expands Hiab's product portfolio of demountables and Galfab's distribution network as part of Hiab's nationwide US sales and service network. As a result of the acquisition, approximately 100 employees transferred to Hiab.

Consolidation of the acquired business and measurement of intangible assets and goodwill recognised in the acquisition are provisional as of reporting date as the related valuations are ongoing. Fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments until the valuation is finalised. According to the preliminary assessment, the acquisition will generate EUR 5.5 million of intangible assets, and EUR 5.8 million of goodwill which are tax-deductible.

In April, Hiab acquired Damen Hydrauliek Best B.V., Damen Hydrauliek Venray B.V. and Damen Hydrauliek Elsloo B.V. companies' sales and service businesses in the Netherlands at a purchase price of EUR 2.0 million. Half of the purchase price was paid on closing and the remainder is expected to be paid within the next 12 months. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. In determining fair values, EUR 1.0 million of intangible assets based on customer relationships and EUR 0.2 million of goodwill, that is not tax deductible, were identified. As a result of the acquisition, 30 employees transferred to Hiab.

In January, Hiab acquired the sales and service business of FNS - Fahrzeugbau und Nutzfahrzeugservice GmbH in Germany at a purchase price of EUR 2.8 million. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. In determining fair values, EUR 1.0 million of intangible assets based on customer relationships and EUR 1.7 million of goodwill, that is not tax deductible, were identified. As a result of the acquisition, 15 employees transferred to Hiab.

| Acquired net assets and goodwill related to Galfab, Damen and FNS acquisitions, MEUR | |
|---|---|
| Intangible assets | 7.5 |
| Property, plant and equipment | 2.2 |
| Inventories | 10.3 |
| Accounts receivable and other non-interest-bearing receivables | 3.7 |
| Deferred tax assets | 0.2 |
| Accounts payable and other non-interest-bearing liabilities | -5.2 |
| Interest-bearing liabilities | -18.9 |
| Deferred tax liabilities | -0.2 |
| **Net assets** | **-0.4** |
| | |
| Purchase price, payable in cash | 7.2 |
| **Total consideration** | **7.2** |
| | |
| **Goodwill** | **7.5** |
| | |
| Purchase price, paid in cash | 7.3 |
| Cash and cash equivalents acquired, including overdrafts | - |
| **Cash flow impact** | **7.3** |

The contribution of Galfab, Damen and FNS to Hiab's sales in 2021 was EUR 15.0 million. Had these acquisitions taken place in the beginning of the year, the estimated contribution to Hiab's sales would have been EUR 36.0 million. The acquisitions had no material impact on Hiab's operating profit.

## Changes related to previous acquisitions in 2021

Further to the completion of the acquisition of the marine and offshore businesses of TTS Group ASA (now Nekkar ASA) in July 2019, MacGregor concluded in January 2021 a settlement agreement with Nekkar after challenging the calculation of the purchase price. In accordance with the settlement agreement, Nekkar made a total payment of NOK 94.0 million (EUR 9.1 million) to MacGregor as the final settlement of the disputed purchase price. The received payment included a deduction of NOK 8.0 million (EUR 0.8 million) that was previously withheld by MacGregor related to the fulfilment of Nekkar's tax obligations in China following the completion of the acquisition. The settlement amount had an approximately EUR 7 million positive impact on MacGregor’s first quarter 2021 operating profit.

## Disposals in 2021

On July 1, 2021, Cargotec sold its Navis business to Accel-KKR, a Silicon Valley-based leading technology-focused investment firm for an enterprise value of EUR 380 million. The presented sales profit is final and taking into account transaction costs and other related non-recurring items, the transaction had a positive impact of EUR 230.7 million on Cargotec's operating profit in 2021.

The transaction follows the release issued in March 2021, in which the signing of the sale was announced, and the release issued in February 2020, in which Cargotec announced that it is evaluating strategic options for the future development of Navis. In December 2020, Cargotec announced its decision to launch the sale process for the Navis software business. Navis software solutions for terminal operators, carriers, and ship owners are used to optimise global container flows, and the main product of Navis, the N4 terminal operating system, is used by 340 customers in more than 80 countries. Navis recorded sales of EUR 49 million from the first six months of 2021 and EUR 107 million in 2020. As a result of the transaction, Cargotec's personnel reduced by approximately 700 persons.

