Cargotec's half-year financial report January–June 2022

RECORD QUARTER

Cargotec's half-year financial report January–June 2022: Record quarter

- All time high comparable operating profit
- Record quarter for services and Hiab
- Orders received and order book at a new record
- Supply chain challenges and market uncertainty are expected to continue

April–June 2022 in brief: Orders received and comparable operating profit at record level

- Orders received increased by 9 percent and totalled EUR 1,390 (1,276) million.
- Order book amounted to EUR 3,596 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 12 percent and totalled EUR 959 (853) million.
- Service sales increased by 13 percent and totalled EUR 303 (268) million.
- Service sales represented 32 (31) percent of consolidated sales.
- Eco portfolio sales increased by 25 percent and totalled EUR 217 (173) million.
- Eco portfolio sales represented 23 (20) percent of consolidated sales.
- Operating profit was EUR 47 (45) million, representing 5.0 (5.2) percent of sales. The operating profit includes items affecting comparability worth EUR -38 (-25) million.
- Comparable operating profit increased by 23 percent and amounted to EUR 86 (70) million, representing 8.9 (8.2) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 38 (13) million.
- Net income for the period amounted to EUR 41 (26) million.
- Earnings per share was EUR 0.64 (0.40).

January–June 2022 in brief: Record-high order book

- Orders received increased by 6 percent and totalled EUR 2,525 (2,392) million.
- Order book amounted to EUR 3,596 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 14 percent and totalled EUR 1,810 (1,583) million.
- Service sales increased by 12 percent and totalled EUR 586 (523) million.
- Service sales represented 32 (33) percent of consolidated sales.
- Eco portfolio sales increased by 31 percent and totalled EUR 419 (320) million.
- Eco portfolio sales represented 23 (20) percent of consolidated sales.
- Operating profit was EUR 85 (69) million, representing 4.7 (4.4) percent of sales. The operating profit includes items affecting comparability worth EUR -66 (-52) million.
- Comparable operating profit increased by 24 percent and amounted to EUR 151 (121) million, representing 8.3 (7.7) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR -32 (64) million.
- Net income for the period amounted to EUR 62 (35) million.
- Earnings per share was EUR 0.97 (0.55).

Outlook for 2022 unchanged

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

Cargotec's key figures

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Orders received	1,390	1,276	9%	2,525	2,392	6%	4,427
Service orders received	309	284	9%	616	583	6%	1,162
Order book, end of period	3,596	2,606	38%	3,596	2,606	38%	2,847
Sales	959	853	12%	1,810	1,583	14%	3,315
Service sales	303	268	13%	586	523	12%	1,076
Service sales, % of sales	32%	31%		32%	33%		32%
Eco portfolio sales	217	173	25%	419	320	31%	626
Eco portfolio sales, % of sales	23%	20%		23%	20%		19%
Operating profit	47.5	44.8	6%	85.0	69.3	23%	355.7
Operating profit, %	5.0%	5.2%		4.7%	4.4%		10.7%
Comparable operating profit	85.5	69.6	23%	150.8	121.2	24%	231.5
Comparable operating profit, %	8.9%	8.2%		8.3%	7.7%		7.0%
Income before taxes	46.2	37.5	23%	76.4	55.8	37%	333.1
Cash flow from operations before financing items and taxes	38.1	13.1	> 100%	-32.2	64.3	< -100%	169.3
Net income for the period	40.8	25.8	58%	61.9	35.4	75%	246.7
Earnings per share, EUR	0.64	0.40	59%	0.97	0.55	76%	3.82
Interest-bearing net debt, end of period	605	773	-22%	605	773	-22%	414
Gearing, %	39.0%	60.0%		39.0%	60.0%		26.8%
Interest-bearing net debt / EBITDA*	1.2	3.0		1.2	3.0		0.9
Return on capital employed (ROCE), last 12 months, %	15.2%	5.3%		15.2%	5.3%		14.5%
Personnel, end of period	11,492	11,496	0%	11,492	11,496	0%	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: Record quarter, progress in refocused strategy execution

The second quarter was successful for Cargotec. Our personnel did an excellent job in a challenging operating environment, making our good performance possible. Our orders received, order book and comparable operating profit reached all-time records. Also our sales grew significantly compared to the comparison period.

Despite the cost level increases, our margins have remained at a good level which demonstrates our business agility and effective pricing. We again made price increases required by the market situation during the second quarter and continue to monitor the situation. The success was particularly prominent at Hiab, which reached record high sales and comparable operating profit in the second quarter.

We published our refocused strategy during the previous quarter. We have progressed determinedly with the strategy, taking the first important steps on it. In May, we announced plans to combine the strategic business units Kalmar Mobile Solutions and Kalmar Automation Solutions. After the reporting period, we announced that Kalmar and Rainbow Industries Co. Ltd. (RIC) have entered into an agreement whereby Kalmar would transfer heavy cranes' related intellectual properties and assets to RIC in China. The agreement would strengthen Kalmar's strategic transfer to focus on offering industry shaping, eco-efficient cargo handling equipment. Further, Kalmar continues to offer crane automation and crane related services for its customers globally.

As part of our refocused strategy we also initiated the evaluation of strategic options of MacGregor including a potential sale of the business. MacGregor's second quarter result was still burdened by the investments made to the offshore segment, low sales and delays in the service's spare part deliveries as well as the weak profitability of the first offshore wind power projects. Despite low sales, MacGregor business has been profitable in the merchant sector and services. During the quarter, MacGregor's orders received increased by 78 percent to EUR 301 million, reflecting the strong demand of the merchant vessels.

In accordance with our strategy, we continued to focus on R&D during the second quarter. Our R&D investments increased by over 10 percent compared to the comparison period. We launched several new eco-efficient products during the quarter and, in response to the logistics industry's growing demand for electric solutions, invested in expanding the Kalmar manufacturing plant in Kansas, USA. Our eco portfolio sales increased by 25 percent from the comparison period.

The service business growth continued as well with sales up by 13 percent and orders received by 9 percent. In the second quarter service sales constituted 32 percent of our total sales.

Our starting position for the latter half of the year is good. Even though market forecasts have been cut during the quarter, our markets are still estimated to grow. Despite the surrounding uncertainty, we enter the second half of the year in a good position with a strong balance sheet and a record order backlog. The supply chain challenges are expected to continue also during the second half of the year. In Cargotec's business the third quarter is typically less active than the second quarter. We also anticipate the third quarter sales mix to be slightly weaker than in the second quarter.

Reporting segments' key figures

Orders received

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Kalmar	567	600	-5%	1,066	1,129	-6%	2,063
Hiab	523	508	3%	1,005	933	8%	1,713
MacGregor	301	169	78%	455	331	37%	652
Internal orders	0	0		0	0		0
Total	**1,390**	**1,276**	**9%**	**2,525**	**2,392**	**6%**	**4,427**

Order book

MEUR	30 Jun 2022	31 Dec 2021	Change
Kalmar	1,600	1,302	23%
Hiab	1,250	985	27%
MacGregor	746	560	33%
Internal order book	0	0	
Total	**3,596**	**2,847**	**26%**

Sales

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Kalmar	428	382	12%	800	705	13%	1,512
Hiab	404	316	28%	744	603	23%	1,250
MacGregor	127	156	-19%	267	275	-3%	553
Internal sales	0	0		-1	0		-1
Total	**959**	**853**	**12%**	**1,810**	**1,583**	**14%**	**3,315**

Operating profit

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Kalmar	13.2	28.2	-53%	35.9	46.1	-22%	344.5
Hiab	62.6	40.0	56%	106.1	73.2	45%	144.7
MacGregor	-15.0	-1.0	< -100%	-20.8	-8.9	< -100%	-40.0
Corporate administration and support functions	-13.3	-22.5	41%	-36.3	-41.1	12%	-93.5
Total	**47.5**	**44.8**	**6%**	**85.0**	**69.3**	**23%**	**355.7**

Comparable operating profit

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Kalmar	41.4	33.4	24%	69.9	53.6	30%	120.1
Hiab	63.2	45.4	39%	111.8	84.1	33%	166.3
MacGregor	-7.4	3.1	< -100%	-7.2	6.4	< -100%	-14.7
Corporate administration and support functions	-11.7	-12.3	5%	-23.7	-22.9	-3%	-40.1
Total	**85.5**	**69.6**	**23%**	**150.8**	**121.2**	**24%**	**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, during which questions may be presented, can be accessed with code 914555 by calling one of the following numbers:

Finland +358 (0)9 7479 0572

France +33 (0)1 70 730 3 37

Germany +49 (0)69 22222 5195

Singapore +65 6703 6923

Sweden +46 (0)8 5664 2754

Switzerland +41 (0)22 567 5785

United Kingdom +44 (0)330 165 3641

United States +1 646-828-8082

The event can also be viewed as a live webcast at https://cargotec.videosync.fi/2022-q2. 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 into the conference call, the participant agrees that personal information such as name and company name will be collected.

For further information, please contact:
Mikko Puolakka, CFO, tel. +358 20 777 4105
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Cargotec's January–June 2022 half-year financial report

The half-year 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

The uncertainty of the market environment increased during the second quarter. The market growth is estimated to continue but forecasts have decreased during the period. The decline in forecasts has been influenced by, for example, Russia's attack on Ukraine with its negative economic effects, global supply chain challenges, as well as increased inflation and weakened consumer confidence. Nevertheless, the high demand for our solutions has continued and the utilisation rates of our connected equipment have been high.

According to the World Bank's Global Economic Prospects report published in June 2022, the global economy is projected to grow by 2.9 percent in 2022 and by 3.0 percent in 2023. In the World Bank's advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), the World Bank projects a 2.6 percent growth in 2022 and a 2.2 percent growth in 2023. The growth projections have decreased compared to the World Bank's previous outlook. The main reasons behind the lower projections are the disruptions in the global economy caused by the coronavirus pandemic, intensified by the war in Ukraine.[1]

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to have increased by 1.2 percent during the first half year and increase by 2.3 percent in 2022. The forecast has been lowered from the previous estimate in March, driven by an increasingly negative sentiment of the global economy, for example.[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 5 percent in the US during the second quarter. In 2022, Oxford Economics estimates construction activity to increase by approximately 3 percent in Europe from the previous year level and remain at the previous year level in the US.[3]

The demand for MacGregor's cargo handling solutions is driven by the level of merchant ship contracting, which continued to recover, although decreasing slightly to 608 (746) during the second quarter. The high container ship ordering activity has continued but the rising newbuilding prices as well as longer delivery times due to fully-booked shipyards may slow down the ordering. The merchant ship order volumes in 2022 are expected to decline to 1,365 from a strong comparison period (1,918). In the offshore sector, the amount of new vessel contracting is still below the historical average; however, the changing energy situation has increased interest in

[1] World Bank, June 2022
[2] Drewry Container Forecaster, June 2022
[3] Oxford Economics, June 2022

offshore operations. The focus of new orders has shifted to vessels supporting wind power while the offshore wind farms are growing in size and being built farther from the coast into deeper waters.[4]

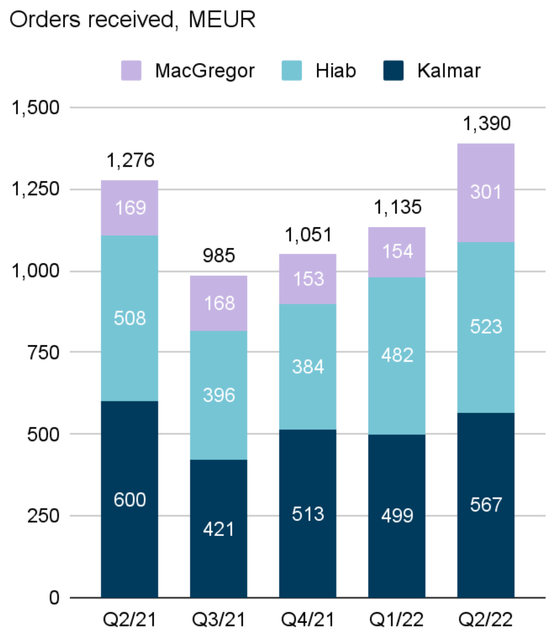
[4] Clarkson, July 2022. Clarkson has re-specified the total number of merchant ship order volumes for the comparison period 2021: in the 1–3/2022 interim report, the figure was 1,724, now it is 1,918.

