RECORD YEAR IN SALES AND PROFITABILITY

CARGOTEC'S FINANCIAL STATEMENTS REVIEW 2023

CARGOTEC

Cargotec's financial statements review 2023: Record year in sales and profitability

- Orders received in Q4 improved from Q3 and amounted to 1,015 MEUR
- Sales increased by 12 percent to EUR 4,569 million and comparable operating profit by 62 percent to EUR 513 million in 2023
- Record-high operative cash flow of 544 MEUR in 2023
- MacGregor turnaround progressing according to the plan

The figures in this financial statements review are based on Cargotec Corporation's audited 2023 financial statements.

October–December 2023 in brief: Record cash flow

- Orders received decreased by 15 percent and totalled EUR 1,015 (1,190) million.
- Order book amounted to EUR 2,812 (31 Dec 2022: 3,541) million at the end of the period.
- Sales decreased by 4 percent and totalled EUR 1,193 (1,239) million.
- Service sales increased by less than 1 percent and totalled EUR 355 (354) million.
- Service sales represented 30 (29) percent of consolidated sales.
- Eco portfolio sales increased by 3 percent and totalled EUR 404 (392) million.
- Eco portfolio sales represented 34 (32) percent of consolidated sales.
- Operating profit was EUR 89 (-29) million, representing 7.5 (-2.3) percent of sales. The operating profit includes items affecting comparability worth EUR -22 (-114) million.
- Comparable operating profit increased by 31 percent and amounted to EUR 111 (85) million, representing 9.3 (6.8) percent of sales.
- Cash flow from operations before finance items and taxes totalled EUR 292 (147) million.
- Profit for the period amounted to EUR 61 (-68) million.
- Basic earnings per share was EUR 0.92 (-1.04).

January–December 2023 in brief: Record sales, profitability and cash flow

- Orders received decreased by 18 percent and totalled EUR 3,987 (4,862) million.
- Order book amounted to EUR 2,812 (31 Dec 2022: 3,541) million at the end of the period.
- Sales increased by 12 percent and totalled EUR 4,569 (4,089) million.
- Service sales increased by 9 percent and totalled EUR 1,379 (1,264) million.
- Service sales represented 30 (31) percent of consolidated sales.
- Eco portfolio sales increased by 18 percent and totalled EUR 1,515 (1,288) million.
- Eco portfolio sales represented 33 (31) percent of consolidated sales.
- Operating profit was EUR 484 (106) million, representing 10.6 (2.6) percent of sales. The operating profit includes items affecting comparability worth EUR -30 (-210) million.
- Comparable operating profit increased by 62 percent and amounted to EUR 513 (316) million, representing 11.2 (7.7) percent of sales.
- Cash flow from operations before finance items and taxes totalled EUR 544 (231) million.
- Profit for the period amounted to EUR 349 (23) million.
- Basic earnings per share was EUR 5.38 (0.37).

Outlook for 2024

Cargotec estimates[1] Hiab's comparable operating profit margin in 2024 to be above 12 percent,
Kalmar's comparable operating profit margin in 2024 to be above 11 percent, and
MacGregor's comparable operating profit in 2024 to improve from 2023 (EUR 33 million).

[1] The business area 2024 profitability outlook is presented using the same principles which are applied in the 2023 external financial reporting.

Cargotec's key figures

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Orders received	1,015	1,190	-15%	3,987	4,862	-18%
Service orders received	331	345	-4%	1,331	1,286	3%
Order book, end of period	2,812	3,541	-21%	2,812	3,541	-21%
Sales	1,193	1,239	-4%	4,569	4,089	12%
Service sales	355	354	0%	1,379	1,264	9%
Service sales, % of sales	30%	29%		30%	31%	
Eco portfolio sales	404	392	3%	1,515	1,288	18%
Eco portfolio sales, % of sales	34%	32%		33 %	31%	
Operating profit	89.0	-28.8	> 100%	483.8	106.1	> 100%
Operating profit, %	7.5%	-2.3%		10.6 %	2.6%	
Comparable operating profit	111.2	84.8	31%	513.3	316.4	62%
Comparable operating profit, %	9.3%	6.8%		11.2%	7.7%	
Profit before taxes	81.9	-40.6	> 100%	453.0	79.0	> 100%
Cash flow from operations before finance items and taxes	292.1	147.2	98%	544.2	231.2	> 100%
Profit for the period	61.3	-67.6	> 100%	348.7	23.2	> 100%
Basic earnings per share, EUR	0.92	-1.04	> 100%	5.38	0.37	> 100%
Interest-bearing net debt, end of period	179	378	-53%	179	378	-53%
Gearing, %	10.2%	24.8%		10.2%	24.8%	
Interest-bearing net debt / EBITDA*	0.3	1.2		0.3	1.2	
Return on capital employed (ROCE), last 12 months, %	19.9%	4.6%		19.9 %	4.6%	
Personnel, end of period	11,391	11,526	-1%	11,391	11,526	-1%

* Last 12 months' EBITDA

Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 16 million in 2022. Of these items, EUR 1 million were related to Kalmar, EUR 3 million to Hiab, and EUR 12 million to MacGregor. Additional information regarding the changed definition is presented in the stock exchange release published on 4 April 2023.

Cargotec's eco portfolio criteria has been revised and the 2022 eco portfolio sales has been restated accordingly.

Cargotec has revised its second quarter 2023 eco portfolio sales. Initially reported EUR 362 million has been revised to EUR 397 million which represented 33 percent of Cargotec's consolidated sales in the second quarter.

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Cargotec's President and CEO Casimir Lindholm: Momentous year for the company

The year 2023 was a step change for Cargotec in many ways, with good results for four consecutive quarters. As a result we reached record-high sales, comparable operating profit and cash flow for the full year. In April we announced our plan to separate our core businesses Kalmar and Hiab into two world-leading standalone companies.

Business environment in 2023 was complex due to e.g. geopolitical tensions, high interest rates, and low consumer confidence. On one hand we harvested on our high order book, which was collected in 2021 and 2022. Hence, our sales in 2023 increased by 12 percent to EUR 4,569 million. Also service sales and eco portfolio sales reached all-time high levels. Driven by higher sales, successful management of inflationary pressures as well as MacGregor turnaround, our comparable operating profit improved by 62 percent to EUR 513 million, representing 11.2 percent of the consolidated sales.

On the other hand, orders received were on a lower level than in the exceptional years of 2021 and 2022. We addressed the lower order intake with cost saving actions announced in October, aiming for EUR 50 million annual fixed cost savings in 2024. The actions have progressed according to our expectations. We reduced approximately 300 roles globally in the fourth quarter related to the cost savings and we are confident reaching the target.

In the fourth quarter, demand for our solutions stabilised and improved by 11 percent from the seasonally somewhat lower third quarter. Our sales amounted to EUR 1,193 million and comparable operating profit to EUR 111 million in the quarter.

In Kalmar, the fourth quarter was a strong finish for a record year. Demand was stabilising and orders received improved from the third quarter. Successful delivery of the order book and management of inflationary pressures resulted in continued high profitability. Kalmar's comparable operating profit in the fourth quarter was EUR 67 million, representing 13.1 percent of Kalmar's sales. One-off costs related to cost saving actions announced in October had a EUR 5 million negative impact.

In Hiab, the quarter was the fifth quarter in a row with a stable level of orders received. Hiab's sales decreased slightly. Hiab's comparable operating profit declined to EUR 48 million, representing 10.6 percent of Hiab's sales, impacted by EUR 16 million one-off costs related to cost saving actions announced in October as well as investments supporting growth. The full year comparable operating profit of EUR 252 million was record-high for Hiab.

Amid all the other actions, MacGregor is undergoing a successful turnaround according to the plan. Demand for its merchant and service solutions in the fourth quarter continued at a healthy level, resulting in a 7 percent increase in MacGregor's order book compared to the end of 2022.

Sales growth in merchant and services businesses, combined with reduced losses in the offshore business, resulted in the highest quarterly comparable operating profit, EUR 13 million, in nine years. However, there are still challenges related to a few offshore projects we have committed to in the past. Without the loss-making offshore business, MacGregor's comparable operating profit margin would have been around 10 percent.

2024 will be another exciting year for Cargotec. We will continue to focus on executing the planned partial demerger and continue to look for a solution for MacGregor. In addition, we are well-prepared to respond to the prevailing market conditions as we progress on our journey towards two world-leading listed companies. To increase transparency, and in line with the intended separation of our three businesses, we publish our outlook for 2024 separately for our business areas. We estimate that Hiab's comparable operating margin would be above 12 percent, Kalmar's above 11 percent and that MacGregor's comparable operating profit would improve from 2023 as part of Cargotec Group.

Our operative cash flow in 2023 was all-time high and our balance sheet is very strong. Our gearing is only 10.2 percent. Hence, the Board of Directors proposes to the Annual General Meeting that a record dividend of EUR 2.14 for each class A share and EUR 2.15 for each outstanding class B share be paid, corresponding to a 40 percent payout ratio. The balance sheet position gives an excellent foundation for our businesses in their planned standalone future.

I want to thank our employees for the hard work in a successful year 2023 as well as our customers and shareholders for their trust.

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Reporting segments' key figures

Orders received

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Kalmar	405	544	-26%	1,705	2,081	-18%
Hiab	401	377	6%	1,466	1,807	-19%
MacGregor	209	269	-22%	816	976	-16%
Internal orders	0	0		0	0	
Total	**1,015**	**1,190**	**-15%**	**3,987**	**4,862**	**-18%**

Order book

MEUR	31 Dec 2023	31 Dec 2022	Change
Kalmar	1,024	1,428	-28%
Hiab	799	1,185	-33%
MacGregor	988	927	7%
Internal order book	1	1	
Total	**2,812**	**3,541**	**-21%**

Sales

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Kalmar	509	618	-18%	2,050	1,943	5%
Hiab	450	456	-1%	1,787	1,578	13%
MacGregor	234	165	42%	733	569	29%
Internal sales	0	0		0	-1	
Total	**1,193**	**1,239**	**-4%**	**4,569**	**4,089**	**12%**

Operating profit

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Kalmar	58.9	67.0	-12%	264.2	142.1	86%
Hiab	47.8	61.3	-22%	252.1	217.1	16%
MacGregor	6.7	-143.6	> 100%	31.8	-190.2	> 100%
Corporate administration and support functions	-24.3	-13.5	-80%	-64.4	-62.9	-2%
Total	**89.0**	**-28.8**	**> 100%**	**483.8**	**106.1**	**> 100%**

Comparable operating profit*

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Kalmar	66.6	69.2	-4%	279.4	189.2	48%
Hiab	47.8	61.6	-22%	252.1	220.9	14%
MacGregor	13.1	-34.2	> 100%	32.6	-47.5	> 100%
Corporate administration and support functions	-16.4	-11.8	-39%	-50.8	-46.3	-10%
Total	**111.2**	**84.8**	**31%**	**513.3**	**316.4**	**62%**

*Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 16 million in 2022. Of these items, EUR 1 million were related to Kalmar, EUR 3 million to Hiab, and EUR 12 million to MacGregor. Additional information regarding the changed definition is presented in the stock exchange release published on 4 April 2023.

Telephone conference for analysts, investors and media

A live international telephone conference for analysts, investors and media will be arranged on the publishing day at 10:00 a.m. EET. The event will be held in English. The report will be presented by President and CEO of Cargotec, Interim President of Kalmar Casimir Lindholm, CFO Mikko Puolakka, and President of Hiab Scott Phillips. The presentation material will be available at www.cargotec.com by the latest 9:30 a.m. EET.

To ask questions, please join the teleconference by registering via the following link: https://palvelu.flik.fi/teleconference/?id=10011168. After the registration, the conference phone numbers and a conference ID to access the conference will be provided. Questions can be presented during the conference.

The event can also be viewed as a live webcast at https://cargotec.videosync.fi/2023-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.

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

For further information, please contact:

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

Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has signed the United Nations Global Compact Business Ambition for 1.5°C. The company's sales in 2023 totalled approximately EUR 4.6 billion and it employs around 11,400 people.
www.cargotec.com

Cargotec's financial statements review 2023

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.

Operating environment

The business environment in which Cargotec operates is complex, stemming from high interest rates and inflation, possible interruptions in supply chains, growing geopolitical tensions, and sluggish growth estimates. However, many of our customers and partners are performing well.

According to the World Bank's Global Economic Prospects report published in January 2024, the global economy grew by 2.6 percent in 2023, and is projected to slow to 2.4 percent in 2024. In the World Bank's advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), the World Bank estimates a 1.5 percent growth in 2023 and projects a 1.2 percent growth in 2024. According to the report, the slowing down of global growth reflects the effects of tight monetary policy, restrictive financial conditions, and feeble global trade and investment. A possible escalation of the recent conflict in the Middle East and associated commodity market disruptions, financial stress amid elevated debt and high borrowing costs, persistent inflation, and climate-related disasters add to the uncertainty.[2]

The demand for MacGregor's cargo and load handling solutions is impacted by the level of merchant ship contracting, which by the end of 2023 amounted to 1,632[3] (2022: 1,286[4]). In the offshore sector, the number of new contracts was 122[3] (137[4]). In 2024, the number of new merchant vessel orders is projected to be 1,577, and in the offshore sector 204[5].

[2] World Bank: Global Economic Prospects report, January 2024

[3] Clarksons Research, January 2024

[4] Clarksons Research, January 2023, excluding late registrations

[5] Clarksons Research, September 2023

Financial performance

Orders received and order book

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Orders received	1,015	1,190	-15%	3,987	4,862	-18%
Service orders received	331	345	-4%	1,331	1,286	3%
Order book, end of period	2,812	3,541	-21%	2,812	3,541	-21%

In the fourth quarter of 2023, orders received decreased by 15 percent from the comparison period and totalled EUR 1,015 (1,190) million. Orders received increased in Hiab and decreased in Kalmar and MacGregor. Service orders received decreased by 4 percent and totalled EUR 331 (345) million.

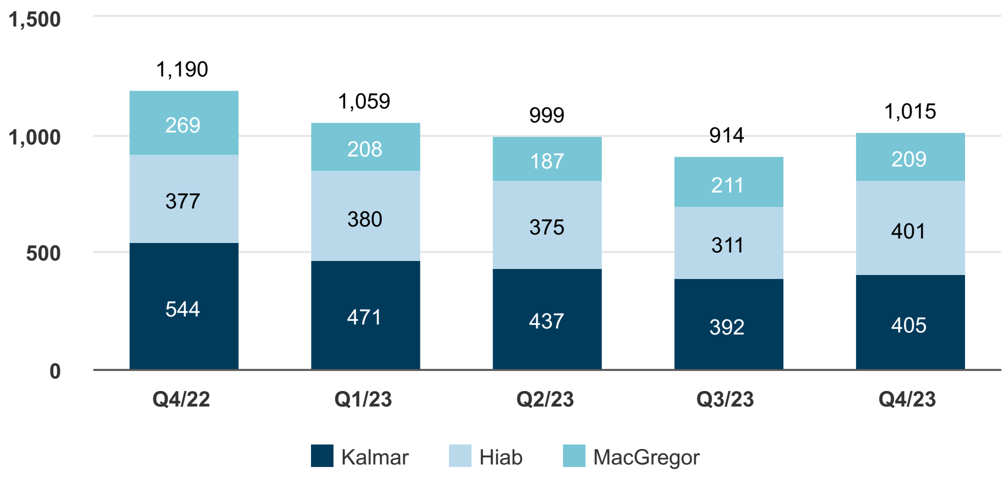
Orders received decreased in 2023 by 18 percent from the comparison period and totalled EUR 3,987 (4,862) million. Orders received decreased in all business areas. Service orders received increased by 3 percent and totalled EUR 1,331 (1,286) million.

The order book decreased by 21 percent from the end of 2022, and at the end of the year 2023 it totalled EUR 2,812 (31 Dec 2022: 3,541) million. Kalmar's order book totalled EUR 1,024 (1,428) million, representing 37 (40) percent, Hiab's EUR 799 (1,185) million or 28 (34) and MacGregor's EUR 988 (927) million or 35 (26) percent of the consolidated order book.

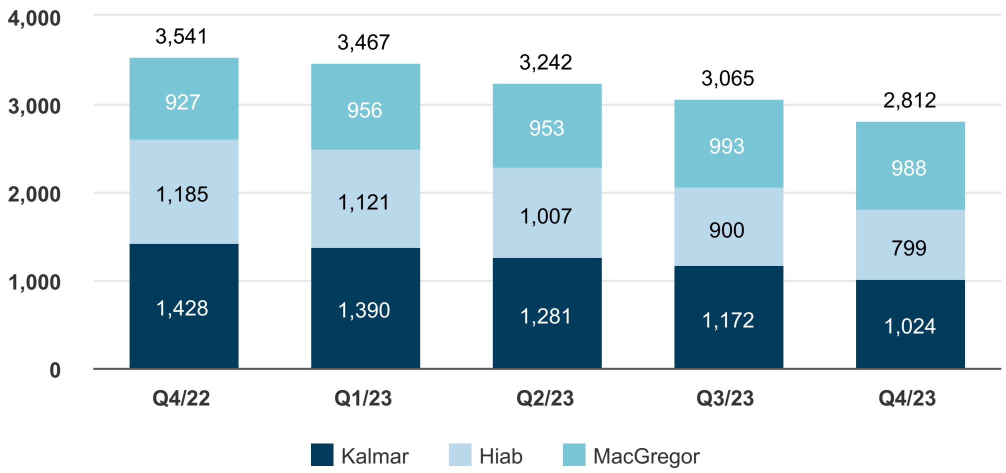
In geographical terms, the share of orders received in the fourth quarter was 41 (39) percent in EMEA and 35 (35) percent in the Americas. Asia-Pacific's share of orders received was 24 (26) percent.

In 2023, the share of orders received was 45 (42) percent in EMEA and 33 (35) in the Americas. Asia-Pacific's share of orders received was 22 (23) percent.

