Cargotec’s financial statements review 2021

RECORD ORDERS, SUPPLY CHAIN CHALLENGES LIMITED SALES AND PROFITABILITY GROWTH

CARGOTEC

Cargotec's financial statements review 2021: Record orders, supply chain challenges limited sales and profitability growth

- Strong market environment in all businesses
- Record year for service business
- The overall sales impact of the delivery delays in the fourth quarter was EUR 80 million
- Electric offering available in all product categories

The figures in this financial statements review are based on Cargotec Corporation's audited 2021 financial statements.

October–December 2021 in brief: Record quarter for services

- Orders received increased by 9 percent and totalled EUR 1,051 (963) million.
- Order book amounted to EUR 2,847 (31 Dec 2020: 1,824) million at the end of the period.
- Sales increased by 4 percent and totalled EUR 910 (873) million.
- Service sales increased by 10 percent and totalled EUR 289 (262) million.
- Service and software sales represented 33 (35) percent of consolidated sales.
- Operating profit was EUR 8 (18) million, representing 0.9 (2.0) percent of sales. Operating profit includes items affecting comparability worth EUR -37 (-52) million.
- Comparable operating profit decreased by 35 percent and amounted to EUR 45 (70) million, representing 5.0 (8.0) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 60 (196) million.
- Net income for the period amounted to EUR -8 (7) million.
- Earnings per share was EUR -0.13 (0.10).

January–December 2021 in brief: Gain from Navis sale increased the operating profit considerably

- Orders received increased by 42 percent and totalled EUR 4,427 (3,121) million.
- Order book amounted to EUR 2,847 (31 Dec 2020: 1,824) million at the end of the period.
- Sales increased by 2 percent and totalled EUR 3,315 (3,263) million.
- Service sales increased by 7 percent and totalled EUR 1,076 (1,005) million.
- Service and software sales represented 35 (36) percent of consolidated sales.
- Operating profit was EUR 356 (70) million, representing 10.7 (2.2) percent of sales. The operating profit includes items affecting comparability worth EUR 124 (-156) million. The operating profit increased mainly due to gain from the Navis software business sale.
- Comparable operating profit increased by 2 percent and amounted to EUR 232 (227) million, representing 7.0 (6.9) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 169 (296) million.
- Net income for the period amounted to EUR 247 (8) million.
- Earnings per share was EUR 3.82 (0.13).

Outlook for 2022

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

Cargotec's key figures

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Orders received	1,051	963	9%	4,427	3,121	42%
Service orders received	308	265	16%	1,162	987	18%
Order book, end of period	2,847	1,824	56%	2,847	1,824	56%
Sales	910	873	4%	3,315	3,263	2%
Service sales	289	262	10%	1,076	1,005	7%
Software sales*	9	44	-78%	95	166	-42%
Service and software sales, % of sales	33%	35%		35%	36%	
Eco portfolio sales	166	219	-24%	626	777	-19%
Eco portfolio sales, % of sales	18%	25%		19%	24%	
Operating profit	8.3	17.6	-53%	355.7	70.4	> 100%
Operating profit, %	0.9%	2.0%		10.7%	2.2%	
Comparable operating profit	45.5	69.8	-35%	231.5	226.7	2%
Comparable operating profit, %	5.0%	8.0%		7.0%	6.9%	
Income before taxes	4.7	4.5	3%	333.1	34.5	> 100%
Cash flow from operations before financing items and taxes	59.7	195.8	-70 %	169.3	296.4	-43%
Net income for the period	-8.2	6.6	< -100 %	246.7	8.1	> 100%
Earnings per share, EUR	-0.13	0.10	< -100 %	3.82	0.13	> 100%
Interest-bearing net debt, end of period	414	682	-39%	414	682	-39%
Gearing, %	26.8%	52.4%		26.8%	52.4%	
Interest-bearing net debt / EBITDA**	0.9	3.2		0.9	3.2	
Return on capital employed (ROCE), last 12 months, %***	14.5%	2.8%		14.5%	2.8%	
Personnel, end of period	11,174	11,552	-3%	11,174	11,552	-3%

*Software sales include automation software and, until 1 July 2021, the strategic business unit Navis
**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 changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, in 2020 the comparable operating profit increased by EUR 6 million in the fourth quarter and EUR 23 million in the financial year. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

Cargotec's CEO Mika Vehviläinen: Strong demand throughout the year, supply chain challenges continued during the second half of the year

The year 2021 was twofold. The improving market situation and increasing economic activity boosted our orders received to a record level, and our main demand drivers - number of containers handled at ports globally, construction activity, new vessel contracting - grew significantly. However, as the year progressed, component shortages and global logistics challenges proved to be more difficult than what we had estimated, causing delays to our deliveries. Due to the coronavirus pandemic, market predictability was exceptionally challenging.

In 2021, orders received increased by 42 percent compared to the comparison period. The order increase was particularly noticeable in short-cycle products (Hiab and Kalmar's mobile equipment) but also the project business orders increased clearly both in Kalmar and in MacGregor. Our order book grew by 56 percent and, as an example, Hiab's order book nearly doubled when compared to the previous year. Strong demand and extended short-cycle product delivery times affected the growth of our order book.

Despite the strong demand, our sales increased by only 2 percent due to lower project deliveries in Kalmar and MacGregor as well as the sale of the Navis business. In addition, component shortages and global logistics challenges limited growth in Hiab and in Kalmar mobile equipment. We estimate these factors to have affected our sales by approximately EUR 80 million during the fourth quarter. We work in close cooperation with our suppliers to ensure component availability but estimate that component and logistics challenges to continue in 2022.

Cargotec's comparable operating profit increased by 2 percent to EUR 232 million, driven by higher comparable operating profit in Hiab. Challenges in the delivery chain and added costs thereof impacted Kalmar's result in particular, causing its comparable operating profit to decrease by 5 percent. Despite MacGregor's positive market development, due to one-time cost overruns related to new product developments in offshore wind energy vessel projects during the last quarter, MacGregor's result for the whole year turned negative.

Our service business reached a new record when services sales increased by 7 percent and services orders received by 18 percent compared to the previous year. Examples of good progress in services include Kalmar's multi-year service agreements with Outokumpu's Tornio stainless steel plant in Finland, and with Holmen Iggesund's mill in Sweden. Service and software business sales constituted 35 percent of our total sales in 2021.

The eco portfolio sales represented 19 percent of Cargotec's total sales. The customer interest towards eco-efficient equipment is increasing. As an example, more than a quarter of the forklift truck orders in 2021 were fully electric. Going forward, we will be able to better meet the growing demand for electrical equipment, as Kalmar introduced three all-electric solutions in December. With these launches Cargotec can offer electric products in all of its product categories.

Cargotec refined its vision and strategy in April. Our vision is to become the global leader in sustainable cargo flow and our strategic breakthrough objectives are sustainability and profitable growth. Practical examples of executing the strategy in 2021 include the development of the fully electric offering as well as our agreement with SSAB to work on the introduction of fossil-free steel to the cargo handling industry. In concrete terms, Cargotec aims to reduce the CO_2 emissions of its value chain by 1 million tons by 2024.

During the year we completed the sale of the Navis business, which had an approximately EUR 230 million positive impact on our operating profit. The proceeds enable R&D investments in the fields of electrification, digitalisation, robotisation and automation, and further investments in acquisitions. As an example, Hiab acquired the demountables manufacturer Galfab in the US and, to speed up the development and launch of robotic solutions across the mobile equipment offering, Kalmar signed a joint development agreement with Coast Autonomous Inc. in the US.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their combination agreement and a merger plan to combine the two companies through a merger. Extraordinary general meetings of Cargotec and Konecranes held on 18 December 2020 approved the merger. Competition authorities in the EU, UK, and US, among others, are reviewing the proposed transaction. In August, Cargotec and Konecranes received an unconditional approval from the State Administration for Market Regulation, the competition authority in China, for their planned merger.

As previously communicated, Cargotec and Konecranes have continued their dialogue and cooperation with relevant competition authorities to find satisfactory ways to mitigate concerns raised by the competition authorities to secure approvals to complete the merger of Cargotec and Konecranes. Based on ongoing dialogue with the authorities, the remedy requirements are more complex than expected.

Cargotec and Konecranes have discussed remedies with relevant competition authorities based on a commitment offered to the European Commission to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions. Both companies consider the offered remedy package as sufficient and feasible. Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding antitrust concerns continue.

Cargotec and Konecranes are awaiting the authorities' decisions and continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently. More information about the merger is available from the web address www.sustainablematerialflow.com.

I would like to thank Cargotec employees for their work and dedication during the year 2021 as well as our customers, shareholders and partners for the trust and cooperation.

Reporting segments' key figures

Orders received

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Kalmar	513	445	15%	2,063	1,401	47%
Hiab	384	417	-8%	1,713	1,210	42%
MacGregor	153	100	53%	652	511	28%
Internal orders	0	0		0	-1	
Total	**1,051**	**963**	**9%**	**4,427**	**3,121**	**42%**

Order book

MEUR	31 Dec 2021	31 Dec 2020	Change
Kalmar	1,302	842	55%
Hiab	985	503	96%
MacGregor	560	480	17%
Internal order book	0	0	
Total	**2,847**	**1,824**	**56%**

Sales

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Kalmar	430	411	5%	1,512	1,529	-1%
Hiab	339	295	15%	1,250	1,094	14%
MacGregor	141	168	-16%	553	642	-14%
Internal sales	0	-1		-1	-1	
Total	**910**	**873**	**4%**	**3,315**	**3,263**	**2%**

Operating profit

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Kalmar	32.6	19.5	68%	344.5	61.8	> 100%
Hiab	34.0	25.0	36%	144.7	97.3	49%
MacGregor	-32.1	-12.6	< -100%	-40.0	-48.2	17%
Corporate administration and support functions	-26.2	-14.3	-84%	-93.5	-40.7	< -100%
Total	**8.3**	**17.6**	**-53%**	**355.7**	**70.4**	**> 100%**

Comparable operating profit

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Kalmar	36.5	30.6	19%	120.1	126.1	-5%
Hiab	40.4	41.7	-3%	166.3	128.8	29%
MacGregor	-23.7	5.7	< -100%	-14.7	6.6	< -100%
Corporate administration and support functions	-7.7	-8.2	6%	-40.1	-34.9	-15%
Total	**45.5**	**69.8**	**-35%**	**231.5**	**226.7**	**2%**

Telephone conference for analysts, investors and media

Cargotec Corporation will publish its financial statements review 2021 on Thursday, 3 February 2022 at approximately 1:30 p.m. EET. The report will be available at www.cargotec.com after publication.

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

The telephone conference can be accessed with code 78518266# by calling one of the following numbers:

Finland: +358 981 710 310

France: +33 170 750 711

Germany: +49 691 380 3430

Singapore: +65 642 983 49

Sweden: +46 856 642 651

Switzerland: +41 225 809 034

United Kingdom: +44 333 300 0804

United States: +1 631 913 1422

The event can also be viewed as a live webcast at https://cargotec.videosync.fi/2021-q4. The conference call will be recorded and an on-demand version of the conference will be published at Cargotec’s website later during the day.

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

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

Cargotec's financial statements review 2021

The financial statements review 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.

Operating environment

Despite the pandemic-related uncertainty, market activity was at a high level in 2021. This was reflected on the record-high demand of our solutions and high use rates of our connected equipment, but also on price increases and availability challenges related to raw materials, product components, and freight. These factors prolonged our delivery times and raised our costs during the year. We estimate the component and logistics challenges to persist in 2022.

According to the International Monetary Fund's (IMF) world economic outlook published in January 2022, the global economy grew 5.9 percent in 2021, and is estimated to grow by 4.4 percent in 2022. In the IMF's advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), IMF projects a 5.0 percent growth in 2021 and 3.9 percent growth in 2022.[1]

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to have increased by about 6.5 percent in 2021 compared to the previous year. In 2022, it is forecasted to increase by about 4.6 percent.[2] The lower-than-previous forecasts is estimated to be caused by fast-rising inflation, ongoing supply chain bottlenecks and the omicron covid-19 variant. The demand for services increased from the comparison period.

Oxford Economics estimates that construction activity – one of Hiab's demand drivers – would have increased by about 7 percent both in Europe and in the US during 2021. In 2022, Oxford Economics estimates construction activity to increase by approximately 3 percent in Europe and by 6 percent in the US compared to the previous year.[3] The demand for services increased from the comparison period.

The demand for MacGregor's cargo handling solutions is impacted by the level of merchant ship contracting, which increased strongly in 2021 to 1,613[4] (661[5]), making it the strongest year in vessel contracting since 2014. The pick-up in demand was particularly visible in container vessel orders. In 2022, the number of merchant ship contracting is expected to decrease to 1,221 due to increased prices of the new ship orders and full shipyard order books. In the offshore sector, despite the increases in oil price, the amount of new vessel contracting is still expected to remain at a low level due to the overcapacity of offshore supply vessels and drilling rigs, for example. The focus of new orders has shifted to vessels supporting wind power while the offshore wind farms

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1 International Monetary Fund: World Economic Outlook Update, January 2022
2 Drewry Container Forecaster, Q4/2021
3 Oxford Economics, December 2021
4 Clarkson, January 2022
5 Clarkson, January 2022. Does not include late registrations

are growing in size and being built farther from the coast into deeper waters.[6] The demand for services increased from the comparison period.

