



Cargotec's financial statements review 2022

RECORD YEAR FOR KALMAR AND HIAB



Cargotec's financial statements review 2022: Record year for Kalmar and Hiab

- Orders received, sales and comparable operating profit at record-high level
- Service and eco portfolio sales at record-high level
- MacGregor's portfolio rationalisation had a significant negative impact on operating profit

October–December 2022 in brief: Comparable operating profit increased

- Orders received increased by 13 percent and totalled EUR 1,190 (1,051) million.
- Order book amounted to EUR 3,541 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 36 percent and totalled EUR 1,239 (910) million.
- Service sales increased by 22 percent and totalled EUR 354 (289) million.
- Service sales represented 29 (32) percent of consolidated sales.
- Eco portfolio sales increased by 61 percent and totalled EUR 268 (166) million.
- Eco portfolio sales represented 22 (18) percent of consolidated sales.
- Operating profit was EUR -29 (8) million, representing -2.3 (0.9) percent of sales. The operating profit includes items affecting comparability worth EUR -117 (-37) million.
- Comparable operating profit increased by 95 percent and amounted to EUR 89 (45) million, representing 7.2 (5.0) percent of sales.
- Cash flow from operations before finance items and taxes totalled EUR 147 (60) million.
- Profit for the period amounted to EUR -68 (-8) million.
- Basic earnings per share was EUR -1.04 (-0.13).

January–December 2022 in brief: Strong growth in eco portfolio sales

- Orders received increased by 10 percent and totalled EUR 4,862 (4,427) million.
- Order book amounted to EUR 3,541 (31 Dec 2021: 2,847) million at the end of the period.
- Sales increased by 23 percent and totalled EUR 4,089 (3,315) million.
- Service sales increased by 17 percent and totalled EUR 1,264 (1,076) million.
- Service sales represented 31 (32) percent of consolidated sales.
- Eco portfolio sales increased by 54 percent and totalled EUR 964 (626) million.
- Eco portfolio sales represented 24 (19) percent of consolidated sales.
- Operating profit was EUR 106 (356) million, representing 2.6 (10.7) percent of sales. The operating profit includes items affecting comparability worth EUR -226 (124) million. The decrease in the operating profit is mainly due to the sales gain of the Navis software business divestment in the comparison period.
- Comparable operating profit increased by 43 percent and amounted to EUR 332 (232) million, representing 8.1 (7.0) percent of sales.
- Cash flow from operations before finance items and taxes totalled EUR 231 (169) million.
- Profit for the period amounted to EUR 23 (247) million.
- Basic earnings per share was EUR 0.37 (3.82).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.34 for each class A shares and EUR 1.35 for each outstanding class B shares be paid.

Outlook for 2023

Cargotec estimates its core businesses¹ 2023 comparable operating profit to improve from 2022 (EUR 384² million) and MacGregor's comparable operating profit in 2023 to be positive (EUR -47² million).³

¹ Hiab and Kalmar excluding heavy cranes and including corporate administration and support functions

² Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 4 million in the core business and EUR 12 million in MacGregor in 2022. Comparison figures have been calculated based on the new definition. Restatement for 2022 figures will be published before Q1/23 result announcement.

³ The outlook for 2023 does not include the comparable operating profit of Kalmar's heavy crane business which will be discontinued.

Cargotec's key figures

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Orders received	1,190	1,051	13%	4,862	4,427	10%
Service orders received	345	308	12%	1,286	1,162	11%
Order book, end of period	3,541	2,847	24%	3,541	2,847	24%
Sales	1,239	910	36%	4,089	3,315	23%
Service sales	354	289	22%	1,264	1,076	17%
Service sales, % of sales	29%	32%		31%	32%	
Eco portfolio sales	268	166	61%	964	626	54%
Eco portfolio sales, % of sales	22%	18%		24%	19%	
Operating profit	-28.8	8.3	< -100 %	106.1	355.7	-70%
Operating profit, %	-2.3%	0.9%		2.6%	10.7%	
Comparable operating profit	88.6	45.5	95%	332.1	231.5	43%
Comparable operating profit, %	7.2%	5.0%		8.1%	7.0%	
Profit before taxes	-40.6	4.7	< -100 %	79.0	333.1	-76%
Cash flow from operations before finance items and taxes	147.2	59.7	> 100%	231.2	169.3	37%
Profit for the period	-67.6	-8.2	< -100 %	23.2	246.7	-91%
Basic earnings per share, EUR	-1.04	-0.13	< -100 %	0.37	3.82	-90%
Interest-bearing net debt, end of period	378	414	-9%	378	414	-9%
Gearing, %	24.8%	26.8%		24.8%	26.8%	
Interest-bearing net debt / EBITDA*	1.2	0.9		1.2	0.9	
Return on capital employed (ROCE), last 12 months, %	4.6%	14.5%		4.6%	14.5%	
Personnel, end of period	11,526	11,174	3%	11,526	11,174	3%

* Last 12 months' EBITDA

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

Cargotec's CEO Mika Vehviläinen: Successful and eventful year with many nuances

The year 2022 was excellent for Cargotec. Several global crises characterised the year; however, Cargotec's orders received, sales and comparable operating profit were at a record level.

The execution of the refocused strategy, published in March, has started successfully. The exit from Kalmar heavy cranes business is finalised, and the changes in the operating model, aimed at increasing the independence of the business areas, have been taken into use. Regarding the evaluation of strategic options of MacGregor, Cargotec's Board of Directors decided in November that, in the future, MacGregor would no longer be part of Cargotec's portfolio.

Cargotec's comparable operating profit margin was around 8 in 2022, when in the core businesses Hiab and Kalmar the comparable operating profit margin was over 11. The positive development of Hiab and Kalmar continued, and their excellent performance in the seasonally strong fourth quarter ensured that Cargotec's comparable operating profit for 2022 increased to a record level of EUR 332 million.

MacGregor's result was a disappointment. Its comparable operating profit was negative by EUR 31 million in the fourth quarter, due to investments in offshore wind power projects and cost overruns, as well as MacGregor's portfolio rationalisation which had a significant negative impact on its operating profit. We have taken the necessary measures to ensure the best possible shareholder value when divesting MacGregor. Despite the disappointing result, MacGregor's business in the merchant ship segment and service business has progressed well, and has been profitable. Excluding the offshore wind business, MacGregor's comparable operating profit margin in 2022 would have been around 3 percent.

In 2022, we published new performance targets for our core businesses, thereby highlighting our strategy to grow profitably by solving our customers' sustainability challenges. The targets are faster-than-market sales growth; comparable operating profit of 12 percent in 2025 and 15 percent in 2030; double the eco portfolio sales growth compared to traditional products; and a reduction of greenhouse gas emissions in the value chain by at least 50 percent by 2030 from the 2019 level. Although our emissions intensity decreased in 2022, compared to the 2019 level, the increase in CO₂ emissions in the core businesses Hiab and Kalmar was 15 percent, and in the entire Cargotec value chain it was 5 percent. Having sustainability and financial targets together demonstrates how essential sustainability is in Cargotec's strategy.

We continued to invest in product development to support our customers' business and promote environmental solutions. As examples, Kalmar started serial production of fully electric reachstackers while Hiab now provides an electric version of all its truck mounted forklifts. These and many other of our eco-efficient solutions have been very well received by our customers, and the eco portfolio sales increased by 54 percent compared to the previous year, amounting to EUR 964 million. In the core businesses, the portfolio sales increase was in line with our announced targets, i.e. double compared to traditional products.

In addition to strong technological know-how, the services business is one of our strengths as well. Its excellent development continued in 2022 with orders received increasing by 11 percent and service sales by 17 percent to a record number of EUR 1,264 million. Services represented 31 percent of our consolidated sales. The profitability of our services business is at an excellent level and still has plenty of growth potential, for example by increasing the spare parts capture rate. This supports our goal of increasing our recurring revenues.

In December, I informed Cargotec's Board of Directors of my intention to retire from Cargotec during 2023. The Board has initiated a search for a successor. In 2023, it will be ten years since I started in my position. I believe this is the right time to welcome a new CEO to lead the financially and operationally strong Cargotec into its next development phase. It has been a pleasure and a privilege to lead the transformation and development of Cargotec together with so many committed and talented colleagues, customers and partners.

Cargotec goes into the year 2023 with a record order book. However, current economic forecasts and the global situation, as well as price increases and availability challenges of materials and components still create uncertainty. We are well prepared and able to react to rapid market situation changes. In addition, our financial position is strong, especially as only a small number of our loans will mature this year.

I thank our employees for their work efforts as well as our customers and shareholders for their trust in the year 2022.

Reporting segments' key figures

Orders received

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Kalmar	544	513	6%	2,081	2,063	1%
Hiab	377	384	-2%	1,807	1,713	5%
MacGregor	269	153	75%	976	652	50%
Internal orders	0	0		0	0	
Total	1,190	1,051	13%	4,862	4,427	10%

Order book

MEUR	31 Dec 2022	31 Dec 2021	Change
Kalmar	1,428	1,302	10%
Hiab	1,185	985	20%
MacGregor	927	560	65%
Internal order book	1	0	
Total	3,541	2,847	24%

Sales

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Kalmar	618	430	44%	1,943	1,512	28%
Hiab	456	339	35%	1,578	1,250	26%
MacGregor	165	141	17%	569	553	3%
Internal sales	0	0		-1	-1	
Total	1,239	910	36%	4,089	3,315	23%

Operating profit

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Kalmar	67.0	32.6	> 100%	142.1	344.5	-59%
Hiab	61.3	34.0	81%	217.1	144.7	50%
MacGregor	-143.6	-32.1	< -100%	-190.2	-40.0	< -100%
Corporate administration and support functions	-13.5	-26.2	49%	-62.9	-93.5	33%
Total	-28.8	8.3	< -100%	106.1	355.7	-70%

Comparable operating profit

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Kalmar	69.5	36.5	90%	190.1	120.1	58%
Hiab	62.3	40.4	54%	224.2	166.3	35%
MacGregor	-31.4	-23.7	-33%	-36.0	-14.7	< -100%
Corporate administration and support functions	-11.8	-7.7	-52%	-46.3	-40.1	-15%
Total	88.6	45.5	95%	332.1	231.5	43%

Telephone conference for analysts, investors and media

A live international telephone conference for analysts, investors and media will be arranged on the publishing day at 10:00 a.m. EET. The event will be held in English. The report will be presented by CEO Mika Vehviläinen and CFO Mikko Puolakka. The presentation material will be available at www.cargotec.com by the latest 9:30 a.m. EET.

To ask questions, please join the teleconference by registering via the following link: <https://palvelu.flik.fi/teleconference/?id=1009459>. After the registration, the conference phone numbers and a conference ID to access the conference will be provided. Questions can be presented during the conference. For questions, please press *5 on your telephone keypad to join the queue.

The event can also be viewed as a live webcast at <https://cargotec.videosync.fi/2022-q4>. The conference call will be recorded and an on-demand version of the conference will be published at Cargotec's website later during the day.

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

For further information, please contact:

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Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has signed the United Nations Global Compact Business Ambition for 1.5°C. The company's sales in 2022 totalled approximately EUR 4 billion and it employs around 11,500 people. www.cargotec.com

Cargotec's financial statements review 2022

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

Operating environment

Increasing uncertainty characterised the market development in 2022. This was influenced by, for example, Russia's attack on Ukraine, global supply chain challenges, increased interest rates, high inflation, and weakened consumer confidence. For the year 2023, market forecasts anticipate slow growth.

The demand for Cargotec's core businesses Hiab and Kalmar is affected by the development of the global GDP per capita. According to the World Bank's Global Economic Prospects report published in January 2023, the global economy grew by 2.9 percent in 2022, and is projected to grow by 1.7 percent in 2023. In the World Bank's advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), the World Bank estimates a 2.5 percent growth in 2022 and projects a 0.5 percent growth in 2023. The growth projections are lower compared to the World Bank's previous outlook, reflecting high inflation, difficult financial conditions, and the continuing Russian attack on Ukraine.⁴

The demand for MacGregor's cargo handling solutions is driven by the level of merchant ship contracting which, against a strong comparison period, declined to 1,286⁵ (1,613⁶) new orders in 2022. Higher new vessel construction costs and extended lead times due to shipyard capacity restrictions weakened the ordering activity which, however, was still significantly higher compared to previous years. In the offshore sector, the number of the new unit contracts was 137 (107), which was still below the historical average (365). In 2023, the number of new merchant vessel orders is estimated to be 1,386, and in the offshore sector 202.⁷

⁴ World Bank: Global Economic Prospects report, January 2023

⁵ Clarkson, January 2023

⁶ Clarkson, January 2022, does not include registrations after 1 January 2022

⁷ Clarkson, December 2022

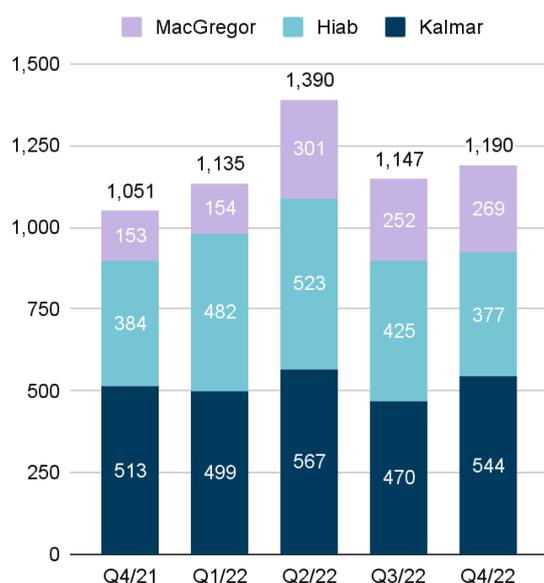
Financial performance

Orders received and order book

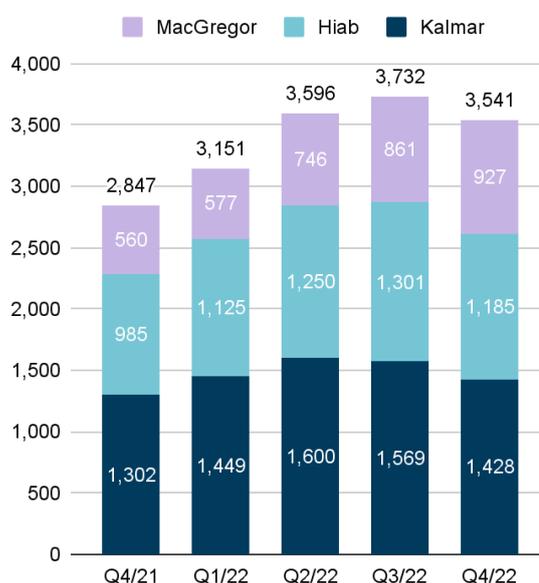
Orders received and order book

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Orders received	1,190	1,051	13%	4,862	4,427	10%
Service orders received	345	308	12%	1,286	1,162	11%
Order book, end of period	3,541	2,847	24%	3,541	2,847	24%

Orders received, MEUR



Order book, MEUR



In the fourth quarter of 2022, orders received increased by 13 percent from the comparison period and totalled EUR 1,190 (1,051) million. Orders received increased in Kalmar and MacGregor while orders received decreased slightly in Hiab. Service orders received increased by 12 percent and totalled EUR 345 (308) million.