Orders received, MEUR



Order book, MEUR



Sales

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Sales	1,193	1,239	-4%	4,569	4,089	12%
Service sales	355	354	0%	1,379	1,264	9%
Eco portfolio sales	404	392	3%	1,515	1,288	18%

In the fourth quarter of 2023, sales decreased from the comparison period by 4 percent and amounted to EUR 1,193 (1,239) million. Sales increased in MacGregor and decreased in Kalmar and Hiab. Service sales increased by less than 1 percent from the comparison period and totalled EUR 355 (354) million, representing 30 (29) percent of consolidated sales.

Sales in 2023 increased from the comparison period by 12 percent and amounted to EUR 4,569 (4,089) million. Sales increased in all business areas. Service sales increased by 9 percent from the comparison period and totalled EUR 1,379 (1,264) million, representing 30 (31) percent of consolidated sales.

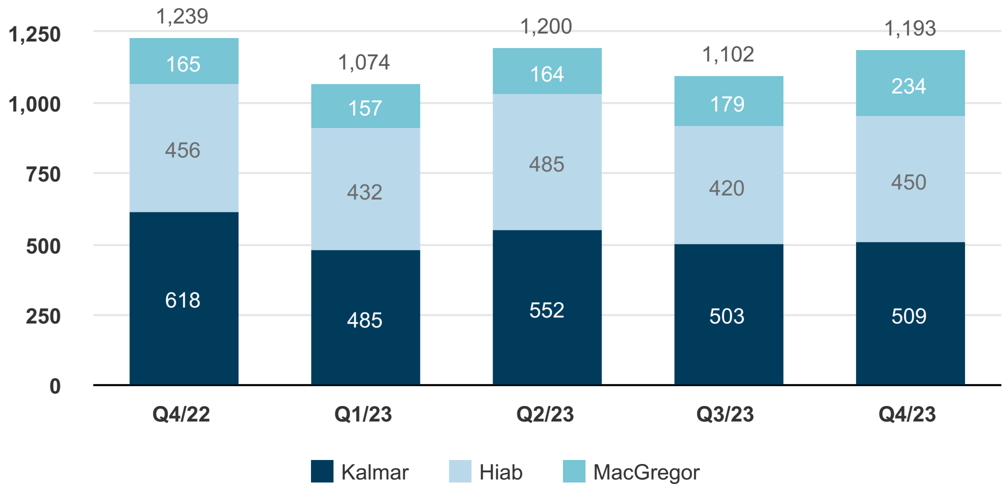
Eco portfolio sales in the fourth quarter increased by 3 percent and totalled EUR 404 (392) million, representing 34 (32) percent of consolidated sales. Eco portfolio sales increased in the climate change mitigation category and decreased in the transition to circular economy category. Eco portfolio sales increased in Hiab and MacGregor and decreased in Kalmar.

Eco portfolio sales in 2023 increased by 18 percent and totalled EUR 1,515 (1,288) million, representing 33 (31) percent of consolidated sales.[6] Eco portfolio sales increased in both climate change mitigation and transition to circular economy categories and in all business areas.

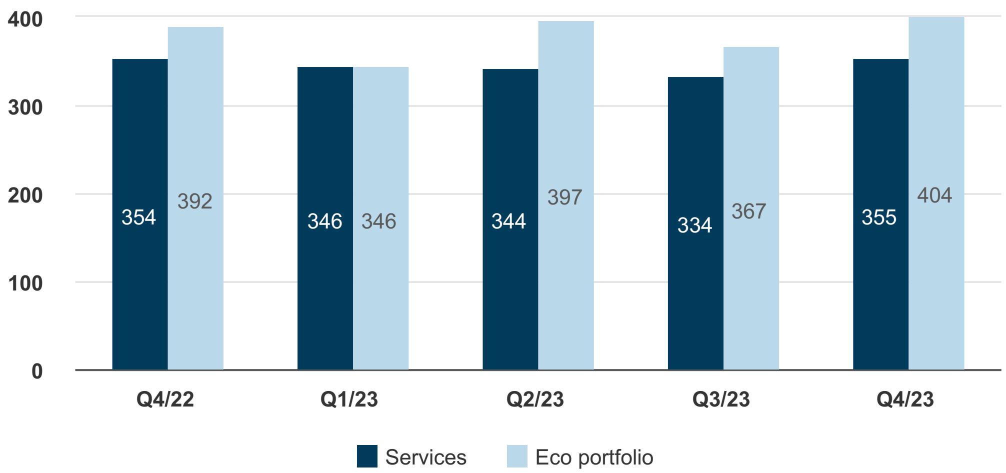
Sales increased in Asia-Pacific and decreased in EMEA and Americas in the fourth quarter. EMEA's share of consolidated sales was 45 (45) percent, Americas' 35 (37) percent and Asia-Pacific's 20 (18) percent.

In 2023, EMEA's share of consolidated sales was 45 (47) percent, Americas' 38 (36) percent and Asia-Pacific's 17 (17) percent.

Sales, MEUR

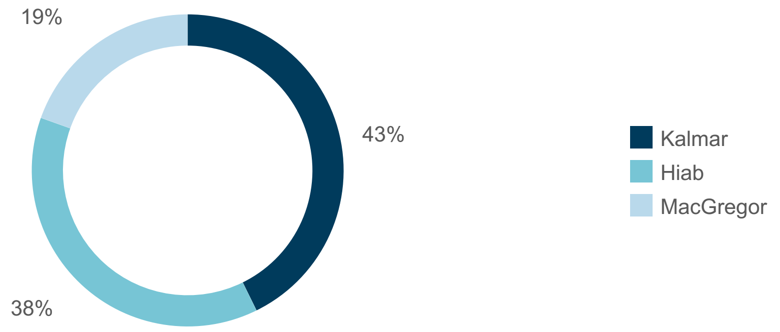


Service and eco portfolio sales, MEUR

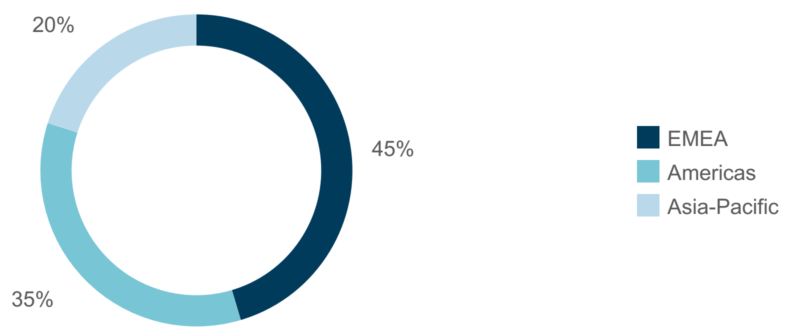


[6] Cargotec has revised its second quarter 2023 eco portfolio sales. The initially reported EUR 362 million has been revised to EUR 397 million which represented 33 percent of Cargotec's consolidated sales in the second quarter.

Sales by business area Q4/2023, %



Sales by geographical area Q4/2023, %



Financial result

Operating profit and comparable operating profit

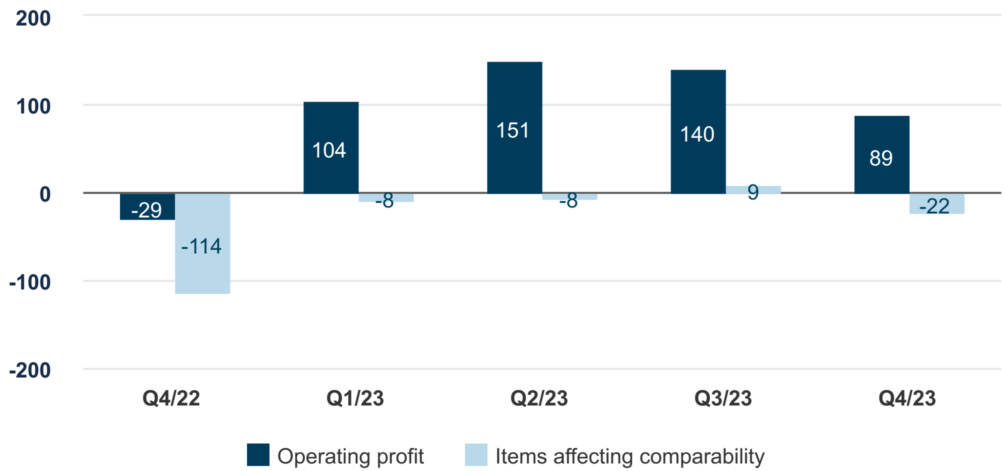
MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Operating profit	89.0	-28.8	> 100%	483.8	106.1	> 100%
Operating profit, %	7.5%	-2.3%		10.6%	2.6%	
Comparable operating profit	111.2	84.8	31%	513.3	316.4	62%
Comparable operating profit, %	9.3%	6.8%		11.2%	7.7%	

Operating profit for the fourth quarter totalled EUR 89 (-29) million. The operating profit includes items affecting comparability worth of EUR -22 (-114) million. EUR -8 (-2) million of the items were related to Kalmar, EUR 0 (0) million to Hiab, EUR -6 (-109) million to MacGregor and EUR -8 (-2) million to corporate administration and support functions. Of the items affecting comparability, EUR -15 (0) million were related to planning of the potential separation of Kalmar and Hiab. Of these items, EUR -7 million is booked in Kalmar and EUR -8 million in corporate administration and support functions.

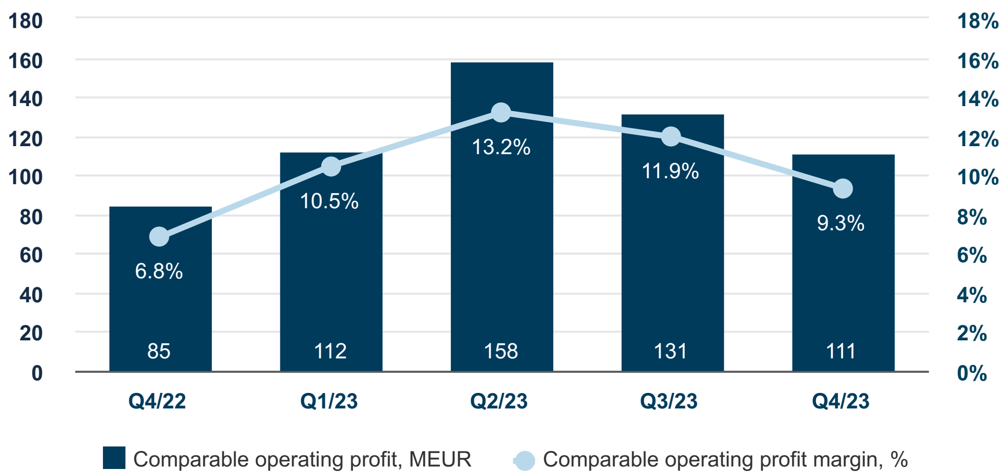
Operating profit in 2023 totalled EUR 484 (106) million. The operating profit includes items affecting comparability worth EUR -30 (-210) million. EUR -15 (-47) million of the items were related to Kalmar, EUR 0 (-4) million to Hiab, EUR -1 (-143) million to MacGregor and EUR -14 (-17) million to corporate administration and support functions. Of the items affecting comparability, EUR -28 (0) million were related to planning of the potential separation of Kalmar and Hiab.

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

Operating profit and items affecting comparability, MEUR



Comparable operating profit, MEUR, Comparable operating profit margin, %



Comparable operating profit for the fourth quarter increased by 31 percent and totalled EUR 111 (85) million, representing 9.3 (6.8) percent of sales. The comparable operating profit increase was driven by good progress in the MacGregor turnaround.

Comparable operating profit in 2023 increased by 62 percent and totalled EUR 513 (316) million, representing 11.2 (7.7) percent of sales. The comparable operating profit increase was driven by higher sales, successful management of inflationary pressures and costs as well as good progress in the MacGregor turnaround.

Net finance expenses and net income

Net interest expenses for interest-bearing debt and assets for the fourth quarter totalled EUR 3 (4) million. Net finance expenses totalled EUR 7 (12) million.

In 2023, net interest expenses for interest-bearing debt and assets totalled EUR 14 (14) million. Net finance expenses totalled EUR 31 (27) million. The increase in group financing expenses was driven by interest rate differences related to hedging.

Profit for the fourth quarter totalled EUR 61 (-68) million, and basic earnings per share was EUR 0.92 (-1.04).

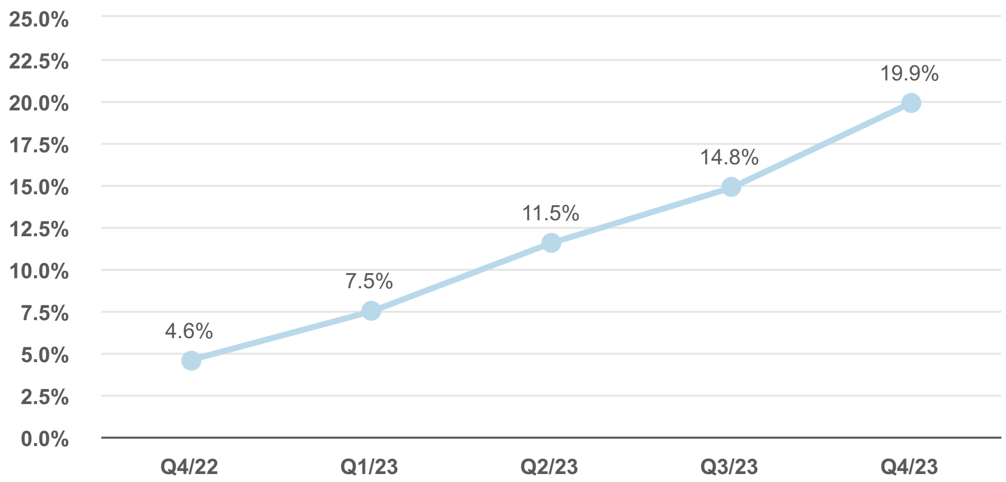
Profit in 2023 totalled EUR 349 (23) million, and basic earnings per share was EUR 5.38 (0.37).

Balance sheet, cash flow and financing

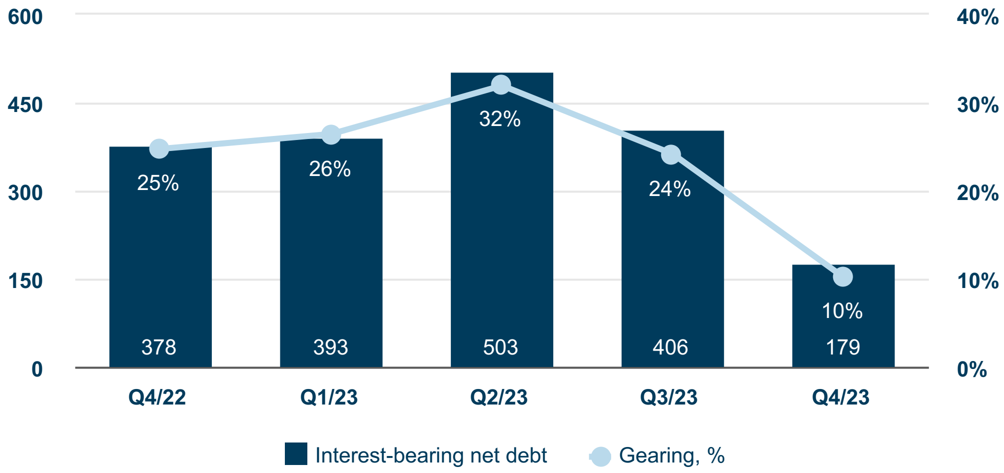
The consolidated balance sheet total was EUR 4,376 (31 Dec 2022: 4,189) million at the end of the year 2023. Equity attributable to the equity holders of the parent was EUR 1,752 (1,528) million, representing EUR 27.25 (23.69) per share. Property, plant and equipment on the balance sheet amounted to EUR 445 (420) million and intangible assets to EUR 996 (1,017) million.

Return on equity (ROE, last 12 months) was 21.2 (31 Dec 2022: 1.5) percent at the end of the year 2023 and return on capital employed (ROCE, last 12 months) was 19.9 (4.6) percent. The improvement in ROCE was driven by higher profitability in all three business areas.

Return on capital employed (ROCE, last 12 months)



Interest-bearing net debt, MEUR, Gearing, %



Cash flow from operating activities before financial items and taxes totalled EUR 544 (231) million during 2023. The increase in cash flow was driven by good profitability.

Cargotec's liquidity position is strong. The liquidity reserves, consisting of cash and cash equivalents and undrawn EUR 430 million long-term committed revolving credit facilities, totalled EUR 1,115 million on 31 December 2023 (31 Dec 2022: 782). In addition to the liquidity reserves, Cargotec had access to a EUR 150 million commercial paper programme, out of which EUR 150 (150) million were undrawn, as well as undrawn bank overdraft facilities, totalling EUR 94 (95) million.

The company's liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 159 (87) million, which includes EUR 43 (37) million lease liabilities.

At the end of 2023, the interest-bearing debt amounted to EUR 867 (31 Dec 2022: 838) million, of which EUR 178 (165) million was in lease liabilities. Of the interest-bearing debt, EUR 159 (87) million was current and EUR 708 (751) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 3.3 (2.1) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 688 (459) million. Interest-bearing net debt totalled EUR 179 (378) million.

At the end of 2023, Cargotec's equity to assets ratio was 43.8 (31 Dec 2022: 39.2) percent. Gearing was 10.2 (24.8) percent.

Impacts of currencies and structural changes

	Orders received		Sales	
MEUR	**Q4**	**Q1-Q4**	**Q4**	**Q1-Q4**
2022	**1,190**	**4,862**	**1,239**	**4,089**
Organic growth in constant currencies, %	-13%	-16%	-1%	14%
Impact of changes in exchange rates, %	-3%	-2%	-3%	-3%
Structural changes, %	0%	0%	0%	0%
Total change, %	**-15%**	**-18%**	**-4%**	**12%**
2023	**1,015**	**3,987**	**1,193**	**4,569**

In the fourth quarter of 2023, orders received decreased organically in constant currencies by 13 percent. Changes in exchange rates had a 3 percentage point negative effect on Cargotec's orders received. Structural changes had a 0 percentage point impact on Cargotec's orders received. In constant currencies, sales decreased organically by 1 percent. Changes in exchange rates had a 3 percentage point negative effect and structural changes a 0 percentage point effect on Cargotec's sales.