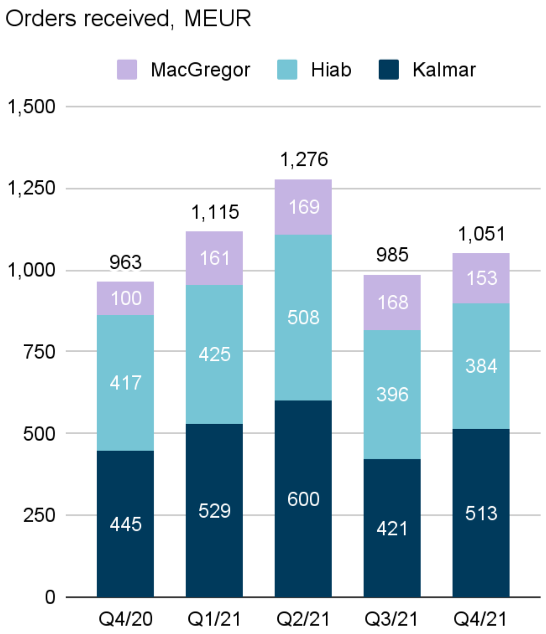
[6] Clarkson, September 2021

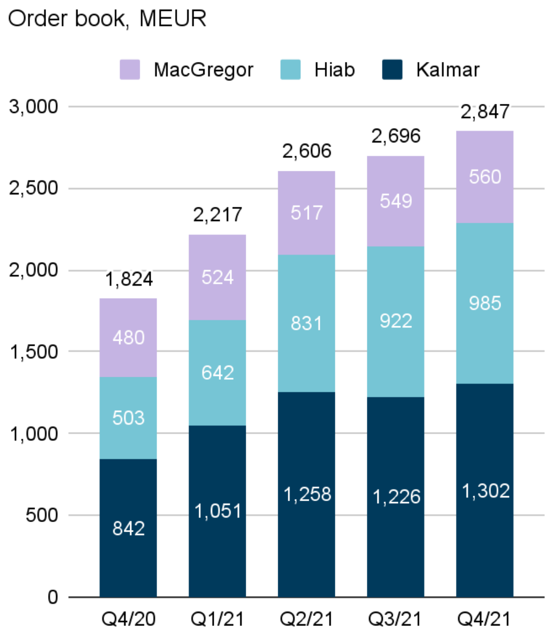
Financial performance

Orders received and order book

Orders received and order book

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Orders received	1,051	963	9%	4,427	3,121	42%
Service orders received	308	265	16%	1,162	987	18%
Order book, end of period	2,847	1,824	56%	2,847	1,824	56%





In the fourth quarter of 2021, orders received increased by 9 percent from the comparison period and totalled EUR 1,051 (963) million. Orders received increased in Kalmar and in MacGregor. Hiab's orders decreased from the comparison period but were still at a high level. Service orders received increased by 16 percent and totalled EUR 308 (265) million.

Orders received increased in 2021 by 42 percent from the comparison period and totalled EUR 4,427 (3,121) million. Orders received increased strongly in all business areas. Service orders received increased by 18 percent and totalled EUR 1,162 (987) million.

The order book increased by 56 percent from the end of 2020, and at the end of 2021 it totalled EUR 2,847 (31 Dec 2020: 1,824) million. Kalmar's order book totalled EUR 1,302 (842) million, representing 46 (46) percent, Hiab's EUR 985 (503) million or 35 (28) percent and MacGregor's EUR 560 (480) million or 20 (26) percent of the consolidated order book.

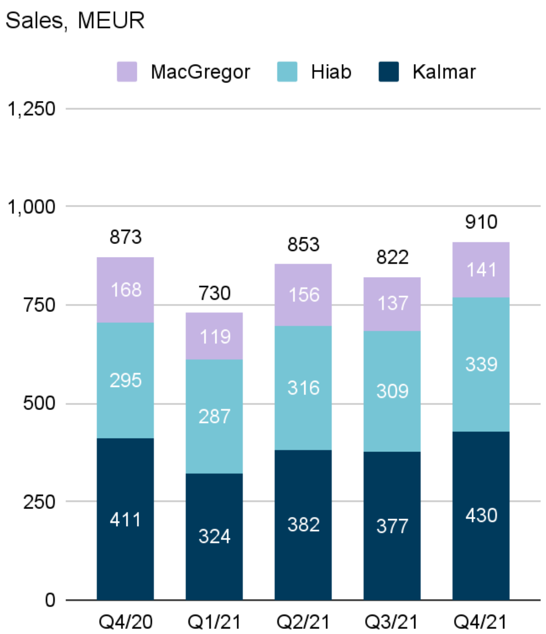
In geographical terms, the share of orders received in the fourth quarter was 48 (48) percent in EMEA and 33 (39) percent in the Americas. Asia-Pacific's share of orders received was 19 (13) percent.

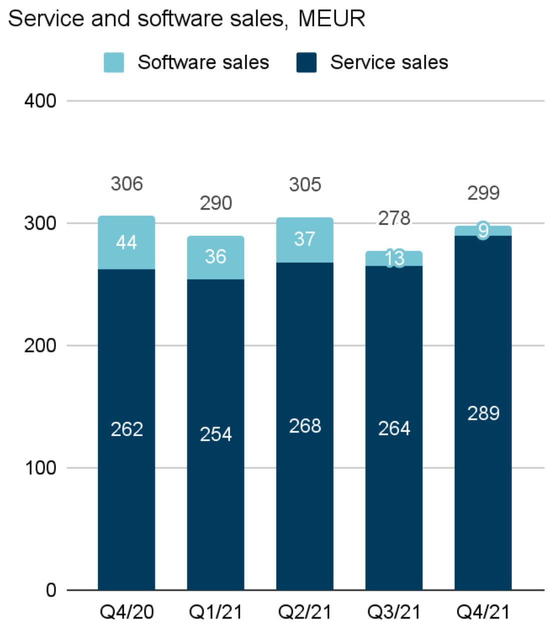
In 2021, the share of orders received was 46 (50) percent in EMEA and 34 (32) percent in the Americas. Asia-Pacific's share of orders received was 20 (18) percent.

Sales

Sales

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Sales	910	873	4%	3,315	3,263	2%
Service sales	289	262	10%	1,076	1,005	7%
Software sales	9	44	-78%	95	166	-42%





In the fourth quarter of 2021, sales increased from the comparison period by 4 percent and amounted to EUR 910 (873) million. Sales increased in Kalmar and in Hiab and declined in MacGregor. Service sales increased by 10 percent from the comparison period and totalled EUR 289 (262) million, representing 32 (30) percent of consolidated sales. Software sales decreased by 78 percent and amounted to EUR 9 (44) million. The decrease in software sales was due to the divestment of the Navis business. In total, service and software sales amounted to EUR 299 (306) million, representing 33 (35) percent of consolidated sales.

Sales in 2021 increased by 2 percent from the comparison period to EUR 3,315 (3,263) million. Hiab's sales increased whereas MacGregor's and Kalmar's sales declined. Service sales increased by 7 percent from the comparison period and totalled EUR 1,076 (1,005) million, representing 32 (31) percent of consolidated sales. Software sales decreased by 42 percent and amounted to EUR 95 (166) million. The decrease in software sales was due to the divestment of the Navis business. Service and software sales amounted to EUR 1,172 (1,171) million, representing 35 (36) percent of consolidated sales.

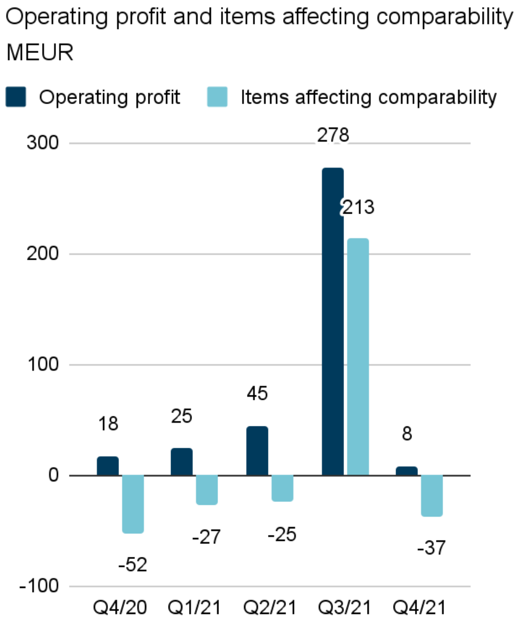
In geographical terms, sales decreased in Asia-Pacific and increased in Americas and EMEA. EMEA's share of consolidated sales was 50 (49) percent, Americas' 31 (29) percent and Asia-Pacific's 19 (22) percent.

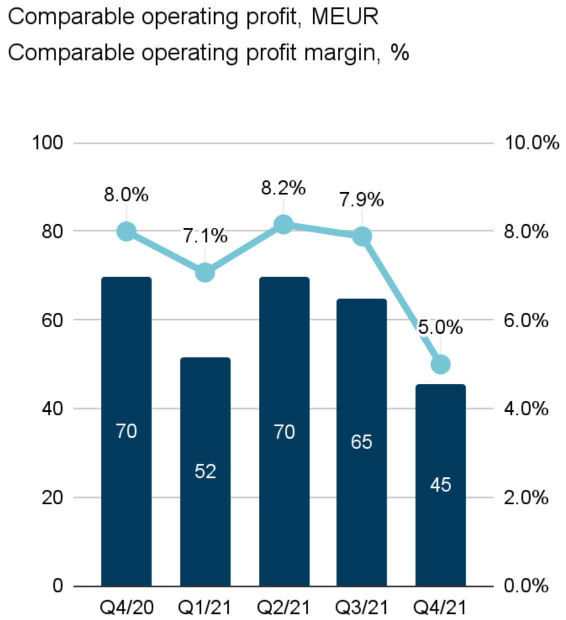
In 2021, EMEA's share of consolidated sales was 50 (49) percent, Americas' 31 (30) percent and Asia-Pacific's 19 (21) percent.

Financial result

Operating profit and comparable operating profit

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Operating profit	8.3	17.6	-53%	355.7	70.4	> 100%
Operating profit, %	0.9%	2.0%		10.7%	2.2%	
Comparable operating profit	45.5	69.8	-35%	231.5	226.7	2%
Comparable operating profit, %	5.0%	8.0%		7.0%	6.9%	





Operating profit for the fourth quarter totalled EUR 8 (18) million. The operating profit includes items affecting comparability worth EUR -37 (-52) million. EUR -4 (-11) million of the items were related to Kalmar, EUR -6 (-17) million to Hiab, EUR -8 (-18) million to MacGregor and EUR -18 (-6) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -17 (-5) million were related to the merger plan with Konecranes Plc. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Operating profit in 2021 totalled EUR 356 (70) million. The operating profit includes items affecting comparability worth EUR 124 (-156) million. EUR 224 (-64) million of the items were related to Kalmar, EUR -22 (-32) million to Hiab, EUR -25 (-55) million to MacGregor and EUR -53 (-6) million to corporate administration and support functions. Majority of Kalmar's items affecting comparability were related to the gain from the Navis software business sale and, of the corporate administration and support functions items affecting comparability, EUR -50 (-7) million were related to the merger plan with Konecranes Plc. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the fourth quarter decreased by -35 percent and totalled EUR 45 (70) million, representing 5.0 (8.0) percent of sales. The comparable operating profit decreased due to one-time cost overruns related to new product developments in offshore wind energy vessel projects.

Comparable operating profit in 2021 increased by 2 percent and totalled EUR 232 (227) million, representing 7.0 (6.9) percent of sales. The higher comparable operating profit was due to an increase in Hiab's comparable operating profit. Kalmar's and MacGregor's comparable operating profit decreased.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the fourth quarter totalled EUR 3 (6) million. Net financing expenses totalled EUR 4 (13) million. In 2021, net interest expenses for interest-bearing debt and assets totalled EUR 18 (23) million. Net financing expenses totalled EUR 23 (36) million. Group financing expenses decreased due to the decrease in the average interest rate of the loan portfolio, and reduced currency hedging costs.

Net income for the fourth quarter totalled EUR -8 (7) million, and earnings per share was EUR -0.13 (0.10). Net income in 2021 totalled EUR 247 (8) million, and earnings per share EUR 3.82 (0.13).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 4,027 (31 Dec 2020: 3,888) million at the end of the fourth quarter. Equity attributable to the equity holders of the parent was EUR 1,544 (1,299) million, representing EUR 23.95 (20.14) per share. Property, plant and equipment on the balance sheet amounted to EUR 410 (430) million and intangible assets to EUR 1,139 (1,158) million.

Return on equity (ROE, last 12 months) was 17.3 (31 Dec 2020: 0.6) percent at the end of 2021, and return on capital employed (ROCE, last 12 months) was 14.5 (2.8) percent. Cargotec's financial target is to reach 15 percent return on capital employed.

Cash flow from operating activities before financial items and taxes totalled EUR 169 (296) million during 2021. Cash flow decreased due to an increase in net working capital stemming mainly from higher inventories.

Cargotec's liquidity position is strong. The liquidity reserves, consisting of cash and cash equivalents and an undrawn EUR 300 million long-term revolving credit facility, totalled EUR 789 million on 31 December 2021 (31 Dec 2020: 785). Following the strong liquidity position, Cargotec made a voluntary total redemption for the EUR 150 million senior unsecured bond in December 2021, where the original maturity date was in March 2022.

The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 43 (158) million, which includes EUR 35 (38) million lease liabilities. In addition, Cargotec had access to a EUR 150 million commercial paper programme, of which undrawn EUR 150 (150) million, as well as undrawn bank overdraft facilities, totalling EUR 111 (116) million.

At the end of 2021, interest-bearing debt amounted to EUR 919 (31 Dec 2020: 1,191) million, of which EUR 163 (174) million was in lease liabilities. Of the interest-bearing debt, EUR 43 (158) million was current and EUR 876 (1,033) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 1.3 (1.4) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 505 (509) million. Interest-bearing net debt totalled EUR 414 (682) million.

At the end of the year, Cargotec's equity to assets ratio was 40.6 (31 Dec 2020: 35.3) percent. Gearing was 26.8 (52.4) percent.

Corporate topics

Research and development

Research and product development expenditure in 2021 totalled EUR 102 (105) million, representing 3.1 (3.2) percent of sales. Research and development investments were focused on themes supporting climate targets such as digitalisation, electrification, automation and robotisation as well as projects that aim to improve the competitiveness and cost efficiency of products. During the year, research and development efforts focused for example on the following:

Kalmar

The year 2021 marked a considerable milestone for Kalmar as its entire portfolio became available as electrically powered versions.

In the first quarter, Kalmar and Nokia announced that they will expand their ongoing collaboration to provide new solutions for ports and intermodal terminal operators seeking to automate operations and achieve greater productivity. In June, a new stand-alone 5G network was implemented for Kalmar's Technology and Competence Centre in Tampere, Finland, together with Telia and Telia's partners Digita and Nokia. With the network, Kalmar can develop new integrated solutions for the product development of communication and cargo handling technologies.

