Cargotec's interim report January–March 2023

# RECORD-HIGH COMPARABLE OPERATING PROFIT

CARGOTEC

# Cargotec's interim report January–March 2023: Record-high comparable operating profit

- Demand remained at a good level
- Strong sales development, increase by 26 percent
- Comparable operating profit improved in core businesses by 62 percent

# January–March 2023 in brief: Comparable operating profit margin above 10 percent

- Orders received decreased by 7 percent and totalled EUR 1,059 (1,135) million.
- Order book amounted to EUR 3,467 (31 Dec 2022: 3,541) million at the end of the period.
- Sales increased by 26 percent and totalled EUR 1,074 (851) million.
- Service sales increased by 22 percent and totalled EUR 346 (284) million.
- Service sales represented 32 (33) percent of consolidated sales.
- Eco portfolio sales increased by 21 percent and totalled EUR 346 (285) million.
- Eco portfolio sales represented 32 (34) percent of consolidated sales.
- Operating profit was EUR 104 (37) million, representing 9.7 (4.4) percent of sales. The operating profit includes items affecting comparability worth EUR -8 (-23) million.
- Comparable operating profit increased by 85 percent and amounted to EUR 112 (61) million, representing 10.5 (7.2) percent of sales.
- Cash flow from operations before finance items and taxes totalled EUR 26 (-70) million.
- Profit for the period amounted to EUR 73 (21) million.
- Basic earnings per share was EUR 1.13 (0.33).

# Outlook for 2023 unchanged

Cargotec estimates its core businesses'[1] 2023 comparable operating profit to improve from 2022 (EUR 384[2] million) and MacGregor's comparable operating profit in 2023 to be positive (EUR -47[2] million).[3]

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

[2] Cargotec has changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. Comparison figures have been calculated based on the new definition. Additional information about the definition is presented in the stock exchange release published on 4 April 2023.

[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 | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Orders received | 1,059 | 1,135 | -7% | 4,862 |
| Service orders received | 362 | 307 | 18% | 1,286 |
| Order book, end of period | 3,467 | 3,151 | 10% | 3,541 |
| Sales | 1,074 | 851 | 26% | 4,089 |
| Service sales | 346 | 284 | 22% | 1,264 |
| Service sales, % of sales | 32% | 33% | | 31% |
| Eco portfolio sales | 346 | 285 | 21% | 1,288 |
| Eco portfolio sales, % of sales | 32% | 34% | | 31% |
| Operating profit | 104.0 | 37.5 | > 100% | 106.1 |
| Operating profit, % | 9.7% | 4.4% | | 2.6% |
| Comparable operating profit | 112.4 | 60.9 | 85% | 316.4 |
| Comparable operating profit, % | 10.5% | 7.2% | | 7.7% |
| Profit before taxes | 95.7 | 30.2 | > 100% | 79.0 |
| Cash flow from operations before finance items and taxes | 26.5 | -70.3 | > 100% | 231.2 |
| Profit for the period | 72.6 | 21.1 | > 100% | 23.2 |
| Basic earnings per share, EUR | 1.13 | 0.33 | > 100% | 0.37 |
| Interest-bearing net debt, end of period | 393 | 573 | -31% | 378 |
| Gearing, % | 26.4% | 37.8% | | 24.8% |
| Interest-bearing net debt / EBITDA* | 1.0 | 1.2 | | 1.2 |
| Return on capital employed (ROCE), last 12 months, % | 7.5% | 15.3% | | 4.6% |
| Personnel, end of period | 11,640 | 11,282 | 3% | 11,526 |

* Last 12 months' EBITDA

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

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

# Cargotec's President and CEO Casimir Lindholm: Core businesses drove strong development in sales and comparable operating profit

The first quarter provided a strong start to the year 2023 and a solid base for me to enter as Cargotec's new CEO as of 1 April. Despite a 7 percent decrease in orders received, demand remained at a good level. Service orders continued to grow significantly and increased by 18 percent. Stemming from our solid order book, our sales increased by 26 percent to EUR 1,074 million. Driven by our core businesses Kalmar and Hiab, we reached a record-high comparable operating profit of EUR 112 million and a comparable operating profit margin of 10.5 percent.

In Kalmar, demand was steady. We saw some delays in purchase decisions in larger projects whereas demand for services and eco portfolio solutions remained strong. Sales increased by 31 percent to EUR 485 million. Sales growth was supported by successful supply chain management despite persisting tightness and volatility of the component availability. Service sales increased, driven by improved spare parts capture rates. Kalmar's comparable operating profit margin improved to a record level of 13 percent, driven by higher sales, improved management of supply chain and lower losses related to heavy cranes business.

In Hiab, underlying demand drivers remained at a good level. Orders received declined from the comparison period, which was partly due to large orders received in the first quarter of 2022. Order intake was also affected by inflation, high interest rates, and extended truck lead times. Bottlenecks in truck chassis supply also limited Hiab's sales growth. However, the operational execution was strong and Hiab's sales grew by 27 percent to EUR 432 million and comparable operating profit by 29 percent to EUR 61 million.

In MacGregor, orders received improved, driven by strong container vessel and car carrier markets. Going forward, the order pipeline looks healthy but, due to limited shipyard capacity, container vessel contracting is estimated to be slower. MacGregor's orders received increased also in offshore and service businesses. Sales in MacGregor were still at a relatively low level of EUR 157 million with 56 percent of sales coming from services. MacGregor's comparable operating profit improved to EUR 1 million stemming from higher service sales. As announced earlier, we will continue to focus on a turnaround of the business and to look for a solution for MacGregor in 2024.

To conclude, the first quarter was a robust start to the year. Despite elevated market uncertainty, many of our customers and partners are performing well. We have a solid order book covering almost the entire 2023 equipment sales and we are tracking well against our outlook for 2023 as well as performance targets for core businesses. The MacGregor restructuring is progressing and the business is on path to deliver a positive comparable operating profit in 2023. Our core businesses' comparable operating profit increased by 62 percent and posted a comparable operating profit margin of 12.4 percent. Share of eco portfolio orders in our core business continued to increase and core businesses' sales grew clearly faster than the global GDP.

# Reporting segments' key figures

## Orders received

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Kalmar | 471 | 499 | -6% | 2,081 |
| Hiab | 380 | 482 | -21% | 1,807 |
| MacGregor | 208 | 154 | 35% | 976 |
| Internal orders | 0 | 0 | | 0 |
| **Total** | **1,059** | **1,135** | **-7%** | **4,862** |

## Order book

| MEUR | 31 Mar 2023 | 31 Dec 2022 | Change |
|---|---|---|---|
| Kalmar | 1,390 | 1,428 | -3% |
| Hiab | 1,121 | 1,185 | -5% |
| MacGregor | 956 | 927 | 3% |
| Internal order book | 1 | 1 | |
| **Total** | **3,467** | **3,541** | **-2%** |

## Sales

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Kalmar | 485 | 372 | 31% | 1,943 |
| Hiab | 432 | 340 | 27% | 1,578 |
| MacGregor | 157 | 140 | 12% | 569 |
| Internal sales | 0 | 0 | | -1 |
| **Total** | **1,074** | **851** | **26%** | **4,089** |

## Operating profit

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Kalmar | 62.8 | 22.7 | > 100% | 142.1 |
| Hiab | 61.4 | 43.5 | 41% | 217.1 |
| MacGregor | -7.4 | -5.7 | -28% | -190.2 |
| Corporate administration and support functions | -12.8 | -23.0 | 44% | -62.9 |
| **Total** | **104.0** | **37.5** | **> 100%** | **106.1** |

## Comparable operating profit*

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Kalmar | 63.2 | 28.2 | > 100% | 189.2 |
| Hiab | 61.4 | 47.4 | 29% | 220.9 |
| MacGregor | 0.7 | -2.8 | > 100% | -47.5 |
| Corporate administration and support functions | -12.8 | -12.0 | -7% | -46.3 |
| **Total** | **112.4** | **60.9** | **85%** | **316.4** |

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

# Telephone conference for analysts, investors and media

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

To ask questions, please join the teleconference by registering via the following link: https://palvelu.flik.fi/teleconference/?id=1009460. 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/2023-q1. 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 4.1 billion and it employs around 11,500 people. www.cargotec.com

# Cargotec's interim report January–March 2023

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

# Operating environment

In the beginning of 2023, the market environment was characterised by elevated uncertainty stemming from high interest rates and inflation, instability of the financial markets, fear of recession, continued supply chain bottlenecks, geopolitical tensions, and sluggish growth estimates. However, many of our customers and partners are performing well and we have experienced steady demand.

The demand for Cargotec's core businesses Hiab and Kalmar is influenced by the development of the global GDP per capita. According to the International Monetary Fund's (IMF) world economic outlook published in April 2023, the global economy is projected to grow by 2.8 percent in 2023, and by 3.0 percent in 2024. The IMF notes that the advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany) is expected to see an especially pronounced growth slowdown to 1.3 and 1.4 percent in 2023 and 2024 respectively.[4]

The demand for MacGregor's cargo handling solutions is impacted by the level of merchant ship contracting, which amounted to 217 in the first quarter (Q1/2022: 243). Activity level in the car carrier market was strong and the high container ship order activity still continued. Going forward, the container vessel contracting is estimated to be slower, due to the turn of the container freight markets along with high new ship prices and limited shipyard availability. For the year 2023, the merchant ship order forecast is 1,316 (2022: 1,414). In the offshore sector, the number of new unit contracts in the first quarter was 27 (Q1 2022: 30), which is below the historical average. Energy transition and securing energy supply drive investments in offshore wind, also boosting offshore oil & gas. The amount of new vessel contracting is still expected to remain modest, with offshore wind and replacement ordering being the key drivers. The offshore newbuild contracting forecast for 2023 is 172 (2022: 145).[5]

[4] International Monetary Fund: World Economic Outlook, April 2023

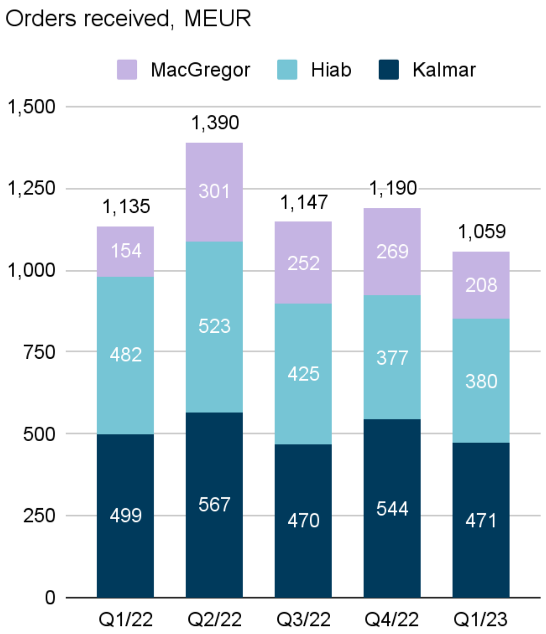
[5] Clarkson Research, April 2023. The 2023 forecasts are from March 2023

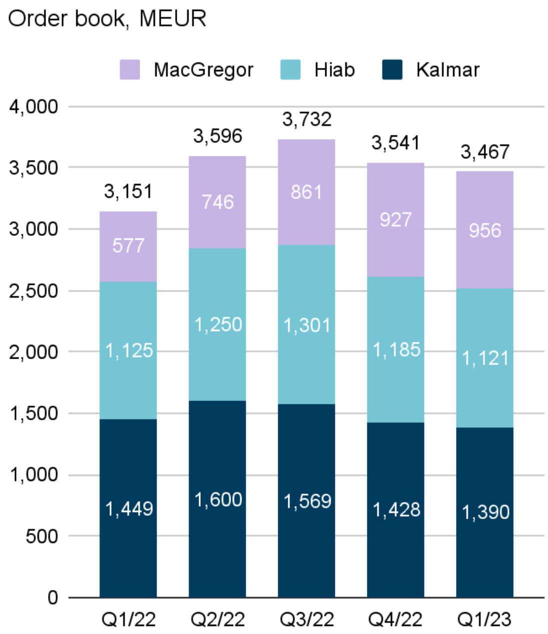
# Financial performance

## Orders received and order book

### Orders received and order book

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Orders received | 1,059 | 1,135 | -7% | 4,862 |
| Service orders received | 362 | 307 | 18% | 1,286 |
| Order book, end of period | 3,467 | 3,151 | 10% | 3,541 |




In the first quarter of 2023, orders received decreased by 7 percent from the comparison period and totalled EUR 1,059 (1,135) million. Orders received decreased in Kalmar and Hiab while they increased in MacGregor. Service orders received increased by 18 percent and totalled EUR 362 (307) million.