In the year 2023, orders received decreased organically in constant currencies by 16 percent. Changes in exchange rates had a 2 percentage point negative effect on Cargotec's orders received. Structural changes had a 0 percentage point impact on Cargotec's orders received. In constant currencies, sales increased organically by 14 percent. Changes in exchange rates had a 3 percentage point negative effect on Cargotec's sales. Structural changes had a 0 percentage point effect on Cargotec's sales.

Corporate topics

Research and development

Research and product development expenditure in 2023 totalled EUR 98 (100) million, representing 2.1 (2.4) percent of sales. Research and development investments were focused on solutions supporting climate targets such as digitalisation, electrification, and robotisation as well as projects that aim to improve the competitiveness and cost efficiency of products. During 2023, research and development efforts focused for example on the following:

Kalmar

In 2023, Kalmar further developed its electric offering. With electrification, Kalmar's customers can achieve significant lifetime cost and greenhouse gas emission reductions, and the development of electric equipment also offers Kalmar a significant business opportunity.

Kalmar's eco portfolio offering continued to strengthen during the year with several new sustainable solutions being launched. Kalmar introduced the Electric Straddle Carrier Charge Family which comprises battery technologies, charging solutions, and software to support operators of both manual and automated terminals with their transition towards decarbonised operations.

In 2023, Kalmar delivered its first electric reachstacker and heavy electric forklift, introduced at the end of 2021, to customers in Europe, and started the manufacturing of electric reachstackers at the Shanghai Plant, expanding the market reach to Asia. Furthermore, Kalmar completed a RoboTractor pilot project with a customer in Norway. Kalmar RoboTractor is part of the Robotic Portfolio, a future range of intelligent and autonomous mobile equipment solutions.

Kalmar also continued to develop its existing solutions. For example, Kalmar customers now have the option of having their electric reachstacker constructed partly with SSAB Zero™ steel, which is made from recycled steel and produced using fossil-free electricity and biogas, or have a collision warning system in the manually operated straddle carrier that provides the driver with both visible and audible warnings when there is a risk of collision.

Hiab

In pursuit of Hiab's vision to be the number-one partner in smart and sustainable load handling solutions, several new innovations were launched in 2023.

HiPerform™ is Hiab's suite of smart solutions and the result of investments and development in the digitalisation of Hiab's service offering. In 2023, HiPerform was complemented with the HiSkill™ training simulator. Powered by virtual reality, it enables crane operators to improve their skills without using an actual crane.

Most of Hiab's emissions in the production phase come from the use of steel — and a typical Hiab product consists of 70 percent steel. One way to address the issue is by reducing the amount of steel used. This also reduces the weight of new products, like the new EFFER loader cranes, which offer the performance of cranes one category larger. Hiab is also pioneering the use of recycled steel, made with an electric furnace which is powered by renewable electricity, in the MULTILIFT Ultima ZERO hooklifts.

Reducing emissions in the use phase is another priority for new product development, like Hiab's Solar Charger solution. The solution, which was launched for ZEPRO and DEL tail lifts in 2023, consists of solar panels on the roof of the equipment, generating and storing power. As the only manufacturer in the world, Hiab also has a complete electric range of truck mounted forklifts in the MOFFETT eSeries. Compared to conventional forklifts, they provide the same performance but are low-emission and much quieter.

MacGregor

MacGregor has continued to offer a wide portfolio of electric driven products such as cranes, RoRo equipment, walk-to-work gangways, hatch covers, and deck machinery. During 2023, for instance, the first all-electric Horizon walk-to-work gangways were taken into operation.

For the EU-funded MOSES and AEGIS projects, MacGregor has developed an autonomous container loading and discharging solution that comprises an automated onboard crane operating system and a new container supply chain software platform – the Voyage and Container Optimisation Platform. With the MOSES and AEGIS projects drawing to a close, MacGregor's solution was successfully tested at a facility in Örnsköldsvik, Sweden, in 2023.

MacGregor was awarded the Greensand concept study by INEOS Energy. Together with CAN Systems, MacGregor will prepare a concept study that provides a basis for choosing a solution for direct injection of liquid CO_2 in this Carbon Capture and Storage project.

MacGregor also introduced new products to its innovative and extensive portfolio. The new introductions included the fully automatic twistlock ACV-1 "Hippo" and the self-unloader vibration feeder, "GravityVibe™".

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 94 (81) million in 2023. Investments in customer financing were EUR 43 (32) million. Depreciation, amortisation and impairment amounted to EUR 115 (204) million. The amount includes impairments worth EUR 1 (88) million.

Acquisitions and divestments in 2023

On 24 August 2023, Kalmar announced that it had signed an agreement to acquire the product rights of the electric terminal tractor product line from Lonestar Specialty Vehicles (LSV) in the United States. As part of the transaction, LSV will transfer the immaterial assets to Kalmar and act as Kalmar’s contract manufacturing partner for the acquired electric terminal tractor product range. Completed on 1 September 2023, the transaction did not have any significant impact on Kalmar’s sales in 2023.

Cargotec is actively developing and maintaining an M&A pipeline with a primary focus on Hiab. The aim of potential M&A would be to strengthen Cargotec’s portfolio and to complement the offering, enter new developing markets and seek growth in adjacent segments.

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

Operational restructurings

Restructuring costs in the fourth quarter amounted to EUR 7 (36) million and to EUR 15 (91) million in 2023. The restructuring costs in 2023 were mainly related to the restructuring programme in MacGregor, where approximately 350 roles will be reduced, targeting EUR 23 million annual cost savings compared to 2022. Out of the total savings, EUR 14 million was realised in 2023. With the restructuring and strengthened project management, Cargotec is aiming to turn around MacGregor's offshore business.

In October 2023, Cargotec initiated cost saving actions in the Cargotec group, Kalmar and Hiab, with the objective to achieve EUR 50 million annual fixed cost savings in 2024. The aim of the cost saving actions was to proactively adjust to an increasingly complex and challenging market environment.

Out of the planned total savings of EUR 50 million, EUR 10 million is planned to be achieved in the group, EUR 20 million in Kalmar and EUR 20 million in Hiab. Half of the cost savings would come from a reduction of approximately 300 roles globally. The one-off costs of the actions are approximately EUR 20 million. Costs are booked above comparable operating profit. In the fourth quarter, Cargotec booked EUR 15 million costs related to the actions.

At the end of the year, items affecting comparability related to planning of the planned separation of Kalmar and Hiab amounted to EUR -28 (0) million. For the year 2024, Cargotec estimates to book approximately EUR -60 million for items affecting comparability related to the planned separation of Kalmar and Hiab. The estimate may be subject to change. As part of the planned separation of Kalmar and Hiab, Cargotec is planning to increase Hiab's administrative presence in Finland. This is not estimated to have a significant impact on Cargotec's comparable operating profit.

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

Personnel

Cargotec employed 11,391 (31 Dec 2022: 11,526) people at the end of the year 2023. The average number of employees during 2023 was 11,669 (1–12/2022: 11,405).

Salaries and remunerations to employees totalled EUR 656 (608) million in 2023.

Cargotec’s annual Compass Employee Engagement survey provides valuable information on work-related feelings and thoughts of our employees. Through the survey, employees are encouraged to share their thoughts on a wide range of topics, such as work-life balance and well-being, social responsibility and leadership, and team climate.

The response rate of the 2023 Compass survey was 78 (2022: 75) percent. According to the results, the category focusing on compliance, sustainability and safety scored the highest. Like last year, the category measuring the cooperation and climate within the closest team performed exceptionally well. On the other hand, the results show that we must focus more attention on work-life balance, stress management and the future direction of the businesses. As per Cargotec’s personnel procedures, managers organise feedback sessions and plan actions with their teams, focusing especially on items where improvement is needed.

Vision and strategy

Cargotec's vision is to become the global leader in sustainable cargo flow. The breakthrough objectives are sustainability and profitable growth.

In accordance with its strategy, Cargotec will focus on sustainable and profitable growth on its core businesses Hiab and Kalmar by solving customers' sustainability challenges. The core businesses will support customers with lifecycle services as well as with market leading equipment and technologies. Automated, robotised and zero emission equipment help Kalmar and Hiab customers to overcome sustainability challenges.

Performance targets for core businesses[7]

Cargotec's performance targets reflect the company's strategy and ambition to grow profitably by solving customers' sustainability challenges. Performance targets are set for core businesses Kalmar and Hiab and were announced on 15 November 2022:

- Eco portfolio sales: double the growth compared to traditional products
- Reduce CO_2 emissions in Cargotec's value chain[8] by 25% by 2025 and by 50% by 2030
- Sales growth faster than market[9]
- Comparable operating profit 12% by 2025 and 15% by 2030.

Cargotec also aims for a growing dividend 30–50% of EPS and to keep gearing below 50%.

[7] Core businesses = Cargotec excluding MacGregor and Kalmar heavy cranes business
[8] Scope 1,2 & 3, compared to 2019
[9] Global GDP, IMF World Economic Outlook, current prices

Core businesses' key figures

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Orders received	806	920	-12%	3,171	3,874	-18%
Service orders received	249	257	-3%	992	961	3%
Order book, end of period	1,820	2,566	-29%	1,820	2,566	-29%
Sales	954	1,046	-9%	3,795	3,445	10%
Service sales	261	263	-1%	1,026	962	7%
Service sales, % of sales	27%	25%		27%	28%	
Eco portfolio sales	322	320	1%	1,224	1,056	16%
Eco portfolio sales, % of sales	34%	31%		32%	31%	
Operating profit	84.3	119.7	-30%	459.5	352.5	30%
Operating profit, %	8.8%	11.4%		12.1%	10.2%	
Comparable operating profit	99.6	123.5	-19%	487.4	384.3	27%
Comparable operating profit, %	10.4%	11.8%		12.8%	11.2%	

Core businesses = Cargotec excluding MacGregor and Kalmar heavy cranes business. Includes corporate administration and support functions.

In the fourth quarter of 2023, sales of Cargotec's core businesses decreased from the comparison period by 9 percent and amounted to EUR 954 (1,046) million. Eco portfolio sales of the core businesses increased by 1 percent and totalled EUR 322 (320) million, representing 34 (31) percent of core businesses' consolidated sales. The comparable operating profit of Cargotec's core businesses decreased by 19 percent and amounted to EUR 100 (124) million. In the fourth quarter, the comparable operating profit margin of the core businesses was 10.4 (11.8).

In 2023, sales of Cargotec's core businesses increased from the comparison period by 10 percent and amounted to EUR 3,795 (3,445) million. Eco portfolio sales of the core businesses increased by 16 percent and totalled EUR 1,224 (1,056) million, representing 32 (31) percent of core businesses' consolidated sales. The comparable operating profit of Cargotec's core businesses increased by 27 percent and amounted to EUR 487 (384) million. The comparable operating profit margin of Cargotec's core businesses was 12.8 (11.2) in 2023. The CO_2 emissions of the core business' value chain increased by 8 percent from the year 2019 level. Emission intensity decreased but not enough to compensate for the increase in emissions brought about by the increase in sales.

Planned separation of Kalmar and Hiab

On 27 April 2023, Cargotec announced that its Board of Directors had decided to investigate and initiate a process to potentially separate Cargotec's core businesses Kalmar and Hiab into two standalone companies. Cargotec's intention would be to separate Kalmar as a new listed company by means of a partial demerger from Cargotec. If carried out, the potential execution and separate listing of Kalmar on Nasdaq Helsinki, Finland, would take place in 2024.

The planned partial demerger would be a logical next step in Cargotec's previously announced aim to increase the independence of its businesses. Based on its initial assessment, Cargotec's Board of Directors estimated that the separation of Kalmar and Hiab could unlock shareholder value by allowing both businesses to pursue sustainable profitable growth opportunities independently.

To support the listing readiness preparations, the Board decided in August to establish a Demerger Committee to oversee the preparations for listing readiness and corporate governance matters for the potential standalone Kalmar. The Demerger Committee consists of Jaakko Eskola, Teresa Kemppi-Vasama and Tapio Kolunsarka. The Demerger Committee members also remain as members of Cargotec's Board of Directors.

In November, Cargotec's Board of Directors appointed Sami Niiranen as the President of Kalmar as of May 2024 at the latest. Sami Niiranen will also become a member of the Cargotec Leadership team and, if the demerger is pursued, he shall also be proposed as the President and CEO of the proposed standalone Kalmar. One of Kalmar's key positions was filled already earlier during the year when Sakari Ahdekivi was appointed Kalmar's Chief Financial Officer.

In 2023, Cargotec implemented a large organisational change, moving the majority of group employees to the business areas. In parallel with the planned demerger, Cargotec's focus remains to continue to look for a solution for MacGregor during 2024.

If the planned actions are completed, there would be three separate businesses, Kalmar, Hiab and MacGregor in 2025.

At the end of the year, costs related to planning of the planned separation of Kalmar and Hiab amounted to EUR 28 (0) million. Of the costs, EUR 14 million is booked in Kalmar and EUR 14 million in corporate administration and support functions. For the year 2024, Cargotec estimates to book approximately EUR -60 million for items affecting comparability related to the planned separation of Kalmar and Hiab. The estimate may be subject to change.

Sustainability

In 2023, Cargotec's main focus was on preparing for the EU's Corporate Sustainability Reporting Directive (CSRD). The goal of the directive is to provide investors and other stakeholders with information that helps them assess potential investment risks related to climate change and other sustainability topics. Companies in scope of the first wave will have to apply the new directive for the financial year of 2024, with reports published in 2025.

To prepare for the directive, Cargotec initiated a group-wide project during the second quarter to raise awareness of the upcoming reporting requirements and how they can be utilised to drive successful business transformation. As part of the project, Cargotec has been working on analysing its current reporting capabilities and readiness to report in accordance with the European Sustainability Reporting Standards (ESRS). Preparing for, and implementing the CSRD, specifically, plays an essential role in the planning of Kalmar's listing as a stand-alone company, as its sustainability reporting capability must be secured from day one.

During the year 2023, to verify the company's most material impacts, risks and opportunities and to clarify the reporting scope, Cargotec conducted a double materiality assessment (DMA). The DMA process, which was supported by a third party, considered the company's entire value chain over the short, medium and long-term time horizons, both from an impact and a financial perspective. The material impacts, risks, and opportunities identified in the DMA set the baseline for Cargotec's CSRD reporting in 2024. Based on the results, Cargotec will need to report in accordance with the following ESRS standards: ESRS 2; ESRS E1; ESRS E2; ESRS E4; ESRS E5; ESRS S1; ESRS S2; ESRS S4 and ESRS G1. Cargotec will further revise its sustainability agenda in 2024 based on the results of the DMA.

Cargotec also updated its Sustainability policy during the year. Compared to the previous policy, the updated one takes a much broader perspective on the company's material topics, and its structure is aligned with Cargotec's sustainability agenda. The updated policy includes commitments on the following topics: climate change, circular economy, human rights, health and safety, diversity, equity and inclusion (DE&I), sustainable finance and responsible sourcing.

During 2023, Cargotec's Board of Directors and Leadership Team began a sustainability training programme that will extend into 2024. The programme, which is organised by an external expert organisation, provides in-depth content and reflection on corporate sustainability, including upcoming regulation and related directors' duties; deep dives into topics, such as climate change, biodiversity and human rights; as well as integrating sustainability into the company strategy.

Cargotec also finalised its first human rights impact assessment in 2023. Cargotec's human rights work focuses on identifying and addressing risks and negative impacts on people in its operations and value chain, in line with international standards for human rights due diligence. The assessment identified impacts caused by the company, ones that the company contributes to and ones that are directly linked to its operations, products or services through business relationships.

During the year, Cargotec and SSAB announced that they are introducing SSAB Zero™, a fossil carbon emission-free recycled steel, to the cargo and load handling industry. Cargotec plans to gradually start using this steel in its products. As an example, Kalmar customers now have the option of having their electric reachstacker constructed partly with SSAB Zero™ steel. The collaboration on SSAB Zero™ is a natural next step in Cargotec and SSAB partnership where the two work together to reduce the negative environmental impacts of the cargo and load handling industry. This collaboration supports Cargotec's goal to rethink material flows and give preference to materials that are better for the environment.

In the fourth quarter, Cargotec's eco portfolio sales increased by 3 percent and totalled EUR 404 (392) million, representing 34 (32) percent of consolidated sales. Eco portfolio sales increased in the climate change mitigation category and decreased in the transition to circular economy category. Eco portfolio sales increased in Hiab and MacGregor and decreased in Kalmar.

In 2023, the eco portfolio sales increased by 18 percent and totalled EUR 1,515 (1,288) million, representing 33 (31) percent of consolidated sales.[10] Eco portfolio sales increased in both climate change mitigation and transition to circular economy categories and in all business areas. Climate change mitigation category includes zero- and low-emission equipment whereas transition to circular economy category includes repair services, parts, refurbishment and modernisation projects, rental and used equipment as well as digital services.

Cargotec's science-based target is to reduce the company's absolute greenhouse gas emissions by at least 50 percent across all three emission scopes by 2030 compared to a 2019 baseline. Progress against the target is monitored on an annual basis and in 2023, these emissions increased by 6 percent compared to 2019. The total emission intensity (total GHG emissions per net revenue) improved but not sufficiently to compensate for the increase in emissions.

Cargotec's safety target for 2023 was to have an IIFR rate below 4 across the whole organisation. During the year, Cargotec's IIFR improved and was 3.8 (2022: 4.8), meaning the target was achieved. The IIFR improved significantly at the assembly sites to 2.1 (5.7) but worsened slightly at the non-assembly sites to 5.1 (4.3). Cargotec's safety figures cover the company's own employees and external contractors.

Leadership Team

On 20 December 2022, Cargotec announced that CEO Mika Vehviläinen had informed Cargotec's Board of Directors of his intention to retire from Cargotec during 2023, in accordance with the terms of his CEO service contract. The Board initiated a search for a successor and in February 2023, announced that it had appointed Casimir Lindholm as Cargotec's new President and CEO. Casimir Lindholm started in his position on 1 April 2023.

