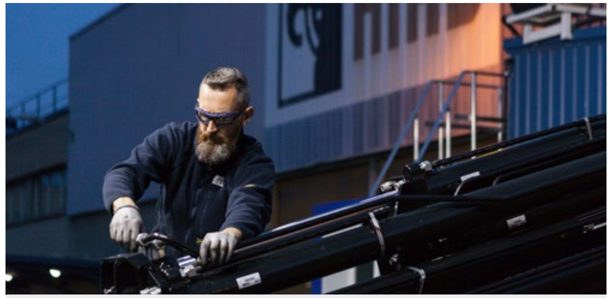
CARGOTEC

ANNUAL REPORT 2024



ANNUAL REVIEW

GOVERNANCE

BOARD OF DIRECTORS' REPORT

FINANCIAL STATEMENTS

Cargotec publishes its Annual Report 2024 in February 2025. The report consists of the annual review, financial review, corporate governance statement and remuneration report. The financial review consists of the Board of Directors' report including the sustainability statement, as well as the financial statements, and audit and assurance reports. The sustainability statement has been compiled in accordance with the European Sustainability Reporting Standards (ESRS).

In accordance with European Single Electronic Format (ESEF) reporting requirements, Cargotec publishes the Board of Directors' report and the consolidated financial statements as an XHTML file, which is the official ESEF version of Cargotec's financial review 2024. In line with the ESEF requirements, the primary financial statements have been labelled with XBRL tags and notes to the financial statements with XBRL block tags. Authorised Public Accountant Firm Ernst & Young Oy has provided an independent auditor's reasonable assurance report on Cargotec's ESEF consolidated financial statements. The assurance engagement has been conducted in accordance with International Standard on Assurance Engagements ISAE 3000. The XHTML file is available in Finnish.

Together with the Annual Report, Cargotec also publishes its GRI Index 2024. All materials are available on the company website at www.cargotec.com

GRI INDEX 2024

ANNUAL REVIEW

CARGOTEC IN BRIEF

Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with leading load handling solutions and services. Cargotec's Hiab business is a leading provider of smart and sustainable on road load-handling solutions, committed to delivering the best customer experience every day with the most engaged people and partners.

Sales, MEUR
1,647

Comparable operating profit, MEUR
217

Services, share of total sales
28%

Eco portfolio sales, MEUR
476

Eco portfolio, share of total sales
29%

CO_2 emission change*
-21%

Cargotec has operations in over 60 countries.

Americas (AMER)

Share of sales:
45%

Assembly/R&D:
Brazil, United States

Europe, Middle East and Africa (EMEA)

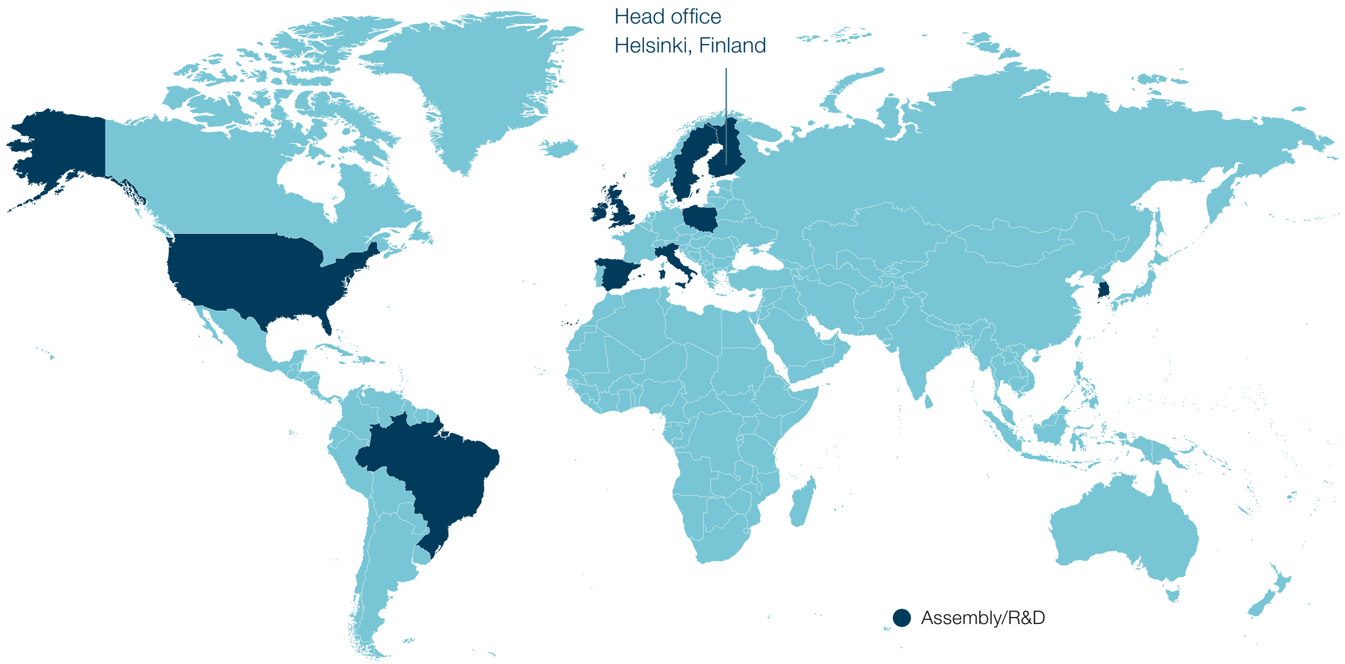
Share of sales:
49%

Assembly/R&D:
Finland, Ireland, Italy, Poland, Spain, Sweden, United Kingdom

Asia-Pacific (APAC)

Share of sales:
7%

Assembly/R&D:
South Korea



The figures include Cargotec's continuing operations.
* Compared to 2023

CEO'S REVIEW

SUCCESSFUL EXECUTION OF CARGOTEC'S TRANSFORMATION ACCORDING TO PLAN

The year 2024 was a successful one for Cargotec. We executed the transformation of the company according to the targets set by the Board in 2023. In 2024, we reached all our major goals for the year, continued the good business performance, completed the separation of Hiab and Kalmar, and found a solution for MacGregor.

The market environment remained complex throughout the year. Expectations on lower interest rates and uncertainty in some of Hiab's key geographies and industries delayed customer decision making. Orders received increased by 3 percent from the previous year to EUR 1,509 million[1]. The order growth was driven by the Americas. The order book declined by 19 percent, amounting to EUR 648 million at the end of the year.

Following the order book development, our sales decreased by 8 percent from the previous year's level and amounted to EUR 1,647 million. In our strategic focus areas, North America and services, our sales continued to grow.

Despite lower sales, we were able to improve our relative profitability with successful management of inflationary pressures as well as sourcing and supply chain actions. Our comparable operating profit decreased by 1 percent and amounted to EUR 217 million corresponding to 13.2 percent of sales.

Good progress in sustainability, safety and employee satisfaction

Greenhouse gas emissions for continuing operations went down by 21 percent in 2024, compared to 2023. This is a good achievement. While the reduction is mostly due to decreased sales, I am nevertheless pleased to see the impact that our own climate work is starting to have,

"In 2024, we reached all of our major goals for the year."

Casimir Lindholm
President and CEO

1 Due to the progress in the company transformation, Cargotec's continuing operations' reported financials consist only of the Hiab business area, as well as continuing operations' corporate administration and support functions.

"Cargotec's transformation will be finalised in 2025, when we close the sale of MacGregor and Hiab would be the only business left in the group."

especially through increased eco portfolio sales over the years.

Our biggest impact in reducing greenhouse gas emission lies in our product portfolio. We continuously expand our eco portfolio offering with new innovations and solutions that help our customers bring down their emissions. In 2024, we launched several new eco portfolio products that will help us keep these emissions down when sales start to go up.

In 2024, we prioritised health and safety through various initiatives. As an example, Hiab's "Dare to Care" programme empowers employees to actively participate in building a safer workplace. Hiab personnel were also encouraged to actively use their dedicated safety reporting tool. With these and other actions, we met our safety target in 2024.

Another positive finding can be made in our 2024 Compass personnel survey results. Compass provides valuable information on the work-related feelings and thoughts of our employees.

In Compass, we saw a strong response rate of over 82 percent (a significant increase from 2023, excluding Kalmar) and improved favourability ratings across Hiab, MacGregor, and group functions. The personnel sentiment during and after the transformation promises a good journey for Hiab and MacGregor going forward.

Two-year transformation project executed as planned

In addition to the good business performance, we have executed the two-year transformation project according to our plans. Among the transformation milestones is the listing of Kalmar in the beginning of July 2024. The listing was completed only 14 months after the demerger announcement and Kalmar is now fully separated from Cargotec.

After a successful turnaround of the MacGregor business, we achieved another major milestone in November 2024, when we signed an agreement to sell MacGregor to funds managed by Triton. The enterprise value of the transaction is EUR 480 million. Closing of the transaction is expected to take place by 1 July 2025 at the latest.

Name change from Cargotec to Hiab starts a new journey

Cargotec's transformation will be finalised in 2025, when we close the sale of MacGregor and Hiab will continue its growth and development as the remaining standalone part of the group. Hence, the Board is proposing to Cargotec's General Meeting of shareholders that the company's name would be changed from Cargotec to Hiab with an effective date of 1 April 2025.

I am convinced that Hiab will have a bright future as a standalone company. Hiab has a clear strategy that was revealed at the Capital Markets Day in May 2024, and a motivated and experienced leadership team in place. Furthermore, Hiab's strategy execution is already well underway[2].

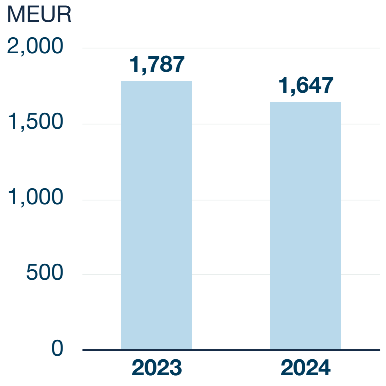
As announced in May 2024, when the company name change becomes effective, Scott Phillips would become the new CEO of the renamed company and I would step down from the CEO position. I would like to take this opportunity to thank the shareholders for the trust and Board of Directors for great cooperation as well as partners and customers for making 2024 another successful year for the company. I also want to thank current and former colleagues and all our employees for their work and cooperation during our transformation journey and business performance in 2024.

Casimir Lindholm
President and CEO

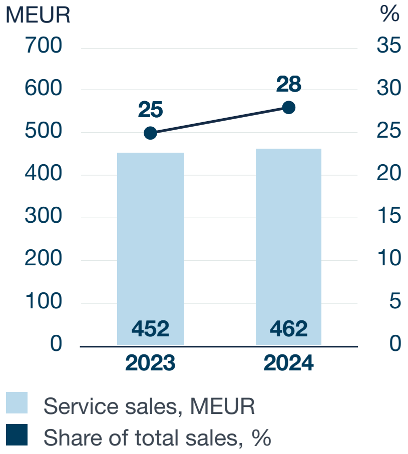
2 More about Hiab's strategy is available on page 13.

KEY FIGURES

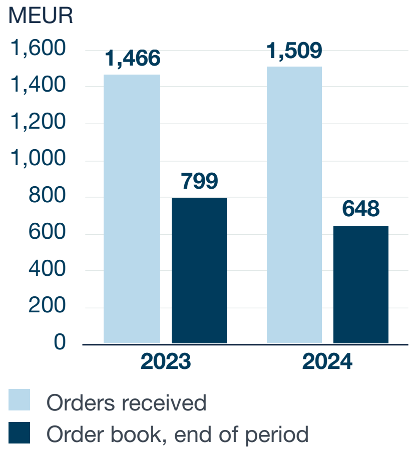
SALES



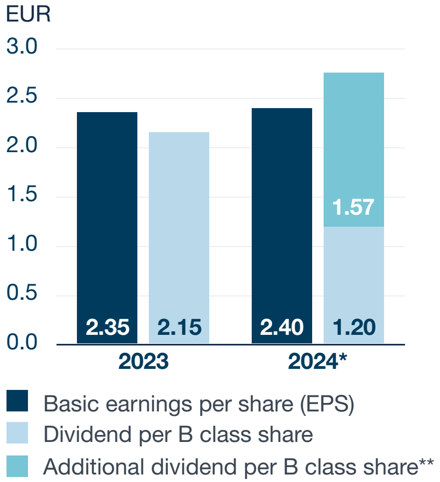
SERVICE SALES



ORDERS RECEIVED AND ORDER BOOK

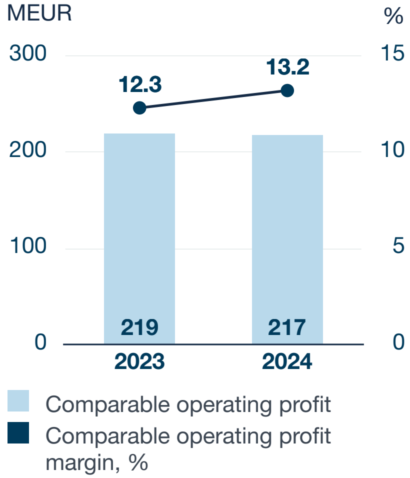


EARNINGS PER SHARE (EPS) AND DIVIDEND

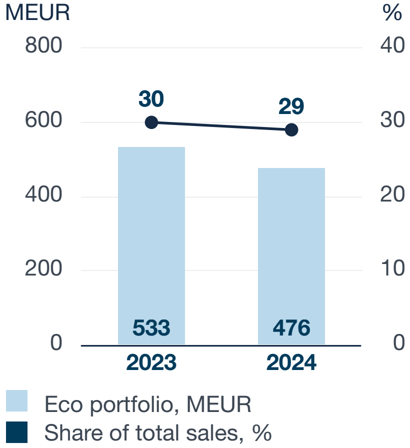


* Board's proposal for dividend
** Conditional on the closing of the sale of MacGregor

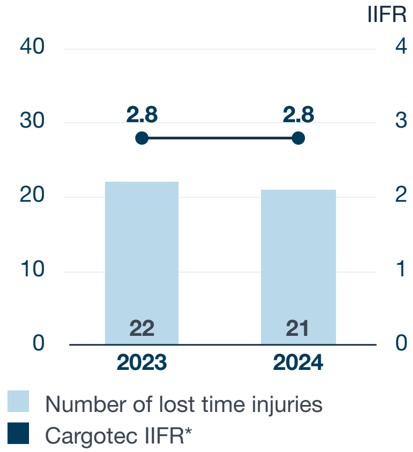
COMPARABLE OPERATING PROFIT



ECO PORTFOLIO SALES

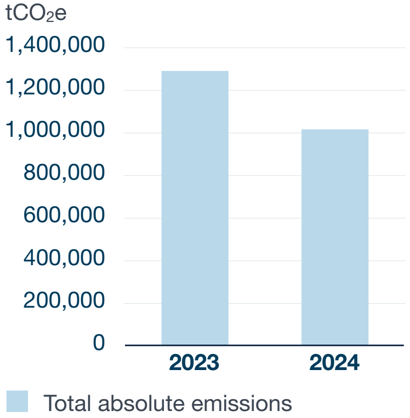


INDUSTRIAL INJURY FREQUENCY RATE*



* Number of injuries per million hours worked

PROGRESS TOWARDS THE SCIENCE-BASED TARGET



Key figures include Cargotec's continuing operations.
The comparison figures have been restated.

CARGOTEC 2024 HIGHLIGHTS

2024 was a year of successful execution for Cargotec. We achieved our three key priorities: delivering strong business performance, completing the separation of Kalmar as an independent listed entity, and securing a solution for MacGregor.

CARGOTEC' BUSINESS PERFORMANCE CONTINUED STRONG IN 2024

The comparable operating profit margin increased to 13.2 percent.

CARGOTEC'S PARTIAL DEMERGER COMPLETED

In April 2023, Cargotec announced its plan to separate its businesses Kalmar and Hiab into two world-leading standalone companies. The completion of the partial demerger of Cargotec took place 14 months later with the incorporation of a new Kalmar Corporation and its registration in the Finnish Trade Register on 30 June 2024.

SOLUTION FOR MACGREGOR REACHED

In 2022, Cargotec's Board of Directors had decided that MacGregor would not be part of Cargotec's portfolio in the future. In May 2024, Cargotec announced that the sales process of MacGregor had been started, and in November 2024, Cargotec announced the sale of MacGregor business area to funds managed by Triton for an enterprise value of EUR 480 million. The closing of the transaction is expected to occur by 1 July 2025 at the latest.

HIAB: STRONG PERFORMANCE IN 2024, INVESTMENTS IN GROWTH AND PROFITABILITY IMPROVEMENTS CONTINUED

Hiab is a leading provider of smart and sustainable load handling solutions, committed to delivering the best customer experience every day with the most engaged people and partners.

Eco portfolio, share of Hiab's sales	Services, share of Hiab's sales	Number of personnel
29%	28%	3,824

Hiab's orders received in 2024 totalled EUR 1,509 million, increasing by 3 percent from the previous year. The underlying demand remained stable with the year-on-year order growth driven by Americas. The order book declined by 19 percent, amounting to EUR 648 million at the end of the year.

Following the order book development, sales decreased by 8 percent from the previous year's level to EUR 1,647 million. Despite the overall decline, sales in the Americas showed year-on-year growth. Service sales continued to grow, reaching EUR 462 million and accounting for 28 percent of total sales. Equipment sales declined in line with the normalisation of the order book.

HIAB HIGHLIGHTS

Hiab's strategy for 2024–2028 and related **performance targets** were published ahead of the Capital Markets Day held in May 2024. Targets focus on annual sales growth, comparable operating profit, and return on capital employed. More about Hiab's targets is available on the Strategy section.

Hiab's comparable operating profit as a business area amounted to EUR 245 million or 14.9 percent of sales. This constitutes **Hiab's all-time high full-year comparable operating profit margin.**

Hiab launched 45 new solutions in 2024. With these, Hiab continues to develop equipment, intelligent services and connected solutions that create more value and empower customers to do their jobs with focus on sustainability, safety, reliability and efficiency.

HIAB

Hiab's products and solutions are being used around the world. Customers operate in diverse industries, such as waste and recycling, defense logistics, construction, retail & last mile, forestry and agriculture, rail and wind, special logistics, and infrastructure. Hiab's service network serves over 100 markets globally.

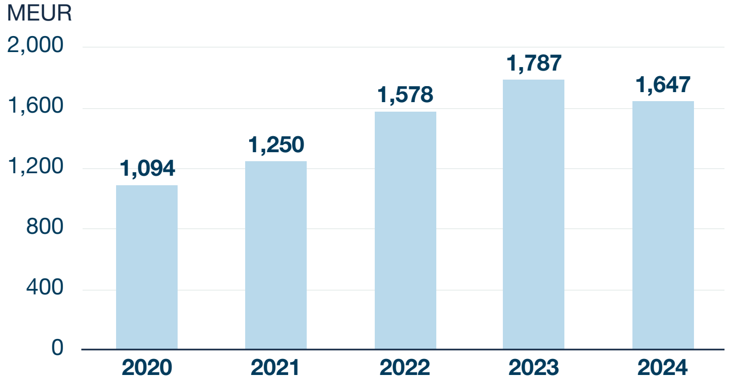
As per its strategy, Hiab is geared to expand its leading position in the growing North American market. To that end, seven new dealer agreements were introduced in the US market in 2024.

For example, Hiab entered into a strategic HIAB dealer agreement with Ring Power Utility | Truck | Crane in the US, and also signed an important MOFFETT dealer agreement with Ring Power Lift Trucks in Florida, US. Cooperation with the dealers will greatly enhance Hiab's future growth in this important market.

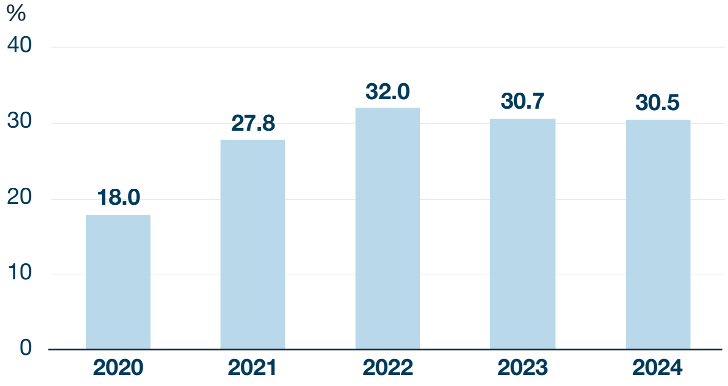
In 2024, Hiab celebrated its 80th anniversary with the launch of several innovations focused on sustainable and efficient load handling. These new offerings underscored Hiab's commitment to providing customers with solutions that minimise environmental impact while maximising productivity. This dedication to innovation has positioned Hiab as a leader in the load handling industry for eight decades and promises continued success in the years to come.

Among the solutions launched in 2024 were an emission-free electric hybrid crane solutions portfolio HIAB wspr, HIAB cranes in various sizes, a JONSERED recycling crane, a MULTILIFT eULTIMA hooklift for electric trucks and a MULTILIFT Talon semi-autonomous load handling system for defense logistics, as well as updated electric and diesel truck mounted forklifts and WALTCO MDV liftgate series with various sustainability advantages and safety features.

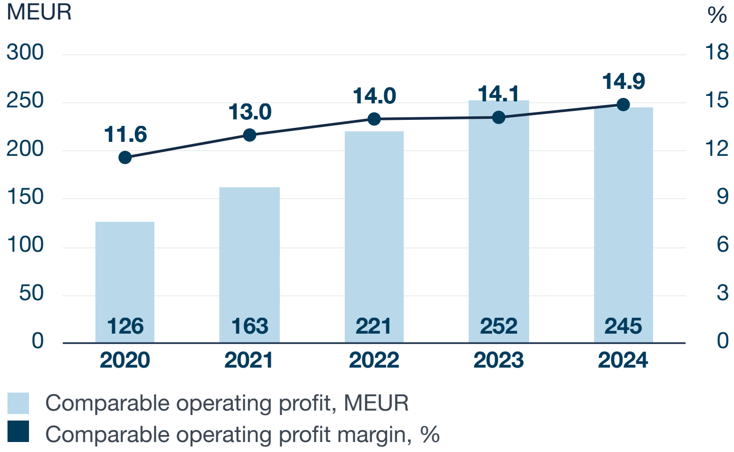
SALES



OPERATIVE RETURN ON CAPITAL EMPLOYED (OPERATIVE ROCE), LAST 12 MONTHS

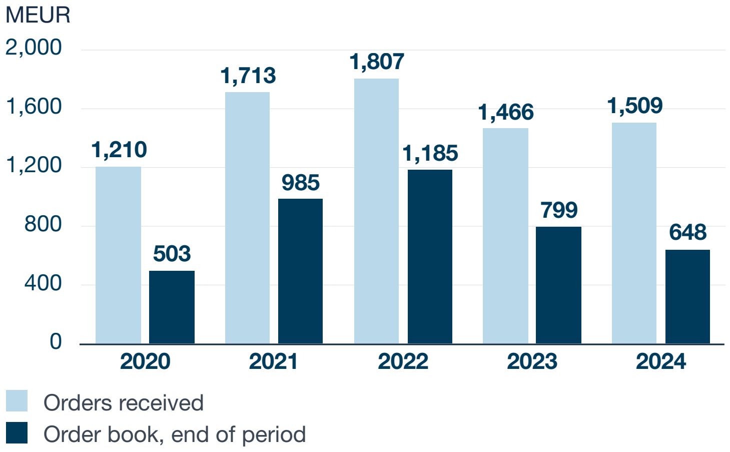


COMPARABLE OPERATING PROFIT*



* As a business area. Business area comparable operating profit does not include corporate administration and support functions costs which were part of Cargotec Group's corporate administrative and support functions. These costs were approximately 1.7 percent of sales in 2024.

ORDERS RECEIVED AND ORDER BOOK



HIAB

STRONG PROFITABILITY, DEMAND STABLE DESPITE GLOBAL UNCERTAINTY

With inflation and high interest rates still continuing, Hiab faced a challenging market situation in 2024. During the year, to improve its commercial excellence capabilities, Hiab implemented several to-the-point and effective actions.

"We continued with our successful integration of businesses that we've acquired in recent 5–10 years. We also wanted to deliver a level of profitability which would be at or above the level of the previous year on a relative basis. We succeeded in both of these, proving our resilience and business potential for value creation even in a downturn market," says **Scott Phillips**, President of Hiab.

"Alongside the above, one of the most important tasks in 2024 was to develop our operational excellence even further. With standardised processes and efficient methods we aim to eliminate inefficiencies and reduce costs, thereby enhancing quality and customer satisfaction, and ultimately, deliver better margins. Tangible results of this work are already visible," says Scott Phillips.

Americas drove order growth

Geographically, Hiab's sales grew in the Americas year-on-year, and the region led Hiab's order growth[1].

"The US economy continued to hold up quite well. The demand environment there was still on a good level, relative to expectations," notes Scott Phillips.

"The European market was more challenging, largely driven by a downturn in the construction segment, which then also had an impact on other segments. Against all that, Europe still held up well during the year," Scott Phillips continues.

1 In total, Hiab's orders received in 2024 increased by 3 percent to EUR 1,509 million.

All in all, Hiab offset a low level of demand in construction while still holding a steady level of demand in other segments.

Invest in R&D to shape the industry

In 2024, Hiab continued to develop solutions that will help customers enhance sustainability and work efficiency in their operations. Solutions like WALTCO MDV liftgate series, HIAB eX.HIPRO crane, JONSERED iZ.18R HD recycling crane, and MULTILIFT eULTIMA, the world's first plug-and-play hooklift designed specifically for electric trucks, support customers to reach their performance, efficiency, sustainability, and safety targets.

"We introduced 45 new solutions in 2024. As an industry leader, Hiab delivers sustainable, efficient, and long-lasting solutions designed to meet customer expectations, and we will continue our ambitious development programmes also in the future," says Scott Phillips.

Preparing for future Hiab

In 2023, Cargotec's Board of Directors set up to separate Kalmar and Hiab into two standalone companies. In the demerger process, the target was to list Kalmar and find a new owner for MacGregor. Both actions were completed successfully in 2024.

As Hiab is then the last remaining business in Cargotec, the Board will propose to the Annual General Meeting convening in March 2025 that the company's name be changed from Cargotec to Hiab.

"Cargotec's Board has seen the value that Hiab can offer to the shareholders as a standalone company. We are proud of this trust. Hiab is committed to deliver world-class lifecycle experience for our customers, and we aim at generating strong cash flow and sustainable value for our shareholders, and solidify our position as a leader in the load handling industry," says Scott Phillips.

Hiab's President Scott Phillips at the Capital Markets Day event in May 2024.

CARGOTEC STRATEGY: SUCCESSFUL EXECUTION OF CARGOTEC'S TRANSFORMATION

As the year 2024 started, Cargotec had three business areas: Hiab, Kalmar and MacGregor. However, already in the beginning of the year Cargotec had a plan to split the company into three independent companies. The transformation process was executed according to plans in 2024.

In November 2022, Cargotec's Board of Directors had decided that MacGregor would not be part of Cargotec's portfolio in the future. In April 2023, the Board initiated planning the separation of Hiab and Kalmar.

The separation of Kalmar into a standalone listed company through a partial demerger of Cargotec was registered in the Finnish Trade Register on 30 June 2024.

In November, Cargotec announced the signing of an agreement to sell the MacGregor business area to funds managed by Triton. The closing of the transaction is expected to occur by 1 July 2025 at the latest.

As the agreement to sell MacGregor has been signed, Cargotec's Board of Directors is proposing to Cargotec's General Meeting of shareholders that the company's name be changed from Cargotec to Hiab. The Board of Directors would then appoint the President of the Hiab business, Scott Phillips, as the President and CEO of the renamed company.

STRATEGY

HIAB STRATEGY: LIFTING PRODUCTIVITY FOR ESSENTIAL INDUSTRIES

Hiab's vision is to be the number one partner in smart and sustainable load handling solutions. By being true to its values – reliable, caring, pioneering – Hiab continues to make load handling smarter, safer, and more sustainable to build a better tomorrow.

VISION

To be the number one partner in smart and sustainable load handling solutions

PURPOSE

Together, we keep everyday life moving to build a better tomorrow

VALUES

Reliable
Caring
Pioneering

Hiab's strategy for 2024–2028 is built on **PROFITABLE GROWTH** based on a **STRONG FOUNDATION**.

Hiab targets profitable growth in essential industries like construction, waste & recycling, defence logistics, and retail & final mile. Essential industries are necessary to keep countries and organisations running, and for everyday life and human development. This importance and resilience represents a sustainable growth opportunity for Hiab. Growing Hiab's North American and services businesses will have a defining role in the growth story. Hiab continues to be the leading player in sustainable load handling, benefiting from global trends and achieving increasing margins through operational and commercial excellence.

Hiab's strong foundation is built by maintaining a "Safety and Employees First" culture, maximising transparency, accountability, and agility through a decentralised operating model, and focusing on outcome-based innovation for applications. Hiab will also aim at optimising product costs and implementing Lean Six Sigma methodologies. In this process, we will transform Hiab's supply chain and optimise transactional processes and information management.

One of the key enablers to implement our strategy is **a strong focus on our people**. Our people strategy prioritises easiness, empowerment, and excellence, fostering engaged employees who deliver a better customer experience.

Hiab will drive **game changing innovation** with customer-driven application solutions, prioritising performance and safety and utilising connectivity, data-driven services, electrification, and advanced control systems. To constantly meet customer needs, Hiab improves the safety, productivity, and uptime of its solutions.

As a leader in sustainability and a 1.5°C company, Hiab will support its customers' sustainability goals, with a focus on low-emission material sourcing and increased eco portfolio sales.

Hiab will achieve **commercial excellence** by focusing on pricing excellence, value selling capabilities, key account management, and strong partner relationships.

Underpinning all of this will be Hiab's **world-class operations,** ensuring safety, efficient demand and supply planning and delivery, and a commitment to continuous process improvement.

By executing on this strategy, Hiab aims to achieve its key performance targets[1].

1 Read more about the targets on page 15.

STRATEGY

HIAB MEGATRENDS

Global trends and industry challenges fuel growth and present opportunities to shape the future of load handling.

Global megatrends like GDP growth, urbanisation, and sustainability are fueling Hiab's growth by driving increased demand for innovative load handling solutions. Customers need solutions that enhance their operational safety and productivity, maximise uptime, and extend product lifecycles. In a world facing a shortage of skilled talent, Hiab's creative solutions in training, automation, and productivity make a significant difference. As a leading innovator in the industry, Hiab is uniquely positioned to partner with customers, solve their challenges, and shape the future of load handling.

Hiab's efforts to reduce CO_2 emissions are emphasised in all its activities. Hiab's aim is to contribute to emission reductions and help its customers achieve their sustainability targets.

GDP GROWTH

Hiab's overall growth strategy – targeting annual sales growth of over 7 percent over the cycle – is closely related to GDP growth. GDP growth demonstrates the growing value of total final output of goods and services produced, where load handling plays a necessary and inseparable part of the process. By focusing on essential industries and expanding in regions with high growth potential, such as North America, Hiab aims to capitalise on economic development.

EXAMPLE:

Hiab's WALTCO liftgates (tail lifts) holding #2 position in the US market.

URBANISATION

As cities grow and evolve, so does our way of life. This creates a need to redesign and innovate for denser urban spaces. Hiab is at the forefront of this evolution, providing crucial solutions for waste & recycling, retail & final mile delivery, and construction. These industries are fundamental to urban development and efficient city planning, making them key partners in the urbanisation process.

EXAMPLES:

Hiab's quiet and low-emission solutions, like the complete electric range MOFFETT truck mounted forklift eSeries, re-cycling cranes, eULTIMA for electric trucks.

SUSTAINABILITY

Sustainability covers topics such as reducing greenhouse gas emissions and waste as well as respecting human rights. Hiab is focused on its leadership in sustainable load handling, illustrated by eco portfolio products like electric MOFFETTs, solar charging for tail lifts, ePTO (electric power takeoff) for cranes, refurbished equipment, and variable hydraulic pumps for lower emissions. Circularity is translated into increasing longevity through equipment service, and continuously rethinking the materials sourced.

EXAMPLES:

MOFFETT E-Series, MULTILIFT eULTIMA, HIAB wspr.

STRATEGY

HIAB'S PERFORMANCE TARGETS

Cargotec published new long-term financial targets for its Hiab business area on 27 May 2024. On 11 February 2025, the Board amended the long-term financial targets set for Hiab to reflect the business' standalone future.

Cargotec's Board of Directors has set the following financial targets for Hiab to measure success by 2028:

- Annual sales growth over seven percent over the cycle
- Comparable operating profit 16 percent
- Return on capital employed over 25 percent[1]

Standalone Hiab also aims for a growing dividend of 30–50 percent of EPS and to keep gearing below 50 percent.

In addition to the long-term financial targets, Cargotec's climate target, validated by the Science Based Targets initiative (SBTi) in 2020, remains valid for the time being. The company is planning to update the climate target for standalone Hiab and apply for its validation from SBTi. The process starts in 2025.

The comparable operating profit target was amended from 18 percent as a business area to 16 percent as a standalone company to reflect increased corporate administrative and support function costs, which were earlier part of Cargotec group's corporate administrative and support functions. In 2024, these costs were approximately 1.7 percent of sales.

HIAB'S PERFORMANCE PROGRESS IN 2024

2028 target	Progress in 2024
Annual sales growth over seven percent over the cycle[2]	7%
Comparable operating profit 16 percent	13.2%
Return on capital employed over 25 percent	30.5%

1 Operative ROCE defined as (Operating profit / Operative capital employed).

2 Average sales growth 2014–2024.

HIAB'S INVESTMENT HIGHLIGHTS

Hiab is a leading player in the load handling industry with a strong competitive advantage. Hiab's key investment highlights are:

- **#1 or #2 position in all segments:** Hiab holds leading market positions in a variety of growing and attractive essential industries that are expected to grow, providing a stable market for Hiab's products.
- **Positioned to grow faster than the market:** Hiab intends to outpace market growth through a deep understanding of customer needs and innovative solutions. It is set to grow through continued innovation and focused segment strategy, geared to expand the leading position in the growing North American market, and leverage further its sizable installed base and connectivity to accelerate services growth.
- **Profitability upside:** Hiab's operating model enables incremental efficiency improvement, designed to support continuous improvement and cost-effectiveness.
- **Sustainable value creation:** Hiab aims to maintain a strong, best-in-class financial profile and explore growth opportunities through mergers and acquisitions.

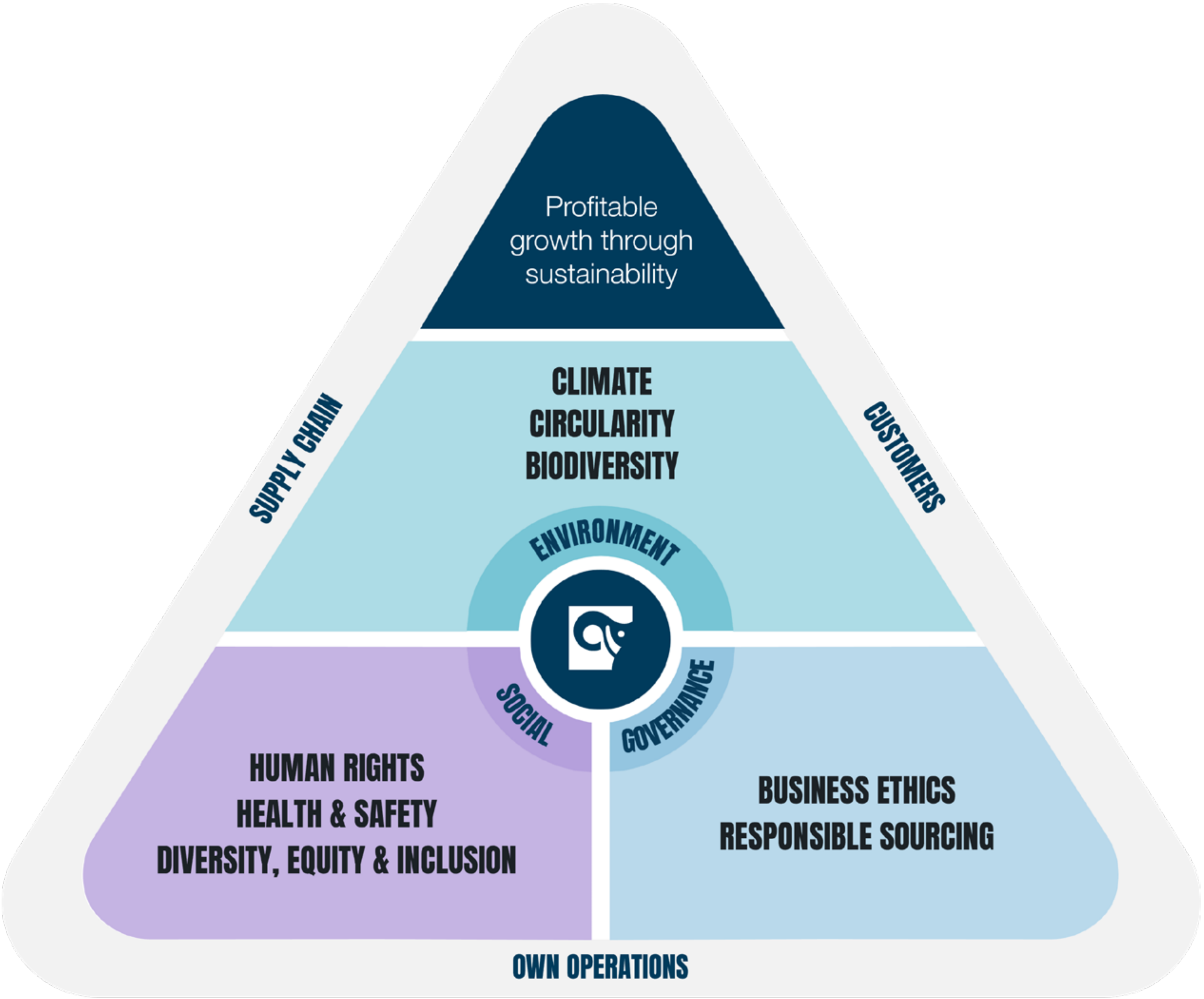
These highlights emphasise Hiab's strategic focus on innovation, customer relationships, operational efficiency, and financial strength to drive sustainable growth and create value for shareholders.

SUSTAINABILITY AT CARGOTEC

Cargotec's material sustainability topics were identified in a double materiality assessment in 2023. Based on the results, Cargotec updated its sustainability agenda in 2024 to include Biodiversity and Business ethics, while Sustainable finance was removed.

Due to the planned separation of Cargotec's business areas, many sustainability-related actions were put on hold in 2024. Kalmar, Hiab, and MacGregor will be responsible for the necessary development activities in the future as standalone companies. However, steps to improve were still taken during the year, especially in the business areas. A summary of these actions is presented in this section.

For more information about the double materiality assessment and actions taken during the year, see our Sustainability statement in the Board of Directors' report.



Environment

Cargotec takes action in all parts of its value chain to reduce our greenhouse gas emissions. The biggest potential lies in the use phase of sold equipment. For example, Hiab offers a complete range of electric truck-mounted forklifts and all Hiab's tail lifts are fully compatible with electric vehicles. In 2024, Hiab also launched the MULTILIFT eULTIMA, the world's first hooklift specifically designed for electric trucks. The eULTIMA uses the truck's electric power takeoff for operation, which essentially eliminates the tailpipe emissions of the hooklift.

To tackle emissions in the supply chain, Cargotec's primary goal is to secure early access to low-emission steel. In 2024, Hiab announced that customers now have the option to have their MULTILIFT ULTIMA hooklift built partly with low-emission steel, which is made from recycled steel and produced using fossil-free electricity. Increasing the share of recycled steel also leads to less need for virgin steel and, thus, for mining operations. This contributes to the circular economy and lessens negative impacts on local biodiversity. In 2024, Cargotec's greenhouse gas emissions decreased by 21 percent compared to 2023 (continuing operations). The decrease was mainly due to reduced sales. Emission intensity also improved, which was partly due to the increased share of service sales of total sales.

Social

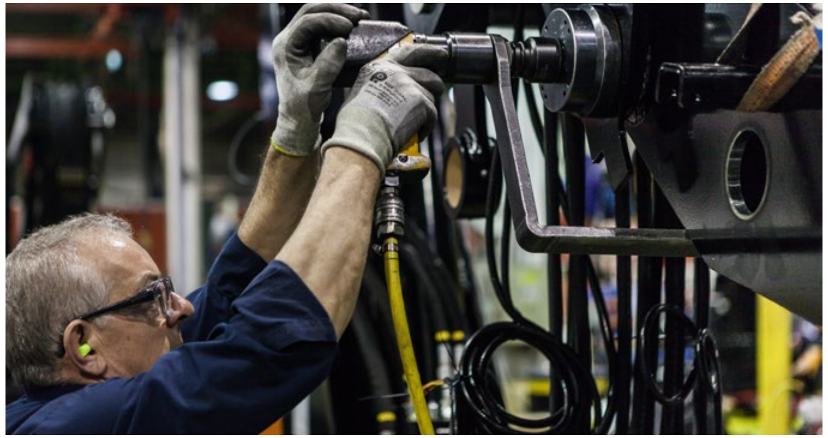
In 2024, Cargotec took several actions to improve the health and safety of employees and value chain workers. For instance, as part of a project to increase productivity at assembly sites, Hiab improved safety by, for example, developing processes and documentation. In the supply chain, Cargotec commissioned onsite audits with 19 suppliers, and non-compliance was found in all of them. The main improvement areas were related to health and safety, and the suppliers received a corrective action plan. In the downstream, Hiab launched the L2 Driver Support assistance technology for its MULTILIFT demountables. By reducing the need to leave the cabin and have manual precision, the technology helps safeguard both the driver and surrounding assets.

Due to the planned separation of Cargotec's business areas, initiatives related to diversity, equity and inclusion (DE&I) became the responsibility of the business areas in 2024. Hiab has a roadmap to ensure that DE&I will be advanced in the future. In addition, Cargotec created a guideline in 2024 to help its business areas plan and execute human rights due diligence as future standalone companies.

Governance

Cargotec's employees and external stakeholders can report potential misconduct through our externally hosted SpeakUp line. All investigations are conducted in an objective manner and in compliance with regulations. Cargotec also trains its employees on ethics and compliance topics. In 2024, the completion rate for the mandatory Code of Conduct training was 95 percent for continuing operations.

The responsible sourcing programme focuses on mitigating sustainability risks in the supply chain, with four key priority areas: decarbonisation, reducing hazardous substances, sourcing critical minerals responsibly, and ensuring sustainability due diligence and continuous improvement. The 2024 target for responsible sourcing was to have at least 90 percent of strategic suppliers complete a third-party sustainability self-assessment and reach an improved combined average score of 60 percent or above. The target was achieved with a 95 percent coverage and a 66 percent combined average score for continuing operations.



GOVERNANCE

CORPORATE GOVERNANCE STATEMENT 2024

The governance and management of Cargotec Corporation ("Cargotec" or "Company") are based on the Finnish Limited Liability Companies Act and Securities Markets Act, as well as the Company's Articles of Association, Code of Conduct and other Company policies. The Cargotec class B share is listed at Nasdaq Helsinki, Finland, and the Company complies with the rules and guidelines of Helsinki Stock Exchange and the Finnish Financial Supervision Authority as well as with all the recommendations of the Finnish Corporate Governance Code 2025, published by the Securities Markets Association (www.cgfinland.fi/en).

The corporate governance statement has been reviewed by the Board's Audit and Risk Management Committee. It is issued as a separate report and disclosed, together with the financial statements, Board of Directors' report, and the remuneration report, on the Company website. Up-to-date information on governance and remuneration is available on the website.

Corporate governance

Cargotec's shareholders exercise the highest decision making power at the Shareholders' meeting. The Annual General Meeting (AGM) appoints the members of the Board and the Auditors. The Company is managed by the Board of Directors and the President and CEO, appointed by the Board.

Shareholders' Meeting

The Annual General Meeting is held annually within six months of the closing of the financial period, on a day designated by the Board. An extraordinary Shareholders' meeting in respect of specific matters shall be held when considered necessary by the Board, or when requested in writing by a Company auditor or by shareholders representing at least 10 percent of all the issued shares of the Company.

The issues decided on by the AGM include the adoption of the financial statements, distribution of profit, granting of release from liability to the members of the Board of Directors and to the CEO, as well as the election of and remuneration payable to the members of the Board and auditor. The Shareholders' meeting also has the right to amend the Articles of Association, decide on merger and demerger, and make decisions and authorise the Board of Directors to make decisions on the acquisition of treasury shares, on share issues, and on option programmes.

Cargotec has two share classes, each with different voting rights. In the Shareholders' meeting, each class A share carries one vote, as does each set of ten class B shares, with the provision that each shareholder is entitled to at least one vote.

In 2024, Cargotec's AGM was held on 30 May 2024. The shareholders and their proxy representatives were able to participate in the general meeting and exercise shareholder rights in person in Helsinki and by voting and asking questions in advance. It was also possible to follow the meeting via an online video stream. The meeting adopted the financial statements and consolidated financial statements, approved the remuneration policy and the remuneration report as well as granted discharge from liability to the CEO and the members of the Board of Directors for the financial year 1 January–31 December 2023. The meeting appointed the members of the Board of Directors, the auditor and the sustainability reporting assurance provider and approved their remuneration. The meeting approved a distribution of a dividend of EUR 2.14 per each class A share and a dividend of EUR 2.15 per each outstanding class B share to be paid for the financial period ended 31 December 2023.

The AGM resolved on the partial demerger of Cargotec in accordance with the demerger plan approved by the Board of Directors and signed on 1 February 2024. As part of the demerger resolution, the meeting approved the incorporation of Kalmar Corporation ("Kalmar") and its articles of association. Also as part of the demerger resolution, the number of the Kalmar Board members was confirmed, the members were elected and their yearly remuneration was confirmed and the auditor and sustainability reporting assurance provider were appointed. The meeting approved the establishment of the Shareholders' Nomination Board of Kalmar and adopted its charter as well as approved the remuneration policy for governing bodies of Kalmar. As part of the demerger resolution, the AGM resolved on a decrease of share capital of Cargotec and on the dissolution of share premium reserve of Cargotec.

More information on Cargotec's AGM and the partial demerger is available on Cargotec's website.

Board of Directors

Responsibilities

As stipulated in the Finnish Limited Liability Companies Act and Cargotec's Articles of Association, the Board is responsible for the management and proper organisation of the Company's operations as well as for representing the Company. The Board has compiled a written charter for its work that defines its main duties and operating principles. The Board's main responsibilities include approving Cargotec's annual, half-year, and interim financial statements. The Board appoints Cargotec's President and CEO and determines the related terms of employment, as well as confirms Cargotec's strategy and monitors its implementation. The Board decides on significant loans, acquisitions and investments and approves the annual and long term operational and financial plans, sustainability targets, as well as risk management principles. The Board discusses organisation and talent management issues and approves the long- and short-term incentive programmes and their outcome. Matters presented regularly to the Board include violations against the Code of Conduct, internal control, data and information security and quarterly reports on Cargotec's sustainability actions. In connection with each meeting, the Board holds discussions also without the presence of the executive management.

In 2024, the Board had 15 meetings. Some of these meetings were held remotely or the resolutions were recorded without convening. Attendance in the meetings is reported in the table further below.

The Board agrees annually on focus areas for the coming year. The key themes on the Board's agenda throughout the year 2024 have been Cargotec's strategic focus areas sustainability and profitable growth. Reports on the climate and sustainability work and business area climate actions were regularly presented to the Board. During the first half of 2024, the main focus was on the partial demerger of Cargotec, In February, the Board approved the demerger plan concerning the separation of Kalmar business area into a new listed company. The Board supervised the demerger execution, including the organisation of independent Kalmar. The demerger was completed on 30 June 2024. The Board has also supervised MacGregor's financial performance and the process of finding a solution for MacGregor according to the decision by the Board in 2022 that MacGregor will not be part of Cargotec's portfolio in the future. In May, the Board resolved to start the sales process of MacGregor and the agreement to sell MacGregor was signed in November 2024. In addition, the Board has ensured the standalone readiness of the remaining Cargotec and announced that the name of the company will be changed to Hiab in 2025.

Composition

According to the Articles of Association, Cargotec's Board of Directors includes a minimum of six and a maximum of twelve members. Board members are elected at the AGM for a one-year term of office that expires at the end of the first AGM following the election. The Board elects a Chair and a Vice Chair from among its members. The Board's composition shall support the overall goal of implementing Cargotec's strategy. According to the Board's diversity principles, board composition shall reflect the operations strategy and the future needs of the Company. The diversity factors include work experience in Cargotec's strategic business areas and of the cultures in which Cargotec operates, as well as educational background, age and gender. There shall be both genders in the Board, the target being at least two directors of the under-represented gender.

At the AGM in 2024, the number of Board members was confirmed to seven. The current Board members Ilkka Herlin, Raija-Leena Hankonen-Nybom and Ritva Sotamaa were re-elected to the Board of Directors and Eric Alström, Jukka Moisio, Tuija Pohjolainen-Hiltunen and Luca Sra were elected as new members. The former Board members Jaakko Eskola, Teresa Kemppi-Vasama, Tapio Kolunsarka, Johanna Lamminen and Kaisa Olkkonen did not stand for re-election. In its organising meeting, the Board elected Ilkka Herlin as Chair and Jukka Moisio as Vice Chair. The Board nominated Eric Alström as the member responsible for overseeing sustainability matters in the Board. Outi Aaltonen, Senior Vice President, General Counsel, served as the Secretary to the Board of Directors.

Three Board members are female and four are male, and the underrepresented gender comprised 43 percent of all members of the Board. Thus, the gender target the Board had set has been reached. At the end of 2024, the age range of the members was between 53 and 65 years. The Board members have a wide range of educational backgrounds and they have executive experience in international companies in different cultures.

Biographical details of the Board members are given below and up-to-date CV details are available on the Company website. The remuneration of the Board is described in the Remuneration report 2024.

Self-assessment and assessment of independence

The Board conducts an annual internal self-assessment to review its own performance and procedures. In 2024, the self-assessment was conducted as a written questionnaire that the Board discussed among themselves.

The majority of the Board members shall be independent of the Company and a minimum of two of the independent directors are to be independent of significant shareholders. The Board conducts, annually and when necessary, an assessment of its members as regards their independence of the Company and major shareholders, as defined in the Corporate Governance Code.

In 2024, the members were independent of the Company and all except Ilkka Herlin independent of major shareholders. Ilkka Herlin controls the company Wipunen varainhallinta oy, which is a significant shareholder of Cargotec, and he also is a Board member of Mariatorp Oy, another significant shareholder. In the overall evaluation, the Board considered the over ten year term of Ilkka Herlin but considered him still to be independent of the company.

Board and committee members' participation in meetings 2024

	Board of Directors	Audit and Risk Management Committee	Nomination and Compensation Committee	Demerger Committee
Ilkka Herlin Chair	15/15	-	7/7	-
Jukka Moisio Vice Chair as of 30 May 2024	8/8	-	3/3	-
Eric Alström Member as of 30 May 2024	6/8	3/3	-	-
Raija-Leena Hankonen-Nybom Member	15/15	8/8	-	-
Tuija Pohjolainen-Hiltunen Member as of 30 May 2024	8/8	3/3	-	-
Ritva Sotamaa Member	15/15	-	7/7	-
Luca Sra Member as of 30 May 2024	7/8	-	-	-
Jaakko Eskola Chair until 30 May 2024	7/7	-	4/4	6/6
Teresa Kemppi-Vasama Member until 30 May 2024	6/7	-	4/4	5/6
Tapio Kolunsarka Member until 30 May 2024	7/7	4/5	-	6/6
Johanna Lamminen Member until 30 May 2024	7/7	5/5	-	-
Kaisa Olkkonen Member until 30 May 2024	6/7	5/5	-	-

Board of Directors 31 December 2024

Ilkka Herlin
Chair, b. 1959, male, Finnish citizen

Ph.D., D.Sc. (Tech) h.c., D.Sc. (Agr & For) h.c.

Board Chair 2005–2022, Vice Chair 2022–2024, Chair since 30 May 2024
Chair of Nomination and Compensation Committee

Independent of the Company, significant shareholder (Wipunen varainhallinta oy), not independent of significant shareholder (Board member of Mariatorp Oy)

Main positions: Chair and owner, Wipunen varainhallinta oy; Board member, Foundation for a Living Baltic Sea

Ownership 31 December 2024*:
2,940,067 A shares
6,213,346 B shares

Jukka Moisio
Vice Chair, b. 1961, male, Finnish citizen

M.Sc. (economics), MBA

Board member and Vice Chair since 2024
Member of Nomination and Compensation Committee

Independent of the Company and significant shareholders

Main positions: President and CEO, Nokian Tyres Plc (until 12/2024)

Ownership 31 December 2024*:
1,576 B shares

Eric Alström
Member, b. 1966, male, Swedish and American citizen

M. Sc. Management

Board member since 2024
Member of Audit and Risk Management Committee

Independent of the Company and significant shareholders

Main position: President, Danfoss Power Solutions, Danfoss A/S (until 12/2024)

Ownership 31 December 2024*:
968 B shares

Raija-Leena Hankonen-Nybom
Member, b. 1960, female, Finnish citizen

M.Sc. (Econ.), Authorised Public Accountant examination

Board member since 2023
Chair of Audit and Risk Management Committee

Independent of the Company and significant shareholders

Main position: Board professional

Ownership 31 December 2024*:
1,945 B shares

* Direct ownership and ownership of controlled corporations.

Board of Directors 31 December 2024

Tuija Pohjolainen-Hiltunen
Member, b. 1966, female, Finnish citizen

M.Sc. (Eng)

Board member since 2024
Member of Audit and Risk Management Committee

Independent of the company and significant shareholders

Main position: EVP, Water Solutions Business Unit, Kemira

Ownership 31 December 2024*:
968 B shares

Ritva Sotamaa
Member, b. 1963, female, Finnish citizen

Master of Laws, served on the bench

Board member since 2023
Member of Nomination and Compensation Committee

Independent of the company and significant shareholders

Main position: Board professional

Ownership 31 December 2024*:
2,127 B shares

Luca Sra
Member, b. 1971, male, Italian citizen

M. Sc. (Econ.), MBA

Board member since 2024

Independent of the company and significant shareholders

Main position: President and CEO, Iveco Truck Business Unit, Iveco Group

Ownership 31 December 2024*:
860 B shares

Board members until 30 May 2024:

Jaakko Eskola
member 2021–2024, Chair 2022–2024

Teresa Kemppi-Vasama
member 2017–2024

Tapio Kolunsarka
member 2023–2024

Johanna Lamminen
member 2017–2024

Kaisa Olkkonen
member 2016–2024

* Direct ownership and ownership of controlled corporations.

Board Committees

The Board has set up two permanent committees to improve the efficiency of board work: the Audit and Risk Management Committee and the Nomination and Compensation Committee. The Board nominates the members and the Chairs of the committees from among its members annually in its organising meeting and confirms the committees' written charters. The committees have no independent decision-making power, but prepare issues to be resolved by the Board. A temporary Demerger Committee was established in 2023 to support the proposed standalone Kalmar listing readiness preparations and it was dissolved in May 2024.

Audit and Risk Management Committee

The committee's duty is to supervise the financial and sustainability reporting executed by the management, and to monitor the financial statement and interim reporting process. In accordance with its charter, the committee supervises the adequacy and appropriateness of Cargotec's internal control, internal audit and risk management as well as the development of operative and strategic risks and risk management. The committee handles the Internal Audit plans and reports. Furthermore, the committee prepares a proposal to the AGM regarding the election and fees of the external auditor and the sustainability reporting assurance provider and monitors the statutory audit of financial statements and consolidated financial statements. Cargotec's Board has confirmed a Non-audit services policy for defining the permitted non-audit services purchased from the auditors. The committee defines and monitors the non-audit services to ensure the auditor's independence. Sustainability matters are presented to the committee at least quarterly and violations against Cargotec's Code of Conduct are reported to it. The committee also reviews Cargotec's Sustainability statement and Corporate governance statement.

The Audit and Risk Management Committee consists of a minimum of three members of the Board of Directors. In addition, the President and CEO, CFO, General Counsel, Chief Compliance Officer, and Head of Internal Audit as well as representatives of the auditing firm attend the meetings. The directors of Group Control, Treasury, Taxes, Information Management, Risk Management, and Sustainability report to the committee on a regular basis. If the matters to be dealt with so require, the committee convenes without the presence of the Company's management. An annual self-assessment discussion is held to identify any development areas in the committee's work.

Until the AGM in May 2024, the Audit and Risk Management Committee was chaired by Raija-Leena Hankonen-Nybom and its members were Tapio Kolunsarka, Johanna Lamminen and Kaisa Olkkonen. After the AGM, the Board re-appointed Raija-Leena Hankonen-Nybom as Chair of the committee and Eric Alström and Tuija Pohjolainen-Hiltunen were appointed as members. Committee members are independent of the Company and of major shareholders and they possess years of experience in business management duties.

In 2024, the committee met eight times. The meeting attendance is reported in the above table. During the first half of the year, the main focus of the committee was to prepare and handle governance and financial reporting issues relating to the partial demerger of the Company. The committee handled and prepared financial reporting and treasury topics for Board approval. The representatives of the auditing firm Ernst & Young presented their work and observations and reported the use of non-audit services to the committee in connection with the Company's annual and interim reports. Reports on risk management, internal audit, sustainability as well as ethics and compliance were presented at least four times a year to the committee. The committee received reports on financial items requiring management judgement, tax and treasury matters, information security management, legal claims, trade sanctions and internal controls. The committee reviewed the goodwill impairment testing results and the related party transactions. In 2024, one of the committee's main interests was to ensure that the company's annual sustainability reporting is compliant with the EU Corporate Sustainability Reporting Directive (CSRD). The status of reporting was reviewed in every committee meeting. The committee also evaluated the results of the annual review of Cargotec's double materiality assessment. For more information, see Cargotec's Sustainability statement in the Board of Directors' Report.

Nomination and Compensation Committee

The committee evaluates the composition, number of members and structure of the Board of Directors and recommends any changes deemed necessary to improve its effectiveness. The committee shall identify and assess individuals qualified to serve on the Board of Directors, taking into account the Company's strategic objectives, diversity goals and governance principles, and prepare a proposal to Cargotec's AGM concerning the composition and remuneration of the Board of Directors.

The committee prepares the remuneration policy and remuneration report for the Company's governing bodies, i.e. the Board, the CEO and the deputy CEO, if such is appointed. The committee discusses annually the Board's diversity principles and follows if the diversity target is met. The committee prepares a proposal to the Board regarding the appointment of the President and CEO and the terms of employment. The committee prepares Cargotec's long- and short-term incentive programmes and follows their outcome and effectiveness, and prepares the nomination and remuneration issues of other top management members as needed before Board approval.

The committee consists of a minimum of three Board members. The committee convenes as needed but at least three times a year. Until the AGM in 2024, the committee members were Jaakko Eskola (Chair), Ilkka Herlin, Teresa Kemppi-Vasama, and Ritva Sotamaa. In its organising meeting after the AGM, the Board appointed Ilkka Herlin as Chair and Jukka Moisio and Ritva Sotamaa as members of the Committee. Committee members are independent of the Company. The President and CEO and the Senior Vice

President, Human Resources, attended the committee meetings, except when they themselves were the subject of discussion.

In 2024, the committee convened seven times. The meeting attendance is presented in the above table. In accordance with the annual cycle, the committee's agenda comprised top management performance and remuneration reviews, establishment and follow-up of short-term and long-term incentive programmes and their outcome, as well as talent review follow-up.

The committee handled the remuneration policy as well as the remuneration report for the governing bodies presented to the AGM in 2024. The committee has also overseen the preparation of nomination and remuneration topics with regard to Cargotec's partial demerger planning and the standalone Kalmar as well as Hiab.

Demerger Committee

The Demerger Committee was established in August 2023 to support the potential standalone Kalmar listing readiness preparations and it was dissolved after the AGM in May 2024. The committee oversaw the preparations for Kalmar listing readiness and corporate governance matters. The committee members in 2024 were Jaakko Eskola (Chair), Teresa Kemppi-Vasama and Tapio Kolunsarka. The committee members were independent of the Company. The committee convened six times in 2024 and the meeting attendance is presented in the above table. The committee meetings were also attended by members of Cargotec's executive management. In addition, the President of Kalmar business area as well as the future Kalmar Board candidates attended the last committee meetings held in April/May 2024.

Management

President and CEO

The Board of Directors appoints Cargotec's President and CEO and determines the related terms of employment, defined in a written executive contract. The CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within Cargotec. According to the Finnish Limited Liability Companies Act, the CEO ensures that the accounting practices of the Company comply with the law and that financial matters are handled in a reliable manner. The Board evaluates the performance of the CEO and the achievement of the targets it has set to him. Casimir Lindholm, M.Sc. (Econ.), MBA, has acted as Cargotec's President and CEO since April 2023. No deputy CEO has been appointed.

Leadership Team

Supporting the President and CEO in his duties, Cargotec Leadership Team is responsible for business development and the Company's operational activities in accordance with the targets set by the Board of Directors and the CEO. The Leadership Team also defines operative principles and procedures in accordance with the guidelines set by the Board. The Leadership Team concentrates on the strategic issues of the group and the business areas. The agenda regularly includes reports and issues concerning financial development, governance, human resources, sustainability, and development projects. Throughout the year 2024 the main focus has been in the partial demerger process.

The Leadership Team members report to Cargotec's President and CEO. Two members of the Leadership Team are female and six are male, and the underrepresented gender comprised 25 percent of all members.

Biographical details of the President and CEO as well as the members of the Leadership Team are given below and up-to-date CV details are available on the Company website. The CEO remuneration is described in the Remuneration report 2024 and the remuneration of the Leadership Team is described on the Company website.

Leadership Team 31 December 2024

Casimir Lindholm
President and CEO;
Interim President of Kalmar business area 16 Aug 2023 – 31 Mar 2024

B. 1971, male, Finnish citizen
M.Sc. (Econ.), MBA

Ownership 31 December 2024*:
2,088 B shares

Mikko Puolakka
Executive Vice President, CFO

B. 1969, male, Finnish citizen
M.Sc. (Econ.)

Ownership 31 December 2024*:
53,322 B shares

Scott Phillips
President, Hiab

B. 1966, male, American citizen
MBA, B.Sc. (Ind. Tech.)

Ownership 31 December 2024*:
60,592 B shares

Leif Byström
President, MacGregor

B. 1962, male, Swedish citizen
Bachelor degrees in Business Administration and Innovation Engineering

Ownership 31 December 2024*:
2,664 B shares

* Direct ownership and ownership of controlled corporations.

Leadership Team 31 December 2024

Outti Aaltonen
Senior Vice President, General Counsel

B. 1965, female, Finnish citizen
LL.M

Ownership 31 December 2024*:
16,435 B shares

Mikael Laine
Senior Vice President, Strategy;
Interim COO, Kalmar business area 6 August 2023 – 30 Apr 2024

B. 1964, male, Finnish citizen
M.Sc. (Econ.)

Ownership 31 December 2024*:
33,848 B shares

Soili Mäkinen
Senior Vice President, Sustainable Business Development

B. 1960, female, Finnish citizen
M.Sc. (Econ.)

Ownership 31 December 2024*:
25,138 B shares

Mikko Pelkonen
Senior Vice President, Human Resources

B. 1970, male, Finnish citizen
B.A.

Ownership 31 December 2024*:
70,949 B shares

Leadership Team members during 2024:

Carina Geber-Teir
Senior Vice President, Communications
until 30 June 2024

Sami Niiranen
President, Kalmar business area
1 April – 30 June 2024

* Direct ownership and ownership of controlled corporations.

Principles of internal control and risk management relating to the financial reporting process

Cargotec compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act, and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of Nasdaq Helsinki Ltd.

The internal control and risk management principles, guidelines, practices and responsibilities pertaining to the Company's financial reporting process have been designed to ensure that the financial reports disclosed by Cargotec are reliable and meet the requirements of the law, regulations and Company principles.

Instructions regarding the publication of financial information and external communications are included in Cargotec's Disclosure policy, approved by the Board of Directors. This is available on the Company intranet and website. Together with Group Communications, Investor Relations is responsible for ensuring the accuracy of and compliance with the policy.

Cargotec's Code of Conduct contains the principles that guide the Company. All employees are expected to familiarise themselves with the Code of Conduct and take the regular eLearning trainings. To prevent financial and other misconduct, Cargotec has instructions for principles and processes for raising concerns. The SpeakUp line gives an opportunity to anonymously raise concerns of possible misconduct or other matters that may not be in line with Company values and policies. The reporting channel is provided by an external partner, to ensure anonymity. All reports are investigated and processed in confidence by the Ethics and Compliance team. Corrective and disciplinary actions are discussed and agreed in the Code of Conduct panel of the Cargotec Leadership Team.

Internal control

The objective of Cargotec's internal control is to ensure that the Company's operations are efficient and profitable, that risk management is adequate and appropriate, and that financial and other information produced is reliable. Cargotec's internal control is based on the Company's Code of Conduct and Internal Controls Framework. With respect to the financial reporting process, these are supported by policies and guidelines, as well as with the internal financial reporting process and communication. Cargotec's Internal control policy, approved by the Board of Directors, specifies the applicable control principles, procedures and responsibilities. Control activities, which occur throughout the organisation at all levels and functions, help to ensure that necessary actions are taken to address risk while achieving the company's objectives. The purpose of these control measures is to detect, prevent, and correct any errors and deviations in financial follow-up. Internal controls are owned by the individuals performing the company's operations and every employee is responsible for ensuring that the framework is effective in achieving the company's mission.

Similarly to other Cargotec operations, responsibility for internal control is divided into three tiers. The line management is principally responsible for internal control. This is backed by group support functions, which define instructions applicable across the Company and supervise risk management. Internal and external audits form the third tier, their task being to ensure that the first two tiers function effectively.

The effectiveness of internal control measures related to financial reporting is monitored by the Board of Directors, the Audit and Risk Management Committee, the President and CEO, the Leadership Team, and business area leadership teams.

Risk management

Cargotec's risk management is guided by the Enterprise risk management policy, approved by the Board of Directors It specifies the objectives and principles of risk management as well as the process and responsibilities involved. Risk management is to be naturally built into all business decisions and plans. The core principle is continuous, systematic, and preventive action taken to identify risks, define the Company's risk appetite, assess and handle risks and, if they materialise, deal with them effectively.