In the second quarter, Kalmar introduced two service solutions, Kalmar Modernisation Services and Kalmar Remote Services, for manual and automated container terminals. Kalmar Modernisation Services maximises customers' shuttle and straddle carrier and yard crane fleet performance with equipment inspections, repairs and refurbishments, modernisations as well as digitalisation and automation services. Kalmar Remote Services includes three new expert services for manual and automated terminals, supporting customers in optimal use and performance of their equipment.

During the second quarter, Kalmar also introduced a new generation of Kalmar Rubber-tyred Gantry Cranes (RTGs). The offering covers five models with a stronger, lighter and simpler modular design and intelligent features to provide customers with a productive and eco-efficient container handling solution.

In the third quarter, Kalmar opened a new sales and service support centre in Stargard, Poland. Customer service will improve, as the back-office sales and service administration operations, including invoicing, order and contract management tasks, are now covered by a centralised sales and service support centre.

In the fourth quarter, Kalmar released MyKalmar, a new platform for Kalmar's digital services. MyKalmar is a combination of previous services – such as MyParts and Kalmar Insight – but also contains new services and is a launchpad for further development and a new single-point-of-access for customers to oversee their Kalmar fleets.

In mid-December, Kalmar launched three new 100-percent electrically powered solutions: Kalmar Electric Reachstacker, Kalmar Electric Heavy Forklift and Kalmar Ottawa Electric Terminal Tractor. Kalmar also announced the Kalmar Robotic Portfolio, which is a future range of intelligent, flexible and autonomous mobile equipment solutions. The portfolio will consist of the Kalmar RoboTractor, RoboLifter, RoboStacker and RoboHandler, with prototypes being currently tested at different sites around the world. Kalmar also launched Kalmar Tracker, an automated container information solution for reachstackers, designed to enable safer and more efficient management of container movements.

At the year-end, Kalmar signed a joint development agreement with Coast Autonomous Inc. to speed up the development and launch of robotic solutions across the mobile equipment offering. Coast Autonomous is an autonomous driving technology start-up based in California, USA, providing mobility solutions to move people and goods in urban and industrial environments. Kalmar also became a minority shareholder of Coast Autonomous.

Hiab

In the first quarter, Hiab launched the HookTop system to be used with MULTILIFT Ultima hooklifts. The HookTop system quickly and safely protects the cargo, using a radio controller to cover the cargo with a tarp. Hiab also launched the EFFER 1000 loader crane, a 90 tonne metre (tm) crane that weighs only 9,500 kg but delivers the same performance as bigger cranes, thereby reducing emissions and cost of ownership.

In the second quarter, Hiab launched tail lift brand ZEPRO's next generation heavy-duty slider lifts for heavy goods vehicles and trailers. The connected, robust, low-maintenance lifts are designed to maximise uptime and lift life.

In the third quarter, Hiab's WALTCO launched an FM1000 liftgate that functions as a combined rear door and liftgate. Hiab also announced an investment to develop a new multi-assembly unit in Dundalk, Ireland, for its MOFFETT and PRINCETON truck-mounted forklift manufacturing operations. The new facility will include manufacturing operations and a global hub for innovation and R&D. Hiab also expanded manufacturing of truck-mounted forklifts in Streetsboro, US, delivering the first MOFFETT installation at the end of September. In July, Hiab's electric MOFFETT E4-25.3NX truck mounted forklift won an IFOY AWARD, also known as the "Oscars of intralogistics", in the category Special Vehicle.

In the fourth quarter, Hiab launched HIAB iQ.1188 HiPro with the company's new SPACEevo control system to deliver new productivity and safety benefits. The 110 tm super heavy loader crane is the largest HIAB crane to date and the first model in the new iQ. range.

MacGregor

MacGregor continued to participate in a collaborative research project sponsored by the German Ministry of Economic Affairs and Energy, focused on the viability and potential for remotely operated tugboats. The project aims to address the growing pressure on efficient harbour operation resulting from projected growth in transshipment volumes to 2030, and the increasing size of cargo carrying vessels.

MacGregor also focused on developing an unmanned robotic handover system that establishes a safe towing connection. The project benefits from MacGregor's Marine Data Engine in managing bi-directional data flow to enable remote control of the towing process.

MacGregor's participation in the EU Horizon 2020 Research and Innovation funded Aegis and Moses projects are reaching their midway point, with preparation for full testing of a scale electric crane and spreader underway. A newly developed short sea container shipping optimisation tool is also being tested in an operational environment with a vessel operator.

During the fourth quarter, the MacGregor How2 application's prototype was further improved. The application provides step-by-step maintenance instructions, animated AR visualisations, as well as 2D and 3D CAD models in a single, easy to understand user platform. It helps to increase maintenance efficiency and improve work safety, and provides functionalities for automatic service report generation and spare parts ordering. The next stage is to transfer the concept into an easy-to-scale application that is best fit-for-purpose.

At the year-end, MacGregor introduced the next generation of variable frequency drive (VFD) electric cranes and the fully electrically driven heavy lift crane as new members of its heavy lift crane family. The VFD increases efficiency by up to 50 percent, with additional benefits achieved through weight reduction and the ability to connect with the OnWatch Scout condition-based monitoring and predictive maintenance service.

MacGregor's digital twin capability focuses on virtual model design optimisation and supporting more efficient equipment operation. Its development progressed well during the year, with the first simulation-based training package being planned for delivery to an offshore wind vessel operator.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 64 (59) million in 2021. Investments in customer financing were EUR 16 (26) million. Depreciation, amortisation and impairment amounted to EUR 117 (144) million. The amount includes impairments worth EUR 7 (16) million.

Acquisitions and divestments in 2021

In August, Hiab entered into an agreement to acquire the US demountables manufacturer Galfab, which makes roll-off hoists and related equipment for the domestic waste industry. At the time of tha acquisition Galfab employed around 100 people. The acquisition broadens Hiab's demountable portfolio as Galfab's equipment is included in Hiab's nationwide US sales and service network. The acquisition was completed on 4 September 2021.

In March, Cargotec announced that it had signed an agreement to sell its Navis business to Accel-KKR, a Silicon Valley-based investment firm for an enterprise value of EUR 380 million. In July, Cargotec announced that the Navis sale had been completed. As of 1 July 2021, Navis results have no longer been consolidated into Cargotec financials. The transaction had an approximately EUR 230 million positive impact on Cargotec's operating profit. The Navis business transaction was completed on 1 October 2021.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their combination agreement and a merger plan to combine the two companies through a merger. Extraordinary general meetings of Cargotec and Konecranes held on 18 December 2020 approved the merger. Various competition authorities in the EU, UK, and US, among others, are currently reviewing the proposed transaction.

In August, Cargotec Corporation and Konecranes Plc announced that the companies have received unconditional approval from the State Administration for Market Regulation, the competition authority in China, for their planned merger. Also in August, Cargotec and Konecranes announced that the Boards of Directors of Cargotec and Konecranes have agreed to select Cargotec's present CEO Mika Vehviläinen as the President and CEO of the Future Company, and that the Board of Directors of Cargotec has made the appointment accordingly. The appointment of Mika Vehviläinen will become effective upon completion of the transaction.

In November, Cargotec and Konecranes announced the planned high-level operating model and leadership team for the future company. The future company aims to be a customer-centric organisation of top global talent with a customer-centric high-level operating model. After the completion of the merger, the future company is planned to consist of four businesses, namely industrial business, maritime business, ports business, and roads business. In addition, the future company would have group operations, namely finance, HR, technology, integration, strategy and M&A, legal and compliance, and public affairs and communications.

In December, Cargotec and Konecranes submitted a remedy package to the European Commission, comprising a commitment to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions. Companies stated that the proposed divestitures would eliminate overlaps between the parties' container handling equipment businesses but allow the future company to combine their other businesses and continue to be a strong player in all aspects in container handling equipment. Should clearance be obtained based on the offered remedy package, the merger would proceed comprising of Konecranes' Industrial Equipment and Service businesses as currently operated, Cargotec's MacGregor and Hiab businesses as currently operated as well as the operations of Konecranes' Port Solutions and Cargotec's Kalmar businesses other than the areas subject to the offered remedies.

Cargotec and Konecranes are awaiting the authorities' decisions and continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently.

Cargotec and Konecranes update the total cost estimate in connection with the merger to be approximately EUR 125 million. The estimate presented in the third quarter interim reports on 28 October 2021 was approximately EUR 100 million. The cost consists mostly of expenses related to financial reporting, legal matters and advisory services (excluding the estimated transaction costs of the refinancing and integration planning). A considerable part of the total costs and the cost estimate increase are related to the processes for applying for the necessary merger control approvals for the merger. The cost estimate will be refined as the competition authority processes progress. More information about the merger is available from the web address www.sustainablematerialflow.com.

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

Operational restructurings

Restructuring costs in the fourth quarter amounted to EUR 13 (40) million and to EUR 33 (131) million in the year 2021. For the year 2022, the restructuring costs of ongoing restructuring programmes are estimated to be approximately EUR 15 million. The estimate does not include costs related to the merger between Cargotec and Konecranes 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 11,174 (31 Dec 2020: 11,552) people at the end of 2021. The average number of employees in 2021 was 11,232 (1–12/2020: 12,066).

Salaries and remunerations to employees totalled EUR 611 (617) million in 2021.

Cargotec's annual Compass Employee Engagement survey provides valuable information on work-related feelings and thoughts of our employees. The completion rate of the Compass 2021 survey was 76 (79) percent. With the exception of one new open-ended question, the questions in the 2021 Compass were identical to those of 2020.

The overall favourability of all answers was 75 (73) percent. With an 82 percent favourability on the team climate and performance category, team work clearly remains to be our stronghold. The result shows that the vast majority of Cargotec employees are satisfied with the working environment of the team closest to them.

According to the results, topics such as work-life balance, stress, and the direction of the company require more attention. As per Cargotec's personnel procedures, managers organise feedback sessions and plan actions with their teams, focusing especially on items where improvement is needed.

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.

Sustainability

Sustainability is at Cargotec's core. During 2021, we worked intensively towards our climate target to reduce the CO2 emissions of our value chain by 1 million tons by 2024 and 50 percent by 2030. The 2030 long-term target is validated and approved by the Science Based Targets initiative.

Cargotec's climate programme was founded in 2021 to drive the low-carbon industry transformation and the emission reductions in practice. The goal of the programme is to decarbonise the supply chain and Cargotec's own operations, and boost our sustainable offering. The progress of the programme was reflected in 2021 when our Kalmar business area fulfilled its commitment to deliver a fully electric portfolio by the end of the year.

During 2021, much effort was put on responsible sourcing and renewing the supplier sustainability risk assessment process. During the renewal, the Supplier Code of Conduct was also refined, with a target to cover not only suppliers but also other third parties. Once implemented, the new code will be referred to as the Business Partner Code of Conduct (BPCoC). The supplier risk assessment renewal process will be finalised during 2022. Target is to have all refined processes implemented as part of a wider responsible sourcing programme.

Cargotec's eco portfolio consists of products and services that can enhance customers' sustainability with tangible environmental benefits. In 2021, the eco portfolio sales totalled EUR 626 (777) million, representing 19 (24) percent of consolidated sales. The decrease was due to the divestment of Navis software business as well as Kalmar's automation and project deliveries, which were on a lower level than in the comparison period.

Cargotec is preparing for the upcoming EU Taxonomy regulation and aims to revise the eco portfolio criteria to align with the taxonomy. To prove the EU taxonomy-alignment of the eco equipment, Cargotec continued to conduct product life cycle assessment (LCA) studies during the year 2021. The pilot LCAs confirmed the hypothesis that electric versions of the equipment result in substantial life cycle GHG reductions.

The challenging COVID-19 pandemic situation continued throughout the year. From the onset of the outbreak, our first priority has been to maintain a safe working environment for our employees. During 2021, we continued the monthly pulse surveys, launched at the beginning of the pandemic, to tap onto the sentiments of our personnel, and to better support the wellbeing of our people.

Cargotec's safety performance declined slightly during the year 2021. The Industrial Injury Frequency Rate (IIFR) for Cargotec total, including our assembly sites and non-assembly sites, increased slightly to 6.0 (2020: 5.2). The IIFR weakened on the assembly sites and was 7.3 (3.4). The decline was caused by disturbances in the production processes, caused by component shortages. On the other hand, the IIFR figure improved to 5.3 (6.2) in service organisations and at the non-assembly sites. Our target for 2021 was to have the IIFR rate less than 5 across the whole organisation.

Our IIFR target for 2022 is less than 5 across all operations, which is the same as in 2021. We are pursuing this goal with targeted actions, and through health and safety policies that encourage proactive reporting and enhance transparency. Our efforts are focused on building a high safety culture, including raising safety performance awareness amongst our employees and establishing an even stronger leadership commitment to safety topics.

Leadership Team

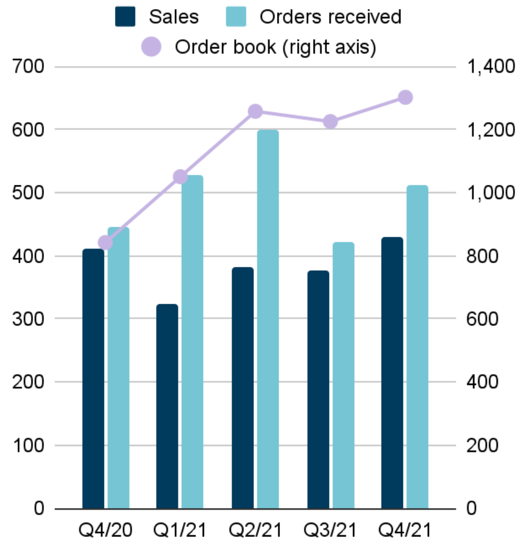
On 31 December 2021, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO; Outi Aaltonen, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Antti Kaunonen, President, Kalmar Automation Solutions; Michel van Roozendaal, President, Kalmar Mobile Solutions; Scott Phillips, President, Hiab; and Leif Byström, President, MacGregor. Michel van Roozendaal and Leif Byström were nominated to their positions on 28 October 2021. Following the appointment of Michel van Roozendaal, Stefan Lampa, a member of the Cargotec leadership team and President of Kalmar Mobile Solutions since April 2019, stepped down from his position.