On 16 August 2023, Cargotec announced that, as part of the demerger planning and listing readiness, Cargotec's Board of Directors had decided to strengthen the presidency of Kalmar, and had agreed with Michel Van Roozendaal that he will step down as President of Kalmar and as member of Cargotec Leadership Team effective immediately. Following this, the Board appointed Cargotec's President and CEO Casimir Lindholm to also act as interim President of Kalmar. In addition, it was announced that Mikael Laine, SVP Strategy, will act as interim COO of Kalmar business area in addition to his current role.

On 9 November 2023, Cargotec's Board of Directors appointed Sami Niiranen, M.Sc. Mining, born 1972, as the President of Kalmar as of May 2024 at the latest. Sami Niiranen will also become a member of the Cargotec Leadership Team and, if the demerger is pursued, he shall also be proposed as the President and CEO of the proposed standalone Kalmar. Cargotec's President and CEO Casimir Lindholm will hold his interim position as Kalmar President until Sami Niiranen has started in his position.

On 31 December 2023, Cargotec's Leadership Team consisted of Casimir Lindholm, President and CEO and interim President, Kalmar; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy and interim COO, Kalmar; Soili Mäkinen, Senior Vice President, Sustainable Business Development; Outi Aaltonen, Senior Vice President, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Scott Phillips, President, Hiab; and Leif Byström, President, MacGregor.

[10] Cargotec has revised its second quarter 2023 eco portfolio sales. The initially reported EUR 362 million has been revised to EUR 397 million which represented 33 percent of Cargotec's consolidated sales in the second quarter.

Reporting segments

Kalmar

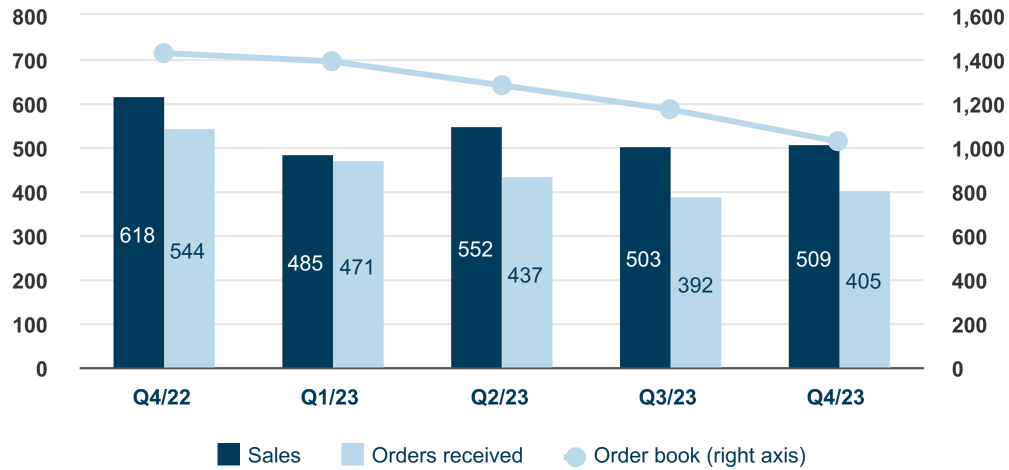
MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Orders received	405	544	-26%	1,705	2,081	-18%
Order book, end of period	1,024	1,428	-28%	1,024	1,428	-28%
Sales	509	618	-18%	2,050	1,943	5%
Service sales	147	150	-2%	574	551	4%
% of sales	29%	24%		28%	28%	
Operating profit	58.9	67.0	-12%	264.2	142.1	86%
% of sales	11.6%	10.9%		12.9%	7.3%	
Comparable operating profit	66.6	69.2	-4%	279.4	189.2	48%
% of sales	13.1%	11.2%		13.6%	9.7%	
Personnel, end of period	4,907	5,012	-2%	4,907	5,012	-2%

In the fourth quarter, Kalmar's orders received decreased by 26 percent from the comparison period and totalled EUR 405 (544) million. Compared to the comparison period, orders received decreased in all geographical areas. Service orders received decreased.

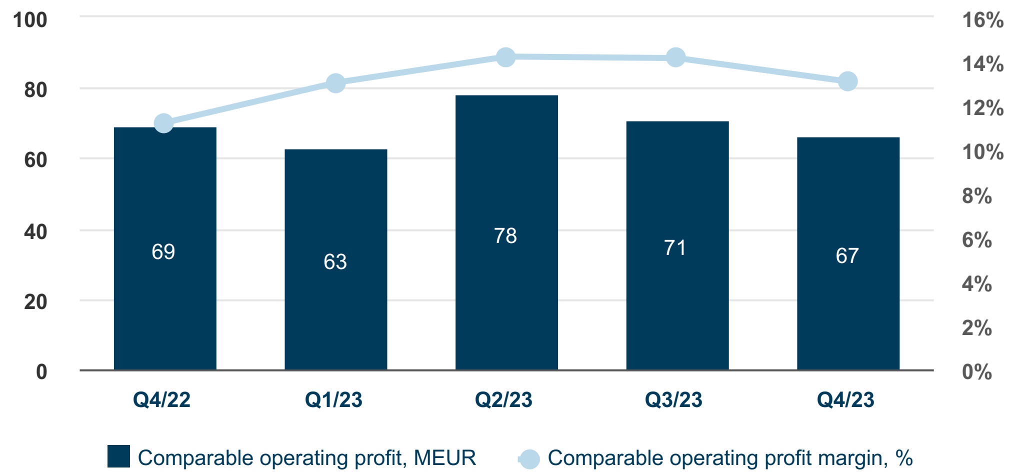
Major orders received by Kalmar in 2023 included:

- 8 Eco reachstackers with a fuel saving guarantee, Kalmar Insight performance management tool, and additional safety features to a customer in Italy (Q1)
- 8 fully electric straddle carriers with high-energy batteries for a logistics hub in the United Kingdom (Q2)
- 18 heavy terminal tractors to a customer in Australia (Q2)
- 12 hybrid straddle carriers to a customer in Jamaica (Q3)
- 25 reachstackers, 2 empty container handlers, 8 terminal tractors and the Kalmar Insight performance management tool to customers in Brazil (Q3 & Q4)
- 12 empty container handlers and a 6-year Kalmar Complete Care service contract to a customer in the Netherlands (Q4)
- 4 heavy electric forklift trucks, 2 electric reachstackers and 3 heavy terminal tractors to a Norwegian logistics service provider (Q4).

Sales, orders received, order book, MEUR



Comparable operating profit, MEUR, Comparable operating profit margin, %



Kalmar's orders received in 2023 decreased by 18 percent and totalled EUR 1,705 (2,081) million.

Kalmar's order book decreased by 28 percent from the end of 2022, totalling EUR 1,024 (31 Dec 2022:1,428) million at the end of the year 2023.

Kalmar's fourth quarter sales decreased by 18 percent from the comparison period and totalled EUR 509 (618) million. Service sales decreased by 2 percent and totalled EUR 147 (150) million, representing 29 (24) percent of sales.

Kalmar's 2023 sales increased by 5 percent from the comparison period and totalled EUR 2,050 (1,943) million. Service sales increased by 4 percent and totalled EUR 574 (551) million, representing 28 (28) percent of sales.

Kalmar's fourth quarter operating profit totalled EUR 59 (67) million. The operating profit includes EUR -8 (-2) million in items affecting comparability, which were mainly related to planning of the potential separation of Kalmar and Hiab. The comparable operating profit decreased by 4 percent and amounted to EUR 67 (69) million, representing 13.1 (11.2) percent of sales. The comparable operating profit margin increased due to successful management of inflationary pressures, favourable sales mix and smaller losses related to heavy cranes business, which will be discontinued. One-off costs related to cost saving actions announced in October had a EUR 5 million negative impact.

Kalmar's operating profit in 2023 totalled EUR 264 (142) million. The operating profit includes EUR -15 (-47) million in items affecting comparability, which were mainly related to the planning of the potential separation of Kalmar and Hiab. The comparable operating profit in 2023 increased by 48 percent and amounted to EUR 279 (189) million, representing 13.6 (9.7) percent of sales. The comparable operating profit increased due to higher sales, successful management of inflationary pressures and component availability, as well as smaller losses related to heavy cranes business, which will be discontinued.

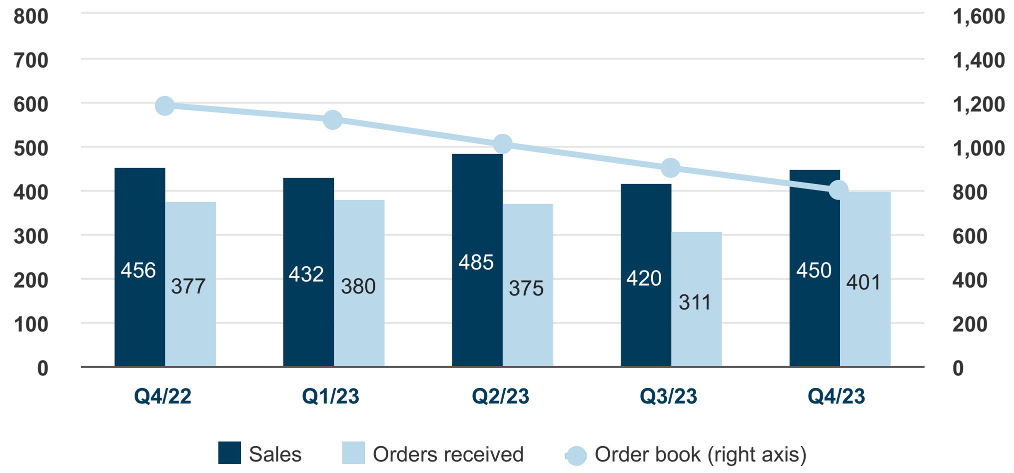
Excluding the heavy cranes business, Kalmar sales in the fourth quarter would have been EUR 504 (590) million, operating profit EUR 61 (72) million, and comparable operating profit EUR 68 (74) million.

In 2023, Kalmar sales excluding the heavy cranes business would have been EUR 2,009 (1,868) million, operating profit EUR 272 (198) million, and comparable operating profit EUR 286 (210) million. At the end of the fourth quarter, the order book of Kalmar heavy cranes was EUR 3 million.

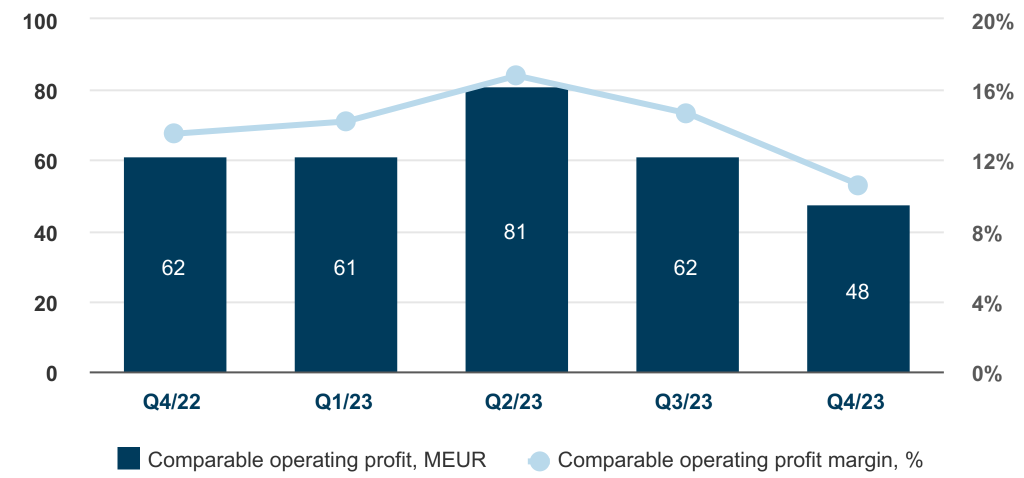
Hiab

MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Orders received	401	377	6%	1,466	1,807	-19%
Order book, end of period	799	1,185	-33%	799	1,185	-33%
Sales	450	456	-1%	1,787	1,578	13%
Service sales	114	113	0%	452	411	10%
% of sales	25%	25%		25%	26%	
Operating profit	47.8	61.3	-22%	252.1	217.1	16%
% of sales	10.6%	13.4%		14.1%	13.8%	
Comparable operating profit	47.8	61.6	-22%	252.1	220.9	14%
% of sales	10.6%	13.5%		14.1%	14.0%	
Personnel, end of period	3,877	3,778	3%	3,877	3,778	3%

Sales, orders received, order book, MEUR



Comparable operating profit, MEUR, Comparable operating profit margin, %



In the fourth quarter, Hiab’s orders received increased by 6 percent from the comparison period and totalled EUR 401 (377) million. Compared to the comparison period, orders received decreased in Asia-Pacific and increased in EMEA and Americas. Service orders were at the comparison period's level.

Major orders received by Hiab in 2023 included:

- WALTCO tail lifts to an American customer. The value of the order is EUR 6 million (Q1)
- MOFFETT and PRINCETON truck mounted forklifts to two American customers. The value of the orders are EUR 13 million and EUR 3 million respectively (Q1)
- demountables ordered by the defence forces of a NATO country. The value of the order is EUR 10 million (Q2)
- loader cranes and demountables to the defence forces of a NATO country. The value of the order is EUR 9 million (Q2)
- EUR 5 million order for MOFFETT truck mounted forklifts with ProCare service agreements to Belgium, France, Germany, and the Netherlands (Q3)
- MOFFETT truck mounted forklifts to an American customer. The value of the order is EUR 24 million (Q4).

Hiab’s orders received in 2023 decreased by 19 percent and totalled EUR 1,466 (1,807) million.

Hiab’s order book decreased by 33 percent from the end of 2022, totalling EUR 799 (31 Dec 2022: 1,185) million at the end of the year 2023.

Hiab’s fourth quarter sales decreased by 1 percent and totalled EUR 450 (456) million. Service sales increased by less than 1 percent and amounted to EUR 114 (113) million, representing 25 (25) percent of sales.

Hiab’s 2023 sales increased by 13 percent and totalled EUR 1,787 (1,578) million. Service sales increased by 10 percent and amounted to EUR 452 (411) million, representing 25 (26) percent of sales.

Hiab’s fourth quarter operating profit totalled EUR 48 (61) million. The operating profit includes EUR 0 (0) million in items affecting comparability. The comparable operating profit for the fourth quarter decreased by 22 percent and amounted to EUR 48 (62) million, representing 10.6 (13.5) percent of sales. Hiab’s comparable operating profit decreased due to one-off costs of EUR 10 million related to cost saving actions announced in October, and EUR 6 million in investments in growth. Excluding these one-off costs of EUR 16 million, Hiab's comparable operating margin would have been 14.2 percent.

Hiab’s operating profit in 2023 totalled EUR 252 (217) million. The operating profit includes EUR 0 (-4) million in items affecting comparability. The comparable operating profit in 2023 increased by 14 percent and amounted to EUR 252 (221) million, representing 14.1 (14.0) percent of sales. Hiab’s comparable operating profit increased due to higher sales and effective management of inflationary pressures.

MacGregor

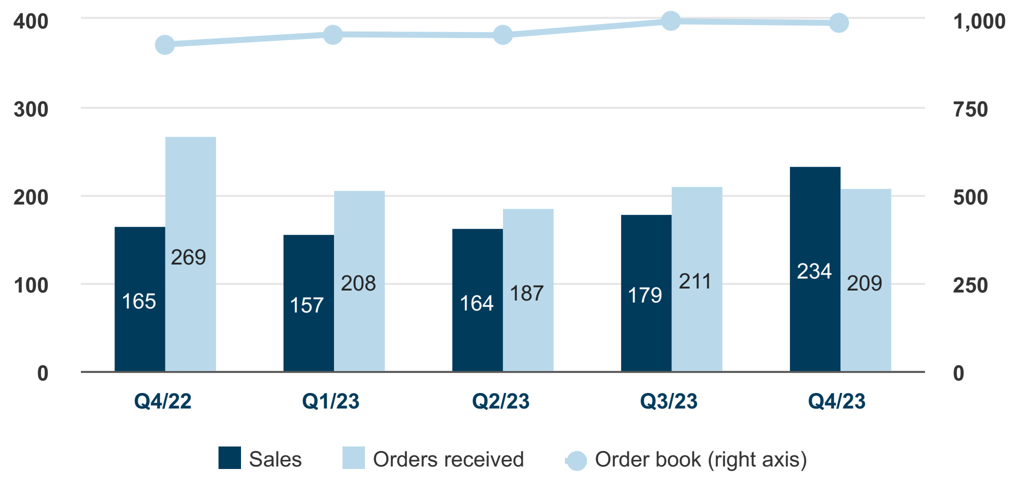
MEUR	Q4/23	Q4/22	Change	2023	2022	Change
Orders received	209	269	-22%	816	976	-16%
Order book, end of period	988	927	7%	988	927	7%
Sales	234	165	42%	733	569	29%
Service sales	94	91	4%	354	301	17%
% of sales	40%	55%		48%	53%	
Operating profit	6.7	-143.6	> 100%	31.8	-190.2	> 100%
% of sales	2.8%	-86.9%		4.3%	-33.4%	
Comparable operating profit	13.1	-34.2	> 100%	32.6	-47.5	> 100%
% of sales	5.6%	-20.7%		4.5%	-8.3%	
Personnel, end of period	1,853	1,978	-6%	1,853	1,978	-6%

In the fourth quarter, MacGregor's orders received decreased by 22 percent from the comparison period to EUR 209 (269) million. Compared to the comparison period, orders received decreased in all geographical areas. Of the orders, around 90 percent relate to merchant ships and 10 percent to the offshore sector. Service orders received decreased.