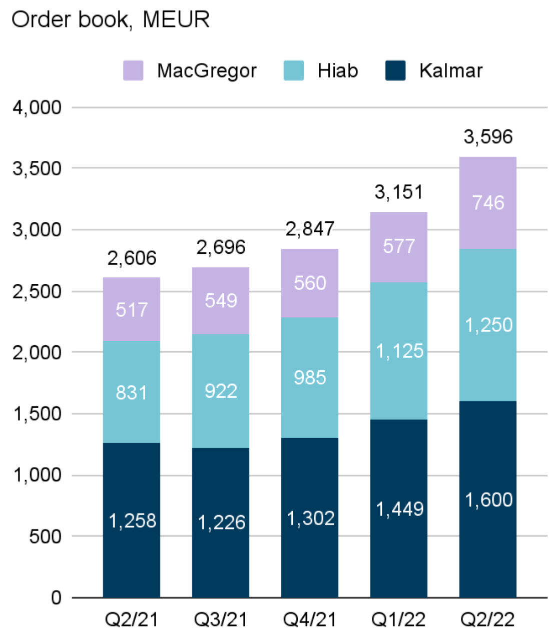
Financial performance

Orders received and order book

Orders received and order book

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Orders received	1,390	1,276	9%	2,525	2,392	6%	4,427
Service orders received	309	284	9%	616	583	6%	1,162
Order book, end of period	3,596	2,606	38%	3,596	2,606	38%	2,847





In the second quarter of 2022, orders received increased by 9 percent from the comparison period and totalled EUR 1,390 (1,276) million. Hiab's and MacGregor's orders increased from the comparison period while orders received decreased in Kalmar. Service orders received increased by 9 percent and totalled EUR 309 (284) million.

In January–June, orders received increased by 6 percent from the comparison period and totalled EUR 2,525 (2,392) million. Hiab's and MacGregor's orders increased from the comparison period while orders received decreased in Kalmar. Service orders received increased by 6 percent and totalled EUR 616 (583) million.

The order book increased by 26 percent from the end of 2021, and at the end of the second quarter it totalled EUR 3,596 (31 Dec 2021: 2,847) million. Kalmar's order book totalled EUR 1,600 (1,302) million, representing 44 (46) percent, Hiab's EUR 1,250 (985) million or 35 (35) percent and MacGregor's EUR 746 (560) million or 21 (20) percent of the consolidated order book.

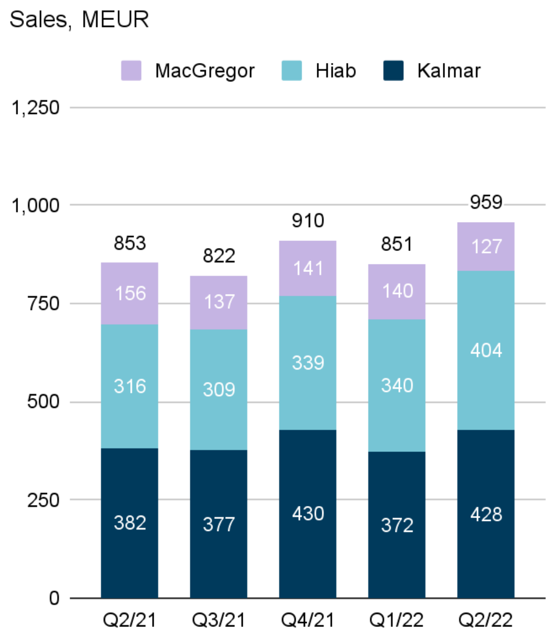
In geographical terms, the share of orders received in the second quarter was 43 (48) percent in EMEA and 34 (37) percent in the Americas. Asia-Pacific's share of orders received was 23 (15) percent.

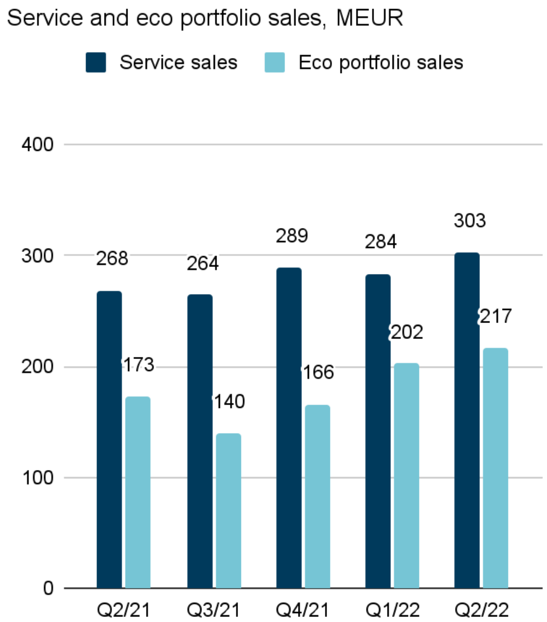
In January–June, the share of orders received was 45 (48) percent in EMEA and 35 (34) percent in the Americas. Asia-Pacific's share of orders received was 20 (18) percent.

Sales

Sales

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Sales	959	853	12%	1,810	1,583	14%	3,315
Service sales	303	268	13%	586	523	12%	1,076
Eco portfolio sales	217	173	25%	419	320	31%	626



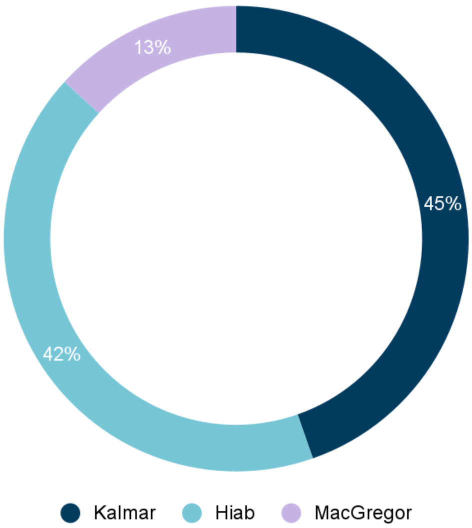


In the second quarter of 2022, sales increased from the comparison period by 12 percent and amounted to EUR 959 (853) million. Sales increased in Kalmar and Hiab and decreased in MacGregor. Service sales increased by 13 percent from the comparison period and totalled EUR 303 (268) million, representing 32 (31) percent of consolidated sales. Software sales decreased by 71 percent and amounted to EUR 11 (37) 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 313 (305) million, representing 33 (36) percent of consolidated sales.

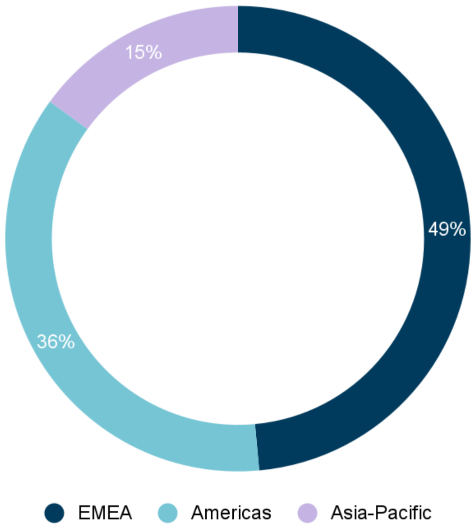
January–June sales increased from the comparison period by 14 percent to EUR 1,810 (1,583) million. Sales increased in Kalmar and Hiab and decreased in MacGregor. Service sales increased by 12 percent from the comparison period and totalled EUR 586 (523) million, representing 32 (33) percent of consolidated sales. Software sales decreased by 70 percent and amounted to EUR 22 (73) million. Service and software sales amounted to EUR 608 (595) million, representing 34 (38) percent of consolidated sales.

Cargotec's eco portfolio consists of products and services that enhance customers' sustainability with tangible environmental benefits. In the second quarter, the eco portfolio sales increased by 25 percent and totalled EUR 217 (173) million, representing 23 (20) percent of consolidated sales. The increase was driven by higher sales of Hiab's and Kalmar's eco portfolio products, partly offset by the divestment of Navis software business. In January–June, the eco portfolio sales increased by 31 percent and totalled EUR 419 (320) million, representing 23 (20) percent of consolidated sales.

Sales by business area
Q2/2022, %



Sales by geographical area
Q2/2022, %



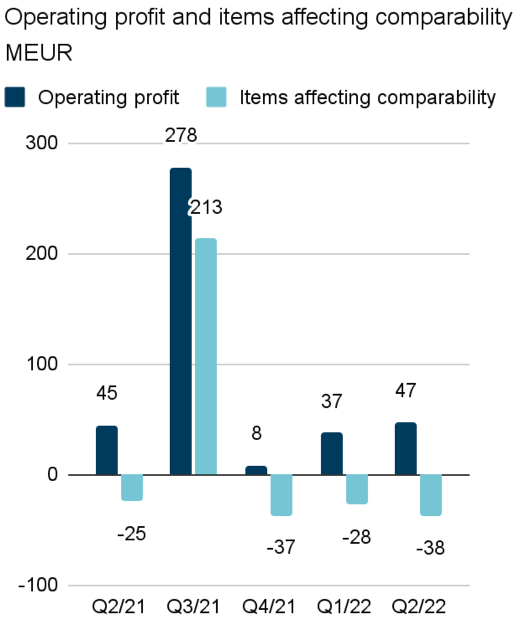
Sales increased in EMEA and Americas and decreased in Asia-Pacific in the second quarter. EMEA's share of consolidated sales was 49 (50) percent, Americas' 36 (32) percent and Asia-Pacific's 15 (18) percent.

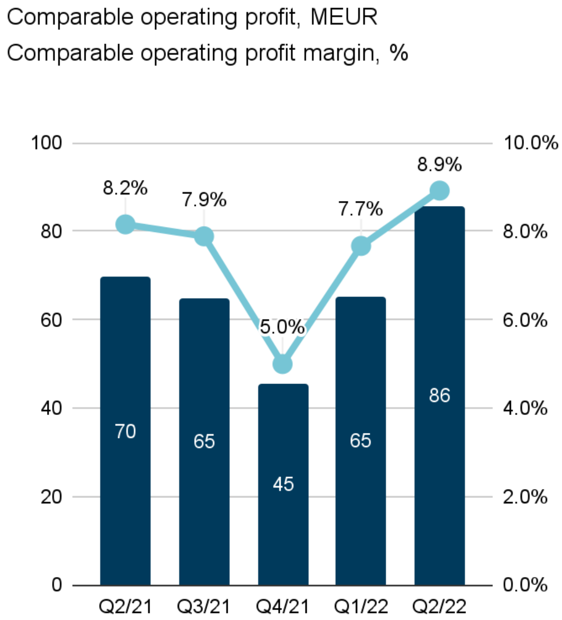
January–June EMEA's share of consolidated sales was 50 (51) percent, Americas' 34 (31) percent and Asia-Pacific's 16 (18) percent.