The order book decreased by 2 percent from the end of 2022, and at the end of the first quarter it totalled EUR 3,467 (31 Dec 2022: 3,541) million. Kalmar's order book totalled EUR 1,390 (1,428) million, representing 40 (40) percent, Hiab's EUR 1,121 (1,185) million or 32 (33) percent and MacGregor's EUR 956 (927) million or 28 (26) percent of the consolidated order book.

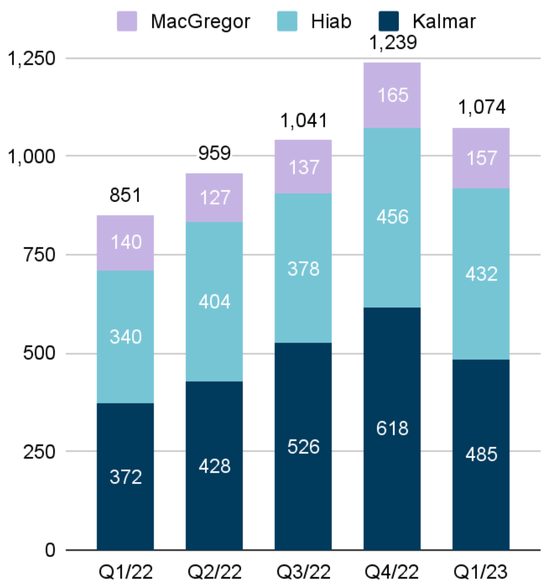
In geographical terms, the share of orders received in the first quarter was 43 (47) percent in EMEA and 36 (36) percent in the Americas. Asia-Pacific's share of orders received was 21 (17) percent.

# Sales

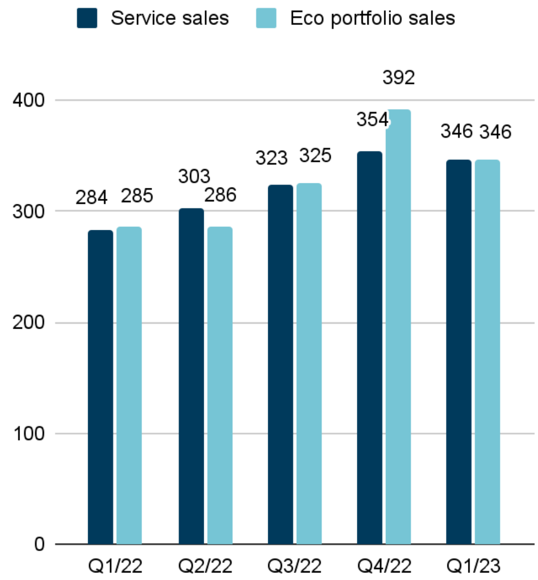
## Sales

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Sales | 1,074 | 851 | 26% | 4,089 |
| Service sales | 346 | 284 | 22% | 1,264 |
| Eco portfolio sales | 346 | 285 | 21% | 1,288 |

Sales, MEUR

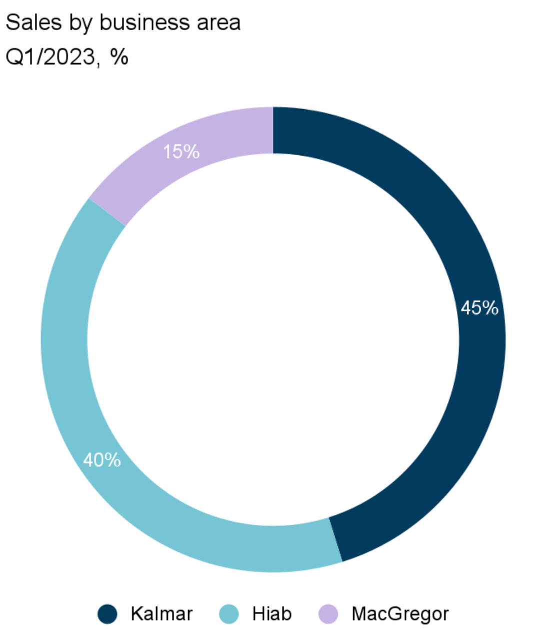


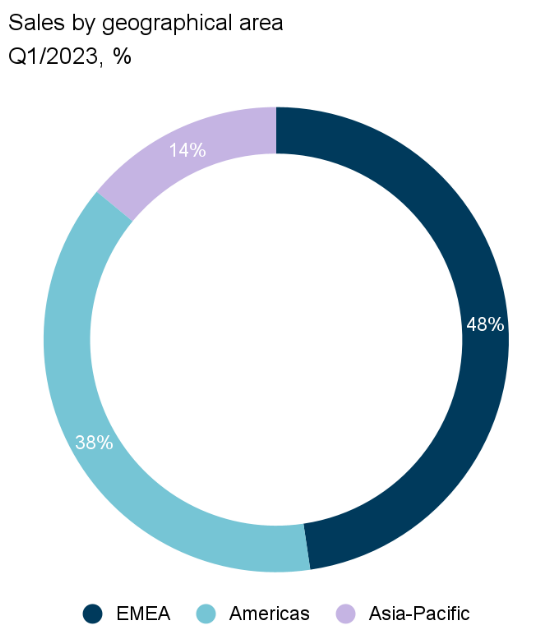

Service and eco portfolio sales, MEUR




In the first quarter of 2023, sales increased from the comparison period by 26 percent and amounted to EUR 1,074 (851) million. Sales increased in all businesses. Service sales increased by 22 percent from the comparison period and totalled EUR 346 (284) million, representing 32 (33) percent of consolidated sales.

Eco portfolio sales increased by 21 percent and totalled EUR 346 (285) million, representing 32 (34) percent of consolidated sales. Eco portfolio sales increased in both climate change mitigation and transition to circular economy categories and in all business areas.



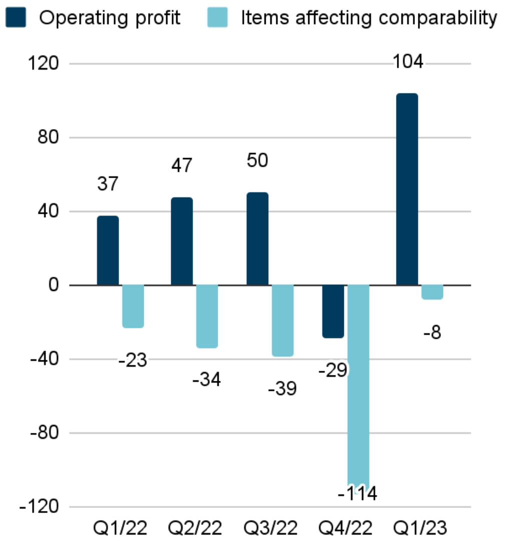



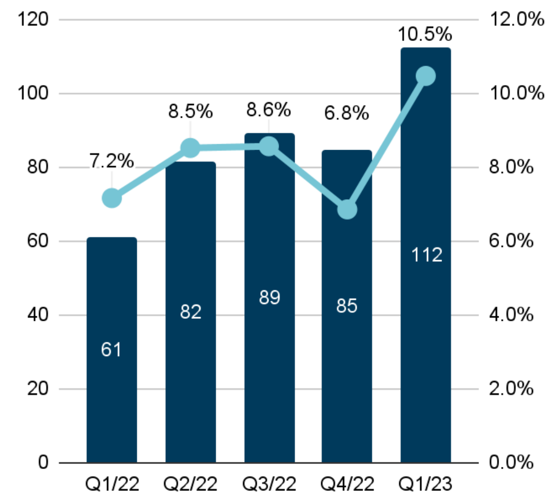

Sales increased in all geographical areas in the first quarter. EMEA's share of consolidated sales was 48 (51) percent, Americas' 38 (32) percent and Asia-Pacific's 14 (17) percent.

# Financial result

## Operating profit and comparable operating profit

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Operating profit | 104.0 | 37.5 | > 100% | 106.1 |
| Operating profit, % | 9.7% | 4.4% | | 2.6% |
| Comparable operating profit | 112.4 | 60.9 | 85% | 316.4 |
| Comparable operating profit, % | 10.5% | 7.2% | | 7.7% |




Operating profit for the first quarter totalled EUR 104 (37) million. The operating profit includes items affecting comparability worth EUR -8 (-23) million. EUR 0 (-6) million of the items were related to Kalmar, EUR 0 (-4) million to Hiab, EUR -8 (-3) million to MacGregor and EUR 0 (-11) million to corporate administration and support functions. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the first quarter increased by 85 percent and totalled EUR 112 (61) million, representing 10.5 (7.2) percent of sales. The comparable operating profit increase was driven by higher sales in Kalmar and Hiab.

## Net finance expenses and net income

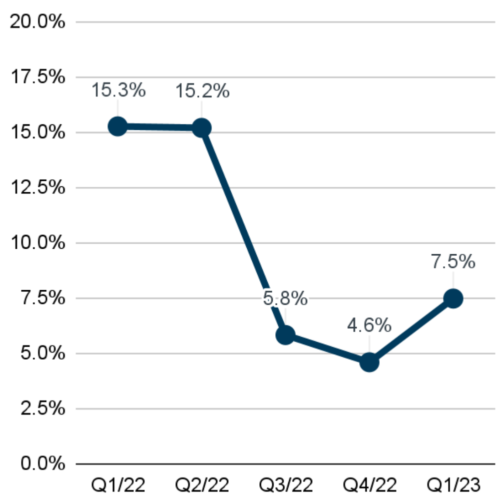
Net interest expenses for interest-bearing debt and assets for the first quarter totalled EUR 4 (4) million. Net finance expenses totalled EUR 8 (7) million. Profit for the first quarter totalled EUR 73 (21) million, and basic earnings per share was EUR 1.13 (0.33).

## Balance sheet, cash flow and financing

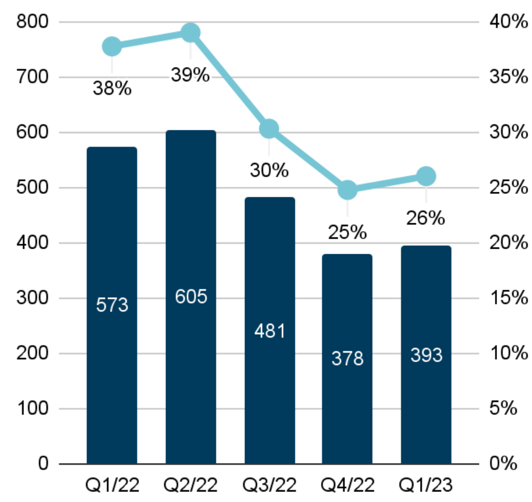
At the end of the first quarter, the consolidated balance sheet total was EUR 4,260 (31 Dec 2022: 4,189) million. Equity attributable to the equity holders of the parent was EUR 1,487 (1,528) million, representing EUR 22.98 (23.69) per share. Property, plant and equipment on the balance sheet amounted to EUR 429 (420) million and intangible assets to EUR 1,001 (1,017) million.