Reporting segments

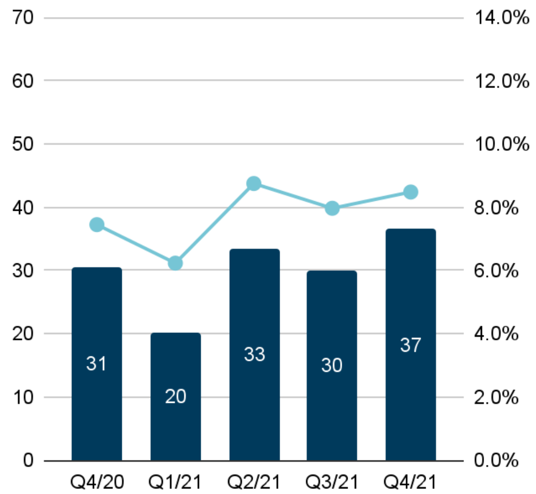
Kalmar

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Orders received	513	445	15%	2,063	1,401	47%
Order book, end of period	1,302	842	55%	1,302	842	55%
Sales	430	411	5%	1,512	1,529	-1%
Service sales	130	119	9%	468	437	7%
% of sales	30%	29%		31%	29%	
Software sales	9	45	-79%	95	166	-43%
% of sales	2%	11%		6%	11%	
Operating profit	32.6	19.5	68%	344.5	61.8	> 100%
% of sales	7.6%	4.7%		22.8%	4.0%	
Comparable operating profit	36.5	30.6	19%	120.1	126.1	-5%
% of sales	8.5%	7.5%		7.9%	8.2%	
Personnel, end of period	4,876	5,526	-12%	4,876	5,526	-12%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



In the fourth quarter, orders received by Kalmar increased by 15 percent from the comparison period and totalled EUR 513 (445) million. Orders increased in automation and project business, mobile equipment and in services. Orders received increased in EMEA and in Asia-Pacific and decreased in Americas.

Major orders received by Kalmar in 2021 included:

- 11 reachstackers, four empty container handlers and 12 heavy terminal tractors for a company with operations in various countries (Q1),
- 61 terminal tractors to Mexico (Q1),
- 12 fully automated straddle carriers to Australia (Q1),
- 5 AutoRTGs to Ireland (Q2)
- 15 medium electric forklift trucks to France (Q3),
- 18 hybrid shuttle carriers to the US (Q3),
- 6 automatic stacking cranes and 6 AutoShuttles to Australia (Q3 & Q1),
- 34 Kalmar Straddle Carriers to Belgium (Q4), and
- three-year Kalmar Care service agreement with a customer in Sweden (Q4).

Kalmar's orders received in 2021 increased by 47 percent and totalled EUR 2,063 (1,401) million. Compared to the comparison period, orders received increased in all product categories and geographical areas.

Kalmar's order book increased by 55 percent from the end of 2020, and at the end of 2021 it totalled EUR 1,302 (31 Dec 2020: 842) million. The order book increase was mainly a result of the strong mobile equipment demand as well as the impact of supply chain bottlenecks on delivery times.

Kalmar's fourth quarter sales increased by 5 percent from the comparison period and totalled EUR 430 (411) million. Global component shortages and logistics challenges had an approximately EUR 30 million effect on Kalmar's fourth quarter sales. Service sales increased by 9 percent and totalled EUR 130 (119) million, representing 30 (29) percent of sales. Software sales decreased by 79 percent and amounted to EUR 9 (45) million. The decrease was due to the divestment of the Navis software business.

Kalmar sales in 2021 decreased by 1 percent and totalled EUR 1,512 (1,529) million. Service sales increased by 7 percent and totalled EUR 468 (437) million, representing 31 (29) percent of sales. Software sales decreased by 43 percent and amounted to EUR 95 (166) million.

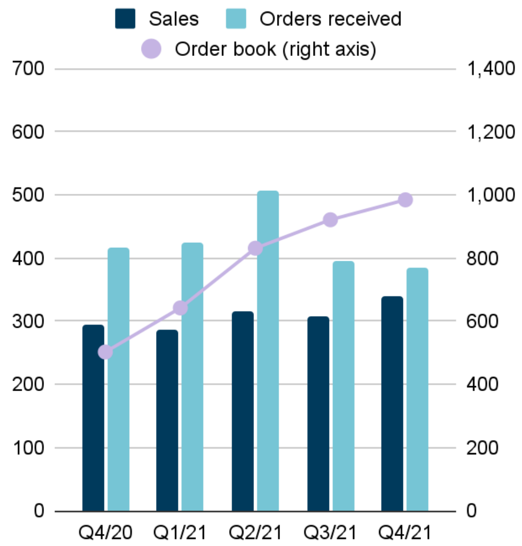
Kalmar's fourth quarter operating profit totalled EUR 33 (19) million. The operating profit includes EUR -4 (-11) million in items affecting comparability. The comparable operating profit amounted to EUR 37 (31) million, representing 8.5 (7.5) percent of sales. Kalmar's comparable operating profit increased due to higher sales and good project execution.

Kalmar's operating profit in 2021 totalled EUR 345 (62) million. Operating profit includes EUR 224 (-64) million in items affecting comparability, of which the majority is related to the gain stemming from the Navis sale. Comparable operating profit amounted to EUR 120 (126) million, representing 7.9 (8.2) percent of sales. Comparable operating profit decreased due to lower profitability caused by supply chain challenges, higher freight and component costs, increased investments in product development, as well as the sale of Navis.

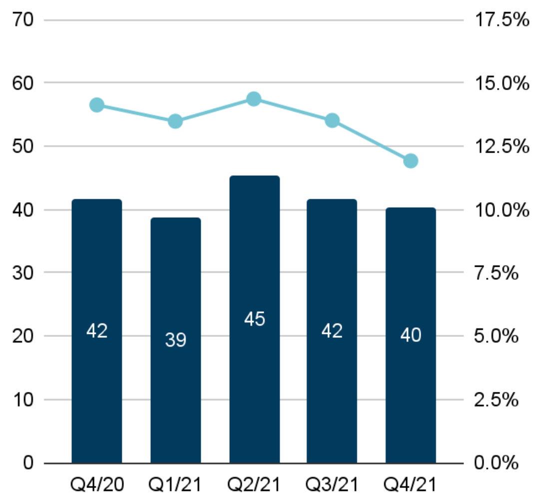
Hiab

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Orders received	384	417	-8%	1,713	1,210	42%
Order book, end of period	985	503	96%	985	503	96%
Sales	339	295	15%	1,250	1,094	14%
Service sales	89	83	8%	351	318	10%
% of sales	26%	28%		28%	29%	
Operating profit	34.0	25.0	36%	144.7	97.3	49%
% of sales	10.0%	8.5%		11.6%	8.9%	
Comparable operating profit	40.4	41.7	-3%	166.3	128.8	29%
% of sales	11.9%	14.1%		13.3%	11.8%	
Personnel, end of period	3,585	3,390	6%	3,585	3,390	6%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



Hiab's orders received for the fourth quarter decreased by 8 percent from the comparison period and totalled EUR 384 (417) million. Despite the decline, orders received remained on a strong level.

Major orders received by Hiab in 2021 included:

- 439 PRINCETON truck mounted forklifts to the US (Q1),
- 100 light, medium and heavy range HIAB loader cranes equipped with HiConnect™ and 60 installations to UK (Q1),
- 300 HIAB loader cranes with HiConnect™ and installations to France (Q1 & Q2),
- 108 HIAB loader cranes equipped with connected service HiConnect™ and ProCare Total Repair and Maintenance contracts for seven years to UK (Q1),

- MOFFETT M8 55 NX truck-mounted forklifts worth EUR 14.5 million to the US (Q2),
- 39 MULTILIFT hooklifts and skiploaders and installations worth around EUR 1.5 million to Germany (Q4), and
- WALTCO tail lifts orders for EUR 4.4 million and EUR 5.8 million to the US (Q4).

Hiab's orders received in 2021 increased by 42 percent and totalled EUR 1,713 (1,210) million. Orders received increased in all product categories and geographical areas.

Hiab's order book increased by 96 percent from the end of 2020, totalling EUR 985 (31 Dec 2020: 503) million at the end of the year. The increase in the order book was mainly due to strong demand and supply chain bottlenecks, as well as the impact of extended truck delivery times on customer deliveries.

Hiab's fourth quarter sales increased by 15 percent and totalled EUR 339 (295) million. Global component shortages and delays in truck deliveries had an approximately EUR 50 million effect on Hiab's fourth quarter sales. Service sales increased by 8 percent and amounted to EUR 89 (83) million, representing 26 (28) percent of sales. In 2021, Hiab's sales increased by 14 percent and totalled EUR 1,250 (1,094) million. Service sales increased by 10 percent and totalled EUR 351 (318) million, representing 28 (29) percent of sales.

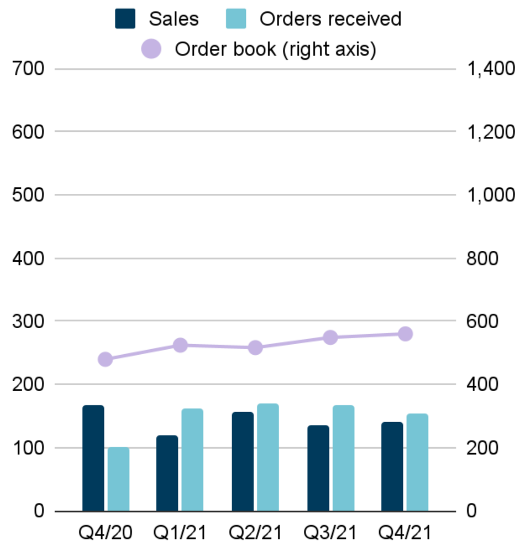
Hiab's fourth quarter operating profit increased from the comparison period by 36 percent and totalled EUR 34 (25) million. The operating profit includes EUR -6 (-17) million in items affecting comparability. The comparable operating profit amounted to EUR 40 (42) million, representing 11.9 (14.1) percent of sales. Hiab's comparable operating profit decreased due to global component shortages and lower profitability caused by delivery delays as well as investments aimed at supporting future growth. Investments were targeted towards service business, acquisitions and new facilities.

Hiab's operating profit in 2021 totalled EUR 145 (97) million. Operating profit includes EUR -22 (-32) million in items affecting comparability. Comparable operating profit amounted to EUR 166 (129) million, representing 13.3 (11.8) percent of sales. Hiab's comparable operating profit increased due to higher sales.

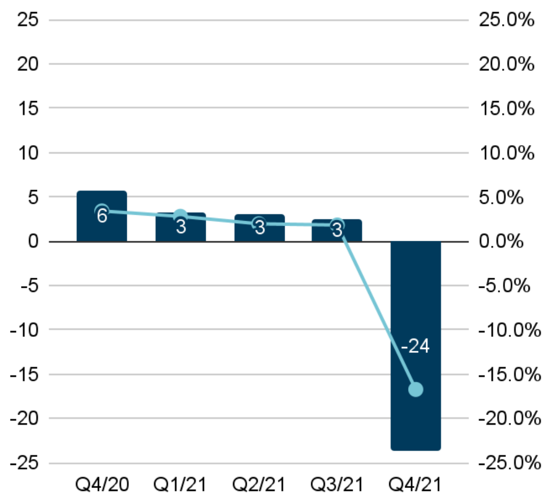
MacGregor

MEUR	Q4/21	Q4/20	Change	2021	2020	Change
Orders received	153	100	53%	652	511	28%
Order book, end of period	560	480	17%	560	480	17%
Sales	141	168	-16%	553	642	-14%
Service sales	70	61	15%	257	250	3%
% of sales	49%	36%		47%	39%	
Operating profit	-32.1	-12.6	< -100%	-40.0	-48.2	17%
% of sales	-22.7%	-7.5%		-7.2%	-7.5%	
Comparable operating profit	-23.7	5.7	< -100%	-14.7	6.6	< -100%
% of sales	-16.7%	3.4%		-2.7%	1.0%	
Personnel, end of period	1,909	1,987	-4%	1,909	1,987	-4%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



MacGregor's orders received in the fourth quarter increased by 53 percent from the comparison period to EUR 153 (100) million. Orders received increased in EMEA and Asia-Pacific and decreased in the Americas. Of the orders, around four fifths were related to merchant ships and one fifth to the offshore sector.

MacGregor's major orders received in 2021 included:

- range of electrically operated equipment to four pure car/truck carriers (PCTC) (Q1),
- two equipment package orders consisting of an electrical gangway system, one 3D compensated Colibri crane and a remote control station for two commissioning service operation vessels to Norway (Q2),
- double offloading package to a floating production, storage and offloading vessel to Netherlands (Q2),

- equipment packages consisting of a 3D motion compensated electrical gangway system, Colibri crane and a remote control station for two new “walk-to-work” commissioning service operation vessels to Norway (Q3),
- quarter and side ramps, hoistable car decks and rampway doors for 8 RoRo vessels to be built in Asia (Q3),
- OnWatch Scout contract for a fleet of four merchant vessels (third OnWatch Scout fleet agreement with a merchant ship owner) (Q3), and
- hatch cover order for twelve 3,055 TEU containerships to Taiwan (Q4).

MacGregor’s orders received in 2021 increased by 28 percent and totalled EUR 652 (511) million.

MacGregor’s order book increased by 17 percent from the end of 2020, totalling EUR 560 (31 Dec 2020: 480) million at the end of the year. Around three quarters of the order book relates to merchant ships and about one quarter to the offshore sector.

MacGregor’s fourth quarter sales decreased by 16 percent from the comparison period to EUR 141 (168) million. Service sales increased by 15 percent and totalled EUR 70 (61) million, representing 49 (36) percent of sales. In 2021, sales decreased by 14 percent and totalled EUR 553 (642) million. Service sales increased by 3 percent and totalled EUR 257 (250) million, representing 47 (39) percent of sales.