Financial result

Operating profit and comparable operating profit

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Operating profit	47.5	44.8	6%	85.0	69.3	23%	355.7
Operating profit, %	5.0%	5.2%		4.7%	4.4%		10.7%
Comparable operating profit	85.5	69.6	23%	150.8	121.2	24%	231.5
Comparable operating profit, %	8.9%	8.2%		8.3%	7.7%		7.0%





Operating profit for the second quarter totalled EUR 47 (45) million. The operating profit includes items affecting comparability worth EUR -38 (-25) million. EUR -28 (-5) million of the items were related to Kalmar, EUR -1 (-5) million to Hiab, EUR -8 (-4) million to MacGregor and EUR -2 (-10) million to corporate administration and support functions. Of the items affecting comparability related to Kalmar, EUR -25 million were related to the plan to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. (RIC) in China and to the plan to exit the heavy cranes business. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

January–June operating profit totalled EUR 85 (69) million. The operating profit includes items affecting comparability worth EUR -66 (-52) million. EUR -34 (-7) million of the items were related to Kalmar, EUR -6 (-11) million to Hiab, EUR -14 (-15) million to MacGregor and EUR -13 (-18) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -10 (-17) 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 second quarter increased by 23 percent and totalled EUR 86 (70) million, representing 8.9 (8.2) percent of sales. The comparable operating profit increase was driven by higher sales in Hiab and in Kalmar mobile equipment as well as effective commercial and supply chain execution.

January–June comparable operating profit increased by 24 percent and totalled EUR 151 (121) million, representing 8.3 (7.7) 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

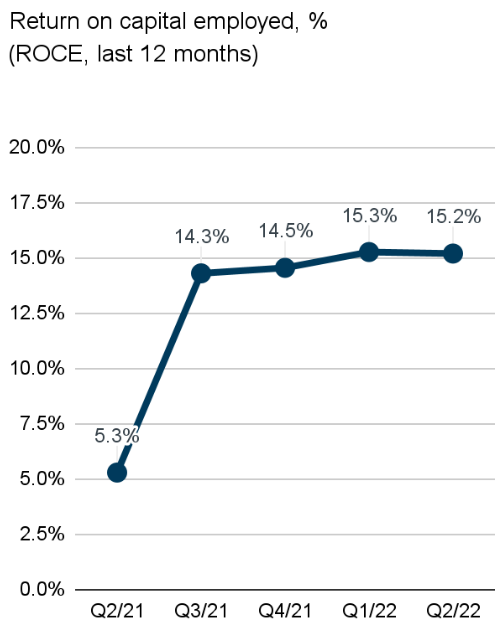
Net interest expenses for interest-bearing debt and assets for the second quarter totalled EUR 3 (5) million. Net financing expenses totalled EUR 1 (7) million. January–June net interest expenses for interest-bearing debt and assets for the second quarter totalled EUR 6 (11) million. Net financing expenses totalled EUR 9 (13) million.

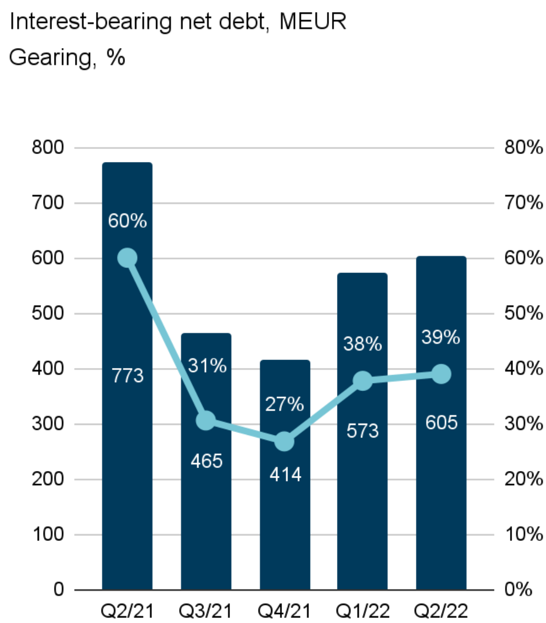
Net income for the second quarter totalled EUR 41 (26) million, and earnings per share was EUR 0.64 (0.40). January–June net income totalled EUR 62 (35) million, and earnings per share was EUR 0.97 (0.55).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 4,235 (31 Dec 2021: 4,027) million at the end of the second quarter. Equity attributable to the equity holders of the parent was EUR 1,550 (1,544) million, representing EUR 24.03 (23.95) per share. Property, plant and equipment on the balance sheet amounted to EUR 429 (410) million and intangible assets to EUR 1,132 (1,139) million.

Return on equity (ROE, last 12 months) was 19.2 (31 Dec 2021: 17.3) percent at the end of the second quarter, and return on capital employed (ROCE, last 12 months) was 15.2 (14.5) percent. Cargotec's financial target is to reach 15 percent return on capital employed.





Cash flow from operating activities before financial items and taxes totalled EUR -32 (64) million during January–June. Increase in net working capital, especially inventories and accounts receivable, weakened the cash flow.

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 613 million on 30 June 2022 (31 Dec 2021: 789). In addition to the liquidity reserves, 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 113 (111) million.

The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 51 (43) million, which includes EUR 38 (35) million lease liabilities.

At the end of the second quarter, the interest-bearing debt amounted to EUR 932 (31 Dec 2021: 919) million, of which EUR 171 (163) million was in lease liabilities. Of the interest-bearing debt, EUR 51 (43) million was current and EUR 881 (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 327 (505) million. Interest-bearing net debt totalled EUR 605 (414) million.

At the end of the second quarter, Cargotec's equity to assets ratio was 39.4 (31 Dec 2021: 40.6) percent. Gearing was 39.0 (26.8) percent.

Corporate topics

Research and development

Research and product development expenditure in January–June totalled EUR 49 (56) million, representing 2.7 (3.5) 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 second quarter, research and development efforts focused for example on the following:

Kalmar

In June, Kalmar announced that it is to upgrade and expand its manufacturing plant in Kansas, US, home of its terminal tractor manufacturing operations in North America. With the investment worth close to EUR 20 million, Kalmar responds to the logistics industry's growing demand for electric terminal tractors. The investment will enable doubling the plant's annual production capacity, making it the largest terminal tractor manufacturing facility in North America.

Hiab

In April, Hiab launched a new specialised drywall crane model HIAB K-HiPro 515 for the North American market. It introduces true continuous slewing with a reach of nine floors to fulfil demanding drywall and roofing material delivery jobs. HIAB K-HiPro 515 has a lifting capacity of ca. 45 tonne metre.

The patented CroSStab stabilisation system is now available for the Hiab loader crane EFFER 1000. The optional CroSStab enhances vertical lifting power and the possibility to work in tight spaces.

During June, three new EFFER heavy loader cranes with lower fuel consumption and the new advanced operating system SPACEevo were launched. SPACEevo improves the crane productivity and makes the operations safer. The lifting capacity of the new cranes ranges from 32 to 110 tonne metre.

In the same month, Hiab launched the next generation of LOGLIFT forestry cranes with greater and safer performance, and improved uptime. The first crane available to order is the Z boom crane LOGLIFT 18Z with a max outreach of over 10 metres and a max lifting capacity of 18 tonne metre.

MacGregor

During the second quarter, the SEAM_LESS project, part of the EU Horizon Europe Innovation programme, applied to the EU for EUR 15 million funding to develop inland waterway automation. The project has 26 partners and is a continuation of earlier EU funded projects, such as AEGIS and MOSES.

In the project, MacGregor aims to develop automated docking, mooring and departure systems which would enable autonomous vessels to operate within inland waterway ports with limited infrastructure. MacGregor also develops Voyage and Container Optimisation Platform which would enable transparency of hinterland connections and transhipments of the container supply chain to all stakeholders. In addition, connection to various existing platforms would also be secured.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 48 (29) million in January–June. Investments in customer financing were EUR 16 (8) million. Depreciation, amortisation and impairment amounted to EUR 61 (59) million. The amount includes impairments worth EUR 1 (2) million.

Acquisitions and divestments in 2022

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

Operational restructurings

Restructuring costs in the second quarter amounted to EUR 27 (7) million and to EUR 40 (16) million in January–June. The restructuring costs for the first quarter include a EUR 10 million impairment provision to assets that relate to Cargotec's business in Russia. Of the second quarter restructuring costs EUR 25 million relates to Kalmar's plan to transfer heavy cranes related intellectual properties and assets to Rainbow Industries Co. Ltd. (RIC) in China and the plan to exit the heavy crane business. According to the preliminary estimate, Cargotec will book EUR 11 million in the third quarter 2022 as a consequence of the planned agreement. For the year 2022, the restructuring costs of ongoing restructuring programmes are estimated to be approximately EUR 65 million. The estimate does not include all 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 11,492 (31 Dec 2021: 11,174) people at the end of the second quarter. The average number of employees during the first half of the year was 11,317 (1–12/2021: 11,232).

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.

In accordance with its strategy updated in March, Cargotec will in the future focus on sustainability and growth in profitable core businesses Hiab, Kalmar Mobile Solutions and Kalmar's horizontal transportation business (Core Businesses). The 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.

On 16 May, Cargotec announced that the company is planning to combine the strategic business units Kalmar Mobile Solutions and Kalmar Automation Solutions to create a unified Kalmar, and that Michel van Roozendaal has been selected to lead the planning. Cargotec also plans to 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.

After the reporting period, Cargotec announced that its Kalmar business area and Rainbow Industries Co. Ltd. (RIC) have entered into an agreement whereby Kalmar would transfer heavy cranes related intellectual properties and assets to RIC in China. The agreement is described in the section Events after the reporting period.

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.

During the second quarter, Cargotec continued the preparation to report in accordance with the upcoming Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence legislation. The preparation to report in accordance with the upcoming EU Taxonomy regulation continued as well. In order to prove the EU Taxonomy-alignment of the eco equipment, we are revising the eco portfolio criteria and conducting product life cycle assessment (LCA) studies. Cargotec will report the EU taxonomy-aligned activities in connection with the 2022 annual report.

Cargotec's Board of Directors wants to ensure also with the help of remuneration incentives that the targets set for the sustainable development progress are achieved. During the first half of the year, the Board decided that the eco portfolio order intake and the Mission Climate programme roadmap are included in the 2022 performance share programme evaluation criteria. With these concrete and measurable topics, increasing the offering and sales of solutions that reduce the emissions of Cargotec's customers is part of the company remuneration criteria.

The eco portfolio sales increased by 25 percent and totalled EUR 217 (173) million, representing 23 (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.

At the end of the second quarter, Cargotec's safety performance, measured by rolling 12 months industrial injury frequency rate (IIFR), was 5.7 (5.5). The IIFR in Cargotec's assembly sites was 6.3 (5.7) while it was 5.4 (5.3) in non-assembly operations. The target for 2022 is to have an IIFR rate less than 5 in all operations.