Return on equity (ROE, last 12 months) was 5.0 (31 Dec 2022: 1.5) percent at the end of the first quarter, and return on capital employed (ROCE, last 12 months) was 7.5 (4.6) percent. The return on capital employed was weakened by the low 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 26 (-70) million during the first quarter. Bottlenecks in the supply chain and a typical seasonal build up of net working capital, especially inventories, weakened cash flow.

Cargotec's liquidity position is strong. The liquidity reserves, consisting of cash and cash equivalents and an undrawn EUR 330 million long-term revolving credit facility, totalled EUR 783 million on 31 March 2022 (31 Dec 2022: 782). 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 98 (95) million.

The company's liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 245 (87) million, which includes EUR 38 (37) million lease liabilities.

At the end of the first quarter, the interest-bearing debt amounted to EUR 849 (31 Dec 2022: 838) million, of which EUR 168 (165) million was in lease liabilities. Of the interest-bearing debt, EUR 245 (87) million was current and EUR 603 (751) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 2.2 (2.1) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 455 (459) million. Interest-bearing net debt totalled EUR 393 (378) million.

At the end of the first quarter, Cargotec's equity to assets ratio was 37.7 (31 Dec 2022: 39.2) percent. Gearing was 26.4 (24.8) percent.

## Impacts of currencies and structural changes

| MEUR | Orders received Q1 | Sales Q1 |
|---|---|---|
| **2022** | **1,135** | **851** |
| Organic growth in constant currencies, % | -7% | 25% |
| Impact of changes in exchange rates, % | 0% | 0% |
| Structural changes, % | 0% | 1% |
| **Total change, %** | **-7%** | **26%** |
| **2023** | **1,059** | **1,074** |

In the first quarter of 2023, orders received decreased organically in constant currencies by 7 percent. Changes in exchange rates and structural changes did not have a material impact on Cargotec's orders received. Sales increased organically in constant currencies by 25 percent. Changes in exchange rates did not have an effect on Cargotec's sales while structural changes had a 1 percentage point positive effect on Cargotec's sales.

# Corporate topics

## Research and development

Research and product development expenditure in the first quarter totalled EUR 23 (23) million, representing 2.1 (2.7) percent of sales. Research and development investments were focused on solutions supporting climate targets such as digitalisation, electrification, and robotisation as well as projects that aim to improve the competitiveness and cost efficiency of products. During the first quarter of 2023, research and development efforts focused for example on the following:

### Kalmar

In cooperation with a Finnish software company Veracell, Kalmar is taking steps towards utilising AI-based lifecycle models in predictive maintenance. With this technology, Kalmar can identify potential issues before they occur; for example, which machine parts are at risk of breaking. As the lifecycle models are giving concrete recommendations on when the parts should be replaced, Kalmar is planning to pilot this in its Kalmar MyParts spare parts web shop.

During the first quarter, Kalmar's customer in Norway started testing the Kalmar RoboTractor, an autonomous terminal tractor. In addition, Kalmar started the serial production of the Kalmar Heavy Electric Forklift and received the first orders.

At the end of last year, 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. The project is ongoing and continues through 2023.

### Hiab

Hiab launched various new products and solutions during the first quarter. The EFFER iQ. 950 HP heavy range loader crane was published in February. It comes with a multi-purpose crane suitable for a wide range of vertical and horizontal lifting jobs that can be performed safely and precisely even at high speeds.

The new super heavy loader crane EFFER iQ.1400 HP, published in March, has a size and vertical performance that is ideal for operations in metropolitan areas.

Hiab also launched the robust, easy-to-use Universal Control Unit that will become standard for all ZEPRO tail lifts.

### MacGregor

During the first quarter, MacGregor successfully finalised the Sea Acceptance Test (SAT) and Harbour Acceptance Test (HAT) for the fully in-house developed all-electric MacGregor Horizon Walk-to-Work gangway, which is utilised in offshore wind service vessels (SOV). The first MacGregor Walk-to-Work solution is ready for operation.

# Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 18 (27) million in the first quarter. Investments in customer financing were EUR 15 (7) million. Depreciation, amortisation and impairment amounted to EUR 29 (29) million. The amount includes impairments worth EUR 0 (0) million.

# Acquisitions and divestments in 2023

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.

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

# Operational restructurings

Restructuring costs in the first quarter amounted to EUR 4 (13) million. The restructuring costs were related to MacGregor. 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 11,640 (31 Dec 2022: 11,526) people at the end of the first quarter. The average number of employees in the first quarter was 11,630 (1–12/2022: 11,405).

# 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. Cargotec will continue to focus on a turnaround of the business and to look for a solution for MacGregor in 2024.

## Performance targets for core businesses[6]

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

- Eco portfolio sales: double the growth compared to traditional products
- Reduce $CO_2$ emissions in Cargotec's value chain[7] by 25% by 2025 and by 50% by 2030
- Sales growth faster than market[8]
- 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%.

## Core businesses' key figures

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Orders received | 851 | 976 | -13% | 3,874 |
| Service orders received | 264 | 224 | 18% | 961 |
| Order book, end of period | 2,468 | 2,484 | -1% | 2,566 |
| Sales | 917 | 683 | 34% | 3,445 |
| Service sales | 259 | 217 | 19% | 962 |
| Service sales, % of sales | 28% | 32% | | 28% |
| Eco portfolio sales | 287 | 216 | 33% | 1,056 |
| Eco portfolio sales, % of sales | 31% | 32% | | 31% |
| Operating profit | 113.5 | 49.4 | > 100 % | 352.5 |
| Operating profit, % | 12.4% | 7.2% | | 10.2% |
| Comparable operating profit | 113.5 | 69.9 | 62% | 384.3 |
| Comparable operating profit, % | 12.4% | 10.2% | | 11.2% |

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

In the first quarter of 2023, Cargotec's core businesses' sales increased from the comparison period by 34 percent and amounted to EUR 917 (683) million. The eco portfolio sales of core businesses increased by 33 percent and totalled EUR 287 (216) million, representing 31 (32) percent of core businesses' consolidated sales. Cargotec's core businesses' comparable operating profit increased by 62 percent and amounted to EUR 113 (70) million. In the first quarter, the comparable operating profit margin of core businesses was 12.4 (10.2).

[6] Core businesses = Cargotec excluding MacGregor and Kalmar heavy cranes business

[7] Scopes 1, 2 & 3, compared to 2019

[8] Global GDP, IMF World Economic Outlook, current prices

# Sustainability

Based on the EU Taxonomy criteria, Cargotec's eco portfolio criteria was revised in 2022 with the eco portfolio sales reported for the first time in accordance with the revised criteria. In the first quarter, the eco portfolio sales increased by 21 percent and totalled EUR 346 (285) million, representing 32 (34) percent of consolidated sales. Eco portfolio sales increased in both climate change mitigation and transition to circular economy categories and in all business areas. In April, Cargotec arranged an investor event that focused on the eco portfolio.

At the end of the first quarter, Cargotec's safety performance, measured by rolling 12 months industrial injury frequency rate (IIFR), was 4.8 (6.0). The IIFR in Cargotec's assembly sites was 5 (7.3), while it was 4.6 (5.3) in non-assembly operations. The target for 2023 is to have an IIFR rate below 4.0 in all operations.

Cargotec's Annual General Meeting (AGM) was held In March 2023. In the AGM, the number of Board members was confirmed at eight, of which five are women and three men. The Board now holds a female majority for the first time in Cargotec's history, which increases the leadership diversity of the company.

In January 2023, EU's Corporate Sustainability Reporting Directive (CSRD) entered into force. The target is to provide investors and other stakeholders information to assess possible investment risks arising from climate change and other sustainability issues. The first companies will have to apply the new directive for the 2024 financial year for reports published in 2025.

Cargotec has started preparations for the upcoming directive. Sustainability lies at the core of Cargotec's strategy, and we aim for having the highest ESG standards within the industry. We have recognised that the upcoming CSRD will not only have stricter requirements on ESG reporting, but it will also encourage the transformation towards a more sustainable business. We are currently working on understanding both our readiness to comply with the upcoming reporting requirements and the ways the new directive can be utilised to drive successful business transformation. The CSRD will amend the existing EU Non-Financial Reporting Directive (NFRD), which applies to Cargotec.

# Leadership Team

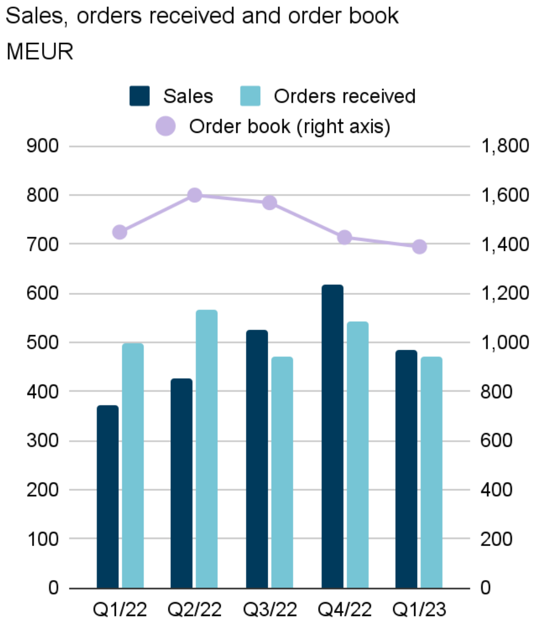
On 20 December 2022, Cargotec announced that Cargotec's CEO Mika Vehviläinen has informed Cargotec's Board of Directors of his intention to retire from Cargotec during 2023, in accordance with the terms of his CEO service contract. The Board initiated a search for a successor and, in February 2023, announced that it had appointed Casimir Lindholm (M.Sc. (Econ.), MBA), b. 1971, as Cargotec's new President and CEO as of 1 April 2023.

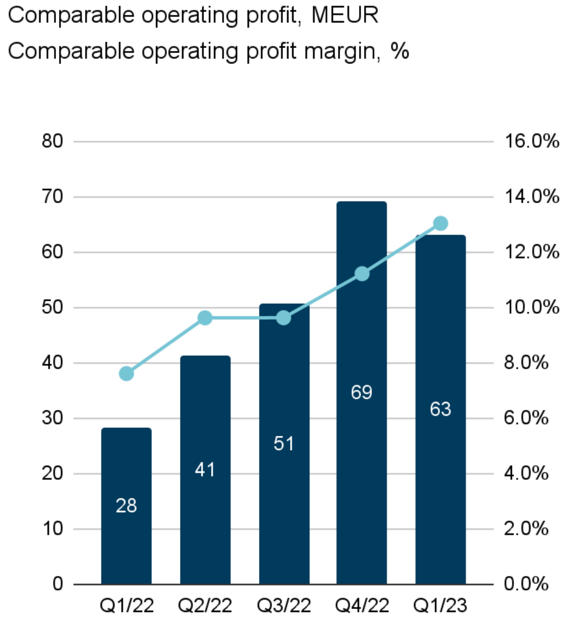
On 31 March 2023, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, Senior Vice President, Sustainable Business Development; 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 | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Orders received | 471 | 499 | -6% | 2,081 |
| Order book, end of period | 1,390 | 1,449 | -4% | 1,428 |
| Sales | 485 | 372 | 31% | 1,943 |
| Service sales | 147 | 124 | 18% | 551 |
| % of sales | 30% | 33% | | 28% |
| Operating profit | 62.8 | 22.7 | > 100% | 142.1 |
| % of sales | 12.9% | 6.1% | | 7.3% |
| Comparable operating profit | 63.2 | 28.2 | > 100% | 189.2 |
| % of sales | 13.0% | 7.6% | | 9.7% |
| Personnel, end of period | 5,024 | 4,902 | 2% | 5,012 |




In the first quarter, orders received by Kalmar decreased by 6 percent from the comparison period and totalled EUR 471 (499) million. The demand for Kalmar equipment remained steady despite a slowed decision making process in larger project orders. Service orders continued to be strong. Compared to the comparison period, orders received increased in EMEA and in Asia-Pacific, and decreased in Americas.