The Board of Directors defines Cargotec's overall risk appetite and ensures that the organisation has sufficient risk management and control. The President and CEO and the Leadership Team are responsible for the methods, implementation, and supervision of risk management. Cargotec's risk management is spread across business units and group support functions that assign responsibility for risk management and that are in charge of identifying, managing, and reporting risks. The Risk Management function is responsible for reporting any findings to the President and CEO and the Leadership Team, and reports quarterly to the Board's Audit and Risk Management Committee on the risk reviews, identified risks, and mitigation plans.

Climate-related risks and opportunities are identified and assessed according to the general corporate risk management process but in climate-related topics the process does not focus only on risks but also opportunities. The climate-specific risk management process is described in the Sustainability statement of the Board of Directors report. Financial risks, such as currency, interest rate, liquidity, credit and counterparty risks, are managed centrally by the Group Treasury and reported to the management and the Audit and Risk Management Committee on a regular basis. The Board of Directors' report includes an estimate on the Company's main risks and uncertainties and short term risks.

Other information

Internal audit

Cargotec's Internal Audit function serves as an independent and objective assurance and advisory service provider, designed to enhance operational efficiency and add value to Cargotec and its businesses. As an integral part of the corporate governance process, Internal Audit supports the organization by employing a systematic methodology for objectively evaluating and improving the effectiveness of governance, risk management, and control processes. The Internal Audit Charter, approved by the Board of Directors, defines the Internal Audit mandate, scope, authority and reporting lines.

Internal Audit operates based on an Internal Audit Plan, approved by the Board's Audit and Risk Management Committee, incorporating Cargotec's strategic priorities, key projects and identified risks as key components in the audit planning process. The Head of Internal Audit provides regular reports to senior management and the Audit and Risk Management Committee on the function's activities, including audit reports and action plans by various organizational units. Internal Audit actively collaborates with other assurance service functions within Cargotec, such as Risk Management, Internal Control, and Compliance, as well as with top management, to share best practices related to processes and governance. The Head of Internal Audit is informed of suspected misconduct and breaches of Cargotec's policies, principles, and applicable laws and regulations and as needed, the Internal Audit team participates in ensuing investigations. In line with the announced Cargotec demerger plan during 2024, Internal Audit supported Kalmar corporate governance by establishing and staffing the Kalmar Internal Audit function.

Internal Audit reports directly to the Board of Directors' Audit and Risk Management Committee, with administrative reporting to the Chief Financial Officer.

External audit

The statutory external audit for the financial period includes the auditing of accounting records, financial statements and administration. In addition to the auditor's report issued annually, the auditors report to the Board of Directors on their audit findings on a regular basis, and attend the Board's Audit and Risk Management Committee meetings.

According to the Articles of Association, Cargotec has at least one and no more than two auditors. The auditor must be approved by the Finnish Patent and Registration Office, and the principal auditor must be an authorised public accountant. The auditors are elected annually by the AGM and their assignment expires at the end of the first AGM following the election.

The AGM that convened on 30 May 2024 re-elected the auditing firm Ernst & Young Oy as Cargotec's auditor. Heikki Ilkka from Ernst & Young Oy has been the principal auditor since 2021. Auditor's fees are compensated against an invoice. The fees paid to the auditor for different services are listed below. Other services in 2024 were mainly related to the sale of MacGregor and the partial demerger of Cargotec.

In accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and national legislation related thereto, Cargotec will prepare its first sustainability report for the financial year 2024. The AGM of 30 May 2024 elected authorized sustainability assurance audit firm Ernst & Young Oy as the sustainability reporting assurance provider. Ernst & Young Oy has notified that Heikki Ilkka will act as the responsible authorized sustainability auditor. The sustainability reporting assurance provider's fees will be paid according to an invoice.

Auditor's fees

MEUR	2024	2023
Audit fees	3.7	3.8
Tax advice	0.0	0.0
Other services	1.5	0.7

Related party transactions

Cargotec's related parties include its subsidiaries, associated companies and joint ventures. Also the members of the Board of Directors, the President and CEO and other members of the Leadership Team, their close family members and entities controlled directly or indirectly by them, as defined in IAS 24, are related to Cargotec. Major shareholders with more than 20 percent ownership of shares or of the total voting rights in the Company, are included in related parties. The Company maintains lists of its related parties.

Transactions with associated companies and joint ventures are monitored in the financial reporting system. They are reported in Note 9.3 to the financial statements and they have been carried out at market prices. The Company has an instruction for the Board and Leadership Team members and major shareholders regarding recognising related party transactions. They are obliged to inform the Company of any planned agreements or other legal acts with any group company and asked annually to confirm if any related party transactions have taken place. The Board handles all related party transactions that are not conducted in the ordinary course of business of the company or are not implemented under arm's length terms.

Insider administration

Cargotec applies the insider guidelines of Nasdaq Helsinki Ltd, in addition to which the Board of Directors has approved internal insider guidelines based on the Nasdaq Helsinki guidelines. Cargotec maintains a list of its Managers and their closely associated persons. Cargotec's Managers include the members of the Board of Directors and the Leadership Team. The Managers and their closely associated persons are obliged to notify Cargotec and the Finnish Financial Supervisory Authority of every transaction conducted on their own account relating to Cargotec's financial instruments. Cargotec will publish each notification in the form of a stock exchange release. Persons who, on the basis of an employment or other contract, work for the company and obtain inside information associated with a specific project, are entered in the Company's project-specific insider register, which is established when necessary.

Trading in Cargotec financial instruments is prohibited on the person's own account or for the account of a third party:

a) if a person possesses inside information,

b) regarding project-specific insiders, for the duration of the project until the project is published or otherwise terminated,

c) regarding Managers, during a period of 30 days prior to the publication of Cargotec's annual or interim reports (closed window), and

d) regarding persons having access to material financial information, especially persons engaged with preparing Cargotec's annual or interim reports, during a period of 30 days prior to the publication of such report (extended closed window).

The General Counsel of Cargotec is responsible for the overall insider management in Cargotec, including necessary training. Group Legal is responsible for maintaining the list of Managers and the project specific insider lists and informing the insiders of their insider status and of closed windows. Group Communications is responsible for disclosing the transactions of the Managers and their closely associated persons.

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REMUNERATION REPORT 2024

Letter from the Chair of the Board

Dear shareholder,

As the chair of the Board and the Board's Nomination and Compensation Committee, I am pleased to present Cargotec's 2024 remuneration report. This report adheres to the recommendations of the Finnish Corporate Governance Code 2025, as well as the provisions of the Finnish Securities Market Act and Limited Liability Companies Act. It has been thoroughly reviewed by the Board's Nomination and Compensation Committee and subsequently approved by the Board of Directors. The shareholders will have the opportunity to cast an advisory vote on the approval of this Remuneration Report at the Company's Annual General Meeting in 2025.

The contemporary era is characterised by rapid technological advancement and unprecedented global interconnectedness. In this dynamic and complex landscape, adaptability and agility are not merely advantageous but imperative. The ability to respond swiftly and effectively to change has become an essential prerequisite for success. To navigate these evolving challenges, individuals and organizations must commit to continuous learning, foster a culture of innovation, and cultivate resilience. By embracing these principles, we can adeptly manage unforeseen obstacles and capitalize on emerging opportunities.

Cargotec has fully embraced the spirit of transformation. Aligned with our strategic objectives, we successfully executed the partial demerger of the company in 2024, resulting in the establishment of Kalmar as an independent entity on June 30, 2024. Concurrently, we have undertaken comprehensive preparations for Hiab's transition into a standalone company, strengthening its operational framework and enhancing its administrative presence in Finland. Furthermore, we have entered into an agreement to sell the MacGregor business to funds managed by Triton. This transaction, expected to be finalised by July 1, 2025, will enable us to sharpen our strategic focus and drive future growth.

This strategic transformation of Cargotec reflects the vision, dedication, and resilience of our entire team. Their steadfast commitment has been crucial in managing these significant changes while maintaining business continuity. I extend my sincere gratitude to every employee for their strong contributions.

Despite a year of many changes, Cargotec delivered a solid financial performance in 2024. Sales decreased by 8 percent from the previous year's level and amounted to EUR 1,647 million. In our strategic focus areas, North America and Services, our sales continued to grow. Our comparable operating profit decreased by 1 percent and amounted to EUR 217 million corresponding to 13.2 percent of sales.

Despite navigating a complex global landscape marked by high interest rates, inflation, and geopolitical uncertainty, we have remained committed to providing excellent solutions for our customers and building long-term value for our shareholders.

Cargotec's remuneration practices are based on the principles of our remuneration policy. The Nomination and Compensation Committee regularly reviews and discusses the remuneration matters, ensuring that our approach is transparent, consistent, and fair. We see rewarding not just as an expense, but as an investment in our people, designed to attract, keep, and motivate top talent.

Our compensation philosophy extends beyond monetary rewards. It serves as a tool to communicate strategic goals, recognize achievements, and foster a culture of engagement and high performance at all levels of the organization.

We acknowledge the ongoing challenges of a dynamic labour market, including rising living costs and talent shortages. We remain committed to maintaining a competitive compensation framework that attracts and retains skilled employees while ensuring cost-efficiency and long-term sustainability. This balance remains a key priority for the Board and its Nomination and Compensation Committee.

Ilkka Herlin

Chair of the Board and Board's Nomination and Compensation Committee

Our approach to remuneration

Remuneration of the Cargotec governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on 30 May 2024. Cargotec has followed the Remuneration Policy's decision making process and remuneration governance model in 2024. Claw-backs were not made in 2024.

The remuneration at Cargotec is designed to reinforce Cargotec's values and ethical principles, align remuneration with the successful delivery of our strategy, and create long-term shareholder value

Remuneration at Cargotec is characterized by six key principles:

1. We align total compensation funding with our strategy and business plans.
2. We reinforce a high-performing culture
3. We aim to balance shareholder and employee needs.
4. We enhance our ability to attract, retain, and motivate a diverse group of talented individuals.
5. We ensure effective communication of our remuneration principles and programs to enhance transparency, both internally and externally.
6. We ensure compliance with local laws and regulations.

Remuneration Governance

Remuneration of the Board of Directors and the President and CEO is managed through clearly defined processes and involves the Annual General Meeting of Shareholders, the Board of Directors, and the Board's Nomination and Compensation Committee (NCC).

The AGM resolves annually on the remuneration for the members of the Board of Directors, based on a proposal made by the Board's Nomination and Compensation Committee, taking into account the remuneration principles of the Cargotec Board. The Board remuneration principles shall not restrict the shareholders' ability to resolve on Board remuneration.

Upon the recommendation of the NCC, the Board submits the Remuneration Policy in case of material changes (or at least every 4 years) and Remuneration Report (annually) to the AGM. The Board approves annually the remuneration of the CEO based on the proposal by the NCC within the confines of this Remuneration Policy.

Purpose of remuneration elements and link to strategy

Remuneration element	Purpose and link to strategy
Fixed salary	To attract and retain individuals with the required skills and experience to lead our business
Short-term incentives	To reward and incentivise achievement of our financial, strategic, operational and sustainability targets aligned with our business strategy
Long-term incentives	To commit to the long-term interest of the company and offer a competitive, ownership-based reward scheme.
Pension	To provide a competitive retirement in line with local market practice
Other benefits and programmes	To provide competitive level of benefits and support recruitment and retention

Remuneration of the Board of Directors

Under the regulations applicable to Cargotec, the shareholders resolve annually on Board remuneration based on a proposal made by the Nomination and Compensation Committee (NCC). The Remuneration Policy shall not restrict the shareholders' ability to resolve on Board remuneration.

In determining such remuneration, the committee takes into account the Board members' responsibilities and obligations towards the company. Furthermore, the NCC compares the Board's remuneration to other companies of similar size in Finland and internationally that operate in a comparable business environment to ensure that Cargotec is able to attract and retain Board members with relevant skills, industry knowledge and international experience.

Given the nature of the Board duties and responsibilities, the remuneration is not linked to the Company performance, and therefore includes fixed remuneration only, which can be paid in cash, shares or a combination thereof.

Remuneration of the Board of Directors 2024

Shareholders resolved on the Board Remuneration in the Annual General Meeting of 2024 as follows:

Yearly remuneration to the Board members:

- EUR 160,000 to the Chair of the Board,
- EUR 95,000 to the Vice Chair of the Board,
- EUR 80,000 to a member of the Board

In addition to the yearly remuneration outlined above, the following yearly remuneration was decided to be paid for the following roles held in the Board's Committees:

- EUR 20,000 to the Chair of the Audit and Risk Management Committee,
- EUR 10,000 to each member of the Audit and Risk Management Committee,
- A maximum of EUR 15,000 to the Chair of any other committee possibly constituted by the Board
- EUR 5,000 to each member of any other committee constituted by the Board.

Regarding the yearly remuneration, it was decided that 50 percent will be paid in Cargotec's class B shares and the rest in cash. Cargotec will cover the transfer taxes related to the Board remuneration paid in shares.

In addition, it was decided that EUR 3,000 will be paid for attendance of board and committee meetings held on a different continent than where them Board member is domiciled, and a meeting fee of EUR 1,500 per meeting for any additional meetings held outside the regular board and committee meeting cadence.

Travel expenses of the members of the Board of Directors are reimbursed in accordance with the company's travel policy.

Changes to the Board Remuneration in 2024

The Board fee structure and payment schedule changed for the Board term 2024. The yearly fees were changed to be payable annually instead of quarterly, and the meeting fees were payable only for meetings requiring intercontinental travel or if number of meetings held was higher than that of the ordinary planned cadence.

During 2024, the fourth quarterly instalment of the yearly remuneration as well as the meeting fees for meetings taken place in 2024 were paid for Board term that commenced in 2023. In addition, the entire yearly remuneration and meeting fees until end of the third quarter 2024 were paid for the Board term 2024.

Due to the change in the Board fee structure and the payment cadence of the fees between Board terms 2023 and 2024, the Board fees paid in relation to Board term 2023 and 2024 are shown separately in the following table.

Remuneration of the Board of Directors in 2024

Director	Committee memberships	Board Term 2023		Board Term 2024			
		Yearly remuneration, 1/4 payment[1], EUR	Meeting fees, EUR	Board yearly remuneration[1], EUR	Committee yearly remuneration, EUR	Meeting fees, EUR	Total, EUR
Ilkka Herlin Vice Chair until 30 May 2024 Chair from 30 May 2024	Member of the Nomination and Compensation Committee until 30 May 2024 Chair of the Nomination and Compensation Committee from 30 May 2024	17,678	10,000	161,512	15,000	0	204,191
Jukka Moisio Vice Chair of the Board from 30 May 2024	Member of the Nomination and Compensation Committee from 30 May 2024	0	0	95,750	5,000	0	100,750
Eric Alström Member of the Board from 30 May 2024	Member of the Audit and Risk Management Committee from 30 May 2024	0	0	80,675	10,000	0	90,675
Raija-Leena Hankonen-Nybom Member of the Board	Chair of the Audit and Risk Management Committee	17,578	11,000	80,750	20,000	0	129,328
Tuija Pohjolainen-Hiltunen Member of the Board from 30 May 2024	Member of the Audit and Risk Management Committee from 30 May 2024	0	0	80,675	10,000	9,000	99,675
Luca Sra Member of the Board from 30 May 2024		0	0	80,599	0	0	80,599
Ritva Sotamaa Member of the Board	Member of the Nomination and Compensation Committee	13,812	10,000	80,637	5,000	0	109,449
Jaakko Eskola Chair of the Board until 30 May 2024	Chair of the Nomination and Compensation Committee until 30 May 2024 Chair of the Demerger Committee until 30 May 2024	23,857	16,000	0	0	0	39,857
Teresa Kemppi-Vasama Member of the Board until 30 May 2024	Member of the Nomination and Compensation Committee until 30 May 2024 Member of the Demerger Committee until 30 May 2024	13,812	14,000	0	0	0	27,812
Tapio Kolunsarka Member of the Board until 30 May 2024	Member of the Audit and Risk Management Committee until 30 May 2024 Member of the Demerger Committee until 30 May 2024	13,812	15,000	0	0	0	28,812
Johanna Lamminen Member of the Board until 30 May 2024	Member of the Audit and Risk Management Committee until 30 May 2024	13,812	11,000	0	0	0	24,812
Kaisa Olkkonen Member of the Board until 30 May 2024	Member of the Audit and Risk Management Committee until 30 May 2024	13,812	10,000	0	0	0	23,812
Total		**128,172**	**97,000**	**660,597**	**65,000**	**9,000**	**959,769**

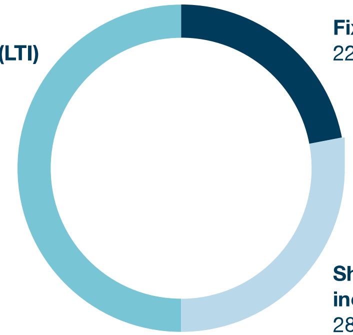
[1]Board yearly remuneration includes yearly remuneration paid in shares and cash during 2024, fringe benefits, and transfer tax paid in relation to the proportion of remuneration paid in shares.
For Board term 2023, the board yearly fees were paid out quarterly. Therefore in 2024, 25% of the Board yearly fees were paid at the end of Q1/2024.
For Board term 2024, the board yearly fees were paid as one instalment.

Remuneration of the President and CEO

Cargotec Board of Directors decides on the remuneration of the President and CEO based on the proposal by the Board's Nomination and Compensation Committee.

The remuneration of the President and CEO and Deputy CEO (if appointed) may consist of fixed salary, benefits, pension and other benefits and programmes, and variable pay components. The variable pay includes both short- and long-term incentives.

CEO'S RELATIVE PROPORTION OF PAY COMPONENTS (AT MAXIMUM)



For remuneration of the President and CEO, Cargotec Remuneration Policy has in principle been applied during 2024.
For Mika Vehviläinen, the paid long-term incentives differ from the basic structure of the long-term incentives due to a payout from a restricted share unit programme 2022-2024. The restricted share unit programme was established by the Board of Directors on 13 May 2022. The payout has been conditional on the achievement of strategic goals set by the Board of Directors.

President and CEO Casimir Lindholm 1 April 2023 -

In 2024, Casimir Lindholm's fixed monthly salary was EUR 60,445, including fringe benefits. The total fixed salary paid was EUR 749,835, including fringe benefits. The total fixed salary included a correction of fixed salary for 2023 of EUR 24,255.

In 2024, Casimir Lindholm was paid a short-term incentive relating to the performance of the financial year 2023. The incentive paid was EUR 674,914 and represented 95% of the maximum payable incentive for 1 April–31 December 2023, during which he was the President and CEO of Cargotec in 2023. Casimir Lindholm was not paid any long-term incentives during 2024.

The total remuneration paid to Casimir Lindholm was EUR 1,424,749, of which 53% was fixed and 47% variable performance based remuneration.

In 2024, Casimir Lindholm participated in the following variable pay programmes for which payments were not yet made in 2024:

- 2024 Annual Bonus Programme (STI): Achievement EUR 942,942, representing 100% of the maximum payable incentive.
- 2023–2025 Performance Share Programme: Achievement for measuring period 2024 3,781 Cargotec class B shares (net), representing 32.5% of the maximum for the measuring period 2024.
- 2024–2026 Performance Share Programme: Achievement for measuring period 2024 11,720 Cargotec class B shares (net), representing the maximum for the measuring period 2024.
- Additionally, Casimir Lindholm participated in the 2023–2025 Restricted Share Unit Programme. The earning period of the programme was ongoing during 2024, and earnings from the programme are not yet confirmed.

President and CEO Mika Vehviläinen - 31 March 2023

Mika Vehviläinen acted as the CEO of Cargotec from 2013 until 31 March 2023. During 2024, he received incentive payments related to his time as the CEO of Cargotec.

In 2024, Mika Vehviläinen was paid a short-term incentive relating to the performance of the financial year 2023. The incentive paid was EUR 235,736, representing 100% of the maximum payable incentive for 1 January - 31 March 2023, during which he was the CEO of Cargotec in 2023.

In addition, in 2024, Mika Vehviläinen received the following pay-outs from the share-based long-term incentive programmes relating to the period of acting as the CEO of Cargotec:

- EUR 972,619 from the Performance Share Programme 2020-2024, performance period 2021-2023 during the CEO period (April 2021 - March 2023)
- EUR 582,274 from the Performance Share Programme 2020-2024, performance period 2022-2024 during the CEO period (June 2022 - March 2023)
- EUR 902,023 from the Restricted Share Unit Programme 2022-2024 during the CEO period (May 2022 - March 2023)

The total remuneration paid to Mika Vehviläinen in 2024 relating to his period as the CEO of Cargotec was EUR 2,692,651 of which 100% was variable performance based remuneration.

Remuneration of the President and CEO

Total remuneration paid to the President and CEO in 2024

	Fixed salary	Paid short-term incentives	Paid long-term incentives	Total remuneration paid in 2024
Casimir Lindholm	749,835	674,914	0	1,424,749
Mika Vehviläinen	0	235,736	2,456,916	2,692,651
Total	**749,835**	**910,650**	**2,456,916**	**4,117,400**

Paid short-term incentives

	Programme	Earning opportunity as a % of base salary target / max	Performance measures	Achieved reward as % of maximum	Achieved reward in EUR
Casimir Lindholm	2023 Annual Bonus Programme	65% / 130%	2023 comparable operating profit: outcome 200% of target (= max) 2023 operative cash flow: outcome 200% of target (= max) Strategic individual targets: outcome 150% of target	95%	674,914
Mika Vehviläinen	2023 Annual Bonus Programme	65% / 130%	2023 comparable operating profit: outcome 200% of target (=max) 2023 operative cash flow: outcome 200% of target (=max)	100%	235,736
Total					**910,650**

Paid long-term incentives in 2024

	Programme	Performance Period	Reward class B shares / gross reward in EUR
Mika Vehviläinen	2020–2024 Performance Share Programme	2021-2023	7,438 net shares / 972,619 EUR
Mika Vehviläinen	2020–2024 Performance Share Programme	2022-2024	4,453 net shares / 582,274 EUR
Mika Vehviläinen	2022–2024 Restricted Share Unit Programme	2022-2024	6,898 net shares / 902,023 EUR
Total			**18,789 net shares / 2,456,916 EUR**

The President and CEO Casimir Lindholm did not receive any payments from long-term incentive programmes during 2024.

Supplemental pension contributions in 2024

The President and CEO Casimir Lindholm's pension is provided according to the statutory Finnish Employees Pensions Act. He does not have a supplemental pension arrangement. Mika Vehviläinen did not act as the CEO of Cargotec in 2024, and supplemental pension contributions were not made for him during the year.

Remuneration of the President and CEO

Application of Performance Criteria in 2024

In 2024, President and CEO Casimir Lindholm participated in the following short- (STI) and long-term (LTI) performance based incentive programmes:

Programme	Purpose	Performance period	Earning opportunity	Performance measures	Achievement
STI: 2024 Annual Bonus Programme	To reward and incentivise achievement of financial, strategic, operational and sustainability targets aligned with Cargotec's business strategy	2024	Maximum 130% of annual base salary	Financial targets, total weight 80%: • 2024 Comparable Operating Profit (MEUR) 56% weight • 2024 Operative Cash Flow (MEUR), 24% weight Strategic individual targets, total weight 20%	2024 Comparable Operating Profit: outcome 200% of target (= max) 2024 Operative Cash Flow: outcome 200% of target (= max) Strategic Individual Targets: 1) Kalmar Listing: outcome 200% of target (= max) 2) MacGregor Solution: outcome 200% of target (=max) 3) Hiab as Standalone: outcome 200% of target (= max) EUR 942,942 / 100% of maximum
LTI: Performance Share Programme 2023-2025	To commit to the long-term interest of the Company and offer a competitive, ownership-based reward scheme	2023–2025, measuring period 2024,	Maximum of 34,906 class B shares (net) for the entire performance period; maximum of 11,635 class B shares (net) for the measuring period 2024	2024 Service Gross Profit	3,781 Cargotec class B shares (net), representing 32.5% of the maximum for the measuring period 2024.
LTI: Performance Share Programme 2024-2026	To commit to the long-term interest of the Company and offer a competitive, ownership-based reward scheme	2024–2026, measuring period 2024	Maximum of 35,160 class B shares (net) for the entire performance period; maximum of 11,720 class B shares (net) for the measuring period 2024	2024 Earnings per Share (EPS)	11,720 Cargotec class B shares (net), representing the maximum for the measuring period 2024.

Operation of the share-based incentives

Performance Share Programme 2020-2024

The Performance Share Programme includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. No reward will be paid, if a key employee's employment or service ends before the reward payment.

2023–2025 Performance Share Programme

The Performance Share Programme includes one performance period, calendar years 2023–2025. The 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. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. No reward will be paid, if a key employee's employment or service ends before the reward payment.

2024–2026 Performance Share Programme

The Performance Share Programme includes one performance period, calendar years 2024–2026. The 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. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. No reward will be paid, if a key employee's employment or service ends before the reward payment.

2022-2024 Restricted Share Unit Programme

The reward from the Restricted Share Unit Programme 2022–2024 is conditional on the achievement of strategic goals set by the Board of Directors. The reward is paid in two instalments, half in the spring of 2023 and half in the spring of 2024. The shares received as a reward from the programme's first instalment may not be sold, transferred, pledged or otherwise assigned during a lock-up period which ends on 31 December 2023. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward.

2023–2025 Restricted Share Unit Programme

The reward from the Restricted Share Unit Programme 2023–2025 is conditional on the achievement of strategic goals set by the Board of Directors. The reward is paid at the beginning of year 2025. The shares received as a reward from the programme may not be sold, transferred, pledged or otherwise assigned during a lock-up period of six months following the share delivery. In addition, a cash proportion is included in the reward to cover taxes and tax-related costs arising from the reward.

Summary of granted, earned and paid share-based incentives to the President and CEO in connection to the reporting period

Programme	Performance period	Grant date	Payment date	Vesting date	Performance criteria; outcome as % of target	Net shares awarded (pcs), maximum	Net shares earned (pcs) / % of maximum
2020-2024 Performance Share Programme	2021–2023	13 Apr 2021	28 Mar 2024	28 Mar 2024	2021: Comparable operating profit; 0% 2022: Service gross profit; 181% 2023: Eco portfolio order intake; 110%	23,100 MV	Entire performance period while acting as the CEO: 7,438 / 49%
	2022–2024	22 Jun 2022	28 Mar 2024	April 2025	2022: Comparable operating profit; 97% 2023: Service gross profit; 135% 2024: Eco portfolio order intake; 81%	24,500 MV	Entire performance period while acting as the CEO: 4,453 / 39%
2023–2025 Performance Share Programme	2023–2025	5 Jun 2023	By April 2026	April 2026	2023: Earnings per share (EPS); 200% 2024: Service gross profit; 62% 2025: Eco portfolio order intake; N/A	34,906 CL	Measurement period 2023: 11,635 / 100% Measurement period 2024: 3,781 / 32.5%
2024–2026 Performance Share Programme	2024–2026	3 May 2024	By April 2027	April 2027	2024: Earnings per share (EPS); 200% 2025: Service gross profit; N/A 2026: to be decided by the Board; N/A	35,160 CL	Measurement period 2024: 11,720 / 100%
2022–2024 Restricted Share Unit Programme	2022–2024	13 May 2022	1st instalment: 31 Mar 2023 2nd instalment: 28 Mar 2024	1st instalment: 31 Dec 2023 2nd instalment: 28 Mar 2024	Strategic goals set by the Board; 200%	29,350 MV	Entire performance period while acting as the CEO: 6,898 / 100%
2023–2025 Restricted Share Unit Programme	2023–2025	3 May 2023	By April 2025	6 months after payment date	Strategic goals set by the Board; N/A	109,080 CL	

Initials of the CEOs Mika Vehviläinen (MV) and Casimir Lindholm (CL) have been used in the table above to indicate the share-based incentives applicable to each. In addition to the earned shares, the Company pays a cash portion to cover taxes and employment-related expenses.

In the Performance Share Programmes the grant value at maximum is 230% of the annual base salary in accordance with the remuneration policy.

Corporate governance statement 2024

Remuneration report 2024

Development of Financial Performance and Remuneration

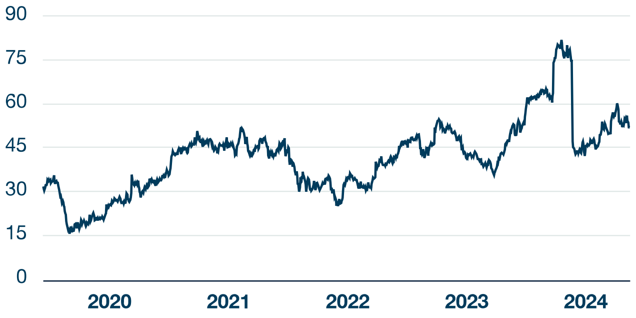
5-year Development of Financial Performance

The following graphs summarise Cargotec's key financial and shareholder return performance indicators in the last 5 years. The President and CEO's Financial Performance Targets in the variable pay programmes are aligned with Cargotec's financial performance and strategic targets.

It is highlighted that the results presented for years 2020–2022 are not restated following the changes taken place in Cargotec's group structure and reporting. Hence, the years are not comparable with those of 2023–2024. Further, the decrease of the share price on 1 July 2024 resulted from the standalone listing of Kalmar. Share-based incentive programmes were adjusted based on the Board's decision following the demerger.

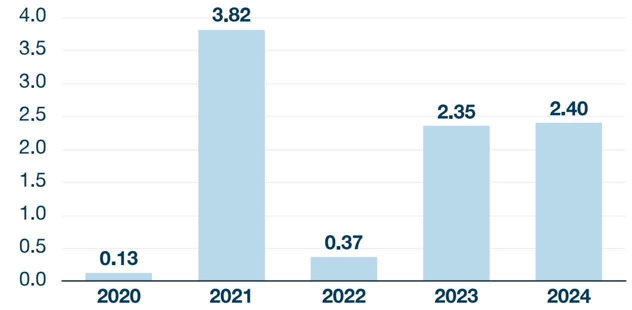
SHARE PRICE 2020–2024

EUR



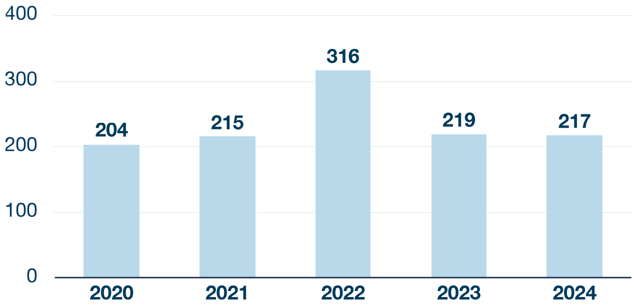
BASIC EARNINGS PER SHARE (EPS)*

EUR



COMPARABLE OPERATING PROFIT*

MEUR

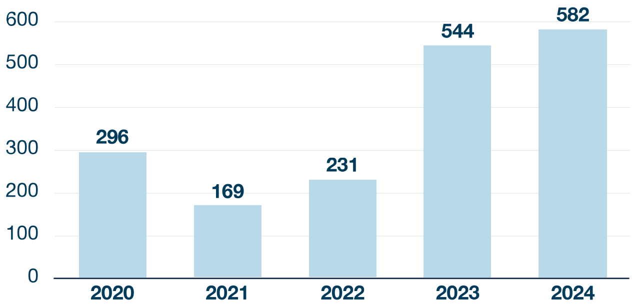


DIVIDEND PER B CLASS SHARE

EUR

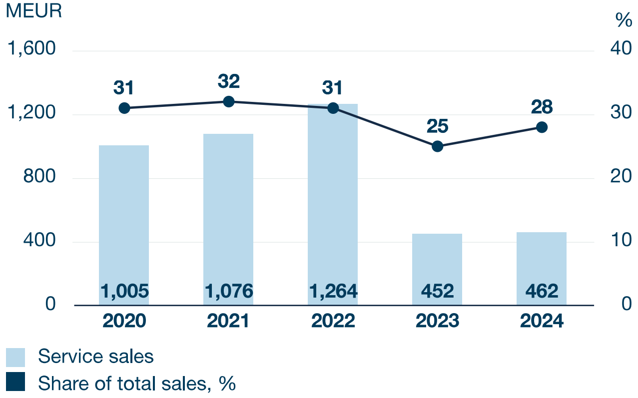
CASH FLOW FROM OPERATIONS

MEUR



SERVICE SALES*

MEUR



* The years 2023 and 2024 present continuing operations, 2020-2022 have not been restated.

** Board's proposal for dividend. Additional dividend conditional on the closing of the sale of MacGregor.

CEO paid compensation development

	2020	2021	2022	2023	2024
Fixed salary[1]	650,958	704,795	727,661	702,321	749,835
Short-term incentives (STI)[2]	580,942	764,452	179,608	447,911	910,650
Long-term incentives (LTI)	106,506[3]	163,962[4]	0	3,041,891[5]	2,456,916
Matching shares	299,289[7]	820,406[8]	613,804[9]	-	-
Supplemental pension	-	-	700,000	-	-
Total remuneration	1,637,694	2,453,614	2,221,073	4,192,123	4,117,400

Development of base salary	0%	0%	+5%	0%	0%
Development of total remuneration	+6.4%	+49.8%	-9.5%	+88.7%	-1.78%

[1] Annual fixed salary includes base salary and fringe benefits. Monthly base salary of Casimir Lindholm EUR 60,445.
[2] Short-term incentive payments are based on performance of the previous year.
[3] Vehviläinen Mika: Performance Share Programme, performance period 2018–2019 (2020 ownership and value creation period)
[4] Vehviläinen Mika: Performance Share Programme, performance period 2019–2020 (2021 ownership and value creation period)
[5] Vehviläinen Mika: Performance Share Programme, performance period 2020–2022 and Restricted Share Unit Programme 2022–2024, 1st instalment.
[6] Vehviläinen Mika: Performance Share Programme, performance period 2021–2023 and 2022–2024, and Restricted Share Unit Programme 2022–2024, 2nd instalment
[7] Vehviläinen Mika: Matching Share Programme, 1st instalment in 2020.
[8] Vehviläinen Mika: Matching Share Programme, 2nd instalment in 2021.
[9] Vehviläinen Mika: Matching Share Programme, 3rd instalment in 2022.

Development of Board remuneration

	2020	2021	2022	2023	2024
Chair, yearly remuneration	85,000, (0%)	85,000 (0%)	95,000 (+11.8%)	95,000 (0%)	160,000 (+68.4%)
Vice Chair, yearly remuneration	60,000, (0%)	60,000 (0%)	70,000 (+16.7%)	70,000 (0%)	95,000 (+35.7%)
Other Board Members, yearly remuneration	45,000 (0%)	45,000 (0%)	55,000 (+22.2%)	55,000 (0%)	80,000 (+45.5%)
Chair of Audit and Risk Management Committee, yearly remuneration	60,000 (0%)	60,000 (0%)	70,000 (+16.7%)	70,000 (0%)	100,000 (+42.9%)
Total paid Board remuneration	602,142 (+1.1)	634,480 (+5.4%)	550,740 (-13.2%)	682,070 (+23,9%)	959,769 (+40.7%)

The structure of Board remuneration was changed in 2024, with meeting fees being largely removed, and left only for occasions when a Board member travels to a meeting intercontinentally. The increase in the yearly fees does not hence represent the total change in the total Board remuneration. Further, due to the change in the Board remuneration payment schedule from quarterly to annual, the total paid Board remuneration in 2024 contains 25% of yearly remuneration for Board term 2023 and 100% of yearly remuneration for Board term 2024. A comparable change for total Board remuneration between 2023 and 2024 is +7.7%.

Development of employee base salary (median)

	2020	2021	2022	2023	2024
Median year-on-year development	+0.0%	+3.3%	+4.0%	+5.0%	+4.0%

Annual compensation ratio

2024 CEO's annual base salary to median annual base salary for all employees (excluding CEO): 16.76 (18.01 in 2023). The number represents the ratio for the continuing operations.

BOARD OF DIRECTORS' REPORT

Strategy

Cargotec announced in 2023 that it is planning the separation of its core businesses, Hiab and Kalmar, into two standalone companies. Cargotec's 2024 Annual General Meeting resolved the partial demerger of Cargotec Corporation, which was completed on 1 July 2024 with the listing of Kalmar on Nasdaq Helsinki. In addition, Cargotec announced in May 2024 that it has started the sales process for MacGregor. The agreement to sell MacGregor to funds managed by Triton was signed in November 2024.

During 2024, Cargotec's strategy focused on implementing the planned separation of all three business areas of the company. Kalmar, Hiab and MacGregor created business strategies for themselves as future standalone companies.

Demerger of Cargotec

The completion of the partial demerger of Cargotec Corporation and the incorporation of a new Kalmar Corporation was registered in the Finnish Trade Register on 30 June 2024. Trading in the Kalmar class B shares on Nasdaq Helsinki commenced on 1 July 2024. Trading in Cargotec's class B shares has continued on the official list of Nasdaq Helsinki with a new ISIN code of FI4000571013. The new ISIN code for Cargotec's class A shares is FI4000571005. The cumulative total costs related to the partial demerger amount to EUR 81 million. Costs are reported as part of discontinued operations.

Solution for MacGregor and preparation for standalone Hiab

Cargotec announced in May 2024 that the sales process of MacGregor had been started, aiming to find a solution in 2024. Cargotec signed an agreement to sell MacGregor on 14 November to funds managed by Triton for an enterprise value of EUR 480 million. The transaction is subject to regulatory approvals in relevant jurisdictions. Closing of the transaction is expected to occur by 1 July 2025 at the latest.

Cargotec recorded a tax-exempt loss of EUR 200 million on the transaction in the fourth quarter 2024 results. The loss was recorded as a goodwill impairment in items affecting comparability as a part of discontinued operations. The final amount of the loss will be determined at the time of closing the transaction and it depends on MacGregor's business performance until that point in time. Cargotec estimates that the total costs to separate MacGregor, in addition to the goodwill impairment, would be approximately EUR 25 million and recorded in items affecting comparability as a part of discontinued operations. Out of the separation costs, EUR 7 million was booked in 2024.

As the agreement to sell MacGregor has been signed, Cargotec's Board of Directors is proposing to Cargotec's General Meeting of shareholders that the company's name would be changed from Cargotec to Hiab. As the name change enters into force, the current President and CEO of Cargotec, Casimir Lindholm, has announced his intention to step down as President and CEO after a successfully executed transformation project of the Cargotec group. The Board of Directors would then appoint the President of the Hiab business, Scott Phillips, as the President and CEO of the renamed company being the current Cargotec. Cargotec currently estimates that these changes to transform into a standalone Hiab could take place on 1 April 2025. Current Cargotec CFO Mikko Puolakka would continue as CFO of the standalone Hiab.

Hiab's vision and strategy

Hiab's vision is to be the number one partner in smart and sustainable load handling solutions. By being true to its values – reliable, caring, pioneering – Hiab continues to make load handling smarter, safer and more sustainable to build a better tomorrow.

Hiab's strategy for 2024–2028 is built on profitable growth based on a strong foundation.

Hiab targets profitable growth in essential industries like construction, waste & recycling, defence logistics, and retail & final mile. Essential industries are necessary to keep countries and organisations running, for daily lives and human development. This importance and resilience represents a sustainable growth opportunity for Hiab. Growing Hiab's North American and services businesses will have a defining role in the growth story. Hiab continues to be the leading player in sustainable load handling, benefiting from global trends and achieving increasing margins through operational and commercial excellence.

Hiab's strong foundation is built by maintaining a "Safety and Employees First" culture, maximising transparency, accountability, and agility through its decentralised operating model, and focusing on outcome-based innovation for applications. Hiab will also aim at optimising product costs, and implementing Lean Six Sigma methodologies. In this process, Hiab aims to optimise its supply chain, transactional processes and information management.

Key enablers to implement Hiab's strategy include a strong focus on people, through a people strategy that prioritises easiness, empowerment and excellence, fostering engaged employees who deliver a better customer experience.

Hiab will drive game changing innovation with customer-driven application solutions, prioritising performance and safety, and utilising connectivity and data-driven services, as well as electrification and advanced control systems. To constantly meet customer needs, Hiab improves safety, productivity and uptime of its solutions.

As a leader in sustainability and a 1.5°C company, Hiab will support its customers' sustainability goals, with a focus on low-emission material sourcing and increased eco portfolio sales.

Hiab will achieve commercial excellence by focusing on pricing excellence, value selling capabilities, key account management, and strong partner relationships.

Underpinning all of this will be Hiab's world-class operations, ensuring safety, efficient demand and supply planning and delivery, and a commitment to continuous process improvement.

By executing on this strategy, Hiab aims to achieve its key performance targets.

[1] Operative ROCE defined as (Operating profit / Operative capital employed)
[2] International Monetary Fund: World Economic Outlook Update, January 2025

Performance targets

Cargotec published new long-term financial targets for its Hiab business area on 27 May 2024. On 11 February 2025, the Board amended the long-term financial targets set for Hiab to reflect the business' standalone future.

Cargotec's Board of Directors has set the following financial targets for Hiab to measure success by 2028:
- Annual sales growth over seven percent over the cycle
- Comparable operating profit 16 percent
- Return on capital employed over 25 percent[1]

Standalone Hiab also aims for a growing dividend of 30–50 percent of EPS and to keep gearing below 50 percent.

In addition to the long-term financial targets, Cargotec's climate target, validated by the Science Based Targets initiative (SBTi) in 2020, remains valid for the time being. The company is planning to update the climate target for standalone Hiab and apply for its validation from SBTi. The process starts in 2025.

The comparable operating profit target was amended from 18 percent as a business area to 16 percent as a standalone company to reflect increased corporate administrative and support function costs, which were earlier part of Cargotec group's corporate administrative and support functions. In 2024, these costs were approximately 1.7 percent of sales.

Operating environment 2024

The market environment remained complex throughout the year. Demand for Hiab's solutions is influenced by general economic growth, construction market development and truck sales, among others. Higher than past decade inflation and interest rates as well as geopolitical instabilities negatively impacted the operating environment in 2024. Expectations on lower interest rates and uncertainty in some of Hiab's key geographies and industries delayed customer decision making.

According to the International Monetary Fund's (IMF) world economic outlook update published in January 2025, the global economy is estimated to have grown by 3.2 percent in 2024. In the IMF's advanced economies group (a group of countries which includes several key markets for Hiab, such as the United States, the United Kingdom and Germany), the IMF estimates a 1.7 percent growth in 2024.[2]

Financial information

Due to the sale of MacGregor, Cargotec reports the business as a part of discontinued operations from the fourth quarter 2024 onwards. Additionally, due to the partial demerger of Cargotec registered on 30 June 2024, Cargotec continues to report its former Kalmar business area as discontinued operations.

Cargotec also updated its segment reporting from the fourth quarter 2024 onwards. The MacGregor segment was removed. Hence, in Cargotec's financial review 2024, there is only one reporting segment, Hiab. From the first quarter of 2025 onwards, the company is planning to have two reporting segments, Equipment and Services.

Financial information of continuing operations, discontinued operations, reportable segment and Corporate administration and support functions for 2023 has been reclassified. Corporate administration and support functions now reflect continuing operations. Financial information for the Hiab segment remained unchanged. Reclassified information for Equipment and Services segments is planned to be published later.

Orders received and order book

Orders received in 2024 increased by 3 percent from the comparison period and totalled EUR 1,509 (1,466) million. Service orders received increased by 1 percent and totalled EUR 450 (447) million.

The order book decreased by 19 percent from the end of 2023, and at the end of the year 2024 it totalled EUR 648 (31 Dec 2023: 799) million.

In 2024, the share of orders received was 49 (50) percent in EMEA and 44 (43) in the Americas. Asia-Pacific's share of orders received was 7 (7) percent.

Sales

Sales in 2024 decreased by 8 percent and amounted to EUR 1,647 (1,787) million. Service sales increased by 2 percent from the comparison period and totalled EUR 462 (452) million, representing 28 (25) percent of consolidated sales.

In 2024, eco portfolio sales decreased by 11 percent and totalled EUR 476 (533) million, representing 29 (30) percent of consolidated sales. Eco portfolio sales decreased in the climate solutions category and remained at the comparison periods' level in the circular solutions category. Economic headwinds and high interest rates have been slowing down the green transition and negatively impacted eco portfolio sales.

In 2024, EMEA's share of consolidated sales was 49 (53) percent, Americas' 45 (39) percent and Asia-Pacific's 7 (8) percent.

Impacts of currencies and structural changes

In the year 2024, orders received increased organically in constant currencies by 4 percent. Changes in exchange rates did not have a significant impact on Cargotec's orders received. Structural changes had a -1 percentage point impact on Cargotec's orders received. In constant currencies, sales decreased organically by 6 percent. Changes in exchange rates did not have a significant impact on Cargotec's sales. Structural changes had a -2 percentage point effect on Cargotec's sales.

Financial result

Operating profit in 2024 totalled EUR 217 (219) million. Items affecting comparability amounted to EUR 0 (0) million.

Comparable operating profit in 2024 decreased by 1 percent and totalled EUR 217 (219) million, representing 13.2 (12.3) percent of sales. The comparable operating profit decreased due to lower sales. Decline in sales was offset by successful management of inflationary pressures as well as sourcing and supply chain actions.

In 2024, net interest income for interest-bearing debt and assets totalled EUR 4 (interest expense 6) million. Net finance expenses totalled EUR 4 (14) million.

Profit for 2024 totalled EUR 155 (153) million, and basic earnings per share was EUR 2.40 (2.35).

Reporting segments

Hiab

Hiab's orders received in 2024 increased by 3 percent and totalled EUR 1,509 (1,466) million.

Hiab's order book decreased by 19 percent from the end of 2023, totalling EUR 648 (31 Dec 2023: 799) million at the end of the year 2024.

Hiab's 2024 sales decreased by 8 percent and totalled EUR 1,647 (1,787) million. Service sales increased by 2 percent and amounted to EUR 462 (452) million, representing 28 (25) percent of sales.

Hiab's operating profit in 2024 totalled EUR 245 (252) million. Items affecting comparability amounted to EUR 0 (0) million. The comparable operating profit in 2024 decreased by 3 percent and amounted to EUR 245 (252) million, representing 14.9 (14.1) percent of sales. Hiab's comparable operating profit decreased due to lower sales. Decline in sales was partly offset by successful management of inflationary pressures. Hiab's cash flow from operations in 2024 amounted to EUR 323 million.

Balance sheet, cash flow and financing

In this chapter, the balance sheet comparative periods include continuing and discontinued operations. The consolidated balance sheet total was EUR 2,450 (31 Dec 2023: 4,376) million at the end of the year 2024. Equity attributable to the equity holders of the parent was EUR 1,025 (1,752) million, representing EUR 16.04 (27.25) per share. Property, plant and equipment on the balance sheet amounted to EUR 159 (445) million and intangible assets to EUR 263 (996) million. The decrease was related to the partial demerger of Cargotec Corporation and the incorporation of a new Kalmar Corporation as well as the presentation of MacGregor's balance sheet items in the lines of assets held for sale and related liabilities. More information is available in note 7.4 Discontinued operations and note 7.5 Demerger in the Financial statements.

Return on equity (ROE, last 12 months) was 2.0 (31 Dec 2023: 21.2) percent at the end of the year 2024 and return on capital employed (ROCE, last 12 months) was 7.1 (19.9) percent. The fair value gain from the partial demerger has been excluded from the ROE calculations. ROE and ROCE were negatively impacted by the EUR 200 million goodwill impairment relating to the sale of MacGregor. The key figures including components from the balance sheet (interest-bearing net debt at the end of the period, gearing, return on equity, return on capital employed) include discontinued operations in all presented periods, which impacted the key figures. Hiab's operative return on capital employed (operative ROCE, last 12 months) was 30.5 (30.7) percent.

Cash flow from operating activities before finance items and taxes totalled EUR 582 (544) million during 2024 including both continuing and discontinued operations. The increase in cash flow was driven by continued good profitability and lower net working capital.

Cargotec's liquidity position is strong. The liquidity reserves, consisting of cash and cash equivalents and undrawn EUR 330 million long-term committed revolving credit facilities including continuing and discontinued operations, totalled EUR 909 million on 31 December 2024 (31 Dec 2023: 1,115). 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 50 (94) million.

The company's liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 156 (159) million, which includes EUR 27 (43) million lease liabilities.

At the end of 2024, the interest-bearing debt amounted to EUR 393 (31 Dec 2023: 867) million, of which EUR 102 (178) million was in lease liabilities. Of the interest-bearing debt, EUR 156 (159) million was current and EUR 237 (708) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 1.7 (3.3) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 579 (688) million. Interest-bearing net debt totalled EUR -186 (179) million.

At the end of 2024, Cargotec's equity to assets ratio was 47.6 (31 Dec 2023: 43.8) percent. Gearing was -18.1 (10.2) percent. Gearing based on continuing operations' net debt was -6.8 percent at the end of 2024.

Description of intangible assets

Cargotec's intangible assets are essential to its business and support its strategic goal of being a leading supplier of smart and sustainable on-road load-handling solutions. Intangible assets create the most significant competitive advantage for Cargotec's business. Cargotec's intangible resources mainly consist of skilled personnel, business processes, customer relationships, brands, product development, intellectual property rights, and goodwill. Intangible resources are capitalised on the balance sheet mainly only in connection with business acquisitions and technological development projects, as a result of which only a part of the value of intangible resources appears on the balance sheet. For more information related to the capitalized intangible assets, please refer to the note 6.1 Goodwill and note 6.2 Intangible assets in the Financial statements.

Research and development

Research and product development expenditure in the year 2024 totalled EUR 39 (35) million, representing 2 (2) percent of sales. Hiab continuously develops equipment, intelligent services and connected solutions that create more value and empower customers to do their jobs with focus on sustainability, safety, reliability and efficiency. During the year 2024 Hiab launched 45 new products.

For loader cranes, Hiab launched HIAB wspr, a portfolio of emission-free and quiet electric hybrid crane solutions able to operate using power from both the truck engine and a separate electric power take-off (ePTO). When using electric power, the crane is near silent and also provides the flexibility to operate in low- or no-emission zones, or late at night. Additionally, Hiab introduced a new engine control feature for loader cranes in June. The feature includes an automatic start/stop functionality and dynamic flow control, which can save up to 20 percent in diesel consumption.

During the year, Hiab also launched the HIAB eX.HIPRO crane, the HIAB iQ.708 HIPRO heavy loader crane and the new JONSERED iZ.18R HD recycling crane. The HIAB eX.HIPRO provides unprecedented efficiency with energy savings of up to 30 percent while the HIAB iQ.708 HIPRO offers a design that balances weight, lifting performance and dimensions that contribute to increased safety and valuable payload. The JONSERED iZ.18R HD recycling crane signals entering the 18–19 tonne metre market, offering a sturdy and resistant mechanical structure platform.

In demountables, Hiab launched the MULTILIFT eULTIMA, the world's first plug-and-play hooklift designed specifically for electric trucks. Built with sustainability in mind, it is designed to deliver exceptional performance and efficiency, setting a new industry standard. Additionally, Hiab unveiled a new L2 Driver Support feature that automates reversing the vehicle into the optimal position for loading and unloading, as well as the MULTILIFT Talon, a semi-autonomous load handling system for defence logistics that automates and enhances container handling for faster, safer operations in challenging conditions.

The truck mounted forklift range has been updated with new electric and diesel models. The all-electric E Series now includes the E2, E5, and E8 models on top of previous models. Safety and performance has been increased in the upgraded N8 NX2 (formerly M8 NX) diesel model through a completed mid-life upgrade. New engines were also developed for Latin America to cope with emission requirements and for the M4 to improve supply chain flexibility. Additionally, the new Narrow M9 model with AI-powered person detection is now available for the poultry segment.

In tail lifts, Hiab launched the WALTCO MDV liftgate series for speedy and hassle-free dock loading and distribution. Combined with intuitive controls for easy operations, the new liftgate series offers several sustainability advantages and safety features.

In services, Hiab announced an expansion of its spare parts portfolio and the launch of MyHiab mobile app. The spare parts portfolio expansion creates new opportunities for growth in circular services, and the app improves operator productivity and safety by providing features and content about Hiab equipment throughout its lifecycle and establishes a communication channel between Hiab and the end users.

Capital expenditure

Capital expenditure excluding acquisitions totalled EUR 66 (45) million in 2024. The increase was mainly related to EUR 16 million purchases of leased assets in the US. Depreciation, amortisation and impairment amounted to EUR 44 (41) million. The amount includes impairments worth EUR 2 (0) million.

Acquisitions and divestments

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

The completion of the partial demerger of Cargotec took place in June 2024, more information is available in the chapter Demerger of Cargotec and in note 7.5 Demerger in the Financial statements.

In November 2024, Cargotec signed an agreement to sell MacGregor to funds managed by Triton. Information regarding the sale of MacGregor is available in the chapter Solution for MacGregor and preparation for standalone Hiab and in note 7.4 Discontinued operations in the Financial statements.

Information regarding acquisitions and divestments is available in note 7.1 Acquisitions and disposals of businesses in the Financial statements.

Operational restructurings

In August 2024, Hiab initiated planning of an efficiency improvement programme to reach approximately EUR 20 million cost savings in 2025. With the efficiency programme, Hiab aims to proactively adjust to continued uncertainty in the market environment. In the fourth quarter, Hiab booked EUR 15 million one-off items related to the efficiency programme. Out of the one-off items, EUR 11 million was related to streamlining the production setup in Italy.

Personnel

Cargotec employed 4,234 (31 Dec 2023: 4,477) people at the end of the year 2024. Hiab employed 3,809 (3,877) and corporate administration and support functions 425 (600). The average number of employees during 2024 was 4,252 (1–12/2023: 4,535).

Salaries and remunerations to employees totalled EUR 275 (270) million in 2024.

More information about personnel can be found from the Board of Director's in the Sustainability statement under Own workforce.

SUSTAINABILITY STATEMENT

General information

Cargotec discloses its key sustainability information in this statement to respond to the obligations laid out in the EU Corporate Sustainability Reporting Directive (CSRD). The disclosure also includes information stemming from the requirements of the EU Taxonomy regulation (see **Disclosures pursuant to the EU Taxonomy regulation**). The statement has been prepared on a consolidated basis, and the scope of consolidation is the same as for Cargotec's financial statements. The company's sustainability reporting period is annual and aligned with the financial reporting period of 1 January–31 December.

This statement describes the impacts, risks and opportunities related to Cargotec's activities throughout the value chain, including upstream, own operations and downstream. For more information, see **Business model and value chain** and **Identified materials impacts, risks and opportunities**. Reporting on own operations covers sites that Cargotec has operational control over. Metrics are reported for the company's own operations, with the exception of greenhouse gas emission accounting which covers the full value chain (scopes 1, 2 and 3). Waste indicators are disclosed only for Cargotec's assembly sites and competence centres, as they have been identified as not material for the company's non-assembly sites. Outside of greenhouse gas emissions, reporting on upstream and downstream activities covers the supply chain, the use phase of the company's equipment and the end-of-life treatment of waste. The scope of Cargotec's policies, actions taken during the year and targets are explained under the disclosure for each material topical standard. Cargotec follows the time horizons of the European Sustainability Reporting Standards (ESRS).

Cargotec's consolidated sustainability data is sourced from several information management and reporting systems. Due to some lag in supplier invoicing, estimates are applied for the last quarter of 2024 for indicators of energy and waste. As the estimates are applied to the company's own energy consumption, they also affect its direct and indirect emissions (scope 1 and scope 2). The estimates are based on corresponding data from the last quarter of 2023. As no significant changes related to the production lines of continuing operations occurred during the reporting year, Cargotec considers the estimates to have a good level of accuracy. The company's understanding is that it does not have metrics that are subject to a high level of measurement uncertainty.

Cargotec revised its interpretation of its taxonomy-eligible activities during 2024. The revision is explained under **Disclosures pursuant to the EU Taxonomy regulation**.

Key performance indicators (KPIs) disclosed in this sustainability statement cover two entities: continuing operations and Cargotec total. Unless otherwise stated, continuing operations include Cargotec's group functions and Hiab, while Cargotec total includes Cargotec's group functions, Hiab and discontinued operations (MacGregor for full year 2024 and Kalmar for H1/2024). Due to the non-existent comparability between 2023 and 2024 (Kalmar only included for H1 in 2024), comparison year is not included for Cargotec total.

2024 figures for continuing operations cover 16 assembly sites, 37 non-assembly sites and one competence centre. Cargotec total figures cover 19 assembly sites, four competence centres and 114 non-assembly sites.

The total employee headcount given for continuing operations differs between the Sustainability statement and Financial information sections of the Financial review, for both 2023 and 2024. The headcount number for sustainability information is retrieved from Cargotec's HR system, where employees that have moved from corporate administration and support functions to discontinued operations are excluded. These employees are included in the financial information until their employer company has changed.

Unless otherwise specified, "Cargotec" in this statement refers to Cargotec group and all its three business areas (Hiab, MacGregor and Kalmar). When the planned separation of all three of Cargotec's business areas is complete, the company's Board of Directors plans to propose to Cargotec's General Meeting of shareholders that the company's name be changed from Cargotec to Hiab. In this sustainability statement, the renamed Cargotec is referred to as "standalone Hiab".

According to Cargotec's sustainability accounting approach, newly acquired or built sites are included in the company's environmental and safety figures after a reasonable period of time has passed since the implementation of the company's Environment, Health and Safety (EHS) management practices. Typically, this implementation is completed after the first full operational year. During 2024, one new assembly site was added to the reporting boundary, as a result of starting assembly activities at Naantali, Finland, which was previously a non-assembly site. One assembly site (Meppel Frameworks, Netherlands) and two non-assembly sites (Torrejon de Ardoz, Spain; and Peterhead, UK) were closed during the year. As in previous years, some sites were not able to provide data, resulting in missing reports. However, the missing reports were from offices with light operations, having a non-material impact on the consolidated figures.

Disclosures incorporated by reference

The following information is incorporated by reference to other parts of Cargotec's annual report:

- Energy intensity based on net revenue (E1-5 paragraph 43): Reference to note 2.2 Revenue recognition in the consolidated financial statements
- GHG intensity based on net revenue (E1-6 paragraph 55): Reference to note 2.2 Revenue recognition in the consolidated financial statements
- Characteristics of the undertaking's employees (S1-6 paragraph 50 (a)): Reference to Personnel in the Financial information section of the Board of Directors' report.

GENERAL INFORMATION

Sustainability governance at Cargotec

Cargotec's Board of Directors (BoD) consists of seven non-executive members. All members (100 percent) are independent of the company, while six (86 percent) are independent of significant shareholders. The BoD's Nomination and Compensation Committee (NCC) ensures that candidates for members of the Board of Directors possess the competences required for the needs of the company. When selecting its current BoD members, Cargotec has put emphasis on certain sustainability-specific factors in their experience, especially with three members. These factors included strong expertise in personnel matters as Chief Legal Officer; experience in another sustainability-frontrunner company; and extensive accounting experience that supports Cargotec's goals related to social and governance topics. Three members (43 percent) of Cargotec's BoD have prior executive experience relevant to the sectors, products and geographic locations of the company. Two members have specific expertise in business conduct-related topics through their experience in legal, compliance and auditing roles in corporations. The resumes of all BoD members are publicly available on cargotec.com. Three members (43 percent) are women while four (57 percent) are men, bringing the ratio of female to male members to 0.75. Cargotec employees or other workers are not represented on the Board of Directors nor the Cargotec Leadership Team (CLT).

Cargotec's dedicated controls and procedures related to the management of sustainability-related impacts, risks and opportunities are described in this section.

Board of Directors

Cargotec's Board of Directors Charter states that the BoD has the responsibility to ensure that sustainability matters are integrated into Cargotec's overall business strategy and risk management. The Charter further notes that the BoD nominates one member to be responsible for overseeing the management of sustainability matters. The nominated member is responsible for ensuring that the BoD is updated on sustainability matters and that environmental and social due diligence is observed in decision making. Evaluating trade-offs between sustainability matters, investments and short-term financial performance is a fixed element of preparing items for decision making. The goal is to find an acceptable level of compromise between financial performance and costs and, on the other hand, Cargotec's strategic sustainability-related targets.

The BoD confirms Cargotec's strategy, monitors its implementation, and has oversight of risk management, business plans, related performance objectives and major capital expenditures. The BoD approves Cargotec's sustainability targets, cascades them to the CEO and Cargotec Leadership Team (CLT) and monitors progress towards the targets.

The BoD also approves Cargotec's Code of Conduct which defines the ethical standards that the company's directors and employees must follow. Cargotec's Ethics and Compliance function updates the BoD annually on the development of the company's compliance programme.

The BoD reviews material sustainability matters as a separate topic four times a year, and additional sessions are held as needed. During these quarterly meetings, the BoD receives updates on the implementation of Cargotec's sustainability-related action plans and progress towards targets. The meetings follow an annual clock that determines the overall theme (environment, social, governance or reporting) for specific topics, focusing on one or more material impact, risk or opportunity. The goal of the annual clock is to regularly expand the BoD's understanding of sustainability. As needed, these meetings are also used to update the BoD on matters related to due diligence and the results and effectiveness of policies, actions, metrics and targets. Depending on the topic, the BoD is briefed either by Cargotec's Senior Sustainability Manager or a relevant leadership team member. During 2024, the BoD's sustainability reviews focused on the setting of climate targets for Hiab and Kalmar as standalone companies; human rights due diligence; upcoming sustainability-related regulatory requirements; and the status of 2024 annual sustainability reporting. The BoD also has continuous access to Cargotec's Senior Vice President (SVP) of Sustainable Business Development, the company's Chief Compliance Officer and other subject matter experts, who can provide sustainability-related guidance when needed.

In addition, the BoD receives monthly business updates on strategy deployment and financial performance. Several sustainability KPIs and progress towards their annual targets are included in these monthly reports, including safety (IIFR), eco portfolio order intake and greenhouse gas emissions.

Audit and Risk Committee

Cargotec's BoD's Audit and Risk Management Committee (ARC) is responsible for reviewing the company's financial and sustainability statements and quarterly reporting. The committee evaluates the adequacy and appropriateness of the company's risk management processes and internal audit. Sustainability-related risks are evaluated as part of the company's overall enterprise risk management (ERM) process, and the ARC reviews these evaluations on a quarterly basis. The committee consists of three members of the Board of Directors and convenes, at a minimum, four times a year. Sustainability-related topics are a fixed element on the meeting agendas. Cargotec's CEO, CFO, General Counsel, Chief Compliance Officer, Head of Internal Audit, two representatives of the company's Group Controlling function, as well as representatives of the company's auditing firm (for both financial auditing and sustainability assurance) also attend the meetings. In 2024, the ARC reviewed sustainability matters four times, with a strong focus on ensuring that the company's annual sustainability reporting is compliant with the EU Corporate Sustainability Reporting Directive (CSRD). The ARC also receives quarterly updates on all anti-corruption activities, new investigations of potential misconduct and other Code of Conduct matters.

Cargotec Leadership Team

The Cargotec Leadership Team (CLT) and the CEO are responsible for the implementation of sustainability-related business plans and targets set by the BoD. The CLT decides on resourcing and actions needed to develop, implement and follow up on the plans and targets. Group and business area functions supporting these measures include Sustainability, Health and Safety, Human Resources, Ethics and Compliance, Legal, Sourcing, Finance, Research and Development (R&D) and Strategy. The CLT reviews sustainability matters quarterly and is updated on such topics by Cargotec's SVP Sustainable Business Development (member of the CLT) or other experts as needed. In addition, the CLT receives monthly business updates on strategy deployment and financial performance. Several sustainability KPIs are included in these reports, including safety (IIFR), eco portfolio order intake and greenhouse gas emissions.

The CLT has a Code of Conduct panel, where compliance topics are discussed on a bi-monthly basis. As members of the Code of Conduct panel focus on business conduct-related topics on a regular basis, they have specific expertise in the matter. The CLT also reviews and approves the company's sustainability-related policies.

Cargotec's SVP Sustainable Business Development is responsible for overseeing Cargotec's sustainability target setting and the implementation of needed actions. As the company's strategy includes climate-related risks and opportunities, the CEO is responsible for assessing and managing them. The CLT is chaired by the CEO, who reports to the BoD on progress and action plans. The CLT also reviews and approves all sustainability updates planned for the BoD and ARC.

During 2024, the full BoD, CLT and extended business area leadership teams continued their training programme related to Cargotec's material sustainability matters. Members of these groups who moved to Kalmar as part of the demerger participated in training sessions that took place during H1. Four new BoD members, elected in Cargotec's 2024 Annual General Meeting, participated in training sessions that took place during H2. Topics included in the training sessions cover the following material impacts, risks and opportunities (IROs) of Cargotec:

- Climate change: All IROs
- Own workforce: Risk of negative impact to health and safety of own workforce
- Workers in the value chain (including end-users): Risk of negative impact to health and safety of value chain workers
- Business conduct: Practices for detecting, preventing and responding to potential misconduct; Prevention of supply chain-related risks.

In addition, the BoD, CLT and business area leadership teams' regular updates on Code of Conduct matters addressed the identified positive impact related to detecting, preventing and responding to potential misconduct and the protection of whistleblowing.

Sustainability Management Team

Cargotec's Sustainability Management Team manages, coordinates and executes the company's sustainability objectives and targets on an operational level. The team consists of Cargotec's Senior Sustainability Manager and the sustainability leads of each business area (including Kalmar's representative until the end of H1/2024). The team meets on a monthly basis to drive cross-company collaboration. Cargotec's Senior Sustainability Manager reports to SVP Sustainable Business Development.

Cargotec's Sustainability Team

Cargotec's Sustainability Team consists of sustainability experts and the SVP Sustainable Business Development. Together with relevant experts in the business areas and group functions, the team is responsible for suggesting group-level sustainability targets. The responsibility for the day-to-day implementation of key sustainability principles and practises lies with the business areas, while the Cargotec Sustainability Team provides expertise and strategic guidance. The Sustainability Team is also responsible for the practical implementation of the company's Sustainability Policy through, for example, topic-specific training and communications.

For more detailed information on the composition and diversity of the administrative, management and supervisory bodies, please see **Diversity metrics**.

Sustainability-related incentive schemes

Cargotec's Remuneration Policy includes guidance on setting non-financial performance measures that are considered to have strategic importance. These measures, which can include environmental, social and governance ones, can be set for both short and long-term incentive schemes. Incentive schemes are not applicable to members of the Board of Directors.

With short-term incentives, financial performance measures on group and business area level are decided by the Board of Directors. The targets are applicable to the Cargotec Leadership Team as well as business area and functional leadership teams, and they may be cascaded further in the organisation based on business decisions. Environmental, social and governance measures can be used in short-term incentive schemes based on business or line manager decisions. For example, Hiab has set a mandatory safety-related target to all Hiab employees to highlight the importance of the topic.