The table below summarises the assets and liabilities derecognised from Cargotec's balance sheet in connection with the sale, and the realised sales profit.

| **Navis, sales profit calculation, MEUR** | |
|---|---|
| Goodwill | -80.4 |
| Intangible assets | -66.8 |
| Property, plant and equipment | -7.0 |
| Inventory | -0.5 |
| Accounts receivable and other non-interest-bearing receivables | -38.4 |
| Loans receivable and other interest-bearing assets | -0,5 |
| Cash and cash equivalents | -18.7 |
| Deferred tax assets | -3.1 |
| Accounts payable and other non-interest-bearing liabilities | 64.0 |
| Interest-bearing liabilities | 6.2 |
| Deferred tax liabilities | 13.5 |
| **Net assets** | **-131.7** |
| | |
| Sales price, receivable in cash | 374.7 |
| **Total consideration** | **374.7** |
| | |
| **Translation differences** | **-3.8** |
| | |
| **Sales profit** | **239.1** |
| | |
| Sales price, received in cash | 372.8 |
| Cash and cash equivalents sold, including overdrafts | -18.7 |
| **Cash flow impact** | **354.2** |

In July, Hiab sold its South African subsidiary Hiab SA Proprietary Limited for EUR 1.1 million. The sale did not have a significant impact on the reported figures.

# 16. Joint ventures and associated companies

## Changes in joint ventures and associated companies in 2022

In March, MacGregor restructured its holdings in Cyprus by selling its 30% ownership in the associated company J.L. Jumbo Logistics Limited, and by increasing its ownership in the subsidiary Hatlapa (Eastmed) Limited to 100% by acquiring 30% of the shares. In total, transactions resulted in a net cash outflow of EUR 0.7 million.

Additionally, MacGregor is preparing changes to its two Chinese joint ventures, which MacGregor acquired as part of the acquisition of TTS and that are jointly owned with China State Shipbuilding Corporation (CSSC). Negotiations related to the terms of the transactions are ongoing at the time of reporting.

Regarding TTS Hua Hai Ships Equipment (Shanghai) Co., Ltd. (THH), MacGregor is preparing to sell its stake to CSSC and the transaction is expected to be closed during the second quarter of 2022. With the transaction, THH will cease manufacturing and selling hatch covers in China under the TTS brand. The balance sheet value of THH's holding at the time of reporting was EUR 9.0 million.

Regarding TTS Bohai Machinery (Dalian) Co., Ltd. (TBH), MacGregor and CSSC are transferring the business of the joint venture to CSSC MacGregor Marine Equipment Co., Ltd., a joint venture established in 2021. The transfer is pending at the time of reporting and is expected to be completed in the second quarter of 2022, which will result in the closure of TBH. The balance sheet value of TBH's holding at the time of reporting was EUR 10.5 million.

Hiab continued its preparations for the closure of the joint venture Sinotruk Hiab (Shandong) Equipment Co., Ltd. During the first quarter of 2022, Hiab repaid the loan of EUR 2.8 million it had guaranteed for the joint venture that resulted in a cost of EUR 1.4 million.

## Changes in joint ventures and associated companies in 2021

In January 2021, MacGregor established a joint venture in China with CSSC Nanjing Luzhou Machine Co., Ltd (LMC). The joint venture will further enhance MacGregor's cooperation with the China State Shipping Company (CSSC), the world’s largest shipbuilding group by strengthening customer access, local presence, and competitiveness in China. The new CSSC MacGregor Marine Equipment (CMME) joint venture is providing electro-hydraulic merchant cargo cranes, merchant winches, and steering gear to the Chinese shipbuilding market. The relevant technologies and brands are licensed to the joint venture, and manufacturing of the products is outsourced.  MacGregor is committed to contributing EUR 3.3 million of capital to the joint venture of which EUR 1.9 million has been contributed and the remaining amount is expected to be contributed during the first half of 2022. MacGregor recognized a loss of EUR 12.7 million on establishment mainly due to the customer relationships and goodwill related to the transferred business derecognized from the balance sheet and allocated as the cost of the transaction.

In 2021, the parties to the Sinotruk Hiab (Shandong) Equipment Co., Ltd. joint venture have decided to close down the company. The value of guarantees issued by Cargotec on behalf of Sinotruk on December 31, 2021 amounted to EUR 4.2 (December 31, 2020: 3.7) million, of which EUR 1.2 (December 31, 2020: 2.5) million has been recognised as a liability at the time of reporting.

## 17. Assets held for sale

On July 1, 2021, Cargotec sold its Navis business to Accel-KKR, a Silicon Valley-based leading technology-focused investment firm for an enterprise value of EUR 380 million. Additional information about the sale is disclosed in note 15, Acquisitions and disposals.