Board of Directors and Leadership Team

On 27 April 2022, Cargotec Corporation's Board of Directors elected by the Annual General Meeting on 17 March 2022, announced the appointment of Jaakko Eskola as the new Chair of the Board. Jaakko Eskola succeeds Mr. Ilkka Herlin who has chosen to step down as the Chair of the Board, having served as Chair for 17 years since 2005. The change took effect immediately. Ilkka Herlin continues as a member of the Board and as the Vice Chair.

On 30 June 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.

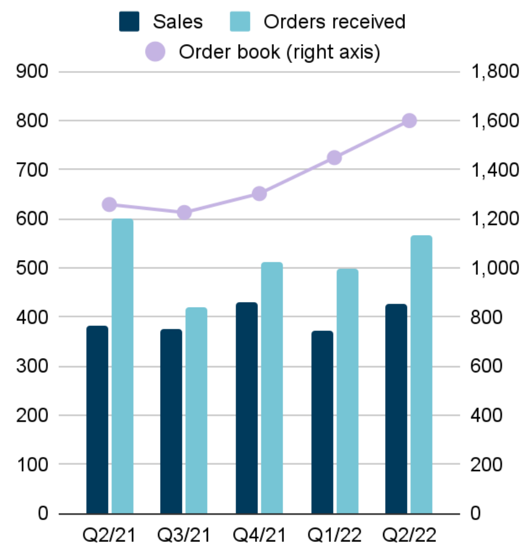
Antti Kaunonen, President, Kalmar Automation Solutions, retired on 1 July 2022. Following the retirement, Michel van Roozendaal has assumed Kaunonen's responsibilities.

Reporting segments

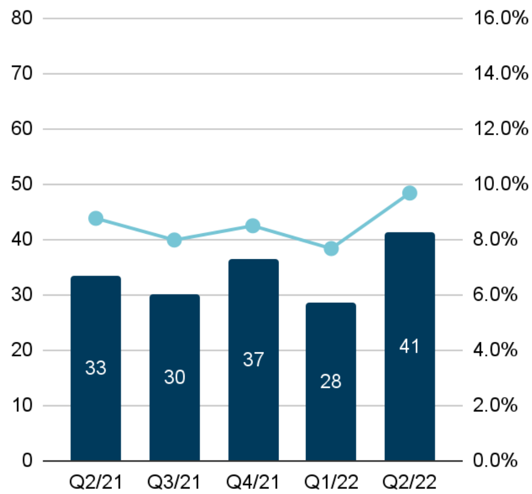
Kalmar

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Orders received	567	600	-5%	1,066	1,129	-6%	2,063
Order book, end of period	1,600	1,258	27%	1,600	1,258	27%	1,302
Sales	428	382	12%	800	705	13%	1,512
Service sales	135	111	22%	259	223	16%	468
% of sales	32%	29%		32%	32%		31%
Operating profit	13.2	28.2	-53%	35.9	46.1	-22%	344.5
% of sales	3.1%	7.4%		4.5%	6.5%		22.8%
Comparable operating profit	41.4	33.4	24%	69.9	53.6	30%	120.1
% of sales	9.7%	8.8%		8.7%	7.6%		7.9%
Personnel, end of period	5,058	5,491	-8%	5,058	5,491	-8%	4,876

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



In the second quarter, orders received by Kalmar decreased by 5 percent from the comparison period and totalled EUR 567 (600) million. The decrease was mainly due to limited acceptance of orders caused by exceptionally long terminal tractor delivery times, and the divestment of Navis business. The demand for Kalmar equipment remained strong. Orders increased in services. Orders received decreased in all geographical areas compared to the comparison period.

Major orders received by Kalmar during the second quarter of 2022 included:
- 62 Kalmar Hybrid AutoStrads to the United States,
- 23 semi-automated hybrid shuttle carriers to Morocco,
- 7 Kalmar light electric forklift trucks with a five-year Kalmar Complete Care service agreement to Sweden, and
- 3 Kalmar Eco Reachstackers to China. These are the first Eco reachstackers to be delivered by Kalmar to a customer in the North China region.

Kalmar's orders received in January–June decreased by 6 percent and totalled EUR 1,066 (1,129) million.

Kalmar's order book increased by 23 percent from the end of 2021, and at the end of the second quarter it totalled EUR 1,600 (31 Dec 2021: 1,302) million. The order book increase resulted mainly from the strong demand as well as longer delivery times caused by supply chain challenges.

Kalmar's second quarter sales increased by 12 percent from the comparison period and totalled EUR 428 (382) million. Supply chain challenges continued and had a negative impact on sales. Service sales increased by 22 percent and totalled EUR 135 (111) million, representing 32 (29) percent of sales.

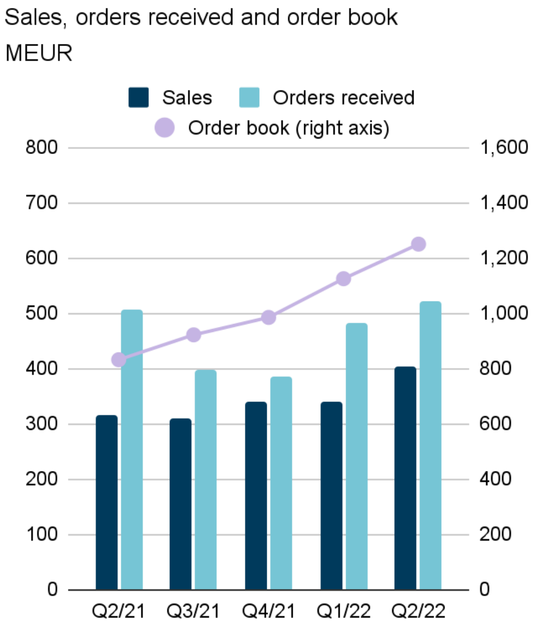
January–June sales increased by 13 percent from the comparison period and totalled EUR 800 (705) million. Service sales increased by 16 percent and totalled EUR 259 (223) million, representing 32 (32) percent of sales.

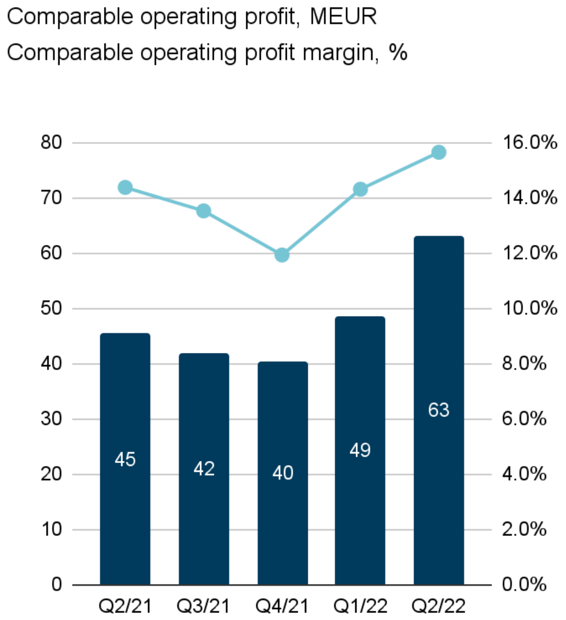
Kalmar's second quarter operating profit totalled EUR 13 (28) million. The operating profit includes EUR -28 (-5) million in items affecting comparability. The comparable operating profit amounted to EUR 41 (33) million, representing 9.7 (8.8) percent of sales. The comparable operating profit increase was driven by higher mobile equipment sales and stable project execution.

Kalmar's January–June operating profit totalled EUR 36 (46) million. The operating profit includes EUR -34 (-7) million in items affecting comparability. The comparable operating profit amounted to EUR 70 (54) million, representing 8.7 (7.6) percent of sales. The comparable operating profit increased due to higher sales.

Hiab

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Orders received	523	508	3%	1,005	933	8%	1,713
Order book, end of period	1,250	831	50%	1,250	831	50%	985
Sales	404	316	28%	744	603	23%	1,250
Service sales	99	90	10%	192	175	10%	351
% of sales	25%	29%		26%	29%		28%
Operating profit	62.6	40.0	56%	106.1	73.2	45%	144.7
% of sales	15.5%	12.7%		14.3%	12.1%		11.6%
Comparable operating profit	63.2	45.4	39%	111.8	84.1	33%	166.3
% of sales	15.6%	14.4%		15.0%	14.0%		13.3%
Personnel, end of period	3,695	3,308	12%	3,695	3,308	12%	3,585





Hiab's orders received for the second quarter increased by 3 percent from the comparison period and totalled EUR 523 (508) million. Service orders received increased.

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

- EUR 22 million order for MOFFETT truck mounted forklifts to Poland, and
- EUR 17 million order for MOFFETT M8 55 NX truck mounted forklifts to the US

Hiab's orders received in January–June increased by 8 percent and totalled EUR 1,005 (933) million.

Hiab's order book increased by 27 percent from the end of 2021, totalling EUR 1,250 (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 second quarter sales increased by 28 percent and totalled EUR 404 (316) 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 99 (90) million, representing 25 (29) percent of sales. In January–June, Hiab's sales increased by 23 percent and totalled EUR 744 (603) million. Service sales increased by 10 percent and totalled EUR 192 (175) million, representing 26 (29) percent of sales.

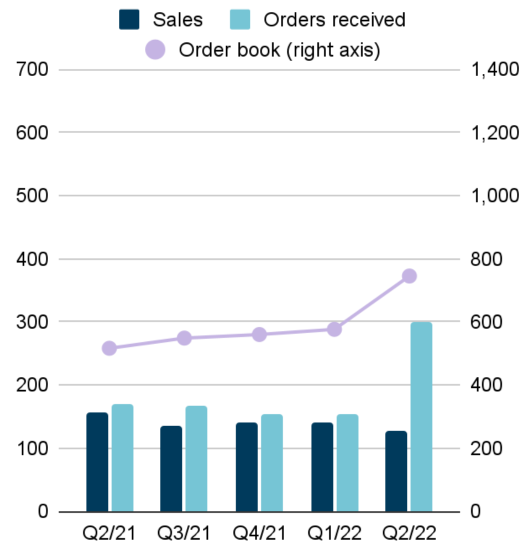
Hiab's second quarter operating profit increased from the comparison period by 56 percent and totalled EUR 63 (40) million. The operating profit includes EUR -1 (-5) million in items affecting comparability. The comparable operating profit amounted to EUR 63 (45) million, representing 15.6 (14.4) percent of sales. Hiab's comparable operating profit increased due to higher sales and effective commercial and supply chain execution.

Hiab's January–June operating profit increased by 45 percent from the comparison period and totalled EUR 106 (73) million. The operating profit includes EUR -6 (-11) million in items affecting comparability. The comparable operating profit amounted to EUR 112 (84) million, representing 15.0 (14.0) percent of sales. Hiab's comparable operating profit increased due to higher sales.