With long-term incentives, performance measures applicable to the entire incentive programme population are decided on by the Board of Directors. In 2024, the long-term share-based incentive programmes aimed at the Cargotec Leadership Team and other senior leadership contained a climate-related performance criterion: the share of eco portfolio order intake of total order intake. Products and services included in the eco portfolio directly drive climate action through reduced emissions, which are proven by life cycle assessment verified by a third party (for more information about the eco portfolio, see **Strategy** in this statement). The criterion applied to all members of the Cargotec Performance Share Programme 2022–2024 for its last measurement period of the financial year 2024. Based on the eco portfolio criterion, the maximum reward to be earned in this programme represents 32 percent of the total maximum reward for the entire share programme performance period.

Statement on due diligence

Cargotec conducts due diligence to identify, address and track its impacts on people and the environment. The company's related processes and actions are explained throughout this sustainability statement as follows:

Core element of due diligence	Location in the sustainability statement
Embedding due diligence in governance, strategy and business model	• Sustainability governance at Cargotec • Sustainability-related incentive schemes • Cargotec's material impacts, risks and opportunities • Policies (all topical standards)
Engaging with affected stakeholders	• Sustainability governance at Cargotec • Interests and views of stakeholders • Process to identify impacts, risks and opportunities • Engagement with own workforce • Processes for engagement, remedy and grievance channels (Workers in the value chain) • Policies (all topical standards)
Identifying and assessing adverse impacts	• Cargotec's material impacts, risks and opportunities • Process to identify impacts, risks and opportunities
Taking action to address adverse impacts	• Actions related to climate change • Actions related to resource use and circular economy • Actions related to own workforce • Processes for remedy and channels to raise concerns (Own workforce) • Processes for engagement, remedy and grievance channels (Workers in the value chain) • Management of relationships with suppliers
Tracking the effectiveness of actions and communication	• Targets and metrics related to climate change • Targets and metrics related to own workforce • Non-compliance incidents • Management of relationships with suppliers (target)

Risk management and internal controls over sustainability reporting

Cargotec's Sustainability Team is responsible for compiling the company's annual sustainability statement. The team collects data through various information management systems, and subject matter experts from across the organisation provide relevant information for the statement and review the content to ensure it is accurate. The experts represent numerous functions, such as Human Resources, Health and Safety and Ethics and Compliance.

During 2024, Cargotec's Sustainability Team, in cooperation with relevant functions, reviewed its sustainability reporting processes for key performance indicators and harmonised their documentation. The company concluded that the processes work well and have sufficient internal controls. Examples of internal controls used in Cargotec's reporting processes include automatic system controls, the segregation of duties, access controls, reviews and approvals as well as thoroughly documenting processes and responsibilities. The reporting processes were also evaluated by Cargotec's Internal Controls function, with no major issues identified.

The company did, however, identify some areas of further improvement and needs for additional controls, and two of these risks were prioritised:

- Data accuracy, especially related to human error when entering data into Cargotec's information management systems. Cargotec has already implemented system controls to minimise the risk of these errors, and such work is an ongoing effort. For example, for environmental data to be properly processed in the company's system, it must first be approved on business area level and then on group level. The system detects significant deviations and discrepancies and alerts the person responsible for approving the data. Other improvements, such as increasing automation and providing more training for people entering data, is part of standalone Hiab's longer-term improvement plans.
- The dependency of certain parts of the reporting process on one person. Cargotec implemented some improvements during the reporting year, such as defining roles and responsibilities more clearly.

During the year, the Sustainability Team gave monthly updates on the review of the process descriptions, including potential risks and internal controls, to Cargotec's CSRD Steering Group. The steering group supervises the company's annual sustainability reporting to ensure compliance with the CSRD. The steering group consists of Cargotec's CFO and SVP Sustainable Business Development as well as the leadership team member responsible for sustainability in each business area. In addition, the Sustainability Team gave quarterly updates on the progress of sustainability reporting, including potential risks and internal controls, to Cargotec's Board of Directors' Audit and Risk Committee (ARC).

GENERAL INFORMATION

Cargotec's strategy and business model

Strategy

Cargotec announced in 2023 that it is planning the separation of its core businesses, Hiab and Kalmar, into two standalone companies. Cargotec's 2024 Annual General Meeting resolved the partial demerger of Cargotec Corporation, which was completed on 1 July 2024 with the listing of Kalmar on Nasdaq Helsinki. In addition, Cargotec announced in May 2024 that it has started the sales process for MacGregor. The agreement to sell MacGregor to funds managed by Triton was signed in November 2024.

During 2024, Cargotec's strategy focused on implementing the planned separation of all three business areas of the company. Kalmar, Hiab and MacGregor created business strategies for themselves as future standalone companies. In this section of its sustainability statement, Cargotec describes those key elements of Hiab's updated strategy for 2024–2028 that relate to or affect sustainability matters. Information related to Cargotec as a whole is included where relevant. Kalmar and MacGregor's strategies are not described, as they are reported as discontinued operations for 2024.

Hiab's strategy is built on profitable growth and based on a strong foundation. Sustainability matters are integrated in both elements. One component of Hiab growing profitably is to be the leader in sustainable load handling. The key enablers to implement this component of Hiab's strategy are helping customers achieve their sustainability goals through, for example, product innovation, low-emission material sourcing and increased eco portfolio sales, as well as aiming to be a 1.5°C company. A 1.5°C company has a robust science-based target to reduce emissions in line with the Paris Agreement. In addition, Hiab's strong foundation is built by maintaining a "Safety and Employees First" culture through a people strategy that prioritises easiness, empowerment and excellence.

Hiab provides smart on-road load handling solutions for customers operating in, for example, the logistics, construction, waste and recycling, transport as well as delivery industries. Hiab's significant groups of solutions consist of service and eco portfolio sales. During 2024, service sales represented 28 percent of total sales, and eco portfolio sales represented 29 percent of total sales (including part of service sales). Hiab's significant markets include Europe, Middle East and Africa (EMEA) as well North America, representing 49 percent and 42 percent of total sales in 2024, respectively. No changes in the significant markets occurred during the reporting period.

Cargotec's continuing operations have own operations in 21 countries, consisting of 16 assembly sites, 37 non-assembly sites and one competence centre. At the end of 2024, the company's continuing operations employed 4,137 people, with the following geographical split: 3,083 people in EMEA, 151 in Asia and Pacific and 903 in the Americas. Globally, Cargotec's continuing operations have representation in over 60 countries through, for example, sales dealers and agents.

Cargotec's significant sustainable solutions are highlighted in its eco portfolio. Products and services included in the eco portfolio need to fulfil criteria related to either climate change mitigation (Climate solutions) or the transition to a circular economy (Circular solutions). At Cargotec, these criteria have been linked to the EU Taxonomy regulation. While standalone Hiab will determine how it will define its eco portfolio criteria, Hiab has committed in its strategy to increase the share of eco portfolio sales of total sales during the strategy period of 2024–2028. While Hiab expects the demand for low-carbon and other sustainable solutions to increase in the future, they are typically more expensive than traditional alternatives. Customer demand and willingness to pay can vary between markets and customer categories. On the other hand, by developing a strong electric portfolio, Hiab can enter new emerging markets for increased growth.

Hiab is also aware of challenges related to resource depletion and the use of virgin raw materials. To tackle these challenges, Hiab seeks to expand its service offering from traditional maintenance and spare parts sales to providing intelligent solutions throughout the equipment life cycle. Hiab has a target to reach EUR 700 million in service sales by 2028.

In 2024, Hiab's sales totalled EUR 1,647 million, of which eco portfolio sales totalled EUR 476 million, representing 29 percent of total sales (30 percent in 2023). Of the eco portfolio sales, equipment represented 47 percent, whereas service represented the remaining 53 percent.

During the year, Hiab included two new solutions into its eco portfolio:

- New generation loader cranes equipped with an Engine Control feature, including automatic start/stop and a dynamic RPM functionalities.
- A tail lift designed to be lighter, which means the tail lift is built with less steel compared to conventional alternatives.

Cargotec's science-based climate target, validated by the Science Based Targets initiative (SBTi), is to reduce greenhouse gas emissions in all three emission scopes by at least 50 percent by 2030, compared to a 2019 baseline. Due to changes in the group structure, the company is planning to submit an updated science-based climate for standalone Hiab and apply for SBTi validation during 2025.

Business model and value chain

Cargotec's business area Hiab offers products and services that make global trade safer, faster, smarter and more sustainable. Hiab provides smart and sustainable on-road load handling solutions for customers operating in the logistics, construction, waste and recycling, forestry, transport and delivery industries. Typical customers include transportation companies, fleet operators, single truck owners, rental companies, truck manufacturers as well as municipalities and governments.

As Cargotec's business model is based on asset-light, assembly-only production, it is highly dependent on its suppliers and their ability to deliver components on time. To secure the reliable and smooth supplier network that is essential to the company's success, Cargotec prefers long-term and localised supplier relationships. Globally, the company works with thousands of suppliers that are chosen using various selection criteria, including quality, reliability, delivery, sustainability and price.

Cargotec helps its customers run their business in an efficient manner by combining equipment, service and software. The company's global network enables it to be close to its customers nearly anywhere in the world. It also offers extensive service plans to ensure the reliable performance of its equipment and to maximise its life cycle. By increasing the sales of low-emission and circular solutions, Cargotec can also help customers achieve their sustainability targets. In addition, through collaboration with partners (dealers and importers) who sell Cargotec's products and solutions on behalf of the company, Cargotec can reach and serve an even wider network of customers globally. Partners are also in a key position when increasing customer awareness of the company's sustainable solutions.

In the hands of its customers, Cargotec's equipment benefits society-at-large by keeping load handling running. By continuously increasing the efficiency of its solutions and optimising maintenance, the company can help save energy and resources, which reduces the strain of the logistics industry on the environment. Cargotec also benefits society by employing people, often in non-urban areas where employment is otherwise scarcely available, and by always conducting business in an ethical manner.

Overview of Cargotec's value chain, inputs and outputs

	Upstream	Own operations	Downstream
Input	Suppliers of steel structures, hydraulics (valves and cylinders) and electric components Suppliers of other materials, products and services Outsourced manufacturing (suppliers of finished goods)	The labour of Cargotec's employees Investments in research and development	
Output	Benefits to society through trade and employment of supplier employees Potential negative impacts on people (e.g. labour rights) and the environment (e.g. local biodiversity)	Benefits to society through employment provided and taxes paid Potential negative impacts on people (e.g. health and safety) and the environment (e.g. waste, GHG emissions)	Benefits to customers and society through products, solutions and services (sometimes via dealers) Benefits to investors through increased value of the company and shareholder returns Potential negative impacts on people (e.g. health and safety) and the environment (e.g. GHG emissions)

Interests and views of stakeholders

The purpose of Cargotec's engagement with stakeholders is to understand their needs and expectations. This understanding is essential for Cargotec's success, because it enables the company to identify value creation opportunities and to adjust its strategy and business model, when necessary. The company's stakeholder engagement includes actively responding to information requests and proactively providing information on its website, during meetings and exhibitions, in social media and through various forms of direct communication.

Cargotec's key stakeholders are its employees, customers and their employees, investors as well as suppliers and their employees. The company identifies its key stakeholders based on both their potential influence on Cargotec and Cargotec's potential impact on them. Other important stakeholder groups include authorities, research and educational institutions, industry associations, local communities and the media.

Cargotec's existing understanding of its key stakeholders was confirmed during the company's double materiality assessment in 2023. Two specifications were made based on the results of the assessment: customer employees (end-users as value chain workers) and supplier employees (value chain workers). Local communities were not identified as a key stakeholder group and thus, they are not included in the table below. Cargotec's Leadership Team (CLT) and Board of Directors (BoD) approved the results of the assessment which included information about stakeholders and their views. The CLT and BoD are informed of the sustainability-related views and interests of affected stakeholders as needed.

Key stakeholder	Examples of engagement	Connection to strategy and business model
Employees	• Regular discussions between managers and their team members • Townhall and personnel meetings • Human resources information systems for processing information • Intranet for distributing information and creating engagement • Annual and monthly employee engagement surveys • Annual target and performance discussions • Learning platforms and newsletters for training and collaboration • Reporting channels for safety incidents and violations of the Cargotec Code of Conduct • Targeted emails with crucial information	• Good leadership and inclusion are enablers of Cargotec's strategy. They drive innovation and growth, as people feel safe to reveal their knowledge and talents. • Hiab's vision is to become an Employees First company as part of its People strategy. • A culture of continuous improvement and learning • Equal opportunities • Safer working conditions lead to more efficient operations • Zero tolerance for discrimination
Customers and their employees	• Collecting customer feedback • Maintaining an active dialogue through direct meetings, marketing, extranet, newsletters, and social media • Visiting customers to understand their business and needs • Third party screenings to ensure that the customer is a legitimate, non-sanctioned entity	• Improving product safety for end-users with new innovations • Innovating low-emission and sustainable solutions • Aligned sustainability targets • Risk mitigation: avoid litigation related to safety incidents
Investors	• Financial communication • Processing and responding to investor requests • Events and meetings • Social media	• Growing investor interest in sustainable solutions and investments impact decision making. • Prepared to answer investor and advisor questions and inquiries • Sustainability plays a key role in Hiab's strategy, equity story and performance targets communicated to the financial markets.
Suppliers and their employees	• Supplier self-assessments, including dialogue around needed improvements • Audits, including employee interviews and follow up according to corrective action plan • Site visits • Business review calls • Sharing educational materials, organising training sessions • Supplier engagement as part of responsible sourcing programme • Third party screenings to ensure that the supplier is a legitimate, non-sanctioned entity	• Proactively secure access to fossil-free steel • Aligned sustainability targets • Risk mitigation: avoid negative impacts on human rights, including health and safety

GENERAL INFORMATION

Cargotec's material impacts, risks and opportunities

Identified material impacts, risks and opportunities (IROs)

In the below table, Cargotec discloses the list of its material topics identified in its 2023 double materiality assessment and reviewed in 2024. The impacts, risks and opportunities (IROs) related to these topics are also included. Additional, more descriptive information on them is provided later in this statement under the corresponding disclosure requirements of the European Sustainability Reporting Standards (ESRS).

ESRS	Material topic	Impact materiality[1]	Financial materiality[2]
Environmental information			
ESRS E1 Climate change	Climate change mitigation Energy Time horizon: long term (5+ years)	- Energy and fossil fuels are used throughout Cargotec's value chain. (A) +Cargotec's low-emission solutions help reduce emissions in customer operations. (D) + Optimising the supply chain leads to shorter distance to suppliers, resulting in reduced fuel consumption and lower emissions. (U)	**Transition risks only.** + Cargotec's offering meets customer demand for sustainable solutions, resulting in increased eco portfolio sales. (D) + Hiab wins market leadership through investments in R&D and sourcing (sustainable solutions developed and competitive advantage created faster). (A) - Not meeting emission reduction targets, leading to a need for further investments supporting emission reductions. (A) - Market demand for low-emission equipment grows faster than Cargotec can develop its offering through R&D, resulting in reduced eco portfolio sales. (D) - Scarce availability and high costs of materials critical to the decarbonisation of Cargotec's portfolio. (U, D) - Customer demand and willingness to pay becomes uncertain due to the higher prices of low-emission products compared to conventional ones. (D) - Increased competition. Competitors advance faster in providing new, low-emission technologies. (D)
ESRS E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss: Direct exploitation Impacts on the state of species Impacts and dependencies on ecosystem services Time horizon: short term	-When establishing mines for retrieving raw materials and minerals used in Cargotec's products, the landscape is heavily modified. (U) This: • Contributes to land use change. • Destroys the living environment of local species. The mines themselves can also cause significant harm to species living close to the mines. - The increased demand for lithium batteries and electronics, due to the importance of electrification for Cargotec's strategy, results in a high dependency on raw materials extracted from the ground. (U)	- Biodiversity loss can lead to higher dependency on scarce materials. Disruptions like this in Cargotec's operations or supply chain can lead to financial risk due to jeopardised business continuity. (U, D)

ESRS	Material topic	Impact materiality[1]	Financial materiality[2]
ESRS E5 Resource use and circular economy	Resources inflows	- Cargotec's business is based on assembling equipment that is very material intensive and requires large amounts of finite resources, including steel. (U)	- Demand for components (e.g. batteries) used in electric vehicles is expected to increase, resulting in limited availability and potential price increases. (U)
	Resource outflows	- The quantity of outflow is similar to inflow. (D)	
	Waste	- Cargotec's activities are very material intensive and high-value materials become waste throughout the value chain. (A)	
	Time horizon: continuous		
Social information			
ESRS S1 Own workforce	Working conditions: Health and safety	- Cargotec's business can pose risk to the health and safety of people assembling, operating and servicing its equipment, if instructions are not followed. (O) + Cargotec can improve safety by assessing the risk of injuries and identifying ways to mitigate them. (O)	
	Equal treatment and opportunities for all: Gender equality and equal pay for work of equal value	- Employee motivation and wellbeing is likely to decrease if discrimination, harassment or bullying occurs. Affected people may suffer direct impacts to their mental health, and discrimination may result in poorer career opportunities for those who are discriminated against. (O)	
	Measures against violence and harassment in the workplace		
	Diversity		
	Training and skills development	+ Training enables employees to develop as experts and learn new skills, which increases the motivation to work efficiently and safely. (O)	
	Time horizon: continuous		
ESRS S2 and S4 Workers in the value chain, including end-users	Working conditions - Health and safety	- Cargotec's business has potential negative impacts on people's health and safety throughout the value chain. (A)	- Recurring pandemics. (U)
	Time horizon: continuous		
Governance information			
ESRS G1 Business conduct	Corporate culture	+ Cargotec has robust practices in place for detecting, preventing and responding to potential misconduct, guidelines for ethical behaviour and channels for whistleblowing. With these efforts, Cargotec can reduce and address risks related to ethical business. (O)	
	Corruption and bribery: Prevention and detection, including training		
	Protection of whistleblowers		
	Management of relationships with suppliers, including payment practices	+ Cargotec can prevent various risks related to supply chains by screening big suppliers operating in high-risk geographies and imposing strict requirements on suppliers. (U)	
	Time horizon: continuous		

[1] Within impact materiality, (+) indicates a positive impact while (-) indicates a negative one.
[2] Within financial materiality, (+) indicates a financial opportunity while (-) indicates a financial risk
(U) = IRO takes place in upstream
(O) = IRO takes place in own operations
(D) = IRO takes place in downstream
(A) = IRO takes place in all parts of value chain

Identifying material IROs and their interaction with Cargotec's strategy and business model

In the below section, Cargotec describes the details of its identified material impacts, risks and opportunities, including their current and anticipated effects on the company's strategy and business model. The process and coverage of the assessment are described under **Process to identify material impacts, risks and opportunities** and **Changes to material IROs**.

Climate change

Climate change mitigation is a key element in Cargotec's strategy and business model. Cargotec operates in the load handling sector which has a significant carbon footprint, as the majority of the equipment used in the industry still runs on fossil fuels. Cargotec's biggest climate impact and, consequently, mitigation potential, lies in its value chain: greenhouse gas emissions related to purchased goods and the use of sold products constitute more than 95 percent of the company's total emissions. By tackling emissions in these parts of the value chain and thus, helping customers become more sustainable, Cargotec has the opportunity to transform its industry and contribute to climate change mitigation.

Cargotec conducted a climate scenario analysis in 2021 to evaluate the climate resilience of its strategy and business model. The analysis helps to secure the strategic relevance of Cargotec's climate action, and to ensure that the company's work is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It also helps the company understand the potential financial impacts that climate change may have on its business, in both favourable and unfavourable circumstances. In the favourable scenario, the world achieves the objectives of the Paris Agreement and manages to limit global warming to 1.5ºC. This scenario follows the carbon emission pathway RCP 2.6 of the IPCC 5th Assessment report (SSP1-2.6 of the IPCC 6th Assessment Report) and the Sustainable Development Scenario of the International Energy Agency. In the unfavourable scenario, the world continues business as usual, leading to a global warming of 4ºC. The scenario is based on the IPCC RCP 8.5 carbon emissions pathway.

The climate scenario analysis covers Cargotec's short, medium and long-term time horizons, with the long-term time horizon extending to 2050 and considers policy, legal, technological and societal aspects. Some clear development paths, such as increased digitalisation, electrification, renewable energy and circularity, are acknowledged in both the favourable and unfavourable scenarios. They are also integrated into Cargotec's strategy, which builds trust in the resilience of the strategy, regardless of the future warming pathway. The analysis has been reviewed by the Cargotec Leadership Team (CLT), and the identified risks and opportunities have significantly influenced the strategic decision to develop electric versions of existing products to mitigate climate change.

The scenario analysis confirms that Cargotec has great potential to help its customers' operations become more sustainable by providing solutions that enable substantial emissions reductions. This is supported by the EU Taxonomy regulation's position that manufacturing is a key enabler of greenhouse gas emission reductions in other sectors. Moreover, the demand for such enabling solutions is expected to increase, resulting in increased eco portfolio sales.

At the same time, the demand for low-emission technologies and solutions is increasing rapidly, and many uncertainties and risks exist. Cargotec's low-emission solutions are developed based on new and emerging technology, electrification, automation and digitalisation, which rely on technological innovations and developments. The demand for such products and services also presents market-related risks, as it is dependent on conditions in specific geographies. For example, the extent of a charging network for electric equipment, and the availability of non-fossil electricity to power such a network, varies greatly between regions and countries.

In addition to the above-mentioned transition risks, the climate scenario analysis identified the following physical risks:

Physical risk (climate-related hazard)	Impact	Mitigation / opportunity
Acute Heat waves Extreme weather events, such as hurricanes, storms and floods **Chronic** Heat stress Rising sea levels	**Business disruption** Disruptions in the supply chain may cause negative impacts on Cargotec's production capacity and revenues. For example, suppliers located in areas of under-developed infrastructure are especially vulnerable to extreme weather events, as their operations and facilities may be severely damaged. In addition, the ability of local society to help rebuild may be lowered. An extreme weather event in one region may also cause delays in other regions that trickle down and compromise timely deliveries to customers.	Up-to-date business continuity plans
	New requirements for products Heat waves and heat stress require considerations for people's health and safety, as operating conditions may become more challenging.	Opportunity to develop solutions that improve the climate resilience of customer operations. Automation, robotisation, digitalisation and remote services reduce or remove the need to be physically present.

Pollution and water and marine resources

In its 2023 double materiality assessment, Cargotec screened its business activities and sites related to pollution on a high level, without consulting with affected communities. The company estimated at the time that there was a material negative impact related to air pollution in its value chain. However, in its annual review of the assessment in 2024, the company determined that the topic is not material for Cargotec. For more details, see **Changes to material IROs**.

The topic of water and marine resources was also evaluated in Cargotec's 2023 double materiality assessment. As Cargotec's business model is based on asset-light, assembly-only operations, water consumption in the company's own operations is minimal. In addition, even though the manufacturing of steel, which is Cargotec's main raw material, requires large quantities of water, most of it is reused or returned to source. The topic was not found to be material for the company.

Biodiversity and ecosystem services

Through its internal assembly site screening, double materiality assessment and a biodiversity screening commissioned during 2024, Cargotec has developed a preliminary understanding of its impact on biodiversity. The local impact is considered relatively minor. In its internal assembly site screening in 2023, Cargotec assessed if any of its sites are located in biodiversity-sensitive areas and if biodiversity mitigation measures are needed. Hiab has 16 assembly sites in Finland, Sweden, Ireland, Poland, South Korea, Italy, Spain, Brazil and the United States. One of these sites, Hiab's EFFER site in Taranto, Italy, is located in a Natura 2000 area. The Natura 2000 is a network of protected areas within Europe. Due to this location, the operations of the Taranto site are governed by the Italian Single Environmental Authorization (SEU), which requires the site to report on its emissions of volatile organic compounds (VOCs), nitrogen oxides (NO_x), sulphur oxides (SO_x), particulate matter (PM) and carbon dioxide (CO_2) to national authorities every six months. The Taranto site has not been found to negatively affect the Natura 2000 area it is located in.

Cargotec has not identified negative impacts related to land degradation, desertification, soil sealing or threatened species.

As Cargotec's products are mainly made with materials from finite resources, such as steel, the company is heavily dependent on resources extracted from the ground. While Cargotec does not directly source minerals from mines, smelters or refiners, the company can play a role in addressing related environmental issues through strong multi-stakeholder partnerships, such as the Responsible Minerals Initiative (RMI). In addition, as the company's strategy focuses on electrification, the increased demand for minerals requires a better understanding of impacts arising from its supply chains. The extraction of virgin materials can lead to local environmental harm, such as biodiversity loss through land use changes, when establishing new mines. When not well managed, existing mines may also have a negative impact on local biodiversity via water and soil pollution. In the supply chain, Cargotec can minimise negative impacts on the local environment by, for example, replacing virgin steel with recycled steel and alternative materials.

Resource use and circular economy

In identifying its impacts, risks and opportunities related to resource use and circular economy, Cargotec relies on its existing understanding of the matter. The company foresees many opportunities to contribute to a circular economy while capturing profitable growth through new business models and solutions. For example, circular solutions, such as repair services and the sale of used equipment, are already part of the company's eco portfolio. At the same time, Cargotec acknowledges that its operations are highly dependent on finite resources, and that advancing circularity throughout the value chain can help ensure that the company's business remains resilient and competitive.

The depletion of natural resources and increasing demand for low-emission solutions may impact the availability and price of materials and components that are crucial for production. As a result of the electrification trend, the demand for minerals used in, for example, battery production is expected to increase. Limited availability and the potential rise in battery prices pose a market risk as price increases can impact direct costs. This can also impact the overall demand for low-carbon solutions.

When identifying these impacts, risks and opportunities, Cargotec has not used a specific screening of its assets and activities nor conducted consultations with affected communities. However, in 2024, each business area organised workshops that focused on identifying new business opportunities related to the circular economy. For more information, please see **Actions related to resource use and circular economy**.

Own workforce

Health and safety

The health and safety of Cargotec's employees is a fundamental element of the company's way of working, and Cargotec is committed to providing a harm-free workplace where people feel safe. The company continuously assesses its operations to identify, analyse and control the risk of injuries and ill health, and to seize opportunities to improve safety.

Cargotec's business model is based on assembling, operating and servicing load handling equipment and offering related services. This type of work may pose a safety risk if performed incorrectly. As part of its business model, Cargotec uses feedback from its employees, external workforce and customers to improve the safety of its equipment, services and ways of working. Cargotec also continuously raises awareness of safe behaviour and best practices in its own operations.

Cargotec's potential negative impact on human health and safety applies to all employees and external workforce. However, the company's incident statistics show that employees and workers who assemble, operate and service the company's equipment - whether directly employed by Cargotec or by a third party - face the biggest risk of personal injury. This type of work poses risks of individual incidents, such as ill health, minor and severe injuries (especially hand injuries) and, in very rare instances, even fatalities.

Depending on the improvement measures, Cargotec's positive impact on human health and safety (improved safety) affects different groups of employees and external workforce. For example, a minor process improvement at an assembly site would only impact the people working at the site, whereas updating global safety instructions would impact all workers.

Equal treatment and opportunities for all

Empowering and engaging with employees and providing opportunities to improve their skills are essential enablers of Cargotec's strategy, as feeling included encourages individuals to reveal their knowledge. As an employer, Cargotec impacts the way employees experience their workplace, both physically and psychologically and thus, has the responsibility to ensure that people feel safe coming to work as they are and express themselves freely. The company has zero tolerance for discrimination in all its forms. To strengthen these commitments, Cargotec has signed the Diversity Charter Finland.

Cargotec has not developed a full understanding of the scope of people negatively affected by discrimination or bullying, as the company's diversity, equity and inclusion (DE&I) work was put on hold due to the planned separation of its business areas. A roadmap has been developed for standalone Hiab to ensure that Hiab takes the the correct actions to advance its leadership and DE&I efforts in the future. However, all employees and workers – whether employed directly by Cargotec or by a third party – may be subject to discrimination or bullying. It is also likely that people who represent a minority or another vulnerable group are at higher risk, and the risk of such individual misconduct overall may also vary between regions.

Through training, Cargotec can have a positive impact on its own workforce, as learning new information and skills increases work motivation. Training is provided widely to all Cargotec's employees, ranging from technical know-how to high-level understanding of, for example, relevant regulation.

Although not considered financially material, Cargotec's decarbonisation roadmaps present risks and opportunities in the form of skills development. For example, electrification requires new expertise in product safety and equipment maintenance, as the technical properties of electric equipment differ from their traditional counterparts. Cargotec must ensure that it has competent employees and workers to cover these requirements.

Forced and child labour

None of Cargotec's operations are at significant risk of incidents of compulsory, forced or child labour. For more details about the risk of such incidents in Cargotec's supply chain, see the next section.

Workers in the value chain

In the value chain, Cargotec considers health and safety-related impacts and financial risks to be the most material. Cargotec's business model is based on asset-light, assembly-only production and operating and servicing load handling equipment. The type of work conducted by end-users (customer employees operating the equipment) poses risks to human health and safety, if the equipment is operated incorrectly. On the other hand, the company's high dependency on the suppliers of necessary components requires Cargotec to understand safety risks related to supplier employees.

Providing safe equipment to customers is an essential part of staying competitive, and thus, a key part of the company's strategy. In addition, as part of its business model, Cargotec engages with suppliers to improve their safety performance and uses feedback from customers to improve the safety of its equipment through, for example, design. In addition, the company has health and safety requirements for its suppliers and other business partners in its Business Partner Code of Conduct. The requirements include obligations for providing related training and instructions and having procedures in place for addressing occupational injuries and illnesses.

The findings of the company's supplier audits reveal widespread issues with, for example, emergency preparedness, the availability of personal protective equipment and safety instructions. These types of shortcomings can lead to cases of ill health, minor and severe injuries or even fatalities for supplier employees. As commonly is the case in industrial operations, value chain workers also experience individual health and safety incidents. Through supplier self-assessments and site audits, Cargotec has documented health and safety-related findings in all geographical regions and supplier categories. Based on common knowledge of high-risk work environments, Cargotec's understanding is that supplier workers most at risk are those who work in production.

On the other end of the value chain, the end-users of Cargotec's products are typically customer employees who operate the company's equipment, and the negative impacts are related to individual health and safety incidents, if the equipment is used incorrectly. Based on customer feedback and media reports, operators of heavy machinery are at risk of ill health, minor and severe personal injuries and even fatalities. While the root cause of the injury is typically not directly related to Cargotec's equipment, it may be linked to it through, for example, inadequate training on the customer's side. To conduct their tasks in a safe manner, equipment operators are dependent on accurate and accessible product information. Cargotec has the responsibility to provide product training and an instruction manual with each piece of equipment delivered, and it is the customer's responsibility to ensure that operators are properly informed to avoid the unsafe use of the equipment. In addition, many of Cargotec's equipment include automatic safety features that increase the safety of the operator. Such features include monitors that require the operator to buckle their seat belt before being able to operate the equipment, and side doors that prevent the driver from falling out of the cabin.

Cargotec considers recurring pandemics a significant financial risk to its business. Pandemics can lead to large numbers of value chain workers contracting an infectious illness, especially those working in close proximity to others. This, in turn, may lead to material flow disruptions. The COVID-19 pandemic, for example, caused disruptions in the company's supply chain, which resulted in reduced production capacity for Cargotec.

While there is a widespread risk of child and forced labour in certain parts of Cargotec's mineral supply chain, these issues have not been identified as material impacts for the company. This is due to steps taken to ensure that minerals used in Cargotec's supply chain are not extracted using child or forced labour, and that they are not used to finance conflicts. Through its membership in the Responsible Minerals Initiative (RMI), the company has access to various tools that help increase the transparency of the origin of conflict minerals and cobalt used in the supply chain, including the Responsible Minerals Assurance Process (RMAP) to audit smelters and refiners. For more information, see **Management of relationships with suppliers** under Business conduct.

Affected communities

The topic of affected communities was evaluated in Cargotec's 2023 double materiality assessment. While there are impacts related to the local communities around the mines where some of the minerals and components used in Cargotec's products originate from, they were not found to be material for the company.

End-users

The end-users of Cargotec's products are the operators of the company's equipment. These operators are either employees of Cargotec's customers or, in the case of small business owners, the customers themselves. As such, identifying impacts related to end-users is mostly covered above, under **Workers in the value chain**. However, it is to be noted that as the only material impact on Cargotec's end-users is related to health and safety, these equipment operators are dependent on accurate and accessible product or service-related information, such as manuals. This is to avoid the potentially unsafe operation of Cargotec's equipment. Cargotec provides such manuals and information when equipment is delivered to customers.

Business conduct

When evaluating the material impacts, risks and opportunities related to business conduct matters, Cargotec included the company's global operations and value chain in their entirety. This entailed various locations around the world, several industries (such as steel manufacturing and customer operations in various sectors) and many potential sustainability topics specific to said locations and industries.

Cargotec considers its business conduct-related impacts to be positive. Thanks to its robust practices for detecting, preventing and responding to potential misconduct, the company can reduce and address risks related to ethical business. Cargotec's Code of Conduct, training on relevant topics, various guidelines for ethical behaviour and channels for whistleblowing are essential parts of these practices.

Similarly, Cargotec's responsible sourcing programme helps the company identify and mitigate various risks related to the supply chain. As part of the programme, Cargotec imposes strict requirements for suppliers, conducts audits and supports suppliers in improving their sustainability performance, where feasible.

Changes to material IROs

During 2024, Cargotec reviewed its double materiality assessment results to determine whether the identified material impacts, risks and opportunities (IROs) were still valid. In addition to an overall, regular review, the company wanted to understand the potential impacts that Kalmar's separation and the sale of MacGregor could have on Cargotec's material topics. As a result of the review, the company determined that the vast majority of the identified IROs were still valid. The company did, however, determine that E2 Pollution is not a material standard for Cargotec. The results of the 2024 review were evaluated by the Cargotec Leadership Team and the Board of Directors' Audit and Risk Committee.

Topic	Reason for non-materiality
E2 Pollution - Pollution to air	In its 2023 double materiality assessment, Cargotec estimated that there is a material negative pollution-related impact in its value chain. The impact of Cargotec's own operations is very small. Due to an improved understanding of the impact, Cargotec lowered the score for its scale (harmfulness) in 2024, which resulted in the impact not exceeding the materiality threshold. As this was the only impact originally considered material under E2 Pollution, the change made the standard not material for Cargotec and is consequently not included in the company's annual sustainability reporting.

GENERAL INFORMATION

Process to identify material impacts, risks and opportunities

Cargotec conducted a double materiality assessment in 2023 to verify its material impacts, risks and opportunities for 2024 annual reporting. The assessment was conducted individually for each business area to ensure that they can benefit from the results when determining their sustainability agendas as standalone companies after the planned separation of Cargotec's business areas is complete. The business area results were consolidated on group level to support Cargotec's annual reporting for 2024. The assessment process was supported and evaluated by an external expert organisation, and the results were approved by the Cargotec Leadership team and Board of Directors. The assessment covered the company's entire value chain over the short, medium and long-term time horizons, both from an impact and a financial perspective.

Cargotec considers a topic material from an impact perspective when it has actual or potential, positive or negative material impacts on people or the environment. This covers both the company's own operations and the value chain, including the impacts of its products and services and business relationships. A topic is material from a financial perspective if it generates risks or opportunities that impact (or could reasonably be expected to impact) the company's financial position or performance, cash flows, access to finance, or cost of capital. The assessment also noted that dependencies on natural, human and social resources can be sources of financial risks or opportunities.

Cargotec's double materiality assessment had four phases: understanding the context for impacts, identifying impacts, risks and opportunities (IROs), assessing the identified IROs as well as setting thresholds for determining the company's material IROs. During the process, the company thoroughly evaluated its business model, global presence, products and services (including materials used), value chain and business relationships in the upstream and downstream as well as affected stakeholders. To do this, the company conducted comprehensive desktop research and value chain mapping. The company used assumptions when assessing the likelihood and irremediability of impacts related to human rights.

Impact materiality

Cargotec used input from previous risk and impact assessments and conducted interviews with 21 internal stakeholders (own employees) and one external stakeholder (financial institution) to identify its actual and potential impacts (positive and negative) on people and the environment. Input from internal subject matter experts, scientific research, market trends and peer benchmarks were also part of the assessment. The identified impacts, both positive and negative ones, were evaluated based on severity (scale, scope, irremediability) and likelihood, and mapped against the European Sustainability Reporting Standards (ESRS). Irremediability was only evaluated for negative impacts. The evaluation was done with subject matter experts representing several functions in the company and its business areas, such as Human Resources, Sustainability, Health and Safety, Sourcing, Ethics and Compliance, and covered the entire value chain. The combination of severity and likelihood determined the materiality of the impact.

Cargotec's most significant negative environmental and social impacts take place in the operations of its suppliers and other business partners. As finite resources, such as steel and minerals, are used in the manufacturing of Cargotec's equipment, the company focused specifically on negative impacts arising from the mining industry and the extraction of these materials. In addition, Cargotec paid special attention to specific geographies, as the company has numerous suppliers in low-income countries, which presents heightened risk of adverse human rights impacts.

Financial materiality

Cargotec screened and identified the financial risks and opportunities of the identified impacts. The company used input from existing risk assessment tools and conducted interviews and workshops with its Finance, Strategy and Risk Management functions as well as other subject matter experts. The company prioritised those risks and opportunities that were most likely expected to affect the company's operating profit. The identified risks and opportunities were linked to relevant ESRS sub-topics but not to the value chain. Once the risks and opportunities were identified, these were evaluated by subject matter experts, based on magnitude (level of financial impact on operating profit, ranging from nominal to catastrophic) and likelihood. As sustainability-related risks are also evaluated as part of the company's general enterprise risk management (ERM) process, the ERM's assessment methodology and prioritisation were used when assessing risks in the double materiality assessment. The combination of the likelihood of occurrence and the potential magnitude of the financial risk or opportunity determined its materiality.

Consolidation and thresholds

Once impacts, risks and opportunities were identified and assessed on business-area level, the results were consolidated on group level, prioritised based on their scoring and given thresholds. In setting the criteria for the thresholds, the company considered a range of factors, including but not limited to, the significance of the impact on stakeholders, potential financial implications and the strategic importance of the impacts, risks and opportunities. As risks and opportunities seemed to score lower overall, the threshold for determining financial materiality was set lower than for impact materiality to ensure that risks and opportunities also exceed the materiality threshold. In addition, one of the goals of the threshold setting was to ensure that not only existing material topics exceed the threshold, but also new ones, and to expand the review more into the full value chain. This was achieved, as while the results of the double materiality assessment confirmed topics that have been prioritised in Cargotec's management processes for a long time (climate, circularity, product safety), also new material topics were identified (biodiversity and business ethics). On the other hand, Sustainable finance was removed from Cargotec's material topics, as it did not have appropriate evaluation criteria in the ESRS standards.

Sustainability and risk management

Cargotec evaluates climate-related risks in the company's general Enterprise Risk Management (ERM) process, which covers the assessment and management of various business risks, such as market, competitor and financial risks. When climate-related risks are evaluated, opportunities linked to them are also analysed to ensure that the long-term nature of climate impacts is properly considered and sufficient actions are taken. While the ERM process focuses on direct operations and risks, the climate-specific risk management process covers the full value chain and includes opportunities.

The climate-specific risk management process is conducted by Cargotec's group functions, whereas the company's business areas are responsible for validating the outcome and taking the process to a more detailed level, as necessary. Risks and opportunities are identified and discussed on business-area and group levels by relevant subject matter experts, after which they are consolidated with other relevant group-level risks.

Sustainability due diligence is a fixed element in Cargotec's mergers and acquisitions (M&A) process. This includes conducting environmental analyses and identifying potential human rights risks.

Climate has been the only sustainability-related topic included in Cargotec's ERM process. During 2024, Hiab initiated work to include environmental, social and governance topics in its ERM process to cover sustainability more holistically. The goal is to enable the high-quality evaluation of other sustainability topics in addition to climate.

In addition, Cargotec's business areas have integrated management systems for topics, such as quality, the environment and health and safety. All systems include risk assessments on asset level, including the potential short-term impacts of climate change at the location.

Table of disclosure requirements and data points derived from other EU legislation

ESRS disclosure requirement	Data point derived from other EU legislation	Location in the statement
General information		
BP-1, BP-2		General information
GOV-1	Paragraphs 21 (d) and (e)	Sustainability governance at Cargotec
GOV-2		Sustainability governance at Cargotec
GOV-3		Sustainability-related incentive schemes
GOV-4	Paragraph 30	Statement on due diligence
GOV-5		Risk management and internal controls over sustainability reporting
SBM-1	Paragraphs 40 (d) i-iv (not material)	Strategy, Business model and value chain
SBM-2		Interests and views of stakeholders
SBM-3		Cargotec's material impacts, risks and opportunities
IRO-1		Process to identify material impacts, risks and opportunities
IRO-2		Table of disclosure requirements and data points derived from other EU legislation

ESRS disclosure requirement	Data point derived from other EU legislation	Location in the statement
Environmental information		
E1-1	Paragraphs 14, 16 (g)	Climate transition plan
E1-2		Policies related to climate change
E1-3		Actions related to climate change
E1-4	Paragraph 34	Targets and metrics related to climate change
E1-5	Paragraphs 37, 38, 40–43	Energy consumption and mix
E1-6	Paragraphs 44, 53–55	Gross scopes 1, 2, 3 and total GHG emissions
E1-7	Paragraph 56	Not material
E1-8		Not material
E1-9	Paragraphs 66, 66 (a), 66 (c), 67 (c), 69	Phase-in disclosure requirement, not included
E2-1, E2-2, E2-3		Not material
E2-4	Paragraph 28	Not material
E3-1	Paragraphs 9, 13, 14	Not material
E3-2, E3-3		Not material
E3-4	Paragraphs 28 (c), 29	Not material
ESRS 2 - IRO-1 - E4	Paragraphs 16 (a) i, (b), (c)	Biodiversity and ecosystem services under "Identifying material IROs and their interaction with Cargotec's strategy and business model"
E4-1		Biodiversity and ecosystems
E4-2	Paragraphs 24 (b), (c), (d)	Policies related to biodiversity
E4-3, E4-4		Actions and targets related to biodiversity
E4-5		Not material
E4-6		Phase-in disclosure requirements, not included
E5-1		Policies related to resource use and circular economy
E5-2		Actions related to resource use and circular economy
E5-3		Targets and metrics related to resource use and circular economy
E5-4		Resource inflows
E5-5	Paragraphs 37 (d), 39	Resource outflows, including Waste
Social information		
ESRS 2 - SBM-3 - S1	Paragraphs 14 (f), (g)	Forced and child labour under "Identifying material IROs and their interaction with Cargotec's strategy and business model"
S1-1	Paragraphs 20, 21, 22, 23	Policies related to own workforce
S1-2		Engagement with own workforce

ESRS disclosure requirement	Data point derived from other EU legislation	Location in the statement
S1-3	Paragraph 32 (c)	Processes for remedy and channels to raise concerns
S1-4		Actions related to own workforce
S1-5		Targets and metrics related to own workforce
S1-6, S1-7		Characteristics of employees and non-employee workers
S1-8		Not material
S1-9		Diversity metrics
S1-10, S1-11, S1-12		Not material
S1-13		Training and skills development
S1-14	Paragraphs 88 (b), (c), (e)	Health and safety
S1-15		Not material
S1-16	Paragraphs 97 (a), (b)	Remuneration metrics
S1-17	Paragraphs 103 (a), 104 (a)	Incidents, complaints and severe human rights impacts
ESRS 2 - SBM3 - S2	Paragraph 11 (b)	Workers in the value chain under "Identifying material IROs and their interaction with Cargotec's strategy and business model"
S2/S4-1	S2-1 paragraphs 17, 18, 19 S4-1 paragraphs 16, 17	Policies related to workers in the value chain, End-users
S2/S4-2, S2/S4-3		Processes for engagement, remedy and grievance channels (Workers in the value chain), End-users
S2/S4-4	S2-4 paragraph 36 S4-4 paragraph 35	Actions related to workers in the value chain, End-users
S2/S4-5		Targets and metrics related to workers in the value chain, Targets related to end-users
S3-1	Paragraphs 16, 17	Not material
S3-2, S3-3		Not material
S3-4	Paragraph 36	Not material
S3-5		Not material
Governance information		
G1-1	Paragraphs 10 (b), (d)	Business conduct policies and corporate culture
G1-2		Management of relationships with suppliers
G1-3		Detecting and responding to potential misconduct, Preventing non-compliance
G1-4	Paragraphs 24 (a), (b)	Non-compliance incidents
G1-5		Not material
G1-6		Payment practices

Environmental information

ENVIRONMENTAL INFORMATION

Climate change

Climate transition plan

Cargotec's decarbonisation roadmaps are integrated into the company's overall business strategy and financial planning through, for example, the company's targets for its eco portfolio order intake and sales. The roadmaps were completed for the company's core businesses (Kalmar and Hiab) in 2023. They include ambitious climate targets that are compatible with the limiting of global warming to 1.5°C, in line with the Paris Agreement. They also include concrete actions on how to reach the climate targets, including the promotion of Cargotec's eco portfolio and further investments in research, development and innovation. Cargotec's decarbonisation roadmaps are described in more detail throughout this Climate change section under topics related to actions, targets, metrics and the monitoring of progress made.

Cargotec has identified some potential locked-in greenhouse gas emissions related to its assets (physical sites) and diesel-driven equipment as well as the steel used in its equipment. Cargotec does not foresee these locked-in emissions jeopardising the achievement of its climate targets, as the company addresses them in its decarbonisation roadmaps.

The company's decarbonisation roadmaps have been approved by the respective business area leadership team and reviewed by the Cargotec Leadership Team and the Board of Directors. The company is not excluded from the EU Paris-aligned Benchmarks.

Policies related to climate change

Cargotec's Code of Conduct (CoC) sets the foundation for the company's corporate culture and establishes high standards of integrity for how the company does business. The Code of Conduct reinforces Cargotec's commitment to act on climate change mitigation and reduce greenhouse gas emissions to limit global warming to 1.5°C. The CoC is approved by Cargotec's Board of Directors, and it applies to all employees of Cargotec and all its business areas and subsidiaries. The company's Chief Compliance Officer is the most senior role responsible for the implementation of the CoC as a whole, mainly in the form of training and communication. Various roles in different functions and operations are responsible for the implementation of specific commitments, such as those related to climate and the environment. Internal subject matter experts and employee representatives are included in updating the Code of Conduct. The document is publicly available in 20 languages on cargotec.com and internally in Cargotec's intranet.

Cargotec's Sustainability Policy lays out the company's objectives for mitigating adverse impacts on the environment and promoting energy efficiency throughout the value chain. Cargotec's ambition to mitigate climate change by providing energy efficient and low-emission solutions is communicated in the policy. The policy also includes a commitment to promote renewable energy in Cargotec's operations and to set emission reduction targets throughout the value chain. Internal subject matter experts are included in formulating and updating the policy commitments relevant to their field of expertise. The Sustainability Policy covers the entire value chain, as it applies to all Cargotec employees, suppliers and other business partners. The policy is approved by the Cargotec Leadership Team which is responsible for implementing the objectives of the policy and for cascading responsibilities further into the organisation. The company's SVP Sustainable Business Development is the most senior role accountable for the implementation of the Sustainability Policy. The policy is publicly available at cargotec.com and internally in Cargotec's intranet.

Cargotec's Business Partner Code of Conduct (BPCoC) covers partners in all parts of the company's value chain, but its focus is mostly on the supply chain. In the BPCoC, business partners are encouraged to actively monitor, report, set targets for and strive to reduce greenhouse gas emissions in their own operations and value chain. They are also encouraged to measure the carbon footprint of their own products and services and to mitigate their negative impact on the climate. When creating the BPCoC, the company benchmarked the Code of Conduct of the Responsible Business Alliance (RBA), which is a cross-industry coalition dedicated to responsible business conduct in global supply chains. In addition, Cargotec's internal subject matter experts are included in formulating and updating those BPCoC commitments that are relevant to their field of expertise. As sourcing is managed in Cargotec's business areas, the most senior roles responsible for the implementation of the BPCoC are located in the business areas. In Hiab's case, the most senior role is Vice President, Sourcing. The BPCoC is part of the company's contracts with suppliers and general purchase conditions. It is approved by the Cargotec Leadership Team and is publicly available at cargotec.com and internally in Cargotec's intranet.

Policy implementation is monitored by tracking Cargotec's progress towards its climate targets, which takes place through various analyses and actions. This work is described throughout this Climate change section.

Actions related to climate change

To drive its emission reductions in practice, Cargotec takes action in all parts of its value chain. Decarbonisation levers include improving energy efficiency (own operations, downstream), electrification (own operations, downstream), fuel switching (own operations), use of renewable energy (upstream, own operations), product development (downstream), and alternative materials used in manufacturing (upstream).

Upstream

In the supply chain, the manufacturing of steel structures for Cargotec's equipment is the biggest single source of greenhouse gas emissions. The company's goal is to secure early access to low-emission steel on the market and re-engineer Cargotec products, so that alternative materials can be used in their manufacturing. Cargotec works with its suppliers to find better alternatives to the materials and components used today. For example, Cargotec and the steel manufacturer SSAB have partnered to introduce fossil-free steel to the load handling industry in Cargotec's equipment.

In 2024, Hiab continued to address its supply chain emissions by engaging with suppliers. The goal of this work is to encourage suppliers to increase the share of renewable energy and recycled steel used in their operations and component manufacturing. During the year, Hiab launched a new product made partly with recycled steel that is produced using fossil-free electricity (see **Downstream** below).

Own operations

Due to Cargotec's assembly-only operations, emissions from the company's own operations are relatively minor. The majority of these emissions originate from the consumption of electricity at Cargotec's facilities and the fuel used by the company's service fleet. To mitigate these emissions, the company plans to improve the energy efficiency of its facilities, increase the share of renewable electricity in its operations and transition to low-emission vehicles.

In 2024, Hiab's sites at Eksjö and Vallentuna in Sweden switched to non-fossil electricity through guarantees of origin. The Eksjö site hosts a small foundry that consumes high amounts of electricity and, in the long-term time horizon, the switch to a non-fossil source will reduce the site's scope 2 emissions by approximately 110 tonnes of CO_2e annually. While the reduction represents roughly one percent of Hiab's total scope 2 emissions, it is significant for the individual site.

Downstream

Cargotec's biggest potential to mitigate climate change lies in the use phase of sold equipment. Here, greenhouse gas emissions are high due to the long use phase of the company's equipment by customers and the use of diesel engines to operate the equipment. Cargotec's research and development focuses on investments that enable the innovation of new low-emission products and service solutions. The company's eco portfolio, established in 2017, highlights the equipment, services and software that help solve customer challenges related to sustainability. The portfolio provides more sustainable solutions through electrification, digitalisation, automation and robotisation. The development and sales growth of the eco portfolio plays a vital role in by supporting the decoupling of greenhouse gas emissions from sales growth.

The impacts of all new products launched during 2024 will take place in the long-term time horizon.

In 2024, Hiab announced that customers now have the option to have their MULTILIFT ULTIMA hooklift built with low-emission steel that is made from recycled steel and produced using fossil-free electricity. With this option, approximately 25 percent of the hooklift's steel structure is made with low-emission steel. The ULTIMA hooklifts can also be combined with a MULTILIFT Performance Package which helps reduce fuel consumption and CO_2 emissions by optimising operations with different technological solutions. Compared to a conventional MULTILIFT ULTIMA hooklift, the combination of low-emission steel and a Performance Package reduces total CO_2 emissions over the life cycle of the hooklift by approximately 20 percent.

During 2024, as a result of industry collaboration, Hiab also launched the MULTILIFT eULTIMA, the world's first hooklift specifically designed for electric trucks. The eULTIMA uses the truck's electric power takeoff for operation, which essentially eliminates the tailpipe emissions of the hooklift.

During the year, Hiab also introduced a new generation of mid-range loader cranes, the iX HiDuo and eX HiPro, which feature significantly improved hydraulic efficiency. The cranes are equipped with the Olsbergs Hydraulic System and Hiab's newly developed Engine Control feature. This combination delivers up to a 52 percent improvement in energy efficiency compared to the previous generation of the same cranes, resulting in a life cycle emission reduction of 47 percent.

Cargotec believes that further developing a low-emission offering is the only way to remain competitive in the future. However, the company acknowledges that its planned actions for product and service development are dependent on market situation and customer preferences and willingness to purchase low-emission products.

Targets and metrics related to climate change

Following Cargotec's commitment to the 1.5°C climate ambition, the company's greenhouse gas emission reduction target is set in line with the Paris Agreement and based on the latest climate science. The target, validated by the Science Based Targets initiative, is to reduce greenhouse gas emissions in all three emission scopes by at least 50 percent by 2030 compared to a 2019 baseline. The scope of the target covers scope 1 and 2 (market-based) emissions as well as scope 3 emissions related to purchased goods and services (excluding indirect procurement) and the use of sold products. Cargotec maintains an energy reporting system for monitoring its scope 1 and 2 emissions throughout the organisation. The scope 3 emissions included in the target boundary cover more than 95 percent of the company's total scope 3 emissions. The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

The methodology for defining the above climate target is based on the science-based criteria of the Science Based Targets initiative (SBTi). Version 4.1 of the criteria was used for setting Cargotec's science-based target, as it was the valid version at the time. The current criteria can be found on the SBTi website. Cargotec's sustainability function and relevant business area experts were included in the target-setting process during 2020. External stakeholders were not included.

Progress towards Cargotec's science-based target is monitored on an annual basis. In 2024, these emissions decreased by 21 percent for continuing operations, compared to 2023 (no SBTi-validated base year exists for continuing operations). The decrease was mainly due to reduced sales. The total emission intensity (total GHG emissions per net revenue) also improved, which was partly due to the increased share of service sales of total sales (as compared to equipment that generates use phase emissions). Cargotec does not offset emissions, use carbon credits, engage in greenhouse gas removals or apply internal carbon pricing to achieve its climate targets.

Within its own operations (scopes 1 and 2), Cargotec has aimed to go beyond its science-based target with a target to achieve carbon neutrality by 2030. The majority of Cargotec's own emissions originate from the consumption of electricity, and the company's goal has been to increase the share of renewable electricity to 100 percent by 2030. The target for 2024 was to reach a share of 60 percent. At the end of the year, the share of renewable electricity totalled 74 percent for continuing operations. In addition, Cargotec has aimed to increase remote services and transition to low or zero-emission vehicles in its service fleet. In 2024, Cargotec's continuing operations reached a 19 percent reduction in scope 1 and 2 emissions compared to 2023. Relevant internal subject matter experts, such as business area QEHS managers, have been consulted when setting the targets for the company's own operations.

Cargotec's climate targets are fully in line with the company's policy commitments on the topic, and they have been approved by the company's Board of Directors. After the planned separation of Cargotec's business areas is complete, standalone Hiab will decide on its ambition level regarding science-based and other climate targets.

Energy consumption and mix

Due to delays in supplier invoicing, Cargotec has used estimates for the last quarter of 2024 for energy indicators. As the estimates are applied to the company's own energy consumption, they also affect its direct and indirect emissions (scopes 1 and 2). The estimates are based on corresponding data from the last quarter of 2023, as no significant changes related to the reporting scope or production lines of continuing operations occurred during the reporting year.

Energy consumption (MWh)	Continuing operations		Cargotec total
	2024	2023	2024
Fossil sources (total)	44,125	56,437	69,507
Coal and coal products	0	0	0
Petroleum products (diesel, gasoline, kerosene, LFO, liquified petroleum gas)	23,692	29,483	39,505
Natural gas	12,731	15,619	15,463
Other fossil sources	0	0	0
Acquired non-renewable electricity	6,174	9,511	10,856
Acquired non-renewable heat	1,529	1,823	3,683
Nuclear sources (total)	2,463	2,515	3,549
Renewable sources (total)	18,185	17,555	27,110
Biofuels (pellets, biodiesel)	281	157	327
Self-generated solar energy	420	672	1,734
Acquired renewable electricity	14,280	14,173	19,382
Acquired renewable heat	3,204	2,553	5,666
Total energy consumption	64,773	76,507	100,166
Energy intensity (MWh/MEUR)[1]	39.3 %	42.8 %	30.4 %
Share of consumption from nuclear sources in total energy consumption (%)[2]	3.8 %	3.3 %	3.5 %
Share of renewable sources in total energy consumption (%)[3]	28.1 %	23.0 %	27.1 %
Share of renewable electricity of total electricity consumption (%)	73.5 %	64.6 %	69.4 %

[1] Cargotec's energy intensity is calculated as total energy consumption in relation to company revenue (2024: EUR 1,647 million for continuing operations and EUR 1,651 million for discontinued operations. See note 2.2 Revenue recognition in the consolidated financial statement).
[2] Figure includes certificates that confirm 100% nuclear.
[3] Figure also includes certificates for non-fossil energy where nuclear sources can be included.

Gross scopes 1, 2, 3 and total GHG emissions

Tonnes of CO_2-eq.	Continuing operations			Cargotec total			Target 2030
	2024	2023	%2024/2023	Base year 2019[1]	2024	% Base year[1]	
Scope 1 emissions	8,837	10,906	-19,0 %	22,000	13,627	-38,1 %	Carbon neutral
Scope 2 emissions (location-based)	4,823	5,826	-17,2 %	28,200	9,834	-65,1 %	Carbon neutral
Scope 2 emissions (market-based)	2,051	2,501	-18,0 %	28,200	4,719	-83,3 %	Carbon neutral
Scope 3 emissions	1,089,942	1,372,371	-20,6 %	5,682,546	3,402,350	-40,1 %	
Use of sold products	692,050	921,098	-24,9 %	3,990,358	2,299,802	-42,4 %	
Purchased goods	349,668	393,330	-11,1 %	1,530,339	1,001,891	-34,5 %	
Transportation and distribution	40,918	49,963	-18,1 %	135,584	83,797	-38,2 %	
Business travel	2,026	1,867	8.52 %	13,973	6,441	-53,9 %	
Fuel- and energy-related activities	5,279	6,113	-13,6 %	12,292	10,419	-15,2 %	
Total emissions (location-based)	1,103,602	1,389,103	-20,6 %	5,732,746	3,425,811	-40,2 %	
Total emissions (market-based)	1,100,830	1,385,778	-20,6 %	5,732,746	3,420,696	-40,3 %	
Emission intensity (location-based) (tCO_2e/MEUR)[2, 3]	670	778	-13,8 %	1,557	1,039	-33,3 %	
Emission intensity (market-based) (tCO_2e/MEUR)[2, 3]	668	776	-13,9 %	1,557	1,037	-33,4 %	
Total emissions (SBT scope[2, 4])	1,013,059	1,289,642	-21,5 %	5,500,209	3,097,226	-43,7 %	-50 %

[1] Baseline only exists for Cargotec total (validated by SBTi).
[2] Due to improvements in the automated scope 3 calculation, scope 3 emissions have been restated, also affecting the total emissions and emission intensity.
[3] Cargotec's emission intensity is calculated as Cargotec's total greenhouse gas emissions in relation to company revenue (2024: EUR 1,647 million for continuing operations and EUR 1,651 million for discontinued operations. See note 2.2 Revenue recognition in the consolidated financial statement)
[4] Cargotec's science-based target (SBT) scope covers scope 1 and scope 2 (market-based) emissions as well as scope 3 emissions related to purchased goods (excluding indirect procurement) and the use of sold products. More detailed information can be found in the next section (Emissions accounting).

Emissions accounting

Cargotec's environmental data is collected through the company's sustainability reporting system. Energy consumption is reported at the company's sites within the reporting boundary, based on invoices and continuous measurement.

Greenhouse gas emissions (GHG), direct and indirect, are calculated based on energy consumption. Cargotec applies the operational control method outlined in the GHG Protocol's Corporate Accounting and Reporting Standard. Scope 3 emission data is reported in accordance with the GHG Protocol's Corporate Value Chain (scope 3) Accounting and Reporting Standard. All scope 3 emission categories have been screened and the following emission categories have been identified as relevant to Cargotec: purchased goods and services, fuel- and energy-related activities, transportation and distribution, business travel, and the use of sold products.

Gross GHG emissions are presented as tonnes of CO_2 equivalents. Cargotec uses global warming potential (GWP) values for the 100-year time horizon and accounting for carbon dioxide (CO_2), nitrous oxide (N_2O), and methane (CH_4). Direct (scope 1) emission factors are derived from the GHG Protocol version 3. Indirect (scope 2) location-based emission factors are derived from the International Energy Agency's publication series "CO_2 Emissions from Fuel Combustion'' (2021–24). These emission factors are updated every year after a new version has been published. Indirect market-based emissions are calculated based on emission factors from contractual agreements, the latest update of the European Residual Mixes and average grid emission factors from the International Energy Agency (IEA).

Regarding scope 3 emissions, the following categories have been identified as relevant:

- The categories of Use of sold products and Purchased goods and services represent more than 95 percent of all scope 3 emissions and more than 95 percent of Cargotec's total emissions (incl. scope 1 and 2). Emissions related to Transportation and distribution, Business travel, and Fuel and energy-related activities are also disclosed, despite their minor impact on total emissions, because they are considered relevant due to the company's possibility to influence them.
- Purchased goods and services: separate calculation methodologies are applied for direct and indirect purchases. For direct purchases, a "hybrid" calculation approach is applied based on the GHG protocol. A mixture of methodologies is used depending on data availability. Supplier-specific data or weight data of sourced materials are used to calculate the emissions. When these data sources are not available, the company relies on a spend-based approach to calculate emissions. Emission factors are obtained using Sphera's LCA for Experts tool. For indirect purchases (which account for a minor share of all purchases), spend data is applied and calculated using US Environmental Protection Agency's (EPA) emission factors.
- Use of sold products: Product-specific information and emission factors for diesel and electricity (location-based) are used. When calculating emissions from this category, scope 1 and 2 emissions are accounted for over the products' expected lifetime.
- Transportation and distribution: Spend data calculation is applied using the EPA emissions factor dataset. Business travel: Data originates from the company's travel agency. Fuel- and energy-related activities: Covers upstream emissions for fuel, electricity and heating, and transmission and distribution losses for electricity and heating. DEFRA emissions factors are used to calculate the relevant emissions in this category.

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Biodiversity and ecosystems

Cargotec does not have a transition plan related to biodiversity. However, the company has developed a preliminary understanding of its biodiversity-related impacts, risks and opportunities through its double materiality assessment and a biodiversity screening commissioned during 2024.

As Cargotec's business model is based on asset-light and assembly-only production, the company's local impact on biodiversity is considered relatively minor. In daily operations, the ISO 14001 environmental management system provides guidance on how to manage each site's impacts on the local environment. The sites monitor information related to waste production, water consumption, air pollution, spills as well as energy and fuel consumption, and prevent and mitigate their environmental impacts by identifying, analysing and controlling risks. In 2024, Hiab's customer service centre and product supply centres in Italy received their ISO 14001 certification, bringing the ISO 14001 certification coverage of Hiab's assembly sites, based on headcount, to 82 percent. ISO 14001 is mainly implemented at the company's assembly sites and certain customer service centres, as other sites are primarily small offices with low environmental impacts.

Based on Cargotec's current understanding, the company's strategy and business model are resilient to physical, transition and systemic risks related to biodiversity and ecosystems, as the company is not dependent on renewable materials. However, the company is aware of risks related to mining, and that establishing new mines might become more difficult in the future due to stricter regulation and the wider protection of local biodiversity and ecosystems.

Policies related to biodiversity

Cargotec's Sustainability Policy addresses topics related to biodiversity loss, and the company makes a commitment in it to protect biodiversity and ecosystem services in its value chain. The policy reinforces the company's commitment to protect the local environment where the company operates and to support a transitioning to a circular economy. In addition, the Sustainability Policy's section on responsible sourcing includes a commitment to source critical minerals responsibly.

Cargotec's Code of Conduct reinforces the company's commitment to mitigate adverse impacts on the environment and to operate within planetary boundaries. For more details about the Sustainability Policy and Code of Conduct, please see **Policies related to climate change**.

Due to an insufficient understanding of its impacts on biodiversity, Cargotec's policies do not include specific commitments related to its material impacts, risks or opportunities, its direct impact drivers, the traceability of purchased goods, biodiversity-enhancing ecosystems in the value chain nor the social consequences of such impacts. For the same reason, Cargotec does not have policies covering its operational sites in or near biodiversity-sensitive areas, sustainable land or sea practices, nor deforestation. Standalone Hiab will determine which, if any, of the above are relevant for its policies.

Actions and targets related to biodiversity

In 2024, Cargotec commissioned a biodiversity impact screening to better understand its impacts, risks and opportunities related to biodiversity and ecosystems throughout the value chain. In the assessment, an external expert organisation screened industry-specific characteristics and geographical aspects on a high level to identify biodiversity-related impacts Cargotec may have. The findings of the assessment were aligned with the results of Cargotec's 2023 double materiality assessment. They also confirmed that the impact of the company's own operations on local biodiversity is very limited and that the biggest impacts exist in the value chain, especially in mining operations.

Due to its insufficient understanding of its impacts on biodiversity, Cargotec has not determined action plans or targets for the topic. However, Cargotec's collaboration with its steel manufacturers provides opportunities to increase the amount of recycled steel in the production of the company's equipment. Increasing the share of recycled steel leads to less need for virgin steel and, consequently, less need for mining operations, where some of the biggest negative impacts on biodiversity take place. For more information about actions related to recycled steel, please see **Actions related to resource use and circular economy**.

After the planned separation of Cargotec's business areas is complete, standalone Hiab will re-evaluate the materiality of biodiversity-related impacts, risks and opportunities to its business and decide on relevant action plans and targets.

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Resource use and circular economy

Policies related to resource use and circular economy

Cargotec's Sustainability Policy addresses topics related to the transition to a circular economy by, for example, promoting resource efficiency, rethinking material flows and giving preferences to materials that are better for the environment. The policy also includes a commitment to seek ways to minimise waste production and pollution in the value chain and to promote resource efficiency in the supply chain. While transitioning away from virgin materials or the use of renewable materials are not specifically mentioned in the policy, Cargotec is committed to increasing the use of recycled steel in the assembly of its equipment, and has already taken steps to do so. Renewable materials are not currently relevant.

Cargotec's Code of Conduct reinforces the company's commitment to mitigate adverse impacts on the environment and improve the environmental performance of its offering, operations and raw material sourcing.

Cargotec's Business Partner Code of Conduct requires suppliers and other business partners to monitor, control and appropriately treat solid waste generated in their operations. They are also encouraged to reduce waste generation and their use of natural resources. Through its supplier self-assessments, Cargotec regularly tracks how suppliers address these topics and if they have been included in the suppliers' environmental policies.

For more information about the above policies, please see **Policies related to climate change**. Policy implementation is monitored by tracking Cargotec's progress related to various analyses and actions. This work is described throughout this section.

