Kalmar carve-out financial statements as at and for the years ended December 31, 2023, 2022 and 2021

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Combined statement of income

EUR million	Note	1 Jan - 31 Dec 2023	%	1 Jan - 31 Dec 2022	%	1 Jan - 31 Dec 2021	%
Sales		2 049.4		1 942.3		1 512.0	
Sales, Cargotec Group		0.2		0.5		0.2	
Sales, total	2.1, 2.2	**2 049.6**		**1 942.8**		**1 512.2**	
Cost of goods sold		-1 540.1		-1 557.1		-1 188.8	
Cost of goods sold, Cargotec Group		-0.2		-0.3		-0.2	
Cost of goods sold, total		-1 540.3		-1 557.3		-1 189.0	
Gross profit		**509.3**	**24.8**	**385.5**	**19.8**	**323.2**	**21.4**
Selling and marketing expenses		-85.1		-79.2		-76.7	
Research and development expenses		-54.3		-49.8		-59.5	
Administration expenses		-86.7		-71.9		-69.7	
Administration expenses, Cargotec Group		-43.7		-45.3		-43.5	
Administration expenses, total		-130.4		-117.2		-113.2	
Restructuring costs	2.4	-1.2		-41.9		-5.5	
Other operating income	2.3	31.0		35.9		275.7	
Other operating income, Cargotec Group	2.3	9.9		11.4		9.0	
Other operating income, total	2.3	40.9		47.3		284.7	
Other operating expenses	2.3	-48.0		-32.7		-38.5	
Share of associated companies' result	7.2	9.0		6.3		6.3	
Operating profit	2.1, 2.3, 2.4, 3.1, 6.4	**240.2**	**11.7**	**118.3**	**6.1**	**320.8**	**21.2**
Finance income	2.5	1.6		2.3		3.9	
Finance income, Cargotec Group	2.5	13.6		4.2		0.2	
Finance income, total	2.5	15.3		6.4		4.2	
Finance expenses	2.5	-6.0		-4.3		-2.9	
Finance expenses, Cargotec Group	2.5	-8.0		-3.0		-3.2	
Finance expenses, total	2.5	-14.0		-7.2		-6.0	
Profit before taxes		**241.5**	**11.8**	**117.5**	**6,0**	**319.0**	**21.1**
Income taxes	4.1	-47.7		-24.9		-57.5	
Profit for the period		**193.8**	**9.5**	**92.6**	**4.8**	**261.5**	**17.3**
Profit for the period attributable to:							
Attributed to owners of Kalmar		193.8		92.6		261.5	
Non-controlling interest		-		-		0.0	
Total		**193.8**		**92.6**		**261.5**	

Notes are an integral part of the carve-out financial statements.

Combined statement of comprehensive income

EUR million	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Profit for the period		**193.8**	**92.6**	**261.5**
Other comprehensive income				
Items that cannot be reclassified to statement of income:				
Actuarial gains (+) / losses (-) from defined benefit plans	3.4	-2.9	13.5	-0.5
Taxes relating to items that cannot be reclassified to statement of income	4.1	0.4	-3.1	0.1
Items that can be reclassified to statement of income:				
Gains (+) / losses (-) on cash flow hedges		9.6	-15.7	7.6
Gains (+) / losses (-) on cash flow hedges transferred to statement of income		-10.5	22.7	-10.8
Translation differences		6.3	54.1	39.5
Taxes relating to items that can be reclassified to statement of income	4.1	0.2	-1.5	0.7
Share of other comprehensive income of associates, net of tax		0.7	-0.8	-0.3
Other comprehensive income, net of tax		**3.9**	**69.3**	**36.3**
Comprehensive income for the period		**197.6**	**162.0**	**297.8**
Comprehensive income for the period attributable to:				
Attributed to owners of Kalmar		197.6	**162.0**	**297.8**
Non-controlling interest		-	-	0.0
Total		**197.6**	**162.0**	**297.8**

Notes are an integral part of the carve-out financial statements.

Combined balance sheet

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
ASSETS				
Non-current assets				
Goodwill	6.1	260.2	268.1	270.5
Intangible assets	6.2	17.4	13.8	14.0
Property, plant and equipment	6.3	272.9	257.3	249.5
Investments in associated companies	7.2	48.8	39.3	35.7
Share investments	8.2	0.0	0.0	0.0
Loans receivable and other interest-bearing assets	8.2	0.1	4.5	12.6
Deferred tax assets	4.2	54.4	52.3	52.1
Derivative assets	8.2, 8.5	-	1.1	1.0
Derivative assets, Cargotec Group	8.2, 8.5	0.2	0.2	0.1
Derivative assets, total	8.2, 8.5	0.2	1.3	1.2
Other non-interest-bearing assets	5.3, 8.2	2.5	2.3	2.8
Total non-current assets		**656.3**	**638.8**	**638.4**
Current assets				
Inventories	5.2	460.9	502.9	391.1
Loans receivable and other interest-bearing assets	8.2	3.1	2.5	2.5
Loans receivable and other interest-bearing assets, Cargotec Group	8.2	2.3	2.5	17.9
Loans receivable and other interest-bearing assets, total	8.2	5.4	5.0	20.4
Income tax receivables		14.5	15.4	10.9
Derivative assets, Cargotec Group	8.2, 8.5	5.7	10.2	5.1
Accounts receivable	2.2, 5.3, 8.2	266.7	281.9	282.2
Accounts receivable, Cargotec Group	2.2, 5.3, 8.2	1.0	1.7	1.3
Accounts receivable, total	2.2, 5.3, 8.2	267.7	283.6	283.4
Contract assets	2.2, 5.3	9.3	29.8	29.8
Other non-interest-bearing assets	5.3	52.6	57.9	85.0
Other non-interest-bearing assets, Cargotec Group	5.3	1.3	1.1	1.2
Other non-interest-bearing assets, total	5.3	53.9	59.0	86.3
Cash pool receivables, Cargotec Group	8.2	289.9	259.5	191.8
Cash and cash equivalents	8.2, 8.3	82.6	100.3	102.5
Total current assets		**1 189.8**	**1 265.6**	**1 121.3**
Total assets		**1 846.1**	**1 904.5**	**1 759.7**

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
INVESTED EQUITY AND LIABILITIES				
Total invested equity		**818.2**	**853.0**	**776.0**
Non-current liabilities				
Interest-bearing liabilities	8.2, 8.4, 9.1	114.0	58.0	59.6
Interest-bearing liabilities, Cargotec Group	8.2, 8.4, 9.1	-	-	16.6
Interest-bearing liabilities, total	8.2, 8.4, 9.1	114.0	58.0	76.2
Deferred tax liabilities	4.2	9.9	12.8	10.2
Pension obligations	3.4	38.9	34.8	47.7
Provisions	5.5	3.2	4.0	0.1
Derivative liabilities, Cargotec Group	8.2, 8.5	0.0	0.2	0.0
Other non-interest-bearing liabilities	5.4, 8.2	77.0	70.9	64.1
Total non-current liabilities		**243.0**	**180.7**	**198.3**
Current liabilities				
Current portion of interest-bearing liabilities	8.2, 8.4, 9.1	14.5	11.3	11.9
Current portion of interest-bearing liabilities, Cargotec Group	8.2, 8.4, 9.1	-	16.6	31.8
Current portion of interest-bearing liabilities, total	8.2, 8.4, 9.1	14.5	27.9	43.6
Other interest-bearing liabilities	8.2, 8.4	13.3	6.7	8.5
Other interest-bearing liabilities, Cargotec Group	8.2, 8.4	50.1	53.3	50.6
Other interest-bearing liabilities, total	8.2, 8.4	63.4	60.0	59.1
Cash pool liabilities, Cargotec Group	8.2, 8.4	62.7	25.1	25.8
Provisions	5.5	85.3	90.8	51.2
Income tax payables		25.3	30.3	16.7
Derivative liabilities	8.2, 8.5	-	-	0.0
Derivative liabilities, Cargotec Group	8.2, 8.5	2.6	6.4	8.0
Derivative liabilities, total	8.2, 8.5	2.6	6.4	8.0
Accounts payable	5.4	167.0	265.9	226.6
Accounts payable, Cargotec Group	5.4	5.0	7.2	6.5
Accounts payable, total	5.4	172.0	273.1	233.1
Contract liabilities	2.2	109.8	99.7	121.0
Other non-interest-bearing liabilities	5.4, 8.2	217.5	243.8	197.6
Other non-interest-bearing liabilities, Cargotec Group	5.4, 8.2	31.8	13.6	29.3
Other non-interest-bearing liabilities, total	5.4, 8.2	249.3	257.4	226.9
Total current liabilities		**784.9**	**870.7**	**785.5**
Total invested equity and liabilities		**1 846.1**	**1 904.5**	**1 759.7**

Notes are an integral part of the carve-out financial statements.

Combined statement of changes in invested equity

EUR million	Note	Translation differences	Fair value reserve	Invested equity and retained earnings	Invested equity attributable to Kalmar	Non-controlling interest	Total Invested equity
		Attributable to owners of Kalmar					
Invested equity 1 Jan 2023		**-113.1**	**1.9**	**964.1**	**853.0**	**-**	**853.0**
Profit for the period				193.8	193.8	-	193.8
Cash flow hedges			0.1		0.1	-	0.1
Translation differences		6.3			6.3	-	6.3
Actuarial gains / losses from defined benefit plans	3.4, 4.1			-2.5	-2.5	-	-2.5
Comprehensive income for the period, net of tax		**6.3**	**0.1**	**191.2**	**197.6**	**-**	**197.6**
Equity transactions with Cargotec Group				-128.9	-128.9	-	-128.9
Dividends paid				-105.1	-105.1	-	-105.1
Share-based payments	3.2			1.6	1.6	-	1.6
Transactions with owners of the company		**-**	**-**	**-232.5**	**-232.5**	**-**	**-232.5**
Transactions with non-controlling interests				-	-	-	-
Invested equity 31 Dec 2023		**-106.8**	**2.0**	**922.9**	**818.2**	**-**	**818.2**
Invested equity 1 Jan 2022		**-167.1**	**-2.8**	**945.8**	**775.8**	**0.1**	**776.0**
Profit for the period				92.6	92.6	-	92.6
Cash flow hedges			4.8		4.8		4.8
Translation differences		54.1			54.1	-	54.1
Actuarial gains / losses from defined benefit plans	3.4, 4.1			10.5	10.5		10.5
Comprehensive income for the period, net of tax		**54.1**	**4.8**	**103.1**	**162.0**	**0.0**	**162.0**
Equity transactions with Cargotec Group				-32.3	-32.3	-	-32.3
Dividends paid				-53.3	-53.3	-	-53.3
Share-based payments	3.2			0.8	0.8		0.8
Transactions with owners of the company		**-**	**-**	**-84.8**	**-84.8**	**-**	**-84.8**
Transactions with non-controlling interests				0.0	0.0	-0.1	-0.1
Invested equity 31 Dec 2022		**-113.1**	**1.9**	**964.1**	**853.0**	**-**	**853.0**

EUR million	Note	Attributable to owners of Kalmar Translation differences	Fair value reserve	Invested equity and retained earnings	Invested equity attributable to Kalmar	Non-controlling interest	Total Invested equity
Invested equity 1 Jan 2021		**-206.6**	**0.0**	**1 115.8**	**909.1**	**0.1**	**909.2**
Profit for the period				261.5	261.5	0.0	261.5
Cash flow hedges			-2.8		-2.8	-	-2.8
Translation differences		39.5			39.5	-	39.5
Actuarial gains / losses from defined benefit plans	3.4, 4.1			-0.4	-0.4		-0.4
Comprehensive income for the period, net of tax		**39.5**	**-2.8**	**261.1**	**297.8**	**0.0**	**297.8**
Equity transactions with Cargotec Group				-413.8	-413.8	-	-413.8
Dividends paid				-18.4	-18.4	-	-18.4
Share-based payments	3.2			1.2	1.2		1.2
Transactions with owners of the company		**-**	**-**	**-431.1**	**-431.1**	**0.0**	**-431.1**
Transactions with non-controlling interests				-	-	-	-
Invested equity 31 Dec 2021		**-167.1**	**-2.8**	**945.8**	**775.8**	**0.1**	**776.0**

Notes are an integral part of the carve-out financial statements.

Combined statement of cash flows

EUR million	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022	1 Jan - 31 Dec 2021
Net cash flow from operating activities				
Profit for the period		193.8	92.6	261.5
Depreciation, amortisation and impairment	6.4	57.2	52.4	54.0
Finance income and expenses	2.5	-1.3	0.8	1.8
Income taxes	4.1	47.7	24.9	57.5
Change in non-interest-bearing receivables		36.3	20.8	-37.9
Change in non-interest-bearing liabilities		-104.0	118.8	119.8
Change in inventories		36.0	-128.0	-123.9
Change in net working capital		-31.7	11.6	-42.0
Other adjustments		-8.9	-4.6	-245.2
Cash flow from operations before finance items and taxes		**256.8**	**177.7**	**87.6**
Interest received		1.6	2.2	2.7
Interest paid		-3.7	-3.3	-3.5
Other finance items		-1.4	0.3	1.7
Income taxes paid		-32.0	-14.9	-15.7
Net cash flow from operating activities		**221.3**	**162.0**	**72.8**
Net cash flow from investing activities				
Acquisitions of businesses, net of cash acquired	7.1	-9.5	-	-2.0
Disposals of businesses, net of cash sold	7.1	-0.5	1.9	354.5
Divestments of associated companies	7.2	-	12.7	-
Investments in intangible assets and property, plant and equipment	6.2, 6.3	-55.9	-46.9	-28.8
Disposals of intangible assets and property, plant and equipment	2.3, 6.2, 6.3	18.9	12.3	17.7
Cash flow from investing activities, other items		3.6	6.4	6.2
Net cash flow from investing activities		**-43.3**	**-13.6**	**347.5**
Net cash flow from financing activities				
Equity financing with Cargotec Group, net		-109.7	-2.9	-353.3
Net proceeds from / repayment of loans from Cargotec Group		-15.3	-75.2	-3.4
Repayments of lease liabilities	8.4	-15.8	-14.3	-15.1
Proceeds from long-term borrowings	8.4	50.0	-	-
Proceeds from short-term borrowings	8.4	8.4	-	1.9
Repayments of short-term borrowings	8.4	-3.9	-3.3	-
Dividends paid to Cargotec Group	8.6	-107.4	-55.2	-17.6
Net cash flow from financing activities		**-193.7**	**-150.8**	**-387.5**
Change in cash and cash equivalents		**-15.8**	**-2.4**	**32.8**
Cash and cash equivalents, and bank overdrafts 1 Jan	8.3	98.9	102.0	64.4
Effect of exchange rate changes		-4.3	-0.7	4.8
Cash and cash equivalents, and bank overdrafts 31 Dec		**78.8**	**98.9**	**102.0**
Bank overdrafts 31 Dec	8.3	3.8	1.4	0.5
Cash and cash equivalents 31 Dec		**82.6**	**100.3**	**102.5**

Notes are an integral part of the carve-out financial statements.

Notes to the carve-out financial statements

1. Background and basis of preparation

1.1 Background

Cargotec Corporation ("Cargotec" or "Cargotec parent company") with its subsidiaries ("Cargotec Group") is a leading provider of cargo handling solutions.

On 1 February 2024, the Board of Directors of Cargotec approved the Demerger plan concerning the partial demerger of Cargotec Corporation (the "Demerger plan"). Cargotec's intention is to separate Kalmar as a new listed company by means of a partial demerger from Cargotec ("the Demerger"). The remaining Cargotec from the Demerger would then comprise Hiab and MacGregor business ("the Remaining Cargotec"). The Board of Directors of Cargotec has estimated that the contemplated separation of Kalmar and Hiab could unlock shareholder value by allowing both businesses to pursue sustainable profitable growth opportunities independently. The potential execution and separate listing of Kalmar on Nasdaq Helsinki is planned to take place on 1 July 2024 or as soon as reasonably possible thereafter.

The Demerger is subject to, among other things, approval by a majority of two-thirds of votes cast and shares represented in the Annual General Meeting. Cargotec intends to apply for the shares in Kalmar to be admitted to trading on the official list of Nasdaq Helsinki. The shareholders of Cargotec shall receive as demerger consideration ("Demerger Consideration) one (1) new share of the corresponding share class (i.e., class A or class B) of Kalmar for each class A and class B share owned in Cargotec, that is, the Demerger Consideration shall be issued to the shareholders of Cargotec in proportion to their existing shareholding with a ratio of 1:1. There shall be the corresponding two (2) share classes in Kalmar as in Cargotec, i.e., class A and class B, and the shares of Kalmar shall not have a nominal value. The total number of Demerger Consideration shares is expected to be approximately 64,324,118 shares at the date of the Demerger and Listing Prospectus. The total number of the Kalmar's shares would thus be 9,526,089 class A shares and 54,798,029 class B shares. No other consideration shall be issued to the shareholders of Cargotec in addition to the above-mentioned Demerger Consideration to be issued in the form of shares of Kalmar. In accordance with Chapter 17, Section 16, Subsection 3 of the Finnish Companies Act, no Demerger Consideration shall be issued to any treasury shares held by Cargotec.

Kalmar has not historically formed a legal sub-group within Cargotec, and it has not prepared consolidated group financial statements prior to the Demerger. In preparation for the proposed Demerger, Cargotec will carve out and transfer relevant entities' assets and liabilities to Kalmar. Cargotec has prepared a set of carve-out financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 for Kalmar to illustrate Kalmar's result of operations, assets and liabilities and cash flows that will be carved out from Cargotec.

Kalmar's new parent company ("Kalmar Corporation") will be incorporated at the date of the registration of the execution of the Demerger with the trade register maintained by the Finnish Patent and Registration Office.

The carve-out financial statements have been prepared according to the basis of preparation and accounting policies described in the following sections. The carve-out financial statements have been prepared for inclusion in Kalmar's Demerger and Listing Prospectus which has been prepared by Cargotec for approval of the Demerger by the shareholder's meeting and for listing of the shares of Kalmar on the Nasdaq Helsinki Stock Exchange. These carve-out financial statements have been approved by the Board of Directors of Cargotec to be published on 22 May 2024.

Kalmar Business

Kalmar is an industry forerunner in mission-critical heavy material handling, moving goods in critical supply chains around the world. Through its portfolio of efficient and decarbonized equipment, extensive service offering, and deep-rooted industry expertise, Kalmar focuses on helping customers to meet their sustainability and productivity targets. Kalmar offers a wide range of industry shaping heavy material handling equipment and services to ports and terminals, distribution centres, manufacturing industries and to heavy logistics. By providing its customers with state-of-the-art equipment and lifetime care, Kalmar ensures partnerships with its clients that last beyond the point of sale. Kalmar's continued ability to support customers around the world in their journey towards safe, decarbonized and efficient supply chains, ensures Kalmar's position as the preferred partner in all customer heavy material handling needs. Kalmar focuses on being safe and sustainable by design.

1.2 Basis of preparation

The carve-out financial statements as at and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 have been prepared using the historical book values for income and expenses, assets and liabilities and cash flows attributable to the Kalmar business in Kalmar legal entities and business units attributable to Kalmar in Cargotec's consolidated financial statements. Therefore assets, liabilities, income, revenue, expenses and cash flows which are either directly attributable to or allocated to or which will transfer to Kalmar have been included in the carve-out financial statements. The carve-out financial statements also include certain allocations from the remaining Cargotec, including the parent company Cargotec Corporation's income, expenses, assets, liabilities and cash flows which will either be transferred to Kalmar, or which have been allocated to Kalmar for the purpose of preparation of these carve-out financial statements.

The carve-out financial statements have been prepared in accordance with IFRS Accounting Standards and the interpretations issued by the IFRS Interpretations Committee as adopted by the Commission of the European Communities (EU) in the European Union by 31 December 2023, and in consideration of the principles described in subsection "Carve-out principles applied" for determining which assets and liabilities, income and expense as well as cash flows are to be allocated to the Kalmar carve-out financial statements.

IFRS Accounting Standards do not provide guidance for the preparation of carve-out financial statements and therefore, certain accounting conventions commonly used for the preparation of historical financial information have been applied in preparing the carve-out financial statements for inclusion in Demerger and Listing Prospectus. The application of these carve-out conventions has been described in this section. In addition to the application of the specific carve-out conventions impacting the presentation of these carve-out financial statements, the areas involving a high degree of management judgement or estimates and assumptions are discussed at the end of this section.

The carve-out financial statements have been prepared on a going concern basis under the historical cost convention, except for certain classes of financial instruments and funds invested in post-employment defined benefit plans that are measured at fair value.

Kalmar carve-out financial statements include the results of operations and financial position of the following Kalmar legal entities ("Kalmar legal entities") and Kalmar business units included in Cargotec legal entities ("Kalmar business units") (together "Kalmar entities") forming the carved-out Kalmar business historically.

Kalmar entities, of which Kalmar business is included in the carve-out financial statements are presented below:

Kalmar legal entity name	Country	Inclusion from	Inclusion until
Cargotec Argentina S.R.L.	Argentina	1 Jan 2021	
Kalmar Equipment (Australia) Pty. Ltd.	Australia	1 Jan 2021	
Inver Port Services Pty Ltd	Australia	1 Jan 2021	
Kalmar Austria GmbH	Austria	1 Jan 2021	
Cargotec Belgium NV	Belgium	1 Nov 2023	
Kalmar Bulgaria EOOD	Bulgaria	25 Sep 2023	
Kalmar Chile S.A.	Chile	1 Jan 2021	
Cargotec Asia Limited	China	1 Jan 2021	
Cargotec (Shanghai) Trading Company Limited	China	1 Jan 2021	
Kalmar Port Machinery (Shenzhen) Co., Ltd	China	1 Jan 2021	
Kalmar Colombia S.A.S.	Colombia	1 Jan 2021	
Cargotec Holding Finland Oy	Finland	1 Jan 2021	
Cargotec Solutions Oy	Finland	1 Jan 2021	
Kalmar France SAS	France	1 Jan 2021	
Kalmar Germany GmbH	Germany	1 Jan 2021	
PT Kalmar Pacific Indonesia	Indonesia	1 Jan 2021	
Kalmar Lift and Handling Equipment Ireland Limited	Ireland	18 Aug 2023	
Kalmar Italia S.r.l.	Italy	1 Jan 2021	

Bromma (Malaysia) Sdn. Bhd.	Malaysia	1 Jan 2021	
Cargotec Terminal Solutions (Malaysia) Sdn Bhd	Malaysia	1 Jan 2021	
Kalmar Mexico Equipos S.A. de C.V.	Mexico	1 Jan 2021	
Kalmar Maghreb S.A.	Morocco	1 Jan 2021	
Kalmar Netherlands B.V.	Netherlands	1 Jan 2021	
Navis Software New Zealand Limited	New Zealand	1 Jan 2021	1 Jul 2021
Kalmar New Zealand Ltd.	New Zealand	1 Jan 2021	
Kalmar Norway AS	Norway	1 Jan 2021	
Cargotec Services Panama, S.A.	Panama	1 Jan 2021	
Kalmar Portugal, S.A.	Portugal	1 Jan 2021	
Tagros d.o.o.	Slovenia	1 Jan 2021	
Kalmar Industries South Africa (Pty) Ltd	South Africa	1 Jan 2021	
Kalmar Spain Cargo Handling Solutions S.A.	Spain	1 Jan 2021	
Kalmar Turkey Yuk Tasima Sistemleri Anonim Şirketi	Turkey	1 Jan 2021	
Kalmar Middle East DMCC	United Arab Emirates	1 Jan 2021	
Bromma Middle East DMCC	United Arab Emirates	1 Jan 2021	
Kalmar Limited	United Kingdom	1 Jan 2021	
Cargotec International, Inc.	USA	1 Jan 2021	
Kalmar Solutions LLC	USA	1 Jan 2021	
Kalmar USA Holding, Inc.	USA	24 Aug 2023	
Kalmar USA Inc.	USA	1 Jan 2021	
Cargotec Crane and Electrical Services Inc.	USA	1 Jan 2021	
Navis LLC	USA	1 Jan 2021	1 Jul 2021

Kalmar business unit name	**Country**	**Inclusion from**	**Inclusion until***
Cargotec Belgium NV, Kalmar operations	Belgium	1 Jan 2021	31 Oct 2023
Cargotec Brazil Servicos e Comércio de Equipamentos para Movimentacao de Cargas Ltda, Kalmar operations	Brazil	1 Jan 2021	31 Dec 2023
Cargotec Bulgaria EOOD, Kalmar operations	Bulgaria	1 Jan 2021	31 Dec 2023
Cargotec Industries (China) Co., Ltd, Kalmar operations	China	1 Jan 2021	31 Dec 2023
Cargotec Oyj, Kalmar operations	Finland	1 Jan 2021	
Cargotec Finland Oy, Kalmar operations	Finland	1 Jan 2021	
Cargotec India Private Limited, Kalmar operations	India	1 Jan 2021	
Cargotec Engineering Ireland Ltd, Kalmar operations	Ireland	1 Jan 2021	31 Dec 2023
Cargotec Japan Ltd, Kalmar operations	Japan	1 Jan 2021	
Cargotec Holding Netherlands B.V., Kalmar operations	Netherlands	1 Jan 2021	
Cargotec Poland Sp. z.o.o., Kalmar operations	Poland	1 Jan 2021	
Cargotec RUS LLC, Kalmar operations	Russia	1 Jan 2021	31 Dec 2023
Cargotec CHS Pte. Ltd., Kalmar operations	Singapore	1 Jan 2021	
MacGregor Pte Ltd, Kalmar operations	Singapore	1 Jan 2021	31 Dec 2023
Cargotec Korea Limited, Kalmar operations	South Korea	1 Jan 2021	31 Dec 2021
Cargotec Patenter AB, Kalmar operations	Sweden	1 Jan 2021	5 Jul 2021
Cargotec Sweden AB, Kalmar operations	Sweden	1 Jan 2021	
Cargotec Holding, Inc., Kalmar operations	USA	1 Jan 2021	

* Demerger related internal business reorganisations and business transfers between Kalmar and Cargotec.

Kalmar reporting segment has been managed as a single economic entity since the establishment of Cargotec in 2005. Accordingly, Kalmar legal entities' historical financial information with regards to assets and liabilities, as well as sales and expenses and cash flows directly attributable to Kalmar reporting segment, utilised in the preparation of the consolidated historical financial statements of Cargotec have been attributed to Kalmar directly without separate allocation and apportionment. In addition, the carve-out financial statements include certain allocations of assets and liabilities, as well as sales and expenses and cash flows from Kalmar business units which have historically operated as part of Remaining Cargotec's legal entities.

The carve-out financial statements may not be indicative of Kalmar's future performance and do not necessarily reflect what its combined income statement, balance sheet and cash flows would have been, had Kalmar operated as a standalone consolidated group and had it therefore presented standalone consolidated financial information during the periods presented.

The carve-out financial statements are presented in millions of euros (EUR million), which is Kalmar's reporting currency. All figures presented have been rounded which may cause, for example, the sum of individual figures to deviate from the presented total sum.

Carve-out principles applied

The carve-out financial statements include the separate allocation of income, expense, assets, liabilities and cash flows which are based on management judgement, assumptions and estimates as described in the different subsections below. The most significant estimates, judgements and assumptions relate to the allocation of the costs of certain centrally provided shared services, leasing arrangements and shared assets, cash management and financing, determination of current and deferred income taxes and invested equity. Kalmar does not have a significant recurring operative business relationship with Remaining Cargotec.

Kalmar's management considers that the allocations described below have been made on a reasonable basis but may not necessarily be indicative of the income and costs that would have been incurred if Kalmar had been a standalone group preparing consolidated financial statements for the periods presented.

Intercompany transactions and transactions with related parties

Intercompany transactions, including assets and liabilities between the Kalmar legal entities have been eliminated from these carve-out financial statements. Intercompany transactions and balance sheet items between the Kalmar business and the Remaining Cargotec, previously considered as intercompany transactions in Cargotec reporting, have been reported as transactions with related parties in the carve-out financial statements.

Receivables and liabilities in Kalmar entities due from or due to Cargotec Group are included in the carve-out financial statements and presented as related party transactions, including the financial income and expenses relating to these receivables and liabilities.

Centrally provided services

Cargotec's parent company has been responsible for the management and general administration of Cargotec Group. Additionally, the parent company has provided different central services to all subsidiaries. For the purposes of the preparation of the Kalmar carve-out financial statements, income and costs that directly relate to Kalmar, or Kalmar specific historical transactions, have been allocated based on attribution principle i.e., allocation follows the origin and nature of the cost.