Major orders received by Kalmar in the first quarter included:

- 9 Kalmar hybrid straddle carriers to replace customers’ older equipment in Belgium, and
- 8 Eco reachstackers with a fuel saving guarantee, Kalmar Insight performance management tool, and additional safety features to a customer in Italy. The number of ordered Eco reachstackers since its introduction has reached over 500 machines globally.

Kalmar’s order book decreased by 3 percent from the end of 2022, and at the end of the first quarter it totalled EUR 1,390 (31 Dec 2022: 1,428) million.

Kalmar’s first quarter sales increased by 31 percent from the comparison period and totalled EUR 485 (372) million. Service sales increased by 18 percent and totalled EUR 147 (124) million, representing 30 (33) percent of sales.

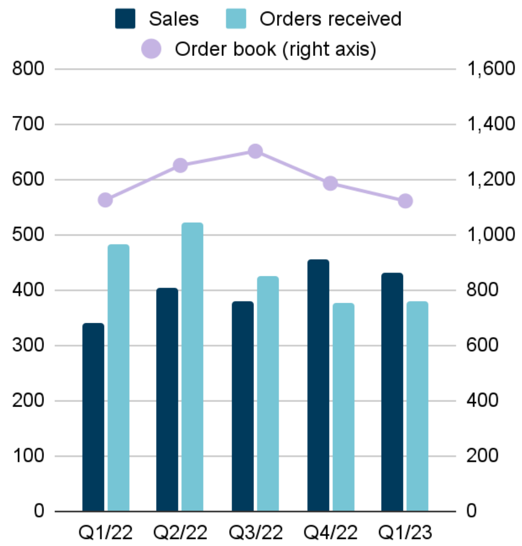
Kalmar’s first quarter operating profit totalled EUR 63 (23) million. The operating profit includes EUR 0 (-6) million in items affecting comparability. The comparable operating profit amounted to EUR 63 (28) million, representing 13.0 (7.6) percent of sales. The comparable operating profit increased due to higher sales, improved supply chain management, as well as smaller losses related to heavy cranes business, which will be discontinued.

Excluding the heavy cranes business, Kalmar sales in the first quarter would have been EUR 485 (344) million, operating profit EUR 65 (29) million, and comparable operating profit EUR 65 (34) million. At the end of the first quarter, the order book of Kalmar heavy cranes was EUR 44 million, the majority of which is planned to be delivered in 2023.

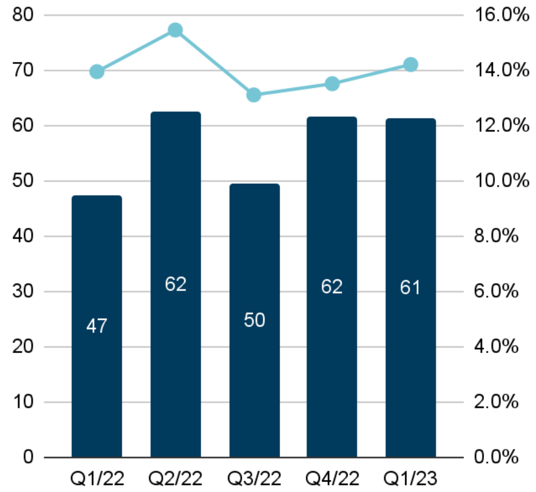
## Hiab

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Orders received | 380 | 482 | -21% | 1,807 |
| Order book, end of period | 1,121 | 1,125 | 0% | 1,185 |
| Sales | 432 | 340 | 27% | 1,578 |
| Service sales | 112 | 93 | 21% | 411 |
| % of sales | 26% | 27% | | 26% |
| Operating profit | 61.4 | 43.5 | 41% | 217.1 |
| % of sales | 14.2% | 12.8% | | 13.8% |
| Comparable operating profit | 61.4 | 47.4 | 29% | 220.9 |
| % of sales | 14.2% | 13.9% | | 14.0% |
| Personnel, end of period | 3,897 | 3,662 | 6% | 3,778 |

Sales, orders received and order book
MEUR




Comparable operating profit, MEUR
Comparable operating profit margin, %




Hiab's orders received for the first quarter decreased by 21 percent from the comparison period and totalled EUR 380 (482) million. Underlying demand drivers for Hiab's solutions remained at a good level. Orders received in the comparison period includes large non-recurring orders. Service orders received increased.

Major orders received by Hiab in the first quarter included:

- WALTCO tail lifts to an American customer. The value of the order is EUR 5.8 million, and
- MOFFETT and PRINCETON truck mounted forklifts to two American customers. The value of the orders are EUR 13.3 million and EUR 3.4 million respectively.

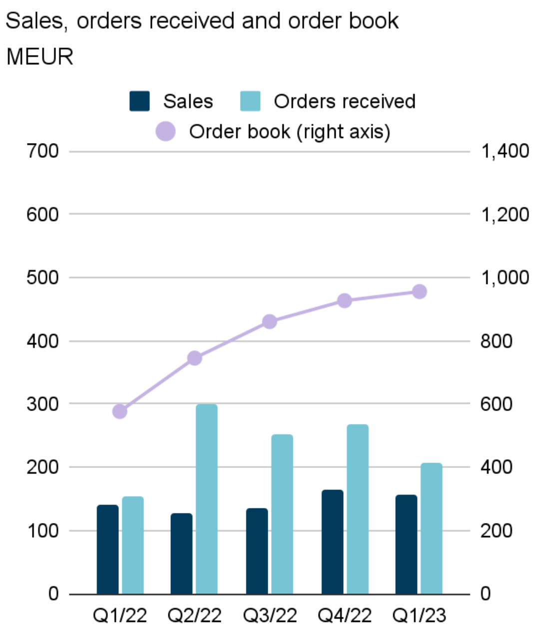
Hiab's order book decreased by 5 percent from the end of 2022, and at the end of the first quarter it totalled EUR 1,121 (31 Dec 2022: 1,185) million.

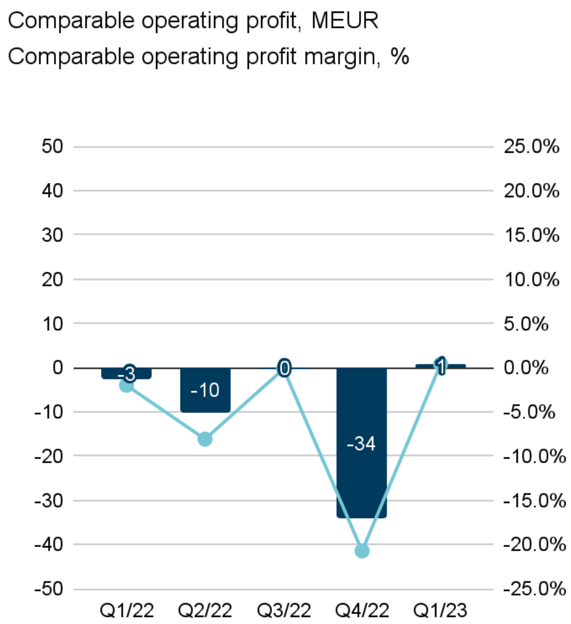
Hiab’s first quarter sales increased by 27 percent and totalled EUR 432 (340) million. Service sales increased by 21 percent and amounted to EUR 112 (93) million, representing 26 (27) percent of sales.

Hiab’s first quarter operating profit increased from the comparison period by 41 percent and totalled EUR 61 (44) million. The operating profit includes EUR 0 (-4) million in items affecting comparability. The comparable operating profit amounted to EUR 61 (47) million, representing 14.2 (13.9) percent of sales. Hiab’s comparable operating profit increased due to higher sales and good management of inflationary pressures and costs.

## MacGregor

| MEUR | Q1/23 | Q1/22 | Change | 2022 |
|---|---|---|---|---|
| Orders received | 208 | 154 | 35% | 976 |
| Order book, end of period | 956 | 577 | 66% | 927 |
| Sales | 157 | 140 | 12% | 569 |
| Service sales | 87 | 67 | 31% | 301 |
| % of sales | 56% | 48% | | 53% |
| Operating profit | -7.4 | -5.7 | -28% | -190.2 |
| % of sales | -4.7% | -4.1% | | -33.4% |
| Comparable operating profit | 0.7 | -2.8 | > 100% | -47.5 |
| % of sales | 0.4% | -2.0% | | -8.3% |
| Personnel, end of period | 1,975 | 1,907 | 4% | 1,978 |




MacGregor's orders received in the first quarter increased by 35 percent from the comparison period to EUR 208 (154) million. Orders received decreased in Americas and increased in EMEA and in Asia-Pacific compared to the comparison period. Of the orders, around four fifths relate to merchant ships and one fifth to the offshore sector. Service orders received increased.

Major orders received by MacGregor in the first quarter included:

- RoRo equipment for two 8,000 LM RoRo-vessels to a customer in Luxembourg,
- RoRo equipment packages for two dual-fuel LNG Pure Car and Truck Carriers (PCTC) to a customer in Switzerland, and
- a repeat order for RoRo equipment for five PCTC vessels for a customer in Italy. The order extends MacGregor's supply of RoRo equipment from five to ten of the customer's new PCTC vessels.

MacGregor’s order book increased by 3 percent from the end of 2022, and at the end of the first quarter it totalled EUR 956 (31 Dec 2022: 927) million. Of the order book, around four fifths relate to merchant ships and one fifth to the offshore sector.

MacGregor’s first quarter sales increased by 12 percent and amounted to EUR 157 (140) million. Service sales increased by 31 percent and totalled EUR 87 (67) million, representing 56 (48) percent of sales.

MacGregor’s operating profit for the first quarter totalled EUR -7 (-6) million. Operating profit includes EUR -8 (-3) million in items affecting comparability related to the ongoing restructuring programme. Comparable operating profit increased and totalled EUR 1 (-3) million, representing 0.4 (-2.0) percent of sales. Comparable operating profit increased due to higher service sales.

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

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 the first quarter would have been around 4 percent.

# Annual General Meeting and shares

## Decisions taken at the Annual General Meeting

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

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

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

The yearly remuneration of the Board of Directors was confirmed as follows: EUR 95,000 will be paid to the Chair of the Board, EUR 70,000 to the Vice Chair, EUR 70,000 to the Chair of the Audit and Risk Management Committee, and EUR 55,000 to the other Board members. In addition, EUR 1,000 will be paid for attendance at board and committee meetings. 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash on a quarterly basis and Cargotec will cover the transfer taxes related to the Board remuneration paid in shares. In addition, travel expenses of the members of the Board of Directors are reimbursed in accordance with the company's travel policy.

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

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

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

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

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

Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting on 23 March 2023. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com.

# Shares and trading

## Share capital, own shares and share issue

Cargotec Corporation's share capital totalled EUR 64,304,880 at the end of March 2023. The number of class B shares was 55,182,079, while the number of class A shares totalled 9,526,089.