Actions related to resource use and circular economy

Cargotec's policy commitment to rethink material flows and give preference to materials that are better for the environment is exemplified in the company's collaboration with the steel manufacturer SSAB. In 2024, Hiab announced that its customers now have the option to have their MULTILIFT ULTIMA hooklift built with low-emission steel that is made from recycled steel and produced using fossil-free electricity. With this option, approximately 25 percent of the hooklift's steel structure is made with low-emission steel.

Hiab introduced its Exchange Parts Programme in 2024. The service offers customers a discount on Hiab-approved exchange components when used components are returned. In its initial phase, the programme focus is on cylinders. Returned parts will be recycled, remanufactured or properly disposed of by Hiab. The exchange parts are backed by the same 12-month warranty as Hiab's original components. The service was initially launched in the majority of Hiab's European markets and introduced in the United States in the last quarter of the year.

During the year, Hiab's Eksjö assembly site in Sweden introduced a briquetting process for the scrap metal produced in its small foundry during the manufacturing of valves. Approximately 14 percent of the raw material weight is removed as scrap during processing. With the new update, all this scrap metal will be collected, stored and reused in the process, which creates a closed loop for the generated waste.

During 2024, Cargotec organised workshops for each business area to help identify new business opportunities related to the circular economy. The results indicate that, while circularity is a relatively new concept, related initiatives already exist across the organisation. For example, service operations focus on extending equipment life cycles through maintenance and repair activities, while product development is continuously seeking ways to include more recycled materials in products. The workshops also identified opportunities for new circular business models that could be implemented in the future.

Targets and metrics related to resource use and circular economy

Due to an insufficient understanding of its opportunities related to circularity, Cargotec has not set a target for the topic. However, Hiab monitors and seeks to increase the share of recycled steel in the manufacturing of its equipment as part of its decarbonisation roadmap (see **Actions related to climate change**). Standalone Hiab will decide on setting circular economy-related targets for itself.

Resource inflows

The most important raw material sourced by Cargotec is steel, which is used in the manufacturing of all the company's equipment, including structures and hydraulics (valves and cylinders). Other significant resource inflows include electric components. Many of these materials and items are linked to the extraction of critical minerals, such as cobalt, tin and gold.

As Cargotec's business model is based on asset-light, assembly-only operations, water consumption in the company's own operations is minimal. In addition, even though the manufacturing of steel, which is Cargotec's main raw material, requires large quantities of water, most of it is reused or returned to source. Water consumption is not considered a material topic for Cargotec.

Resource inflows	Hiab 2024	MacGregor 2024	Kalmar H1/2024
Total purchased steel (tonnes)	58,413	91,104	30,947
Recycled materials (steel, in tonnes)	4,179	5,131	1,483
Share of recycled materials (steel) of total purchased steel (%)	7.0%	5.6%	4.8%

At Hiab, the total amount of materials includes steel only and is calculated as a sum of divisional average weights, adjusted with the average share of steel of the equipment's weight. The total weight of recycled steel is retrieved either from amounts negotiated directly with raw material suppliers or from supplier engagements.

At MacGregor, the total amount of materials includes the total weight of steel in products manufactured by suppliers of steel structure and steel fittings. For this purpose, MacGregor has collected the volume data of 23 of its top suppliers, which represents approximately 95 percent of the total weight. MacGregor does not have data on other materials besides steel, because hydraulics, electrical parts or other components are typically not measured in weight in MacGregor's systems. However, the share of other materials besides steel in resource inflows is minor. The share of recycled steel of total purchase steel is based on MacGregor's internal monitoring sheet which is updated according to information received from key suppliers.

As for Kalmar's figure for H1/2024, the total amount of materials is based on the weights of sold products, as they best represent the amount of materials used during the reporting period. In case of unknown weights, estimates are applied based on data from similar products. The amount of steel structures is calculated using an average share of steel structures in Kalmar's products per division. Recycled steel is used in certain steel structures of terminal tractors in the USA, and the total share is calculated following this assumption.

Resource outflows

Cargotec's products are designed to support circular principles, such as durability and repairability. The company's equipment is designed to stay in use for years, even decades, which requires the use of durable materials and regular repairs and upgrades. A typical Cargotec machine is made with roughly 70 percent steel, which is a highly durable material. Steel can also be recycled almost indefinitely, and the global recycling rate of available steel is approximately 90 percent.

Cargotec also offers maintenance and other services that help keep its equipment in operation for longer, improve energy efficiency and optimise performance. These services include inspections, repairs, upgrades, take-back programmes, automation and digitalisation.

Renting out equipment and selling second hand goods is another part of the company's offering. These types of business models contribute to a "sharing economy" where customers are not required to own all their assets.

Cargotec does not currently have an adequate understanding of the industry average for product durability nor established rating systems for the repairability of products. The company also does not have full visibility into the share of total recyclable content in its products. However, based on product specifications, Cargotec estimates that the share of steel in its equipment is approximately 70 percent. Steel is a highly recyclable and widely recycled material.

Waste

The waste data disclosed on this page is based on records received from contractor companies. Due to delays in supplier invoicing, Cargotec has used estimates for waste indicators for the last quarter of 2024. The estimates are based on corresponding data from the last quarter of 2023, as no significant changes related to the reporting scope or production lines of continuing operations occurred during the reporting year.

Cargotec does not have full visibility into what typical waste streams look like in the company's sector. However, it is likely that relevant streams include hazardous substances (such as paints, lubricants and chemicals), metal scrap and plastics. Cargotec's own waste composition consists of hazardous liquids and solids, aluminium, bio waste (compost), cardboard, construction waste, electronic waste (WEEE), glass, paper, plastics, rubber, wood, metal scrap, mixed waste and unspecified non-hazardous waste. Many of Hiab's sites are focused on increasing the share of recycled waste while reducing the amount of total waste and looking for circular options.

Waste (tonnes)	Continuing operations		Cargotec total
	2024	2023	2024
Hazardous waste	480	550	630
Diverted from disposal:	100	120	140
Preparation for reuse	–	–	–
Recycled	100	120	140
Other recovery operations	–	–	–
Directed to disposal:	370	420	480
Landfilled	200	260	200
Incinerated	150	160	260
Other disposal operations	20	0	20
Non-hazardous waste	4,880	5,220	7,630
Diverted from disposal:	3,590	3,810	6,180
Preparation for reuse	–	–	–
Recycled	3,590	3,810	6,180
Other recovery operations	–	–	–
Directed to disposal:	1,300	1,400	1,460
Landfilled	760	840	840
Incinerated	480	530	550
Other disposal operations	60	30	70
Total			
Amount of waste generated	5,360	5,770	8,260
Amount of non-recycled waste	1,660	1,850	1,950
Share of non-recycled waste of total waste (%)	31.0 %	32.1 %	23.6 %

ENVIRONMENTAL INFORMATION

Disclosures pursuant to the EU Taxonomy regulation

The EU Taxonomy regulation establishes a classification system to define economic activities that substantially contribute to environmental sustainability. The regulation applies to Cargotec and requires the disclosure of the share of EU Taxonomy eligible and aligned revenue, capital expenditures and operating expenditures. Out of the six environmental objectives of the EU Taxonomy, Cargotec considers its solutions to be eligible under the objectives of climate change mitigation and transition to a circular economy.

The EU Taxonomy refers to the so-called NACE codes to support in determining the taxonomy eligibility of a company's economic activities. The NACE codes relevant to Cargotec's economic activities of equipment, services and software are; C28 Manufacture of machinery and equipment; C33 Repair and installation of machinery and equipment; and J62 Computer programming, consultancy and related activities.

Cargotec's equipment falls under 3.6. Manufacture of other low carbon technologies and is partly reported as eligible due to its contribution to the objective of climate change mitigation. Cargotec's services are reported eligible under the following taxonomy activities; 4.1 Provision of IT/OT data driven services; 5.1 Repair, refurbishment and remanufacturing; 5.2 Sale of spare parts; 5.4 Sale of second-hand goods; 5.5 Product-as-a-service and other circular use- and result-oriented service models. The majority of Cargotec's services contribute to the objective of transitioning to a circular economy. The eligible services, for example, increase the life cycle of Cargotec's products and promote resource efficiency throughout the value chain.

Assessment of alignment

In order for an economic activity to be considered taxonomy-aligned, it shall meet the regulation's criteria for substantial contribution and Do No Significant Harm (DNSH) as well as comply with minimum safeguards. Substantial contribution and the DNSH criteria are assessed on a product level, whereas the minimum safeguards are assessed on Cargotec group level. Cargotec's activities that meet all of the Taxonomy criteria (substantial contribution, DNSH, and social minimum safeguards) are considered sustainable, that is, taxonomy-aligned.

To prove substantial contribution to climate change mitigation under 3.6., Cargotec conducts product life cycle assessment (LCA) studies to prove life-cycle greenhouse gas emission savings. The LCAs compare the company's low-emission equipment to the best performing alternative, which typically is a diesel-powered version of the same equipment with the same functionality and capacity. The LCA studies are conducted for equipment that is considered representative of the entire product group, so that the results can be generalised. The studies follow the ISO 14067 standard and are reviewed by an independent third party. Since the technical screening criteria leaves room for interpretation, Cargotec leans on its 1.5°C climate ambition when setting the ambition level and defining which products meet the screening criteria and have sufficient emission reductions to be reported as taxonomy-aligned.

To meet the DNSH criteria, Cargotec has analysed the potential impacts its own operations related to the climate solutions may have on the five other environmental objectives. Based on the analysis, Cargotec has concluded that its activities do not cause significant harm to water and marine resources, as no process water is used at Cargotec's assembly sites. Regarding biodiversity and ecosystems, the majority of Cargotec's assembly sites are covered with ISO 14001-certified environmental management systems. Cargotec has mapped its sites against biodiversity-sensitive areas, and necessary mitigation measures are implemented based on its conclusions. As for climate change adaptation, Cargotec has analysed the risks related to its own operations and supply chain as part of the scenario analysis (aligned with the principles of the Task Force on Climate-related Financial Disclosures, TCFD). In its own operations, these risks were considered minor due to the asset-light assembly line. Given the asset-light assembly line, Cargotec is highly reliant on its global network of suppliers, and the risk of supply interruptions is growing due to the increase of physical climate risks globally. Therefore, the risk is considered high in the short-term and very high in the long-term. Compliance with pollution and chemical use regulations is ensured through Cargotec's responsible sourcing programme. Cargotec has identified certain hazardous substances in its products, but to the company's knowledge, there are currently no other suitable alternative substances or technologies available on the market to replace them. In addition, Cargotec promotes circularity throughout its operations by, for example, using secondary raw materials, reusing components where feasible and recycling materials and waste.

Even though Cargotec's environmental impacts beyond climate and circularity are minimal, the company has comprehensive management processes in place that cover various environmental topics, such as waste management and pollution. These processes are mainly implemented through ISO 14001-certified environmental management systems. The management systems require Cargotec to assess and address the potential and actual impacts that its activities, products and services have on the environment. If negative impacts are identified, appropriate controls and improvement plans, including relevant target setting, are implemented and maintained. This helps Cargotec ensure its activities do no significant harm to the environment.

Regarding the EU Taxonomy's minimum safeguards on human rights, bribery/corruption, taxation and fair competition, Cargotec has performed an internal analysis of its policies and processes and believes it complies with the principles of each safeguard. Cargotec has created policies and implemented relevant processes to ensure alignment with the OECD Guidelines for Multinational

Enterprises, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work, and the International Bill of Human Rights. Policies, such as Cargotec's Code of Conduct and Sustainability Policy, set the foundation for responsible business conduct. Relevant processes and indicators, such as the gender pay gap and board gender diversity, support the implementation of the policies. Detailed descriptions of these policies, processes and indicators are available throughout this disclosure.

Assessment of eligibility

Activities that have the potential to be aligned with specific substantial contribution criteria, but do not currently have a life cycle assessment (LCA) in place or meet the DNSH criteria, are considered taxonomy-eligible.

When the EU Taxonomy was introduced in 2021, interpretations of the regulation varied among companies. Cargotec updated its interpretation of taxonomy-eligible activities in 2024 to be aligned with market practices. The change resulted in non-aligned equipment to be reclassified from the eligible category to non-eligible. Going forward, equipment is reported as eligible only when the equipment is expected to substantially contribute to the climate change mitigation objective but the life cycle assessment has not yet been finalised and/or the DNSH criteria are not fully met yet. The comparative information is restated accordingly.

Taxonomy KPIs

Cargotec discloses the share of environmentally sustainable economic activities that align with the EU Taxonomy criteria using turnover, capital expenditures (CapEx) and operating expenditures (OpEx) KPIs.

The turnover KPI represents the proportion of the net turnover derived from products or services that are taxonomy-aligned. The turnover consists of revenues recognised from sales of products and services sold net of sales taxes, discounts and translation differences from foreign currency denominated revenues, pursuant to IFRS. In 2024, the share of taxonomy-aligned revenue of total revenue increased as taxonomy-aligned revenues under the circular economy objective were reported for the first time. Also, the release of the Environmental Delegated Act and the alignment criteria for the transition to a circular economy increased the share of aligned revenue, as most of Cargotec's service operations meet the criteria. In 2024, Cargotec also updated its interpretation of eligibility to better align with common market interpretation. This adjustment led to a significant decrease in eligible revenue.

The capital expenditures KPI represents the proportion of the capital expenditure associated with taxonomy-aligned activities. Taxonomy capital expenditures consist of additions to tangible and intangible assets, including right-of-use assets related to leases, considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. Additionally, taxonomy capital expenditures include the corresponding additions resulting from business combinations. In 2023, CapEx increased from the comparison period mainly due to machinery acquisitions that were acquired for own use and customer finance business.

The operating expenditures KPI represents the proportion of the operating expenditure associated with taxonomy-aligned activities. Taxonomy operating expenditures consists of direct non-capitalised costs related to research and development, renovation measures, short-term lease, maintenance and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective production of taxonomy-aligned products and services.

To the extent the capital and operating expenditures relate to assets and processes that are associated with taxonomy-eligible activities, such as manufacturing, provision of services, or R&D, they are considered taxonomy eligible. The taxonomy-aligned portion of capital and operating expenditures associated with taxonomy-aligned economic activities are estimated by using the ratio of aligned turnover in comparison to the eligible turnover as the allocation key. This is because typically these expenditures cannot be allocated clearly to a single activity. No expenditure has been reported as taxonomy-aligned based on a CapEx plan.

Double counting of the disclosed amounts has been avoided with the following precautions:

- Turnover related to each aligned activity is based on reported external revenue, and presented under single contribution criteria and taxonomy activity.
- Capital expenditure related to aligned activities is based on financial reporting compiled from entities having relevant activities. Taxonomy-aligned CapEx is presented based on estimation under single contribution criteria and taxonomy activity.
- Operating expenditure related to aligned activities is based on financial reporting compiled from entities having relevant activities. Taxonomy-aligned OpEx is presented based on estimation under single contribution criteria and taxonomy activity.

In 2024, Cargotec's turnover related to its continuing operations amounted to a total of EUR 1,647 million (note 2.2 Revenue recognition in the consolidated financial statements) of which EUR 1.61 million was taxonomy-eligible (0.1 percent of total sales) and EUR 474 million taxonomy-aligned (28.8 percent of total sales). The share of taxonomy-eligible and taxonomy-non-eligible economic activities, as well as taxonomy-aligned and taxonomy-non-aligned economic activities in the total turnover, CapEx and OpEx are presented below in tables 3.1, 3.2 and 3.3.

Table 3.1: Proportion of turnover from products or services associated with taxonomy-eligible and taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria[1]						DNSH criteria[2]									
Economic activities	Code(s)	Absolute turnover (MEUR)	Proportion of turnover (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover in 2023[3]	Category (enabling activity, E)	Category (transitional activity, T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6.	223.07860	13.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	15.3%	E	
Repair, refurbishment and remanufacturing	CE 5.1.	84.00080	5.1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—		
Sale of spare parts	CE 5.2.	152.54770	9.3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—		
Sale of second-hand goods	CE 5.4.	13.07230	0.8%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	1.72850	0.1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—		
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		474.42800	28.8%	13.5%	—	—	15.3%	—	—	—	—	—	—	—	—	—	15.3%		
Of which enabling		474.42800	28.8%	13.5%	—	—	15.3%	—	—	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Provision of IT/OT data driven services	CE 4.1.	1.60710	0.1%	—	—	—	N	—	—										
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		1.60710	0.1%	—	—	—	0.1%	—	—										
Total (A.1 + A.2)		476.03510	28.9%	13.5%	—	—	15.4%	—	—										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)																			
Turnover of taxonomy-non-eligible activities		1,171.30030	71.1%																
Total (A + B)		1,647.33540	100.0%																

[1] Y - Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N - No, taxonomy-eligible but not taxonomy-aligned activity; EL – Eligible, taxonomy-eligible activity; N/EL – Not Eligible, taxonomy non-eligible activity
[2] Y - Yes, The activity meets the DNSH criteria; N - No, The activity does not meet the DNSH criteria
[3] The comparative year's taxonomy-aligned turnover has been restated to include only Cargotec's continuing operations (Hiab) in the presented figures.

Table 3.2: Proportion of capital expenditure (capex) from products or services associated with taxonomy-eligible and taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria[1]						DNSH criteria[2]									
Economic activities	Code(s)	Absolute Capex (MEUR)	Proportion of capex (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of capex in 2023[3]	Category (enabling activity, E)	Category (transitional activity, T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6.	4.46025	6.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10.7%	E	
Repair, refurbishment and remanufacturing	CE 5.1.	4.80787	7.3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sale of spare parts	CE 5.2.	8.73162	13.3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sale of second-hand goods	CE 5.4.	0.74914	1.1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	0.09895	0.2%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)		18.84782	28.7%	6.8%	—	—	—	—	—	—	—	—	—	—	—	—	10.7%		
Of which enabling		18.84782	28.7%	6.8%	—	—	—	—	—	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Provision of IT/OT data driven services	CE 4.1.	0.09209	0.1%	—	—	—	EL	—	—										
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0.09209	0.1%	—	—	—	0.1%	—	—										
Total (A.1 + A.2)		18.93991	28.9%	6.8%	—	—	22.1%	—	—										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)																			
CapEx of taxonomy-non-eligible activities		46.68210	71.1%																
Total (A + B)		65.62201	100.0%																

[1] Y - Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N - No, taxonomy-eligible but not taxonomy-aligned activity; EL – Eligible, taxonomy-eligible activity; N/EL – Not Eligible, taxonomy non-eligible activity
[2] Y - Yes, the activity meets the DNSH criteria; N - No, the activity does not meet the DNSH criteria
[3] The comparative year's taxonomy-aligned capex has been restated to include only Cargotec's continuing operations (Hiab) in the presented figures.

Table 3.3: Proportion of operating expenditures (opex) from products or services associated with taxonomy-eligible and taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial contribution criteria[1]						DNSH criteria[2]									
Economic activities	Code(s)	Absolute opex (MEUR)	Proportion of opex (%)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of opex in 2023	Category (enabling activity, E)	Category (transitional activity, T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of other low carbon technologies	CCM 3.6.	1.18999	1.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	18.8%	E	
Repair, refurbishment and remanufacturing	CE 5.1.	2.12841	3.3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sale of spare parts	CE 5.2.	3.86542	6.0%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Sale of second-hand goods	CE 5.4.	0.33164	0.5%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5.	0.04380	0.1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			T
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		7.55926	11.7%	1.8%	—	—	—	—	—	—	—	—	—	—	—	—	18.8%		
Of which enabling		7.55926	11.7%	1.8%	—	—	—	—	—	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—			T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Provision of IT/OT data driven services	CE 4.1.	0.04077	0.1%	—	—	—	EL	—	—										
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0.04077	0.1%	—	—	—	0.1%	—	—										
Total (A.1 + A.2)		7.60003	11.8%	1.8%	—	—	9.9%	—	—										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES (B)																			
OpEx of taxonomy-non-eligible activities		57.04897	88.2%																
Total (A + B)		64.64900	100.0%																

[1] Y - Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective; N - No, taxonomy-eligible but not taxonomy-aligned activity; EL – Eligible, taxonomy-eligible activity; N/EL – Not Eligible, taxonomy non-eligible activity
[2] Y - Yes, the activity meets the DNSH criteria; N - No, the activity does not meet the DNSH criteria
[3] The comparative year's taxonomy-aligned capex has been restated to include only Cargotec's continuing operations (Hiab) in the presented figures.

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

Row	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Taxonomy and eco portfolio connection

Cargotec's eco portfolio has been defined to include products and services that are aligned with the EU Taxonomy or are expected to be aligned in the near future. The eco portfolio is Cargotec's own KPI that has been reported externally since 2017. Cargotec's eco portfolio criteria are structured according to the EU Taxonomy design, and consequently, the portfolio consists of two categories: climate solutions and circular solutions.

Some differences occur between Cargotec's eco portfolio reporting and its taxonomy-aligned reporting. Regarding the portfolio's climate solutions, equipment needs to have a life cycle assessment (LCA) done and verified by a third party, supplemented with a DNSH assessment, for it to be considered taxonomy-aligned. This also applies to Cargotec's eco portfolio criteria. However, as new equipment is added to the eco portfolio, it is possible that their LCAs or DNSH assessments are not yet finalised but will be in the near future. They are expected to be taxonomy-aligned once the assessments are finalised.

During the year, Hiab included two new solutions into its eco portfolio:

- New generation loader cranes equipped with an Engine Control feature, including automatic start/stop and a dynamic RPM functionalities.
- A tail lift designed to be lighter, which means the tail lift is built with less steel compared to conventional alternatives.

While Cargotec has linked its eco portfolio criteria with the EU Taxonomy, the connection has been stronger for some business areas than others, due to their different solution offerings. Going forward, standalone Hiab will re-evaluate the link between its eco portfolio and the EU Taxonomy.

Social information

SOCIAL INFORMATION

Own workforce

Policies related to own workforce

The social section of Cargotec's Code of Conduct (CoC) covers topics, such as human trafficking, child and forced labour, health and safety, diversity as well as anti-discrimination. The CoC states that Cargotec does not tolerate discrimination based on gender, gender identity, sexual orientation, race, religion, nationality, age, physical ability or any other similar characteristic.

Cargotec's Sustainability Policy covers the company's material social topics related to human rights, health and safety as well as diversity, equity and inclusion. The policy's section on human rights describes Cargotec's high-level approach to human rights due diligence, including remedy for adverse impacts on people and engagement with affected stakeholders, including the company's own workforce. The Sustainability Policy confirms Cargotec's commitments to respecting the principles of the UN Global Compact, the OECD's guidelines for multinational enterprises, the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. Internal subject matter experts, such as human resources and safety experts, are included in the creation and updating of the policy. In addition, human rights-related sections of the policy have been reviewed by BSR, a global expert network focused on sustainable business.

Cargotec's Employment Policy complements the Code of Conduct and defines the company's basic employment principles and workplace practices. It describes the mission, goals and development processes specific to human resources and applies to all Cargotec employees, locations and conditions worldwide, with enforcement subject to local legislation. The policy, which is approved by the Cargotec Leadership Team, covers topics, such as anti-harassment, anti-discrimination and diversity, equity and inclusion. Other internal policies and instructions cover many additional human resources topics, such as recruitment and internal transfer, learning, development and performance, total remuneration and job title, and global mobility. Cargotec's Senior Vice President, Human Resources (HR), is the most senior role accountable for the implementation of all HR-related policies. Employees, their representatives or other affected stakeholders have not been involved in updating the policies, but selected topics have been discussed in the Cargotec Personnel Meeting. The company does not have a specific policy commitment related to inclusion or positive action for employees from vulnerable groups, as such groups have not been identified so far. The Employment Policy and other internal human resources-related policies are available to all employees in Cargotec's intranet.

Policy implementation is monitored by tracking Cargotec's progress towards its employee-related targets, which takes place through various processes and actions. This work is described throughout this Own workforce section.

At Cargotec, the most important procedure to ensure that discrimination is prevented and mitigated, and that diversity and inclusion are advanced in general, is the Performance and Development process. The process is built around annual milestones, such as performance and development discussions. Throughout this process, managers are trained and guided on how to lead discussions with their team members and treat them with fairness when, for example, evaluating performance. In addition, recruitment processes include features that help prevent discrimination and improve diversity, such as restricting access to applicants' resumes to as few people as possible. The process is streamlined for all to strengthen equity among Cargotec employees and to ensure fairness.

If incidents of discrimination are detected, Cargotec applies its general investigation process to act upon them. For more details about the process, see **Detecting and responding to potential misconduct** under Business conduct.

Implementing health and safety-related policy commitments

To support the implementation of Cargotec's health and safety-related policy commitments, Hiab has created several related guidelines for its employees. The Hiab Health and Safety Code describes the requirements for Hiab employees to promote a positive safety culture. In 2024, the code was made available in all official Hiab languages and included in every employee's mandatory induction training.

The Hiab Take 5 procedure helps employees identify and mitigate safety hazards in daily tasks. This process is the first topic in all internal presentations. In 2024, it was made available in all official Hiab languages.

Hiab also has an HSE Handbook that describe the minimum requirements for Health, Safety and Environment (HSE) at Hiab's sites. In addition, specifically built for Hiab's Services operations, the

Hiab Services Safe System Of Work (SSOW) describes minimum safety requirements and procedures for the division.

In 2024, Hiab also introduced the Team Safety Self assessment, which is a new concept where managers are required to evaluate their approach to occupational safety. The goal is to identify weak points in a site's safety-related ways of working to help prioritise needed actions for the following year.

Engagement with own workforce

Cargotec promotes dialogue within the company. Cooperation between management and personnel is based on local legislation and organised on Cargotec group and country level. All employees have the right to join a trade union of their choice and to bargain collectively. Cargotec ensures that employee representatives are not subject to discrimination and have access to their fellow employees. Interaction between management and personnel takes place both directly with employees and through their representatives, depending on the topic. The company has not identified vulnerable groups within its workforce for whom specific engagement should be planned and executed. Conducting this work will be at the discretion of standalone Hiab.

Direct engagement occurs through annual and monthly employee engagement surveys as well as the company's performance and development plan (PDP) process.

The surveys provide valuable information on employees' work-related thoughts on various topics, such as work-life balance, wellbeing, leadership and team climate. The survey findings also help evaluate the effectiveness of Cargotec's engagement with employees. Managers follow up on the findings in team sessions to collect feedback and set up action plans, with special focus on improvement areas. The annual employee engagement survey, Compass, reaches all employees through email, kiosks and site support, while the monthly survey is accessible to those with a company email address. Moreover, Cargotec uses people analytics, dashboards and metrics to better support human resources processes and to achieve desired outcomes and targets.

Cargotec's PDP process is a leadership tool used to drive performance and personal development. The process includes mandatory discussions between employees and their line managers around performance targets and personal development three times per year. In addition, the company strongly encourages regular feedback as part of daily leadership. The PDP process is supported by Cargotec's human resources information system, where performance targets and development objectives are documented, their progress is tracked and end results confirmed. Cargotec's goal is to provide everyone with a dedicated, personal development plan. In addition, the company hosts a learning platform where employees can expand their knowledge on various topics.

Due to Cargotec's planned separation of its business areas, the company continued to take action in 2024 to ensure that managers and employees stayed up-to-date on the related planning, progress and change management. Updates were shared and discussed in, for example, line manager training sessions, team meetings, project meetings, personnel webcasts and internal articles.

Cargotec engages with employee representatives through, for example, national and local trade unions, personnel representatives and works councils, in accordance with local legislation. Local personnel representatives and works councils are kept informed of any projects or changes that may significantly impact Cargotec's employees or their working conditions, and they are included in negotiations as required by local legislation. In addition, management and locally elected Cargotec Personnel Meeting (corresponding to Cargotec's European Works Council) representatives hold frequent virtual meetings and meet face-to-face annually at the Cargotec Personnel Meeting in Europe. The goal is to promote an open dialogue and exchange of information between Cargotec's management and employees in Europe.

During 2024, Cargotec continued to hold negotiations with employee representatives in several operating countries due to organisational changes resulting from the planned separation of its business areas. The negotiations covered the transfer of employees from Cargotec's group functions to the business areas, with varying timelines. Following the negotiations, managers held one-to-one discussions with employees on their planned future positions.

Cargotec evaluates the effectiveness of its engagement with employees through, for example, employee and leadership surveys. In addition, to improve their leadership capabilities and team climate, Cargotec leaders who have participated in the company's leadership development programmes are able to ask their direct reports for feedback through leadership style and team climate surveys. All senior leaders who have previously participated in these programmes were invited to take these surveys in 2024. Dialogue between line managers and employees, during PDP and other discussions, is another important channel to receive feedback on employee engagement.

Engagement related to health and safety

At Cargotec, employee healthcare is organised locally in each operating country, as regulations vary between countries. Personal health information is treated in accordance with the law and confidentially. Cargotec has an information security policy in place.

The majority of Cargotec's employees are represented in local occupational health and safety committees. Some service sites do not have committees due to their small size. The purpose of the committees, which include representatives of both employees and the employer (and, on occasion, Cargotec's local health care provider), is to enhance cooperation between Cargotec and its employees on health and safety topics and monitor progress towards related targets. Cargotec also engages with employees on health and safety topics through training. Health and safety training is part of the company's induction process and provided throughout the organisation. E-learning platforms support continuous training, and task-specific training is provided to enable employees to perform their work safely and in a correct manner. In addition, Cargotec's business areas encourage employees to report health and safety-related concerns.

Cargotec evaluates the effectiveness of its health and safety-related employee engagement by monitoring trends in reported concerns, such as frequency rates and the closure time of reported cases.

Cargotec's SVP Human Resources as well as the heads of human resources in the company's business areas have the ultimate operational responsibility for ensuring that employee engagement happens and that results inform the company's approach. As health and safety-related employee engagement takes place on an operational and local level, it is managed by Cargotec's business areas. At Hiab, the most senior role responsible for this engagement is SVP Demountables and Defence.

Processes for remedy and channels to raise concerns

Cargotec employees can report their concerns and potential misconduct through a variety of channels, including to their own manager, local or group-level Human Resources (HR).

In addition, employees can report concerns to Cargotec's Ethics and Compliance function, or through the company's SpeakUp line. Cargotec's SpeakUp line is an externally hosted reporting tool for anonymous reporting and can be accessed by both internal and external stakeholders. The SpeakUp line and reports filed through it are managed by Cargotec's Ethics and Compliance function. The function also receives direct reporting from managers and the line organisation. Cargotec's annual mandatory Code of Conduct training is used to raise awareness of the SpeakUp line and other grievance channels, and the company's annual employee engagement survey measures how comfortable employees feel reporting their concerns (Code of Conduct Index, 85 percent for continuing operations in 2024).

Each Cargotec business area has an assigned Head of Ethics and Compliance who is responsible for building and promoting the compliance programme, including reporting channels, within their business area. Measures include mandatory annual Code of Conduct training, employee communications, training sessions, meetings between the Ethics and Compliance function, business area leadership teams and high-risk personnel, as well as Code of Conduct briefings to sales third parties, such as dealers and agents.

Cargotec does not require that a person reporting a concern has firm evidence of misconduct when filing the report, but the report must be filed in good faith. Cargotec never imposes sanctions or other retaliation measures on a person who files a report in good faith. Human resources is responsible for monitoring and reacting to attempts to sanction or disadvantage people who have raised a concern. In addition, Cargotec has begun establishing dedicated registers for upholding whistleblower rights in countries where local reporting channels are required.

All reported cases are evaluated confidentially and investigated according to the company's Code of Conduct response process. For details on the approach, please see **Detecting and responding to potential misconduct** under Business conduct.

Cargotec evaluates the effectiveness of its reporting channels based on, for example, trends in reporting volumes. In Cargotec's view, increases in reports filed indicate that people are aware of and trust the channels, while significant decreases may indicate the opposite.

Reporting and remedy process for health and safety incidents

As health and safety is an operational and local topic managed by Cargotec's business areas and individual sites, the reporting and remedy processes for it differ from other material social topics. Reporting accidents, near-misses and safety concerns is promoted throughout the organisation, so that improvements to existing ways of working can be made as swiftly and efficiently as possible. Employees have the right and obligation to stop any hazardous work without fear of retaliation.

All employees and external employees can report safety concerns through established reporting channels (digital and in-person). All reports are reviewed, and appropriate action determined and taken by the responsible manager. Monitoring trends in the number of reported concerns helps Cargotec evaluate the effectiveness of its health and safety-related channels, and whether employees are aware of, and trust the channels.

When a safety concern or injury is reported, the potential seriousness of the case determines the investigation process. Investigation findings result in preventive and corrective actions. Immediate corrective actions can include stopping the work until a safe way of working has been defined. Long-term corrective actions can include improvements to working methods, changes to safety procedures and re-training. In addition, when an employee is not able to perform their regular duties due to illness or injury, Hiab offers an opportunity to take on other tasks. This option enables the employee to receive a salary and be part of the work community instead of being absent for an extended period. Employees who suffer a work-related injury or illness can seek compensation from insurance or compensation funds provided by the employer. This is coordinated locally based on local legislation.

Actions related to own workforce

Human rights

During 2024, Cargotec created a guideline to help its business areas plan and execute human rights due diligence as future standalone companies. In preparation for the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD), standalone Hiab will take the lead in further developing its human rights due diligence processes. This includes conducting a human rights impact assessment specific to Hiab's operations and value chain.

During the year, Cargotec also took steps to further build internal awareness and competence on human rights. The company's human rights-related target for 2024 was to reach a 100 percent completion rate on human rights training, as part of mandatory Code of Conduct training. The completion rate was 97 percent for continuing operations and 95 percent for Cargotec total.

Health and safety

In Cargotec's daily operations, the ISO 45001 health and safety management system provides guidance on how to manage the company's safety impacts. In 2024, the ISO 45001 certification coverage at Hiab's assembly sites, based on headcount, was 71 percent. The headcount covers all employees and external contractors that are included in Cargotec's personnel register, such as temporary workers and long-time contractors. The ISO 45001 management system is not implemented at the company's non-assembly sites, as those premises are primarily small offices with low risks. Consequently, in addition to the ISO 45001 system, Cargotec's business areas have implemented a health and safety reporting system across the organisation, including non-assembly sites.

Cargotec seeks to ensure that its actions do not cause or contribute to unsafe working conditions by, for example, empowering employees to remove themselves from and report unsafe situations.

Health and safety activities are planned, implemented and monitored by Cargotec's business areas based on identified safety concerns. Actions are managed on site level by responsible managers. At Hiab, the evaluation of which activities to implement is often based on safety statistics. Typically, the activity is reactive when related to safety incidents that occurred and proactive when related to identified concerns. Hiab also relies on internal audits and the experience of its safety professionals to determine which actions are needed and effective. In addition, Hiab's business divisions convene monthly for safety reviews where upcoming actions are streamlined. The effectiveness of actions taken is primarily evaluated by monitoring the progress of Cargotec's industrial injury frequency rate (IIFR, number of injuries per million hours worked).

In 2024, Cargotec took several actions to support the implementation of its health and safety-related policy commitments. The primary purpose of most of these actions was to deliver positive impacts. For example, Hiab launched a Step Challenge during the year. The goal of the challenge was to increase the amount of movement in employees' daily routine, change habits in the long term and to improve team spirit. The challenge lasted for one month and was open to all Hiab employees.

During the year, Hiab also launched a positive reporting campaign to encourage positive feedback and safe behaviour while familiarising employees with Hiab's online reporting tool and processes. The campaign was active for one week and was open to all Hiab employees.

Hiab's "Dare to care" concept was also piloted in 2024. The goal is to encourage site employees to participate in creating a safe workplace, while creating accountability and engagement for line management. "Dare to care," which is an on-going concept with no end date, includes different activities, such as train-the-trainer sessions.

In addition, health and safety conditions were improved as part of Hiab's overall project to develop a "model factory" at three sites (Dundalk, Ireland; Raisio, Finland; Minerbio, Italy). The project implements LEAN principles by changing site layouts and daily management models, with the end goal to reduce all operations that are not productive. This can mean less movement within the site as work station locations are optimised or reducing the risk of completing a task in an unsafe manner. The project is ongoing and all employees at the three sites are in scope.

Equal treatment and opportunities for all

Cargotec seeks to ensure that its practices do not cause or contribute to material negative impacts on its workforce by focusing on actions related to diversity, equity and inclusion (DE&I) as well as skills development. Actions taken in 2024 are described below.

Cargotec's work related to diversity, equity and inclusion (DE&I) has covered most of the company's material impacts under Equal treatment and opportunities for all. Due to the planned separation of Cargotec's business areas, initiatives related to DE&I became the responsibility of the business areas in 2024. During the year, Cargotec shared its learnings and materials with Hiab to support the planning and execution of DE&I work and target setting going forward.

DE&I will remain a priority in Hiab's People Strategy, as Hiab intends to further embed these principles across the organisation. In 2024, Hiab developed a roadmap to ensure that the correct actions are taken to advance DE&I efforts in the future. Hiab will also continue to monitor DE&I-related questions in its annual employee engagement survey.

During 2024, Hiab introduced a new learning space called @HiabLearns. The goal of @HiabLearns is to make it easier for all Hiab employees to find relevant learning opportunities, such as discussions, virtual sessions, micro-learning opportunities and e-learning courses, within Hiab's learning management system. The development of @HiabLearns will continue over the coming years.

Within equal treatment and opportunities for all, Cargotec evaluates which actions are needed and the effectiveness of such actions and initiatives primarily through its monthly and annual surveys. Together with the company's many grievance channels, these surveys help the company ensure that its actions do not contribute to material negative impacts on its workforce. Cases related to harassment and discrimination that were reported through Cargotec's SpeakUp channel during 2024 are disclosed under Incidents, complaints and severe human rights impacts. In four substantiated cases, the company implemented remedy through, for example, discussions, disciplinary action and even termination of employment for the wrongdoer.

Targets and metrics related to own workforce

Cargotec's externally disclosed target related to its own workforce is the Integrity index. The Integrity Index is calculated based on selected questions in Cargotec's annual employee engagement survey, which reaches all employees. The questions are related to employee perceptions of the company's sustainability (code of conduct, fair treatment, safety, and environmental sustainability), their employer-related pride and hope (proud to be part of the company and hold a positive outlook of their unit) and their thoughts on the quality of leadership. As such, the Integrity Index attempts to capture how well Cargotec's policy commitments related to diversity, equity and inclusion (DE&I) as well as leadership are being implemented.

The target for 2024 was to maintain the Integrity Index's level of more than 77 percent, which was achieved, as the index was 78 percent for continuing operations (2023: 78). The target is set primarily by Human Resources leadership. Affected stakeholders, in this case Cargotec's employees or their representatives, have not been included in setting the target.

Cargotec has not set targets for its material impacts, risks and opportunities related to equal treatment and opportunities for all. Going forward, standalone Hiab will decide on its potential targets. Cargotec's targets for health and safety are explained later in this section.

The unit used for reporting personnel-related KPIs is headcount (as reported on 31 December 2024). The number of Cargotec employees by business area is derived from Cargotec's human resources (HR) system. Other HR-related data is based on data from Cargotec's online HR information system. Unless otherwise stated, HR figures include permanent and temporary employees and supervised workers. Health and safety data is collected through Cargotec's sustainability reporting system, which is implemented across the organisation. Cargotec's occupational health and safety management system coverage is calculated for the company's assembly sites, based on headcount.

Unless otherwise stated, Cargotec total does not include Kalmar's figures for H1/2024 in KPIs related to the company's own workforce. This is due to challenges related to the way in which headcount is calculated (at year end or on a specific date, not as a rolling figure).

Characteristics of employees and non-employee workers

Cargotec's continuing operations employed 4,137 people at the end of the year 2024 (31 Dec 2023: 4,311). This information can also be found under Personnel in the Financial information section of the Board of Directors' report (differences between the figures are explained under General information in this statement).

Key employee figures	Continuing operations		Cargotec total
	2024	2023	2024
Number of employees	**4,137**	**4,311**	**6,095**
- Women	869	895	1,440
- Men	3,268	3,416	4,655
- Aged under 30	543	572	724
- Aged 30–50	2,168	2,271	3,316
- Aged over 50	1,426	1,468	2,055
Permanent employees	**3,941**	**3,972**	**5,760**
- Women	807	812	1,317
- Men	3,134	3,160	4,443
Temporary employees	**196**	**339**	**335**
- Women	62	83	123
- Men	134	256	212
Non-guaranteed hours employees	**583**	**560**	**614**
- Women	77	66	85
- Men	506	494	529
Full-time employees	**3,995**	**4,183**	**5,918**
- Women	821	847	1,381
- Men	3,174	3,336	4,537
Part-time employees	**142**	**128**	**177**
- Women	48	48	59
- Men	94	80	118
External workforce[1]	**121**	**178**	**192**
- Women	24	35	41
- Men	97	143	151
Total workforce	**4,258**	**4,489**	**6,287**

[1] In addition to its own employees, Cargotec has an external workforce that includes temporary employees, consultants and agency temps. Typically, these external workers are on a temporary, full-time contract. The external workforce does not include subcontractors where Cargotec is only purchasing predefined deliverables, such as products, or an ongoing service that is solely managed by the supplier (no Cargotec line manager appointed) and where the work may be performed by anyone provided by the supplier.

	Continuing operations							
	2024				2023			
Number of employees by contract type and region	AMER	APAC	EMEA	Total	AMER	APAC	EMEA	Total
Number of permanent employees	898	144	2,899	3,941	877	152	2,943	3,972
Number of temporary employees	5	7	184	196	4	4	331	339
Number of non-guaranteed hours employees	560	0	23	583	540	0	20	560
Number of full-time employees	894	147	2,954	3,995	872	153	3,158	4,183
Number of part-time employees	9	4	129	142	9	3	116	128
Total own employees	**903**	**151**	**3,083**	**4,137**	**881**	**156**	**3,274**	**4,311**

	Cargotec total			
	2024			
Number of employees by contract type and region	AMER	APAC	EMEA	Total
Number of permanent employees	972	498	4,290	5,760
Number of temporary employees	5	101	229	335
Number of non-guaranteed hours employees	589	0	25	614
Number of full-time employees	966	595	4,357	5,918
Number of part-time employees	11	4	162	177
Total own employees	**977**	**599**	**4,519**	**6,095**

Number of own employees by gender and countries with at least 10% of total workforce	Continuing operations		Cargotec total
	2024	2023	2024
United States	**799**	**793**	**867**
- Women	130	119	145
- Men	669	674	722
Poland	**526**	**558**	**850**
- Women	172	182	295
- Men	354	376	555
Finland	**508**	**485**	**624**
- Women	130	142	160
- Men	378	343	464
Sweden	**427**	**447**	**615**
- Women	84	87	125
- Men	343	360	490

Employee turnover	Continuing operations		Cargotec total
	2024	2023	2024
Number of employees leaving the company [1]	607	641	866
Employee turnover rate (%) [2]	15 %	16 %	15 %

[1] Includes own permanent employees. Includes all causes for termination (voluntary termination, involuntary termination, retirement, death).

[2] Includes the same employees and causes as above. Divided by number of own permanent employees (as of 31 December 2024).

Diversity metrics

Composition of governance bodies and employees by gender and age group (%)

Diversity metrics	Board of Directors[1]				Cargotec Leadership Team[1]				Employees					
									Continuing operations				Cargotec total	
	2024		2023		2024		2023		2024		2023		2024	
By gender	number	%	number	%	number	%	number	%	number	%	number	%	number	%
Male	4	57 %	3	38 %	6	75 %	6	67 %	3,268	79 %	3,416	79 %	4,655	76 %
Female	3	43 %	5	63 %	2	25 %	3	33 %	869	21 %	895	21 %	1,440	24 %
By age group														
<30 years old	—	— %	—	— %	—	— %	—	— %	543	13 %	572	13 %	724	12 %
30-50 years old	—	— %	1	13 %	—	— %	—	— %	2,168	52 %	2,271	53 %	3,316	54 %
>50 years old	7	100 %	7	88 %	8	100 %	9	100 %	1,426	34 %	1,468	34 %	2,055	34 %

[1] Continuing operations only. There were no changes to the composition of Cargotec's Board of Directors nor the Cargotec Leadership Team after Kalmar's separation and MacGregor's sale announcement.

Training and skills development

Performance reviews and training hours	Continuing operations		Cargotec total
	2024	2023	2024
Employees receiving regular performance and career development reviews (%)	**93 %**	**92 %**	**91 %**
Female	92 %	90 %	90 %
Male	93 %	93 %	91 %
Average number of training hours per employee (LEARN)	**7.22**	**9.75**	**5.85**
Female	5.20	6.60	4.43
Male	7.79	10.94	6.31

Employees who do not have access to the company's human resource information system (mainly workers at production and service sites) are covered by a local performance and development plan process.

The average number of training hours per employee only includes e-learning courses completed on Cargotec's learning platform LEARN. As Cargotec does not currently have sufficient visibility of training completed outside LEARN, the figure excludes all training that employees may have completed on another online platform or in person. Training hours per employee are calculated based on the estimated time of completion for each e-learning course, not the actual time spent doing the training.

Health and safety

Cargotec's safety target for 2024 was replaced with business area-specific targets in Q1/2024 in preparation for the planned separation of the company's business areas. The target for Hiab was to achieve an industrial injury frequency rate (IIFR, number of injuries per million hours worked) of below 3.2. All employees of the business area are in scope of the target. Cargotec's IIFR targets have not had a baseline year, as progress has been monitored through continuous year-on-year improvement. This approach was applied to business area-specific targets as well. Progress against the targets is monitored monthly and disclosed externally every quarter in Cargotec's quarterly reporting.

Cargotec's targets for health and safety are defined based on historical IIFR data and information on future development within the company. These factors help the company build an understanding of realistic but ambitious improvement potential, leading to the annual improvement target. The targets are aligned with the broader, long-lasting ambition within heavy industry to reduce the number of injuries. They are also aligned with Cargotec's policy commitment to continuously work towards zero accidents and always prioritise safe working conditions. Many stakeholders are included in tracking the targets, as progress is reviewed locally with health and safety committees as well as more widely in business area town halls and company-wide quarterly webcasts. In addition, every employee who reports a safety incident or near-miss contributes to the target performance. Reporting also provides valuable feedback on what actions to focus on to improve the performance.

At the end of 2024, Hiab's IIFR was 3.2 (2023: 3.2), meaning the target was achieved. The IIFR worsened at assembly sites to 4.2 (3.5) but improved at non-assembly sites to 2.0 (2.8).

In addition to the IIFR, Cargotec's safety performance is monitored with a number of other key performance indicators (KPIs). The company's safety figures cover own employees and certain external contractors (such as temporary employees and rental workforce), but they exclude subcontractors due to missing information on working hours. Unlike with other metrics related to Cargotec's own workforce, the company's health and safety figures include Kalmar's performance for H1/2024.

Cargotec's total recordable injury frequency rate (TRIF) covers fatalities, lost time injuries, medical treatment injuries and restricted work cases.

Work-related injuries and ill health	Continuing operations		Cargotec total
	2024	2023	2024
Industrial injury frequency rate (IIFR, all operations)	2.8	2.8	3.0
Total recordable injury frequency rate (TRIF)	7.6	8.4	6.3
Number of recordable work-related accidents	57	67	98
Own workers covered by health and safety management system based on legal requirements and/or recognised standards (%)[1]	71 %	71 %	87 %
Number of fatalities as a result of work-related injuries and ill health	0	0	0
Number of cases of recordable work-related ill health	10	5	14
Number of days lost to to injuries, accidents, fatalities and work-related ill health[2]	652	318	2,665

[1] Coverage at assembly sites, based on headcount.
[2] KPI includes days lost to work-related injuries (lost-time, restricted work and medical treatment cases). It does not include days lost due to work-related ill health, as Cargotec is not currently able to retrieve this data reliably.

During the year, the company's continuing operations recorded ten cases of ill health. The most common root cause to the cases was a pre-existing medical condition to the back or shoulders. As Cargotec is not currently able to centrally collect all cases where sick leave is granted due to work-related ill health, this figure may not be fully representative of the situation. Due to privacy reasons, access to this information is strictly limited to specific roles within the company, mainly in Human Resources. Going forward, developing this process to retrieve the needed data will be at the discretion and the responsibility of standalone Hiab.

Remuneration metrics

Gender pay gap and total remuneration	Continuing operations		Cargotec total
	2024	2023	2024
Gender pay gap, based on average gross hourly pay level (%)	8.3 %	7.6 %	16.4 %
Total remuneration ratio Ratio of highest paid individual (CEO) annual base salary to median annual base salary for all employees (excluding CEO)	16.76	18.01	15.95

The figure for gender pay gap disclosed in 2024 indicates the situation on a high level. The company's data is not currently sufficiently granular to take into account the impact of different variables, such as how gender might affect pay levels within certain roles. Standalone Hiab will be responsible for deciding on ways to improve this methodology going forward.

The total remuneration ratio is calculated with the base salary instead of total remuneration due to data collection challenges brought by the separation of Kalmar in H1/2024.

Incidents, complaints and severe human rights impacts

Cargotec recorded no cases related to severe human rights incidents in 2024. Discrimination incidents, including harassment, are collected through the central grievance channel SpeakUp. As incidents may also be reported through other channels, such as local Human Resources representatives, Hiab is developing a process for collecting all incidents through SpeakUp in the future. Incidents that are reported to local HR are not currently submitted to SpeakUp due to technical reasons. For more detailed information about complaints that were reported and investigated in 2024, please see **Non-compliance incidents** under Governance.

Incidents, complaints and severe human rights impacts (number)	Continuing operations		Cargotec total
	2024	2023	2024
Reported discrimination complaints, including harassment[1, 2]	5	N/A[3]	7
Partly or fully substantiated discrimination incidents, including harassment[1, 2]	4	N/A[3]	4
Severe human rights incidents	0	0	0

[1] Includes reports files through SpeakUp only.
[2] According to Cargotec's definition, direct discrimination occurs when an individual is treated less favourably than others based on gender, gender identity, sexual orientation, race, religion, nationality, age, physical ability or any other similar characteristic. Indirect discrimination occurs when an apparently neutral rule disadvantages a person or group sharing the same characteristics. By harassment, Cargotec means any unwanted behaviour that makes someone feel uncomfortable, such as rude comments, inappropriate jokes, physical touch or threats.
[3] Cargotec's current systems did not specifically track this information in a reportable format prior to January 2024.

SOCIAL INFORMATION

Workers in the value chain, including end-users

Policies related to workers in the value chain

Cargotec's Business Partner Code of Conduct (BPCoC) covers partners in all parts of the company's value chain, but it puts more focus on the supply chain. The BPCoC has requirements for Cargotec's partners related to human rights, such as health and safety and freedom of association. It also explicitly prohibits all forms of modern slavery, including forced and child labour and human trafficking. Engagement-wise, the BPCoC expects Cargotec's partners to treat their employees with fairness, dignity and respect as well as provide the opportunity for employees to report their concerns. In addition, the requirements state the business partners must take the needed steps to provide remedy for any potential non-compliance. The BPCoC is founded on the principles of the UN Universal Declaration of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Convention against Corruption. It also further strengthens Cargotec's commitment to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

During on-site audits conducted in 2024, Cargotec documented 69 labour rights-related incidents that could be considered cases of non-respect of the international principles listed above. These incidents were found mostly with Cargotec's Tier 2 suppliers and in high-risk countries, and they were related to topics such as missing employment contracts, inaccurate payment records, mandatory recruitment fees, non-compliance with minimum wages and excessive overtime. All suppliers with such findings received corrective action plans for improving their practices and those with lowest scores will be re-audited to validate the effectiveness of implemented improvements. For more details about corrective action plans, see **Actions related to workers in the value chain**.

Cargotec's Sustainability Policy includes a commitment to respect internationally recognised human rights throughout the value chain and engage with impacted people to ensure adequate remedy.

For more information about the above policies, see **Policies related to climate change** and **Policies related to own workforce**.

Processes for engagement, remedy and grievance channels

The end-users of Cargotec's products are the operators of its equipment. As this simultaneously makes them workers in Cargotec's value chain, they are included in the reporting of all value chain workers. Some additional details related to end-users can be found under **End-users**.

In its Business Partner Code of Conduct, Cargotec requires that its suppliers and other partners maintain a reporting mechanism that gives their employees and other stakeholders an opportunity to raise concerns. Business partners must also ensure that appropriate procedures are in place to handle such cases, and be committed to correcting any non-compliance. Information on the existence of a grievance channel is requested in supplier self-assessments commissioned by Cargotec. The matter is also checked during Cargotec's onsite audits of potential new suppliers and selected existing strategic suppliers as well as during the sustainability onsite audits of high-risk suppliers conducted by a third party.

Cargotec's own channel, SpeakUp, is available to all value chain workers for reporting concerns and potential misconduct. Cargotec promotes the SpeakUp line to its sales third parties, such as dealers and agents, through training that takes place during onboarding and/or monitoring as well as through the company's Business Partner Code of Conduct. The company also promotes the SpeakUp line to suppliers as an option. A more detailed description of the investigation process of reports filed through the SpeakUp line can be found in **Prevention and detection of non-compliance** under Business Conduct. More information about non-retaliation against those who report concerns can be found under **Business conduct policies and corporate culture**.

In addition to the SpeakUp line, workers in the value chain can report their concerns and observations directly to their Cargotec contact. Supplier employees are also interviewed as part of audits conducted on Cargotec's behalf by a third party. Suppliers for these audits are selected based on a risk-based approach, where Cargotec aims to identify suppliers with low or missing self-assessment scores or ones located in high-risk countries. As all new suppliers complete the self-assessment as part of their onboarding process, the selection of suppliers for audits is conducted on an on-going basis. The audits provide valuable third-party views of, for example, the occupational health and safety conditions at supplier sites.

The third-party audits also function as a form of engagement with supply chain workers, as they help understand how people are impacted by Cargotec's business. The company also uses those findings to evaluate the effectiveness of said channels and whether supplier employees are aware of and trust the channels. The company's sourcing and sustainability functions, and their respective representatives in each business area's leadership team, have the responsibility to ensure that the engagement happens. Cargotec evaluates the effectiveness of the engagement by, for example, following the progress of its supplier sustainability self-assessment scores, following up on non-compliance findings of on-site audits, reviewing corrective action plans and validating the closure of planned improvement actions. For more detailed information about the self-assessment and Cargotec's supplier onboarding and engagement processes, please see **Management of relationships with suppliers** under Business Conduct.

The company gains insight into health and safety impacts on customer employees through customer engagement and feedback, but typically not directly from the employees who operate Cargotec's equipment. Customer feedback also helps Cargotec evaluate the effectiveness of the engagement. Ensuring that the engagement takes place is the responsibility of the company's sales function and its respective representatives in each business area's leadership team. The frequency of this engagement varies depending on the specific customer relationship. In interactions with customers the goal is to build a comprehensive understanding of the customer's business and what is important to them. Safety is a highly valued topic for many customers. However, the manner in which Cargotec's sales organisation interacts with customers on safety varies between individuals.

In addition, Cargotec offers basic product training for customer employees when the equipment is delivered. If separately requested by the customer, Cargotec can provide more in-depth safety training for equipment operators.

If a case was identified where Cargotec caused or contributed to a human rights violation, the company would apply its case-specific approach to remedy and corrective action. The details of the case, the needs of the impacted person(s) and local legislation would determine the adequate means of remedy. At the same time, Cargotec is committed to not hindering an impacted person's access to other forms of remedy, such as legal proceedings. Where relevant, Cargotec can also cooperate with others to provide appropriate remedy to impacted people. The effectiveness of the provided remedy may be evaluated based on, for example, feedback from the impacted person(s) or third-party expert organisations.

Actions related to workers in the value chain

Health and safety

Impacts related to the health and safety of workers in Cargotec's supply chain are managed in the responsible sourcing programmes of the company's business areas. One of the most important goals of these programmes is to help the company avoid causing or contributing to material negative impacts on value chain workers.

Cargotec selects suppliers for third-party audits based on the identification of suppliers with low or missing self-assessment scores or ones located in high-risk countries. During 2024, Cargotec commissioned 19 third-party onsite supplier audits, which focused on human rights, including health and safety. Non-compliance was found in all these audits, and the suppliers in question received a tailored corrective action plan. Approximately 40 percent of incidents found in the audits were related to health and safety. Examples of such incidents include missing building or fire safety permits, insufficient number of or blocked emergency exits, accessibility of fire safety equipment as well as missing emergency lighting. During 2024, Cargotec also followed up on the findings of its 2023 third-party supplier audits.

Cargotec evaluates the effectiveness of its actions related to supplier audit findings by reviewing corrective action plans. The plans define timelines for closing the specific findings for each supplier, and evidence of such improvement is validated by Cargotec's supplier development team. With less serious findings, Cargotec follows up on the progress of the plans through discussions with the suppliers. With more serious findings, the company commissions third-party re-audits to confirm that the planned improvements have been done.

Another way to evaluate the effectiveness of actions taken to improve the sustainability performance of suppliers is through the company's supplier self-assessments. Improved scores are often an indicator of the supplier's improved performance and actions taken. Before a new score is granted, the third party that hosts the self-assessment platform validates all evidence provided by the supplier. These score improvements also form the basis for Cargotec's target for responsible sourcing. For more details on the target, see **Management of relationships with suppliers** under Business Conduct.

On the downstream side, Cargotec's research and development function continuously evaluates and improves the safety of the company's equipment through product development. The company's health and safety function is also included in this work. For example, the operator compartment of Hiab's MOFFETT truck-mounted forklift is designed to give the operator excellent field of vision and also checks that the operator has fastened their seatbelt. Hiab's MULTILIFT hooklifts include safety features, such as safety interlocks, audio and visual warnings, as well as autonomous features that help less experienced operators to work in a safe manner. In addition, Hiab's HiSkill simulator allows operators to safely practise using the equipment in a virtual environment.

In 2024, Hiab launched the L2 Driver Support assistance technology for its MULTILIFT demountables. The new feature automatically reverses the truck into position and aligns it with the front of the container for pickup. The driver initiates the process with the push of a button and monitors the safety of the operation from the truck cabin. By reducing the need to leave the cabin and have manual precision, the L2 Driver Support helps safeguard both the driver and surrounding assets during complex load-handling tasks. All customer employees who operate Hiab equipment with this new feature are in scope of their long-term improved safety impact.

Similarly, in 2024, Hiab launched the MULTILIFT Talon hooklift for its Defence product line. The hooklift features automated container lift and locking, which enables the truck driver to remain in the cabin throughout the operation. This feature improves the safety of the operator, as they are not exposed to, for example, dangerous weather conditions or traffic. The Talon also includes an automatic sensor that warns the driver if there are people within a dangerous distance of the equipment, which improves the safety of anyone moving around the hooklift. This means that both the operators of the MULTILIFT Talon and people around it are in scope of these positive impacts in the long term.

Cargotec considers recurring pandemics a significant financial risk to its business. At Hiab, the risk is regularly evaluated in its enterprise risk management process and business continuity planning. In 2024, the risk of pandemics was not considered a top priority due to the low likelihood of occurrence.

No severe human rights issues or incidents connected to Cargotec's upstream and downstream value chain were reported during the year.

After the planned separation of Cargotec's business areas is complete, standalone Hiab will be responsible for planned actions for the future.

Targets and metrics related to workers in the value chain

Cargotec's target for responsible sourcing is to improve the overall score in supplier sustainability self-assessments. Human rights, including the health and safety and working conditions of supplier employees, are included in the self-assessment. For more details on the target, see **Management of relationships with suppliers** under Business Conduct.

SOCIAL INFORMATION

End-users

The end-users of Cargotec's products are the operators of the company's equipment. These operators are either employees of Cargotec's customers or, in the case of small business owners, the customers themselves. As such, reporting requirements for end-users are mostly covered under **Workers in the value chain**.

Policies related to value chain workers in general are described under **Policies related to workers in the value chain**. Cargotec does not have policies that specifically address end-users. However, the company's Sustainability Policy states that Cargotec designs its solutions to ensure the safety of those who operate its equipment. Similarly, the policy concludes that Cargotec collaborates with customers to improve safety throughout the value chain.

Engagement with end-users and their access to grievance channels and remedy are described under **Workers in the value chain**. Actions related to the safety of end-users taken during the reporting year are described in the same section.

Targets related to end-users

Cargotec has an internal channel for reporting serious incidents related to its equipment that have occurred at customer sites and that the customer has shared with Cargotec. However, overall, the company does not currently have enough visibility into the health and safety of the end-users of its products to set a target for the topic. Nevertheless, customer feedback on safety features or incidents related to Cargotec's equipment is used to identify potential improvement areas in, for example, product design. Standalone Hiab will determine the needed next steps to increase this visibility.

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Governance information

GOVERNANCE INFORMATION

Business conduct

Business conduct policies and corporate culture

Cargotec's Code of Conduct (CoC) is the company's main instrument in setting and implementing an ethical corporate culture, as it helps people make informed decisions and find more information when in doubt. The CoC is developed and kept up-to-date by a cross-functional team with crucial expertise in various areas, such as Human Resources, Ethics and Compliance, Legal, Internal Audit, Sustainability and Finance. The content of the CoC is updated as needed to reflect changes in the regulatory landscape, internal company transformations and evolving risks. The CoC includes an extensive section on anti-corruption and anti-bribery and is consistent with the UN Convention against Corruption. It also includes an expectation for leaders to ensure that their teams are sufficiently trained to deal with ethical dilemmas. For more details about the Code of Conduct, please see **Policies related to climate change**.

The purpose of the company's SpeakUp and Non-Retaliation instruction is to encourage employees and other stakeholders to raise concerns related to suspected non-compliance with Cargotec's Code of Conduct, other policies or relevant laws and regulations. The Non-Retaliation instructions state that Cargotec never imposes sanctions or other retaliation measures on a person who is filing the report in good faith. The non-retaliation protection also applies to those who have refused to act unethically, even if that led to loss of business. The instructions apply to anyone who reports on a concern, including the employees of Cargotec, its business units and subsidiaries globally. Human resources is responsible for monitoring and reacting to attempts to sanction or disadvantage people who have raised a concern. In addition, reporting through the company's SpeakUp channel can be done anonymously, and all investigations are conducted by individuals with no connection to the suspected misconduct. These measures further protect the whistleblower against retaliation.

Cargotec's Anti-Corruption Policy, Business Partner Code of Conduct, Export Controls Policy, Trade Sanctions Policy, Third Party Policy as well as instructions related to gifts and hospitality and conflicts of interest, further guide the company's efforts against unethical or corrupt business practices. The practical implementation of these policies and instructions is guided by Cargotec's compliance programme which is based on the principles of detecting, preventing and responding to potential misconduct. They are all approved by top leadership (CEO, CLT or BoD, depending on the document) and available internally in Cargotec's intranet.

Cargotec's commitment to uphold the highest level of ethical behaviour is also documented in the company's Sustainability Policy. The policy confirms Cargotec's approach to not tolerating corrupt practices or retaliation, reporting of compliance concerns, the objective investigations of incidents, and appropriate remedy of substantiated cases.

To further strengthen its corporate culture, Cargotec focuses on preventing, detecting and responding to potential non-compliance with regulations and the company's code of conduct. These focus areas are further described below.

Detecting and responding to potential misconduct

Cargotec employees can report their concerns and potential misconduct through a variety of channels, including to their own manager, local or group-level Human Resources, Cargotec's Ethics and Compliance (E&C) function, or through the company's SpeakUp line. The SpeakUp line is an externally hosted reporting tool for anonymous reporting that can also be accessed by external stakeholders.

All suspected misconduct, including cases related to corruption and bribery, is subject to review and a potential investigation. The need for an investigation is assessed by experienced experts in Cargotec's E&C function. To secure the anonymity of people reporting through the company's SpeakUp line throughout the investigation process, the E&C function submits follow-up questions via the channel, when needed.

All suspected incidents of misconduct, regardless of reporting channel or whether it was reported by an employee or a value chain worker, are handled promptly and confidentially by people specifically appointed by the E&C function. The function may conduct investigations on its own or assign them to other authorised employees or functions, such as Human Resources, IT or Health and Safety. The person or team assigned to conduct the investigation must not be closely associated with the case, the reporting person (when identity is known) or the suspected wrong-doer. All investigations are conducted in an objective and neutral manner and in compliance with applicable laws and regulations.

The person or team responsible for the investigation can access all relevant documents, systems and premises and is allowed to conduct any interviews necessary. All employees are expected to cooperate in an investigation. The employee suspected of misconduct is given an opportunity to respond to the allegations.

Cargotec has a case-by-case approach to remedy. In confirmed cases of misconduct, the E&C function agrees with relevant management team members on appropriate actions, such as improved controls, training, disciplinary actions or termination of third-party relationships. Appropriate and adequate means of remedy are determined based on the details of the case, the needs of the affected person or people, and local legislation. The Cargotec Leadership Team has a Code of Conduct panel that discusses compliance topics regularly and reviews the need for remedy.

Preventing non-compliance

Cargotec's Ethics and Compliance function supports the company's business areas with proactive advice, information and training and by conducting internal investigations. Through e-learning courses, Cargotec trains its employees on ethics and compliance-related topics, including corruption and bribery, and provides exercises and examples that help employees with ethical dilemmas. The courses are accessible to employees who have personal company email addresses and access to the Cargotec intranet, including members of the company's Board of Directors. Onsite training workshops on Code of Conduct topics are arranged for employees without an email address or access to the intranet.

Global economic challenges, such as competitive markets, conflicts and instability, can increase overall corruption, which requires companies to increase their focus on the topic. Building on the targeted anti-corruption training conducted in 2023, Cargotec strengthened its approach to anti-corruption topics during 2024. Anti-corruption was a core component of the mandatory annual Code of Conduct e-learning course for all employees. The training clarified key concepts related to corruption, highlighted warning signs of corrupt practices, and offered clear guidance on how employees can uphold the Cargotec's anti-corruption principles.

In 2024, the completion rate for the mandatory Code of Conduct training was 95 percent for continuing operations and 95 percent for Cargotec total.

Cargotec considers the following functions to be most at risk of non-compliance: Sales, Marketing, Sourcing, Human Resources, General Management, Finance and Risk Management. In 2024, these functions received the same Code of Conduct e-learning training as the rest of Cargotec's employees. The percentage of employees in functions-at-risk covered by the e-learning (completion rate within these functions) was 97 percent for continuing operations and 98 percent for Cargotec total.

In 2024, Cargotec also organised targeted export controls training for 102 Hiab employees involved in projects with potential export control implications.

In addition to personnel training, the company's Board of Directors' receives an annual update on compliance, which includes anti-corruption topics. The Cargotec Leadership team receives a similar update every two months. Ethics and compliance is also a regular topic in the Board's Audit and Risk Committee meetings. In 2024, the Board of Directors and Cargotec Leadership Team also participated in several sustainability training sessions, where ethical business conduct and anti-corruption were included as topics.