Cargotec has historically recharged directly reporting entities for internal and external costs that have arisen from services conducted on behalf of the legal entities. Such services consist of i.e. information management, finance, human resources, indirect procurement, compliance and master data services. Historically certain costs incurred by the parent company, including among others insurance fees and guarantees, have been invoiced directly from the subsidiaries. The aforementioned costs are included in the carve-out financial statements based on the historically recharged amounts.

For the purposes of the preparation of the carve-out financial statements a portion of Cargotec's parent company's shared income and expense items including all administrative and personnel expenses for each of the corporate headquarter functions attributable to Kalmar have been allocated to Kalmar. Shared functions include for example Group management, Human Resource, Information Management, Investor Relations, Communications, Sustainability, Finance, Treasury, Legal and Strategy. Historically the parent company has invoiced these shared costs through management fees to subsidiaries using allocation keys defined based on the nature of the expense being invoiced. These costs are included in the carve-out financial statements based on the historically recharged amounts or using same allocation keys.

Historically certain costs related to public company status have been incurred by the parent company of Cargotec. These costs include costs for the Board of Directors and part of the costs of group management, strategy, legal, group finance, communications, investor relations, sustainability, group HR, and group information management. These costs related to the public company status represent the historically unallocated or uncharged group level costs incurred by Cargotec. Part of these costs have been allocated in the carve-out financial statements to Kalmar to reflect the cost of doing business by applying as allocation key mostly net sales, which the management believes is the most appropriate allocation key to be used.

Management considers these allocations to be a reasonable reflection of the utilisation of services provided. These allocated expenses have been affected by the arrangements that existed in Cargotec and are not necessarily representative of the position that may prevail in the future for Kalmar.

See accompanying notes for further information on the allocation of centrally provided service costs to the carve-out financial statements.

Shared assets, liabilities, and leasing arrangements with Remaining Cargotec operations

Historically, Kalmar and Remaining Cargotec operations have operated in shared leased premises and offices in certain locations. For those premises, where Kalmar is not the legal owner of the lease agreement and the lease agreement will not transfer to Kalmar in connection with the Demerger, an expense related to the usage of the premises by Kalmar has been included in the carve-out financial statements based on allocation keys (square metres or number of personnel). Kalmar and Remaining Cargotec operations have also historically shared certain fixed assets (machinery), which have been allocated to Kalmar and included in Kalmar's fixed assets in the carve-out financial statements in case the asset is expected to be transferred to Kalmar in the Demerger.

An expense related to Kalmar's use of certain assets, shared by Kalmar and Remaining Cargotec operations, has been historically allocated to reflect the usage of these assets by Kalmar. The right-of-use assets and lease liabilities related to such shared assets, have not been presented in these carve-out financial statements, unless the asset is expected to transfer to Kalmar in connection with the Demerger.

Lease agreements in Kalmar business units that are directly attributable to Kalmar business and are transferring to Kalmar in connection with the Demerger have been presented as lease agreements in the carve-out financial statements.

The assets and leasing arrangements presented in the carve-out financial statements may differ significantly from the requirements of the future standalone Kalmar. Kalmar will enter into new leasing agreements related to certain shared premises for its standalone business operations when the Demerger is consummated.

Share-based payments

Kalmar key personnel have historically participated in Cargotec's share-based incentive programs. For carve-out purposes, the expenses related to Kalmar personnel are included in the carve-out financial statements based on the actual number of employees over the cost recorded at Cargotec. A portion related to the Cargotec Group function's participants in the share-based incentive programs has also been allocated to the carve-out financial statements based on the same allocation principles as for the centrally provided services, which management considers to be an appropriate method of allocating costs related to the share-based payments.

The historical cost allocations may not be indicative of the future expenses that will arise through incentive schemes that will be established for Kalmar key personnel in the future.

See note 3.2 Share-based payments for more information on share-based payments.

Pensions and other employee benefits

Pensions and other post-employment benefit plans and their respective portion of the plan liabilities, plan assets, interest and service costs are included in the carve-out financial statements in accordance with each Kalmar legal entity's separate benefit plans. In addition, Kalmar has historically participated in a benefit plan in Sweden shared with the Remaining Cargotec's businesses. Kalmar's portion of the shared benefit plan's liability and costs are included in the carve-out financial statements as those will remain with Kalmar after the Demerger including an allocated portion of Cargotec's corporate personnel in Sweden that have participated in the shared benefit plan. The liability and costs related to Cargotec's corporation personnel in Sweden were allocated to Kalmar based on Kalmar's relative share of the pension liability.

See note 3.4 Post employment benefits for more information on the allocation of costs related to pensions and other employee benefits.

Cash management and financing

Cash management has historically been centralised in Cargotec and Cargotec has managed the Group's liquidity needs through cash pool arrangements and intercompany loans.

Kalmar's cash and cash equivalents comprise of cash held and short-term deposits in Kalmar legal entities. Cash and cash equivalents, cash pool arrangements and internal loans at Kalmar business units included in Cargotec legal entities were not included in the carve-out financial statements as they have been shared with Remaining Cargotec and Kalmar's share can not be reliably allocated to Kalmar.

In addition, for the Kalmar legal entities, the carve-out financial statements include cash pool receivable and payable balances due to or due from the Remaining Cargotec, which will be transferred to Kalmar Corporation at the execution of the Demerger. These cash pool receivables and payables have been presented as short-term receivables and payables from related parties. Accordingly, these intercompany cash pool receivables and payables will be eliminated from Kalmar's consolidated financial statements after the Demerger. Following the Demerger, Kalmar will make its own cash pool arrangements to fund its working capital needs.

Cargotec's subsidiaries' working capital and capital expenditure have been funded, in addition to cash pool arrangements, mainly by intercompany loans. All intercompany loans held by Kalmar legal entities from the Remaining Cargotec have been presented as transactions with related parties in the carve-out financial statements. In addition, a limited number of Kalmar legal entities have historically funded a portion of their operations directly with external loans from banks. Such loans have been presented in the carve-out financial statements. The external funding held by Cargotec has not historically been drawn or linked to specific Cargotec Group's segments, except for the EUR 50.0 million loan committed by Cargotec in November 2023, which has been drawn for use of Kalmar. Thus, all external funding held by Cargotec, other than the EUR 50 million loan linked to Kalmar, cannot be reliably attributed to Kalmar for the purposes of the carve-out financial statements.

Interest income and expenses from related parties have been determined based on the interest charges recorded directly by Kalmar legal entities.

Cargotec has agreed with its creditors that in connection with the Demerger EUR 300 million of the current bank loans of Cargotec, will be transferred to Kalmar in accordance with the Demerger plan. In addition, Cargotec has agreed with its creditors to transfer its EUR 100 million revolving credit facility maturing in 2025 with one year extension option to Kalmar on the effective date of Demerger and signed a EUR 50 million revolving credit facility maturing in 2026 for Kalmar, which is available for Kalmar on the effective date of the Demerger.

No portion of Cargotec's parent company's cash and cash equivalents has been allocated to Kalmar. Any payments made by the parent company on behalf of Kalmar entities are presented through equity transactions with Cargotec Group. In connection with the Demerger, a certain amount of Cargotec's cash and cash equivalents will be transferred to Kalmar in accordance with the Demerger plan.

The financing presented in the carve-out financial statements may differ significantly from the future financing requirements of Kalmar on a standalone basis.

Invested equity

Kalmar has not in the past formed a separate legal group with its own share capital and accordingly it is not possible to present share capital separately from other equity balances including reserves. Kalmar's net assets represent Cargotec's interest in Kalmar and are shown in these carve-out financial statements as "Invested Equity" consisting of cumulative translation adjustments, hedge reserve as well as invested equity and retained earnings. Invested equity and retained earnings consist of equity items allocated from Remaining Cargotec and Kalmar entities historical retained earnings balances.

Changes in net assets allocated to Kalmar are presented separately in the combined statement of changes in invested equity through line "Equity transactions with Cargotec Group" and in the cash flow statements through the line-item "Equity financing with Cargotec Group, net", reflecting the internal equity financing between Cargotec Group and Kalmar during the presented periods. Invested equity is affected by net assets allocated to Kalmar, consisting of allocation of income, expenses, assets and liabilities of Cargotec parent company and other Cargotec Group entities representing Kalmar business.

Translation differences are recognised in a separate cumulative translation difference account within total invested equity and the changes are presented in other comprehensive income.

The capital structure attributed to Kalmar in connection with the preparation of these carve-out financial statements, the presented invested equity, is not indicative of the capital structure that Kalmar would have required had it been a standalone group during the periods presented.

The equity of Kalmar will be formed when the Demerger is consummated, and Kalmar Oyj will have share capital and other reserves as described in the Demerger plan.

Income tax

During the periods presented in these carve-out financial statements, certain legal entities in Kalmar have operated as standalone taxpayers. For these entities, tax charges as well as tax liabilities and receivables are based on actual taxation in the carve-out financial statements.

Some Kalmar legal entities have been included in tax groups that have been consolidated for income tax purposes and the taxpaying entity has been another Remaining Cargotec legal entity. As for the Kalmar business units, they have been historically included in the Cargotec legal entities. During the periods presented, these Kalmar business units or legal entities did not file separate tax returns. Tax charges in these Kalmar business units or Kalmar legal entities have been determined based on the separate return method, as if the Kalmar legal entities were separate taxpayers in the jurisdiction of their primary operations.

The current tax expense and income is the amount of tax payable or refundable based on the Kalmar legal entity's hypothetical, current-year separate return and has been recorded as current income tax expense and as a transaction with the Remaining Cargotec through invested equity. Deferred taxes have been recorded based on their full historical figures when relating to Kalmar legal entities, which have operated as stand-alone taxpayers. Deferred tax assets are booked based on the actual and approved losses in the legal entity's tax declaration as these entities have the right to offset those losses against future taxable profits. Tax losses (DTA) for those entities which have not operated as stand-alone taxpayers were not included in the carve-out financial statements because these entities do not have carry forward losses in their tax declarations and Kalmar entities in the future will not have legal right to utilise these losses against future profits.

The line item "income taxes paid" in the combined statement of cash flows reflects current taxes for all the carve-out legal entities as they are deemed to be paid by the respective tax filing group. To the extent that where there has not historically been a settlement through cash, tax payments are deemed to be contributions from or distributions to the Remaining Cargotec and deemed to be settled immediately through invested equity. Such settlements through invested equity are reflected in the line item "Equity financing with Cargotec Group, net" in the financing section of the combined statement of cash flows."

The tax charges recorded in the combined income statement are not necessarily representative of the tax charges that may arise in the future as Kalmar entities are operating as stand-alone taxable entities.

Transactions in foreign currency

The carve-out financial statements are presented in euros, which is the reporting currency of Kalmar. Kalmar legal entities and Kalmar business units also have other functional currencies. At each reporting date, for the purpose of presenting carve-out financial statements, the income statements of foreign Group companies and business units are translated at the average exchange rates for the reporting period and the balance sheets by using the European Central Bank's exchange rates prevailing on the reporting date. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Additional information on exchange rate gains and losses is disclosed in note section 8. Capital structure and financial instruments.

Translated balance sheet and income statement items are allocated to Kalmar or to the Remaining Cargotec. As part of the allocations, a translation difference related to these allocated items is recognised in invested equity and its change is recorded in the combined statement of comprehensive income.

Earnings per share

The carve-out financial statements are prepared on a carve-out basis, and it is not possible to measure earnings per share for the periods presented. Kalmar has not had share capital during the presented periods and a portion of Cargotec's outstanding shares cannot be allocated to it. Therefore, management considers that an earnings per share ratio cannot be accurately calculated for Kalmar and the IAS 33, Earnings per share, disclosure requirements are therefore not complied with.

Accounting principles in the carve-out financial statements

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

Accounting principle	Note or note section
Segment reporting	2.1 Segment information
Revenue recognition and contract assets and liabilities	2.2 Revenue recognition
Government grants	2.3 Other operating income and expenses
Interest income and expense	2.5 Finance income and expenses
Share-based payments	3.2 Share-based payments
Pension obligations	3.4 Post-employment benefits
Income taxes	4. Income taxes
Inventories	5.2 Inventories
Accounts receivable	5.3 Accounts receivable and other non-interest-bearing assets
Provisions	5.5 Provisions
Goodwill	6.1 Goodwill
Intangible asset and research and development costs	6.2 Intangible assets
Property, plant and equipment	6.3 Property, plant and equipment
Impairments	6.4 Depreciation, amortisation and impairment charges
Financial assets, cash and cash equivalents, financial liabilities, offsetting financial assets and liabilities, derivative financial instruments and hedge accounting, profit distribution and treasury shares	8.Capital structure and financial instruments
Leases	9.1 Leases
Contingent liabilities and commitments	9.2 Commitments

New and amended IFRS Accounting Standards that are effective

Starting from 1 January 2021, Kalmar has applied the following new IFRS Accounting Standards and amendments:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 that includes the disclosure information that should be given related to the impact and management of the reform.

The other amendments effective from 1 January 2021 had no impact on the reported figures.

Starting from 1 January 2022, Kalmar has applied the following new IFRS Accounting Standards and amendments:

Annual Improvements to IFRS Accounting Standards 2018-2020: Improvement in IFRS 9, Financial Instruments, clarifies that when assessing if a modification of a financial liability results in a modification of an existing debt instrument or recognition of a new one, the entity should prepare a present value test of the cash flows related to financial liability before and after modification including fees paid and received between the lender and borrower. The annual improvements to other standards are minor or not relevant to Kalmar.

Amendments to IAS 16, Property, Plant, and Equipment: Proceeds before Intended Use. The amendment clarifies how to account for sales proceeds when items are produced and while an item of property, plant, and equipment is brought to the location and condition necessary for it to be capable of operating in the manner intended by management. In accordance with the clarification, such proceeds should be reported as revenues and not as a reduction of costs.

Amendments to IAS 37, Onerous Contracts - Cost of Fulfilling a Contract. The amendment clarifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract including incremental costs such as labour and materials, and allocation of other costs that relate directly to fulfilling the contract such as depreciation charge related to property, plant, and equipment used in fulfilling the contract.

The amendments effective from 1 January 2022 had no material impact on the reported figures.

Starting from 1 January 2023, Kalmar has applied the following new IFRS Accounting Standards and amendments

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendment clarifies how deferred taxes should be recognised in a single transaction such as a lease.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies. The amendment clarifies in which situations a change in an accounting policy is material and should be disclosed.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendment clarifies the definition and application of an accounting estimate.

Amendments to IAS 12, International Tax Reform—Pillar Two Model Rules. Pillar 2 is the OECD's initiative to address tax challenges related to the digitalisation of the global economy by introducing Global Anti-Base Erosion (GloBE) rules and a related 15% global minimum tax. The European Union's Council Directive (EU) 2022/2523 entered into force in December 2022, according to which the EU Member States shall transpose the GloBE rules into their domestic law by 31 December 2023.

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

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

The amendments that became effective in the year 2023 had no material impact on the reported figures.

New IFRS Accounting Standards and interpretations not yet effective

In 2024 and afterwards, Kalmar will adopt the following new and amended standards and interpretations by the IASB. The amendments are not expected to have a significant impact on Kalmar's reporting.

Effective from 1.1.2024 or later

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

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

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

The amendment clarifies the accounting and measurement of a sale and leaseback transaction in particular related to the value of right of use asset that the seller-lessee measures based on the economic interest retained. The amendment is not expected to have a material impact on Kalmar.

Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements

The amendment instructs to provide more information about the use of supplier financing arrangements, their scope, and the effect on the reported figures. Kalmar has supplier financing arrangements with certain financiers and its suppliers. In the arrangements, Kalmar receives a longer than normal payment period for its trade payables covered by the program, and suppliers receive payment faster than the normal payment period.

Effective from 1.1.2025 or later

Amendments to IAS 21, Lack of Exchangeability

The amendment helps to identify a situation where the currency cannot be considered freely exchangeable and instructs in these situations to take this into account in the exchange rate used in reporting and to provide additional information on the matter.

Estimates and assumptions requiring management judgement

In addition to the carve-out principles and related estimates and assumptions applied in the Kalmar carve-out financial statements, management makes estimates and assumptions which have an impact on reported assets and liabilities, presentation of the contingent assets and liabilities in notes, and reported income and expenses during the presented periods. In addition, management judgement may be required in applying the accounting principles.

Estimates and assumptions requiring management judgement are based on the management’s historical experience as well as best knowledge about the events and other factors, such as expectations on future events, which can be considered reasonable. The actual amounts may differ significantly from the estimates used in the Kalmar carve-out financial statements.

Management follows the changes in estimates, assumptions and the factors affecting them by using multiple internal and external sources of information. Possible changes in estimates and assumptions are recognised in the financial period the estimate or assumption is changed. The most important items in the in the Kalmar carve-out financial statements, which require the management’s estimates, and which may include uncertainty, are presented in following note or note section:

Estimates and assumptions requiring management judgement	Note or note section
Revenue recognition	2.2 Revenue recognition
Defined benefit plans	3.4 Post-employment benefits
Income taxes	4. Income taxes
Inventories	5.2 Inventories
Provisions	5.5 Provisions
Impairment testing of goodwill and intangible assets	6.1 Goodwill
Amortisation and depreciation periods	6.2 Intangible assets 6.3 Property, plant and equipment
Impairment testing	6.4 Depreciation, amortisation and impairment charges
Fair value of financial assets and liabilities	8. Capital structure and financial instruments
Leases	9.1 Leases

2. Financial performance

2.1 Segment information

Accounting principle

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. These internal reports are prepared in accordance with IFRS Accounting Standards. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Cargotec's Board of Directors together with the CEO. Operating segments are not aggregated to form the reporting segments. The management considers the business from a product perspective and the financial performance of the operating segments is measured through comparable operating profit and operating profit.

Carve-out principle

Kalmar's operations and profitability is reported as a single operating segment, which is consistent with Cargotec's internal reporting and the way that operative decisions and assessment of performance have been made by Cargotec's Board of Directors together with the CEO.

Kalmar is an industry forerunner in mission-critical heavy material handling, moving goods in critical supply chains around the world. Through its portfolio of efficient and decarbonized equipment, extensive service offering, and deep-rooted industry expertise, Kalmar focuses on helping customers to meet their sustainability and productivity targets. Kalmar offers a wide range of industry shaping heavy material handling equipment and services to ports and terminals, distribution centres, manufacturing industries and to heavy logistics. By providing its customers with state-of-the-art equipment and lifetime care, Kalmar ensures partnerships with its clients that last beyond the point of sale. Kalmar's continued ability to support customers around the world in their journey towards safe, decarbonized and efficient supply chains, ensures Kalmar's position as the preferred partner in all customer heavy material handling needs. Kalmar focuses on being safe and sustainable by design.

Kalmar information as at and for the years ended December 31, 2023, 2022 and 2021 is presented in the following tables:

EUR million	**1 Jan-31 Dec 2023**	**1 Jan-31 Dec 2022**	**1 Jan-31 Dec 2021**
Sales	2 049.6	1 942.8	1 512.2
Operating profit	240.2	118.3	320.8
Operating profit, %	11.7%	6.1 %	21.2 %
Restructuring costs and other items affecting comparability	14.5	50.6	-220.5
Comparable operating profit*	254.7	168.9	100.3
Comparable operating profit, %	12.4%	8.7 %	6.6 %
EBITDA	297.4	170.7	374.8
Depreciation, amortisation and impairment charges	57.2	52.4	54.0
Capital expenditure	81.7	60.0	37.7
Operative capital employed	690.9	640.5	631.2
Orders received, external	1 705.0	2 080.1	2 062.4
Orders received, Cargotec Group	0.2	0.5	0.3
Orders received, total	1 705.2	2 080.6	2 062.7
Order book, external sales	1 024.2	1 427.6	1 302.2
Order book, Cargotec Group	0.1	0.2	0.2
Order book total	1 024.3	1 427.8	1 302.4
Average number of employees	5 125	5 062	5 222
Number of employees	4 991	5 099	4 955

* Comparable operating profit is calculated by excluding restructuring items and other items affecting comparability (together the "IAC items") presented in the note 2.4 Restructuring costs and other items affecting comparability from operating profit.

Information divided by geographical area

Sales are reported by customer location, while assets and capital expenditure are reported by the location of the assets. The geographical areas are based on the main market areas.

Sales

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Europe	718.9	696.9	597.7
Finland	49.4	29.4	27.0
Other Europe	669.4	667.5	570.7
Americas	949.5	842.4	546.6
United States	735.0	651.4	434.8
Other Americas	214.5	190.9	111.8
AMEA (Africa, Middle East, Asia)	381.2	403.5	367.9
Total	**2 049.6**	**1 942.8**	**1 512.2**

Non-current assets and goodwill*

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
Europe	279.0	250.9	249.9
Finland	46.7	41.9	47.4
Other Europe	232.4	209.0	202.5
Americas	22.9	16.8	15.3
AMEA (Africa, Middle East, Asia)	37.1	42.7	33.9
Goodwill	260.2	268.1	270.5
Total	**599.2**	**578.5**	**569.6**

*Excluding financial instruments and deferred tax assets. Goodwill has not been allocated to geographical areas.

Number of employees

	31 Dec 2023	31 Dec 2022	31 Dec 2021
Europe	2 806	2 903	2 753
Finland	451	467	463
Other Europe	2 355	2 436	2 290
Americas	616	620	598
AMEA (Africa, Middle East, Asia)	1 569	1 576	1 604
Total	**4 991**	**5 099**	**4 955**

2.2 Revenue recognition

Accounting principle

Revenue recognition
Sales include revenues from products and services sold net of sales taxes, discounts and translation differences from foreign currency denominated revenues. The revenue recognition criteria are usually applied separately to each contract, unless multiple contracts effectively form a single transaction, and within contracts, revenue recognition is determined separately for each distinct product or service. A product or service is considered to be a distinct performance obligation if it is separable from other contractual promises to a customer, and if the customer can benefit from it on its own or together with other readily available resources. Therefore, a single agreement including multiple deliverable elements may include one or more distinct items of revenue. Kalmar has the main responsibility to fulfil the performance obligations, and, therefore, mainly acts as principal in its customer contracts, also when subcontractors are used.

The transaction price allocated to distinct promised goods or services is based on the amount Kalmar expects to receive from the sale by taking into account the agreed contractual transaction price and the assessment of impact of any related variable price elements, such as performance bonuses or late delivery penalties. Although variable price elements are commonly used in contracts, the project outcomes are mostly reliably predictable and the impact of variable price elements in the overall revenue recognition of projects is not determinant. The transaction price is allocated to distinct products and services in accordance with their relative fair values that are based either on list prices or expected production costs and margins, depending on the product or service.

Revenue is recognised separately for each distinct product or service either over time or at a certain point in time, based on the fulfilment of the performance obligations and how control of the product or service is transferred to the customer. Control is considered to be transferred over time if the benefit received from performance is produced and consumed simultaneously, or if the produced performance improves an asset controlled by the customer. In addition, control is considered to be transferred over time when delivering products with a highly customised design, if it is assessed that a product is not suitable as such or with minor modifications for another customer and if Kalmar has a contractual right to a payment regarding the produced output. in other situations, revenue is recognised at a point in time when control of the product is transferred to the customer.

The timing of the transfer is primarily determined based on the transfer of risks and rewards. Depending on the type of product, the applied delivery method and the contract terms, the risks and rewards are considered to be transferred either in accordance with the applied delivery term, when the installation of the product is ready, or when the customer accepts the product.

If a customer contract is expected to be loss-making, the costs arising from the contract are estimated with the same principles that are applied to provisions and the expected loss is recognised immediately in the statement of income.

Revenue from sales of machines and equipment that are either manufactured in large quantities or their manufacturing requires no significant amount of design work is recognised at a point in time when significant risks and rewards related to the product have been transferred to the buyer and the company no longer has the authority or control over the product. When products are sold without delivery or installation, revenue is recognised when the product is handed over or otherwise made available to the customer. If standard products are sold with delivery but without installation, the timing of revenue recognition is stipulated by the applied delivery clause (Incoterm). If standard products are sold together with an installation service, the timing of revenue recognition is determined based on the complexity of the installation work. Complex installation services are considered to be performance obligations closely related to the installed products, and, therefore, the revenue from both is recognised only after the installation is completed. On the contrary, the non-complex installation services that are typically of short duration and low in value do not determine the timing of the product's revenue recognition.

Revenue from sales of machines and equipment, the manufacturing of which requires a significant amount of design work, is recognised over time by using the percentage of completion method if it is assessed that the product is not suitable as such or with minor modifications for another customer, and if Kalmar has a contractual right to a payment regarding the produced output. Due to this two-tier rule, the timing of the revenue recognition of these products is in practice determined by the payment terms of the contract. The percentage of completion is determined either by reference to the individual contract costs incurred to date as a percentage of the total estimated contract costs (cost-to-cost method) or by completion of a certain physical milestone (milestone method). If it is not possible to reliably estimate the outcome of a contract, costs are recognised as incurred and revenues only to an extent the corresponding costs are expected to be recovered.

Revenue from sales of ready-to-use software is recognised when the software is delivered or otherwise made available to the customer. Revenue is recognised at a point in time if the customer obtains a perpetual right to use it as it exists at the point in time at which the licence is granted. If the software sold with perpetual licence requires significant customer specific customisation, the software licence and the customisation work are considered to be a combined performance obligation, and the related revenue is recognised by reference to the stage of completion based on the amount of work performed. If it is not possible to reliably estimate the outcome of a contract, costs are recognised as incurred and revenues only to an extent the corresponding costs are expected to be recovered. If a software licence is sold for a defined period of time, or as a service, the related revenue is recognised over the licence or service period.

Revenue from sales related to service contracts is recognised in accordance with the percentage of completion method when the outcome of the contract can be reliably estimated. The stage of completion is determined by reference to the individual contract costs incurred to date as a percentage of the total estimated contract costs (cost-to-cost method) or by reference to the amount of service work performed from the expected total amount of service work to be performed (milestone method). The percentage of completion related to long-term and small-value service contracts is not assessed at an individual contract level based on the costs incurred or amount of work performed, but it is based on an estimate of how the costs are generally incurred and services performed over a contract period with a similar length. If the service is continuous or includes an indefinite number of deliverables, such as software maintenance and support services, cloud-based data services and extended warranties, the revenue is recognised on a straight-line basis over the contract period. If the outcome of a contract cannot be reliably estimated, the project costs are recognised in the statement of income during the period in which they are incurred and the revenue only to the extent that the corresponding costs are expected to be recovered. Expected contract losses are recognised as expenses immediately. Revenue from short-term service orders is recognised when the service has been rendered.

Kalmar offers customer finance services to certain customer segments and distribution channels. In these transactions, Kalmar is involved in arranging financing to the customer or dealer either directly by itself or in cooperation with a financing partner. It is typical that in these arrangements Kalmar continues to carry some level of residual value risk related to the sold product or credit risk related to the end customer. Depending on the type and level of risk retained, Kalmar accounts for its sales under customer finance arrangements as normal sales, operating or finance leases, or financing arrangements in accordance with the true nature of the transaction.

Contract assets and liabilities

Contract assets relate to unbilled receivables from customer contracts in which revenue is recognised on an over time basis. Unbilled receivables represent the amount of revenue recognised relating to the work performed that exceeds the sum of invoicing and recognised losses. Contract assets are recognised as other non-interest-bearing receivables on the balance sheet. Contract liabilities relate to advances received, or invoiced, in excess of the revenue recognised. Contract liabilities are recognised as advances received on the balance sheet. Contract assets and liabilities are determined separately for each customer contract.

Estimates and assumptions requiring management judgement

Revenue recognition

Revenue recognition requires a use of judgement and estimates in many ways. Judgement is used for example in identification of separate units of revenue i.e. performance conditions when treating the deliverable products and services together or separately is not unambiguous. This is for example when the deliverable products and services alone do not form a functioning end-product. It is also customary that contracts with customers include variable price elements that require use of judgement in revenue recognition, especially in situations when there is no prior experience about the deliverable product or entirety. However, judgement is needed the most in determining the timing of revenue recognition.