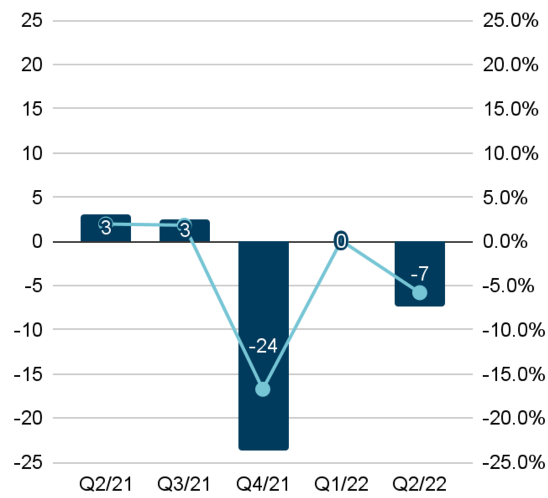
MacGregor

MEUR	Q2/22	Q2/21	Change	Q1-Q2/22	Q1-Q2/21	Change	2021
Orders received	301	169	78%	455	331	37%	652
Order book, end of period	746	517	44%	746	517	44%	560
Sales	127	156	-19%	267	275	-3%	553
Service sales	68	67	1%	135	125	8%	257
% of sales	54%	43%		51%	45%		47%
Operating profit	-15.0	-1.0	< -100%	-20.8	-8.9	< -100%	-40.0
% of sales	-11.8%	-0.6%		-7.8%	-3.2%		-7.2%
Comparable operating profit	-7.4	3.1	< -100%	-7.2	6.4	< -100%	-14.7
% of sales	-5.8%	2.0%		-2.7%	2.3%		-2.7%
Personnel, end of period	1,921	1,927	0%	1,921	1,927	0%	1,909

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



MacGregor's orders received in the second quarter increased by 78 percent from the comparison period to EUR 301 (169) million. Orders received increased in all geographical areas. Of the orders, around four fifths were related to merchant ships and one fifth to the offshore sector. Service orders received increased.

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

- comprehensive RoRo equipment packages for three RoPax ferries to a customer based in Poland,
- repeat RoRo equipment order for another four PCTCs to a global customer headquartered in Norway,
- five-year service agreement covering RoRo equipment and steering gears on seven vessels and five linkspans for one of the leading cruise ferry operators in Europe, based in Norway, and

- two-year OnWatch Scout agreement, spare parts and services for an offshore support vessel to a Luxembourg-based customer.

MacGregor’s orders received in January–June increased by 37 percent and totalled EUR 455 (331) million.

MacGregor’s order book increased by 33 percent from the end of 2021, totalling EUR 746 (31 Dec 2021: 560) million at the end of the second quarter. Of the order book, around four fifths relate to merchant ships and one fifth to the offshore sector.

MacGregor’s second quarter sales decreased by 19 percent from the comparison period to EUR 127 (156) million. Service sales remained at the comparison period level and totalled EUR 68 (67) million, representing 54 (43) percent of sales. January–June sales decreased by 3 percent and totalled EUR 267 (275) million. Service sales increased by 8 percent and totalled EUR 135 (125) million, representing 51 (45) percent of sales.

MacGregor’s operating profit for the second quarter totalled EUR -15 (-1) million. Operating profit includes EUR -8 (-4) million in items affecting comparability. The comparable operating profit totalled EUR -7 (3) million, representing -5.8 (2.0) percent of sales. The comparable operating profit decreased due to lower sales in the offshore business, investments in offshore wind, cost overruns in single pioneering offshore wind projects involving new technologies, and delays in spare part deliveries.

MacGregor’s January–June operating profit totalled EUR -21 (-9) million. The operating profit includes EUR -14 (-15) million in items affecting comparability. The comparable operating profit amounted to EUR -7 (6) million, representing -2.7 (2.3) percent of sales. Macgregor’s comparable operating profit decreased due to lower sales in the offshore business and weak profitability of the single offshore wind power projects with new technologies.

Projects involving wind power related new technologies have been challenging and caused additional costs, although, as such, offshore wind power constitutes a very attractive business opportunity. Despite low sales, MacGregor's business in the merchant ship segment and service business has been profitable. Excluding the offshore wind business, MacGregor's comparable operating profit margin last year and in the first half of this year would have been clearly positive (Q1–Q2/22: 2.1%).

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of June 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 June 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 June, 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.

In May 2022, Cargotec's Board of Directors decided to establish a new share-based incentive programme for the Group key employees. The reward from the new Restricted Share Unit

Programme 2022–2024 is conditional on the achievement of strategic goals set by the Board of Directors. The reward is paid in two instalments, half in the spring of 2023 and half in the spring of 2024. The shares received as a reward from the programme's first instalment may not be sold, transferred, pledged or otherwise assigned during a lock-up period which ends on 31. December 2023. The Programme is intended for approximately 60 Cargotec Group's key employees, including selected Leadership Team members. The rewards to be allocated on the basis of the Programme will amount up to an approximate maximum total of 108,000 Cargotec Corporation class B shares. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward.

In addition, the Board of Directors resolved on the performance criteria for the share-based incentive programme's new performance period 2022–2024. 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. During the performance period 2022–2024, the programme is directed to approximately 110 key employees, including the members of Cargotec Leadership Team. The Board of Directors has resolved that the performance period's first measuring period is one calendar year. For the key employees of the business areas Kalmar, Hiab and MacGregor, the potential reward of the programme from the measuring period 2022 will be based on the business areas' comparable operating profit. For the Cargotec Corporate key employees, the performance criteria is Cargotec's comparable operating profit. The rewards to be paid on the basis of the performance period 2022–2024 will amount up to an approximate maximum total of 280,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

The Board of Directors also resolved that share allocation for the restricted share programme's third period 2022–2024 will amount up to an approximate maximum total of 31,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees. The Board of Directors approved the restricted share programme in 2020.

Market capitalisation and trading

Trading on Nasdaq Helsinki Oy	Q1-Q2/22	Q1-Q2/21
Total market value of class B shares at the end of the period[5], MEUR	1,378	2,396
Market capitalisation of class A and B shares at the end of the period[6], MEUR	1,620	2,810
Closing price of class B share[7], EUR	25.08	43.60
Volume-weighted average price of class B share, EUR	35.01	43.68
Highest quotation of class B share, EUR	48.46	51.65
Lowest quotation of class B share, EUR	24.90	33.60
Trading volume, million class B shares	27	17
Turnover of class B shares, MEUR	939	735

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

[5] excluding own shares held by the company

[6] 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

[7] on the last trading day of the period

At the end of the period, the number of registered shareholders was 42,118. The number of Finnish household shareholders was 39,967, corresponding to around 18 percent ownership of Cargotec's listed B shares. At the end of the period, around 28 percent of Cargotec's listed B 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, energy availability, 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 the existing and created new market disruptions. Disruptions in supply chains, problems with the availability of raw materials and energy, accelerating inflation, weakened consumer confidence, as well as increased uncertainty are slowing down economic growth and could lead to recession. As the crisis continues, its effects can become more widespread.

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 if 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.

Cargotec's sales to Russia, Belarus 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's equipment and spare parts are not sold to Russia, and Cargotec complies with the sanctions imposed on Russia. At the end of June, Cargotec employed approximately 50 people in Russia. Cargotec does not have a direct representation in 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.

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 development is affected by the tightening emission regulation for ships and related uncertainty. 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. 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 2022, 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.

Events after the reporting period

On 14 July, Cargotec announced that its Kalmar business area and Rainbow Industries Co. Ltd. (RIC) have entered into an agreement whereby Kalmar transfers heavy cranes' related intellectual properties and assets to RIC in China. This agreement would concern Kalmar rubber-tyred gantry cranes (RTG), rail-mounted gantry cranes (RMG), ship-to-shore cranes (STS) as well as automatic stacking cranes (ASC) which are currently assembled and manufactured at RIC's facility in Taicang, China. RIC has been Cargotec's Original Equipment Manufacturing (OEM) subcontractor providing assembly services for Cargotec's business areas Kalmar and MacGregor since 2020 and prior that Cargotec and Rainbow operated through a joint venture in China since 2013.

As part of the agreement, about 40 local Kalmar employees in China are estimated to move, subject to local legal requirements, over to RIC once the contractual obligations have been completed. The planned change is estimated to be concluded in September. The planned change is subject to approval from Chinese authorities.

In the future, Kalmar would focus on offering industry shaping, eco-efficient cargo handling equipment in the mobile equipment product categories, straddle and shuttle carriers, Bromma spreaders and lifecycle services. Further, Kalmar would continue to offer crane automation and crane related services for its customers globally.

As a consequence of entering into the planned RIC agreement and plans to exit the heavy cranes business, Cargotec booked EUR 25 million restructuring costs in the second quarter of 2022. According to the preliminary estimate, Cargotec would book EUR 11 million in the third quarter 2022 as a consequence of the planned agreement.

Outlook for 2022 unchanged

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

Financial calendar 2022

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

Helsinki, 20 July 2022
Cargotec Corporation
Board of Directors

This half-year financial report is unaudited.

Consolidated statement of income

MEUR	Note	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Sales	5	**958.6**	**853.2**	**1,809.5**	**1,582.8**	**3,315.0**
Cost of goods sold		-743.6	-648.5	-1,404.6	-1,197.0	-2,582.1
Gross profit		**215.1**	**204.7**	**404.9**	**385.7**	**732.9**
Gross profit, %		*22.4%*	*24.0%*	*22.4%*	24.4%	22.1%
Other operating income		14.2	12.8	22.5	29.7	294.2
Selling and marketing expenses		-50.3	-49.2	-97.6	-95.8	-188.4
Research and development expenses		-25.6	-29.8	-49.1	-57.4	-103.9
Administration expenses		-66.6	-67.1	-125.3	-132.7	-251.7
Restructuring costs	7	-26.6	-6.7	-40.0	-16.4	-33.3
Other operating expenses		-14.1	-22.0	-33.5	-47.5	-101.1
Share of associated companies' and joint ventures' net income		1.4	2.2	2.9	3.6	7.0
Operating profit		**47.5**	**44.8**	**85.0**	**69.3**	**355.7**
Operating profit, %		*5.0%*	*5.2%*	*4.7%*	4.4%	10.7%
Financing income		1.0	0.4	1.8	1.2	4.7
Financing expenses		-2.3	-7.7	-10.4	-14.7	-27.4
Income before taxes		**46.2**	**37.5**	**76.4**	**55.8**	**333.1**
Income before taxes, %		*4.8%*	*4.4%*	*4.2%*	3.5%	10.0%
Income taxes	9	-5.4	-11.7	-14.5	-20.4	-86.4
Net income for the period		**40.8**	**25.8**	**61.9**	**35.4**	**246.7**
Net income for the period, %		*4.3%*	*3.0%*	*3.4%*	2.2%	7.4%
Net income for the period attributable to:						
Equity holders of the parent		41.0	25.7	62.2	35.4	246.5
Non-controlling interest		-0.2	0.1	-0.4	0.1	0.2
Total		**40.8**	**25.8**	**61.9**	**35.4**	**246.7**
Earnings per share for profit attributable to the equity holders of the parent:						
Earnings per share, EUR		0.64	0.40	0.97	0.55	3.82
Diluted earnings per share, EUR		0.63	0.40	0.96	0.55	3.82

The notes are an integral part of the half year financial report.

Consolidated statement of comprehensive income

MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Net income for the period	**40.8**	**25.8**	**61.9**	**35.4**	**246.7**
Other comprehensive income					
Items that cannot be reclassified to statement of income:					
Actuarial gains (+) / losses (-) from defined benefit plans	1.4	-0.5	1.8	-0.3	-0.5
Gains (+) / losses (-) on designated share investments measured at fair value	-4.7	0.6	-6.4	-4.1	14.2
Taxes relating to items that cannot be reclassified to statement of income	-0.2	0.1	-0.3	0.1	0.0
Items that can be reclassified to statement of income:					
Gains (+) / losses (-) on cash flow hedges	-46.6	6.5	-58.4	-10.0	-9.5
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	20.5	-2.2	32.4	6.2	-3.9
Translation differences	18.7	-3.3	40.9	29.8	65.9
Taxes relating to items that can be reclassified to statement of income	3.5	-0.9	3.7	0.9	2.3
Share of other comprehensive income of associates and JV, net of tax	0.2	-1.4	-0.4	-1.7	-0.3
Other comprehensive income, net of tax	**-7.1**	**-1.0**	**13.3**	**21.0**	**68.3**
Comprehensive income for the period	**33.7**	**24.9**	**75.2**	**56.4**	**315.0**
Comprehensive income for the period attributable to:					
Equity holders of the parent	33.9	24.8	75.5	56.3	314.6
Non-controlling interest	-0.2	0.0	-0.3	0.1	0.4
Total	**33.7**	**24.9**	**75.2**	**56.4**	**315.0**

The notes are an integral part of the half year financial report.