Prevention and detection of corruption or bribery (%)	Continuing operations		Cargotec total
	2024	2023	2024
The percentage of functions-at-risk covered by training programmes	97 %	86 %	98 %
Cargotec Code of Conduct training completion	95 %	N/A[1]	95 %

[1] In 2023, Cargotec's mandatory Code of Conduct training was postponed to the first quarter of 2024.

Non-compliance incidents

Incidents of non-compliance (number)	Continuing operations		Cargotec total
	2024	2023	2024
Reports filed	38	30	63
Initiated investigations by Ethics and Compliance [1]	7	3	17
Conflict of interest	0	0	1
Workplace environment	2	0	4
Export controls or sanctions	0	1	1
Unethical business conduct, financial integrity and other policy violations	5	2	11
Completed investigations by Ethics and Compliance [2]	8	6	22
Partly or fully substantiated [3]	5	4	5
Initiated investigations by Human Resources	11	6	15

[1] Includes cases reported late in the previous year where Cargotec was only able to initiate the investigation after year-end.
[2] Includes cases opened prior to the reporting year but completed during the year.
[3] Excludes Kalmar's non-completed cases from H1/2024, as Cargotec has no visibility into whether they were substantiated or not.

Cargotec did not receive any convictions or fines for violation of anti-corruption and anti- bribery laws during 2024. There were no breaches of anti-corruption or anti-bribery procedures and standards that the company would have needed to address.

In June 2019, the National Bureau of Investigation in Finland reported that it has been working on a preliminary investigation regarding a suspected aggravated fraud in connection to Cargotec's MacGregor business area. The suspected financial fraud was detected by Cargotec in an internal review and the investigation request was made to the National Bureau of Investigation. In 2020, the District Attorney pressed charges against former MacGregor employees. The case hearing took place in early 2021, and the verdict was rendered by the District Court of Turku on March 8, 2022, awarding criminal liability for three defendants and financial compensation for Cargotec and MacGregor. The case was appealed and the hearing in the Turku Appellate Court took place in 2023. In 2024, the Court of Appeal issued a ruling that stayed the sentence of the primary offender, reduced the sentence of the accomplice, and acquitted one of the abettors. Two defendants have subsequently sought permission to appeal to the Supreme Court, which was denied in November 2024. The case is now closed for Cargotec. Cargotec has a zero tolerance policy for misconduct and has fully supported the judicial process. In addition, since the fraud took place, Cargotec has implemented numerous improved practices to ensure such cases do not happen again. Neither MacGregor nor Cargotec were suspected of criminal actions during the process.

Management of relationships with suppliers

Through its purchasing power, Cargotec can influence suppliers and support them in improving their performance related to, for example, human rights and the environment. The company's responsible sourcing programme is systematically managed throughout the company's business areas, and the main policies and processes to support the programme include:

- Cargotec's Business Partner Code of Conduct (BPCoC)
- Supplier approval and contracting
- Supplier engagement and audits
- SpeakUp line (accessible to both internal and external stakeholders).

The responsible sourcing programme focuses on identifying and mitigating sustainability risks in the supply chain. The programme has four key priority areas:

- Decarbonise supply chain
- Reduce hazardous substances
- Source critical minerals responsibly
- Sustainability due diligence and continuous improvement.

While Cargotec is still expanding the scope of its responsible sourcing programme, the company has identified and addressed some most commonly found risks in its supply chain. In supplier self-assessments, the most common finding is that suppliers do not have sufficient responsible sourcing practices, such as code of conduct documentation and its implementation, to manage their own suppliers. During audits, the most common risks are related to health and safety requirements, where non-compliance is typically found in the form of missing fire alarms, emergency exits, safety permits and similar. There is also a risk of certain labour rights-related incidents, especially for Cargotec's Tier 2 suppliers and those in high-risk countries, such as missing employment contracts, inaccurate payment records and mandatory recruitment fees. In general, Cargotec has identified that the highest risks related to value chain workers typically exist in countries outside Europe, in the steel structures category and with Tier 2 suppliers of, for example, castings.

During the company's supplier approval process, new suppliers must meet pre-requirements and pass an audit conducted by Cargotec before they can be approved as suppliers. The pre-requirements include committing to the BPCoC, an integrity assessment conducted by Cargotec, and a supplier sustainability self-assessment on a third-party platform. In the audits, approximately 20 percent of the checklist questions are related to the supplier's management of labour and human rights, anti-corruption and the environment.

If any non-compliance of Cargotec's BPCoC is found during assessments or audits, for new suppliers or existing strategic ones, the company decides on corrective measures and timeframes together with the supplier. The priority is always to collaborate with the supplier to improve their sustainability performance. However, if the partner is unwilling to take the mutually agreed corrective action, Cargotec has the right to not approve the new supplier or terminate an existing contract.

When following up on the requirements of its BPCoC, one of Cargotec's most important tools is the supplier self-assessment. The self-assessment platform is provided by a third party, which Cargotec uses to evaluate the sustainability-related maturity level of its suppliers. The assessment is mandatory for all new suppliers, while strategic direct suppliers take it annually if they have a low score or the assessment has an update. The assessment questionnaire includes the following topics: company management, human rights and working conditions, health and safety, business ethics, environment, responsible supply chain management as well as responsible sourcing of minerals. These topics are aligned with both legal obligations and the requirements set in Cargotec's BPCoC.

Cargotec supports suppliers with driving decarbonisation in their operations and improving their own supplier management processes. To do this, the company shares information, tools and best practices on relevant topics. Cargotec also organises on-demand training sessions in all responsible sourcing programmes.

During 2024, Cargotec launched an e-learning course on sustainability regulations that are applicable to Cargotec. The goal was to provide a general understanding of the regulations and how the company aims to comply with them. As many of the existing and upcoming sustainability-related regulations are closely linked to supply chain management, the priority audience for the training was Cargotec's sourcing organisation. However, the course was made available to all employees.

While Cargotec does not directly source minerals from mines, smelters or refiners, the company can play a role in addressing related conflicts, human rights abuses and environmental issues through strong multi-stakeholder partnerships. For example, Cargotec is a member of the cross-industry association Responsible Minerals Initiative (RMI) which aims to support responsible mineral sourcing globally by developing business practices. The RMI provides tools for increasing the transparency of the origin of conflict minerals and cobalt used in the value chain, including a due diligence tool and the Responsible Minerals Assurance Process (RMAP) to audit smelters and refiners.

Cargotec has identified sourcing categories and suppliers whose products present the highest risk of containing critical minerals. As part of its due diligence, the company requests these suppliers to provide information on the smelters and refiners they work with. Cargotec aims to only purchase minerals that come from RMI-audited smelters and refiners. In 2024, the company continued its due diligence efforts related to cobalt and conflict minerals (tungsten, tantalum, tin and gold) by increasing the scope of engaged suppliers by 25 percent compared to 2023. During the year, Hiab published its first Conflict Minerals Reporting Template (CMRT) which is available at cargotec.com.

Cargotec's long-term goal is to minimise and eventually eliminate hazardous substances from its products. The company uses an industry-led blockchain web database that helps communicate legal obligations to the authorities regarding the EU's Regulation on the registration, evaluation, authorisation and restriction of chemicals (REACH) via the SCIP platform, the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) and other regulations. The database also supports related dialogue with suppliers.

The 2024 external target for responsible sourcing for each business area was to have at least 90 percent of strategic suppliers complete the sustainability self-assessment and reach a combined average score of 60 percent or above. Cargotec defines the scope of the target (list of strategic suppliers), while the data for the calculation originates from the self-assessment platform which is provided by a third party. Cargotec leadership and other internal stakeholders were widely consulted in setting the target, but affected people (supply chain workers) were not included in the target setting.

In addition to the external target, Hiab's internal monitoring includes several other responsible sourcing-related targets, both for Hiab's sustainability and sourcing teams. The responsible sourcing function of Hiab's sustainability team presents progress towards the targets to a steering committee and the Hiab Leadership Team, and it has regular reviews with Hiab's sourcing team, including VP Sourcing. In addition, the responsible sourcing function escalates issues to leadership if there are deviations from the plan.

Responsible sourcing target	Continuing operations		Cargotec total
	2024	2023	2024
90 percent of strategic suppliers complete sustainability self-assessment and reach combined average score of 60 percent or above	95% supplier coverage and 66% average score	91% supplier coverage and 52% average score	93% supplier coverage and 64% average score

Payment practices

Cargotec does not have one standard set of payment terms but instead, uses multiple different payment terms with its suppliers, where the payment time varies between 0 and 150 days. Because of this, the company cannot provide a description of its standard payment terms or KPIs aligned with such terms.

For direct procurement, Cargotec's target payment term is 90 days which, consequently, is the default payment term included in the company's standard purchasing agreements. For indirect procurement, the target payment term is 60 days net for Hiab. However, Cargotec always negotiates payment terms with suppliers individually.

Payment practices	Continuing operations		Cargotec total
	2024	2023	2024
The average time the undertaking takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated (number of days)	54	58	55
The percentage of payments aligned with payment terms (payment-on-time ratio)	76 %	72 %	75 %
Legal proceedings outstanding for late payments (number)	0	0	0

Cargotec uses a payment-on-time ratio KPI to monitor how much the actual payment date differs from the payment term agreed with the supplier. This ratio is calculated based on the number of invoices paid before or on the payment due date. Those payment terms agreed with suppliers that are not available in the company's master data are set as "due immediately" by default and consequently excluded from the calculation. Invoices set as "due immediately" represent approximately eight percent of the total number of invoices.

While Cargotec does not have a specific policy in place for preventing late payments to suppliers, including small and medium-sized suppliers, the company's ambition is to continuously improve its payment-on-time ratio. Cargotec set a strategic objective for this work in 2022, and several development initiatives have resulted in a double-digit improvement year over year since then. Standalone Hiab will be responsible for continuing improvement efforts.

Internal control, risks and risk management

Internal control and risk management

The objective of Cargotec's internal control is to ensure that the Company's operations are efficient and profitable, that risk management is adequate and appropriate, and that financial and other information produced is reliable. Cargotec's internal control is based on the Company's Code of Conduct and Internal Controls Framework. With respect to the financial reporting process, these are supported by policies and guidelines, as well as with the internal financial reporting process and communication. Cargotec's Internal control policy, approved by the Board of Directors, specifies the applicable control principles, procedures and responsibilities. Control activities, which occur throughout the organisation at all levels and functions, help to ensure that necessary actions are taken to address risk while achieving the company's objectives. The purpose of these control measures is to detect, prevent, and correct any errors and deviations in financial follow-up. Internal controls are owned by the individuals performing the company's operations and every employee is responsible for ensuring that the framework is effective in achieving the company's mission.

Cargotec's Internal Audit function serves as an independent and objective assurance and advisory service provider, designed to enhance operational efficiency and add value to Cargotec and its businesses. As an integral part of the corporate governance process, Internal Audit supports the organization by employing a systematic methodology for objectively evaluating and improving the effectiveness of governance, risk management, and control processes. The Internal Audit Charter, approved by the Board of Directors, defines the Internal Audit mandate, scope, authority and reporting lines.

Cargotec's risk management is guided by the Enterprise risk management policy, approved by the Board of Directors It specifies the objectives and principles of risk management as well as the process and responsibilities involved. Risk management is to be naturally built into all business decisions and plans. The core principle is continuous, systematic, and preventive action taken to identify risks, define the Company's risk appetite, assess and handle risks and, if they materialise, deal with them effectively.

The Board of Directors defines Cargotec's overall risk appetite and ensures that the organisation has sufficient risk management and control. The President and CEO and the Leadership Team are responsible for the methods, implementation, and supervision of risk management. Cargotec's risk management is spread across business units and group support functions that assign responsibility for risk management and that are in charge of identifying, managing, and reporting risks. The Risk Management function is responsible for reporting any findings to the President and CEO and the Leadership Team, and reports quarterly to the Board's Audit and Risk Management Committee on the risk reviews, identified risks, and mitigation plans.

Climate-related risks and opportunities are identified and assessed according to the general corporate risk management process but in climate-related topics the process does not focus only on risks but also opportunities. The climate-specific risk management process is described in the Sustainability statement of the Board of Directors report. Financial risks, such as currency, interest rate, liquidity, credit and counterparty risks, are managed centrally by the Group Treasury and reported to the management and the Audit and Risk Management Committee on a regular basis.

Short-term risks and uncertainties

Developments in the global economy 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, tariffs, sanctions and trade wars can have an impact on the demand of Hiab's solutions.

Still high borrowing costs and inflation, withdrawal of fiscal support, longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine as well as tensions in Middle East, weak growth in productivity and increasing geo-economic fragmentation are limiting economic growth.

In the current market situation, demand for Hiab'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 Hiab's profitability margins negatively.

In addition to economic growth, for example, Hiab's demand is also impacted by the development of the construction market. Low new building activity can negatively impact demand of a part of Hiab's portfolio, especially in Europe.

Availability problems and increases in costs of components, raw materials and energy as well as tariffs could make cost control more challenging, elevate manufacturing expenses as well as increase challenges to pass them on to the prices of end products. The turnover, availability and cost of skilled personnel can create disturbances to Cargotec and its supplier operations and increase costs. Hiab's solutions are installed on trucks, and truck delivery bottlenecks can have a negative impact on Hiab's sales development.

The deterioration of the global economic outlook and access to finance as well as interest rates that have remained higher than in the past decade can lead to economic and financial difficulties among Hiab's customers and dealers. In some cases their financial position may rapidly deteriorate significantly or even lead to insolvency.

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.

Cargotec's Board of Directors is proposing to Cargotec's General Meeting of shareholders that the company's name would be changed from Cargotec to Hiab. The planned actions can include risks related to the retention of skilled personnel, customer relationships, the execution of potential transactions, and costs, for example. Becoming a standalone company could impact Hiab's profitability negatively. 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. 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.

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. Further, Cargotec is involved in governmental business with specific requirements. Failing to comply with such requirements may lead to penalties or exclusion from government tenders.

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 and Hiab'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.

Cargotec signed an agreement to sell MacGregor on 14 November 2024 to funds managed by Triton. The transaction is subject to regulatory approvals in several jurisdictions and the timing of obtaining the approvals can have an impact on the timing of closing the transaction. The final loss recorded from the transaction will be determined upon closing of the transaction and it can deviate from the goodwill impairment booked in the fourth quarter 2024.

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

Shares, market capitalisation and trading

Share capital, own shares and share issues

Cargotec Corporation's share capital totalled EUR 20,000,000 at the end of December 2024. The number of class B shares was 55,182,079, while the number of class A shares totalled 9,526,089. The Annual General Meeting of Cargotec held on 30 May 2024 resolved on a decrease of share capital of Cargotec Corporation from EUR 64,304,880 to EUR 20,000,000, and on the dissolution of share premium reserve of Cargotec Corporation, as part of the Demerger resolution. The demerger was completed on 30 June 2024. The Demerger did not have an effect on the number of shares of Cargotec. More information is available in note 7.4 Discontinued operations and note 7.5 Demerger in the Financial statements.

At the end of December 2024, Cargotec held a total of 784,050 own class B shares, accounting for 1.21 percent of the total number of shares and 0.52 percent of the total number of votes. The number of outstanding class B shares totalled 54,398,029.

During the third quarter, Cargotec's Board of Directors exercised the authorisation of the Annual General Meeting on 30 May 2024 to repurchase company's own shares. According to the decision, Cargotec repurchased 400,000 own class B shares at public trading on Nasdaq Helsinki Ltd. at an average price of EUR 46.6784 between 9 August – 27 September 2024.

During the first quarter, Cargotec's Board of Directors exercised the authorisation of the Annual General Meeting on 23 March 2023 to repurchase company's own shares. According to the decision, Cargotec repurchased 150,000 own class B shares at public trading on Nasdaq Helsinki Ltd. at an average price of 61.6730 between 9–29 February 2024.

During the first quarter, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for share-based incentive programmes. In the share issue, 172,993 own class B shares held by the company were transferred on 28 March 2024 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 is available in the stock exchange releases published on 4 February 2021,13 May 2022 and 2 February 2023.

The decision on the directed share issue was 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.

Market capitalisation and trading

At the end of the period, the number of registered shareholders was 34,722. The number of Finnish household shareholders was 33,054, corresponding to approximately 15 percent ownership of all Cargotec's shares. At the end of the period, approximately 31 percent of Cargotec's shares were nominee registered or held by non-Finnish holders.

Upon the completion of the Demerger 30 June 2024, the shareholders of Cargotec received as demerger consideration one (1) new share of the corresponding share class (i.e., class A or class B) in Kalmar for each class A and class B share owned in Cargotec, which had a negative impact on Cargotec's share price on 1 July 2024.

Share-based incentive programmes

During 2024, Cargotec had several share-based incentive programmes in place for the group's key employees. By the end of the year, the Board of Directors established the following share-based incentive programmes:

- In December, the Board of Directors resolved to establish a new performance share programme for the company's management and selected key employees. The programme includes calendar years 2025–2027 as a performance period. The performance criterion based on which the potential reward will be paid is the company's earnings per share (EPS). The rewards from the programme will be paid partly in the company's class B shares and partly in cash in 2028. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 90,000 Cargotec's class B shares. The programme is directed to approximately 70 key employees, including the members of the company's Leadership Team.
- Also in December, the Board of Directors resolved to establish a new restricted shares programme for calendar years 2025–2027. The purpose of the programme is to serve as a complementary long-term retention tool for individually selected employees of the company in specific situations. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 10,000 of the company's class B shares.

On 7 August 2024, Cargotec's Board of Director's resolved on the adjustments of the ongoing share-based incentive programmes due to the demerger. The adjustments aimed at retaining the reward values for the programme participants unaffected by compensating for the decrease in the share's value following the demerger. As a result, the rewards denominated as number of Cargotec class B shares were revised using a multiplier resolved by the Board of Directors. The adjustment was applied to share allocations of active programme participants instead of the original maximum share allocations per programme. Adjustments were not made to the terms and conditions of the programmes.

The following share-based incentive programmes established by the Board of Directors of Cargotec during the past financial years were in operation during 2024:

- Performance share programme 2020–2024, performance period 2022–2024. The performance period includes three measuring periods of one calendar year. For its third measuring period of the financial year 2024, the potential reward will be based on the eco portfolio share in orders received for the key employees of the Hiab business area. For Cargotec Corporate key employees, the performance criterion is Cargotec's eco portfolio share in orders received. The programme is directed to approximately 70 key employees, including the members of Cargotec Leadership Team. The rewards to be paid on the basis of the performance period to active programme members amount up to an approximate maximum total of 220,000 Cargotec's class B shares.
- Performance share programme 2023–2025, performance period 2023–2025. The performance period includes three measuring periods of one calendar year. For its second measuring period 2024, the potential reward will be based on the service gross profit for the key employees of the Hiab business area. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit. The programme is directed to approximately 70 key employees, including the members of Cargotec Leadership Team. The rewards to be paid on the basis of the performance period to active programme members amount up to an approximate maximum total of 213,000 Cargotec's class B shares.
- Performance share programme 2024–2026, performance period 2024–2026. The performance period includes three measuring periods of one calendar year. For the key employees of the Hiab business area, 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). The programme is directed to approximately 70 key employees, including the members of Cargotec Leadership Team. The rewards to be paid on the basis of the performance period to active programme members amount up to an approximate maximum total of 200,000 Cargotec's class B shares.

- Restricted share programme 2020–2024, earnings period 2022–2024. The rewards to be paid on the basis of the performance period amount up to an approximate maximum total of 17,000 Cargotec's class B shares.
- Restricted share programme 2023–2025. The rewards to be paid on the basis of the programme to active programme members amount up to an approximate maximum total of 16,000 Cargotec's class B shares.
- Restricted share programme 2024–2026. The rewards to be paid on the basis of the programme to active programme members amount up to an approximate maximum total of 15,000 Cargotec's class B shares.
- Restricted share unit programme 2023–2025. The reward from the programme is conditional on the achievement of strategic goals set by the Board of Directors. The reward is estimated to be paid in 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 paid on the basis of the programme to active programme members amount up to an approximate maximum total of 419,000 Cargotec's class B shares.

Governance

Board of Directors, President and CEO

Cargotec's Annual General Meeting of Shareholders decides on the election of the members of the Board of Directors, the auditor and their remunerations, as well as changes on the Articles of Association. The Board of Directors elects Cargotec's President and CEO and determines the terms of his/her employment.

Leadership Team

On 31 December 2024, Cargotec's Leadership Team consisted of Casimir Lindholm, President and CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, Senior Vice President, Sustainable Business Development; Outi Aaltonen, Senior Vice President, General Counsel; Scott Phillips, President, Hiab; and Leif Byström, President, MacGregor.

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on 30 May 2024 in Helsinki, Finland. The meeting adopted the financial statements and consolidated financial statements, approved the remuneration policy and the remuneration report 2023, and granted discharge from liability to the members of the Board of Directors and to the President and CEO for the financial year 1 January–31 December 2023. The Annual General Meeting authorised the Board of Directors to decide on the repurchase of the company's own shares, share issues, and on donations.

The meeting approved a dividend distribution of EUR 2.14 per class A share and EUR 2.15 for each outstanding class B share. The dividend payment day was 10 June 2024.

The number of Board members was confirmed at seven. The current Board members Raija-Leena Hankonen-Nybom, Ilkka Herlin and Ritva Sotamaa were re-elected to the Board of Directors. Eric Alström, Jukka Moisio, Tuija Pohjolainen-Hiltunen and Luca Sra were elected as new members of the Board of Directors. The remuneration of the Board members was approved as per the proposal made to the Annual General Meeting.

The Annual General Meeting re-elected the accounting firm Ernst & Young Oy as the company's auditor, and the authorised sustainability auditor Ernst & Young Oy as the sustainability reporting assurance provider. Their fees were decided to be paid according to their invoices reviewed by the company.

The Annual General Meeting resolved on the partial demerger of Cargotec Corporation in accordance with the demerger plan approved by the Board of Directors and signed on 1 February 2024. As part of the demerger resolution and conditional upon the completion of the demerger, the Annual General Meeting resolved on the incorporation of Kalmar Corporation and approval of its articles of association, the composition and remuneration of the Board of Directors of Kalmar Corporation, as well as on the auditor and sustainability reporting assurance provider and their fees. Also as part of the demerger resolution and conditional upon the completion of the demerger, the Annual General Meeting resolved on the establishment of the Shareholders' Nomination Board of Kalmar Corporation and adopted its charter. The meeting also approved the remuneration policy for governing bodies of Kalmar Corporation.

As part of the demerger resolution and conditional upon the completion of the demerger, the Annual General Meeting resolved on a decrease of share capital of Cargotec

Corporation and on the dissolution of share premium reserve of Cargotec Corporation.

Cargotec published the notice to Annual General Meeting 2024 on 8 April 2024. On 30 May 2024, Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting. The notice, stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com.

Organisation of the Board of Directors

On 30 May 2024, Cargotec's Board of Directors elected by the Annual General Meeting elected in its organising meeting Ilkka Herlin as Chair of the Board. Jukka Moisio was elected as Vice Chair of the Board. The Board also elected the Chairs and the members for the Audit and Risk Management Committee as well as the Nomination and Compensation Committee. Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board of Directors.

The Board of Directors elected among its members Eric Alström, Raija-Leena Hankonen-Nybom and Tuija Pohjolainen-Hiltunen as members of the Audit and Risk Management Committee. Raija-Leena Hankonen-Nybom was elected as Chair of the committee.

Board members Ilkka Herlin, Jukka Moisio and Ritva Sotamaa were elected to the Nomination and Compensation Committee. Ilkka Herlin was elected as Chair of the committee.

The Demerger Committee, established in 2023 to support the standalone Kalmar listing readiness preparations, was dissolved.

Board of Directors' authorisations

The Annual General Meeting of 30 May 2024 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 of 30 May 2024 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.

Loans, liabilities and commitments to related parties

Cargotec had no loans, liabilities or commitments to its related persons and their related parties on 31 December 2024.

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2024 was EUR 759,720,214.12. The Board of Directors proposes to the Annual General Meeting convening on 26 March 2025 that of the distributable profit, a dividend of EUR 1.19 for each of the 9,526,089 class A shares and EUR 1.20 for each of the 54,398,029 (31 December 2024) outstanding class B shares be paid for the financial period ended 31 December 2024, totalling EUR 76,613,680.71.

The dividend shall be paid to shareholders who on the record date for dividend distribution, 28 March 2025, are registered as shareholders in the company's shareholder register maintained by Euroclear Finland Ltd. The dividend payment date proposed by the Board of Directors is 4 April 2025.

The Board of Directors further proposes to the Annual General Meeting that of the distributable profit, the Board of Directors be authorised to decide on an additional dividend in the amount of EUR 1.56 for each of the 9,526,089 class A shares and EUR 1.57 for each of the 54,398,029 (31 December 2024) outstanding class B shares, totalling EUR 100,265,604.37. The payment of the additional dividend will be subject to the closing of the sale of the MacGregor business to funds managed by Triton, as announced by the company on 14 November 2024. The Board of Directors has indicated that it will exercise the authorisation provided that the closing occurs in accordance with the terms of the transaction. The Board of Directors intends to resolve on the additional dividend in its meeting scheduled for 29 September 2025. The company will separately publish resolutions of the Board of Directors on the dividend payment and confirm the record and payment dates in connection with such resolutions.

The additional dividend to be paid based on the authorisation would be paid to shareholders who on the payment record date in question are registered as shareholders in the company's shareholders' register maintained by Euroclear Finland Ltd. The Board of Directors proposes that the authorisation includes the right for the Board of Directors to decide on all other terms and conditions related to the dividend payment. The authorisation would be effective until 31 December 2025.

The remaining distributable equity, after both dividend payments, EUR 582,840,929.04, will be retained and carried forward.

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

Events after the reporting period

On 11 February 2025, Cargotec announced that subject to the completion of the transformation project, its leadership team as of 1 April 2025 would consist of Scott Phillips, President and Chief Executive Officer (CEO) and interim Executive Vice President, Business Operations Development; Mikko Puolakka, Executive Vice President, CFO; Marcel Boxem, interim President, Loader Cranes, Heavy and Superheavy; Michaël Bruninx, President, Services; Hermanni Lyyski, President, Demountables and Defence; Barry McGrane, President, Truck Mounted Forklifts; Martin Saint, President, Tail Lifts; Magdalena Wojtowicz-Tokarz, President, Loader Cranes, Light and Medium; Sanna Ahonen, Executive Vice President, Business Excellence and Sustainability; Ghita Jansson-Kiuru, Executive Vice President, HR; Birgitte Skade, Executive Vice President, Marketing and Communications and Taina Tirkkonen, Executive Vice President, General Counsel.

Cargotec published new long-term financial targets for its Hiab business area on 27 May 2024. On 11 February 2025, the Board amended the long-term financial targets set for Hiab to reflect the business' standalone future.

Cargotec's Board of Directors has set the following financial targets for Hiab to measure success by 2028:

- Annual sales growth over seven percent over the cycle
- Comparable operating profit 16 percent
- Return on capital employed over 25 percent[3]

Standalone Hiab also aims for a growing dividend of 30–50 percent of EPS and to keep gearing below 50 percent.

In addition to the long-term financial targets, Cargotec's climate target, validated by the Science Based Targets initiative (SBTi) in 2020, remains valid for the time being. The company is planning to update the climate target for standalone Hiab and apply for its validation from SBTi. The process starts in 2025.

The comparable operating profit target was amended from 18 percent as a business area to 16 percent as a standalone company to reflect increased corporate administrative and support function costs, which were earlier part of Cargotec group's corporate administrative and support functions. In 2024, these costs were approximately 1.7 percent of sales.

Outlook for 2025

Cargotec estimates its continuing operations' comparable operating profit margin in 2025 to be above 12.0 percent (2024: 13.2 percent).

Annual General Meeting 2025

The Annual General Meeting of Cargotec Corporation will be held on Wednesday, 26 March 2025.

[3] Operative ROCE defined as (Operating profit / Operative capital employed)

FINANCIAL STATEMENTS

Consolidated Financial statements (IFRS)

Notes to the Consolidated Financial statements

Financial statements of the parent company (FAS)

Signatures for Board of Directors' report and Financial statement

Audit and assurance reports

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated statement of income

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Sales	2.1, 2.2	**1,647.3**	**1,786.5**
Cost of goods sold		-1,168.7	-1,306.3
Gross profit		**478.6**	**480.2**
Gross profit, %		29.1%	26.9%
Selling and marketing expenses		-95.7	-97.8
Research and development expenses		-38.5	-34.7
Administration expenses		-133.7	-131.2
Restructuring costs	2.4	—	0.1
Other operating income	2.3	7.0	4.9
Other operating expenses	2.3	-0.5	-2.4
Operating profit	2.1, 2.3, 2.4, 3.1, 6.4	**217.1**	**219.2**
Operating profit, %		13.2%	12.3%
Finance income	2.5	14.6	5.8
Finance expenses	2.5	-18.3	-19.6
Profit before taxes		**213.4**	**205.4**
Profit before taxes, %		13.0%	11.5%
Income taxes	4.1	-58.4	-52.0
Profit for the period, continuing operations		**155.0**	**153.5**
Profit for the period, discontinued operations	7.4, 7.5	912.5	195.2
Profit for the period		**1,067.5**	**348.7**
Profit for the period attributable to:			
Shareholders of the parent company		1,066.7	346.9
Non-controlling interest		0.8	1.8
Total		**1,067.5**	**348.7**

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Earnings per share for profit attributable to the shareholders of the parent company:	2.6		
Basic earnings per share, EUR			
Continuing operations		2.40	2.35
Discontinued operations		14.22	3.03
Diluted earnings per share, EUR			
Continuing operations		2.39	2.35
Discontinued operations		14.16	3.02

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

Consolidated statement of comprehensive income

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Profit for the period		**1,067.5**	**348.7**
Other comprehensive income			
Items that cannot be reclassified to statement of income:			
Actuarial gains (+) / losses (-) from defined benefit plans	3.4	-1.3	-7.4
Taxes relating to items that cannot be reclassified to statement of income	4.1	0.3	1.5
Items that can be reclassified to statement of income:			
Gains (+) / losses (-) on cash flow hedges		-27.1	19.9
Gains (+) / losses (-) on cash flow hedges transferred to statement of income		14.6	-19.2
Translation differences*		71.4	-22.5
Taxes relating to items that can be reclassified to statement of income	4.1	2.3	-0.5
Share of other comprehensive income of associates and JV, net of tax		0.7	0.7
Other comprehensive income, net of tax		**60.9**	**-27.4**
Comprehensive income for the period		**1,128.4**	**321.2**

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Comprehensive income for the period attributable to:			
Shareholders of the parent company		1,127.6	319.5
Non-controlling interest		0.8	1.7
Total		**1,128.4**	**321.2**
Comprehensive income for the period attributable to Shareholders of the parent company:			
Continuing operations		222.6	126.5
Discontinued operations		904.9	193.0
Total		**1,127.6**	**319.5**

*Including translation differences transferred to statement of income in connection with the partial demerger, see note 7.5 Demerger

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

Consolidated balance sheet

ASSETS, MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current assets			
Goodwill	6.1	240.1	878.1
Intangible assets	6.2	23.2	118.4
Property, plant and equipment	6.3	159.1	444.9
Investments in associated companies and joint ventures	7.2	–	76.6
Loans receivable and other interest-bearing assets*	8.2	–	0.1
Deferred tax assets	4.2	82.1	122.2
Other non-interest-bearing assets	5.3, 8.2	2.0	5.8
Total non-current assets		**506.5**	**1,646.0**
Current assets			
Inventories	5.2	333.8	1,033.8
Loans receivable and other interest-bearing assets*	8.2	0.3	3.4
Income tax receivables		31.5	18.5
Derivative assets	8.2, 8.5	6.0	54.0
Accounts receivable	5.3, 8.2	240.8	723.8
Contract assets	2.2, 5.3	1.5	47.3
Other non-interest-bearing assets	5.3	99.0	164.9
Cash and cash equivalents*	8.2, 8.3	439.1	684.7
Total current assets		**1,152.0**	**2,730.4**
Assets held for sale	7.4	**791.6**	**–**
Total assets		**2,450.1**	**4,376.5**

*Included in interest-bearing net debt.

Information about the net assets distributed to the owners in connection with the partial demerger as at 30 June 2024 is presented in note 7.5 Demerger. The comparative data include the continuing and the discontinued operations.

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

EQUITY AND LIABILITIES, MEUR	Note	31 Dec 2024	31 Dec 2023
Equity attributable to the shareholders of the parent company			
Share capital		20.0	64.3
Share premium		–	98.0
Translation differences		14.9	-56.4
Fair value reserves		-12.0	-2.5
Reserve for invested unrestricted equity		–	35.3
Retained earnings		1,002.5	1,613.6
Total equity attributable to the shareholders of the parent company	3.2, 8.6	**1,025.4**	**1,752.3**
Non-controlling interest		1.9	1.5
Total equity		**1,027.3**	**1,753.8**
Non-current liabilities			
Interest-bearing liabilities*	8.2, 8.4, 9.1	220.9	708.2
Deferred tax liabilities	4.2	11.7	21.9
Pension obligations	3.4	25.4	89.0
Provisions	5.5	0.3	5.6
Other non-interest-bearing liabilities	5.4, 8.2	10.0	87.1
Total non-current liabilities		**268.2**	**911.8**
Current liabilities			
Current portion of interest-bearing liabilities*	8.2, 8.4, 9.1	148.5	142.9
Other interest-bearing liabilities*	8.2, 8.4	0.0	15.6
Provisions	5.5	38.2	154.9
Income tax payables		50.1	54.3
Derivative liabilities	8.2, 8.5	6.1	26.0
Accounts payable	5.4	158.9	511.2
Contract liabilities	2.2	24.3	374.5
Other non-interest-bearing liabilities	5.4, 8.2	126.8	431.5
Total current liabilities		**552.9**	**1,710.9**
Liabilities associated with assets held for sale	7.4	**601.7**	**–**
Total equity and liabilities		**2,450.1**	**4,376.5**

Consolidated statement of changes in equity

		Attributable to the shareholders of the parent company								
MEUR	Note	Share capital	Share premium	Translation differences	Fair value reserves	Reserve for invested unrestricted equity	Retained earnings	Total	Non-controlling interest	Total equity
Equity 1 Jan 2024		**64.3**	**98.0**	**-56.4**	**-2.5**	**35.3**	**1,613.6**	**1,752.3**	**1.5**	**1,753.8**
Profit for the period							1,066.7	1,066.7	0.8	1,067.5
Cash flow hedges					-9.5			-9.5	—	-9.5
Translation differences				71.3				71.3	0.1	71.4
Actuarial gains and losses from defined benefit plans	3.4, 4.1						-1.0	-1.0	—	-1.0
Comprehensive income for the period*		**—**	**—**	**71.3**	**-9.5**	**—**	**1,065.7**	**1,127.6**	**0.8**	**1,128.4**
Effect of the partial demerger		-44.3	-98.0			-26.0	168.3	—		—
Fair value of net assets distributed to the owners	7.5						-1,698.2	-1,698.2		-1,698.2
Dividends paid	8.6						-138.2	-138.2	-0.4	-138.6
Treasury shares acquired						-9.3	-18.7	-28.0		-28.0
Share-based payments	3.2						9.9	9.9		9.9
Transactions with owners of the company		**-44.3**	**-98.0**	**—**	**—**	**-35.3**	**-1,676.8**	**-1,854.4**	**-0.4**	**-1,854.9**
Transactions with non-controlling interests							—	—	—	—
Equity 31 Dec 2024		**20.0**	**—**	**14.9**	**-12.0**	**—**	**1,002.5**	**1,025.4**	**1.9**	**1,027.3**

*Net of tax

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

		Attributable to the shareholders of the parent company								
MEUR	**Note**	Share capital	Share premium	Translation differences	Fair value reserves	Reserve for invested unrestricted equity	Retained earnings	Total	**Non-controlling interest**	**Total equity**
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	3.4, 4.1						-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	8.6						-86.9	-86.9	-0.3	-87.3
Treasury shares acquired						-17.5		-17.5		-17.5
Share-based payments	3.2						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							—	—	-0.6	-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**

*Net of tax

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

Consolidated statement of cash flows

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net cash flow from operating activities			
Profit for the period		1,067.5	348.7
Depreciation, amortisation and impairment	6.4	270.6	114.9
Finance income and expenses	2.5	14.6	30.8
Income taxes	4.1	80.9	104.3
Non-cash adjustments related to partial demerger	7.5	-1,039.7	—
Change in non-interest bearing receivables		116.4	35.8
Change in non-interest bearing liabilities		-5.8	-50.5
Change in inventories		91.5	-31.8
Change in net working capital		202.1	-46.5
Other adjustments		-13.6	-8.0
Cash flow from operations before finance items and taxes		**582.3**	**544.2**
Interest received		19.4	11.9
Interest paid		-26.6	-25.3
Dividends received		1.8	—
Other finance items		-3.5	-10.1
Income taxes paid		-97.3	-84.7
Net cash flow from operating activities		**476.1**	**435.9**
Net cash flow from investing activities			
Acquisitions of businesses, net of cash acquired	7.1	-17.9	-25.7
Proceeds from disposal of businesses, net of cash disposed	7.1	2.5	11.1
Investments in intangible assets and property, plant and equipment	6.2, 6.3	-44.2	-81.1
Proceeds from sale of intangible assets and property, plant and equipment	2.3, 6.2, 6.3	21.6	31.6
Cash flow from investing activities, other items		21.5	2.4
Net cash flow from investing activities		**-16.5**	**-61.8**

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net cash flow from financing activities			
Treasury shares acquired		-28.0	-17.5
Repayments of lease liabilities	8.4	-40.9	-46.9
Proceeds from long-term borrowings	8.4	—	50.9
Repayments of long-term borrowings	8.4	-100.0	-38.2
Proceeds from short-term borrowings	8.4	0.0	10.6
Repayments of short-term borrowings	8.4	-4.0	-3.9
Dividends paid	8.6	-138.6	-87.3
Net cash flow from financing activities		**-311.5**	**-132.1**
Change in cash and cash equivalents		**148.1**	**242.0**
Cash and cash equivalents, and bank overdrafts 1 Jan	8.3	680.8	445.4
Effect of exchange rate changes		-2.1	-6.6
Cash and cash equivalents, and bank overdrafts included in the net assets held for sale at 31 Dec	7.4	-140.1	—
Cash and cash equivalents, and bank overdrafts distributed to the owners	7.5	-247.7	—
Cash and cash equivalents, and bank overdrafts 31 Dec		**439.1**	**680.8**
Bank overdrafts 31 Dec	8.3	0.0	3.8
Cash and cash equivalents 31 Dec		**439.1**	**684.7**

Consolidated statement of cash flows includes cash flows from the continuing and the discontinued operations.

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

1. Accounting principles

1.1 Accounting principles for the consolidated financial statements

General information

Cargotec Corporation (1927402-8) is a limited liability company domiciled in Helsinki, Finland. The registered address is Itämerenkatu 25, 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.

Cargotec enables smarter cargo flow for a better everyday with leading load handling solutions and services. Cargotec's Hiab business is a leading provider of smart and sustainable on road load-handling solutions, committed to delivering the best customer experience every day with the most engaged people and partners.

These consolidated financial statements were approved for publishing by the Board of Directors on 11 February 2025. Pursuant to the Finnish Limited-Liability Companies Act, the shareholders have the right to approve or reject the financial statements in the Annual General Meeting held after their publication. The Annual General Meeting also has the right to amend the financial statements. A copy of the financial statements is available at www.cargotec.com or from Cargotec Corporation, Investor relations, P.O. Box 61, 00501 Helsinki, Finland.

Changes in the group structure and reporting

Cargotec had three business areas at the beginning of the year. Kalmar business area was demerged from Cargotec in June, and MacGregor was classified as discontinued operations in the fourth quarter. Due to the group restructuring, Cargotec's continuing operations consist of Hiab segment.

Separation and listing of Kalmar

Cargotec's annual general meeting approved in May 2024 the separation of the Kalmar business area into its own listed company (Demerger). The implementation date of the Demerger was 30 June 2024, after which Kalmar has operated as an independent listed company. Cargotec presented the Kalmar business area as discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations starting from the first quarter of 2024. In accordance with the IFRS 5 standard, the net result of discontinued operations is presented in the consolidated statement of income separately from the income and expenses of continuing operations. In addition, the statement of income includes profit from the Demerger. The cash flow statement and statement of changes in equity include the effects of Kalmar's business and the Demerger. Additional information about the Demerger is presented in note 7.5 Demerger.

Sale of MacGregor

Cargotec announced in November 2024 that it had signed an agreement to sell MacGregor business area to funds managed by Triton at a debt-free price of EUR 480 million. The sale of the business followed Cargotec's Board of Directors decision in November 2022 to divest MacGregor in the future, and the announcement in May 2024 about the decision to start the MacGregor sale process.

As a result of the signed sale agreement, MacGregor is presented as discontinued operations in accordance with IFRS 5 starting from the fourth quarter reporting.

Cargotec expects to record a tax-exempt loss of approximately EUR 200 million on the Transaction. The expected loss was recognised in the fourth quarter 2024 results as a EUR 200 million goodwill impairment in items affecting comparability as a part of discontinued operations. In addition to the goodwill impairment, the total costs to separate MacGregor are estimated to be approximately EUR 25 million and recorded in items affecting comparability as part of discontinued operations.

The Transaction is subject to regulatory approvals and works council consultation in relevant jurisdictions. Closing of the Transaction is expected to occur by 1 July 2025 at the latest.

Presentation of discontinued operations

Under IFRS 5, the result from discontinued operations is reported separately from continuing operations' income and expenses in the consolidated statement of income. Comparative periods are restated accordingly. On the consolidated balance sheet, assets and liabilities related to discontinued operations are presented separately as assets available for sale and liabilities directly associated with them. The comparative period of the consolidated balance sheet is not restated. The presented discontinued operations include sales and operating expenses directly related to Kalmar and MacGregor and other income and costs related to continuing operations that are not expected to continue after the Demerger and closing of the Transaction or would have been avoided without the Demerger or the Transaction. As a result, the financial information presented for Cargotec as continuing operations does not fully reflect the past or future profitability of Hiab's business on a stand-alone basis.

Accounting principles in the consolidated financial statements

Cargotec Corporation's consolidated financial statements have been prepared according to the IFRS Accounting Standards as adopted by the European Union. The IAS and IFRS accounting standards as well as SIC and IFRIC interpretations valid on 31 December 2024 have been used in preparation of the financial statements.

The consolidated financial statements include the parent company Cargotec Corporation and those subsidiaries in which the parent exercises control, as well as investments in equity-accounted joint ventures and associated companies. Subsidiaries have been listed in note 7.3 Group companies. Consolidation principles related to subsidiaries, joint ventures, associated companies and acquisitions and disposals are presented in the note section 7. Group structure.

The consolidated financial statements are prepared under the historical cost convention except for certain classes of financial instruments, cash-settled components of share-based payments, and funds invested in post-employment defined benefit plans that are measured at fair value.

The consolidated financial statements are presented in euros, which is the functional and reporting currency of the parent company. Financial information is presented in millions of euros and business transactions are based on historical cost convention unless otherwise stated. All figures presented have been rounded which may cause, for example, the sum of individual figures to deviate from the presented sum total.

Cargotec describes the accounting principles in conjunction with relevant note or note section. Refer to the following table for a list of accounting principles and financial statement note or note section in which they are presented.

Accounting principle	Note or note section
Segment reporting	2.1 Segment information
Revenue recognition and contract assets and liabilities	2.2 Revenue recognition
Government grants	2.3 Other operating income and expenses
Interest income and expense	2.5 Finance income and expenses
Earnings per share	2.6 Earnings per share
Share-based payments	3.2 Share-based payments
Pension obligations	3.4 Post-employment benefits
Income taxes and Pillar 2	4. Income taxes
Inventories	5.2 Inventories
Accounts receivable and contract assets	5.3 Accounts receivable and other non-interest-bearing assets
Provisions	5.5 Provisions
Goodwill	6.1 Goodwill
Intangible asset, and research and development costs	6.2 Intangible assets
Property, plant and equipment	6.3 Property, plant and equipment
Impairments	6.4 Depreciation, amortisation and impairment charges
Consolidation principles, foreign currency transactions, foreign subsidiaries, business acquisitions and disposals, joint ventures and associated companies, non-current assets held for sale and discontinued operations	7. Group structure
Financial assets, cash and cash equivalents, financial liabilities, offsetting financial assets and liabilities, derivative financial instruments and hedge accounting, profit distribution and treasury shares	8. Capital structure and financial instruments
Leases	9.1 Leases
Contingent liabilities and commitments	9.2 Contingent liabilities and commitments

New or amended IFRS accounting standards and interpretations from 2024

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

The amendment clarify the classification of a liability as current or non-current in a situation where an entity has a right to defer its settlement for at least twelve months. In accordance with the amended guidance, a liability that is due within 12 months after the reporting date is presented as non-current if the entity has a right to extend it for at least 12 months after the reporting date. In this case, the liability is classified as non-current on reporting date even regardless of the probability or intention of the management to settle it within the next 12 months. Similarly, a liability is classified as non-current even if the right to extend it for at least 12 months is conditional and the entity is not expected to meet these conditions provided that the covenant assessment is taking place only after the end of the reporting period.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

The amendment clarifies the accounting and measurement of a sale and leaseback transaction in particular related to the value of right of use asset that the seller-lessee measures based on the economic interest retained.

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 the arrangements, Cargotec receives a longer than normal payment period for its trade payables covered by the program, and suppliers receive payment faster than the normal payment period. Information on supplier finance programs is presented in note 8.1 Financial risk management.

New or amended IFRS accounting standards and interpretations from 2025

Amendments to IAS 21, Lack of Exchangeability

The amendment helps to identify a situation where the 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. Amendments become effective on 1 January 2025 and are not expected to impact Cargotec's reporting.

Amendments to IFRS 9 and IFRS 7, Amendments to the classification and measurement of financial instruments

The amendments include guidance for determining whether cash flows of financial instruments tied to environmental, social, and governance (ESG) objectives are considered to be ordinary payments of principal and interest. The amendments also include certain additional disclosure requirements. Amendments become effective on 1 January 2026 and are not expected to impact Cargotec's reporting.

Amendments to IFRS 9 and IFRS 7, Contracts referencing Nature-dependent Electricity

Electricity production is nature-dependent when its generation depends on uncontrollable natural conditions such as weather. Contracts referencing nature-dependent electricity are contracts to buy or sell electricity produced for example from wind or solar energy, and financial instruments that reference such electricity. The amendment clarifies how hedge accounting can be applied to such contracts and sets certain disclosure requirements. Amendments become effective 1 January 2026 and are not expected to impact Cargotec's reporting.

IFRS 18 Presentation and disclosure in financial statements

The standard introduces a standardized structure for the statement of profit and loss, and certain improvements to the statement of cash flows. The standard also provides additional guidance on aggregation and disaggregation of data in financial statements and introduces disclosure requirements related to management-defined performance measures. The standard is becoming effective on 1 January 2027 and will change the presentation of Cargotec's financial statements.

IFRS 19 Subsidiaries without public accountability: disclosures

The standard defines limited reporting requirements that a subsidiary can apply in its own IFRS reporting, if certain conditions are met, instead of the presentation requirements of the normal IFRS accounting standards. The standard is becoming effective on 1 January 2027 and has no impact on Cargotec's reporting.

1.2 Estimates and assumptions requiring management judgement

When preparing the consolidated financial statements, management has to make estimates and assumptions that impact the reported income and expenses, values of presented assets and liabilities and presented disclosures regarding contingent assets and liabilities. In addition, management judgement may be required in applying the accounting principles.

Estimates and assumptions requiring management judgement are based on the management's historical experience as well as best knowledge about the events and other factors, such as expectations on future events, which can be considered reasonable. The actual amounts may differ significantly from the estimates used in the financial statements. Cargotec follows the changes in estimates, assumptions and the factors affecting them by using multiple internal and external sources of information. Possible changes in estimates and assumptions are recognised in the financial period the estimate or assumption is changed. The most important items in the consolidated statements, which require the management's estimates and which may include uncertainty, are presented in following note or note section:

Estimates and assumptions requiring management judgement	Note or note section
Revenue recognition	2.2 Revenue recognition
Defined benefit plans	3.4 Post-employment benefits
Income taxes	4. Income taxes
Inventories	5.2 Inventories
Expected credit losses	5.3 Accounts receivable and other non-interest-bearing assets
Provisions	5.5 Provisions
Impairment testing	6.1 Goodwill 6.4 Depreciation, amortisation and impairment charges
Amortisation and depreciation periods	6.2 Intangible assets 6.3 Property, plant and equipment
Business acquisitions and disposals, assessment of control, joint control and significant influence	7. Group structure
Fair value of financial assets and liabilities	8. Capital structure and financial instruments
Leases	9.1 Leases

2. Financial performance

2.1 Segment information

Accounting principles

Segment reporting

Cargotec reports segment information only for its continuing operation Hiab due to the separation of the Kalmar business area into its own listed company, and classification of MacGregor business area as a discontinued operation. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. These internal reports are prepared in accordance with IFRS. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as Cargotec's Board of Directors together with the CEO. Operating segments are not aggregated to form the reporting segment. The management considers the business from a product perspective and the financial performance of the operating segment is measured through comparable operating profit and operating profit. The transfer pricing between segments is based on market prices.

Hiab is a leading provider of smart and sustainable load handling solutions, committed to delivering the best customer experience every day with the most engaged people and partners. Hiab's premium equipment includes HIAB, EFFER and ARGOS loader cranes, MOFFETT and PRINCETON truck mounted forklifts, LOGLIFT forestry cranes, JONSERED recycling cranes, MULTILIFT skiploaders and hooklifts, GALFAB roll-off cable hoists, tail lifts under the ZEPRO, DEL and WALTCO brands, and HIPERFORM, a suite of smart solutions. As the industry pioneer, Hiab continues to make load handling smarter, safer and more sustainable to build a better tomorrow.

Operating segments

Segment results

Sales of the operating segment comprise equipment and service sales. The financial performance of the operating segment is measured through comparable operating profit and operating profit. Finance income and expenses, taxes and certain corporate administration cost are not allocated to the operating segment. During the financial year and the comparison period, Cargotec had no individual significant customers as defined in IFRS 8.

1 Jan-31 Dec 2024 MEUR	Hiab	Corporate administration, support functions and eliminations	Cargotec total
Sales			
Equipment	1,185.1	—	1,185.1
Services	462.2	—	462.2
Total sales	**1,647.3**	**—**	**1,647.3**
Depreciation and amortisation	38.2	3.9	42.2
Impairment charges	1.4	0.5	1.9
Operating profit	**244.7**	**-27.6**	**217.1**
% of sales	14.9 %	—	13.2 %
Restructuring costs and other items affecting comparability	—	—	—
Comparable operating profit	**244.7**	**-27.6**	**217.1**
% of sales	14.9 %	—	13.2 %
Finance income and expenses	—	—	-3.7
Profit before taxes	—	—	**213.4**
EBITDA	284.3	-23.2	261.2

1 Jan-31 Dec 2023 MEUR	Hiab	Corporate administration, support functions and eliminations	Cargotec total Restated
Sales			
Equipment	1,334.5	—	1,334.5
Services	452.1	—	452.1
Total sales	**1,786.5**	**—**	**1,786.5**
Depreciation and amortisation	37.6	3.1	40.8
Impairment charges	0.0	—	0.0
Operating profit	**252.2**	**-33.0**	**219.2**
% of sales	14.1 %	—	12.3 %
Restructuring costs and other items affecting comparability	-0.1	—	-0.1
Comparable operating profit	**252.1**	**-33.0**	**219.1**
% of sales	14.1 %	—	12.3 %
Finance income and expenses	—	—	-13.8
Profit before taxes	**—**	**—**	**205.4**
EBITDA	289.8	-29.9	259.9

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 2024 MEUR	Hiab	Other**	Corporate administration, support functions and eliminations	Cargotec total
Goodwill	240.1	—	—	240.1
Intangible assets	17.5	—	5.7	23.2
Property, plant and equipment	153.1	—	6.0	159.1
Working capital receivables	662.4	—	28.4	690.8
Unallocated assets, interest-bearing	—	—	439.4	439.4
Unallocated assets, non-interest-bearing	—	—	106.0	106.0
Assets held for sale*	—	791.6	—	791.6
Total assets	**1,073.1**	**791.6**	**585.5**	**2,450.1**
Working capital liabilities	336.0	—	67.6	403.7
Unallocated liabilities, interest-bearing	—	—	369.4	369.4
Unallocated liabilities, non-interest-bearing	—	—	48.1	48.1
Liabilities associated with assets held for sale*	—	601.7	—	601.7
Total liabilities	**336.0**	**601.7**	**485.1**	**1,422.8**
Operative capital employed	737.0	—	-27.5	709.5
Capital expenditure	58.7	—	7.0	65.6

*Additional information disclosed in note 7.4 Discontinued operations.
**Other contains the assets and liabilities related to discontinued operations, additional information is disclosed in note 7.4 Discontinued operations and 7.5 Demerger.

31 Dec 2023 MEUR	Hiab	Other*	Corporate administration, support functions and eliminations	Cargotec total
Goodwill	238.4	639.6	—	878.1
Intangible assets	17.9	88.0	12.4	118.4
Property, plant and equipment	140.3	295.8	8.9	444.9
Investments in associated companies and joint ventures	—	76.6	0.0	76.6
Working capital receivables	793.5	1,162.7	51.3	2,007.5
Unallocated assets, interest-bearing	—	—	688.1	688.1
Unallocated assets, non-interest-bearing	—	—	162.8	162.8
Total assets	**1,190.1**	**2,262.7**	**923.6**	**4,376.5**
Working capital liabilities	383.8	1,217.9	76.8	1,678.6
Unallocated liabilities, interest-bearing	—	—	866.7	866.7
Unallocated liabilities, non-interest-bearing	—	—	77.3	77.3
Total liabilities	**383.8**	**1,217.9**	**1,020.9**	**2,622.7**
Operative capital employed	806.3	1,044.8	-4.2	1,846.9
Capital expenditure	44.1	89.9	3.0	137.0

*Other contains the assets and liabilities related to discontinued operations, additional information is disclosed in note 7.4 Discontinued operations and 7.5 Demerger.
2023 has not been restated.

Orders

	Orders received		Order book	
MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023	31 Dec 2024	31 Dec 2023
Hiab	1,508.5	1,466.2	647.8	798.5

Number of employees*

	Average		At the end of year	
MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023	31 Dec 2024	31 Dec 2023
Hiab	3,809	3,932	3,809	3,877
Corporate administration and support functions	443	603	425	600
Total	**4,252**	**4,535**	**4,234**	**4,477**

*Comparative numbers of employees have been adjusted to reflect estimated continuing operations. Corporate administration and support functions numbers in 2024 include employees who have moved to discontinued operations in January 2025 and in 2023 include employees who have moved to discontinued operations during 2024.

Information divided by geographical area

Sales are reported by customer location, while assets are reported by the location of the assets. The geographical areas are based on the main market areas.

Sales, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Finland	42.2	33.7
Other EMEA (Europe, Middle East, Africa)	761.7	911.5
Northern America*	685.1	652.9
Other Americas	50.0	48.8
Asia-Pacific	108.3	139.6
Total	**1,647.3**	**1,786.5**

*Includes the United States and Canada

Non-current assets and goodwill*

MEUR	31 Dec 2024	31 Dec 2023
Finland	17.4	69.5
Other EMEA (Europe, Middle East, Africa)	106.5	399.8
Americas	51.6	66.7
Asia-Pacific	6.7	103.9
Goodwill	240.1	878.1
Total	**422.4**	**1,518.0**

*Excluding financial instruments and deferred tax assets. Goodwill has not been allocated to geographical areas. 2023 has not been restated.

2.2 Revenue recognition

Accounting principles

Revenue recognition

Sales include revenues from products and services sold net of sales taxes, discounts and translation differences from foreign currency denominated revenues. The revenue recognition criteria are usually applied separately to each contract, unless multiple contracts effectively form a single transaction, and within contracts, revenue recognition is determined separately for each distinct product or service. A product or service is considered to be a distinct performance obligation if it is separable from other contractual promises to a customer, and if the customer can benefit from it on its own or together with other readily available resources. Therefore, a single agreement including multiple deliverable elements may include one or more distinct items of revenue. Cargotec has the main responsibility to fulfil the performance obligations, and, therefore, mainly acts as principal in its customer contracts, also when subcontractors are used.

The transaction price allocated to distinct promised goods or services is based on the amount Cargotec expects to receive from the sale by taking into account the agreed contractual transaction price and the assessment of impact of any related variable price elements, such as performance bonuses or late delivery penalties. Although variable price elements are commonly used in contracts, the project outcomes are mostly reliably predictable and the impact of variable price elements in the overall revenue recognition of projects is not determinant. The transaction price is allocated to distinct products and services in accordance with their relative fair values that are based either on list prices or expected production costs and margins, depending on the product or service.

Revenue is recognised separately for each distinct product or service either over time or at a certain point in time, based on the fulfilment of the performance obligations and how control of the product or service is transferred to the customer. Control is considered to be transferred over time if the benefit received from performance is produced and consumed simultaneously, or if the produced performance improves an asset controlled by the customer. In addition, control is considered to be transferred over time when delivering products with a highly customised design, if it is assessed that a product is not suitable as such or with minor modifications for another customer and if Cargotec has a contractual right to a payment regarding the produced output. In other situations, revenue is recognised at a point in time when control of the product is transferred to the customer. The timing of the transfer is primarily determined based on the transfer of risks and rewards. Depending on the type of product, the applied delivery method and the contract terms, the risks and rewards are considered to be transferred either in accordance with the applied delivery term, when the installation of the product is ready, or when the customer accepts the product.

If a customer contract is expected to be loss-making, the costs arising from the contract are estimated with the same principles that are applied to provisions and the expected loss is recognised immediately in the statement of income.

Revenue from sales of machines and equipment that are either manufactured in large quantities or their manufacturing requires no significant amount of design work is recognised at a point in time when significant risks and rewards related to the product have been transferred to the buyer and the company no longer has the authority or control over the product. When products are sold without delivery or installation, revenue is recognised when the product is handed over or otherwise made available to the customer. If standard products are sold with delivery but without installation, the timing of revenue recognition is stipulated by the applied delivery clause (Incoterm). If standard products are sold together with an installation service, the timing of revenue recognition is determined based on the complexity of the installation work. Complex installation services are considered to be performance obligations closely related to the installed products, and, therefore, the revenue from both is recognised only after the installation is completed. On the contrary, the non-complex installation services that are typically of short duration and low in value do not determine the timing of the product's revenue recognition.

Revenue from sales of machines and equipment, the manufacturing of which requires a significant amount of design work, is recognised over time by using the percentage of completion method if it is assessed that the product is not suitable as such or with minor modifications for another customer, and if Cargotec has a contractual right to a payment regarding the produced output. Due to this two-tier rule, the timing of the revenue recognition of these products is in practice determined by the payment terms of the contract. The percentage of completion is determined by reference to the individual contract costs incurred to date as a percentage of the total estimated contract costs (cost-to-cost method). If it is not possible to reliably estimate the outcome of a contract, costs are recognised as incurred and revenues only to an extent the corresponding costs are expected to be recovered. The over time revenue recognition regarding sale of equipment only relates to business of discontinued operations.

Revenue from sales related to service contracts is recognised in accordance with the percentage of completion method when the outcome of the contract can be reliably estimated. The stage of completion is determined by reference to the individual contract costs incurred to date as a percentage of the total estimated contract costs (cost-to-cost method). The percentage of completion related to long-term and small-value service contracts is not assessed at an individual contract level based on the costs incurred or amount of work performed, but it is based on an estimate of how the costs are generally incurred and services performed over a contract period with a similar length. If the service is continuous or includes an indefinite number of deliverables, such as software maintenance and support services, cloud-based data services and extended warranties, the revenue is recognised on a straight-line basis over the contract period. If the outcome of a contract cannot be reliably estimated, the project costs are recognised in the statement of income during the period in which they are incurred and the revenue only to the extent that the corresponding costs are expected to be recovered. Expected contract losses are recognised as expenses immediately. Revenue from short-term service orders is recognised when the service has been rendered.

Cargotec offers customer finance services to certain customer segments and distribution channels. In these transactions, Cargotec is involved in arranging financing to the customer or dealer either directly by itself or in cooperation with a financing partner. It is typical that in these arrangements Cargotec continues to carry some level of residual value risk related to the sold product or credit risk related to the end customer. Depending on the type and level of risk retained, Cargotec accounts for its sales under customer finance arrangements as normal sales, operating or finance leases, or financing arrangements in accordance with the true nature of the transaction.

Contract assets and liabilities

Contract assets relate to unbilled receivables from customer contracts in which revenue is recognised on an over time basis. Unbilled receivables represent the amount of revenue recognised relating to the work performed that exceeds the sum of invoicing and recognised losses. Contract assets are recognised as other non-interest-bearing receivables on the balance sheet. Contract liabilities relate to advances received from customer contracts and represent the amount of prepayments received, or invoiced, in excess of the revenue recognised. Contract liabilities are recognised as advances received on the balance sheet. Contract assets and liabilities are determined separately for each customer contract.

Estimates and assumptions requiring management judgement

Revenue recognition

Revenue recognition requires a use of judgement and estimates in many ways. Judgement is used for example in identification of separate units of revenue i.e. performance conditions when treating the deliverable products and services together or separately is not unambiguous. This is for example when the deliverable products and services alone do not form a functioning end-product. It is also customary that contracts with customers include variable price elements that require use of judgement in revenue recognition, especially in situations when there is no prior experience about the deliverable product or entirety. However, judgement is needed the most in determining the timing of revenue recognition.

Revenue related to long-term service contracts and separately identified construction contracts is recognised on an over time basis in accordance with the percentage of completion. Application of the percentage of completion method is allowed if the delivered machine is considered to have no alternative use for Cargotec, and at all times during the project Cargotec has a right to payment regarding the work already performed. Revenue recognised on reporting date in accordance with the over time model is either based on the cumulative costs in relation to the contract's estimated total costs, or an estimate of the construction contract's physical stage of completion. If the estimate of the final outcome of the contract changes, the recognition of revenue and profit is adjusted in the period the change has come to attention and can be estimated. The expected loss from the construction contract is expensed immediately.

Hiab revenue MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Equipment sales	1,185.1	1,334.5
Service sales	462.2	452.1
Total sales	**1,647.3**	**1,786.5**
Recognised at a point in time	1,630.1	1,771.8
Recognised over time	17.3	14.7

2023 has not been restated.

Contract assets and liabilities

Contract assets MEUR	2024	2023
Contract assets 1 Jan	47.3	104.0
Translation differences	-0.9	-4.4
Transfers to receivables	-397.8	-259.2
Companies acquired and sold	—	11.3
Progress, cost estimate and price adjustments	369.0	195.7
Assets held for sale and distributed to the owners*	-16.1	—
Contract assets 31 Dec	**1.5**	**47.3**
Contract assets not expected to be invoiced within the next 12 months	0.2	—

2023 has not been restated.

Contract liabilities MEUR	2024	2023
Contract liabilities 1 Jan	374.5	291.1
Translation differences	-3.3	-1.3
Revenue recognised from contract liability on 1 Jan	-210.2	-160.0
Cash received/paid less revenue recognised	252.3	244.7
Liabilities associated with assets held for sale and distributed to the owners*	-389.1	—
Contract liabilities 31 Dec	**24.3**	**374.5**
Contract liabilities not expected to be recognised as revenue within the next 12 months	0.4	49.6

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.
2023 has not been restated.

Transaction price allocated to remaining performance obligations related to customer contracts

Transaction price allocated to remaining performance obligations related to ongoing customer contracts is on the reporting date EUR 647.8 (31 Dec 2023: 798.5) million, of which 93% (99%) is expected to be recognised as revenue during the next 12 months.

2.3 Other operating income and expenses

Accounting principles

Government grants

An unconditional government grant is recognised in the statement of income when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and Cargotec will comply with the conditions associated with the grant, and are then recognised in the statement of income on a systematic basis over the period during which the costs related to grant are incurred.

Other operating income, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Gain on disposal of businesses	—	0.1
Gain on disposal of intangible assets and property, plant and equipment	1.9	3.4
Rental income	0.2	0.1
Other income	4.9	1.4
Total	**7.0**	**4.9**

Other operating expenses, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Loss on disposal of intangible assets and property, plant and equipment	0.0	0.1
Business combinations related expenses	0.0	0.7
Other expenses	0.4	1.6
Total	**0.5**	**2.4**

Operating profit includes exchange rate differences on forward contracts designated as cash flow hedges, total EUR -0.9 (2023: 8.6) million, of which EUR -0.3 (6.1) million in sales and EUR -0.5 (2.6) million in cost of goods sold. The exchange rate differences related to the portion of ineffective hedges, which are booked in other operating income and expenses, had no effect on the operating profit (2023: no effect).

In addition, operating profit includes EUR 0.8 (2023: -0.7) million of exchange rate differences arising from unhedged sales and purchases, and from hedges of sales and purchases for which hedge accounting is not applied.

Audit fees

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Audit	3.7	3.8
Tax advice	0.0	–
Other services	1.5	0.7
Total	**5.2**	**4.5**

The table above presents the fees to Ernst & Young globally including both continuing and discontinued operations, Kalmar companies are included to it until the demerger date 30 June 2024. In 2024 non-audit fees for Ernst & Young Oy were EUR 1.5 (2023: 0.7) million.

2.4 Restructuring costs and other items affecting comparability

Restructuring costs

The costs arising from restructuring measures significantly affecting comparability are presented on a separate line in the consolidated statement of income. Restructuring costs are based on their nature, recognised in the balance sheet as an impairment to assets, as restructuring provisions or as accruals. A part of the costs is recognised on an accrual basis in the statement of income and also paid during the financial period.

Other items affecting comparability

Other items affecting comparability include mainly significant gains and losses from sale of business, costs related to acquisitions, integration and disposals of business, impairments and reversals of impairments of assets, insurance benefits and expenses related to legal proceedings, if they do not relate to business restructuring measures. These items are reported in the statement of income either in administration expenses, other operating income or other operating expenses.

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Restructuring costs			
Restructuring-related disposals of businesses	7.1	–	0.6
Other restructuring costs		–	-0.7
Restructuring costs, total		**–**	**-0.1**
Other items affecting comparability		**–**	–
Restructuring costs and other items affecting comparability, total		**–**	**-0.1**
Hiab		–	-0,1
Other		–	–

2.5 Finance income and expenses

Accounting principles

Interest income and expense

Interest income and expense on financial instruments measured at amortised cost are accrued in the statement of income using the effective interest method. When hedge accounting is applied to a forward exchange contract, the amortisation of initial value of forward points and subsequent change in the value related to forward points are recognised separately in the statement of income. Arrangement and commitment fees related to interest-bearing liabilities are recognised separately as an expense if they cannot be included in the amortised cost of interest-bearing debt.