Revenue related to long-term service contracts and separately identified construction contracts is recognised on an over time basis in accordance with the percentage of completion. Application of the percentage of completion method is allowed if the delivered machine is considered to have no alternative use for Kalmar, and at all times during the project Kalmar has a right to payment regarding the work already performed. Revenue recognised on reporting date in accordance with the over-time model is either based on the cumulative costs in relation to the contract's estimated total costs, or an estimate of the construction contract's physical stage of completion. If the estimate of the final outcome of the contract changes, the recognition of revenue and profit is adjusted in the period the change has come to attention and can be estimated. The expected loss from the construction contract is expensed immediately. In 2023, approximately 12.1 (2022: 14.3; 2021: 16.2) percent of sales was recognised on an over time basis.

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Equipment sales	1 441.5	1 318.0	916.7
Service sales	567.1	549.0	466.8
Other sales*	40.9	75.8	128.7
Total sales	**2 049.6**	**1 942.8**	**1 512.2**
Recognised at a point in time	1 801.8	1 664.6	1 267.9
Recognised over time	247.8	278.2	244.3

* Navis business is included until July 1, 2021. Additional information disclosed in notes 7.1 Acquisitions and disposals of business, and 7.3 Assets held for sale.

Contract assets and liabilities

Contract assets

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Contract assets 1 Jan	29.8	29.8	27.7
Translation differences	-0.2	0.7	0.6
Transfers to receivables	-124.6	-76.3	-212.7
Companies acquired and sold	11.3	-	-7.8
Change in provision for doubtful accounts and impairments +/-	0.0	0.0	0.0
Progress, cost estimate and price adjustments	93.1	75.6	214.7
Assets held for sale*	-	-	7.4
Contract assets 31 Dec	**9.3**	**29.8**	**29.8**
Contract assets not expected to be invoiced within the next 12 months	-	-	-

* Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

Contract liabilities

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Contract liabilities 1 Jan	99.7	121.0	104.3
Translation differences	-1.0	1.4	2.5
Revenue recognised from contract liability on 1 Jan	-65.6	-70.4	-105.1
Companies acquired and sold	0.2	-	-27.6
Cash received/paid less revenue recognised	76.6	47.7	120.6
Liabilities directly associated with assets held for sale*	-	-	26.3
Contract liabilities 31 Dec	**109.8**	**99.7**	**121.0**
Contract liabilities not expected to be recognised as revenue within the next 12 months	-	-	-

* Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

Transaction price allocated to remaining performance obligations related to customer contracts

Transaction price allocated to remaining performance obligations related to ongoing customer contracts is on 31 December 2023 EUR 1 024.3 (31 Dec 2022: 1,427.8, 31 Dec 2021: 1.302,4) million, of which 95% (2022: 89%; 2021: 90%) is expected to be recognised as revenue during the next 12 months.

2.3 Other operating income and expenses

Accounting principle

Government grants

An unconditional government grant is recognised in the statement of income when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received, and Kalmar will comply with the conditions associated with the grant and are then recognised in the statement of income on a systematic basis over the period during which the costs related to grant are incurred.

Carve-out principle

Cargotec's parent company has been responsible for the management and general administration of Cargotec Group. For the purposes of the preparation of the carve-out financial statements a portion of Cargotec parent company's shared income and expense items including all administrative and personnel expenses for each of the corporate headquarter functions attributable to Kalmar have been allocated to Kalmar mainly based on net sales and the number of employees.

Historically certain costs incurred by the parent company, including among others insurance fees, guarantees, interest expenses and finance shared services related costs have been invoiced directly from the subsidiaries through management fees by the parent company. The historically invoiced management fees have been allocated to the subsidiaries based on the nature of the expense being invoiced.

Corporate costs, historically unallocated or unrecharged group level costs incurred by Cargotec, was allocated to Kalmar to reflect the cost of doing business by applying the most common allocation key, net sales.

Cargotec has historically recharged legal entities for costs that have arisen from services conducted on behalf of the legal entities. The majority of the shared costs are included in the carve-out financial statements based on the historically recharged amounts.

IAC items and shareholder costs that directly relate to Kalmar or a specific historical transaction have been allocated based on attribution principle i.e., allocation follows the origin and nature of the cost.

Management considers these allocations to be a reasonable reflection of the utilisation of services provided. These allocated expenses have been affected by the arrangements that existed in Cargotec and are not necessarily representative of the position that may prevail in the future for Kalmar.

Other operating income

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Gain on disposal of businesses	-	-	241.3
Gain on disposal of intangible assets and property, plant and equipment	0.1	0.0	0.2
Customer finance related other income	28.8	28.0	26.5
Rental income	0.6	0.7	0.8
Other income	1.5	7.2	6.9
Total	**31.0**	**35.9**	**275.7**
Other operating income, Cargotec Group	9.9	11.4	9.0
Other operating income, total	**40.9**	**47.3**	**284.7**

Other operating income includes services provided by Kalmar reporting entities to Remaining Cargotec. Income is based on historically recharged amount or allocated based on relevant allocation key.

The majority of the gain on disposal of businesses in 2021 relates to the sale of Navis.

Other operating expense

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Loss on disposal of intangible assets and property, plant and equipment	0.3	0.0	0.1
Customer finance related other expenses	28.7	27.6	26.1
Business acquisition and disposal related expenses	-	2.6	7.9
Demerger and Listing costs	13.2	-	-
Other expenses	5.8	2.5	4.4
Total	**48.0**	**32.7**	**38.5**

FX differences

Operating profit includes exchange rate differences on forward contracts designated as cash flow hedges, in 2023 total EUR 10.5 (2022: -22.7, 2021: 10.8) million, of which in 2023 EUR 10.5 (2022: -24.7, 2021 5.1) million in sales and in 2023 EUR 0.0 (2022: 2.0, 2021: 5.6) million in cost of goods sold. The exchange rate differences related to the portion of ineffective hedges, which are booked in other operating income and expenses, had no effect on the operating profit on 2023, 2022 and 2021.

In addition, operating profit includes in 2023 EUR 0.3 (2022 3.4, 2021 1.2) million of exchange rate differences arising from unhedged sales and purchases, and from hedges of sales and purchases for which hedge accounting is not applied.

Audit fees

EUR million	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Audit	1.5	1.6	1.2
Tax advice	0.0	0.0	0.0
Other services	0.4	0.6	0.8
Total	**1.9**	**2.1**	**2.1**

In the year 2021 the auditing firm PricewaterhouseCoopers Oy acted as Cargotec's auditor until the Annual General Meeting (AGM) on 23 March 2021. The AGM elected the auditing firm Ernst & Young Oy as the new auditor. The table above presents the fees to Ernst & Young globally since 23 March 2021 and to PricewaterhouseCoopers until 23 March 2021.

2.4 Restructuring costs and other items affecting comparability

Restructuring costs

The costs arising from restructuring measures are presented on a separate line in the combined statement of income. Restructuring costs are based on their nature, recognised in the balance sheet as an impairment to assets, as restructuring provisions or as accruals. A part of the costs is recognised on an accrual basis in the statement of income and also paid during the financial period.

Other items affecting comparability

Other items affecting comparability include mainly significant capital gains and losses, gains and losses related to acquisitions and disposals, impairments and reversals of impairments of assets, and costs that are related to aforementioned items. These items are reported in the statement of income either in administration expenses, other operating income or other operating expenses.

EUR million	Note	1 Jan−31 Dec 2023	1 Jan−31 Dec 2022	1 Jan−31 Dec 2021
Restructuring costs				
Employment termination costs		1.1	3.7	5.3
Sales profit/loss of owned non-current assets		-	-1.7	-
Impairment of inventories		0.3	2.1	0.0
Restructuring-related disposals of businesses	7.1	-	-	-1.7
Other restructuring costs*		-0.1	37.8	1.9
Restructuring costs, total		**1.2**	**41.9**	**5.5**
Other items affecting comparability				
Expenses or gains related to business disposals, acquisitions and integration**	7.1	-	3.7	-228.4
Demerger and Listing costs		13.3	-	-
Other costs		-	5.0	2.4
Other items affecting comparability, total		**13.3**	**8.7**	**-226.0**
Restructuring costs and other items affecting comparability, total		**14.5**	**50.6**	**-220.5**

* 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 Kalmar, 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 3.7 million impairment provision to assets that relate to Kalmar's business in Russia. Additionally, Kalmar booked a EUR 36 million restructuring cost related to the plans to transfer the heavy crane immaterial rights to Rainbow Industries Co. Ltd. (RIC) in China and the plans to ramp down the heavy cranes business. From heavy cranes business ramp down costs, EUR 31 million is included to other restructuring costs.
** Year 2021 includes approximately EUR 230 million profit including transaction costs and other non-recurring items related to sale of Navis. Year 2022 includes costs for planning of the divestment of Kalmar Automation Solutions unit.

2.5 Finance income and expenses

Accounting principle

Finance income and expenses

Interest income and expense on financial instruments measured at amortised cost are accrued in the statement of income using the effective interest method. When hedge accounting is applied to a forward exchange contract, the amortisation of initial value of forward points and subsequent change in the value related to forward points are recognised separately in the statement of income. Arrangement and commitment fees related to interest-bearing liabilities are recognised separately as an expense if they cannot be included in the amortised cost of interest-bearing debt.

Carve-out principle

Interest income and expenses from related parties have been determined based on the interest charges recorded directly by Kalmar legal entities.

Finance expenses relating to the leases transferring to Kalmar at the Demerger, have been included in finance expenses. Finance expenses included in the Kalmar carve-out financial statements may not necessarily represent what the finance expenses would have been, had Kalmar historically obtained financing on a stand-alone basis. These costs may not be indicative of the cost of financing that will arise for Kalmar in the future.

Finance income

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Interest income on financial assets measured at amortised cost	1.6	2.2	2.8
Other finance income	0.0	0.1	-
Exchange rate differences, net	-	-	1.2
Finance income	**1.6**	**2.3**	**3.9**
Interest income on financial assets measured at amortised cost, Cargotec Group	13.6	3.4	0.2
Forward contracts interest component, Cargotec Group	-	0.7	-
Finance income, Cargotec Group	**13.6**	**4.2**	**0.2**
Finance income, total	**15.3**	**6.4**	**4.2**

Finance income includes allocations to Kalmar, which relate to certain assets of Kalmar business, held in other entities of the Cargotec Group. The allocated income included in the carve-out financial statements during the periods presented were EUR 0.0 million in 2023, EUR 1.2 million in 2022 and EUR 2.1 million in 2021.

Finance expense

EUR million	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Interest expenses on financial liabilities measured at amortised cost	0.3	0.2	0.4
Interest expenses on leases	3.1	3.0	3.0
Other finance expenses*	0.0	-2.0	-0.6
Exchange rate differences, net	2.6	3.2	-
Finance expenses	**6.0**	**4.3**	**2.9**
Interest expenses on financial liabilities measured at amortised cost, Cargotec Group	4.1	3.0	2.6
Forward contracts interest component, Cargotec Group	3.9	-	0.6
Finance expenses, Cargotec Group	**8.0**	**3.0**	**3.2**
Finance expenses, total	**14.0**	**7.2**	**6.0**

* Other finance expenses include EUR 0.0 (2022: -2.1, 2021: -0.6) million of reversals of earlier booked impairment losses related to loan receivables.

Finance expenses include allocations to Kalmar, which relate to certain assets of Kalmar business, held in other entities of the Cargotec Group. The allocated expenses included in the carve-out financial statements during the periods presented were EUR 0.0 million in 2023, EUR -2.1 million in 2022 and EUR -0.6 million in 2021.

2.6 Prevailing economic uncertainty

Prevailing economic uncertainty at the end of 2023

Developments in the global economy and cargo flows have a direct effect on Kalmar'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 Kalmar's solutions.

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

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

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

Deterioration of the global economic outlook and access to finance as well as increases in interest rates can lead to economic and financial difficulties among Kalmar'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 Kalmar and its supplier operations.

Kalmar's sales to Russia, Belarus, and Ukraine have been low. Kalmar complies with the sanctions imposed on Russia and is retreating from the country, however, it is difficult to estimate when it can be finalised. At the time of reporting, the assets of Kalmar's Russian subsidiary amounted to EUR 5.9 million, which mainly consisted of cash and cash equivalents. Kalmar has a provision of EUR 4.0 million related to the above-mentioned balance sheet items.

Financial risks related to climate change

Kalmar 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 Kalmar is complicated because the occurrence and timing of the resulting effects are difficult to predict, let alone quantify. On the other hand, the impacts of climate-related regulation, changing technologies, and the commitments made by Kalmar are already visible and thus easier to analyse. Kalmar is committed to reducing the carbon dioxide emissions of its value chain by 25% by 2025 and 50% by 2030 compared to the 2019 emission level. In order to succeed in this, Kalmar must reduce not only emissions related to its own operations but also emissions generated in its supply chain and the use of the sold equipment. By the end of 2023, Kalmar has not succeeded in reducing the total emissions of its operations compared to the comparison year, mainly due to the fact that, despite the strong growth in sales of electric and hybrid equipment, their total volume has so far not been sufficient to compensate for the emission effect of the demand for diesel machines.

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

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

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

Prevailing economic uncertainty at the end of 2022

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

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

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

Kalmar's sales to Russia, Belarus and Ukraine had been low. Kalmar complies with the sanctions imposed on Russia and had announced to be retrieving from the country. At the end of December, the retrieval process was at its final stages. Kalmar did not have a direct representation in Ukraine, or in Belarus. At the time of reporting, the assets of Kalmar's Russian subsidiary totalled EUR 8.3 million which mainly consisted of cash and cash equivalents. In addition, Kalmar's subsidiaries outside of Russia had trade receivables from Russia totalling EUR 0.1 million. Kalmar had a provision of EUR 3.7 million related to the above-mentioned balance sheet items, which was recognised in restructuring costs.

The Covid-19 pandemic had direct and indirect impacts on Kalmar’s business. In some areas, such as in China, safety measures and travel restrictions limited Kalmar's business prerequisites, hampered the selling, operating and delivering of Kalmar's solutions, and complicated the global component shortage. Ensuring a safe working environment for Kalmar personnel was challenging. The amount of personnel sick leaves was estimated to also increase.

Prevailing economic uncertainty at the end of 2021

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

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

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

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

An increase in interest rates was estimated to increase Kalmar's financing costs and reduce the value of items measured at present value. Short-term risks for Kalmar also included credit losses related to customer receivables. Bankruptcies decreased during the pandemic due to temporary changes in bankruptcy laws but as these end and monetary stimulus was decreased, credit losses may increase. There was no material increase in Kalmar's realised credit losses in 2021. The credit loss allowance related to trade receivables was EUR 6.5 (31 Dec 2020: 8.2) million at the time of review.

Kalmar sought to take uncertainties into account in its decision-making and to reflect these uncertainties in its financial reporting through management's estimates and judgments applied, the effect of which was emphasised in the current operating environment.

3. Employee benefits

Carve-out principle

The table below includes costs for personnel directly employed by Kalmar entities. The portion of historical remuneration of Cargotec management, which has been allocated to Kalmar for the purposes of the preparation of the carve-out financial statements, is not included in personnel expenses, but presented as a service charge in administration expenses. This allocation may not be indicative of the expenses related to management remuneration that will incur in the following financial years.

3.1 Personnel expenses

EUR million	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Wages and salaries		247.9	238.9	262.1
Equity-settled share-based payments	3.2	1.6	0.8	1.2
Cash-settled share-based payments	3.2	2.3	0.5	3.2
Pension costs	3.4	38.0	33.0	30.6
Other statutory employer costs		26.6	29.8	30.8
Total		**316.4**	**302.8**	**327.9**

Information on key management compensation is presented in note 3.3, Management remuneration. Number of employees is presented in note 2.1, Segment information.

3.2 Share-based payments

Accounting principle

Share-based payments

Kalmar has share-based incentive plans which include incentives paid as shares or in cash. The benefits granted in accordance with the incentive plan are measured at fair value at the grant date and are expensed on a straight-line basis over the vesting period. The fair value of the equity-settled incentives is based on the market price of the share at the grant date. Equity-settled incentives include benefits paid in shares and the portion of share benefits that is used to pay income taxes if Kalmar has an obligation to withhold them. The share-based payments settled with equity instruments are not revalued subsequently, and cost from these arrangements is recognised as an increase in equity. The cash-settled share-based incentives are valued at fair value at each closing until the settlement date and recognised as a liability. The expensed amount of the benefits is based on the group's estimate of the amount of benefits to be paid in accordance with the fulfilment of service and performance-based vesting conditions at the end of the vesting period. Market conditions and non-vesting conditions are considered in determining the fair value of the benefit. Instead, the nonmarket criteria, like profitability or increase in sales, are not considered in measuring the fair value of the benefit but are taken into account when estimating the final amount of benefits. The estimate is updated at each closing date and changes in estimates are recorded through the statement of income.

Carve-out principle

Kalmar key personnel have historically participated in Cargotec's share-based incentive programs. For carve-out purposes, the expenses derived from Cargotec's share-based incentive programs related to Kalmar personnel are included in the carve-out financial statements based on the actual number of employees over the cost recorded at Cargotec. A portion of shares and costs related to the Cargotec Group function's participants in the share-based incentive programs has also been allocated to the carve-out financial statements based on the same allocation principles as for the centrally provided services, which management considers to be appropriate method of allocating costs related to share-based payments. Allocated portion is presented as a service charge in administration expenses, thus the figures presented in the tables below are related to Kalmar personnel and do not include allocations from Cargotec Group function's participants.

The number of participants include only Kalmar personnel participating in the plans. The number of shares include shares related to Kalmar personnel participating in the plans.

The historical cost allocations may not be indicative of the future expenses that will arise through incentive schemes that will be established for Kalmar key personnel in the future.

Share-based incentive programme 2023-2025

Incentive programme for the years 2023–2025 is targeted to the members of the Leadership Team and other key persons. The programme consists of three annually granted incentive programme periods in which rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are separately set for each year. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The reward is paid after each three-year incentive programme period based on fulfilment of the vesting criteria.

	2023
First year earnings criteria	Earnings per share
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0 – 8 300 shares and a cash portion for taxes
Expected total cost of the programme on grant date, EUR million	3.0
Initial number of participants	38
Participants fullfilling the minimum earnings criteria on 31 Dec 2023	34
Number of class B shares granted	64 140
Number of class B shares forfeited in 2023	11 000
Number of class B shares subject to vesting conditions on 31 Dec 2023	53 140

Restricted shares incentive programmes 2023-2025

Restricted incentive programme is targeted to key persons selected by the Board of Directors. The programme consists of three annually granted engagement periods in which rewards are conditional on the fulfilment of a three-year service condition. The reward will be paid evenly in three installments, in spring 2024, spring 2025 and spring 2026. Shares paid as a reward for the first and second installments of the program may not be sold, transferred, pledged or otherwise given away during the restriction period, which ends on 31 December 2025. In addition, earnings criteria based on financial targets may be set for the first year of the engagement periods. The reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it.

	2023
Earnings criteria	Service condition
Expected total cost of the programme on grant date, EUR million	0.2
Initial number of participants	1
Number of participants on 31 Dec 2023	0
Number of class B shares granted	1 750
Number of class B shares forfeited in 2023	1 750
Number of class B shares subject to vesting conditions on 31 Dec 2023	0

Restricted share unit programme 2022-2024

The incentive programme is targeted to the members of the Leadership team and other key persons. The reward of the programme is conditional on the achievement of the strategic goals determined by the Board of Directors and it is paid in two instalments, half in the spring of 2023 and half in the spring of 2024. The shares paid as a reward for the first instalment of the programme may not be sold, transferred, pledged or otherwise given away during the restriction period which ends on 31 December 2023. The reward is granted and paid in Cargotec's class B shares, in addition to which Cargotec pays the taxes and tax-related fees related to the reward.

	2022
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0 – 6 500 shares and a cash portion for taxes
Expected total cost of the programme on grant date, EUR million	1.2
Initial number of participants	21
Participants fulfilling the minimum earnings criteria on 31 Dec 2022	21
Participants fulfilling the minimum earnings criteria on 31 Dec 2023	18

Number of class B shares granted	24 000
Number of class B shares forfeited in 2022	0
Number of class B shares forfeited in 2023	4 100
Number of class B shares paid in 2023	12 000
Number of class B shares subject to vesting conditions on 31 Dec 2022	24 000
Number of class B shares subject to vesting conditions on 31 Dec 2023	7 900

Share-based incentive programme 2020-2024

Incentive programme for the years 2020-2024 is targeted to the members of the Leadership Team and other key persons. The programme consists of three annually granted incentive programme periods in which rewards are conditional on the fulfilment of a three-year service condition and performance conditions tied to financial targets that are separately set for each year. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The reward is paid after each three-year incentive programme period based on fulfillment of the vesting criteria.

	2022	**2021**	**2020**
First year earnings criteria	Comparable operating profit	Comparable operating profit	Comparable operating profit
Second year earnings criteria	Service business gross profit	Service business gross profit	Service business gross profit
Third year earnings criteria		Development of ecoportfolio products	Climate programme roadmap and development of ecoportfolio products
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0 - 10 500 shares and a cash portion for taxes	0 - 15 450 shares and a cash portion for taxes	0 - 16 350 shares and a cash portion for taxes
Expected total cost of the programme on grant date, EUR million	2.1	4.3	2.0
Initial number of participants	38	43	82
Participants fulfilling the minimum earnings criteria on 31 Dec 2020	-	-	81
Participants fulfilling the minimum earnings criteria on 31 Dec 2021	-	41	34
Participants fulfilling the minimum earnings criteria on 31 Dec 2022	35	33	27
Participants fulfilling the minimum earnings criteria on 31 Dec 2023	32	29	Ended
Number of class B shares granted	79 260	100 020	151 320
Number of class B shares forfeited in 2020	-	-	1 230
Number of class B shares forfeited in 2021	-	14 460	66 287
Number of class B shares paid during 2021 related to sale of Navis	-	-	15 924
Number of class B shares forfeited in 2022	4 860	42 062	31 929
Number of class B shares forfeited in 2023	12 152	9 370	339
Number of class B shares paid during 2023	3 413	5 150	35 611
Number of class B shares subject to vesting conditions on 31 Dec 2020	-	-	150 090
Number of class B shares subject to vesting conditions on 31 Dec 2021	-	85 560	67 879
Number of class B shares subject to vesting conditions on 31 Dec 2022	74 400	43 498	35 950
Number of class B shares subject to vesting conditions on 31 Dec 2023	58 835	28 978	Ended

Share-based bridge incentive programme 2020-2023

Share-based bridge incentive programme is targeted to key persons selected by the Board of Directors. The vesting criteria in the programme are the completion of Cargotec’s and Konecranes’ merger and a service condition that ends one year after completion of the merger. Rewards are granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related to it. Rewards are paid after completion of the merger and are subject to a lock-up period that ends as the service condition is fulfilled.

	2020
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0 – 6 017 shares and a cash portion for taxes
Expected total cost of the programme on grant date, EUR million	2.8
Initial number of participants	41
Participants fulfilling the minimum earnings criteria on 31 Dec 2020	41
Participants fulfilling the minimum earnings criteria on 31 Dec 2021	39
Participants fulfilling the minimum earnings criteria on 31 Dec 2022	-
Number of class B shares granted	47 856
Number of class B shares forfeited in 2020	-
Number of class B shares forfeited in 2021	7 269
Number of class B shares forfeited in 2022	40 587
Number of class B shares subject to vesting conditions on 31 Dec 2020	47 856
Number of class B shares subject to vesting conditions on 31 Dec 2021	40 587
Number of class B shares subject to vesting conditions on 31 Dec 2022	-

Matching share programme 2019-2022

Matching share incentive programme for the years 2019–2022 is targeted to the members of the Leadership Team and other key persons. Persons participating in the programme make an investment to Cargotec shares at the inception of the programme and receive an equivalent amount of shares in accordance with the matching share programme. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The vesting condition related to matching shares is tied to working condition so that one third of the reward is earned annually over the three-year period after which the vested shares have a lock-up period of one year except the shares vested during the last year for which there is no lock-up period. The amount of reward is restricted if during a year when its vesting conditions are met, the average price of Cargotec share exceeds 60 euros.

	2019
Earnings criteria	Service condition, shareholding condition
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0 – 12 385 shares and cash for taxes
Expected total cost of the programme on grant date, EUR million	1.8
Initial number of participants	2
Participants fulfilling the minimum earnings criteria on 31 Dec 2021	2
Participants fulfilling the minimum earnings criteria on 31 Dec 2022	Ended
Number of class B shares granted	28 232
Number of class B shares forfeited in 2021 and earlier	3 906
Number of class B shares forfeited in 2022	-
Number of class B shares paid during 2021 and earlier	16 068
Number of class B shares paid during 2022	8 258
Number of class B shares subject to vesting conditions on 31 Dec 2021	8 258
Number of class B shares subject to vesting conditions on 31 Dec 2022	Ended

Restricted shares incentive programmes 2020-2024

Restricted incentive programme is targeted to key persons selected by the Board of Directors. The programme consists of three annually granted engagement periods in which rewards are conditional on the fulfilment of a three-year service condition. In addition, earnings criteria based on financial targets may be set for the first year of the engagement periods. The reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it. Rewards are paid after the end of the vesting period. No rewards were granted under the programme during 2021.

	2022	2021	2020
Earnings criteria	Service condition	-	Service condition
Expected total cost of the programme on grant date, EUR million	0.3	-	0.1
Initial number of participants	1	-	1
Number of participants on 31 Dec 2020	-	-	-
Number of participants on 31 Dec 2021	-	-	1
Number of participants on 31 Dec 2022	1	-	1
Number of participants on 31 Dec 2023	5	-	Ended
Number of class B shares granted	4 300	-	1 486
Number of class B shares forfeited in 2020	-	-	-
Number of class B shares forfeited in 2021	-	-	-
Number of class B shares forfeited in 2022	-	-	-
Number of class B shares forfeited in 2023	1 533	-	-
Number of class B shares paid during 2023	767	-	1 486
Number of class B shares subject to vesting conditions on 31 Dec 2020	-	-	-
Number of class B shares subject to vesting conditions on 31 Dec 2021	-	-	1 486
Number of class B shares subject to vesting conditions on 31 Dec 2022	2 300	-	1 486
Number of class B shares subject to vesting conditions on 31 Dec 2022	2 767	-	Ended

Share-based incentive programme 2017-2020

Incentive programme for the years 2017–2020 is targeted to the members of the Leadership Team and other key persons. The programme consists of three annually granted incentive programme periods in which rewards are conditional on the fulfilment of a three-year service condition and performance conditions during the first two years that are tied to financial targets and separately set for each year. The reward is granted and settled in Cargotec class B shares on top of which Cargotec pays taxes and tax-related expenses. The reward related to each incentive programme period is paid after two years based on fulfilment of the vesting criteria and is subject to approximately one-year lock-up period.

	2019	2018
First year earnings criteria	Service business gross profit, Navis's sales	Service business gross profit, Navis's sales
Second year earnings criteria	Comparable operating profit, Navis's sales, cloud transformation	Comparable operating profit
Range of reward per participant based on the level of participation and fulfilment of the earnings criteria	0 - 14 600 shares and cash for taxes	0 – 6 070 shares and cash for taxes
Expected total cost of the programme on grant date, EUR million	4.2	3.0
Initial number of participants	81	76
Participants fulfilling the minimum earnings criteria on 31 Dec 2020	70	59
Participants fulfilling the minimum earnings criteria on 31 Dec 2021	69	Ended
Participants fulfilling the minimum earnings criteria on 31 Dec 2022	Ended	Ended
Number of class B shares granted	122 600	35 880
Number of class B shares forfeited in 2021 and earlier	98 236	20 213
Number of class B shares forfeited in 2022	Ended	Ended
Number of class B shares subject to vesting conditions on 31 Dec 2020	64 659	15 667
Number of class B shares subject to vesting conditions on 31 Dec 2021	24 364	Ended
Number of class B shares subject to vesting conditions on 31 Dec 2022	Ended	Ended

Restricted shares incentive programmes 2019

Restricted incentive programme is targeted to key persons selected by the Board of Directors. The vesting criteria in the 2019 programme is the fulfillment of a two-year service condition. Reward is granted and paid in Cargotec class B shares in addition to which Cargotec pays taxes and tax-related expenses related it. Rewards are paid after the end of the vesting period.