MacGregor’s operating profit for the fourth quarter totalled EUR -32 (-13) million. Operating profit includes EUR -8 (-18) million in items affecting comparability. The comparable operating profit totalled EUR -24 (6) million, representing -16.7 (3.4) percent of sales. The comparable operating profit decreased due to one-time cost overruns in the new product developments in offshore wind energy vessel projects.

MacGregor’s operating profit in 2021 totalled EUR -40 (-48) million. Operating profit includes EUR -25 (-55) million in items affecting comparability. Comparable operating profit amounted to EUR -15 (7) million, representing -2.7 (1.0) percent of sales. The comparable operating profit decreased due to one-time cost overruns in the new product developments in offshore wind energy vessel projects. MacGregor’s merchant and service businesses improved their profitability compared to the comparison period. The EUR 13 million savings target for 2021 was achieved.

Annual General Meeting and shares

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on 23 March 2021 in Helsinki, Finland. The Annual General Meeting approved a distribution of a dividend of EUR 1.07 for each of class A shares and a dividend of EUR 1.08 for each of outstanding class B shares. The dividend was paid to shareholders who on the record date of dividend distribution, 25 March 2021, were registered as shareholders in the company's shareholder register. The payment day was 1 April 2021.

The meeting adopted the financial statements and consolidated financial statements and the remuneration report. The meeting granted discharge from liability to the CEO and the members of the Board of Directors for the financial year 1 January–31 December 2020.

The number of the Board members was confirmed at nine. The current Board members Tapio Hakakari, Ilkka Herlin, Teresa Kemppi-Vasama, Johanna Lamminen, Kaisa Olkkonen, Teuvo Salminen and Heikki Soljama were re-elected to the Board of Directors. Jaakko Eskola and Casimir Lindholm were elected as new members of the Board of Directors, both of them independent of the company and its significant shareholders. The former Board member Peter Immonen had informed that he will not stand for re-election to the Board of Directors.

The yearly remunerations stayed unchanged: EUR 85,000 will be paid to the Chairman of the Board, EUR 60,000 to the Vice Chairman, EUR 60,000 to the Chairman of the Audit and Risk Management Committee, and EUR 45,000 to the other Board members. In addition, members are paid EUR 1,000 for attendance at board and committee meetings. 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash and Cargotec will cover the transfer taxes related to the Board remuneration paid in shares.

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

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

On 23 March 2021, Cargotec's Board of Directors elected by the Annual General Meeting elected in its organising meeting Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected to continue as Vice Chairman. The Board also elected the Chairmen and the members for the Audit and Risk Committee as well as the Nomination and Compensation Committee. Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board.

Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors’ organising meeting on 23 March 2021. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec’s website at www.cargotec.com.

Shares and trading

Share capital, own shares and share issue

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

On 23 March 2021, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for share based incentive programmes. The share reward payments are related to the performance period 2019–2020 of Cargotec's share-based incentive programme launched in 2017 as well as the second matching period of matching share programme, and 2019 restricted shares programme launched in 2019.

In the share issue, 75,691 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programmes in accordance with the programme-specific terms and conditions. Cargotec purchased the shares at the market price on 25–26 February 2021 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 2021, 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 the year, the number of outstanding class B shares totalled 54,957,239.

Share-based incentive programmes

In February 2021, Cargotec's Board of Directors resolved on the performance criteria for the share-based incentive programme for the year 2021. 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 and the required performance levels for each criterion.

For the performance period of 2020–2022, which started in 2020, the potential reward of the second measuring period 2021 was 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 was Cargotec's service gross profit.

During the performance period 2021–2023, the programme is directed to approximately 110 key employees, including the members of the Cargotec Leadership Team. The Board of Directors 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 2021 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 2021–2023 will amount up to an approximate maximum total of 278,500 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.

In addition, the Board of Directors resolved that the share allocation for the restricted share programme's second period 2021–2023 will amount up to an approximate maximum total of 46,000 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. No rewards were granted under the programme during 2021.

Market capitalisation and trading

At the end of 2021, the total market value of class B shares was EUR 2,409 (1,859) million, excluding own shares held by the company. The period-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the period, was EUR 2,828 (2,182) million, excluding own shares held by the company.

The class B share closed at EUR 43.84 (33.82) on the last trading day of December on Nasdaq Helsinki. The volume-weighted average share price in 2021 was EUR 44.70 (24.77), the highest quotation being EUR 52.80 (37.14) and the lowest EUR 33.60 (15.15). During the period, a total of 37 (55) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 1,644 (1,369) million. In addition, according to Fidessa, a total of 59 (55) million class B shares were traded in several alternative marketplaces, such as Cboe BXE and Cboe APA, corresponding to a turnover of EUR 2,640 (1,441) million.

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. Possible changes in the global economy and supply chains, geopolitical tensions, sanctions and trade wars can have an impact on global flow of goods and therefore on the demand of Cargotec’s solutions.

The covid-19 pandemic can still have direct and indirect impacts on Cargotec’s business. In some areas, safety measures and travel restrictions may limit Cargotec's business prerequisites, as well as selling, operating and delivering Cargotec's solutions. Ensuring a safe working environment for Cargotec personnel may still be challenging while, as a result of the pandemic, the risk of illness among personnel has increased.

The ongoing strong economic growth has pushed up the prices for transportation, components, energy and materials, and caused shortages of them. If the situation persists, elevated price levels, component shortages, challenges in electricity distribution, as well as disruptions in the logistics chain may increase inventories, weaken cash flow, cause delays to deliveries, and create additional costs which cannot be fully passed on to customer prices. Furthermore, announced stimulus programmes can turn interest rates and inflation upwards. Due to the size of these programmes, price and inflationary effects may be significant in the future. The turnover, availability and cost of skilled personnel can create disturbances to Cargotec and its supplier operations.

A slowdown or contraction in global economic growth may in the longer term lower the container traffic growth rate, which affects demand and deliveries for Kalmar's cargo handling solutions. Project executions face risks related to schedule, cost and delivery guarantees.

Hiab’s demand is impacted by the development of the construction market. 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 could strengthen Hiab’s results. As the Hiab solutions are installed on trucks, the truck delivery bottlenecks can have a negative impact on Hiab's sales development.

MacGregor's market situation still involves uncertainties, even though demand in the merchant ship market picked up during the year 2021. The increases in the new vessel construction costs as well as the high amounts of order bookings at shipyards may slow down new vessel orders. In the short term, the tightening emission regulation for ships and related uncertainty may limit new investments. 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 a changing market situation, customers may also try to postpone or cancel orders. Deterioration of the global economic outlook and access to finance can lead to economic and financial difficulties among customers. In some cases their financial position may deteriorate significantly or even lead to insolvency.

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

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

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

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

The proposed merger between Konecranes and Cargotec and the delays connected to the merger realisation involve risks that may affect Cargotec's current operations. Risks may relate to staff retention as well as costs and time related to applying for the regulatory approvals and integration planning, for example.

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

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2021 was EUR 741,440,827.01. The Board of Directors proposes to the Annual General Meeting convening on 17 March 2022 that of the distributable profit, a dividend of EUR 1.07 for each of the 9,526,089 class A shares and EUR 1.08 for each of the 54,957,239 outstanding class B shares be paid, totalling EUR 69,546,733.35. The remaining distributable equity, EUR 671,894,093.66 will be retained and carried forward.

The dividend shall be paid to shareholders who on the record date for dividend distribution, 21 March 2022, are registered as shareholders in the company's shareholder register. The dividend payment date proposed by the Board of Directors is 28 March 2022.

No significant changes have occurred in Cargotec's financial position after the end of the financial year. Liquidity is at a healthy level and the proposed distribution of dividend poses no risk on the company's financial standing.

Events after the reporting period

On 3 February 2022 Cargotec and Konecranes announced, as previously communicated, that Cargotec and Konecranes have continued their dialogue and cooperation with relevant competition authorities to find satisfactory ways to mitigate concerns raised by the competition authorities to secure approvals to complete the merger of Cargotec and Konecranes. Based on ongoing dialogue with the authorities, the remedy requirements are more complex than expected.

Cargotec and Konecranes have discussed remedies with relevant competition authorities based on a commitment offered to the European Commission to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions. Both companies consider the offered remedy package as sufficient and feasible. Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding antitrust concerns continue.

Cargotec and Konecranes are awaiting the authorities' decisions and continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently.

Outlook for 2022

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

Annual General Meeting 2022

The Annual General Meeting of Cargotec Corporation will be held in Helsinki, Finland, on Thursday, 17 March 2022.

Financial calendar 2022

Cargotec's Financial Statements 2021 and Annual Report 2021 will be available at www.cargotec.com on week 8

The Annual General Meeting of Cargotec Corporation will be held on Thursday, 17 March 2022

Interim report January–March 2022, on Wednesday, 27 April 2022

Half year financial report January–June 2022, on Wednesday, 27 July 2022

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

Helsinki, 3 February 2022
Cargotec Corporation
Board of Directors

THE MERGER AND THE MERGER CONSIDERATION SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN OR INTO THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION OF, OR IN A TRANSACTION NOT SUBJECT TO, THE U.S. SECURITIES ACT.

Consolidated statement of income

MEUR	Note	Q4/21	Q4/20	2021	2020
Sales	5	**910.2**	**872.8**	**3 315,0**	**3 263,4**
Cost of goods sold		-740.9	-672.4	-2 582,1	-2 535,5
Gross profit		**169.3**	**200.4**	**732.9**	**727.9**
Gross profit, %		*18,6 %*	*23,0 %*	*22,1 %*	*22,3 %*
Other operating income		12.9	8.3	294.2	48.0
Selling and marketing expenses		-50.2	-51.6	-188.4	-199.5
Research and development expenses		-25.4	-29.3	-103.9	-107.9
Administration expenses		-59.7	-60.5	-251.7	-236.7
Restructuring costs	7	-12.8	-39.9	-33.3	-131.0
Other operating expenses		-26.7	-10.6	-101.1	-35.7
Share of associated companies' and joint ventures' net income		0.9	0.7	7.0	5.3
Operating profit		**8.3**	**17.6**	**355.7**	**70.4**
Operating profit, %		*0.9%*	*2.0%*	*10.7%*	*2.2%*
Financing income		2.5	0.4	4.7	2.8
Financing expenses		-6.1	-13.4	-27.4	-38.7
Income before taxes		**4.7**	**4.5**	**333.1**	**34.5**
Income before taxes, %		*0,5 %*	*0,5 %*	*10,0 %*	*1,1 %*
Income taxes	9	-12.9	2.1	-86.4	-26.4
Net income for the period		**-8.2**	**6.6**	**246.7**	**8.1**
Net income for the period, %		*-0.9%*	*0.8%*	*7.4%*	*0.2%*
Net income for the period attributable to:					
Equity holders of the parent		-8.3	6.5	246.5	8.1
Non-controlling interest		0.1	0.1	0.2	-0.1
Total		**-8.2**	**6.6**	**246.7**	**8.1**
Earnings per share for profit attributable to the equity holders of the parent:					
Earnings per share, EUR		-0.13	0.10	3.82	0.13
Diluted earnings per share, EUR		-0.13	0.10	3.82	0.13

The notes are an integral part of the financial statements review.

Consolidated statement of comprehensive income

MEUR	Q4/21	Q4/20	2021	2020
Net income for the period	**-8.2**	**6.6**	**246.7**	**8.1**
Other comprehensive income				
Items that cannot be reclassified to statement of income:				
Actuarial gains (+) / losses (-) from defined benefit plans	-0.5	-1.9	-0.5	-1.2
Gains (+) / losses (-) on designated share investments measured at fair value	13.8	-0.9	14.2	5.5
Taxes relating to items that cannot be reclassified to statement of income	0.0	0.5	0.0	0.3
Items that can be reclassified to statement of income:				
Gains (+) / losses (-) on cash flow hedges	11.8	20.4	-9.5	35.2
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-11.5	-10.3	-3.9	-19.9
Translation differences	19.3	-8.3	65.9	-77.9
Taxes relating to items that can be reclassified to statement of income	0.1	-0.3	2.3	-1.8
Share of other comprehensive income of associates and JV, net of tax	1.7	-	-0.3	-
Other comprehensive income, net of tax	**34.6**	**-0.9**	**68.3**	**-59.8**
Comprehensive income for the period	**26.4**	**5.7**	**315.0**	**-51.8**
Comprehensive income for the period attributable to:				
Equity holders of the parent	26.3	5.7	314.6	-51.5
Non-controlling interest	0.1	0.1	0.4	-0.2
Total	**26.4**	**5.7**	**315.0**	**-51.8**

The notes are an integral part of the financial statements review.

Consolidated balance sheet

ASSETS, MEUR	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Goodwill		966.8	971.9
Other intangible assets		172.6	185.8
Property, plant and equipment		409.5	429.7
Investments in associated companies and joint ventures	16	73.7	56.7
Share investments	16	36.6	37.5
Loans receivable and other interest-bearing assets*	11	12.6	18.4
Deferred tax assets		129.7	123.6
Derivative assets	12	1.0	0.1
Other non-interest-bearing assets		8.4	17.2
Total non-current assets		**1 811,0**	**1 840,9**
Current assets			
Inventories		792.9	579.7
Loans receivable and other interest-bearing assets*	11	3.6	4.3
Income tax receivables		31.8	25.4
Derivative assets	12	10.8	13.3
Accounts receivable and other non-interest-bearing assets		888.3	753.9
Cash and cash equivalents*	11	488.8	484.8
Total current assets		**2 216,3**	**1 861,4**
Assets held for sale	**17**	**-**	**185.7**
Total assets		**4 027,3**	**3 888,0**

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	**Note**	**31 Dec 2021**	**31 Dec 2020**
Equity attributable to the equity holders of the parent			
Share capital		64.3	64.3
Share premium account		98.0	98.0
Translation differences		-45.2	-110.9
Fair value reserves		-7.0	4.4
Reserve for invested non-restricted equity		54.0	57.4
Retained earnings		1 380,1	1 185,6
Total equity attributable to the equity holders of the parent		**1 544,3**	**1 298,7**
Non-controlling interest		2.7	2.7
Total equity		**1 547,0**	**1 301,4**
Non-current liabilities			
Interest-bearing liabilities*	11	876.1	1 027,4
Deferred tax liabilities		26.9	20.6
Pension obligations		112.9	115.5
Provisions		6.5	7.2
Derivative liabilities	12	-	0.0
Other non-interest-bearing liabilities		68.3	62.6
Total non-current liabilities		**1 090,6**	**1 233,4**
Current liabilities			
Current portion of interest-bearing liabilities*	11	34.8	136.1
Other interest-bearing liabilities*	11	8.6	19.6
Provisions		103.3	105.9
Advances received		217.2	182.7
Income tax payables		37.6	21.7
Derivative liabilities	12	6.8	19.4
Accounts payable and other non-interest-bearing liabilities		981.3	797.5
Total current liabilities		**1 389,6**	**1 282,7**
Liabilities directly associated with the assets held for sale	**17**	**-**	**70.5**
Total equity and liabilities		**4 027,3**	**3 888,0**

*Included in interest-bearing net debt.