Finance income, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Interest income on financial assets measured at amortised cost	14.6	5.8
Other finance income	0.0	0.0
Total	**14.6**	**5.8**

Finance expenses, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Interest expenses on financial liabilities measured at amortised cost	6.1	7.7
Interest expenses on leases	4.3	3.9
Forward contracts interest component	5.6	6.8
Other finance expenses	1.5	1.2
Exchange rate differences, net	0.7	0.0
Total	**18.3**	**19.6**

Exchange rate differences included in finance income and expenses, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Exchange rate differences on interest-bearing receivables and loans	5.1	-2.1
Exchange rate differences on derivative instruments	-5.8	2.1
Total	**-0.7**	**0.0**

2.6 Earnings per share

Accounting principles

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by taking into account potential dilutive ordinary shares related to equity-settled share-based incentive schemes. The shares granted under the incentive schemes are contingently issuable, and therefore, are considered like options when calculating the diluted earnings per share. Shares and share options are dilutive when their subscription price, including the value of the employee's yet undelivered service, is lower than the average share price during the reporting period. Dilutive effect is the difference between the number of shares to be issued and the number of shares that would have been issued at the average share price of the reporting period.

	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Profit attributable to the shareholders of the parent company, continuing operations, MEUR		154.2	151.7
Weighted average number of shares during financial period, ('000)*		64,178	64,441
Basic earnings per share, continuing operations, EUR		**2.40**	**2.35**

	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Profit attributable to the shareholders of the parent company, discontinued operations, MEUR		912.5	195.2
Weighted average number of shares during financial period, ('000)*		64,178	64,441
Basic earnings per share, discontinued operations, EUR		**14.22**	**3.03**

	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Profit attributable to the shareholders of the parent company, continuing operations, MEUR		154.2	151.7
Weighted average number of shares during financial period, ('000)*		64,178	64,441
Effect of share-based incentive programmes, ('000)	3.2	270	210
Diluted weighted average number of shares during financial period, ('000)		64,448	64,652
Diluted earnings per share, continuing operations, EUR		**2.39**	**2.35**

	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Profit attributable to the shareholders of the parent company, discontinued operations, MEUR		912.5	195.2
Weighted average number of shares during financial period, ('000)*		64,178	64,441
Effect of share-based incentive programmes, ('000)	3.2	270	210
Diluted weighted average number of shares during financial period, ('000)		64,448	64,652
Diluted earnings per share, discontinued operations, EUR		**14.16**	**3.02**

*Due to the lock-up period of certain share-based payment programmes, the average number of shares used in the earnings per share calculation differs from the average amount of outstanding shares during year 2024 presented in the share-related key figures.

2.7 Prevailing economic uncertainty

The global economy and cargo flow dynamics directly influence Cargotec's operating environment and customers' investment decisions. Changes in economic conditions, shifts in supply chains, geopolitical tensions, conflicts, energy availability, sanctions, and trade disputes can all affect the global movement of goods, thereby impacting both the prices and availability of components and the demand for Cargotec solutions.

In the prevailing market situation, the demand for Cargotec's solutions has varied regionally. Customers may seek to postpone or cancel orders or request lower prices. Despite planned cost-saving measures, reduced production volumes could negatively impact Cargotec's profitability margins. A weakening global economic outlook, along with limited access to financing and rising financing costs, may create economic and financial challenges for Cargotec's customers. In some cases their financial situation could deteriorate rapidly, potentially leading to insolvency. A decline in the financial health of Cargotec's customers may result in reduced sales and profitability, as well as increased inventory obsolescence and higher credit losses related to customer receivables.

MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on 30 Sep 2024 due to the low level of MacGregor's recoverable amount in relation to the assets being tested. Due to the ongoing process to sell MacGregor, the recoverable amount of the MacGregor segment was determined in the goodwill impairment testing based on the fair value less costs to sell. As purchase offers had not been received by the end of the third quarter, the fair value was derived from forecasted cash flows. The performed goodwill impairment test indicated no impairment. However, it was stressed that MacGregor's recoverable amount was low relative to testable assets and sensitive to changes in WACC and forecasts. It was also pointed out that, in the sale alternative, the refinement of MacGregor's fair value might lead to a further impairment of goodwill.

Cargotec announced in November that by signing a sales agreement, MacGregor is classified as discontinued operations and that the sale of MacGregor is expected to result in a loss of approximately EUR 200 million. The loss was recognised as a goodwill impairment in items affecting comparability as a part of discontinued operations. Information about the presentation of MacGregor as a discontinued operation and goodwill impairment is presented in note 7.4 Discontinued operations.

Hiab goodwill impairment testing

As part of the annual goodwill impairment testing, the recoverable amount of the Hiab segment was determined based on the value in use method. The pre-tax WACC used in the testing was 10.5 (2023: 11.6) percent. Based on the testing, no impairment was recorded in the goodwill, 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 due to environmental, regulatory and technological changes, as well as the emission reduction commitments it has made. Assessing the financial impact of climate change on Cargotec is challenging, as the timing and occurrence of related effects are difficult to predict and quantify. However, the impacts of climate-related regulations, technological shifts, and Cargotec's commitments are already visible, making them easier to analyse. Cargotec is committed to reducing carbon dioxide emissions across its value chain by 50% by 2030, compared to 2019 levels. Achieving this goal will require reducing emissions not only from its operations but also from its supply chain and the use of sold equipment. In 2024, Cargotec's total emissions were below the baseline year's levels, primarily due to an increased share of low-emission products sold and a reduction in the volume of purchases and sales.

Regarding the emissions generated in its supply chain, Cargotec must address emissions across the entire chain, from raw materials to components and manufacturing. This may lead to changes in the suppliers selected, a reduction in the number of potential suppliers, and an increase in costs. The most significant source of emissions in the supply chain is the steel used in the equipment. The adoption of low-emission steel solutions has already begun, and other methods to reduce supply chain emissions are actively being explored. However, the widespread use of low-emission steel is constrained by its cost and limited availability.

Cargotec has made notable progress in reducing emissions within its operations, primarily through improvements in energy efficiency, a greater use of renewable electricity, and the transition to low- or zero-emission vehicles. These improvements are also expected to yield cost savings. However, reducing emissions associated with the use of Cargotec's products can only be achieved if there is sufficient demand for low-emission alternatives. To meet this demand, Cargotec must successfully develop and market low-emission products. Product development plays a critical role in this process. Cargotec has made substantial investments in electrifying its product range, and customers are increasingly opting for low-emission products, although the majority of products sold still rely on combustion engine technology. In the future, Cargotec's product range may incorporate various low-emission technologies, which could increase both complexity and costs.

Reaching the emission targets requires effort across all areas of Cargotec's business. In addition to facing climate-related risks, the transition process introduces new risks that, if realised, could have significant financial impacts. These impacts might include asset impairments due to shorter product life cycles and additional costs linked to new technologies. Such costs may arise from product development, higher inventory levels, and new types of warranty issues. Additionally, stricter regulations can increase costs, and even directly limit Cargotec's product range.

3. Employee benefits

3.1 Personnel expenses

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Wages and salaries		243.1	250.2
Equity-settled share-based payments	3.2	9.2	7.8
Cash-settled share-based payments	3.2	22.9	11.6
Pension costs	3.4	28.7	22.5
Other statutory employer costs		33.1	37.3
Total		**337.0**	**329.4**

Continuing operations

Information on key management compensation is presented in note 3.3 Management remuneration. Number of employees is presented in note 2.1 Segment information.

3.2 Share-based payments

Accounting principles

Share-based payments

Cargotec Corporation has share-based incentive plans which include incentives paid as shares or in cash. The benefits granted in accordance with the incentive plan are measured at fair value at the grant date and are expensed on a straight-line basis over the vesting period. The fair value of the equity-settled incentives is based on the market price of the share at the grant date. Equity-settled incentives include benefits paid in shares and the portion of share benefits that is used to pay income taxes if Cargotec has an obligation to withhold them. The share-based payments settled with equity instruments are not revalued subsequently, and cost from these arrangements is recognised as an increase in equity. The cash-settled share-based incentives are valued at fair value at each closing until the settlement date and recognised as a liability.

The expensed amount of the benefits is based on the group's estimate of the amount of benefits to be paid in accordance with the fulfilment of service and performance-based vesting conditions at the end of the vesting period. Market conditions and non-vesting conditions are considered in determining the fair value of the benefit. Instead, the non-market criteria, like profitability or increase in sales, are not considered in measuring the fair value of the benefit but are taken into account when estimating the final amount of benefits. The estimate is updated at each closing date and changes in estimates are recorded through the statement of income.

The separation of Kalmar into its own listed company reduced the value of the rewards of the share-based incentive plans paid in Cargotec's B-series shares. Participants were compensated for the decrease in the value of the plans by increasing the number of share rewards. Because the compensation was made purely to eliminate the impact of the partial demerger, and no other changes were made to the plans, also the applied grant date share prices were adjusted, and, therefore, the compensation had no impact on the share cost recognised. In total 444 149 additional Cargotec class B shares were granted to participants as compensation of the Demerger.

Share-based incentive programme 2024–2026

Incentive programme is targeted to the members of the Leadership Team and other key persons. The programme has a three-year vesting period that consists of three yearly measurement periods. The rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are separately set for each year. The reward is paid in the beginning of 2027. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses.

	2024
First year earnings criteria	Earnings per share
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0–35,160 shares and a cash portion for taxes
Expected total cost of the programme on grant date, MEUR	13.0
Initial number of participants	94
Participants fulfilling the minimum earnings criteria on 31 Dec 2024	51
Number of class B shares granted	195,290
Number of class B shares additionally granted due to the partial demerger in 2024	91,526
Number of class B shares forfeited in 2024	55,498
Number of class B shares transferred in the partial demerger in 2024	83,400
Number of class B shares subject to vesting conditions on 31 Dec 2024	147,918

Restricted shares incentive programme 2024-2026

Restricted incentive programme is targeted to key persons selected by the Board of Directors. The program is for three years, and the rewards are subject to a three-year service condition. The reward will be paid evenly in three instalments, in spring 2025, 2026 and 2027. Shares paid as a reward for the first and second instalments of the program may not be sold, transferred, pledged or otherwise given away during the restriction period, which ends at the end of 2026. In addition, earnings criteria based on financial targets may be set for the first year of the engagement periods. The reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related to the reward.

	2024
Expected total cost of the programme on grant date, MEUR	0.9
Initial number of participants	6
Participants fulfilling the minimum earnings criteria on 31 Dec 2024	6
Number of class B shares granted	6,570
Number of class B shares additionally granted due to the partial demerger in 2024	5,373
Number of class B shares forfeited in 2024	3,962
Number of class B shares subject to vesting conditions on 31 Dec 2024	7,981

Restricted share unit programme 2023-2025

The incentive programme is targeted to the members of the Leadership team and other key persons. The reward of the programme is conditional on the achievement of the strategic goals determined by the Board of Directors and continuity of employment. The reward is paid evenly in three instalments, in spring 2024, 2025 and 2026. The shares paid as a reward of the programme may not be sold, transferred, pledged or otherwise given away during the restriction period which ends at the end of 2025. The reward is granted and paid in Cargotec's class B shares, in addition to which Cargotec pays the taxes and tax-related expenses related to the reward.

	2023
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0–109,080 shares and a cash portion for taxes
Expected total cost of the programme on grant date, MEUR	19.6
Initial number of participants	48
Participants fulfilling the minimum earnings criteria on 31 Dec 2023	38
Participants fulfilling the minimum earnings criteria on 31 Dec 2024	33
Number of class B shares granted	267,500
Number of class B shares additionally granted due to the partial demerger in 2024	188,148
Number of class B shares forfeited in 2023	16,250
Number of class B shares forfeited in 2024	30,341
Number of class B shares subject to vesting conditions on 31 Dec 2023	251,250
Number of class B shares subject to vesting conditions on 31 Dec 2024	409,057

Share-based incentive programme 2023–2025

Incentive programme is targeted to the members of the Leadership Team and other key persons. The programme has a three-year vesting period that consists of three yearly measurement periods. The rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are separately set for each year. The reward is paid in the beginning of 2026. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses.

	2023
First year earnings criteria	Earnings per share
Second year earnings criteria	Service business gross profit
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0–34,906 shares and a cash portion for taxes
Expected total cost of the programme on grant date, MEUR	9.1
Initial number of participants	98
Participants fulfilling the minimum earnings criteria on 31 Dec 2023	94
Participants fulfilling the minimum earnings criteria on 31 Dec 2024	49
Number of class B shares granted	194,200
Number of class B shares additionally granted due to the partial demerger in 2024	91,586
Number of class B shares forfeited in 2023	12,080
Number of class B shares forfeited in 2024	46,498
Number of class B shares transferred in the partial demerger in 2024	59,339
Number of class B shares paid in 2024	620
Number of class B shares subject to vesting conditions on 31 Dec 2023	182,120
Number of class B shares subject to vesting conditions on 31 Dec 2024	167,249

Restricted shares incentive programme 2023-2025

Restricted incentive programme is targeted to key persons selected by the Board of Directors. The program is for three years, and the rewards are subject to a three-year service condition. The reward will be paid evenly in three instalments, in spring 2024, 2025 and 2026. Shares paid as a reward for the first and second instalments of the program may not be sold, transferred, pledged or otherwise given away during the restriction period, which ends at the end of 2025. In addition, earnings criteria based on financial targets may be set for the first year of the engagement periods. The reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it.

	2023
Earnings criteria	Service condition
Expected total cost of the programme on grant date, MEUR	0.9
Initial number of participants	8
Number of participants on 31 Dec 2023	7
Number of participants on 31 Dec 2024	6
Number of class B shares granted	15,880
Number of class B shares additionally granted due to the partial demerger in 2024	3,656
Number of class B shares forfeited in 2023	1,750
Number of class B shares forfeited in 2024	1,729
Number of class B shares transferred in the partial demerger in 2024	7,430
Number of class B shares subject to vesting conditions on 31 Dec 2023	7,300
Number of class B shares subject to vesting conditions on 31 Dec 2024	8,627

Restricted share unit programme 2022-2024

The incentive programme is targeted to the members of the Leadership team and other key persons. The reward of the programme is conditional on the achievement of the strategic goals determined by the Board of Directors and continuity of employment. The reward are paid in two instalments, half in the spring of 2023 and half in the spring of 2024. The shares paid as a reward for the first instalment of the programme may not be sold, transferred, pledged or otherwise given away during the restriction period which ends at the end of 2023. The reward is granted and paid in Cargotec's class B shares, in addition to which Cargotec pays the taxes and tax-related expenses related to the reward.

	2022
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0–29,350 shares and a cash portion for taxes
Expected total cost of the programme on grant date, MEUR	5.5
Initial number of participants	55
Participants fulfilling the minimum earnings criteria on 31 Dec 2023	47
Participants fulfilling the minimum earnings criteria on 31 Dec 2024	Ended
Number of class B shares granted	106,450
Number of class B shares additionally granted due to the partial demerger in 2024	2,800
Number of class B shares forfeited in 2023 and before	7,700
Number of class B shares forfeited in 2024	550
Number of class B shares paid in 2023	51,825
Number of class B shares paid in 2024	46,375
Number of class B shares subject to vesting conditions on 31 Dec 2023	46,925
Number of class B shares subject to vesting conditions on 31 Dec 2024	Ended

Share-based incentive programme 2020–2024

Incentive programme is targeted to the members of the Leadership Team and other key persons. The programme consists of three annually granted incentive programme periods in which rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are separately set for each year. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The reward is paid after each three-year incentive programme period based on fulfilment of the vesting criteria.

	2022	2021	2020
First year earnings criteria	Comparable operating profit	Comparable operating profit	Comparable operating profit, Navis' sales, cloud transformation
Second year earnings criteria	Service business gross profit	Service business gross profit	Service business gross profit
Third year earnings criteria	Eco portfolio order intake of total order intake	Development of ecoportfolio products	Climate programme roadmap and development of ecoportfolio products
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0–24,500 shares and a cash portion for taxes	0–23,100 shares and a cash portion for taxes	0–24,400 shares and a cash portion for taxes
Expected total cost of the programme on grant date, MEUR	6.1	11.8	5.4
Initial number of participants	91	114	151
Participants fulfilling the minimum earnings criteria on 31 Dec 2023	81	89	Ended
Participants fulfilling the minimum earnings criteria on 31 Dec 2024	39	Ended	Ended
Number of class B shares granted	230,820	276,870	359,590
Number of class B shares additionally granted due to the partial demerger in 2024	61,433	—	—
Number of class B shares forfeited in 2023 and before	52,555	135,982	178,655
Number of class B shares forfeited in 2024	50,684	25,766	—
Number of class B shares transferred in the partial demerger in 2024	47,999	—	—
Number of class B shares paid in 2023 and before	3,413	5,150	180,935
Number of class B shares paid in 2024	10,378	109,972	—
Number of class B shares subject to vesting conditions on 31 Dec 2023	174,852	135,738	Ended
Number of class B shares subject to vesting conditions on 31 Dec 2024	127,224	Ended	Ended

Restricted shares incentive programme 2020-2024

Restricted incentive programme is targeted to key persons selected by the Board of Directors. The programme consists of three annually granted engagement periods in which rewards are conditional on the fulfilment of a three-year service condition. In addition, earnings criteria based on financial targets may be set for the first year of the engagement periods. The reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it. Rewards are paid after the end of the vesting period. No rewards were granted under the programme during 2021. The allocations of the program covering the years 2022-2024 will be paid evenly in three instalments in spring 2023, 2024 and 2025. Shares paid as a reward for the first and second instalments of this period may not be sold, transferred, pledged or otherwise given away during the restriction period, which ends in spring 2025.

	2022	2021	2020
Earnings criteria	Service condition		Service condition
Expected total cost of the programme on grant date, MEUR	0.7	–	0.3
Initial number of participants	8	–	2
Number of participants on 31 Dec 2023	11	–	Ended
Number of participants on 31 Dec 2024	6	–	Ended
Number of class B shares granted	14,630	–	6,460
Number of class B shares additionally granted due to the partial demerger in 2024	2,427	–	–
Number of class B shares forfeited in 2023 and before	1,533	–	2,482
Number of class B shares forfeited in 2024	–	–	–
Number of class B shares transferred in the partial demerger in 2024	4,197	–	–
Number of class B shares paid in 2023	3,983	–	3,978
Number of class B shares paid in 2024	3,216	–	–
Number of class B shares subject to vesting conditions on 31 Dec 2023	12,417	–	Ended
Number of class B shares subject to vesting conditions on 31 Dec 2024	11,327	–	Ended

Effect of share-based payment transactions in result and balance sheet

	Recognised as cost during the period		Recognised as provision on 31 Dec	
MEUR	2024	2023	2024	2023
Share-based incentive programme 2024–2026	2.6	–	1.3	–
Restricted shares incentive programmes 2024–2026	0.2	–	0.2	–
Restricted share unit programme 2023–2025	20.0	6.3	18.5	3.6
Share-based incentive programme 2023–2025	4.2	2.3	2.9	1.3
Restricted shares incentive programmes 2023–2025	0.4	0.2	0.2	0.2
Restricted share unit programme 2022–2024	0.9	4.5	–	2.2
Share-based incentive programme 2020–2024	7.0	11.4	4.8	9.6
Restricted shares incentive programmes 2020–2024	0.4	0.6	0.2	0.3
Total	**35.8**	**25.5**	**28.1**	**17.1**

3.3 Management remuneration

The top management comprises the Board of Directors and the Leadership Team. The remuneration paid or payable based on the work performed consists of the following:

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Wages, salaries and other short-term employee benefits	7.9	7.6
Share-based payments	22.6	11.2
Termination benefits	–	0.5
Total	**30.5**	**19.2**

The composition of Cargotec's Leadership Team has changed during 2024 and 2023. The remuneration of the Leadership Team members is included in the key management compensation information from the appointment date or until the end of the membership. On 31 December 2024, Leadership Team consisted of President and CEO Casimir Lindholm and seven (31 Dec 2023: CEO Casimir Lindholm and nine) other members.

The President and CEO and members of the Leadership Team are participants in the share-based incentive programmes. The table below summarises the number of Cargotec class B shares paid to them based on these programmes.

	The CEO *		Other members of the Leadership Team	
Number of class B shares paid	**2024**	**2023**	**2024**	**2023**
Restricted share unit programme 2022-2024, first instalment	–	14,675	–	16,200
Restricted share unit programme 2022-2024, second instalment	6,898	–	12,950	–
Share-based incentive programme 2020-2024, earnings period 2020-2022	–	18,810	–	61,835
Share-based incentive programme 2020-2024, earnings period 2021-2023	7,438	–	33,597	–
Share-based incentive programme 2020-2024, earnings period 2022-2024	4,453	–	–	–
Restricted shares incentive programme 2020-2022	–	–	–	1,562
Restricted shares incentive programme 2022-2024, first instalment	–	–	–	3,983
Restricted shares incentive programme 2022-2024, second instalment	–	–	3,216	–
Restricted shares incentive programme 2023-2025, first instalment	–	–	2,432	–
Total	**18,789**	**33,485**	**52,195**	**83,580**

* Mika Vehviläinen in 2023 and 2024 received incentive payments related to his time as the CEO of Cargotec. Current CEO Casimir Lindholm did not receive any payments from long-term incentive programmes during 2023 or 2024.

At the end of 2024, the President and CEO is a participant to the share-based incentive programme 2023-2025 and 2024-2026, and restricted share unit programme 2023-2025. Six members of the Leadership team are participants to the share-based incentive programme 2022-2024, 2023-2025 and 2024-2026. Six members are also participants to restricted share incentive programme 2022-2024 third instalment, restricted share incentive programme 2023-2025 second and third instalment, and restricted share incentive programme 2024-2026 all instalments. Additionally, five members are participants to restricted share unit programme 2023-2025.

Further information on the incentive programmes is presented in note 3.2 Share-based payments.

The President and CEO Casimir Lindholm's pension is provided according to the statutory Finnish Employees Pensions Act, for which a pension cost of EUR 0.2 (2023: 0.1) million was recorded in 2024. Also other Finnish members of the Leadership Team are entitled to a statutory pension. Retirement age for the Leadership Team members is determined in line with the statutory pension scheme. They have a period of notice of 6 months and are entitled to compensation for termination of employment, corresponding to 6 to 12 months' salary.

Cargotec had no loans, liabilities or commitments to persons belonging to Cargotec's top management at the end of the financial year 2024 or 2023.

Salaries and remunerations paid

1,000 EUR		1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Casimir Lindholm*	President and CEO (as of 1 April 2023), Member of the Board (until 1 April 2023)	1,424.7	537,7
Mika Vehviläinen*	President and CEO (until 31 March 2023)	2,692.7	3 672,2
Ilkka Herlin	Chairman of the Board (as of 30 May 2024), Vice Chairman of the Board (until 30 May 2024)	204.2	92,5
Jukka Moisio	Vice Chairman of the Board (as of 30 May 2024)	100.7	–
Eric Alström	Member of the Board (as of 30 May 2024)	90.7	–
Raija-Leena Hankonen-Nybom	Member of the Board (as of 23 March 2023)	129.3	68,8
Tuija Pohjolainen-Hiltunen	Member of the Board (as of 30 May 2024)	99.7	–
Luca Sra	Member of the Board (as of 30 May 2024)	80.6	–
Ritva Sotamaa	Member of the Board (as of 23 March 2023)	109.4	58,4
Jaakko Eskola	Chairman of the Board (until 30 May 2024)	39.9	118,3
Teresa Kemppi-Vasama	Member of the Board (until 30 May 2024)	27.8	79,2
Tapio Kolunsarka	Member of the Board (as of 23 March 2023, until 30 May 2024)	28.8	59,4
Johanna Lamminen	Member of the Board (until 30 May 2024)	24.8	74,2
Kaisa Olkkonen	Member of the Board (until 30 May 2024)	23.8	75,2
Teuvo Salminen	Member of the Board (until 23 March 2023)	–	21,5
Heikki Soljama	Member of the Board (until 23 March 2023)	–	16,8

* Includes, in addition to the base salary, fringe benefits and short-term incentive pay out, also taxable income from share-based incentive programmes. Mika Vehviläinen's salary and remunerations are included related to his time as the CEO of Cargotec.

Further information on share ownership of the Board of Directors and key management is available under Shares and shareholders.

3.4 Post-employment benefits

Accounting principles

Pension obligations

Cargotec operates various pension plans in accordance with local conditions and practices. The plans are classified either as defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plans are charged directly to the statement of income in the year to which these contributions relate.

A defined benefit plan is a pension plan under which the group itself has the obligation to pay retirement benefits and bears the risk of change in the value of plan liability and assets. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation regarding each significant plan is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds with approximating terms to maturity and that are denominated in the currency in which the benefits are expected to be paid. The applied discount rates are determined in each country by an external actuary. If an asset is recognised on the balance sheet based on the calculation, the recognition is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses related to remeasurements of a defined benefit plan and the effect of the asset ceiling, if any, are recognised directly in the statement of comprehensive income. Interest and all other expenses related to defined benefit plans are recognised directly in the statement of income.

If a plan is amended or curtailed, the portion of the changed benefit related to past service by the employees, or the gain or loss on curtailment, is recognised directly in the statement of income when the plan amendment or curtailment occurs.

Estimates and assumptions requiring management judgement

Defined benefit plans

The present value of pension obligations depends on a number of factors determined on an actuarial basis by using a number of financial and demographic assumptions, and changes in these assumptions impact the carrying amount of pension obligations. The key financial assumption used in determining the net cost (income) for pensions is the discount rate. The appropriate discount rate is determined at the end of each year and is used in calculating the present value of estimated cash outflows to settle the pension obligation. In determining the appropriate discount rate, Cargotec considers the yields of high-quality corporate or government bonds, depending on the country, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions related to pension obligations include financial assumptions such as estimated increases in salaries and pensions, and demographic assumptions such as mortality rates.

Cargotec has various post-employment benefit plans throughout the world. Pension arrangements are made in accordance with local regulations and practices in line with the defined contribution pension plans or defined benefit pension plans.

The defined benefit arrangements determine the amount of pension to be paid and the benefits to be paid for disability and at termination of employment. The benefits in these arrangements are usually based on the length of employment and the level of final salary.

The main countries having defined benefit plans are Sweden, the United Kingdom and Norway. The most significant plans are in Sweden. The defined benefit pension plans are funded by the relevant group companies to satisfy local statutory funding requirements.

The figures presented in this note represent both continuing and discontinued operations unless otherwise specified.

Summary of the impact of post-employment benefits in the financial statements

	2024	2023
Present value of unfunded obligations	53.9	88.4
Present value of funded obligations	27.7	31.7
Fair value of benefit plan assets	31.3	33.5
Net liability	**50.3**	**86.6**
Net liability transferred to liabilities associated with assets held for sale	-51.4	—
Net liability on balance sheet	25.4	89.0
Net asset transferred to assets held for sale	-26.5	—
Net asset on balance sheet	—	2.3
Expense related to defined contribution plans	30.7	72.1
Expense related to defined benefit plans and other post-employment benefits	5.5	5.9
Expense in the statement of income	**36.3**	**78.0**
Remeasurement of defined pension benefits and other post-employment benefits	-1.3	-5.9
Remeasurement in the statement of comprehensive income	**-1.3**	**-5.9**

2023 has not been restated.

Expected contributions to defined benefit plan assets during the next reporting period is EUR 4.7 (31 Dec 2023: EUR 5.7) million. The weighted average duration of the defined benefit obligations was 17.3 (16.5) years.

Reconciliation of the net defined benefit obligation

MEUR	Present value of plan obligation	Fair value of plan assets	Total
1 Jan 2024	120.1	-33.5	86.6
Current service cost	3.5	—	3.5
Interest expense (+) / income (-)	3.4	-1.3	2.1
Past service cost	0.0	—	0.0
Remeasurements:			
Return on plan assets, excluding amounts of interest	—	0.3	0.3
Actuarial gain (-) / loss (+) from change in demographic assumptions	-0.1	—	-0.1
Actuarial gain (-) / loss (+) from change in financial assumptions	1.2	—	1.2
Experience adjustment gain (-) / loss (+)	-0.1	—	-0.1
Foreign exchange rate gains (-) / losses (+)	-1.7	-0.2	-1.9
Contributions by employer	—	-0.5	-0.5
Contributions by plan participants	0.0	-0.3	-0.2
Benefits paid	-5.0	1.8	-3.1
Assets held for sale and distributed to the owners and the associated liabilities*	-90.9	28.8	-62.2
31 Dec 2024	**30.3**	**-4.8**	**25.4**

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.

MEUR	Present value of plan obligation	Fair value of plan assets	Total
1 Jan 2023	111.8	-33.2	78.6
Current service cost	3.2	—	3.2
Interest expense (+) / income (-)	4.1	-1.4	2.7
Past service cost	0.0	—	0.0
Remeasurements:			
Return on plan assets, excluding amounts of interest	—	0.0	0.0
Actuarial gain (-) / loss (+) from change in demographic assumptions	1.3	—	1.3
Actuarial gain (-) / loss (+) from change in financial assumptions	0.1	—	0.1
Experience adjustment gain (-) / loss (+)	4.5	—	4.5
Foreign exchange rate gains (-) / losses (+)	0.9	0.3	1.1
Contributions by employer	0.0	-1.0	-1.0
Contributions by plan participants	0.0	-0.3	-0.3
Benefits paid	-5.6	2.2	-3.5
Settlements	-0.1	—	-0.1
31 Dec 2023	**120.1**	**-33.5**	**86.6**

2023 has not been restated.

Allocation of plan assets and liabilities geographically

MEUR	Sweden	United Kingdom	Norway	Other countries	Assets held for sale and the associated liabilities*	Total
Present value of plan liabilities:						
2024	53.2	12.1	3.6	12.8	-51.4	30.3
2023	84.4	13.3	5.8	16.6	—	120.1
Fair value of plan assets:						
2024	7.2	15.3	2.6	6.3	-26.5	4.8
2023	6.8	15.5	4.1	7.1	—	33.5

2023 has not been restated.

Allocation of plan assets

MEUR	2024	2023
Debt instruments	20.8	6.2
Investment funds	2.6	2.9
Qualifying insurance policies	2.2	4.5
Equity instruments	3.7	4.0
Other assets	1.9	15.8
Assets held for sale	-26.5	—
Total plan assets	**4.8**	**33.5**

2023 has not been restated.

Plan assets do not include own equity instruments or other assets used by the entity.

Defined benefit plans: applied actuarial assumptions

%	Sweden		United Kingdom		Norway		Other countries*	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate	3.1	3.3	5.4	4.5	3.3	3.7	2.7	3.2
Expected rate of salary increases	2.1	1.9	3.4	3.1	3.5	3.8	3.6	3.3
Expected pension growth rate	1.8	1.6	3.6	3.5	1.9	2.8	3.8	4.2

*Weighted average
2023 has not been restated.

The discount rate is determined separately for each plan and where available, the discount rate is based on a yield of high-quality corporate bonds that are denominated in the same currency and have length that approximates the plan duration. The discount rate applied in Sweden is based on Swedish housing market bonds. The discount rate applied in Norway is based on Norwegian covered bond yields and in South Korea it is based on high-quality corporate bond yields. The discount rate applied in the United Kingdom and euro countries is based on the yield of iBoxx indices, and in the United States it is based on a yield curve provided by Mercer.

Sensitivity analysis of the relevant actuarial assumptions' impact on defined benefit obligation

MEUR	2024	2023
0.5%-point increase in the principal assumption		
Discount rate	-5.0	-7.6
Expected rate of salary increases	1.6	2.5
Expected pension growth rate	4.0	6.1
0.5%-point decrease in the principal assumption		
Discount rate	5.6	8.5
Expected rate of salary increases	-1.4	-2.3
Expected pension growth rate	-3.6	-5.6
Change in the life expectancy		
Effect of 1 year increase in the life expectancy	2.5	3.8
Effect of 1 year decrease in the life expectancy	-2.5	-3.8

2023 has not been restated.

The table above summarises the results of the sensitivity analysis prepared separately for each plan, and for each relevant actuarial variable, by an external actuary. The sensitivity analysis has been prepared for one variable at a time while holding all other variables constant. Regardless of the actual volatility of the given variable, for presentation purposes the analysis has been prepared by assuming a fixed change in the key variable as indicated in table. Consequently, the purpose of the analysis is not to quantify possible or expected change in the defined benefit obligation but to illustrate the sensitivity of the value of obligation to these variables, the fluctuation of which may deviate from the figures presented in practice. The sensitivity analysis covers 93 (31 Dec 2023: 92) percent of the net defined benefit liability recognised on the balance sheet.

The analysis above assesses only the pension liability's sensitivity to given variables without considering the plan assets. Although the changes in the discount rate create the most significant risk to plan based on the sensitivity analysis, in practice, the interest rate sensitivity is partly offset by the plan assets that include investments in bonds. The plan assets also include instruments such as equities and funds that in the near term may be volatile, but on the long run are expected to outperform corporate bond yields. The risks related to asset performance are significant both due to the absolute size of plan assets and due to their relative size compared to plan liability. This risk is mitigated by suitable asset allocation and balancing between risk and return. The defined benefit obligation is determined based on the current best estimate of the life expectancy. If the assumed life expectancy proves to be underestimated, also the recognised plan liability will be insufficient. Uncertainty regarding the reliability of this estimate is also a risk to the plan.

4. Income taxes

Accounting principles

Income taxes

Income taxes in the statement of income include group companies' taxes based on the taxable income, changes in deferred taxes and adjustments to taxes for previous periods. Income taxes based on the taxable income are calculated by using the local tax rates and laws enacted or substantively enacted at the end of the reporting period. Tax is recognised in the statement of income except to the extent that it relates to items recognised in the statement of other comprehensive income, in which case the tax is presented in the statement of other comprehensive income. Deferred taxes are calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on the non-utilised tax losses. Deferred tax liabilities are recognised in full and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and non-utilised tax losses can be utilised. Deferred taxes are measured with the tax rates and laws that are enacted or substantively enacted at the end of the reporting period and that are expected to apply when the asset is realised or liability settled. When there is uncertainty over an income tax treatment, Cargotec considers uncertain tax positions either separately or together as a group based on the approach that better predicts the resolution of the uncertainty. Recognised income taxes are adjusted where it is considered probable that a tax authority or competent court will not accept an uncertain tax treatment applied by Cargotec in an income tax filing. Income taxes are in that case adjusted either based on an estimate of the most likely amount or the expected weighted average value of the final tax amount, taking into account the tax authorities' expected acceptance of the chosen tax treatment.

Pillar 2

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 must incorporate the GloBE rules into their domestic legislation by 31 December 2023. Pillar 2 rules have entered into force during financial year 2024 in Finland and in several other countries where Cargotec operates.

Cargotec has assessed the impact of the regulations on its operations, and concluded that a significant part of its operations meets the safe harbour criteria in financial year 2024, and Pillar 2 top-up tax does not have a significant impact on the Group's income taxes. Cargotec has prepared the analysis based on the latest available information on the rules, but there is uncertainty on how the tax authorities in the countries where Cargotec operates will interpret the new legislation in practice. Therefore, the impact of the Pillar 2 rules on the Group's income taxes may ultimately differ from Cargotec's current assessment.

Cargotec has applied the exception provided in IAS 12 paragraph 4A and has not recorded or disclosed any information related to deferred tax assets or liabilities related to Pillar 2 income taxes.

Estimates and assumptions requiring management judgement

Income taxes

The determination of taxes based on taxable income, deferred tax assets and liabilities, and the extent to which deferred tax assets can be recognised on the balance sheet, requires management judgement.

Cargotec is subject to income tax in several jurisdictions where there may be uncertainty over an income tax treatment and the interpretation of tax legislation requires management judgement. Cargotec assesses regularly uncertainties related to income tax treatments and where required, adjusts the recognised taxes either to an estimate of the most likely amount or the expected weighted average value of the final tax amount taking into account the tax authorities' expected acceptance of the chosen tax treatment.

4.1 Income tax declaration

Taxes in statement of income, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Current year tax expense	93.5	59.6
Change in current year's deferred tax assets and liabilities	-37.6	-2.8
Tax expense for previous years	2.5	-4.8
Total	**58.4**	**52.0**

Reconciliation of effective tax rate, continuing and discontinued operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Profit before taxes, continuing operations	213.4	205.4
Profit before taxes, discontinued operations	-104.7	247.6
Tax calculated at Finnish tax rate (20%)	21.7	90.6
Effect of different tax rates in foreign subsidiaries	2.6	4.3
Tax expense for previous years, continuing and discontinued operations	1.9	-6.0
Tax-exempt income and non-deductible expenses	42.9	-0.1
Realisability of deferred tax assets	7.9	12.4
Withholding tax, non-creditable	2.9	2.2
Change in uncertain tax positions	0.5	1.1
Pillar 2 income taxes*	0.5	—
Effect of changes in tax rates	—	0.0
Other	—	-0.1
Total taxes in statement of income	**80.9**	**104.3**
Effective tax rate, %**	**74.4 %**	**23.0 %**

*Pillar 2 income taxes relate to Bulgaria, Estonia, Ireland and Russia.
**Effective tax rate for continuing operations is 27.4% (2023: 25.3%).
2023 has not been restated.

Taxes relating to components of other comprehensive income, continuing and discontinued operations

	1 Jan-31 Dec 2024			1 Jan-31 Dec 2023		
MEUR	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Cash flow hedges	-11.8	2.3	-9.5	1.5	-0.5	0.9
Translation differences	71.4	—	71.4	-22.5	—	-22.5
Actuarial gains (+) / losses (-) from defined benefit plans	-1.3	0.3	-1.0	-7.4	1.5	-5.9
Total other comprehensive income	**58.3**	**2.6**	**60.9**	**-28.4**	**1.0**	**-27.4**

2023 has not been restated.

4.2 Deferred tax assets and liabilities

MEUR	31 Dec 2024	31 Dec 2023
Deferred tax assets and liabilities		
Intangible assets, property, plant and equipment, and inventory	42.5	12.4
Provisions and accruals	20.8	45.4
Tax losses and credits carried forward	10.4	37.4
Other temporary differences	-3.3	5.1
Deferred taxes, net asset on balance sheet	**70.4**	**100.3**
Deferred tax assets on balance sheet*	82.1	122.2
Deferred tax liabilities on balance sheet*	11.7	21.9

* Deferred tax assets and liabilities are offset in accordance with IAS 12.
2023 has not been restated.

Reconciliation of deferred taxes

MEUR	2024	2023
Deferred taxes, net asset 1 Jan	100.3	98.0
Recognised in statement of income, continuing and discontinued operations	23.1	3.6
Recognised in other comprehensive income	2.6	1.0
Companies acquired and sold	—	-2.5
Translation differences	-1.0	0.2
Net assets distributed to the owners and assets held for sale*	-54.6	—
Deferred taxes, net asset 31 Dec	**70.4**	**100.3**

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.
2023 has not been restated.

Deferred tax assets are recognised for tax losses and credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable, considering expiry dates, if any. Where there is a recent history of loss, Cargotec assesses if that loss arises from factors which are likely to recur. The recognition of deferred tax assets is supported by offsetting deferred tax liabilities and where applicable an assessment of earnings history and profit projections in the relevant jurisdictions.

Unrecognised tax losses, tax credits and temporary differences

MEUR	2024	2023
Expire within five years	30.1	34.3
Expire after five years, or never	459.0	504.1
Unrecognised tax losses, tax credits and temporary differences 31 Dec	**489.1**	**538.4**

2023 has not been restated.

Unrecognised tax losses, tax credits and temporary differences relate mainly to Norway and Germany in discontinued operations.

As of 31 December 2024, Cargotec had income tax payables of EUR 1.9 (31 Dec 2023: 1.4) million to reflect uncertainty related to taxes.

A deferred tax liability on undistributed profits of subsidiaries located in countries where distribution generates tax consequences is recognised when it is likely that the earnings will be distributed in the foreseeable future. On 31 December 2024, Cargotec had EUR 967.6 (31 Dec 2023: 347.5) million of undistributed profits for which no deferred tax liability was recognised.

5. Net working capital

5.1 Net working capital

MEUR	Note	31 Dec 2024	31 Dec 2023
Inventories	5.2	333.8	1,033.8
Operative derivative assets		15.2	35.9
Accounts receivable	5.3	240.8	723.8
Contract assets	5.3	1.5	47.3
Other operative non-interest-bearing assets		99.4	166.6
Working capital assets		**690.8**	**2,007.5**
Provisions	5.5	-38.5	-160.5
Operative derivative liabilities		-21.5	-33.0
Pension obligations	3.4	-25.4	-89.0
Accounts payable	5.4	-158.9	-511.2
Contract liabilities	5.4	-24.3	-374.5
Other operative non-interest-bearing liabilities		-135.0	-510.4
Working capital liabilities		**-403.7**	**-1,678.6**
Net working capital in the balance sheet		287.1	328.9
Net working capital items included in assets held for sale and associated liabilities	7.4	-233.2	—
Total		**53.9**	**328.9**

2023 has not been restated.

Assets and liabilities unallocated 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.

5.2 Inventories

Accounting principles

Inventories

Inventories are valued at acquisition cost or lower estimated net realisable value. The acquisition cost is mainly determined using the weighted average price method. The acquisition cost of inventory includes the purchase price as well as transportation and manufacturing costs. The acquisition cost of self-manufactured finished and work-in-progress products includes raw materials, direct manufacturing wages and other direct expenses, as well as a proportional share of variable manufacturing costs and fixed overheads. The net realisable value is the estimated sales price obtained in the ordinary course of business less the estimated costs of completing and selling the product. If the acquisition cost of the inventory exceeds its net realisable value, an obsolescence provision is recorded in the value of the inventory. The recorded obsolescence provision is included in the book value of the inventory.

Estimates and assumptions requiring management judgement

Inventories

The inventory obsolescence provision is estimated based on the systematic and continuous monitoring of the inventory. When assessing the amount of obsolescence, the nature, condition and age structure of the inventory and the amounts based on the estimated need are taken into account.

31 Dec 2024 MEUR	Gross value	Obsolescence	Net value on balance sheet
Raw materials and supplies	175.9	-28.0	147.9
Work in progress	46.2	-0.5	45.7
Finished goods	164.9	-25.4	139.5
Advance payments paid for inventories	0.7	—	0.7
Total	**387.7**	**-53.9**	**333.8**

31 Dec 2023 MEUR	Gross value	Obsolescence	Net value on balance sheet
Raw materials and supplies	512.6	-68.6	444.0
Work in progress	265.5	-0.5	264.9
Finished goods	330.3	-38.4	291.9
Advance payments paid for inventories	33.0	—	33.0
Total	**1,141.3**	**-107.5**	**1,033.8**

2023 has not been restated.

Impairment of inventories included in restructuring costs is presented in note 2.4 Restructuring costs and other items affecting comparability.

Raw materials and supplies include raw materials needed in production as well as spare parts and components needed in service business. Work-in-progress products include products whose manufacturing process is in progress. Finished products include ready-made new and replacement products in stock as well as finished products in delivery.

5.3 Accounts receivable and other non-interest-bearing assets

Accounting principles

Accounts receivable and contract assets

Accounts receivable are invoiced customer receivables representing Cargotec's rights to consideration in exchange for goods or services that have been transferred to customers when those rights are conditioned only on the passage of time. Contract assets are unbilled customer receivables representing Cargotec's rights to consideration in exchange for goods or services that have been transferred to customers when those rights are conditioned on something other than merely the passage of time such as the agreed timing or project milestones for invoicing. Contract assets include mostly unbilled receivables related to customer contracts in which the revenue is recognised on an overtime basis based on the stage of completion and the amount of revenue recognised exceeds the invoicing.

Accounts receivable and contract assets are initially recognised at fair value less expected credit losses and subsequently at amortised cost less expected credit losses. Credit risk is evaluated based on systematic and continuous monitoring of receivables as part of the credit risk control. Credit loss allowance is recognised based on expected credit losses that is measured based on both historical and forward-looking credit loss assessment. The backward-looking credit loss assessment is determined mechanically by using a provision matrix in which the impairment is determined based on risk weights derived from the historical credit losses and ageing of customer receivables. The forward-looking credit loss assessment is determined by a forward-looking analysis under which additional impairment exceeding the first component of credit loss allowance may be recognised for a receivable or group of receivables. Impairments and allowances are recognised in the statement of income under cost of goods sold. Bad debts are written off upon an official announcement of liquidation or bankruptcy confirming that the receivable will not be collected.

Estimates and assumptions requiring management judgement

Expected credit losses

Management judgement and estimates are needed in determining the credit loss allowance. In measuring the component of the credit loss allowance based on historical credit losses, judgement is needed in determining risk levels for different groups of receivables based on their ageing. Judgement and estimation is also needed in assessing sufficiency of the credit loss allowance based on historical credit losses and in increasing the credit loss allowance based on a forward-looking credit loss assessment.

Customer receivables and other non-interest-bearing assets

MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current			
Other non-interest-bearing assets	8.2	2.0	5.8
Current			
Accounts receivable	8.2	240.8	723.8
Contract assets	2.2, 8.2	1.5	47.3
Other non-interest-bearing assets		99.0	164.9
Total current		**341.3**	**936.0**
Accounts receivable and other non-interest-bearing assets		**343.4**	**941.8**

2023 has not been restated.

Other non-interest-bearing assets

MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current			
Other non-interest-bearing assets	8.2	2.0	5.8
Current			
VAT receivable		65.4	103.7
Deferred interests	8.2	0.4	0.3
Receivables related to business combinations and disposals	8.2	0.4	2.2
Other deferred assets		32.8	58.7
Total current		**99.0**	**164.9**
Total other non-interest bearing assets		**101.0**	**170.6**

2023 has not been restated.

Expected credit losses from accounts receivable and contract assets

		Expected credit losses			
31 Dec 2024	Gross value	Based on historical risk assessment	Based on forward-looking risk assessment	Average rate of allowance	Net value on balance sheet
Accounts receivable not due and contract assets	206.4	-0.1	-0.5	0 %	205.7
1–90 days overdue	28.1	-0.1	-0.4	-2 %	27.5
91–360 days overdue	10.4	-0.6	-2.3	-28 %	7.5
Over 360 days overdue	5.0	-1.2	-2.2	-67 %	1.7
Total	**249.8**	**-2.0**	**-5.4**	**-3 %**	**242.4**

		Expected credit losses			
31 Dec 2023	Gross value	Based on historical risk assessment	Based on forward-looking risk assessment	Average rate of allowance	Net value on balance sheet
Accounts receivable not due and contract assets	558.6	-0.2	-0.9	0 %	557.4
1–90 days overdue	167.7	-0.8	-2.6	-2 %	164.4
91–360 days overdue	51.7	-3.8	-5.3	-18 %	42.6
Over 360 days overdue	16.9	-4.9	-5.2	-60 %	6.8
Total	**794.9**	**-9.7**	**-14.0**	**-3 %**	**771.2**

2023 has not been restated.

Movement in the loss allowance for accounts receivable and contract assets

	Credit loss allowance	
MEUR	2024	2023
Allowance 1 Jan	23.7	15.5
Translation differences	0.1	-0.5
Companies acquired and sold	–	-0.1
Increase of allowance	-0.2	10.2
Use of allowance	-1.2	-1.4
Reversed allowance	-2.9	0.0
Assets held for sale and distributed to the owners*	-12.0	–
Other changes	0.0	0.0
Balance 31 Dec	**7.5**	**23.7**

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.
2023 has not been restated.

Credit losses recognised in the statement of income

	Credit loss allowance	
MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Movement in the loss allowance during the period	-3.1	10.2
Directly recognised credit losses	5.0	3.2
Total	**1.9**	**13.4**

2023 has not been restated.

5.4 Accounts payable and other non-interest-bearing liabilities

Accounts payable include open invoices from suppliers, and contract liabilities include mainly advance payments received from customers.

Repurchase obligations under customer financing agreements include the portion of the consideration received to which Cargotec is not entitled, as the equipment sold under the contractual obligation or otherwise is expected to be repurchased at a later date at the agreed residual value from the financier.

Late cost accruals relate to customer projects that are substantially completed and revenue related to them is fully recognised but, for which, however, certain costs are still expected.

Prepayments from customer finance agreements include received prepayments in which the residual value of the sold equipment has not been substantially transferred to the customer and, as a result, the agreement is treated as an operating lease.

Accounts payable and other non-interest-bearing liabilities

MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current			
Other non-interest-bearing liabilities	8.2	10.0	87.1
Current			
Accounts payable	8.2	158.9	511.2
Contract liabilities	2.2	24.3	374.5
Other non-interest-bearing liabilities		126.8	431.5
Accounts payable and other non-interest-bearing liabilities		**320.0**	**1,404.4**

2023 has not been restated.

Other non-interest-bearing liabilities

MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current			
Buy-back obligations from customer finance arrangements	8.2	–	75.0
Other liabilities	8.2	10.0	12.1
Non-current other non-interest-bearing liabilities		**10.0**	**87.1**
Current			
Accrued salaries, wages and employment costs		72.4	147.9
Late cost reservations		0.1	53.8
Cost accruals related to construction contracts		–	19.3
Prepaid rents from customer finance arrangements		–	72.7
VAT liabilities		19.0	40.8
Accrued interests	8.2	1.9	5.7
Liabilities related to business combinations	8.2	–	2.4
Other accrued expenses		33.4	88.9
Current other non-interest-bearing liabilities		**126.8**	**431.5**
Total other non-interest-bearing liabilities		**136.8**	**518.7**

2023 has not been restated.

5.5 Provisions

Accounting principles

Provisions

Provisions are recognised when Cargotec has a current legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are accounted for using the best estimate for the costs required to settle the obligation on the balance sheet date. In case the time value of money is significant, the provision is stated at present value.

Provisions for warranties cover the estimated costs to repair or replace products that are still under warranty on the balance sheet date. Provision for warranty is calculated based on historical experience of levels of repairs and replacements.

Provisions for product claims consist of expected costs arising from settling customer claims for which the value, probability and realisation can be estimated.

A provision is recognised for an onerous contract when the unavoidable costs required to fulfil the commitment exceed the gain to be received from the contract.

A restructuring provision is recognised when Cargotec has prepared a detailed restructuring plan and started the implementation of the plan or communicated the plan. A restructuring plan shall include the following information: business which is affected, the main units and personnel affected by the restructuring, as well as the costs to be incurred and the timetable of the plan. A restructuring provision and other restructuring related expenses are booked to the function costs to which they by nature belong. However, in case of a significant restructuring programme of Cargotec or its business area, restructuring costs are presented separately in the statement of income.

Estimates and assumptions requiring management judgement

Provisions

The amount of provision to be recognised is the best estimate of the cost required to settle the obligation at the reporting date. The estimate of the financial impact of the past event requires management judgement, which is based on similar events occurred in the past, and where applicable, external experts' opinion. Provisions are reviewed on a regular basis, and adjusted to reflect the current best estimate when necessary. The actual costs may differ from the estimated costs.

2024 MEUR	Product warranties	Claims	Restructuring	Onerous contracts	Others	Total
Provisions 1 Jan	92.2	3.9	30.7	25.2	8.4	160.5
Translation differences	0.0	0.1	-0.1	-0.8	0.1	-0.7
Increases	17.3	2.7	15.9	9.0	15.3	60.2
Provisions used	-15.0	-0.6	-14.6	-17.5	-3.4	-51.0
Reversals of provisions	-3.4	-1.4	-3.6	-0.8	-9.6	-18.7
Liabilities associated with assets held for sale and distributed to the owners*	-67.7	-3.6	-17.0	-15.2	-8.4	-111.8
Provisions 31 Dec	**23.5**	**1.1**	**11.4**	**–**	**2.4**	**38.5**

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.

2023 MEUR	Product warranties	Claims	Restructuring	Onerous contracts	Others	Total
Provisions 1 Jan	83.4	10.3	38.6	24.0	26.4	182.6
Translation differences	-0.6	-0.5	-0.9	-1.1	-0.5	-3.5
Increases	29.5	1.5	16.2	7.9	7.1	62.2
Companies acquired and sold	0.1	–	–	–	–	0.1
Provisions used	-14.8	-5.3	-22.8	-4.2	-5.7	-52.9
Reversals of provisions	-5.3	-2.0	-0.4	-1.4	-18.9	-28.0
Provisions 31 Dec	**92.2**	**3.9**	**30.7**	**25.2**	**8.4**	**160.5**

2023 has not been restated.

MEUR	31 Dec 2024	31 Dec 2023
Non-current provisions	0.3	5.6
Current provisions	38.2	154.9
Total	**38.5**	**160.5**

2023 has not been restated.

Provisions for warranties cover the expected expenses related to warranty claims from goods sold in the financial period or earlier with a valid warranty. Warranty periods vary among the products but are mainly from 1–2 years.

Claims include items related to product claims and related to legal disputes. Provisions for product claims received are made when the value, probability and realisation can be estimated. Provisions are expected to realise mainly within 1–2 years.

Provisions for restructuring are based on plans approved and implemented by the management related to restructuring of operations. Provisions are expected to realise within 1–2 years. Information on restructuring costs can be found in note 2.4 Restructuring costs and other items affecting comparability.

Provisions for onerous contracts are recognised when it is probable that contract costs will exceed the estimated total contract revenue. The expected loss is recognised as an expense immediately. Provisions for onerous contracts in general realise within 1–2 years.

Other provisions include various items, e.g. related to personnel. In 2022, MacGregor booked a EUR 18 million provision for possible consequences related to a project delivered to the U.S. Government; as these did not actualise, the provision was released in 2023.

6. Intangible and tangible assets

6.1 Goodwill

Accounting principles

Goodwill

Goodwill is recognised in a business combination based on the difference between the consideration paid and net assets received. It represents the value of unidentified intangible assets and expected future benefits that do not meet the definition of an asset such as the value of acquired workforce, and expected synergies that are considered to be available only for Cargotec.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of previously owned interest and the fair value of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of income. Goodwill is measured at cost less impairment. Impairment losses are recognised in the statement of income. Goodwill is derecognised when subsidiaries are disposed of. The amount of disposed goodwill is determined in relation to the change in the value of the related reporting segment before and after the disposal, based on the value-in-use analysis, or alternatively, based on fair value less cost to sell.

Goodwill and intangible assets with indefinite useful lives are not amortised, but are tested for impairment when any indication of impairment exists, or at least annually. Impairment testing is performed on the level of the cash generating unit "CGU". Goodwill is allocated to those units or groups of units, identified in accordance with the operating segments, that are expected to benefit from the business combination. The testing of intangible assets with indefinite useful lives is either performed as part of a CGU, or on an individual asset level if it is possible to determine independent cash flows for it.

The determined recoverable amount of a CGU is based on value-in-use calculations. The value-in-use is determined by calculating the present value of the estimated future net cash flows of the tested CGU. The discount rate applied is the weighted average pre-tax cost of capital that reflects the current market view of the time value of money and risks related to the tested unit.

An impairment loss is recognised in the statement of income when the carrying amount of the CGU exceeds its recoverable amount. Impairment loss is first allocated to goodwill and then to other assets on a pro rata basis.

Estimates and assumptions requiring management judgement

Impairment testing of goodwill and intangible assets with indefinite useful life

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. For the purpose of impairment testing, goodwill and intangible assets with indefinite useful lives are allocated to cash-generating units. The recoverable amounts of cash-generating units are based on calculations that require management to make estimates and assumptions in determining both future cash flows and the weighted average cost of capital (WACC) used to discount them.

MEUR	2024	2023
Book value 1 Jan	878.1	892.1
Translation differences	-4.2	-16.8
Companies acquired	—	4.9
Companies sold	—	-2.1
Assets held for sale and distributed to owners*	-633.8	—
Book value 31 Dec	**240.1**	**878.1**

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger. 2023 has not been restated.

Goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. Impairment testing of goodwill is carried out by allocating goodwill to the lowest cash generating unit level (CGU) which generates independent cash flows. These levels have been identified according to the operative business organisation to be the reported operating segments. Due to the way the operating segments are managed and organised, it has not been possible to define independent cash flows for lower level product divisions.

The recoverable amounts of the cash generating units (CGU) have been determined based on the value-in-use calculation for Hiab, and regarding MacGregor, based on fair value less cost to sell.

Hiab

The value-in-use model used by Hiab is based on estimated cash flows before taxes and assumptions based on current use. The future cash flow projections used in the calculation are based on the strategic plan approved by the top management and the Board of Directors, taking into account the prevailing risks and uncertainties in the market environment. The forecast period of the calculation is five years. The last year value of the forecast period is derived based on the average development over the past years and the estimated development over the forecasted period, by taking into account the cyclical nature of the cash generating unit's business. The cash flows after the forecast period have been estimated using a growth rate based on an estimate of the long-term growth rate of the industry, keeping the risk-free interest rate used in the calculation as the upper limit. Long-term growth rate of 2.0 (2023: 2.0) percent has been applied in the calculation.

The key assumptions made by the management in the projection relate to market and profitability outlooks. Future growth estimates are based on information available by external market research institutions on market development and timing of business cycles. Additionally, market share and growth potential in both new equipment and service markets have been taken into account when estimating future sales growth. Key factors affecting profitability are sales volume, competitiveness and cost efficiency. The relative share of service business from total revenue has also significance in the cash flow projections due to its lower cyclicality and better than average profitability. Additionally, in Hiab segment the utilisation rate of factories and assembly units and their cost competitiveness have a significant impact on profitability. The efficiency improvements over the past years have affected positively in financial performance, and the ongoing profit improvement programmes are expected to further improve the profitability in the coming years. Cash flow projection in the analysis reflect typical working capital build-up in upturns and release during downturns in the Hiab segment.

The discount rate used in the impairment testing is the weighted average cost of capital (WACC) reflecting the total cost of equity and debt, and the market risks related to the segment. Components of WACC are a risk-free interest rate based on the average of government bond yields weighted by the sales of the cash-generating unit in respective countries, market risk premium, comparable peer industry beta, gearing, and credit spread. In the impairment testing based on value-in-use, the WACC is determined on a pre-tax basis. The discount rate used in the impairment testing was determined in the same way as last year. The pre-tax WACC used by Hiab was 10.5 (11.6) percent respectively. The change in discount rate from the previous year mainly reflects decreases in the risk-free rates.

Based on the performed impairment tests, no impairment was recorded in Hiab's goodwill in 2024 or 2023.

MacGregor

MacGregor's goodwill has been tested quarterly due to the low level of MacGregor's recoverable amount in relation to the assets being tested. Due to the ongoing process of selling MacGregor, the recoverable amount of the MacGregor segment has been determined in the goodwill impairment testing based on the fair value less costs to sell derived from forecasted cash flows, and the test indicated no impairment. Despite efforts to refine the estimate of MacGregor's fair value during the sale process, the final estimate did not become clear until the final stages of the negotiation process. In the fourth quarter of 2024, Cargotec announced that MacGregor was classified as discontinued operations and that the sale of MacGregor is expected to result in a loss of EUR 200 million, recognised as a goodwill impairment in items affecting comparability as a part of discontinued operations. Information about the presentation of MacGregor as a discontinued operation and goodwill impairment is presented in note 7.4 Discontinued operations.

6.2 Intangible assets

Accounting principles

Intangible assets

Intangible assets include patents, trademarks, licences, software, capitalised development costs, technologies, acquired order book, and customer relationships. These assets are recognised on the balance sheet at their original cost less cumulative amortisations and impairment losses, if any, except for intangible assets acquired in a business combination which are measured at fair value at acquisition date.

Intangible assets with definite useful lives are amortised on a straight-line basis over their useful lives as follows:

- Developed and acquired technologies 3–10 years
- Customer relationships and trademarks 3–15 years
- Order book 1–5 years
- Others 2–5 years

The assets' useful lives are reviewed, and adjusted if necessary, on each balance sheet date. Trademarks with indefinite useful lives or intangible assets under development are not amortised, but tested for impairment at least annually. The impairment testing is described in detail in the accounting principle Goodwill, disclosed in note 6.1 Goodwill.

Research and development costs

Research and development costs are primarily expensed when incurred. However, development costs are capitalised when certain criteria related to economic and technical feasibility are met, and it is expected that the product will generate future economic benefits. Capitalised development costs include mainly materials, supplies and direct labour costs. The development costs that are once expensed are not subsequently capitalised. Capitalised development costs related to intangible assets are amortised on a straight-line basis over their estimated useful economic life. Unfinished development projects are tested for impairment annually.

Estimates and assumptions requiring management judgement

Amortisation period applied for the intangible assets

The amortisation periods determined for intangible assets and the related amortisation costs recognised in the statement of income are based on management's estimates of the economic useful lives of the assets.

2024 MEUR	Developed technology	Acquired technology	Customer relationships and trademarks	Others*	Total
Acquisition cost 1 Jan	109.5	95.9	177.4	7.9	390.7
Translation differences	-0.3	-1.4	-2.5	-0.1	-4.4
Additions	1.8	0.4	—	2.4	4.6
Disposals and other	-1.3	-0.4	-2.5	-0.4	-4.6
Reclassifications	2.7	0.1	—	-0.1	2.6
Assets held for sale and distributed to the owners**	-50.2	-63.5	-151.8	-7.9	-273.4
Acquisition cost 31 Dec	**62.1**	**31.2**	**20.6**	**1.7**	**115.6**
Accumulated amortisation and impairment 1 Jan	-93.3	-71.3	-103.2	-4.4	-272.3
Translation differences	0.3	1.1	2.5	0.0	3.8
Depreciation during the financial period	-2.9	-3.3	-6.4	0.0	-12.7
Disposals and other	1.3	0.3	2.5	0.2	4.4
Reclassifications	0.0	0.0	—	—	0.0
Assets held for sale and distributed to the owners**	40.6	46.9	94.0	2.7	184.3
Accumulated amortisation and impairment 31 Dec	**-54.1**	**-26.2**	**-10.7**	**-1.5**	**-92.4**
Book value 31 Dec	**8.0**	**5.0**	**10.0**	**0.2**	**23.2**

*Includes EUR 0.2 million of intangible assets under construction.
**Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.

2023 MEUR	Developed technology	Acquired technology	Customer relationships and trademarks	Others*	Total
Acquisition cost 1 Jan	106.5	88.6	176.9	14.7	386.8
Translation differences	-0.2	-1.6	-4.4	-0.1	-6.1
Additions	0.0	0.3	—	3.6	3.9
Disposals and other	—	-1.3	—	-3.8	-5.2
Reclassifications	3.1	0.5	3.8	-6.5	0.9
Companies acquired and sold	—	9.3	1.1	—	10.4
Acquisition cost 31 Dec	**109.5**	**95.9**	**177.4**	**7.9**	**390.7**
Accumulated amortisation and impairment 1 Jan	-88.2	-70.0	-98.7	-5.1	-262.0
Translation differences	0.1	1.4	3.7	0.0	5.3
Depreciation during the financial period	-4.4	-4.9	-7.6	0.0	-17.0
Disposals and other	—	1.3	—	0.0	1.3
Reclassifications	-0.9	-0.1	-0.5	0.6	-0.9
Companies acquired and sold	—	1.0	—	—	1.0
Accumulated amortisation and impairment 31 Dec	**-93.3**	**-71.3**	**-103.2**	**-4.4**	**-272.3**
Book value 31 Dec	**16.2**	**24.6**	**74.2**	**3.4**	**118.4**

*Includes EUR 3.3 million of intangible assets under construction.
2023 has not been restated.

Cargotec's intangible assets are amortised in accordance with their economic useful life except for MacGregor's trademark that has indefinite useful life. On 31 December 2024, the book value of MacGregor's trademark was EUR 36.9 (31 Dec 2023: 36.9) million and it was included in assets held for sale.

6.3 Property, plant and equipment

Accounting principles

Property, plant and equipment

Property, plant and equipment Property, plant and equipment are recognised on the balance sheet at cost less accumulated depreciations and impairment losses, if any. Impairment losses are described in detail in the accounting principle Impairment disclosed in note 6.4 Depreciation, amortisation and impairment charges. Depreciation is recognised on a straight-line basis to write off the cost less the estimated residual value over the estimated economic useful life of assets as follows:

- Machinery and equipment 2–10 years
- Buildings 5–40 years
- Land and water areas are not depreciated

The assets' residual values and useful lives are reviewed, and adjusted if necessary, on each balance sheet date. The cost of major renovations is included either in the asset's carrying amount or recognised as a separate asset, as appropriate, when future economic benefits are expected from the renovations, and the cost of the renovation can be distinguished from ordinary maintenance and repair costs. Financing costs of tangible assets as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the respective asset. Gains and losses on sales of property, plant and equipment are included in the operating profit.

Estimates and assumptions requiring management judgement

Depreciation periods applied for the items of property, plant and equipment

The depreciation periods determined for items of property, plant and equipment and the related depreciation costs recognised in the statement of income are based on management's estimates of the economic useful lives of the assets.

2024	Owned assets				Right-of-use assets		
MEUR	Land and buildings	Machinery and equipment	Equipment leased to others	Others*	Land and buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	176.4	288.8	213.2	13.8	246.1	77.4	1,015.7
Translation differences	0.5	1.1	0.3	0.0	1.3	1.0	4.2
Additions	2.6	26.4	16.5	9.8	37.9	14.6	107.9
Disposals and other	-10.0	-29.4	-18.6	0.0	-7.1	-27.1	-92.2
Reclassifications	1.0	10.5	-1.9	-14.0	0.0	-0.3	-4.9
Assets held for sale and distributed to the owners**	-109.4	-128.8	-205.6	-5.0	-163.2	-37.3	-649.2
Acquisition cost 31 Dec	**61.1**	**168.6**	**3.8**	**4.6**	**115.0**	**28.4**	**381.5**
Accumulated depreciation and impairment 1 Jan	-87.4	-229.9	-84.2	0.0	-125.6	-43.7	-570.8
Translation differences	-0.3	-0.5	-0.3	0.0	-0.7	-0.4	-2.1
Depreciation during the financial period	-3.2	-12.7	-1.4	—	-24.2	-14.3	-55.8
Impairment charges for period	0.0	-1.4	—	—	-0.7	—	-2.1
Disposals and other	5.2	29.0	12.7	0.0	5.4	20.5	72.7
Reclassifications	0.0	0.0	0.0	—	0.0	0.3	0.3
Assets held for sale and distributed to the owners**	55.2	102.1	69.3	—	85.7	23.1	335.4
Accumulated depreciation and impairment 31 Dec	**-30.6**	**-113.3**	**-3.8**	**0.0**	**-60.1**	**-14.5**	**-222.3**
Book value 31 Dec	**30.6**	**55.3**	**0.0**	**4.6**	**54.9**	**13.9**	**159.1**

*Includes EUR 4.6 million of assets under construction.
**Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.