	2019
Earnings criteria	Service condition
Expected total cost of the programme on grant date, EUR million	0.3
Initial number of participants	3
Number of participants on 31 Dec 2020	3
Number of participants on 31 Dec 2021	Ended
Number of class B shares granted	6 791
Number of class B shares forfeited in 2020 and earlier	-
Number of class B shares forfeited in 2021	-
Number of class B shares subject to vesting conditions on 31 Dec 2020	6 791
Number of class B shares subject to vesting conditions on 31 Dec 2021	Ended

Effect of share-based payment transactions in result and balance sheet

	Recognised as cost during		
EUR million	**2023**	**2022**	**2021**
Restricted share unit programme 2023–2025	-	-	-
Share-based incentive programme 2023–2025	0.7	-	-
Restricted shares incentive programmes 2023–2025	-	-	-
Restricted share unit programme 2022–2024	0.8	0.6	-
Share-based incentive programme 2020–2024	3.2	2.2	2.2
Share-based bridge incentive programme 2020–2023	-	-1.6	1.3
Matching share programme 2019–2022	-	0.0	0.2
Restricted shares incentive programmes 2020–2024	0.1	0.1	-
Share-based incentive programme 2017–2020	-	-	1.0
Restricted shares incentive programme 2019	-	-	0.2
Total	**4.8**	**1.3**	**5.0**

	Recognised as provision on 31 Dec		
EUR million	**2023**	**2022**	**2021**
Restricted share unit programme 2023–2025	-	-	-
Share-based incentive programme 2023–2025	0.4	-	-
Restricted shares incentive programmes 2023–2025	-	-	-
Restricted share unit programme 2022–2024	0.4	0.4	-
Share-based incentive programme 2020–2024	2.7	2.5	1.2
Share-based bridge incentive programme 2020–2023	-	-	1.1
Matching share programme 2019–2022	-	-	0.2
Restricted shares incentive programmes 2020–2024	0.0	0.0	-
Share-based incentive programme 2017–2020	-	-	-
Restricted shares incentive programme 2019	-	-	-
Total	**3.4**	**2.9**	**2.5**

3.3 Management remuneration

Carve-out principle

The table below includes expenses of Kalmar's operative directors, who were part of Cargotec Group's management team. For the purpose of the preparation of the carve-out financial statements, a portion of the remuneration of Cargotec Group's management team and board of directors has been allocated to Kalmar to reflect the management's contribution to Kalmar's business. The allocation is based on the same allocation principles as for the centrally provided services as described in note 1.2 Basis of preparation, which management considers to be an appropriate method of allocating costs related to management remuneration. The table below may not be indicative of the expenses related to management remuneration that will incur in the following financial years.

Accounting principles for share-based payments are stated in the Carve-out principles and accounting principles, in section 3.2 Share-based payment transactions.

EUR million	1 Jan−31 Dec 2023	1 Jan−31 Dec 2022	1 Jan−31 Dec 2021
Wages, salaries and other short-term employee benefits	2.9	2.6	3.6
Share-based payments	5.1	2.3	1.9
Post-employment benefits	-	0.3	0.4
Termination benefits	0.5	0.4	1.3
Total	**8.5**	**5.5**	**7.1**

During the periods presented in the carve-out financial statements, Kalmar has not had a separate management team. The management remuneration presented in the carve-out financial statements consists of the Cargotec Group's management team, which has changed during the years 2023, 2022 and 2021. The portion allocated to Kalmar from the remuneration of the members of Cargotec's management team is included in the management remuneration from the date of appointment or until the end of the membership. On 31 December 2023, Cargotec's management team included CEO Casimir Lindholm and nine (31 Dec 2022: nine, 31 Dec 2021: ten) other members.

In the future, as Kalmar operates as an independent company, Kalmar will appoint its own management team. Therefore, the table above does not reflect the costs related to the remuneration of Kalmar's management team in the future. Sakari Ahdekivi has been appointed Kalmar's CFO as of 1 July 2023. Sami Niiranen was appointed as the director of the Kalmar business area on 9 November 2023, and he is also proposed for election as the CEO of the future standalone Kalmar. Niiranen will start his position on 1 April 2024. In addition, Kalmar announced on 1 February 2024 that the other members of the management team consist of the following persons: Carina Geber-Teir, Francois Guetat, Mathias Höglund, Tommi Pettersson, Marika Väkiparta, Alf-Gunnar Karlgren, Thor Brenden, Arto Keskinen, Shushu Zhang and Thomas Malmborg.

3.4 Post-employment benefits

Accounting principle

Pension obligations

Kalmar operates various pension plans in accordance with local conditions and practices. The plans are classified either as defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plans are charged directly to the statement of income in the year to which these contributions relate.

A defined benefit plan is a pension plan under which the group itself has the obligation to pay retirement benefits and bears the risk of change in the value of plan liability and assets. The liability recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation regarding each significant plan is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds with approximating terms to maturity and that are denominated in the currency in which the benefits are expected to be paid. The applied discount rates are determined in each country by an external actuary. If an asset is recognised on the balance sheet based on the calculation, the recognition is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses related to remeasurements of a defined benefit plan and the effect of the asset ceiling, if any, are recognised directly in the statement of comprehensive income. Interest and all other expenses related to defined benefit plans are recognised directly in the statement of income.

If a plan is amended or curtailed, the portion of the changed benefit related to past service by the employees, or the gain or loss on curtailment, is recognised directly in the statement of income when the plan amendment or curtailment occurs.

Carve-out principle

Pensions and other post-employment benefit plans and their respective portion of the plan liabilities, plan assets, interest and service costs are included in the carve-out financial statements in accordance with each Kalmar legal entity’s separate benefit plans.

Pensions and other post-employment benefit plans and their respective portion of the plan liabilities, plan assets, interest and service costs in Kalmar business units that are directly related to Kalmar have been allocated to Kalmar in the carve-out financial statements. In addition, Kalmar has historically participated in a benefit plan in Sweden shared with the Remaining Cargotec’s business areas. Kalmar’s portion of the shared benefit plan’s liability and costs are included in the carve-out financial statements as those will remain with Kalmar after the Demerger including an allocated portion of Cargotec’s corporate personnel that have participated in the shared benefit plan. A portion of the liability and costs related to Cargotec corporation personnel of the shared benefit plan were allocated to Kalmar based on its relative share of the pension liability. This allocation may not be indicative of the expenses that will incur in the following financial years.

Estimates and assumptions requiring management judgement

Defined benefit plans

The present value of pension obligations depends on a number of factors determined on an actuarial basis by using a number of financial and demographic assumptions, and changes in these assumptions impact the carrying amount of pension obligations. The key financial assumption used in determining the net cost (income) for pensions is the discount rate. The appropriate discount rate is determined at the end of each year and is used in calculating the present value of estimated cash outflows to settle the pension obligation. In determining the appropriate discount rate, Kalmar considers the yields of high-quality corporate or government bonds, depending on the country, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions related to pension obligations include financial assumptions such as estimated increases in salaries and pensions, and demographic assumptions such as mortality rates.

Kalmar has various post-employment benefit plans throughout the world. Pension arrangements are made in accordance with local regulations and practices in line with the defined contribution pension plans or defined benefit pension plans.

The defined benefit arrangements determine the amount of pension to be paid and the benefits to be paid for disability and at termination of employment. The benefits in these arrangements are usually based on the length of employment and the level of final salary.

The main countries having defined benefit plans are Sweden, Norway and Germany. The most significant plan is in Sweden. The defined benefit pension plans are funded by the relevant group companies to satisfy local statutory funding requirements.

Summary of the impact of post-employment benefits in the financial statements

EUR million	1 Jan−31 Dec 2023	1 Jan−31 Dec 2022	1 Jan−31 Dec 2021
Present value of unfunded obligations	38.0	33.8	46.3
Present value of funded obligations	2.9	3.0	3.4
Fair value of benefit plan assets	2.2	2.3	2.1
Net liability	**38.7**	**34.6**	**47.6**
Net liability on balance sheet	38.9	34.8	47.7
Net asset on balance sheet	0.2	0.2	0.1
Expense related to defined contribution plans	35.5	30.5	28.3
Expense related to defined benefit plans and other post-employment benefits	0.0	2.5	2.3
Expense in the statement of income	**35.5**	**33.0**	**30.6**
Remeasurement of defined pension benefits and other post-employment benefits	2.9	-11.7	0.9
Remeasurement in the statement of comprehensive income	**2.9**	**-11.7**	**0.9**

Expected contributions to defined benefit plan assets during the next reporting period is EUR 0.6 (31 Dec 2022: 0.6, 31 Dec 2021: 0.8) million. The weighted average duration of the defined benefit obligations was 16.5 (2022: 19.5, 2021: 15.7) years.

Reconciliation of the net defined benefit obligation

EUR million	Present value of plan obligation	Fair value of plan assets	Total
1 Jan 2023	36.8	-2.3	34.6
Current service cost	1.1	-	1.1
Interest expense (+) / income (-)	1.5	-0.1	1.4
Remeasurements:			
Return on plan assets, excluding amounts of interest	-	0.0	0.0
Actuarial gain (-) / loss (+) from change in demographic assumptions	0.4	-	0.4
Actuarial gain (-) / loss (+) from change in financial assumptions	0.4	-	0.4
Experience adjustment gain (-) / loss (+)	2.1	-	2.1
Foreign exchange rate gains (-) / losses (+)	0.0	0.1	0.1
Contributions by employer	-	-0.2	-0.2
Benefits paid	-1.4	0.2	-1.2
Settlements	-0.1	-	-0.1
31 Dec 2023	**40.9**	**-2.2**	**38.7**

EUR million	Present value of plan obligation	Fair value of plan assets	Total
1 Jan 2022	49.7	-2.1	47.6
Current service cost	1.7	-	1.7
Interest expense (+) / income (-)	0.9	-0.1	0.8
Remeasurements:			
Return on plan assets, excluding amounts of interest	-	0.0	0.0
Actuarial gain (-) / loss (+) from change in demographic assumptions	-0.3	-	-0.3
Actuarial gain (-) / loss (+) from change in financial assumptions	-13.8	-	-13.8
Experience adjustment gain (-) / loss (+)	2.4	-	2.4
Foreign exchange rate gains (-) / losses (+)	-3.5	0.1	-3.4
Contributions by employer	-	-0.3	-0.3
Benefits paid	-1.4	0.2	-1.3
Settlements	-0.1	-	-0.1
Recognised in invested equity	1.3	-	1.3
31 Dec 2022	**36.8**	**-2.3**	**34.6**

EUR million	Present value of plan obligation	Fair value of plan assets	Total
1 Jan 2021	49.8	-2.5	47.3
Current service cost	1.8	-	1.8
Interest expense (+) / income (-)	0.6	0.0	0.6
Remeasurements:			
Return on plan assets, excluding amounts of interest	-	-0.1	-0.1
Actuarial gain (-) / loss (+) from change in demographic assumptions	0.0	-	0.0
Actuarial gain (-) / loss (+) from change in financial assumptions	-0.7	-	-0.7
Experience adjustment gain (-) / loss (+)	1.7	-	1.7
Foreign exchange rate gains (-) / losses (+)	-0.8	-0.1	-0.8
Contributions by employer	0.2	-0.1	0.1
Benefits paid	-1.4	0.2	-1.2
Settlements	-0.1	0.0	-0.1
Companies acquired and sold	-2.1	0.5	-1.6
Recognised in invested equity	-0.5	-	-0.5
Transferred as held for sale	1.2	-	1.2
31 Dec 2021	**49.7**	**-2.1**	**47.6**

Allocation of plan assets and liabilities geographically

EUR million	Sweden	Norway	Germany	Other countries	Total
Present value of plan liability:					
2023	34.9	1.7	1.1	3.3	40.9
2022	30.7	1.6	1.1	3.4	36.8
2021	43.0	1.7	1.4	3.6	49.7
Fair value of plan assets:					
2023	-	1.4	0.7	0.2	2.2
2022	-	1.4	0.7	0.2	2.3
2021	-	1.3	0.7	0.1	2.1

Plan assets consist mainly of qualifying insurance policies.

Defined benefit plan: applied actuarial assumptions

%	Sweden	Norway	Germany	Other countries*
Discount rate 2023 / 2022 / 2021	3.3 / 3.7 / 1.9	3.7 / 3.2 / 1.5	3.2 / 3.1 / 0.7	3.0 / 3.7 / 2.8
Expected rate of salary increases 2023 / 2022 / 2021	1.9 / 2.3 / 2.5	3.8 / 3.8 / 2.5	-	3.1 / 3.8 / 3.0
Expected pension growth rate 2023 / 2022 / 2021	1.6 / 2.0 / 2.2	2.4 / 1.7 / 0.0	1.0 / 1.0 / 1.0	1.4 / 3.3 / 2.4

*Weighted average

The discount rate is determined separately for each plan and where available, the discount rate is based on a yield of high-quality corporate bonds that are denominated in the same currency and have length that approximates the plan duration. The discount rate in Sweden is based on Swedish housing market bonds and the discount rate in Norway is based on Norwegian covered bond yields. The discount rate in all euro countries is based on iBoxx quoted for euro bonds and the discount rate in the United States is based on a yield curve provided by Mercer.

Sensitivity analysis of the relevant actuarial assumptions' impact on defined benefit

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
0.5%-point increase in the principal assumption			
Discount rate	-3.4	-2.6	-4.2
Expected rate of salary increases	1.3	1.0	1.7
Expected pension growth rate	2.9	2.2	3.5
0.5%-point decrease in the principal assumption			
Discount rate	3.8	2.9	4.8
Expected rate of salary increases	-1.1	-0.8	-1.5
Expected pension growth rate	-2.7	-2.0	-3.1
Change in the life expectancy			
Effect of 1 year increase in the life expectancy	1.6	1.3	2.1
Effect of 1 year decrease in the life expectancy	-1.6	-1.3	-2.1

The table above summarises the results of the sensitivity analysis prepared separately for each plan, and for each relevant actuarial variable, by an external actuary. The sensitivity analysis has been prepared for one variable at a time while holding all other variables constant. Regardless of the actual volatility of the given variable, for presentation purposes the analysis has been prepared by assuming a fixed change in the key variable as indicated in the table. Consequently, the purpose of the analysis is not to quantify possible or expected change in the defined benefit obligation but to illustrate the sensitivity of the value of obligation to these variables, the fluctuation of which may deviate from the figures presented in practice. The sensitivity analysis covers 94 (31 Dec 2022: 95, 31 Dec 2021: 94) percent of the net defined benefit liability recognised on the balance sheet.

The analysis above assesses only the pension liability's sensitivity to given variables without considering the plan assets. Although the changes in the discount rate create the most significant risk to plan based on the sensitivity analysis, in practice, the interest rate sensitivity is partly offset by the plan assets that include investments in bonds. The plan assets also include instruments such as equities and funds that in the near term may be volatile, but on the long run are expected to outperform corporate bond yields. The risks related to asset performance are significant both due to the absolute size of plan assets and due to their relative size compared to plan liability. This risk is mitigated by suitable asset allocation and balancing between risk and return. The defined benefit obligation is determined based on the current best estimate of the life expectancy. If the assumed life expectancy proves to be underestimated, also the recognised plan liability will be insufficient. Uncertainty regarding the reliability of this estimate is also a risk to the plan.

4. Income taxes

Accounting principle

Income taxes

Income taxes in the statement of income include group companies’ taxes based on the taxable income, changes in deferred taxes and adjustments to taxes for previous periods. Income taxes based on the taxable income are calculated by using the local tax rates and laws enacted or substantively enacted at the end of the reporting period. Tax is recognised in the statement of income except to the extent that it relates to items recognised in the statement of other comprehensive income, in which case the tax is presented in the statement of other comprehensive income. Deferred taxes are calculated on the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on the unutilised tax losses. Deferred tax liabilities are recognised in full and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unutilised tax losses can be utilised. Deferred taxes are measured with the tax rates and laws that are enacted or substantively enacted at the end of the reporting period and that are expected to apply when the asset is realised or liability settled. When there is uncertainty over an income tax treatment, Kalmar considers uncertain tax positions either separately or together as a group based on the approach that better predicts the resolution of the uncertainty. Recognised income taxes are adjusted where it is considered probable that a tax authority or competent court will not accept an uncertain tax treatment applied by Kalmar in an income tax filing. Income taxes are in that case adjusted either based on an estimate of the most likely amount or the expected weighted average value of the final tax amount, taking into account the tax authorities’ expected acceptance of the chosen tax treatment.

Carve-out principle

During the periods presented in these carve-out financial statements, certain legal entities in Kalmar have operated as standalone taxpayers. For these entities the tax charges and the tax liabilities and receivables in the carve-out financial statements are based on actual taxation. Some Kalmar legal entities have been included in tax groups that have been consolidated for income tax purposes and the taxpaying entity has been another Remaining Cargotec legal entity. As for the Kalmar business units, they have been historically included in the Remaining Cargotec legal entities. During the periods presented, these Kalmar operations or legal entities did not file separate tax returns. Tax charges in these Kalmar operations or Kalmar entities have been determined based on the separate return method, as if the Kalmar legal entities were separate taxpayers in the jurisdiction of their primary operations. The current tax expense and income is the amount of tax payable or refundable based on the Kalmar legal entity’s hypothetical, current-year separate return and has been recorded as current income tax expense and as a shareholder transaction through invested equity.

Deferred taxes have been recorded based on their full historical figures when relating to Kalmar entities, which have operated as stand-alone taxpayers. Deferred tax assets are booked based on the actual and approved losses in the legal entity's tax declaration as these entities have the right to offset those losses against future taxable profits. Tax losses (DTA) for those entities, which have not operated as stand-alone taxpayers were not included in the carve-out financial statements because these entities do not have carry forward losses in their tax declarations and Kalmar entities in the future will not have legal right to utilise these losses against future profits.

After calculating the current tax payable or refund, Kalmar has recorded deferred taxes on its temporary differences and potential tax losses that it could claim in its hypothetical return.

The line item “income taxes paid” in the combined statement of cash flows reflects current taxes for all Kalmar legal entities as they are deemed to be paid by the respective tax filing group. To the extent that historically there has been no settlement through cash, such tax payments are deemed to be contributions from or distributions to Remaining Cargotec and deemed to be settled immediately through invested equity. Such settlement through invested equity is reflected in the line item “Equity financing with Cargotec, net” in the financing section of the combined statement of cash flows.”

The tax charges recorded in the combined income statement are not necessarily representative of the tax charges that may arise in the future as Kalmar entities are operating as stand-alone taxable entities.

Estimates and assumptions requiring management judgement

Income taxes

The determination of taxes based on taxable income, deferred tax assets and liabilities, and the extent to which deferred tax assets can be recognised on the balance sheet, requires management judgement. Kalmar is subject to income tax in several jurisdictions where there may be uncertainty over an income tax treatment and the interpretation of tax legislation requires management judgement. Kalmar assesses regularly uncertainties related to income tax treatments and where required, adjusts the recognised taxes either to an estimate of the most likely amount or the expected weighted average value of the final tax amount taking into account the tax authorities' expected acceptance of the chosen tax treatment.

4.1 Income tax reconciliation

Taxes in statement of income

EUR million	1 Jan−31 Dec 2023	1 Jan−31 Dec 2022	1 Jan−31 Dec 2021
Current year tax expense	50.0	34.1	60.7
Change in current year's deferred tax assets and liabilities	1.0	-7.0	-3.8
Tax expense for previous years	-3.3	-2.2	0.5
Total	**47.7**	**24.9**	**57.5**

Reconciliation of effective tax rate

EUR million	1 Jan−31 Dec 2023	1 Jan−31 Dec 2022	1 Jan−31 Dec 2021
Profit before taxes	241.5	117.5	319.0
Tax calculated at Finnish tax rate (20%)	48.3	23.5	63.8
Effect of different tax rates in foreign subsidiaries	2.4	0.2	14.6
Tax expense for previous years	-3.3	-2.2	0.5
Tax-exempt income and non-deductible expenses	-1.2	0.0	-24.7
Realisability of deferred tax assets	0.9	3.0	2.5
Withholding tax, non-creditable	0.4	0.4	0.4
Effect of changes in tax rates	0.1	-	-
Other	0.1	-	0.3
Total taxes in statement of income	**47.7**	**24.9**	**57.5**
Effective tax rate, %	19.8	21.2	18.0

Taxes relating to components of other comprehensive income

	1 Jan−31 Dec 2023			1 Jan−31 Dec 2022			1 Jan−31 Dec 2021		
EUR million	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Cash flow hedges	-0.1	0.2	0.1	6.2	-1.5	4.8	-3.5	0.7	-2.8
Translation differences	6.3	-	6.3	54.1	-	54.1	39.5	-	39.5
Actuarial gains (+) / losses (-) from defined benefit plans	-2.9	0.4	-2.5	13.5	-3.1	10.5	-0.5	0.1	-0.4
Total other comprehensive income	**3.2**	**0.6**	**3.9**	**73.8**	**-4.5**	**69.3**	**35.5**	**0.8**	**36.3**

4.2 Deferred tax assets and liabilities

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
Deferred tax assets and liabilities			
Intangible assets, property, plant and equipment, and inventory	-8.3	16.1	15.4
Provisions and accruals	27.9	11.4	6.1
Tax losses and credits carried forward	12.8	11.3	13.9
Other temporary differences	12.1	0.7	6.4
Deferred taxes, net asset	**44.5**	**39.5**	**41.8**
Deferred tax assets*	54.4	52.3	52.1
Deferred tax liabilities*	9.9	12.8	10.2

* Deferred tax assets and liabilities are offset in accordance with IAS 12.

Reconciliation of deferred taxes

EUR million	2023	2022	2021
Deferred taxes, net asset 1.1.	39.5	41.8	41.9
Recognised in statement of income	-0.2	-6.0	-5.7
Recognised in other comprehensive income	0.6	-4.5	0.8
Recognised in invested equity	4.5	9.6	-0.3
Translation differences	0.1	-1.3	-0.2
Assets held for sale**	-	-	5.4
Deferred taxes, net asset 31.12.	**44.5**	**39.5**	**41.8**

** Additional information of assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

Deferred tax assets are recognised for tax losses and credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable, considering expiry dates, if any. Where there is a recent history of loss, Kalmar assesses if that loss arises from factors which are likely to recur. The recognition of deferred tax assets is supported by an offsetting deferred tax liabilities and where applicable an assessment of earnings history and profit projections in the relevant jurisdictions.

Unrecognised tax losses, tax credits and temporary differences in Kalmar relate mainly to Hong-Kong, Malaysia and Australia.

Unrecognised tax losses, tax credits and temporary differences

EUR million	2023	2022	2021
Expiry date during the next five years	1.4	3.0	2.8
No expiry date or expiry date after five years	46.3	57.6	48.6
Unrecognised tax losses, tax credits and temporary differences 31.12.	**47.7**	**60.5**	**51.5**

5. Net working capital

5.1 Net working capital

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Inventories	5.2	460.9	502.9	391.1
Operative derivative assets, Cargotec Group		5.8	10.3	5.3
Accounts receivable		266.7	281.9	282.2
Accounts receivable, Cargotec Group		1.0	1.7	1.3
Accounts receivable, total	5.3	267.7	283.6	283.4
Contract assets	5.3	9.3	29.8	29.8
Other operative non-interest-bearing assets		54.7	60.0	75.7
Other operative non-interest-bearing assets, Cargotec Group		0.7	0.5	0.3
Other operative non-interest-bearing assets, total		55.4	60.5	76.0
Working capital receivables		**799.2**	**887.1**	**785.7**
Provisions	5.5	-88.5	-94.8	-51.2
Operative derivative liabilities		-	-	0.0
Operative derivative liabilities, Cargotec Group		-2.6	-6.6	-8.0
Operative derivative liabilities, total		-2.6	-6.6	-8.0
Pension obligations	3.4	-38.9	-34.8	-47.7
Accounts payable		-167.0	-265.9	-226.6
Accounts payable, Cargotec Group		-5.0	-7.2	-6.5
Accounts payable, total	5.4	-172.0	-273.1	-233.1
Contract liabilities	5.4	-109.8	-99.7	-121.0
Other operative non-interest-bearing liabilities		-294.5	-314.4	-261.4
Other operative non-interest-bearing liabilities, Cargotec Group		-1.1	-1.7	-1.5
Other operative non-interest-bearing liabilities, total		-295.7	-316.1	-263.0
Working capital liabilities		**-707.5**	**-825.1**	**-724.1**
Total		**91.7**	**62.0**	**61.6**

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

5.2 Inventories

Accounting principle

Inventories

Inventories are valued at acquisition cost or lower estimated net realisable value. The acquisition cost is mainly determined using the weighted average price method. The acquisition cost of inventory includes the purchase price as well as transportation and manufacturing costs. The acquisition cost of self-manufactured finished and work-in progress products includes raw materials, direct manufacturing wages and other direct expenses, as well as a proportional share of variable manufacturing costs and fixed overheads. The net realisable value is the estimated sales price obtained in the ordinary course of business less the estimated costs of completing and selling the product. If the acquisition cost of the inventory exceeds its net realisable value, an obsolescence provision is recorded in the value of the inventory. The recorded obsolescence provision is included in the book value of the inventory.

Estimates and assumptions requiring management judgement

Inventories

The inventory obsolescence provision is estimated based on the systematic and continuous monitoring of the inventory. When assessing the amount of obsolescence, the nature, condition and age structure of the inventory and the amounts based on the estimated need are taken into account.

31 Dec 2023

EUR million	Gross value	Obsolescence	Net value on balance sheet
Raw materials and supplies	227.8	-29.6	198.2
Work in progress	116.3	-	116.3
Finished goods	164.8	-20.8	144.0
Advance payments paid for inventories	2.4	-	2.4
Total	**511.3**	**-50.4**	**460.9**

31 Dec 2022

EUR million	Gross value	Obsolescence	Net value on balance sheet
Raw materials and supplies	255.7	-28.3	227.4
Work in progress	110.1	-	110.1
Finished goods	177.9	-23.0	154.9
Advance payments paid for inventories	10.5	-	10.5
Total	**554.2**	**-51.3**	**502.9**

31 Dec 2021

EUR million	Gross value	Obsolescence	Net value on balance sheet
Raw materials and supplies	189.8	-27.4	162.4
Work in progress	87.0	-	87.0
Finished goods	139.7	-21.1	118.5
Advance payments paid for inventories	23.1	-	23.1
Total	**439.7**	**-48.5**	**391.1**

Impairment of inventories included in restructuring costs is presented in note 2.4, Restructuring costs and other items affecting comparability.

Raw materials and supplies include raw materials needed in production as well as spare parts and components needed in service business. Work-in-progress products include products whose manufacturing process is in progress. Finished products include ready-made new and replacement products in stock as well as finished products in delivery.

5.3 Accounts receivable and other non-interest-bearing assets

Accounting principle

Accounts receivable and contract assets

Accounts receivable are invoiced customer receivables representing Kalmar's rights to consideration in exchange for goods or services that have been transferred to customers when those rights are conditioned only on the passage of time. Contract assets are unbilled customer receivables representing Kalmar's rights to consideration in exchange for goods or services that have been transferred to customers when those rights are conditioned on something other than merely the passage of time such as the agreed timing or project milestones for invoicing. Contract assets include mostly unbilled receivables related to customer contracts in which the revenue is recognised on an overtime basis based on the stage of completion and the amount of revenue recognised exceeds the invoicing.

Accounts receivable and contract assets are initially recognised at fair value less expected credit losses and subsequently at amortised cost less expected credit losses. Credit risk is evaluated based on systematic and continuous monitoring of receivables as part of the credit risk control. Credit loss allowance is recognised based on expected credit losses that is measured based on both historical and forward-looking credit loss assessment. The backward-looking credit loss assessment is determined mechanically by using a provision matrix in which the impairment is determined based on risk weights derived from the historical credit losses and ageing of customer receivables. The forward-looking credit loss assessment is determined by a forward-looking analysis under which additional impairment exceeding the first component of credit loss allowance may be recognised for a receivable or group of receivables. Impairments and allowances are recognised in the statement of income under cost of goods sold. Bad debts are written off upon an official announcement of liquidation or bankruptcy confirming that the receivable will not be collected.

Estimates and assumptions requiring management judgement

Expected credit losses

Management judgement and estimates are needed in determining the credit loss allowance. In measuring the component of the credit loss allowance based on historical credit losses, judgement is needed in determining risk levels for different groups of receivables based on their ageing. Judgement and estimation are also needed in assessing sufficiency of the credit loss allowance based on historical credit losses and in increasing the credit loss allowance based on a forward-looking credit loss assessment.