The notes are an integral part of the financial statements review.

Consolidated statement of changes in equity

	Attributable to the equity holders of the parent							**Non-controlling interest**	**Total equity**
MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Reserve for invested non-restricted equity	Retained earnings	Total		
Equity 1 Jan 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						246.5	246.5	0.2	246.7
Cash flow hedges				-11.3			-11.3		-11.3
Translation differences			65.8				65.8	0.1	65.9
Actuarial gains and losses from defined benefit plans						-0.5	-0.5		-0.5
Gains and losses on designated share investments measured at fair value						14.2	14.2		14.2
Comprehensive income for the period*	**-**	**-**	**65.8**	**-11.3**	**-**	**260.2**	**314.6**	**0.4**	**315.0**
Profit distribution						-69.5	-69.5	-0.4	-69.8
Treasury shares acquired					-3.4		-3.4		-3.4
Share-based payments						3.8	3.8		3.8
Transactions with owners of the company*	**-**	**-**	**-**	**-**	**-3.4**	**-65.6**	**-69.0**	**-0.4**	**-69.3**
Transactions with non-controlling interests							-		-
Equity 31 Dec 2021	**64.3**	**98.0**	**-45.2**	**-7.0**	**54.0**	**1,380.1**	**1,544.3**	**2.7**	**1,547.0**
Equity 1 Jan 2020	**64.3**	**98.0**	**-33.2**	**-9.1**	**57.4**	**1,247.1**	**1,424.5**	**2.8**	**1,427.3**
Net income for the period						8.1	8.1	-0.1	8.1
Cash flow hedges				13.5			13.5	0.0	13.5
Translation differences			-77.8				-77.8	-0.2	-77.9
Actuarial gains and losses from defined benefit plans						-0.9	-0.9		-0.9
Gains and losses on designated share investments measured at fair value						5.5	5.5		5.5
Comprehensive income for the period*	**-**	**-**	**-77.8**	**13.5**	**-**	**12.8**	**-51.5**	**-0.2**	**-51.8**
Profit distribution						-77.3	-77.3	-0.5	-77.8
Treasury shares acquired							-		-
Share-based payments						3.0	3.0		3.0
Transactions with owners of the company*	**-**	**-**	**-**	**-**	**-**	**-74.3**	**-74.3**	**-0.5**	**-74.8**
Transactions with non-controlling interests							-	0.6	0.6
Equity 31 Dec 2020	**64.3**	**98.0**	**-110.9**	**4.4**	**57.4**	**1,185.6**	**1,298.7**	**2.7**	**1,301.4**

*Net of tax

The notes are an integral part of the financial statements review.

Consolidated statement of cash flows

MEUR	Note	Q4/21	Q4/20	2021	2020
Net cash flow from operating activities					
Net income for the period		-8.2	6.6	246.7	8.1
Depreciation, amortisation and impairment	8	30.8	35.8	117.4	144.0
Financing items		3.6	13.1	22.7	35.9
Taxes	9	12.9	-2.1	86.4	26.4
Change in receivables		-28.5	9.6	-89.9	106.8
Change in payables		97.0	12.1	226.0	-149.2
Change in inventories		-49.4	122.6	-196.2	98.7
Change in net working capital		19.1	144.4	-60.1	56.4
Other adjustments		1.5	-1.9	-243.7	25.6
Cash flow from operations before financing items and taxes		**59.7**	**195.8**	**169.3**	**296.4**
Interest received		2.0	1.0	3.2	2.8
Interest paid		-4.5	-4.3	-23.8	-25.8
Dividends received		3.5	-	5.0	0.1
Other financing items		-1.7	-6.5	-20.4	-9.0
Income taxes paid		-37.9	4.3	-77.1	-24.5
Cash flow from financing items and taxes		-38.7	-5.5	-113.1	-56.4
Net cash flow from operating activities		**20.9**	**190.3**	**56.2**	**240.0**
Net cash flow from investing activities					
Acquisitions of businesses, net of cash acquired	15	-3.1	-0.3	-2.2	-12.1
Disposals of businesses, net of cash sold	15	46.3	0.7	354.5	2.7
Investments in associated companies and joint ventures	16	-	-	-1.9	-
Investments in intangible assets and property, plant and equipment		-15.8	-12.5	-43.3	-46.7
Disposals of intangible assets and property, plant and equipment		-3.1	8.6	5.6	25.9
Cash flow from investing activities, other items		14.3	7.1	21.8	8.9
Net cash flow from investing activities		**38.7**	**3.6**	**334.5**	**-21.3**
Net cash flow from financing activities					
Treasury shares acquired		-	-	-3.4	-
Repayments of lease liabilities		-10.1	-11.2	-40.6	-44.1
Proceeds from long-term borrowings		-	-	-	249.5
Repayments of long-term borrowings		-150.0	-52.8	-250.0	-251.4
Proceeds from short-term borrowings		0.8	-0.8	1.9	98.8
Repayments of short-term borrowings		0.3	-6.1	-30.5	-106.9
Profit distribution		-	-3.6	-69.8	-77.8
Net cash flow from financing activities		**-159.0**	**-74.4**	**-392.4**	**-131.8**
Change in cash and cash equivalents		**-99.4**	**119.5**	**-1.7**	**86.9**

Cash and cash equivalents, and bank overdrafts at the beginning of period		587.0	369.8	482.3	409.8
Effect of exchange rate changes		0.6	-7.3	7.5	-14.8
Cash and cash equivalents included in assets held for sale	17	-	0.4	-	0.4
Cash and cash equivalents, and bank overdrafts at the end of period		**488.2**	**482.3**	**488.2**	**482.3**

Bank overdrafts at the end of period		0.6	2.5	0.6	2.5
Cash and cash equivalents at the end of period		**488.8**	**484.8**	**488.8**	**484.8**

The notes are an integral part of the financial statements review.

Notes to the financial statements review

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 financial statements review has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2020 and comply with changes in IAS/IFRS standards effective from 1 January 2021 that had no material impact on the financial statements review.

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

3. Information about the impact of COVID-19 in the financial reporting

The economic outlook improved in 2021 by the progress of vaccination programmes and a strong recovery in demand, which led to global economic growth reaching its highest level in decades. The outlook was further enhanced by massive fiscal stimulus programs, largely targeting energy and infrastructure projects. Economic growth and investment were reflected in strong demand for Cargotec 's equipment solutions and service offering in 2021.

The economic outlook has been overshadowed by rapid changes in the pandemic situation, economic instability in many sectors and uncertainty about the continuity of economic growth. The strong economic recovery has pushed up prices of both materials and transport, and caused shortages of them.

For Cargotec, the shortages of components and prolonged disruptions in the logistics chain, sharp price increases, and problems with electricity distribution have led to increased inventories, reduced cash flow, delayed deliveries, and generated additional costs that cannot be fully passed on to customer prices.

If continued, strong economic growth and rising prices could lead to larger and earlier investments in companies, strengthening the economic cycle and increasing risks as the economy recovers or financing tightens. Due to their size, announced fiscal stimulus programmes may also have an upward effect on inflation. On the other hand, central banks' actions against accelerating inflation will also increase uncertainty, as the expected changes to the ongoing monetary stimulus programmes could lead to a sharp rise in market interest rates.

An increase in interest rates would increase Cargotec's financing costs, reduce the value of items measured at present value and thus also increase the risk of impairment of MacGregor's goodwill. Short-term risks for Cargotec also include credit losses related to customer receivables. Bankruptcies have decreased during the pandemic due to temporary changes in bankruptcy laws but as these end and monetary stimulus is decreased, credit losses may increase. There was no material increase in Cargotec's realized credit losses in 2021. The credit loss allowance related to trade receivables was EUR 18 (December 31, 2020: 19) million at the time of review.

Cargotec seeks to take uncertainties into account in its decision-making and to reflect these uncertainties in its financial reporting through management's estimates and judgments applied, the effect of which is emphasized in the current operating environment.

MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on December 31, 2021 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 a decrease compared to the third quarter of 2021 testing. The change was mainly due to increase in the weighted average cost of capital (WACC) used for discounting the forecasted cash flows in the value in use model. The pre-tax WACC applied in the testing was 9.9 (31 Dec 2020: 9.2) percent.

Based on the performed impairment tests, no impairment loss has been recognised. However, MacGregor's recoverable amount is still on a low level in comparison to the assets being tested, and it is sensitive to changes in WACC as well as in forecasts. MacGregor segment’s goodwill on the reporting date was EUR 469.0 (31 Dec 2020: 481.9) million.

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

MacGregor goodwill sensitivity analysis

		Sensitivity analysis scenarios and results		
		Scenario 1	Scenario 2	Scenario 3
	Recoverable amount in excess of book value of assets, MEUR	WACC +2 percentage points	Sales -10 percent and operating profit -2 percentage points	Sales -10 percent, operating profit -2 percentage points and WACC +2 percentage points
31 Dec 2021	86.0	Impairment*	Impairment**	Impairment
31 Dec 2020	127.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was WACC before taxes +1.0 percentage points (31 Dec 2020: WACC before taxes +1.3 percentage points).
**Threshold for impairment was estimation period sales -10 percent and operating profit -0.2 percentage points (31 Dec 2020: estimation period sales -10 percent and operating profit -0.5 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 56 (31 Dec 2020: 51) million in the first scenario, EUR 183 (168) million in the second, and EUR 269 (282) 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 9.4% (2020: 9.9%) for Kalmar and 9.0% (2020: 9.3%) 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.

4. Segment information

Sales, MEUR	Q4/21	Q4/20	2021	2020
Kalmar	430	411	1 512	1 529
Hiab	339	295	1 250	1 094
MacGregor	141	168	553	642
Internal sales	0	-1	-1	-1
Total	**910**	**873**	**3 315**	**3 263**

Sales by geographical area, MEUR	Q4/21	Q4/20	2021	2020
EMEA	458	428	1 641	1 608
Americas	279	251	1 033	989
Asia-Pacific	172	194	641	666
Total	**910**	**873**	**3 315**	**3 263**

Sales by geographical area, %	Q4/21	Q4/20	2021	2020
EMEA	50 %	49 %	49 %	49 %
Americas	31 %	29 %	31 %	30 %
Asia-Pacific	19 %	22 %	19 %	21 %
Total	**100 %**	**100 %**	**100 %**	**100 %**

Operating profit and EBITDA, MEUR	Q4/21	Q4/20	2021	2020
Kalmar	32.6	19.5	344.5	61.8
Hiab	34.0	25.0	144.7	97.3
MacGregor	-32.1	-12.6	-40.0	-48.2
Corporate administration and support functions	-26.2	-14.3	-93.5	-40.7
Operating profit	**8.3**	**17.6**	**355.7**	**70.4**
Depreciation, amortisation and impairment	30.8	35.8	117.4	144.0
EBITDA	**39.1**	**53.4**	**473.1**	**214.4**

Operating profit, %	Q4/21	Q4/20	2021	2020
Kalmar	7.6%	4.7%	22.8%	4.0%
Hiab	10.0%	8.5%	11.6%	8.9%
MacGregor	-22.7%	-7.5%	-7.2%	-7.5%
Cargotec	**0.9%**	**2.0%**	**10.7%**	**2.2%**

Items affecting comparability*, MEUR	Q4/21	Q4/20	2021	2020
Kalmar				
Restructuring costs	-2.6	-8.5	-3.7	-54.3
Impacts of the purchase price allocation	-0.2	-2.4	-0.9	-9.7
Other items affecting comparability	-1.0	-0.3	229.0	-0.3
Items affecting comparability, total	**-3.9**	**-11.1**	**224.4**	**-64.3**

Hiab				
Restructuring costs	-4.6	-16.1	-17.8	-29.1
Impacts of the purchase price allocation	-1.8	-0.6	-3.7	-2.4
Other items affecting comparability	0.0	0.0	0.0	0.0
Items affecting comparability, total	**-6.4**	**-16.7**	**-21.5**	**-31.5**
MacGregor				
Restructuring costs	-4.6	-14.1	-8.6	-43.1
Impacts of the purchase price allocation	-2.9	-2.8	-11.4	-10.9
Other items affecting comparability	-0.9	-1.5	-5.3	-0.7
Items affecting comparability, total	**-8.4**	**-18.3**	**-25.3**	**-54.8**
Corporate administration and support functions				
Restructuring costs	-0.9	-1.2	-3.2	-4.4
Other items affecting comparability	-17.6	-4.8	-50.2	-1.3
Items affecting comparability, total	**-18.5**	**-6.0**	**-53.4**	**-5.7**
Total	**-37.2**	**-52.2**	**124.2**	**-156.3**

Comparable operating profit*, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Kalmar	36.5	30.6	120.1	126.1
Hiab	40.4	41.7	166.3	128.8
MacGregor	-23.7	5.7	-14.7	6.6
Corporate administration and support functions	-7.7	-8.2	-40.1	-34.9
Total	**45.5**	**69.8**	**231.5**	**226.7**

Comparable operating profit*, %	**Q4/21**	**Q4/20**	**2021**	**2020**
Kalmar	8.5%	7.5%	7.9%	8.2%
Hiab	11.9%	14.1%	13.3%	11.8%
MacGregor	-16.7%	3.4%	-2.7%	1.0%
Cargotec	**5.0%**	**8.0%**	**7.0%**	**6.9%**

Orders received, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Kalmar	513	445	2 063	1 401
Hiab	384	417	1 713	1 210
MacGregor	153	100	652	511
Internal orders received	0	0	0	-1
Total	**1 051**	**963**	**4 427**	**3 121**

Orders received by geographical area, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
EMEA	502	461	2 049	1 561
Americas	344	374	1 506	995
Asia-Pacific	205	129	873	566
Total	**1 051**	**963**	**4 427**	**3 121**

Orders received by geographical area, %	Q4/21	Q4/20	2021	2020
EMEA	48 %	48 %	46 %	50 %
Americas	33 %	39 %	34 %	32 %
Asia-Pacific	19 %	13 %	20 %	18 %
Total	**100 %**	**100 %**	**100 %**	**100 %**

Order book, MEUR	31 Dec 2021	31 Dec 2020
Kalmar	1 302	842
Hiab	985	503
MacGregor	560	480
Internal order book	0	0
Total	**2 847**	**1 824**

Number of employees at the end of period	31 Dec 2021	31 Dec 2020
Kalmar	4 876	5 526
Hiab	3 585	3 390
MacGregor	1 909	1 987
Corporate administration and support functions	804	649
Total	**11 174**	**11 552**

Average number of employees	2021	2020
Kalmar	5 158	5 594
Hiab	3 399	3 733
MacGregor	1 929	2 128
Corporate administration and support functions	747	611
Total	**11 232**	**12 066**

*Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, in 2020 the comparable operating profit increased by EUR 6 million in the fourth quarter and EUR 23 million in the financial year. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

5. Revenue from contracts with customers

Cargotec, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Equipment sales	612	567	2,143	2,092
Service sales	289	262	1,076	1,005
Software sales	9	44	95	166
Total sales	**910**	**873**	**3,315**	**3,263**
Recognised at a point in time	803	715	2,870	2,661
Recognised over time	107	158	445	603

Kalmar, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Equipment sales	291	247	948	926
Service sales	130	119	468	437
Software sales	9	45	95	166
Total sales	**430**	**411**	**1,512**	**1,529**
Recognised at a point in time	372	330	1,268	1,212
Recognised over time	58	81	244	317

Hiab, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Equipment sales	249	212	899	776
Service sales	89	83	351	318
Total sales	**339**	**295**	**1,250**	**1,094**
Recognised at a point in time	335	292	1,237	1,082
Recognised over time	3	3	13	12

MacGregor, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Equipment sales	72	107	296	391
Service sales	70	61	257	250
Total sales	**141**	**168**	**553**	**642**
Recognised at a point in time	96	94	365	368
Recognised over time	46	74	188	273

6. Share-based payments

In February 2021, Cargotec's Board of Directors resolved the performance criteria for the new performance period 2021-2023 of the share-based incentive programme started in 2020, that is directed to approximately 110 key employees, including the members of Cargotec Leadership Team. The Board of Directors 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 2021 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 2021–2023 will amount up to an approximate maximum total of 278,500 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.

In addition, the Board of Directors resolved that share allocation for the restricted share programme's second period 2021-2023 will amount up to an approximate maximum total of 46,000 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.

In March 2021, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for share-based incentive programmes. The share reward payments are related to the performance period 2019–2020 of Cargotec's share-based incentive programme launched in 2017 as well as the second matching period of the matching share programme and 2019 restricted shares programme launched in 2019. In the share issue, 75,691 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programmes in accordance with the programme-specific terms and conditions.

7. Comparable operating profit

MEUR	Q4/21	Q4/20	2021	2020
Operating profit	**8.3**	**17.6**	**355.7**	**70.4**
Restructuring costs				
Employment termination costs	5.8	15.5	17.2	37.5
Impairments of owned non-current assets	0.6	0.6	0.6	15.1
Impairments of inventories	0.6	2.1	1.2	5.3
Restructuring-related disposals of businesses*	-1.2	6.3	-3.4	43.7
Other restructuring costs**	6.9	15.5	17.6	29.4
Restructuring costs, total	**12.8**	**39.9**	**33.3**	**131.0**
Impacts of the purchase price allocation*****	**4.9**	**5.7**	**16.0**	**23.0**
Other items affecting comparability				
Insurance benefits	-	-	-2.1	-5.0
Expenses related to business acquisitions or disposals****	2.1	1.8	-223.5	6.3
Merger plan with Konecranes Plc	16.9	4.8	50.4	6.9
Other costs***	0.5	-	1.6	-6.0
Other items affecting comparability, total	**19.5**	**6.6**	**-173.6**	**2.3**
Comparable operating profit*****	**45.5**	**69.8**	**231.5**	**226.7**

*Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals. Information on the disposal of the joint venture ownership in Rainbow-Cargotec Industries Co., Ltd (RCI) concluded during the second quarter of 2020 is presented in note 16, Joint ventures and associated companies.

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

***Dilution of Cargotec's ownership from 7.9 percent to 5.6 percent in Jiangsu Rainbow Heavy Industries Co., Ltd (RHI) due to company's share issue and reclassification of the RHI ownership from associated company to share investment recognised at fair value.

****Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals. In 2021 includes approximately EUR 230 million profit including transaction costs and other related non-recurring items related to the sale of Navis, a profit of EUR 7 million from the settlement of the purchase price of TTS acquisition as well as a loss of EUR 12 million from the establishment of the CSSC MacGregor Marine Equipment (CMME) joint venture. Costs in 2020 are related to the sale of Navis and the acquisition and integration of TTS.

*****Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, in 2020 the comparable operating profit increased by EUR 6 million in the fourth quarter and EUR 23 million in the financial year. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

Kalmar's 2020 restructuring costs include costs related to the sale of the joint venture Rainbow-Cargotec Industries Co., Ltd (RCI) and integration expenses of simultaneously acquired operations. MacGregor's restructuring costs in 2020 relate mainly to the integration of the marine- ja offshore businesses of TTS Group ASA acquired in the end of July 2019 and winding down certain products in MacGregor's offshore product portfolio due to offshore markets' fundamental transition from the traditional oil and gas centric business towards more renewable energy sources.

8. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Owned assets				
Intangible assets	5.7	0.8	7.1	2.0
Land and buildings	0.4	0.1	1.7	4.2
Machinery and equipment	9.7	11.5	34.5	40.5
Right-of-use assets				
Land and buildings	5.0	6.3	19.0	26.7
Machinery and equipment	7.1	3.9	17.9	12.3
Total	**27.9**	**22.7**	**80.2**	**85.7**

Depreciation, amortisation and impairment, MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Owned assets				
Intangible assets	6.2	9.2	26.1	39.1
Land and buildings	1.6	1.6	6.3	13.4
Machinery and equipment	11.4	11.1	43.2	43.7
Right-of-use assets				
Land and buildings	8.1	9.9	27.9	32.8
Machinery and equipment	3.5	4.0	13.9	15.0
Total	**30.8**	**35.8**	**117.4**	**144.0**

9. Taxes in statement of income

MEUR	**Q4/21**	**Q4/20**	**2021**	**2020**
Current year tax expense	14.2	6.3	88.0	28.8
Change in current year's deferred tax assets and liabilities	-0.2	-5.8	-3.4	-2.8
Tax expense for previous years	-1.1	-2.6	1.8	0.5
Total	**12.9**	**-2.1**	**86.4**	**26.4**

10. Net working capital

MEUR	31 Dec 2021	31 Dec 2020
Inventories	792.9	579.7
Operative derivative assets	18.5	32.2
Accounts receivable	632.9	535.0
Other operative non-interest-bearing assets	250.6	235.2
Working capital assets	**1,694.9**	**1,382.1**
Provisions	-109.8	-113.1
Advances received	-217.2	-182.7
Operative derivative liabilities	-26.8	-17.7
Accounts payable	-518.8	-353.0
Pension obligations	-112.9	-115.5
Other operative non-interest-bearing liabilities	525.2	-493.0
Working capital liabilities	**-1,510.6**	**-1,274.9**
Net working capital in the balance sheet	**184.3**	**107.1**
Net working capital of assets held for sale and associated liabilities held for sale*	-	-3.7
Total	**184.3**	**103.4**

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

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

11. Interest-bearing net debt and liquidity

MEUR	31 Dec 2021	31 Dec 2020
Interest-bearing liabilities	919.5	1,183.1
Lease liabilities included in interest-bearing liabilities	163.0	166.2
Loans receivable and other interest-bearing assets	-16.2	-22.7
Cash and cash equivalents	-488.8	-484.8
Interest-bearing net debt in balance sheet	**414.5**	**675.5**
Interest-bearing net debt of assets and related liabilities held for sale	-	6.7
Interest-bearing net debt*	**414.5**	**682.2**
Equity	1,547.0	1,301.4
Gearing	**26.8%**	**52.4%**

MEUR	2021	2020
Operating profit, last 12 months	355.7	70.4
Depreciation, amortisation and impairment, last 12 months	117.4	144.0
EBITDA, last 12 months	**473.1**	**214.4**
Interest-bearing net debt / EBITDA, last 12 months*	**0.9**	**3.2**

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

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

MEUR	31 Dec 2021	31 Dec 2020
Cash and cash equivalents	488.8	484.8
Committed long-term undrawn revolving credit facilities	300.0	300.0
Repayments of interest-bearing liabilities in the following 12 months	-43.4	-155.6
Liquidity of asset held for sale and liabilities directly associated with asset held for sale	-	-1.8
Liquidity	**745.4**	**627.4**

12. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 31 Dec 2021	Negative fair value 31 Dec 2021	Net fair value 31 Dec 2021	Net fair value 31 Dec 2020
Non-current				
Currency forwards, cash flow hedge accounting	-	-	-	0.1
Equity warrants	1.0	-	1.0	-
Total non-current	**1.0**	**-**	**1.0**	**0.1**
Current				
Currency forwards, cash flow hedge accounting	1.3	2.1	-0.8	3.4
Currency forwards, other	9.5	4.8	4.7	-9.5
Total current	**10.8**	**6.8**	**4.0**	**-6.1**
Total derivatives	**11.8**	**6.8**	**5.0**	**-6.1**

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

Nominal values of derivative financial instruments

MEUR	31 Dec 2021	31 Dec 2020
Currency forward contracts	2,955.3	2,447.5
Cash flow hedge accounting	1,868.0	1,219.0
Other	1,087.3	1,228.5
Total	**2,955.3**	**2,447.5**

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

13. Commitments

MEUR	31 Dec 2021	31 Dec 2020
Guarantees given on behalf of associated companies and joint ventures	2.9	1.3
Guarantees given on behalf of others	-	0.4
Customer financing	13.6	18.1
Off-balance sheet leases	3.1	0.7
Other contingent liabilities	2.5	2.5
Total	**22.1**	**23.0**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from the ordinary course of business. The total amount of these guarantees on 31 Dec 2021 was EUR 420.0 (31 Dec 2020: 398.8) 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 7.6 (1–12/2020: 1.8) 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	Q4/21	Q4/20	2021	2020
Sale of products and services				
Associated companies	-	0.0	-	0.6
Joint ventures	0.3	1.7	1.0	5.8
Total	**0.3**	**1.7**	**1.0**	**6.5**
Purchase of products and services				
Associated companies	-	0.1	-	8.1
Joint ventures	1.0	1.2	4.3	35.8
Total	**1.0**	**1.2**	**4.3**	**43.9**

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

Balances with associated companies and joint ventures

MEUR	31 Dec 2021	31 Dec 2020
Loans receivable		
Associated companies	13.0	20.3
Total	**13.0**	**20.3**
Accounts receivable		
Associated companies	0.0	0.1
Joint ventures	0.4	2.0
Total	**0.4**	**2.0**
Accounts payable		
Joint ventures	1.1	1.0
Total	**1.1**	**1.0**

Dividends received from associated companies and joint ventures

MEUR	Q4/21	Q4/20	2021	2020
Dividends received				
Joint ventures	3.5	-	5.0	0.1
Total	**3.5**	**-**	**5.0**	**0.1**

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

Management remuneration

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 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

Acquisitions in 2021

In September, Hiab acquired the share capital of Galfab LLC in the United States at a purchase price of EUR 3.5 million. Galfab is specialised in designing and manufacturing waste equipment including roll-off hoists and containers, compactors and balers for the waste industry in the US. The acquisition expands Hiab's product portfolio of demountables and Galfab's distribution network as part of Hiab's nationwide US sales and service network. As a result of the acquisition, approximately 100 employees transferred to Hiab.

Consolidation of the acquired business and measurement of intangible assets and goodwill recognised in the acquisition are provisional as of the reporting date as the related valuations are ongoing. Fair value measurement of the acquired assets and liabilities is preliminary and subject to adjustments until the valuation is finalised. According to the preliminary assessment, the acquisition will generate EUR 5.5 million of intangible assets, and EUR 4.0 million of goodwill which are tax-deductible.

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

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

Acquired net assets and goodwill related to Galfab, Damen and FNS acquisitions, MEUR	
Intangible assets	7.5
Property, plant and equipment	2.2
Inventories	10.9
Accounts receivable and other non-interest-bearing receivables	5.8
Deferred tax assets	0.2
Accounts payable and other non-interest-bearing liabilities	-4.9
Interest-bearing liabilities	-18.9
Deferred tax liabilities	-0.2
Net assets	**2.5**
Purchase price, payable in cash	8.3
Total consideration	**8.3**
Goodwill	**5.8**
Purchase price, paid in cash	7.3
Cash and cash equivalents acquired, including overdrafts	-
Cash flow impact	**7.3**

The contribution of Galfab, Damen and FNS to Hiab's sales 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 fulfillment 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
Sales price, receivable in cash	-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.

Acquisitions in 2020

On 26th of May Cargotec sold its 49% joint venture ownership in the Rainbow-Cargotec Industries Co., Ltd (RCI) to the joint venture counterparty Rainbow Heavy Industries Co.,Ltd (RHI). Simultaneously, certain operations and assets were acquired from the disposed joint venture, and approximately 160 RCI employees transferred from RCI to Kalmar. Via restructuring, Cargotec aims to simplify its operations related to global supply chains. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. The acquisition price paid on closing was EUR 3.9 million and an additional EUR 0.7 million will fall due within the next two years. The final balance sheet value of the acquired assets and deferred tax asset is EUR 1.5 million and the difference is recorded as goodwill, which is not tax deductible. Additional information about the sold ownership in RCI is disclosed in note 16, Joint ventures and associated companies.

Acquired net assets and goodwill, RCI, MEUR	
Property, plant and equipment	0.2
Inventories	0.5
Deferred tax assets	0.8
Net assets	**1.5**
Purchase price, payable in cash	4.6
Total consideration	**4.6**
Goodwill	**3.1**
Purchase price, paid in cash	4.2
Cash flow impact	**4.2**

Navis, part of Kalmar until 1 July 2021, acquired on 20 March 2020 the business assets of Biarri Rail based in Australia at a consideration of EUR 8.2 million in a transaction that was accounted for as a business combination. The purchase consideration includes a deferred payment of EUR 0.6 million that falls due in 18 months from the acquisition. The main asset acquired, Biarri Rail software, for planning and scheduling freight railroads. The acquired business supported Navis in expanding to inland terminals. The acquired business was consolidated into Kalmar segment's result from 1 April 2020. Consolidation of the acquired business and measurement of assets and liabilities is presented as final on the reporting date. Intangible assets related to technologies were identified in determining the fair values, and the acquisition generated goodwill that is not tax-deductible.

Acquired net assets and goodwill, Biarri Rail, MEUR	
Intangible assets	3.9
Accounts payable and other non-interest-bearing liabilities	-0.2
Deferred tax liabilities	-1.2
Net assets	**2.5**
Purchase price, payable in cash	8.2
Total consideration	**8.2**
Goodwill	**5.7**
Purchase price, paid in cash	7.6
Cash flow impact	**7.6**

Kalmar acquired in October the sales and service business of MPO - Maquinás Portuárias, S.A. in Portugal for a consideration of EUR 0.4 million. The acquisition had no material impact on the reported figures.

16. Joint ventures and associated companies

Changes in joint ventures and associated companies in 2021

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

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

Changes in joint ventures and associated companies in 2020

In May 2020 Cargotec sold its 49 % joint venture ownership in the Rainbow-Cargotec Industries Co., Ltd (RCI) to the joint venture counterparty Rainbow Heavy Industries Co.,Ltd (RHI). Cargotec recognized a loss of EUR 35.6 million as a restructuring cost on disposal of the joint venture by derecognizing the joint venture ownership and recognizing a non-interest-bearing receivable of EUR 6.5 million as a consideration that is due after two years from the closing date. The gross value of the receivable is EUR 11.9 million and its carrying value on the balance sheet includes an adjustment for both interest and expected credit loss. Certain functions and assets were acquired from the company sold in connection with the transaction, and approximately 160 RCI employees were transferred to Kalmar. Additional information about the acquired assets is presented in note 15, Acquisitions and disposals. Via restructuring, Cargotec aims to simplify its operations related to global supply chains.

In connection with the RCI restructuring, Cargotec also reassessed the classification of its ownership in Jiangsu Rainbow Heavy Industries Co., Ltd. (RHI) and concluded that the preconditions for the associated company classification were no longer met. As a result, the RHI ownership was reclassified as a share investment accounted for as a financial asset. On reclassification, the associated company ownership on the balance sheet was derecognised and the new financial asset was recognised at fair value resulting in a profit of EUR 6.7 million which was booked in the income statement as other operating income affecting comparability. Due to the value of the RHI ownership and market volatility of the RHI share, Cargotec has elected to apply the possibility to recognise the subsequent fair value changes related to RHI ownership directly in other comprehensive income.

In April 2020, Hiab performed an impairment assessment for its holding in the Sinotruk Hiab (Shandong) Equipment Co., Ltd. joint venture. Due to the company's business outlook and financial situation, the joint venture ownership was fully written down, resulting in a loss of EUR 4.0 million.

17. Assets held for sale

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

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

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

ASSETS, MEUR	Note	31 Dec 2021	31 Dec 2020
Non-current assets			
Goodwill**		-	73.6
Other intangible assets		-	65.2
Property, plant and equipment		-	7.6
Loans receivable and other interest-bearing assets*	11	-	0.4
Deferred tax assets		-	2.1
Other non-interest-bearing assets		-	0.7
Total non-current assets		**-**	**149.7**
Current assets			
Inventories		-	-
Loans receivable and other interest-bearing assets*	11	-	0.2
Income tax receivables		-	0.7
Accounts receivable and other non-interest-bearing assets		-	34.7
Cash and cash equivalents*	11	-	0.4
Total current assets		**-**	**36.0**
Assets held for sale		**-**	**185.7**

LIABILITIES, MEUR		31 Dec 2021	31 Dec 2020
Non-current liabilities			
Interest-bearing liabilities*	11	-	5.5
Deferred tax liabilities		-	18.9
Pension obligations		-	1.2
Other non-interest-bearing liabilities		-	3.5
Total non-current liabilities		**-**	**29.1**
Current liabilities			
Current portion of interest-bearing liabilities*	11	-	2.2
Advances received		-	23.8
Accounts payable and other non-interest-bearing liabilities		-	15.4
Total current liabilities		**-**	**41.4**
Liabilities directly associated with the assets held for sale		**-**	**70.5**

*Included in interest-bearing net debt.
**The amount of goodwill allocated as held for sale is based on an estimate on the reporting date.

18. Merger plan to combine Cargotec and Konecranes

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their combination agreement and a merger plan to combine the two companies through a merger. Extraordinary general meetings of Cargotec and Konecranes held on 18 December 2020 approved the merger. Various competition authorities in the EU, UK, and US, among others, are currently reviewing the proposed transaction.

In July 2021, the European Commission and the UK Competition and Markets Authority opened a phase II review in connection with the planned transaction. Cargotec and Konecranes expect the merger approval processes to continue during the first half of 2022 so that the merger can be completed by the end of June.

In August 2021, Cargotec Corporation and Konecranes Plc announced that the companies have received unconditional approval from the State Administration for Market Regulation, the competition authority in China, for their planned merger. Also in August, Cargotec and Konecranes announced that the Boards of Directors of Cargotec and Konecranes have agreed to select Cargotec’s present CEO Mika Vehviläinen as the President and CEO of the Future Company, and that the Board of Directors of Cargotec has made the appointment accordingly. The appointment of Mika Vehviläinen will become effective upon completion of the transaction. In November 2021, the planned high-level operating model and leadership team of the Future Company was announced.

In December 2021, Cargotec and Konecranes submitted a remedy package to the European Commission (“EC”) comprising a commitment to divest Konecranes’ Lift Truck business and Cargotec's Kalmar Automation Solutions. The proposed divestitures would eliminate overlaps between the parties’ Container Handling Equipment businesses but allow the combined company (the “Future Company”) to combine their other businesses and continue to be a strong player in all aspects in Container Handling Equipment. Cargotec and Konecranes understand that the EC will now examine the proposed remedy package and conduct customary market testing.

Should clearance be obtained based on the offered remedy package, the merger would proceed comprising of Konecranes’ Industrial Equipment and Service businesses as currently operated, Cargotec’s MacGregor and Hiab businesses as currently operated as well as the operations of Konecranes’ Port Solutions and Cargotec’s Kalmar businesses other than the areas subject to divestment proposal.

The divestments, if made in line with the proposed commitments, will not change the industrial logic behind the combination of Cargotec and Konecranes. The Companies will announce the expected high-level financial impact of the proposed remedies in due course once information is available on the exact scope and possible ancillary arrangements relating to the possible remedy divestments. The final decision on possible divestitures of any businesses as well as possible terms and conditions thereof will be confirmed at a later stage when the ongoing merger reviews have completed. The possible divestitures are further subject to various local legal requirements. Cargotec and Konecranes have started an assessment of possible external buyers in order to identify the best alternatives to satisfy the authorities’ requests and to support the future development of these businesses. Further announcements on the approval processes will be made in due course once further decisions on possible material approval conditions and possible divestitures are made.Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding antitrust concerns continue. Cargotec and Konecranes are awaiting the authorities' decisions and continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently.

Cargotec and Konecranes update the total cost estimate in connection with the merger to be approximately EUR 125 million. The estimate presented in the third quarter interim reports on 28 October 2021 was approximately EUR 100 million. The costs consist mostly of expenses related to financial reporting, legal matters and advisory services (excluding the estimated transaction costs of the refinancing and integration planning). A considerable part of the total costs and the cost estimate increase are related to the processes for applying for the necessary merger control approvals for the merger, and the cost estimate may change as the competition authority processes progress.

The proposed merger will create a global leader in sustainable material flows with a number of valuable customer-centric brands and complementary offerings in industry, factories, ports, terminals, road transport and sea freight handling.

Upon completion, the combination will be carried out as an absorption-type merger in which Konecranes shareholders receive as a merger consideration 2.0834 new Cargotec class B shares and 0.3611 new Cargotec class A shares for each Konecranes share held upon completion of the merger and after the share split described below. To enable the consideration of the merger, Cargotec will carry out a free share issue (share splitting) in which each Cargotec shareholder will be issued free of charge new Cargotec shares in proportion to their holdings. For each existing Cargotec A class share, two new Cargotec class A shares will be issued and for each Cargotec class B share, two new Cargotec class B shares will be issued. As a result of the transaction, the shareholders of Cargotec and Konecranes will each own about half of the new company.

In accordance with IFRS, the merger will be accounted for as a business combination in which Cargotec is the acquirer into which Konecranes will merge. The assets and liabilities of Konecranes on the merger date will be measured at fair value in the purchase price allocation and consolidated into Cargotec from then on.

The value of the acquisition depends on the market price of Cargotec's class A and B shares at the time of the merger. At the reporting date, 31 December 2021, the value of the shares to be paid to Konecranes shareholders in the merger based on the market price of Cargotec's class B share and the outstanding shares of Konecranes amounted to approximately EUR 2,826.9 million.

Additional information on the merger is available through www.sustainablematerialflow.com

19. Events after the reporting period

On 3 February 2022 Cargotec and Konecranes announced, as previously communicated, that Cargotec and Konecranes have continued their dialogue and cooperation with relevant competition authorities to find satisfactory ways to mitigate concerns raised by the competition authorities to secure approvals to complete the merger of Cargotec and Konecranes. Based on ongoing dialogue with the authorities, the remedy requirements are more complex than expected.

Cargotec and Konecranes have discussed remedies with relevant competition authorities based on a commitment offered to the European Commission to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions. Both companies consider the offered remedy package as sufficient and feasible. Further investigations regarding the proposed remedies and negotiations with relevant competition authorities regarding antitrust concerns continue.

Cargotec and Konecranes are awaiting the authorities' decisions and continue to work towards the merger being completed by the end of H1 2022. Until all merger closing conditions are met and the deal is completed, both companies continue to operate fully separately and independently.

Key exchange rates for euro

Closing rates	**31 Dec 2021**	**31 Dec 2020**
SEK	10.250	10.034
USD	1.133	1.227

Average rates	**2021**	**2020**
SEK	10.147	10.479
USD	1.185	1.145

Key figures

		2021	**2020**
Equity / share	EUR	23.95	20.14
Equity to asset ratio	%	40.6%	35.3%
Interest-bearing net debt	MEUR	414.5	682.2
Interest-bearing net debt / EBITDA, last 12 months		0.9	3.2
Gearing	%	26.8%	52.4%
Return on equity (ROE), last 12 months	%	17.3%	0.6%
Return on capital employed (ROCE), last 12 months	%	14.5%	2.8%

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

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

Calculation of key figures

IFRS key figures

Earnings per share (EUR)	=	Net income attributable to the equity holders of the parent / Average number of outstanding shares during financial year
Diluted earnings per share (EUR)	=	Net income attributable to the equity holders of the parent / Average number of diluted outstanding shares during financial year

Alternative performance measures

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

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

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

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

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

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

Quarterly key figures

Cargotec		Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Orders received	MEUR	1,051	985	1,276	1,115	963
Service orders received	MEUR	308	271	284	299	265
Order book	MEUR	2,847	2,696	2,606	2,217	1,824
Sales	MEUR	910	822	853	730	873
Service sales	MEUR	289	264	268	254	262
Software sales	MEUR	9	13	37	36	44
Service and software sales, % of sales	%	33%	34%	36%	40%	35%
Operating profit	MEUR	8.3	278.2	44.8	24.5	17.6
Operating profit	%	0.9%	33.8%	5.2%	3.4%	2.0%
Comparable operating profit*	MEUR	45.5	64.8	69.6	51.6	69.8
Comparable operating profit*	%	5.0%	7.9%	8.2%	7.1%	8.0%
Earnings per share	EUR	-0.13	3.40	0.40	0.15	0.10

Kalmar		Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Orders received	MEUR	513	421	600	529	445
Order book	MEUR	1,302	1,226	1,258	1,051	842
Sales	MEUR	430	377	382	324	411
Service sales	MEUR	130	115	111	112	119
Software sales	MEUR	9	13	37	36	45
Comparable operating profit*	MEUR	36.5	30.0	33.4	20.2	30.6
Comparable operating profit*	%	8.5%	8.0%	8.8%	6.2%	7.5%

Hiab		Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Orders received	MEUR	384	396	508	425	417
Order book	MEUR	985	922	831	642	503
Sales	MEUR	339	309	316	287	295
Service sales	MEUR	89	87	90	85	83
Comparable operating profit*	MEUR	40.4	41.7	45.4	38.8	41.7
Comparable operating profit*	%	11.9%	13.5%	14.4%	13.5%	14.1%

MacGregor		Q4/21	Q3/21	Q2/21	Q1/21	Q4/20
Orders received	MEUR	153	168	169	161	100
Order book	MEUR	560	549	517	524	480
Sales	MEUR	141	137	156	119	168
Service sales	MEUR	70	63	67	57	61
Comparable operating profit*	MEUR	-23.7	2.5	3.1	3.3	5.7
Comparable operating profit*	%	-16.7%	1.8%	2.0%	2.8%	3.4%

*Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, in 2020 the comparable operating profit increased by EUR 6 million in the fourth quarter and EUR 23 million in the financial year. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.