Orders received increased in 2022 by 10 percent from the comparison period and totalled EUR 4,862 (4,427) million. Orders received increased in all business areas from the comparison period. Service orders received increased by 11 percent and totalled EUR 1,286 (1,162) million.

The order book increased by 24 percent from the end of 2021, and at the end of 2022 it totalled EUR 3,541 (31 Dec 2021: 2,847) million. Kalmar's order book totalled EUR 1,428 (1,302) million, representing 40 (46) percent, Hiab's EUR 1,185 (985) million or 33 (35) percent and MacGregor's EUR 927 (560) million or 26 (20) percent of the consolidated order book.

In geographical terms, the share of orders received in the fourth quarter was 39 (48) percent in EMEA and 35 (33) percent in the Americas. Asia-Pacific's share of orders received was 26 (19) percent.

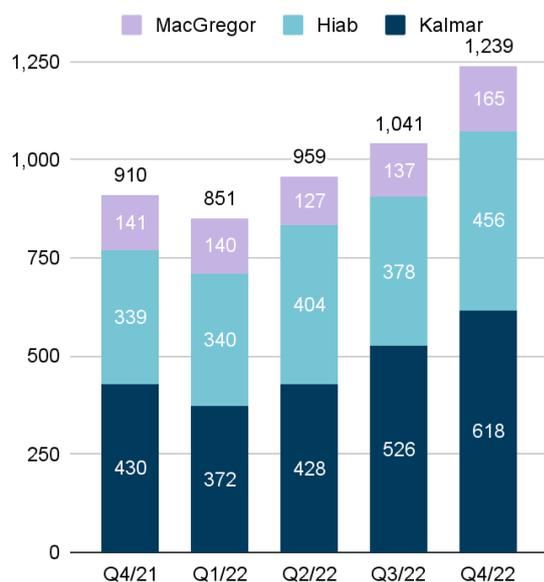
In 2022, the share of orders received was 42 (46) percent in EMEA and 35 (34) percent in the Americas. Asia-Pacific's share of orders received was 23 (20) percent.

Sales

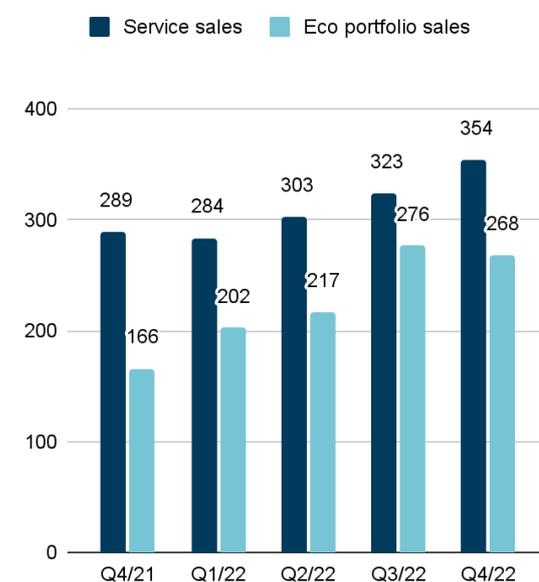
Sales

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Sales	1,239	910	36%	4,089	3,315	23%
Service sales	354	289	22%	1,264	1,076	17%
Eco portfolio sales	268	166	61%	964	626	54%

Sales, MEUR



Service and eco portfolio sales, MEUR



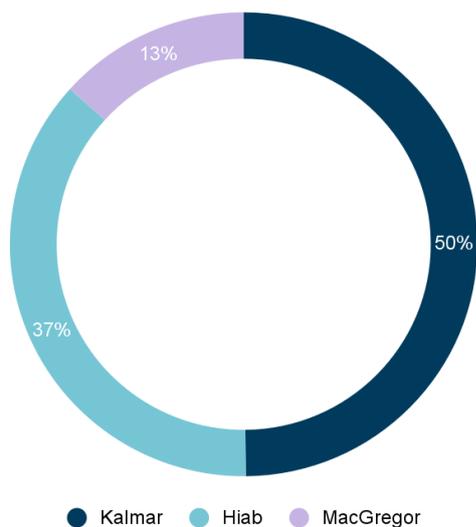
In the fourth quarter of 2022, sales increased from the comparison period by 36 percent and amounted to EUR 1,239 (910) million. Sales increased in all businesses. Service sales increased by 22 percent from the comparison period and totalled EUR 354 (289) million, representing 29 (32) percent of consolidated sales. Software sales increased by 39 percent and amounted to EUR 13 (9) million. In total, service and software sales amounted to EUR 367 (299) million, representing 30 (33) percent of consolidated sales.

Sales in 2022 increased from the comparison period by 23 percent to EUR 4,089 (3,315) million. Sales increased in all businesses. Service sales increased by 17 percent from the comparison period and totalled EUR 1,264 (1,076) million, representing 31 (32) percent of consolidated sales. Software sales decreased by 51 percent and amounted to EUR 47 (95) million. The decrease in software sales was due to the divestment of the Navis software business in 2021. Service and software sales amounted to EUR 1,311 (1,172) million, representing 32 (35) percent of consolidated sales.

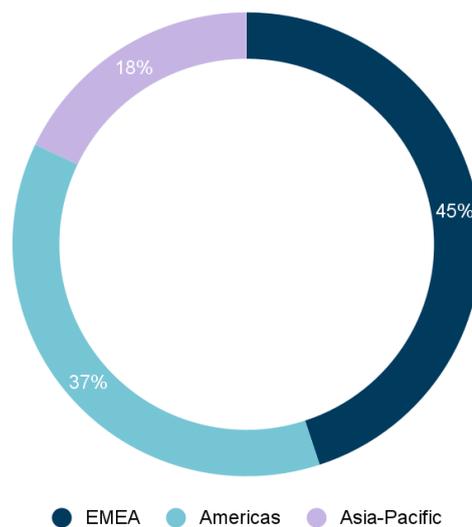
Cargotec's eco portfolio consists of products and services that enhance customers' sustainability with tangible environmental benefits. In the fourth quarter, the eco portfolio sales increased by 61 percent and totalled EUR 268 (166) million, representing 22 (18) percent of consolidated sales. The increase was driven by higher sales in Hiab's and Kalmar's eco portfolio. In 2022, the eco

portfolio sales increased by 54 percent and totalled EUR 964 (626) million, representing 24 (19) percent of consolidated sales.

Sales by business area
 Q4/2022, %



Sales by geographical area
 Q4/2022, %



Sales increased in all geographical areas in the fourth quarter. EMEA's share of consolidated sales was 45 (50) percent, Americas' 37 (31) percent and Asia-Pacific's 18 (19) percent.

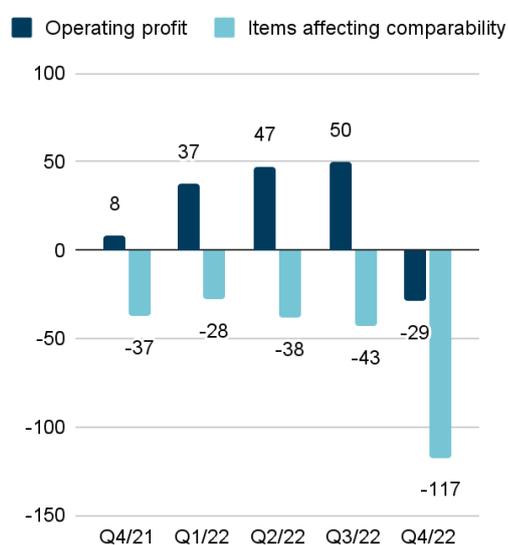
In 2022, EMEA's share of consolidated sales was 47 (50) percent, Americas' 36 (31) percent and Asia-Pacific's 17 (19) percent.

Financial result

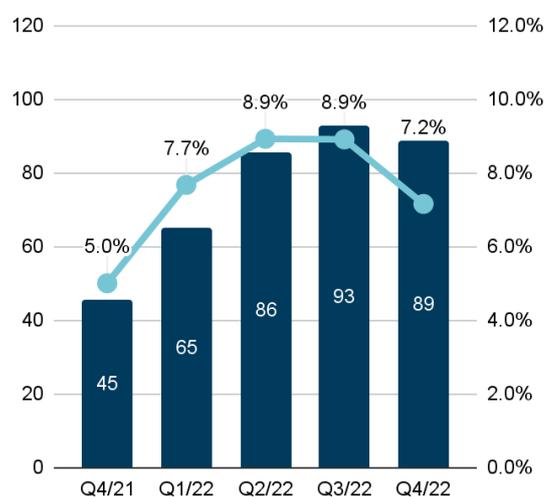
Operating profit and comparable operating profit

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Operating profit	-28.8	8.3	< -100%	106.1	355.7	-70%
Operating profit, %	-2.3%	0.9%		2.6%	10.7%	
Comparable operating profit	88.6	45.5	95%	332.1	231.5	43%
Comparable operating profit, %	7.2%	5.0%		8.1%	7.0%	

Operating profit and items affecting comparability
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



Operating profit for the fourth quarter totalled EUR -29 (8) million. The decrease in the operating profit is due to the write-downs in MacGregor related to its product range rationalisation, as well as the restructuring costs in the business area.

The operating profit includes items affecting comparability worth EUR -117 (-37) million. EUR -2 (-4) million of the items were related to Kalmar, EUR -1 (-6) million to Hiab, EUR -112 (-8) million to MacGregor and EUR -2 (-18) million to corporate administration and support functions. Of the items related to MacGregor, EUR -101 million concern restructuring costs of the business area, intangible asset write-downs related to the MacGregor product range rationalisation, as well as MacGregor goodwill write-down.

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

Operating profit in 2022 totalled EUR 106 (356) million. The operating profit includes items affecting comparability worth EUR -226 (124) million. EUR -48 (224) million of the items were related to Kalmar, EUR -7 (-22) million to Hiab, EUR -154 (-25) million to MacGregor and EUR -17 (-53) million to corporate administration and support functions. Of the items related to Kalmar, EUR -36 million were related to the decision to transfer the heavy crane immaterial rights to Rainbow

Industries Co. Ltd. in China, and to the plans to ramp down the heavy cranes business. Of the items related to MacGregor, EUR -108 million concern restructuring costs of the business area, write-downs of the MacGregor product range rationalisation, and MacGregor goodwill write-down. In addition, around EUR -18 million of the MacGregor items concern a provision for possible consequences related to a project delivered to the U.S. government. Of the corporate administration and support functions items affecting comparability, EUR -10 (-50) million were related to the cancelled merger plan with Konecranes Plc. Of the items affecting comparability, EUR -8 million, all businesses combined, were related to the ramp down of businesses in Russia. Of the items affecting comparability, about half is estimated to impact cash flow. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the fourth quarter increased by 95 percent and totalled EUR 89 (45) million, representing 7.2 (5.0) percent of sales. The comparable operating profit increase was driven by higher sales in Kalmar and Hiab.

Comparable operating profit in 2022 increased by 43 percent and totalled EUR 332 (232) million, representing 8.1 (7.0) percent of sales. The comparable operating profit increase was driven by higher sales in Kalmar and Hiab.

Net finance expenses and net income

Net interest expenses for interest-bearing debt and assets for the fourth quarter totalled EUR 4 (3) million. Net finance expenses totalled EUR 12 (4) million. In 2022, net interest expenses for interest-bearing debt and assets totalled EUR 14 (18) million. Net finance expenses totalled EUR 27 (23) million. Group financing expenses increased as a result of higher hedging costs, and the change in exchange rate differences. The hedging cost increase was due to a higher amount of hedges and change in interest rate differentials.

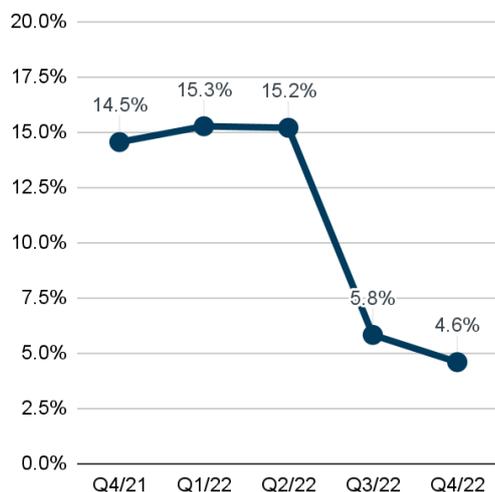
Profit for the fourth quarter totalled EUR -68 (-8) million, and basic earnings per share was EUR -1.04 (-0.13). Profit in 2022 totalled EUR 23 (247) million, and basic earnings per share was EUR 0.37 (3.82).

Balance sheet, cash flow and financing

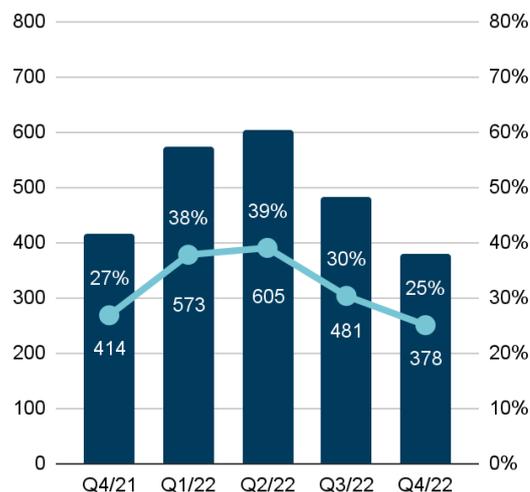
At the end of the year 2022, the consolidated balance sheet total was EUR 4,189 (31 Dec 2021: 4,027) million. Equity attributable to the equity holders of the parent was EUR 1,528 (1,544) million, representing EUR 23.69 (23.95) per share. Property, plant and equipment on the balance sheet amounted to EUR 420 (410) million and intangible assets to EUR 1,017 (1,139) million.