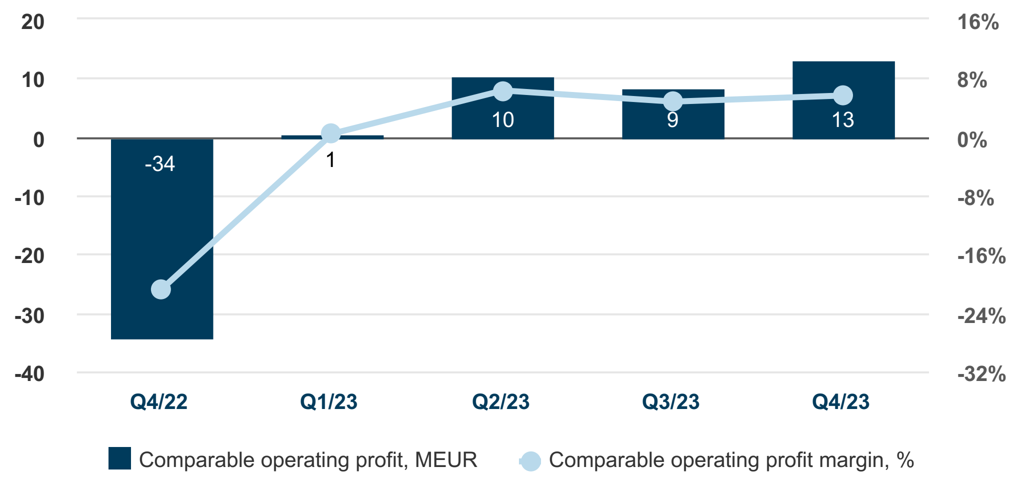
Major orders received by MacGregor in 2023 included:

- multiple orders for comprehensive packages of RoRo and car deck equipment for Pure Car and Truck Carriers (PCTC) during 2023. This includes comprehensive RoRo equipment packages for an additional four multi-fuel and zero-carbon ready Pure Car and Truck Carriers (PCTC) to Norway (Q4)
- a repeat order was confirmed to equip another offshore wind service vessel with MacGregor's distinctive Horizon, all-electric walk-to-work gangway (Q1)
- more than EUR 25 million order for general cargo cranes for ten 84,500 dwt multipurpose vessels built in Asia (Q3)
- design, hardware and supply for hatch covers, lashing bridges, deck stanchions, fixed and removable cell guides in hold and container fixed fittings for three 1,822 FEU sized container carriers to the US (Q4).

Sales, orders received, order book, MEUR



Comparable operating profit, MEUR, Comparable operating profit margin, %



MacGregor's orders received in 2023 decreased by 16 percent and totalled EUR 816 (976) million.

MacGregor's order book increased by 7 percent from the end of 2022, totalling EUR 988 (31 Dec 2022: 927) million at the end of the year 2023. Of the order book, around 90 percent relate to merchant ships and 10 percent to the offshore sector.

MacGregor's fourth quarter sales increased by 42 percent and amounted to EUR 234 (165) million. Service sales increased by 4 percent and totalled EUR 94 (91) million, representing 40 (55) percent of sales.

MacGregor's 2023 sales increased by 29 percent and amounted to EUR 733 (569) million. Service sales increased by 17 percent and totalled EUR 354 (301) million, representing 48 (53) percent of sales.

MacGregor's fourth quarter operating profit totalled EUR 7 (-144) million. Operating profit includes EUR -6 (-109) million in items affecting comparability related to the ongoing restructuring programme and to the provision release. The comparable operating profit increased by > 100 percent and totalled EUR 13 (-34) million, representing 5.6 (-20.7) percent of sales. Comparable operating profit increased due to higher sales in service and merchant businesses, smaller losses related to offshore business, and cost savings.

MacGregor's operating profit in 2023 totalled EUR 32 (-190) million. Operating profit includes EUR -1 (-143) million in items affecting comparability related to the ongoing restructuring programme and to the provision release. The comparable operating profit in 2023 increased by > 100 percent and totalled EUR 33 (-47) million, representing 4.5 (-8.3) percent of sales. Comparable operating profit increased due to higher sales in service and merchant businesses, smaller losses related to offshore business, and cost savings.

As announced on 14 November 2022, MacGregor will not be part of Cargotec's portfolio in the future. Cargotec will continue to focus on a turnaround of the business and to look for a solution for MacGregor in 2024.

MacGregor still has challenges with offshore wind related projects containing new technologies and the offshore wind business is loss making. MacGregor's business in the merchant ship segment and service business has been profitable. Excluding the offshore wind business, MacGregor's comparable operating profit margin in 2023 would have been around 10 percent.

To strengthen competitiveness and achieve profitable growth, MacGregor combined former Merchant and Offshore divisions to establish a new Equipment and Solutions division as of 1 January 2024.

Annual General Meeting

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on 23 March 2023 in Helsinki, Finland. The Annual General Meeting approved a distribution of a dividend of EUR 1.34 for each of class A shares and a dividend of EUR 1.35 for each outstanding class B shares. The dividend was paid to shareholders who on the record date of the dividend distribution, 27 March 2023, were registered as shareholders in the company's shareholder register. The dividend payment day was 4 April 2023.

The meeting adopted the financial statements and consolidated financial statements, and approved the remuneration report. The meeting granted discharge from liability to the members of the Board of Directors and to the CEO for the financial year 1 January–31 December 2022.

The number of the Board members was confirmed at eight (8). The current Board members Jaakko Eskola, Ilkka Herlin, Teresa Kemppi-Vasama, Johanna Lamminen and Kaisa Olkkonen were re-elected to the Board of Directors. Raija-Leena Hankonen-Nybom, Tapio Kolunsarka and Ritva Sotamaa were elected as new members of the Board of Directors.

The yearly remuneration of the Board of Directors was confirmed as follows: EUR 95,000 will be paid to the Chair of the Board, EUR 70,000 to the Vice Chair, EUR 70,000 to the Chair of the Audit and Risk Management Committee, and EUR 55,000 to the other Board members. In addition, EUR 1,000 will be paid 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 on a quarterly basis and Cargotec will cover the transfer taxes related to the Board remuneration paid in shares. In addition, travel expenses of the members of the Board of Directors are reimbursed in accordance with the company's travel policy.

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

The Annual General Meeting approved the amendments of the articles of association as follows: (i) Section 9 to be changed in its entirety as follows: The company shall have at least one (1) and no more than two (2) auditors. The auditor must be an auditor approved by the Finnish Patent and Registration Office, and the principal auditor must be an authorised public accountant. The term of office of auditor(s) elected by the Annual General Meeting lasts until the end of the Annual General Meeting following their election; (ii) To be added to Section 12: The Board of Directors may resolve on organising a general meeting without a meeting venue whereby the shareholders shall exercise their power of decision in full in real time during the meeting by the use of telecommunication connections and technical means (remote meeting); (iii) To be removed from Section 12: The Annual General Meeting must be held annually on a date to be decided by the Board of Directors within three months of the end of the financial period.

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.

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in chapter 10 section 1 of the Limited Liability Companies Act. The authorisation shall remain in effect for a period of 18 months following the date of decision of the Annual General Meeting and it will supersede the previous one.

The Annual General Meeting authorised the Board of Directors to decide on donations to science, research and/or charity up to a maximum of EUR 100,000. The authorisation is valid until the end of the next Annual General Meeting.

Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting on 23 March 2023. 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 2023. The number of class B shares was 55,182,079, while the number of class A shares totalled 9,526,089.

On 23 March 2023, 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 2020–2022 of Cargotec's share-based incentive programme, 2020–2022 restricted shares programme, first instalment of the restricted share programme 2022–2024 and first instalment of the restricted share unit programme 2022–2024.

In the share issue, 224,797 own class B shares held by the company were transferred on 31 March 2023 without consideration to the key employees participating in the share-based incentive programmes in accordance with the programme-specific terms and conditions. More detailed information about the launch and the terms and conditions of these programmes are available in the stock exchange releases published on 6 February 2020 and 13 May 2022.

The decision on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 23 March 2023. 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.

On 20 July 2023, Cargotec announced that the Board of Directors had decided to exercise the authorisation of the Annual General Meeting on 23 March 2023 to repurchase the company's own shares. According to the decision, Cargotec will repurchase 400,000 class B shares to be used as reward payments for Cargotec's share-based incentive programmes. The shares will be purchased at public trading on Nasdaq Helsinki Ltd. at the market price. According to the authorisation given to the Board of Directors by the Annual General Meeting, the maximum amount of shares that can be acquired is 952,000 class A shares and 5,448,000 class B shares. Cargotec repurchased 400,000 own shares at an average price of EUR 42.8460 between 21 July–18 August 2023.

At the end of December 2023, Cargotec held a total of 407,043 own class B shares, accounting for 0.63 percent of the total number of shares and 0.27 percent of the total number of votes. The number of outstanding class B shares totalled 54,775,036.

Share-based incentive programmes

During the fourth quarter of the financial year 2023, Cargotec had several share-based incentive programmes in place for the group's key employees. During the fourth quarter, the Board of Directors of Cargotec Corporation established the following share-based incentive programmes:

- In December, the Board of Directors resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The programme includes calendar years 2024–2026 as a performance period. Rewards from the performance period 2024–2026 will be paid partly in Cargotec's class B shares and partly in cash in 2027. The rewards to be paid on the basis of the performance period 2024–2026 will amount up to an approximate maximum total of 222,000 Cargotec's class B shares. The programme is directed to approximately 100 key employees, including the members of Cargotec Leadership Team. The performance period includes three measuring periods of one calendar year. For the key employees of the business areas Kalmar and Hiab, the potential reward of the programme from the first measuring period 2024 will be based on the business areas' earning per share (EPS). For the Cargotec Corporate key employees, the performance criteria is Cargotec's earning per share (EPS).
- Also in December, the Board of Directors resolved to establish a new restricted shares programme for calendar years 2024–2026. As a part of total compensation, additional restricted share grants can be allocated for selected key employees. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 20,000 Cargotec’s class B shares.

In addition to the aforementioned, the Board of Directors of Cargotec Corporation has approved the following share-based incentive programmes during the first three quarters of the financial year 2023:

- In February, the Board of Directors resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The programme includes calendar years 2023–2025 as a performance period. Rewards from the performance period 2023–2025 will be paid partly in Cargotec's class B shares and partly in cash in 2026. The rewards to be paid on the basis of the performance period 2023–2025 will amount up to an approximate maximum total of 200,000 Cargotec's class B shares. The programme is directed to approximately 100 key employees, including the members of Cargotec Leadership Team. The performance period includes three measuring periods of one calendar year. For the key employees of the business areas Kalmar and Hiab, the potential reward of the programme from the first measuring period 2023 will be based on the business areas' earnings per share (EPS). For the Cargotec Corporate key employees, the performance criteria is Cargotec's earnings per share (EPS).
- Also in February, the Board of Directors resolved to establish a new restricted shares programme for calendar years 2023–2025. As a part of total compensation, additional restricted share grants can be allocated for selected key employees. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 24,000 Cargotec’s class B shares.
- In April, the Board of Directors decided on a new incentive programme for the group’s key employees for years 2023–2025. The reward from the programme is conditional on the achievement of strategic goals set by the Board of Directors. The reward is paid in the beginning of 2025. The shares received as a reward from the programme may not be sold, transferred, pledged or otherwise assigned during a lock-up period which ends six months after the reward payment. The programme is intended for approximately 50 Cargotec group’s key employees, including selected Leadership Team members. The rewards to be allocated on the basis of the programme will amount up to an approximate maximum total of 268,750 Cargotec's class B shares.

The following share-based incentive programmes established by the Board of Directors of Cargotec during the past financial years were in operation during the fourth quarter of 2023:

- Performance share programme 2020–2024, performance period 2021–2023. For its third measuring period 2023, the potential reward will be based on the eco portfolio share in orders received for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion is Cargotec's eco portfolio share in orders received. The programme is directed to approximately 100 key employees. The rewards to be paid on the basis of the performance period will amount up to an approximate maximum total of 278,500 Cargotec's class B shares.

- Performance share programme 2020–2024, performance period 2022–2024. For its second measuring period 2023, the potential reward will be based on the business areas' service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion will be Cargotec's service gross profit. The programme is directed to approximately 100 key employees. The rewards to be paid on the basis of the performance period will amount up to an approximate maximum total of 280,000 Cargotec's class B shares.

- Restricted share unit programme 2022–2024. The reward is conditional on the achievement of strategic goals set by the Board of Directors. The programme is intended for approximately 60 Cargotec group's key employees, including selected Leadership Team members. The rewards to be allocated on the basis of the programme will amount up to an approximate maximum total of 108,000 Cargotec's class B shares.

- Restricted share programme 2020–2024, earnings period 2021–2023. The share allocation for the performance period amounts up to an approximate maximum total of 46,000 Cargotec's class B shares.

- Restricted share programme 2020–2024, earnings period 2022–2024. The share allocation for the performance period amounts up to an approximate maximum total of 31,000 Cargotec's class B shares.

Information about the impact which the planned separation of Cargotec's core businesses Kalmar and Hiab into standalone companies will have on the incentive programmes will be provided in due course when additional information about the separation and its progress is provided.

Market capitalisation and trading

Trading on Nasdaq Helsinki Oy[11]	2023	2022
Total market value of class B shares, MEUR[12]	2,887	2,271
Market capitalisation of class A and B shares at the end of the period, MEUR[13]	3,389	2,668
Closing price of class B share, EUR[14]	52.70	41.32
Volume-weighted average price of class B share, EUR	45.68	34.82
Highest quotation of class B share, EUR	55.15	48.46
Lowest quotation of class B share, EUR	35.28	24.90
Trading volume, million class B shares	22	44
Turnover of class B shares, MEUR	1,020	1,541

At the end of the period, the number of registered shareholders was 38,363. The number of Finnish household shareholders was 36,464, corresponding to around 17 percent ownership of Cargotec's listed B shares. At the end of the period, around 29 percent of Cargotec's listed B shares were nominee registered or held by non-Finnish holders.

[11] Class B shares were also traded in several alternative marketplaces.
[12] At the end of the period, excluding own shares held by the company.
[13] Excluding own shares held by the company, unlisted class A shares are valued at the average price of class B shares on the last trading day of the period.
[14] On the last trading day of the period.

Short-term risks and uncertainties

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

High inflation and interest rates, weak consumer confidence, as well as increased uncertainty are slowing down economic growth. Availability of components and raw materials improved towards the end of the year 2023. However, disruptions in the supply chain are still possible, especially due to the recent events in the Middle East.

The above risk factors can affect Cargotec's operations. Component availability problems as well as increased labour and energy costs could elevate manufacturing costs and increase challenges to control costs and pass them on to the prices of end products.

In a changing market situation, demand for Cargotec’s solutions might be lower than in previous years. Customers may also try to postpone or cancel orders or demand lower prices. Despite planned cost savings, lower production volumes could impact Cargotec’s profitability margins negatively. There is also uncertainty related to achieving the planned cost savings.

The deterioration of the global economic outlook and access to finance as well as increases in interest rates can lead to economic and financial difficulties among Cargotec’s customers. In some cases their financial position may rapidly deteriorate significantly or even lead to insolvency. The turnover, availability, and cost of skilled personnel can create disturbances to Cargotec and its supplier operations.

Container traffic growth rate and a possible slowdown or contraction in global economic growth may in the longer term have an effect on the demand of Kalmar's cargo handling solutions. Kalmar’s project executions face risks related to schedule, cost and delivery guarantees.

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

MacGregor's market development is affected by the tightening emission regulation for ships and related uncertainty. The increases in the new vessel construction costs and high amounts of order bookings at shipyards may slow down new vessel orders. Global decarbonisation targets have led to a fall in investments by the oil industry, which has long been reflected in decreased offshore vessel investments. However, increase in contracting for wind turbine installations and service vessels is estimated to partly compensate for that in the future. Project executions face risks related to schedule, cost and delivery guarantees, especially those related to offshore business and new product developments. Downward revision of market estimates or rising interest rates could result in an impairment of MacGregor's goodwill.

In November 2022, Cargotec’s Board of Directors concluded that MacGregor will not be part of Cargotec’s portfolio in the future. Taking into account MacGregor's losses in recent years and significant project cost overruns in the offshore business, in the sale alternative the buyer's view of the company's value may differ significantly from Cargotec's estimate, which could result in a write-down of MacGregor's book value.

In April 2023, Cargotec announced that its Board of Directors had decided to investigate and initiate a process to potentially separate Cargotec’s core businesses Kalmar and Hiab into two standalone companies. The planned actions can include risks related to the retention of skilled personnel, customer relationships, the execution of potential transactions, and costs, for example. Changes in operating models, combined with tightening tax regulation, may lead to additional tax payments.

Cargotec is exposed to climate-related risks via environmental, regulatory, and technological changes, and due to the commitments it has made to reduce emissions. The evaluation of the financial impacts of climate change on Cargotec is complicated because the occurrence and timing of the resulting effects are difficult to predict, let alone quantify. To reduce emissions generated in its supply chain, Cargotec must reduce emissions through its whole supply chain from raw materials to components and manufacturing, which may result in changes in the suppliers used, limit the number of potential suppliers, and increase costs.

The reduction of emissions related to the use of Cargotec's products can only be achieved if there is sufficient demand for low-emission products. In order to achieve this, Cargotec must succeed in developing and selling low-emission products. Cargotec's product development has a critical role in achieving this. Cargotec has invested heavily to electrify its product offering and customers are increasingly choosing low-emission products although the majority of products sold are still based on combustible engine technology. In the future, Cargotec's product offering may be based on multiple low-emission technologies, which may increase complexity and cost.

Reaching the set emission targets requires efforts in every aspect of Cargotec's business. In addition to being exposed to climate-related risks, the ongoing transition process causes new risks, the realisation of which can have significant financial effects. These effects can lead, for example, to impairments of assets due to the shortened life cycles of products, as well as additional costs related to the introduction of new technologies, which may arise in product development, the realisation of project risks, the growth of inventories, and new types of warranty defects. In addition, tightening regulation may directly limit Cargotec's product offering.

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

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

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

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

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

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2023 was EUR 491,839,387.70. The Board of Directors proposes to the Annual General Meeting convening on 30 May 2024 that of the distributable profit, a dividend of EUR 2.14 for each of the 9,526,089 class A shares and EUR 2.15 for each of the 54,775,036 outstanding class B shares be paid, totalling EUR 138,152,157.86. The remaining distributable equity, EUR 353,687,229.84 will be retained and carried forward.

The dividend shall be paid to shareholders who on the record date for dividend distribution, 3 June 2024, are registered as shareholders in the company's shareholder register. The dividend payment date proposed by the Board of Directors is 10 June 2024.

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

There were no material events after the reporting period.

Outlook for 2024

Cargotec estimates[15] Hiab's comparable operating profit margin in 2024 to be above 12 percent, Kalmar's comparable operating profit margin in 2024 to be above 11 percent, and MacGregor's comparable operating profit in 2024 to improve from 2023 (EUR 33 million).