Customer receivables and other non-interest-bearing assets

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current				
Other non-interest-bearing assets	8.2	2.5	2.3	2.8
Current				
Accounts receivable	8.2	266.7	281.9	282.2
Accounts receivable, Cargotec Group		1.0	1.7	1.3
Contract assets	2.2, 8.2	9.3	29.8	29.8
Other non-interest-bearing assets		52.6	57.9	85.0
Other non-interest-bearing assets, Cargotec Group		1.3	1.1	1.2
Total current		**330.9**	**372.4**	**399.5**
Total accounts receivable and other non-interest-bearing assets		**333.4**	**374.7**	**402.4**

Other non-interest-bearing assets

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current				
Other non-interest-bearing assets	8.2	2.5	2.3	2.8
Current				
VAT receivable		32.9	39.2	48.2
Deferred interests	8.2	0.2	0.1	0.1
Receivables related to business combinations and disposals	8.2	0.1	0.1	12.0
Other deferred assets		19.4	18.6	24.8
Other deferred assets, Cargotec Group		1.3	1.1	1.2
Total current		**53.9**	**59.0**	**86.3**
Total other non-interest-bearing assets		**56.3**	**61.3**	**89.1**

Expected credit losses from accounts receivable and contract assets

31 Dec 2023		Expected credit losses			
EUR million	Gross value	Based on historical risk assessment	Based on forward-looking risk assessment	Average rate of allowance	Net value on balance sheet
Accounts receivable not due and contract assets	195.2	-0.1	-0.2	0 %	195.0
1−90 days overdue	62.6	-0.3	0.0	0 %	62.3
91−360 days overdue	18.1	-1.3	-0.2	-9 %	16.6
Over 360 days overdue	7.5	-2.1	-3.1	-70 %	2.2
Total	**283.4**	**-3.8**	**-3.5**	**-3 %**	**276.1**

31 Dec 2022		Expected credit losses			
EUR million	Gross value	Based on historical risk assessment	Based on forward-looking risk assessment	Average rate of allowance	Net value on balance sheet
Accounts receivable not due and contract assets	253.6	-0.1	-0.1	0 %	253.4
1−90 days overdue	42.2	-0.2	0.0	0 %	42.0
91−360 days overdue	13.5	-0.9	-0.4	-10 %	12.3
Over 360 days overdue	9.1	-2.9	-2.2	-57 %	3.9
Total	**318.5**	**-4.1**	**-2.7**	**-2 %**	**311.7**

31 Dec 2021		Expected credit losses			
EUR million	Gross value	Based on historical risk assessment	Based on forward-looking risk assessment	Average rate of allowance	Net value on balance sheet
Accounts receivable not due and contract assets	246.3	-0.1	-	0 %	246.1
1−90 days overdue	51.4	-0.2	-	0 %	51.2
91−360 days overdue	9.6	-0.7	0.0	-7 %	8.9
Over 360 days overdue	11.2	-3.2	-2.2	-49 %	5.7
Total	**318.5**	**-4.3**	**-2.2**	**-2 %**	**312.0**

Movement in the loss allowance for accounts receivable and contract assets

	Credit loss allowance		
EUR million	2023	2022	2021
Allowance 1 Jan	6.8	6.5	8.2
Translation differences	-0.3	-0.2	0.0
Companies acquired and sold	-	-	-1.2
Increase of allowance	1.8	1.0	2.1
Use of allowance	-0.9	-0.1	-0.5
Reversed allowance	0.0	-0.5	-2.9
Assets held for sale*	-	-	0.7
Other changes	0.0	0.0	-
Balance 31 Dec	**7.3**	**6.8**	**6.5**

* Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

Credit losses recognised in the statement of income

	Credit loss allowance		
EUR million	2023	2022	2021
Movement in the loss allowance during the period	1.8	0.5	-0.8
Directly recognised credit losses	1.3	0.2	2.1
Total	**3.0**	**0.7**	**1.3**

5.4 Accounts payable and other non-interest-bearing liabilities

Accounts payable include open invoices from suppliers, and contract liabilities include mainly advance payments received from customers.

Repurchase obligations under customer financing agreements include the portion of the consideration received to which Kalmar is not entitled, as the equipment sold under the contractual obligation or otherwise is expected to be repurchased at a later date at the agreed residual value from the financier.

Late cost accruals relate to customer projects that are substantially completed and revenue related to them is fully recognised but for which, however, certain costs are still expected.

Cost accruals regarding construction contracts relate to customer projects, in which revenue is recognised over time based on the stage of completion under the milestone method. In these projects, the amount of revenue to be recognised according to the stage completion is based on an estimate of the value to the customer, which is not directly proportional to the costs incurred by Kalmar for all manufacturing stages. Cost accrual enables the margin recognised from the project to be kept from one stage of completion to another at the level of the expected project margin.

Prepayments from customer finance agreements include received prepayments in which the residual value of the sold equipment has not been substantially transferred to the customer and, as a result, the agreement is treated as an operating lease.

Accounts payable and other non-interest-bearing liabilities

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current				
Other non-interest-bearing liabilities	8.2	77.0	70.9	64.1
Current				
Accounts payable	8.2	167.0	265.9	226.6
Accounts payable, Cargotec Group		5.0	7.2	6.5
Contract liabilities	2.2	109.8	99.7	121.0
Other non-interest-bearing liabilities		217.5	243.8	197.6
Other non-interest-bearing liabilities, Cargotec Group		31.8	13.6	29.3
Accounts payable and other non-interest-bearing liabilities		**608.1**	**701.2**	**645.1**

Other non-interest-bearing liabilities

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current				
Buy-back obligations from customer finance arrangements	8.2	75.0	69.5	62.7
Other liabilities	8.2	2.0	1.5	1.4
Non-current other non-interest-bearing liabilities		**77.0**	**70.9**	**64.1**
Current				
Accrued salaries, wages and employment costs		56.2	49.4	54.0
Late cost reservations		20.4	33.0	27.9
Cost accruals related to construction contracts		4.4	12.1	-
Prepaid rents from customer finance arrangements		72.7	65.2	60.4
VAT liabilities		19.0	29.3	23.9
Accrued interests	8.2	0.0	0.0	0.0
Other accrued expenses		44.8	54.9	31.3
Other accrued expenses, Cargotec Group		31.8	13.6	29.3
Current other non-interest-bearing liabilities		**249.3**	**257.4**	**226.9**
Total other non-interest-bearing liabilities		**326.3**	**328.4**	**291.0**

5.5 Provisions

Accounting principle

Provisions

Provisions are recognised when Kalmar has a current legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are accounted for using the best estimate for the costs required to settle the obligation on the balance sheet date. In case the time value of money is significant, the provision is stated at present value.

Provisions for warranties cover the estimated costs to repair or replace products that are still under warranty on the balance sheet date. Provision for warranty is calculated based on historical experience of levels of repairs and replacements.

Provisions for product claims consist of expected costs arising from settling customer claims for which the value, probability and realisation can be estimated.

A provision is recognised for an onerous contract when the unavoidable costs required to fulfil the commitment exceed the gain to be received from the contract.

A restructuring provision is recognised when a detailed restructuring plan has been prepared and implementation or communication of the plan has started. A restructuring plan shall include the following information: business which is affected, the main units and personnel affected by the restructuring, as well as the costs to be incurred and the timetable of the plan. A restructuring provision and other restructuring related expenses are booked to the function costs to which they by nature belong. However, in case of a significant restructuring programme of Kalmar or its business area, restructuring costs are presented separately in the statement of income.

Estimates and assumptions requiring management judgement

Provisions

The amount of provision to be recognised is the best estimate of the cost required to settle the obligation at the reporting date. The estimate of the financial impact of the past event requires management judgement, which is based on similar events occurred in the past, and where applicable, external experts' opinion. Provisions are reviewed on a regular basis and adjusted to reflect the current best estimate when necessary. The actual costs may differ from the estimated costs.

2023 **EUR million**	**Product warranties**	**Claims**	**Restructuring**	**Onerous contracts**	**Others**	**Total**
Provisions 1 Jan	54.3	2.6	26.7	4.1	7.0	94.8
Translation differences	-0.1	0.0	-0.2	0.0	-0.2	-0.5
Increases	17.6	0.5	6.8	0.5	6.0	31.3
Provisions used	-9.7	0.0	-13.9	-0.5	-5.0	-29.2
Reversals of provisions	-4.4	-1.4	-0.1	-1.3	-0.6	-7.8
Provisions 31 Dec	**57.6**	**1.6**	**19.3**	**2.8**	**7.2**	**88.5**

2022 **EUR million**	**Product warranties**	**Claims**	**Restructuring**	**Onerous contracts**	**Others**	**Total**
Provisions 1 Jan	41.1	1.8	4.2	3.2	1.0	51.2
Translation differences	0.3	0.1	-0.2	0.0	-0.2	0.0
Increases	22.6	1.0	24.9	7.1	8.3	63.9
Provisions used	-6.7	-0.2	-0.8	-2.2	-1.4	-11.3
Reversals of provisions	-3.0	0.0	-1.4	-3.9	-0.7	-8.9
Provisions 31 Dec	**54.3**	**2.6**	**26.7**	**4.1**	**7.0**	**94.8**

2021 EUR million	Product warranties	Claims	Restructuring	Onerous contracts	Others	Total
Provisions 1 Jan	43.6	1.8	5.3	1.4	0.6	52.8
Translation differences	0.2	0.1	0.2	0.0	0.0	0.6
Increases	11.3	1.4	1.7	2.8	2.5	19.7
Provisions used	-12.5	-0.8	-2.9	-0.2	-0.8	-17.1
Reversals of provisions	-1.6	-0.7	-0.1	-0.9	-1.4	-4.7
Provisions 31 Dec	**41.1**	**1.8**	**4.2**	**3.2**	**1.0**	**51.2**

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current provisions	3.2	4.0	0.1
Current provisions	85.3	90.8	51.2
Total	**88.5**	**94.8**	**51.2**

Provisions for warranties cover the expected expenses related to warranty claims from goods sold in the financial period or earlier with a valid warranty. Warranty periods vary among the products but are mainly from 1 to 2 years.

Claims include items related to product claims and related to legal disputes. Provisions for product claims received are made when the value, probability and realisation can be estimated. Provisions are expected to realise mainly within 1−2 years.

Provisions for restructuring are based on plans approved and implemented by the management related to restructuring of operations. Provisions are expected to realise within 1−2 years. Information on restructuring costs can be found in note 2.4, Restructuring costs and other items affecting comparability.

Provisions for onerous contracts are recognised when it is probable that contract costs will exceed the estimated total contract revenue. The expected loss is recognised as an expense immediately. Provisions for onerous contracts in general realise within 1−2 years.

Other provisions include various items, e.g., related to personnel.

6. Intangible and tangible assets

6.1 Goodwill

Accounting principle

Goodwill

Goodwill is recognised in a business combination based on the difference between the consideration paid and net assets received. It represents the value of unidentified intangible assets and expected future benefits that do not meet the definition of an asset such as the value of acquired workforce and expected synergies that are considered to be available.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of previously owned interest and the fair value of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of income. Goodwill is measured at cost less impairment. Impairment losses are recognised in the statement of income. Goodwill is derecognised when subsidiaries are disposed of. The amount of disposed goodwill is determined in relation to the change in the value of the related reporting segment before and after the disposal, based on the value-in-use analysis, or alternatively, based on fair value less cost to sell.

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment when any indication of impairment exists, or at least annually. Impairment testing is performed on the level of the CGU. Goodwill is allocated to those units or groups of units, identified in accordance with the operating segments, that are expected to benefit from the business combination. The testing of intangible assets with indefinite useful lives is either performed as part of a CGU, or on an individual asset level if it is possible to determine independent cash flows for it. The determined recoverable amount of a CGU is based on value-in-use calculations. The value-in-use is determined by calculating the present value of the estimated future net cash flows of the tested CGU. The discount rate applied is the weighted average pre-tax cost of capital that reflects the current market view of the time value of money and risks related to the tested unit.

An impairment loss is recognised in the statement of income when the carrying amount of the CGU exceeds its recoverable amount. Impairment loss is first allocated to goodwill and then to other assets on a pro rata basis.

Carve-out principle

As these financial statements have been prepared on a carve-out basis from historical Cargotec Group's consolidated financial statements, the goodwill impairment testing results presented below are based on the historical impairment tests performed by Cargotec Group for the Kalmar CGU.

Estimates and assumptions requiring management judgement

Impairment testing of goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. For the purpose of impairment testing, goodwill and intangible assets with indefinite useful lives are allocated to cash-generating units. The recoverable amounts of cash-generating units are based on calculations that require management to make estimates and assumptions in determining both future cash flows and the weighted average cost of capital (WACC) used to discount them.

Goodwill

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
Book value 1 Jan	268.1	270.5	267.6
Translation differences	-7.9	-2.4	9.7
Assets held for sale*	-	-	-6.8
Book value 31 Dec	**260.2**	**268.1**	**270.5**

* Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

Goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. Impairment testing of goodwill is carried out by allocating goodwill to the lowest cash generating unit level (CGU) which generates independent cash flows. This level has been identified according to the operative business organisation to be the reported operating segment. Due to the way the operating segment is managed and organised, it is not possible to define independent cash flows for lower-level product divisions.

The recoverable amount of the cash generating unit (CGU) is determined based on the value-in-use model that is based on estimated pre-tax cash flows and assumptions reflecting current use. The future cash flow projection used in the calculation is based on the strategic plans approved by the top management and the Board of Directors and taking into account the prevailing risks and uncertainties in the market environment. Cash flow forecast cover five years, of which the last year is used to derive the terminal value. The value of the last year of the forecast period is determined by extrapolating it based on the average development over the past years and the estimated development over the forecasted period, by taking into account the cyclical nature of the CGU's business. Cash flows beyond the forecast horizon have been projected using a growth rate that is based on an estimate of the long-term growth rate of the industries, taking into account the OECD long-term growth projections but capped by the level of risk-free rate used in the calculations. Long-term growth rate has been 2.0 (2022: 2.0 and 2021: 1.7) percent.

The key assumptions made by the management in the projection relate to market and profitability outlook. Future growth estimates are based on information available by external market research institutions on market development and timing of business cycle. Additionally, market share and growth potential in both new equipment and service markets have been taken into account when estimating future sales growth. Key factors affecting profitability are sales volume, competitiveness and cost efficiency. The relative share of service business from total revenue has also significance in the cash flow projections due to its lower cyclicity and better than average profitability. Additionally, the utilisation rate of factories and assembly units and their cost competitiveness have a significant impact on profitability. The efficiency improvements over the past years have affected positively in financial performance, and the ongoing profit improvement programmes are expected to further improve the profitability in the coming years. Cash flow projections in the analyses reflect typical working capital build-up in upturns and release during downturns.

The discount rate used in the impairment testing is the weighted average cost of capital (WACC) that reflects the total cost of equity and debt, and the market risks related to the segment. Components of WACC are a risk-free interest rate based on the average of government bond yields weighted by the sales of a cash-generating unit in respective countries, market risk premium, comparable peer industry beta, gearing, and credit spread. In the impairment testing based on value-in-use, the WACC is determined on a pre-tax basis. The pre-tax discount rate used in the impairment testing was determined in the same way as last year. The WACC used was 12.3 (2022: 13.9 and 2021: 9.4) percent.

Sensitivity analyses of the key assumptions have been prepared as part of the impairment testing process for Kalmar based on three different scenarios. The tested change in the first scenario is an increase of 2 percentage points in the discount rate, in the second scenario a 10 percent decrease in sales together with a decrease of 2 percentage points in operating profit margin, and in the third scenario the combined effect of the previous scenarios. The sensitivity analyses performed in 2023, 2022 and 2021 indicated no risk of impairment for the Kalmar segment.

6.2 Intangible assets

Accounting principle

Intangible assets

Intangible assets include patents, trademarks, licences, software, capitalised development costs, technologies, acquired order book, and customer relationships. These assets are recognised on the balance sheet at their original cost less cumulative amortisations and impairment losses, if any, except for intangible assets acquired in a business combination which are measured at fair value at acquisition date.
Intangible assets with definite useful lives are amortised on a straight-line basis over their useful lives as follows:

Developed and acquired technologies 3–10 years
Customer relationships and trademarks 3–15 years
Order book 1–5 years
Others 2–5 years

The assets' useful lives are reviewed, and adjusted if necessary, on each balance sheet date. Intangible assets under development are not amortised, but tested for impairment at least annually. The impairment testing is described in detail in the accounting principle Goodwill, disclosed in note 6.1 Goodwill.

Research and development costs

Research and development costs are primarily expensed when incurred. However, development costs are capitalised when certain criteria related to economic and technical feasibility are met, and it is expected that the product will generate future economic benefits. Capitalised development costs include mainly materials, supplies and direct labour costs. The development costs that are once expensed are not subsequently capitalised. Capitalised development costs related to intangible assets are amortised on a straight-line basis over their estimated useful economic life. Unfinished development projects are tested for impairment annually.

Estimates and assumptions requiring management judgement

Amortisation periods applied for the intangible assets

The amortisation periods determined for intangible assets and the related amortisation costs recognised in the statement of income are based on management's estimates of the economic useful lives of the assets.

2023 **EUR million**	**Developed technology**	**Acquired technology**	**Customer relationships and trademarks**	**Others***	**Total**
Acquisition cost 1 Jan	45.4	11.5	9.9	8.0	74.7
Translation differences	0.0	-0.1	-0.2	0.0	-0.3
Additions	0.1	0.1	-	1.1	1.3
Disposals	-0.9	-1.0	-	-3.8	-5.6
Reclassifications	3.1	0.5	-	-2.7	0.9
Companies acquired and sold	-	9.2	-	-	9.2
Acquisition cost 31 Dec	**47.7**	**20.1**	**9.7**	**2.6**	**80.1**
Accumulated amortisation and impairment 1 Jan	-39.6	-10.1	-8.7	-2.6	-60.9
Translation differences	0.0	0.1	0.2	0.0	0.3
Amortisation during the financial period	-1.6	-1.4	-0.4	-	-3.4
Impairment charges	-	-	-	-	0.0
Disposals	0.9	1.0	-	0.0	1.8
Reclassifications	-0.6	-0.1	-	0.1	-0.6
Accumulated amortisation and impairment 31 Dec	**-40.9**	**-10.4**	**-8.9**	**-2.5**	**-62.7**
Book value 31 Dec	**6.8**	**9.7**	**0.8**	**0.1**	**17.4**

*Includes EUR 0.1 million of intangible assets under construction.

2022 **EUR million**	**Developed technology**	**Acquired technology**	**Customer relationships and trademarks**	**Others***	**Total**
Acquisition cost 1 Jan	46.5	15.3	10.0	5.4	77.3
Translation differences	-0.6	0.0	-0.2	0.1	-0.6
Additions	0.5	0.2	-	2.5	3.2
Disposals	-0.9	-0.8	-	0.0	-1.7
Reclassifications	-0.2	-3.2	0.0	-0.1	-3.5
Acquisition cost 31 Dec	**45.4**	**11.5**	**9.9**	**8.0**	**74.7**
Accumulated amortisation and impairment 1 Jan	-39.7	-12.9	-8.3	-2.5	-63.3
Translation differences	0.6	0.0	0.2	-0.1	0.6
Amortisation during the financial period	-1.6	-0.7	-0.5	0.0	-2.9
Impairment charges	-	-0.1	-	0.0	-0.1
Disposals	0.9	0.3	0.0	-	1.1
Reclassifications	0.3	3.3	0.0	0.0	3.6
Accumulated amortisation and impairment 31 Dec	**-39.6**	**-10.1**	**-8.7**	**-2.6**	**-60.9**
Book value 31 Dec	**5.8**	**1.4**	**1.2**	**5.4**	**13.8**

*Includes EUR 5.3 million of intangible assets under construction.

2021 **EUR million**	**Developed technology**	**Acquired technology**	**Customer relationships and trademarks**	**Others***	**Total**
Acquisition cost 1 Jan	46.3	14.9	9.7	3.6	74.4
Translation differences	0.1	5.5	-2.2	0.1	3.6
Additions	0.4	0.6	-	2.1	3.0
Disposals	-	-0.3	-	0.0	-0.3
Reclassifications	0.0	0.1	0.3	-0.3	0.0
Assets held for sale**	-0.3	-5.6	2.3	0.0	-3.6
Acquisition cost 31 Dec	**46.5**	**15.3**	**10.0**	**5.4**	**77.3**
Accumulated amortisation and impairment 1 Jan	-37.3	-12.1	-7.7	-2.4	-59.5
Translation differences	-0.1	-3.1	1.2	-0.1	-2.2
Amortisation during the financial period	-3.8	0.4	-0.5	0.0	-3.9
Impairment charges	-	-	-	0.0	0.0
Disposals	-	0.3	-	-	0.3
Reclassifications	1.3	-1.4	0.0	0.0	0.0
Assets held for sale**	0.3	3.0	-1.3	0.0	2.0
Accumulated amortisation and impairment 31 Dec	**-39.7**	**-12.9**	**-8.3**	**-2.5**	**-63.3**
Book value 31 Dec	**6.8**	**2.4**	**1.7**	**3.0**	**14.0**

*Includes EUR 2.9 million of intangible assets under construction.
**Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

Kalmar has not capitalised research and development costs during the carve-out period.

6.3 Property, plant and equipment

Accounting principle

Property, plant and equipment

Property, plant and equipment are recognised on the balance sheet at cost less accumulated depreciations and impairment losses, if any. Impairment losses are described in detail in the accounting principle Impairment disclosed in note 6.4 Depreciation, amortisation and impairment charges. Depreciation is recognised on a straight-line basis to write off the cost less the estimated residual value over the estimated economic useful life of assets as follows:

Machinery and equipment 2–10 years
Buildings 5–40 years
Land and water areas are not depreciated

The assets' residual values and useful lives are reviewed, and adjusted if necessary, on each balance sheet date. The cost of major renovations is included either in the asset's carrying amount or recognised as a separate asset, as appropriate, when future economic benefits are expected from the renovations, and the cost of the renovation can be distinguished from ordinary maintenance and repair costs. Financing costs of tangible assets as borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the respective asset. Gains and losses on sales of property, plant and equipment are included in the operating profit.

Estimates and assumptions requiring management judgement

Depreciation periods applied for the items of property, plant and equipment

The depreciation periods determined for items of property, plant and equipment and the related depreciation costs recognised in the statement of income are based on management's estimates of the economic useful lives of the assets.

2023 EUR million	**Owned assets**				**Right-of-use assets**		
	Land and buildings	**Machinery and equipment**	**Equipment leased to others**	**Others***	**Land and buildings**	**Machinery and equipment**	**Total**
Acquisition cost 1 Jan	86.7	98.6	202.4	3.1	85.0	21.7	497.5
Translation differences	0.4	-1.2	-1.9	0.0	-0.5	-0.2	-3.4
Additions	1.7	3.5	42.7	6.7	16.7	9.1	80.4
Disposals	-0.5	-3.5	-38.8	-0.3	-0.3	-5.6	-49.1
Reclassifications	1.2	5.2	4.8	-6.4	0.0	0.0	4.8
Companies acquired and sold	-	0.3	-	-	-	-	0.3
Acquisition cost 31 Dec	**89.4**	**103.0**	**209.3**	**3.0**	**100.9**	**24.9**	**530.6**
Accumulated depreciation and impairment 1 Jan	-38.7	-79.3	-77.9	0.0	-30.8	-13.5	-240.2
Translation differences	0.6	1.0	0.8	0.0	0.4	0.1	2.9
Depreciation during the financial period	-3.5	-6.3	-27.9	-	-10.1	-6.0	-53.7
Impairment charges	0.0	-	-	-	-	-	0.0
Disposals	0.3	2.9	24.2	-	0.3	5.2	32.9
Reclassifications	0.0	0.0	0.5	-	0.0	0.0	0.4
Accumulated depreciation and impairment 31 Dec	**-41.3**	**-81.7**	**-80.3**	**0.0**	**-40.3**	**-14.2**	**-257.7**
Book value 31 Dec	**48.1**	**21.3**	**129.0**	**3.0**	**60.7**	**10.8**	**272.9**

*Includes EUR 3.0 million of assets under construction.

2022 EUR million	Owned assets				Right-of-use assets		
	Land and buildings	Machinery and equipment	Equipment leased to others	Others*	Land and buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	82.6	105.2	182.1	2.8	78.8	21.8	473.3
Translation differences	0.3	0.5	-2.2	0.1	-1.2	-0.2	-2.9
Additions	1.4	2.9	32.3	7.1	8.3	4.8	56.8
Disposals	-0.4	-4.5	-23.6	-0.3	-1.3	-3.8	-34.0
Reclassifications	2.9	-5.5	13.8	-6.5	0.5	-1.0	4.2
Acquisition cost 31 Dec	**86.7**	**98.6**	**202.4**	**3.1**	**85.0**	**21.7**	**497.5**
Accumulated depreciation and impairment 1 Jan	-35.2	-85.2	-66.5	0.0	-24.2	-12.8	-223.9
Translation differences	-0.2	-0.5	0.9	0.0	0.3	0.2	0.7
Depreciation during the financial period	-3.3	-7.0	-24.9	-	-9.1	-5.1	-49.4
Impairment charges	-0.1	-	-	-	-	-	-0.1
Disposals	0.4	4.0	11.0	-	2.5	3.4	21.3
Reclassifications	-0.3	9.4	1.5	-	-0.3	0.8	11.1
Accumulated depreciation and impairment 31 Dec	**-38.7**	**-79.3**	**-77.9**	**0.0**	**-30.8**	**-13.5**	**-240.2**
Book value 31 Dec	**48.0**	**19.3**	**124.5**	**3.1**	**54.2**	**8.2**	**257.3**

*Includes EUR 3.1 million of assets under construction.

2021 EUR million	Owned assets				Right-of-use assets		
	Land and buildings	Machinery and equipment	Equipment leased to others	Others*	Land and buildings	Machinery and equipment	Total
Acquisition cost 1 Jan	92.1	100.8	179.6	1.3	78.7	19.9	472.5
Translation differences	3.1	2.8	1.6	0.1	0.4	0.2	8.2
Additions	0.6	5.1	16.4	3.7	4.4	4.5	34.6
Disposals	-13.4	-4.3	-26.3	0.0	-5.0	-3.6	-52.6
Reclassifications	0.3	1.5	10.7	-2.1	-0.1	0.9	11.1
Assets held for sale**	0.0	-0.7	-	-0.2	0.5	-	-0.5
Acquisition cost 31 Dec	**82.6**	**105.2**	**182.1**	**2.8**	**78.8**	**21.8**	**473.3**
Accumulated depreciation and impairment 1 Jan	-36.2	-79.3	-60.1	0.0	-17.4	-9.9	-202.9
Translation differences	-1.8	-2.2	-0.5	0.0	-0.3	-0.1	-4.9
Depreciation during the financial period	-3.4	-7.5	-24.8	-	-8.1	-5.2	-49.0
Impairment charges	-0.1	-0.1	-	-	-0.9	0.0	-1.1
Disposals	6.3	3.8	16.5	-	1.9	3.3	31.8
Reclassifications	0.0	-0.2	2.3	-	-0.1	-0.9	1.1
Assets held for sale**	0.0	0.3	-	-	0.8	-	1.1
Accumulated depreciation and impairment 31 Dec	**-35.2**	**-85.2**	**-66.5**	**0.0**	**-24.2**	**-12.8**	**-223.9**
Book value 31 Dec	**47.4**	**20.0**	**115.6**	**2.8**	**54.6**	**9.0**	**249.5**

*Includes EUR 2.8 million of assets under construction.
**Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 7.3 Assets held for sale.

6.4 Depreciation, amortisation and impairment charges

Accounting principle

Impairments

The book values of assets are reviewed for potential impairment on each balance sheet date. Should any indication arise, the asset is tested for impairment. Impairment testing determines the recoverable amount of an asset. The recoverable amount of items of property, plant and equipment, intangible assets, and goodwill is the fair value less costs to sell, or, if higher than that, the cash flow-based value in use. If the recoverable amount of a single asset cannot be reliably determined, the need for impairment is assessed on the lowest level of the cash generating unit (CGU) that is mainly independent of the other units, and whose cash flows are separately identifiable from the cash flows of the other units.

An impairment loss related to goodwill is recognised in the statement of income when the carrying amount of the CGU exceeds its recoverable amount. Impairment loss is first allocated to goodwill and then to other assets on a pro rata basis. Impairment losses recognised for goodwill cannot be subsequently reversed.

An impairment loss related to other assets is recognised in the statement of income when the carrying

amount of an asset exceeds its recoverable amount. A previously recognised impairment loss is reversed only if there has been a significant change in the estimates used to determine the recoverable amount. The impairment loss can only be reversed to the extent that the carrying value of an asset is returned to a level where it would have been without the recognised impairment loss.