2023

MEUR	Owned assets: Land and buildings	Owned assets: Machinery and equipment	Owned assets: Equipment leased to others	Owned assets: Others*	Right-of-use assets: Land and buildings	Right-of-use assets: Machinery and equipment	Total
Acquisition cost 1 Jan	184.8	263.2	206.6	8.3	216.8	67.0	946.8
Translation differences	0.3	-0.7	-2.1	0.1	-3.1	-1.0	-6.5
Additions	4.2	12.5	42.7	17.7	32.0	24.0	133.1
Disposals and other**	-15.3	-8.8	-39.6	-2.2	-7.1	-13.3	-86.2
Reclassifications**	2.3	6.7	5.5	-10.3	0.1	-0.1	4.2
Companies acquired and sold	—	15.9	—	0.1	7.3	0.9	24.2
Acquisition cost 31 Dec	**176.4**	**288.8**	**213.2**	**13.8**	**246.1**	**77.4**	**1,015.7**
Accumulated depreciation and impairment 1 Jan	-91.5	-211.2	-82.0	0.0	-103.7	-38.4	-526.8
Translation differences	0.8	0.6	1.0	0.0	1.8	0.5	4.8
Depreciation during the financial period	-6.0	-17.7	-27.9	—	-27.6	-18.2	-97.4
Impairment charges	0.0	—	—	0.0	-0.5	—	-0.5
Disposals and other**	9.3	7.8	24.8	—	4.1	12.4	58.5
Reclassifications**	-0.1	1.1	-0.1	—	0.2	0.1	1.2
Companies acquired and sold	—	-10.5	—	—	0.0	-0.1	-10.5
Accumulated depreciation and impairment 31 Dec	**-87.4**	**-229.9**	**-84.2**	**0.0**	**-125.6**	**-43.7**	**-570.8**
Book value 31 Dec	**89.0**	**58.9**	**129.0**	**13.8**	**120.5**	**33.8**	**444.9**

*Includes EUR 13.8 million of assets under construction.
**Other changes reclassified from Reclassifications to Disposals and other.
2023 has not been restated.

6.4 Depreciation, amortisation and impairment charges

Accounting principles

Impairments

The book values of assets are reviewed for potential impairment on each balance sheet date. Should any indication arise, the asset is tested for impairment. Impairment testing determines the recoverable amount of an asset. The recoverable amount of items of property, plant and equipment, intangible assets, and goodwill is the fair value less costs to sell, or, if higher than that, the cash flow-based value in use. If the recoverable amount of a single asset cannot be reliably determined, the need for impairment is assessed on the lowest level of the cash generating unit (CGU) that is mainly independent of the other units, and whose cash flows are separately identifiable from the cash flows of the other units.

An impairment loss related to goodwill is recognised in the statement of income when the carrying amount of the CGU exceeds its recoverable amount. Impairment loss is first allocated to goodwill and then to other assets on a pro rata basis. Impairment losses recognised for goodwill cannot be subsequently reversed.

An impairment loss related to other assets is recognised in the statement of income when the carrying amount of an asset exceeds its recoverable amount. A previously recognised impairment loss is reversed only if there has been a significant change in the estimates used to determine the recoverable amount. The impairment loss can only be reversed to the extent that the carrying value of an asset is returned to a level where it would have been without the recognised impairment loss.

Estimates and assumptions requiring management judgement

Impairment testing

Intangible assets and property, plant and equipment are tested for impairment every time there is any indication of impairment. In assessing impairment, both external and internal sources of information are considered. External sources include a significant decline in market value that is not the result of the passage of time, normal use of the assets or increase in interest rate. Internal sources of information include evidence of obsolescence of, or physical damage to, an asset. If the carrying amount of an asset exceeds the amount that is recoverable from its use or sale, an impairment loss is recognised immediately so that the carrying amount corresponds to the recoverable amount.

Depreciation, amortisation and impairment by function, continuing operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023 Restated
Cost of goods sold	28.7	26.3
Selling and marketing expenses	3.7	3.5
Research and development expenses	1.7	1.9
Administration expenses	9.3	9.1
Other operating expenses	0.5	–
Total	**44.0**	**40.8**

Depreciation, amortisation and impairment charges by asset type are disclosed in notes 6.1 Goodwill, 6.2 Intangible assets, and 6.3 Property, plant and equipment.

7. Group structure

Accounting principles

Consolidation principles

The consolidated financial statements comprise the financial statements of Cargotec's parent company and its subsidiaries in which the parent exercises control. Control is achieved when Cargotec is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control. When less than a majority of the voting or similar rights of an investee are held, all relevant facts and circumstances are considered in assessing whether Cargotec has control over an investee. Cargotec reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the relevant elements of control. Consolidation of a subsidiary begins when Cargotec obtains control over the subsidiary and ceases when the control is lost. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In acquiring non-controlling interests' shares in subsidiaries, the difference between any consideration paid and the share of net assets acquired in the subsidiary is recorded in equity. Gains and losses realised on disposals to non-controlling interests are also recorded in equity. Distribution of net income for the period to the equity holders of the parent company and to non-controlling interests is presented in the statement of income. Equity attributable to non-controlling interest is disclosed as a separate item on the balance sheet.

If the Group loses control over a subsidiary, the related assets (including goodwill), liabilities, non-controlling interest and other components of equity are derecognised and any resulting gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

All intercompany transactions, receivables, liabilities, unrealised profits and distribution of profits within Cargotec are eliminated in the consolidated financial statements. The accounting principles of the subsidiaries have been changed, where necessary, to ensure consistency with the principles adopted by Cargotec Corporation.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Open foreign currency-denominated monetary receivables and liabilities at the end of the financial period, both intercompany and external, are translated using the exchange rate of the balance sheet date, and the resulting foreign exchange gains and losses are recognised in the statement of income except when hedge accounting is applied. Foreign exchange gains and losses related to normal business operations are treated as adjustments to sales or costs. Exchange rate differences on other hedges relating to business operations are recorded in other operating income and expenses.

Exchange rate gains and losses related to foreign currency hedges designated as hedges of sales and purchases under hedge accounting are first recognised in the statement of comprehensive income, and finally in the statement of income as adjustments to sales and purchases simultaneously with the related transactions. Exchange rate differences on other hedges relating to business operations are recorded in other operating income and expenses. Foreign exchange gains and losses associated with financing are included in financial income and expenses.

Foreign subsidiaries

The stand-alone financial statements of subsidiaries are reported using the currency that best reflects the operational environment of that subsidiary ("the functional currency"). In the consolidated financial statements, the statement of income and the cash flows of subsidiaries whose functional currency is other than the euro are translated into euros using the average exchange rate of the financial period, and the assets and liabilities on the balance sheets are translated into euros at the balance sheet date exchange rate. Translation differences caused by different exchange rates are recognised through the statement of comprehensive income in the cumulative translation differences in equity. Intercompany loan agreements may form a part of net investment if their settlement is neither planned nor probable in the foreseeable future, and thus the exchange rate gains and losses of these contracts are also recognised as translation differences in equity. When applying hedge accounting for a hedge of a net investment in a foreign operation, exchange rate differences on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, and any ineffective portion is recognised immediately in the statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences arising are recognised in equity.

Translation differences from acquisition cost eliminations and post-acquisition profits and losses of subsidiaries, associated companies and joint ventures outside the euro area are recognised in the statement of comprehensive income. When a foreign entity or part of it is disposed, accumulated translation differences previously recognised in other comprehensive income are reclassified to the statement of income as a part of the gain or loss on sale.

7.1 Acquisitions and disposals of businesses

Accounting principles

Business acquisitions

The acquisition method of accounting is used to account for all business combinations in which Cargotec obtains control of the acquired business regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. If a contingent consideration is classified as a financial liability, it is measured at fair value on each reporting date, and the changes in the fair value are recognised in the statement of income. Contingent consideration classified as equity is not revalued.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. The share of non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The difference, if any, between the consideration transferred and the fair value of net assets obtained is recognised as goodwill. Businesses acquired during the financial period are included in the consolidated financial statements from the date the control is obtained, and divested businesses until the date the control is lost. When control is lost, all assets and liabilities related to the disposed business are derecognised. Additionally, if relevant, the related hedging result recognised in other comprehensive income and translation differences accumulated in equity are reclassified to the statement of income on disposal.

If a business combination is achieved in stages, the previously held equity interest is revalued at fair value at the acquisition date. Any gains or losses arising from remeasurement are recognised in the statement of income. Acquisition-related costs are expensed as incurred.

Estimates and assumptions requiring management judgement

Business acquisitions

Net assets acquired through business combinations are measured at fair value. The consideration exceeding the value of net assets acquired is recognised as goodwill. The measurement of fair value of the acquired net assets is based on market values of similar assets (property, plant and equipment), and valuation techniques based on expected cash flows and returns (intangible assets) . The valuation, which is based on prevailing repurchase value, expected cash flows or estimated sales price, requires management judgement, estimates and assumptions. Management trusts that the applied estimates and assumptions are sufficiently reliable for determining fair values.

Business disposals

Sales of businesses require management judgement in determining when the planned transaction is sufficiently probable that the main benefit of the assets to be sold is expected to be derived from their sale rather than their use. When considering this, the management's commitment to the transaction is taken into account and the probability of the transaction being realized is considered. When the management's commitment and certainty about the completion of the transaction is sufficient, the business to be transferred is reported either as a disposal group or as a discontinued operation, depending on its significance for the segment to which it belongs. Evaluating the significance may require management judgement. The change in reporting requires that the assets held for sale are tested for impairment by comparing their book value with the expected sales price less cost to sell. When measuring the profit impact of the sale, the net assets to be transferred include the portion of the goodwill allocated to the sale. The amount of goodwill to be allocated is based on the effect that the business being sold is estimated to have on the recoverable amount of the segment to which it belongs. If the transfer is expected to be loss-making, the value of the assets to be transferred is impaired by starting with the goodwill and then, if necessary, extending the impairment to the group of other non-current assets. For the aforementioned reasons, the processing of business sales includes elements that require management judgement, estimates and assumptions.

Acquisitions and disposals in 2024

Cargotec had no business acquisitions in 2024. Information about the partial Demerger and MacGregor sale process are disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.

Acquisitions in 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 was conditional and paid in 2024. 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. Acquisition had no material impact on Hiab's revenue or operating profit in 2023.

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 was 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.

7.2 Joint ventures and associated companies

Accounting principles

Joint ventures and associated companies

Joint ventures are joint arrangements in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement based on the ownership interest held. Associated companies are entities over which Cargotec has significant influence based on right to participate in the financial and operating policy decision-making but over which Cargotec has no control or joint control. Investments in joint ventures and associated companies are accounted for in the consolidated financial statements under the equity method. Investments in joint ventures and associated companies are initially recognised on the balance sheet at the acquisition cost, which includes goodwill and intangible assets identified on acquisition as well as the costs for acquiring or establishing the joint venture or associated company. Subsequently, the value of investment is adjusted in accordance with changes in the net assets of the investee in proportion to Cargotec's ownership, and in accordance with the amortizations of the intangible assets identified in the acquisition. Investment in a joint venture, or an associated company is derecognised when Cargotec no longer has a joint control, or significant influence over the investee.

Cargotec's share of the joint venture's or associated company's profit for the financial period is presented as a separate item before the operating result in the consolidated statement of income. The results of joint ventures and associated companies are accounted for with equity method based on their most recent financial statements. Any change in other comprehensive income of those investees is presented as part of the Cargotec's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, Cargotec recognises its share of any changes, when applicable, in the statement of changes in equity.

Business transactions between the group and the joint ventures or associated companies are recognised in the group's financial statements only to the extent of the unrelated investor's interest in the joint venture or associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the transferred assets. The accounting principles of the joint ventures and associated companies have been changed where necessary to ensure consistency with the principles adopted by Cargotec.

The carrying amount of investments in joint ventures and associated companies is reviewed on a regular basis and if any impairment in value has occurred, it is written down in the period in which these circumstances are identified. If Cargotec's share of the joint venture's or associated company's losses exceeds its interest in the company, the carrying amount is written down to zero. After this, losses are reported only if Cargotec is committed to fulfilling the obligations of the joint venture or associated company.

Estimates and assumptions requiring management judgement

Assessment of joint control and significant influence

Cargotec applies judgement in determining an appropriate method to account for its ownership in the investees. Cargotec's investments in joint arrangements are classified as joint ventures based on shared control, rights to net assets of the arrangement, and other relevant circumstances related to the arrangements. Cargotec's investments in associated companies include investments, in which Cargotec's voting rights are normally more than 20 percent. Accounting for the investment as an associated company is based on Cargotec's significant influence in the investee. Where indicators for shared control, or significant influence are not unambiguous, management applies judgement in determining the appropriate consolidation method.

	Joint ventures		Associated companies		Total	
MEUR	2024	2023	2024	2023	2024	2023
Book value 1 Jan	27.8	35.3	48.8	39.3	76.6	74.6
Translation differences	0.9	-2.3	-2.5	-0.3	-1.6	-2.6
Share of net income	4.4	2.1	0.3	9.0	4.6	11.1
Share of other comprehensive income	—	—	0.7	0.7	0.7	0.7
Dividend income	-1.8	—	—	—	-1.8	—
Disposals	-2.4	-7.3	—	—	-2.4	-7.3
Assets held for sale and distributed to the owners*	-28.8	—	-47.3	—	-76.1	—
Book value 31 Dec	**—**	**27.8**	**—**	**48.8**	**—**	**76.6**

*Additional information disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.
2023 has not been restated.

Changes in joint ventures and associated companies in 2024

Due to the separation of Kalmar into its own listed company and the classification of MacGregor as a discontinued operation, Cargotec has no holdings in joint ventures or associated companies related to its continuing operations.

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.

7.3 Group companies

Subsidiaries

31 Dec 2024	Country	Shareholding (%) Parent company	Shareholding (%) Group	
Hiab Australia Pty Ltd	Australia		100	
Hiab Austria GmbH	Austria		100	
Hiab Belgium SA	Belgium	100	100	
MacGregor Belgium NV	Belgium		100	*
Hiab Brasil Guindastes e Servicos Ltda	Brazil		100	
MLS Servicos Offshore e Navais Ltda	Brazil		100	*
Cargotec Bulgaria EOOD	Bulgaria		100	
MacGregor Bulgaria EOOD	Bulgaria		100	*
Waltco Lift Inc.	Canada		100	
China Crane Investment Holdings Limited	China		100	
MacGREGOR (Shanghai) Trading Co., Ltd.	China		100	*
MacGregor (HKG) Limited	China		100	*
MacGregor Croatia d.o.o.	Croatia		100	*
MacGregor Cyprus Limited	Cyprus		100	*
ISMS Holdings Limited	Cyprus		100	*
HATLAPA (Eastmed) Limited	Cyprus		100	*
HATLAPA Filtration Technology (HFT) Ltd.	Cyprus		73	*
MacGregor Denmark A/S	Denmark		100	*
Zepro Danmark A/S	Denmark		100	
MacGREGOR BLRT Baltic OÜ	Estonia		51	*
Hiab Holding Finland Oy	Finland	100	100	
Hiab Finland Oy	Finland		100	
MacGregor Finland Oy	Finland		100	*
Hiab France SAS	France	100	100	
MacGregor France S.A.S.	France		100	*
Hiab Germany GmbH	Germany		100	
MacGregor Germany GmbH et Co. KG	Germany		100	*
HATLAPA Verwaltungsgesellschaft mbH	Germany		100	*
TTS NMF GmbH	Germany		100	*
MacGregor Greece Ltd	Greece		100	*
TTS Greece Ltd.	Greece		100	*
MacGregor Marine India Private Limited	India		100	*
Cargotec Engineering Ireland Ltd	Ireland		100	
Hiab Italia S.r.l.	Italy		100	
MacGregor Italy S.r.l.	Italy		100	*
Cargotec Japan Ltd	Japan		100	
MacGregor Japan Ltd	Japan		100	*
MacGREGOR BLRT Baltic UAB	Lithuania		51	*
MacGregor Malaysia Sdn. Bhd.	Malaysia		100	*
Cargotec Advanced Netherlands B.V.	Netherlands		100	
Cargotec Holding Netherlands B.V.	Netherlands	100	100	
Hiab Benelux B.V.	Netherlands		100	
MacGregor Netherlands Holding B.V.	Netherlands		100	*
MacGregor Netherlands B.V.	Netherlands		100	*
Hiab Norway AS	Norway		100	
MacGregor Norway AS	Norway		100	*
Cargotec Panama, S.A.	Panama		100	
Hiab Poland Sp. z o.o.	Poland		100	
MacGregor Poland Sp. z.o.o.	Poland		100	*
MacGregor Doha WLL	Qatar		49	*, **
MacGregor doo Kragujevac	Serbia		100	*
MacGregor Pte Ltd	Singapore	100	100	*
Cargotec Slovakia Spol. s.r.o.	Slovakia	100	100	
Cargotec Korea Limited	South Korea		100	
MacGregor Korea Co., Ltd.	South Korea		100	*
Hiab Cranes, S.L. Unipersonal	Spain		100	
Hiab AB	Sweden		100	
Olsbergs Hydraulics Aktiebolag	Sweden		100	
Olsbergs Electronics AB	Sweden		100	
Hiab Sweden AB	Sweden		100	
MacGregor Sweden AB	Sweden		100	*
TTS Marine AB	Sweden		100	*

31 Dec 2024	Country	Shareholding (%) Parent company	Shareholding (%) Group
Z-Lyften Produktion AB	Sweden		100
MacGregor (ARE) LLC	United Arab Emirates		49 *, **
MacGregor (ARE) Gulf LLC	United Arab Emirates		49 *, **
Hiab Limited	United Kingdom	100	100
Del Equipment (U.K.) Limited	United Kingdom		100
MacGregor (GBR) Limited	United Kingdom		100 *
Player and Cornish Marine Limited	United Kingdom		100 *
Cargotec Holding, Inc.	USA	100	100
Hiab USA Inc.	USA		100
MacGregor USA Inc.	USA		100 *
MacGregor Viet Nam Co., Ltd	Vietnam		100 *

*Included in the discontinued operations.
**Cargotec has control of the company based on the shareholders' agreement and thus the subsidiary is fully consolidated.

Associated companies and joint ventures

31 Dec 2024	Country	Shareholding (%) Parent company	Shareholding (%) Group
Associated companies			
Sanger Metal Sp. z.o.o.	Poland		30 *
Joint Ventures			
Haida-MacGREGOR Jiangyin Sealing Co., Ltd	China		25 *
CSSC Nanjing Luzhou MacGregor Machinery Co., Ltd	China		49 *
TTS SCM Marine and Offshore Machinery Co., Ltd	China		50 *
TTS SCM International Trading Co., Ltd	China		50 *
TTS Bohai Machinery (Dalian) Co., Ltd.	China		50 *
CSSC MacGregor Maritime Equipment Co., Ltd	China		50 *
CSSC MacGregor (Nanjing) Maritime Equipment Trading Co., Ltd.	China		50 *

*Included in the discontinued operations.

7.4 Discontinued operations

Accounting principles

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts are expected to be recovered principally through a sale rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Discontinued operation is a component of an entity representing major line of business that is disposed of, or classified as held for sale. A discontinued operation is excluded from the result of continuing operations and is presented separately in the statement of income as a single item describing the profit or loss of the discontinued operation after taxes. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Cash flows from a discontinued operation are included in the consolidated statement of cash flows.

Classification of Kalmar as a discontinued operation

Cargotec's annual general meeting approved in May 2024 the separation of the Kalmar business area into its own listed company (Demerger). The implementation date of the Demerger was 30 June 2024, after which Kalmar has operated as an independent listed company. As a result of the Demerger, Cargotec presented the Kalmar business area as discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations starting from the first quarter of 2024.

Classification of MacGregor as a discontinued operation

Cargotec announced in November 2024 that it had signed an agreement to sell the MacGregor business area to funds managed by Triton at a debt-free price of EUR 480 million. The sale followed Cargotec's Board of Directors decision in November 2022 to divest MacGregor in the future and the announcement in May 2024 to start the MacGregor sale process. As a result of the sale of MacGregor becoming highly probable, it is presented as discontinued operations in accordance with IFRS 5 starting from the fourth quarter of 2024.

Cargotec sells MacGregor at a debt-free price of EUR 480 million and expects to record a loss of approximately EUR 200 million on the transaction that is not deductible in taxation. The expected loss was recognised in the fourth quarter of 2024 as a EUR 200 million goodwill impairment and is presented in items affecting comparability as part of the result of the discontinued operations. Until the deal is closed, any positive changes in the estimated sale result are recognised only at closing of the transaction, and any negative changes in the estimated sale result are recognised immediately as an additional impairment of goodwill. The expected loss differs significantly from the goodwill impairment test results performed by MacGregor over the past quarters. The main reason for the difference is the agreed sales price adjustments related to the definition of net debt and working capital items. Due to the agreed adjustments, the purchase price paid in cash for MacGregor also differs significantly from the debt-free value. The write-down of goodwill is based on an estimated final purchase price of approximately EUR 220 million to be paid in cash at closing and after the earlier made cash repatriation. The final purchase price to be paid in cash and the cash flow impact of the transaction depend on the realization of the agreed purchase price adjustments and changes in MacGregor's cash and cash equivalents. After the write-down of goodwill, MacGregor's net assets were EUR 190 million including EUR 140 million of cash and cash equivalents. In addition to the goodwill impairment, the total cost to separate MacGregor is estimated to be approximately EUR 25 million that is recorded in items affecting comparability as part of the result of the discontinued operations.

The Transaction is subject to regulatory approvals and works council consultation in relevant jurisdictions. Closing of the Transaction is expected to occur by 1 July 2025 at the latest.

Presentation of Kalmar and MacGregor as discontinued operations

In accordance with the IFRS 5 standard, the net result of discontinued operations (Kalmar and MacGregor) is presented in the consolidated statement of income separately from the income and expenses of continuing operations (Hiab). The consolidated balance sheet presented as of 31 December 2024 does not include balance sheet items related to Kalmar due to the Demerger, and MacGregor's balance sheet items are presented in the lines of assets held for sale and related liabilities. The comparison period of the balance sheet is not restated. The cash flow statement and statement of changes in equity include the effects of Kalmar's and MacGregor's businesses and the Demerger.

In the consolidated statement of income, the comparison periods have been adjusted accordingly. The presented discontinued operations include revenue and expenses directly related to the Kalmar and MacGregor business areas, as well as other income and expenses related to continuing operations that are not expected to continue after the Demerger or sale, or that would have been avoided without these transactions.. In addition to the balance sheet items of the Kalmar segment, certain items not belonging to the Kalmar segment were removed from Cargotec's balance sheet in the Demerger. These items were not depreciated or amortised in accordance with the presentation method of IFRS 5. Due to the reasons described above, the financial information presented as Cargotec's continuing operations and discontinued operations do not reflect the previous or future profitability of these businesses.

The tables below include additional information about Kalmar's and MacGregor's financial performance as discontinued operations. Information about balance sheet items transferred to Kalmar in the Demerger is presented in note 7.5 Demerger.

Income for the discontinued operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Sales	**1,650.9**	**2,782.3**
Cost of goods sold	-1,249.4	-2,157.3
Gross profit	**401.4**	**625.1**
Selling and marketing expenses	-71.4	-115.6
Research and development expenses	-32.0	-63.6
Administration expenses	-138.4	-178.2
Restructuring costs	-28.5	-14.8
Other operating income	29.3	34.9
Other operating expenses	-259.0	-34.3
Share of associated companies' and joint ventures' net result	4.6	11.1
Operating profit	**-93.8**	**264.6**
Finance income	6.6	6.2
Finance expenses	-17.5	-23.2
Profit before taxes of the operations transferred to discontinued operations	**-104.7**	**247.6**
Income taxes	-22.5	-52.4
Profit for the period of the operations transferred to discontinued operations	**-127.2**	**195.2**
Fair value gain recognised from net assets distributed to the owners	1,112.7	—
Translation differences	-73.1	—
Profit for the period, discontinued operations	**912.5**	**195.2**
Other comprehensive income, discontinued operations	-7.6	-2.2
Comprehensive income for the period, discontinued operations	904.9	193.0
Comprehensive income for the period attributable to:		
Shareholders of the parent company	904.9	193.0
Non-controlling interest	—	—
Total	**904.9**	**193.0**

Assets and liabilities held for sale

MEUR	31 Dec 2024
ASSETS HELD FOR SALE	
Non-current assets	
Goodwill	172.8
Intangible assets	71.5
Property, plant and equipment	26.1
Investments in associated companies and joint ventures	28.8
Share investments	0.0
Deferred tax assets	25.4
Other non-interest-bearing assets	3.4
Total non-current assets	**328.2**
Current assets	
Inventories	168.0
Loans receivable and other interest-bearing assets*	0.0
Income tax receivables	5.5
Derivative assets	10.8
Accounts receivable	114.8
Contract assets	12.4
Other non-interest-bearing assets	11.8
Cash and cash equivalents*	140.1
Total current assets	**463.5**
Total assets	**791.6**

*Included in interest-bearing net debt

MEUR	31 Dec 2024
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	
Non-current liabilities	
Interest-bearing liabilities*	15.9
Deferred tax liabilities	11.0
Pension obligations	28.1
Provisions	0.3
Other non-interest-bearing liabilities	2.5
Total non-current liabilities	**57.7**
Current liabilities	
Current portion of interest-bearing liabilities*	7.8
Provisions	32.4
Income tax payables	12.5
Derivative liabilities	13.3
Accounts payable	109.3
Contract liabilities	266.2
Other non-interest-bearing liabilities	102.5
Total current liabilities	**543.9**
Total liabilities	**601.7**

*Included in interest-bearing net debt

Cash flows from discontinued operations

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Net cash flow from operating activities	180.5	261.8
Net cash flow from investing activities	-8.6	-30.4
Net cash flow from financing activities	-18.9	30.5
Net cash flow total	**153.0**	**261.9**

Comparable operating profit

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Operating profit	**-93.8**	**264.6**
Restructuring costs		
Employment termination costs	0.5	6.1
Impairments of inventories	0.2	-1.0
Restructuring-related disposals of businesses	—	1.0
Other restructuring costs*	27.7	8.6
Restructuring costs, total	**28.5**	**14.8**
Other items affecting comparability		
Sale of MacGregor**	211.0	—
Partial demerger	53.4	27.6
Hiab standalone preparations and Cargotec group closing	7.0	—
Other costs***	0.0	-12.7
Other items affecting comparability, total	**271.5**	**14.9**
Comparable operating profit	**206.1**	**294.3**

*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. During the second quarter of 2024, MacGregor settled a dispute with a customer related to an installation vessel pilot project for offshore wind turbines, as a result of which the negative result impact of approximately EUR 29 million related to settlement of the dispute and termination of the project was recorded to restructuring costs. The product is no longer in MacGregor's sales portfolio.

** Cargotec signed an agreement to sell MacGregor on 14 November 2024 to funds managed by Triton. The expected loss was recognised in the fourth quarter of 2024 as an EUR 200 million goodwill impairment. The final amount of the loss will be determined at the time of closing the transaction and it depends on MacGregor's business performance until that point of time.

*** In 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 in 2022. 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 as an item affecting comparability.

Capital expenditure, depreciation, amortisation and impairment

Capital expenditure, MEUR	2024	2023
Owned assets	28.0	60.7
Right-of-use assets	18.8	31.3
Total	**46.8**	**92.0**

Depreciation, amortisation and impairment, MEUR	2024	2023
Owned assets	210.9	50.8
Right-of-use assets	15.7	23.4
Total	**226.6**	**74.2**

7.5 Demerger

On 30 May 2024, Cargotec's annual general meeting approved the separation of the Kalmar business area into its own listed company (Demerger). The implementation date of the Demerger was 30 June 2024, after which Kalmar has operated as an independent listed company. The trading in the class B shares of Kalmar on Nasdaq Helsinki commenced on 1 July 2024.

In the Demerger, all assets, debts, and liabilities of Cargotec that belonged to the Kalmar business area or otherwise mainly served the Kalmar business area were transferred to a new company named Kalmar Corporation that was incorporated in the Demerger.

The Demerger was executed as a partial demerger, as set out in the Finnish Companies Act (624/2006, as amended). The shareholders of Cargotec received as demerger consideration one new share of the corresponding share class (i.e., class A or class B) of Kalmar for each class A and class B share owned in Cargotec. There are corresponding two share classes in Kalmar as in Cargotec, i.e., class A and class B, which will carry the same voting and dividend rights as class A and class B shares in Cargotec, respectively. No action was required from the shareholders to receive the demerger consideration.

Fair value of the Demerger was determined based on the closing price of 26.40 euros on the first trading day of the Kalmar Corporation class B share on July 1, 2024. Based on the stock of Kalmar's 64,324,118 shares (9,526,089 class A shares and 54,798,029 class B shares), the fair value of the Demerger was EUR 1,698.2 million and the fair value gain from the Demerger was EUR 1,039.7 million. The gain from the Demerger was included in the discontinued operation's result. The demerger gain had no tax effect on the consolidated statement of income.

Fair value gain from the demerger

MEUR	
Fair value of the Demerger	1,698.2
Net assets distributed to the owners	-585.7
Cash flow hedges transferred to the statement of income, net of tax	0.2
Fair value gain recognised from the net assets distributed to the owners	**1,112.7**
Translation differences	-73.1
Fair value gain from the Demerger	**1,039.7**

Distributed net assets

MEUR	
Assets	
Goodwill	261.0
Intangible assets	17.6
Property, plant and equipment	287.7
Investments in associated companies and joint ventures	47.3
Inventory	455.6
Accounts receivable and other non-interest-bearing receivables	374.0
Loans receivable and other interest-bearing assets	4.1
Cash and cash equivalents	248.6
Deferred tax assets	51.1
Liabilities	
Accounts payable and other non-interest-bearing liabilities	-741.0
Interest-bearing liabilities	-409.6
Deferred tax liabilities	-11.0
Net assets	**585.7**

8. Capital structure and financial instruments

8.1 Financial risk management

The figures presented in this note represent both continuing and discontinued operations unless otherwise specified. Additional information is disclosed in notes 7.4 Discontinued operations and 7.5 Demerger.

Organisation of finance function and financial risk management

Cargotec's finance function and financial risk management are conducted according to the Treasury Policy, approved by the Board of Directors. Organisation, responsibilities and principles of financial risk management, monitoring and reporting are defined in the Treasury Policy. Treasury Committee, appointed by the Board, is responsible for Treasury Policy compliance and for organising and monitoring the treasury function. Detailed guidelines for financing functions in accordance with Treasury Policy are defined in Treasury Instructions, approved by the Treasury Committee.

The objectives of the treasury function are to secure sufficient funding for business operations, avoiding financial constraint at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit, counterparty and operational risks) and to regularly provide management with information on the financial position and risk exposures of Cargotec and its business units.

Cargotec Treasury is responsible for funding at corporate level, for managing liquidity and financial risks, for providing efficient set up of financing operations and for monitoring business unit financial positions. Cargotec Treasury reports on these issues monthly. The business units are responsible for hedging their financial risks according to the Treasury Policy and instructions from Cargotec Treasury.

Currency risk

Cargotec operates in multiple countries and is, due to its global operations, exposed to risks arising from foreign exchange rate fluctuations. The objective of the currency risk management is to hedge operations against changes in exchange rates, thus allowing time for the business units to react and adapt to these. Foreign currency positions, which include contractual cash flows, related to sales, purchases and financing, are fully hedged. Other highly probable cash flows may be hedged, if deemed necessary by Cargotec Treasury and the business unit. The business units report their risk exposures to Cargotec Treasury and hedge the positions via intercompany forward contracts. In countries where hedging is restricted, foreign currency denominated loans and deposits may be used as hedging instruments.

Cash flow hedge accounting is generally applied to qualifying foreign currency hedges. Under the Cargotec hedge accounting model, the portion of the fair value change related to a change in the spot rate is recognised in the fair value reserve within equity until the cumulative profit or loss is recycled to the statement of income simultaneously with the hedged item. The portion of the fair value change related to interest rate is excluded from hedge accounting and recognised directly in profit or loss. Hedge accounting is started when a qualifying risk exposure is identified and Cargotec enters into a hedge, and terminated when the hedged item impacts profit or loss. Hedge accounting is not applied in cases where its impact on the consolidated statement of income is deemed insignificant by Cargotec Treasury.

Cargotec is exposed to foreign currency risk arising from both on- and off-balance sheet items. The balance sheet exposure in the table below represents the foreign currency risk arising from the on-balance sheet financial items. The net exposure illustrates the total outstanding foreign currency risk as defined and monitored by Cargotec Treasury.

31 Dec 2024

MEUR	EUR	USD	SEK	PLN	NOK	CNY	Others
Balance sheet items	25.6	36.6	-5.6	-15.1	-10.5	-0.7	-29.1
Hedges	11.7	-325.6	113.7	8.9	31.1	119.8	162.2
Balance sheet exposure	**37.3**	**-289.0**	**108.2**	**-6.3**	**20.6**	**119.1**	**133.1**
Order book and purchases	-38.7	303.7	-106.4	-16.2	-14.5	-119.9	-129.0
Net exposure	**-1.4**	**14.7**	**1.8**	**-22.5**	**6.2**	**-0.8**	**4.1**

31 Dec 2023

MEUR	EUR	USD	SEK	PLN	NOK	CNY	Others
Balance sheet items	-19.3	93.4	-6.7	11.3	-9.6	-17.7	-54.8
Hedges	111.3	-486.8	90.0	27.3	58.6	163.9	42.0
Balance sheet exposure	**92.0**	**-393.4**	**83.3**	**38.6**	**49.0**	**146.2**	**-12.8**
Order book and purchases	-115.0	426.0	-81.9	-52.8	-48.0	-146.7	9.8
Net exposure	**-23.0**	**32.6**	**1.4**	**-14.2**	**1.0**	**-0.5**	**-3.0**

2023 has not been restated.

The foreign currency exposures in the table above include the most important operational currencies of Cargotec's business units. In this table, amounts are presented on a gross basis including foreign currency amounts and counter values in local currencies.

Cargotec's subsidiaries constantly monitor their foreign currency exposures and report them on a monthly basis to Cargotec Treasury which is responsible for monitoring the overall exposure and arranging hedges for identified exposures. Cargotec Treasury also monitors the translation risk arising from different currencies and, where deemed significant, translation risk positions are hedged and net investment hedge accounting is applied.

Foreign exchange rate fluctuations have an effect on the consolidated income and equity. The effect in the statement of income arises from foreign currency denominated financial assets and liabilities in the subsidiaries' balance sheets, including derivatives for which hedge accounting is not applied. The effect in equity arises from derivatives under hedge accounting from which the fair value fluctuations related to changes in exchange rates are recognised in the fair value reserve of the other comprehensive income. Foreign exchange rate impact in the fair value reserve is expected to be offset by the corresponding opposite impact in the value of the hedged item when recognised in the statement of income. The majority of the hedges mature and the hedged cash flows realise within the next year. Cargotec has recognised the following currency pairs to be the most significant and estimated their impact on profit before taxes and on other comprehensive income through sensitivity analysis. Sensitivity analysis assumes that cash is held at subsidiaries functional currency.

	Profit before taxes, continuing and discontinued operations		Other comprehensive income, continuing and discontinued operations	
MEUR	2024	2023	2024	2023
USD appreciates 10% against euro	-2.1	-4.3	-9.0	-19.5
SEK appreciates 10% against euro	1.4	3.0	3.5	2.7
USD depreciates 10% against euro	2.1	4.3	9.0	19.5
SEK depreciates 10% against euro	-1.4	-3.0	-3.5	-2.7

2023 has not been restated.

Net investments in non-euro area subsidiaries cause translation differences, recognised in the consolidated equity (translation risk). Translation risk is mitigated by managing the capital structure so that the effect of foreign exchange rate fluctuations on debt and equity are in balance. Cargotec Treasury regularly monitors the translation exposure and evaluates the materiality of the risk position. The impact of the translation risk from currencies to Cargotec's gearing is evaluated not to be significant and hedging the translation risk has not been considered necessary. The below table represents the translation risk arising from both continuing and discontinued operations.

31 Dec 2024

MEUR	USD	PLN	NOK	SGD	SEK
Translation exposure	78.0	63.0	75.0	169.3	144.5
Translation risk	**78.0**	**63.0**	**75.0**	**169.3**	**144.5**

31 Dec 2023

MEUR	USD	PLN	NOK	SGD	SEK
Translation exposure	221.1	220.0	254.6	201.1	293.1
Translation risk	**221.1**	**220.0**	**254.6**	**201.1**	**293.1**

2023 has not been restated.

Interest rate risk

Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair values of interest-bearing loans, receivables and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the statement of income, balance sheet and cash flow. To manage interest rate risk, the duration of the financial portfolio is maintained within the limits set by the Treasury Committee, by balancing between fixed and floating rate debt and by using derivative instruments.

On 31 December 2024, Cargotec's consolidated interest-bearing debt totalled EUR 393.1 (31 Dec 2023: 866.7) million, of which EUR 249.6 (349.3) million were fixed rate corporate bonds, and EUR 102.3 (177.6) million were lease liabilities. The rest, EUR 41.2 (339.8) million, consisted of fixed and floating rate loans, short term loans, bank overdrafts and other interest-bearing liabilities. On 31 December 2024, the average interest duration of interest-bearing debt excluding lease liabilities was 14 (12) months.

The EUR 579.5 (31 Dec 2023: 688.1) million interest-bearing assets consisted mainly of short-term deposits and bank account balances. Interest-bearing loan receivables totalled EUR 0.0 (3.3) million and finance lease receivables EUR 0.0 (0.2) million. The average interest duration of the interest bearing assets was less than one month (less than one month).

Based on the sensitivity analysis, a one percentage point increase/decrease in the interest rates would have decreased/increased net interest cost by EUR 2.9 (31 Dec 2023: increased/decreased by 1.2) million. The sensitivity in the statement of income is affected by variable rate loans, short term loans, loans receivable, deposits, bank accounts and bank overdrafts. The sensitivity is calculated as an annual effect assuming that the group's balance sheet structure remains unchanged.

With respect to all currency forward contracts, the fair value changes related to fluctuations in interest rates are recognised directly in financial income and expenses, and, hence, the changes in short-term market rates may affect financial result also via currency hedging contracts. If the interest rate difference between the euro and the US dollar had widened/narrowed one percentage point, financial net cost would have increased/decreased by EUR 5.2 (31 Dec 2023: increased/decreased by EUR 6.5) million. Effects from other currency pairs are deemed insignificant assuming that the current currency position remains the same and there is a similar change in all currency pairs.

Interest fixing periods

31 Dec 2024 MEUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Loans receivable and other interest-bearing assets*	439.4	—	—	—	—	439.4
Loans from financial institutions	0.0	-25.0	—	—	—	-25.0
Corporate bonds	-100.0	—	-149.6	—	—	-249.6
Lease liabilities	-9.5	-9.5	-15.3	-11.4	-32.9	-78.6
Other interest-bearing liabilities**	-16.2	—	—	—	—	-16.2
Net in the balance sheet	**313.7**	**-34.5**	**-164.9**	**-11.4**	**-32.9**	**69.9**
Assets held for sale and associated liabilities***	116.4	—	—	—	—	116.4
Net	**430.1**	**-34.5**	**-164.9**	**-11.4**	**-32.9**	**186.3**

31 Dec 2023 MEUR	0-6 mths	6-12 mths	12-24 mths	24-36 mths	Later	Total
Loans receivable and other interest-bearing assets*	688.1	—	—	—	—	688.1
Loans from financial institutions	-301.5	—	-25.0	—	—	-326.5
Corporate bonds	-100.0	—	-99.9	-149.5	—	-349.3
Lease liabilities	-21.5	-21.5	-32.4	-23.7	-78.5	-177.6
Other interest-bearing liabilities**	-13.3	—	—	—	—	-13.3
Net	**251.9**	**-21.5**	**-157.2**	**-173.2**	**-78.5**	**-178.6**

* Including cash and cash equivalents
** Including bank overdrafts
*** Additional information disclosed in note 7.4 Discontinued operations.
2023 has not been restated.

Other market risks

In addition to financial risks managed by the treasury function, Cargotec is exposed to price and supply risks mainly relating to raw material and component purchases. Business units are responsible for identifying and mitigating the risks as well as possible hedging measures. Risks are managed through careful selection of suppliers, long-term cooperation with key suppliers and contract terms.

Liquidity and funding risks

The objective of liquidity management is to maintain an optimal amount of liquidity to fund the business operations of Cargotec at all times while minimising interest and bank costs and avoiding financial distress (liquidity risk).

Liquidity risk is managed by retaining long-term liquidity reserves exceeding the level of short-term liquidity requirement. On 31 December 2024, the liquidity reserves, including cash and cash equivalents and long-term undrawn credit facilities, totalled EUR 909.2 (31 Dec 2023: 1,114.7) million. Short-term liquidity requirement covers the repayments of short- and long-term debt within the next 12 months, as well as the strategic liquidity requirement, as determined by the Treasury Committee, which covers the operative funding demand within the following 12 months. On 31 December 2024, repayments of short- and long-term interest-bearing liabilities due within the following 12 months totalled EUR 156.4 (158.5) million, of which EUR 26.9 (42.9) million are leasing liabilities.

On 31 December 2024, Cargotec held an undrawn EUR 330.0 (31 Dec 2023: 430.0) million long-term revolving credit facility, maturing in December 2028. The facility includes a one-year extension option. According to the facility agreement, Cargotec has a right to withdraw funds on three business days' notice on agreed terms.

Additionally, to fulfil short-term cash management requirements, Cargotec holds available short term bank overdraft facilities of EUR 49.6 (31 Dec 2023: 94.0) million and a EUR 150.0 (150.0) million domestic Commercial Paper facility which on 31 December 2024 was unused (unused). Cargotec's total liquidity position includes EUR 31.1 (96.7) million of cash and cash equivalents in different currencies subject to currency-related or other regulatory restrictions, and, therefore, these balances may not be utilised outside these countries within a short period of time. Nevertheless, these restricted balances are typically available for immediate use locally in these countries and therefore these balances are included in cash and cash equivalents.

On 31 December 2024, EUR 35.8 (31 Dec 2023: 71.9) million of the accounts payable relate to payables under supplier finance programs, which, depending on the program, extend the payment term from the usual 30-60 days up to 180 days. Cargotec has supplier finance arrangements with several financial institutions, and payables under these programs are immediately paid to suppliers.

Total liquidity

MEUR	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	439.1	684.7
Committed long-term undrawn revolving credit facilities	330.0	430.0
Repayments of interest-bearing liabilities during next 12 months	-148.6	-158.5
Total liquidity, continuing operations	**620.5**	**956.2**
Assets held for sale*	132.2	–
Total liquidity	**752.8**	**956.2**

* Additional information on assets held for sale is disclosed in note 7.4 Discontinued operations
2023 has not been restated.

The objective of funding risk management is to avoid an untenably large proportion of loans or credit facilities maturing at a time when refunding is not economically or contractually feasible. The risk is minimised by balancing the repayment schedules of loans and credit facilities, as well as retaining flexible credit facility agreements. According to management assessment, Cargotec is in good position regarding liquidity and there are no significant concentrations of risks relating to refunding.

Cargotec's undrawn EUR 330.0 million revolving credit facility includes a covenant restricting the corporate capital structure. According to the covenant, the relation between net debt and equity (gearing) must be retained below 125 percent at all times. At the end of the reporting period the gearing was -18.1% (31 Dec 2023: 10.2%) percent. Other interest-bearing debt do not include covenants.

The following tables represent the maturity analysis of the company's financial liabilities and derivatives. The figures are non-discounted contractual cash flows.

Maturities of financial liabilities

31 Dec 2024

MEUR	2025	2026	2027	2028	2029	Later	Total
Derivatives							
Currency forward contracts, outflow	-3,525.8	—	—	—	—	—	-3,525.8
Currency forward contracts, inflow	3,521.9	—	—	—	—	—	3,521.9
Derivatives, net	**-3.9**	**—**	**—**	**—**	**—**	**—**	**-3.9**
Interest-bearing liabilities							
Repayments of loans from financial institutions and other interest bearing liabilities	-29.5	-2.3	-2.3	-2.3	-2.3	-2.3	-41.2
Repayments of corporate bonds	-100.0	-149.6	—	—	—	—	-249.6
Repayments of lease liabilities	-19.0	-15.3	-11.4	-8.0	-6.5	-18.4	-78.6
Total interest charges	-7.5	-5.2	-2.2	-1.5	-1.0	-1.8	-19.2
Accounts payable and other non-interest bearing liabilities	-160.8	-9.8	0.0	0.0	0.0	-0.1	-170.8
Total in the balance sheet	**-320.8**	**-182.2**	**-15.9**	**-11.9**	**-9.9**	**-22.6**	**-563.3**
Liabilities associated with assets held for sale*	-118.2	-5.7	-3.8	-3.1	-3.9	-3.4	-138.1
Total	**-439.0**	**-188.0**	**-19.7**	**-15.0**	**-13.8**	**-25.9**	**-701.4**

* Additional information is disclosed in note 7.4 Discontinued operations

31 Dec 2023

MEUR	2024	2025	2026	2027	2028	Later	Total
Derivatives							
Currency forward contracts, outflow	-3,999.7	—	—	—	—	—	-3,999.7
Currency forward contracts, inflow	4,026.9	—	—	—	—	—	4,026.9
Derivatives, net	**27.2**	**—**	**—**	**—**	**—**	**—**	**27.2**
Interest-bearing liabilities							
Repayments of loans from financial institutions and other interest bearing liabilities	-15.6	-124.8	-149.6	-49.9	—	—	-339.8
Repayments of corporate bonds	-100.0	-99.9	-149.5	—	—	—	-349.3
Repayments of lease liabilities	-42.9	-32.4	-23.7	-18.0	-12.7	-47.8	-177.6
Total interest charges	-22.1	-17.6	-10.0	-4.8	-2.1	-5.2	-61.9
Accounts payable and other non-interest bearing liabilities	-519.4	-35.9	-15.9	-15.2	-9.9	-10.3	-606.5
Total	**-672.7**	**-310.6**	**-348.7**	**-87.9**	**-24.7**	**-63.3**	**-1,507.9**

2023 has not been restated.

Credit and counterparty risks

The business units are responsible for managing the operational credit risks. Because of the diverse and global clientele, Cargotec is not exposed to significant credit risk concentrations. Credit risk related to sales contracts is mitigated by using payment terms that are based on advance payments, bank guarantees or other guarantees, and by monitoring the creditworthiness of customers. Credit risks related to large contracts are shared with financial institutions, insurance companies or export guarantee institutions, when feasible. More information on accounts receivable is presented in note 5.3 Accounts receivable and other non-interest-bearing assets.

The Treasury Committee sets financial counterparty limits based on their solvency and creditworthiness. Cargotec Treasury actively reviews counterparty risks and, if needed, may reject a counterparty with immediate effect. Only large financial institutions with a high credit rating are accepted as counterparties. Deposits of liquidity reserves and trading in financial instruments are only accepted with counterparties confirmed by the Treasury Committee.

Cargotec's total credit risk exposure on 31 December 2024 including credit risk related to both on-balance sheet and off-balance sheet items amounted to EUR 957.7 (31 Dec 2023: 1,590.3) million. From the total exposure, EUR 1.8 (29.1) million relates to financial assets measured at fair value through profit or loss.

Credit risk position

31 Dec 2024		Credit risk			
MEUR	Note	Low	Increased	High	Total
On-balance sheet credit risk from customer contracts					
Accounts receivable	5.3	231.7	7.5	1.7	240.8
Contract assets	5.3	1.5	–	–	1.5
Total		**233.2**	**7.5**	**1.7**	**242.4**
On-balance sheet credit risk from other financial assets					
Loans receivable and other interest-bearing assets	8.2	0.3	0.0	–	0.3
Derivative assets (risk after ISDA netting)	8.5	1.8	–	–	1.8
Other non-interest-bearing assets	5.3	2.8	–	–	2.8
Cash and cash equivalents	8.3	439.1	–	–	439.1
Total		**443.9**	**0.0**	**0.0**	**443.9**
Off-balance sheet credit risk from contracts with customers					
Operating lease receivables	9.1	0.1	–	–	0.1
Total		**0.1**	**0.0**	**0.0**	**0.1**
Total credit risk exposure, continuing operations		**677.3**	**7.5**	**1.7**	**686.4**
Assets held for sale	7.4	259.7	8.1	3.5	271.3
Total credit risk exposure		**937.0**	**15.6**	**5.1**	**957.7**

31 Dec 2023		Credit risk			
MEUR	Note	Low	Increased	High	Total
On-balance sheet credit risk from customer contracts					
Accounts receivable	5.3	674.5	42.6	6.8	723.8
Contract assets	5.3	47.3	–	–	47.3
Total		**721.8**	**42.6**	**6.8**	**771.2**
On-balance sheet credit risk from other financial assets					
Loans receivable and other interest-bearing assets	8.2	3.3	0.2	–	3.5
Derivative assets (risk after ISDA netting)	8.5	29.1	–	–	29.1
Other non-interest-bearing assets	5.3	8.2	–	–	8.2
Cash and cash equivalents	8.3	678.9	–	5.8	684.7
Total		**719.5**	**0.2**	**5.8**	**725.5**
Off-balance sheet credit risk from contracts with customers					
Customer financing	9.2	8.3	–	–	8.3
Operating lease receivables	9.1	85.4	–	–	85.4
Total		**93.7**	**–**	**–**	**93.7**
Total credit risk exposure		**1,535.0**	**42.8**	**12.6**	**1,590.3**

The credit risk classification of customer receivables is based on how long they are overdue. Credit risk related to less than 90 days overdue receivables is considered to be low, and increased if receivables are 90–360 days overdue. Over 360 days overdue customer receivables are classified as high risk. Regarding the other financial assets, the classification to increased or high credit risk is based on an asset-specific credit risk assessment.
2023 has not been restated.

The credit losses recognised in the statement of income, including changes in the credit loss allowance, amounted to EUR 1.9 (2023: 15.6) million of which EUR 1.9 (13.4) million relates to credit losses from customer receivables disclosed in note 5.3 Accounts receivable and other non-interest-bearing assets and EUR 0.0 (2.2) million of impairment losses related to loan receivables.

The derivative assets and liabilities are presented at their gross fair values as the IFRS offsetting criteria are not met. Cargotec has derivative positions with several banks, and related transactions are effected under the ISDA agreement that allows for settling on a net basis all outstanding items within the scope of the agreement, such as in the event of bankruptcy. At the reporting date, the remaining counterparty risk after net settlement, as allowed by ISDA, was EUR 1.8 (31 Dec 2023: 29.1) million for Cargotec and EUR 4.3 million (1.1) for the counterparties.

The maximum credit risk relating to cash and cash equivalents corresponds to their carrying amount. According to management assessment, no significant credit losses are anticipated on the investments of liquidity reserves. The off-balance sheet customer finance and operating lease receivables are collateralised, and, therefore, the related credit risk is considered to be low.

Operational risks of the treasury function

The management of operational risks aims to eliminate losses or increased risk levels due to errors in procedures or insufficient monitoring. The risks are minimised by maintaining a high level of proficiency, identifying and documenting routine procedures and organising responsibilities.

Risks relating to transactions are minimised by conducting regular general assessments and monitoring trading limits, market valuations and daily trade confirmations.

Capital structure management

The goal of Cargotec's capital structure management is to secure operational preconditions at all times and to maintain the optimum capital cost structure. The target capital structure is determined by shareholders and it is regularly monitored by the Board of Directors.

Gearing, calculated as the ratio of net debt to equity, is the key figure monitored in capital structure management. Interest-bearing net debt is calculated as net of interest-bearing liabilities and assets, including cash and cash equivalents. Cargotec's target is to retain gearing below 50 percent. The elements of gearing are presented in the table below.

MEUR	31 Dec 2024	31 Dec 2023
Interest-bearing liabilities	369.4	866.7
Loans receivable and other interest-bearing assets	-0.3	-3.5
Cash and cash equivalents	-439.1	-684.7
Interest-bearing net debt in balance sheet	**-69.9**	**178.6**
Assets held for sale*	-116.4	–
Interest-bearing net debt	**-186.3**	**178.6**
Equity	1,027.3	1,753.8
Gearing	**-18.1%**	**10.2 %**

* Additional information on assets held for sale is disclosed in note 7.4 Discontinued operations
2023 has not been restated.

MEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Operating profit	123.3	483.8
Depreciation, amortisation and impairment	270.6	114.9
EBITDA	393.9	598.7
Interest-bearing net debt / EBITDA	-0.5	0.3

8.2 Financial instruments by measurement category

Accounting principles

Financial assets

Financial assets are classified in accordance with the applied measurement principle as financial assets at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. Financial assets are classified at the initial recognition in accordance with the features and planned use of the asset. Financial assets are presented as non-current when their maturity exceeds one year.

Financial assets are measured at amortised cost if there is no intention to sell the asset and the expected contractual cash flow from it is based on interest and repayment of the principal amount. The loans and receivables measured at amortised cost mostly consist of accounts receivable and cash and cash equivalents. Loan receivables are measured initially at fair value plus transaction costs and less expected credit losses, and subsequently at amortised cost in accordance with the effective interest method. Changes in the amount of expected credit loss are reflected in the expected cash flows included in amortised cost.

Financial assets are measured at fair value through other comprehensive income if the asset can be sold before it matures and the contractual cash flow from it is based on interest and repayment of principal. The financial assets included in the class are measured initially at fair value plus transaction costs and less expected credit losses, and subsequently at fair value less expected credit losses. Equity instruments can be irrevocably classified into this category on initial recognition after which all subsequent fair value changes are recognised in other comprehensive income except dividends that are recognised in the statement of income. In addition, the effective portion of fair value changes related to derivatives under hedge accounting is measured in accordance with this category throughout the hedge relationship.

Financial assets measured at fair value through profit or loss are those financial assets that do not belong to the previous classes, including equity investments, derivative instruments to which no hedge accounting is applied, and financial assets held for trading, or from which the expected contractual cash flows on initial recognition are not solely based on interest and repayment of principal. The transaction costs and subsequent fair value changes of financial assets recognised at fair value through profit or loss are recognised directly in the statement of income.

Purchases and sales of derivative instruments are recognised on the trade date, while transactions in the other financial asset categories are recognised on the settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire or are transferred so that the material risks and rewards related to the ownership of the asset are transferred to another party.

Financial liabilities

Financial liabilities are classified as financial liabilities recognised at fair value through profit or loss and as financial liabilities recognised at amortised cost. Financial liabilities are presented as non-current when their maturity exceeds one year.

Financial liabilities recognised at fair value through profit or loss include derivative instruments unless hedge accounting is applied. The transaction costs and subsequent fair value changes of financial liabilities recognised at fair value through profit or loss are recognised directly in the statement of income. Fair value changes related to derivatives under hedge accounting are recognised in the statement of comprehensive income and, subsequently, recycled to the statement of income when hedge accounting is ceased.

Financial liabilities recognised at amortised cost include mainly interest-bearing liabilities and accounts payable. Financial liabilities recognised at amortised cost are initially recognised at fair value less transaction costs, and subsequently, at amortised cost using the effective interest method.

Bought and sold derivative instruments are recognised on the trade date while transactions with the other financial liabilities are recognised on the settlement date.

A financial liability is derecognised when the related obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported on the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Estimates and assumptions requiring management judgement

Fair value of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The fair value of the over-the-counter derivatives used for hedging is determined by using a commonly applied valuation technique, and by maximising the use of available market prices. In applying these techniques, judgement is used to select the applied method, and where appropriate, to make assumptions that are mainly based on existing market conditions at the reporting date.

Cargotec recognises impairments on customer receivables at the end of the reporting period based on the expected credit losses. Expected credit loss is estimated based on systematic and continuous follow-up as part of the credit risk control that is based on both historical and forward-looking credit loss assessment. Additional information regarding the impairment of accounts receivable is disclosed in note 5.3 Accounts receivable and other non-interest-bearing assets.

31 Dec 2024

MEUR	Note	Measured at cost or amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total
Share investments		–	–	0.0	0.0
Loans receivable and other interest-bearing assets		0.3	–	–	0.3
Derivative assets	8.5	–	0.4	5.6	6.0
Accounts receivables and other non-interest-bearing assets	5.3	245.2	–	–	245.2
Cash and cash equivalents	8.3	439.1	–	–	439.1
Total financial assets in the balance sheet		**684.5**	**0.4**	**5.6**	**690.5**
Assets held for sale	7.4	270.8	0.7	10.1	281.6
Total financial assets		**955.3**	**1.2**	**15.7**	**972.1**
Interest-bearing liabilities	8.4	369.4	–	–	369.4
Derivative liabilities	8.5	–	1.3	4.8	6.1
Accounts payables and other non-interest-bearing liabilities	5.4	170.8	–	–	170.8
Total financial liabilities in the balance sheet		**540.2**	**1.3**	**4.8**	**546.2**
Liabilities associated with assets held for sale	7.4	135.5	2.8	10.5	148.8
Total financial liabilities		**675.7**	**4.1**	**15.2**	**695.1**

31 Dec 2023

MEUR	Note	Measured at cost or amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total
Share investments		—	—	0.0	0.0
Loans receivable and other interest-bearing assets		3.5	—	—	3.5
Derivative assets	8.5	—	14.5	39.5	54.0
Accounts receivables and other non-interest-bearing assets	5.3	779.4	—	—	779.4
Cash and cash equivalents	8.3	684.7	—	—	684.7
Total financial assets		**1,467.5**	**14.5**	**39.5**	**1,521.5**
Interest-bearing liabilities	8.4	866.7	—	—	866.7
Derivative liabilities	8.5	—	3.1	22.9	26.0
Accounts payables and other non-interest-bearing liabilities	5.4	606.5	—	—	606.5
Total financial liabilities		**1,473.2**	**3.1**	**22.9**	**1,499.2**

2023 has not been restated.

Financial assets and liabilities measured at fair value through profit and loss consists of foreign exchange forward contracts. Financial assets and liabilities measured at fair value through other comprehensive income include foreign exchange forward contracts subject to hedge accounting. Fair value changes related to derivatives for which hedge accounting is applied are accumulated in other comprehensive income during hedge accounting and recycled to statement of income when hedge accounting related to sales transaction ceases, and to value of inventory when hedge accounting related to purchase transaction ceases. The recurring measurement of derivative instruments at fair value is based on commonly applied valuation methods and uses observable market-based variables based on which these measurements are categorised in the fair value hierarchy as level 2 fair values.The fair values of other instruments measured at fair value through profit or loss are partly based on non-market based variables, and, therefore, these measurements are categorised in the fair value hierarchy as level 3 fair values. Other items are recognised on balance sheet at amortised cost and information about their fair values is presented under each respective note to the extent that the difference between the book value and fair value is significant.

8.3 Cash and cash equivalents

Accounting principles

Cash and cash equivalents

Cash and cash equivalents include cash balances, short-term bank deposits and other short-term liquid investments with original maturities up to three months. Bank overdrafts are included in other current liabilities. In the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents.

MEUR	31 Dec 2024	31 Dec 2023
Cash at bank and on hand	339.1	561.5
Short-term deposits	100.0	123.2
Cash and cash equivalents in the balance sheet	**439.1**	**684.7**
Assets held for sale*	140.1	—
Cash and cash equivalents in total	**579.2**	**684.7**

*Additional information is disclosed in note 7.4 Discontinued operations.
2023 has not been restated.

Cash and cash equivalents include a total of EUR 31.1 (31 Dec 2023: 96.7) million worth of cash and cash equivalents in different countries and currencies, which are subject to transfer restrictions but can be used in local business, or transferred with a delay, of which EUR 21.6 million relates to assets held for sale.

Cash and cash equivalents in the statement of cash flows

MEUR	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	439.1	684.7
Bank overdrafts used	0.0	-3.8
Cash and cash equivalents in the statement of cash flows	**439.1**	**680.8**

2023 has not been restated.

8.4 Interest-bearing liabilities

Book value of interest-bearing liabilities

MEUR	Note	31 Dec 2024	31 Dec 2023
Non-current			
Loans from financial institutions		–	299.2
Schuldschein loans		–	25.0
Corporate bonds		149.6	249.3
Lease liabilities	9.1	59.6	134.7
Other interest-bearing liabilities		11.7	–
Total		**220.9**	**708.2**
Current			
Loans from financial institutions		0.0	2.2
Schuldschein loans		25.0	–
Corporate bonds		100.0	100.0
Lease liabilities	9.1	19.0	42.9
Other interest-bearing liabilities		4.5	9.5
Bank overdrafts used		0.0	3.8
Total		**148.6**	**158.5**
Total interest-bearing liabilities in the balance sheet		**369.4**	**866.7**
Liabilities associated with assets held for sale	7.4	23.7	–
Total interest-bearing liabilities		**393.1**	**866.7**

2023 has not been restated.

On 31 December 2024, the average interest rates of interest-bearing liabilities related to continuing operations were 2.6 (31 Dec 2023: 3.6) percent for long-term liabilities and 2.2 (3.4) percent for short-term liabilities.

The fair values of corporate bonds and other fixed interest rate loans, presented below, are calculated using discounted cash flows with market rates and Cargotec Corporation's credit risk as discount factors. The fair values of other interest-bearing liabilities are not materially different from their carrying amounts.

Corporate bonds and other fixed interest rate loans

				Fair value, MEUR		Book value, MEUR	
Loan period	Coupon rate, %	Nominal value		31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
2018–2025	*	25.0	MEUR	24.7	24.0	25.0	25.0
2019–2025	Fixed 1.25	100.0	MEUR	99.9	97.2	100.0	99.9
2019–2026	Fixed 1.63	150.0	MEUR	146.0	142.2	149.6	149.5

*Interest terms are considered confidential information between the contractual parties.
2023 has not been restated.

Reconciliation of interest-bearing liabilities

MEUR	Note	Non-current interest-bearing liabilities including repayments	Lease liabilities and current interest-bearing liabilities	Bank overdrafts used	Total interest-bearing liabilities
1 Jan 2024		673.5	189.3	3.8	866.7
Cash flows		-100.0	-44.9	-3.0	-147.9
Additions		15.5	45.8	–	61.3
Translation differences		0.7	1.3	0.1	2.1
Effective yield adjustment		0.5	–	–	0.5
Liabilities associated with assets held for sale and distributed to the owners	7.4, 7.5	-299.4	-113.0	-0.9	-413.3
Total interest-bearing liabilities, 31 Dec 2024		**290.8**	**78.6**	**0.0**	**369.4**

MEUR	Note	Non-current interest-bearing liabilities including repayments	Lease liabilities and current interest-bearing liabilities	Bank overdrafts used	Total interest-bearing liabilities
1 Jan 2023		661.1	169.9	6.5	837.5
Cash flows		12.8	-40.1	-2.6	-30.0
Additions		–	54.1	–	54.1
Companies acquired and sold	7.1	-0.9	8.1	–	7.2
Translation differences		0.0	-2.6	-0.1	-2.7
Effective yield adjustment		0.5	–	–	0.5
Total interest-bearing liabilities, 31 Dec 2023		**673.5**	**189.3**	**3.8**	**866.7**

2023 has not been restated.

8.5 Derivatives

Accounting principles

Derivative financial instruments and hedge accounting

Cargotec uses mainly currency forwards to hedge from the identified significant market risks. Derivative instruments are initially recognised on the balance sheet at cost, which equals the fair value, and are subsequently measured at fair value on each balance sheet date. Derivatives are classified at the inception either as hedges of binding agreements and future cash flows, in which case cash flow hedge accounting is applied to them, or as derivatives at fair value through profit or loss, when the preconditions for hedge accounting are not fully met.

Fair values of foreign currency forward contracts are based on quoted market rates on the balance sheet date. The fair values of cross-currency and interest rate swaps are calculated as the present value of the estimated future cash flows. Derivative instruments are presented as non-current when their maturity exceeds one year.

Cash flow hedge accounting is mainly applied to hedges of operative cash flows. In addition, hedge accounting is applied to hedges of certain foreign currency denominated borrowings. To qualify for hedge accounting, the company documents the hedge relationship of the derivative instruments and the underlying items, group's risk management targets and the strategy of applying hedge accounting. When starting hedge accounting and at least in every interim and annual closing, the company documents and estimates the effectiveness of the hedge by measuring the ability of the hedging instrument to offset changes in fair value of the underlying cash flow. Because the critical terms of the hedging instrument are set to match with the hedged item as closely as possible, there is typically no inefficiency.

Fair value changes of hedging instruments under effective cash flow hedge relationship are recognised through the statement of comprehensive income in the fair value reserve of equity, and under effective net investment hedges through the statement of comprehensive income in the translation differences of equity. However, only the exchange rate difference of foreign currency forward agreements is recognised in other comprehensive income whereas the changes in forward points are recognised as financial income or expense in the statement of income. Cumulative gain or loss on the hedge recognised through the statement of comprehensive income in fair value reserve or translation differences is recognised in the statement of income simultaneously with the hedged item. The effective portion of foreign currency forwards hedging sales and purchases is recognised in sales and cost of goods sold, respectively. If the hedged cash flow is no longer expected to materialise, the deferred gain or loss is immediately recognised in the statement of income. If the hedging instrument is sold, expires, is revoked or exercised, or the relation of the hedging instrument and the underlying item is revoked, the cumulative change in the fair value of the hedging instrument remains to be recognised in the fair value reserve and is recycled to the statement of income when the underlying operative item materialises. If effectiveness testing results in ineffectiveness, the ineffective portion of the hedges is recognised immediately in the statement of income.

Changes in the fair values of hedges, for which hedge accounting is not applied, are recognised in the statement of income, either in other operating income and expenses, or financial income and expenses depending on the underlying exposure.

31 Dec 2024 MEUR	Nominal value	Positive fair value	Negative fair value	Net fair value
Current				
Currency forwards, cash flow hedge accounting	607.1	0.4	1.3	-0.9
Currency forwards, other	651.7	5.6	4.8	0.8
Total	**1,258.8**	**6.0**	**6.1**	**-0.1**
Assets held for sale and related liabilities	2,280.0	10.8	13.3	-2.4
Total derivatives	**3,538.9**	**16.8**	**19.3**	**-2.5**

31 Dec 2023 MEUR	Nominal value	Positive fair value	Negative fair value	Net fair value
Current				
Currency forwards, cash flow hedge accounting	2,313.9	14.5	3.1	11.4
Currency forwards, other	1,706.3	39.5	22.9	16.6
Total derivatives	**4,020.2**	**54.0**	**26.0**	**28.1**

2023 has not been restated.