Return on equity (ROE, last 12 months) was 1.5 (31 Dec 2021: 17.3) percent at the end of the year, and return on capital employed (ROCE, last 12 months) was 4.6 (14.5) percent. The return on equity and capital employed of the comparison period include the profit from the Navis software business divestment. In 2022, the return on capital employed was weakened by the negative result and high capital employed of the MacGregor business area.

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



Interest-bearing net debt, MEUR
 Gearing, %



Cash flow from operating activities before financial items and taxes totalled EUR 231 (169) million during 2022. The increase in inventories caused by bottlenecks in the supply chain still burdened cash flow.

Cargotec's liquidity position is strong. In December, Cargotec entered into a new EUR 330 million sustainability-linked revolving credit facility with a syndicate of its seven relationship banks. The facility has a tenor of five years with two one-year extension options. The purpose of this facility is to refinance the EUR 300 million revolving credit facility maturing June 2024. With this facility, Cargotec strengthened its long-term liquidity and included sustainability targets to the facility.

The liquidity reserves, consisting of cash and cash equivalents and the above mentioned undrawn EUR 330 million long-term revolving credit facility, totalled EUR 782 million on 31 December 2022 (31 Dec 2021: 789). In addition to the liquidity reserves, Cargotec had access to a EUR 150 million commercial paper programme, of which undrawn EUR 150 (150) million, as well as undrawn bank overdraft facilities, totalling EUR 95 (111) million.

The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 87 (43) million, which includes EUR 37 (35) million lease liabilities.

At the end of 2022, the interest-bearing debt amounted to EUR 838 (31 Dec 2021: 919) million, of which EUR 165 (163) million was in lease liabilities. Of the interest-bearing debt, EUR 87 (43) million was current and EUR 751 (876) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 2.1 (1.3) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 459 (505) million. Interest-bearing net debt totalled EUR 378 (414) million.

At the end of the year, Cargotec's equity to assets ratio was 39.2 (31 Dec 2021: 40.6) percent. Gearing was 24.8 (26.8) percent.

Impacts of currencies and structural changes

MEUR	Orders received		Sales	
	Q4	Q1-Q4	Q4	Q1-Q4
2021	1,051	4,427	910	3,315
Organic growth in constant currencies, %	10%	7%	32%	20%
Impact of changes in exchange rates, %	3%	4%	4%	5%
Structural changes, %	0%	-1%	0%	-1%
Total change, %	13%	10%	36%	23%
2022	1,190	4,862	1,239	4,089

In the fourth quarter of 2022, orders received increased organically in constant currencies by 10 percent. Changes in exchange rates had a 3 percentage points positive impact, and structural changes a 0 percentage points impact on Cargotec's orders received. In constant currencies, sales increased organically by 32 percent. Changes in exchange rates had a 4 percentage points positive effect, and structural changes a -1 percentage points effect on Cargotec's sales.

In the year 2022, orders received increased organically in constant currencies by 7 percent. Changes in exchange rates had a 4 percentage points positive impact, and structural changes a -1 percentage points impact on Cargotec's received orders. In constant currencies, sales increased organically by 20 percent. Changes in exchange rates had a 5 percentage points positive effect, and structural changes a -1 percentage points effect on Cargotec's sales.

Corporate topics

Research and development

Research and product development expenditure in 2022 totalled EUR 100 (102) million, representing 2.4 (3.1) percent of sales. The decrease in the R&D expenditure was mainly due to the divestment of the Navis software business. Research and development investments were focused on solutions supporting climate targets such as digitalisation, electrification, and robotisation as well as projects that aim to improve the competitiveness and cost efficiency of products. During the year, research and development efforts focused for example on the following:

Kalmar

During the year, Kalmar continued the development of its electric offering as well as the future robotic product portfolio. With the help of electrification, customers can achieve significant lifetime cost and greenhouse gas emission reductions. The development of electric equipment also offers Kalmar a significant business opportunity.

In 2022, Kalmar started field testing the Kalmar Electric Reachstacker in Norway, and the field tests of the world's first Kalmar Heavy Electric Forklift started in Sweden. In December, Kalmar started serial production of fully electric reachstackers at its assembly unit in Poland.

Kalmar collaborates with other industry players to speed up the development of novel technologies in the area of cargo handling. In December, Kalmar announced a collaboration with Toyota Tsusho America Inc., and global strategic environmental engineering consultancy Ricardo in a project to develop fuel cell powered terminal tractors. As part of the project, a Kalmar customer in the USA will trial two Kalmar Ottawa Terminal Tractors powered by fuel cell technology at its container terminal on the US west coast.

Hiab

In 2022, Hiab launched a record amount, over 40, of new products. These included significant developments to loader cranes, a range of railway cranes, new electric MOFFETT truck mounted forklifts to complete the eSeries, a new generation of LOGLIFT forestry cranes, and tail lifts. Hiab also introduced the world's first hooklift, a MULTILIFT Ultima, made mostly from fossil-free steel from SSAB. The steel offers the same properties as conventionally produced steel.

In addition, Hiab presented the comprehensive and intelligent service solution HiPerform™ which enables optimising the performance of customers' Hiab equipment. Hiab also launched multiple solutions addressing sustainability, such as the ePTO 44, an electric and emission-free alternative to drawing power for operating the crane from the vehicle's engine, and presented camera system HiVision 2.0 for forestry cranes and improvements to HiVision for MULTILIFT demountables. HiVision allows equipment operations from inside the truck cabin by using an external camera system to show the equipment surroundings.

MacGregor

During 2022, MacGregor completed its range of electric cranes with the release of a heavy-duty transfer loading crane that consumes approximately 60 percent less energy compared to a hydraulic drive system.

The SEAMLESS project, part of the EU Horizon innovation programme, received EUR 15 million in funding from the EU for developing inland transport waterway automation. Of the funding, MacGregor is to receive EUR 2.6 million. In the project, MacGregor aims to develop a so-called Dock'n'Load system which includes automated docking, mooring and departure systems, enabling autonomous vessels to operate within inland waterway ports with limited infrastructure. MacGregor also further develops Voyage and Container Optimisation Platform which would enable transparency of hinterland connections and transshipments of the container supply chain to all stakeholders. In addition, connection to various existing platforms would also be secured.

MacGregor is actively working on the carbon capture, use and storage (CCUS) segment, utilising its offshore know-how and capabilities, and is in close dialogue with other industry stakeholders.

MacGregor also continued the project towards offshore wind energy that started in 2020, where the developed prototype enables the verification of simulation models and the control of system performance and, for example, the evaluation of various situations in a safe and regulated environment. The research and development project is supported by the Norway Research Council, the Norwegian government's research policy adviser, and is implemented in cooperation between the University of Agder and MacGregor.

MacGregor was awarded the 2022 SMART4SEA Technology Award for the development of the OnWatch Scout service that monitors conditions and anticipates maintenance needs.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 81 (64) million in 2022. Investments in customer financing were EUR 32 (16) million. Depreciation, amortisation and impairment amounted to EUR 204 (117) million. The amount includes impairments worth EUR 88 (7) million, of which EUR 63 million is related to MacGregor's goodwill impairment and EUR 25 million to intangible asset write-downs related to the MacGregor product range rationalisation.

Acquisitions and divestments in 2022

In December, Hiab entered into an agreement to acquire the family-owned Swedish industrial group Olsbergs. 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. The closing of the transaction took place on 1 January 2023.

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

Operational restructurings

Restructuring costs in the fourth quarter amounted to EUR 36 (13) million and to EUR 91 (33) million in the year 2022. In November, Cargotec announced that it had started a restructuring programme in MacGregor's offshore business. Cargotec booked a EUR 37 million restructuring cost related to MacGregor's restructuring programmes in the fourth quarter, and EUR 45 million in 2022. Cargotec booked in 2022 a EUR 36 million restructuring cost related to the decision announced in July to transfer Kalmar heavy crane immaterial rights to Rainbow Industries Co. Ltd. in China, and to the plans to ramp down the heavy cranes business. In addition, Cargotec booked a EUR 8 million impairment provision to assets that relate to ramping down its businesses in Russia. For the year 2023, the restructuring costs of ongoing restructuring programmes are estimated to be approximately EUR 20 million. The estimate does not include all costs related to Cargotec's refocused strategy, and the restructuring cost estimate may be subject to change.

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

Personnel

Cargotec employed 11,526 (31 Dec 2021: 11,174) people at the end of the year 2022. The average number of employees in 2022 was 11,405 (1–12/2021: 11,232).

Salaries and remunerations to employees totalled EUR 608 (611) million in 2022.

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

The completion rate of the 2022 Compass survey was 75 percent (2021: 76). According to the results, teamwork remains our stronghold, which is evident from the top score of 82 (82) percent in the team climate and performance category. On the other hand, the results show that we must focus more attention on topics such as work-life balance, stress management and the future direction of the company. As per Cargotec's personnel procedures, managers organise feedback sessions and plan actions with their teams, focusing especially on items where improvement is needed.

Strategy and vision

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

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

As part of its strategy, Cargotec has exited Kalmar's heavy port cranes business and has completed the evaluation of strategic options of MacGregor, announced in March 2022. Based on the evaluation, Cargotec's Board of Directors has concluded that MacGregor will not be part of Cargotec's portfolio in the future. An active sales process of the MacGregor business has not been initiated yet and the Board of Directors continues to evaluate the timing of the divestment.

Performance targets for core businesses⁸

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

- Eco portfolio sales: double the growth compared to traditional products
- Reduce CO₂ emissions in Cargotec's value chain⁹ by 25% by 2025 and by 50% by 2030
- Sales growth faster than market¹⁰
- Comparable operating profit 12% by 2025 and 15% by 2030

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

⁸ Core businesses = Cargotec excluding MacGregor, Kalmar heavy cranes business. and the Navis business divested during the comparison period

⁹ Scopes 1, 2 & 3, compared to 2019

¹⁰ Global GDP, IMF World Economic Outlook, current prices

Core businesses' key figures

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Orders received	920	880	5%	3,874	3,639	6%
Service orders received	257	241	7%	961	863	11%
Order book, end of period	2,566	2,173	18%	2,566	2,173	18%
Sales	1,046	748	40%	3,445	2,633	31%
Service sales	263	219	20%	962	819	18%
Service sales, % of sales	25%	29%		28%	31%	
Eco portfolio sales	232	137	69%	859	482	78%
Eco portfolio sales, % of sales	22%	18%		25%	18%	
Operating profit	119.7	47.0	> 100 %	352.5	181.8	94%
Operating profit, %	11.4%	6.3%		10.2%	6.9%	
Comparable operating profit	124.5	75.6	65%	388.5	264.1	47%
Comparable operating profit, %	11.9%	10.1%		11.3%	10.0%	

Core businesses = Cargotec excluding MacGregor, Kalmar heavy cranes business. and the Navis business divested during the comparison period. Includes corporate administration and support functions.

In the fourth quarter of 2022, Cargotec's core businesses' sales increased from the comparison period by 40 percent and amounted to EUR 1,046 (748) million. The eco portfolio sales of core businesses increased by 69 percent and totalled EUR 232 (137) million, representing 22 (18) percent of core businesses' consolidated sales. Cargotec's core businesses' comparable operating profit increased by 65 percent and amounted to EUR 124 (76) million. In the fourth quarter, the comparable operating profit margin of core businesses was 11.9 (10.1).

In 2022, sales of Cargotec's core businesses increased from the comparison period by 31 percent and amounted to EUR 3,445 (2,633) million. Eco portfolio sales of the core businesses increased by 78 percent and totalled EUR 859 (482) million, representing 25 (18) percent of core businesses' consolidated sales. The comparable operating profit of Cargotec's core businesses increased by 47 percent and amounted to EUR 388 (264) million. The comparable operating profit margin of Cargotec's core businesses was 11.3 (10.0) in 2022. The CO₂ emissions of the core business' value chain increased by 15 percent from the year 2019 level. The emission intensity decreased but not enough to compensate for the increase in emissions brought about by the increase in sales.

Sustainability

In 2022, Cargotec strengthened its sustainability governance. Cargotec has identified seven material topics where its potential and actual impacts are most significant, and during the year, each material topic was nominated a lead who is responsible for systematically driving the management and improvement actions of their designated topic. The identified topics are climate change; circularity; human rights; health and safety; diversity, equity and inclusion; sustainable finance, and responsible sourcing.

Set by the Board of Directors, Cargotec's sustainability-related targets are integrated in the performance targets of the core businesses, which demonstrates how essential sustainability is in Cargotec's strategy. The targets are to reduce emissions by at least 50% by 2030 and by 25% by 2025 (in line with the company's science-based climate target) and to double the sales growth of the eco portfolio compared to traditional products. To drive the climate ambition and emission reductions, Cargotec focuses on decarbonising the supply chain and its own operations, while boosting the offering of customer-centric sustainable solutions. Cargotec's biggest climate impact

and, consequently, mitigation potential, lies in its value chain, as greenhouse gas emissions related to the use of sold products and purchased goods constitute more than 90 percent of the company's total emissions.

During 2022, much effort was put into improving Cargotec's climate data and the scope 3 calculation methodology. A Supplier Decarbonisation Handbook was finalised and distributed to Cargotec's suppliers. The Handbook provides guidance on how third parties can support Cargotec's journey in becoming net zero in its operations. Cargotec also updated its European car policy to begin the transition to only using zero-emission benefit cars and service vans in Europe. This supports Cargotec's target in achieving carbon neutrality in its own operations by 2030.

Another priority in 2022 was to enable reporting in accordance with the EU Taxonomy regulation. The EU Taxonomy regulation establishes a classification system to define which economic activities are environmentally sustainable. The regulation applies to Cargotec and requires disclosure of the share of environmentally sustainable revenue, capital expenditures and operating expenditures. Based on the requirement, Cargotec revised its eco portfolio criteria. Out of the six environmental objectives of the EU Taxonomy, Cargotec has the potential to substantially contribute to climate change mitigation and the transition to a circular economy. Consequently, the eco portfolio consists of two categories in the future, namely climate solutions and circular solutions. Starting from the 2022 annual report, Cargotec will disclose the eco portfolio sales as per the new criteria.

In the fourth quarter, the eco portfolio sales increased by 61 percent and totalled EUR 268 (166) million, representing 22 (18) percent of consolidated sales. In 2022, the eco portfolio sales increased by 54 percent and totalled EUR 964 (626) million, representing 24 (19) percent of consolidated sales. The increase was driven by higher sales in the core business's Hiab and Kalmar eco portfolio. The CO₂ emissions of the core business' value chain increased by 15 percent from the year 2019 level. The emission intensity decreased but not enough to compensate for the increase in emissions brought about by the increase in sales.