Consolidated balance sheet

ASSETS, MEUR	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current assets				
Goodwill		971.7	954.2	966.8
Other intangible assets		159.8	176.7	172.6
Property, plant and equipment		429.4	418.7	409.5
Investments in associated companies and joint ventures	16	71.8	76.3	73.7
Share investments	16	30.2	33.4	36.6
Loans receivable and other interest-bearing assets*	11	11.2	12.2	12.6
Deferred tax assets		138.3	125.6	129.7
Derivative assets	12	1.1	0.0	1.0
Other non-interest-bearing assets		10.3	17.6	8.4
Total non-current assets		**1,824.0**	**1,814.7**	**1,811.0**
Current assets				
Inventories		1,006.4	705.4	792.9
Loans receivable and other interest-bearing assets*	11	3.0	3.2	3.6
Income tax receivables		37.5	29.6	31.8
Derivative assets	12	14.4	7.4	10.8
Accounts receivable and other non-interest-bearing assets		1,036.2	800.9	888.3
Cash and cash equivalents*	11	313.3	397.2	488.8
Total current assets		**2,410.7**	**1,943.7**	**2,216.3**
Assets held for sale	**17**	**-**	**191.2**	**-**
Total assets		**4,234.7**	**3,949.7**	**4,027.3**

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	Note	30 Jun 2022	30 Jun 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		-4.4	-81.2	-45.2
Fair value reserves		-29.6	-0.2	-7.0
Reserve for invested non-restricted equity		52.8	54.0	54.0
Retained earnings		1,368.8	1,149.6	1,380.1
Total equity attributable to the equity holders of the parent		**1,549.8**	**1,284.5**	**1,544.3**
Non-controlling interest		1.5	2.5	2.7
Total equity		**1,551.3**	**1,287.0**	**1,547.0**
Non-current liabilities				
Interest-bearing liabilities*	11	881.3	881.2	876.1
Deferred tax liabilities		21.7	20.8	26.9
Pension obligations		109.8	113.1	112.9
Provisions		3.1	6.4	6.5
Other non-interest-bearing liabilities		71.2	66.8	68.3
Total non-current liabilities		**1,087.1**	**1,088.3**	**1,090.6**
Current liabilities				
Current portion of interest-bearing liabilities*	11	38.1	285.5	34.8
Other interest-bearing liabilities*	11	13.0	15.1	8.6
Provisions		129.6	90.7	103.3
Advances received		302.3	196.9	217.2
Income tax payables		30.0	19.9	37.6
Derivative liabilities	12	28.3	11.4	6.8
Accounts payable and other non-interest-bearing liabilities		1,055.0	881.0	981.3
Total current liabilities		**1,596.3**	**1,500.6**	**1,389.6**
Liabilities directly associated with the assets held for sale	**17**	**-**	**73.7**	**-**
Total equity and liabilities		**4,234.7**	**3,949.7**	**4,027.3**

*Included in interest-bearing net debt.

The notes are an integral part of the half year financial 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						62.2	62.2	-0.4	61.9
Cash flow hedges				-22.7			-22.7	-	-22.7
Translation differences			40.8				40.8	0.1	40.9
Actuarial gains and losses from defined benefit plans						1.5	1.5	-	1.5
Gains and losses on designated share investments measured at fair value						-6.4	-6.4	-	-6.4
Comprehensive income for the period*	**-**	**-**	**40.8**	**-22.7**	**-**	**57.3**	**75.5**	**-0.3**	**75.2**
Profit distribution						-69.5	-69.5	-0.5	-70.0
Treasury shares acquired					-1.2		-1.2		-1.2
Share-based payments						1.2	1.2		1.2
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-1.2**	**-68.4**	**-69.6**	**-0.5**	**-70.1**
Transactions with non-controlling interests						-0.3	-0.3	-0.4	-0.8
Equity 30 Jun 2022	**64.3**	**98.0**	**-4.4**	**-29.6**	**52.8**	**1,368.8**	**1,549.9**	**1.5**	**1,551.4**
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						35.4	35.4	0.1	35.4
Cash flow hedges				-4.5			-4.5	-	-4.5
Translation differences			29.8				29.8	0.1	29.8
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						-4.1	-4.1	-	-4.1
Comprehensive income for the period*	**-**	**-**	**29.8**	**-4.5**	**-**	**31.1**	**56.3**	**0.1**	**56.4**
Profit distribution						-69.5	-69.5	-0.4	-69.8
Treasury shares acquired					-3.4		-3.4		-3.4
Share-based payments						2.4	2.4		2.4
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-3.4**	**-67.1**	**-70.4**	**-0.4**	**-70.8**
Transactions with non-controlling interests							-		-
Equity 30 Jun 2021	**64.3**	**98.0**	**-81.2**	**-0.2**	**54.0**	**1,149.6**	**1,284.5**	**2.5**	**1,287.0**

*Net of tax

The notes are an integral part of the half year financial report.

Consolidated condensed statement of cash flows

MEUR	Note	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Net cash flow from operating activities						
Net income for the period		40.8	25.8	61.9	35.4	246.7
Depreciation, amortisation and impairment	8	32.6	28.6	61.2	59.2	117.4
Financing items		1.3	7.3	8.6	13.5	22.7
Taxes	9	5.4	11.7	14.5	20.4	86.4
Change in net working capital		-42.1	-58.5	-177.1	-62.5	-60.1
Other adjustments		0.2	-1.8	-1.3	-1.8	-243.7
Cash flow from operations before financing items and taxes		**38.1**	**13.1**	**-32.2**	**64.3**	**169.3**
Cash flow from financing items and taxes		-46.8	-21.6	-41.7	-54.0	-113.1
Net cash flow from operating activities		**-8.6**	**-8.5**	**-73.9**	**10.3**	**56.2**
Net cash flow from investing activities						
Acquisitions of businesses, net of cash acquired	15	0.8	-1.0	0.1	3.3	-2.2
Disposals of businesses, net of cash sold	15	0.1	0.3	1.5	0.3	354.5
Investments in associated companies and joint ventures	16	-	-1.3	-	-1.9	-1.9
Cash flow from investing activities, other items		-9.0	2.4	-18.7	-2.6	-15.9
Net cash flow from investing activities		**-8.1**	**0.4**	**-17.1**	**-1.0**	**334.5**
Net cash flow from financing activities						
Treasury shares acquired		-	-	-1.2	-3.4	-3.4
Repayments of lease liabilities		-10.6	-10.4	-21.0	-20.9	-40.6
Repayments of long-term borrowings		-	-	-	-	-250.0
Proceeds from short-term borrowings		-3.3	3.6	3.8	3.6	1.9
Repayments of short-term borrowings		-0.1	2.1	-1.3	-11.9	-30.5
Profit distribution		-11.0	-8.5	-70.0	-69.8	-69.8
Net cash flow from financing activities		**-25.0**	**-13.2**	**-89.8**	**-102.4**	**-392.4**
Change in cash and cash equivalents		**-41.8**	**-21.3**	**-180.7**	**-93.0**	**-1.7**
Cash and cash equivalents, and bank overdrafts at the beginning of period		347.4	412.4	488.2	482.3	482.3
Effect of exchange rate changes		6.0	0.4	4.3	1.9	7.5
Cash and cash equivalents included in assets held for sale	17	-	-	-	0.2	-
Cash and cash equivalents, and bank overdrafts at the end of period		**311.7**	**391.5**	**311.7**	**391.5**	**488.2**
Bank overdrafts at the end of period		1.6	5.8	1.6	5.8	0.6
Cash and cash equivalents at the end of period		**313.3**	**397.2**	**313.3**	**397.2**	**488.8**

The notes are an integral part of the half year financial report.

Notes to the half year financial 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 half year financial 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 half year financial 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

Alongside the corona pandemic, a new crisis arose as Russia invaded Ukraine. The war and the Western countermeasures against Russia have exacerbated the existing and created new market disruptions. 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. As the crisis continues, its effects are becoming more widespread and more serious as the war divides the world.

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. At the beginning of the second quarter, Kalmar's assembly plant in Shanghai was closed due to China's corona restrictions for about a month, after which the operation started gradually and returned to normal level in early June.

Cargotec's sales to Russia, Belarus 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’s equipment and spare parts are not sold to Russia, and Cargotec complies with the sanctions imposed on Russia. At the time of reporting, the assets of Cargotec's Russian subsidiaries totalled EUR 15.5 million and, in addition, Cargotec's subsidiaries outside Russia had trade receivables from Russia totalling EUR 0.8 million. Due to the prevailing risks and outlook, Cargotec 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 30 June, 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. The pre-tax WACC used in the testing was 10.7 (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 462.2 (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
30 June 2022	213.0	No impairment*	Impairment**	Impairment
31 Dec 2021	86.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was WACC before taxes +4.2 (31 Dec 2021: +1.0) percentage points.
**Threshold for impairment was estimation period sales -10 percent and operating profit -2.0 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 6 (183) million in the second, and EUR 113 (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 cranes business. In addition, Cargotec decided to 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 cranes business and MacGregor's business have concluded that both are presented as normal continuing businesses in the half year reporting. As the process progresses, Cargotec reassesses the fulfilment of the classification criteria. In preparation for the strategy change regarding the product group of heavy cranes, Kalmar recorded restructuring costs totaling EUR 25.3 million in the second quarter. Additional information about the restructuring is presented in note 19, Events after the reporting period.

