

Cargotec's interim report January–September 2022

STRONG PERFORMANCE CONTINUED IN CORE BUSINESSES



Cargotec's interim report January–September 2022: Strong performance continued in core businesses

- All-time high comparable operating profit
- Orders received increased in all business areas
- Supply chain challenges and market uncertainties are expected to continue
- Outlook for 2022 specified

July–September 2022 in brief: Eco portfolio sales nearly doubled

- Orders received increased by 16 percent and totalled EUR 1,147 (985) million.
- Order book amounted to EUR 3,732 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 27 percent and totalled EUR 1,041 (822) million.
- Service sales increased by 22 percent and totalled EUR 323 (264) million.
- Service sales represented 31 (32) percent of consolidated sales.
- Eco portfolio sales increased by 97 percent and totalled EUR 276 (140) million.
- Eco portfolio sales represented 27 (17) percent of consolidated sales.
- Operating profit was EUR 50 (278) million, representing 4.8 (33.8) percent of sales. The operating profit includes items affecting comparability worth EUR -43 (213) million. The decrease in the operating profit is mainly due to the sales gain of the Navis software business divestment.
- Comparable operating profit increased by 43 percent and amounted to EUR 93 (65) million, representing 8.9 (7.9) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 116 (45) million.
- Net income for the period amounted to EUR 29 (219) million.
- Earnings per share was EUR 0.45 (3.40).

January–September 2022 in brief: Order book at record level

- Orders received increased by 9 percent and totalled EUR 3,672 (3,377) million.
- Order book amounted to EUR 3,732 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 19 percent and totalled EUR 2,850 (2,405) million.
- Service sales increased by 16 percent and totalled EUR 910 (787) million.
- Service sales represented 32 (33) percent of consolidated sales.
- Eco portfolio sales increased by 51 percent and totalled EUR 696 (460) million.
- Eco portfolio sales represented 24 (19) percent of consolidated sales.
- Operating profit was EUR 135 (347) million, representing 4.7 (14.4) percent of sales. The operating profit includes items affecting comparability worth EUR -109 (161) million.
- Comparable operating profit increased by 31 percent and amounted to EUR 243 (186) million, representing 8.5 (7.7) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 84 (110) million.
- Net income for the period amounted to EUR 91 (255) million.
- Earnings per share was EUR 1.41 (3.95).

Outlook for 2022 specified

Cargotec expects its comparable operating profit for 2022 to improve by EUR 88–118 million from 2021 (from EUR 232 million to EUR 320–350 million).

In its outlook reiterated on 20 July 2022, Cargotec expected its comparable operating profit for 2022 to improve from 2021 (EUR 232 million).

Cargotec's key figures

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Orders received	1,147	985	16%	3,672	3,377	9%	4,427
Service orders received	325	271	20%	941	854	10%	1,162
Order book, end of period	3,732	2,696	38%	3,732	2,696	38%	2,847
Sales	1,041	822	27%	2,850	2,405	19%	3,315
Service sales	323	264	22%	910	787	16%	1,076
Service sales, % of sales	31%	32%		32%	33%		32%
Eco portfolio sales	276	140	97%	696	460	51%	626
Eco portfolio sales, % of sales	27%	17%		24%	19%		19%
Operating profit	50.0	278.2	-82%	134.9	347.5	-61%	355.7
Operating profit, %	4.8%	33.8%		4.7%	14.4%		10.7%
Comparable operating profit	92.7	64.8	43%	243.5	186.0	31%	231.5
Comparable operating profit, %	8.9%	7.9%		8.5%	7.7%		7.0%
Income before taxes	43.2	272.6	-84%	119.6	328.4	-64%	333.1
Cash flow from operations before financing items and taxes	116.1	45.3	> 100%	84.0	109.6	-23%	169.3
Net income for the period	28.9	219.5	-87%	90.8	254.9	-64%	246.7
Earnings per share, EUR	0.45	3.40	-87%	1.41	3.95	-64%	3.82
Interest-bearing net debt, end of period	481	465	3%	481	465	3%	414
Gearing, %	30.3%	30.6%		30.3%	30.6%		26.8%
Interest-bearing net debt / EBITDA*	1.8	1.0		1.8	1.0		0.9
Return on capital employed (ROCE), last 12 months, %	5.8%	14.3%		5.8%	14.3%		14.5%
Personnel, end of period	11,525	10,868	6%	11,525	10,868	6%	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: Yet another record quarter, determined steps in executing our refocused strategy

The performance of the core businesses of our refocused strategy, Hiab and new Kalmar, continued to be strong also in the third quarter. Following this, we made record results in comparable operating profit, order book, sales and services sales. I am particularly pleased that the comparable operating profit margin of the core businesses was about 11 percent when the reported comparable operating profit margin was slightly below 9.

Our third quarter comparable operating profit was an all-time high, and the combined comparable operating profit for the three first quarters was as much as EUR 12 million higher than the whole of last year. We are therefore specifying our outlook for the rest of the year: we expect the comparable operating profit for 2022 to improve to EUR 320–350 million from EUR 232 million in 2021.

Orders received increased in all businesses. Our order book reached yet another record, increasing by 38 percent from the comparison period and 4 percent from the previous quarter. Component shortages, delays in truck deliveries as well as global logistics challenges still limited our ability to fully respond to demand, but we managed to increase our sales by 27 percent from the comparison period. The general cost increases are affecting us as well but we have mostly been able to transfer the increased costs to our prices.

The performance of our service business during the third quarter was excellent. Sales was at an all-time high level and service orders received increased by 20 percent from the comparison period. The utilisation of our connected equipment remained on a high level and supported spare parts sales which, among other things, explains the good development.

We have been executing our refocused strategy now for six months. Going forward, we will focus on sustainability and profitable growth in Hiab and in Kalmar mobile equipment and exit from Kalmar's heavy cranes business. We announced in July that Kalmar is planning to transfer heavy cranes related intellectual properties and assets to Rainbow Industries Co. Ltd. in China. The process is at its final stages with the transfer of the last assets presently ongoing.

In accordance with our strategy, we have also evaluated our operating model for it to serve the refocused company in the best possible way. Based on the evaluation, we will increase the independence of our business areas even further. As an example, tasks related to sourcing and information management are planned to be transferred from the group level to businesses. Cargotec's centralised work in the field of digitalisation has been successful. As per our new operating model, this work transfers to business areas in its entirety. Increasing the independence of the business areas speeds up decision-making and our operational capabilities, and improves our customer centricity even further.

In March, we announced the evaluation of strategic options of MacGregor including also a potential sale of the business. The evaluation is still ongoing.

Our investments in developing sustainable offering are producing results. Our eco portfolio sales almost doubled from the comparison period, constituting 27 percent of the consolidated sales. The number of orders for Kalmar's hybrid straddle and shuttle carriers has exceeded 500 worldwide. When comparing these hybrid devices to conventional ones, more than 400,000 tonne CO₂ emission reductions are achieved over the life cycle, which corresponds to annual emissions of 174,000 passenger cars. We continue our strong investments in product development. As an

example, during the quarter Hiab introduced the world's first hooklift made mostly from fossil-free steel.

Cargotec's Capital Markets Day will be held on 15 November with the possibility to attend both on location in Helsinki, Finland, as well as online. The event focuses on our refocused strategy, core businesses Hiab and Kalmar as well as future shareholder potential. We welcome the analysts and investors to hear and discuss Cargotec's business now and in the future.

Reporting segments' key figures

Orders received

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Kalmar	470	421	12%	1,537	1,550	-1%	2,063
Hiab	425	396	7%	1,430	1,329	8%	1,713
MacGregor	252	168	50%	706	499	42%	652
Internal orders	0	0		0	0		0
Total	1,147	985	16%	3,672	3,377	9%	4,427

Order book

MEUR	30 Sep 2022	31 Dec 2021	Change
Kalmar	1,569	1,302	20%
Hiab	1,301	985	32%
MacGregor	861	560	54%
Internal order book	1	0	
Total	3,732	2,847	31%

Sales

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Kalmar	526	377	40%	1,325	1,082	22%	1,512
Hiab	378	309	23%	1,122	912	23%	1,250
MacGregor	137	137	0%	403	412	-2%	553
Internal sales	0	0		-1	-1		-1
Total	1,041	822	27%	2,850	2,405	19%	3,315

Operating profit

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Kalmar	39.2	265.8	-85%	75.1	311.9	-76%	344.5
Hiab	49.6	37.6	32%	155.7	110.8	41%	144.7
MacGregor	-25.8	1.0	< -100%	-46.5	-7.9	< -100%	-40.0
Corporate administration and support functions	-13.1	-26.2	50%	-49.4	-67.3	27%	-93.5
Total	50.0	278.2	-82%	134.9	347.5	-61%	355.7

Comparable operating profit

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Kalmar	50.8	30.0	69%	120.6	83.6	44%	120.1
Hiab	50.1	41.7	20%	161.9	125.9	29%	166.3
MacGregor	2.7	2.5	7%	-4.6	8.9	< -100%	-14.7
Corporate administration and support functions	-10.8	-9.4	-15%	-34.5	-32.4	-7%	-40.1
Total	92.7	64.8	43%	243.5	186.0	31%	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 the latest 2:30 p.m. EEST.

The telephone conference, during which questions may be presented, can be accessed with code 4693576# by calling one of the following numbers:

- Finland: +358 9 2319 5437
- France: +33 (0) 1 7037 7166
- Germany: +49 (0) 30 3001 90612
- Singapore: +65 6494 8889
- Sweden: +46 (0) 8 505 20424
- Switzerland: +41 (0) 43 456 9986
- United Kingdom: +44 (0) 33 0551 0200
- USA: +1 212 999 6659

The event can also be viewed as a live webcast at <https://cargotec.videosync.fi/2022-q3>. 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 to 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

Aki Vesikallio, Vice President, Investor Relations, tel. +358 40 729 1670

Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has signed the United Nations Global Compact Business Ambition for 1.5°C. The company's sales in 2021 totalled approximately EUR 3.3 billion and it employs around 11,500 people. www.cargotec.com

Cargotec's January–September 2022 interim report

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

Operating environment

The uncertainty of the market environment increased during the third quarter. The market growth is estimated to continue but the market forecasts have been decreased. This 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. The utilisation rates of our connected equipment decreased slightly from a high level.