On 23 March 2023, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for share-based incentive programmes. The share reward payments are related to the performance period 2020–2022 of Cargotec's share-based incentive programme, 2020–2022 restricted shares programme, first instalment of the restricted share programme 2022–2024 and first instalment of the restricted share unit programme 2022–2024.

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

The decision on the directed share issue is based on the authorisation granted to the Board of Directors by the Annual General Meeting on 23 March 2023. According to the authorisation, the Board of Directors can decide on a share issue amounting to a maximum of 952,000 class A shares and 5,448,000 class B shares.

At the end of March 2023, Cargotec held a total of 7,043 own class B shares, accounting for 0.01 percent of the total number of shares and 0.005 percent of the total number of votes. The number of outstanding class B shares totalled 55,175,036.

## Share-based incentive programmes

In February 2023, Cargotec's Board of Directors resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The performance share programme includes calendar years 2023–2025 as a performance period. The performance period includes three measuring periods of one calendar year. For each measuring period, the Board of Directors will annually resolve the performance criteria and the required performance levels for each criterion. The 2023–2025 performance share programme is directed to approximately 100 key employees, including the members of Cargotec Leadership Team.

For the key employees of the business areas Kalmar and Hiab, the potential reward of the programme from the measuring period 2023 will be based on the business areas' earning per share (EPS). For the Cargotec Corporate key employees, the performance criteria is Cargotec's earning per share (EPS). The rewards to be paid on the basis of the performance period 2023–2025 will amount up to an approximate maximum total of 200,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

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

In addition, The Board of Directors of Cargotec Corporation has resolved to establish a new restricted shares programme for calendar years 2023–2025. As a part of total compensation, additional restricted share grants can be allocated for selected key employees. The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 24,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

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

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

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

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

## Market capitalisation and trading

| Trading on Nasdaq Helsinki Oy[9] | Q1/2023 | Q1/2022 |
|---|---|---|
| Total market value of class B shares[10], MEUR | 2,471 | 1,898 |
| Market capitalisation of class A and B shares at the end of the period[11], MEUR | 2,897 | 2,226 |
| Closing price of class B share[12], EUR | 44.78 | 34.54 |
| Volume-weighted average price of class B share, EUR | 45.83 | 37.25 |
| Highest quotation of class B share, EUR | 49.76 | 48.46 |
| Lowest quotation of class B share, EUR | 41.16 | 27.12 |
| Trading volume, million class B shares | 6 | 17 |
| Turnover of class B shares, MEUR | 267 | 641 |

At the end of the period, the number of registered shareholders was 39,047. The number of Finnish household shareholders was 37,138, corresponding to around 17 percent ownership of Cargotec's listed B shares. At the end of the period, over 30 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.

Disruptions in supply chains, problems with the availability of raw materials and energy, high inflation, high interest rates, weak consumer confidence, as well as increased uncertainty are slowing down economic growth and may lead to recession.

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 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 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.

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 rapidly deteriorate significantly or even lead to insolvency. The turnover, availability, and cost of skilled personnel can create disturbances to Cargotec and its supplier operations.

[9] Class B shares were also traded in several alternative marketplaces.
[10] At the end of the period, excluding own shares held by the company.
[11] 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.
[12] On the last trading day of the period.

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

In addition to economic growth, for example, Hiab's demand is also impacted by the development of the construction market. Economic uncertainty as well as high prices and interest rates, and the availability challenges of building materials can have a negative effect on construction activity, which in turn can negatively impact the demand for Hiab's solutions. A significant share of Hiab's orders are from the United States. Even though 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.

# Events after the reporting period

There were no material events after the reporting period.

# Outlook for 2023 unchanged

Cargotec estimates its core businesses'[13] 2023 comparable operating profit to improve from 2022 (EUR 384[14] million) and MacGregor's comparable operating profit in 2023 to be positive (EUR -47[14] million).[15]

# Financial calendar 2023

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

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

Helsinki, 26 April 2023
Cargotec Corporation
Board of Directors

This interim report is unaudited.

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[13] Hiab and Kalmar excluding heavy cranes and including corporate administration and support functions.

[14] Cargotec has changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2023. Comparison figures have been calculated based on the new definition. Additional information about the definition is presented in the stock exchange release published on 4 April 2023.

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

# Consolidated statement of income

| MEUR | Note | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|---|
| **Sales** | 5 | **1,074.1** | **850.9** | **4,088.6** |
| Cost of goods sold | | -819.0 | -661.1 | -3,230.5 |
| **Gross profit** | | **255.1** | **189.8** | **858.1** |
| *Gross profit, %* | | *23.8%* | *22.3%* | *21.0%* |
| Selling and marketing expenses | | -50.7 | -47.3 | -199.9 |
| Research and development expenses | | -23.2 | -23.4 | -99.8 |
| Administration expenses | | -75.7 | -58.7 | -279.7 |
| Restructuring costs | 7 | -3.7 | -13.4 | -91.3 |
| Other operating income | | 9.5 | 8.3 | 51.9 |
| Other operating expenses | | -9.1 | -19.4 | -140.2 |
| Share of associated companies' and joint ventures' result | | 1.7 | 1.5 | 7.0 |
| **Operating profit** | | **104.0** | **37.5** | **106.1** |
| *Operating profit, %* | | *9.7%* | *4.4%* | *2.6%* |
| Finance income | | 2.3 | 0.8 | 4.4 |
| Finance expenses | | -10.6 | -8.1 | -31.6 |
| **Profit before taxes** | | **95.7** | **30.2** | **79.0** |
| *Profit before taxes, %* | | *8.9%* | *3.5%* | *1.9%* |
| Income taxes | 9 | -23.1 | -9.1 | -55.8 |
| Profit for the period | | **72.6** | **21.1** | **23.2** |
| *Profit for the period, %* | | *6.8%* | *2.5%* | *0.6%* |
| **Profit for the period attributable to:** | | | | |
| Shareholders of the parent company | | 72.7 | 21.2 | 23.9 |
| Non-controlling interest | | -0.1 | -0.1 | -0.7 |
| **Total** | | **72.6** | **21.1** | **23.2** |
| **Earnings per share for profit attributable to the shareholders of the parent company:** | | | | |
| Basic earnings per share, EUR | | 1.13 | 0.33 | 0.37 |
| Diluted earnings per share, EUR | | 1.12 | 0.33 | 0.37 |

The notes are an integral part of the interim report.

# Consolidated statement of comprehensive income

| MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| **Profit for the period** | **72.6** | **21.1** | **23.2** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that cannot be reclassified to statement of income:* | | | |
| Actuarial gains (+) / losses (-) from defined benefit plans | 0.2 | 0.4 | 27.7 |
| Gains (+) / losses (-) on designated share investments measured at fair value | - | -1.7 | -11.0 |
| Taxes relating to items that cannot be reclassified to statement of income | 0.0 | -0.1 | -5.6 |
| *Items that can be reclassified to statement of income:* | | | |
| Gains (+) / losses (-) on cash flow hedges | 9.2 | -11.8 | -59.3 |
| Gains (+) / losses (-) on cash flow hedges transferred to statement of income | -6.8 | 11.8 | 65.9 |
| Translation differences | -30.1 | 22.2 | 11.3 |
| Taxes relating to items that can be reclassified to statement of income | -1.0 | 0.2 | -2.3 |
| Share of other comprehensive income of associates and JV, net of tax | 0.7 | -0.6 | -0.8 |
| **Other comprehensive income, net of tax** | **-27.9** | **20.3** | **25.8** |
| | | | |
| **Comprehensive income for the period** | **44.7** | **41.5** | **49.0** |
| | | | |
| **Comprehensive income for the period attributable to:** | | | |
| Shareholders of the parent company | 44.8 | 41.6 | 49.7 |
| Non-controlling interest | -0.1 | -0.1 | -0.6 |
| **Total** | **44.7** | **41.5** | **49.0** |

The notes are an integral part of the interim report.

# Consolidated balance sheet

| ASSETS, MEUR | Note | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Goodwill | | 877.4 | 977.8 | 892.1 |
| Intangible assets | | 123.7 | 168.7 | 124.8 |
| Property, plant and equipment | | 429.5 | 426.3 | 420.0 |
| Investments in associated companies and joint ventures | 16 | 69.0 | 75.4 | 74.6 |
| Share investments | 16 | 0.0 | 34.9 | 0.0 |
| Loans receivable and other interest-bearing assets* | 11 | 0.1 | 12.4 | 4.5 |
| Deferred tax assets | | 129.4 | 136.6 | 128.6 |
| Derivative assets | 12 | 1.1 | 1.1 | 1.1 |
| Other non-interest-bearing assets | | 7.3 | 9.3 | 7.2 |
| **Total non-current assets** | | **1,637.4** | **1,842.4** | **1,652.9** |
| | | | | |
| **Current assets** | | | | |
| Inventories | | 1,128.2 | 915.9 | 1,013.3 |
| Loans receivable and other interest-bearing assets* | 11 | 1.7 | 3.6 | 2.8 |
| Income tax receivables | | 39.0 | 28.4 | 39.0 |
| Derivative assets | 12 | 17.9 | 16.5 | 39.5 |
| Accounts receivable | | 748.5 | 653.2 | 734.7 |
| Contract assets | | 73.5 | 103.8 | 104.0 |
| Other non-interest-bearing assets | | 161.0 | 174.9 | 151.2 |
| Cash and cash equivalents* | 11 | 453.3 | 348.5 | 451.9 |
| **Total current assets** | | **2,623.1** | **2,244.8** | **2,536.4** |
| | | | | |
| **Total assets** | | **4,260.5** | **4,087.2** | **4,189.3** |

*Included in interest-bearing net debt.

| EQUITY AND LIABILITIES, MEUR | Note | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|---|
| **Equity attributable to the shareholders of the parent company** | | | | |
| Share capital | | 64.3 | 64.3 | 64.3 |
| Share premium | | 98.0 | 98.0 | 98.0 |
| Translation differences | | -64.0 | -23.0 | -34.0 |
| Fair value reserves | | -1.4 | -7.4 | -3.5 |
| Reserve for invested unrestricted equity | | 52.5 | 52.8 | 52.8 |
| Retained earnings | | 1,337.7 | 1,329.6 | 1,350.0 |
| **Total equity attributable to the shareholders of the parent company** | | **1,487.0** | **1,514.4** | **1,527.6** |
| | | | | |
| Non-controlling interest | | 0.6 | 2.3 | 0.7 |
| **Total equity** | | **1,487.5** | **1,516.6** | **1,528.3** |
| | | | | |
| **Non-current liabilities** | | | | |
| Interest-bearing liabilities* | 11 | 603.4 | 884.5 | 750.9 |
| Deferred tax liabilities | | 31.1 | 26.8 | 30.6 |
| Pension obligations | | 82.4 | 112.8 | 82.2 |
| Provisions | | 6.3 | 3.1 | 6.4 |
| Other non-interest-bearing liabilities | | 80.9 | 72.4 | 74.8 |
| **Total non-current liabilities** | | **804.1** | **1,099.7** | **944.9** |
| | | | | |
| **Current liabilities** | | | | |
| Current portion of interest-bearing liabilities* | 11 | 225.7 | 36.4 | 74.9 |
| Other interest-bearing liabilities* | 11 | 19.4 | 16.1 | 11.7 |
| Provisions | | 174.6 | 114.8 | 176.2 |
| Income tax payables | | 58.8 | 38.7 | 52.9 |
| Derivative liabilities | 12 | 11.8 | 26.4 | 7.4 |
| Accounts payable | | 640.8 | 536.3 | 617.1 |
| Contract liabilities | | 314.9 | 221.6 | 291.1 |
| Other non-interest-bearing liabilities | | 522.8 | 480.5 | 484.8 |
| **Total current liabilities** | | **1,968.8** | **1,470.9** | 1,716.1 |
| | | | | |
| **Total equity and liabilities** | | **4,260.5** | **4,087.2** | **4,189.3** |

*Included in interest-bearing net debt.