Estimates and assumptions requiring management judgement

Impairment testing

Intangible assets and property, plant and equipment are tested for impairment every time there is any indication of impairment. In assessing impairment, both external and internal sources of information are considered. External sources include a significant decline in market value that is not the result of the passage of time, normal use of the assets or increase in interest rate. Internal sources of information include evidence of obsolescence of, or physical damage to, an asset. If the carrying amount of an asset exceeds the amount that is recoverable from its use or sale, an impairment loss is recognised immediately so that the carrying amount corresponds to the recoverable amount.

Depreciation, amortisation and impairment by function

EUR million	1 Jan−31 Dec 2023	1 Jan−31 Dec 2022	1 Jan−31 Dec 2021
Cost of goods sold	44.3	39.9	39.7
Sales and marketing	3.0	2.7	2.5
Research and development	2.5	1.6	2.2
Administration	7.4	8.0	9.6
Restructuring	-	-	0.0
Other	0.0	0.3	0.1
Total	**57.2**	**52.4**	**54.0**

Depreciation, amortisation and impairment charges by asset type are disclosed in notes 6.1, Goodwill, 6.2, Intangible assets, and 6.3, Property, plant and equipment.

7. Group structure

Accounting principle

Foreign currency transactions
Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Open foreign currency-denominated monetary receivables and liabilities at the end of the financial period, both intercompany and external, are translated using the exchange rate of the balance sheet date, and the resulting foreign exchange gains and losses are recognised in the statement of income except when hedge accounting is applied. Foreign exchange gains and losses related to normal business operations are treated as adjustments to sales or costs. Exchange rate differences on other hedges relating to business operations are recorded in other operating income and expenses.

Exchange rate gains and losses related to foreign currency hedges designated as hedges of sales and purchases under hedge accounting are first recognised in the statement of comprehensive income, and finally in the statement of income as adjustments to sales and purchases simultaneously with the related transactions. Exchange rate differences on other hedges relating to business operations are recorded in other operating income and expenses. Foreign exchange gains and losses associated with financing are included in financial income and expenses.

Foreign subsidiaries

The stand-alone financial statements of subsidiaries are reported using the currency that best reflects the operational environment of that subsidiary (the functional currency"). In the combined financial statements, the statement of income and the cash flows of subsidiaries whose functional currency is other than the euro are translated into euros using the average exchange rate of the financial period, and the assets and liabilities on the balance sheets are translated into euros at the balance sheet date exchange rate. Translation differences caused by different exchange rates are recognised through the statement of comprehensive income in the cumulative translation differences in equity. Intercompany loan agreements may form a part of net investment if their settlement is neither planned nor probable in the foreseeable future, and thus the exchange rate gains and losses of these contracts are also recognised as translation differences in equity. When applying hedge accounting for a hedge of a net investment in a foreign operation, exchange rate differences on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, and any ineffective portion is recognised immediately in the statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences arising are recognised in equity.

Translation differences from acquisition cost eliminations and post-acquisition profits and losses of subsidiaries, associated companies and joint ventures outside the euro area are recognised in the statement of comprehensive income. When a foreign entity or part of it is disposed, accumulated translation differences previously recognised in other comprehensive income are reclassified to the statement of income as a part of the gain or loss on sale.

Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction instead of normal use and a sale is considered highly probable. Non-current assets held for sale are measured immediately before reclassification in accordance with the normal measurement principles after which they are measured at the lower of carrying amount and fair value less cost to sell. Impairment losses or gains are recognised in the statement of income. Non-current assets held for sale are not depreciated or amortised.

7.1 Acquisitions and disposals of businesses

Accounting principle

Disposals

The acquisition method of accounting is used to account for all business combinations in which Kalmar obtains control of the acquired business regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. If a contingent consideration is classified as a financial liability, it is measured at fair value on each reporting date, and the changes in the fair value are recognised in the statement of income. Contingent consideration classified as equity is not revalued.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. The share of non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The difference, if any, between the consideration transferred and the fair value of net assets obtained is recognised as goodwill. Businesses acquired during the financial period are included in the combined financial statements from the date the control is obtained, and divested businesses until the date the control is lost. When control is lost, all assets and liabilities related to the disposed business are derecognised. Additionally, if relevant, the related hedging result recognised in other comprehensive income and translation differences accumulated in equity are reclassified to the statement of income on disposal.

If a business combination is achieved in stages, the previously held equity interest is revalued at fair value at the acquisition date. Any gains or losses arising from remeasurement are recognised in the statement of income. Acquisition-related costs are expensed as incurred.

Carve-out principle

In situations of divestitures during the financial years 2023, 2022 and 2021, management has decided to include such divested businesses and activities related to Kalmar in the carve-out financial statements and present them as a disposal group or discontinued operations (disposal group basis).

Navis which has historically been included in the Kalmar segment as part of Cargotec's financial reporting, but which has been disposed during the financial year 2021, has been included in the carve-out financial statements up to the date of disposal as continuing operations. Gains and losses on arising from such disposals, are reported by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. The cash flows arising from the disposals are presented as Equity financing with Cargotec Group, net in the combined statement of cash flows.

Estimates and assumptions requiring management judgement

Acquisitions of businesses

Net assets acquired through business combinations are measured at fair value. The consideration exceeding the value of net assets acquired is recognised as goodwill. The measurement of fair value of the acquired net assets is based on market values of similar assets (property, plant and equipment), and valuation techniques based on expected cash flows and returns (intangible assets). The valuation, which is based on prevailing repurchase value, expected cash flows or estimated sales price, requires management judgement, estimates and assumptions. Management trusts that the applied estimates and assumptions are sufficiently reliable for determining fair values.

Acquisitions in 2023

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

There were no acquisitions during 2021 and 2022.

Disposals in 2022

Kalmar and Rainbow Industries Co. Ltd. (RIC) entered into an agreement in July 2022 whereby Kalmar transferred heavy cranes' related intellectual properties and assets to RIC in China. The transfer of intellectual properties related to rubber-tyred gantry cranes (RTG), rail-mounted gantry cranes (RMG), ship-to-shore cranes (STS), and automatic stacking cranes (ASC) which were assembled and manufactured at RIC's facility in Taicang, China. RIC had been Cargotec's Original Equipment Manufacturing (OEM) subcontractor providing assembly services for Cargotec's business areas, Kalmar and MacGregor, since 2020 and prior to that Cargotec and Rainbow operated through a joint venture in China since 2013.

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

Disposals in 2021

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

The transaction follows the release issued in March 2021, in which the signing of the sale was announced, and the release issued in February 2020, in which it was announced that strategic options for the future development of Navis is evaluated. In December 2020 the decision to launch the sale process for the Navis software business was announced. Navis software solutions for terminal operators, carriers, and ship owners are used to optimise global container flows, and the main product of Navis, the N4 terminal operating system is used by 340 customers in more than 80 countries. Navis recorded sales of EUR 49 million from the first six months of 2021 and EUR 107 million in 2020. As a result of the transaction, Kalmar's personnel reduced by approximately 700 persons.

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

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

7.2 Associated companies

Accounting principle

Associated companies

Associated companies are entities over which Kalmar has significant influence based on right to participate in the financial and operating policy decision-making but over which Kalmar has no control or joint control. Investments in associated companies are accounted for in the combined financial statements under the equity method. Investments in associated companies are initially recognised on the balance sheet at the acquisition cost, which includes goodwill and intangible assets identified on acquisition as well as the costs for acquiring or establishing the associated company. Subsequently, the value of investment is adjusted in accordance with changes in the net assets of the investee in proportion to Kalmar's ownership, and in accordance with the amortisations of the intangible assets identified in the acquisition. Investment in an associated company is derecognised when Kalmar no longer has a joint control, or significant influence over the investee.

Kalmar's share of the associated company's profit for the financial period is presented as a separate item before the operating result in the combined statement of income. The results of associated companies are accounted for with equity method based on their most recent financial statements. Any change in other comprehensive income of those investees is presented as part of the Kalmar's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, Kalmar recognises its share of any changes, when applicable, in the statement of changes in equity.

Business transactions between the group and the associated companies are recognised in the group's financial statements only to the extent of the unrelated investor's interest in the associated company. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the transferred assets. The accounting principles of the associated companies have been changed where necessary to ensure consistency with the principles adopted by Kalmar.

The carrying amount of investments in associated companies is reviewed on a regular basis and if any impairment in value has occurred, it is written down in the period in which these circumstances are identified. If Kalmar's share of the associated company's losses exceeds its interest in the company, the carrying amount is written down to zero. After this, losses are reported only if Kalmar is committed to fulfilling the obligations of the associated company.

Carve-out principle

Bruks Siwertell Group AB, an associated company with 47 percent ownership, has been included in the Kalmar segment as part of Cargotec's financial reporting and is thus included in these carve-out financial statements.

Estimates and assumptions requiring management judgement

Assessment of joint control and significant influence

Kalmar applies judgement in determining an appropriate method to account for its ownership in the investees. Kalmar's investments in associated companies include investments, in which Kalmar's voting rights are normally more than 20 percent. Accounting for the investment as an associated company is based on Kalmar's significant influence in the investee. Where indicators for shared control, or significant influence are not unambiguous, management applies judgement in determining the appropriate consolidation method.

	Associated companies		
EUR million	**2023**	**2022**	**2021**
Book value 1 Jan	39.3	35.7	31.1
Translation differences	-0.3	-1.8	-1.3
Share of net income	9.0	6.3	6.3
Share of other comprehensive income	0.7	-0.8	-0.3
Impairment	-	-	-0.2
Book value 31 Dec	**48.8**	**39.3**	**35.7**

Equity-accounted investments in other entities

31 Dec 2023							Shareholding (%)	
EUR million	Country*	Classification	Assets	Liabilities	Sales	Profit for the period	Parent company	Group
Bruks Siwertell Group AB	Sweden	Associated company	167.8	64.5	206.0	19.0	-	47.2

* The countries of incorporation and of primary operations are the same.

31 Dec 2022							Shareholding (%)	
EUR million	Country*	Classification	Assets	Liabilities	Sales	Profit for the period	Parent company	Group
Bruks Siwertell Group AB	Sweden	Associated company	153.0	69.7	186.2	13.4	-	47.2

* The countries of incorporation and of primary operations are the same.

31 Dec 2021							Shareholding (%)	
EUR million	Country*	Classification	Assets	Liabilities	Sales	Profit for the period	Parent company	Group
Bruks Siwertell Group AB	Sweden	Associated company	149.2	73.5	169.4	13.5	-	47.2

* The countries of incorporation and of primary operations are the same.

Summarised financial information about material associated companies

Summarised balance sheets at 31 Dec	Bruks Siwertell Group AB		
EUR million	**2023**	**2022**	**2021**
Non-current assets	61.6	60.1	65.8
Cash and cash equivalents	27.7	18.9	23.7
Other current assets	78.5	74.0	59.8
Total assets	**167.8**	**153.0**	**149.2**
Non-current financial liabilities	4.3	2.9	14.1
Other non-current liabilities	16.7	16.7	16.8
Current financial liabilities	-	5.4	-
Other current liabilities*	43.4	44.7	42.6
Total liabilities	**64.5**	**69.7**	**73.5**
Net assets	**103.3**	**83.3**	**75.7**

* Accounts payable are included in other current liabilities.

Summarised statements of income	Bruks Siwertell Group AB		
EUR million	**2023**	**2022**	**2021**
Sales	206.0	186.2	169.4
Depreciation, amortisation and impairments	3.0	2.7	-2.7
Finance income	2.1	1.2	1.7
Finance expenses	-1.2	-1.3	-1.0
Profit before taxes	23.8	17.2	16.8
Income taxes	-4.8	-3.9	-3.3
Profit for the period	**19.0**	**13.4**	**13.5**
Other comprehensive income	1.5	-1.8	-0.5
Comprehensive income for the period	**20.5**	**11.5**	**12.9**

There were no dividends received from associated companies.

Reconciliation of summarised information

EUR million	Bruks Siwertell Group AB 2023	2022	2021
Net assets 1 Jan	83.3	75.7	64.5
Profit for the period	19.0	13.4	13.5
Other comprehensive income for the period	1.5	-1.8	-0.5
Additions/disposals	-	-	0.1
Dividends	0.0	0.0	0.0
Translation differences	-0.5	-3.9	-1.8
Net assets 31 Dec	**103.3**	**83.3**	**75.7**
Kalmar's share of net assets	48.8	39.3	35.7
Goodwill	0.0	0.0	0.0
Book value 31 Dec	**48.8**	**39.3**	**35.7**

7.3 Assets held for sale

Accounting principle

Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction instead of normal use and a sale is considered highly probable. Non-current assets held for sale are measured immediately before reclassification in accordance with the normal measurement principles after which they are measured at the lower of carrying amount and fair value less cost to sell. Impairment losses or gains are recognised in the statement of income. Non-current assets held for sale are not depreciated or amortised.

On July 1, 2021, the Navis business was sold to Accel-KKR, a Silicon Valley-based leading technology-focused investment firm for an enterprise value of EUR 380 million. Additional information about the sale is disclosed in note 7.1, Disposals of business.

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

Assets held for sale and liabilities directly associated with the assets held for sale in the year 2021

2021 EUR million	Note	1 Jan	Changes in the classification during the year	Sold during the year	31 Dec
ASSETS					
Non-current assets					
Goodwill	6.1	73.6	6.8	-80.4	-
Intangible assets	6.2	65.2	1.6	-66.8	-
Property, plant and equipment	6.3	7.6	-0.6	-7.0	-
Loans receivable and other interest-bearing assets*	8.2	0.4	-0.1	-0.3	-
Deferred tax assets	4.2	2.1	1.0	-3.1	-
Other non-interest-bearing assets	5.3, 8.2	0.7	0.7	-1.4	-
Total non-current assets		**149.7**	**9.4**	**-159.1**	**-**
Current assets					
Loans receivable and other interest-bearing assets*	8.2	0.2	0.0	-0.3	-
Income tax receivables		0.7	-0.7	-	-
Inventories	5.2	-	0.5	-0.5	-
Accounts receivable and other non-interest-bearing assets	2.2, 5.3, 8.2	34.7	2.3	-37.0	-
Cash and cash equivalents*	8.2, 8.3	0.4	18.3	-18.7	-
Total current assets		**36.0**	**20.4**	**-56.3**	**-**
Assets held for sale		**185.7**	**29.7**	**-215.4**	**-**

* Included in interest-bearing net debt.

2021 EUR million	Note	1 Jan	Changes in the classification during the year	Sold during the year	31 Dec
LIABILITIES					
Non-current liabilities					
Interest-bearing liabilities*	8.2, 8.4, 9.1	5.5	-1.4	-4.1	-
Deferred tax liabilities	4.2	18.9	-5.4	-13.5	-
Pension obligations	3.4	1.2	0.4	-1.6	-
Other non-interest-bearing liabilities	5.4, 8.2	3.5	-3.5	-	-
Total non-current liabilities		**29.1**	**-9.9**	**-19.1**	**-**
Current liabilities					
Current portion of interest-bearing liabilities*	8.2, 8.4, 9.1	2.2	-0.1	-2.1	-
Contract liabilities	2.2	23.8	5.8	-29.6	-
Accounts payable and other non-interest-bearing liabilities	5.4, 8.2	15.4	17.5	-32.9	-
Total current liabilities		**41.4**	**23.2**	**-64.6**	**-**
Liabilities directly associated with the assets held for sale		**70.5**	**13.2**	**-83.7**	**-**

* Included in interest-bearing net debt.

8. Capital structure and financial instruments

8.1 Financial risk management

Organisation of finance function and financial risk management

Kalmar has historically been a part of Cargotec Group and its finance and financial risk management are conducted centrally according to the Cargotec Treasury Policy, approved by the Cargotec Board of Directors. Cargotec Treasury Policy defines the organisation, responsibilities and principles of financial risk management, monitoring and reporting. Cargotec Treasury Committee, appointed by the Cargotec Board, is responsible for Cargotec Treasury Policy compliance and for organising and monitoring the treasury function.

The objectives of the treasury function are to secure sufficient funding for business operations, avoiding financial constraint at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit, counterparty and operational risks) and to regularly provide management with information on the financial position and risk exposures of Cargotec and its business units.

Historically, Cargotec Treasury has been responsible for funding at corporate level, for managing liquidity and financial risks, for providing efficient set up of financing operations and for monitoring Kalmar entities' financial positions. Kalmar entities have been responsible for hedging their financial risks according to the Cargotec Treasury Policy and instructions from Cargotec Treasury.

Currency risk

Due to its global operations, Kalmar is exposed to risks arising from foreign exchange rate fluctuations and a significant proportion of sales and costs are generated in foreign currencies, most significantly in the US dollars.

Foreign currency positions, which include contractual cash flows, related to sales, purchases and financing, are fully hedged. Other highly probable cash flows may be hedged, if deemed necessary by Cargotec Treasury and the Kalmar entities. Kalmar entities hedge the positions via intercompany forward contracts against Cargotec. In countries where hedging is restricted, foreign currency denominated loans and deposits may be used as hedging instruments.

Cash flow hedge accounting is generally applied to qualifying foreign currency hedges. Under the Cargotec hedge accounting model, the portion of the fair value change related to a change in the spot rate is recognised in the fair value reserve within equity until the cumulative profit or loss is recycled to the statement of income simultaneously with the hedged item. The portion of the fair value change related to interest rate is excluded from hedge accounting and recognised directly in profit or loss. Hedge accounting is started when a qualifying risk exposure is identified and Kalmar enters into a hedge, and terminated when the hedged item impacts profit or loss. Hedge accounting is not applied in cases where its impact on the combined statement of income is deemed insignificant by Cargotec Treasury.

Kalmar is exposed to foreign currency risk arising from both on- and off-balance sheet items. The net balance sheet exposure in the table below represents the foreign currency risk arising from the on-balance sheet financial items, and the net exposure illustrates the total outstanding foreign currency risk as defined and monitored by Cargotec Treasury.

31 Dec 2023 **EUR million**	**EUR**	**USD**	**CNY**	**SGD**	**PLN**	**Others**
Balance sheet items	-49.3	78.5	-14.7	-19.6	4.3	-0.2
Hedges	141.6	-225.7	58.6	52.6	30.1	-51.3
Balance sheet exposure	**92.4**	**-147.2**	**43.9**	**33.1**	**34.5**	**-51.5**
Order book and purchases	-93.8	167.6	-39.9	-52.2	-40.7	49.4
Net exposure	**-1.4**	**20.4**	**4.0**	**-19.2**	**-6.3**	**-2.1**

31 Dec 2022

EUR million	**EUR**	**USD**	**CNY**	**SGD**	**PLN**	**Others**
Balance sheet items	-71.4	69.6	-6.9	-23.2	19.9	13.3
Hedges	241.5	-308.2	49.8	54.0	36.2	-78.9
Balance sheet exposure	**170.1**	**-238.6**	**42.9**	**30.8**	**56.1**	**-65.6**
Order book and purchases	-146.4	245.2	-34.5	-27.8	-85.0	52.8
Net exposure	**23.7**	**6.6**	**8.4**	**3.0**	**-28.9**	**-12.8**

31 Dec 2021

EUR million	**EUR**	**USD**	**CNY**	**SGD**	**PLN**	**Others**
Balance sheet items	-6.6	7.5	-12.6	-27.4	38.3	-0.8
Hedges	88.1	-249.4	56.3	81.6	64.3	-54.6
Balance sheet exposure	**81.5**	**-241.9**	**43.7**	**54.2**	**102.6**	**-55.4**
Order book and purchases	-85.7	253.1	-39.1	-67.5	-111.4	65.2
Net exposure	**-4.2**	**11.2**	**4.6**	**-13.3**	**-8.8**	**9.8**

The foreign currency exposures in the table above include the most important operational currencies of Kalmar entities. In this table, amounts are presented on a gross basis including foreign currency amounts and counter values in local currencies.

Kalmar entities constantly monitor their foreign currency exposures and report them on a monthly basis to Cargotec Treasury which is responsible for monitoring the overall exposure and arranging hedges for identified exposures.

Foreign exchange rate fluctuations have an effect on the combined income and equity. The effect in the statement of income arises from foreign currency denominated financial assets and liabilities in the subsidiaries' balance sheets, including derivatives for which hedge accounting is not applied. The effect in equity arises from derivatives under hedge accounting from which the fair value fluctuations related to changes in exchange rates are recognised in the fair value reserve of the other comprehensive income. Foreign exchange rate impact in the fair value reserve is expected to be offset by the corresponding opposite impact in the value of the hedged item when recognised in the statement of income. Cargotec Treasury has recognised the following currency pair to be the most significant and estimated the impact on profit before taxes and on other comprehensive income through sensitivity analysis. Sensitivity analysis assumes that cash is held at subsidiaries' functional currency.

	Profit before taxes			**Other comprehensive income**		
EUR million	**2023**	**2022**	**2021**	**2023**	**2022**	**2021**
USD appreciates 10% against the euro	-3.4	-1.0	-1.9	-9.6	-22.8	-15.0
USD depreciates 10% against the euro	3.4	1.0	1.9	9.6	22.8	15.0

Net investments in non-euro area subsidiaries cause translation differences, recognised in the invested equity (translation risk). Translation risk is mitigated by managing the capital structure so that the effect of foreign exchange rate fluctuations on debt and equity are in balance. Cargotec Treasury regularly monitors the translation exposure for the group and evaluates the materiality of the risk position. The impact of the translation risk from currencies to gearing is evaluated not to be significant and hedging the translation risk has not been considered necessary.

Interest rate risk

Fluctuations in market interest rates have an effect on combined interest outflows and the fair values of interest-bearing loans, receivables and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the statement of income, balance sheet and cash flow.

Kalmar's interest rate risk has been historically monitored and managed centrally by Cargotec Treasury as a part of Cargotec's financial risk management. Interest rate risk is managed by maintaining the duration of the financial portfolio within the limits set by the Cargotec Treasury Committee, by balancing between fixed and floating rate debt and by using derivative instruments.

On 31 December 2023, Kalmar's combined interest-bearing debt totalled EUR 254.6 million (31 Dec 2022: 171.0 million, 31 Dec 2021: 204.8 million), of which EUR 112.8 (2022: 94.9, 2021: 124.8) million were loans and cash pool liabilities from Cargotec Group, and EUR 78.6 (2022: 69.3, 2021: 71.5) million were lease liabilities. The rest, EUR 63.3 (2022: 6.7, 2021: 8.5) million, consisted of EUR 50 million external loan committed to by Cargotec's parent company but linked to Kalmar and thus included in the carve-out financial statements, and fixed and floating rate loans, short term loans, bank overdrafts and other interest-bearing liabilities.

On 31 December 2023, the EUR 377.9 (31 Dec 2022: 369.3, 31 Dec 2021: 327.3) million investment portfolio consisted mainly of cash pool receivables from Cargotec Group and bank account balances. Interest-bearing loan receivables totalled EUR 3.2 (2022: 7.0, 2021: 15.1) million and finance lease receivables EUR 0.2 (2022: 0.2, 2021: 1.5) million.

Based on the sensitivity analysis, a one percentage point increase/decrease in the interest rates would have decreased/ increased net interest cost by EUR 1.7 (31 Dec 2022: decreased/ increased by 2.5 million, 31 Dec 2021: decreased/increased by 1.3) million. The sensitivity in the statement of income is affected by variable rate loans, short term loans, loans receivable, deposits, bank accounts and bank overdrafts. The sensitivity is calculated as an annual effect assuming that the balance sheet structure remains unchanged.

With respect to all currency forward contracts, the fair value changes related to fluctuations in interest rates are recognised directly in financial income and expenses, and, hence, the changes in short-term market rates may affect financial result also via currency hedging contracts. If the interest rate difference between the euro and the US dollar had widened/narrowed one percentage point, financial net cost would have increased/decreased by EUR 2.0 (31 Dec 2022: increased/decreased by 3.0, 31 Dec 2021: increased/decreased by 2.1) million. Effects from other currency pairs are deemed insignificant assuming that the current currency position remains the same and there is a similar change in all currency pairs.

31 Dec 2023 EUR million	**0−6 mths**	**6−12 mths**	**12−24 mths**	**24−36 mths**	**Later**	**Total**
Loans receivable and other interest-bearing assets*	85.8	-	-	-	-	85.8
Loans receivable and other interest-bearing assets, Cargotec Group	292.1	-	-	-	-	292.1
Non-current loans from financial institutions	-50.0	-	-	-	-	-50.0
Lease liabilities	-7.3	-7.3	-12.5	-9.9	-41.7	-78.6
Current interest-bearing liabilities and other interest-bearing liabilities**	-13.3	-	-	-	-	-13.3
Current interest-bearing liabilities and other interest-bearing liabilities, Cargotec Group	-112.8	-	-	-	-	-112.8
Net	**194.6**	**-7.3**	**-12.5**	**-9.9**	**-41.7**	**123.3**

31 Dec 2022 EUR million	**0−6 mths**	**6−12 mths**	**12−24 mths**	**24−36 mths**	**Later**	**Total**
Loans receivable and other interest-bearing assets*	106.0	1.3	-	-	-	107.3
Loans receivable and other interest-bearing assets, Cargotec Group	262.0	-	-	-	-	262.0
Lease liabilities	-5.6	-5.6	-8.7	-7.5	-41.8	-69.3
Current interest-bearing liabilities and other interest-bearing liabilities**	-6.7	-	-	-	-	-6.7
Current interest-bearing liabilities and other interest-bearing liabilities, Cargotec Group	-94.9	-	-	-	-	-94.9
Net	**260.7**	**-4.3**	**-8.7**	**-7.5**	**-41.8**	**198.4**

31 Dec 2021 EUR million	0−6 mths	6−12 mths	12−24 mths	24−36 mths	Later	Total
Loans receivable and other interest-bearing assets*	104.0	-	1.2	-	12.4	117.7
Loans receivable and other interest-bearing assets, Cargotec Group	209.6	-	-	-	-	209.6
Non-Current interest-bearing liabilities, Cargotec Group	-16.6	-	-	-	-	-16.6
Lease liabilities	-5.9	-5.9	-9.2	-7.0	-43.4	-71.5
Current interest-bearing liabilities and other interest-bearing liabilities**	-8.5	-	-	-	-	-8.5
Current interest-bearing liabilities and other interest-bearing liabilities, Cargotec Group	-108.2	-	-	-	-	-108.2
Net	**174.5**	**-5.9**	**-8.1**	**-7.0**	**-31.0**	**122.5**

* Including cash and cash equivalents
** Including bank overdrafts

Other market risks

In addition to financial risks managed by the treasury function, Kalmar is exposed to price and supply risks mainly relating to raw material and component purchases. Kalmar business units are responsible for identifying and mitigating the risks as well as possible hedging measures. Risks are managed through careful selection of suppliers, long-term cooperation with key suppliers and contract terms.

Liquidity and funding risks

The objective of Cargotec's liquidity management is to maintain an optimal amount of liquidity to fund the business operations at all times while minimising interest and bank costs and avoiding financial distress (liquidity risk). The objective of funding risk management is to avoid an untenably large proportion of loans or credit facilities maturing at a time when refunding is not economically or contractually feasible. The risk is minimised by balancing the repayment schedules of loans and credit facilities, as well as retaining flexible credit facility agreements and by retaining long-term liquidity reserves exceeding the level of short- term liquidity requirement. Cargotec has maintained sufficient liquidity requirements by holding cash and cash equivalents, short-term investments and committed as well as uncommitted credit facilities. Kalmar's liquidity and funding risks are monitored and managed centrally by Cargotec.

On 31 December 2023, cash and cash equivalents totalled EUR 82.6 (31 Dec 2022: 100.3, 31 Dec 2021: 102.5) million. These cash and cash equivalents include a total of EUR 67.5 (2022: 73.0, 2021: 82.7) million worth of cash and cash equivalents which are subject to currency-related or other regulatory restrictions, and, therefore, these balances may not be utilised outside these countries within a short period of time. Nevertheless, these restricted balances are typically available for immediate use locally in these countries and therefore these balances are included in cash and cash equivalents.

Total liquidity

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	82.6	100.3	102.5
Cash pool receivables, Cargotec Group	289.9	259.5	191.8
Repayments of interest-bearing liabilities during next 12 months	-27.8	-18.0	-20.4
Cash pool liabilities, Cargotec Group	-62.7	-25.1	-25.8
Repayments of interest-bearing liabilities during next 12 months, Cargotec Group	-50.1	-69.9	-82.4
Total liquidity	**231.9**	**246.9**	**165.7**

According to management assessment, Kalmar is in a good position regarding liquidity and there are no significant concentrations of risks relating to refunding. The following tables represent the maturity analysis of the company's financial liabilities and derivatives. The figures are non-discounted contractual cash flows.