According to the International Monetary Fund's (IMF) world economic outlook published in October 2022, the global economy is projected to grow 3.2 percent in 2022 and 2.7 percent in 2023. In its advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), IMF projects a 2.4 percent growth in 2022 and a 1.1 percent growth in 2023. The growth projections have decreased compared to IMF's previous outlook.¹

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to have increased by 1 percent during January–September and increase by 1.5 percent in 2022. The forecast has been lowered from the previous estimate in March, following the deterioration in the macroeconomic outlook, 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 3 percent in the US during the third quarter. In 2022, Oxford Economics estimates construction activity to increase by approximately 3 percent in Europe from the previous year level and decrease by about 4 percent in the US.³

The demand for MacGregor's cargo handling solutions is driven by the level of merchant ship contracting which, against a strong comparison period, had declined to 928 (1,221) at the end of the third quarter. The rising newbuilding prices as well as longer delivery times due to fully-booked shipyards have affected the ordering. The merchant ship order volumes in 2022 are expected to decline to 1,305 from a strong comparison period (1,966). The estimate has been lowered from the previous one, when it was 1,365. 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 offshore operations. The focus of new orders is estimated to remain in vessels supporting wind power while the offshore wind farms are growing in size and being built farther from the coast into deeper waters. The demand for offshore oil and gas field support vessels is also expected to pick

¹ International Monetary Fund: World Economic Outlook, October 2022

² Drewry Container Forecaster, September 2022

³ Oxford Economics, September 2022

up, as European operators look for ways to ensure energy availability when moving away from the use of Russian energy sources.⁴

⁴ Clarkson, September 2022
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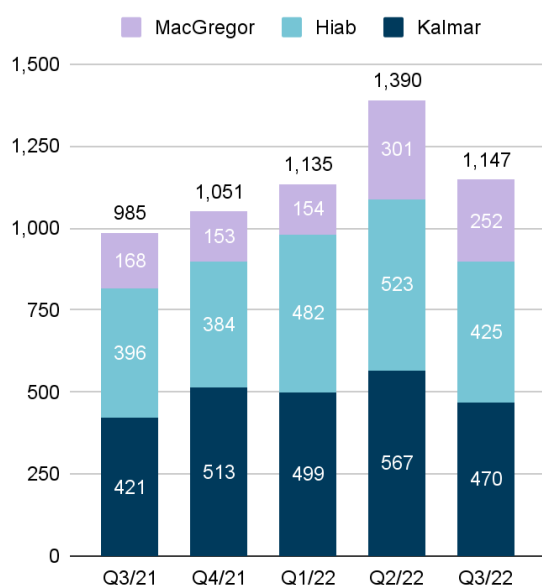
Financial performance

Orders received and order book

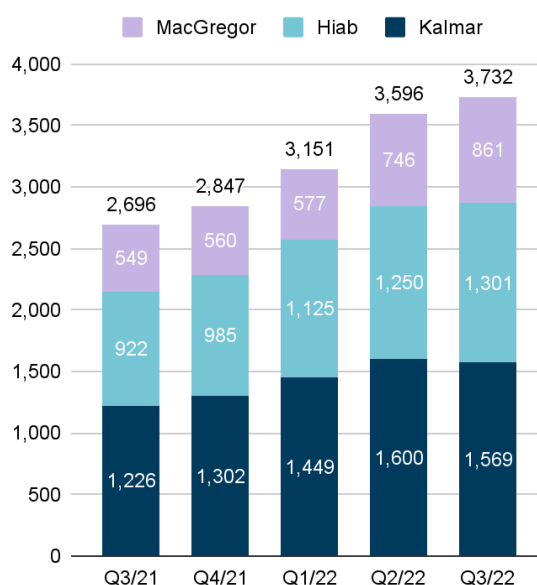
Orders received and order book

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Orders received	1,147	985	16%	3,672	3,377	9%	4,427
Service orders received	325	271	20%	941	854	10%	1,162
Order book, end of period	3,732	2,696	38%	3,732	2,696	38%	2,847

Orders received, MEUR



Order book, MEUR



In the third quarter of 2022, orders received increased by 16 percent from the comparison period and totalled EUR 1,147 (985) million. Orders received increased in all business areas. Service orders received increased by 20 percent and totalled EUR 325 (271) million.

In January–September, orders received increased by 9 percent from the comparison period and totalled EUR 3,672 (3,377) million. Hiab's and MacGregor's orders increased from the comparison period while orders received decreased in Kalmar. Service orders received increased by 10 percent and totalled EUR 941 (854) million.

The order book increased by 31 percent from the end of 2021, and at the end of the third quarter it totalled EUR 3,732 (31 Dec 2021: 2,847) million. Kalmar's order book totalled EUR 1,569 (1,302) million, representing 42 (46) percent, Hiab's EUR 1,301 (985) million or 35 (35) percent and MacGregor's EUR 861 (560) million or 23 (20) percent of the consolidated order book.

In geographical terms, the share of orders received in the second quarter was 40 (41) percent in EMEA and 36 (35) percent in the Americas. Asia-Pacific's share of orders received was 24 (24) percent.

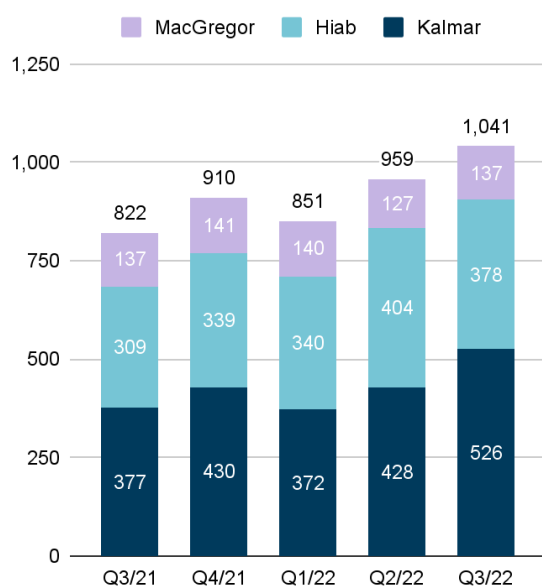
In January–September, the share of orders received was 43 (46) percent in EMEA and 35 (34) percent in the Americas. Asia-Pacific’s share of orders received was 22 (20) percent.

Sales

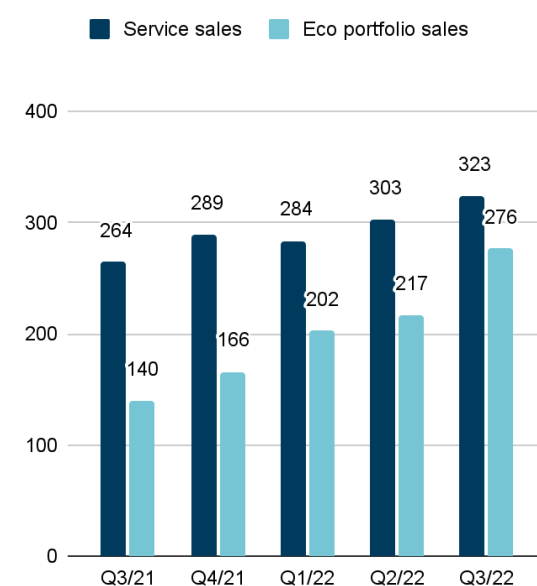
Sales

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Sales	1,041	822	27%	2,850	2,405	19%	3,315
Service sales	323	264	22%	910	787	16%	1,076
Eco portfolio sales	276	140	97%	696	460	51%	626

Sales, MEUR



Service and eco portfolio sales, MEUR



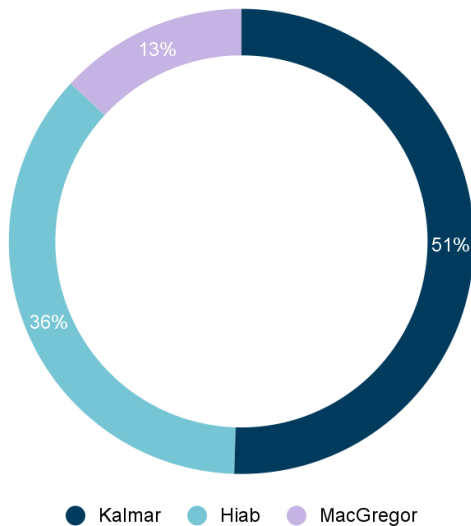
In the third quarter of 2022, sales increased from the comparison period by 27 percent and amounted to EUR 1,041 (822) million. Sales increased in Kalmar and Hiab while MacGregor’s sales remained at the comparison period level. Service sales increased by 22 percent from the comparison period and totalled EUR 323 (264) million, representing 31 (32) percent of consolidated sales. Software sales decreased by 8 percent and amounted to EUR 12 (13) million. In total, service and software sales amounted to EUR 336 (278) million, representing 32 (34) percent of consolidated sales.

January–September sales increased from the comparison period by 19 percent to EUR 2,850 (2,405) million. Sales increased in Kalmar and Hiab and decreased in MacGregor. Service sales increased by 16 percent from the comparison period and totalled EUR 910 (787) million, representing 32 (33) percent of consolidated sales. Software sales decreased by 60 percent and amounted to EUR 34 (86) million. The decrease in software sales was due to the divestment of the Navis software business. Service and software sales amounted to EUR 944 (873) million, representing 33 (36) percent of consolidated sales.

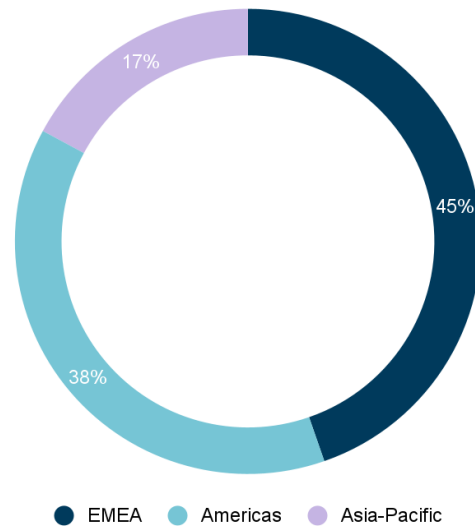
Cargotec’s eco portfolio consists of products and services that enhance customers’ sustainability with tangible environmental benefits. In the third quarter, the eco portfolio sales increased by 97 percent and totalled EUR 276 (140) million, representing 27 (17) percent of consolidated sales.

The increase was driven by higher sales of Hiab’s and Kalmar’s eco portfolio products. In January–September, the eco portfolio sales increased by 51 percent and totalled EUR 696 (460) million, representing 24 (19) percent of consolidated sales.

Sales by business area
 Q3/2022, %



Sales by geographical area
 Q3/2022, %



Sales increased in EMEA and Americas and decreased in Asia-Pacific in the third quarter. EMEA’s share of consolidated sales was 45 (46) percent, Americas’ 38 (31) percent and Asia-Pacific’s 17 (23) percent.

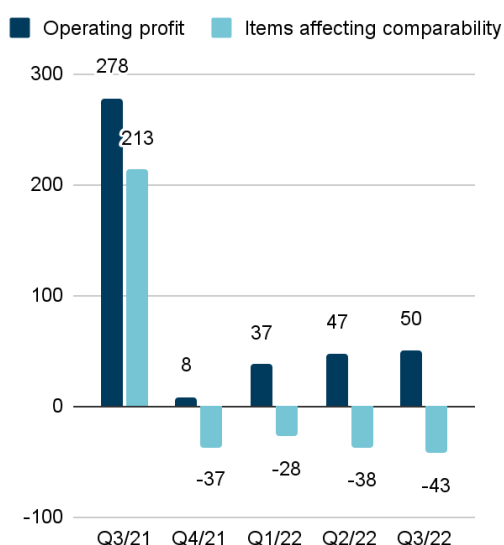
In January–September, EMEA’s share of consolidated sales was 48 (49) percent, Americas’ 36 (31) percent and Asia-Pacific’s 16 (20) percent.

Financial result

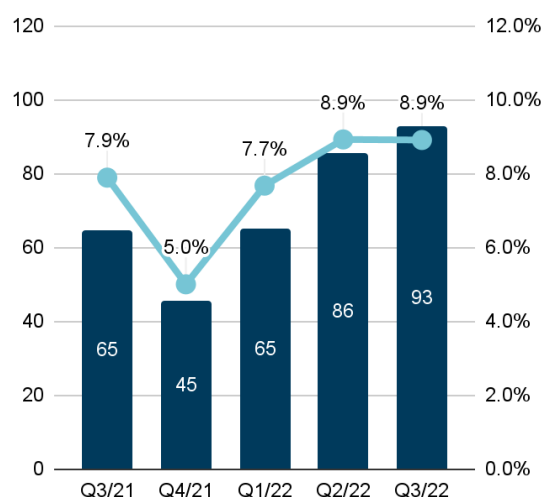
Operating profit and comparable operating profit

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Operating profit	50.0	278.2	-82%	134.9	347.5	-61%	355.7
Operating profit, %	4.8%	33.8%		4.7%	14.4%		10.7%
Comparable operating profit	92.7	64.8	43%	243.5	186.0	31%	231.5
Comparable operating profit, %	8.9%	7.9%		8.5%	7.7%		7.0%

Operating profit and items affecting comparability
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



Operating profit for the third quarter totalled EUR 50 (278) million. The decrease in the operating profit is mainly due to the sales gain of the Navis software business divestment booked in the comparison period as an item affecting comparability. The operating profit includes items affecting comparability worth EUR -43 (213) million. EUR -12 (236) million of the items were related to Kalmar, EUR 0 (-4) million to Hiab, EUR -28 (-2) million to MacGregor and EUR -2 (-17) million to corporate administration and support functions. Of the items affecting comparability related to Kalmar, EUR -11 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.

Cargotec and its subsidiary MacGregor USA, Inc. have made a voluntary self-disclosure to US authorities regarding compliance with certain export regulations related to information management in the context of MacGregor's US Government business. The outcome of this matter cannot be determined with specificity at this point in time. In order to be prudent, Cargotec has made an about EUR 18 million provision to cover possible consequences. The provision was booked as an item affecting comparability in the third quarter 2022. The amount of the possible penalty is yet to be confirmed; hence the final costs related to the process may change. The company is committed to cooperating with applicable authorities in resolving the matter and will make further disclosures as appropriate.

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

January–September operating profit totalled EUR 135 (347) million. The operating profit includes items affecting comparability worth EUR -109 (161) million. EUR -46 (228) million of the items were related to Kalmar, EUR -6 (-15) million to Hiab, EUR -42 (-17) million to MacGregor and EUR -15 (-35) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -10 (-34) million were related to the cancelled merger plan with Konecranes Plc. Of the items affecting comparability, EUR -14 million were related to the ramp down of Cargotec's business in Russia. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the third quarter increased by 43 percent and totalled EUR 93 (65) million, representing 8.9 (7.9) percent of sales. The comparable operating profit increase was driven by higher sales in Kalmar and Hiab.

January–September comparable operating profit increased by 31 percent and totalled EUR 243 (186) million, representing 8.5 (7.7) percent of sales. The comparable operating profit increase was driven by higher sales in Kalmar and Hiab.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the third quarter totalled EUR 4 (5) million. Net financing expenses totalled EUR 7 (6) million. January–September net interest expenses for interest-bearing debt and assets totalled EUR 10 (15) million. Net financing expenses totalled EUR 15 (19) million.

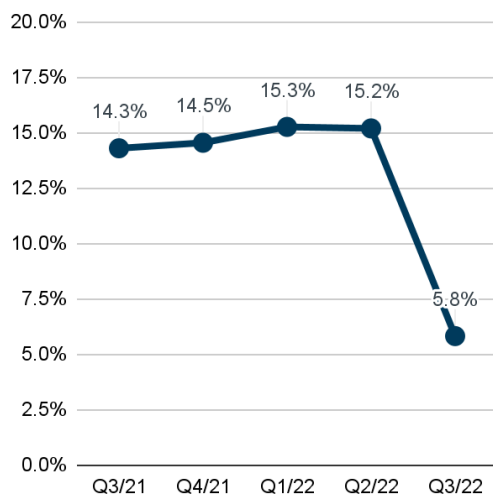
Net income for the third quarter totalled EUR 29 (219) million, and earnings per share was EUR 0.45 (3.40). January–September net income totalled EUR 91 (255) million, and earnings per share was EUR 1.41 (3.95).

Balance sheet, cash flow and financing

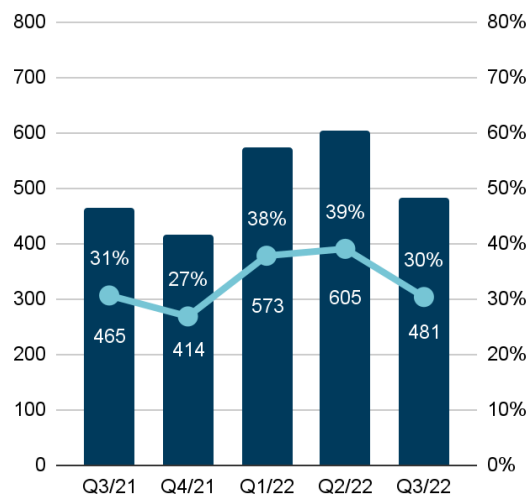
The consolidated balance sheet total was EUR 4,374 (31 Dec 2021: 4,027) million at the end of the third quarter. Equity attributable to the equity holders of the parent was EUR 1,586 (1,544) million, representing EUR 24.60 (23.95) per share. Property, plant and equipment on the balance sheet amounted to EUR 426 (410) million and intangible assets to EUR 1,132 (1,139) million.

Return on equity (ROE, last 12 months) was 5,3 (31 Dec 2021: 17.3) percent at the end of the third quarter, and return on capital employed (ROCE, last 12 months) was 5,8 (14.5) percent. The return on equity and capital employed of the comparison period include the profit from the Navis software business divestment. The return on capital employed was also weakened by the weak result and high capital employed of the MacGregor business area. Cargotec's financial target is to reach 15 percent return on capital employed.

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



Interest-bearing net debt, MEUR
 Gearing, %



Cash flow from operating activities before financial items and taxes totalled EUR 84 (110) million during January–September. Increase in net working capital, especially inventories, 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 731 million on 30 September 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 103 (111) million.

The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 50 (43) million, which includes EUR 39 (35) million lease liabilities.

At the end of the third quarter, the interest-bearing debt amounted to EUR 930 (31 Dec 2021: 919) million, of which EUR 170 (163) million was in lease liabilities. Of the interest-bearing debt, EUR 50 (43) million was current and EUR 879 (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 449 (505) million. Interest-bearing net debt totalled EUR 481 (414) million.

At the end of the third quarter, Cargotec's equity to assets ratio was 39.3 (31 Dec 2021: 40.6) percent. Gearing was 30.3 (26.8) percent.

Corporate topics

Research and development

Research and product development expenditure in January–September totalled EUR 71 (76) million, representing 2.5 (3.2) percent of sales. The decrease in the R&D expenditure was mainly due to the divestment of the Navis software business. 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 third quarter, research and development efforts focused for example on the following:

Kalmar

During the quarter, Kalmar continued the development of its electronic offering as well as the future robotic product portfolio. As an example, production of fully electric ERG450 series reachstackers started at the Kalmar assembly unit in Stargard, Poland. With the help of electrification, customers can achieve significant lifetime cost and greenhouse gas emission reductions. The development of electronic devices also offers Kalmar a significant business opportunity.

Hiab

Hiab launched several new products and solutions during the third quarter.

The comprehensive and intelligent service solution HiPerform™ optimises the performance of customers' Hiab equipment. The solution comprises Hiab HiConnect™, Hiab Uptime™ and Hiab ProCare™, providing connectivity, real-time monitoring and diagnostics, as well as tailored service agreements.

Hiab introduced several loader cranes that are using the new advanced, productivity- and safety-enhancing SPACEevo control system. Launches include a medium range loader crane, HIAB iX.162 HiPro, a heavy range loader crane, HIAB iQ.958 HiPro, and a 135 tonne metre super heavy loader crane, HIAB iQ.1388 HiPro. Hiab also introduced eight loader cranes to the new RAIL range, offering customers a variety of equipment to maintain railway infrastructure networks.

MOFFETT E8 NX completes the eSeries of Hiab's all-electric truck mounted forklifts. It is a specialist model for demanding and heavy-duty tasks and can lift loads up to 3,500 kg.

During the quarter, Hiab introduced MULTILIFT Ultima, the world's first hooklift made mostly from fossil-free steel from SSAB. The steel offers the same properties as conventionally produced steel.

MacGregor

During the third quarter, the SEAMLESS project, part of the EU Horizon Europe Innovation programme, received EUR 15 million EU funding for developing inland waterway automation. Of the funding, MacGregor is to receive EUR 2.6 million. The project comprises 25 partners and is a continuation of earlier EU-funded projects, such as AUTOSHIP, AEGIS and MOSES.

In the project, MacGregor aims to develop a so-called Dock'n'Load system which includes automated docking, mooring and departure systems, enabling autonomous vessels to operate within inland waterway ports with limited infrastructure. MacGregor also further develops Voyage and Container Optimisation Platform which would enable transparency of hinterland connections and transshipments of the container supply chain to all stakeholders. In addition, connection to various existing platforms would also be secured.

Initiated in 2020 and supported by Norwegian governmental research policy advisor Norway Research Council, an R&D prototype project for offshore wind energy continued during the third quarter. The execution of the project is a collaboration between the University of Agder and MacGregor.

The prototype developed in the project enables verification of simulation models and control system performance; for example, various case scenarios can be evaluated in a safe and controllable environment. These can enable reliability enhancements and cost savings before commitments to complex projects have been made. MacGregor has received positive feedback from stakeholders on the prototype, which reinforces the view that the project can increase reliability and cost savings and thus generate added value.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 62 (41) million in January–September. Investments in customer financing were EUR 24 (11) million. Depreciation, amortisation and impairment amounted to EUR 89 (87) million. The amount includes impairments worth EUR 1 (4) 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 third quarter amounted to EUR 15 (4) million and to EUR 55 (21) million in January–September. Cargotec booked in the third quarter a EUR 11 million restructuring cost related to the decision to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. in China and to the plans to ramp down the heavy cranes business. In total, Cargotec booked EUR 36 million restructuring costs in January–September related to these plans. Cargotec has booked for 2022 a EUR 14 million impairment provision to assets that relate to ramping down its business in Russia. 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 11,525 (31 Dec 2021: 11,174) people at the end of the third quarter. The average number of employees in the third quarter was 11,372 (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 CO₂ emissions of its value chain by 1 million tons by 2024.

In accordance with its strategy, 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.

As part of its strategy, Cargotec plans to exit from Kalmar's heavy port cranes business and has initiated an evaluation of strategic options of MacGregor, including a potential sale of the business. During the third quarter, in connection with the heavy cranes exit, Cargotec's Kalmar business area and Rainbow Industries Co. Ltd. (RIC) entered into an agreement whereby Kalmar would transfer heavy cranes related intellectual properties and assets to RIC in China. Cargotec estimates that the process would be finalised by the end of the year.

Sustainability

During the third quarter, the number of orders for Cargotec's Kalmar hybrid straddle and shuttle carriers exceeded 500 worldwide. When life cycle CO₂ emissions of these hybrid products are compared against conventional ones, the achieved CO₂ emission reduction is more than 400,000 tons.

Cargotec also finalised the eco portfolio criteria revision during the quarter. The revised eco portfolio is structured according to the EU Taxonomy design. Out of the six environmental objectives of the EU Taxonomy, Cargotec can substantially contribute to the climate change mitigation objective and the transition to a circular economy objective. Starting from the 2022 annual report, Cargotec will disclose the eco portfolio sales as per the new criteria (i.e. equal to taxonomy-aligned revenue) and, to provide insight into its interpretation of the EU Taxonomy, Cargotec will also publish a summary of the eco portfolio criteria during the last quarter of 2022.

In the third quarter, the eco portfolio sales increased by 97 percent and totalled EUR 276 (140) million, representing 27 (17) percent of consolidated sales. The increase was driven by higher eco portfolio product sales in Hiab and Kalmar.

At the end of the third quarter, Cargotec's safety performance, measured by rolling 12 months industrial injury frequency rate (IIFR), was 5.1 (5.7). The IIFR in Cargotec's assembly sites was 6.3 (6.3) while it was 4.4 (5.4) in non-assembly operations. The target for 2022 is to have an IIFR rate less than 5 in all operations.

Leadership Team

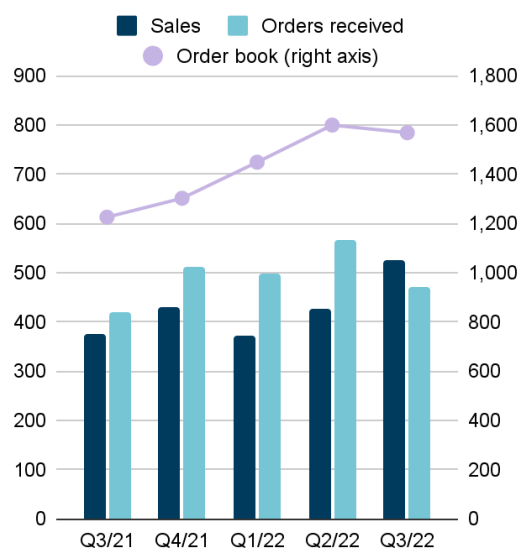
On 30 September 2022, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO; Outi Aaltonen, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Michel van Roozendaal, President, Kalmar; Scott Phillips, President, Hiab; and Leif Byström, President, MacGregor.

Reporting segments

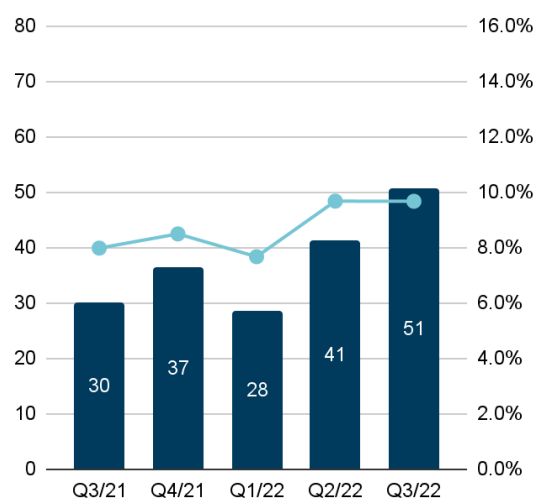
Kalmar

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Orders received	470	421	12%	1,537	1,550	-1%	2,063
Order book, end of period	1,569	1,226	28%	1,569	1,226	28%	1,302
Sales	526	377	40%	1,325	1,082	22%	1,512
Service sales	142	115	24%	402	338	19%	468
% of sales	27%	30%		30%	31%		31%
Operating profit	39.2	265.8	-85%	75.1	311.9	-76%	344.5
% of sales	7.5%	70.6%		5.7%	28.8%		22.8%
Comparable operating profit	50.8	30.0	69%	120.6	83.6	44%	120.1
% of sales	9.7%	8.0%		9.1%	7.7%		7.9%
Personnel, end of period	5,044	4,813	5%	5,044	4,813	5%	4,876

Sales, orders received and order book
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



In the third quarter, orders received by Kalmar increased by 12 percent from the comparison period and totalled EUR 470 (421) million. The demand for Kalmar equipment remained strong in all product categories. Orders increased in services. Orders received increased in EMEA and Americas and decreased in Asia-Pacific compared to the comparison period.

Major orders received by Kalmar during the third quarter of 2022 included:

- 11 hybrid shuttle carriers to the United States. This was the sixth consecutive order by the customer,
- 20 Eco reachstackers, four empty container handlers and three forklift trucks to Turkey, Sweden, Portugal and Italy. The agreement also includes extended warranty and service contracts for all equipment,
- three diesel-electric straddle carriers to a United States-based customer,
- three T2i terminal tractors with extended warranties to the Maldives,
- electric reachstacker plus an option for two additional electric reachstackers to Sweden. The order includes comprehensive training for maintenance technicians and equipment operators, and
- an Eco Reachstacker to Swedish logistics service provider under a five-year Kalmar EcoFlex rental agreement.

Kalmar's orders received in January–September decreased slightly and totalled EUR 1,537 (1,550) million.

Kalmar's order book increased by 20 percent from the end of 2021, and at the end of the third quarter it totalled EUR 1,569 (31 Dec 2021: 1,302) million. The increase in the order book was mainly due to strong demand as well as longer delivery times caused by supply chain challenges.

Kalmar's third quarter sales increased by 40 percent from the comparison period and totalled EUR 526 (377) million. Supply chain challenges continued and had a negative impact on sales. Service sales increased by 24 percent and totalled EUR 142 (115) million, representing 27 (30) percent of sales.

January–September sales increased by 22 percent from the comparison period and totalled EUR 1,325 (1,082) million. Service sales increased by 19 percent and totalled EUR 402 (338) million, representing 30 (31) percent of sales.

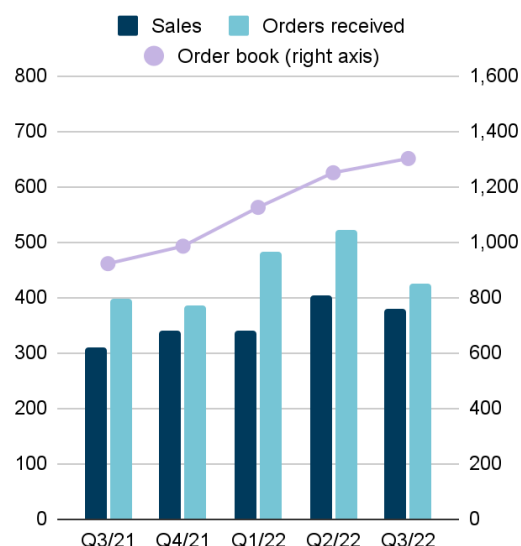
Kalmar's third quarter operating profit totalled EUR 39 (266) million. The operating profit includes EUR -12 (236) million in items affecting comparability. Of the items affecting comparability, EUR -11 million were related to the plan to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. (RIC) in China and to the plan to exit the heavy cranes business. The comparable operating profit amounted to EUR 51 (30) million, representing 9.7 (8.0) percent of sales. The comparable operating profit increased due to higher sales.

Kalmar's January–September operating profit totalled EUR 75 (312) million. The operating profit includes EUR -46 (228) million in items affecting comparability. Of the items affecting comparability, EUR -36 million were related to the decision 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. The comparable operating profit amounted to EUR 121 (84) million, representing 9.1 (7.7) percent of sales. The comparable operating profit increased due to higher sales.

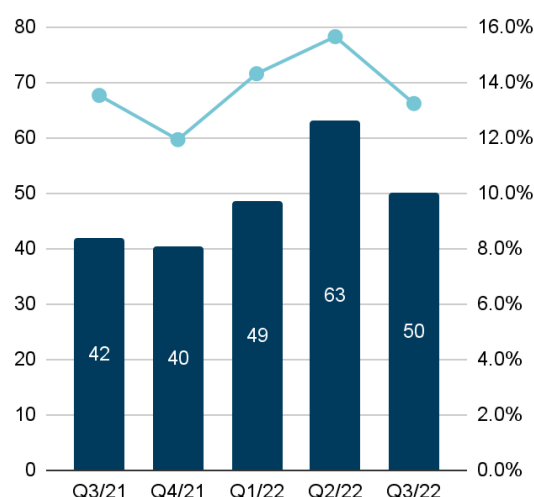
Hiab

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Orders received	425	396	7%	1,430	1,329	8%	1,713
Order book, end of period	1,301	922	41%	1,301	922	41%	985
Sales	378	309	23%	1,122	912	23%	1,250
Service sales	106	87	21%	298	262	14%	351
% of sales	28%	28%		27%	29%		28%
Operating profit	49.6	37.6	32%	155.7	110.8	41%	144.7
% of sales	13.1%	12.2%		13.9%	12.1%		11.6%
Comparable operating profit	50.1	41.7	20%	161.9	125.9	29%	166.3
% of sales	13.2%	13.5%		14.4%	13.8%		13.3%
Personnel, end of period	3,716	3,369	10%	3,716	3,369	10%	3,585

Sales, orders received and order book
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



Hiab's orders received for the third quarter increased by 7 percent from the comparison period and totalled EUR 425 (396) million. Service orders received increased.

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

- a significant order for EUR 7.5 million for HIAB iX.2758 RAIL super heavy loader cranes including installation and five year ProCare service agreements from a customer in Spain.

Hiab's orders received in January–September increased by 8 percent and totalled EUR 1,430 (1,329) million.

Hiab's order book increased by 32 percent from the end of 2021, totalling EUR 1,301 (31 Dec 2021: 985) million at the end of the third quarter. The increase in the order book was mainly due to strong demand, component shortages, as well as long truck delivery times impacting customer deliveries.

Hiab's third quarter sales increased by 23 percent and totalled EUR 378 (309) million. Global component shortages and exceptionally long truck delivery times still had a negative effect on Hiab's sales. Service sales increased by 21 percent and amounted to EUR 106 (87) million, representing 28 (28) percent of sales. In January–September, Hiab's sales increased by 23 percent and totalled EUR 1,122 (912) million. Service sales increased by 14 percent and totalled EUR 298 (262) million, representing 27 (29) percent of sales.

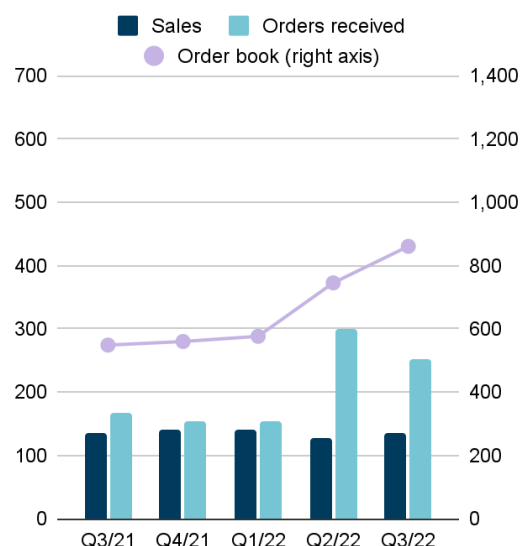
Hiab's third quarter operating profit increased from the comparison period by 32 percent and totalled EUR 50 (38) million. The operating profit includes EUR 0 (-4) million in items affecting comparability. The comparable operating profit amounted to EUR 50 (42) million, representing 13.2 (13.5) percent of sales. Hiab's comparable operating profit increased due to higher sales.

Hiab's January–September operating profit increased by 41 percent from the comparison period and totalled EUR 156 (111) million. The operating profit includes EUR -6 (-15) million in items affecting comparability. The comparable operating profit amounted to EUR 162 (126) million, representing 14.4 (13.8) percent of sales. Hiab's comparable operating profit increased due to higher sales.

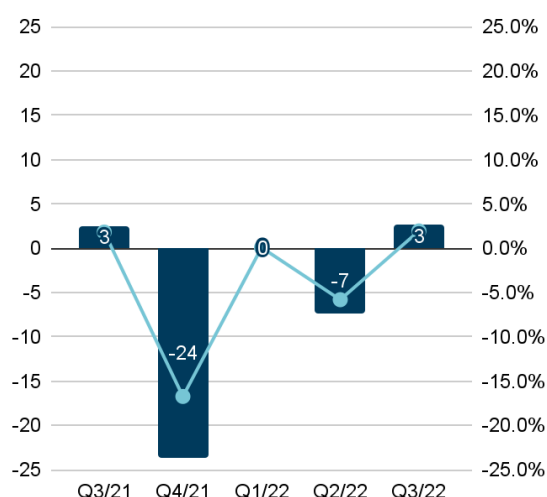
MacGregor

MEUR	Q3/22	Q3/21	Change	Q1-Q3/22	Q1-Q3/21	Change	2021
Orders received	252	168	50%	706	499	42%	652
Order book, end of period	861	549	57%	861	549	57%	560
Sales	137	137	0%	403	412	-2%	553
Service sales	75	63	21%	210	187	12%	257
% of sales	55%	46%		52%	46%		47%
Operating profit	-25.8	1.0	< -100%	-46.5	-7.9	< -100%	-40.0
% of sales	-18.9%	0.7%		-11.5%	-1.9%		-7.2%
Comparable operating profit	2.7	2.5	7%	-4.6	8.9	< -100%	-14.7
% of sales	2.0%	1.8%		-1.1%	2.2%		-2.7%
Personnel, end of period	1,954	1,907	2%	1,954	1,907	2%	1,909

Sales, orders received and order book
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



MacGregor's orders received in the third quarter increased by 50 percent from the comparison period to EUR 252 (168) million. Orders received decreased in Americas and increased in EMEA and in Asia-Pacific compared to the comparison period. Of the orders, over four fifths were related to merchant ships and less than one fifth to the offshore sector. Service orders received increased.

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

- a container lashing systems order for twelve 23,500+ TEU series container vessels. The vessels will be built in South Korea.

MacGregor's orders received in January–September increased by 42 percent and totalled EUR 706 (499) million.

MacGregor's order book increased by 54 percent from the end of 2021, totalling EUR 861 (31 Dec 2021: 560) million at the end of the third quarter. Of the order book, around four fifths relate to merchant ships and one fifth to the offshore sector.

MacGregor's third quarter sales remained at the comparison period level and amounted to EUR 137 (137) million. Service sales increased by 21 percent and totalled EUR 75 (63) million, representing 55 (46) percent of sales. January–September sales decreased by 2 percent and totalled EUR 403 (412) million. Service sales increased by 12 percent and totalled EUR 210 (187) million, representing 52 (46) percent of sales.

MacGregor's operating profit for the third quarter totalled EUR -26 (1) million. Operating profit includes EUR -28 (-2) million in items affecting comparability. The comparable operating profit remained at the comparison period level and totalled EUR 3 (3) million, representing 2.0 (1.8) percent of sales. Higher sales in services and merchant vessels supported the comparable operating profit while lower sales in offshore as well as investments in the offshore wind burdened the comparable operating profit.

MacGregor's January–September operating profit totalled EUR -47 (-8) million. The operating profit includes EUR -42 (-17) million in items affecting comparability. The comparable operating profit amounted to EUR -5 (9) million, representing -1.1 (2.2) percent of sales. MacGregor's comparable operating profit decreased due to low sales in the offshore business as well as 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 nine months of this year would have been clearly positive (Q1–Q3/2022: 4.2%).

Cargotec and its subsidiary MacGregor USA, Inc. have made a voluntary self-disclosure to US authorities regarding compliance with certain export regulations related to information management in the context of MacGregor's US Government business. The outcome of this matter cannot be determined with specificity at this point in time. In order to be prudent, Cargotec has made an about EUR 18 million provision to cover possible consequences. The provision was booked as an item affecting comparability in the third quarter 2022. The amount of the possible penalty is yet to be confirmed; hence the final costs related to the process may change. The company is committed to cooperating with applicable authorities in resolving the matter and will make further disclosures as appropriate.

As part of its refocused strategy announced in March, Cargotec initiated the evaluation of the strategic options of MacGregor including also a potential sale of the business. Taking into account MacGregor's losses in recent years and significant project cost overruns in the offshore business, in the sale option the buyer's view of the company's value may differ significantly from Cargotec's estimate, which may lead to impairment of MacGregor's goodwill.

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of September 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 September 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 September, 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-Q3/22	Q1-Q3/21
Total market value of class B shares at the end of the period ⁵ , MEUR	1,709	2,419
Market capitalisation of class A and B shares at the end of the period ⁶ , MEUR	2,002	2,835
Closing price of class B share ⁷ , EUR	31.10	44.02
Volume-weighted average price of class B share, EUR	34.03	44.83
Highest quotation of class B share, EUR	48.46	52.80
Lowest quotation of class B share, EUR	24.90	33.60
Trading volume, million class B shares	36	28
Turnover of class B shares, MEUR	1,229	1,243

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

At the end of the period, the number of registered shareholders was 42,001. The number of Finnish household shareholders was 39,876, corresponding to around 18 percent ownership of

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

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 and wars, 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 significantly extended the product delivery times and increased inventories. The extension of delivery times has had a negative effect on Cargotec's net sales. Component availability problems as well as strongly increasing labour and energy costs maintain high manufacturing costs, 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 complies with the sanctions imposed on Russia and has announced to be retrieving from the country. At the end of September, the retrieval process was at its final stages. In Ukraine Cargotec does not have a direct representation; 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 as well as increases in interest rates 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 evaluates the strategic options of MacGregor and reviews Cargotec's operational model. The valuation of evaluated businesses may include risks. One alternative in the ongoing strategic evaluation is the sale of MacGregor. Taking into account MacGregor's losses in recent years and significant project cost overruns in the offshore business, in the sale alternative the buyer's view of the company's value may differ significantly from Cargotec's estimate, which could result in an impairment of MacGregor's goodwill. 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, investigations and trials. The interpretation of international agreements and legislation may weaken the predictability of the end results of legal disputes and trials.

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

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

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

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

Outlook for 2022 specified

Cargotec expects its comparable operating profit for 2022 to improve by EUR 88–118 million from 2021 (from EUR 232 million to EUR 320–350 million).

In its outlook reiterated on 20 July 2022, Cargotec expected its comparable operating profit for 2022 to improve from 2021 (EUR 232 million).

Financial calendar 2023

Financial Statements review 2022, on Thursday, 2 February 2023

Cargotec's Financial Statements 2022 and Annual Report 2022 will be available at www.cargotec.com on week 8

The Annual General Meeting of Cargotec Corporation will be held on Thursday, 23 March 2023

Interim report January–March 2023, on Thursday, 27 April 2023

Half year financial report January–June 2023, on Thursday, 20 July 2023

Interim report January–September 2023, on Thursday, 26 October 2023

Helsinki, 26 October 2022
Cargotec Corporation
Board of Directors

This interim report is unaudited.

Consolidated statement of income

MEUR	Note	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Sales	5	1,040.5	822.1	2,850.1	2,404.8	3,315.0
Cost of goods sold		-829.4	-644.1	-2,234.1	-1,841.2	-2,582.1
Gross profit		211.1	177.9	616.0	563.6	732.9
<i>Gross profit, %</i>		20.3%	21.6%	21.6%	23.4%	22.1%
Other operating income		17.6	251.7	40.1	281.4	294.2
Selling and marketing expenses		-49.3	-42.5	-146.9	-138.2	-188.4
Research and development expenses		-22.7	-21.1	-71.8	-78.4	-103.9
Administration expenses		-68.8	-59.3	-194.1	-192.0	-251.7
Restructuring costs	7	-15.2	-4.2	-55.2	-20.6	-33.3
Other operating expenses		-24.7	-27.0	-58.2	-74.4	-101.1
Share of associated companies' and joint ventures' net income		2.1	2.5	5.0	6.1	7.0
Operating profit		50.0	278.2	134.9	347.5	355.7
<i>Operating profit, %</i>		4.8%	33.8%	4.7%	14.4%	10.7%
Financing income		1.0	1.0	2.9	2.2	4.7
Financing expenses		-7.8	-6.6	-18.2	-21.3	-27.4
Income before taxes		43.2	272.6	119.6	328.4	333.1
<i>Income before taxes, %</i>		4.2%	33.2%	4.2%	13.7%	10.0%
Income taxes	9	-14.3	-53.1	-28.8	-73.5	-86.4
Net income for the period		28.9	219.5	90.8	254.9	246.7
<i>Net income for the period, %</i>		2.8%	26.7%	3.2%	10.6%	7.4%
Net income for the period attributable to:						
Equity holders of the parent		28.9	219.4	91.2	254.7	246.5
Non-controlling interest		0.0	0.1	-0.4	0.2	0.2
Total		28.9	219.5	90.8	254.9	246.7
Earnings per share for profit attributable to the equity holders of the parent:						
Earnings per share, EUR		0.45	3.40	1.41	3.95	3.82
Diluted earnings per share, EUR		0.45	3.40	1.41	3.94	3.82

The notes are an integral part of the interim report.

Consolidated statement of comprehensive income

MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Net income for the period	28.9	219.5	90.8	254.9	246.7
Other comprehensive income					
<i>Items that cannot be reclassified to statement of income:</i>					
Actuarial gains (+) / losses (-) from defined benefit plans	0.6	0.2	2.4	-0.1	-0.5
Gains (+) / losses (-) on designated share investments measured at fair value	-3.4	4.5	-9.8	0.4	14.2
Taxes relating to items that cannot be reclassified to statement of income	-0.1	0.0	-0.4	0.0	0.0
<i>Items that can be reclassified to statement of income:</i>					
Gains (+) / losses (-) on cash flow hedges	-58.6	-11.3	-116.9	-21.3	-9.5
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	41.3	1.4	73.6	7.6	-3.9
Translation differences	23.7	16.7	64.5	46.6	65.9
Taxes relating to items that can be reclassified to statement of income	2.2	1.4	5.9	2.3	2.3
Share of other comprehensive income of associates and JV, net of tax	1.6	-0.2	1.2	-1.9	-0.3
Other comprehensive income, net of tax	7.2	12.7	20.5	33.7	68.3
Comprehensive income for the period	36.1	232.1	111.3	288.6	315.0
Comprehensive income for the period attributable to:					
Equity holders of the parent	36.1	232.0	111.5	288.3	314.6
Non-controlling interest	0.0	0.1	-0.3	0.2	0.4
Total	36.1	232.1	111.3	288.6	315.0

The notes are an integral part of the interim report.

Consolidated balance sheet

ASSETS, MEUR	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current assets				
Goodwill		977.1	963.4	966.8
Other intangible assets		154.4	174.9	172.6
Property, plant and equipment		425.9	416.2	409.5
Investments in associated companies and joint ventures	16	75.0	78.0	73.7
Share investments	16	3.3	37.9	36.6
Loans receivable and other interest-bearing assets*	11	11.0	11.7	12.6
Deferred tax assets		142.3	132.4	129.7
Derivative assets	12	1.2	-	1.0
Other non-interest-bearing assets		8.8	16.8	8.4
Total non-current assets		1,799.2	1,831.4	1,811.0
Current assets				
Inventories		1,089.6	737.7	792.9
Loans receivable and other interest-bearing assets*	11	6.1	3.6	3.6
Income tax receivables		39.7	28.3	31.8
Derivative assets	12	22.5	9.1	10.8
Accounts receivable and other non-interest-bearing assets		985.3	883.3	888.3
Cash and cash equivalents*	11	431.5	589.6	488.8
Total current assets		2,574.6	2,251.5	2,216.3
Total assets		4,373.7	4,082.9	4,027.3

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	Note	30 Sep 2022	30 Sep 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		19.2	-64.5	-45.2
Fair value reserves		-43.2	-8.9	-7.0
Reserve for invested non-restricted equity		52.8	54.0	54.0
Retained earnings		1,395.3	1,374.6	1,380.1
Total equity attributable to the equity holders of the parent		1,586.4	1,517.5	1,544.3
Non-controlling interest		1.0	2.6	2.7
Total equity		1,587.5	1,520.1	1,547.0
Non-current liabilities				
Interest-bearing liabilities*	11	879.3	876.5	876.1
Deferred tax liabilities		19.9	32.6	26.9
Pension obligations		110.5	114.2	112.9
Provisions		5.7	3.8	6.5
Other non-interest-bearing liabilities		75.7	68.6	68.3
Total non-current liabilities		1,091.0	1,095.7	1,090.6
Current liabilities				
Current portion of interest-bearing liabilities*	11	39.1	184.3	34.8
Other interest-bearing liabilities*	11	11.1	8.9	8.6
Provisions		169.0	95.3	103.3
Advances received		338.1	199.5	217.2
Income tax payables		45.7	61.3	37.6
Derivative liabilities	12	45.8	12.3	6.8
Accounts payable and other non-interest-bearing liabilities		1,046.4	905.4	981.3
Total current liabilities		1,695.2	1,467.0	1,389.6
Total equity and liabilities		4,373.7	4,082.9	4,027.3

*Included in interest-bearing net debt.

The notes are an integral part of the interim report.

Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Share premium account	Translation differences	Fair value reserves	Reserve for invested non-restricted equity	Retained earnings			
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						91.2	91.2	-0.4	90.8
Cash flow hedges				-36.2			-36.2	-	-36.2
Translation differences			64.4				64.4	0.1	64.5
Actuarial gains and losses from defined benefit plans						1.9	1.9	-	1.9
Gains and losses on designated share investments measured at fair value						-9.8	-9.8	-	-9.8
Comprehensive income for the period*	-	-	64.4	-36.2	-	83.3	111.5	-0.3	111.3
Profit distribution						-69.5	-69.5	-0.9	-70.4
Treasury shares acquired					-1.2		-1.2		-1.2
Share-based payments						1.6	1.6		1.6
Transactions with owners of the company	-	-	-	-	-1.2	-67.9	-69.1	-0.9	-70.0
Transactions with non-controlling interests						-0.3	-0.3	-0.5	-0.8
Equity 30 Sep 2022	64.3	98.0	19.2	-43.2	52.8	1,395.3	1,586.4	1.0	1,587.5
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						254.7	254.7	0.2	254.9
Cash flow hedges				-13.3			-13.3	-	-13.3
Translation differences			46.5				46.5	0.1	46.6
Actuarial gains and losses from defined benefit plans						0.0	0.0	-	0.0
Gains and losses on designated share investments measured at fair value						0.4	0.4	-	0.4
Comprehensive income for the period*	-	-	46.5	-13.3	-	255.1	288.3	0.2	288.6
Profit distribution						-69.5	-69.5	-0.4	-69.8
Treasury shares acquired					-3.4		-3.4		-3.4
Share-based payments						3.4	3.4		3.4
Transactions with owners of the company	-	-	-	-	-3.4	-66.1	-69.5	-0.4	-69.8
Transactions with non-controlling interests									
Equity 30 Sep 2021	64.3	98.0	-64.5	-8.9	54.0	1,374.6	1,517.5	2.6	1,520.1

*Net of tax

The notes are an integral part of the interim report.

Consolidated condensed statement of cash flows

MEUR	Note	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Net cash flow from operating activities						
Net income for the period		28.9	219.5	90.8	254.9	246.7
Depreciation, amortisation and impairment	8	27.4	27.4	88.6	86.6	117.4
Financing items		6.8	5.6	15.3	19.1	22.7
Taxes	9	14.3	53.1	28.8	73.5	86.4
Change in net working capital		40.0	-16.8	-137.1	-79.2	-60.1
Other adjustments		-1.2	-243.4	-2.5	-245.2	-243.7
Cash flow from operations before financing items and taxes		116.1	45.3	84.0	109.6	169.3
Cash flow from financing items and taxes		-8.0	-20.4	-49.7	-74.3	-113.1
Net cash flow from operating activities		108.1	25.0	34.3	35.3	56.2
Net cash flow from investing activities						
Acquisitions of businesses, net of cash acquired	15	-	-2.4	0.1	0.9	-2.2
Disposals of businesses, net of cash sold	15	12.7	307.8	14.2	308.1	354.5
Investments in associated companies and joint ventures	16	-0.9	-	-0.9	-1.9	-1.9
Cash flow from investing activities, other items		8.1	-8.7	-10.6	-11.3	-15.9
Net cash flow from investing activities		19.9	296.7	2.8	295.8	334.5
Net cash flow from financing activities						
Treasury shares acquired		-	-	-1.2	-3.4	-3.4
Repayments of lease liabilities		-11.1	-9.6	-32.1	-30.5	-40.6
Repayments of long-term borrowings		-	-100.0	-	-100.0	-250.0
Proceeds from short-term borrowings		-1.3	-2.5	2.5	1.1	1.9
Repayments of short-term borrowings		-0.9	-18.8	-2.2	-30.8	-30.5
Profit distribution		-0.3	0.0	-70.4	-69.8	-69.8
Net cash flow from financing activities		-13.6	-131.0	-103.4	-233.4	-392.4
Change in cash and cash equivalents		114.4	190.8	-66.3	97.7	-1.7
Cash and cash equivalents, and bank overdrafts at the beginning of period		311.7	391.5	488.2	482.3	482.3
Effect of exchange rate changes		3.9	5.0	8.2	6.9	7.5
Cash and cash equivalents included in assets held for sale		-	-0.2	-	-	-
Cash and cash equivalents, and bank overdrafts at the end of period		430.0	587.0	430.0	587.0	488.2
Bank overdrafts at the end of period		1.4	2.7	1.4	2.7	0.6
Cash and cash equivalents at the end of period		431.5	589.6	431.5	589.6	488.8

The notes are an integral part of the interim report.

Notes to the interim report

1. General information

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

2. Accounting principles

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

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

3. Prevailing economic uncertainty

The restrictions due to the pandemic and the strong shift in consumer demand from services to goods led to supply chain disruptions and inflationary pressures for many raw materials and products. Market disturbances have continued and worsened further due to inflation, rising interest rates and energy prices, and instability caused by Russia. Under the prevailing conditions, consumer confidence has decreased and global economic growth is expected to slow down.

The prevailing circumstances have hampered Cargotec's operations. Problems with the availability of raw materials and components, as well as logistics, have significantly extended the product delivery times and increased inventories. The extension of delivery times has had a negative effect on Cargotec's net sales. Component availability problems as well as strongly increasing labour and energy costs maintain high manufacturing costs, increasing the challenges to control costs and passing them on to the prices of end products.

Due to the weakening of the market situation and the availability of financing and the rise in interest rates, Cargotec's customers may run into financial difficulties, which may lead to the postponement or cancellation of orders. In some cases, the financial position of customers can deteriorate significantly and even lead to insolvency.

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 complies with the sanctions imposed on Russia and has announced to be retrieving from the country. At the end of September, the retrieval process was at its final stages. Cargotec does not have a direct representation in Ukraine, or in Belarus. At the time of reporting, the assets of Cargotec's Russian subsidiaries totalled EUR 13.9 million, and in addition, Cargotec's subsidiaries outside of Russia had trade receivables from Russia totalling EUR 1.1 million. Cargotec has a provision of EUR 10.0 million related to the above-mentioned balance sheet items, which was recorded in the first quarter as restructuring costs. In addition, Cargotec has reversed revenues and recognised impairments related to its ongoing long-term projects to be delivered to Russia, resulting in a total loss of EUR 3.7 million, which has been recognised as a restructuring expense.

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.

MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on 30 September, 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 the changes in market forecasts albeit it was constrained by the sizable increase in the weighted average cost of capital (WACC). The pre-tax WACC used in the testing was 12.4 (31 Dec, 2021: 9.9) percent and it grew mainly due to the increase in the long-term risk-free rates.

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 forecasts. In addition, strategic evaluation work is underway, where one of the possibilities is the sale of MacGregor. Taking into account MacGregor's losses in recent years and significant project cost overruns in the offshore business, in the sale option, the buyer's view of the company's value may differ significantly from Cargotec's estimate, which may lead to impairment of MacGregor's goodwill .

MacGregor segment's goodwill was EUR 459.7 (31 Dec 2021: 469.0) million on the reporting date. 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 Sep 2022	142.0	No impairment*	Impairment**	Impairment	
31 Dec 2021	86.0	Impairment*	Impairment**	Impairment	

*Threshold for impairment was WACC before taxes +2.5 (31 Dec 2021: +1.0) percentage points.

**Threshold for impairment was estimation period sales -10 percent and operating profit -0.9 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 96 (183) million in the second, and EUR 174 (269) million in the third.

Goodwill impairment testing of Kalmar and Hiab

As part of the annual goodwill impairment testing, the recoverable amounts of the Kalmar and Hiab segments were determined based on value in use. The pre-tax WACC used in the testing was 13.9% (2021: 9.4%) for Kalmar and 13.7% (2021: 9.0%) for Hiab. Based on the testing, no impairment was recorded in the goodwill of either segment, nor did any of the sensitivity analyses indicate an impairment. Sensitivity analyses were performed based on the same principles as the sensitivity analyses performed for MacGregor described above.

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 should 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 the conditions for presentation as held for sale are not met on 30 September 2022.

Kalmar's heavy cranes business

Kalmar and Rainbow Industries Co. Ltd. (RIC) entered into an agreement in July 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.

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 result of the transfer of the intellectual property rights of heavy cranes to RIC in China and the plan to ramp down the heavy crane business, Kalmar has recorded EUR 35.6 million in restructuring costs by the end of the third quarter of 2022. As part of the agreement, about 30 local Kalmar employees in China transferred to RIC's service.

4. Segment information

Sales, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	526	377	1,325	1,082	1,512
Hiab	378	309	1,122	912	1,250
MacGregor	137	137	403	412	553
Internal sales	0	0	-1	-1	-1
Total	1,041	822	2,850	2,405	3,315

Sales by geographical area, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
EMEA	465	377	1,365	1,182	1,641
Americas	397	258	1,019	753	1,033
Asia-Pacific	178	187	466	469	641
Total	1,041	822	2,850	2,405	3,315

Sales by geographical area, %	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
EMEA	45%	46%	48%	49%	50%
Americas	38%	31%	36%	31%	31%
Asia-Pacific	17%	23%	16%	20%	19%
Total	100%	100%	100%	100%	100%

Operating profit and EBITDA, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	39.2	265.8	75.1	311.9	344.5
Hiab	49.6	37.6	155.7	110.8	144.7
MacGregor	-25.8	1.0	-46.5	-7.9	-40.0
Corporate administration and support functions	-13.1	-26.2	-49.4	-67.3	-93.5
Operating profit	50.0	278.2	134.9	347.5	355.7
Depreciation, amortisation and impairment	27.4	27.4	88.6	86.6	117.4
EBITDA	77.4	305.5	223.6	434.1	473.1

Operating profit, %	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	7.5%	70.6%	5.7%	28.8%	22.8%
Hiab	13.1%	12.2%	13.9%	12.1%	11.6%
MacGregor	-18.9%	0.7%	-11.5%	-1.9%	-7.2%
Cargotec	4.8%	33.8%	4.7%	14.4%	10.7%

Items affecting comparability, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar					
Restructuring costs	-10.2	-0.4	-43.5	-1.1	-3.7
Impacts of the purchase price allocation	-0.2	-0.2	-0.7	-0.7	-0.9
Other items affecting comparability	-1.1	236.3	-1.3	230.1	229.0
Items affecting comparability, total	-11.5	235.7	-45.5	228.3	224.4

Hiab					
Restructuring costs	0.3	-3.6	-3.4	-13.2	-17.8
Impacts of the purchase price allocation	-0.5	-0.6	-2.6	-1.9	-3.7
Other items affecting comparability	-0.2	0.0	-0.2	0.0	0.0
Items affecting comparability, total	-0.4	-4.2	-6.2	-15.1	-21.5
MacGregor					
Restructuring costs	-5.0	0.6	-7.5	-3.9	-8.6
Impacts of the purchase price allocation	-2.9	-2.8	-8.7	-8.5	-11.4
Other items affecting comparability	-20.6	0.7	-25.9	-4.4	-5.3
Items affecting comparability, total	-28.5	-1.5	-42.0	-16.8	-25.3
Corporate administration and support functions					
Restructuring costs	-0.3	-0.8	-0.8	-2.3	-3.2
Other items affecting comparability	-2.0	-15.9	-14.1	-32.6	-50.2
Items affecting comparability, total	-2.3	-16.7	-14.9	-34.9	-53.4
Total	-42.7	213.3	-108.5	161.4	124.2

Comparable operating profit, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	50.8	30.0	120.6	83.6	120.1
Hiab	50.1	41.7	161.9	125.9	166.3
MacGregor	2.7	2.5	-4.6	8.9	-14.7
Corporate administration and support functions	-10.8	-9.4	-34.5	-32.4	-40.1
Total	92.7	64.8	243.5	186.0	231.5

Comparable operating profit, %	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	9.7%	8.0%	9.1%	7.7%	7.9%
Hiab	13.2%	13.5%	14.4%	13.8%	13.3%
MacGregor	2.0%	1.8%	-1.1%	2.2%	-2.7%
Cargotec	8.9%	7.9%	8.5%	7.7%	7.0%

Orders received, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	470	421	1,537	1,550	2,063
Hiab	425	396	1,430	1,329	1,713
MacGregor	252	168	706	499	652
Internal orders received	0	0	0	0	0
Total	1,147	985	3,672	3,377	4,427

Orders received by geographical area, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
EMEA	454	405	1,591	1,546	2,049
Americas	413	340	1,297	1,162	1,506
Asia-Pacific	280	240	785	668	873
Total	1,147	985	3,672	3,377	4,427

Orders received by geographical area, %	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
EMEA	40%	41%	43%	46%	46%
Americas	36%	35%	35%	34%	34%
Asia-Pacific	24%	24%	22%	20%	20%
Total	100%	100%	100%	100%	100%

Order book, MEUR	30 Sep 2022	30 Sep 2021	31 Dec 2021
Kalmar	1,569	1,226	1,302
Hiab	1,301	922	985
MacGregor	861	549	560
Internal order book	1	0	0
Total	3,732	2,696	2,847

Number of employees at the end of period	30 Sep 2022	30 Sep 2021	31 Dec 2021
Kalmar	5,044	4,813	4,876
Hiab	3,716	3,369	3,585
MacGregor	1,954	1,907	1,909
Corporate administration and support functions	811	779	804
Total	11,525	10,868	11,174

Average number of employees	Q1-Q3/22	Q1-Q3/21	2021
Kalmar	4,972	5,258	5,158
Hiab	3,675	3,349	3,399
MacGregor	1,915	1,933	1,929
Corporate administration and support functions	809	729	747
Total	11,372	11,269	11,232

5. Revenue from contracts with customers

Cargotec, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Equipment sales	705	544	1,906	1,532	2,143
Service sales	323	264	910	787	1,076
Software sales	12	13	34	86	95
Total sales	1,041	822	2,850	2,405	3,315
Recognised at a point in time	932	737	2,579	2,067	2,870
Recognised over time	109	85	271	338	445

Kalmar, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Equipment sales	371	249	890	658	948
Service sales	142	115	402	338	468
Software sales	12	13	34	86	95
Total sales	526	377	1,325	1,082	1,512
Recognised at a point in time	456	315	1,175	896	1,268
Recognised over time	69	61	151	186	244

Hiab, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Equipment sales	273	221	824	649	899
Service sales	106	87	298	262	351
Total sales	378	309	1,122	912	1,250
Recognised at a point in time	375	305	1,112	902	1,237
Recognised over time	3	3	10	10	13

MacGregor, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Equipment sales	61	74	193	224	296
Service sales	75	63	210	187	257
Total sales	137	137	403	412	553
Recognised at a point in time	101	116	293	269	365
Recognised over time	36	21	111	142	188

6. Share-based payments

In May 2022, The Board of Directors of Cargotec Corporation decided to establish a new share-based incentive programme 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 programme 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	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Operating profit	50.0	278.2	134.9	347.5	355.7
Restructuring costs					
Employment termination costs	1.7	4.1	3.3	11.4	17.2
Impairments of owned non-current assets	-	-	-	-	0.6
Impairments of inventories	1.8	0.5	1.8	0.6	1.2
Restructuring-related disposals of businesses*	0.1	-1.7	0.4	-2.2	-3.4
Other restructuring costs**	11.6	1.3	49.7	10.8	17.6
Restructuring costs, total	15.2	4.2	55.2	20.6	33.3
Impacts of the purchase price allocation	3.6	3.6	11.9	11.1	16.0
Other items affecting comparability					
Insurance benefits	-	-	-	-2.1	-2.1
Expenses related to business acquisitions or disposals***	0.9	-237.8	5.6	-225.6	-223.5
Merger plan with Konecranes Plc	0.1	16.4	9.6	33.5	50.4
Other costs ****	22.9	0.3	26.3	1.1	1.6
Other items affecting comparability, total	23.9	-221.2	41.4	-193.1	-173.6
Comparable operating profit	92.7	64.8	243.5	186.0	231.5

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

**Other restructuring costs include 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. In addition, during the third quarter Cargotec has reversed revenues and recognised impairments related to its ongoing long-term projects to be delivered to Russia in a total of EUR 3.7 million. Kalmar booked in the second quarter of 2022 an EUR 25 million and in the third quarter an EUR 11 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 31 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. The 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 the third quarter of 2022, MacGregor booked an approximately EUR 18 million provision for possible consequences related to a project delivered to the U.S. government.

8. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Owned assets					
Intangible assets	0.5	-0.5	3.3	1.4	7.1
Land and buildings	0.5	0.6	2.2	1.3	1.7
Machinery and equipment	13.8	10.1	40.9	24.8	34.5
Right-of-use assets					
Land and buildings	5.0	2.0	29.6	13.9	19.0
Machinery and equipment	2.7	3.7	9.7	10.9	17.9
Total	22.5	15.8	85.8	52.3	80.2

Depreciation, amortisation and impairment, MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Owned assets					
Intangible assets	5.3	6.1	16.8	19.9	26.1
Land and buildings	1.5	1.5	4.4	4.6	6.3
Machinery and equipment	10.3	10.4	33.1	31.8	43.2
Right-of-use assets					
Land and buildings	6.5	5.9	22.6	19.9	27.9
Machinery and equipment	3.8	3.4	11.7	10.4	13.9
Total	27.4	27.4	88.6	86.6	117.4

9. Taxes in statement of income

MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Current year tax expense	21.4	55.1	58.5	73.9	88.0
Change in current year's deferred tax assets and liabilities	-2.7	-2.3	-13.7	-3.2	-3.4
Tax expense for previous years	-4.4	0.3	-16.0	2.9	1.8
Total	14.3	53.1	28.8	73.5	86.4

10. Net working capital

MEUR	30 Sep 2022	30 Sep 2021	31 Dec 2021
Inventories	1,089.6	737.7	792.9
Operative derivative assets	62.5	16.8	18.5
Accounts receivable	711.9	595.7	632.9
Other operative non-interest-bearing assets	281.1	258.1	250.6
Working capital assets	2,145.0	1,608.2	1,694.9
Provisions	-174.7	-99.1	-109.8
Advances received	-338.1	-199.5	-217.2
Operative derivative liabilities	-114.4	-23.9	-26.8
Accounts payable	-593.1	-458.0	-518.8
Pension obligations	-110.5	-114.2	-112.9
Other operative non-interest-bearing liabilities	-523.9	-507.3	-525.2
Working capital liabilities	-1,854.7	-1,402.1	-1,510.6
Total	290.3	206.1	184.3

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 Sep 2022	30 Sep 2021	31 Dec 2021
Interest-bearing liabilities	929.5	1,069.7	919.5
Lease liabilities included in interest-bearing liabilities	170.0	163.0	163.0
Loans receivable and other interest-bearing assets	-17.1	-15.3	-16.2
Cash and cash equivalents	-431.5	-589.6	-488.8
Interest-bearing net debt	481.0	464.8	414.5
Equity	1,587.5	1,520.1	1,547.0
Gearing	30.3%	30.6%	26.8%

MEUR	Q3/22	Q3/21	2021
Operating profit, last 12 months	143.2	365.1	355.7
Depreciation, amortisation and impairment, last 12 months	119.4	122.4	117.4
EBITDA, last 12 months	262.6	487.5	473.1
Interest-bearing net debt / EBITDA, last 12 months	1.8	1.0	0.9

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

MEUR	30 Sep 2022	30 Sep 2021	31 Dec 2021
Cash and cash equivalents	431.5	589.6	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	-50.3	-193.2	-43.4
Liquidity	681.2	696.4	745.4

12. Derivatives

Fair values of derivative financial instruments

	Positive fair value 30 Sep 2022	Negative fair value 30 Sep 2022	Net fair value 30 Sep 2022	Net fair value 30 Sep 2021	Net fair value 31 Dec 2021
MEUR					
Non-current					
Currency forwards, cash flow hedge accounting	-	-	-	-	-
Equity warrants	1.2	-	1.2	-	1.0
Total non-current	1.2	-	1.2	-	1.0
Current					
Currency forwards, cash flow hedge accounting	3.1	17.2	-14.1	-1.7	-0.8
Currency forwards, other	19.4	28.6	-9.2	-1.6	4.7
Total current	22.5	45.8	-23.3	-3.3	4.0
Total derivatives	23.7	45.8	-22.1	-3.3	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

	30 Sep 2022	30 Sep 2021	31 Dec 2021
MEUR			
Currency forward contracts	3,878.6	3,144.0	2,955.3
Cash flow hedge accounting	2,687.0	1,747.5	1,868.0
Other	1,191.6	1,396.5	1,087.3
Total	3,878.6	3,144.0	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 Sep 2022	30 Sep 2021	31 Dec 2021
Guarantees given on behalf of associated companies and joint ventures	-	2.8	2.9
Guarantees given on behalf of others	-	-	-
Customer financing	10.9	14.3	13.6
Off-balance sheet leases	4.1	0.6	3.1
Other contingent liabilities	0.9	2.5	2.5
Total	15.9	20.2	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 Sep 2022 was EUR 536.7 (30 Sep 2021: 412.7 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 6.1 (1-9/2021: 1.3 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	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Sale of products and services					
Joint ventures	0.1	0.2	0.8	0.7	1.0
Total	0.1	0.2	0.8	0.7	1.0
Purchase of products and services					
Associated companies	0.0	-	0.0	-	-
Joint ventures	2.2	1.0	3.3	3.2	4.3
Total	2.2	1.0	3.3	3.2	4.3

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

Balances with associated companies and joint ventures

MEUR	30 Sep 2022	30 Sep 2021	31 Dec 2021
Loans receivable			
Associated companies	11.8	13.3	13.0
Total	11.8	13.3	13.0
Accounts receivable			
Associated companies	0.0	0.1	0.0
Joint ventures	0.3	0.8	0.4
Total	0.3	0.9	0.4
Accounts payable			
Associated companies	0.0	-	-
Joint ventures	2.1	1.4	1.1
Total	2.1	1.4	1.1

Dividends received from associated companies and joint ventures

MEUR	Q3/22	Q3/21	Q1-Q3/22	Q1-Q3/21	2021
Dividends received					
Joint ventures	0.2	1.5	0.2	1.5	5.0
Total	0.2	1.5	0.2	1.5	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. In determining fair values, EUR 3.5 million of intangible assets, and EUR 8.8 million of goodwill, which are tax-deductible, were identified. As a result of the acquisition, approximately 100 employees transferred to Hiab.

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	2.1
Inventories	9.5
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	-3.4
Purchase price, payable in cash	7.2
Total consideration	7.2
Goodwill	10.6
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 share capital. 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. MacGregor has recognised an impairment of EUR 2.0 million in the value of its holding during the year 2022, which has been included to other items affecting comparability. The balance sheet value of the holding in the joint venture was EUR 6.9 (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 in other items affecting comparability. Additionally, EUR 0.5 million of intangible assets and EUR 3.4 million of goodwill 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 4.7 (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 end of year 2021.

17. 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 September 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.

Key exchange rates for euro

Closing rates	30 Sep 2022	30 Sep 2021	31 Dec 2021
SEK	10.899	10.168	10.250
USD	0.975	1.158	1.133

Average rates	Q1-Q3/22	Q1-Q3/21	2021
SEK	10.518	10.144	10.147
USD	1.064	1.197	1.185

Key figures

		Q1-Q3/22	Q1-Q3/21	2021
Equity / share	EUR	24.60	23.53	23.95
Equity to asset ratio	%	39.3%	39.1%	40.6%
Interest-bearing net debt	MEUR	481.0	464.8	414.5
Interest-bearing net debt / EBITDA, last 12 months		1.8	1.0	0.9
Gearing	%	30.3%	30.6%	26.8%
Return on equity (ROE), last 12 months	%	5.3%	18.6%	17.3%
Return on capital employed (ROCE), last 12 months	%	5.8%	14.3%	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

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

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

Alternative performance measures

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

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

Items significantly affecting comparability (MEUR)	Items significantly affecting comparability include, in addition to restructuring costs, mainly impacts of the purchase price allocation, capital gains and losses, gains and losses related to acquisitions and disposals, acquisition and integration costs including during years 2020-2022 costs related to the merger plan with Konecranes Plc, impairments and reversals of impairments of assets, insurance benefits, and expenses related to legal proceedings.	Factor used to calculate Comparable operating profit.	Note 7, Comparable operating profit
Cash flow from operations before financing items and taxes	= Net income for the financial year + depreciation, amortisation and impairment + financing items + taxes + other adjustments + changes in net working capital	Represents cash flow from operations after income from sales less operating expenses. Measures the company's ability to meet its financial commitments, including interest payments, taxes, investments, and equity and debt payments. Used to monitor and forecast business performance.	Statement of cash flows
Interest-bearing net debt/EBITDA, last 12 months	= <u>Interest-bearing net debt</u> 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

<p>EBITDA (MEUR), last 12 months</p>	<p>=</p>	<p>Operating profit + depreciation, amortisation and impairment, last 12 months</p>	<p>Factor used to calculate Interest-bearing net debt / EBITDA.</p>	<p>Note 11, Interest-bearing net debt and liquidity</p>
<p>Net working capital (MEUR)</p>	<p>=</p>	<p>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</p>	<p>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.</p>	<p>Note 10, Net working capital</p>
<p>Investments</p>	<p>=</p>	<p>Additions to intangible assets and property, plant and equipment including owned assets and right-of-use assets, excluding assets acquired through business combinations</p>	<p>Investments refer to money used to acquire long-term assets. Used as a factor in cash flow calculation.</p>	<p>Note 8, Capital expenditure, depreciation and amortisation</p>
<p>Return on equity (ROE) (%), last 12 months</p>	<p>= 100 x</p>	<p>Net income for the financial year, last 12 months</p> <hr/> <p>Total equity (average for the last 12 months)</p>	<p>Represents the rate of return that shareholders receive on their investments.</p>	<p>Net income for financial year: Income statement; Total equity: Balance sheet</p>
<p>Return on capital employed (ROCE) (%), last 12 months</p>	<p>= 100 x</p>	<p>Income before taxes + financing expenses, last 12 months</p> <hr/> <p>Total assets - non-interest-bearing debt (average for the last 12 months)</p>	<p>Represents relative profitability or the rate of return that has been received on capital employed requiring interest or other return.</p>	<p>Income before taxes and financing expenses: Income statement; Total assets and non-interest-bearing debt: Balance sheet</p>
<p>Non-interest-bearing debt</p>	<p>=</p>	<p>Total assets - total equity - non-current interest-bearing liabilities - current portion of interest-bearing liabilities - current other interest-bearing liabilities</p>	<p>Used as a factor to calculate Return on capital employed (ROCE).</p>	<p>Balance sheet</p>

Equity to asset ratio = 100 x $\frac{\text{Total equity}}{\text{Total assets - advances received}}$ Used to measure solvency and describe the share of the company's assets financed by equity. Balance sheet

Gearing (%) = 100 x $\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$ 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.

Quarterly key figures

Cargotec		Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Orders received	MEUR	1,147	1,390	1,135	1,051	985
Service orders received	MEUR	325	309	307	308	271
Order book	MEUR	3,732	3,596	3,151	2,847	2,696
Sales	MEUR	1,041	959	851	910	822
Service sales	MEUR	323	303	284	289	264
Service sales, % of sales	%	31%	32%	33%	32%	32%
Eco portfolio sales	MEUR	276	217	202	166	140
Eco portfolio sales, % of sales	%	27%	23%	24%	18%	17%
Operating profit	MEUR	50.0	47.5	37.5	8.3	278.2
Operating profit	%	4.8%	5.0%	4.4%	0.9%	33.8%
Comparable operating profit	MEUR	92.7	85.5	65.3	45.5	64.8
Comparable operating profit	%	8.9%	8.9%	7.7%	5.0%	7.9%
Earnings per share	EUR	0.45	0.64	0.33	-0.13	3.40

Kalmar		Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Orders received	MEUR	470	567	499	513	421
Order book	MEUR	1,569	1,600	1,449	1,302	1,226
Sales	MEUR	526	428	372	430	377
Service sales	MEUR	142	135	124	130	115
Comparable operating profit	MEUR	50.8	41.4	28.5	36.5	30.0
Comparable operating profit	%	9.7%	9.7%	7.7%	8.5%	8.0%

Hiab		Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Orders received	MEUR	425	523	482	384	396
Order book	MEUR	1,301	1,250	1,125	985	922
Sales	MEUR	378	404	340	339	309
Service sales	MEUR	106	99	93	89	87
Comparable operating profit	MEUR	50.1	63.2	48.6	40.4	41.7
Comparable operating profit	%	13.2%	15.6%	14.3%	11.9%	13.5%

MacGregor		Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Orders received	MEUR	252	301	154	153	168
Order book	MEUR	861	746	577	560	549
Sales	MEUR	137	127	140	141	137
Service sales	MEUR	75	68	67	70	63
Comparable operating profit	MEUR	2.7	-7.4	0.1	-23.7	2.5
Comparable operating profit	%	2.0%	-5.8%	0.1%	-16.7%	1.8%