The notes are an integral part of the interim report.

# Consolidated statement of changes in equity

| | Attributable to the shareholders of the parent company | | | | | | | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| MEUR | Share capital | Share premium | Translation differences | Fair value reserves | Reserve for invested unrestricted equity | Retained earnings | Total | | |
| **Equity 1 Jan 2023** | **64.3** | **98.0** | **-34.0** | **-3.5** | **52.8** | **1,350.0** | **1,527.6** | **0.7** | **1,528.3** |
| Profit for the period | | | | | | 72.7 | 72.7 | -0.1 | 72.6 |
| Cash flow hedges | | | | 2.0 | | | 2.0 | - | 2.0 |
| Translation differences | | | -30.1 | | | | -30.1 | 0.0 | -30.1 |
| Actuarial gains and losses from defined benefit plans | | | | | | 0.1 | 0.1 | - | 0.1 |
| Gains and losses on designated share investments measured at fair value | | | | | | - | - | - | - |
| **Comprehensive income for the period*** | **-** | **-** | **-30.1** | **2.0** | **-** | **72.9** | **44.8** | **-0.1** | **44.7** |
| Dividends paid | | | | | | -86.9 | -86.9 | - | -86.9 |
| Treasury shares acquired | | | | | -0.3 | | -0.3 | | -0.3 |
| Share-based payments | | | | | | 1.8 | 1.8 | | 1.8 |
| **Transactions with owners of the company** | **-** | **-** | **-** | **-** | **-0.3** | **-85.2** | **-85.5** | **-** | **-85.5** |
| Transactions with non-controlling interests | | | | | | - | - | - | - |
| **Equity 31 Mar 2023** | **64.3** | **98.0** | **-64.0** | **-1.4** | **52.5** | **1,337.7** | **1,487.0** | **0.6** | **1,487.6** |
| | | | | | | | | | |
| **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 | | | | | | 21.2 | 21.2 | -0.1 | 21.1 |
| Cash flow hedges | | | | -0.4 | | | -0.4 | - | -0.4 |
| Translation differences | | | 22.2 | | | | 22.2 | 0.0 | 22.2 |
| Actuarial gains and losses from defined benefit plans | | | | | | 0.3 | 0.3 | - | 0.3 |
| Gains and losses on designated share investments measured at fair value | | | | | | -1.7 | -1.7 | - | -1.7 |
| **Comprehensive income for the period*** | **-** | **-** | **22.2** | **-0.4** | **-** | **19.8** | **41.6** | **-0.1** | **41.5** |
| Dividends paid | | | | | | -69.5 | -69.5 | -0.1 | -69.6 |
| Treasury shares acquired | | | | | -1.2 | | -1.2 | - | -1.2 |
| Share-based payments | | | | | | -0.4 | -0.4 | - | -0.4 |
| **Transactions with owners of the company** | **-** | **-** | **-** | **-** | **-1.2** | **-70.0** | **-71.2** | **-0.1** | **-71.2** |
| Transactions with non-controlling interests | | | | | | -0.4 | -0.4 | -0.3 | -0.7 |
| **Equity 31 Mar 2022** | **64.3** | **98.0** | **-23.0** | **-7.4** | **52.8** | **1,329.6** | **1,514.4** | **2.3** | **1,516.6** |

*Net of tax

The notes are an integral part of the interim report.

# Consolidated statement of cash flows

| MEUR | Note | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|---|
| **Net cash flow from operating activities** | | | | |
| Profit for the period | | 72.6 | 21.1 | 23.2 |
| Depreciation, amortisation and impairment | 8 | 28.5 | 28.6 | 203.9 |
| Finance income and expenses | | 8.3 | 7.3 | 27.2 |
| Income taxes | 9 | 23.1 | 9.1 | 55.8 |
| Change in net working capital | | -103.9 | -135.0 | -68.3 |
| Other adjustments | | -2.1 | -1.4 | -10.6 |
| **Cash flow from operations before finance items and taxes** | | **26.5** | **-70.3** | **231.2** |
| Cash flow from financing items and taxes | | 2.0 | 5.1 | -70.7 |
| **Net cash flow from operating activities** | | **28.4** | **-65.2** | **160.4** |
| | | | | |
| **Net cash flow from investing activities** | | | | |
| Acquisitions of businesses, net of cash acquired | 15 | -15.7 | -0.7 | -0.1 |
| Disposals of businesses, net of cash sold | 15 | 7.6 | 1.4 | 15.1 |
| Investments in associated companies and joint ventures | 16 | - | - | -0.9 |
| Cash flow from investing activities, other items | | -9.1 | -9.6 | -8.0 |
| **Net cash flow from investing activities** | | **-17.3** | **-9.0** | **6.1** |
| | | | | |
| **Net cash flow from financing activities** | | | | |
| Treasury shares acquired | | -0.3 | -1.2 | -1.2 |
| Repayments of lease liabilities | | -11.5 | -10.4 | -43.1 |
| Repayments of long-term borrowings | | - | - | -87.5 |
| Proceeds from short-term borrowings | | 11.6 | 7.1 | - |
| Repayments of short-term borrowings | | - | -1.2 | -3.3 |
| Dividends paid | | - | -59.0 | -70.4 |
| **Net cash flow from financing activities** | | **-0.3** | **-64.8** | **-205.5** |
| | | | | |
| **Change in cash and cash equivalents** | | **10.9** | **-139.0** | **-39.0** |
| | | | | |
| Cash and cash equivalents, and bank overdrafts at the beginning of period | | 445.4 | 488.2 | 488.2 |
| Effect of exchange rate changes | | -5.8 | -1.8 | -3.8 |
| **Cash and cash equivalents, and bank overdrafts at the end of period** | | **450.4** | **347.4** | **445.4** |
| | | | | |
| Bank overdrafts at the end of period | | 2.9 | 1.1 | 6.5 |
| **Cash and cash equivalents at the end of period** | | **453.3** | **348.5** | **451.9** |

The notes are an integral part of the interim report.

# Notes to the interim report

## 1. General information

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

## 2. Accounting principles

The interim report has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2022 and comply with changes in IAS/IFRS standards effective from 1 January 2023 that had no material impact on the interim report.

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

## 3. Prevailing economic uncertainty

During the first quarter of 2023, the market environment has been characterised by elevated uncertainty stemming from increasing interest rates, high inflation, instability of the financial markets, fear of recession, continued supply chain bottlenecks, geopolitical tensions, and sluggish growth estimates.

These risk factors have affected Cargotec's operations. The order intake during the review period did not reach the level of the comparison period, and continuous bottlenecks in the supply chain affected the availability of raw materials and components, slowing down the production process, increasing inventories and delaying the delivery of finished products and the recording of sales revenue. Component availability problems as well as increased labour and energy costs elevate manufacturing costs and increase challenges to control costs and pass them on to the prices of end products. A further increase in economic uncertainty and a weakening of the general economic situation would have a negative impact on the demand for freight transport and thus 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 rapidly 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 is retrieving from the country. At the end of March, the retrieval process was at its final stages. Cargotec has no direct representation in Ukraine, or in Belarus. At the time of reporting, the assets of Cargotec's Russian subsidiaries totalled EUR 8.2 million, which mainly consisted of cash and cash equivalents. In addition, Cargotec's subsidiaries outside of Russia had trade receivables from Russia totalling EUR 0.9 million. Cargotec has a provision of EUR 4.7 million related to the above-mentioned balance sheet items.

## MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on 31 March 2023 due to the low level of MacGregor's recoverable amount in relation to the assets being tested. Cargotec announced in November 2022 that it has decided that MacGregor will not be part of Cargotec's portfolio in the future. Cargotec will continue to focus on a turnaround of the business and to look for a solution for MacGregor in 2024. As a result of the decision, the recoverable amount of the MacGregor segment is determined in the goodwill impairment testing based on the fair value less costs to sell. The testing indicated that the recoverable amount exceeded the tested assets by a EUR 67.9 million (December 31, 2022: EUR 63.4 million impairment) mainly due to changes in the tested items. The post-tax WACC (weighted average cost of capital) used in the testing was 9.3 (9.0) percent.

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

The goodwill of the MacGregor segment was EUR 379.0 (December 31, 2022: 392.6) million at the time of reporting. As part of MacGregor's impairment testing, sensitivity analyses have been performed for the key assumptions based on three different scenarios. The changes tested in the analyses are a 2 percentage point increase in the discount rate in the first scenario, a 10 percent decrease in turnover and a 2 percentage point decrease in operating profit margin throughout the estimation period in the second scenario, and the combined effect of the previous scenarios in the third scenario. The results of the sensitivity analysis are presented in the table below.

## MacGregor goodwill sensitivity analysis

| | | Sensitivity analysis scenarios and results | | |
|---|---|---|---|---|
| | | Scenario 1 | Scenario 2 | Scenario 3 |
| | Recoverable amount in excess of book value of assets, MEUR | WACC +2 percentage points | Sales -10 percent and operating profit -2 percentage points | Sales -10 percent, operating profit -2 percentage points and WACC +2 percentage points |
| 31 Mar 2023 | 67.9 | Impairment* | Impairment** | Impairment |
| 31 Dec 2022 | 0.0 | Impairment* | Impairment** | Impairment |

*Threshold for impairment was WACC +1.9 percentage points (31 Dec 2022: any increase in WACC).
**Threshold for impairment was estimation period sales -10 percent and operating profit -0.4 percentage points (31 Dec 2022: any decline in estimation period sales or operating profit).

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 5 (31 Dec 2022: 142) million in the first scenario, EUR 117 (257) million in the second, and EUR 163 (306) million in the third.

## 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. 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.

More information about the effects of climate-related risks on Cargotec and Cargotec's commitments to reduce its carbon dioxide emissions is given in the 2022 annual report.