Cargotec's safety target for 2022 was to have an IIFR (Industrial Injury Frequency Rate, the number of injuries per million hours worked) rate below 5 across the whole organisation. In 2022, Cargotec's IIFR improved and was 4.8 (2021: 6.0), meaning that the target was achieved. The IIFR improved at both the assembly sites 5.7 (7.3) and at the non-assembly sites 4.3 (5.3). Cargotec's safety figures cover the company's own employees and external contractors, excluding subcontractors due to missing information on working hours.

Cargotec's goal for 2023 is to have an IIFR below 4.0. Key actions in pursuing this goal include introducing new software for reporting and managing safety-related risks and measures, as well as launching a global programme on behaviour-based safety, as well as strengthened safety processes.

Board of Directors and Leadership Team

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

On 20 December 2022, Cargotec announced that Cargotec CEO Mika Vehviläinen has informed Cargotec's Board of Directors of his intention to retire from Cargotec during 2023, in accordance with the terms of his CEO service contract. The Board has initiated a search for a successor.

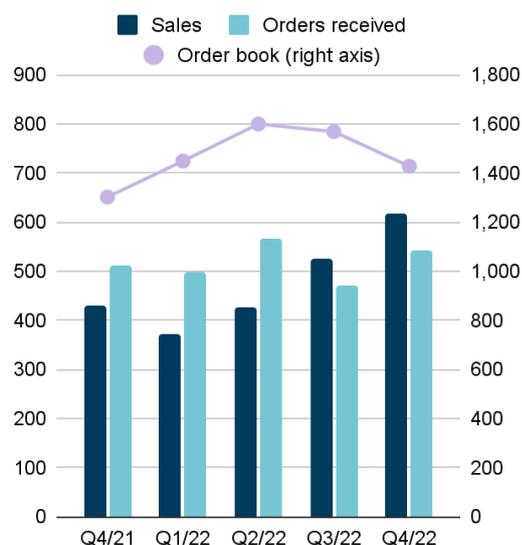
On 31 December 2022, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO, as of 1 January 2023 Senior Vice President, Sustainable Business Development; Outi Aaltonen, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Michel van Roozendaal, President, Kalmar; Scott Phillips, President, Hiab; and Leif Byström, President, MacGregor.

Reporting segments

Kalmar

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Orders received	544	513	6%	2,081	2,063	1%
Order book, end of period	1,428	1,302	10%	1,428	1,302	10%
Sales	618	430	44%	1,943	1,512	28%
Service sales	150	130	15%	551	468	18%
% of sales	24%	30%		28%	31%	
Operating profit	67.0	32.6	> 100%	142.1	344.5	-59%
% of sales	10.9%	7.6%		7.3%	22.8%	
Comparable operating profit	69.5	36.5	90%	190.1	120.1	58%
% of sales	11.2%	8.5%		9.8%	7.9%	
Personnel, end of period	5,012	4,876	3%	5,012	4,876	3%

Sales, orders received and order book
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



In the fourth quarter, orders received by Kalmar increased by 6 percent from the comparison period and totalled EUR 544 (513) million. The demand for Kalmar equipment remained strong. Orders decreased in services. Compared to the comparison period, orders received decreased in EMEA and in Asia-Pacific, and increased in Americas.

Major orders received by Kalmar in 2022 included

- world's first Kalmar electric reachstacker with a combined charging system and a five-year Kalmar Complete Care service agreement to Norway (Q1)
- three medium electric forklift trucks for timber handling in Austria & Czech Republic (Q1)
- 62 Kalmar Hybrid AutoStrads to the United States (Q2)
- 23 semi-automated hybrid shuttle carriers to Morocco (Q2)
- 20 Eco reachstackers, four empty container handlers and three heavy forklift trucks to Turkey, Sweden, Portugal and Italy. The agreement also includes extended warranty and service contracts for all equipment to be delivered (Q3)
- a comprehensive five-year service agreement with a Swedish steel producer including the provision of equipment, parts and service personnel (Q4)
- 64 Kalmar forklift trucks including medium and heavy models to a leading German supplier of rental machines (Q4).

Kalmar's orders received in 2022 increased slightly and totalled EUR 2,081 (2,063) million.

Kalmar's order book increased by 10 percent from the end of 2021, totalling EUR 1,428 (31 Dec 2021: 1,302) million at the end of the year 2022.

Kalmar's fourth quarter sales increased by 44 percent from the comparison period and totalled EUR 618 (430) million. Service sales increased by 15 percent and totalled EUR 150 (130) million, representing 24 (30) percent of sales.

Kalmar sales in 2022 increased by 28 percent from the comparison period and totalled EUR 1,943 (1,512) million. Service sales increased by 18 percent and totalled EUR 551 (468) million, representing 28 (31) percent of sales.

Kalmar's fourth quarter operating profit totalled EUR 67 (33) million. The operating profit includes EUR -2 (-4) million in items affecting comparability. The comparable operating profit amounted to EUR 69 (37) million, representing 11.2 (8.5) percent of sales. The comparable operating profit increased due to higher sales.

Kalmar's operating profit in 2022 totalled EUR 142 (345) million. The operating profit includes EUR -48 (224) million in items affecting comparability. Of the items affecting comparability, EUR -36 million were related to the decision to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. (RIC) in China and to the plan to exit the heavy cranes business. The comparable operating profit amounted to EUR 190 (120) million, representing 9.8 (7.9) percent of sales. The comparable operating profit increased due to higher sales.

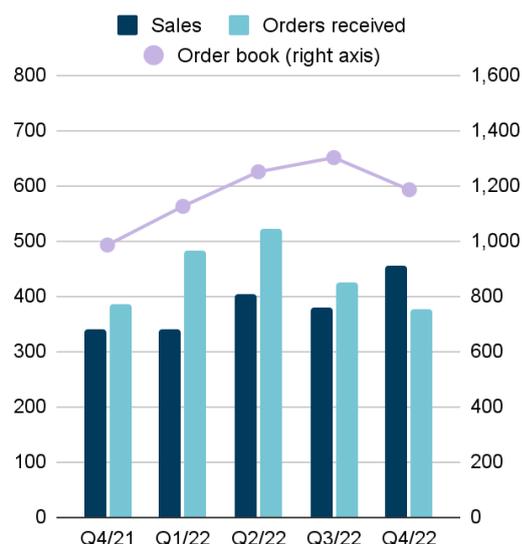
Excluding the heavy cranes business, which will be discontinued, Kalmar sales in the fourth quarter would have been 590 (410), operating profit 72 (39), and comparable operating profit 74 (43).

Excluding the heavy cranes business and the Navis business divested during the comparison period, Kalmar sales in 2022 would have been 1,868 (1,383), operating profit 198 (131), and comparable operating profit 211 (138). At the end of 2022, Kalmar heavy cranes order book was EUR 47 million, the majority of which is planned to be delivered in 2023.

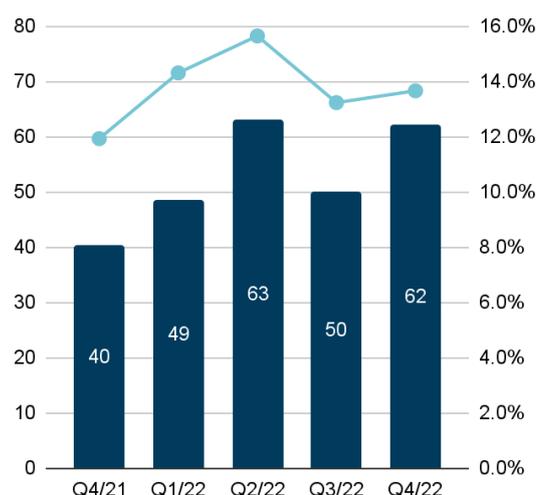
Hiab

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Orders received	377	384	-2%	1,807	1,713	5%
Order book, end of period	1,185	985	20%	1,185	985	20%
Sales	456	339	35%	1,578	1,250	26%
Service sales	113	89	27%	411	351	17%
% of sales	25%	26%		26%	28%	
Operating profit	61.3	34.0	81%	217.1	144.7	50%
% of sales	13.4%	10.0%		13.8%	11.6%	
Comparable operating profit	62.3	40.4	54%	224.2	166.3	35%
% of sales	13.7%	11.9%		14.2%	13.3%	
Personnel, end of period	3,778	3,585	5%	3,778	3,585	5%

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



Hiab's orders received for the fourth quarter decreased by 2 percent from the comparison period and totalled EUR 377 (384) million. Service orders received increased.

Hiab's major orders received in 2022 included

- all-electric MOFFETT E4 truck mounted forklifts with a five-year ProCare service contract to a wood and building materials dealer and logistics company in Germany. The value of the order is EUR 4.5 million (Q1)
- EUR 22 million order for MOFFETT truck mounted forklifts to Poland (Q2)
- EUR 7.5 million order for HIAB iX.2758 RAIL super heavy loader cranes including installation and five year's ProCare service agreements from a customer in Spain (Q3)
- 135 MULTILIFT hooklifts and seven HIAB loader cranes with installation, accessories and training, with option for 127 additional MULTILIFT hooklifts for a defence end-user in Finland (Q4).

Hiab's orders received in 2022 increased by 5 percent and totalled EUR 1,807 (1,713) million.

Hiab's order book increased by 20 percent from the end of 2021, totalling EUR 1,185 (31 Dec 2021: 985) million at the end of the year 2022.

Hiab's fourth quarter sales increased by 35 percent and totalled EUR 456 (339) million. Service sales increased by 27 percent and amounted to EUR 113 (89) million, representing 25 (26) percent of sales.

In 2022, Hiab's sales increased by 26 percent and totalled EUR 1,578 (1,250) million. Service sales increased by 17 percent and totalled EUR 411 (351) million, representing 26 (28) percent of sales.

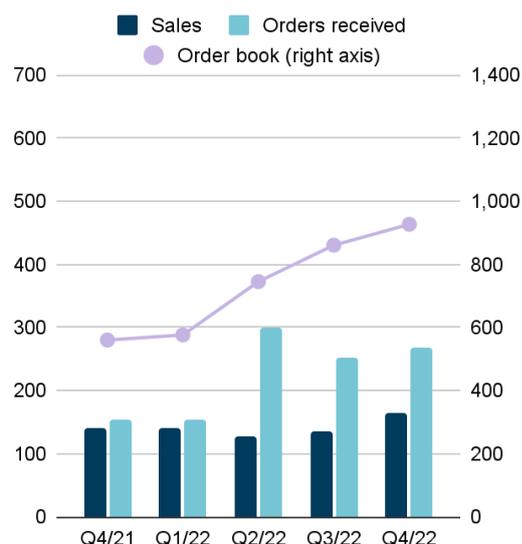
Hiab's fourth quarter operating profit increased from the comparison period by 81 percent and totalled EUR 61 (34) million. The operating profit includes EUR -1 (-6) million in items affecting comparability. The comparable operating profit amounted to EUR 62 (40) million, representing 13.7 (11.9) percent of sales. Hiab's comparable operating profit increased due to higher sales.

Hiab's operating profit in 2022 increased by 50 percent from the comparison period and totalled EUR 217 (145) million. The operating profit includes EUR -7 (-22) million in items affecting comparability. The comparable operating profit amounted to EUR 224 (166) million, representing 14.2 (13.3) percent of sales. Hiab's comparable operating profit increased due to higher sales.

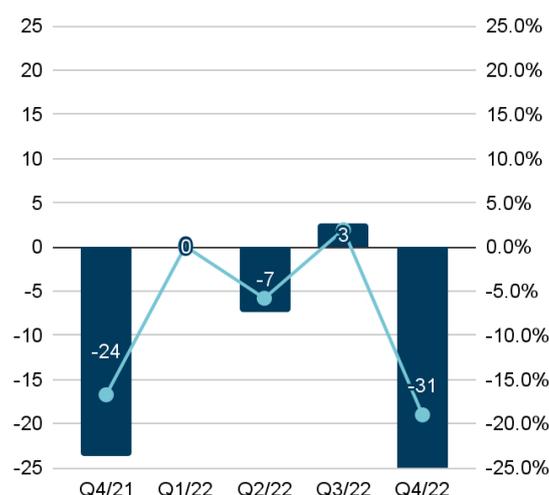
MacGregor

MEUR	Q4/22	Q4/21	Change	2022	2021	Change
Orders received	269	153	75%	976	652	50%
Order book, end of period	927	560	65%	927	560	65%
Sales	165	141	17%	569	553	3%
Service sales	91	70	30%	301	257	17%
% of sales	55%	49%		53%	47%	
Operating profit	-143.6	-32.1	< -100%	-190.2	-40.0	< -100%
% of sales	-86.9%	-22.7%		-33.4%	-7.2%	
Comparable operating profit	-31.4	-23.7	-33%	-36.0	-14.7	< -100%
% of sales	-19.0%	-16.7%		-6.3%	-2.7%	
Personnel, end of period	1,978	1,909	4%	1,978	1,909	4%

Sales, orders received and order book
 MEUR



Comparable operating profit, MEUR
 Comparable operating profit margin, %



MacGregor's orders received in the fourth quarter increased by 75 percent from the comparison period to EUR 269 (153) million. Orders received decreased in EMEA and increased in Americas and in Asia-Pacific compared to the comparison period. Of the orders, about three quarters were related to merchant ships and one quarter to the offshore sector. Service orders received increased.

MacGregor's major orders received in 2022 included

- RoRo equipment for eight Pure Car and Truck Carriers to a customer in Norway. (Q1 & Q2)
- comprehensive RoRo equipment packages for three RoPax ferries to a customer based in Poland (Q2)
- container lashing systems for twelve 23,500+ TEU series container vessels. The vessels will be built at a shipyard in South Korea (Q3)
- large order of total 10 electric and hydraulic heavy-duty cranes to floating barges to a customer in Indonesia (Q3 and Q4)

- one major and two significant orders for comprehensive packages of RoRo equipment for a total of 15 Pure Car and Truck Carrier (PCTC) vessels to be built at three shipyards in China and South Korea for three different ship owners (Q4).

MacGregor's orders received in 2022 increased by 50 percent and totalled EUR 976 (652) million.

MacGregor's order book increased by 65 percent from the end of 2021, totalling EUR 927 (31 Dec 2021: 560) million at the end of the year 2022. Of the order book, around four fifths relate to merchant ships and one fifth to the offshore sector.