The derivatives have been recognised at gross fair values in the balance sheet even when entered into with a same counterparty, 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.

8.6 Equity

Accounting principles

Profit distribution

Profit distribution includes dividends and donations decided by the Shareholders' Meeting. The distribution of profits proposed by the Board of Directors is recognised as a liability and a deduction of equity once the distribution is approved by Cargotec Corporation's shareholders at the Annual General Meeting.

Treasury shares

When the parent company or its subsidiaries purchase shares of Cargotec Corporation, the consideration paid and directly attributable costs are recognised as a deduction in equity. When such shares are sold, the consideration received, net of directly attributable transaction costs and income tax effect, is included in equity.

Total equity consists of share capital, translation differences, fair value reserves, retained earnings and non-controlling interest. Until the partial Demerger on 30 June 2024, equity included also share premium and reserve for invested unrestricted equity. On 30 May 2024, the Annual General Meeting resolved on the partial demerger of Cargotec Corporation in accordance with the demerger plan approved by the Board of Directors and signed on 1 February 2024. According to the demerger plan, in connection with the Demerger, the share capital of Cargotec was decreased from EUR 64,304,880 to EUR 20,000,000 and the share premium reserve dissolved. The amount by which the share capital of Cargotec was decreased and the amount corresponding to the share premium reserve dissolved, were used to distribute funds to Kalmar. Additionally the reserve for invested unrestricted equity was dissolved and used to distribute funds to Kalmar.

Translation differences include translation differences caused by translation of foreign subsidiaries' financial statements into euro, exchange rate gains and losses from the intercompany loan agreements that form part of a net investment. Fair value reserve includes hedge accounted component of fair value changes of derivatives under hedge accounting. Retained earnings include profit for the period and previous periods. Paid dividends and donations approved by the Annual General Meeting are deducted from retained earnings. Additionally, retained earnings include actuarial gains and losses from defined benefit plans, gains and losses on designated share investments measured at fair value, the cost of equity-settled share-based payments. Share premium includes the amount exceeding the accounting par value of shares received by the company in connection with share subscriptions if the stock options had been decided on under the old Limited Liability Companies Act (29 Sep 1978/734).

Reserve for invested unrestricted equity includes transactions with treasury shares and share subscriptions with stock options. After the partial demerger, transactions with treasury shares are included in retained earnings. Share-based payments are described in note 3.2 Share-based payments.

Shares and share capital

According to Cargotec's Articles of Association, the company's share capital is divided into class A and class B shares, both without nominal value. Cargotec Corporation's class B shares are quoted on Nasdaq Helsinki. Cargotec's share capital is fully paid up.

In the Shareholders' Meeting, each class A share carries one vote, as does each set of ten class B shares, with the provision that each shareholder is entitled to at least one vote. According to the Articles of Association, class B shares earn a higher dividend in dividend distribution than class A shares. The difference between dividends paid on the two classes of shares is a minimum of one (1) cent and a maximum of two and a half (2.5) cents.

Number of shares	Class A shares	Class B shares	Total
Number of shares 1 Jan 2024	9,526,089	55,182,079	64,708,168
Number of shares 31 Dec 2024	**9,526,089**	**55,182,079**	**64,708,168**
Treasury shares 31 Dec 2024	–	-784,050	-784,050
Number of shares outstanding 31 Dec 2024	**9,526,089**	**54,398,029**	**63,924,118**
Number of shares 1 Jan 2023	9,526,089	55,182,079	64,708,168
Number of shares 31 Dec 2023	**9,526,089**	**55,182,079**	**64,708,168**
Treasury shares 31 Dec 2023	–	-407,043	-407,043
Number of shares outstanding 31 Dec 2023	**9,526,089**	**54,775,036**	**64,301,125**

Dividend distribution

After 31 December 2024, the following dividends were proposed by the Board of Directors to be paid: EUR 2.75 per each class A share and EUR 2.77 per outstanding class B share, a total of EUR 176,879,285.08. This amount includes the Board of Directors' proposal on an additional dividend subject to the closing of the sale of MacGregor business.

9. Other notes

9.1 Leases

Accounting principles

Leases, Cargotec as lessee

Cargotec leases property, plant and equipment in most of the countries it operates in under contracts that meet the definition of a lease. Short-term lease agreements, with contractual and expected lease periods not exceeding 12 months, are accounted for as off-balance sheet leases if there is no purchase option. Also long-term lease agreements in which the underlying leased asset is of low value are accounted for as off-balance sheet leases. Expenses related to these leases are recognised in the statement of income as incurred over the lease period.

Lease agreements which do not qualify for the short-term or low-value exemption are recognised on the balance sheet as lease liabilities and right-of-use assets at the commencement of the lease period. Lease liabilities are initially measured at present value by determining the expected reasonably certain lease payments and discounting them with an incremental borrowing rate that is determined separately for the main lease types in each relevant currency. Rent components not directly related to the leased asset are excluded from the lease value on the balance sheet. If a lease has no maturity date, the lease liability is determined based on the enforceable lease period considering the termination rights of both contractual parties. Lease payments are allocated to repayments of lease liabilities and finance charges so that a constant interest rate on the outstanding balance is obtained. Lease liability is included in the interest-bearing liabilities on the statement of financial position, and is measured at amortised cost. Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted by lease advances paid or incentives received, initial direct costs, and estimated dismantling, removal and restoration costs at the end of the lease period, if relevant. Right-of-use assets are included in the property, plant and equipment on the statement of financial position, and they are depreciated over the lease period on a straight-line basis unless the asset is expected to be fully consumed before the end of the lease term or purchased, in which case the depreciation period is determined based on the expected useful life of the asset. An off-balance sheet lease commitment becoming onerous leads to a recognition of a separate loss provision, whereas an on-balance sheet lease becoming onerous leads to an impairment of the related right-of-use asset.

Lease modifications are accounted for either as new lease contracts or as changes in the existing lease contracts depending on the type of the modification. Modifications accounted for as changes in the existing leases, and changes in the estimates applied in lease accounting, such as those related to the use of an option to prolong a lease or to purchase a leased asset, trigger a remeasurement of the lease liability and the right-of-use asset at an updated discount rate. Contractual rent changes tied to indexes also trigger a remeasurement of the lease liability and the right-of-use asset but without a change in the applied discount rate.

Leases, Cargotec as lessor

Cargotec rents out equipment under contracts that meet the definition of a lease, and are accounted for either as operating or finance leases. In an operating lease the risks and rewards incidental to ownership of an asset remain with the lessor. The leased asset is recognised on the balance sheet according to the nature of the asset. Income from operating leases is recognised on a straight-line basis over the lease term. The depreciation of the leased asset is determined by considering the normal depreciation policy of similar assets in own use and the planned use after the lease period.

In a finance lease the risks and rewards of ownership are substantially transferred to the lessee. The sales profit is recognised similarly to profit from an outright sale. Finance lease receivables are recognised on the balance sheet at present value. The financial income relating to the finance lease contract is recognised in the statement of income over the lease term so as to achieve a constant interest rate on outstanding balance.

Estimates and assumptions requiring management judgement

Leases

Measurement of the on-balance sheet leases partly requires a use of judgement, in particular, when determining the capitalised lease term. If a lease contract includes an option to prolong or purchase the leased asset, the decision to include or exclude the option in the value of the capitalised lease liability and right-of-use asset is based on an estimate of the likelihood to exercise the option. In practice, the probability to exercise an option is estimated from the needs of the business as part of the real estate management process and taking into account the contractual conditions, leasehold improvements made or needed, and the local market situation. Additional information about the right-of-use assets related to leases is disclosed in notes 6.3 Property, plant and equipment.

Cargotec leases property and equipment in most of the countries where it operates. Leased properties include land and buildings mainly for use as offices, manufacturing facilities, workshops, and warehouses. The average length of Cargotec's property leases on reporting date for continuing operations is 6.3 (2023: 7.2) years and contracts typically include an option or options to prolong, or an option to early terminate the lease. Optional lease periods are reflected in the capitalised value of the leases based on the real estate management process in which the remaining reasonably certain lease period is reassessed on a regular basis, and typically the capitalisation threshold is met, depending on the location and use of the property, from a few months to a couple of years before the end of the ongoing lease period. Leased equipment include mainly vehicles and machines with fixed rents and lease terms. The average length of Cargotec's continuing operations equipment leases on reporting date is 2.5 (2023: 2.7) years. Cargotec lease agreements typically do not include variable rent elements except for the rent escalation clauses tied to inflation-related indexes. The weighted average discount rate applied to determine the present value of lease liability for continuing operations on reporting date is 7.0 (2023: 5.7) percent.

Cargotec as lessee

MEUR	Note	31 Dec 2024	31 Dec 2023
Off-balance sheet leases			
Lease payments related to off-balance sheet leases			
Less than one year		0.9	2.2
One to two years		0.1	1.1
Two to three years		0.1	0.3
Three to four years		0.0	0.7
Four to five years		0.0	0.7
Over five years		0.1	3.1
Total		**1.1**	**8.0**
Off-balance sheet lease commitments on reporting date			
Lease payments related to short-term leases		0.8	1.3
Lease payments related to low-value leases		0.4	0.7
Lease payments related to leases not yet commenced		–	6.0
Total		**1.2**	**8.0**
On-balance sheet leases			
Lease payments related to on-balance sheet leases			
Less than one year		31.6	50.0
One to two years		23.3	37.7
Two to three years		17.1	27.6
Three to four years		12.5	20.8
Four to five years		9.3	14.8
Over five years		23.5	53.0
Total		**117.3**	**204.0**

2023 has not been restated.

MEUR	Note	31 Dec 2024	31 Dec 2023
Present value of lease payments related to on-balance sheet leases	8.4		
Less than one year		26.9	42.9
One to two years		20.0	32.4
Two to three years		14.8	23.7
Three to four years		10.9	18.0
Four to five years		8.1	12.7
Over five years		21.6	47.8
Total		**102.3**	**177.6**
Liabilities directly associated with the assets held for sale	7.4	-23.7	—
Total in the balance sheet		**78.6**	**177.6**
Future interest expense related to on-balance sheet leases		15.0	26.4
Right-of-use assets	6.3		
Land and buildings		70.2	120.5
Machinery and equipment		16.0	33.8
Assets held for sale	7.4	-17.5	—
Total		**68.7**	**154.3**

2023 has not been restated.

MEUR	Note	31 Dec 2024	31 Dec 2023 Restated
Leases in the statement of income, continuing operations			
Depreciation related to right-of-use assets	6.3	23.1	22.9
Land and buildings		12.9	11.7
Machinery and equipment		10.2	11.2
Interest expense on lease liabilities	2.5	4.3	3.9
Early termination gain (-) / loss (+)		-0.2	1.7
Impairment related to right-of-use assets	6.3	0.5	0.0
Land and buildings		0.5	0.0
Rent expense from off-balance sheet leases:		6.6	3.2
Portion related to short-term leases		4.8	1.4
Portion related to low-value leases		1.8	1.8
Total		**34.4**	**31.6**

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Leases in the statement of cash flows			
Lease payments related to off-balance sheet leases		6.6	9.8
Lease payments related to on-balance sheet leases		48.0	55.0
Total		**54.6**	**64.8**

2023 has not been restated.

Cargotec as lessor

MEUR	Note	31 Dec 2024	31 Dec 2023
Off-balance sheet leases			
Operating lease receivables			
Less than one year		0.7	29.1
One to two years		—	14.3
Two to three years		—	30.1
Three to four years		—	6.2
Four to five years		—	2.6
Over five years		—	3.0
Total		**0.7**	**85.4**
Property, plant and equipment related to off-balance sheet leases			
Land and buildings		0.7	1.7
Machinery and equipment	6.3	—	129.0
Total		**0.7**	**130.7**

2023 has not been restated.

MEUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Leases in the statement of cash flows			
Lease payments related to off-balance sheet leases		14.8	41.0
Lease payments related to on-balance sheet leases		0.0	0.2
Total		**14.9**	**41.2**

2023 has not been restated.

Rental income recognised in other operating income from operating leases for continuing operations was EUR 0.2 (2023: 0.1) million.

9.2 Contingent liabilities and commitments

Accounting principles

Contingent liabilities and commitments

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not completely under Cargotec's control. Contingent liabilities also include obligations that are not recognised because their values cannot be measured reliably or because their settlement is not probable. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of an outflow of economic resources is remote. When an outflow of economic resources becomes probable and can be reliably measured, a liability is recognised in the statement of financial position.

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of Cargotec. Contingent assets are not recognised in the statement of financial position but are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position.

Commitments relate to agreements or pledges to assume a financial obligation at a future date, or present obligations not recognised in the statement of financial position.

MEUR	31 Dec 2024	31 Dec 2023
Customer financing	–	8.3
Off-balance sheet leases	1.2	8.0
Other contingent liabilities	0.7	1.3
Total	**1.9**	**17.5**

2023 has not been restated.

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from the ordinary course of business. The total amount of these guarantees on 31 December 2024 was EUR 266.6 (31 Dec 2023: 404.3) 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.

9.3 Related-party transactions

Cargotec's related parties include the parent company Cargotec Corporation and its subsidiaries, associated companies and joint ventures. Related parties also include 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.

Cargotec sold in April 2024 a property to its related parties Wipunen varainhallinta oy, Mariatorp Oy, Pivosto Oy who jointly acquired the property on behalf of the established company. The property's sales price was based on estimates given by two independent real estate brokers. The total value of the transaction including movable property was EUR 11.3 million resulting in a sales profit of EUR 7.7 million that was included in the result of the discontinued operation.

Remuneration to the members of the Board of Directors, the CEO and other members of the Leadership Team is presented in note 3.3 Management remuneration.

Acquisitions and disposals with related parties are presented in note 7.1 Acquisitions and disposals of businesses.

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

9.4 Events after the reporting period

There were no material events after the reporting date.

KEY FIGURES

Key financial figures

Among the below presented key figures, consolidated statement of income and other key figures reflect continuing operations for years 2024 and 2023. These key figures for the years 2020–2022 have not been restated. More information is disclosed under note 7.4 Discontinued operations.

Consolidated statement of income and other key figures		2024	2023 Restated	2022	2021	2020
Sales	MEUR	1,647	1,787	4,089	3,315	3,263
Sales to outside of Finland	MEUR	1,605	1,753	4,021	3,244	3,184
Operating profit	MEUR	217	219	106	356	70
% of sales	%	13.2%	12.3%	2.6%	10.7%	2.2%
Comparable operating profit	MEUR	217	219	316	215	204
% of sales	%	13.2 %	12.3%	7.7%	6.5%	6.2%
Profit before taxes	MEUR	213	205	79	333	34
% of sales	%	13.0%	11.5%	1.9%	10.0%	1.1%
Profit for the period	MEUR	155	153	23	247	8
% of sales	%	9.4%	8.6%	0.6%	7.4%	0.2%
Depreciation, amortisation and impairment	MEUR	44	41	204	117	144
Wages and salaries	MEUR	275	270	608	611	617
Capital expenditure in intangible assets and property, plant and equipment	MEUR	66	45	81	64	59
Capital expenditure in customer financing	MEUR	—	—	32	16	26
Capital expenditure, total % of sales	%	4.0 %	2.5 %	2.8 %	2.4 %	2.6 %
Orders received	MEUR	1,509	1,466	4,862	4,427	3,121
Order book	MEUR	648	799	3,541	2,847	1,824
Research and development costs	MEUR	39	35	100	102	105
% of sales	%	2.3 %	1.9 %	2.4 %	3.1 %	3.2 %
Average number of employees		4,252	4,535	11,405	11,232	12,066
Number of employees 31 Dec		4,234	4,477	11,526	11,174	11,552

The below presented key figures of Consolidated balance sheet include continuing and discontinued operations in all presented periods. More information is disclosed under note 7.4 Discontinued operations and 7.5 Demerger.

Consolidated balance sheet		2024	2023	2022	2021	2020
Equity	MEUR	1,027	1,754	1,528	1,547	1,301
Total assets	MEUR	2,450	4,376	4,189	4,027	3,888
Interest-bearing net debt	MEUR	-186	179	378	414	682
Net working capital	MEUR	54	329	286	184	103
Return on equity (ROE)	%	2.0 %	21.2 %	1.5 %	17.3 %	0.6 %
Return on capital employed (ROCE)	%	7.1 %	19.9 %	4.6 %	14.5 %	2.8 %
Equity to asset ratio	%	47.6 %	43.8%	39.2%	40.6%	35.3%
Gearing	%	-18.1 %	10.2%	24.8%	26.8%	52.4%
Interest-bearing net debt / EBITDA		-0.5	0.3	1.2	0.9	3.2
Cash flow from operations before financing items and taxes	MEUR	582	544	231	169	296

Share-related key figures

		2024	2023	2022	2021	2020
Basic earnings per share[1]	EUR	2.40	2.35	0.37	3.82	0.13
Diluted earnings per share[1]	EUR	2.39	2.35	0.37	3.82	0.13
Equity per share	EUR	16.04	27.25	23.69	23.95	20.14
Dividend per class B share[2]	EUR	2.77	2.15	1.35	1.08	1.08
Dividend per class A share[2]	EUR	2.75	2.14	1.34	1.07	1.07
Total dividends[2]	MEUR	177	138	87	70	70
Dividend per earnings, class B share[1, 2]	%	115.3%	91.3%	364.3%	28.2%	855.3%
Dividend per earnings, class A share[1, 2]	%	114.9%	91.2%	362.7%	28.0%	847.4%
Effective dividend yield, class B share[2]	%	5.4%	4.1%	3.3%	2.5%	3.2%
Price per earnings, class B share[1]		21.26	22.39	111.51	11.46	267.83
Development of share price, class B share						
Average share price	EUR	57.39	45.68	34.82	44.70	24.77
Highest share price	EUR	82.90	55.15	48.46	52.80	37.14
Lowest share price	EUR	41.26	35.28	24.90	33.60	15.15
Closing price at the end of period	EUR	51.08	52.70	41.32	43.84	33.82
Market capitalisation 31 Dec[3]	MEUR	3,266	3,389	2,689	2,828	2,182
Market capitalisation of class B shares 31 Dec[4]	MEUR	2,779	2,887	2,271	2,409	1,859
Trading volume, number of class B shares traded	('000)	22,464	22,331	44,306	36,795	53,902
Trading volume, number of class B shares traded	%	40.7%	40.5%	78.5%	66.2%	93.2%
Weighted average number of class A shares[5]	('000)	9,526	9,526	9,526	9,526	9,526
Number of class A shares 31 Dec[5]	('000)	9,526	9,526	9,526	9,526	9,526
Weighted average number of class B shares[4]	('000)	54,658	54,957	54,953	54,950	54,937
Number of class B shares 31 Dec[4]	('000)	54,398	54,775	54,957	54,957	54,957
Diluted weighted average number of class B shares[4]	('000)	54,922	55,125	55,148	55,043	54,982

Trading information is based on Nasdaq Helsinki Ltd statistics.

[1] Years 2023-2024 present Continuing operations and years 2020-2022 total Cargotec.
[2] Financial year 2024 figures are Board's proposal, including an additional dividend subject to the closing of the sale of MacGregor business.
[3] Including class A and B shares, excluding treasury shares.
[4] Excluding treasury shares.
[5] No dilution on class A shares.

Calculation of key figures

IFRS key figures

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

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

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 2.1 Segment information
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 2.4 Restructuring costs and other items affecting comparability

Key figure		Definition	Reason for use	Reconciliation
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 8.1 Financial risk management
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 8.1 Financial risk management
EBITDA (MEUR), last 12 months	=	Operating profit + depreciation, amortisation and impairment, last 12 months	Factor used to calculate Interest-bearing net debt / EBITDA.	Note 8.1 Financial risk management
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 5.1 Net working capital
Operative capital employed (MEUR)	=	Goodwill + intangible assets + property, plant and equipment + investments in associated companies and joint ventures + share investments + net working capital	Operative capital employed refers to the amount of capital needed for the business to operate and generate profits. It does not include taxes or finance income and expenses. Used to measure the efficiency with which the capital is used.	Note 2.1 Segment information
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 6.2 Intangible assets; note 6.3 Property, plant and equipment
Return on equity (ROE) (%), last 12 months	= 100 x	Profit for the period, last 12 months, excluding Fair value gain from the Demerger / 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 Fair value gain from the Demerger: note 7.5 Demerger
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

Key figure		Definition	Reason for use	Reconciliation
Operative return on capital employed (operative ROCE) (%), last 12 months	= 100 x	Operating profit, last 12 months / Operative capital employed (average for the last 12 months)	Represents relative business profitability that has been received on operative 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 8.1 Financial risk management

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.

Share-related key figures

Equity / share (EUR)	=	Total equity attributable to the shareholders of the parent company / Number of outstanding shares at the end of the period
Dividend / share (EUR)	=	Dividend for the period / Number of outstanding shares at the end of the period
Dividend / earnings (%)	= 100 x	Dividend for the period / share / Basic earnings per share
Effective dividend yield (%)	= 100 x	Dividend / share / Closing price for the class B share at the end of the period
Price / earnings (P/E)	=	Closing price for the class B share at the end of the period / Basic earnings per share
Average share price (EUR)	=	EUR amount traded during the period for the class B share / Number of class B shares traded during the period
Market capitalisation at the end of the period	=	Number of class B shares outstanding at the end of the period x closing price for the class B share at the end of the period + Number of class A shares outstanding at the end of the period x closing day average price for the class B share
Trading volume	=	Number of class B shares traded during the period
Trading volume (%)	= 100 x	Number of class B shares traded during the period / Average weighted number of class B shares during the period

Key exchange rates for euro

Closing rates	31 Dec 2024	31 Dec 2023
SEK	11.459	11.096
USD	1.039	1.105

Average rates	2024	2023
SEK	11.423	11.456
USD	1.083	1.082

FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

Parent company income statement

EUR	Note	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Sales		**275,538,900.91**	**278,678,884.98**
Administration expenses	3, 4, 5	-289,278,407.16	-304,754,404.15
Other operating income		19,602,047.75	5,600,187.21
Operating loss / profit		**5,862,541.50**	**-20,475,331.96**
Finance income and expenses	6	635,614,548.82	-31,824,449.16
Loss / profit before appropriations and taxes		**641,477,090.32**	**-52,299,781.12**
Group contributions		12,928,516.74	56,077,035.81
Income taxes	7	2,383,711.11	4,103,921.08
Loss / profit for the period		**656,789,318.17**	**7,881,175.77**

Figures are presented according to the Finnish Accounting Standards (FAS).

Parent company balance sheet

EUR	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	8	5,696,710.95	12,448,297.30
Tangible assets	9	751,154.10	12,332.73
Investments			
Investments in subsidiaries	10	634,813,859.29	2,474,608,216.78
Other investments	10	1,000.00	3,559,320.83
Total non-current assets		**641,262,724.34**	**2,490,628,167.64**
Current assets			
Long-term receivables	11, 13	143,346,191.26	51,660,429.64
Short-term receivables	12, 13	546,146,046.53	820,443,827.54
Cash and cash equivalents		486,291,878.15	528,594,492.78
Total current assets		**1,175,784,115.94**	**1,400,698,749.96**
Total assets		**1,817,046,840.28**	**3,891,326,917.60**

EUR	Note	31 Dec 2024	31 Dec 2023
EQUITY AND LIABILITIES			
Equity			
Share capital		20,000,000.00	64,304,880.00
Share premium		—	97,992,301.08
Reserve for invested unrestricted equity		—	51,835,312.50
Retained earnings		102,930,895.95	432,122,899.43
Loss / profit for the period		656,789,318.17	7,881,175.77
Total equity	14	**779,720,214.12**	**654,136,568.78**
Liabilities			
Non-current liabilities	13, 15	150,000,000.00	575,000,000.00
Current liabilities	13, 16	887,326,626.16	2,662,190,348.82
Total liabilities		**1,037,326,626.16**	**3,237,190,348.82**
Total equity and liabilities		**1,817,046,840.28**	**3,891,326,917.60**

Figures are presented according to the Finnish Accounting Standards (FAS).
Impacts of Demerger have been presented in note 18. Demerger of the parent company financial statements.

Parent company cash flow statement

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Operating loss / profit	5,863	-20,475
Adjustments to the operating loss / profit for the period	-4,804	4,085
Change in working capital:		
Change in non-interest-bearing receivables	-8,995	20,347
Change in non-interest-bearing payables	7,515	10,395
Interest paid	-72,038	-87,835
Interest received	49,061	34,425
Dividends received	1,600,238	105,306
Income taxes paid	-3,447	—
Other finance income and expenses	7,269	-6,828
Cash flow from operating activities	**1,580,662**	**59,420**
Investments to tangible and intangible assets	-2,020	-156
Investments to subsidiaries and other companies	—	-62,068
Proceeds from sales of group companies and other companies	122,240	—
Other investments	20,000	—
Cash flow from investing activities	**140,220**	**-62,224**
Received and paid group contributions	56,077	—
Acquisition of treasury shares	-27,978	-17,505
Increase or decrease in loan receivables, net	-120,154	-81,100
Proceeds and repayments of short term borrowings, net	-1,297,991	423,204
Proceeds from long-term borrowings	0	50,000
Repayments of long-term borrowings	-100,000	-38,150
Dividends paid	-138,202	-86,948
Cash flow from financing activities	**-1,628,248**	**249,501**
Change in cash and cash equivalents	**92,634**	**246,698**
Demerger effect on cash	**-134,936**	**—**
Cash and cash equivalents 1 Jan	528,594	281,896
Cash and cash equivalents 31 Dec	**486,292**	**528,594**

Figures are presented according to the Finnish Accounting Standards (FAS).

1. Accounting principles for the parent company financial statements

Basis of preparation

Cargotec Corporation's (1927402-8) financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Demerger

On 30 May 2024, Cargotec's annual general meeting approved the separation of the Kalmar business area into its own listed company (Demerger). The completion of the partial demerger of Cargotec Corporation and the incorporation of a new Kalmar Corporation was registered in the Finnish Trade Register on 30 June 2024. The trading in the class B shares of Kalmar on Nasdaq Helsinki commenced on 1 July 2024.

In the Demerger, all assets, debts, and liabilities of Cargotec Corporation that related to the Kalmar business area or mainly served the Kalmar business area of Cargotec were transferred to a new company named Kalmar Corporation that was incorporated in the Demerger.

The Demerger was executed as a partial demerger, as set out in the Finnish Companies Act (624/2006, as amended). More details about the Demerger is presented in note 7.5 Demerger in the consolidated financial statements and in note 18. Demerger in the parent company financial statements.

Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency-denominated receivables and payables outstanding at the end of the financial period are revaluated at the exchange rate prevailing on the balance sheet date. Exchange rate gains/losses relating to operations are treated as adjustments to sales and costs. Exchange rate gains/losses associated with financial instruments are included in financing income and expenses.

Revenue recognition

Sales primarily include internal service charges. Revenue from the service sales is recognised when the services have been rendered.

Income taxes

Deferred tax assets and liabilities due to temporary differences between the financial statements and taxation are calculated using the future period's enacted tax rate at the closing date. Total deferred tax liability is included on the balance sheet in full and deferred tax asset at the estimated probable asset value.

Income taxes include a tax expense calculated from the taxable income of the period in accordance with the Finnish tax legislation.

Intangible and tangible assets, amortisation and depreciation

Intangible and tangible assets are stated at original acquisition cost less accumulated amortisation and depreciation, and impairment. Amortisation and depreciation are recognised on a straight-line basis in accordance with a predetermined plan based on the estimated useful economic life of assets. The amortisation and depreciation periods based on expected useful economic lives are as follows:

- Intangible assets 3–10 years
- Other capitalised expenditure 5–10 years
- Machinery and equipment 3–5 years

Investments

Investments in the group companies and joint ventures are measured at acquisition cost less accumulated impairment. Other investments, for which fair value cannot be measured reliably due to non-existent public markets or lack of reliable valuation methods, are also mainly measured at acquisition cost less accumulated impairment.

Loans receivable

Loans receivable include mainly loans to group companies. Loans receivable are initially recognised at fair value, and subsequently measured at amortised cost less impairments in accordance with the effective interest method. Interest income from loans receivable is recognised as financial income based on the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents include cash balances, short-term bank deposits and other short-term liquid investments with maturities up to three months.

Loans payable

Loans payable are initially recognised as a liability on the balance sheet at an amount received. Transaction costs and interests are recognised as finance expense in the income statement by applying the effective interest rate.

Derivative instruments

Derivative instruments are initially recognised on the balance sheet at cost, which equals their fair value, and subsequently they are measured at fair value on each balance sheet date in accordance with the principles of IFRS, as allowed by FAS, and the fair value changes are recognised in the income statement unless hedge accounting is applied. Fair values of currency forward contracts and cross-currency and interest rate swaps are determined by using commonly applied valuation methods and the valuations are based on observable market data for interest rates and currencies. Derivative instruments maturing after 12 months from the balance sheet date are included in the non-current assets and liabilities. Other derivative instruments are included in the current assets and liabilities.

Parent company applies hedge accounting only to hedges of cash flows associated with foreign currency-denominated loans, in which interest rate swap is used as a hedging instrument. To qualify for hedge accounting, the parent company documents the hedge relationship of the derivative instrument and the related hedged item, the company's risk management targets and the hedging strategy. When starting hedge accounting and at least in every interim and annual closing, the company documents and estimates the effectiveness of the hedge by measuring the ability of the hedging instrument to offset changes in fair value of the underlying asset or cash flow with respect to the hedged risk.

Changes in the fair value of effective cash flow hedges are recognised in fair value reserve of the equity. Ineffective portion is recognised immediately in the income statement. Cumulative gain or loss on the hedge deferred to equity is recognised in the income statement as an adjustment to the hedged item during the same period when the hedged item is recognised. Changes in the fair value of hedging instruments relating to operative items that no longer are expected to materialise are recognised immediately in the income statement in other operating income/expenses. If the hedging instrument matures, is sold, the contract is revoked or exercised or the relation of the hedging instrument and the underlying item is revoked, the cumulative change in the fair value of the hedging instrument remains in equity and is recognised in the income statement when the underlying operative item materialises.

Changes in the fair values of hedges, for which hedge accounting is not applied, are recognised in the income statement, either in operative income and expenses or financial income and expenses, depending on the hedged item. Changes in all forward contract fair values due to interest rate changes are always directly recognised in financial income and expenses.

Equity

Equity consists of share capital, fair value reserves and retained earnings, deducted with dividends paid and donations approved at the Annual General Meeting. Fair value reserves include the cumulative spot-component of the changes in the fair values of the derivative instruments defined as cash flow hedges. The profit/loss for the period is recorded in retained earnings.

Until the partial Demerger on 30 June 2024, equity included also share premium account and reserve for invested unrestricted equity. Until 30 June 2024, the amount exceeding the accounting par value of shares received by the company in connection with share subscriptions was recorded in share premium account under the old Limited Liability Companies Act (29 Sep 1978/734). Reserve for invested unrestricted equity included transactions with treasury shares and amounts received from stock options exercised. After the partial demerger, transactions with treasury shares are included to retained earnings.

On 30 May 2024, the Annual General Meeting resolved on the partial demerger of Cargotec Corporation in accordance with the demerger plan approved by the Board of Directors and signed on 1 February 2024. According to the demerger plan, in connection with the Demerger, the share capital of Cargotec was decreased from EUR 64,304,880 to EUR 20,000,000 and the share premium reserve dissolved. The amount by which the share capital of Cargotec was decreased and the amount corresponding to the share premium reserve dissolved, were used to distribute funds to Kalmar. Additionally the reserve for invested unrestricted equity was dissolved and used to distribute funds to Kalmar.

Statutory provisions

Statutory provisions are expenses to which the parent company is committed and that are not likely to generate the corresponding revenue, or losses, which are regarded as evident.

2. Finance risk management

The parent company manages the finance risks of the group and operates under the same policies and instructions as the group.

Currency risk

The parent company's treasury function operates as an internal bank for the group's subsidiaries. The parent company's currency exposure originates mainly from foreign currency funding given to subsidiaries and foreign currency loans taken by the parent company. In addition, the currency position includes internal forward agreements with the subsidiaries and external forward agreements. Foreign exchange differences arising from these transactions are booked in the income statement in the finance items. Furthermore, the parent company invoices the group companies for the services provided. Foreign exchange differences from these invoices are booked in the parent company's operating profit.

The parent company's open currency exposure on 31 December 2024 was, in absolute terms, EUR 11.9 (31 Dec 2023: 11.4) million.

Interest rate risk

The parent company's interest rate risk originates from external loans and internal loans and deposits. The pricing of intercompany transactions is based on transfer pricing rules, and internal interest income and expenses are eliminated on group level. As a result, interest rate risk is not measured separately on parent company level, and the information presented in the consolidated financial statements regarding interest risk and its management is the same for the parent company.

Liquidity and funding risk

The majority of the group's derivatives, loans and cash equivalents belong to the parent company. The maturity structure of these finance liabilities is not separately followed on parent company level, because the information presented in the consolidated financial statements provides a fair view of the liquidity and funding risk. Only accounts payable and accounts receivable vary significantly between the parent company and the group.

Credit and counterparty risk

The parent company's accounts receivable and loans receivable originate mainly from the other group companies, and the parent company is therefore not exposed to a counterparty risk.

Parent company did not have external loans receivable at the end of 2024 or 2023. Cash and cash equivalents were EUR 486.3 (31 Dec 2023: 528.6) million. The parent company's cash and cash equivalents are held in banks that have a solid credit rating and are approved by the Treasury Committee. More information about the credit risk related to derivative contracts is disclosed in the note 8.1 Financial risk management in the consolidated financial statements.

Operational risks of the treasury function

The treasury function operates as part of the parent company, so it is subject to the same risk management goals as the group.

3. Personnel expenses

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Wages and salaries	40,316	29,823
Pension costs	3,027	2,510
Other statutory employer costs	252	1,382
Total	**43,595**	**33,716**

Pension benefits of personnel are arranged with an external pension insurance company.

Average number of employees

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
White-collar	134	132

Key management compensation

Remunerations including fringe benefits paid to members of Cargotec's Board of Directors related to their Board work during the financial period totalled EUR 959,769 (2023: 682,070).

The salaries and remunerations paid in 2024 to the current President and CEO, including base salary and fringe benefits totalled EUR 1,424,749 (519,930). The President and CEO is entitled to a pension provided according to the statutory Finnish Employees Pensions Act, for which a pension cost of EUR 222,688 was recorded in 2024 (85,476).

The salaries and remunerations paid to the previous President and CEO in 2023, including base salary, fringe benefits, short-term incentive payout and taxable income from long-term incentive payout totalled EUR 3,672,193. The President and CEO was entitled to a pension provided according to the statutory Finnish Employees Pensions Act, for which a pension cost of EUR

103,622 was recorded in 2023. During 2024 remunerations paid to the previous President and CEO related to his time as the CEO of Cargotec totalled EUR 2,456,916.

The key management's compensation is described in more detail in note 3.3 Management remuneration, in the consolidated financial statements.

4. Depreciation, amortisation and impairment charges

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Planned depreciation and amortisation		
Intangible rights	2,858	4,060
Other capitalised expenditure	5	32
Machinery and equipment	14	9
Total	**2,877**	**4,101**

5. Audit fees

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Annual audit	1,168	861
Other services	1,447	595
Total	**2,615**	**1,456**

6. Finance income and expenses

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Interest income		
From group companies	31,875	24,503
From third parties	16,498	8,769
Total	**48,373**	**33,272**
Other finance income		
From group companies	474,997	17,949
Dividends from group companies	1,981,635	105,306
Total	**2,456,632**	**123,255**
Interest expenses		
To group companies	-54,092	-71,474
To third parties	-14,168	-17,410
Total	**-68,260**	**-88,884**
Other finance expenses		
From group companies	—	274
To third parties	-12,154	-14,796
Exchange rate differences	-94	460
Total	**-12,248**	**-14,062**
Reversals of impairments / impairments		
Impairments of investments in subsidiaries	-1,788,882	-85,406
Total	**-1,788,882**	**-85,406**
Total finance income and expenses	**635,615**	**-31,824**

7. Income taxes

TEUR	1 Jan-31 Dec 2024	1 Jan-31 Dec 2023
Current year tax expense	999	-1,870
Change in deferred tax asset	-3,383	5,973
Total	**-2,384**	**4,104**

8. Intangible assets

TEUR	Intangible rights	Other capitalised expenditure	Total
Acquisition cost 1 Jan 2024	71,722	12,528	84,250
Additions	352	174	526
Demerger	-12,346	-174	-12,520
Disposals	-32	-260	-292
Acquisition cost 31 Dec 2024	**59,696**	**12,268**	**71,964**
Accumulated amortisation 1 Jan 2024	-59,308	-12,494	-71,802
Demerger	8,160	—	8,160
Accumulated depreciation of reductions and transfers	6	231	237
Amortisation during the period	-2,858	-5	-2,863
Accumulated amortisation 31 Dec 2024	**-54,000**	**-12,268**	**-66,268**
Book value 31 Dec 2024	**5,697**	**0**	**5,697**
Acquisition cost 1 Jan 2023	71,206	12,889	84,095
Additions	156	—	156
Transfers between groups	360	-360	—
Acquisition cost 31 Dec 2023	**71,722**	**12,528**	**84,250**
Accumulated amortisation 1 Jan 2023	-55,247	-12,462	-67,710
Amortisation during the period	-4,060	-32	-4,092
Accumulated amortisation 31 Dec 2023	**-59,308**	**-12,494**	**-71,802**
Book value 31 Dec 2023	**12,415**	**34**	**12,448**

9. Tangible assets

TEUR	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 Jan 2024	1,313	97	1,410
Additions	706	788	1,494
Demerger	—	-741	-741
Disposals	-141	—	-141
Acquisition cost 31 Dec 2024	**1,878**	**144**	**2,022**
Accumulated depreciation 1 Jan 2024	-1,301	-97	-1,398
Accumulated depreciation of reductions and transfers	141	—	141
Depreciation during the period	-14	—	-14
Accumulated depreciation 31 Dec 2024	**-1,174**	**-97**	**-1,271**
Book value 31 Dec 2024	**704**	**47**	**751**
Acquisition cost 1 Jan 2023	1,313	97	1,410
Acquisition cost 31 Dec 2023	**1,313**	**97**	**1,410**
Accumulated depreciation 1 Jan 2023	-1,293	-97	-1,390
Depreciation during the period	-9	—	-9
Accumulated depreciation 31 Dec 2023	**-1,301**	**-97**	**-1,398**
Book value 31 Dec 2023	**12**	**0**	**12**

10. Investments

TEUR	2024	2023
Investments in subsidiaries		
Acquisition cost 1 Jan	3,933,460	3,871,393
Accumulated impairments 1 Jan	-1,458,852	-1,373,445
Additions	996,772	62,068
Demerger	-1,047,685	—
Impairments	-1,788,882	-85,406
Book value 31 Dec	**634,814**	**2,474,609**

TEUR	2024	2023
Other investments		
Acquisition cost 1 Jan	3,559	3,559
Disposals	-3,558	—
Book value 31 Dec	**1**	**3,559**

Subsidiary companies' full name, country of domicile and parent company's shareholding are disclosed in note 7.3 Group companies, in the consolidated financial statements.

11. Long-term receivables

TEUR	31 Dec 2024	31 Dec 2023
Loans receivable from group companies	130,293	35,000
Deferred tax asset from third parties	12,682	15,190
Deferred assets	371	1,471
Total	**143,346**	**51,660**

12. Short-term receivables

TEUR	31 Dec 2024	31 Dec 2023
From group companies		
Loans receivable	458,686	644,722
Accounts receivable	5,430	16,076
Derivative assets	34,766	32,479
Deferred assets	16,659	59,162
Total	**515,541**	**752,439**
From third parties		
Accounts receivable	1,842	143
Derivative assets	16,822	53,964
Deferred assets	11,941	13,899
Total	**30,605**	**68,005**
Total current receivables	**546,146**	**820,444**

Deferred assets

TEUR	31 Dec 2024	31 Dec 2023
Group contribution	12,928	56,077
Interest income	822	409
Periodisations	9,211	2,676
VAT receivable	2,204	4,456
Other accruals	3,435	9,442
Total	**28,600**	**73,060**

13. Derivatives

Fair values of derivative finance instruments

31 Dec 2024 TEUR	Positive fair value	Negative fair value	Net fair value
Group internal currency forward contracts	34,766	26,047	8,719
Other currency forward contracts	16,822	19,328	-2,506
Total	**51,588**	**45,375**	**6,213**

31 Dec 2023 TEUR	Positive fair value	Negative fair value	Net fair value
Group internal currency forward contracts	32,479	35,541	-3,062
Other currency forward contracts	53,964	25,955	28,009
Total	**86,443**	**61,496**	**24,946**

Nominal values of derivative finance instruments

TEUR	31 Dec 2024	31 Dec 2023
Group internal currency forward contracts	1,751,175	2,373,143
Other currency forward contracts	3,538,858	4,014,764
Total	**5,290,033**	**6,387,907**

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 company has not given or received collateral related to derivatives from the counterparties.

14. Equity

TEUR	2024	2023
Restricted equity		
Share capital 1 Jan	64,305	64,305
Demerger	-44,305	—
Share capital 31 Dec	**20,000**	**64,305**
Share premium account 1 Jan	97,992	97,992
Demerger	-97,992	—
Share premium account 31 Dec	**0**	**97,992**
Total restricted equity	**20,000**	**162,297**
Non-restricted equity		
Reserve for invested non-restricted equity 1 Jan	51,835	69,340
Acquisition of treasury shares	-9,269	-17,505
Demerger	-42,566	—
Reserve for invested non-restricted equity 31 Dec	**0**	**51,835**
Retained earnings 1 Jan	440,004	519,071
Dividends paid	-138,202	-86,948
Acquisition of treasury shares	-18,709	—
Demerger	-180,163	—
Retained earnings 31 Dec	**102,931**	**432,123**
Loss / profit for the period	656,789	7,881
Total non-restricted equity	**759,720**	**491,839**
Total equity	**779,720**	**654,137**
Distributable equity	**759,720**	**491,839**

15. Non-current liabilities

TEUR	31 Dec 2024	31 Dec 2023
Corporate bonds	150,000	250,000
Schuldschein loans	—	25,000
Loans from financial institutions	—	300,000
Total non-current liabilities	**150,000**	**575,000**

Corporate bonds and other fixed interest loans

					Book value, TEUR	
Loan period	**Interest**	**Coupon rate, %**	**Nominal value**		**31 Dec 2024**	**31 Dec 2023**
2017–2024	Fixed	2.38	100,000	TEUR	0	100,000
2018–2025	Fixed	*	25,000	TEUR	25,000	25,000
2019–2025	Fixed	1.25	100,000	TEUR	100,000	100,000
2019–2026	Fixed	1.63	150,000	TEUR	150,000	150,000

* Interest terms are considered confidential information between the contractual parties.

16. Current liabilities

TEUR	31 Dec 2024	31 Dec 2023
To group companies		
Loans from group companies	659,817	2,421,089
Accounts payable	6,821	14,941
Derivative liabilities	26,047	35,541
Accruals	4,125	12,281
Total	**696,810**	**2,483,854**
To third parties		
Corporate bonds	100,000	100,000
Schuldschein loans	25,000	–
Bank overdrafts used	9	3
Accounts payable	9,945	16,851
Derivative liabilities	19,328	25,955
Accruals	36,234	35,528
Total	**190,516**	**178,337**
Total current liabilities	**887,326**	**2,662,190**

Accruals

TEUR	31 Dec 2024	31 Dec 2023
Accrued salaries, wages and employment costs	7,720	10,962
Accrued interests	1,896	5,673
Other accruals	30,743	31,174
Total	**40,359**	**47,809**

17. Commitments

TEUR	31 Dec 2024	31 Dec 2023
Security for guarantees		
Guarantees given on behalf of group companies	266,575	404,342
Leasing commitments		
Maturity within the next financial period	933	1,366
Maturity after the next financial period	3,925	301
Total	**271,433**	**406,009**

18. Demerger

The partial demerger of Cargotec Corporation was completed on June 30, 2024. In the Demerger, all assets, debts, and liabilities of Cargotec that related to the Kalmar business area or mainly served the Kalmar business area of Cargotec were transferred to a new company named Kalmar Corporation that was incorporated in the Demerger. The transactions related to Kalmar business area transferred to Kalmar Corporation are included in the income statement of Cargotec Corporation until the date of the partial demerger.

The following table presents the assets and liabilities transferred to Kalmar Corporation on June 30, 2024:

MEUR	30 Jun 2024
ASSETS	
Non-current assets	
Intangible assets	4,360
Tangible assets	741
Investments in subsidiaries	1,047,685
Total non-current assets	**1,052,786**
Current assets	
Long-term receivables	5,891
Short-term receivables	88,764
Cash and cash equivalents	134,936
Total current assets	**229,590**
Total assets	**1,282,377**

MEUR	30 Jun 2024
EQUITY AND LIABILITIES	
Total equity	**365,026**
Liabilities	
Non-current liabilities	300,000
Current liabilities	617,351
Total liabilities	**917,351**
Total equity and liabilities	**1,282,377**

SHARES AND SHAREHOLDERS

Cargotec Corporation's class B shares are quoted on the Nasdaq Helsinki Large Cap list since 1 June 2005. The trading code is CGCBV. The shares are registered in the book-entry securities system maintained by Euroclear Finland Ltd., which also maintains the official shareholder register of Cargotec Corporation.

Share-related key figures 2020-2024, EUR

	2024	2023	2022	2021	2020
Basic earnings per share*	2.40	2.35	0.37	3.82	0.13
Equity per share	16.04	27.25	23.69	23.95	20.14
Dividend per class B share**	2.77	2.15	1.35	1.08	1.08
Dividend per class A share**	2.75	2.14	1.34	1.07	1.07
Effective dividend yield, class B share, %**	5.4 %	4.1 %	3.3 %	2.5 %	3.2 %
Price per earnings, class B share	21.3	22.4	111.5	11.5	267.8
Development of share price, class B share					
Average share price	57.39	45.68	34.82	44.70	24.77
Highest share price	82.90	55.15	48.46	52.80	37.14
Lowest share price	41.26	35.28	24.90	33.60	15.15
Closing price at the end of period	51.08	52.70	41.32	43.84	33.82

*Years 2023-2024 present Continuing operations and years 2020-2022 total Cargotec.

**Financial year 2024 figures are Board's proposal, including an additional dividend subject to the closing of the sale of the MacGregor business.

Shares and share capital

Cargotec has two classes of shares, of which class B shares are listed and class A shares are unlisted. At the Annual General Meeting, each class A share is assigned one vote, as is each block of ten class B shares, with the provision that each shareholder is entitled to at least one vote. The total number of votes attached to all shares was 15,040,456 at the end of 2024.

On 31 December 2024, share capital, fully paid and entered in the trade register, totalled EUR 20,000,000. The Annual General Meeting of Cargotec held on 30 May 2024 resolved on a decrease of share capital of Cargotec Corporation from EUR 64,304,880 to EUR 20,000,000, and on the dissolution of share premium reserve of Cargotec Corporation, as part of the Demerger resolution. The demerger was completed on 30 June 2024. The Demerger did not have an effect on the number of shares of Cargotec. There were 55,182,079 class B shares and 9,526,089 class A shares at the end of December 2024.

Dividend distribution

In dividend distribution, class B shares earn a higher dividend than class A shares. The difference between dividends paid on the two classes of shares is a minimum of one (1) cent and a maximum of two and a half (2.5) cents.

Dividend proposal

The Board of Directors proposes to the Annual General Meeting (AGM), that of the distributable profit, a dividend of EUR 1.19 for each class A shares and EUR 1.20 for each class B shares outstanding be paid for the financial year 2024.

The Board of Directors further proposes to the Annual General Meeting that of the distributable profit, the Board of Directors be authorised to decide on an additional dividend in the amount of EUR 1.56 for each class A shares and EUR 1.57 for each class B shares. The payment of the additional dividend will be subject to the closing of the sale of the MacGregor business, as announced by the company on 14 November 2024. The Board of Directors intends to resolve on the additional dividend in its meeting on 29 September 2025.

Own shares and share issue

During the first quarter, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for share-based incentive programmes. In the share issue, 172,993 own class B shares held by the company were transferred on 28 March 2024 without consideration to the key employees participating in the share-based incentive programmes in accordance with the programme-specific terms and conditions.

The share reward payments were related to the performance periods 2021–2023, 2022–2024, and 2023–2025 of Cargotec's share-based incentive programmes, restricted share programmes 2022–2024 and 2023–2025, and the restricted share unit programme 2022–2024. More detailed information about the launch and the terms and conditions of these programmes is available in the stock exchange releases published on 4 February 2021,13 May 2022 and 2 February 2023.

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.

Cargotec repurchased 150,000 own class B shares at an average price of EUR 61.6730 between 9 and 29 February 2024 and 400,000 own class B shares at an average price of EUR 46.6784 between 9 August and 27 September 2024. The repurchases were based on the authorisations of the Annual General Meetings on 23 March 2023 and 30 May 2024. The shares are intended to be used as reward payments for Cargotec's share-based incentive programmes.

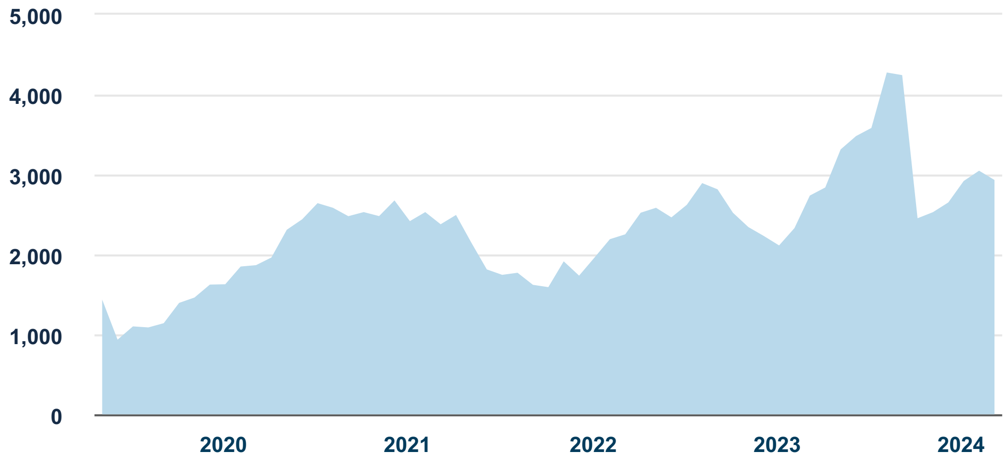
At the end of 2024, Cargotec held a total of 784,050 own class B shares, accounting for 1.21 percent of the total number of shares and 0.52 percent of the total number of votes. The number of outstanding class B shares totalled 54,398,029.

Share price development and trading

In 2024, Cargotec's class B share price decreased by 3 percent, from EUR 52.70 to EUR 51.08. Over the same period, the OMX Helsinki Benchmark Cap Index decreased by 3 percent. Upon the completion of the Demerger 30 June 2024, the shareholders of Cargotec received as demerger consideration one (1) new share of the corresponding share class (i.e., class A or class B) in Kalmar for each class A and class B share owned in Cargotec, which had a negative impact on Cargotec's share price on 1 July 2024.

At the end of 2024, the total market value of class B shares, calculated using the closing quotation of class B shares of the last trading day of the year, was EUR 2,779 (2023: 2,887) million, excluding own shares held by the company. Cargotec's year-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the year, was EUR 3,266 (3,389) million, excluding own shares held by the company.

Market capitalisation, class B shares, MEUR

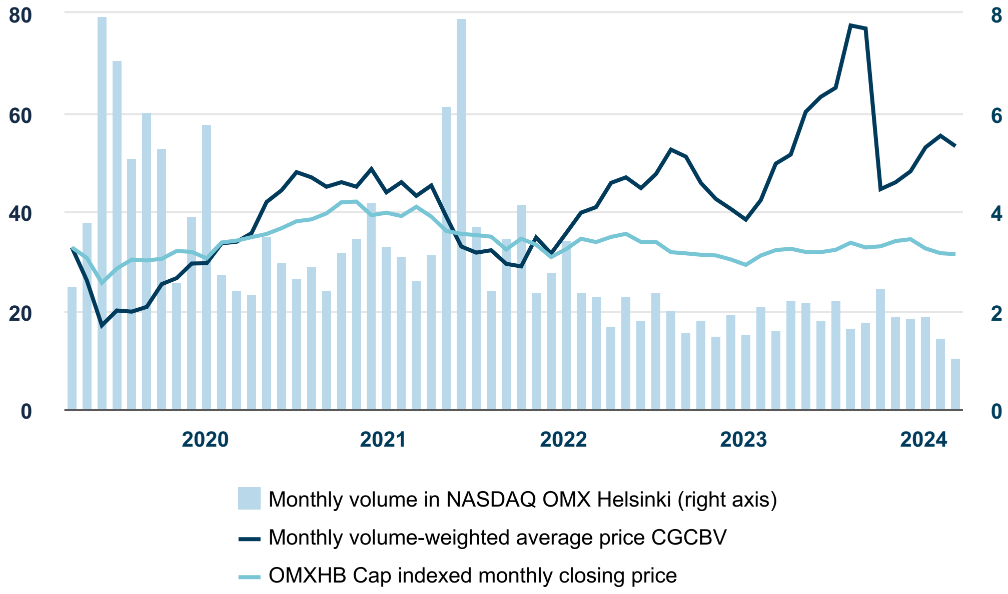


Market capitalisation, class B shares

The class B share closed at EUR 51.08 (52.70) on the last trading day of 2024 and the volume weighted average price for the financial period was EUR 57.39 (45.68) on Nasdaq Helsinki Ltd. The highest quotation for 2024 was EUR 82.90 (55.15) and the lowest EUR 41.26 (35.28). In 2024, a total of 22 (22) million class B shares were traded on Nasdaq Helsinki Ltd, corresponding to a turnover of EUR 1,289 (1,020) million. The average daily trading volume of class B shares was 89,499 (88,969) shares or EUR 5 (4) million. In addition, class B shares were traded in several alternative marketplaces.

Information on the Cargotec class B share price is available on Cargotec's website www.cargotec.com/investors.

Share price, EUR
Monthly volume, number of million shares



Shareholders

At the end of 2024, Cargotec had 34,722 (38,363) registered shareholders, the largest shareholder being Wipunen varainhallinta oy. Ilkka Herlin was the largest owner when including shares owned directly as well as through companies in which a controlling interest is held. There were 19,833,458 (18,463,626) nominee-registered shares, representing 30.65 (28.53) percent of the total number of shares, which corresponds to 13.19 (12.28) percent of all votes.

A monthly updated list of major shareholders is available on Cargotec's website at www.cargotec.com/investors.

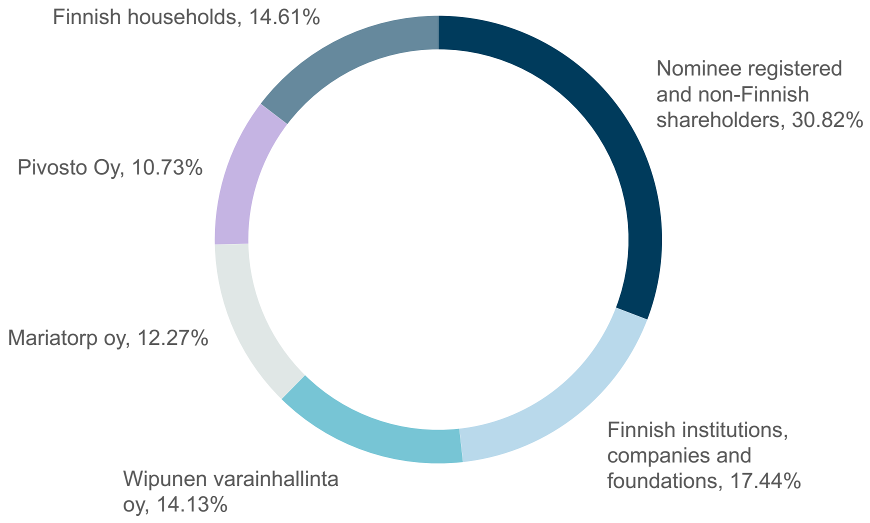
	Shareholder	Class A shares	Class B shares	Shares total	Shares total, %	Votes total	Votes total, %
1	Wipunen varainhallinta oy	2,940,067	6,200,000	9,140,067	14.13	3,560,067	23.67
2	Mariatorp Oy	2,940,067	5,000,000	7,940,067	12.27	3,440,067	22.87
3	Pivosto Oy	2,940,067	4,000,000	6,940,067	10.73	3,340,067	22.21
4	KONE Foundation	705,888	1,232,454	1,938,342	3.00	829,133	5.51
5	Ilmarinen Mutual Pension Insurance Company		1,530,000	1,530,000	2.36	153,000	1.02
6	Varma Mutual Pension Insurance Company		1,074,341	1,074,341	1.66	107,434	0.71
7	Elo Mutual Pension Insurance Company		829,000	829,000	1.28	82,900	0.55
8	Cargotec Oyj		784,050	784,050	1.21	78,405	0.52
9	The State Pension Fund		550,000	550,000	0.85	55,000	0.37
10	Nurminen Minna Kirsti		337,135	337,135	0.52	33,713	0.22
11	Evli Finnish Small Cap Fund		293,000	293,000	0.45	29,300	0.19
12	Sigrid Jusélius Foundation		222,800	222,800	0.34	22,280	0.15
13	Veritas Pension Insurance Company Ltd.		186,000	186,000	0.29	18,600	0.12
14	Anna Karolina Blaberg		182,745	182,745	0.28	18,274	0.12
15	Herlin Olli Ilkka Julius		175,000	175,000	0.27	17,500	0.12
16	Herlin Ville		160,000	160,000	0.25	16,000	0.11
17	Jenny and Antti Wihuri Foundation		160,000	160,000	0.25	16,000	0.11
18	Nordea Pro Finland Fund		154,827	154,827	0.24	15,482	0.10
19	Hakakari Tapio Kalervo		146,100	146,100	0.23	14,610	0.10
20	Säästöpankki Kotimaa Mutual Fund		142,686	142,686	0.22	14,268	0.09
	Total	9,526,089	23,360,138	32,886,227	50.82	11,862,100	78.87
	Nominee registered			19,833,458			
	Other owners			11,988,483			
	Total number of shares issued on 31 Dec 2024			31,821,941			

Based on ownership records of Euroclear Finland Ltd.

Number of shares	Number of shareholders	% of shareholders	Total shares	% of total number of shares
1 - 100	21 934	63.17	846 867	1.31
101 - 500	9 314	26.82	2 259 548	3.49
501 - 1,000	1 826	5.26	1 385 033	2.14
1,001 - 10,000	1 496	4.31	3 732 096	5.77
10,001 - 100,000	124	0.36	3 293 005	5.09
100,001 - 1,000,000	19	0.05	4 388 326	6.78
> 1,000,000	8	0.02	48 013 960	74.20
Total	**34 721**	**100.00**	**63 918 835**	**98.78**
of which nominee registered	11	0.00	19 833 458	30.65
In the joint book-entry account			5 283	0.01
Number of outstanding shares on 31 Dec 2024			**63 924 118**	**98.79**
Own shares on 31 Dec 2024	1		784 050	1.21
Total number of shares on 31 Dec 2024			**64 708 168**	**100.00**

Based on ownership records of Euroclear Finland Ltd.

Breakdown by shareholder category on 31 December 2024



Based on ownership records of Euroclear Finland Ltd.

Board and management shareholding

On 31 December 2024, the aggregate shareholding of the Board of Directors, the CEO and companies in which they have a controlling interest was 2,940,067 (2,940,067) class A shares and 6,223,878 (6,226,428) class B shares, which correspond to 14.16 (14.17) percent of the total number of all shares and 23.68 (23.69) percent of all votes.

The CEO Casimir Lindholm is a participant in the following share-based incentive programmes: Performance Share Programme 2023-2025, Performance Share Programme 2024-2026, and the Restricted Share Unit Programme 2023-2025.

Up-to-date information on the shares held by the Board of Directors and management is available on Cargotec's website at www.cargotec.com/investors.

Additional information:

Corporate Governance statement 2024

Remuneration statement 2024

CV's of Board members (Cargotec.com)

CVs of the Leadership Team (Cargotec.com)

SIGNATURES FOR BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENT

We confirm that the financial statements prepared in compliance with the applicable financial statement regulations give a correct and sufficient picture of the assets, liabilities, financial position and profit of both Cargotec Corporation and the companies included in its consolidated financial statements. The Board of Directors' report contains a truthful account of the business development and performance of Cargotec Corporation and its consolidated financial statements, as well as a description of the most significant risks and uncertainties. The sustainability report included in the Board of Directors' report has been prepared in compliance with the reporting standards referred to in Chapter 7 of the Finnish Accounting Act and Article 8 of the Taxonomy Regulation.

Helsinki, 11. February 2025

Ilkka Herlin
Chair of the Board

Jukka Moisio
Vice Chair of the Board

Eric Alström
Member of the Board

Raija-Leena Hankonen-Nybom
Member of the Board

Tuija Pohjolainen-Hiltunen
Member of the Board

Ritva Sotamaa
Member of the Board

Luca Sra
Member of the Board

Casimir Lindholm
President and CEO

The Auditor's Note

A report on the audit performed has been issued today.

Helsinki, 11. February 2025

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

AUDITOR'S REPORT (TRANSLATION OF THE FINNISH ORIGINAL)

To the Annual General Meeting of Cargotec Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cargotec Corporation (business identity code 1927402-8) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, statement of income, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit and Risk Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.3 to the consolidated financial statements.s.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

There are no significant risks of material misstatement referred to in EU regulation No 537/2014, point (c) of Article 10(2) relating to the consolidated financial statements or the parent company's financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of goodwill The accounting principles and disclosures relating to goodwill are included in notes 2.7 and 6.1. At the balance sheet date December 31, 2024, the value of goodwill in continuing operations amounted to 240 million euros representing 10 % of total assets and 23 % of total equity. The impairment testing was based on the management's estimate about the value-in-use for Hiab segment. There are a number of assumptions used to determine the value-in-use of the cash generating unit, including revenue growth, margins and the discount rate applied on net cash-flows. The estimated value-in-use may vary significantly when underlying assumptions are changed and the changes in above-mentioned individual assumptions may result in an impairment of goodwill. The valuation of goodwill was a key audit matter because the annual impairment testing required management judgment with respect to the key assumptions used and because of the significance of goodwill to the financial statements.	Our audit procedures on valuation of goodwill included among others: • Involvement of our valuation specialists to assist us in evaluating the key assumptions used in impairment testing by comparing management's assumptions to externally derived data and to our independently calculated industry averages, in particular those relating to • the forecasted revenue growth, • the forecasted margin and • the weighted average cost of capital used to discount the net cash-flows. • Testing of the accuracy of the impairment calculations prepared by the management and comparison of the sum of discounted cash flows against Cargotec's market capitalization. • Evaluation of the adequacy of disclosures of the impairment testing results.

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for the partial demerger The accounting principles and disclosures about accounting for the partial demerger are included in notes 1.1, 7.4 and 7.5. In the partial demerger of Cargotec Corporation, the assets and liabilities of Kalmar segment were transferred from Cargotec Group on 30 June 2024. Until the effective date of demerger, Kalmar was reported as a discontinued operation in the consolidated financial statements. In the consolidated financial statements of Cargotec, the partial demerger has been accounted for as a disposal to owners in accordance with IFRIC 17 Distribution of noncash assets to owners. The difference between the fair value of Kalmar business and it's carrying value in the consolidated balance sheet at 30 June 2024 has been recorded as a distribution gain in the consolidated statement of income as part of the result of the discontinued operations. The total value of net assets transferred amounted to 586 million euros and the distribution gain 1 040 million euros. As a result of the partial demerger, parent company's equity was reduced by 365 million euros. The accounting for the partial demerger was a key audit matter because it had a significant impact on the statement of income and balance sheet of Cargotec Group.	Our audit procedures on accounting for the partial demerger included among others: • Assessment of the compliance of the accounting treatment of the partial demerger against the Limited Liability Companies Act and the demerger plan; • Evaluation of the appropriateness of the transferred assets and liabilities by comparing them to the demerger plan; • Testing of the fair value determination of the transferred business and recorded distribution gain and; • Evaluation of the appropriateness and adequacy of the disclosures related to the partial demerger including presentation of Kalmar segment as discontinued operations.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 23 March 2021, and our appointment represents a total period of uninterrupted engagement of 4 years.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards. In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 11 February 2025

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Assurance report on the sustainability statement (Translation of the Finnish original)

To the Annual General Meeting of Cargotec Corporation

We have performed a limited assurance engagement on the group sustainability statement of Cargotec Corporation (business identity code 1927402-8) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Cargotec Corporation has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Group Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

We draw attention to the fact that the group sustainability statement of Cargotec Corporation that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

Authorized group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Cargotec Corporation are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group Sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.

The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.

In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

Responsibilities of the Authorized Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included e.g. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the group sustainability statement.
- Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.
- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.
- We assessed whether the group sustainability statement in material respect meets the requirements of ESRS standards for material sustainability topics:
  - We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis with supporting company documentation.
  - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 11.2.2025

Ernst & Young Oy
Authorized Sustainability Audit Firm

Heikki Ilkka
Authorized Sustainability Auditor

CONTACT US

Cargotec Corporation

Itämerenkatu 25,
Helsinki, Finland
P.O. Box, 00501 Helsinki
Tel. +358 20 777 4000

Websites

www.cargotec.com
www.hiab.com

Business identity code

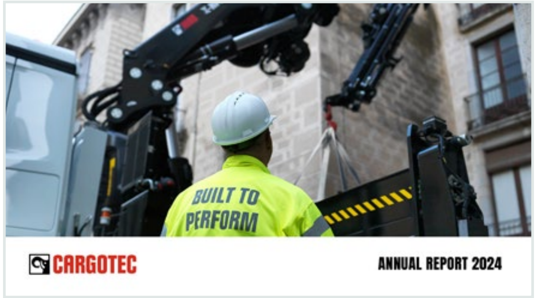
1927402–8

Follow us

Cargotec’s (Nasdaq Helsinki: CGCBV) Hiab business is a leading provider of smart and sustainable on road load-handling solutions, committed to delivering the best customer experience every day with the most engaged people and partners. The company's continuing operations sales in 2024 totalled approximately EUR 1.6 billion and it employs over 4,000 people.

www.cargotec.com

Annual Report 2024



GRI Index 2024

Cargotec' Annual Report 2024 consists of the annual review, financial review, corporate governance statement and remuneration report. The financial review consists of the Board of Directors' report, including the sustainability statement, as well as the financial statements, and audit and assurance reports. All documents are available at the company website www.cargotec.com/annual-reviews.

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