## 4. Segment information

| Sales, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | 485 | 372 | 1,943 |
| Hiab | 432 | 340 | 1,578 |
| MacGregor | 157 | 140 | 569 |
| Internal sales | 0 | 0 | -1 |
| **Total** | **1,074** | **851** | **4,089** |

| Sales by geographical area, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| EMEA | 512 | 435 | 1,922 |
| Americas | 412 | 272 | 1,478 |
| Asia-Pacific | 151 | 144 | 688 |
| **Total** | **1,074** | **851** | **4,089** |

| Sales by geographical area, % | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| EMEA | 48% | 51% | 47% |
| Americas | 38% | 32% | 36% |
| Asia-Pacific | 14% | 17% | 17% |
| **Total** | **100%** | **100%** | **100%** |

| Operating profit and EBITDA, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | 62.8 | 22.7 | 142.1 |
| Hiab | 61.4 | 43.5 | 217.1 |
| MacGregor | -7.4 | -5.7 | -190.2 |
| Corporate administration and support functions | -12.8 | -23.0 | -62.9 |
| **Operating profit** | **104.0** | **37.5** | **106.1** |
| Depreciation, amortisation and impairment* | 28.5 | 28.6 | 203.9 |
| **EBITDA** | **132.5** | **66.1** | **310.1** |

| * Includes the impacts of purchase price allocation | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | -0.2 | -0.2 | -0.9 |
| Hiab | -0.8 | -1.3 | -3.3 |
| MacGregor | -1.8 | -2.9 | -11.5 |
| **Impacts of purchase price allocation, total** | **-2.8** | **-4.4** | **-15.7** |

| Operating profit, % | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | 12.9% | 6.1% | 7.3% |
| Hiab | 14.2% | 12.8% | 13.8% |
| MacGregor | -4.7% | -4.1% | -33.4% |
| **Cargotec** | **9.7%** | **4.4%** | **2.6%** |

| Items affecting comparability**, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | | | |
| Restructuring costs | -0.4 | -7.0 | -41.4 |
| Other items affecting comparability | - | 1.5 | -5.7 |
| **Items affecting comparability, total** | **-0.4** | **-5.6** | **-47.0** |

| | | | |
|---|---|---|---|
| Hiab | | | |
| Restructuring costs | 0.0 | -3.9 | -3.6 |
| Other items affecting comparability | 0.0 | 0.0 | -0.3 |
| **Items affecting comparability, total** | **0.0** | **-3.9** | **-3.9** |
| | | | |
| MacGregor | | | |
| Restructuring costs | -3.3 | -2.2 | -44.8 |
| Other items affecting comparability | -4.7 | -0.8 | -97.9 |
| **Items affecting comparability, total** | **-8.0** | **-2.9** | **-142.7** |
| | | | |
| Corporate administration and support functions | | | |
| Restructuring costs | 0.0 | -0.3 | -1.5 |
| Other items affecting comparability | 0.0 | -10.7 | -15.1 |
| **Items affecting comparability, total** | **0.0** | **-11.0** | **-16.6** |
| | | | |
| **Total** | **-8.4** | **-23.4** | **-210.2** |

| Comparable operating profit**, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | 63.2 | 28.2 | 189.2 |
| Hiab | 61.4 | 47.4 | 220.9 |
| MacGregor | 0.7 | -2.8 | -47.5 |
| Corporate administration and support functions | -12.8 | -12.0 | -46.3 |
| **Total** | **112.4** | **60.9** | **316.4** |

| Comparable operating profit**, % | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | 13.0% | 7.6% | 9.7% |
| Hiab | 14.2% | 13.9% | 14.0% |
| MacGregor | 0.4% | -2.0% | -8.3% |
| Cargotec | **10.5%** | **7.2%** | **7.7%** |

| Orders received, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Kalmar | 471 | 499 | 2,081 |
| Hiab | 380 | 482 | 1,807 |
| MacGregor | 208 | 154 | 976 |
| Internal orders received | 0 | 0 | 0 |
| **Total** | **1,059** | **1,135** | **4,862** |

| Orders received by geographical area, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| EMEA | 456 | 539 | 2,052 |
| Americas | 382 | 405 | 1,712 |
| Asia-Pacific | 220 | 192 | 1,099 |
| **Total** | **1,059** | **1,135** | **4,862** |

| Orders received by geographical area, % | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| EMEA | 43% | 47% | 42% |
| Americas | 36% | 36% | 35% |
| Asia-Pacific | 21% | 17% | 23% |
| **Total** | **100%** | **100%** | **100%** |

| Order book, MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Kalmar | 1,390 | 1,449 | 1,428 |
| Hiab | 1,121 | 1,125 | 1,185 |
| MacGregor | 956 | 577 | 927 |
| Internal order book | 1 | 0 | 1 |
| **Total** | **3,467** | **3,151** | **3,541** |

| Number of employees at the end of period | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Kalmar | 5,024 | 4,902 | 5,012 |
| Hiab | 3,897 | 3,662 | 3,778 |
| MacGregor | 1,975 | 1,907 | 1,978 |
| Corporate administration and support functions | 744 | 811 | 758 |
| **Total** | **11,640** | **11,282** | **11,526** |

| Average number of employees | 2022 | 2022 | 2022 |
|---|---|---|---|
| Kalmar | 5,025 | 4,883 | 4,979 |
| Hiab | 3,877 | 3,649 | 3,697 |
| MacGregor | 1,982 | 1,909 | 1,928 |
| Corporate administration and support functions | 746 | 803 | 801 |
| **Total** | **11,630** | **11,245** | **11,405** |

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

## 5. Revenue from contracts with customers

| Cargotec, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Equipment sales | 714 | 556 | 2,778 |
| Service sales | 346 | 284 | 1,264 |
| Software sales | 14 | 11 | 47 |
| **Total sales** | **1,074** | **851** | **4,089** |
| Recognised at a point in time | 964 | 758 | 3,630 |
| Recognised over time | 110 | 93 | 459 |

| Kalmar, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Equipment sales | 325 | 236 | 1,344 |
| Service sales | 147 | 124 | 551 |
| Software sales | 14 | 11 | 47 |
| **Total sales** | **485** | **372** | **1,943** |
| Recognised at a point in time | 412 | 321 | 1,665 |
| Recognised over time | 73 | 51 | 278 |

| Hiab, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Equipment sales | 320 | 247 | 1,167 |
| Service sales | 112 | 93 | 411 |
| **Total sales** | **432** | **340** | **1,578** |
| Recognised at a point in time | 429 | 337 | 1,565 |
| Recognised over time | 4 | 3 | 14 |

| MacGregor, MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Equipment sales | 69 | 73 | 268 |
| Service sales | 87 | 67 | 301 |
| **Total sales** | **157** | **140** | **569** |
| Recognised at a point in time | 123 | 101 | 402 |
| Recognised over time | 34 | 39 | 167 |

## 6. Share-based payments

In February 2023, Cargotec’s Board of Directors resolved to establish a new share-based incentive programme directed to the key employees of Cargotec. The performance share programme includes calendar years 2023–2025 as a performance period. The performance period includes three measuring periods of one calendar year. For each measuring period, the Board of Directors will annually resolve the performance criteria and the required performance levels for each criterion. The 2023–2025 performance share programme is directed to approximately 100 key employees, including the members of Cargotec Leadership Team.

For the key employees of the business areas Kalmar and Hiab, the potential reward of the programme from the measuring period 2023 will be based on the business areas' earning per share (EPS). For the Cargotec Corporate key employees, the performance criteria is Cargotec's earning per share (EPS). The rewards to be paid on the basis of the performance period 2023–2025 will amount up to an approximate maximum total of 200,000 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

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

In addition, The Board of Directors of Cargotec Corporation has resolved to establish a new restricted shares programme for calendar years 2023–2025. As a part of total compensation, additional restricted share grants can be allocated for selected key employees.The rewards to be paid on the basis of the programme will amount up to an approximate maximum total of 24,000 Cargotec’s class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

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

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

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

## 7. Comparable operating profit

| MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| **Operating profit** | **104.0** | **37.5** | **106.1** |
| | | | |
| **Restructuring costs** | | | |
| Employment termination costs | 1.6 | 1.6 | 9.4 |
| Impairments of owned non-current assets* | - | - | 23.6 |
| Impairments of inventories | 0.0 | -0.1 | 5.0 |
| Restructuring-related disposals of businesses** | - | 0.2 | 0.4 |
| Other restructuring costs*** | 2.2 | 11.7 | 53.0 |
| **Restructuring costs, total** | **3.7** | **13.4** | **91.3** |
| | | | |
| **Other items affecting comparability** | | | |
| Expenses related to business acquisitions or disposals**** | 0.3 | 0.2 | 4.5 |
| Merger plan with Konecranes Plc | - | 8.9 | 9.6 |
| Impairment of MacGregor's goodwill (additional information in note 3) | - | - | 63.4 |
| Other costs***** | 4.3 | 0.9 | 41.4 |
| **Other items affecting comparability, total** | **4.7** | **10.0** | **118.9** |
| | | | |
| **Comparable operating profit** | **112.4** | **60.9** | **316.4** |

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

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

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

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

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

***** In 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. 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 refocused strategy.

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

## 8. Capital expenditure, depreciation, amortisation and impairment

| **Capital expenditure, MEUR** | **Q1/23** | **Q1/22** | **2022** |
|---|---|---|---|
| Owned assets | | | |
| Intangible assets | 0.5 | 1.4 | 4.8 |
| Land and buildings | 0.6 | 0.5 | 2.7 |
| Machinery and equipment | 22.3 | 12.8 | 58.7 |
| Right-of-use assets | | | |
| Land and buildings | 4.9 | 16.0 | 32.8 |
| Machinery and equipment | 4.2 | 3.2 | 14.7 |
| **Total** | **32.5** | **33.9** | **113.6** |

| **Depreciation, amortisation and impairment, MEUR** | **Q1/23** | **Q1/22** | **2022** |
|---|---|---|---|
| Owned assets | | | |
| Goodwill | - | - | 63.4 |
| Intangible assets | 4.3 | 5.8 | 47.8 |
| Land and buildings | 1.6 | 1.4 | 4.0 |
| Machinery and equipment | 11.6 | 11.4 | 44.2 |
| Right-of-use assets | | | |
| Land and buildings | 7.0 | 6.3 | 29.2 |
| Machinery and equipment | 4.0 | 3.8 | 15.3 |
| **Total** | **28.5** | **28.6** | **203.9** |

## 9. Taxes in statement of income

| **MEUR** | **Q1/23** | **Q1/22** | **2022** |
|---|---|---|---|
| Current year tax expense | 27.3 | 16.9 | 79.9 |
| Change in current year's deferred tax assets and liabilities | -3.8 | -6.8 | -12.4 |
| Tax expense for previous years | -0.5 | -1.0 | -11.7 |
| **Total** | **23.1** | **9.1** | **55.8** |

## 10. Net working capital

| MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Inventories | 1,128.2 | 915.9 | 1,013.3 |
| Operative derivative assets | 46.2 | 26.0 | 44.5 |
| Accounts receivable | 748.5 | 653.2 | 734.7 |
| Contract assets | 73.5 | 103.8 | 104.0 |
| Other operative non-interest-bearing assets | 167.0 | 171.6 | 154.6 |
| **Working capital assets** | **2,163.2** | **1,870.3** | **2,051.0** |
| | | | |
| Provisions | -180.9 | -117.9 | -182.6 |
| Operative derivative liabilities | -38.3 | -30.5 | -38.4 |
| Pension obligations | -82.4 | -112.8 | -82.2 |
| Accounts payable | -640.8 | -536.3 | -617.1 |
| Contract liabilities | -314.9 | -221.6 | -291.1 |
| Other operative non-interest-bearing liabilities | -510.1 | -538.3 | -553.4 |
| **Working capital liabilities** | **-1,767.4** | **-1,557.5** | **-1,764.7** |
| | | | |
| **Total** | **395.9** | **312.9** | **286.2** |

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

## 11. Interest-bearing net debt and liquidity

| MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Interest-bearing liabilities | 848.5 | 937.1 | 837.5 |
| Lease liabilities included in interest-bearing liabilities | 167.9 | 172.8 | 164.6 |
| Loans receivable and other interest-bearing assets | -1.9 | -16.0 | -7.3 |
| Cash and cash equivalents | -453.3 | -348.5 | -451.9 |
| **Interest-bearing net debt** | **393.4** | **572.5** | **378.3** |
| Equity | 1,487.5 | 1,516.6 | 1,528.3 |
| **Gearing** | **26.4%** | **37.8%** | **24.8%** |

| MEUR | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| Operating profit, last 12 months | 172.6 | 368.7 | 106.1 |
| Depreciation, amortisation and impairment, last 12 months | 203.8 | 115.3 | 203.9 |
| **EBITDA, last 12 months** | **376.5** | **484.0** | **310.1** |
| | | | |
| **Interest-bearing net debt / EBITDA, last 12 months** | **1.0** | **1.2** | **1.2** |

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

| MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Cash and cash equivalents | 453.3 | 348.5 | 451.9 |
| Committed long-term undrawn revolving credit facilities | 330.0 | 300.0 | 330.0 |
| Repayments of interest-bearing liabilities in the following 12 months | -245.1 | -52.6 | -86.6 |
| **Liquidity** | **538.2** | **596.0** | **695.3** |