MacGregor's fourth quarter sales increased by 17 percent and amounted to EUR 165 (141) million. Service sales increased by 30 percent and totalled EUR 91 (70) million, representing 55 (49) percent of sales.

MacGregor's sales in 2022 increased by 3 percent and totalled EUR 569 (553) million. Service sales increased by 17 percent and totalled EUR 301 (257) million, representing 53 (47) percent of sales.

MacGregor's operating profit for the fourth quarter totalled EUR -144 (-32) million. Operating profit includes EUR -112 (-8) million in items affecting comparability. Comparable operating profit decreased and totalled EUR -31 (-24) million, representing -19.0 (-16.7) percent of sales. Comparable operating profit decreased due to cost overruns in projects related to new technologies in the offshore business.

MacGregor's operating profit in 2022 totalled EUR -190 (-40) million. The operating profit includes EUR -154 (-25) million in items affecting comparability. The comparable operating profit amounted to EUR -36 (-15) million, representing -6.3 (-2.7) percent of sales. Comparable operating profit decreased due to cost overruns in projects related to new technologies in the offshore business.

As part of its refocused strategy announced in March, Cargotec initiated an evaluation of the strategic options of MacGregor, which was completed in November. Based on the evaluation, Cargotec's Board of Directors concluded that MacGregor will not be part of Cargotec's portfolio in the future. During the strategic evaluation, it became clear that there is considerable interest in MacGregor. However, from a value creation perspective, the timing for divesting the business is not ideal at the moment. This is due to the current uncertainty in the financial market combined with the early phase of MacGregor turnaround. Hence, Cargotec decided not to initiate an active sales process. Cargotec's Board of Directors continues to evaluate the timing of the divestment. MacGregor will focus on improving the profitability of the business and has started restructurings in its unprofitable offshore business.

Cargotec has also reviewed MacGregor's offering, ongoing projects and growth estimates. Based on the review, the company plans to discontinue the business activities related to fishery and research vessels as well as offshore mooring solutions. In the fourth quarter, a EUR 63 million write-down was made to the MacGregor goodwill, which was recorded as an item affecting comparability in the fourth quarter.

In addition, Cargotec booked a total of EUR 37 million restructuring costs in MacGregor's fourth quarter, which include a EUR 25 million write-down of intangible assets and a EUR 3 million write-down of other assets. Furthermore, Cargotec recorded a total of EUR 24 million loss in its fourth quarter comparable operating profit from cost overruns and risk provisions in relation to ongoing offshore business projects.

The development of wind power-related new technologies as well as projects related to those technologies have been challenging and caused additional costs. As such, however, offshore wind power constitutes a very attractive business opportunity. Despite low sales, MacGregor's business

in the merchant ship segment and service business has been profitable. Excluding the offshore wind business, MacGregor's comparable operating profit margin in 2022 would have been around 3 percent.

Annual General Meeting and shares

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on 17 March 2022 in Helsinki, Finland. The Annual General Meeting approved a distribution of a dividend of EUR 1.07 for each of class A shares and a dividend of EUR 1.08 for each outstanding class B shares. The dividend was paid to shareholders who on the record date of dividend distribution, 21 March 2022, were registered as shareholders in the company's shareholder register. The dividend payment day was 28 March 2022.

The meeting adopted the financial statements and consolidated financial statements and approved the remuneration report. The meeting granted discharge from liability to the CEO and the members of the Board of Directors for the financial year 1 January–31 December 2021.

The number of the Board members was confirmed at eight. The current Board members Jaakko Eskola, Ilkka Herlin, Teresa Kemppe-Vasama, Johanna Lamminen, Casimir Lindholm, Kaisa Olkkonen, Teuvo Salminen and Heikki Soljama were re-elected to the Board of Directors.

The yearly remuneration of the Board of Directors was confirmed as follows: EUR 95,000 will be paid to the Chairman of the Board, EUR 70,000 to the Vice Chairman, EUR 70,000 to the Chairman of the Audit and Risk Management Committee and EUR 55,000 to the other Board members. In addition, members are to be paid EUR 1,000 for attendance at board and committee meetings. The yearly remuneration will be paid quarterly in cash.

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

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

On 17 March 2022, Cargotec Corporation's Board of Directors elected by the Annual General Meeting elected in its organising meeting Ilkka Herlin to continue as Chair of the Board. Jaakko Eskola 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 for the Nomination and Compensation Committee. Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board.

Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting on 17 March 2022, and a stock exchange release on selecting Jaakko Eskola as the new Chair of the Board on 27 April 2022. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com.

Shares and trading

Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of the year 2022. The number of class B shares was 55,182,079, while the number of class A shares totalled 9,526,089.

On 17 March 2022, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for a share-based incentive programme. The share reward payments are related to the third matching period of the matching share programme launched in 2019.

The decision on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 19 March 2019. According to the authorisation, the Board of Directors can decide on a share issue amounting to a maximum of 952,000 class A shares and 5,448,000 class B shares.

In the share issue, 28,903 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programme in accordance with the programme-specific terms and conditions. Cargotec purchased the shares at the market price on 7 February 2022 at public trading on Nasdaq Helsinki Ltd., based on the authorisation by the Annual General Meeting on 23 March 2021. More detailed information about the launch and the terms and conditions of the programmes is available in stock exchange releases published on 8 February 2017 and on 20 February 2019.

At the end of 2022, Cargotec held a total of 224,840 own class B shares, accounting for 0.35 percent of the total number of shares and 0.15 percent of the total number of votes. The number of outstanding class B shares totalled 54,957,239.

Share-based incentive programmes

In February 2022, The Board of Directors of Cargotec Corporation resolved on the performance criteria for the share-based incentive programme for the year 2022. The performance share programme, approved by the Board of Directors in 2020, includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria supporting the implementation of the strategy and the required performance levels for each criterion. Sustainability is an important part of the target setting and rewarding of the key employees.

For the performance period of 2020–2022, the potential reward of the last measuring period 2022 was based on the business areas' Mission Climate roadmap and development of the eco portfolio for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion was Cargotec's Mission Climate roadmap and development of the eco portfolio.

For the performance period of 2021–2023, the potential reward of the second measuring period 2022 was based on the business areas' service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion was Cargotec's service gross profit.

In May 2022, Cargotec's Board of Directors decided to establish a new share-based incentive programme for the Group key employees. The reward from the new Restricted Share Unit Programme 2022–2024 is conditional on the achievement of strategic goals set by the Board of

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

In addition, the Board of Directors resolved on the performance criteria for the share-based incentive programme's new performance period 2022–2024. The performance share programme, approved by the Board of Directors in 2020, includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. During the performance period 2022–2024, the programme is directed to approximately 110 key employees, including the members of Cargotec Leadership Team. The Board of Directors has resolved that the performance period's first measuring period is one calendar year. For the key employees of the business areas Kalmar, Hiab and MacGregor, the potential reward of the programme from the measuring period 2022 will be based on the business areas' comparable operating profit. For the Cargotec Corporate key employees, the performance criteria is Cargotec's comparable operating profit. The rewards to be paid on the basis of the performance period 2022–2024 will amount up to an approximate maximum total of 280,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

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

Market capitalisation and trading

Trading on Nasdaq Helsinki Oy ¹¹	2022	2021
Total market value of class B shares ¹² , MEUR	2,271	2,409
Market capitalisation of class A and B shares at the end of the period ¹³ , MEUR	2,668	2,828
Closing price of class B share ¹⁴ , EUR	41.32	43.84
Volume-weighted average price of class B share, EUR	34.82	44.70
Highest quotation of class B share, EUR	48.46	52.80
Lowest quotation of class B share, EUR	24.90	33.60
Trading volume, million class B shares	44	37
Turnover of class B shares, MEUR	1,541	1,644

At the end of the period, the number of registered shareholders was 40,526. The number of Finnish household shareholders was 38,498, corresponding to around 17 percent ownership of

¹¹ In addition, class B shares were traded in several alternative marketplaces.

¹² At the end of the period, excluding own shares held by the company

¹³ Excluding own shares held by the company, unlisted class A shares are valued at the average price of class B shares on the last trading day of the period

¹⁴ On the last trading day of the period

Cargotec's listed B shares. At the end of the period, around 29 percent of Cargotec's listed B shares were nominee registered or held by non-Finnish holders.

Short-term risks and uncertainties

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

Russia's condemnable and unjustified attack on Ukraine and the countermeasures against Russia have exacerbated the existing and created new market disruptions. Disruptions in supply chains, problems with the availability of raw materials and energy, accelerating inflation, weakened consumer confidence, as well as increased uncertainty are slowing down economic growth and may lead to recession. As the crisis continues, its effects can become more widespread.

The instability of the operating environment has hampered Cargotec's operations. Problems with the availability of raw materials and components, as well as logistics, have significantly extended the product delivery times and increased inventories. The extension of delivery times has had a negative effect on Cargotec's net sales. Component availability problems as well as strongly increasing labour and energy costs maintain high manufacturing costs, increasing the challenges to control costs and passing them on to the prices of end products. Also the interest rates are expected to continue to stay on a higher level than during the recent years.

Cargotec's sales to Russia, Belarus and Ukraine have been low. Cargotec complies with the sanctions imposed on Russia and has announced to be retrieving from the country. At the end of 2022, there are no active operations in Russia any more. Cargotec does not have a direct representation in Ukraine.

The Covid-19 pandemic can have direct and indirect impacts on Cargotec's business. The removal of safety measures and travel restrictions has eased the situation, although China's rapidly lifted pandemic restrictions and the resulting possible increase in the number of Covid-19 cases in the country may limit Cargotec's business prerequisites, hamper the selling, operating and delivering of Cargotec's solutions, and complicate the global component shortage. The amount of personnel sick leaves may also increase.

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

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

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

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

In November 2022, Cargotec's Board of Directors concluded that MacGregor will not be part of Cargotec's portfolio in the future. Taking into account MacGregor's losses in recent years and significant project cost overruns in the offshore business, in the sale alternative the buyer's view of the company's value may differ significantly from Cargotec's estimate, which could result in an impairment of MacGregor's goodwill. The planned actions can also include risks related to the retention of skilled personnel, customer relationships, the execution of potential transactions, and costs, for example.

Cargotec is 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. To reduce emissions generated in its supply chain, Cargotec must reduce emissions through its whole supply chain from raw materials to components and manufacturing, which may result in changes in the suppliers used, limit the number of potential suppliers, and increase costs.

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.

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

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

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

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

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

Board of Directors' proposal on the distribution of profit

The parent company's distributable equity on 31 December 2022 was EUR 588,411,010.54. The Board of Directors proposes to the Annual General Meeting convening on 23 March 2023 that of the distributable profit, a dividend of EUR 1.34 for each of the 9,526,089 class A shares and EUR 1.35 for each of the 54,957,239 outstanding class B shares be paid, totalling EUR 86,957,231.91. The remaining distributable equity, EUR 501,453,778.63 will be retained and carried forward.

The dividend shall be paid to shareholders who on the record date for dividend distribution, 27 March 2023, are registered as shareholders in the company's shareholder register. The dividend payment date proposed by the Board of Directors is 4 April 2023.

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

In December 2022, Hiab entered into an agreement to acquire the family-owned Swedish industrial group Olsbergs. 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. The closing of the transaction took place on 1 January 2023. As a result of the acquisition, approximately 100 employees transferred to Hiab. The transaction has no material impact on Cargotec's financial information.

Outlook for 2023

Cargotec estimates its core businesses'¹⁵ 2023 comparable operating profit to improve from 2022 (EUR 384¹⁶ million) and MacGregor's comparable operating profit in 2023 to be positive (EUR - 47¹⁶ million).¹⁷

¹⁵ Hiab and Kalmar excluding heavy cranes and including corporate administration and support functions.

¹⁶ Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. The restated comparable operating profit will also include the impacts of the purchase price allocation, which amounted to EUR 4 million in the core business and EUR 12 million in MacGregor in 2022. Comparison figure has been calculated based on the new definition. Restatement for 2022 figures will be published before Q1/23 result announcement.

¹⁷ The outlook for 2023 does not include the comparable operating profit of Kalmar's heavy crane business which will be discontinued.

Annual General Meeting 2023

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

Financial calendar 2023

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

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

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

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

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

Helsinki, 1 February 2023
Cargotec Corporation
Board of Directors

Consolidated statement of income

MEUR	Note	Q4/22	Q4/21	2022	2021
Sales	5	1,238.5	910.2	4,088.6	3,315.0
Cost of goods sold		-996.4	-740.9	-3,230.5	-2,582.1
Gross profit		242.1	169.3	858.1	732.9
<i>Gross profit, %</i>		19,5 %	18,6 %	21,0 %	22,1 %
Selling and marketing expenses		-52.9	-50.2	-199.9	-188.4
Research and development expenses		-28.0	-25.4	-99.8	-103.9
Administration expenses		-85.6	-59.7	-279.7	-251.7
Restructuring costs	7	-36.1	-12.8	-91.3	-33.3
Other operating income		11.8	12.9	51.9	294.2
Other operating expenses		-82.0	-26.7	-140.2	-101.1
Share of associated companies' and joint ventures' result		2.0	0.9	7.0	7.0
Operating profit		-28.8	8.3	106.1	355.7
<i>Operating profit, %</i>		-2,3 %	0,9 %	2,6 %	10,7 %
Finance income		1.6	2.5	4.4	4.7
Finance expenses		-13.4	-6.1	-31.6	-27.4
Profit before taxes		-40.6	4.7	79.0	333.1
<i>Profit before taxes, %</i>		-3,3 %	0,5 %	1,9 %	10,0 %
Income taxes	9	-27.0	-12.9	-55.8	-86.4
Profit for the period		-67.6	-8.2	23.2	246.7
<i>Profit for the period, %</i>		-5,5 %	-0,9 %	0,6 %	7,4 %
Profit for the period attributable to:					
Shareholders of the parent company		-67.3	-8.3	23.9	246.5
Non-controlling interest		-0.3	0.1	-0.7	0.2
Total		-67.6	-8.2	23.2	246.7
Earnings per share for profit attributable to the shareholders of the parent company:					
Basic earnings per share, EUR		-1.04	-0.13	0.37	3.82
Diluted earnings per share, EUR		-1.04	-0.13	0.37	3.82