Navis was presented from December 31, 2020 on as a disposal group classified as held for sale, according to which the balance sheet items related to Navis were presented in the consolidated balance sheet on a separate line as a disposal group, but in the income statement, Navis was not separated. The table below provides additional information on the held-for-sale assets and related liabilities.

### Assets held for sale and liabilities directly associated with assets held for sale

| ASSETS, MEUR | Note | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill** | | - | 80.5 | - |
| Other intangible assets | | - | 67.4 | - |
| Property, plant and equipment | | - | 7.9 | - |
| Loans receivable and other interest-bearing assets* | 11 | - | 0.3 | - |
| Deferred tax assets | | - | 2.4 | - |
| Other non-interest-bearing assets | | - | 1.0 | - |
| **Total non-current assets** | | **-** | **159.6** | **-** |
| | | | | |
| **Current assets** | | | | |
| Inventories | | - | 0.0 | - |
| Loans receivable and other interest-bearing assets* | 11 | - | 0.3 | - |
| Income tax receivables | | - | 0.8 | - |
| Accounts receivable and other non-interest-bearing assets | | - | 33.3 | - |
| Cash and cash equivalents* | 11 | - | 0.3 | - |
| **Total current assets** | | **-** | **34.7** | **-** |
| | | | | |
| **Assets held for sale** | | **-** | **194.2** | **-** |

| LIABILITIES, MEUR | | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|---|
| **Non-current liabilities** | | | | |
| Interest-bearing liabilities* | 11 | - | 5.1 | - |
| Deferred tax liabilities | | - | 19.5 | - |
| Pension obligations | | - | 1.3 | - |
| Other non-interest-bearing liabilities | | - | 5.4 | - |
| **Total non-current liabilities** | | **-** | **31.3** | **-** |
| | | | | |
| **Current liabilities** | | | | |
| Current portion of interest-bearing liabilities* | 11 | - | 2.3 | - |
| Advances received | | - | 28.1 | - |
| Accounts payable and other non-interest-bearing liabilities | | - | 13.2 | - |
| **Total current liabilities** | | **-** | **43.7** | **-** |
| | | | | |
| **Liabilities directly associated with the assets held for sale** | | **-** | **74.9** | **-** |

*Included in interest-bearing net debt.
**The amount of goodwill allocated as held for sale is based on an estimate on 31 March 2021.

## 18. Merger plan to combine Cargotec and Konecranes

On October 1, 2020, the Boards of Directors of Cargotec and Konecranes Plc signed a merger agreement and a merger plan to merge the companies, which was approved at the Extraordinary General Meetings of both companies held in December 2020. The merger required the approval of competition authorities in a number of countries. In July 2021, the European Commission and the UK Competition and Market Authority announced that they had begun considering the authorisation of the second phase of the proposed arrangement. In August 2021, the Chinese Market Authority approved the merger plan. In December 2021, Cargotec and Konecranes presented a remedy package to the European Commission, including a commitment to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions unit. In February 2022, the European Commission approved the proposed package of measures and gave its conditional approval to the merger. In contrast, in March 2022, the UK Competition and Market Authority issued a negative decision on the merger, which led the companies to cancel the merger plan.

By the end of the first quarter, Cargotec had recognised EUR 66 million in merger-related expenses, of which EUR 9 million have been recognised in 2022. The final costs of the merger will be reported as they become available. Cargotec estimates that the costs associated with the merger will no longer increase substantially.

# Key exchange rates for euro

| Closing rates | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---|---|---|---|
| SEK | 10.337 | 10.238 | 10.250 |
| USD | 1.110 | 1.173 | 1.133 |

| Average rates | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|
| SEK | 10.420 | 10.131 | 10.147 |
| USD | 1.120 | 1.206 | 1.185 |

# Key figures

| | | Q1/22 | Q1/21 | 2021 |
|---|---|---|---|---|
| Equity / share | EUR | 23.48 | 19.52 | 23.95 |
| Equity to asset ratio | % | 39.2% | 34.4% | 40.6% |
| Interest-bearing net debt | MEUR | 572.5 | 738.7 | 414.5 |
| Interest-bearing net debt / EBITDA, last 12 months | | 1.2 | 3.5 | 0.9 |
| Gearing | % | 37.8% | 58.6% | 26.8% |
| Return on equity (ROE), last 12 months | % | 18.6% | 0,5% | 17.3% |
| Return on capital employed (ROCE), last 12 months | % | 15.3% | 2.9% | 14.5% |

Additional information regarding interest-bearing net debt and gearing is disclosed in note 11, Interest-bearing net debt and liquidity.

In the calculation of the balance sheet related key figures, the assets held for sale and liabilities related to assets held for sale are included in the applicable account groups, even though in the balance sheet they are presented on one row.

# Calculation of key figures

## IFRS key figures

Earnings per share (EUR) = $\frac{\text{Net income attributable to the equity holders of the parent}}{\text{Average number of outstanding shares during financial year}}$

Diluted earnings per share (EUR) = $\frac{\text{Net income attributable to the equity holders of the parent}}{\text{Average number of diluted outstanding shares during financial year}}$

## Alternative performance measures

According to the ESMA Guidelines on Alternative Performance Measures, an Alternative Performance Measure (APM) is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. In addition to IFRS key figures, Cargotec uses the following alternative performance measures:

| Key figure | | Definition | Reason for use | Reconciliation |
|---|---|---|---|---|
| Operating profit (MEUR and % of sales) | = | Sales - cost of goods sold + other operating income - selling and marketing expenses - research and development expenses - administration expenses - restructuring costs - other operating expenses + share of associated companies' and joint ventures' net income | Operating profit is used to measure business profitability. It describes the profitability of the business before taking into account financial items and taxes. | Statement of income |
| Comparable operating profit (MEUR and % of sales) | = | Operating profit excluding items significantly affecting comparability | Comparable operating profit is used to monitor and forecast profit development and set related targets. It is calculated by excluding items significantly affecting comparability from operating profit, which makes it easier to compare the profitability of the business at different time periods. | Note 7, Comparable operating profit |

| | | | | |
|---|---|---|---|---|
| Items significantly affecting comparability (MEUR) | | Items significantly affecting comparability include, in addition to restructuring costs, mainly impacts of the purchase price allocation, capital gains and losses, gains and losses related to acquisitions and disposals, acquisition and integration costs including during years 2020-2022 costs related to the merger plan with Konecranes Plc, impairments and reversals of impairments of assets, insurance benefits, and expenses related to legal proceedings. | Factor used to calculate Comparable operating profit. | Note 7, Comparable operating profit |
| Cash flow from operations before financing items and taxes | = | Net income for the financial year + depreciation, amortisation and impairment + financing items + taxes + other adjustments + changes in net working capital | Represents cash flow from operations after income from sales less operating expenses. Measures the company's ability to meet its financial commitments, including interest payments, taxes, investments, and equity and debt payments. Used to monitor and forecast business performance. | Statement of cash flows |
| Interest-bearing net debt/EBITDA, last 12 months | = | Interest-bearing net debt / EBITDA, last 12 months | Used to measure corporate capital structure and financial capacity. | Note 11, Interest-bearing net debt and liquidity |
| Interest-bearing net debt (MEUR) | = | Interest-bearing liabilities (non-current interest-bearing liabilities + current portion of interest-bearing liabilities + current other interest-bearing liabilities) - interest-bearing receivables (non-current and current loans receivable and other interest-bearing assets) - cash and cash equivalents +/- foreign currency hedge of corporate bonds | Interest-bearing net debt represents Cargotec's indebtedness. Used to monitor capital structure and as a factor to calculate Interest-bearing net debt / EBITDA and Gearing. | Note 11, Interest-bearing net debt and liquidity |

| | | | | |
|---|---|---|---|---|
| EBITDA (MEUR), last 12 months | = | Operating profit + depreciation, amortisation and impairment, last 12 months | Factor used to calculate Interest-bearing net debt / EBITDA. | Note 11, Interest-bearing net debt and liquidity |
| Net working capital (MEUR) | = | Inventories + operative derivative assets + accounts receivable + other operative non-interest-bearing assets - provisions - advances received - operative derivative liabilities - accounts payable - pension obligations - other operative non-interest-bearing liabilities | Net working capital is used to follow the amount of capital needed for the business to operate. It does not include financing items, taxes nor non-current assets. Used also as a factor to calculate Operative capital employed. | Note 10, Net working capital |
| Investments | = | Additions to intangible assets and property, plant and equipment including owned assets and right-of-use assets, excluding assets acquired through business combinations | Investments refer to money used to acquire long-term assets. Used as a factor in cash flow calculation. | Note 8, Capital expenditure, depreciation and amortisation |
| Return on equity (ROE) (%), last 12 months | = 100 x | Net income for the financial year, last 12 months / Total equity (average for the last 12 months) | Represents the rate of return that shareholders receive on their investments. | Net income for financial year: Income statement; Total equity: Balance sheet |
| Return on capital employed (ROCE) (%), last 12 months | = 100 x | Income before taxes + financing expenses, last 12 months / Total assets - non-interest-bearing debt (average for the last 12 months) | Represents relative profitability or the rate of return that has been received on capital employed requiring interest or other return. | Income before taxes and financing expenses: Income statement; Total assets and non-interest-bearing debt: Balance sheet |
| Non-interest-bearing debt | = | Total assets - total equity - non-current interest-bearing liabilities - current portion of interest-bearing liabilities - current other interest-bearing liabilities | Used as a factor to calculate Return on capital employed (ROCE). | Balance sheet |

| | | | | |
|---|---|---|---|---|
| Equity to asset ratio | = 100 x | Total equity / Total assets - advances received | Used to measure solvency and describe the share of the company's assets financed by equity. | Balance sheet |
| Gearing (%) | = 100 x | Interest-bearing net debt / Total equity | Represents the company's indebtedness by measuring the amount of interest-bearing debt in proportion to equity capital. Some of Cargotec's loan agreements include a covenant restricting the corporate capital structure, measured by gearing. | Note 11, Interest-bearing net debt and liquidity |

In the calculation of the balance sheet related key figures, the assets held for sale and liabilities related to assets held for sale are included in the applicable account groups, even though in the balance sheet they are presented on one row.

# Quarterly key figures

| Cargotec | | Q1/22 | Q4/21 | Q3/21 | Q2/21 | Q1/21 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 1,135 | 1,051 | 985 | 1,276 | 1,115 |
| Service orders received | MEUR | 307 | 308 | 271 | 284 | 299 |
| Order book | MEUR | 3,151 | 2,847 | 2,696 | 2,606 | 2,217 |
| Sales | MEUR | 851 | 910 | 822 | 853 | 730 |
| Service sales | MEUR | 284 | 289 | 264 | 268 | 254 |
| Service sales, % of sales | % | 33% | 32% | 32% | 31% | 35% |
| Eco portfolio sales | MEUR | 202 | 166 | 140 | 173 | 147 |
| Eco portfolio sales, % of sales | % | 24% | 18% | 17% | 20% | 20% |
| Operating profit | MEUR | 37.5 | 8.3 | 278.2 | 44.8 | 24.5 |
| Operating profit | % | 4.4% | 0.9% | 33.8% | 5.2% | 3.4% |
| Comparable operating profit | MEUR | 65.3 | 45.5 | 64.8 | 69.6 | 51.6 |
| Comparable operating profit | % | 7.7% | 5.0% | 7.9% | 8.2% | 7.1% |
| Earnings per share | EUR | 0.33 | -0.13 | 3.40 | 0.40 | 0.15 |

| Kalmar | | Q1/22 | Q4/21 | Q3/21 | Q2/21 | Q1/21 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 499 | 513 | 421 | 600 | 529 |
| Order book | MEUR | 1,449 | 1,302 | 1,226 | 1,258 | 1,051 |
| Sales | MEUR | 372 | 430 | 377 | 382 | 324 |
| Service sales | MEUR | 124 | 130 | 115 | 111 | 112 |
| Comparable operating profit | MEUR | 28.5 | 36.5 | 30.0 | 33.4 | 20.2 |
| Comparable operating profit | % | 7.7% | 8.5% | 8.0% | 8.8% | 6.2% |

| Hiab | | Q1/22 | Q4/21 | Q3/21 | Q2/21 | Q1/21 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 482 | 384 | 396 | 508 | 425 |
| Order book | MEUR | 1,125 | 985 | 922 | 831 | 642 |
| Sales | MEUR | 340 | 339 | 309 | 316 | 287 |
| Service sales | MEUR | 93 | 89 | 87 | 90 | 85 |
| Comparable operating profit | MEUR | 48.6 | 40.4 | 41.7 | 45.4 | 38.8 |
| Comparable operating profit | % | 14.3% | 11.9% | 13.5% | 14.4% | 13.5% |

| MacGregor | | Q1/22 | Q4/21 | Q3/21 | Q2/21 | Q1/21 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 154 | 153 | 168 | 169 | 161 |
| Order book | MEUR | 577 | 560 | 549 | 517 | 524 |
| Sales | MEUR | 140 | 141 | 137 | 156 | 119 |
| Service sales | MEUR | 67 | 70 | 63 | 67 | 57 |
| Comparable operating profit | MEUR | 0.1 | -23.7 | 2.5 | 3.1 | 3.3 |
| Comparable operating profit | % | 0.1% | -16.7% | 1.8% | 2.0% | 2.8% |