4. Segment information

Sales, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Kalmar	428	382	800	705	1,512
Hiab	404	316	744	603	1,250
MacGregor	127	156	267	275	553
Internal sales	0	0	-1	0	-1
Total	**959**	**853**	**1,810**	**1,583**	**3,315**

Sales by geographical area, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
EMEA	465	427	900	805	1,641
Americas	350	271	621	495	1,033
Asia-Pacific	144	155	288	282	641
Total	**959**	**853**	**1,810**	**1,583**	**3,315**

Sales by geographical area, %	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
EMEA	49%	50%	50%	51%	49%
Americas	36%	32%	34%	31%	31%
Asia-Pacific	15%	18%	16%	18%	19%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Operating profit and EBITDA, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Kalmar	13.2	28.2	35.9	46.1	344.5
Hiab	62.6	40.0	106.1	73.2	144.7
MacGregor	-15.0	-1.0	-20.8	-8.9	-40.0
Corporate administration and support functions	-13.3	-22.5	-36.3	-41.1	-93.5
Operating profit	**47.5**	**44.8**	**85.0**	**69.3**	**355.7**
Depreciation, amortisation and impairment	32.6	28.6	61.2	59.2	117.4
EBITDA	**80.1**	**73.4**	**146.2**	**128.5**	**473.1**

Operating profit, %	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Kalmar	3.1%	7.4%	4.5%	6.5%	22.8%
Hiab	15.5%	12.7%	14.3%	12.1%	11.6%
MacGregor	-11.8%	-0.6%	-7.8%	-3.2%	-7.2%
Cargotec	5.0%	5.2%	4.7%	4.4%	10.7%

Items affecting comparability, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Kalmar					
Restructuring costs	-26.3	-0.3	-33.3	-0.7	-3.7
Impacts of the purchase price allocation	-0.2	-0.2	-0.5	-0.5	-0.9
Other items affecting comparability	-1.7	-4.7	-0.2	-6.3	229.0
Items affecting comparability, total	**-28.2**	**-5.2**	**-34.0**	**-7.4**	**224.4**

Hiab					
Restructuring costs	0.2	-4.7	-3.7	-9.6	-17.8
Impacts of the purchase price allocation	-0.8	-0.7	-2.1	-1.3	-3.7
Other items affecting comparability	0.0	0.0	0.0	0.0	0.0
Items affecting comparability, total	**-0.6**	**-5.3**	**-5.7**	**-10.9**	**-21.5**
MacGregor					
Restructuring costs	-0.3	-0.8	-2.4	-4.5	-8.6
Impacts of the purchase price allocation	-2.9	-2.9	-5.8	-5.7	-11.4
Other items affecting comparability	-4.5	-0.4	-5.3	-5.1	-5.3
Items affecting comparability, total	**-7.7**	**-4.1**	**-13.5**	**-15.3**	**-25.3**
Corporate administration and support functions					
Restructuring costs	-0.2	-0.9	-0.5	-1.5	-3.2
Other items affecting comparability	-1.4	-9.3	-12.1	-16.7	-50.2
Items affecting comparability, total	**-1.6**	**-10.2**	**-12.6**	**-18.2**	**-53.4**
Total	**-38.0**	**-24.8**	**-65.8**	**-51.9**	**124.2**

Comparable operating profit, MEUR	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
Kalmar	41.4	33.4	69.9	53.6	120.1
Hiab	63.2	45.4	111.8	84.1	166.3
MacGregor	-7.4	3.1	-7.2	6.4	-14.7
Corporate administration and support functions	-11.7	-12.3	-23.7	-22.9	-40.1
Total	**85.5**	**69.6**	**150.8**	**121.2**	**231.5**

Comparable operating profit, %	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
Kalmar	9.7%	8.8%	8.7%	7.6%	7.9%
Hiab	15.6%	14.4%	15.0%	14.0%	13.3%
MacGregor	-5.8%	2.0%	-2.7%	2.3%	-2.7%
Cargotec	**8.9%**	**8.2%**	**8.3%**	**7.7%**	**7.0%**

Orders received, MEUR	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
Kalmar	567	600	1,066	1,129	2,063
Hiab	523	508	1,005	933	1,713
MacGregor	301	169	455	331	652
Internal orders received	0	0	0	0	0
Total	**1,390**	**1,276**	**2,525**	**2,392**	**4,427**

Orders received by geographical area, MEUR	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
EMEA	598	608	1,137	1,141	2,049
Americas	479	477	884	823	1,506
Asia-Pacific	313	192	505	428	873
Total	**1,390**	**1,276**	**2,525**	**2,392**	**4,427**

Orders received by geographical area, %	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
EMEA	43%	48%	45%	48%	46%
Americas	34%	37%	35%	34%	34%
Asia-Pacific	23%	15%	20%	18%	20%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Order book, MEUR	**30 Jun 2022**	**30 Jun 2021**	**31 Dec 2021**
Kalmar	1,600	1,258	1,302
Hiab	1,250	831	985
MacGregor	746	517	560
Internal order book	0	0	0
Total	**3,596**	**2,606**	**2,847**

Number of employees at the end of period	**30 Jun 2022**	**30 Jun 2021**	**31 Dec 2021**
Kalmar	5,058	5,491	4,876
Hiab	3,695	3,308	3,585
MacGregor	1,921	1,927	1,909
Corporate administration and support functions	818	770	804
Total	**11,492**	**11,496**	**11,174**

Average number of employees	**Q2/22**	**Q2/21**	**2021**
Kalmar	4,932	5,468	5,158
Hiab	3,665	3,357	3,399
MacGregor	1,912	1,945	1,929
Corporate administration and support functions	809	703	747
Total	**11,317**	**11,472**	**11,232**

5. Revenue from contracts with customers

Cargotec, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Equipment sales	645	548	1,201	987	2,143
Service sales	303	268	586	523	1,076
Software sales	11	37	22	73	95
Total sales	**959**	**853**	**1,810**	**1,583**	**3,315**
Recognised at a point in time	889	755	1,647	1,330	2,870
Recognised over time	69	98	163	253	445

Kalmar, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Equipment sales	282	234	519	409	948
Service sales	135	111	259	223	468
Software sales	11	37	22	73	95
Total sales	**428**	**382**	**800**	**705**	**1,512**
Recognised at a point in time	398	324	719	580	1,268
Recognised over time	30	58	81	125	244

Hiab, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Equipment sales	305	226	552	428	899
Service sales	99	90	192	175	351
Total sales	**404**	**316**	**744**	**603**	**1,250**
Recognised at a point in time	400	312	737	597	1,237
Recognised over time	3	3	7	7	13

MacGregor, MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Equipment sales	59	89	132	150	296
Service sales	68	67	135	125	257
Total sales	**127**	**156**	**267**	**275**	**553**
Recognised at a point in time	91	119	192	154	365
Recognised over time	36	37	75	121	188

6. Share-based payments

In May 2022, The Board of Directors of Cargotec Corporation decided to establish a new share-based incentive program for the group's key employees. The reward according to the new share-based incentive programme 2022–2024 is conditional on the achievement of the strategic goals determined by the board. The reward will be paid in two instalments, half in spring 2023 and half in spring 2024. Shares paid as a reward for the first instalment of the programme may not be sold, transferred, pledged or otherwise given away during the restriction period that ends on December 31, 2023. The program is intended for approximately 60 key personnel of the Cargotec Group, including selected members of the management team. A maximum of approximately 108,000 Cargotec Oyj B-series shares will be distributed as a reward from the programme. In addition, the reward includes a portion to be paid in cash to cover the taxes and tax-related payments arising from the reward.

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 for the key employees of the business areas Kalmar, Hiab and MacGregor during the last measuring period 2022 is based on the business areas' Mission Climate roadmap and development of the eco portfolio. 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 for the key employees of the business areas Kalmar, Hiab and MacGregor during the second measuring period 2022 will be based on the business areas' service gross profit. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit.

For the performance period of 2022-2024, the potential reward of the programme in the first measurement period 2022 is based on a comparable operating profit for the key personnel of the business areas Kalmar, Hiab and MacGregor. The earning criteria for the key personnel of the corporate administration is the comparable operating profit of the Cargotec Group. The rewards paid for the earning period 2022–2024 are a maximum of approximately 280,000 Cargotec Oyj's series B shares. In addition, the rewards include a monetary portion, which aims to cover the taxes and tax-related payments incurred by the key personnel.

The board has also decided that for the third period of the restricted shares programme 2022–2024, a total of approximately 31,000 B series shares of Cargotec Oyj will be allocated. In addition, the rewards include a monetary portion, which aims to cover the taxes and tax-related payments incurred by the key personnel.

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	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Operating profit	**47.5**	**44.8**	**85.0**	**69.3**	**355.7**
Restructuring costs					
Employment termination costs	0.0	1.9	1.6	7.3	17.2
Impairments of owned non-current assets	-	-	-	-	0.6
Impairments of inventories	0.1	-	0.0	0.1	1.2
Restructuring-related disposals of businesses*	0.1	-0.4	0.3	-0.5	-3.4
Other restructuring costs**	26.3	5.3	38.1	9.4	17.6
Restructuring costs, total	**26.6**	**6.7**	**40.0**	**16.4**	**33.3**
Impacts of the purchase price allocation	**3.9**	**3.7**	**8.3**	**7.5**	**16.0**
Other items affecting comparability					
Insurance benefits	-	-	-	-2.1	-2.1
Expenses related to business acquisitions or disposals***	4.5	4.1	4.7	12.1	-223.5
Merger plan with Konecranes Plc	0.6	9.5	9.5	17.1	50.4
Other costs	2.4	0.8	3.3	0.8	1.6
Other items affecting comparability, total	**7.6**	**14.4**	**17.6**	**28.0**	**-173.6**
Comparable operating profit	**85.5**	**69.6**	**150.8**	**121.2**	**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. First quarter of 2022 includes an EUR 10 million impairment provision to assets that relate to Cargotec's business in Russia. Kalmar booked in the second quarter an EUR 25 million restructuring cost related to the plans to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. (RIC) in China and the plans to ramp down the heavy cranes business. From heavy cranes business ramp down costs, EUR 24 million is included to other restructuring costs.

***Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals and note 16, Joint ventures and associated companies. MacGregor booked in the second quarter of 2022 a total of EUR 4 million impairments into the values of its two Chinese joint venture holdings. Year 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. 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	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
Owned assets					
Intangible assets	1.4	1.4	2.9	1.9	7.1
Land and buildings	1.3	0.5	1.7	0.8	1.7
Machinery and equipment	14.3	7.2	27.1	14.7	34.5
Right-of-use assets					
Land and buildings	8.6	6.9	24.6	11.9	19.0
Machinery and equipment	3.8	4.8	7.0	7.2	17.9
Total	**29.3**	**20.9**	**63.3**	**36.6**	**80.2**

Depreciation, amortisation and impairment, MEUR	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
Owned assets					
Intangible assets	5.7	6.2	11.5	13.7	26.1
Land and buildings	1.5	1.6	2.9	3.1	6.3
Machinery and equipment	11.4	9.6	22.8	21.3	43.2
Right-of-use assets					
Land and buildings	9.8	7.7	16.1	14.0	27.9
Machinery and equipment	4.2	3.5	7.9	7.0	13.9
Total	**32.6**	**28.6**	**61.2**	**59,2**	**117.4**

9. Taxes in statement of income

MEUR	**Q2/22**	**Q2/21**	**Q1-Q2/22**	**Q1-Q2/21**	**2021**
Current year tax expense	20.2	7.8	37.1	18.8	88.0
Change in current year's deferred tax assets and liabilities	-4.2	1.3	-10.9	-1.0	-3.4
Tax expense for previous years	-10.6	2.5	11.6	2.6	1.8
Total	**5.4**	**11.7**	**14.5**	**20.4**	**86.4**

10. Net working capital

MEUR	30 Jun 2022	30 Jun 2021	31 Dec 2021
Inventories	1,006.4	705.4	792.9
Operative derivative assets	38.7	16.9	18.5
Accounts receivable	764.0	568.6	632.9
Other operative non-interest-bearing assets	267.8	247.9	250.6
Working capital assets	**2,076.9**	**1,538.8**	**1,694.9**
Provisions	-132.7	-97.1	-109.8
Advances received	-302.3	-196.9	-217.2
Operative derivative liabilities	-73.6	-13.8	-26.8
Accounts payable	-575.2	-449.7	-518.8
Pension obligations	-109.8	-113.1	-112.9
Other operative non-interest-bearing liabilities	-545.2	-489.3	-525.2
Working capital liabilities	**-1,738.9**	**-1,360.0**	**-1,510.6**
Net working capital in the balance sheet	**338.0**	**178.9**	**184.3**
Net working capital of assets held for sale and associated liabilities held for sale*	-	-9.4	-
Total	**338.0**	**169.5**	**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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Interest-bearing liabilities	932.5	1,181.8	919.5
Lease liabilities included in interest-bearing liabilities	171.2	169.1	163.0
Loans receivable and other interest-bearing assets	-14.2	-15.5	-16.2
Cash and cash equivalents	-313.3	-397.2	-488.8
Interest-bearing net debt in balance sheet	**605.0**	**769.1**	**414.5**
Interest-bearing net debt of assets and related liabilities held for sale	-	3.5	-
Interest-bearing net debt*	**605.0**	**772.6**	**414.5**
Equity	1,551.3	1,287.0	1,547.0
Gearing	**39.0%**	**60.0%**	**26.8%**