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

Consolidated statement of comprehensive income

MEUR	Q4/22	Q4/21	2022	2021
Profit for the period	-67.6	-8.2	23.2	246.7
Other comprehensive income				
<i>Items that cannot be reclassified to statement of income:</i>				
Actuarial gains (+) / losses (-) from defined benefit plans	25.3	-0.5	27.7	-0.5
Gains (+) / losses (-) on designated share investments measured at fair value	-1.3	13.8	-11.0	14.2
Taxes relating to items that cannot be reclassified to statement of income	-5.1	0.0	-5.6	0.0
<i>Items that can be reclassified to statement of income:</i>				
Gains (+) / losses (-) on cash flow hedges	57.7	11.8	-59.3	-9.5
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-7.7	-11.5	65.9	-3.9
Translation differences	-53.3	19.3	11.3	65.9
Taxes relating to items that can be reclassified to statement of income	-8.2	0.1	-2.3	2.3
Share of other comprehensive income of associates and JV, net of tax	-2.1	1.7	-0.8	-0.3
Other comprehensive income, net of tax	5.4	34.6	25.8	68.3
Comprehensive income for the period	-62.2	26.4	49.0	315.0
Comprehensive income for the period attributable to:				
Shareholders of the parent company	-61.9	26.3	49.7	314.6
Non-controlling interest	-0.4	0.1	-0.6	0.4
Total	-62.2	26.4	49.0	315.0

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

Consolidated balance sheet

ASSETS, MEUR	Note	31 Dec 2022	31 Dec 2021
Non-current assets			
Goodwill		892.1	966.8
Intangible assets		124.8	172.6
Property, plant and equipment		420.0	409.5
Investments in associated companies and joint ventures	16	74.6	73.7
Share investments	16	0.0	36.6
Loans receivable and other interest-bearing assets*	11	4.5	12.6
Deferred tax assets		128.6	129.7
Derivative assets	12	1.1	1.0
Other non-interest-bearing assets		7.2	8.4
Total non-current assets		1,652.9	1,811.0
Current assets			
Inventories		1,013.3	792.9
Loans receivable and other interest-bearing assets*	11	2.8	3.6
Income tax receivables		39.0	31.8
Derivative assets	12	39.5	10.8
Accounts receivable		734.7	632.9
Contract assets		104.0	111.2
Other non-interest-bearing assets		151.2	144.3
Cash and cash equivalents*	11	451.9	488.8
Total current assets		2,536.4	2,216.3
Total assets		4,189.3	4,027.3

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR

Note 31 Dec 2022 31 Dec 2021

Equity attributable to the shareholders of the parent company

Share capital		64.3	64.3
Share premium		98.0	98.0
Translation differences		-34.0	-45.2
Fair value reserves		-3.5	-7.0
Reserve for invested unrestricted equity		52.8	54.0
Retained earnings		1,350.0	1,380.1
Total equity attributable to the shareholders of the parent company		1,527.6	1,544.3

Non-controlling interest		0.7	2.7
Total equity		1,528.3	1,547.0

Non-current liabilities

Interest-bearing liabilities*	11	750.9	876.1
Deferred tax liabilities		30.6	26.9
Pension obligations		82.2	112.9
Provisions		6.4	6.5
Other non-interest-bearing liabilities		74.8	68.3
Total non-current liabilities		944.9	1,090.6

Current liabilities

Current portion of interest-bearing liabilities*	11	74.9	34.8
Other interest-bearing liabilities*	11	11.7	8.6
Provisions		176.2	103.3
Income tax payables		52.9	37.6
Derivative liabilities	12	7.4	6.8
Accounts payable		617.1	518.8
Contract liabilities		291.1	217.2
Other non-interest-bearing liabilities		484.8	462.5
Total current liabilities		1,716.1	1,389.6

Total equity and liabilities		4,189.3	4,027.3
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*Included in interest-bearing net debt.

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

Consolidated statement of changes in equity

MEUR	Attributable to the shareholders of the parent company						Total	Non-controlling interest	Total equity
	Share capital	Share premium	Translation differences	Fair value reserves	Reserve for invested unrestricted equity	Retained earnings			
Equity 1 Jan 2022	64.3	98.0	-45.2	-7.0	54.0	1,380.1	1,544.3	2.7	1,547.0
Profit for the period						23.9	23.9	-0.7	23.2
Cash flow hedges				3.5			3.5	-	3.5
Translation differences			11.2				11.2	0.1	11.3
Actuarial gains and losses from defined benefit plans						22.1	22.1	-	22.1
Gains and losses on designated share investments measured at fair value						-11.0	-11.0	-	-11.0
Comprehensive income for the period*	-	-	11.2	3.5	-	35.0	49.7	-0.6	49.0
Dividends paid						-69.5	-69.5	-0.9	-70.4
Treasury shares acquired					-1.2		-1.2		-1.2
Share-based payments						4.7	4.7		4.7
Transactions with owners of the company	-	-	-	-	-1.2	-64.8	-66.1	-0.9	-66.9
Transactions with non-controlling interests						-0.3	-0.3	-0.5	-0.8
Equity 31 Dec 2022	64.3	98.0	-34.0	-3.5	52.8	1,350.0	1,527.6	0.7	1,528.3
Equity 1 Jan 2021	64.3	98.0	-110.9	4.4	57.4	1,185.6	1,298.7	2.7	1,301.4
Profit for the period						246.5	246.5	0.2	246.7
Cash flow hedges				-11.3			-11.3	-	-11.3
Translation differences			65.8				65.8	0.1	65.9
Actuarial gains and losses from defined benefit plans						-0.5	-0.5	-	-0.5
Gains and losses on designated share investments measured at fair value						14.2	14.2	-	14.2
Comprehensive income for the period*	-	-	65.8	-11.3	-	260.2	314.6	0.4	315.0
Dividends paid						-69.5	-69.5	-0.4	-69.8
Treasury shares acquired					-3.4		-3.4		-3.4
Share-based payments						3.8	3.8		3.8
Transactions with owners of the company	-	-	-	-	-3.4	-65.6	-69.0	-0.4	-69.3
Transactions with non-controlling interests							-		-
Equity 31 Dec 2021	64.3	98.0	-45.2	-7.0	54.0	1,380.1	1,544.3	2.7	1,547.0

*Net of tax

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

Consolidated statement of cash flows

MEUR	Note	Q4/22	Q4/21	2022	2021
Net cash flow from operating activities					
Profit for the period		-67.6	-8.2	23.2	246.7
Depreciation, amortisation and impairment	8	115.3	30.8	203.9	117.4
Finance income and expenses		11.8	3.6	27.2	22.7
Income taxes	9	27.0	12.9	55.8	86.4
Change in non-interest bearing receivables		-21.6	-28.5	-112.6	-89.9
Change in non-interest bearing liabilities		41.1	97.0	283.2	226.0
Change in inventories		49.3	-49.4	-238.9	-196.2
Change in net working capital		68.8	19.1	-68.3	-60.1
Other adjustments		-8.1	1.5	-10.6	-243.7
Cash flow from operations before finance items and taxes		147.2	59.7	231.2	169.3
Interest received		1.5	2.0	4.3	3.2
Interest paid		-4.7	-4.5	-19.4	-23.8
Dividends received		-	3.5	0.2	5.0
Other finance items		-10.1	-1.7	-6.7	-20.4
Income taxes paid		-7.8	-37.9	-49.2	-77.1
Cash flow from financing items and taxes		-21.0	-38.7	-70.7	-113.1
Net cash flow from operating activities		126.2	20.9	160.4	56.2
Net cash flow from investing activities					
Acquisitions of businesses, net of cash acquired	15	-0.1	-3.1	-0.1	-2.2
Disposals of businesses, net of cash sold	15	0.9	46.3	15.1	354.5
Investments in associated companies and joint ventures	16	-	-	-0.9	-1.9
Investments in intangible assets and property, plant and equipment		-19.7	-15.8	-66.2	-43.3
Disposals of intangible assets and property, plant and equipment		10.5	-3.1	25.3	5.6
Cash flow from investing activities, other items		11.7	14.3	32.8	21.8
Net cash flow from investing activities		3.3	38.7	6.1	334.5

Net cash flow from financing activities

Treasury shares acquired		-	-	-1.2	-3.4
Repayments of lease liabilities		-11.0	-10.1	-43.1	-40.6
Repayments of long-term borrowings		-87.5	-150.0	-87.5	-250.0
Proceeds from short-term borrowings		-2.5	0.8	-	1.9
Repayments of short-term borrowings		-1.1	0.3	-3.3	-30.5
Dividends paid		-	-	-70.4	-69.8
Net cash flow from financing activities		-102.1	-159.0	-205.5	-392.4

Change in cash and cash equivalents		27.3	-99.4	-39.0	-1.7
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Cash and cash equivalents, and bank overdrafts at the beginning of period		430.0	587.0	488.2	482.3
Effect of exchange rate changes		-12.0	0.6	-3.8	7.5
Cash and cash equivalents, and bank overdrafts at the end of period		445.4	488.2	445.4	488.2

Bank overdrafts at the end of period		6.5	0.6	6.5	0.6
Cash and cash equivalents at the end of period		451.9	488.8	451.9	488.8

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

Notes to the financial statements review

1. General information

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

2. Accounting principles

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

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

3. Prevailing economic uncertainty

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

The instability of the operating environment has hampered Cargotec's operations. Problems with the availability of raw materials and components, as well as logistics, have significantly extended the product delivery times and increased inventories. The extension of delivery times has had a negative effect on Cargotec's net sales. Component availability problems as well as strongly increasing labour and energy costs maintain high manufacturing costs, increasing the challenges to control costs and passing them on to the prices of end products. The weakening of the economic situation may reduce freight traffic, which would have an impact on the demand for Cargotec's products.

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

Cargotec's sales to Russia, Belarus and Ukraine have been low. Cargotec complies with the sanctions imposed on Russia and has announced to be retrieving from the country. At the end of December, the retrieval process was at its final stages. Cargotec does not have a direct representation in Ukraine, or in Belarus. At the time of reporting, the assets of Cargotec's Russian subsidiaries totalled EUR 9.1 million which mainly consisted of cash and cash equivalents. In addition, Cargotec's subsidiaries outside of Russia had trade receivables from Russia totalling EUR 1.1 million. Cargotec has a provision of EUR 4.7 million related to the above-mentioned balance sheet items, which is recognised in restructuring costs. In addition, Cargotec has reversed revenues and recognised impairments related to its ongoing long-term projects to be delivered to

Russia, resulting in a total loss of EUR 3.7 million, which has been recognised as a restructuring expense.

The Covid-19 pandemic can have direct and indirect impacts on Cargotec's business. In some areas, such as in China, safety measures and travel restrictions may limit Cargotec's business prerequisites, hamper the selling, operating and delivering of Cargotec's solutions, and complicate the global component shortage. Ensuring a safe working environment for Cargotec personnel may be challenging. The amount of personnel sick leaves may also increase.

MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on 31 December 2022 due to the low level of MacGregor's recoverable amount in relation to the assets being tested. Cargotec announced in November that it has decided to divest MacGregor, but the sale of the company will be postponed due to the market situation and the early stage of MacGregor's business recovery. As a result of the decision, the recoverable amount of the MacGregor segment was determined in the goodwill impairment test performed in the fourth quarter, based on the fair value less costs to sell. The testing showed a EUR 63.4 million impairment to MacGregor's goodwill due to several factors. MacGregor launched a restructuring programme in the fourth quarter, which will lead to the discontinuation of the businesses related to fishery and research vessels and offshore mooring solutions. In addition, the value was weakened by the reassessment of MacGregor's business risk level and growth forecasts. In addition to the write-down of goodwill, MacGregor made a EUR 25.0 million write-down of intangible assets, which were mainly related to the offshore business within the scope of the restructuring programme. The post-tax WACC (weighted average cost of capital) used in the testing was 9.0 (December 31, 2021: pre-tax WACC was 9.9) percent.

With the recorded impairment, MacGregor's recoverable amount is at the same level relative to the tested assets, and thus very sensitive to changes in WACC and forecasts. The goodwill of the MacGregor segment was EUR 392.6 (December 31, 2021: 469.0) million at the time of reporting.

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

MacGregor goodwill sensitivity analysis

Sensitivity analysis scenarios and results				
	Recoverable amount in excess of book value of assets, MEUR	Scenario 1	Scenario 2	Scenario 3
		WACC +2 percentage points	Sales -10 percent and operating profit - 2 percentage points	Sales -10 percent, operating profit -2 percentage points and WACC +2 percentage points
31 Dec 2022	0.0	Impairment*	Impairment**	Impairment
31 Dec 2021	86.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was any increase in WACC (31 Dec 2021: +1.0 percentage points).

**Threshold for impairment was any decline in estimation period sales or operating profit (31 Dec 2021: estimation period sales -10 percent and operating profit -0.2 percentage points).

Due to the current minor excess value of MacGregor's recoverable amount compared to the book value of assets, should the scenarios considered in the sensitivity analysis realise, the amount to be written off would be; EUR 142 (31 Dec 2021: 56) million in the first scenario, EUR 257 (183) million in the second, and EUR 306 (269) million in the third.

Goodwill impairment testing of Kalmar and Hiab

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

Changes in Cargotec's strategy

Following the cancellation of the merger between Cargotec and Konecranes, Cargotec announced on 30 March, 2022 its refocused strategy to sell or close down Kalmar's heavy cranes business. In addition, Cargotec decided to launch a process to evaluate MacGregor's strategic options, with MacGregor's sale as one option. As a result of the decisions, it was assessed for both businesses whether the business should be presented as a continuing business or as held for sale in accordance with IFRS 5. Analyses of both Kalmar's heavy cranes business and MacGregor's business have concluded that the conditions for presentation as held for sale are not met on 31 December 2022.

Kalmar's heavy cranes business

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

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

As a result of the transfer of the intellectual property rights of heavy cranes to RIC in China and the plan to ramp down the heavy crane business, Kalmar has recorded EUR 35.7 million in restructuring costs by the end of the year 2022. As part of the agreement, about 30 local Kalmar employees in China transferred to RIC's service.

Financial risks related to climate change

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

To reduce emissions generated in its supply chain, Cargotec must reduce emissions through its whole supply chain from raw materials to components and manufacturing, which may result in changes in the suppliers used, limit the number of potential suppliers, and increase costs. Reduction of emissions in Cargotec's own operations can be achieved for example by investing in energy efficiency and renewable energy technology as well as reducing work-related travelling and commuting. These improvements are also expected to create cost savings. Reduction of emissions related to the use of Cargotec's products can only be achieved if there is sufficient demand for low-emission products. In order to achieve this, Cargotec must succeed in developing and selling low-emission products. Cargotec's product development has a critical role in achieving this. Cargotec has invested heavily to electrify its product offering and customers are increasingly choosing low-emission products although the majority of products sold are still based on combustible engine technology. In the future, Cargotec's product offering may be based on multiple low-emission technologies, which may increase complexity and cost.

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

4. Segment information

Sales, MEUR	Q4/22	Q4/21	2022	2021
Kalmar	618	430	1,943	1,512
Hiab	456	339	1,578	1,250
MacGregor	165	141	569	553
Internal sales	0	0	-1	-1
Total	1,239	910	4,089	3,315

Sales by geographical area, MEUR	Q4/22	Q4/21	2022	2021
EMEA	557	458	1,922	1,641
Americas	460	279	1,478	1,033
Asia-Pacific	222	172	688	641
Total	1,239	910	4,089	3,315

Sales by geographical area, %	Q4/22	Q4/21	2022	2021
EMEA	45%	50%	47%	50%
Americas	37%	31%	36%	31%
Asia-Pacific	18%	19%	17%	19%
Total	100%	100%	100%	100%

Operating profit and EBITDA, MEUR	Q4/22	Q4/21	2022	2021
Kalmar	67.0	32.6	142.1	344.5
Hiab	61.3	34.0	217.1	144.7
MacGregor	-143.6	-32.1	-190.2	-40.0
Corporate administration and support functions	-13.5	-26.2	-62.9	-93.5
Operating profit	-28.8	8.3	106.1	355.7
Depreciation, amortisation and impairment	115.3	30.8	203.9	117.4
EBITDA	86.5	39.1	310.1	473.1

Operating profit, %	Q4/22	Q4/21	2022	2021
Kalmar	10.9%	7.6%	7.3%	22.8%
Hiab	13.4%	10.0%	13.8%	11.6%
MacGregor	-86.9%	-22.7%	-33.4%	-7.2%
Cargotec	-2.3%	0.9%	2.6%	10.7%

Items affecting comparability, MEUR	Q4/22	Q4/21	2022	2021
Kalmar				
Restructuring costs	2.1	-2.6	-41.4	-3.7
Impacts of the purchase price allocation	-0.2	-0.2	-0.9	-0.9
Other items affecting comparability	-4.4	-1.0	-5.7	229.0
Items affecting comparability, total	-2.5	-3.9	-48.0	224.4

Hiab				
Restructuring costs	-0.2	-4.6	-3.6	-17.8
Impacts of the purchase price allocation	-0.7	-1.8	-3.3	-3.7
Other items affecting comparability	-0.1	0.0	-0.3	0.0
Items affecting comparability, total	-1.0	-6.4	-7.1	-21.5
MacGregor				
Restructuring costs	-37.4	-4.6	-44.8	-8.6
Impacts of the purchase price allocation	-2.8	-2.9	-11.5	-11.4
Other items affecting comparability	-72.1	-0.9	-97.9	-5.3
Items affecting comparability, total	-112.2	-8.4	-154.2	-25.3
Corporate administration and support functions				
Restructuring costs	-0.7	-0.9	-1.5	-3.2
Other items affecting comparability	-1.0	-17.6	-15.1	-50.2
Items affecting comparability, total	-1.7	-18.5	-16.6	-53.4
Total	-117.4	-37.2	-225.9	124.2

Comparable operating profit, MEUR	Q4/22	Q4/21	2022	2021
Kalmar	69.5	36.5	190.1	120.1
Hiab	62.3	40.4	224.2	166.3
MacGregor	-31.4	-23.7	-36.0	-14.7
Corporate administration and support functions	-11.8	-7.7	-46.3	-40.1
Total	88.6	45.5	332.1	231.5

Comparable operating profit, %	Q4/22	Q4/21	2022	2021
Kalmar	11.2%	8.5%	9.8%	7.9%
Hiab	13.7%	11.9%	14.2%	13.3%
MacGregor	-19.0%	-16.7%	-6.3%	-2.7%
Cargotec	7.2%	5.0%	8.1%	7.0%

Orders received, MEUR	Q4/22	Q4/21	2022	2021
Kalmar	544	513	2,081	2,063
Hiab	377	384	1,807	1,713
MacGregor	269	153	976	652
Internal orders received	0	0	0	0
Total	1,190	1,051	4,862	4,427

Orders received by geographical area, MEUR	Q4/22	Q4/21	2022	2021
EMEA	461	502	2,052	2,049
Americas	415	344	1,712	1,506
Asia-Pacific	314	205	1,099	873
Total	1,190	1,051	4,862	4,427

Orders received by geographical area, %	Q4/22	Q4/21	2022	2021
EMEA	39%	48%	42%	46%
Americas	35%	33%	35%	34%
Asia-Pacific	26%	19%	23%	20%
Total	100%	100%	100%	100%

Order book, MEUR	31 Dec 2022	31 Dec 2021
Kalmar	1,428	1,302
Hiab	1,185	985
MacGregor	927	560
Internal order book	1	0
Total	3,541	2,847

Number of employees at the end of period	31 Dec 2022	31 Dec 2021
Kalmar	5,012	4,876
Hiab	3,778	3,585
MacGregor	1,978	1,909
Corporate administration and support functions	758	804
Total	11,526	11,174

Average number of employees	2022	2021
Kalmar	4,979	5,158
Hiab	3,697	3,399
MacGregor	1,928	1,929
Corporate administration and support functions	801	747
Total	11,405	11,232

5. Revenue from contracts with customers

Cargotec, MEUR	Q4/22	Q4/21	2022	2021
Equipment sales	872	612	2,778	2,143
Service sales	354	289	1,264	1,076
Software sales	13	9	47	95
Total sales	1,239	910	4,089	3,315
Recognised at a point in time	1,051	803	3,630	2,870
Recognised over time	187	107	459	445

Kalmar, MEUR	Q4/22	Q4/21	2022	2021
Equipment sales	455	291	1,344	948
Service sales	150	130	551	468
Software sales	13	9	47	95
Total sales	618	430	1,943	1,512
Recognised at a point in time	490	372	1,665	1,268
Recognised over time	128	58	278	244

Hiab, MEUR	Q4/22	Q4/21	2022	2021
Equipment sales	343	249	1,167	899
Service sales	113	89	411	351
Total sales	456	339	1,578	1,250
Recognised at a point in time	452	335	1,564	1,237
Recognised over time	4	3	14	13

MacGregor, MEUR	Q4/22	Q4/21	2022	2021
Equipment sales	75	72	268	296
Service sales	91	70	301	257
Total sales	165	141	569	553
Recognised at a point in time	109	96	402	365
Recognised over time	56	46	167	188

6. Share-based payments

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

In February 2022, The Board of Directors of Cargotec Corporation resolved on the performance criteria for the share-based incentive programme 2020–2024 for the year 2022. The performance share programme, approved by the Board of Directors in 2020, includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria supporting the implementation of the strategy and the required performance levels for each criterion. Sustainability is an important part of the target setting and rewarding of the key employees.

For the performance period of 2020–2022, the potential reward for the key employees of the business areas Kalmar, Hiab and MacGregor during the last measuring period 2022 is based on the business areas' Mission Climate roadmap and development of the eco portfolio. For Cargotec Corporate key employees, the performance criterion is Cargotec's Mission Climate roadmap and development of the eco portfolio.

For the performance period of 2021–2023, which started last year, the potential reward for the key employees of the business areas Kalmar, Hiab and MacGregor during the second measuring period 2022 will be based on the business areas' service gross profit. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit.

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

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

Due to the cancellation of the planned merger of Cargotec and Konecranes, the share-based bridge incentive programme 2020–2023 has been cancelled and the accrued expenses for the programme have been reversed through profit or loss.

In March, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for a share-based incentive programme. The share reward payments are related to the

third matching period of the matching share programme launched in 2019. In the share issue, 28,903 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programme in accordance with the programme-specific terms and conditions.

7. Comparable operating profit

MEUR	Q4/22	Q4/21	2022	2021
Operating profit	-28.8	8.3	106.1	355.7
Restructuring costs				
Employment termination costs	6.0	5.8	9.4	17.2
Impairments of owned non-current assets*	23.6	0.6	23.6	0.6
Impairments of inventories	3.2	0.6	5.0	1.2
Restructuring-related disposals of businesses**	-	-1.2	0.4	-3.4
Other restructuring costs***	3.3	6.9	53.0	17.6
Restructuring costs, total	36.1	12.8	91.3	33.3
Impacts of the purchase price allocation	3.8	4.9	15.7	16.0
Other items affecting comparability				
Insurance benefits	-	-	-	-2.1
Expenses related to business acquisitions or disposals****	-1.1	2.1	4.5	-223.5
Merger plan with Konecranes Plc	0.0	16.9	9.6	50.4
Impairment of MacGregor's goodwill (additional information in note 3)	63.4	-	63.4	-
Other costs *****	15.1	0.5	41.4	1.6
Other items affecting comparability, total	77.5	19.5	118.9	-173.6
Comparable operating profit	88.6	45.5	332.1	231.5

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

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

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

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

****Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals and note 16, Joint ventures and associated companies. MacGregor booked in the second quarter of 2022 a total of EUR 4 million impairments into the values of its two Chinese joint venture holdings. Year 2021 includes approximately EUR 230 million profit including transaction costs and other related non-recurring items related to the sale of Navis, a profit of EUR 7 million from the settlement of the purchase price of TTS acquisition as well as a loss of EUR 12 million from the establishment of the CSSC MacGregor Marine Equipment (CMME) joint venture.

***** In 2022, MacGregor booked a EUR 18 million provision for possible consequences related to a project delivered to the U.S. government and EUR 2 million in legal costs related to the case. Cargotec and its subsidiary MacGregor USA, Inc. have made a voluntary self-disclosure to US authorities regarding compliance with certain export regulations related to information management in the context of MacGregor's US Government business. The outcome of this matter cannot be determined with specificity at this point in time. The amount of the possible penalty is yet to be confirmed; hence the final costs related to the process may change. Additionally in 2022, EUR 14 million were recorded in expert and other expenses related to Cargotec's renewed strategy.

8. Capital expenditure, depreciation, amortisation and impairment

Capital expenditure, MEUR	Q4/22	Q4/21	2022	2021
Owned assets				
Intangible assets	1.5	5.7	4.8	7.1
Land and buildings	0.5	0.4	2.7	1.7
Machinery and equipment	17.7	9.7	58.7	34.5
Right-of-use assets				
Land and buildings	3.2	5.0	32.8	19.0
Machinery and equipment	5.0	7.1	14.7	17.9
Total	27.9	27.9	113.6	80.2

Depreciation, amortisation and impairment, MEUR	Q4/22	Q4/21	2022	2021
Owned assets				
Goodwill	63.4	-	63.4	-
Intangible assets	30.9	6.2	47.8	26.1
Land and buildings	-0.4	1.6	4.0	6.3
Machinery and equipment	11.2	11.4	44.2	43.2
Right-of-use assets				
Land and buildings	6.6	8.1	29.2	27.9
Machinery and equipment	3.6	3.5	15.3	13.9
Total	115.3	30.8	203.9	117.4

9. Taxes in statement of income

MEUR	Q4/22	Q4/21	2022	2021
Current year tax expense	21.4	14.2	79.9	88.0
Change in current year's deferred tax assets and liabilities	1.2	-0.2	-12.4	-3.4
Tax expense for previous years	4.3	-1.1	-11.7	1.8
Total	27.0	12.9	55.8	86.4

10. Net working capital

MEUR	31 Dec 2022	31 Dec 2021
Inventories	1,013.3	792.9
Operative derivative assets	44.5	18.5
Accounts receivable	734.7	632.9
Contract assets	104.0	111.2
Other operative non-interest-bearing assets	154.6	139.4
Working capital assets	2,051.0	1,694.9
Provisions	-182.6	-109.8
Operative derivative liabilities	-38.4	-26.8
Pension obligations	-82.2	-112.9
Accounts payable	-617.1	-518.8
Contract liabilities	-291.1	-217.2
Other operative non-interest-bearing liabilities	-55.4	-525.2
Working capital liabilities	-1,764.7	-1,510.6
Total	286.2	184.3

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

11. Interest-bearing net debt and liquidity

MEUR	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities	837.5	919.5
Lease liabilities included in interest-bearing liabilities	164.6	163.0
Loans receivable and other interest-bearing assets	-7.3	-16.2
Cash and cash equivalents	-451.9	-488.8
Interest-bearing net debt	378.3	414.5
Equity	1,528.3	1,547.0
Gearing	24.8%	26.8%

MEUR	2022	2021
Operating profit, last 12 months	106.1	355.7
Depreciation, amortisation and impairment, last 12 months	203.9	117.4
EBITDA, last 12 months	310.1	473.1
Interest-bearing net debt / EBITDA, last 12 months	1.2	0.9

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

MEUR	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	451.9	488.8
Committed long-term undrawn revolving credit facilities	330.0	300.0
Repayments of interest-bearing liabilities in the following 12 months	-86.6	-43.4
Liquidity	695.3	745.4

12. Derivatives

Fair values of derivative financial instruments

	Positive fair value 31 Dec 2022	Negative fair value 31 Dec 2022	Net fair value 31 Dec 2022	Net fair value 31 Dec 2021
MEUR				
Non-current				
Equity warrants	1.1	-	1.1	1.0
Total non-current	1.1	-	1.1	1.0
Current				
Currency forwards, cash flow hedge accounting	17.7	0.2	17.5	-0.8
Currency forwards, other	21.8	7.2	14.6	4.7
Total current	39.5	7.4	32.1	4.0
Total derivatives	40.6	7.4	33.2	5.0

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

Nominal values of derivative financial instruments

MEUR	31 Dec 2022	31 Dec 2021
Currency forward contracts	4,305.3	2,955.3
Cash flow hedge accounting	2,687.6	1,868.0
Other	1,617.8	1,087.3
Total	4,305.3	2,955.3

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

13. Commitments

MEUR	31 Dec 2022	31 Dec 2021
Guarantees given on behalf of joint ventures and associated companies	-	2.9
Customer financing	10.0	13.6
Off-balance sheet leases	6.1	3.1
Other contingent liabilities	1.1	2.5
Total	17.2	22.1

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 31 December 2022 was EUR 471.0 (31 Dec 2021: 420.0) million.

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

Commitments related to joint ventures and associated companies include committed capital investments and other funding.

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

14. Related party transactions

Cargotec's related parties include the parent company Cargotec Corporation and its subsidiaries, associated companies and joint ventures. Related parties include also the members of the Board of Directors, the CEO and other members of the Leadership Team, their close family members and entities controlled directly or indirectly by them. In addition, major shareholders with more than 20 percent ownership of shares or of the total voting rights in the company, are included in related parties.

Transactions with associated companies and joint ventures

MEUR	Q4/22	Q4/21	2022	2021
Sale of products and services				
Joint ventures	4.8	0.3	5.6	1.0
Total	4.8	0.3	5.6	1.0
Purchase of products and services				
Associated companies	0.0	-	0.0	-
Joint ventures	1.8	1.0	5.1	4.3
Total	1.8	1.0	5.0	4.3
Dividends received				
Joint ventures	-	3.5	0.2	5.0
Total	-	3.5	0.2	5.0

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

Balances with associated companies and joint ventures

MEUR	31 Dec 2022	31 Dec 2021
Loans receivable		
Associated companies	5.4	13.0
Total	5.4	13.0
Accounts receivable		
Associated companies	0.0	0.0
Joint ventures	0.2	0.4
Total	0.2	0.4
Accounts payable		
Associated companies	0.0	-
Joint ventures	2.0	1.1
Total	2.0	1.1

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

Management remuneration

In 2021, in addition to fees paid for Board membership, two members of the Board of Directors received each a separate compensation of EUR 150,000 based on a separate consultancy agreement for their advisory work regarding the proposed and subsequently cancelled merger of Cargotec and Konecranes.

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

15. Acquisitions and disposals

Disposals in 2022

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

Acquisitions in 2021

In September, Hiab acquired the share capital of Galfab LLC in the United States at a purchase price of EUR 2.3 million. Galfab is specialised in designing and manufacturing waste equipment including roll-off hoists and containers, compactors and balers for the waste industry in the US. The acquisition expands Hiab's product portfolio of demountables and Galfab's distribution network as part of Hiab's nationwide US sales and service network. In determining fair values, EUR 3.5 million of intangible assets, and EUR 8.8 million of goodwill, which are tax-deductible, were identified. As a result of the acquisition, approximately 100 employees transferred to Hiab.

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

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

Acquired net assets and goodwill related to Galfab, Damen and FNS acquisitions, MEUR

Intangible assets	5.5
Property, plant and equipment	2.1
Inventories	9.5
Accounts receivable and other non-interest-bearing receivables	3.6
Deferred tax assets	0.2
Accounts payable and other non-interest-bearing liabilities	-5.2
Interest-bearing liabilities	-18.9
Deferred tax liabilities	-0.2
Net assets	-3.4
Purchase price, payable in cash	7.2
Total consideration	7.2
Goodwill	10.6
Purchase price, paid in cash	7.3
Cash and cash equivalents acquired, including overdrafts	-0.1
Cash flow impact	7.4

The contribution of Galfab, Damen and FNS to Hiab's sales in 2021 was EUR 15.0 million. Had these acquisitions taken place in the beginning of the year, the estimated contribution to Hiab's sales would have been EUR 36.0 million. The acquisitions had no material impact on Hiab's operating profit.

Changes related to previous acquisitions in 2021

Further to the completion of the acquisition of the marine and offshore businesses of TTS Group ASA (now Nekkar ASA) in July 2019, MacGregor concluded in January 2021 a settlement agreement with Nekkar after challenging the calculation of the purchase price. In accordance with the settlement agreement, Nekkar made a total payment of NOK 94.0 million (EUR 9.1 million) to MacGregor as the final settlement of the disputed purchase price. The received payment included a deduction of NOK 8.0 million (EUR 0.8 million) that was previously withheld by MacGregor related to the fulfilment of Nekkar's tax obligations in China following the completion of the acquisition. The settlement amount had an approximately EUR 7 million positive impact on MacGregor's first quarter 2021 operating profit.

Disposals in 2021

On July 1, 2021, Cargotec sold its Navis business to Accel-KKR, a Silicon Valley-based leading technology-focused investment firm for an enterprise value of EUR 380 million. The presented sales profit is final and taking into account transaction costs and other related non-recurring items, the transaction had a positive impact of EUR 230.7 million on Cargotec's operating profit in 2021.

The transaction follows the release issued in March 2021, in which the signing of the sale was announced, and the release issued in February 2020, in which Cargotec announced that it is evaluating strategic options for the future development of Navis. In December 2020, Cargotec announced its decision to launch the sale process for the Navis software business. Navis software solutions for terminal operators, carriers, and ship owners are used to optimise global container flows, and the main product of Navis, the N4 terminal operating system, is used by 340 customers

in more than 80 countries. Navis recorded sales of EUR 49 million from the first six months of 2021 and EUR 107 million in 2020. As a result of the transaction, Cargotec's personnel reduced by approximately 700 persons.

The table below summarises the assets and liabilities derecognised from Cargotec's balance sheet in connection with the sale, and the realised sales profit.

Navis, sales profit calculation, MEUR

Goodwill	-80.4
Intangible assets	-66.8
Property, plant and equipment	-7.0
Inventory	-0.5
Accounts receivable and other non-interest-bearing receivables	-38.4
Loans receivable and other interest-bearing assets	-0,5
Cash and cash equivalents	-18.7
Deferred tax assets	-3.1
Accounts payable and other non-interest-bearing liabilities	64.0
Interest-bearing liabilities	6.2
Deferred tax liabilities	13.5
Net assets	-131.7
Sales price, receivable in cash	374.7
Total consideration	374.7
Translation differences	-3.8
Sales profit	239.1
Sales price, received in cash	372.8
Cash and cash equivalents sold, including overdrafts	-18.7
Cash flow impact	354.2

In July, Hiab sold its South African subsidiary Hiab SA Proprietary Limited for EUR 1.1 million. The sale did not have a significant impact on the reported figures.

16. Joint ventures and associated companies

Changes in joint ventures and associated companies in 2022

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

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

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

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

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

Changes in joint ventures and associated companies in 2021

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

establishment of the joint venture mainly due to the customer relationships and goodwill related to the transferred business derecognized from the balance sheet and allocated as the cost of the transaction.

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

17. Merger plan to combine Cargotec and Konecranes

On October 1, 2020, the Boards of Directors of Cargotec and Konecranes Plc signed a merger agreement and a merger plan to merge the companies, which was approved at the Extraordinary General Meetings of both companies held in December 2020. The merger required the approval of competition authorities in a number of countries. In July 2021, the European Commission and the UK Competition and Market Authority announced that they had begun considering the authorisation of the second phase of the proposed arrangement. In August 2021, the Chinese Market Authority approved the merger plan. In December 2021, Cargotec and Konecranes presented a remedy package to the European Commission, including a commitment to divest Konecranes' Lift Truck business and Cargotec's Kalmar Automation Solutions unit. In February 2022, the European Commission approved the proposed package of measures and gave its conditional approval to the merger. In contrast, in March 2022, the UK Competition and Market Authority issued a negative decision on the merger, which led the companies to cancel the merger plan.

By the end of December 2022, Cargotec had recognised EUR 67 million in merger-related expenses, of which EUR 10 million have been recognised in 2022. Cargotec estimates that the costs associated with the merger will no longer increase.

18. Events after the reporting period

In December 2022, Hiab entered into an agreement to acquire the family-owned Swedish industrial group Olsbergs. 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. The closing of the transaction took place on 1 January 2023. As a result of the acquisition, approximately 100 employees transferred to Hiab. The transaction has no material impact on Cargotec's financial information.

Key exchange rates for euro

	31 Dec 2022	31 Dec 2021
Closing rates		
SEK	11.122	10.250
USD	1.067	1.133
Average rates	2022	2021
SEK	10.626	10.147
USD	1.056	1.185

Key figures

		2022	2021
Equity / share	EUR	23.69	23.95
Equity to asset ratio	%	39.2%	40.6%
Interest-bearing net debt	MEUR	378.3	414.5
Interest-bearing net debt / EBITDA, last 12 months		1.2	0.9
Gearing	%	24.8%	26.8%
Return on equity (ROE), last 12 months	%	1.5%	17.3%
Return on capital employed (ROCE), last 12 months	%	4.6%	14.5%

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

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

Calculation of key figures

IFRS key figures

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

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

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 - re-structuring costs + other operating income - other operating expenses + share of associated companies' and joint ventures' result	Operating profit is used to measure business profitability. It describes the profitability of the business before taking into account financial items and taxes.	Statement of income
Comparable operating profit (MEUR and % of sales)	Operating profit excluding items significantly affecting comparability	Comparable operating profit is used to monitor and forecast profit development and set related targets. It is calculated by excluding items significantly affecting comparability from operating profit, which makes it easier to compare the profitability of the business at different time periods.	Note 7, Comparable operating profit

Items significantly affecting comparability (MEUR)	=	Items significantly affecting comparability include, in addition to restructuring costs, mainly impacts of the purchase price allocation, capital gains and losses, gains and losses related to acquisitions and disposals, acquisition and integration costs including during years 2020-2022 costs related to the merger plan with Konecranes Plc, impairments and reversals of impairments of assets, insurance benefits, and expenses related to legal proceedings.	Factor used to calculate Comparable operating profit.	Note 7, Comparable operating profit
Cash flow from operations before financing items and taxes	=	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	=	<u>Interest-bearing net debt</u> EBITDA, last 12 months	Used to measure corporate capital structure and financial capacity.	Note 11, Interest-bearing net debt and liquidity
Interest-bearing net debt (MEUR)	=	Interest-bearing liabilities (non-current interest-bearing liabilities + current portion of interest-bearing liabilities + current other interest-bearing liabilities) - interest-bearing receivables (non-current and current loans receivable and other interest-bearing assets) - cash and cash equivalents +/- foreign currency hedge of corporate bonds	Interest-bearing net debt represents Cargotec's indebtedness. Used to monitor capital structure and as a factor to calculate Interest-bearing net debt / EBITDA and Gearing.	Note 11, Interest-bearing net debt and liquidity

<p>EBITDA (MEUR), last 12 months</p>	<p>=</p>	<p>Operating profit + depreciation, amortisation and impairment, last 12 months</p>	<p>Factor used to calculate Interest-bearing net debt / EBITDA.</p>	<p>Note 11, Interest-bearing net debt and liquidity</p>
<p>Net working capital (MEUR)</p>	<p>=</p>	<p>Inventories + operative derivative assets + accounts receivable + contract assets + other operative non-interest-bearing assets - provisions - operative derivative liabilities - pension obligations - accounts payable - contract liabilities - other operative non-interest-bearing liabilities</p>	<p>Net working capital is used to follow the amount of capital needed for the business to operate. It does not include financing items, taxes nor non-current assets. Used also as a factor to calculate Operative capital employed.</p>	<p>Note 10, Net working capital</p>
<p>Investments</p>	<p>=</p>	<p>Additions to intangible assets and property, plant and equipment including owned assets and right-of-use assets, excluding assets acquired through business combinations</p>	<p>Investments refer to money used to acquire long-term assets. Used as a factor in cash flow calculation.</p>	<p>Note 8, Capital expenditure, depreciation and amortisation</p>
<p>Return on equity (ROE) (%), last 12 months</p>	<p>= 100 x</p>	<p>Profit for the period, last 12 months <hr/> Total equity (average for the last 12 months)</p>	<p>Represents the rate of return that shareholders receive on their investments.</p>	<p>Profit for the period: Statement of income; Total equity: Balance sheet</p>
<p>Return on capital employed (ROCE) (%), last 12 months</p>	<p>= 100 x</p>	<p>Profit before taxes + finance expenses, last 12 months <hr/> Total assets - non-interest-bearing debt (average for the last 12 months)</p>	<p>Represents relative profitability or the rate of return that has been received on capital employed requiring interest or other return.</p>	<p>Profit before taxes and finance expenses: Statement of income; Total assets and non-interest-bearing debt: Balance sheet</p>
<p>Non-interest-bearing debt</p>	<p>=</p>	<p>Total assets - total equity - non-current interest-bearing liabilities - current portion of interest-bearing liabilities - current other interest-bearing liabilities</p>	<p>Used as a factor to calculate Return on capital employed (ROCE).</p>	<p>Balance sheet</p>

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

Gearing (%) = 100 x $\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$ Represents the company's indebtedness by measuring the amount of interest-bearing debt in proportion to equity capital. Some of Cargotec's loan agreements include a covenant restricting the corporate capital structure, measured by gearing. Note 11, Interest-bearing net debt and liquidity

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

Quarterly key figures

Cargotec		Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Orders received	MEUR	1,190	1,147	1,390	1,135	1,051
Service orders received	MEUR	345	325	309	307	308
Order book	MEUR	3,541	3,732	3,596	3,151	2,847
Sales	MEUR	1,239	1,041	959	851	910
Service sales	MEUR	354	323	303	284	289
Service sales, % of sales	%	29%	31%	32%	33%	32%
Eco portfolio sales	MEUR	268	276	217	202	166
Eco portfolio sales, % of sales	%	22%	27%	23%	24%	18%
Operating profit	MEUR	-28.8	50.0	47.5	37.5	8.3
Operating profit	%	-2.3%	4.8%	5.0%	4.4%	0.9%
Comparable operating profit	MEUR	88.6	92.7	85.5	65.3	45.5
Comparable operating profit	%	7.2%	8.9%	8.9%	7.7%	5.0%
Basic earnings per share	EUR	-1.04	0.45	0.64	0.33	-0.13

Kalmar		Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Orders received	MEUR	544	470	567	499	513
Order book	MEUR	1,428	1,569	1,600	1,449	1,302
Sales	MEUR	618	526	428	372	430
Service sales	MEUR	150	142	135	124	130
Comparable operating profit	MEUR	69.5	50.8	41.4	28.5	36.5
Comparable operating profit	%	11.2%	9.7%	9.7%	7.7%	8.5%

Hiab		Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Orders received	MEUR	377	425	523	482	384
Order book	MEUR	1,185	1,301	1,250	1,125	985
Sales	MEUR	456	378	404	340	339
Service sales	MEUR	113	106	99	93	89
Comparable operating profit	MEUR	62.3	50.1	63.2	48.6	40.4
Comparable operating profit	%	13.7%	13.2%	15.6%	14.3%	11.9%

MacGregor		Q4/22	Q3/22	Q2/22	Q1/22	Q4/21
Orders received	MEUR	269	252	301	154	153
Order book	MEUR	927	861	746	577	560
Sales	MEUR	165	137	127	140	141
Service sales	MEUR	91	75	68	67	70
Comparable operating profit	MEUR	-31.4	2.7	-7.4	0.1	-23.7
Comparable operating profit	%	-19.0%	2.0%	-5.8%	0.1%	-16.7%