# 12. Derivatives

## Fair values of derivative financial instruments

| MEUR | Positive fair value 31 Mar 2023 | Negative fair value 31 Mar 2023 | Net fair value 31 Mar 2023 | Net fair value 31 Mar 2022 | Net fair value 31 Dec 2022 |
|---|---|---|---|---|---|
| **Non-current** | | | | | |
| Equity warrants | 1.1 | - | 1.1 | 1.1 | 1.1 |
| **Total non-current** | **1.1** | **-** | **1.1** | **1.1** | **1.1** |
| | | | | | |
| **Current** | | | | | |
| Currency forwards, cash flow hedge accounting | 7.3 | 1.6 | 5.8 | -8.0 | 17.5 |
| Currency forwards, other | 10.6 | 10.2 | 0.4 | -1.8 | 14.6 |
| **Total current** | **17.9** | **11.8** | **6.1** | **-9.9** | **32.1** |
| | | | | | |
| **Total derivatives** | **19.0** | **11.8** | **7.2** | **-8.8** | **33.2** |

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

## Nominal values of derivative financial instruments

| MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Currency forward contracts | 3,859.4 | 3,395.9 | 4,305.3 |
| Cash flow hedge accounting | 2,525.3 | 1,877.8 | 2,687.6 |
| Other | 1,334.2 | 1,518.1 | 1,617.8 |
| **Total** | **3,859.4** | **3,395.9** | **4,305.3** |

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

## 13. Commitments

| MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| Customer financing | 9.9 | 12.5 | 10.0 |
| Off-balance sheet leases | 1.8 | 2.5 | 6.1 |
| Other contingent liabilities | 1.1 | 1.0 | 1.1 |
| **Total** | **12.8** | **15.9** | **17.2** |

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 31 March 2023 was EUR 481.4 (31 Mar 2022: 468.6 and 31 Dec 2022: 471.0) million.

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

Commitments related to 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 | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| **Sale of products and services** | | | |
| Joint ventures | 0.8 | 0.5 | 5.6 |
| **Total** | **0.8** | **0.5** | **5.6** |
| | | | |
| **Purchase of products and services** | | | |
| Associated companies | 0.0 | 0.0 | 0.0 |
| Joint ventures | 3.8 | 0.9 | 5.1 |
| **Total** | **3.9** | **0.9** | **5.0** |
| | | | |
| **Dividends received** | | | |
| Joint ventures | - | - | 0.2 |
| **Total** | **-** | **-** | **0.2** |

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

### Balances with associated companies and joint ventures

| MEUR | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| **Loans receivable** | | | |
| Associated companies | - | 12.7 | 5.4 |
| **Total** | **-** | **12.7** | **5.4** |
| | | | |
| **Accounts receivable** | | | |
| Associated companies | 0.0 | - | 0.0 |
| Joint ventures | 0.5 | 0.7 | 0.2 |
| **Total** | **0.5** | **0.7** | **0.2** |
| | | | |
| **Accounts payable** | | | |
| Associated companies | - | - | 0.0 |
| Joint ventures | 2.7 | 1.5 | 2.0 |
| **Total** | **2.7** | **1.5** | **2.0** |

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

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

# 15. Acquisitions and disposals

## Acquisitions in 2023

Hiab acquired in January the share capitals of Olsbergs Hydraulics Aktiebolag and Olsbergs Electronics AB at a preliminary purchase price of EUR 19.1 million of which the EUR 1.9 million share is conditional and paid later. Olsbergs is the technological leader in the design and manufacture of hydraulic valves and remote control systems. Its solutions are used to manoeuvre Hiab's truck mounted loader cranes and forestry cranes. Via acquisition, Hiab is insourcing these components and has better capabilities to further develop them in an integrated manner with other crane components. In determining the preliminary fair values, EUR 3.9 million of intangible assets and EUR 4.2 million of goodwill, which are not tax deductible, were identified. As a result of the acquisition, approximately 100 employees transferred to Hiab.

| **Acquired net assets and goodwill related to Olsbergs acquisition, MEUR** | |
|---|---|
| Intangible assets | 3.9 |
| Property, plant and equipment | 14.3 |
| Inventories | 4.3 |
| Accounts receivable and other non-interest-bearing receivables | 3.1 |
| Cash and cash equivalents | 0.9 |
| Accounts payable and other non-interest-bearing liabilities | -1.7 |
| Interest-bearing liabilities | -8.2 |
| Deferred tax liabilities | -1.8 |
| **Net assets** | **14.8** |
| | |
| Purchase price, payable in cash | 17.1 |
| Purchase price, conditional | 1.9 |
| **Total consideration** | **19.1** |
| | |
| **Goodwill** | **4.2** |
| | |
| Purchase price, paid in cash | 17.1 |
| Cash and cash equivalents acquired, including overdrafts | -0.9 |
| **Cash flow impact** | **16.2** |

## Disposals in 2022

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

## 16. Joint ventures and associated companies

### Changes in joint ventures and associated companies in 2023

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

### Changes in joint ventures and associated companies in 2022

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

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

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

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

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

## 17. Events after the reporting period

There were no material events after the reporting period.

# Key exchange rates for euro

| Closing rates | 31 Mar 2023 | 31 Mar 2022 | 31 Dec 2022 |
|---|---|---|---|
| SEK | 11.281 | 10.337 | 11.122 |
| USD | 1.088 | 1.110 | 1.067 |

| Average rates | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|
| SEK | 11.207 | 10.420 | 10.626 |
| USD | 1.075 | 1.120 | 1.056 |

# Key figures

| | | Q1/23 | Q1/22 | 2022 |
|---|---|---|---|---|
| Equity / share | EUR | 22.98 | 23.48 | 23.69 |
| Equity to asset ratio | % | 37.7% | 39.2% | 39.2% |
| Interest-bearing net debt | MEUR | 393.4 | 572.5 | 378.3 |
| Interest-bearing net debt / EBITDA, last 12 months | | 1.0 | 1.2 | 1.2 |
| Gearing | % | 26.4% | 37.8% | 24.8% |
| Return on equity (ROE), last 12 months | % | 5.0% | 18.6% | 1.5% |
| Return on capital employed (ROCE), last 12 months | % | 7.5% | 15.3% | 4.6% |

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

# Calculation of key figures

## IFRS key figures

| | | |
|---|---|---|
| Basic earnings per share (EUR) | = | Profit attributable to the shareholders of the parent company / Average number of outstanding shares during the period |
| Diluted earnings per share (EUR) | = | Profit attributable to the shareholders of the parent company / Average number of diluted outstanding shares during the period |

## Alternative performance measures

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

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

| | | | | |
|---|---|---|---|---|
| Items significantly affecting comparability (MEUR) | | Items significantly affecting comparability include, in addition to restructuring costs, mainly capital gains and losses, gains and losses related to acquisitions and disposals, acquisition and integration costs including during years 2020-2022 costs related to the merger plan with Konecranes Plc, impairments and reversals of impairments of assets, insurance benefits, and expenses related to legal proceedings. | Factor used to calculate Comparable operating profit. | Note 7, Comparable operating profit |
| Cash flow from operations before financing items and taxes | = | Profit for the period + depreciation, amortisation and impairment + finance income and expenses + taxes + other adjustments + changes in net working capital | Represents cash flow from operations after income from sales less operating expenses. Measures the company's ability to meet its financial commitments, including interest payments, taxes, investments, and equity and debt payments. Used to monitor and forecast business performance. | Statement of cash flows |
| Interest-bearing net debt/EBITDA, last 12 months | = | Interest-bearing net debt / EBITDA, last 12 months | Used to measure corporate capital structure and financial capacity. | Note 11, Interest-bearing net debt and liquidity |
| Interest-bearing net debt (MEUR) | = | Interest-bearing liabilities (non-current interest-bearing liabilities + current portion of interest-bearing liabilities + current other interest-bearing liabilities) - interest-bearing receivables (non-current and current loans receivable and other interest-bearing assets) - cash and cash equivalents +/- foreign currency hedge of corporate bonds | Interest-bearing net debt represents Cargotec's indebtedness. Used to monitor capital structure and as a factor to calculate Interest-bearing net debt / EBITDA and Gearing. | Note 11, Interest-bearing net debt and liquidity |

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

| | | | | |
|---|---|---|---|---|
| Equity to asset ratio | = 100 x | $\dfrac{\text{Total equity}}{\text{Total assets - contract liabilities}}$ | Used to measure solvency and describe the share of the company's assets financed by equity. | Balance sheet |
| Gearing (%) | = 100 x | $\dfrac{\text{Interest-bearing net debt}}{\text{Total equity}}$ | 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 | | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 1,059 | 1,190 | 1,147 | 1,390 | 1,135 |
| Service orders received | MEUR | 362 | 345 | 325 | 309 | 307 |
| Order book | MEUR | 3,467 | 3,541 | 3,732 | 3,596 | 3,151 |
| Sales | MEUR | 1,074 | 1,239 | 1,041 | 959 | 851 |
| Service sales | MEUR | 346 | 354 | 323 | 303 | 284 |
| Service sales, % of sales | % | 32% | 29% | 31% | 32% | 33% |
| Eco portfolio sales | MEUR | 346 | 392 | 325 | 286 | 285 |
| Eco portfolio sales, % of sales | % | 32% | 32% | 31% | 30% | 34% |
| Operating profit | MEUR | 104.0 | -28.8 | 50.0 | 47.5 | 37.5 |
| Operating profit | % | 9.7% | -2.3% | 4.8% | 5.0% | 4.4% |
| Comparable operating profit* | MEUR | 112.4 | 84.8 | 89.1 | 81.6 | 60.9 |
| Comparable operating profit* | % | 10.5% | 6.8% | 8.6% | 8.5% | 7.2% |
| Basic earnings per share | EUR | 1.13 | -1.04 | 0.45 | 0.64 | 0.33 |

| Kalmar | | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 471 | 544 | 470 | 567 | 499 |
| Order book | MEUR | 1,390 | 1,428 | 1,569 | 1,600 | 1,449 |
| Sales | MEUR | 485 | 618 | 526 | 428 | 372 |
| Service sales | MEUR | 147 | 150 | 142 | 135 | 124 |
| Comparable operating profit* | MEUR | 63.2 | 69.2 | 50.5 | 41.2 | 28.2 |
| Comparable operating profit* | % | 13.0% | 11.2% | 9.6% | 9.6% | 7.6% |

| Hiab | | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 380 | 377 | 425 | 523 | 482 |
| Order book | MEUR | 1,121 | 1,185 | 1,301 | 1,250 | 1,125 |
| Sales | MEUR | 432 | 456 | 378 | 404 | 340 |
| Service sales | MEUR | 112 | 113 | 106 | 99 | 93 |
| Comparable operating profit* | MEUR | 61.4 | 61.6 | 49.6 | 62.4 | 47.4 |
| Comparable operating profit* | % | 14.2% | 13.5% | 13.1% | 15.4% | 13.9% |

| MacGregor | | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|
| Orders received | MEUR | 208 | 269 | 252 | 301 | 154 |
| Order book | MEUR | 956 | 927 | 861 | 746 | 577 |
| Sales | MEUR | 157 | 165 | 137 | 127 | 140 |
| Service sales | MEUR | 87 | 91 | 75 | 68 | 67 |
| Comparable operating profit* | MEUR | 0.7 | -34.2 | -0.2 | -10.2 | -2.8 |
| Comparable operating profit* | % | 0.4% | -20.7% | -0.1% | -8.1% | -2.0% |

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