Annual General Meeting 2024

The Annual General Meeting of Cargotec Corporation will be held on Thursday, 30 May 2024.

Financial calendar 2024

- Financial Statements review 2023, on Thursday, 1 February 2024
- Interim report January–March 2024, on Tuesday, 30 April 2024
- Annual General Meeting of Cargotec Corporation, Thursday, 30 May 2024
- Half year financial report January–June 2024, on Thursday, 8 August 2024
- Interim report January–September 2024, on Wednesday, 23 October 2024

Cargotec's Financial Statements 2023 and Annual Report 2023 will be available at www.cargotec.com on week 8.

Helsinki, 31 January 2024
Cargotec Corporation
Board of Directors

[15] The business area 2024 profitability outlook is presented using the same principles which are applied in the 2023 external financial reporting.

CARGOTEC

Consolidated statement of income

MEUR	Note	Q4/23	Q4/22	2023	2022
Sales	5	**1,193.4**	**1,238.5**	**4,568.8**	**4,088.6**
Cost of goods sold		-909.6	-996.4	-3,463.5	-3,230.5
Gross profit		**283.8**	**242.1**	**1,105.3**	**858.1**
Gross profit, %		23.8%	19.5%	24.2%	21.0%
Selling and marketing expenses		-58.9	-52.9	-213.5	-199.9
Research and development expenses		-29.6	-28.0	-98.3	-99.8
Administration expenses		-93.8	-85.6	-309.4	-279.7
Restructuring costs	7	-6.7	-36.1	-14.6	-91.3
Other operating income		9.3	11.8	39.9	51.9
Other operating expenses		-19.6	-82.0	-36.7	-140.2
Share of associated companies' and joint ventures' net result		4.5	2.0	11.1	7.0
Operating profit		**89.0**	**-28.8**	**483.8**	**106.1**
Operating profit, %		7.5%	-2.3%	10.6%	2.6%
Finance income		4.5	1.6	12.0	4.4
Finance expenses		-11.6	-13.4	-42.8	-31.6
Profit before taxes		**81.9**	**-40.6**	**453.0**	**79.0**
Profit before taxes, %		6.9%	-3.3%	9.9%	1.9%
Income taxes	9	-20.6	-27.0	-104.3	-55.8
Profit for the period		**61.3**	**-67.6**	**348.7**	**23.2**
Profit for the period, %		5.1%	-5.5%	7.6%	0.6%
Profit for the period attributable to:					
Shareholders of the parent company		59.2	-67.3	346.9	23.9
Non-controlling interest		2.1	-0.3	1.8	-0.7
Total		**61.3**	**-67.6**	**348.7**	**23.2**
Earnings per share for profit attributable to the shareholders of the parent company:					
Basic earnings per share, EUR		0.92	-1.04	5.38	0.37
Diluted earnings per share, EUR		0.93	-1.04	5.37	0.37

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

Consolidated statement of comprehensive income

MEUR	Q4/23	Q4/22	2023	2022
Profit for the period	**61.3**	**-67.6**	**348.7**	**23.2**
Other comprehensive income				
Items that cannot be reclassified to statement of income:				
Actuarial gains (+) / losses (-) from defined benefit plans	-8.2	25.3	-7.4	27.7
Gains (+) / losses (-) on designated share investments measured at fair value	—	-1.3	—	-11.0
Taxes relating to items that cannot be reclassified to statement of income	1.7	-5.1	1.5	-5.6
Items that can be reclassified to statement of income:				
Gains (+) / losses (-) on cash flow hedges	32.5	57.7	19.9	-59.3
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-16.4	-7.7	-19.2	65.9
Translation differences	3.6	-53.3	-22.5	11.3
Taxes relating to items that can be reclassified to statement of income	-3.0	-8.2	-0.5	-2.3
Share of other comprehensive income of associates and JV, net of tax	0.0	-2.1	0.7	-0.8
Other comprehensive income, net of tax	**10.1**	**5.4**	**-27.4**	**25.8**
Comprehensive income for the period	**71.5**	**-62.2**	**321.2**	**49.0**
Comprehensive income for the period attributable to:				
Shareholders of the parent company	69.4	-61.9	319.5	49.7
Non-controlling interest	2.1	-0.4	1.7	-0.6
Total	**71.5**	**-62.2**	**321.2**	**49.0**

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

Consolidated balance sheet

ASSETS, MEUR	Note	31 Dec 2023	31 Dec 2022
Non-current assets			
Goodwill		878.1	892.1
Intangible assets		118.4	124.8
Property, plant and equipment		444.9	420.0
Investments in associated companies and joint ventures	16	76.6	74.6
Share investments	16	0.0	0.0
Loans receivable and other interest-bearing assets	11	0.1	4.5
Deferred tax assets		122.2	128.6
Derivative assets	12	—	1.1
Other non-interest-bearing assets		5.8	7.2
Total non-current assets		**1,646.0**	**1,652.9**
Current assets			
Inventories		1,033.8	1,013.3
Loans receivable and other interest-bearing assets*	11	3.4	2.8
Income tax receivables		18.5	39.0
Derivative assets	12	54.0	39.5
Accounts receivable		723.8	734.7
Contract assets		47.3	104.0
Other non-interest-bearing assets		164.9	151.2
Cash and cash equivalents*	11	684.7	451.9
Total current assets		**2,730.4**	**2,536.4**
Total assets		**4,376.5**	**4,189.3**

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	Note	31 Dec 2023	31 Dec 2022
Equity attributable to the shareholders of the parent company			
Share capital		64.3	64.3
Share premium		98.0	98.0
Translation differences		-56.4	-34.0
Fair value reserves		-2.5	-3.5
Reserve for invested unrestricted equity		35.3	52.8
Retained earnings		1,613.6	1,350.0
Total equity attributable to the shareholders of the parent company		**1,752.3**	**1,527.6**
Non-controlling interest		1.5	0.7
Total equity		**1,753.8**	**1,528.3**
Non-current liabilities			
Interest-bearing liabilities*	11	708.2	750.9
Deferred tax liabilities		21.9	30.6
Pension obligations		89.0	82.2
Provisions		5.6	6.4
Other non-interest-bearing liabilities		87.1	74.8
Total non-current liabilities		**911.8**	**944.9**
Current liabilities			
Current portion of interest-bearing liabilities*	11	142.9	74.9
Other interest-bearing liabilities*	11	15.6	11.7
Provisions		154.9	176.2
Income tax payables		54.3	52.9
Derivative liabilities	12	26.0	7.4
Accounts Payable		511.2	617.1
Contract liabilities		374.5	291.1
Other non-interest-bearing liabilities		431.5	484.8
Total current liabilities		**1,710.9**	**1,716.1**
Total equity and liabilities		**4,376.5**	**4,189.3**

*Included in interest-bearing net debt.
The notes are an integral part of the financial statements review.

Consolidated statement of changes in equity

MEUR	Attributable to the shareholders of the parent company							Non-controlling interest	Total equity
	Share capital	Share premium	Translation differences	Fair value reserves	Reserve for invested unrestricted equity	Retained earnings	Total		
Equity 1 Jan 2023	**64.3**	**98.0**	**-34.0**	**-3.5**	**52.8**	**1,350.0**	**1,527.6**	**0.7**	**1,528.3**
Profit for the period						346.9	346.9	1.8	348.7
Cash flow hedges				0.9			0.9	—	0.9
Translation differences			-22.4				-22.4	0.0	-22.5
Actuarial gains and losses from defined benefit plans						-5.9	-5.9	—	-5.9
Comprehensive income for the period*	**—**	**—**	**-22.4**	**0.9**	**—**	**341.0**	**319.5**	**1.7**	**321.2**
Dividends paid						-86.9	-86.9	-0.3	-87.3
Treasury shares acquired					-17.5		-17.5		-17.5
Share-based payments						9.6	9.6		9.6
Transactions with owners of the company	**—**	**—**	**—**	**—**	**-17.5**	**-77.4**	**-94.9**	**-0.3**	**-95.2**
Transactions with non-controlling interests						0.0	0.0	-0.6	-0.6
Equity 31 Dec 2023	**64.3**	**98.0**	**-56.4**	**-2.5**	**35.3**	**1,613.6**	**1,752.3**	**1.5**	**1,753.8**
Equity 1 Jan 2022	**64.3**	**98.0**	**-45.2**	**-7.0**	**54.0**	**1,380.1**	**1,544.3**	**2.7**	**1,547.0**
Profit for the period						23.9	23.9	-0.7	23.2
Cash flow hedges				3.5			3.5	—	3.5
Translation differences			11.2				11.2	0.1	11.3
Actuarial gains and losses from defined benefit plans						22.1	22.1	—	22.1
Gains and losses on designated share investments measured at fair value						-11.0	-11.0		-11.0
Comprehensive income for the period*	**—**	**—**	**11.2**	**3.5**	**—**	**35.0**	**49.7**	**-0.6**	**49.0**
Dividends paid						-69.5	-69.5	-0.9	-70.4
Treasury shares acquired					-1.2		-1.2		-1.2
Share-based payments						4.7	4.7		4.7
Transactions with owners of the company	**—**	**—**	**—**	**—**	**-1.2**	**-64.8**	**-66.1**	**-0.9**	**-66.9**
Transactions with non-controlling interests						-0.3	-0.3	-0.5	-0.8
Equity 31 Dec 2022	**64.3**	**98.0**	**-34.0**	**-3.5**	**52.8**	**1,350.0**	**1,527.6**	**0.7**	**1,528.3**

*Net of tax

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

Consolidated statement of cash flows

MEUR	Note	Q4/23	Q4/22	2023	2022
Net cash flow from operating activities					
Profit for the period		61.3	-67.6	348.7	23.2
Depreciation, amortisation and impairment	8	28.7	115.3	114.9	203.9
Finance income and expenses		7.1	11.8	30.8	27.2
Income taxes	9	20.6	27.0	104.3	55.8
Change in non-interest bearing receivables		102.9	-21.6	35.8	-112.6
Change in non-interest bearing liabilities		-38.7	41.1	-50.5	283.2
Change in inventories		110.7	49.3	-31.8	-238.9
Change in net working capital		174.9	68.8	-46.5	-68.3
Other adjustments		-0.4	-8.1	-8.0	-10.6
Cash flow from operations before finance items and taxes		**292.1**	**147.2**	**544.2**	**231.2**
Interest received		4.4	1.5	11.9	4.3
Interest paid		-7.4	-4.7	-25.3	-19.4
Dividends received		—	—	—	0.2
Other finance items		-29.4	-10.1	-10.1	-6.7
Income taxes paid		-11.6	-7.8	-84.7	-49.2
Net cash flow from operating activities		**248.1**	**126.2**	**435.9**	**160.4**
Net cash flow from investing activities					
Acquisitions of businesses, net of cash acquired	15	-0.5	-0.1	-25.7	-0.1
Disposals of businesses, net of cash sold	15	4.0	0.9	11.1	15.1
Investments in associated companies and joint ventures	16	—	—	—	-0.9
Investments in intangible assets and property, plant and equipment		-21.9	-19.7	-81.1	-66.2
Disposals of intangible assets and property, plant and equipment		9.7	10.5	31.6	25.3
Cash flow from investing activities, other items		-1.2	11.7	2.4	32.8
Net cash flow from investing activities		**-10.0**	**3.3**	**-61.8**	**6.1**

MEUR	Note	Q4/23	Q4/22	2023	2022
Net cash flow from financing activities					
Treasury shares acquired		—	—	-17.5	-1.2
Repayments of lease liabilities		-12.7	-11.0	-46.9	-43.1
Proceeds from long-term borrowings		50.9	—	50.9	—
Repayments of long-term borrowings		-38.2	-87.5	-38.2	-87.5
Proceeds from short-term borrowings		-2.3	-2.5	10.6	—
Repayments of short-term borrowings		-3.9	-1.1	-3.9	-3.3
Dividends paid		—	—	-87.3	-70.4
Net cash flow from financing activities		**-6.2**	**-102.1**	**-132.1**	**-205.5**
Change in cash and cash equivalents		**232.0**	**27.3**	**242.0**	**-39.0**
Cash and cash equivalents, and bank overdrafts at the beginning of period		447.5	430.0	445.4	488.2
Effect of exchange rate changes		1.4	-12.0	-6.6	-3.8
Cash and cash equivalents, and bank overdrafts at the end of period		**680.8**	**445.4**	**680.8**	**445.4**
Bank overdrafts at the end of period		3.8	6.5	3.8	6.5
Cash and cash equivalents at the end of period		**684.7**	**451.9**	**684.7**	**451.9**

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 2022 and comply with changes in IAS/IFRS standards effective from 1 January 2023 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.

Amendments to IAS/IFRS standards published in 2023

Amendments to IAS 12, International Tax Reform—Pillar Two Model Rules

Pillar 2 is the OECD's initiative to address tax challenges related to the digitalisation of the global economy by introducing Global Anti-Base Erosion (GloBE) rules and a related 15% global minimum tax. The European Union's Council Directive (EU) 2022/2523 entered into force in December 2022, according to which the EU Member States shall transpose the GloBE rules into their domestic law by 31 December 2023.

According to the IASB's published amendments to IAS 12, Cargotec has applied the exception provided in IAS 12 paragraph 4A and has neither recognised nor disclosed information about deferred tax assets or liabilities related to Pillar 2 income taxes.

Pillar 2 rules have been enacted, but are not yet in effect for the financial year 2023, in several countries where Cargotec has operations, including Finland where Cargotec Corporation is incorporated. Based on the impact analysis performed, income taxes concerning Pillar 2 are not expected to have a material impact on the income taxes of the group. However, there is uncertainty regarding how and when the jurisdictions where Cargotec operates will implement the Pillar 2 rules, and how different authorities will interpret the global rules. Therefore, the impact of Pillar 2 rules on the income taxes of the group may differ from Cargotec's current estimate.

Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements.

The amendment instructs to provide more information about the use of supplier financing arrangements, their scope, and the effect on the reported figures. Cargotec has supplier financing arrangements with certain financiers and its suppliers. In these arrangements, the term of payment for Cargotec's trade payables is extended, and the suppliers receive payment faster than under normal terms of payment. The amendment becomes effective 1 January 2024 and is not estimated to have a significant impact on Cargotec's reporting.

Amendments to IAS 21, Lack of Exchangeability

The amendment provides guidance for identifying a situation where a currency cannot be considered freely exchangeable and instructs in these situations to take this into account in the exchange rate used in reporting and to provide additional information on the matter. The amendment becomes effective 1 January 2025 and is not estimated to have a significant impact on Cargotec's reporting.

3. Prevailing economic uncertainty

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

High inflation and interest rates, weak consumer confidence, as well as increased uncertainty are slowing down economic growth. Availability of components and raw materials improved towards the end of the year 2023. However, disruptions in the supply chain are still possible, especially due to the recent events in the Middle East.

The above risk factors can affect Cargotec's operations. Component availability problems as well as increased labour and energy costs could elevate manufacturing costs and increase challenges to control costs and pass them on to the prices of end products.

In a changing market situation, demand for Cargotec’s solutions might be lower than in previous years. Customers may also try to postpone or cancel orders or demand lower prices. Despite planned cost savings, lower production volumes could impact Cargotec's profitability margins negatively. There is also uncertainty related to achieving the planned cost savings.

Deterioration of the global economic outlook and access to finance as well as increases in interest rates can lead to economic and financial difficulties among Cargotec's customers. In some cases their financial position may rapidly deteriorate significantly or even lead to insolvency. The turnover, availability, and cost of skilled personnel can create disturbances to Cargotec and its supplier operations.

Cargotec's sales to Russia, Belarus, and Ukraine have been low. Cargotec complies with the sanctions imposed on Russia and is retrieting from the country, however, it is difficult to estimate when it can be finalised. In May 2023, Hiab sold its Russian subsidiary Hiab RUS LLC to the company's executive management. At the time of reporting, the assets of Cargotec's Russian subsidiary totalled EUR 5.9 million, which mainly consisted of cash and cash equivalents. In addition, Cargotec's subsidiaries outside of Russia had trade receivables from Russia totalling EUR 0.9 million. Cargotec has a provision of EUR 4.0 million related to the above-mentioned balance sheet items.

MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on 31 December 2023 due to the low level of MacGregor's recoverable amount in relation to the assets being tested. Cargotec announced in November 2022 that MacGregor will not be part of Cargotec's portfolio in the future. Cargotec continues to focus on a turnaround of the business and is looking for a solution for MacGregor in 2024. As a result of the decision, the recoverable amount of the MacGregor segment is determined in the goodwill impairment testing based on the fair value less costs to sell. The testing indicated that the recoverable amount exceeded the tested assets by a EUR 142.0 million (December 31, 2022: EUR 63.4 million impairment). The post-tax WACC (weighted average cost of capital) used in the testing was 7.7 (9.0) percent.

Based on the performed impairment testing, no impairment loss has been recorded. However, MacGregor's recoverable amount remains low relative to testable assets and is sensitive to changes in WACC and forecasts. In addition, in the sale alternative, the refinement of MacGregor's fair value may lead to a further impairment of goodwill.

The goodwill of the MacGregor segment was EUR 379.5 (December 31, 2022: 392.6) million at the time of reporting. 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 2023	142.0	No impairment*	Impairment**	Impairment
31 Dec 2022	0.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was WACC +2.1 percentage points (31 Dec 2022: any increase in WACC).
**Threshold for impairment was estimation period sales -10 percent and operating profit -0.9 percentage points (31 Dec 2022: any decline in estimation period sales or operating profit).

Due to the current level of excess value of MacGregor's recoverable amount compared to the book value of assets, should the scenarios considered in the sensitivity analysis realise, the amount to be written off would be; EUR 0 (31 Dec 2022: 142) million in the first scenario, EUR 96 (257) million in the second, and EUR 151 (306) 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 12.3 (2022: 13.9) percent for Kalmar and 11.6 (2022: 13.7) percent 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.

Financial risks related to climate change

Cargotec is exposed to climate-related risks via environmental, regulatory, and technological changes, and due to the commitments it has made to reduce emissions. Evaluation of the financial impacts of climate change on Cargotec is complicated because the occurrence and timing of the resulting effects are difficult to predict, let alone quantify. On the other hand, the impacts of climate-related regulation, changing technologies, and the commitments made by Cargotec are already visible and thus easier to analyse. Cargotec is committed to reducing the carbon dioxide emissions of its value chain by 25% by 2025 and 50% by 2030 compared to the 2019 emission level. In order to succeed in this, Cargotec must reduce not only emissions related to its own operations but also emissions generated in its supply chain and the use of the sold equipment. By the end of 2023, Cargotec has not succeeded in reducing the total emissions of its

operations compared to the comparison year, mainly due to the fact that, despite the strong growth in sales of electric and hybrid equipment, their total volume has so far not been sufficient to compensate for the emission effect of the demand for diesel machines.

To reduce emissions generated in its supply chain, Cargotec must reduce emissions through its whole supply chain from raw materials to components and manufacturing, which may result in changes in the suppliers used, limit the number of potential suppliers, and increase costs. Regarding the supply chain, the most significant source of emissions is the steel used in the equipment, the replacement of which with lower emission solutions is being actively investigated. Of these, the use of fossil-free steel has been limited by its price and availability, and the use of recycled steel, in addition to availability, by the quality requirements set for it.

In its own operations, Cargotec has succeeded in reducing emissions, for example by investing in energy efficiency and renewable energy technology and by reducing work-related travel. These improvements are also expected to bring cost savings. Reduction of emissions related to the use of Cargotec's products can only be achieved if there is sufficient demand for low-emission products. In order to achieve this, Cargotec must succeed in developing and selling low-emission products. Cargotec's product development has a critical role in achieving this. Cargotec has invested heavily to electrify its product offering and customers are increasingly choosing low-emission products although the majority of products sold are still based on combustible engine technology. In the future, Cargotec's product offering may be based on multiple low-emission technologies, which may increase complexity and cost.

Reaching the set emission targets requires efforts in every aspect of Cargotec's business. In addition to being exposed to climate-related risks, the ongoing transition process causes new risks, the realisation of which can have significant financial effects. These effects can lead, for example, to impairments of assets due to the shortened life cycles of products, as well as additional costs related to the introduction of new technologies, which may arise in product development, the realisation of project risks, the growth of inventories, and new types of warranty defects. In addition, tightening regulation may directly limit Cargotec's product offering.

4. Segment information

Sales, MEUR	Q4/23	Q4/22	2023	2022
Kalmar	509	618	2,050	1,943
Hiab	450	456	1,787	1,578
MacGregor	234	165	733	569
Internal sales	0	0	0	-1
Total	**1,193**	**1,239**	**4,569**	**4,089**

Sales by geographical area, MEUR	Q4/23	Q4/22	2023	2022
EMEA	542	557	2,059	1,922
Americas	412	460	1,717	1,478
Asia-Pacific	240	222	792	688
Total	**1,193**	**1,239**	**4,569**	**4,089**

Sales by geographical area, %	Q4/23	Q4/22	2023	2022
EMEA	45%	45%	45%	47%
Americas	35%	37%	38%	36%
Asia-Pacific	20%	18%	17%	17%
Total	**100%**	**100%**	**100%**	**100%**

Operating profit and EBITDA, MEUR	Q4/23	Q4/22	2023	2022
Kalmar	58.9	67.0	264.2	142.1
Hiab	47.8	61.3	252.1	217.1
MacGregor	6.7	-143.6	31.8	-190.2
Corporate administration and support functions	-24.3	-13.5	-64.4	-62.9
Operating profit	**89.0**	**-28.8**	**483.8**	**106.1**
Depreciation, amortisation and impairment*	28.7	115.3	114.9	203.9
EBITDA	**117.7**	**86.5**	**598.7**	**310.1**

*Includes the effects of allocating the acquisition cost of businesses	Q4/23	Q4/22	2023	2022
Kalmar	-0.2	-0.2	-0.8	-0.9
Hiab	-0.8	-0.7	-3.1	-3.3
MacGregor	-1.7	-2.8	-6.9	-11.5
Effects of allocating the acquisitions cost of businesses in total	**-2.7**	**-3.8**	**-10.8**	**-15.7**

Operating profit, %	Q4/23	Q4/22	2023	2022
Kalmar	11.6%	10.9%	12.9%	7.3%
Hiab	10.6%	13.4%	14.1%	13.8%
MacGregor	2.8%	-86.9%	4.3%	-33.4%
Cargotec	7.5%	-2.3%	10.6%	2.6%

Items affecting comparability, MEUR**	Q4/23	Q4/22	2023	2022
Kalmar				
Restructuring costs	-0.3	2.1	-1.2	-41.4
Other items affecting comparability	-7.4	-4.4	-14.0	-5.7
Items affecting comparability, total	**-7.7**	**-2.2**	**-15.2**	**-47.0**
Hiab	**Q4/23**	**Q4/22**	**2023**	**2022**
Restructuring costs	-0.0	-0.2	0.1	-3.6
Other items affecting comparability	-0.0	-0.1	0.0	-0.3
Items affecting comparability, total	**-0.0**	**-0.2**	**0.1**	**-3.9**
MacGregor	**Q4/23**	**Q4/22**	**2023**	**2022**
Restructuring costs	-6.4	-37.4	-13.5	-44.8
Other items affecting comparability	-0.1	-72.1	12.7	-97.9
Items affecting comparability, total	**-6.5**	**-109.4**	**-0.8**	**-142.7**
Corporate administration and support functions	**Q4/23**	**Q4/22**	**2023**	**2022**
Restructuring costs	0.0	-0.7	0.0	-1.5
Other items affecting comparability	-7.9	-1.0	-13.6	-15.1
Items affecting comparability total	**-7.9**	**-1.7**	**-13.6**	**-16.6**
Total	**-22.1**	**-113.6**	**-29.6**	**-210.2**

Comparable operating profit, MEUR**	Q4/23	Q4/22	2023	2022
Kalmar	66.6	69.2	279.4	189.2
Hiab	47.8	61.6	252.1	220.9
MacGregor	13.1	-34.2	32.6	-47.5
Corporate administration and support functions	-16.4	-11.8	-50.8	-46.3
Total	**111.2**	**84.8**	**513.3**	**316.4**

Comparable operating profit, %**	Q4/23	Q4/22	2023	2022
Kalmar	13.1%	11.2%	13.6%	9.7%
Hiab	10.6%	13.5%	14.1%	14.0%
MacGregor	5.6%	-20.7%	4.5%	-8.3%
Cargotec	**9.3%**	**6.8%**	**11.2%**	**7.7%**

**Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 16 million in 2022. Of these items, EUR 1 million were related to Kalmar, EUR 3 million to Hiab, and EUR 12 million to MacGregor. Additional information regarding the changed definition is presented in the stock exchange release published on 4 April 2023.

Orders received, MEUR	Q4/23	Q4/22	2023	2022
Kalmar	405	544	1,705	2,081
Hiab	401	377	1,466	1,807
MacGregor	209	269	816	976
Internal orders received	0	0	0	0
Total	**1,015**	**1,190**	**3,987**	**4,862**

Orders received by geographical area, MEUR	Q4/23	Q4/22	2023	2022
EMEA	416	461	1,784	2,052
Americas	357	415	1,307	1,712
Asia-Pacific	242	314	896	1,099
Total	**1,015**	**1,190**	**3,987**	**4,862**

Orders received by geographical area, %	Q4/23	Q4/22	2023	2022
EMEA	41%	39%	45%	42%
Americas	35%	35%	33%	35%
Asia-Pacific	24%	26%	22%	23%
Total	**100%**	**100%**	**100%**	**100%**

Order book, MEUR	31 Dec 2023	31 Dec 2022
Kalmar	1,024	1,428
Hiab	799	1,185
MacGregor	988	927
Internal order book	1	1
Total	**2,812**	**3,541**

Number of employees at the end of period	31 Dec 2023	31 Dec 2022
Kalmar	4,907	5,012
Hiab	3,877	3,778
MacGregor	1,853	1,978
Corporate administration and support functions	754	758
Total	**11,391**	**11,526**

Average number of employees	2023	2022
Kalmar	5,041	4,979
Hiab	3,932	3,697
MacGregor	1,938	1,928
Corporate administration and support functions	758	801
Total	**11,669**	**11,405**

Segment assets and liabilities

The assets and liabilities allocated to segments comprise all business assets and liabilities that are used by the segment or can be reasonably allocated to the segment excluding the intercompany receivables and liabilities. 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.

31 Dec 2023 MEUR	Kalmar	Hiab	MacGregor	Segments total	Corporate administration, support functions and eliminations	Cargotec total
Goodwill	260.2	238.4	379.5	878.1	—	878.1
Intangible assets	12.9	17.9	75.1	105.9	12.4	118.4
Property, plant and equipment	268.8	140.3	27.0	436.0	8.9	444.9
Investments in associated companies and joint ventures	48.8	—	27.8	76.6	0.0	76.6
Share investments	—	0.0	0.0	0.0	0.0	0.0
Working capital receivables	789.1	793.5	373.5	1,956.2	51.3	2,007.5
Unallocated assets, interest-bearing	—	—	—	—	688.1	688.1
Unallocated assets, non-interest-bearing	—	—	—	—	162.8	162.8
Total assets	**1,379.8**	**1,190.1**	**882.9**	**3,452.8**	**923.6**	**4,376.5**
Working capital liabilities	694.9	383.8	523.0	1,601.8	76.9	1,678.6
Unallocated liabilities, interest-bearing	—	—	—	—	866.7	866.7
Unallocated liabilities, non-interest-bearing	—	—	—	—	77.3	77.3
Total liabilities	**694.9**	**383.8**	**523.0**	**1,601.8**	**1,020.9**	**2,622.7**
Operative capital employed	684.8	806.3	359.9	1,851.1	-4.2	1,846.9
Capital expenditure	79.7	44.1	10.3	134.0	3.0	137.0

31 Dec 2022 MEUR	Kalmar	Hiab	MacGregor	Segments total	Corporate administration, support functions and eliminations	Cargotec total
Goodwill	268.1	231.4	392.6	892.1	—	892.1
Intangible assets	8.2	17.9	82.3	108.4	16.4	124.8
Property, plant and equipment	247.8	123.4	36.2	407.4	12.6	420.0
Investments in associated companies and joint ventures	39.3	—	35.3	74.6	0.0	74.6
Share investments	—	0.0	0.0	0.0	0.0	0.0
Working capital receivables	869.3	771.8	355.7	1,996.7	54.3	2,051.0
Unallocated assets, interest-bearing	—	—	—	—	459.2	459.2
Unallocated assets, non-interest-bearing	—	—	—	—	167.5	167.5
Total assets	**1,432.7**	**1,144.5**	**902.1**	**3,479.3**	**710.0**	**4,189.3**
Working capital liabilities	809.3	412.0	473.6	1,694.9	69.9	1,764.7
Unallocated liabilities, interest-bearing	—	—	—	—	837.5	837.5
Unallocated liabilities, non-interest-bearing	—	—	—	—	58.7	58.7
Total liabilities	**809.3**	**412.0**	**473.6**	**1,694.9**	**966.1**	**2,661.0**
Operative capital employed	623.4	732.5	428.5	1,784.4	13.4	1,797.8
Capital expenditure	55.7	40.7	10.3	106.7	7.0	113.6

CARGOTEC

5. Revenue from contracts with customers

Cargotec, MEUR	Q4/23	Q4/22	2023	2022
Equipment sales	830	872	3,144	2,778
Service sales	355	354	1,379	1,264
Software sales	9	13	46	47
Total sales	**1,193**	**1,239**	**4,569**	**4,089**
Recognised at a point in time*	1,060	1,051	4,080	3,630
Recognised over time*	133	187	489	459

Kalmar, MEUR	Q4/23	Q4/22	2023	2022
Equipment sales	353	455	1,430	1,344
Service sales	147	150	574	551
Software sales	9	13	46	47
Total sales	**509**	**618**	**2,050**	**1,943**
Recognised at a point in time*	463	490	1,802	1,665
Recognised over time*	47	128	248	278

Hiab, MEUR	Q4/23	Q4/22	2023	2022
Equipment sales	337	343	1,334	1,167
Service sales	114	113	452	411
Total sales	**450**	**456**	**1,787**	**1,578**
Recognised at a point in time	446	452	1,772	1,565
Recognised over time	4	4	15	14

MacGregor, MEUR	Q4/23	Q4/22	2023	2022
Equipment sales	140	75	379	268
Service sales	94	91	354	301
Total sales	**234**	**165**	**733**	**569**
Recognised at a point in time	152	109	507	402
Recognised over time	82	56	226	167

6. Share-based payments

In December, the Board of Directors resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The programme includes calendar years 2024–2026 as a performance period. Rewards from the performance period 2024–2026 will be paid partly in Cargotec's class B shares and partly in cash in 2027. The rewards to be paid on the basis of the performance period 2023–2025 will amount up to an approximate maximum total of 222,000 Cargotec's class B shares. The programme is directed to approximately 100 key employees, including the members of Cargotec Leadership Team. The performance period includes three measuring periods of one calendar year. For the key employees of the business areas Kalmar and Hiab, the potential reward of the programme from the measuring period 2024 will be based on the business areas' earning per share (EPS). For the Cargotec Corporate key employees, the performance criteria is Cargotec's earning per share (EPS).

Also in December, the Board of Directors resolved to establish a new restricted shares programme for calendar years 2024–2026. As a part of total compensation, additional restricted share grants can be allocated for selected key employees. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 20,000 Cargotec’s class B shares.

In April 2023, Cargotec’s Board of Directors decided to establish a new share-based incentive programme for the Group key employees. The reward from the new Restricted Share Unit Programme 2023–2025 is conditional on the achievement of strategic goals set by the Board of Directors. In addition, the reward is based on a valid employment or service and the continuity of the employment or service. The reward is paid at the beginning of 2025. The shares received as a reward from the programme may not be sold, transferred, pledged or otherwise assigned during a lock-up period which ends six months after the reward payment. The programme is intended for approximately 50 Cargotec Group’s key employees, including selected Leadership Team members. The rewards to be allocated on the basis of the Programme will amount up to an approximate maximum total of 268,750 Cargotec Corporation class B shares. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward.

In February 2023, Cargotec’s Board of Directors resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The performance share programme includes calendar years 2023–2025 as a performance period. The performance period includes three measuring periods of one calendar year. For each measuring period, the Board of Directors will annually resolve the performance criteria and the required performance levels for each criterion. The 2023–2025 performance share programme is directed to approximately 100 key employees, including the members of Cargotec Leadership Team. For the key employees of the business areas Kalmar and Hiab, the potential reward of the programme from the measuring period 2023 will be based on the business areas' earnings per share (EPS). For the Cargotec Corporate key employees, the performance criteria is Cargotec's earnings per share (EPS). The rewards to be paid on the basis of the performance period 2023–2025 will amount up to an approximate maximum total of 200,000 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..

After the end of the performance period, the Board of Directors will confirm the cumulative amount of rewards earned from the measuring periods and potential rewards from the performance period 2023–2025 will be paid partly in Cargotec's class B shares and partly in cash in 2026. As a rule, no reward will be paid, if a key employee's employment or service ends before the reward payment.

In addition, The Board of Directors of Cargotec Corporation has resolved to establish a new restricted shares programme for calendar years 2023–2025. As a part of total compensation, additional restricted share grants can be allocated for selected key employees. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 24,000 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 performance share programme, approved by the Board of Directors in 2020, includes three performance periods, of which the period for calendar years 2020–2022 has ended and periods 2021–2023 and 2022–2024 are ongoing. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria supporting the implementation of the strategy and the required performance levels for each criterion. Sustainability is an important part of the target setting and rewarding of the key employees.

For the performance period of 2021–2023, the potential reward of the third measuring period 2023 will be based on the eco portfolio share in orders received for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion was Cargotec’s eco portfolio share in orders received.

For the performance period of 2022–2024, the potential reward of the second measuring period 2023 will be based on the business areas’ service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion will be Cargotec’s service gross profit.

In addition, Cargotec has a share-based incentive programme for the Group key employees established in May 2022.

7. Comparable operating profit

MEUR	Q4/23	Q4/22	2023	2022
Operating profit	**89.0**	**-28.8**	**483.8**	**106.1**
Restructuring costs				
Employment termination costs	3.3	6.0	6.1	9.4
Impairments of owned non-current assets *	—	23.6	—	23.6
Impairments of inventories	-0.5	3.2	-1.0	5.0
Restructuring-related disposals of businesses**	1.0	—	1.6	0.4
Other restructuring costs***	2.9	3.3	7.9	53.0
Restructuring costs, total	**6.7**	**36.1**	**14.6**	**91.3**
Other items affecting comparability				
Expenses related to business acquisitions or disposals****	0.0	-1.1	0.5	4.5
Merger plan with Konecranes Plc	—	0.0	—	9.6
Planning of the partial demerger	15.3	—	27.6	—
Impairment of MacGregor's goodwill (additional information in note 3)	—	63.4	—	63.4
Other costs *****	0.1	15.1	-13.2	41.4
Other items affecting comparability, total	**15.4**	**77.5**	**14.9**	**118.9**
Comparable operating profit	**111.2**	**84.8**	**513.3**	**316.4**

* During the fourth quarter of 2022, Cargotec reviewed MacGregor's offering, ongoing projects and growth estimates. Based on the review, the company decided to discontinue the business activities related to fishery and research vessels as well as offshore mooring solutions, and a total of EUR 37 million was booked as restructuring costs. This includes a EUR 25 million write-down of intangible assets.

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

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

Year 2022 includes a EUR 4.7 million impairment provision to assets that relate to Cargotec's business in Russia. In addition, during the third quarter of 2022 Cargotec reversed revenues and recognised impairments related to its ongoing long-term projects to be delivered to Russia in a total of EUR 3.7 million. Kalmar booked in the second quarter of 2022 a EUR 25 million and in the third quarter a EUR 11 million restructuring cost related to the plans to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. (RIC) in China and to ramp down the heavy cranes business. From heavy cranes business ramp down costs, EUR 31 million is included to other restructuring costs.

**** Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals and note 16, Joint ventures and associated companies. MacGregor booked in the second quarter of 2022 a total of EUR 4 million impairments into the values of its two Chinese joint venture holdings.

***** In the third quarter of 2022, Cargotec and its subsidiary MacGregor USA, Inc. made a voluntary self-disclosure to US authorities regarding compliance with certain export regulations related to information management in the context of MacGregor’s US Government business. MacGregor then booked an approximately EUR 18 million provision to cover possible consequences. During the third quarter of 2023, relevant US authorities resolved the matter without monetary penalty, and Cargotec thereby released the provision. This has been booked as a EUR 18 million item affecting comparability in the third quarter 2023. Additionally in 2022, EUR 14 million were recorded in expert and other expenses related to Cargotec's refocused strategy.

Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 16 million in 2022. Of these items, EUR 1 million were related to Kalmar, EUR 3 million to Hiab, and EUR 12 million to MacGregor. Additional information regarding the changed definition is presented in the stock exchange release published on 4 April 2023.

8. Capital expenditure, depreciation, amortisation and impairment

Capital expenditure, MEUR	Q4/23	Q4/22	2023	2022
Owned assets				
Intangible assets	0.8	1.5	3.9	4.8
Land and buildings	1.1	0.5	4.2	2.7
Machinery and equipment	20.0	17.7	72.9	58.7
Right-of-use assets				
Land and buildings	7.6	3.2	32.0	32.8
Machinery and equipment	6.4	5.0	24.0	14.7
Total	**36.0**	**27.9**	**137.0**	**113.6**

Depreciation, amortisation and impairment, MEUR	Q4/23	Q4/22	2023	2022
Owned assets				
Goodwill	—	63.4	—	63.4
Intangible assets	4.4	30.9	17.0	47.8
Land and buildings	1.5	-0.4	6.0	4.0
Machinery and equipment	11.8	11.2	45.7	44.2
Right-of-use assets				
Land and buildings	5.9	6.6	28.1	29.2
Machinery and equipment	5.2	3.6	18.2	15.3
Total	**28.7**	**115.3**	**114.9**	**203.9**

9. Taxes in statement of income

MEUR	Q4/23	Q4/22	2023	2022
Current year tax expense	22.7	21.4	111.0	79.9
Change in current year's deferred tax assets and liabilities	1.6	1.2	-0.7	-12.4
Tax expense for previous years	-3.7	4.3	-6.0	-11.7
Total	**20.6**	**27.0**	**104.3**	**55.8**

10. Net working capital

MEUR	31 Dec 2023	31 Dec 2022
Inventories	1,033.8	1,013.3
Operative derivative assets	35.9	44.5
Accounts receivable	723.8	734.7
Contract assets	47.3	104.0
Other operative non-interest-bearing assets	166.6	154.6
Working capital assets	**2,007.5**	**2,051.0**
Provisions	-160.5	-182.6
Operative derivative liabilities	-33.0	-38.4
Pension obligations	-89.0	-82.2
Accounts payable	-511.2	-617.1
Contract liabilities	-374.5	-291.1
Other operative non-interest-bearing liabilities	-510.4	-553.4
Working capital liabilities	**-1,678.6**	**-1,764.7**
Total	**328.9**	**286.2**

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 2023	31 Dec 2022
Interest-bearing liabilities	866.7	837.5
Lease liabilities included in interest-bearing liabilities	177.6	164.6
Loans receivable and other interest-bearing assets	-3.5	-7.3
Cash and cash equivalents	-684.7	-451.9
Interest-bearing net debt	**178.6**	**378.3**
Equity	1,753.8	1,528.3
Gearing	**10.2%**	**24.8%**

MEUR	2023	2022
Operating profit, last 12 months	483.8	106.1
Depreciation, amortisation and impairment, last 12 months	114.9	203.9
EBITDA, last 12 months	**598.7**	**310.1**
Interest-bearing net debt / EBITDA, last 12 months	**0.3**	**1.2**

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

MEUR	31 Dec 2023	31 Dec 2022
Cash and cash equivalents	684.7	451.9
Committed long-term undrawn revolving credit facilities	430.0	330.0
Repayments of interest-bearing liabilities in the following 12 months	-158.5	-86.6
Liquidity	**956.2**	**695.3**

12. Derivatives

Fair values of derivative financial instruments

	Positive fair value	Negative fair value	Net fair value	Net fair value
MEUR	31 Dec 2023	31 Dec 2023	31 Dec 2023	31 Dec 2022
Non-current				
Equity warrants	0.0	–	0.0	1.1
Total non-current	**0.0**	**–**	**0.0**	**1.1**
Current				
Currency forwards, cash flow hedge accounting	14.5	3.1	11.4	17.5
Currency forwards, other	39.5	22.9	16.6	14.6
Total current	**54.0**	**26.0**	**28.1**	**32.1**
Total derivatives	**54.0**	**26.0**	**28.1**	**33.2**

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 2023	31 Dec 2022
Currency forward contracts	4,020.2	4,305.3
Cash flow hedge accounting	2,313.9	2,687.6
Other	1,706.3	1,617.8
Total	**4,020.2**	**4,305.3**

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

13. Commitments

MEUR	31 Dec 2023	31 Dec 2022
Customer financing	8.3	10.0
Off-balance sheet leases	8.0	6.1
Other contingent liabilities	1.3	1.1
Total	**17.5**	**17.2**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 31 Dec 2023 was EUR 404.3 (31 Dec 2022: 471.0 million.

Contingent liabilities are related to guarantees given by Cargotec in the ordinary course of business for the delivery of products and services. Guarantees are provided in different ways including direct guarantees, bank guarantees, and performance bonds. Various Group entities are parties to legal actions and claims which arise in the ordinary course of business. While the outcome of some of these matters cannot precisely be foreseen, they are not expected to result in a significant loss to the Group.

Commitments related to leases include commitments related to off-balance sheet leases and on-balance sheet leases not yet commenced, and residual value risk related to equipment sold under customer finance arrangements and accounted for as leases.

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	Q4/23	Q4/22	2023	2022
Sale of products and services				
Associated companies	0.0	–	0.0	–
Joint ventures	1.9	4.8	4.5	5.6
Total	**1.9**	**4.8**	**4.5**	**5.6**
Purchase of products and services				
Associated companies	0.1	0.0	0.1	0.0
Joint ventures	3.7	1.8	12.7	5.1
Total	**3.7**	**1.8**	**12.8**	**5.0**
Finance income				
Associated companies	–	0.1	0.1	0.5
Total	**–**	**0.1**	**0.1**	**0.5**
Dividends received				
Joint ventures	–	–	–	0.2
Total	**–**	**–**	**–**	**0.2**

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

Balances with associated companies and joint ventures

MEUR	31 Dec 2023	31 Dec 2022
Loans receivable		
Associated companies	–	5.4
Total	**–**	**5.4**
Accounts receivable		
Associated companies	–	0.0
Joint ventures	2.2	0.2
Total	**2.2**	**0.2**
Accounts payable		
Associated companies	–	0.0
Joint ventures	3.9	2.0
Total	**3.9**	**2.0**

In 2023, Cargotec acquired software development consulting services with a value of EUR 0.1 million from an entity, which is controlled by a member of top management. Open accounts payable at the end of year 2023 was EUR 0.0 million.

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

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

15. Acquisitions and disposals

Acquisitions in 2023

In September, Kalmar acquired the product rights for the product line of electric terminal tractors from Lonestar Specialty Vehicles (LSV) in the United States for a purchase price of EUR 9.5 million. The transaction was accounted for as an asset acquisition in which EUR 9.2 million of the purchase price was allocated to technology-related intangible assets and EUR 0.3 million to prototype machines. In addition, Kalmar entered into a manufacturing contract with LSV for the production of the acquired electric terminal tractor product range. Acquired product line had no material impact in the reported revenues of the year 2023.

Hiab acquired in January the share capitals of Olsbergs Hydraulics Aktiebolag and Olsbergs Electronics AB at a purchase price of EUR 19.1 million of which the EUR 1.9 million share is conditional and paid later. Olsbergs is the technological leader in the design and manufacture of hydraulic valves and remote control systems. Its solutions are used to manoeuvre Hiab's truck mounted loader cranes and forestry cranes. Via acquisition, Hiab is insourcing these components and has better capabilities to further develop them in an integrated manner with other crane components. In determining the fair values, EUR 3.3 million of intangible assets and EUR 4.9 million of goodwill, which is not tax deductible, were identified. As a result of the acquisition, approximately 100 employees transferred to Hiab.

Acquired net assets and goodwill related to Olsbergs acquisition, MEUR MEUR	
Intangible assets	3.3
Property, plant and equipment	13.6
Inventories	4.7
Accounts receivable and other non-interest-bearing receivables	3.3
Cash and cash equivalents	0.9
Accounts payable and other non-interest-bearing liabilities	-1.9
Interest-bearing liabilities	-8.2
Deferred tax liabilities	-1.6
Net assets	**14.1**
Purchase price, payable in cash	17.1
Purchase price, conditional	1.9
Total consideration	**19.1**
Goodwill	**4.9**
Purchase price, paid in cash	17.1
Cash and cash equivalents acquired, including overdrafts	-0.9
Cash flow impact	**16.2**

Disposals in 2023

In December, Hiab sold its Spanish subsidiary Hiab Iberia S.L.U. at a sales price of EUR 6.1 million, of which EUR 2.1 million will be paid during the first quarter of 2024. With the transaction, Hiab transferred its spare parts business in Spain to its partner Mulder Maquinaria S.L.U. The transaction had no material effect on the reported figures.

In November, MacGregor sold its 51% ownership in the UK-based Flintstone Technology Limited to Bridon International Ltd. The transaction had no material effect on the reported figures.

In October, MacGregor sold the Voyage Data Recorder and Maritime Data Engine businesses to Danelec Electronics A/S. The transaction had no material effect on the reported figures.

In May, Hiab sold its Russian subsidiary Hiab RUS LLC to the company's executive management. The company has mainly sold Hiab equipment and related services to the Russian market. The transaction had no material effect on the reported figures.

Disposals in 2022

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

16. Joint ventures and associated companies

Changes in joint ventures and associated companies in 2023

In April, Hiab completed the closure of the joint venture Sinotruk Hiab (Shandong) Equipment Co., Ltd. Termination of the company had no material profit impact.

The sale of TTS Hua Hai Ships Equipment (Shanghai) Co., Ltd. (THH) to CSSC was completed in March. The transaction had no material profit impact.

Changes in joint ventures and associated companies in 2022

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

Additionally, MacGregor is finalising changes to its two Chinese joint ventures, which it acquired as part of the acquisition of TTS and that are jointly owned with China State Shipbuilding Corporation (CSSC).

Regarding TTS Hua Hai Ships Equipment (Shanghai) Co., Ltd. (THH), MacGregor is selling its ownership to CSSC. The sales contract has been signed and the deal is awaiting for authority approval. The transaction is expected to be closed during the first quarter of 2023. With the transaction, THH will cease manufacturing and selling hatch covers in China under the TTS brand. MacGregor has recognised an impairment of EUR 2.0 million in the value of its holding, and reimbursement of EUR 2.4 million from the use of the TTS brand during the year 2022, which have been included in other items affecting comparability. The balance sheet value of the holding in the joint venture was EUR 6.5 (31.12.2021: 9.0) million on the reporting date and the sale of ownership is not expected to have a material impact on profit or loss. The consolidation of THH using the equity method has ended in 2022.

Regarding TTS Bohai Machinery (Dalian) Co., Ltd. (TBH), MacGregor and CSSC have transferred the business of the joint venture to CSSC MacGregor Marine Equipment Co., Ltd. (CMME), a joint venture established in 2021. With the transfer, the liquidation process of TBH is underway. In June, MacGregor recorded an impairment of EUR 2.0 million in the value of its holding, which has been included in other items affecting comparability. Additionally, EUR 0.5 million of intangible assets and EUR 3.4 million of goodwill included in the carrying value of TBH were transferred to the carrying value of CMME. The balance sheet value of the holding in the joint venture was EUR 4.3 (31.12.2021: 10.2) million on the reporting date and liquidation of the company is not expected to have a material impact on profit or loss. The consolidation of TBH using the equity method has ended in 2022.

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

17. Events after the reporting period

There were no material events after the reporting period.

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Key exchange rates for euro

Closing rates	31 Dec 2023	31 Dec 2022
SEK	11.096	11.122
USD	1.105	1.067

Average rates	2023	2022
SEK	11.456	10.626
USD	1.082	1.056

Key figures

		2023	2022
Equity / share	EUR	27.25	23.69
Equity to asset ratio	%	43.8%	39.2%
Interest-bearing net debt	MEUR	178.6	378.3
Interest-bearing net debt / EBITDA, last 12 months		0.3	1.2
Gearing	%	10.2%	24.8%
Return on equity (ROE), last 12 months	%	21.2%	1.5%
Return on capital employed (ROCE), last 12 months	%	19.9%	4.6%

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

Calculation of key figures

IFRS key figures

Basic earnings per share (EUR)	=	$\dfrac{\text{Profit attributable to the shareholders of the parent company}}{\text{Average number of outstanding shares during the period}}$
Diluted earnings per share (EUR)	=	$\dfrac{\text{Profit attributable to the shareholders of the parent company}}{\text{Average number of diluted outstanding shares during the period}}$

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 - selling and marketing expenses - research and development expenses - administration expenses - restructuring costs + other operating income - other operating expenses + share of associated companies' and joint ventures' result	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 capital gains and losses, gains and losses related to acquisitions and disposals, acquisition and integration costs including during years 2020-2022 costs related to the merger plan with Konecranes Plc, impairments and reversals of impairments of assets, insurance benefits, and expenses related to legal proceedings.	Factor used to calculate Comparable operating profit.	Note 7. Comparable operating profit
Cash flow from operations before financing items and taxes	=	Profit for the period + depreciation, amortisation and impairment + finance income and expenses + taxes + other adjustments + changes in net working capital	Represents cash flow from operations after income from sales less operating expenses. Measures the company's ability to meet its financial commitments, including interest payments, taxes, investments, and equity and debt payments. Used to monitor and forecast business performance.	Statement of cash flows
Interest- bearing net debt/EBITDA, last 12 months	=	Interest-bearing net debt / EBITDA, last 12 months	Used to measure corporate capital structure and financial capacity.	Note 11, Interest-bearing net debt and liquidity
Interest- bearing net debt (MEUR)	=	Interest-bearing liabilities (non-current interest-bearing liabilities + current portion of interest-bearing liabilities + current other interest-bearing liabilities) - interest-bearing receivables (non-current and current loans receivable and other interest-bearing assets) - cash and cash equivalents +/- foreign currency hedge of corporate bonds	Interest-bearing net debt represents Cargotec's indebtedness. Used to monitor capital structure and as a factor to calculate Interest-bearing net debt / EBITDA and Gearing.	Note 11, Interest-bearing net debt and liquidity
EBITDA (MEUR), last 12 months	=	Operating profit + depreciation, amortisation and impairment, last 12 months	Factor used to calculate Interest-bearing net debt / EBITDA.	Note 11, Interest-bearing net debt and liquidity
Net working capital (MEUR)	=	Inventories + operative derivative assets + accounts receivable + contract assets + other operative non-interest-bearing assets - provisions - operative derivative liabilities - pension obligations - accounts payable - contract liabilities - 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	Profit for the period, last 12 months / Total equity (average for the last 12 months)	Represents the rate of return that shareholders receive on their investments.	Profit for the period: Statement of income; Total equity: Balance sheet
Return on capital employed (ROCE) (%), last 12 months	= 100 x	Profit before taxes + finance 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.	Profit before taxes and finance expenses: Statement of income; 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 - contract liabilities	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		Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Orders received	MEUR	1,015	914	999	1,059	1,190
Service orders received	MEUR	331	312	326	362	345
Order book	MEUR	2,812	3,065	3,242	3,467	3,541
Sales	MEUR	1,193	1,102	1,200	1,074	1,239
Service sales	MEUR	355	334	344	346	354
Service sales, % of sales	%	30%	30%	29%	32%	29%
Eco portfolio sales	MEUR	404	367	397	346	392
Eco portfolio sales, % of sales	%	34%	33%	33%	32%	32%
Operating profit	MEUR	89.0	140.3	150.5	104.0	-28.8
Operating profit	%	7.5%	12.7%	12.5%	9.7%	-2.3%
Comparable operating profit*	MEUR	111.2	131.5	158.3	112.4	84.8
Comparable operating profit*	%	9.3%	11.9%	13.2%	10.5%	6.8%
Basic earnings per share	EUR	0.92	1.66	1.67	1.13	-1.04

Kalmar		Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Orders received	MEUR	405	392	437	471	544
Order book	MEUR	1,024	1,172	1,281	1,390	1,428
Sales	MEUR	509	503	552	485	618
Service sales	MEUR	147	137	143	147	150
Comparable operating profit*	MEUR	66.6	71.2	78.4	63.2	69.2
Comparable operating profit*	%	13.1%	14.1%	14.2%	13.0%	11.2%

Hiab		Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Orders received	MEUR	401	311	375	380	377
Order book	MEUR	799	900	1,007	1,121	1,185
Sales	MEUR	450	420	485	432	456
Service sales	MEUR	114	113	113	112	113
Comparable operating profit*	MEUR	47.8	61.5	81.4	61.4	61.6
Comparable operating profit*	%	10.6%	14.7%	16.8%	14.2%	13.5%

MacGregor		Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
Orders received	MEUR	209	211	187	208	269
Order book	MEUR	988	993	953	956	927
Sales	MEUR	234	179	164	157	165
Service sales	MEUR	94	85	88	87	91
Comparable operating profit*	MEUR	13.1	8.5	10.3	0.7	-34.2
Comparable operating profit*	%	5.6%	4.8%	6.3%	0.4%	-20.7%

*Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 16 million in 2022. Of these items, EUR 1 million were related to Kalmar, EUR 3 million to Hiab, and EUR 12 million to MacGregor. Additional information regarding the changed definition is presented in the stock exchange release published on 4 April 2023.

Cargotec has revised its second quarter 2023 eco portfolio sales. Initially reported EUR 362 million has been revised to EUR 397 million which represented 33 percent of Cargotec's consolidated sales in the second quarter.