31 Dec 2023 EUR million	2024	2025	2026	2027	2028	Later	Total
Derivatives							
Currency forward contracts, outflow, Cargotec Group	-567.4	-10.7	-	-	-	-	-578.1
Currency forward contracts, inflow, Cargotec Group	569.4	10.7	-	-	-	-	580.1
Derivatives, net	**2.0**	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**	**2.0**
Interest-bearing liabilities							
Repayments of loans from financial institutions and other interest-bearing liabilities	-13.3	-	-50.0	-	-	-	-63.3
Repayments of lease liabilities	-14.5	-12.5	-9.9	-8.5	-6.1	-27.1	-78.6
Loans and cash pool payables, Cargotec Group	-112.8	-	-	-	-	-	-112.8
Total interest charges	-3.0	-2.4	-1.9	-1.3	-1.0	-3.2	-12.9
Accounts payable and other non-interest-bearing liabilities	-167.0	-26.5	-15.9	-15.2	-9.2	-10.2	-244.0
Accounts payable and other non-interest-bearing liabilities, Cargotec Group	-5.0	-	-	-	-	-	-5.0
Total	**-313.6**	**-41.3**	**-77.7**	**-25.0**	**-16.3**	**-40.6**	**-514.5**

31 Dec 2022 EUR million	2023	2024	2025	2026	2027	Later	Total
Derivatives							
Currency forward contracts, outflow, Cargotec Group	-742.8	-22.4	-9.1	-	-	-	-774.3
Currency forward contracts, inflow, Cargotec Group	745.1	22.0	8.7	-	-	-	775.8
Derivatives, net	**2.2**	**-0.4**	**-0.4**	**-**	**-**	**-**	**1.5**
Interest-bearing liabilities							
Repayments of loans from financial institutions and other interest-bearing liabilities	-6.7	-	-	-	-	-	-6.7
Repayments of lease liabilities	-11.3	-8.7	-7.5	-6.6	-5.4	-29.8	-69.3
Loans and cash pool payables, Cargotec Group	-94.9	-	-	-	-	-	-94.9
Total interest charges	-3.2	-2.9	-2.5	-2.2	-2.0	-6.9	-19.7
Accounts payable and other non-interest-bearing liabilities	-265.9	-24.9	-17.7	-10.9	-10.2	-7.3	-336.9
Accounts payable and other non-interest-bearing liabilities, Cargotec Group	-7.2	-	-	-	-	-	-7.2
Total	**-387.1**	**-36.9**	**-28.0**	**-19.7**	**-17.7**	**-44.0**	**-533.3**

31 Dec 2021 EUR million	2022	2023	2024	2025	2026	Later	Total
Derivatives							
Currency forward contracts, outflow, Cargotec Group	-760.9	-21.6	-	-	-	-	-782.5
Currency forward contracts, inflow, Cargotec Group	758.2	21.4	-	-	-	-	779.6
Derivatives, net	**-2.7**	**-0.2**	**-**	**-**	**-**	**-**	**-2.9**
Interest-bearing liabilities							
Repayments of loans from financial institutions and other interest-bearing liabilities	-8.5	-	-	-	-	-	-8.5
Repayments of lease liabilities	-11.9	-9.2	-7.0	-6.0	-5.1	-32.3	-71.5
Loans and cash pool payables, Cargotec Group	-108.2	-16.6	-	-	-	-	-124.8
Total interest charges	-2.6	-2.2	-1.9	-1.7	-1.6	-3.1	-13.0
Accounts payable and other non-interest-bearing liabilities	-226.8	-15.6	-13.3	-20.6	-10.2	-4.3	-290.7
Accounts payable and other non-interest-bearing liabilities, Cargotec Group	-6.5	-	-	-	-	-	-6.5
Total	**-367.2**	**-43.7**	**-22.1**	**-28.3**	**-16.8**	**-39.8**	**-517.9**

Credit and counterparty risks

The Kalmar entities are responsible for managing the operational credit risks. Because of the diverse and global clientele, Kalmar is not exposed to significant credit risk concentrations. Credit risk related to sales contracts is mitigated by using payment terms that are based on advance payments, bank guarantees or other guarantees, and by monitoring the creditworthiness of customers. Credit risks related to large contracts are shared with financial institutions, insurance companies or export guarantee institutions, when feasible. More information on accounts receivable is presented in note 5.3, Accounts receivable and other non-interest-bearing assets.

Cargotec Treasury Committee sets financial counterparty limits based on their solvency and creditworthiness. Kalmar actively reviews counterparty risks and, if needed, may reject a counterparty with immediate effect. Only large financial institutions with a high credit rating are accepted as counterparties. Deposits of liquidity reserves and trading in financial instruments are only accepted with counterparties confirmed by the Treasury Committee.

Kalmar's total credit risk exposure on 31 December 2023 including credit risk related to both on-balance sheet and off-balance sheet items amounted to EUR 754.2 (31 Dec 2022: 769.3, 31 Dec 2021: 742.5) million. From the total exposure, EUR 3.5 (2022: 5.4, 2021: 15.2) million relates to financial assets measured at fair value through profit or loss.

31 Dec 2023			**Credit risk**		
EUR million	**Note**	**Low**	**Increased**	**High**	**Total**
On-balance sheet credit risk from customer contracts					
Accounts receivable	5.3	247.9	16.6	2.2	266.7
Accounts receivable, Cargotec Group	5.3	1.0	-	-	1.0
Contract assets	5.3	9.3	-	-	9.3
Total		**258.2**	**16.6**	**2.2**	**277.0**
On-balance sheet credit risk from other financial assets					
Loans receivable and other interest-bearing assets	8.2	3.0	0.2	-	3.2
Loans receivable and other interest-bearing assets, Cargotec Group	8.2	2.3	-	-	2.3
Derivative assets (risk after ISDA netting), Cargotec Group	8.5	3.5	-	-	3.5
Equity warrants	8.5	0.0	-	-	0.0
Other non-interest-bearing assets	5.3	2.6	-	-	2.6
Cash and cash equivalents	8.3	76.8	-	5.8	82.6
Cash pool receivable, Cargotec Group		289.9	-	-	289.9
Total		**378.0**	**0.2**	**5.8**	**384.0**
Off-balance sheet credit risk from contracts with customers					
Customer financing	9.2	8.3	-	-	8.3
Operating lease receivables	9.1	84.9	-	-	84.9
Total		**93.1**	**0.0**	**0.0**	**93.1**
Total credit risk exposure		**729.4**	**16.7**	**8.0**	**754.2**

31 Dec 2022			Credit risk		
EUR million	Note	Low	Increased	High	Total
On-balance sheet credit risk from customer contracts					
Accounts receivable	5.3	265.7	12.3	3.9	281.9
Accounts receivable, Cargotec Group	5.3	1.7	-	-	1.7
Contract assets	5.3	29.8	-	-	29.8
Total		**297.2**	**12.3**	**3.9**	**313.4**
On-balance sheet credit risk from other financial assets					
Loans receivable and other interest-bearing assets	8.2	6.7	0.2	-	7.0
Loans receivable and other interest-bearing assets, Cargotec Group	8.2	2.5	-	-	2.5
Derivative assets (risk after ISDA netting), Cargotec Group	8.5	2.9	-	-	2.9
Equity warrants	8.5	1.1	-	-	1.1
Other non-interest-bearing assets	5.3	2.4	-	-	2.4
Cash and cash equivalents	8.3	92.4	-	7.9	100.3
Cash pool receivable, Cargotec Group		259.5	-	-	259.5
Total		**367.6**	**0.2**	**7.9**	**375.7**
Off-balance sheet credit risk from contracts with customers					
Customer financing	9.2	10.0	-	-	10.0
Operating lease receivables	9.1	70.1	-	-	70.1
Total		**80.2**	**-**	**-**	**80.2**
Total credit risk exposure		**744.9**	**12.5**	**11.9**	**769.3**

31 Dec 2021			Credit risk		
EUR million	Note	Low	Increased	High	Total
On-balance sheet credit risk from customer contracts					
Accounts receivable	5.3	267.5	8.9	5.7	282.2
Accounts receivable, Cargotec Group	5.3	1.3	-	-	1.3
Contract assets	5.3	29.8	-	-	29.8
Total		**298.6**	**8.9**	**5.7**	**313.2**
On-balance sheet credit risk from other financial assets					
Loans receivable and other interest-bearing assets	8.2	13.6	1.5	-	15.1
Loans receivable and other interest-bearing assets, Cargotec Group	8.2	17.9	-	-	17.9
Derivative assets (risk after ISDA netting), Cargotec Group	8.5	5.0	-	-	5.0
Equity warrants	8.5	1.0	-	-	1.0
Other non-interest-bearing assets	5.3	3.0	-	-	3.0
Cash and cash equivalents	8.3	102.5	-	-	102.5
Cash pool receivable, Cargotec Group		191.8	-	-	191.8
Total		**334.7**	**1.5**	**-**	**336.3**
Off-balance sheet credit risk from contracts with customers					
Customer financing	9.2	13.6	-	-	13.6
Operating lease receivables	9.1	79.4	-	-	79.4
Total		**93.0**	**-**	**-**	**93.0**
Total credit risk exposure		**726.3**	**10.5**	**5.7**	**742.5**

Operational risks of the treasury function

The management of operational risks aims to eliminate losses or increased risk levels due to errors in procedures or insufficient monitoring. The risks are minimised by maintaining a high level of proficiency, identifying and documenting routine procedures and organising responsibilities.

Risks relating to transactions are minimised by conducting regular general assessments and monitoring trading limits, market valuations and daily trade confirmations.

Capital structure management

The goal of capital structure management is to secure operational preconditions at all times and to maintain the optimum capital cost structure. Kalmar's capital structure has been managed as a part of Cargotec capital structure management.

EUR million	31 Dec 2023	31 Dec 2022	31 Dec 2021
Interest-bearing liabilities	141.8	76.0	80.0
Lease liabilities included in interest-bearing liabilities	78.6	69.3	71.5
Loans and cash pool liabilities, Cargotec Group	112.8	94.9	124.8
Loans receivable and other interest-bearing assets	-3.2	-7.0	-15.1
Loans receivable, Cargotec Group	-2.3	-2.5	-17.9
Cash pool receivable, Cargotec Group	-289.9	-259.5	-191.8
Cash and cash equivalents	-82.6	-100.3	-102.5
Interest-bearing net debt	**-123.3**	**-198.4**	**-122.5**

EUR million	1 Jan—31 Dec 2023	1 Jan—31 Dec 2022	1 Jan—31 Dec 2021
Operating profit	240.2	118.3	320.8
Depreciation, amortisation and impairment	57.2	52.4	54.0
EBITDA	**297.4**	**170.7**	**374.8**
Interest-bearing net debt / EBITDA	**-0.4**	**-1.2**	**-0.3**

8.2 Financial instruments by measurement category

Accounting principle

Financial assets

Financial assets are classified in accordance with the applied measurement principle as financial assets at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. Financial assets are classified at the initial recognition in accordance with the features and planned use of the asset. Financial assets are presented as non-current when their maturity exceeds one year.

Financial assets are measured at amortised cost if there is no intention to sell the asset and the expected contractual cash flow from it is based on interest and repayment of the principal amount. The loans and receivables measured at amortised cost mostly consist of accounts receivable and cash and cash equivalents. Loan receivables are measured initially at fair value plus transaction costs and less expected credit losses, and subsequently at amortised cost in accordance with the effective interest method. Changes in the amount of expected credit loss are reflected in the expected cash flows included in amortised cost.

Financial assets are measured at fair value through other comprehensive income if the asset can be sold before it matures and the contractual cash flow from it is based on interest and repayment of principal. The financial assets included in the class are measured initially at fair value plus transaction costs and less expected credit losses, and subsequently at fair value less expected credit losses. Equity instruments can be irrevocably classified into this category on initial recognition after which all subsequent fair value changes are recognised in other comprehensive income except dividends that are recognised in the statement of income. In addition, the effective portion of fair value changes related to derivatives under hedge accounting is measured in accordance with this category throughout the hedge relationship.

Financial assets measured at fair value through profit or loss are those financial assets that do not belong to the previous classes, including equity investments, derivative instruments to which no hedge accounting is applied, and financial assets held for trading, or from which the expected contractual cash flows on initial recognition are not solely based on interest and repayment of principal. The transaction costs and subsequent fair value changes of financial assets recognised at fair value through profit or loss are recognised directly in the statement of income.

Purchases and sales of derivative instruments are recognised on the trade date, while transactions in the other financial asset categories are recognised on the settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire or are transferred so that the material risks and rewards related to the ownership of the asset are transferred to another party.

Financial liabilities

Financial liabilities are classified as financial liabilities recognised at fair value through profit or loss and as financial liabilities recognised at amortised cost. Financial liabilities are presented as non-current when their maturity exceeds one year.

Financial liabilities recognised at fair value through profit or loss include derivative instruments unless hedge accounting is applied. The transaction costs and subsequent fair value changes of financial liabilities recognised at fair value through profit or loss are recognised directly in the statement of income. Fair value changes related to derivatives under hedge accounting are recognised in the statement of comprehensive income and, subsequently, recycled to the statement of income when hedge accounting is ceased.

Financial liabilities recognised at amortised cost include mainly interest-bearing liabilities and accounts payable. Financial liabilities recognised at amortised cost are initially recognised at fair value less transaction costs, and subsequently, at amortised cost using the effective interest method. Interest and transaction costs are allocated to the income statement over the term of the debt using the effective interest method.

Bought and sold derivative instruments are recognised on the trade date while transactions with the other financial liabilities are recognised on the settlement date.

A financial liability is derecognised when the related obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported on the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Carve-out principle

Financing transactions between Cargotec and its legal entities have historically been carried out through intercompany loans, cash pool arrangements, and hedging arrangements. For the Kalmar business units included in Cargotec legal entities, no finance related balances are included in the Kalmar reporting entity, unless these have historically been allocated to the Kalmar business, as there is no reasonable and supportable allocation approach to split such balances in such entities. The intercompany loans, hedging and cash pool arrangements between Cargotec and the Kalmar legal entities are all at arm's length and will be presented as related party financing in the carve-out financial statements. Cash pool arrangements and internal loans at Kalmar business units are not included in the carve-out financial statements.

The external funding held by Cargotec Oyj has not historically been drawn or linked to Cargotec's segments, except for the EUR 50.0 million loan committed by Cargotec Oyj in November 2023 which was directly linked to Kalmar. Thus, all external funding held by Cargotec Oyj, other than the EUR 50 million loan linked to Kalmar, cannot be reliably attributed to Kalmar in the carve-out financial statements. A limited number of Kalmar legal entities have historically funded a portion of their operations directly with external loans from banks, which are reflected in the carve-out financial statements.

Interest income and expenses from related parties have been determined based on the interest charges recorded directly by Kalmar legal entities.

Finance lease liabilities will follow the related asset.

In connection with the Demerger, a certain amount of Cargotec's external debt will be transferred to Kalmar in accordance with the Demerger plan. Cargotec has been negotiating with the primary financiers and has obtained financing commitments for Kalmar consisting of in aggregate EUR 300 million existing term loan facilities, already including the EUR 50 million loan linked to Kalmar and presented in the carve-out financial statements, and in aggregate EUR 150 million new revolving credit facilities that will transfer from Cargotec to Kalmar upon the completion of the Demerger. The EUR 150 million new revolving credit facilities may be used as financing for general corporate purposes. The carve-out financial statements have not been adjusted to reflect the additional portion of Cargotec's external debt to be transferred to Kalmar in the Demerger or the effects of the obtained financing commitments.

Following the demerger, Kalmar will make its own cash pool arrangements to fund its working capital needs.

The financing presented in the carve-out financial statements may differ significantly from the future financing requirements of Kalmar on a standalone basis.

Estimates and assumptions requiring management judgement

Fair value of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The fair value of the over-the-counter derivatives used for hedging is determined by using a commonly applied valuation technique, and by maximising the use of available market prices. In applying these techniques, judgement is used to select the applied method, and where appropriate, to make assumptions that are mainly based on existing market conditions at the reporting date.

Kalmar recognises impairments on customer receivables at the end of the reporting period based on the expected credit losses. Expected credit loss is estimated based on systematic and continuous follow-up as part of the credit risk control that is based on both historical and forward-looking credit loss assessment. Additional information regarding the impairment of accounts receivable is disclosed in note 5.3, Accounts receivable and other non-interest-bearing assets.

Financial assets and liabilities measured at fair value through profit and loss include currency forwards. Year 2022 includes also a loan receivable from Coast Autonomous Inc and the related equity warrant. Year 2021 includes also a vendor loan receivable related to the sale of RCI ownership and a conditional consideration related to a business combination.

Financial assets and liabilities measured at fair value through other comprehensive income include forward exchange contracts subject to hedge accounting. Fair value changes related to derivatives for which hedge accounting is applied are accumulated in other comprehensive income during hedge accounting and recycled to statement of income when hedge accounting related to sales transaction ceases, and to value of inventory when hedge accounting related to purchase transaction ceases. The recurring measurement of derivative instruments at fair value is based on commonly applied valuation methods and uses observable market-based variables based on which these measurements are categorised in the fair value hierarchy as level 2 fair values. The fair values of other instruments measured at fair value through profit or loss are partly based on non-market-based variables, and, therefore, these measurements are categorised in the fair value hierarchy as level 3 fair values. Other items are recognised on the balance sheet at amortised cost and information about their fair values is presented under each respective note to the extent that the difference between the book value and fair value is significant.

Loans receivable and other interest-bearing assets mainly consist of cash pool receivable from Cargotec and bank account balances.

31 Dec 2023 EUR million	**Note**	**Measured at cost or amortised cost**	**Measured at fair value through other comprehensive income**	**Measured at fair value through profit or loss**	**Total**
Share investments		-	-	0.0	0.0
Loans receivable and other interest-bearing assets		3.2	-	0.0	3.2
Loans receivable and other interest-bearing assets, Cargotec Group		2.3	-	-	2.3
Derivative assets	8.5	-	-	0.0	0.0
Derivative assets, Cargotec Group	8.5	-	5.3	0.6	5.8
Accounts receivable and other non-interest-bearing assets	5.3	278.8	-	-	278.8
Accounts receivable and other non-interest-bearing assets, Cargotec Group	5.3	1.0	-	-	1.0
Cash and cash equivalents	8.3	82.6	-	-	82.6
Cash pool receivable, Cargotec Group		289.9	-	-	289.9
Total financial assets		**657.6**	**5.3**	**0.6**	**663.5**
Interest-bearing liabilities	8.4	141.8	-	-	141.8
Interest-bearing liabilities, Cargotec Group	8.4	112.8	-	-	112.8
Derivative liabilities, Cargotec Group	8.5	-	1.8	0.8	2.6
Accounts payable and other non-interest-bearing liabilities	5.4	244.0	-	-	244.0
Accounts payable and other non-interest-bearing liabilities, Cargotec Group	5.4	5.0	-	-	5.0
Total financial liabilities		**503.6**	**1.8**	**0.8**	**506.2**

31 Dec 2022 EUR million	Note	Measured at cost or amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total
Share investments		-	-	0.0	0.0
Loans receivable and other interest-bearing assets		5.6	-	1.3	7.0
Loans receivable and other interest-bearing assets, Cargotec Group		2.5	-	-	2.5
Derivative assets	8.5	-	-	1.1	1.1
Derivative assets, Cargotec Group	8.5	-	10.2	0.1	10.3
Accounts receivable and other non-interest-bearing assets	5.3	314.1	-	-	314.1
Accounts receivable and other non-interest-bearing assets, Cargotec Group	5.3	1.7	-	-	1.7
Cash and cash equivalents	8.3	100.3	-	-	100.3
Cash pool receivable, Cargotec Group		259.5	-	-	259.5
Total financial assets		**683.8**	**10.2**	**2.6**	**696.6**
Interest-bearing liabilities	8.4	76.0	-	-	76.0
Interest-bearing liabilities, Cargotec Group	8.4	94.9	-	-	94.9
Derivative liabilities, Cargotec Group	8.5	-	6.5	0.1	6.6
Accounts payable and other non-interest-bearing liabilities	5.4	336.9	-	-	336.9
Accounts payable and other non-interest-bearing liabilities, Cargotec Group	5.4	7.2	-	-	7.2
Total financial liabilities		**515.0**	**6.5**	**0.1**	**521.6**

31 Dec 2021 EUR million	Note	Measured at cost or amortised cost	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	Total
Share investments		-	-	0.0	0.0
Loans receivable and other interest-bearing assets		14.0	-	1.2	15.1
Loans receivable and other interest-bearing assets, Cargotec Group		17.9	-	-	17.9
Derivative assets	8.5	-	-	1.0	1.0
Derivative assets, Cargotec Group	8.5	-	5.2	0.1	5.3
Accounts receivable and other non-interest-bearing assets	5.3	316.8	-	10.1	326.9
Accounts receivable and other non-interest-bearing assets, Cargotec Group	5.3	1.3	-	-	1.3
Cash and cash equivalents	8.3	102.5	-	-	102.5
Cash pool receivable, Cargotec Group		191.8	-	-	191.8
Total financial assets		**644.1**	**5.2**	**12.4**	**661.7**
Interest-bearing liabilities	8.4	80.0	-	-	80.0
Interest-bearing liabilities, Cargotec Group	8.4	124.8	-	-	124.8
Derivative liabilities, Cargotec Group	8.5	-	8.0	0.0	8.0
Accounts payable and other non-interest-bearing liabilities	5.4	290.7	-	-	290.7
Accounts payable and other non-interest-bearing liabilities, Cargotec Group	5.4	6.5	-	-	6.5
Total financial liabilities		**502.0**	**8.0**	**0.0**	**510.0**

8.3 Cash and cash equivalents

Accounting principle

Cash and cash equivalents

Cash and cash equivalents include cash balances, short-term bank deposits and other short-term liquid investments with original maturities up to three months. Bank overdrafts are included in other current liabilities. In the statement of cash flows, bank overdrafts are deducted from cash and cash equivalents.

Carve-out principle

Kalmar's cash and cash equivalents comprise cash and cash equivalents in Kalmar legal entities. No portion of Cargotec's parent company's cash and cash equivalents has been allocated to Kalmar. Any payments by Remaining Cargotec on behalf of Kalmar entities are presented through changes in invested equity. Cash and cash equivalents, cash pool arrangements and internal loans at Kalmar business units were not included in the carve-out financial statements.

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Cash at bank and on hand		59.4	71.4	78.1
Short-term deposits		23.2	28.9	24.4
Cash and cash equivalents in total		**82.6**	**100.3**	**102.5**

Cash and cash equivalents include a total of EUR 67.5 (2022: 73.0, 2021: 82.7) million worth of cash and cash equivalents in different countries and currencies, which are subject to transfer restrictions but can be used in local business or transferred with a delay excluding cash and cash equivalents worth EUR 5.8 (2022: 7.9) million in rubles in Russia. More information about Kalmar's risks related to Russia is presented in note 2.6 Prevailing economic uncertainty.

Cash and cash equivalents in the statement of cash flows

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Cash and cash equivalents		82.6	100.3	102.5
Bank overdrafts used		-3.8	-1.4	-0.5
Cash and cash equivalents in the statement of cash flows		**78.8**	**98.9**	**102.0**

8.4 Interest-bearing liabilities

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Non-current				
Loans from financial institutions		50.0	-	-
Loans payable, Cargotec Group		-	-	16.6
Lease liabilities	9.1	64.0	58.0	59.6
Total		**114.0**	**58.0**	**76.2**
Current				
Loans from financial institutions		-	-	1.1
Loans payable, Cargotec Group		50.1	69.9	82.4
Lease liabilities	9.1	14.5	11.3	11.9
Other interest-bearing liabilities		9.5	5.3	6.8
Cash pool payables, Cargotec Group		62.7	25.1	25.8
Bank overdrafts used		3.8	1.4	0.5
Total		**140.6**	**113.0**	**128.6**
Total interest-bearing liabilities		**254.6**	**171.0**	**204.8**

Reconciliation of interest-bearing liabilities

EUR million	Note	Non-current interest-bearing liabilities including repayments	Lease liabilities and current interest-bearing liabilities	Loans and cash pool payables, Cargotec Group	Bank overdrafts used	Total interest-bearing liabilities
1 Jan 2023		-	74.6	94.9	1.4	171.0
Cash flows		50.0	-11.3	20.3	2.4	61.3
New and changed lease agreements		-	25.5	-	-	25.5
Translation differences		-	-0.7	-2.5	0.0	-3.2
Total interest-bearing liabilities, 31 Dec 2023		**50.0**	**88.1**	**112.8**	**3.8**	**254.6**

EUR million	Note	Lease liabilities and current interest-bearing liabilities	Loans and cash pool payables, Cargotec Group	Bank overdrafts used	Total interest-bearing liabilities
1 Jan 2022		79.5	124.8	0.5	204.8
Cash flows		-17.5	-31.5	1.0	-48.1
New and changed lease agreements		13.1	-	-	13.1
Companies acquired and sold	7.1	0.0	-	.	0.0
Translation differences		-0.5	1.7	-0.1	1.2
Total interest-bearing liabilities, 31 Dec 2022		**74.6**	**94.9**	**1.4**	**171.0**

EUR million	Note	Lease liabilities and current interest-bearing liabilities	Loans and cash pool payables, Cargotec Group	Bank overdrafts used	Total interest-bearing liabilities
1 Jan 2021		85.3	151.4	2.4	239.1
Cash flows		-13.2	-31.4	-2.0	-46.5
New and changed lease agreements		4.7	-	-	4.7
Companies acquired and sold	7.1	0.0	-	-	0.0
Changes in interest-bearing liabilities included in liabilities directly associated with assets held for sale*	7.3	1.5	-	-	1.5
Translation differences		1.1	4.8	0.1	5.9
Total interest-bearing liabilities, 31 Dec 2021		**79.5**	**124.8**	**0.5**	**204.8**

* Navis business is included until July 1, 2021. Additional information disclosed in notes 7.1 Acquisitions and disposals of business, and 7.3 Assets held for sale.

8.5 Derivatives

Accounting principle

Derivative financial instruments and hedge accounting

Kalmar uses mainly currency forwards, and cross-currency and interest rate swaps to hedge from the identified significant market risks. Derivative instruments are initially recognised on the balance sheet at cost, which equals the fair value, and are subsequently measured at fair value on each balance sheet date. Derivatives are classified at the inception either as hedges of binding agreements and future cash flows, in which case cash flow hedge accounting is applied to them, or as derivatives at fair value through profit or loss, when the preconditions for hedge accounting are not fully met.

Fair values of foreign currency forward contracts are based on quoted market rates on the balance sheet date. The fair values of cross-currency and interest rate swaps are calculated as the present value of the estimated future cash flows. Derivative instruments are presented as non-current when their maturity exceeds one year.

Cash flow hedge accounting is mainly applied to hedges of operative cash flows. In addition, hedge accounting is applied to hedges of certain foreign currency denominated borrowings. To qualify for hedge accounting, the company documents the hedge relationship of the derivative instruments and the underlying items, group's risk management targets and the strategy of applying hedge accounting. When starting hedge accounting and at least in every interim and annual closing, the company documents and estimates the effectiveness of the hedge by measuring the ability of the hedging instrument to offset changes in fair value of the underlying cash flow. Because the critical terms of the hedging instrument are set to match with the hedged item as closely as possible, there is typically no inefficiency.

Fair value changes of hedging instruments under effective cash flow hedge relationship are recognised through the statement of comprehensive income in the fair value reserve of equity, and under effective net investment hedges through the statement of comprehensive income in the translation differences of equity. However, only the exchange rate difference of foreign currency forward agreements is recognised in other comprehensive income whereas the changes in forward points are recognised as financial income or expense in the statement of income. Cumulative gain or loss on the hedge recognised through the statement of comprehensive income in fair value reserve or translation differences is recognised in the statement of income simultaneously with the hedged item. The effective portion of foreign currency forwards hedging sales and purchases is recognised in sales and cost of goods sold, respectively. If the hedged cash flow is no longer expected to materialise, the deferred gain or loss is immediately recognised in the statement of income. If the hedging instrument is sold, expires, is revoked or exercised, or the relation of the hedging instrument and the underlying item is revoked, the cumulative change in the fair value of the hedging instrument remains to be recognised in the fair value reserve and is recycled to the statement of income when the underlying operative item materialises. If effectiveness testing results in ineffectiveness, the ineffective portion of the hedges is recognised immediately in the statement of income.