MEUR	Q2/22	Q2/21	2021
Operating profit, last 12 months	371.4	132.7	355.7
Depreciation, amortisation and impairment, last 12 months	119.4	128.4	117.4
EBITDA, last 12 months	**490.8**	**261.1**	**473.1**
Interest-bearing net debt / EBITDA, last 12 months*	**1.2**	**3.0**	**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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Cash and cash equivalents	313.3	397.2	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	-51.1	-300.7	-43.4
Liquidity of asset held for sale and liabilities directly associated with asset held for sale	-	-1.6	-
Liquidity	**562.2**	**394.9**	**745.4**

12. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Jun 2022	Negative fair value 30 Jun 2022	Net fair value 30 Jun 2022	Net fair value 30 Jun 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	2.7	12.6	-9.9	-3.8	-0.8
Currency forwards, other	11.7	15.7	-4.1	-0.2	4.7
Total current	**14.4**	**28.3**	**-13.9**	**-4.0**	**4.0**
Total derivatives	**15.5**	**28.3**	**-12.8**	**-4.0**	**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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Currency forward contracts	3,631.6	2,793.5	2,955.3
Cash flow hedge accounting	2,439.0	1,555.3	1,868.0
Other	1,192.6	1,238.1	1,087.3
Total	**3,631.6**	**2,793.5**	**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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Guarantees given on behalf of associated companies and joint ventures	-	2.5	2.9
Guarantees given on behalf of others	-	0.4	-
Customer financing	11.5	16.1	13.6
Off-balance sheet leases	2.8	0.6	3.1
Other contingent liabilities	1.0	2.5	2.5
Total	**15.3**	**22.0**	**22.1**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from the ordinary course of business. The total amount of these guarantees on 30 Jun 2022 was EUR 524.5 (30 Jun 2021: 402.5 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 3.7 (1-6/2021: 0.8 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	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	2021
Sale of products and services					
Joint ventures	0.3	0.3	0.7	0.5	1.0
Total	**0.3**	**0.3**	**0.7**	**0.5**	**1.0**
Purchase of products and services					
Associated companies	0.0	0.0	0.0	0.0	-
Joint ventures	0.1	1.4	1.1	2.2	4.3
Total	**0.1**	**1.4**	**1.1**	**2.2**	**4.3**

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

Balances with associated companies and joint ventures

MEUR	30 Jun 2022	30 Jun 2021	31 Dec 2021
Loans receivable			
Associated companies	12.0	13.4	13.0
Total	**12.0**	**13.4**	**13.0**
Accounts receivable			
Associated companies	-	0.1	0.0
Joint ventures	0.5	0.8	0.4
Total	**0.5**	**0.9**	**0.4**
Accounts payable			
Joint ventures	1.3	1.4	1.1
Total	**1.3**	**1.4**	**1.1**

Dividends received from associated companies and joint ventures

MEUR	Q2/22	Q2/21	Q1-Q2/22	Q1-Q2/21	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 3.5 million of intangible assets, and EUR 8.5 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	5.5
Property, plant and equipment	2.2
Inventories	9.7
Accounts receivable and other non-interest-bearing receivables	3.6
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	**-3.2**
Purchase price, payable in cash	7.2
Total consideration	**7.2**
Goodwill	**10.3**
Purchase price, paid in cash	7.3
Cash and cash equivalents acquired, including overdrafts	-0.1
Cash flow impact	**7.4**

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 half of 2022. With the transaction, THH will cease manufacturing and selling hatch covers in China under the TTS brand. In June, MacGregor recorded an impairment of EUR 1.8 million in the value of its holding, which has been included to other items affecting comparability, after which the balance sheet value of its holding in the joint venture was EUR 7.1 (31.12.2021: 9.0) million on the reporting date.

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. (CMME), a joint venture established in 2021. The transfer is done in stages and is expected to be completed in the second half of 2022 resulting in the closure of TBH. In June, MacGregor recorded an impairment of EUR 2.0 million in the value of its holding, which has been included to other items affecting comparability. Additionally, EUR 0.9 million of intangible assets included in the carrying value of TBH were transferred to the carrying value of CMME. The balance sheet value of the holding in the joint venture was EUR 8.1 (31.12.2021: 10.2) million on the reporting date.

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, which had a cost impact 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 third quarter of 2022. MacGregor recognized a loss of EUR 12.7 million on establishment of the joint venture 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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current assets				
Goodwill**		-	80.4	-
Other intangible assets		-	66.7	-
Property, plant and equipment		-	5.0	-
Loans receivable and other interest-bearing assets*	11	-	0.3	-
Deferred tax assets		-	1.9	-
Other non-interest-bearing assets		-	1.0	-
Total non-current assets		**-**	**155.3**	**-**
Current assets				
Inventories		-	0.5	-
Loans receivable and other interest-bearing assets*	11	-	0.3	-
Income tax receivables		-	1.2	-
Accounts receivable and other non-interest-bearing assets		-	33.8	-
Cash and cash equivalents*	11	-	0.2	-
Total current assets		**-**	**35.9**	**-**
Assets held for sale		**-**	**191.2**	**-**

LIABILITIES, MEUR		30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current liabilities				
Interest-bearing liabilities*	11	-	2.4	-
Deferred tax liabilities		-	19.2	-
Pension obligations		-	1.6	-
Total non-current liabilities		**-**	**23.2**	**-**
Current liabilities				
Current portion of interest-bearing liabilities*	11	-	1.9	-
Advances received		-	29.8	-
Accounts payable and other non-interest-bearing liabilities		-	18.9	-
Total current liabilities		**-**	**50.5**	**-**
Liabilities directly associated with the assets held for sale		**-**	**73.7**	**-**

*Included in interest-bearing net debt.
**The amount of goodwill allocated as held for sale is based on an estimate on 30 June 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 half of 2022, Cargotec had recognised EUR 67 million in merger-related expenses, of which EUR 10 million have been recognised in 2022. Cargotec estimates that the costs associated with the merger will no longer increase substantially.

19. Events after the reporting period

On 14 July, Kalmar and Rainbow Industries Co. Ltd. (RIC) entered into an agreement whereby Kalmar transfers heavy cranes' related intellectual properties and assets to RIC in China. The transfer of intellectual properties relate to rubber-tyred gantry cranes (RTG), rail-mounted gantry cranes (RMG), ship-to-shore cranes (STS), and automatic stacking cranes (ASC) which are currently assembled and manufactured at RIC's facility in Taicang, China. RIC has been Cargotec's Original Equipment Manufacturing (OEM) subcontractor providing assembly services for Cargotec's business areas, Kalmar and MacGregor, since 2020 and prior to that Cargotec and Rainbow operated through a joint venture in China since 2013.

As part of the agreement, about 40 local Kalmar employees in China are estimated to move, subject to local legal requirements, over to RIC once the contractual obligations have been completed. The planned change is estimated to be concluded in September. The planned change is subject to approval from Chinese authorities.

As a result of the planned contract to transfer the intellectual property rights of heavy cranes to RIC in China and the plan to ramp down the heavy crane business, Kalmar recorded EUR 25 million in restructuring costs for the second quarter of 2022 and, according to a preliminary estimate, will record EUR 11 million for the third quarter of 2022.

Key exchange rates for euro

Closing rates	30 Jun 2022	30 Jun 2021	31 Dec 2021
SEK	10.730	10.111	10.250
USD	1.039	1.188	1.133

Average rates	Q1-Q2/22	Q1-Q2/21	2021
SEK	10.459	10.131	10.147
USD	1.092	1.206	1.185

Key figures

		Q1-Q2/22	Q1-Q2/21	2021
Equity / share	EUR	24.03	19.92	23.95
Equity to asset ratio	%	39.4%	34.6%	40.6%
Interest-bearing net debt	MEUR	605.0	772.6	414.5
Interest-bearing net debt / EBITDA, last 12 months		1.2	3.0	0.9
Gearing	%	39.0%	60.0%	26.8%
Return on equity (ROE), last 12 months	%	19.2%	5.3%	17.3%
Return on capital employed (ROCE), last 12 months	%	15.2%	5.3%	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)	=	Net income attributable to the equity holders of the parent / Average number of outstanding shares during financial year
Diluted earnings per share (EUR)	=	Net income attributable to the equity holders of the parent / 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	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA, last 12 months}}$	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	$\dfrac{\text{Total equity}}{\text{Total assets - advances received}}$	Used to measure solvency and describe the share of the company's assets financed by equity.	Balance sheet
Gearing (%)	= 100 x	$\dfrac{\text{Interest-bearing net debt}}{\text{Total equity}}$	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.

CARGOTEC

Quarterly key figures

Cargotec		Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Orders received	MEUR	1,390	1,135	1,051	985	1,276
Service orders received	MEUR	309	307	308	271	284
Order book	MEUR	3,596	3,151	2,847	2,696	2,606
Sales	MEUR	959	851	910	822	853
Service sales	MEUR	303	284	289	264	268
Service sales, % of sales	%	32%	33%	32%	32%	31%
Eco portfolio sales	MEUR	217	202	166	140	173
Eco portfolio sales, % of sales	%	23%	24%	18%	17%	20%
Operating profit	MEUR	47.5	37.5	8.3	278.2	44.8
Operating profit	%	5.0%	4.4%	0.9%	33.8%	5.2%
Comparable operating profit	MEUR	85.5	65.3	45.5	64.8	69.6
Comparable operating profit	%	8.9%	7.7%	5.0%	7.9%	8.2%
Earnings per share	EUR	0.64	0.33	-0.13	3.40	0.40

Kalmar		Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Orders received	MEUR	567	499	513	421	600
Order book	MEUR	1,600	1,449	1,302	1,226	1,258
Sales	MEUR	428	372	430	377	382
Service sales	MEUR	135	124	130	115	111
Comparable operating profit	MEUR	41.4	28.5	36.5	30.0	33.4
Comparable operating profit	%	9.7%	7.7%	8.5%	8.0%	8.8%

Hiab		Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Orders received	MEUR	523	482	384	396	508
Order book	MEUR	1,250	1,125	985	922	831
Sales	MEUR	404	340	339	309	316
Service sales	MEUR	99	93	89	87	90
Comparable operating profit	MEUR	63.2	48.6	40.4	41.7	45.4
Comparable operating profit	%	15.6%	14.3%	11.9%	13.5%	14.4%

MacGregor		Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Orders received	MEUR	301	154	153	168	169
Order book	MEUR	746	577	560	549	517
Sales	MEUR	127	140	141	137	156
Service sales	MEUR	68	67	70	63	67
Comparable operating profit	MEUR	-7.4	0.1	-23.7	2.5	3.1
Comparable operating profit	%	-5.8%	0.1%	-16.7%	1.8%	2.0%