Changes in the fair values of hedges, for which hedge accounting is not applied, are recognised in the statement of income, either in other operating income and expenses, or financial income and expenses depending on the underlying exposure.

Carve-out principle

The carve-out financial statements include allocated external derivative financial instruments, entered into by Cargotec's parent company, that correspond to the internal derivative contracts entered by Kalmar's legal entities with Remaining Cargotec. The carve-out financial statements include an allocation of the derivative financial contracts from the fully dedicated Kalmar entities and the Kalmar allocation of derivative financial contracts in Kalmar business units.

31 Dec 2023

EUR million	Nominal value	Positive fair value	Negative fair value	Net fair value
Non-current				
Currency forwards, cash flow hedge accounting, Cargotec Group	10.8	0.2	0.0	0.2
Equity warrants	0.0	0.0	-	0.0
Total	**10.8**	**0.2**	**0.0**	**0.2**
Current				
Currency forwards, cash flow hedge accounting, Cargotec Group	516.0	5.1	1.8	3.3
Currency forwards, other, Cargotec Group	51.8	0.6	0.8	-0.2
Total	**567.8**	**5.7**	**2.6**	**3.1**
Total derivatives	**578.6**	**5.8**	**2.6**	**3.2**

31 Dec 2022

EUR million	Nominal value	Positive fair value	Negative fair value	Net fair value
Non-current				
Currency forwards, cash flow hedge accounting, Cargotec Group	31.6	0.2	0.2	-0.1
Equity warrants	0.0	1.1	-	1.1
Total	**31.6**	**1.3**	**0.2**	**1.1**
Current				
Currency forwards, cash flow hedge accounting, Cargotec Group	730.2	10.1	6.3	3.8
Currency forwards, other, Cargotec Group	14.9	0.1	0.1	0.0
Total	**745.1**	**10.2**	**6.4**	**3.8**
Total derivatives	**776.7**	**11.4**	**6.6**	**4.8**

31 Dec 2021

EUR million	Nominal value	Positive fair value	Negative fair value	Net fair value
Non-current				
Currency forwards. cash flow hedge accounting. Cargotec Group	21.7	0.1	0.0	0.1
Equity warrants	0.0	1.0	-	1.0
Total	**21.7**	**1.2**	**0.0**	**1.1**
Current				
Currency forwards, cash flow hedge accounting, Cargotec Group	758.6	5.1	8.0	-2.9
Currency forwards, other, Cargotec Group	20.7	0.0	0.0	0.0
Total	**779.3**	**5.1**	**8.0**	**-2.9**
Total derivatives	**800.9**	**6.3**	**8.0**	**-1.7**

The derivatives have been recognised at gross fair values in the balance sheet even when entered into with the same counterparty, as the netting agreements related to derivatives allow unconditional netting only in the occurrence of credit events, but not in a normal situation. Kalmar has not given or received collateral related to derivatives from the counterparties.

8.6 Invested equity

Accounting principle

Translation Differences

The stand-alone financial information of Kalmar legal entities and Kalmar operations in legal entities including Kalmar and Remaining Cargotec are reported using the currency that best reflects the operational environment of that legal entity (the “functional currency”). In the combined financial statements, the statement of income and the cash flows of legal entities whose functional currency is other than the euro are translated into euros using the average exchange rate of the financial period, and the assets and liabilities on the balance sheets are translated into euros at the balance sheet date exchange rate. Translation differences caused by different exchange rates are recognised through the statement of comprehensive income in the cumulative translation differences in invested equity. Intercompany loan agreements may form a part of net investment if their settlement is neither planned nor probable in the foreseeable future, and thus the exchange rate gains and losses of these contracts are also recognised as translation differences in invested equity. When applying hedge accounting for a hedge of a net investment in a foreign operation, exchange rate differences on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, and any ineffective portion is recognised immediately in the statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences arising are recognised in equity.

Translation differences from acquisition cost eliminations and post-acquisition profits and losses of subsidiaries, associated companies and joint ventures outside the euro area are recognised in the combined statement of comprehensive income. When a foreign entity or part of it is disposed, accumulated translation differences previously recognised in other comprehensive income are reclassified to the statement of income as a part of the gain or loss on sale.

Carve-out principle

Kalmar has not in the past formed a separate legal group with its own share capital nor presented stand-alone consolidated financial statements, and accordingly it is not possible to present share capital separately from other equity balances including reserves. Kalmar’s net assets represents Cargotec’s interest in Kalmar and are shown in these carve-out financial statements as “Invested Equity” comprising of cumulative translation adjustments, hedge reserve as well as invested equity and retained earnings. Invested equity and retained earnings comprise of equity items allocated from Remaining Cargotec and historical retained earnings balances of Kalmar entities.

Changes in net assets allocated to Kalmar are presented separately in the combined statement of changes in invested equity through line “Equity transactions with Cargotec Group” and in the cash flow statements through the line-item “Equity financing with Cargotec Group, net”, reflecting the internal equity financing between Cargotec and Kalmar during the presented periods. Invested equity is affected by net assets allocated to Kalmar consisting of allocation of income and expenses and assets and liabilities of Cargotec parent company and other Remaining Cargotec entities representing Kalmar business.

Translation differences arising from translating the results for the financial year and invested equity are recognised in a separate cumulative translation difference account within total invested equity and the changes are presented in other comprehensive income.

The capital structure attributed to Kalmar in connection with the preparation of these carve-out financial statements, presented invested equity, is not indicative of the capital structure that Kalmar would have required had it been a standalone group during the periods presented.

The equity of Kalmar will be formed when the Demerger is consummated and Kalmar will have share capital and other reserves as described in the Demerger plan.

Share capital and number of shares

As Kalmar will be established as a result of the Demerger and carve-out financial statements are prepared with the principles described in note 1.2, no share capital is presented separately for historical periods. The shareholders of Cargotec shall receive as Demerger Consideration one (1) new share of the corresponding share class (i.e., class A or class B) of Kalmar for each class A and class B share owned in Cargotec, that is, the Demerger Consideration shall be issued to the shareholders of Cargotec in proportion to their existing shareholding with a ratio of 1:1. There shall be the corresponding two (2) share classes in Kalmar as in Cargotec, i.e., class A and class B, and the shares of Kalmar shall not have a nominal value. The total number of Demerger Consideration shares is expected to be approximately 64,324,118 shares at the date of the Demerger and Listing Prospectus. The total number of Kalmar's shares would thus be 9,526,089 class A shares and 54,798,029 class B shares. No other consideration shall be issued to the shareholders of Cargotec in addition to the above-mentioned Demerger Consideration to be issued in the form of shares of Kalmar. In accordance with Chapter 17, Section 16, Subsection 3 of the Finnish Companies Act, no Demerger Consideration shall be issued to any treasury shares held by Cargotec.

Translation differences

Translation differences are recognised in a separate cumulative translation difference account within total invested equity and the changes are presented in other comprehensive income.

9. Other notes

9.1 Leases

Accounting principle

Leases, Kalmar as lessee

Kalmar leases property, plant and equipment in most of the countries it operates in under contracts that meet the definition of a lease. Short-term lease agreements, with contractual and expected lease periods not exceeding 12 months, are accounted for as off-balance sheet leases if there is no purchase option. Also long-term lease agreements in which the underlying leased asset is of low value are accounted for as off-balance sheet leases. Expenses related to these leases are recognised in the statement of income as incurred over the lease period.

Lease agreements which do not qualify for the short-term or low-value exemption are recognised on the balance sheet as lease liabilities and right-of-use assets at the commencement of the lease period. Lease liabilities are initially measured at present value by determining the expected reasonably certain lease payments and discounting them with an incremental borrowing rate that is determined separately for the main lease types in each relevant currency. Rent components not directly related to the leased asset are excluded from the lease value on the balance sheet. If a lease has no maturity date, the lease liability is determined based on the enforceable lease period considering the termination rights of both contractual parties. Lease payments are allocated to repayments of lease liabilities and finance charges so that a constant interest rate on the outstanding balance is obtained. Lease liability is included in the interest-bearing liabilities on the statement of financial position and is measured at amortised cost. Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted by lease advances paid or incentives received, initial direct costs, and estimated dismantling, removal and restoration costs at the end of the lease period, if relevant. Right-of-use assets are included in the property, plant and equipment on the statement of financial position, and they are depreciated over the lease period on a straight-line basis unless the asset is expected to be fully consumed before the end of the lease term or purchased, in which case the depreciation period is determined based on the expected useful life of the asset. An off-balance sheet lease commitment becoming onerous leads to a recognition of a separate loss provision, whereas an on-balance sheet lease becoming onerous leads to an impairment of the related right-of-use asset.

Lease modifications are accounted for either as new lease contracts or as changes in the existing lease contracts depending on the type of the modification. Modifications accounted for as changes in the existing leases, and changes in the estimates applied in lease accounting, such as those related to the use of an option to prolong a lease or to purchase a leased asset, trigger a remeasurement of the lease liability and the right-of-use asset at an updated discount rate. Contractual rent changes tied to indexes also trigger a remeasurement of the lease liability and the right-of-use asset but without a change in the applied discount rate.

Leases, Kalmar as lessor

Kalmar rents out equipment under contracts that meet the definition of a lease and are accounted for either as operating or finance leases. In an operating lease the risks and rewards incidental to ownership of an asset remain with the lessor. The leased asset is recognised on the balance sheet according to the nature of the asset. Income from operating leases is recognised on a straight-line basis over the lease term. The depreciation of the leased asset is determined by considering the normal depreciation policy of similar assets in own use and the planned use after the lease period.

In a finance lease the risks and rewards of ownership are substantially transferred to the lessee. The sales profit is recognised similarly to profit from an outright sale. Finance lease receivables are recognised on the balance sheet at present value. The financial income relating to the finance lease contract is recognised in the statement of income over the lease term to achieve a constant interest rate on outstanding balance.

Carve-out principle

Historically, Kalmar and Remaining Cargotec operations have operated in shared leased premises and offices in certain locations. The cost for shared leased premises has historically already been allocated to Kalmar business area operating in the shared premises and the lease expenses were presented as part of operating costs and no right-of-use assets or lease liabilities have been allocated to the carve-out financial statements. In the carve-out financial statement, lease agreements directly attributable to Kalmar that are transferring to Kalmar in connection with the Demerger have been presented as lease agreements of Kalmar including the lease liability, related right-of-use asset, depreciation and finance cost.

The assets and leasing arrangements presented in the carve-out financial statements may differ significantly from the requirements of the future standalone Kalmar. Kalmar will enter into new leasing agreements for its standalone business operations when the Demerger is consummated.

Estimates and assumptions requiring management judgement

Leases

Measurement of the on-balance sheet leases partly requires a use of judgement, in particular, when determining the capitalised lease term. If a lease contract includes an option to prolong or purchase the leased asset, the decision to include or exclude the option in the value of the capitalised lease liability and right-of-use asset is based on an estimate of the likelihood to exercise the option. In practice, the probability to exercise an option is estimated from the needs of the business as part of the real estate management process and taking into account the contractual conditions, leasehold improvements made or needed, and the local market situation. Additional information about the right-of-use assets related to leases is disclosed in notes 6.3, Property, plant and equipment.

Kalmar leases property and equipment in most of the countries where it operates. Leased properties include land and buildings mainly for use as offices, manufacturing facilities, workshops, and warehouses. The average length of Kalmar's property leases on reporting date is 9.2 (31 Dec 2022: 10.5; 31 Dec 2021: 11.3) years and contracts typically include an option or options to prolong, or an option to early terminate the lease. Optional lease periods are reflected in the capitalised value of the leases based on the real estate management process in which the remaining reasonably certain lease period is reassessed on a regular basis, and typically the capitalisation threshold is met, depending on the location and use of the property, from a few months to a couple of years before the end of the ongoing lease period. Leased equipment include mainly vehicles and machines with fixed rents and lease terms. The average length of Kalmar's equipment leases on reporting date is 2.8 (31 Dec 2022: 2.6; 31 Dec 2021: 2.6) years. Kalmar's lease agreements typically do not include variable rent elements except for the rent escalation clauses tied to inflation-related indexes. The weighted average discount rate applied to determine the present value of lease liability on reporting date is 4.2 (31 Dec 2022: 6.4; 31 Dec 2021: 3.6) percent.

Kalmar as lessee

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Off-balance sheet leases				
Lease payments related to off-balance sheet leases				
Less than one year		2.5	2.2	0.2
One to two years		2.2	0.1	0.0
Two to three years		0.1	0.1	0.0
Three to four years		0.1	0.0	-
Four to five years		0.0	0.0	-
Over five years		-	-	-
Total		**4.9**	**2.5**	**0.2**
Off-balance sheet lease commitments on reporting date				
Lease payments related to short-term leases		0.2	1.4	0.1
Lease payments related to low-value leases		0.4	1.0	0.1
Lease payments related to leases not yet commenced		-	0.1	-
Total		**0.6**	**2.5**	**0.2**
On-balance sheet leases				
Lease payments related to on-balance sheet leases				
Less than one year		17.2	14.5	14.4
One to two years		14.6	11.6	11.4
Two to three years		11.6	10.0	8.8
Three to four years		9.8	8.8	7.7
Four to five years		7.1	7.4	6.6
Over five years		30.4	36.7	35.5
Total		**90.7**	**89.0**	**84.5**
Present value of lease payments related to on-balance sheet leases	8.4			
Less than one year		14.5	11.3	11.9
One to two years		12.5	8.7	9.2
Two to three years		9.9	7.5	7.0
Three to four years		8.5	6.6	6.0
Four to five years		6.1	5.4	5.1
Over five years		27.1	29.8	32.3
Total		**78.6**	**69.3**	**71.5**
Future interest expense related to on-balance sheet leases		12.2	19.7	13.0
Right-of-use assets	6.3			
Land and buildings		60.7	54.2	54.6
Machinery and equipment		10.8	8.2	9.0
Total		**71.4**	**62.4**	**63.6**
Leases in the statement of income				
Depreciation related to right-of-use assets	6.3	16.1	14.1	13.3
Interest expense on lease liabilities	2.5	3.1	3.0	3.0
Early termination gain (-) / loss (+)		0.2	-0.7	-0.7
Impairment related to right-of-use assets	6.3	-	-	0.9
Land and buildings		-	-	0.9
Machinery and equipment		-	-	0.0
Rent expense from off-balance sheet leases:		3.7	4.3	0.9
Portion related to short-term leases		2.6	2.8	0.8
Portion related to low-value leases		1.1	1.6	0.1
Total		**23.0**	**20.8**	**17.5**
Leases in the statement of cash flows				
Lease payments related to off-balance sheet leases		3.7	4.3	0.9
Lease payments related to on-balance sheet leases		18.9	17.2	18.1
Total		**22.6**	**21.6**	**19.1**

Kalmar as lessor

EUR million	Note	31 Dec 2023	31 Dec 2022	31 Dec 2021
Off-balance sheet leases				
Operating lease receivables				
Less than one year		28.6	27.3	27.5
One to two years		14.3	14.9	19.1
Two to three years		30.1	20.1	23.8
Three to four years		6.2	4.6	6.1
Four to five years		2.6	2.3	2.2
Over five years		3.0	0.9	0.6
Total		**84.9**	**70.1**	**79.4**
Property, plant and equipment related to off-balance sheet leases				
Land and buildings		1.2	1.3	1.4
Machinery and equipment	6.3	129.0	124.5	115.6
Total		**130.1**	**125.8**	**117.0**
On-balance sheet leases				
Finance lease receivables				
Less than one year		0.1	0.1	0.6
One to two years		0.1	0.1	0.4
Two to three years		0.0	0.0	0.3
Three to four years		-	-	0.3
Four to five years		-	-	0.1
Over five years		-	-	-
Total		**0.2**	**0.3**	**1.6**
Present value of finance lease receivables				
Less than one year		0.1	0.1	0.5
One to two years		0.1	0.1	0.3
Two to three years		0.0	0.0	0.3
Three to four years		-	-	0.3
Four to five years		-	-	0.1
Over five years		-	-	-
Total		**0.2**	**0.2**	**1.5**
Future interest income related to finance lease receivables		0.0	0.0	0.1
Finance lease receivables				
Land and buildings		-	0.0	1.3
Machinery and equipment		0.2	0.2	0.2
Total		**0.2**	**0.2**	**1.5**
Leases in the statement of income				
Rent income related to operating leases		31.8	32.3	33.1
Machinery and equipment		31.2	31.6	32.3
Land and buildings		0.1	0.2	0.3
Sublease of right-of-use assets		0.4	0.5	0.5
Selling profit or loss related to finance leases		1.6	1.7	2.2
Interest income related to finance leases		0.0	0.1	0.1
Total		**33.4**	**34.0**	**35.4**
Leases in the statement of cash flows				
Lease payments related to off-balance sheet leases		39.7	37.8	29.3
Lease payments related to on-balance sheet leases		0.2	0.3	1.6
Total		**39.9**	**38.0**	**30.9**

Kalmar's operating lease receivables mainly relate to container handling and industrial application equipment leased out under contracts with varying duration and conditions. The operating lease receivables also include future rent income from premises owned or subleased by Kalmar.

Rental income recognised in sales from operating leases was EUR 31.2 (2022: 31.6, 2021: 32.3) million and rental income recognised in other operating income from operating leases was EUR 0.6 (2022: 0.7, 2021: 0.8) million.

9.2 Contingent liabilities and commitments

Accounting principle

Contingent liabilities and commitments

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of Kalmar. Contingent liabilities also include obligations that are not recognised because their values cannot be measured reliably or because their settlement is not probable. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless the possibility of an outflow of economic resources is remote. When an outflow of economic resources becomes probable and can be reliably measured, a liability is recognised in the statement of financial position.

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of Kalmar. Contingent assets are not recognised in the statement of financial position but are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position.

Commitments relate to agreements or pledges to assume a financial obligation at a future date, or present obligations not recognised in the statement of financial position.

EUR million	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2021**
Customer financing	8.3	10.0	13.6
Off-balance sheet leases	0.6	2.5	0.2
Other contingent liabilities	0.7	0.5	0.5
Total	**9.6**	**13.0**	**14.3**

Cargotec Corporation has guaranteed obligations on behalf of the Kalmar companies arising from ordinary course of business. The total amount of these guarantees on 31 December 2023 was EUR 144.3 (31 Dec 2022: 255.9; 31 Dec 2021: 245.0) million.

Contingent liabilities are related to guarantees given by Kalmar 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 Kalmar 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 Kalmar entities.

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

9.3 Related-party transactions

Accounting principle

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

Transactions with associated companies and Cargotec Group

1 Jan–31 Dec 2023 EUR million	Associated companies	Cargotec Group	Total
Sale of products and services	0.0	0.2	0.2
Other operating income	-	9.9	9.9
Purchase of products and services	0.0	-0.2	-0.2
Administration expenses	-	-43.7	-43.7
Finance income	0.1	13.6	13.7
Finance expenses	-	-8.0	-8.0

1 Jan–31 Dec 2022 EUR million	Associated companies	Cargotec Group	Total
Sale of products and services	-	0.5	0.5
Other operating income	-	11.4	11.4
Purchase of products and services	0.0	-0.3	-0.3
Administration expenses	-	-45.3	-45.3
Finance income	0.5	4.2	4.7
Finance expenses	-	-3.0	-3.0

1 Jan–31 Dec 2021 EUR million	Associated companies	Cargotec Group	Total
Sale of products and services	-	0.2	0.2
Other operating income	-	9.0	9.0
Purchase of products and services	-	-0.2	-0.2
Administration expenses	-	-43.5	-43.5
Finance income	0.7	0.2	0.9
Finance expenses	-	-3.2	-3.2

Transactions with associated companies and Cargotec Group are carried out at market prices.

Balances with related parties

31 Dec 2023 EUR million	Associated companies	Cargotec Group	Total
Derivative assets	-	5.8	5.8
Loans receivable and other interest-bearing assets	-	2.3	2.3
Accounts receivable	-	1.0	1.0
Other non-interest-bearing assets	-	1.3	1.3
Cash pool receivables	-	289.9	289.9
Derivative liabilities	-	2.6	2.6
Interest-bearing liabilities	-	50.1	50.1
Cash pool liabilities	-	62.7	62.7
Accounts payable	-	5.0	5.0
Other non-interest-bearing liabilities	-	31.8	31.8

31 Dec 2022 EUR million	Associated companies	Cargotec Group	Total
Derivative assets	-	10.3	10.3
Loans receivable and other interest-bearing assets	5.4	2.5	7.9
Accounts receivable	0.0	1.7	1.7
Other non-interest-bearing assets	-	1.1	1.1
Cash pool receivables	-	259.5	259.5
Derivative liabilities	-	6.6	6.6
Interest-bearing liabilities	-	69.9	69.9
Cash pool liabilities	-	25.1	25.1
Accounts payable	-	7.2	7.2
Other non-interest-bearing liabilities	-	13.6	13.6

31 Dec 2021 EUR million	Associated companies	Cargotec Group	Total
Derivative assets	-	5.3	5.3
Loans receivable and other interest-bearing assets	12.4	17.9	30.3
Accounts receivable	0.0	1.3	1.3
Other non-interest-bearing assets	-	1.2	1.2
Cash pool receivables	-	191.8	191.8
Derivative liabilities	-	8.0	8.0
Interest-bearing liabilities	-	98.9	98.9
Cash pool liabilities	-	25.8	25.8
Accounts payable	-	6.5	6.5
Other non-interest-bearing liabilities	-	29.3	29.3

Remuneration to the members of the Board of Directors, the CEO and other members of the Leadership Team is presented in note 3.3, Management remuneration.

Acquisitions and disposals with related parties are presented in note 7.1 Acquisitions and disposals of businesses.

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

9.4 Events after the reporting period

Cargotec announced on 1 February 2024 that the Board of Directors of Cargotec has approved a Demerger plan concerning the Demerger of Cargotec according to which all assets and liabilities of Kalmar shall be transferred to a company to be incorporated in connection with the Demerger and to be named Kalmar Oyj.

In connection with the Demerger process, Cargotec has also agreed on financing arrangements for Kalmar, consisting of in aggregate EUR 300 million existing term loan facilities and in aggregate EUR 150 million new revolving credit facilities that will transfer from Cargotec to Kalmar upon the completion of the Demerger, which is expected to take place on or about 30 June 2024. The existing term loan facilities of EUR 300 million, already including the EUR 50 million loan linked to Kalmar, have been fully drawn and mature in 2025, 2026 and 2027, respectively. The new revolving credit facility agreements will be available to Kalmar upon the completion of the Demerger on or about 30 June 2024. The financing arrangements contain customary prepayment and cancellation provisions, financial covenants (net debt to equity), operational covenants, representations and warranties and events of default (subject to certain exceptions and qualifications).

The Board of Directors of Cargotec has on 8 April 2024 proposed that the Annual General Meeting (the "AGM") of Cargotec convened to be held on 30 May 2024 would approve the Demerger Plan and resolve upon the Demerger as set forth in the Demerger Plan. The completion of the Demerger is subject to, inter alia, approval by the AGM of Cargotec. The Demerger shall be completed on the date of registration of the execution of the Demerger with the trade register maintained by the Finnish Patent and Registration Office, which is planned to be on 30 June 2024.

Certain major shareholders of Cargotec, including Wipunen varainhallinta oy, Mariatorp Oy, Pivosto Oy and Kone Foundation, holding in the aggregate approximately 41 percent of the shares and approximately 75 percent of the votes in Cargotec, have indicated their support for the proposed Demerger.

Cargotec announced on 1 February 2024 that Kalmar's Management Team will consist of the following members: Sami Niiranen, Sakari Ahdekivi, Carina Geber-Teir, Francois Guetat, Mathias Höglund, Tommi Pettersson, Marika Väkiparta, Alf-Gunnar Karlgren, Thor Brenden, Arto Keskinen, Shushu Zhang, and Thomas Malmborg.

The Board of Directors of Cargotec has on 8 April 2024 proposed to the AGM that Jaakko Eskola be elected as the Chair of the Board and Lars Engström, Marcus Hedblom, Teresa Kemppi-Vasama, Vesa Laisi, Sari Pohjonen and Emilia Torttila-Miettinen be elected as members of the Board of Directors of Kalmar.

On 20 May 2024 Cargotec and Kalmar have entered into a Transitional Services Agreement on certain services that will be provided on a transitional basis by Kalmar or any of its affiliates, either directly or through third-party service providers, to Cargotec and Cargotec or any of its affiliates, either directly or through third-party service providers, to Kalmar for a limited transitional period after the completion of the Demerger. The Transitional Services Agreement covers certain areas such as information technology, human resources, compliance, treasury, and finance.

Kalmar has negotiated sublease agreements with Cargotec for certain office premises. The leases will be recognised in Kalmar's financial information according to IFRS 16, when a contractual obligation after the contemplated demerger is formed.

Kalmar legal entities and Kalmar business units that have been transferred after the reporting period:

Kalmar legal entity name	Country	Inclusion from	Inclusion until
Cargotec Brazil Servicos e Comércio de Equipamentos para Movimentacao de Cargas Ltda	Brazil	1 Jan 2024	
Cargotec Industries (China) Co., Ltd	China	1 Jan 2024	
Cargotec Finland Oy	Finland	1 Mar 2024	
Cargotec Poland Sp. z.o.o.	Poland	3 Jan 2024	
Cargotec RUS LLC	Russia	1 Jan 2024	

Kalmar business unit name	Country	Inclusion from	Inclusion until
Cargotec Finland Oy, Kalmar operations	Finland	1 Jan 2021	1 Mar 2024
Cargotec Poland Sp. z.o.o., Kalmar operations	Poland	1 Jan 2021	3 Jan 2024

SIGNATURES OF CARVE-OUT FINANCIAL STATEMENTS

Helsinki, 22 May 2024

Jaakko Eskola
Chairman of the Board

Ilkka Herlin
Vice Chairman of the Board

Raija-Leena Hankonen-Nybom
Member of the Board

Teresa Kemppi-Vasama
Member of the Board

Tapio Kolunsarka
Member of the Board

Johanna Lamminen
Member of the Board

Kaisa Olkkonen
Member of the Board

Ritva Sotamaa
Member of the Board

Casimir Lindholm
President and CEO

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AUDITOR'S REPORT (Translation of the Finnish original)

To the Board of Directors of Cargotec Corporation

Report on the Audit of the Carve-out Financial Statements

Opinion

We have audited the carve-out financial statements of Kalmar business ("Kalmar") of Cargotec Corporation (business identity code 1927402-8) for the years ended 31 December 2023, 31 December 2022, and 31 December 2021. The carve-out financial statements comprise the combined balance sheets as at 31 December 2023, 31 December 2022, and 31 December 2021 and the combined income statements, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes, including material accounting policy information. The Kalmar carve-out financial statements and this report have been prepared only for the purpose of including them to the Prospectus prepared by Cargotec Corporation as descried in the notes to the carve-out financial statements.

In our opinion the carve-out financial statements for the years ended 31 December 2023, 31 December 2022, and 31 December 2021 give a true and fair view of Kalmar's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU and under consideration of the principles for determining which assets and liabilities, income and expenses as well as cash flows are to be assigned to Kalmar as described in the notes to the carve-out financial statements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Carve-out Financial Statements* section of our report.

We are independent of Cargotec Corporation and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Carve-out Financial Statements

The Board of Directors and the Managing Director of Cargotec Corporation are responsible for the preparation of carve-out financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and under consideration of the principles for determining which assets and liabilities, income and expenses as well as cash flows are to be assigned to Kalmar as described in the notes to the carve-out financial statements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, the Board of Directors and the Managing Director are responsible for assessing Kalmar's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The carve-out financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate Kalmar or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Carve-out Financial Statements

Our objectives are to obtain reasonable assurance on whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the carve-out financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kalmar's internal control.
- Evaluate the appropriateness of carve-out accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Kalmar's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Kalmar to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the carve-out financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Kalmar to express an opinion on the carve-out financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Emphasis of Matter

We draw attention to the fact that, as described in the note 1.2 to the carve-out financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, Kalmar has not formed a separate legal group of entities during the years ended. The carve-out financial statements are, therefore, not necessarily indicative of the financial performances, financial positions and cash flows of Kalmar that would have occurred if it had operated as a separate stand-alone group of entities during the years presented nor of Kalmar's future performance. Our opinion is not modified in respect of this matter.

Helsinki, 22nd of May 2024

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant