

# Annual Report 2022

**€147.8M**

Revenues

**€-4.5M**

EBIT

**€147.2M**

Order backlog

**80+**

Number of countries  
where New Cavotec systems  
are installed

**640**

Employees

Cavotec is a leading cleantech company that manufactures connection and electrification solutions that enable the decarbonisation of ports and industrial applications.

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Backed by more than 40 years of experience, we provide systems that ensure safe, efficient and sustainable operations for a wide variety of customers and applications worldwide.

We enable our customers to optimise productivity, minimise risk to personnel and equipment, and reduce environmental impact. Our unique technologies and engineering expertise maximise our customers' profitability and sustainability simultaneously, thereby helping their businesses to grow and to accelerate progress towards a sustainable future. This is what we call profitable sustainability.

Our systems support customers in more than 80 countries. We share a common identity and direction based on a clearly defined culture and vision.

### **What**

We connect the future.

### **Why**

We want to contribute to a world that is cleaner, safer and more efficient by providing innovative connection solutions for ships, ports, and industrial equipment today.

### **How**

We thrive by shaping future expectations in the areas in which we are active. Our credibility derives from our expertise and dedication to innovation and world-class operations. Our success rests on our core values: Integrity, Accountability, Performance, and Teamwork.

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## **EUR 4.5M shore power orders for new-build vessels in China**

In March, we announced orders valued at EUR 4.5M for shore power connection systems to be installed on a number of new-build container ships being built in China.



## **EUR 2M shore power order to retrofit world's largest container ships**

A leading global shipping line headquartered in the Nordics placed a EUR 2M order for shore power connection systems to be retrofitted to some of the world's largest container vessels

## **David Pagels appointed new Cavotec CEO**

In May, David Pagels became the new Cavotec CEO, bringing with him an impressive track record in engineering in multiple sectors. David replaced outgoing CEO Mikael Norin.



## **Shore power orders in Asian market**

Cementing our position in cleantech in Asia, we received two shore power connection orders amounting to EUR 2.2M from major customers in South Korea and Singapore.



## **Breakthrough order for high-voltage industrial charging**

In the second quarter, a leading green energy technology company placed a EUR 3M order for a proof-of-concept battery charging system for use with heavy-duty mining trucks.



### **Divestment of airports business completed**

In July, we announced completion of the sale of our former airports business, now known as Dabico Airport Solutions, to US-based investment group Fernweh for EUR 13M.



### **Multi-year shore power order worth EUR 15.7M**

In May, we won a landmark multi-year order valued at EUR 15.7M – one of the largest in our history – for ship-mounted shore power connection systems from a global shipping line.



### **MoorMaster® completes one million moorings**

Our MoorMaster® automated mooring system registered its one millionth mooring in 2022, highlighting how this unique technology is the world's leading automated mooring solution.



### **First MoorMaster® NxG system comes on line in Australia**

Our first MoorMaster® NxG system entered service at a Ro/Ro berth in Australia, where it will be operated in tandem with an existing MoorMaster® system to enable use of larger vessels.



### **Ultra-fast Megawatt Charging System launched**

In October, we launched our ultra-fast Megawatt Charging System for industrial e-vehicles and e-vessels, representing a step change in electrical charging and the decarbonisation.



### **Substantial Services order booked in Oman**

Our Services unit recorded one of its largest orders to date with a contract to refurbish 24 MoorMaster® units from the Port of Salalah in Oman. The work will be completed in 2024.

# Continued focus on long-term profitability

**For Cavotec, one of the defining aspects of 2022 was the completion of the divestment of our Airports business. This allows us to fully focus on developing our Ports & Maritime and Industry divisions and our Services offerings. Order intake recovered throughout the year and revenues in the fourth quarter were 49% up on the same period in 2021. We also continued to grow Services with the signing of several multi-year contracts. However, despite increasing demand for our systems and improved revenues, profitability remained weak in 2022. Therefore, going forward, our primary focus will be to return profitability to a satisfactory level.**

Revenues for the full year amounted to EUR 147.8 million, an increase of 27.7 per cent on 2021. Order book stood at EUR 147.2 million, compared to EUR 98.8 million in 2021.

However, with EBIT at EUR -4.5 million for the year, profitability was disappointing. This was mainly due to low margins associated with certain specific orders. We subsequently improved pricing, but longer lead times meant that these did not feed through to results before the end of the year. We continue to diversify our supply base and take steps to reduce material costs.

The divestment of the Airports business was strategically important for the future of Cavotec. The process did, however, take longer than anticipated, resulting in higher transaction costs and additional impairment.

In terms of operational performance, the Ports & Maritime division reported revenues of EUR 69 million, up 47% on 2021 on strong order intake. The division's order book was at just less than EUR 100 million, up 25% on the previous year, with order backlog at EUR 97 million, an increase of EUR 68 million on the year.

As ports, terminals, and other maritime operators continued to automate and electrify their operations, shore power, MoorMaster® automated mooring, and motorised cable reels were the primary revenue drivers for Ports & Maritime throughout 2022. More than 500 PowerAMPReels were on order at the end of 2022, for example.

Order highlights included a EUR 6 million project to equip Port of Miami, one of the world's busiest cruise terminals, with mobile shore power units. In conjunction with this order, the customer also signed a three-year services contract, one of our largest to date. You can read more about this exciting development on page 19 of this report.

Our unique MoorMaster® automated mooring technology continued to mature with a major order for the NxG variant for DP World for a terminal in Chile, the first MoorMaster® application in South America. APM Terminals, another major port operator, ordered MoorMaster® systems for two berths at the Port of Tangier Med.

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The Industry division had a strong start to 2022, as demand recovered after the pandemic, before dampening significantly in the wake of Russia's invasion of Ukraine. However demand recovered again in the fourth quarter. Performance in the mining segment was especially strong. For example, we were awarded a EUR 3 million battery charging project for a mining application in Australia. Looking ahead, we see continued demand for our equipment in underground mining across many geographies. In the after-market, demand was strongest in mining in Australia and for radio remote control systems in the US.

In October, we successfully launched our new Megawatt Charging System (MCS), which is set to transform operational safety, efficiency, and sustainability at industrial applications all over the world. We launched the system at BAUMA, the world's leading trade fair for construction and mining vehicles and equipment, where it attracted considerable interest from potential customers, reflecting the strong drive in the construction and mining sectors to reduce emissions with the electrification of heavy vehicles and equipment.

After I became Cavotec CEO in May, I visited a large number of our customers and employees to better understand our local markets and how we can improve our product offering. And while we were subject to supply chain and other disruption in 2022, I am confident that by

focusing on reducing costs, investing in our business, and building long-term relationships, Cavotec is ideally positioned to meet growing demand for innovative automation and electrification solutions in the years ahead. Our 2022 results demonstrate that we are capable of generating revenue growth; we now need to ensure that Cavotec improves profitability going forward.

Cavotec has the people and the technologies the world needs to help it decarbonise its ports, terminals and industrial applications, and we are ready for our next growth phase in 2023 and beyond.

Lugano, 27 April 2023



David Pagels  
Group CEO



Cavotec is a global engineering group that designs and manufactures innovative automation and electrification systems for ports and industrial applications to support our customers in their transition to low carbon emissions. We have operations in 19 countries and our headquarter is in Lugano, Switzerland. The parent company of Cavotec group is Cavotec SA, which is a limited liability company incorporated and domiciled in Switzerland and is listed on the Nasdaq OMX in Sweden.

Cavotec consist of two business segments: Ports & Maritime, and Industry, following the divestment of the Airport business segment, which was finalized in July 2022, creating what we call New Cavotec. When the world came to a standstill during the global Covid-19 pandemic, we, like many other companies took the opportunity to scrutinise ourselves and the impact we have on the world. As an engineering company with a solid foundation in advanced solutions that support decarbonisation, we see that the biggest contribution we can make to sustainability is within our Ports & Maritime and Industry business segments. As regulatory requirements regarding air pollution, fossil fuels and greenhouse gas emissions become stricter, we expect to see significant growth in the demand for electrification and energy-efficient solutions for heavy industries such as shipping and mining. The divestment of the Airports division allows us to focus our resources and investments on these areas to further strengthen our position and accelerate growth.

We market our systems primarily through wholly-owned sales companies around the world, focusing especially on Europe, Asia, North America, Oceania and Middle East. Assembly takes place at our Centres of Excellence in China, Germany and Italy, which are in turn supported by Supply

Chain Centres in Australia, France, India, Norway, Sweden, and the US.

## **PORTS & MARITIME**

Cavotec's Ports & Maritime business develops automation and electrification technologies that drive sustainability at ports, on ships, and other marine applications. Our systems enable customers to optimise operational efficiency, improve safety, and, at the same time, reduce environmental impact. The Ports & Maritime offerings include crane electrification and automation, ShorePower, and our automated mooring system MoorMaster®. Our solutions are key to the modernisation of ports and terminals, increasing efficiency and reducing environmental impact, as well as increasing occupational health and safety. ShorePower enables the connection of ships to onshore power supplies that provide electricity for on-board services allowing diesel generators to be switched off, meaning that Cavotec contributes to reduced emissions for our customers.

MoorMaster® is an automated mooring system based on a vacuum mooring technology pioneered by Cavotec some 20 years ago. MoorMaster® eliminates the need for hazardous conventional mooring lines, thereby reducing the risk of serious injury, improving operational efficiency, and reducing emissions.

## **INDUSTRY**

Cavotec's Industry business designs and assembles automation and electrification systems for a wide range of industrial segments. All our industry technologies help our customers achieve safe and efficient operations. The Industry business offers electrification solutions for surface and underground mining, cranes, energy, processing and transportation solutions, as well as heavy duty e-vehicles. Our products include Radio Remote Controls and video systems,

Spring and Motorised Cable and Hose Reels, Industrial Connectors and Megawatt Charging Systems for industrial batteries. The industry segments we serve include but are not limited to tunneling, underground mining and surface mining. Our customers include mining operators as well as mining vehicle OEMs and integrators.

Cavotec is a one-stop-shop where customers can find solutions and expert service. Our customer-centric and global organisation enables the delivery of high-quality products and solutions. An integral part of our business model includes partnerships with clients right from the design stage of projects which guarantees engineering solutions that match specific requirements and challenges.

## **SERVICES**

Cavotec's Services plays a key role in our overall strategy to drive sustainability. We are committed to supporting our customers achieve safe, efficient, and reliable operations. The Service business leverages the technical expertise of our engineers to generate value for customers by maximising the availability of their assets, reducing operating costs, and extending equipment lifespan.

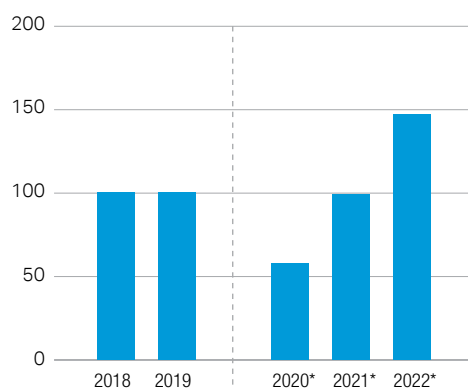
Sharing our knowledge and experience with clients is a key element of our long-term working partnership. Our local sales offices around the world are backed by expertise from our research and engineering centres and respond to all types of service and support requests. Our service teams are also on hand for any repair projects, either on or off site. With some 24,000 Cavotec installations worldwide, the growth potential through offering comprehensive after-sales support is substantial.



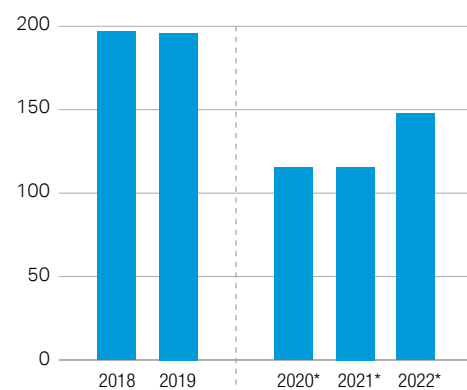
# FIVE-YEAR FINANCIAL SUMMARY

EUR 000s	2022*	2021*	2020*	2019	2018
Order backlog	147,207	98,893	57,773	100,030	100,090
Revenues	147,849	115,794	115,342	196,017	196,961
EBITDA excluding non recurring items	1,631	5,717	9,146	24,840	8,559
EBITDA excluding non recurring items %	1.1%	4.9%	7.9%	12.7%	4.3%
EBITDA	1,631	5,717	7,571	21,465	(9,059)
EBITDA, %	1.1%	4.9%	6.5%	11.0%	-4.6%
EBIT excluding non recurring items	(4,506)	(747)	1,611	15,688	3,887
EBIT excluding non recurring items %	-3.0%	-0.6%	1.4%	8.0%	2.0%
EBIT	(4,506)	(747)	37	12,312	(13,887)
EBIT, %	-3.0%	-0.6%	0.0%	6.3%	-7.1%
Net profit/(loss) for the period	(3,170)	(1,211)	(2,973)	7,514	(18,450)
Basic and diluted Earnings per Share, EUR	(0.034)	(0.013)	(0.031)	0.080	(0.233)
Operating cash flow	(5,485)	8,654	15,501	13,774	1,241
Net debt	(30,328)	(19,630)	(15,264)	(24,113)	(32,050)
Equity/assets ratio	26.2%	38.1%	52.8%	51.4%	43.5%
Leverage ratio	12.5x	3.20x	0.98x	0.98x	3.75x

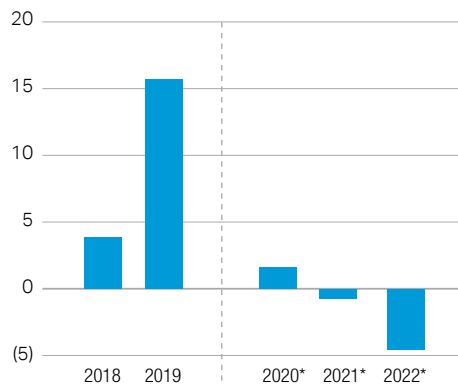
**Order backlog, MEur**



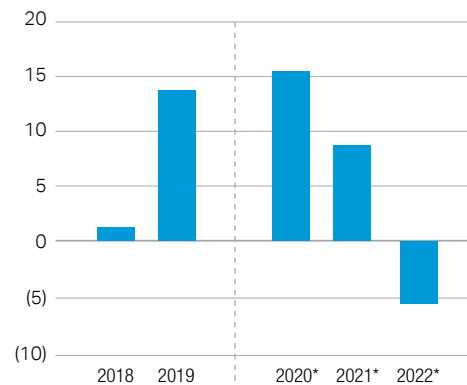
**Revenues, MEur**



**EBIT excluding non recurring items, MEur**



**Operating cash flow, MEur**



The Ports & Maritime division develops automation and electrification technologies that drive profitable sustainability at ports, on ships, and other marine applications. Our systems – including truck, crane, and ship electrification, e-vessel charging, and automated mooring systems – optimise operational efficiency, improve safety, and reduce environmental impact.

Our systems are in use all over the world. Customers include ship owners and operators, port and terminal owners and operators, port equipment manufacturers, shipyards, and general contractors such as APM Terminals, PSA, DP World, COSCO, Port of Los Angeles, Port of Long Beach, TIL, MSC, Maersk, CMA CGM, ZPMC, Konecranes, Cargotec, ABB, Schneider Electric, Siemens and many others.

### Year in brief

With a global economy facing significant challenges, 2022 was a positive year for Ports & Maritime. Orders grew with 25% versus 2021 to nearly EUR 100 million, with a year-end order backlog at a new record of EUR 97 million, up from EUR 68 million the previous year. Revenue amounted to EUR 69 million in 2022, up 47% versus 2021. While the division registered robust activity across its product segments, a key growth driver was demand for shore power connection systems. Orders for motorised cable reel systems also picked up and

interest in our MoorMaster® automated mooring system continued to grow in 2022, with a number of important and breakthrough orders.

### Exceptionally strong year for shore power

The year was especially strong for our shore power connection systems, which connect ships to electrical power in ports, enabling their diesel-powered generators to be switched off and thereby reducing emissions of harmful chemicals and particulate matter.

Following the rapid uptake of ship-based shore power systems in recent years, fed by shipping lines investing in shore power, demand is now increasing for shoreside systems as ports invest in shore power to meet increasingly strict legislation on air quality. There is now an urgency among ports and shipping lines to invest in shore power, and Cavotec is ideally placed to meet that demand as it has pioneered ship- and land-based shore power connection systems since the 1980s.



***"Growing numbers of ports and shipping lines want to invest in shore power, and we're ideally placed to meet that demand."***

*Patrick Mares,  
President, Ports & Maritime*







Europe and the US were two stand-out regions for shore power in 2022. We received a major order for onshore shore power connection systems from the Port of Miami, for example, with deliveries scheduled for 2023, along with a number of orders in Europe. Cruise terminals are currently key drivers for demand of shore power connection systems, with container terminals often following.

As announced in May, the division's largest order of the year was placed by a major global shipping line. Worth EUR 15.7 million, this landmark order was for a large number of our PowerAMP reel systems that will be fitted mainly to new-build container vessels. Deliveries started in the fourth quarter of 2022 and are scheduled to continue throughout 2023 and 2024. In total, the division received orders for more than 500 PowerAMP systems in 2022.

It was also a good year for our MoorMaster® automated mooring solution. This unique system completely replaces or augments conventional mooring lines with remote controlled, automated, vacuum mooring pads that moor and release ships in a matter of minutes.

We received a major order for a MoorMaster® NxG (Next Generation) system from global container terminal operator DP World for their multi-purpose

terminal in San Antonio, Chile. This will be the first MoorMaster® application in South America. See case study at the end of this section for more details.

In 2022, APM Terminals also announced and started the implementation of MoorMaster® at two container terminal berths at the Port of Tangier Med in Morocco. The systems will reduce mooring times, thereby shortening turnaround times and allowing vessels to cruise more efficiently to and from the port.

And in Australia, we won an order for a MoorMaster® system from Spirit of Tasmania for their Devenport terminal. MoorMaster® is already in use at the other end of the route in Geelong on the Australian mainland.

As port and terminal operators continue to switch to electrically powered equipment, primarily cranes, we saw strong demand for our motorised cable reel systems, with orders from key ports across the globe, including Port of Savannah, Koper Slovenia, London Gateway, Gdansk and many others.

### **Production challenges, price pressures**

Lockdowns enforced in China in response to covid and other global supply chain disruption affected operations at our Shanghai production facility and elsewhere and caused significant delays

to deliveries. However, we were able to react rapidly and virtually clear the entire backlog by the end of the year.

Rapid and severe increases in materials prices eroded the division's profitability, especially given out long-lead production cycles. This remains a challenge going into 2023, but we are taking steps to address these pressures where possible.

### **Outlook on 2023 and beyond**

Shore power looks set to continue to be our biggest growth driver in 2023 and beyond, with demand for onshore systems expected to be especially strong. We also anticipate continued growth in motorised cable reels as operators take steps to improve safety and efficiency and reduce environmental impact at new ports and upgrade existing installations. MoorMaster® continues to be a steadily maturing business. Following orders from major operators such as APMT and DP World, we expect interest to grow among operators, which will accelerate growth.

Overall, the outlook for Ports & Maritime is positive. Revenues are up and the order book is strong. The division is well-positioned for the coming years and is ideally placed to support its customers as they seek to improve safety, efficiency, and sustainability.





# DP World takes mooring to the next level with next generation MoorMaster

In a striking illustration of how our revolutionary MoorMaster automated mooring technology continues to gain traction with the world's major port operators, in 2022 DP World placed a major order for our latest MoorMaster – the NxG – for its port in San Antonio, Chile. The system will address the environmental characteristics of the port to generate substantial operational efficiencies and make mooring safer.



DP World is one of the world's largest global port operators with terminals in over 50 countries across six continents.

The new MoorMaster NxG system will be installed on a multi-purpose berth for use mainly with container vessels. During the Chilean winter, the Port of San Antonio struggles with extreme long-period waves negatively impacting safety and crane productivity, and thereby container throughput. The MoorMaster system is expected to reduce the impact of long-period waves and improve the reliability of the service the port is able to offer shipping lines.

"We're delighted to win our first MoorMaster project in Latin America. Many terminals along the continent's Pacific coast suffer from excessive vessel motion, so the San Antonio application will be a wonderful opportunity to show what MoorMaster can do," says Alfredo Rivas, Cavotec Executive Sales Director Americas.

The order is a clear example of the accelerating adoption of the MoorMaster technology. Once the new system is in operation, MoorMaster systems will be in use on every continent, (excluding Antarctica), and with two world-leading container terminal operators, (DP World and APM Terminals).

MoorMaster systems consist of automated vacuum pads that moor and release vessels in seconds at the push of a button. The system is in use at a wide range of applications including bulk, container, ferry, and lock applications. Since its introduction in the late 1990s, the technology has racked up more than one million moorings.

MoorMaster NxG is Cavotec's next generation automated mooring technology that offers faster installation, smarter operations and a slimmer design that fits on most quays worldwide.

Cavotec's Industry division manufactures innovative automation and electrification systems that enable decarbonisation and help customers achieve profitable sustainability in a wide range of industrial and other types of applications.

The Industry division produces motorised, and spring driven cable reels, human operator interface (HOI) systems, radio remote controls (RRC), power connectors, slings and megawatt charging systems for industrial batteries that make operations in a wide variety of sectors safer, more efficient, and more sustainable. Our systems are used in a large number of segments, including construction, energy, forestry, industrial production, mining and tunnelling, processing, transportation, and sport and entertainment. We have worked closely for many years with leading OEMs such as Atlas Copco, Caterpillar, Epiroc, Liebherr, Manitowoc, Sandvik, ThyssenKrupp, and more.

#### 2022 in brief

The year was one of contrasts for the industrial sector, with resurgent activity following the relaxation of covid restrictions in the first quarter being thrown into reverse in the second quarter after Russia's invasion of Ukraine. Concern over spiralling energy costs, supply chain disruption, and general macro uncertainty in the third

quarter was replaced by a degree of relative optimism as 2022 drew to a close.

This pattern was broadly the story of 2022 for the Industry division as well. We registered extremely strong order intake in all segments in the first quarter of the year; the second quarter was also strong, although demand was weaker in the third quarter, before recovering somewhat in the fourth quarter, with demand returning to more normal and stable levels. We believe that our strong finish to the year underlines the intrinsic resilience and relevance of our offering.

Highlights for the year included a EUR 3 million project for a proof-of-concept battery charging system for use with heavy-duty mining trucks in Australia, and the launch of our ultra-fast Megawatt Charging System (MCS) for industrial battery-powered vehicles.

We continued to work closely with our customers, including major, long-standing key accounts as well as smaller accounts. Our team remains strong and well-equipped to continue to grow the business.



***"We believe that our strong finish to the year underlines the intrinsic resilience and relevance of our offering."***

*Simone Sguizzardi,  
President, Industry*











### Industrial charging breakthroughs

In October, we launched our ground-breaking ultra-fast MCS for industrial battery-powered vehicles. Providing up to 3MW of power from a single connector – superior to any other system currently available – the MCS is a turnkey DC charging solution with grid-to-inlet functionality that supports the decarbonisation of industrial vehicles and ships and is likely to unlock substantial demand going forward.

As the most powerful system of its kind on the market, MCS significantly reduces the amount of time it takes to charge equipment, thereby minimising downtime. MCS has been designed for use with all kinds of heavy-duty vehicles used in a variety of sectors, including agriculture, construction, mining; and with e-vessels such as ferries.

We launched MCS at Bauma, the world's leading construction machinery trade fair, where the system attracted considerable interest from potential customers, technology enthusiasts, and other companies, suggesting the MCS will have a major impact on the charging segment. This level of interest partly reflects the level of trust that exists in Cavotec in its niches.

The division's largest order in 2022 was for a proof-of-concept battery charging system for use with heavy-duty mining trucks. This initial order was valued at

more than EUR 3M, with potential for follow-up orders, opening up a market that is estimated to be worth several hundred million euros in the coming years.

Building on our experience with fast, high-power charging for marine applications and working closely with the customer – a leading green energy technology company – we will develop a proof-of-concept high-voltage charging solution for electric heavy-duty vehicles at a mining application in Australia.

This important project highlights how Cavotec is leading the development of large-scale industrial battery charging solutions and technologies that will enable industries to decarbonise and reduce their environmental impact.

### Outlook for 2023 and beyond

Our offering meets the needs of many market segments in which automation and electrification are clear trends. Surface and underground mining, for example, remain buoyant and are likely to continue to do so as demand for minerals such as lithium remains strong. We address our customers' key concerns – safety, productivity, and sustainability – and we expect demand to grow in 2023 and beyond. While the outlook for some segments may remain uncertain, the picture is otherwise broadly positive.

The Industry division needs to be ready to take advantage of opportunities as they emerge. We continue to make organisational and operational improvements, as well as focusing on continued product development.





# Improving operational efficiency and reducing carbon intensity

Cavotec has worked closely with customers in the mining sector to reduce environmental impact and improve safety and efficiency for many years. In 2022, we supplied a spring cable reel solution to MineSense, a pioneering data-driven solutions company that develops systems that improve monitoring of mined metals and reduce carbon intensity throughout the metals sector.



MineSense's technologies with its proprietary ShovelSense® technology help mines, maximise ore recovery, minimise dilution, and enhance operational sustainability. Its ShovelSense® system provides precise ore-waste definition and unlocks unique, previously inaccessible data sets at the mine extraction face.

Working closely with MineSense, the Industry division developed a spring reel cable system that supplies power to ShovelSense® scoops on three large drilling rigs.

If ShovelSense® judges that a load is of sufficiently good quality and contains sufficient amounts of the material being mined, the load is sent for processing. If not, the material is not processed and sent instead to a slag pile for later use. This reduces waste, transports, energy and water use and

improves production efficiency and throughput rates.

As key subcomponents of the ShovelSense® system, our slip rings play a key role in improving safety, operational efficiency, and helping to realise the sustainability gains that MineSense's customers, and ultimately the entire production chain will need to make to allow the transition to a low-carbon economy.

This application demonstrates how Cavotec's innovative solutions enable customers to meet increasing demand and maximise productivity, while moving towards more sustainable business practices.

You can learn more about MineSense and the ShovelSense® solution at <https://minesense.com/shovel-sense/>.

Cavotec Services plays a key role in our overall strategy to enable our customers to maximise profitable sustainability. Services leverages the technical expertise of our engineers to generate value for our customers by maximising the availability of their assets, reducing operating costs, and extending equipment lifespan. In 2022 Cavotec Services generated significantly more than 20% per cent of total Cavotec Group revenue.

Our Services offering includes installation, commissioning, training, inspection, repair, preventive maintenance, long-term service agreements, remanufacturing, and upgrades. With more than 18,000 Cavotec installations worldwide, the growth potential of providing comprehensive after-sales support is substantial.

### 2022 in brief

Services performed strongly in 2022, with both order intake and revenue exceeding expectations. Overall, our portfolio value grew 14.5% on the previous year. We were subject to upward price pressure and some supply chain disruption in 2022, but we managed to recover in the second half of the year.

We achieved a number of important milestones in 2022, including bringing the number of MoorMaster® automated mooring units that are under Service Level Agreements to three out of four of the units currently in service.

Several major service agreements were also booked, including a project for the refurbishment of 24 MoorMaster® units from the Port of Salalah in Oman, and an agreement to service shore power connection equipment with the Port of Miami. In Norway, we secured an agreement with shipping line Boreal to service Automatic Plug-in Systems (APS) and MoorMaster® units.

We further developed our network of six service centres, including the opening of a new workshop in Singapore. We also launched our new lead generation programme that enables us to leverage our field service personnel customer visits and interactions with customers to generate additional opportunities.

### Key events in 2022

Achieving a 75% penetration rate for MoorMaster® units under service contracts is a major success for Services and the Cavotec Group as a



***"With our global footprint and the development of our digital platforms' functionalities, we provide customers with the confidence that their investment is in good hands."***

Patrick Baudin,  
President, Services





whole. Crucially, it enables our customers to maximise the value of their assets and ensures that we grow with MoorMaster® as it continues to gain acceptance on the market as the safest and most efficient way to moor ships. We also won our first all-inclusive shore power service contract. This represents a major step up from smaller contracts requiring single annual visits that had previously tended to be typical for this segment.

In terms of major orders, the largest project booked in 2022 was for the refurbishment of 24 MoorMaster® units from three container handling berths at the Port of Salalah. The work will be carried out at our Cavotec Italy service centre, with completion scheduled for 2024, and the units will then provide the customer with another 10 years of trouble-free operation.

Other MoorMaster® service contracts included a three-year project with Norwegian shipping company Boreal, (which includes our APS connection solutions), Wightlink in the UK for two MoorMaster® units, and mining group LKAB for the refurbishment of eight units. The Boreal agreement is especially encouraging, given the large and growing number of berths in Norway that use our MoorMaster® and APS solutions.

Elsewhere, we won a significant spare parts order for a ground-breaking heavy-duty electrical vehicle charging project at a mining application in Australia in mine.

In an exceptional example of going the extra mile – or even the extra 6,500 miles – one of our service teams retrofitted a shore power connection system to a container vessel as the ship sailed from China to the US. The work was successful and the ship in question is now able to connect to shore power electricity in ports that provide it.

### **Operational improvements**

The year was also positive in terms of operations. We further strengthened our network of service centres, all of



which now offer project management, procurement and logistic capabilities, spare parts, teams of trained and certified technicians, and workshops where staff perform minor repairs and refurbishment tasks.

In January, we opened a new service centre in Singapore with the aim of providing inspection and refurbishment support for customers of our shore power connection systems in particular. Our Mooresville service centre in the US also became fully operational. Following the divestment of the Airports division, we restructured our organisation and rebuilt the Mooresville centre, adding a workshop and hiring new staff, ensuring that we have a strong footprint in the US. Opening service centres close to our customers with workshop capabilities and spare parts significantly improves our service offering in different countries.

We continued to invest in our people, developing their technical knowledge through training and certifications, such as L1, L2, and L3. All technicians received commercial awareness training to further improve the professionalism of their interactions with customers as part of our new field services lead generation programme, which has the potential to generate considerable opportunities.

### **Looking ahead**

Despite current macro uncertainty, we see considerable opportunities going

forward due to the continued growth of Cavotec's installed base of customer assets, particularly as growing numbers of APS and MoorMaster® units reach renovation age. This applies mainly to Europe initially, but in time, also Asia.

Furthermore, our service agreement with the Port of Miami demonstrates the level of support we can offer our shore power equipment customers. Regulatory and other pressures are driving the wider adoption of shore power, with the result that shore power retrofitting of ships is currently especially strong and is expected to remain so until at least 2025.

More broadly, the trend of operators wanting to focus on their core activities is continuing and deepening, enabling us to establish a larger services footprint. Due to our track record in recent years, we now have a stronger services presence than many of our competitors.

Lastly, in addition to investing in our people, we continue to develop the digital platforms and functionality that enable us to improve the support we provide customers. Connected assets allow us to build comprehensive data sets on how customers use their Cavotec systems and equipment. This in turn, helps us to adapt our offering and ensure our customers maximise the safety, efficiency, and sustainability of their operations.



# Expert customer support ensures Miami keeps cruising profitably and sustainably

Cavotec Services provides customers with the expert support they need to ensure that they get the best possible value from their Cavotec systems. The bespoke CavotecCare agreement executed through Hypower in 2022 with the Port Miami – long known as the world's busiest cruise port – is an example of how Cavotec does just that.



Billed as the Cruise Capital of the World, in a transitional year PortMiami welcomed over four million cruise passengers in 2022 and is expected to reach pre-Covid numbers for 2023.

As part of its efforts to reduce environmental impact and operate more sustainably, the Port of Miami recently ordered five Cavotec shore power connection systems, (one PowerReach and four PowerMoves). The five systems enable a wide variety of cruise ships to quickly and safely connect to shore power, thereby reducing emissions of hazardous substances, particulate matter and noise.

In conjunction with the order, the PortMiami also signed a CavotecCare service agreement that includes commissioning and critical spare parts, 24/7 provision of expert support, regular maintenance ranging from visual checks, light maintenance, inspections and other checks. The package also includes training of PortMiami crew to operate, check and maintain the systems. In addition, once a year, a Cavotec engineer makes a site visit to check that the systems are operating correctly.

This comprehensive package ensures that the systems operate as intended and enable ships to be connected to shore

power, thereby enabling the Port Miami to maximize the environmental and operational benefits from the systems, extend lifecycle of their equipment, and minimise downtime.

"This provides the customer with OEM maintenance policies and procedures, and ensures that they benefit from our years of extensive experience of servicing and operating shore power systems. This in turn helps the customer better anticipate costs associated with the operation, maintenance, and refurbishment of their systems," says Christophe Sabatier, Services Director, Americas, Cavotec USA.

Just as ports differ, so does how they use equipment. This influences their maintenance requirements.

"Crucially, the service agreement has been structured to meet the specific needs and operational conditions of the PortMiami, so it's tailored to their operations," Sabatier adds.

Looking ahead, Cavotec Services is planning to rollout online equipment diagnosis in its CavotecConnect service package, enabling even greater accuracy in maintenance plans to better reflect how equipment is actually used. The shore power systems supplied to PortMiami are CavotecConnect-ready, and we look forward to working closely with the port to ensure that it continues to be a safe and sustainable option for from cruise passengers all over the world.

You can read more about our shore power systems here: <https://www.cavotec.com/en/your-applications/ports-maritime/shore-power>.

# About Cavotec

Cavotec is a global engineering group that designs and manufactures innovative automation and electrification systems for ports and industrial applications to support our customers in their transition to low carbon emissions. We have operations in 19 countries and our headquarters is located in Lugano, Switzerland. The parent company of Cavotec group is Cavotec SA, which is a limited liability company incorporated and domiciled in Switzerland and is listed on Nasdaq in Sweden.

Cavotec consist of two business segments: Ports & Maritime, and Industry, following the divestment of the Airport business segment, which was finalized in July 2022, creating what we call New Cavotec. As an engineering company with a solid foundation in advanced solutions that allow for decarbonisation, we see that the biggest contribution to sustainability that we can have, is found within the

customer offerings of the Ports & Maritime and Industry business segments. As the market trends and regulatory requirements on air pollution, fossil fuels and greenhouse gas emissions, we expect to see significant growth in the demand for electrification and energy efficient solutions for heavy industries such as shipping and mining. The divestment allows us to focus our resources and investments on these areas to further strengthen our position and accelerate growth.

## LOCATION OF OPERATIONS



We market our systems primarily through wholly owned sales companies around the world, focusing especially on Europe, Asia, North America, Oceania and Middle East. Assembly takes place at our Centres of

Excellence in China, Germany and Italy, which are in turn supported by supply chain center in Australia, France, India, Norway, Sweden, and the US.

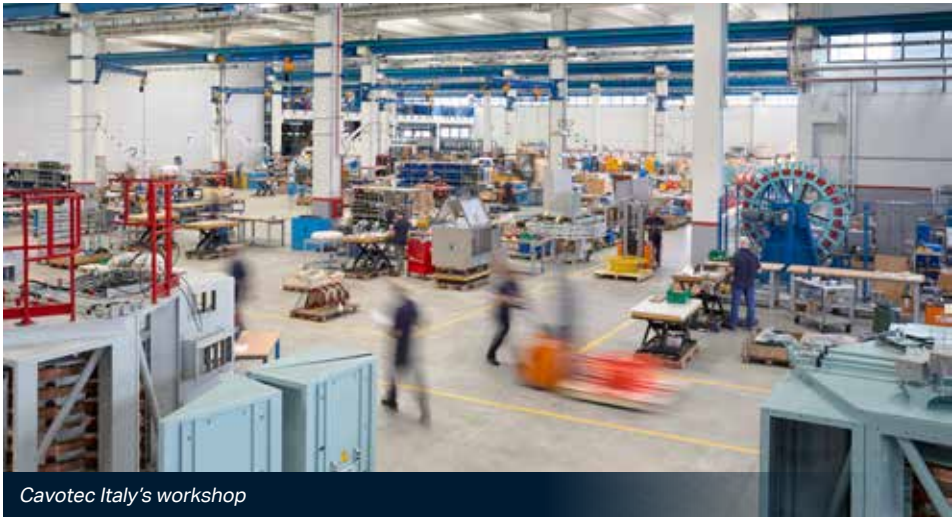
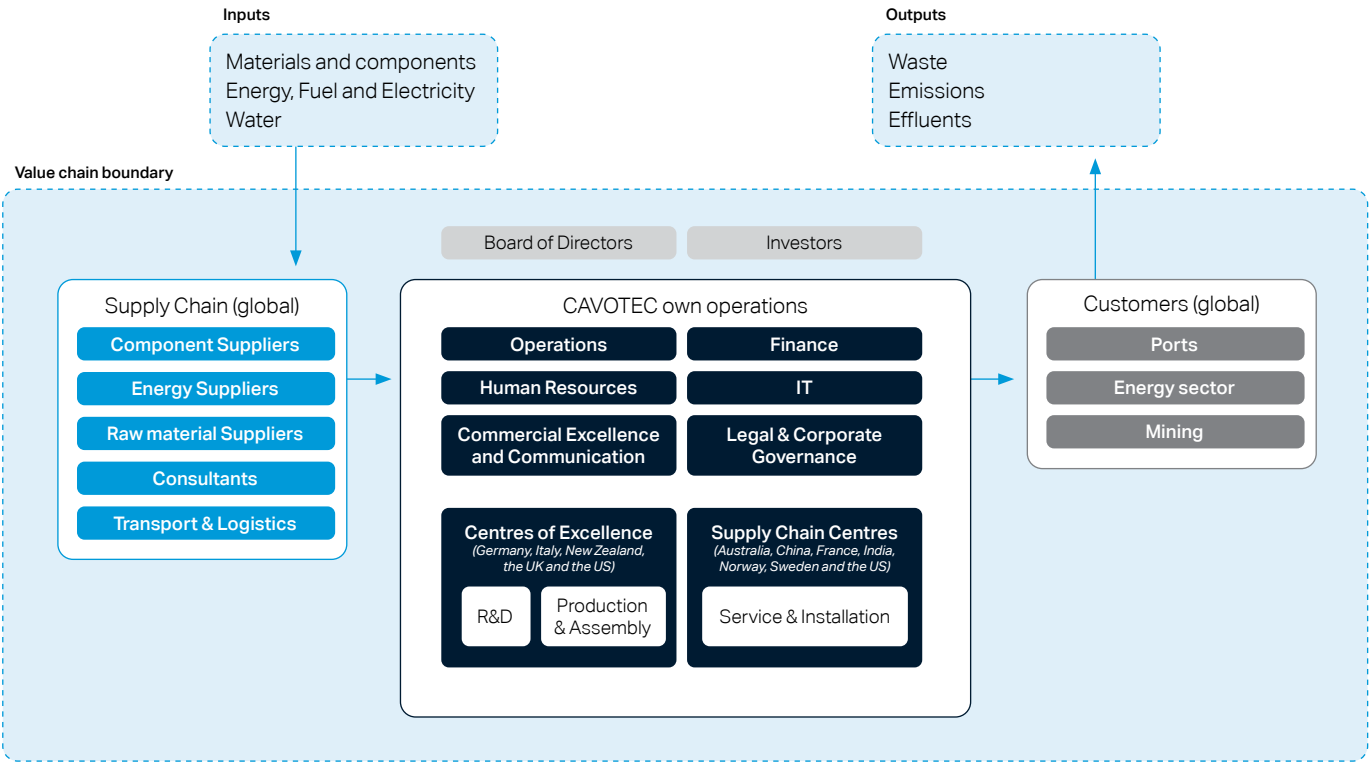


FIGURE 1: CAVOTEC'S VALUE CHAIN





*MoorMaster® at Port of Hokuriku, Japan*

## PORTS & MARITIME

Cavotec's Ports & Maritime business segment develops automation and electrification technologies that drive sustainability at ports, terminals, and other marine applications. Our systems enable customers to optimise operational efficiency, improve safety, and, at the same time, reduce environmental impact. The Ports & Maritime offerings include crane electrification and automation, Shore Power, and our automated mooring system MoorMaster®. Our solutions are key to the modernisation of ports and terminals, increasing efficiency and reducing environmental impact, as well as increasing occupational health and safety. Shore Power enables the connection of ships in port to onshore power supplies that provide electricity for on-board services allowing diesel generators to be switched off, meaning that Cavotec can contribute to reduced scope 1 emissions for our customers.

MoorMaster® is an automated mooring system using vacuum mooring technology, invented and pioneered by Cavotec 20 years ago. MoorMaster® eliminates the need for mooring lines, increasing efficiency, and reducing the risk for serious injury, as well as reducing CO<sub>2</sub> emissions.

## INDUSTRY

Cavotec's business segment Industry designs and assembly automation and electrification systems for a wide range of industrial segments. All our industry technologies support our customers achieve safe and efficient operations. The Industry business segment offers electrification solutions for surface and underground mining, cranes, energy, processing and transportation solutions, as well as heavy duty e-vehicles. Our products include Radio Remote Controls and video systems, Spring and Motorized Cable and Hose Reels, Industrial Connectors and Megawatt Charging Systems for industrial batteries. The industry segments we serve include, but are not limited to, tunnelling, underground mining, and surface mining. Our customers include mining operators as well as mining vehicle OEMs and integrators.

Cavotec is a one-stop-shop where our customers can find not only the solution itself, but the qualified service that goes with it. Our customer centric and global organisation enables the delivery of high-quality products and solutions. We work by the motto to "Think global, act local" where we, by being close to our customers, can deliver better services while also reducing travels and shorter

lead times. An integral part of the business model includes partnerships with clients right from the design stage of projects which guarantees engineering solutions that match specific requirements and challenges.

## SERVICES

Cavotec's Services plays a key role in our overall strategy to drive sustainability. We are committed to support our customers in achieving safe, efficient, and reliable operations. The Service business segment leverages the technical expertise of our engineers to generate value for customers by maximising the availability of their assets, reducing operating costs, and extending equipment lifespan.

Sharing our knowledge and experience with clients is a key element of our long-term working partnership. Our local sales offices around the world are backed by expertise from our research and engineering centres and respond to all types of service and support requests coming up. Our service teams are also on hand for any repair projects that might need to be undertaken, either on or off site. With some 24,000 Cavotec installations worldwide, the growth potential through offering comprehensive after-sales support is substantial.

Examples on Cavotec's Services offerings:

- Installation
- Commissioning
- Training
- Inspection and repairs
- One-off preventive maintenance
- Long-term service agreements
- Remanufacturing
- Upgrades



# Governance

Cavotec strives to operate sustainably, safely, and responsibly in all its markets and activities. In addition to reducing the environmental impact of our operations, our commitment includes being a responsible employer and supplier who creates safe, efficient, and rewarding workplaces.

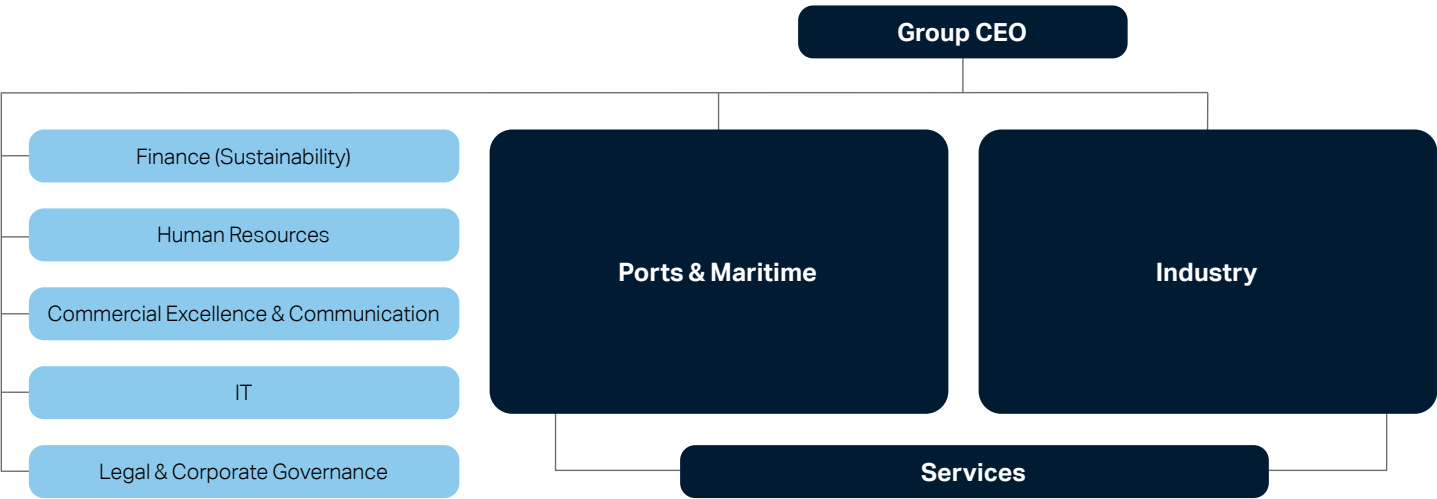
Our solutions give us the opportunity to help our customers to transition their business operations to become more sustainable, with reduced environmental impact and increased safety. To achieve that, we work closely with our clients to develop systems and technologies to address their specific requirements and challenges. Building on many years' experience and strong customer relationships, we stay close to the customer throughout the operational lifetime of our systems.

**MAIN STEERING DOCUMENTS**  
Cavotec's Code of Conduct forms the basis of our operations, with the purpose of ensuring protection

of human rights, promotion of fair employment conditions, safe working conditions, responsible management of environmental issues, and high ethical standards. Our Code of Conduct sets out the standards that all Cavotec Group employees and directors are required to follow and uphold, regardless of where you are in the world. It summarises the internal policy documents related to business ethics, quality as well as social and environmental performance. The Code of Conduct is publicly available and can be found [here](#).

**Countering bribery and corruption**  
Cavotec has zero-tolerance towards all forms of corruption. We are determined to conduct all our operations in an honest and ethical manner. We are committed to combating all forms of corruption and acting professionally and fairly in all our business activities and relationships, wherever we operate. We have adopted several policies to complement relevant laws and regulations such as Anti-Bribery and

FIGURE 2: CAVOTEC CORPORATE GOVERNANCE STRUCTURE



Corruption Policy, Anti-Fraud Policy, and Gifts and Entertainment Policy. In the section “Being a responsible business”, more information on our work to counter corruption and uphold high business ethics is presented.

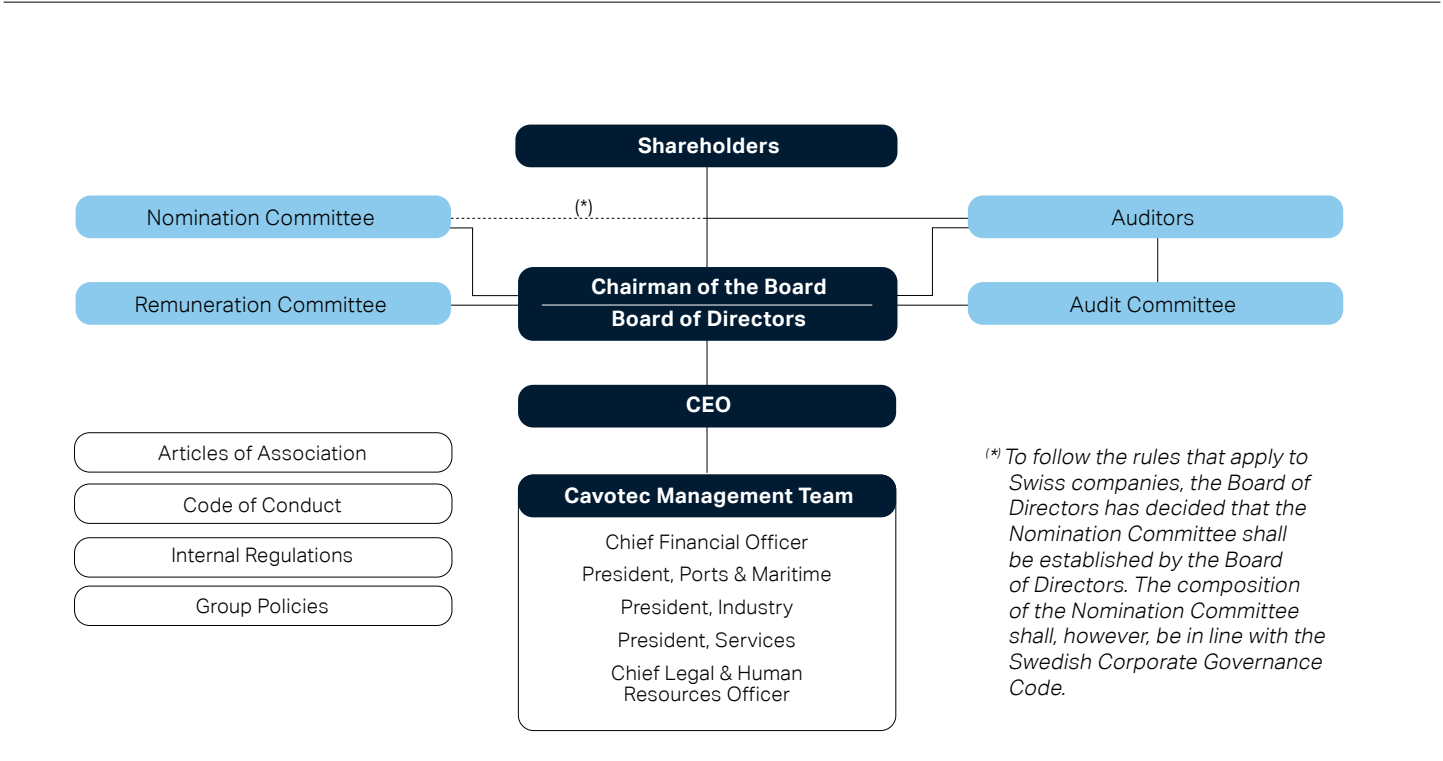
### Working for sustainability in our supply chain

We understand that our impact goes beyond our own business operations, whereby we put sustainability requirements on our suppliers through our Supplier Code of Conduct. The Cavotec Supplier Code of Conduct sets out the basis of our responsible sourcing approach. It defines not only the non-negotiable minimum standards that we ask our suppliers to respect when conducting business with Cavotec, but also the expression of values which are shared throughout Cavotec, its various

businesses and affiliates and that we encourage our suppliers to adhere to.

Our Supplier Code of Conduct covers, among other things, respect for human rights and fair labour practices, health and safety, environment, business ethics as well reporting requirements. It is applicable to all our suppliers (including their corporate bodies, employees, representatives, subcontractors and sales partners) and shall be signed by the Supplier, whereby it commits to adopt and comply with our code. t. As we move forward with sustainability, we will increase our efforts to ensure a sustainable supply chain. This will include risk assessments, screening of new suppliers, and defining a process for follow-up, to name a few measures.

FIGURE 3: CAVOTEC CORPORATE GOVERNANCE STRUCTURE



# Creating a sustainability foundation

At Cavotec we are determined to advance how we work with sustainability, maximising our positive contribution and minimising negative impact throughout our value chain. Our business model itself rests on the solid foundation of innovative and adaptative engineering.

## Sustainability risk assessment

We have conducted an sustainability risk assessment, covering sustainability risks throughout our operations and our supply chain. Risks have been assessed on the potential impact on Cavotec were the risk to materialise, and likelihood in company markets. Main risks include: inability to capitalise on sustainability due to limited sustainability knowledge and increasing investor demands, use of natural resources, lack of skilled labour, emissions of greenhouse gases and effluents to soil, water and air. We will work to integrate sustainability risks into our overall risk management framework,

enabling continuous follow-up and risk mitigation.

## Materiality analysis

Cavotec took another important step to advance how we work with sustainability, when in 2021 we conducted our first materiality analysis of sustainability aspects. The assessment followed a proven process in line with industry best practice and international reporting frameworks, as well as incorporating the dual materiality perspective. The materiality analysis builds on the sustainability risk assessment, stakeholder dialogues and an impact assessment.

Stakeholder dialogues were conducted with key stakeholders, identified by a sustainability steering committee established to facilitate the process, with support of external sustainability management consultants. Our key

**TABLE 1: STAKEHOLDER DIALOGUES (2021)**

Stakeholder group	Form of engagement	Respondents	Key concerns
Board of Directors	Interviews	2	<ul style="list-style-type: none"> <li>• Reduce carbon footprint of our operations and products</li> <li>• Attract and retain employees by developing skills and capacity</li> <li>• Sustainability in sourcing and supply chain processes (human rights, labour rights, environment and anti-corruption)</li> <li>• Diversity and inclusion</li> </ul>
Executive Management	Interviews	5	<ul style="list-style-type: none"> <li>• Reduce carbon footprint of our operations and products</li> <li>• Attract and retain employees by developing skills and capacity</li> <li>• Sustainability in sourcing and supply chain processes (human rights, labour rights, environment and anti-corruption)</li> <li>• Diversity and inclusion</li> </ul>
Employees and central functions	Online survey and interviews	339 (of 739) responses to the survey 3 interviews with central functions	<ul style="list-style-type: none"> <li>• Employee health and safety</li> <li>• Diversity and inclusion</li> <li>• Attract and retain employees by developing skills and capacity</li> <li>• Reduce carbon footprint of our operations and products</li> </ul>

stakeholders are those who have a considerable influence on Cavotec as a company, or those who can be considerably impacted by Cavotec.

The stakeholder dialogues showed an overwhelming support for Cavotec's ambition to work with sustainability, with 97% of employees considered it very important or important. All stakeholders raised concerns regarding climate impact and occupational health and safety, and this sustainability report is part of our efforts to respond to these concerns. We are in continuous dialogue with our customers and will further strengthen our materiality assessment by involving customers in dedicated stakeholder dialogues.

As a company, Cavotec has social, environmental and economic impacts on society and its surroundings. However, the sustainability aspects also impact Cavotec financially, legally, and reputationally as well as operationally. This dual materiality perspective has been key within our materiality analysis. The results of

the stakeholder dialogues and the impact assessment together form a materiality, which was presented to the steering committee, whereby some material topics were consolidated. The final result can be seen in figure 4.

ROADMAP TO CLEANTECH

Cavotec is on a sustainability journey to become a leading cleantech company. In 2021, Cavotec took our first step by developing the materiality analysis that is now the foundation for the development of our sustainability strategy. In 2022 we continued to build on the materiality and develop a sustainability strategy and cleantech roadmap, which will be integrated throughout our business, product portfolio and supply chain. The strategy is based on three pillars that align with Cavotec's mission to be a global, customer centric, and responsible business partner that provide high-quality products and solutions.

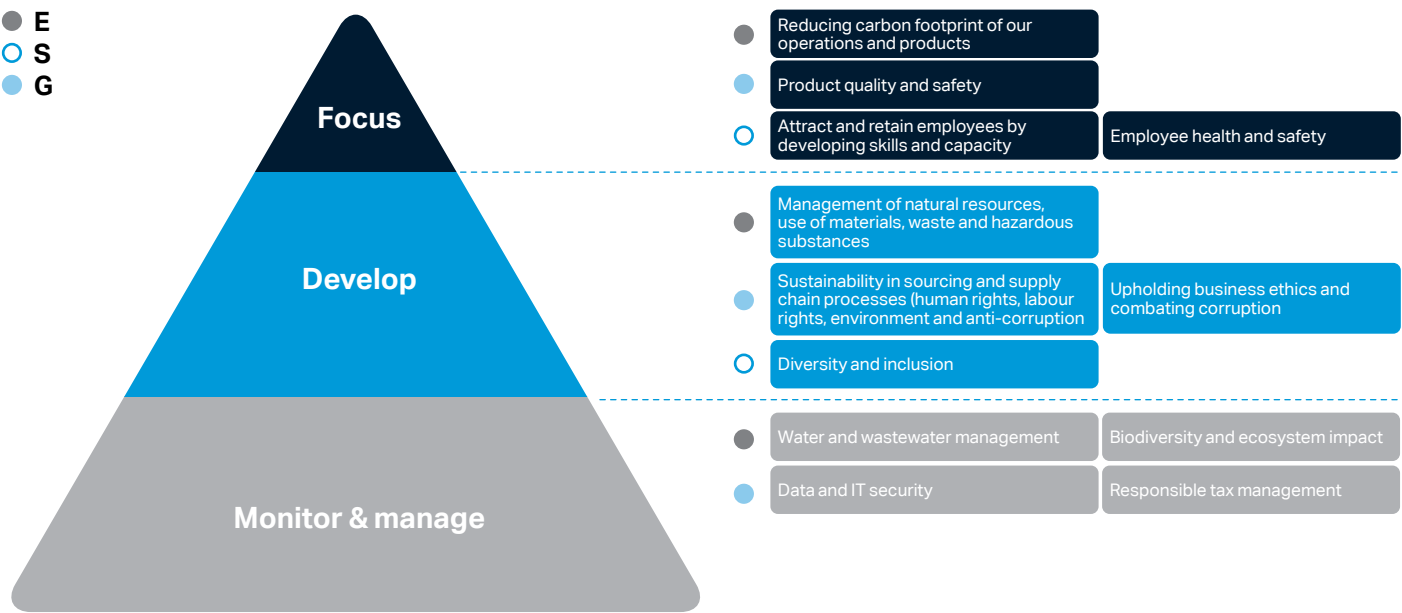
The three pillars are:

- Safety Excellence
- Accelerating Decarbonisation

- Responsible and Attractive Employer  
Cavotec's vision is to accelerate decarbonisation and guarantee safety excellence for our customers. By applying a customer centric business model, Cavotec can contribute to the sustainability transition through our high-quality products and systems.

Our employees are the foundation for our ability to deliver safe, high quality, and energy efficient products and solutions. Therefore, for Cavotec needs to be a great place to work that prioritise the health and safety of our employees, diversity and inclusion, and development of skills as well as attracting new talent. To be the natural partner for customers that want safe and energy efficient solutions, Cavotec needs to be a responsible business partner by upholding highest possible business ethics and fight corruption. The development of the roadmap has been ongoing during 2022 and Cavotec is looking forward to presenting the strategy to our employees, our customers, and stakeholders.

FIGURE 4: MATERIALITY PYRAMID





# Caring for our people

*Attracting skilled, open, and curious people is fundamental to an engineering company like Cavotec. For over 20 years we have been pioneering innovative solutions and are determined to continue like so, building company resilience in a world of uncertainties. With global presence in many countries, we can reap the benefits of our various culture, yet it poses some challenges in terms of commitment to learning from one another.*

Cavotec is a global company with operations in 18 countries and have therefore created a model where the HR organisation is embedded in all local operations. The impulse is given by the Group and relayed in the regions by HR

Business partners who support leaders locally. HR is furthermore supported by finance and admin functions at each Cavotec location, who are responsible for the day-to-day implementation and upholding of our HR practices and processes. In certain jurisdictions, collective bargaining agreements apply.

## NEW CAVOTEC

Employment contract	Female	Male	Total
Permanent	103	459	562
Temporary	9	60	69
<b>Total</b>	<b>112</b>	<b>519</b>	<b>631</b>

## Employment type

Full-time	109	518	627
Part-time	3	1	4
<b>Total</b>	<b>112</b>	<b>519</b>	<b>631</b>

Regions	Permanent	Temporary	Total
Asia	129	39	168
Europe	361.2	29	390.2
North America	28	0	28
Middle East	2	0	2
Oceania	41.8	1	42.8
<b>Total</b>	<b>562</b>	<b>69</b>	<b>631</b>

\* The data is rounded to present integers.

We are committed to developing and maintaining a workplace where our employees can learn and develop with the respect and support of their colleagues and managers, upholding human rights and labour rights in our own operations just as we expect our suppliers to do on their part. Different backgrounds, experiences and opinions enrich our expertise and drive innovation and growth. Our open, non-hierarchical working environment encourages the free exchange of ideas and mutual respect between individuals that underpin our unique capabilities as a leading engineering group. We respect and

promote fairness, and the right of each employee to a safe working environment where all employees are treated with dignity and respect.

Regardless of where they work, we want our people to feel safe and develop a sense of belonging that will fuel our success in being a leader in decarbonising maritime and industrial activities around the globe. Employees from different cultures and with different backgrounds enables us to deliver high-quality solutions and be customer centric business. Employees with comparable qualifications, experience

and performance will receive equal pay for equal work with respect to those performing similar tasks under similar working conditions and similar output. The Cavotec Code of Conduct strictly prohibits direct and indirect forms of discrimination and harassment of any kind. This includes, but is not limited to, discrimination based on age, ethical and cultural background, gender, religion, sexual identity, disability, race, colour, political opinion, social origin, social status, indigenous status, union membership or employee representation and any other characteristic protected by local law, as applicable.

### DIVERSITY BY GENDER AND AGE

Employee category	Female	Male	Age <30	Age 30-50	Age >50
Cavotec Management Team	14%	86%	0%	43%	57%
Division / Central Functions Management Team	19%	81%	0%	67%	33%
Employees	18%	82%	10%	65%	25%
<b>Total</b>	<b>18%</b>	<b>82%</b>	<b>10%</b>	<b>64%</b>	<b>26%</b>

*\* The data is rounded to present integers.*



For Cavotec to remain innovative and competitive, we need to attract, develop, and retain top-talents. We believe that our purpose of bringing high-quality solutions that drive the sustainability transition of our customers, both regarding safety and decarbonisation can attract talented engineers that wants to make a difference. We believe that the key to retain our employees is to focus on health and safety, to be a responsible employer, and to offer development programs.

We will continue the work to strengthen our HR processes and finalise our

updated yearly HR cycle, including aspects such as annual performance and salary reviews and occupational health and safety assessments. We will also assess how to increase internal capacity building, both with regards to technical skills and to more intangible learnings about work-place culture.

#### NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (NEW CAVOTEC)

	New employee hires	Employee turnover	New employee hires	Employee turnover
Female	37	38	6%	6%
Male	171	142	27%	23%
Age <30	52	33	8%	5%
Age 30-50	128	110	20%	17%
Age >50	28	37	4%	6%
Asia	97	62	15%	10%
Europe	99	104	16%	16%
North America	6	2	1%	0%
Middle East	0	1	0%	0%
Oceania	6	11	1%	2%
<b>Total</b>	<b>208</b>	<b>180</b>	<b>33%</b>	<b>29%</b>

#### PERFORMANCE REVIEWS (NEW CAVOTEC)

Employee category	Female	Male	Total
Cavotec Management Team	100%	100%	100%
Division / Central Functions Management Team	100%	100%	100%
Employees	73%	79%	78%
<b>Total</b>	<b>74%</b>	<b>81%</b>	<b>79%</b>



## ENSURING OCCUPATIONAL HEALTH AND SAFETY

Cavotec is committed to provide a safe and healthy working environment for all our employees. We integrate health and safety in the management of our business to prevent accidents and to protect people at work, with a vision of zero work-related accidents. In 2022, we had one recordable work-related injuries which included for example minor burns, falls and smaller cuts. Overall, our operations do not imply high safety risks. In general, our operations handle smaller cuts and other incidents that can be treated on site using bandaid. We have a robust set of procedures and standards to reinforce a strong health and safety culture across the organisation. We review any shortcomings in health and safety management, learn from experience to improve our performance. We continuously assess the operational health and safety aspects of our operations, processes, and services, and act upon safety improvements and incidents in accordance with our escalation procedure.

Given our global presence and varied operations, from our Centres of Excellence to our headquarters in Lugano, we are tailoring our occupational health and safety routines to suit each Cavotec site. Safety walks are conducted at each operation center on a regular basis. When safety improvements

are identified during these walks, employees are invited to record safety improvements and share them. It continues to be our ambition to certify all Centres of Excellence according to ISO 45001 or similar standard and follow equivalent procedures at all our operations.

Our Italian Centre of Excellence, the Cavotec location with most employees, is already ISO 45001 certified and procedures such as weekly safety walk are carried out. If a health and safety hazard is identified during a weekly safety walk, appropriate corrective actions are taken, by for example creating a work group. Each issue is recorded, and the staff is informed when a corrective action has been implemented and proven efficient. In addition to weekly safety rounds, the Italian site engage in a regionally promoted "Work-health Program" that encourages health initiatives. In 2022, the site focussed on promoting healthy diets and physical exercise. Following the progress of the Centre of Excellence in Italy we are working to implement efficient measures at our other sites in all our countries of operation, ensuring state of the art occupational health and safety across the organisation.

The continuation of the Covid-19 pandemic during 2022 has meant that we have followed developments closely

and continued to adjust and comply with local regulations and recommendations in all countries of operation. We have periodically encouraged people to work from home where possible and for those unable to work from home, we introduced staggered shift patterns to limit the risk of infection and made face masks and hand sanitiser widely available. We conducted exercises to ensure we had the necessary procedures in place in the event of an employee testing positive for covid. As part of our Safety Roadmap, we held regular local and global meetings to share best practice on mitigation and sustaining actions.

## H&S TABLE

	Employees	Rate
Fatalities due to work related injury	0	-
High consequence injury	0	-
Recordable injury	1	-

# Being a responsible business

***Cavotec wants to be the business partner of choice for both our customers and suppliers and meet expectations from our stakeholders. Therefore, we commit to upholding high business ethics, countering corruption, and guarantee responsible tax management. In addition, in today's digital world a responsible business needs to reduce risks related to cyber security and data privacy.***

The Code of Conduct is the main steering document, supported by our Anti-Bribery Policy, our Anti-Fraud Policy and our Gifts and Entertainment Policy. Our Whistleblower Policy covers all Cavotec employees and is available to business partners as well. It is possible to be anonymous and whistleblowers are protected against retaliation. The Chief Human Resources Officer and the Chief Compliance Officer hold the responsibility for the Whistleblower Policy.

Cavotec has a zero-tolerance policy towards all forms of corruption. In order to build capacity and knowledge of corruption and fraudulent behaviour, all our new employees receive training on our internal policies when joining Cavotec, as well as a complete policy package. The onboarding training is supplemented by additional trainings covering issues such as anti-trust and anti-bribery, which is done on a bi-annual and/or on-demand basis.

We are committed to combating all forms of corruption and acting professionally and fairly in all our business activities and relationships, wherever we operate. How we manage anti-bribery and corruption is governed by our internal policies, and we evaluate all potential business expansions from

a bribery and corruption perspective, where we conduct a third-party due diligence when high risks are identified. It is the responsibility of all those working with us to prevent, detect and report any kind of corruption, bribery, or other forms of unethical business conduct. It is the responsibility of each employee to read, understand and comply with the policies. During 2022 there has not been any legal actions regarding corruption, anti-competitive behaviour or violations of anti-trust and monopoly legislation.

## **DATA AND INFORMATION SECURITY**

Information is a valuable asset to Cavotec and exercise care when handling, receiving and storing sensitive information from customers, stakeholders and suppliers. Further, Cavotec respects the privacy of all individuals and the confidentiality of any personal data that Cavotec holds about them. We commit to improve our data and information security and to proactively reduce risks. Through our Code of Conduct, our employees are informed on how to handle data and information. Any data breaches are reported and appropriately escalated. In 2021, no data breaches were reported or escalated.

## RESPONSIBLE TAX MANAGEMENT

Tax matters are discussed with the Audit Committee and governed by our Tax Policy in our Finance Manual. Cavotec's approach is to improve tax efficiency by using tax credit initiatives offered in the different countries where we operate. The income tax expense for the period is the tax payable on the current year taxable income. This is based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences as the tax rates are expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit and loss. Deferred tax assets are recognised

for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Uncertain tax positions are measured either at the most likely outcome or at the expected value, depending on which method better predicts the resolution of the uncertainty. Thereby detection risk is not taken into account.



# Managing our environmental impact

*Owing to our engineering solutions we can contribute to reduced environmental impact downstream in our value chain, yet work remains to understand and manage the impact that we may have upstream. Cavotec acknowledges climate change as one of the major global challenges facing the world today, and we are determined to play our part in climate change mitigation and adaptation. We are also concerned with questions regarding water stewardship and impacts on biodiversity. Cavotec strive to collaborate with our port and industry customers to co-create solutions that combats climate change, biodiversity loss, and water stress.*

Our main environmental impacts include energy consumption and resulting greenhouse gas emissions, natural resources use in our products, waste generation, and interactions with water. Cavotec are committed to limit the negative environmental impacts from our operations, our supply chain, and our products and services.

## MANAGING IMPACTS IN OUR OWN OPERATIONS

Cavotec operates in accordance with our Environmental & Sustainability Policy, and we apply the precautionary principle to situations where harm may be done to the environment or human health, following legislation and international initiatives. The Environmental & Sustainability Policy is supplemented by the Code of Conduct, local employee instructions, and the Supplier Code of Conduct.

Our facility in China became ISO 14001 and ISO 9001 certified during 2021, which will contribute to our continued environmental management.

In 2021 Cavotec Italy did the first Audit related to the ISO140001 certification finished with a positive result in February 2022. The implementation and certification of ISO 14001 requires rigorous processes to manage environmental impacts and measure resource consumption. The Italian facility is heated by geothermal energy, and there is a photovoltaic system on the roof that covers approximately 22% of the facility's total energy consumption.



Cavotec Italy's facility with solar panels

## Energy and climate change

Cavotec wants to contribute to mitigation and adaptation of climate change not only by providing solutions that have potential benefits but also in our own operations. In 2022, we continued our journey to understand our greenhouse gas (GHG) emissions by collecting data for energy use such

as fuels, electricity, and heating as well as business travels. In 2022, ten Cavotec offices including our largest Centre of Excellences reported on their energy use which covers most of all full-time employees.

Cavotec is already taking action to reduce our impact from energy use

by investing in renewable energy resources. The Italian Centre of Excellence has geothermal energy and photo-voltaic panels installed. In 2022, 39% of Cavotec's electricity consumption was renewable and 160MWh was sold back to the grid.

Energy consumption	MWh
Fuels (including natural gas, petrol, and diesel)*	450
Electricity**	2,489
Non-renewable electricity	1,594
Renewable electricity***	895
District heating	919
<b>Total energy consumption</b>	<b>3,858</b>

\* Fuel data collected for 100% of company cars and rental cars.

\*\* Electricity data collected for sites covering 79% of total FTEs, including Cavotec's largest assembly facilities.

\*\*\* Represents 59% of Cavotec's total electricity consumption includes both renewable electricity from the national grids and consumed electricity produced by solar panels on the Italian site.

Energy produced and sold	MWh
Sold electricity – renewable*	30
Sold electricity - non- renewable	130
<b>Total</b>	<b>160</b>

\* The renewable electricity is generated by solar photovoltaics and the non-renewable from combined heat and power with natural gas as the energy source.

Cavotec commits to continue to monitor our energy use and to improve the data collection by including more Cavotec sites.

Energy use is the primary contributor to greenhouse house emissions from our own operations. The table below presents a breakdown of our GHG emissions according to scopes where scope 1 refers to direct emissions,

scope 2 indirect energy related emissions, and scope 3 indirect emission in the value chain.

During 2022, we increased our efforts to understand the emissions generated in our value chain as well as the potential avoided emissions that occur when our customers install our products that increase energy efficiency. Cavotec understands the need for

comprehensive data to communicate potential climate benefits. Therefore, we are looking forward to improving our data collection and increase our understanding to be able to substantiate all future environmental claims. To meet future challenges of substantiation green and clean claims, we will together with our customers measure the potential benefits of Cavotec's products.

	GHG-emissions (tCO2e)
Scope 1 (direct emissions) *	233
Scope 2 (indirect energy related emissions) **	1,025
Scope 3 (indirect emission in the value chain) ***	338
<b>Total</b>	<b>1,596</b>

\* Includes emissions for fuel from 100% of company cars as well as fuels for heating offices. Emission factors from DEFRA (2019) have been used.

\*\* Includes electricity use for ten sites and district heating for a German site. Emission factors from the International Energy Association (IEA) have been utilised.

\*\*\* Includes electricity use for ten sites and district heating for a German site. Emission factors from DEFRA (2019) have been utilised.

### Water Management

Cavotec acknowledges that fresh water is a scarce resource, and we aim to foster responsible water stewardship in all our facilities by monitoring water use and ensure water effluents is treated correctly. Through the development of our first sustainability report, Cavotec have started the journey to understand how and where we interact with water resources. For our own operations, Cavotec's primary use of water is for sanitary purposes and drinking water. However, the geothermal energy for the Italian site utilises water which is controlled regularly and follows all legal requirements. For the 2022 sustainability report we have collected water use and discharge data for five sites covering 55% of all full-time employees.

### Biodiversity

According to the Intergovernmental Panel on Biodiversity and Ecosystem services (IPBES) the main drivers of biodiversity loss are climate change, land and sea use change, invasive species, direct exploitation and pollution. Cavotec acknowledges the importance of biodiversity and ecosystem services and aim to reduce our negative impact. We need to further identify the potential potential and actual impact that we may have on biodiversity based on the IPBES key drivers.

### Waste Management

Cavotec generates waste on our assembly sites from packaging of parts from suppliers and general waste from the offices. We acknowledge the need for a transition to a circular economy and minimise waste. Our site in China for example, recycles approximately 33,3% of the total waste. In upcoming years, we aim to continue to monitor and manage our waste to be able to present more detailed data on generated waste as well as disposal of waste.

We acknowledge the need for us to collaborate with our suppliers to reduce waste and increase circularity which will not only reduce waste but also the need for virgin raw materials. In 2021, 38% of our suppliers had signed the Cavotec Supplier Code of Conduct which promotes environmental responsibility and the precautionary principle. Cavotec aims to increase the collaboration with suppliers regarding both environmental and social sustainability aspects in the upcoming years.

	Volume (megaliters)
Water usage*	2.51
Water discharge**	2.51

\* Water data was reported by Cavotec's largest sites that covers 79% of total FTEs.

\*\* In 2022 Cavotec had no water consumption i.e., water used by an organisation such that it is no longer available for use by the ecosystem or local community.



## MANAGING ENVIRONMENTAL IMPACT IN OUR VALUE CHAIN

During 2022, Cavotec continued the journey to understand our value chain's environmental impact. We are convinced that by understanding our potential negative and positive impact, we can co-create better products and processes together with our suppliers and customers that accelerate decarbonisation and competitiveness.

One measure to reach an increased understanding was to support a case study during 2021 evaluating the potential emission reduction efficiency of automatic mooring system and cold ironing in a port in Izmit Bay, Turkey. The case study conducted by the Department of Maritime Transportation and Management Engineering and the Department of Marine Engineering in Istanbul Technical University, found that automatic mooring can significantly reduce emissions of CO<sub>2</sub>, NOx, and PMs. Cavotec are humbled to see an academic article that testify to our product's positive impact and give credit to our purpose. We are looking forward to continuing the collaboration with academia to deepen our own understanding of the how our products can contribute to both accelerating decarbonisation and safety excellence.

Our largest assembly site Cavotec Nova Milanese in Italy has conducted an internally managed simplified life

cycle analysis (LCA) on four of the site's main product families in 2021: Azipod, MoorMaster, Motorised Cable Reels, and Alternative Maritime Power (AMP). The LCA was developed in accordance with ISO 14040-14044:2021 on Environmental Management: Life Cycle Assessment (LCA) and identified key activities in our value chain with most significant negative impacts on water, air emissions, soil contamination, noise emissions, and hazardous and non-hazardous wastes. In summary, the results showed that we have the most significant environmental impact in our upstream value chain with special emphasis on foundries and carpentries, which impact all environmental aspects.

Working with suppliers will therefore be key to Cavotec's environmental performance and it is an area that will be addressed in the years to come. For example, steel is one of the primary materials used in our products, which has a considerable environmental impact due to the extraction of iron ore and production of steel. We are keeping an eye on the development of steel produced without the use of fossil fuels and will review suppliers' processes for minimising environmental impact at the time of mining.

Cavotec strongly believes that sustainability will be crucial for all businesses' future competitiveness, and we want to be the natural partner for our customers in meeting stakeholder

expectations, regulations, and internal goals. To collaborate with our customers is another key to Cavotec's environmental performance. By co-creating solutions, we can drive decarbonisation, reduce risks related to water interactions in ports, and identify innovative solutions to reduce biodiversity risks in mining and other industry operations. We are looking forward to embarking on this journey together.

## EU TAXONOMY

Cavotec has started to analyse the EU Taxonomy and its requirements, initially by identifying economic activities that could be subject to, or is eligible, for taxonomy alignment. The identified activities are '3.3 Manufacture of low carbon technologies for transport', '3.6 Manufacture of other low carbon technologies' and '6.16 Infrastructure enabling low carbon water transport', whereas the initial analysis indicates that two out of these three activities (activity 3.3 and activity 6.16) fulfil the technical screening criteria for substantial contribution to EU's first sustainability objective climate change mitigation. Further analysis is however required to determine compliance with the remaining criteria for taxonomy alignment, i.e., an analysis of do no significant harm (DNSH) and minimum social safeguards. Cavotec will therefore continue to assess the EU Taxonomy and its requirements during 2023, focusing on the above-mentioned identified activities.



PowerMove in Port of Dongdu Xiamen, China

# Moving forward

Cavotec continues to accelerate the agenda to improve our sustainability performance, where we are on the journey to develop a cleantech roadmap. This journey will include updated internal policies, processes, and reporting for the coming year, for us to secure our own transition towards becoming the leading cleantech company. We will put emphasis on spreading awareness

of sustainability throughout the organisation, from the R&D department to our sales staff, to the engineers and service staff on the ground. It is our firm belief that we can thrive as a company, promoting safety excellence, accelerating decarbonisation, and making a mark as a responsible and attractive employer.

## About this report

This is the sustainability report for the financial year of 2022 (2022.01.01 - 2022.12.31) of Cavotec, company registration number CHE-440.276.616, registered in Lugano, Switzerland. HR data has been collected from all countries of operation. Environmental data has been collected from ten of our countries of operation, and we will work to include all countries in the upcoming years.

Greenhouse gases have been calculated in accordance with GHG Protocol, using emission factors from DEFRA (2019) for scope 1 and 3, and IEA (2019) for scope 2.

This material references:

GRI 102: General disclosures (2016), disclosure used: GRI 102-8

GRI 205: Anti-corruption (2016), disclosure used: GRI 205-3

GRI 302: Energy (2016), disclosure used: GRI 302-1

GRI 303: Water and effluents (2018)

GRI 305: Emissions (2016), disclosures used: 305-1, 305-2, 305-3

GRI 401: Employment (2016), disclosure used: 401-1

GRI 404: Training and Education (2016): disclosure used: GRI 404-3

GRI 405: Diversity and equal opportunity (2016), disclosure used: GRI 405-1

For questions about how Cavotec works with sustainability, or this sustainability report, please contact [sustainability@cavotec.com](mailto:sustainability@cavotec.com)

REMUNERATION GOVERNANCE AND PRINCIPLES

Shareholder engagement

The Ordinance Against Excessive Compensation at Public Corporations (VegüV) (the “Ordinance”) requires listed companies incorporated in Switzerland to publish a remuneration report. Cavotec SA (the “Company” or “Cavotec”) is a Swiss incorporated company but listed on the NASDAQ in Stockholm, Sweden. The corporate governance of Cavotec is therefore based on both Swiss and Swedish rules and regulations, such as the Swiss Code of Obligations (the “CO”) and the Swedish Code of Corporate Governance (Sw. *Svensk kod för bolagsstyrning*) (the “Code”). Being headquartered in Lugano, Switzerland, the Company also applies certain Swiss Exchange (“SIX”) rules regarding good corporate governance. This remuneration report (the “Remuneration Report”) describes Cavotec’s compensation system and philosophy. It provides details of the compensation to the Company’s board of directors (the “Board”) and to the Company’s chief executive officer (the “CEO”) in 2022.

Under the Ordinance, shareholders have significant influence on the remuneration of governing bodies and annually approve the maximum aggregate remuneration for the members of such governing bodies.

In addition, the principles governing remuneration must be defined in the company’s articles of association, which are also subject to shareholder approval. Cavotec’s articles of association (the “Articles of Association”) include the principles governing remuneration (specifically Articles 16a et seq.) and can be viewed online at: <http://ir.cavotec.com> -> Corporate Governance -> Articles of Association.

- The key provisions are summarized below:
- Votes on remuneration (Article 16b): Every year the Company’s annual general meeting (the “AGM”) votes separately and bindingly on the maximum aggregate remuneration of the Board for the term of office until the next AGM and on the maximum aggregate remuneration of the CEO (fixed and variable components) for the subsequent financial year.
  - Loans and credits (Article 16j): Loans and credits may not be granted to members of the Board or the CEO.
  - Additional amount for a newly appointed CEO (Article 16c): If the maximum aggregate remuneration already approved by the AGM is not sufficient to cover the remuneration for a newly appointed CEO, the Company may pay an additional amount up to 100% of the last maximum aggregate remuneration amount approved
  - In line with the Articles of Association and best practices, the Board will

- submit three separate remuneration related resolutions for shareholder approval at the 2023 AGM as illustrated in Table 1 below:
- This Remuneration Report (consultative vote).
  - The maximum aggregate remuneration amount for the Board for the term of office from 2023 AGM to 2024 AGM (binding vote).
  - The maximum aggregate remuneration amount for the CEO for the (next) business year starting Jan 1, 2024 and ending December 31, 2024 (binding vote).

At the 2021 AGM held on May 27, 2021, shareholders approved (i) a maximum aggregate amount of EUR 0.5 million for the remuneration for the Board for the term of office from 2021 AGM to 2022 AGM; and (ii) a maximum aggregate amount of EUR 2,900,000 for the remuneration for the CEO for the business year 2022.

At the 2022 AGM held on June 2, 2022, shareholders approved (i) a maximum aggregate amount of EUR 0.5 million for the remuneration for the Board for the term of office from 2022 AGM to 2023 AGM; and (ii) a maximum aggregate amount of EUR 2,900,000 for the remuneration for the CEO for the business year 2023.

**Governance on remuneration matters**  
The decision authority on remuneration

TABLE 1: REMUNERATION-RELATED SHAREHOLDER APPROVALS

Object		Action at 2023 AGM		2023		2024		2025	
Remuneration report 2022	approval of the 2022 remuneration report			<input checked="" type="checkbox"/>					
Board remuneration 2023	approval Board remuneration for AGM 2023 to AGM 2024 (term of office)			<input checked="" type="checkbox"/>					
CEO remuneration 2024	approval CEO FY 2024			<input checked="" type="checkbox"/>					
				Beginning of the FY Jan 01	AGM May	Beginning of the FY Jan 01	AGM May	Beginning of the FY Jan 01	AGM May



matters is summarized in Table 2 below. The current members of Cavotec's remuneration committee (the "Remuneration Committee") are Keith Svendsen, Patrik Tigerschiöld and Erik Lautmann (the latter as chairman; the "Chairman of the Remuneration Committee").

Members of the Remuneration Committee are elected annually and individually by the shareholders at the respective AGM. The Chairman of the Remuneration Committee reports to the full Board after each Remuneration Committee meeting. The minutes of the meetings are made available to the members of the Board. The CEO and Cavotec's chief human resources officer (CHRO) attend the Remuneration Committee meetings in an advisory function but are excluded from certain discussions. The Remuneration Committee may decide to consult an external advisor on specific remuneration matters.

#### Activities of the Remuneration Committee during FY 2022

The Remuneration Committee meets as often as business requires but at least once per year.

The Remuneration Committee held four meetings in 2022 (Feb 22, July 7, November 9, December 14).

The Remuneration Committee has the following duties and competences:

1. Reviewing and advising the Board on the terms of appointment of the CEO.
2. Reviewing working environments and succession planning for members of the management.
3. Reviewing the terms of the employment arrangements with members of the management so as to develop consistent group-wide employment practices subject to regional differences.
4. Reviewing of and making proposals to the Board on the remuneration of the members of the Board and of the CEO.
5. Reviewing the terms of the Company's short- and long-term incentive plans.
6. Submission of a draft of the remuneration report to the Board.

Details on Remuneration Committee members and their meeting attendance are provided in Cavotec's *Corporate Governance Report* on page 46.

#### Remuneration principles

Cavotec's remuneration programs are designed to recognize and reward performance, enabling the organization to attract, motivate and retain talented employees who drive performance to ensure both sustained growth and value creation.

The compensation of the Cavotec's Management Team (the "CMT") and

members of the Board is reviewed on an annual basis to ensure continued alignment with the CAVOTEC group (the "Group") strategy and market practice.

#### Determination of Board and CMT remuneration

Qualified international remuneration consultants from *Willis Towers Watson* were consulted when the remuneration system was designed to ensure that the remuneration system is competitive, attractive and in line with remuneration systems that exist in comparable companies active in similar industries and markets. The last review for the entire CMT was carried out in September 2021.

#### REMUNERATION SYSTEM

##### Remuneration system of the Board

To ensure its independence in fulfilling its supervisory duties, the remuneration of the Board is fixed and does not contain any variable component.

The chairman of the Board receives a fixed annual base fee of EUR 95,000. The chairman of the Board is not entitled to being compensated for assuming additional committee responsibilities.

Other members of the Board receive a fixed annual base fee and fixed fees for membership in Board committees.

**TABLE 2: GOVERNANCE ON REMUNERATION MATTERS**

	CEO	Remuneration Committee	Board	AGM
Remuneration principles (Articles of Association)		Proposes	Review	Approves
Remuneration report		Proposes	Review	Approves
Remuneration principles and system for the Board and the CEO		Proposes	Review	Approves
Remuneration principles and system for the Executive Management Team (EMT)	Proposes	Review	Approves	
Maximum aggregate amount of the remuneration for the Board		Proposes	Review	Approves
Maximum aggregate amount of the remuneration of the CEO		Proposes	Review	Approves
Maximum aggregate amount of the remuneration of the EMT members	Proposes	Review	Approves	

The amounts of the base fee and committee membership fees, as illustrated in Table 3 below, reflect the responsibility and time requirement inherent to the respective function and remained the same in FY 2022 compared to FY 2021.

The base fee and committee membership fees are paid 100% in cash.

### Remuneration system of the CMT

The remuneration elements for the CMT are summarized in Table 4 below.

The remuneration elements for the CMT consist of four components:

- salary
- pension and other benefits
- performance-based non-equity cash compensation ("STIP")
- performance-based equity-based incentives ("LTIP")

#### 1) Base salary

Base salary is the fixed remuneration

paid to employees for carrying out their role. It is designed to be attractive and market competitive and is established considering the following factors:

- scope and responsibilities of the role, as well as qualifications and experience required to perform the role, market value of the role in the location in which Cavotec competes for talent;
- skills and expertise of the individual in the role.

The base salary is paid out to CMT members in twelve equal monthly cash instalments.

#### 2) Pension benefits

The purpose of pension benefits is to provide security for employees and their dependents in the event of retirement, sickness, inability to work and death. The CMT members participate in the social insurance and pension plans in the countries where their employment contracts were entered into. The plans

vary according to local market practice and legislation; at a minimum they reflect the statutory requirements of the respective countries. In line with local employment practice for Swiss employees, CMT members under Swiss employment contracts are covered by the Company's compulsory occupational pension scheme.

#### 3) Other benefits

In addition, Cavotec aims to provide competitive employee benefits. Benefits are considered from a global perspective, while appropriately reflecting differing local market practice and employment conditions. For the CMT members, benefits may include local market benefits such as transportation allowances, health cover, etc. and, where relevant, international benefits such as tax advisory services, etc. The monetary value of these remuneration elements as disclosed in the remuneration Table 4 below is based on the actual amount

**TABLE 3: REMUNERATION SYSTEM OF THE BOARD, IN EUR (GROSS AMOUNT)**

Base fee		Committee fee	Chair	Member
Chairman of the Board	95,000	Audit Committee	10,000	5,000
Member	35,000	Remuneration Committee	10,000	5,000

**TABLE 4: REMUNERATION SYSTEM OF THE CMT**

	Fixed Pay		Variable Pay	
	Base Salary	Pension & other benefits	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)
Purpose	Attract and retain	Risk protection, Market competitiveness	Focus on the delivery of the year's commitments	Focus on the long term success of the Group and align with shareholders' interests
Performance period	-	-	1 year	3 years
Key drivers	Role, responsibility, experience	Legal requirements & market practice	Group, Division and personal performance (if relevant)	Group long-term performance
Reward instrument	Cash	Pension, insurance plans and cash	Cash	Performance shares
KPIs	-	-	Revenues, EBIT, Cash flow	EPS (65%), Relative TSR (35%)
Target incentive	-	-	80% of base salary for the CEO, 20-40% of base salary for CMT members	80% of base salary for the CEO, 20-40% of base salary for CMT members
Payout range	-	-	0-120% of target amount for each KPI	0-200% of number of granted PS for each KPI
Impact of share price on payout value	-	-	-	Yes

paid as well as the best estimate for the amounts yet to be paid.

#### **4) Short-Term Incentive Plan ("STIP")**

The short-term incentive plan ("STIP") is the cash-based element of the variable pay for senior executives or key employees. Its objective is to:

- encourage performance and motivates the beneficiaries to work together for the sustainable success of the Group;
- enable the alignment of objectives throughout the Company.

The current STIP framework was introduced in 2018 to provide a simple, fair and transparent approach.

Plan participants at Group and division level are incentivized based on the achievement of financial performance targets, which are determined by the Board at the beginning of each financial year. The performance targets are defined in line with the year's commitments to contribute to the long-term strategy. They are aligned with business priorities, with the aim of achieving sustainable profitability.

These targets represent commercially sensitive information and are therefore not disclosed.

Payouts under the STIP are calculated based on the achievement level of the respective performance targets, with 100% achievement resulting in 100% pay-out. For each financial performance target, minimum threshold performance levels, below which there is no payout, as well as maximum performance levels, at which payout is capped at 120%, apply. Linear interpolation is used to calculate the payout between threshold, target and maximum. Total payout under the STIP can range from 0% to 120% of the target incentive amount.

#### **5) Long-Term Incentive Plan ("LTIP")**

In 2019 a new equity based long term incentive plan ("LTIP") framework was

approved by the AGM.

The LTIP is a three-year performance share-based incentive plan. The current plan, called 2020-2022 LTIP, rewards the long-term performance between Jan 1, 2020 and Dec 31, 2022 (performance period). Its purpose is to foster long-term value creation for the Group by providing the members of the CMT and other eligible key managers with the possibility:

- to become shareholders or to increase their shareholding in the Company,
- to participate in the future long-term success of Cavotec, and
- to further align the long-term interests of the plan participants with those of the shareholders.

The CEO, CMT members and a selected number of senior managers are eligible for the plan. The plan grants performance shares to the participants at the beginning of the period as a percentage of the base salary. The individual grants under the LTIP are determined based on the role and responsibilities, taking into account external market levels.

Awards under the LTIP are a contingent entitlement to receive Cavotec shares at the end of the three-year performance period (vesting), provided certain performance targets are achieved and subject to continuous employment.

The number of shares that will vest at the end of the performance period depends on the performance of two indicators:

- 35% of the award is linked to the Total Shareholder Return ("TSR") measured over three years relative to the OMX Nordic Industry – Industrial Index, and
- 65% of the award is linked to the Earnings per Share ("EPS").

In case the performance does not reach certain pre-determined

thresholds, no performance shares will vest under the LTIP.

EPS targets represent commercially sensitive information and are therefore not disclosed.

In December 2020, the Board approved to renew the plan for the period 2021-2023 to reward long-term performance between January 1, 2021 and December 31, 2023 (performance period) with the same terms and condition as the 2019-2021 LTIP.

In December 2021, the Board approved to renew the plan for the period 2022-2024 to reward long-term performance between January 1, 2022 and December 31, 2024 (performance period). This new plan is similar to the previous years' plans with adjusted ratios to meet the evolution of the market.

In February 2023, the Board approved to renew the plan for the period 2023-2025 to reward long-term performance between January 1, 2023 and December 31, 2025 (performance period). This new plan is similar to the previous years' plans with adjusted ratios to meet the evolution of the market.

#### **EMPLOYMENT CONDITIONS**

The members of the CMT are employed under contracts of unlimited duration with a notice period up to a maximum of twelve months. Some CMT members are entitled to a 6-month salary payment in case their employment is terminated without good cause. Employment contracts for CMT members include non-competition agreements not exceeding a period of twelve months following the end of employment.

#### **REMUNERATION AWARDED TO MEMBERS OF GOVERNING BODIES**

The section below is in line with Swiss law and specifically with Arts. 14 to 16 of the Ordinance which requires disclosure of remuneration granted to members of the Board and CEO.

Remuneration paid to members of the Board and to the CEO is shown separately.

#### Remuneration awarded to the Board for FY 2022 (Audited)

The remuneration awarded to the Board is summarized in Table 5 below.

#### Remuneration awarded to the CEO for FY 2022 (Audited)

For FY 2022, the CEO has been awarded base salary, variable remuneration,

pension and other benefits, in line with the remuneration system.

The remuneration of the CEO is summarized in Table 6 below.

#### Loans granted to members of the Board or the CEO

In accordance with Article 16J of the Articles of Association, the Company does not grant loans or extend credit to the members of the Board and to the CEO.

#### REMUNERATION TO FORMER MEMBERS OF GOVERNING BODIES

Other than payment made to Fabio Cannavale for his directorship position amounting to Euro 16,667.00, during FY 2021 no payments were made to former members of the Board or related parties.

The payments made to the former CEO are described Table 6 below.

**TABLE 5: REMUNERATION AWARDED TO THE BOARD**

Remuneration for FY 2022 in EUR	Board fees	Social Security Contributions	Pension	Consultancy	Total 2022	Total 2021
Fabio Cannavale	-	-	-	-	-	40,000
Niklas Edling	40,000	1,400	2,120	-	43,520	41,313
Annette Kumlien	45,000	1,575	2,385	-	48,960	49,035
Erik Lautmann	45,000	711	2,385	-	48,096	47,323
Keith Svendsen	40,000	1,400	2,120	-	43,520	22,245
Patrik Tigerschiöld (Chairman)	95,000	3,325	5,035	-	103,360	103,509
<b>Total remuneration</b>	<b>265,000</b>	<b>8,411</b>	<b>14,045</b>	<b>-</b>	<b>287,456</b>	<b>303,426</b>

Remuneration for FY 2022 in CHF	Board fees	Social Security Contributions	Pension	Consultancy	Total 2022	Total 2021
Fabio Cannavale	-	-	-	-	-	42,646
Niklas Edling	40,188	1,407	2,130	-	43,725	44,046
Annette Kumlien	45,212	1,582	2,396	-	49,191	52,279
Erik Lautmann	45,212	714	2,396	-	48,323	50,454
Keith Svendsen	40,188	1,407	2,130	-	43,725	23,717
Patrik Tigerschiöld (Chairman)	95,447	3,341	5,059	-	103,847	110,357
<b>Total remuneration</b>	<b>266,248</b>	<b>8,451</b>	<b>14,111</b>	<b>-</b>	<b>288,810</b>	<b>323,499</b>

CHF/EUR exchange rate 1.0047093

**TABLE 6: REMUNERATION OF THE CEO**

Amounts for FY 2022 in EUR	Base Salary	Short-term Incentive Plan <sup>(1)</sup>	Long-term Incentive Plan <sup>(2)</sup>	Benefits in kind <sup>(3)</sup>	Social Security, Insurance and Pension Contributions <sup>(4)</sup>	Total 2022	Total 2021
Mikael Norin	788,306	-	-	1,427,239	219,051	2,434,596	1,066,630
David Pagels	321,938	-	-	9,783	218,372	550,093	-

Amounts for FY 2022 in CHF	Base Salary	Short-term Incentive Plan <sup>(1)</sup>	Long-term Incentive Plan <sup>(2)</sup>	Benefits in kind <sup>(3)</sup>	Social Security, Insurance and Pension Contributions <sup>(4)</sup>	Total 2022	Total 2021
Mikael Norin	792,018	-	-	1,433,960	220,083	2,446,061	1,137,194
David Pagels	323,454	-	-	9,829	219,400	552,683	-

CHF/EUR exchange rate 1.0047093

<sup>(1)</sup> As the objectives of the 2022 STIP were not achieved, there is no payout in 2023 for FY 2022.

<sup>(2)</sup> As the objectives of the 2020-2022 LTIP were not achieved, no shares to vest in 2023.

<sup>(3)</sup> Allowances (Child, school fees, health insurance and transportation, non-competition agreements).

<sup>(4)</sup> Pension contribution to the CEO has been made both in form of cash and defined contribution payments.



## RECONCILIATION OF AGM REMUNERATION RESOLUTIONS

For the term to the 2023 AGM, the 2022 AGM approved a maximum aggregate remuneration amount for the Board of EUR 0.5 million (covering all pay, pension contribution, social charges, etc.) Table 7 shows the reconciliation between the remuneration that has been/will be paid/granted for the respective term of office

and the maximum aggregate amount approved by the shareholders.

The CEO's maximum aggregate remuneration amount for FY 2023 approved by the 2022 AGM, is EUR 2.9 million (covering fixed and variable pay, pension contribution, social charges, etc.). Table 8 shows the reconciliation between the remuneration that has

been/will be paid to the CEO for FY 2022 and the maximum aggregate amount approved by the shareholders.

On 19th December 2022, the BoD approved the portion of remuneration exceeding EUR 2.9 million as stipulated in the Cavotec bylaws.

**TABLE 7: REMUNERATION APPROVED AND PAID/GRANTED FOR THE MEMBERS OF THE BOARD**

	Total remuneration granted (paid/payable) in EUR	Maximum aggregate amount approved in EUR	Status
FY 2021	303,426	500,000	Approved (2021 AGM)
FY 2022	287,456	500,000	Approved (2022 AGM)
2023 AGM to 2024 AGM	-	500,000	Proposed (2023 AGM)

**TABLE 8: REMUNERATION APPROVED AND PAID/GRANTED FOR THE CEO**

	Total remuneration granted (paid/payable) in EUR	Maximum aggregate amount approved in EUR	Status
FY 2021	1,066,630	2,900,000	Approved (2020 AGM)
FY 2022	2,984,689	2,900,000	Approved (2021 AGM)
FY 2023	-	2,900,000	Approved (2022 AGM)
FY 2024	-	2,200,000	Proposed (2023 AGM)

# Report of the statutory auditor

## to the General Meeting of Cavotec SA

Lugano

### Report on the audit of the remuneration report

#### Opinion

We have audited the remuneration report of Cavotec SA (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on page 42 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report (page 42) complies with Swiss law and article 14 to 16 of the Ordinance.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

#### Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is 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

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guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers SA



Efrem Dell'Era  
Licensed audit expert  
Auditor in charge



Luigi Voulgarelis  
Licensed audit expert

Lugano, 27 April 2023

Since Cavotec is a Swiss company listed on Nasdaq Stockholm, the corporate governance of Cavotec is based on Swiss and Swedish rules and regulations, such as the Swiss Code of Obligations (the “**CO**”) and the Swedish Code of Corporate Governance (Sw. Svensk kod för bolagsstyrning) (the “**Code**”). This corporate governance report reflects the changes occurred with the Swiss corporate law reform that came into force on 1 January 2023.

THE SWEDISH CODE OF CORPORATE GOVERNANCE

Swedish companies with shares admitted to trading on a regulated market in Sweden, including Nasdaq Stockholm, are subject to the Code. The Code is a codification of best practices for Swedish listed companies based on Swedish practices and circumstances. Cavotec has decided to apply the Code, however, the Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules,

provided that any such deviations and the chosen alternative solutions are described and the reasons therefore are explained in the corporate governance report (according to the so-called “comply or explain principle”). Deviations that the Company is aware of have, as far as possible, been explained in the Company’s corporate governance report.

SHAREHOLDERS’ MEETINGS

General

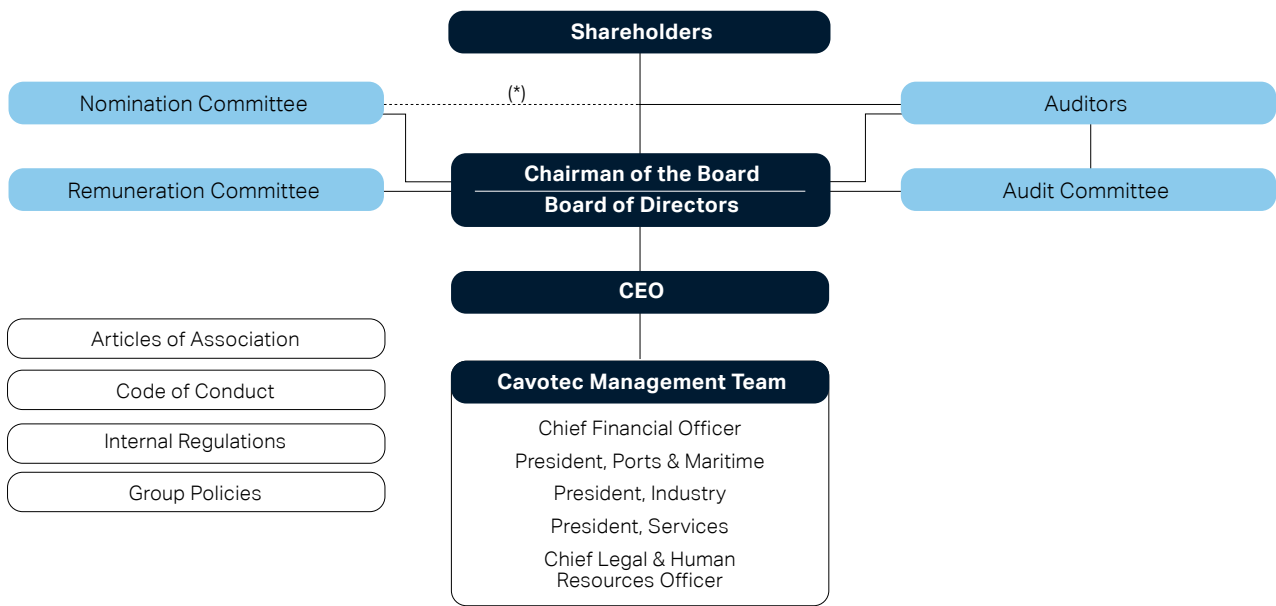
Shareholders’ rights to resolve on company matters are exercised at shareholders’ meetings. An ordinary shareholders’ meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors. Extraordinary shareholders’ meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders’ meetings are held at the domicile of the Company or at such other place in Switzerland as the Board of Directors

shall determine. The shareholders’ meetings, deviating from the Code, will be held in English and information and material will be available in English only. This is in accordance with an exemption granted by the Swedish Financial Supervisory Authority. The minutes of shareholders’ meetings, and the election results with details of the exact the percentage of votes for and against containing the resolutions and the election results with details of the exact percentage of votes for and against, will be published on the Company’s website within 15 days following the general meeting.

Right to attend shareholders’ meetings

All shareholders who are registered directly in Euroclear Sweden’s and SIX SIS’s share registers on the record date, as applicable, and who notify the Company of their intention to attend the shareholders’ meeting at the latest by the date specified in the convening letter, shall be entitled to

CAVOTEC CORPORATE GOVERNANCE STRUCTURE



(\*) To follow the rules that apply to Swiss companies, the Board of Directors has decided that the Nomination Committee shall be established by the Board of Directors. The composition of the Nomination Committee shall, however, be in line with the Code.



attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may usually register for shareholders' meetings in several different ways, which are described in the Notice of meeting (the "Notice of Meeting").

**Notice of shareholders' meetings and shareholder initiatives**

The Notice of Meeting is given by means of a publication in the Swiss Commercial Gazette or by letter to the shareholders of record as well as through a press release. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 calendar days. The notice of the shareholders' meeting must indicate in particular the agenda items to be discussed, the motions of the board of directors together with a short explanation, and, if applicable, the shareholders' motions together with a short explanation. The notice will also be

published on the Company's website. At the time of the notice, the Company may publish in Svenska Dagbladet an announcement with information that the notice has been issued.

Shareholders may request that items be placed on the agenda of a meeting convened by the Board of Directors, provided they together hold at least 0.5 per cent of the share capital or of the votes.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least five per cent of the share capital may request the Board of Directors, in writing to call an extraordinary shareholders' meeting. In such case, the Board of Directors must call a shareholders' meeting within two weeks.

**Nomination Process**

The process for the nomination of Board members for Cavotec is construed in light of the Code, while still respecting

Swiss laws and regulations applicable to a Swiss company. The ultimate goal has been to adopt a Nomination Process that is open and transparent to all shareholders and stakeholders.

In October 2022 the Committee began preparing a proposal for the Board of Directors to be submitted to the Annual General Meeting 2023.

The proposal of the Nomination Committee will be published in the invitation to the Annual General Meeting.

**External auditor**

At the Annual General Meeting 2023 the Nomination Committee will propose to appoint PricewaterhouseCoopers SA, Lugano, as the independent auditor of the company until the Annual General Meeting 2024. Efrem Dell'Era is the auditor in charge.

**THE BOARD OF DIRECTORS**

The members of the Board are elected by the shareholders' meeting for



the period until the end of the next ordinary shareholders' meeting. The Board of Directors constitutes itself, as set out in the Articles of Association, but by law the Chairman of the Board of Directors is elected by the shareholders' meeting.

The members of the Nomination Committee and the Audit Committee, as well as the respective Chairmen, are elected from and by the Board members. The Remuneration Committee is elected by the shareholders' meeting and its Chairman is elected by the Board, as further described below in relation to the description of each committee.

The Board of Directors is entrusted with the overall management of the Company, as well as with the supervision and control of the management. The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies.

The Board of Directors shall exercise its function as required by law, the Articles of Association and the Board of Directors' Internal Regulations. The

Board shall be authorised to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles of Association or the Internal Regulations.

By Swiss law, the Board of Directors has in particular the following non-transferable and inalienable duties:

- the overall management of the company and issuing the required directives;
- to determine the Company's organization;
- organising the accounting, financial control and financial planning systems as required for management of the company;
- appointing and dismissing persons entrusted with managing and representing the company;
- overall supervision of the persons entrusted with managing the company, in particular with regard to compliance with the law, articles of association, operational regulations and directives;
- compiling the annual report, preparing for the general meeting and implementing its resolutions,

including interim published reports and determination of the accounting standard;

- filing an application for a debt restructuring moratorium and notifying the court in the event that the company is overindebted;
- preparing the remuneration report.

By Swiss law, the Board of Directors also has in particular the following non-transferable responsibilities: (i) decision pursuant to art. 653e CO (preparation of the capital increase report); (ii) decisions in connection with capital increases pursuant to art. 652g, 653g, 653i (acknowledgement of capital increase); (iii) decision pursuant to art. 653o (acknowledgement of capital reduction); (iv) decisions pursuant to art. 634b I CO (require outstanding contributions on shares not fully paid in); (v) to monitor the solvency of the company and to take all actions within the meaning of art. 725, 725a and 725b; and (vi) specific resolutions pursuant to the Swiss Merger Act.

The Board of Directors held seven ordinary Board meetings and six extraordinary Board meetings for Cavotec SA in 2022.

## BOARD AND COMMITTEE MEETINGS IN CAVOTEC SA IN 2022

	Board		Audit		Remuneration		Nomination	
	Held (ordinary and extraordinary)	Attended	Held	Attended	Held	Attended	Held (including via circular resolution)	Attended
Henrik Blomquist							3	3
Fabio Cannavale	6	6						
Peer Colleen							3	1
Niklas Edling	13	12	11	11				
Thomas Ehlin							3	3
Keith Svedsen	13	11			4	3		
Annette Kumlien	13	13	11	11				
Erik Lautmann	13	13			4	4		
Claes Murander							3	3
Patrik Tigerschiöld	13	12	11	11	4	4	3	3

## BOARD COMMITTEES

The Board of Directors currently has two Board committees, the Nomination Committee and the Audit Committee. Furthermore, the shareholders' meeting has constituted a Remuneration Committee, in accordance with Swiss law (in particular the CO that - as of 1 January 2023 - has implemented the previous regulation set by the Minder Ordinance). The composition and tasks of the Board's Committees are regulated in the Board of Directors' Internal Regulations. The composition and tasks of the Remuneration Committee are regulated in the Articles of Association as well as in the Board of Directors' Internal Regulations. Below is a brief description of the Committees as per the current Internal Regulations (which are continuously reviewed and if deemed appropriate by the Board of Directors amended). The shareholder can request to the board of directors to issue information in writing or electronically concerning the organisation of the business management.

### Nomination Committee

The Nomination Committee shall be a committee established by the Board

of Directors of the Company. This is in line with Swiss law but will constitute a deviation from the Code that prescribes that the Nomination Committee shall be determined by the shareholders. To follow the rules that apply to Swiss companies the Board of Directors has decided that the Nomination Committee shall be established by the Board of Directors. The composition of the Nomination Committee shall however be in line with the Code.

The Nomination Committee shall ensure that the Company has a formal and transparent method for the nomination and appointment of Board members. The objectives of the Nomination Committee are to regularly review and, when appropriate, recommend changes to the composition of the Board of Directors to ensure that the Company has, and maintains, the right composition of Board members to effectively govern and provide guidance to business, and identify and recommend to the Board of Directors individuals for nomination as members of the Board and its Committees (taking into account such factors as it deems appropriate, including experience, qualifications,

judgment and the ability to work with other Board members).

From October 18, 2022 the Nomination Committee members are Henrik Blomquist (representing Bure Equity AB), Per Colleen, who represents TomEq Private (Thomas von Koch), Thomas Ehlin (representing The Fourth Swedish National Pension Fund - AP4), and Patrik Tigerschiöld (Chairman of Cavotec's Board of Directors).

### Audit Committee

The objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relative to financial reporting and regulatory compliance. Members of the Audit Committee shall exclusively comprise of members of the Board appointed by the Board in accordance with the Code. The Audit Committee will comprise of not less than three members with a majority to be Independent Directors of the Board. One member must have a financial or accounting background.

The Audit Committee of Cavotec SA is involved in a wide range of activities including inter alia, the review of all



quarterly, half - yearly and annual financial statements prior to their approval by the Board and release to the public. The Committee has periodic contact with the external auditors, PricewaterhouseCoopers, through the PwC engagement partner responsible for the Audit and through the principal engagement manager, to review any unusual matters and the effect of new accounting pronouncements. As a matter of policy, the Audit Committee meets with the PwC engagement partner without the presence of Management at least once every year. Further, the Committee reviews the annual audit plan, as prepared by the external auditors, including the adequacy of the scopes of the audits proposed for the principal locations and the proposed audit fees. The engagement of the Auditors for non-audit services of significance is approved in advance by the Audit Committee.

At least once every year Management gives a presentation to the Audit Committee on the risk profile of the Group and on the procedures in place for the management of Risk. Risks related to the potential impairment of assets and the related provisions required for financial exposures are reviewed and discussed with Management at least once a year, normally in conjunction with the third quarter closing.

The Audit Committee of Cavotec SA met eleven times in 2022.

The current members of Audit Committee are Annette Kumlien (Chairwoman), Patrik Tigerschiöld and Niklas Edling.

### **Remuneration Committee**

The main purpose of the Remuneration Committee is to act as remuneration committee pursuant to Swiss law against excessive compensation with respect to listed corporations. The Remuneration Committee has in particular the following duties and responsibilities:

1. Reviewing and advising the Board of Directors on the terms of appointment of the CEO;
2. Reviewing working environments and succession planning for members of the Management;
3. Reviewing the terms of the employment arrangements with members of the Management, as well as to develop consistent group employment practices subject to regional differences;
4. Reviewing of and making proposals to the Board of Directors on the remuneration of the members of the Board of Directors and of the Chief Executive Officer;
5. Reviewing the terms of the Company's short and long term incentive plans;
6. Submission of a draft of the remuneration report to the Board of Directors.

The current members of the Remuneration Committee in Cavotec SA are Erik Lautmann (Chairman), Keith Svendsen and Patrik Tigerschiöld.

In accordance to Art. 698 para 3 and 733 CO and with the Internal Regulations, the Nomination Committee proposes to elect the following Board members to be part of the Remuneration Committee for the year 2023/2024: Keith Svendsen, Patrik Tigerschiöld and Peter Nilsson.

The Remuneration Committee of Cavotec SA met four times in 2022.

### **Cavotec Management Team – CMT**

The CMT is selected by the CEO and as of December 31, 2022 consists of seven members (including the CEO), combining Cavotec's senior operational and corporate functions.

The CMT fulfils the Group Management role – empowered by the CEO – and ensures efficient implementation of strategic decisions into Cavotec's global organisation and leads local management on key operational issues. The CEO, defines and

implements operational strategy, policies, technical and commercial developments, as well as new acquisitions in line with targets set by the Cavotec's Board of Directors.

Cavotec's operational structure is reasonably flat in order to ensure that the Group's operations and decision-making processes are efficient and responsive. Strategic, Group-related operations are the responsibility of the CEO with the support of the CMT. All material decisions within the day-to-day operations of the Company are taken by the CEO.

### **REMUNERATION AND INCENTIVE PLANS**

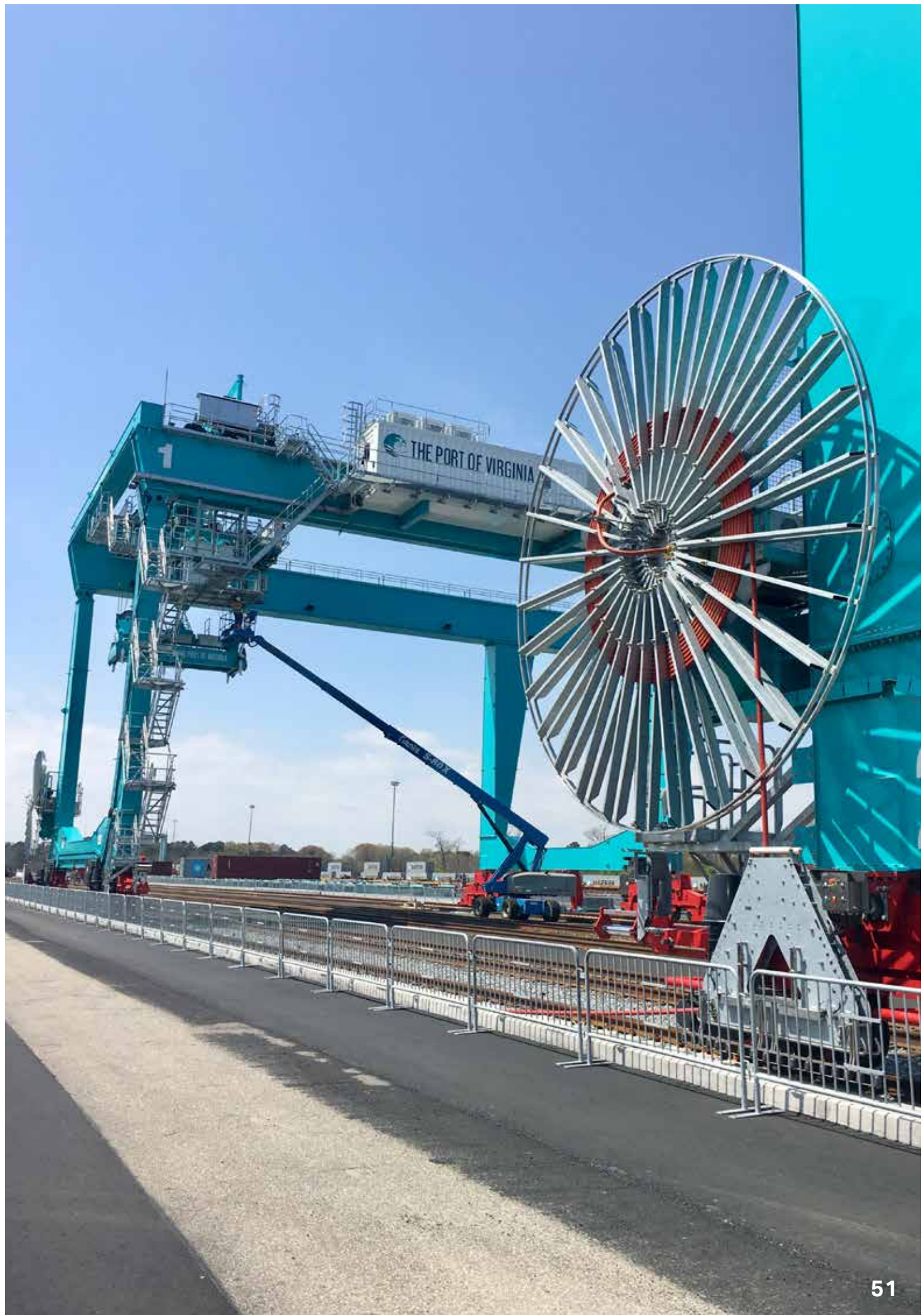
Please refer to the Remuneration report on page 38.

### **INTERNAL CONTROL SYSTEM (ICS)**

The internal control function has been embedded in the finance organisation. This task is performed by Group Finance, that together with the local entity's finance department and the Legal Compliance officer is responsible for ensuring that the necessary controls are performed along with adequate monitoring.

Internal controls comprise the control of the Company's and Group's organisation, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.





## BOARD OF DIRECTORS

The Cavotec Board consists of five members. All Board members have extensive experience in global business and between them represent a broad variety of skill sets and backgrounds. We believe that strong leadership takes empathy, insight and a willingness to listen. All these characteristics personify our Board and Corporate Management's approach.



**Patrik Tigerschiöld**  
*Chairman of the Board*

Born 1964

Member since 2014

Patrik Tigerschiöld holds an M.Sc. in Business and Economics. Since 2013, he has been Chairman of Bure Equity AB, (a role he also held between 2004 and 2009), following his tenure as President and CEO of the company. He is also Chairman of Mycronic AB, ACQ Bure AB, SNS Center for Business and Policy Studies. Among other assignments, he serves as a Board Member for Fondbolaget Fondita AB and Ovzon AB. Patrik is also a Fellow of the Royal Swedish Academy of Engineering Sciences (IVA).



**Niklas Edling**  
*Member of the Board*

Born 1963

Member since 2019

Niklas Edling holds an M.Sc. in Mechanical Engineering from the KTH Royal Institute of Technology in Stockholm and a B.Sc. in Economics and Business Administration from the Stockholm School of Economics. In addition to being on the Cavotec board, Niklas is also CEO of ScandiNova Systems AB, a global leader in pulsed power solutions for applications in medtech, industry and science. Previously, Niklas was SVP Corporate Development and Deputy CEO at electronics production solutions provider Mycronic, where he also served as SVP Operations. He is also a board member of HMS Networks AB.



**Annette Kumlien**  
*Member of the Board*

Born 1965

Member since 2019

Annette Kumlien has a Bachelor of Business Administration from the Stockholm School of Economics. Alongside her Cavotec role, she holds the position as COO Intrum AB and is a member of the Board of Dirac Research AB. Previously Annette has worked as GVP/CFO at Munters Group AB, CFO/COO at Diaverum and CFO in Höganäs AB and Pergo AB.

Patrik Tigerschiöld, together with his family, holds 1,198,000 shares in Cavotec.

Niklas Edling holds 83,599 shares in Cavotec.

Annette Kumlien holds 75,000 shares in Cavotec.



**Erik Lautmann**  
*Member of the Board*

Born 1950

Member since 2007<sup>(1)</sup>

After obtaining a BSc from the Stockholm School of Economics, Erik's professional career has primarily been in logistics and consulting. He has served as Managing Director of DHL in Northern Europe, as Managing Director of Jetpak Group, and was Managing Director of Catella when the company was founded in 1987. Since 2007, Erik has been at Cavotec as a non-executive Board Director and industrial advisor. Erik is a Fellow of the Royal Swedish Academy of Engineering Sciences (IVA).



**Keith Svendsen**  
*Member of the Board*

Born 1973

Member since 2021

Keith Svendsen graduated as a Master Mariner from Fanøe Navigation College, in Denmark, and has an Executive MBA from the London Business School in the UK. Alongside his Cavotec role, he currently serves as CEO of APM Terminals, one of the largest port terminal operators in the world. He is also director of a number of entities associated with A.P. Møller-Maers and a member of the Executive Leadership Team at A.P. Møller-Maersk. Previously, Keith has also been COO of APM Terminal and before that Head of Operational Execution for the Maersk Group's Ocean Shipping business.

Erik Lautmann holds 143,562 shares in Cavotec.

Keith Svendsen does not hold any shares in Cavotec.

<sup>(1)</sup> Please note that the year refers to membership in the Board of Directors of Cavotec MSL and Cavotec SA.



## CAVOTEC MANAGEMENT TEAM (CMT)

The CMT is selected by the CEO and consists of six members in all, combining Cavotec's senior operational and corporate functions. The CMT fulfills the Group Management role – empowered by the CEO – and ensures efficient implementation of strategic decisions into Cavotec's global organisation and leads local management on key operational issues. The CMT defines and implements operational strategy, policies, technical and commercial developments, as well as new acquisitions in line with targets set by the Board of Directors.



**David Pagels**  
*Group CEO<sup>(1)</sup>*



**Glenn Withers**  
*Group Chief Financial Officer*



**Patrick Mares**  
*President, Ports & Maritime*

Born 1968

David Pagels holds an Executive MBA from Stockholm School of Economics, a M.Sc in Mechanical Engineering from University of Luleå and a B.Sc in Mechanical Engineering from University of Växjö in Sweden. Prior to joining Cavotec, he served as CEO of Dellner Couplers, Head of Global Sourcing at Xylem Europe GmbH, and Director Strategic Sourcing at Bombardier Transportation. He is also a Board Member of Watersprint AB.

Born 1967

Glenn Withers holds a degree in commerce from the University of Auckland. Prior to joining Cavotec, he served as CFO of Rolls-Royce Marine Services, CFO of Quant AB and held various positions at Brambles.

Born 1962

Patrick Mares holds a master's degree in Engineering from the University of Leuven, Belgium. Prior to joining Cavotec, he served as Vice-President EMEA at Harsco Rail. Prior to this, he was Vice-President of Sales & Business Development at GKN Land Systems, President EMEA at Ingersoll Rand Security Technologies, and held various positions at General Electric.

David Pagels holds 750,000 shares in Cavotec and 1,500,000 call options issued by Bure Equity AB.

Glenn Withers does not hold any shares in Cavotec.

Patrick Mares holds 18,950 shares in Cavotec.

<sup>(1)</sup> CEO since May 2022





**Simone Sguizzardi**  
*President, Industry<sup>(2)</sup>*

Born 1974

Simone Sguizzardi holds an Executive Master of Business Administration from the Hult International Business School in London (UK), and a degree in Commerce and Economic History from the University of Bologna (ITA). Prior to joining Cavotec, Simone was Director of Western Europe at UTA Edenred, and Export Director at Mapco GmbH.

Simone Sguizzardi does not hold any shares in Cavotec.



**Patrick Baudin**  
*President, Services*

Born 1971

Patrick Baudin holds a Master of Business Administration in International Finance from HEC School of Management in Paris (France) and a Bachelor in Engineering from McGill University in Montreal (Canada). Prior to joining Cavotec, he served as President of General Electric Renewable Energy Canada, a business unit offering new projects and rehabilitation solutions for Hydro Power customers in North America. He also served as Vice-President of the Generator Product Line for ALSTOM Thermal Service, based in Baden (Switzerland). Prior to this assignment, he spent 10 years with ALSTOM Power Service France in increasingly senior leadership positions in the after-market division.

Patrick Baudin holds 10,000 shares in Cavotec.



**Vanessa Tisci**  
*Group Chief Legal & Human Resources Officer<sup>(3)</sup>*

Born 1982

Vanessa attended the universities of Bologna and Milan in Italy and holds a master's degree in law from Stanford Law School. Previously, Vanessa was the Head of Legal at SCP Group, and prior to that she worked as Senior International Counsel for Walgreens Boots Alliance. Vanessa is a New York-qualified attorney and has worked for major US law firms as a corporate lawyer.

Vanessa Tisci does not hold any shares in Cavotec.

<sup>(2)</sup> Since 1 November 2022

<sup>(3)</sup> Chief Human Resources Officer since 1 October 2022

# Consolidated Financial Statements 2022

This report is dated 27 April 2023 and is signed on behalf  
of the Board and of the Management of Cavotec SA by



Patrik Tigerschiöld  
Chairman



David Pagels  
Chief Executive Officer

Please note that all reported amounts are in Euro.

# Statement of Comprehensive Income

Cavotec SA & Subsidiaries

EUR 000s	Notes	2022	2021
Revenue from sales of goods and services	5	147,849	115,794
Other income	6	1,776	2,276
Cost of materials		(80,911)	(58,593)
Employee benefit costs	7	(47,807)	(38,570)
Operating expenses	8	(19,276)	(15,190)
<b>Gross Operating Result</b>		<b>1,631</b>	<b>5,717</b>
Depreciation and amortisation	16,17	(2,906)	(3,222)
Depreciation of right-of-use of leased asset	16	(3,222)	(3,068)
Impairment losses	16	(9)	(174)
<b>Operating Result</b>		<b>(4,506)</b>	<b>(747)</b>
Interest income	10	108	153
Interest expenses	10	(1,354)	(285)
Currency exchange differences - net	10	5,471	3,632
Other financial item		-	(30)
<b>Profit /(Loss) before income tax</b>		<b>(281)</b>	<b>2,723</b>
Income taxes	11,19	(2,890)	(3,934)
<b>Profit /(Loss) for the period, continued operations</b>		<b>(3,170)</b>	<b>(1,211)</b>
Profit /(Loss) for the period, discontinued operations	38	(11,522)	(35,890)
<b>Profit /(Loss) for the period</b>		<b>(14,692)</b>	<b>(37,101)</b>
<b>Other comprehensive income:</b>			
Remeasurements of post employment benefit obligations continued operations	27	507	282
Remeasurements of post employment benefit obligations discontinued operations	27	193	22
<b>Items that will not be reclassified to profit or loss</b>		<b>700</b>	<b>304</b>
Currency translation differences continued operations		(8,364)	(1,908)
Currency translation differences discontinued operations		(155)	(507)
<b>Items that may be subsequently reclassified to profit/(loss)</b>		<b>(8,519)</b>	<b>(2,415)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(7,819)</b>	<b>(2,111)</b>
<b>Total comprehensive income for the year</b>		<b>(22,511)</b>	<b>(39,212)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Group		(22,511)	(39,214)
Non-controlling interest		(29)	2
<b>Total</b>		<b>(22,540)</b>	<b>(39,212)</b>
<b>Profit attributed to:</b>			
Equity holders of the Group continued operations		(3,170)	(1,211)
Equity holders of the Group discontinued operations		(11,522)	(35,890)
<b>Total</b>		<b>(14,692)</b>	<b>(37,101)</b>
Basic and diluted earnings per share from continued operations attributed to the equity holders of the Group (EUR/Share)	30	(0.034)	(0.013)
Basic and diluted earnings per share from discontinued operations attributed to the equity holders of the Group (EUR/Share)	30	(0.122)	(0.381)
Basic and diluted earnings per share attributed to the equity holders of the Group (EUR/Share)	30	(0.156)	(0.394)
Average number of shares		94,243,200	94,243,200

The notes on pages 61 to 81 are an integral part of these Consolidated Financial Statements.

# Balance Sheet

Cavotec SA & Subsidiaries

Assets EUR 000s	Notes	2022	2021
<b>Current assets</b>			
Cash and cash equivalents		9,625	12,230
Trade receivables	12	33,315	23,967
Contract assets	5,12	1,171	2,509
Tax assets	13	6,399	2,736
Other current receivables	14	6,256	3,651
Inventories	15	43,002	29,835
Assets held for sale	16,38	2,320	24,147
<b>Total current assets</b>		<b>102,088</b>	<b>99,075</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	5,941	7,426
Right-of-use of leased assets	16	13,213	14,394
Intangible assets	17	38,920	38,188
Non-current financial assets	18	106	55
Deferred tax assets	19	6,201	8,629
Other non-current receivables	20	1,215	7,249
<b>Total non-current assets</b>		<b>65,597</b>	<b>75,941</b>
<b>Total assets</b>		<b>167,685</b>	<b>175,016</b>

Equity and Liabilities EUR 000s	Notes	2022	2021
<b>Current liabilities</b>			
Current financial liabilities	21	(4,914)	(4,124)
Current lease liabilities	16	(2,687)	(2,850)
Trade payables*	22	(36,126)	(36,126)
Contract liabilities*	5,22	(28,125)	(28,125)
Tax liabilities	23	(3,101)	(2,953)
Provision for risk and charges, current	26	(2,032)	(2,866)
Other current liabilities	24	(11,906)	(9,703)
Liabilities directly associated with assets classified as held for sale	38	-	(15,897)
<b>Total current liabilities</b>		<b>(88,891)</b>	<b>(77,176)</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	21	(21,172)	(9,196)
Non-current lease liabilities	16	(10,353)	(11,425)
Deferred tax liabilities	25	(1,100)	(2,130)
Other non-current liabilities		(461)	(63)
Provision for risk and charges, non-current	26	(1,357)	(7,100)
Employee benefit obligation	27	(501)	(1,274)
<b>Total non-current liabilities</b>		<b>(34,944)</b>	<b>(31,188)</b>
<b>Total liabilities</b>		<b>(123,835)</b>	<b>(108,364)</b>
<b>Equity</b>			
Share Capital		(45,288)	(100,169)
Reserves		(51,633)	(4,833)
Retained earnings		53,071	38,379
<b>Equity attributable to owners of the parent</b>	28	<b>(43,850)</b>	<b>(66,623)</b>
Non-controlling interests		-	(29)
<b>Total equity</b>		<b>(43,850)</b>	<b>(66,652)</b>
<b>Total equity and liabilities</b>		<b>(167,685)</b>	<b>(175,016)</b>

\* Comparative figures have been reclassified to conform to changes in presentation in the current year.

The notes on pages 61 to 81 are an integral part of these Consolidated Financial Statements.



# Statement of Changes in Equity

Cavotec SA & Subsidiaries

EUR 000s	Notes	Share Capital	Reserves	Retained earnings	Equity related to owners of the parent	Non-controlling interest	Total Equity
Balance as at 1 January 2021		(100,169)	(7,074)	1,278	(105,965)	(27)	(105,992)
(Profit) / Loss for the period		-	-	37,101	37,101	-	37,101
Currency translation differences		-	2,417	-	2,417	(2)	2,415
Remeasurements of post employment benefit obligations	27	-	(304)	-	(304)	-	(304)
<b>Total comprehensive income and expenses</b>		<b>-</b>	<b>2,113</b>	<b>37,101</b>	<b>39,214</b>	<b>(2)</b>	<b>39,212</b>
Employees share scheme		-	128	-	128	-	128
<b>Transactions with shareholders</b>		<b>-</b>	<b>128</b>	<b>-</b>	<b>128</b>	<b>-</b>	<b>128</b>
<b>Balance as at 31 December 2021</b>		<b>(100,169)</b>	<b>(4,833)</b>	<b>38,379</b>	<b>(66,623)</b>	<b>(29)</b>	<b>(66,652)</b>
Balance as at 1 January 2022		(100,169)	(4,833)	38,379	(66,623)	(29)	(66,652)
(Profit) / Loss for the period		-	-	14,692	14,692	29	14,721
Currency translation differences		-	8,519	-	8,519	-	8,519
Remeasurements of post employment benefit obligations	27	-	(700)	-	(700)	-	(700)
<b>Total comprehensive income and expenses</b>		<b>-</b>	<b>7,819</b>	<b>14,692</b>	<b>22,511</b>	<b>29</b>	<b>22,540</b>
Employees share scheme		-	262	-	262	-	262
<b>Transactions with shareholders</b>		<b>54,881</b>	<b>(54,881)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2022</b>		<b>(45,288)</b>	<b>(51,633)</b>	<b>53,071</b>	<b>(43,850)</b>	<b>-</b>	<b>(43,850)</b>

The line related to Employees share scheme shows the accrual for LTIP plans.

The notes on pages 61 to 81 are an integral part of these Consolidated Financial Statements.

# Statement of Cash Flows

Cavotec SA & Subsidiaries

EUR 000s	Notes	2022	2021
<b>Profit /(Loss) for the year</b>		<b>(14,692)</b>	<b>(37,101)</b>
Adjustment to reconcile net income to cash flow from operating activities – continued operations			
Loss from discontinued operations, net of income taxes		(11,522)	(35,890)
<b>Adjustments for:</b>			
Net interest expenses		1,246	132
Current taxes	11	2,709	2,905
Depreciation and amortisation	16,17	2,906	3,222
Depreciation of right -of-use of leased assets		3,222	3,068
Impairment losses	16	9	174
Deferred tax		181	1,029
Provision for risks and charges		(827)	(319)
Capital gain or loss on assets		-	(817)
Other items not involving cash flows	10	(4,907)	(3,413)
Interest paid		(945)	176
Taxes paid		(6,225)	213
		<b>(2,631)</b>	<b>6,370</b>
Cash flow before change in working capital		<b>(5,802)</b>	<b>5,159</b>
<b>Impact of changes in working capital</b>			
Inventories		(12,960)	(3,633)
Trade receivables and contract assets		(8,784)	(11,492)
Other current receivables		(2,613)	(241)
Trade payables and contract liabilities		23,161	16,698
Other current liabilities		1,513	2,163
Impact of changes involving working capital		<b>317</b>	<b>3,495</b>
<b>Net cash inflow /(outflow) from operating activities continued operations</b>		<b>(5,485)</b>	<b>8,654</b>
Net cash inflow /(outflow) from operating activities discontinued operations		(15,508)	(9,341)
<b>Net cash inflow /(outflow) from operating activities</b>		<b>(20,993)</b>	<b>(687)</b>
<b>Financing activities</b>			
Net changes loans and borrowings	21	12,257	(1,218)
Repayment of lease liabilities	10,16	(3,073)	(2,857)
<b>Net cash inflow /(outflow) from financing activities continued operations</b>		<b>9,184</b>	<b>(4,075)</b>
Net cash inflow /(outflow) from financing activities discontinued operations		(907)	(1,375)
<b>Net cash inflow /(outflow) from financing activities</b>		<b>8,277</b>	<b>(5,450)</b>
<b>Investing activities</b>			
Investments in property, plant and equipment		(1,183)	(665)
Investments in intangible assets		(1,399)	(3,158)
Decrease of non current financial asset		(50)	10
Disposal of assets	16	1,142	1,155
<b>Net cash inflow/(outflow) from investing activities continued operations</b>		<b>(1,490)</b>	<b>(2,658)</b>
Net cash inflow /(outflow) from investing activities discontinued operations		9,679	(144)
<b>Net cash inflow /(outflow) from investing activities</b>		<b>8,189</b>	<b>(2,802)</b>
Cash at the beginning of the year		12,230	19,151
Cash flow for the year continued operations		2,209	1,921
Cash flow for the year discontinued operations		(6,736)	(10,860)
Cash flow for the year		(4,527)	(8,939)
Currency exchange differences		1,922	2,018
<b>Cash at the end of the year</b>		<b>9,625</b>	<b>12,230</b>

The notes on pages 61 to 81 are an integral part of these Consolidated Financial Statements.

# Notes to the Financial Statements

## NOTE 1. GENERAL INFORMATION

Cavotec is a leading cleantech company that designs and delivers connection and electrification solutions to enable the decarbonization of ports and industrial applications worldwide. Backed by more than 40 years of experience, our systems ensure safe, efficient, and sustainable operations for a wide variety of customers and applications worldwide.

We thrive by shaping future expectations in the areas we are active in. Our credibility comes from our application expertise, dedication to innovation and world class operations. Our success rests on the core values we live by: Integrity, Accountability, Performance and Team Work.

Cavotec's personnel, located in some 20 countries around the world, represent a large number of cultures and provide customers with local support, backed by the Group's global network of engineering expertise.

Cavotec SA is the ultimate Parent company of the Cavotec Group, its registered office is Via G.B. Pioda 14, CH-6900 Lugano, Switzerland. Cavotec SA shares are listed on NASDAQ OMX in Stockholm, Sweden.

These Financial Statements were approved by the Board of Directors on 26 April 2023. The report is subject to approval by the Annual General Meeting on 1st June 2023.

## NOTE 2. BASIS OF PREPARATION

The consolidated Financial Statements of the Cavotec Group are prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the IASB.

### *Historical Cost Convention*

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through P&L.

### *Adoption of new standards and interpretations*

The group has applied the following clarifications, annual improvements and amendments for the first time for their annual reporting period commencing 1 January 2022, with no significant impact on the Group Financial Statements:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### *Critical accounting estimates*

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 4.

### *Restatement of the 2021 consolidated financial statement in accordance with IFRS 5, non-current assets held for sale and discontinued operations*

Following the decision of the board of directors to dispose the Division Airports in March 2021 the business unit concerned has been reclassified to discontinued operations at the end of the FY2021, when the reclassification criteria have been met, therefore are presented separately in accordance with IFRS 5. The prior year figures have been re-stated accordingly in the income statement. Assets and liabilities pertaining to the discontinued operations are presented as 'Assets held for sale' and as 'Liabilities directly associated with assets held for sale' respectively in the current year balance sheet as required by IFRS 5. In accordance with IFRS 5 the prior year balance sheet was not restated.

## NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, namely, 31 December 2022 and 2021.

### FOREIGN CURRENCY TRANSLATION

#### *(i) Functional and presentation currency*

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the related entity operates ('the functional currency'). The Financial Statements are presented in Euros, which is the Group's presentation currency and Company's functional currency.

#### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss, except when recognised in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

#### *(iii) Foreign operations*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet.

- Income and expenses for each Income Statement position are translated at average exchange rates of that period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions.
- Resulting exchange differences related to currency translation adjustment are recognised in other comprehensive income and accumulated as a separate component of equity.
- The Consolidated Statements of Cash Flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

Exchange differences arising from the translation of any net investment in foreign operations and borrowings designated as quasi-equity loans are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## CONSOLIDATION

### (i) Subsidiaries

Subsidiaries are all entities over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Contingent consideration is valued based on the probability that the consideration will be paid and changes in the fair value are recognised in profit or loss. Acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred.

### (ii) Transactions with non-controlling interest

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners.

### (iii) Scope of Consolidation

The consolidated Financial Statements include the statements as at 31 December 2022 of the companies included in the scope of consolidation, which have been prepared in accordance with IFRS adopted by the Group. Below is a list of companies consolidated on a line by line basis and the respective shares held either directly or indirectly by Cavotec SA:

Name	Registered office	Type of Business	Controlled through	% Group ownership	
				Direct	Indirect
Cavotec (Swiss) SA	Switzerland	Services	Cavotec SA	100%	
Cavotec Australia Pty Ltd	Australia	Sales company	Cavotec Group Holdings NV		100%
Cavotec Cleantech Malaysia SDN. BHD.	Malaysia	Sales company	Cavotec (Swiss) SA		100%
Cavotec Germany GmbH	Germany	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Finland OY	Finland	Sales company	Cavotec Group Holdings NV		100%
Cavotec France RMS SA	France	Sales company	Cavotec Group Holdings NV		100%
Cavotec Group Holdings NV	The Netherlands	Holding	Cavotec MoorMaster Ltd		100%
Cavotec Hong Kong Ltd	China	Sales company	Cavotec Group Holdings NV		100%
Cavotec India Ltd	India	Sales company	Cavotec Group Holdings NV		100%
Cavotec International Ltd	United Kingdom	Services	Cavotec Group Holdings NV		100%
Cavotec Micro-control AS	Norway	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec FZE	U.A.E.	Sales company	Cavotec Group Holdings NV		100%
Cavotec MoorMaster Ltd	New Zealand	Engineering	Cavotec SA	100%	
Cavotec Nederland BV	The Netherlands	Sales company	Cavotec Group Holdings NV		100%
Cavotec Realty France SCI	France	Services	Ipalco BV		100%
Cavotec Realty Germany BV	The Netherlands	Services	Ipalco BV		100%
Cavotec Realty Norway AS	Norway	Services	Ipalco BV		100%
Cavotec Russia OOO (in liquidation)	Russia	Sales company	Cavotec Group Holdings NV		100%
Cavotec SA	Switzerland	Holding	-	-	
Cavotec Shanghai Ltd	China	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Singapore Pte Ltd	Singapore	Sales company	Cavotec Group Holdings NV		100%
Cavotec South Africa Pte Ltd (In liquidation)	South Africa	Sales company	Cavotec Group Holdings NV		100%
Cavotec Specimas SpA	Italy	Centre of Excellence	Cavotec Group Holdings NV		100%
Cavotec Sverige AB	Sweden	Sales company	Cavotec Group Holdings NV		100%
Cavotec USA Inc.	United States of America	Sales company	Cavotec SA	100%	
Ipalco BV	The Netherlands	Holding/Services	Cavotec Group Holdings NV		100%



During FY2022 the following changes to the Group Structure applied:

- Cavotec Latin America has been liquidated
- Cavotec FZE, was incorporated in July 2022, a 100% subsidiary of Cavotec Group Holdings NV
- Dabico Airport Solutions Germany GmbH, Dabico Airport Solutions Inc, Cavotec Middle East FZE, Cavotec Middle East Trading & Contracting WLL, Cavotec Iberica S.L., Cavotec UK Ltd and Cavotec Netherlands Holding BV, were sold as a part of the disposal of the discontinued Airports business.

## SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

## NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable. Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

## PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred. The classes of property plant and equipment are: land and buildings, plant and equipment and fixtures and fittings.

Land is not depreciated. Depreciation of property, plant and equipment is calculated using a straight line method so as to expense the cost of the assets over their useful lives. The rates are as follows:

	Years
Industrial buildings	25
Building improvements	5
Plant and machinery	5 to 10
Laboratory equipment and miscellaneous tools	5
Furniture and office machines	5
Motor vehicles	5
Computer hardware	3

Capital work in progress is not depreciated until commissioned. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss.

Leasehold improvements are depreciated over the lease term, or their estimated useful life, if shorter.

## LEASES

The Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 2.77%. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

## **INTANGIBLE ASSETS**

### ***(i) Goodwill***

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets.

Goodwill is not amortised. Instead goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

### ***(ii) Research and development***

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. It must also be probable that the intangible asset will generate future economic benefits and that it is clearly identifiable and allocable to a specific product.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets at cost and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from three to five years.

### ***(iii) Patents***

Patents acquired in a business combination are recognised at fair value at acquisition date. Patents are amortised on a straight line basis over the period over which they are valid (not exceeding 20 years) or their estimated useful life if shorter.

### ***(iv) Marketing and customer related intangible assets***

Marketing and customer related intangibles such as customer relations and other similar items acquired in a business combination are recognised at fair value at acquisition date. They are amortised on a straight line basis over the period over which they are valid or their estimated useful life if shorter.

## **INVENTORIES**

Inventories are measured at the lower of acquisition cost, (generally the weighted average cost), or manufacturing cost and net realisable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labour, direct engineering, production and tooling and other non-recurring costs and production related overheads, (based on normal operating capacity and normal consumption of material, labour and other production costs), including depreciation charges. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated variable costs necessary to make the sale.

Inventoried costs include amounts relating to programmes and contracts with long-term production cycles, a portion of which is not expected to be realised within one year.

Provisions are made for inventories with a lower market value or which are slow-moving. If it becomes apparent that such inventory can be reused, provisions are reversed with inventory being revalued up to the lower of its net realisable value or original cost. Unsaleable inventory is fully written off.

## **IMPAIRMENT OF NON-FINANCIAL ASSETS**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life including goodwill, are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

## **FINANCIAL INSTRUMENTS**

### ***Classification and measurement of financial assets and financial liabilities***

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

## **Financial assets**

### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group. The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, contract assets under IFRS 15, other receivables and cash and cash equivalents.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in the Risk Management on page 82.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group considers the credit risk of financial assets to be significantly increased (stage 3) when contractual payments are 90 days overdue. The group assesses those assets on an individual basis. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **Financial liabilities**

### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below: Financial liabilities at fair value through profit or loss Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

### ***Loans and borrowings***

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Following a modification or renegotiation that does not result in de-recognition, the Group recognise any modification gain or loss immediately in profit or loss. Any gain or loss is determined by recalculating the gross carrying amount of the financial asset by discounting the new contractual cash flows using the original effective interest rate. This category generally applies to interest-bearing loans and borrowings.

For more information, refer to Note 21.

### ***Derecognition***

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

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts within Group cash pool.

## **BORROWINGS**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of an undrawn loan facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of liabilities for at least 12 months after the Balance Sheet date.

## **BORROWING COSTS**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

## **PROVISIONS**

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognised is the best estimate of the cost required to settle the present obligation at the Balance Sheet date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Provisions for restructuring cover expenses that arise directly from restructuring measures, are necessary for restructuring and are not related to future business operations. Such expenses mainly include severance payments to employees. Restructuring measures may include the sale or termination of business units, site closures, relocations of business activities or fundamental reorganisations of business units. The respective provisions are established when a detailed restructuring plan has been drawn up, resolved upon by the responsible decision-making level of management and communicated to the employees and / or their representatives.

Provisions for warranties are recognised at the time the products are sold based on the estimated cost using historical data for level of repairs and replacements.

Provisions for onerous contracts are recognised when the expected economic benefits to be derived from a contract are lower than the cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

## **REVENUE RECOGNITION**

Cavotec is an engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide.

Revenue is measured based on the consideration expected to be entitled to based on the contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of value added taxes, goods and service tax (GST), rebates and discounts. The Group offers multiple element arrangements to meet its customers' needs. These arrangements may involve the delivery of multiple products and/or performance of services (such as installation, commissioning and training) and the delivery and/or performance may occur at different points in time or over different periods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. Deliverables of such multiple element arrangements are evaluated to estimate the selling price that reflects at inception the Group's best estimate of what the selling price would be if the elements were sold on a stand-alone basis. Such arrangements generally include industry-specific performance and termination provisions, such as in the event of substantial delays or non-delivery.



The company has defined the following revenue streams in order to meet the revenue recognition requirements as listed in IFRS 15:

***(i) Integrated Systems***

Long Term Contracts with high level of customisation based on the request of the customer for a complete set of Airport or Port solutions. When no alternative use and right to payment are confirmed, revenue is recognised over time. Revenue from Integrated Systems is therefore recognised over time on a cost to cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

***(ii) Individual Products***

The customer receives detailed listing of products description with related prices; they are not customized and they do not include engineering or installation, or if any it represents a minimal portion of the total order. Revenues is recognised at a point in time based on incoterms.

***(iii) Maintenance and installation***

Service contract for periodic maintenance or field services and installation. The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the equipment. Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognises revenue from services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

**Contract balances**

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

***Trade receivables***

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

***Cost to obtain a contract***

The Group pays sales commission to its employees for some contract that they obtain for bundled sales of equipment and installation services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

**VALUE ADDED TAX (VAT) AND GOODS AND SERVICES TAX (GST)**

The statement of comprehensive income has been prepared so that all components are stated exclusive of VAT or GST. All items in the Balance Sheet are also stated net of VAT or GST, with the exception of receivables and payables, which include VAT or GST invoiced.

**EMPLOYEE BENEFITS**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

***(i) Pension obligations***

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

Cavotec SA and Cavotec (Swiss) SA operate a pension scheme via the employee benefits foundation and are affiliated with the Swiss Life Collective BVG Foundation based in Zurich. All benefits in accordance with the regulations are reinsured in their entirety with Swiss Life Ltd within the framework of the corresponding contract and determined by actuarial calculations. These schemes are defined benefit plans due to the fact that Cavotec can be requested to pay restructuring contributions in the case of a shortfall.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries 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 bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

## ***(ii) Share-based payments***

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

Distributions to the shareholders are recognised as a liability in the Group's Financial Statements in the period in which they are approved by the Annual General Meeting.

## **TREASURY SHARES**

Treasury shares are deducted from consolidated equity at the acquisition value. Differences between this amount and the amount received for disposing of treasury shares are recorded in consolidated retained earnings.

## **INCOME TAX**

The income tax expense for the period is the tax payable on the current years taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit and loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Uncertain tax positions are measured either at the most likely outcome or at the expected value, depending on which method better predicts the resolution of the uncertainty. Thereby detection risk is not taken into account.

Current and deferred tax balances attributable to amounts recognised directly in equity or in OCI are also recognised directly in equity or in OCI respectively.

## **NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Critical accounting policies and estimates in the period relate to the valuation of deferred tax assets, the estimation of the outcome of legal proceeding and the assumptions used in the goodwill impairment test. As of the Balance Sheet dates the Group has no other significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the foreseeable future.

## **DEFERRED TAXES**

Deferred tax assets are recognised for temporary differences between the carrying amounts for financial reporting purposes of assets and liabilities and the amounts used for taxation purposes and for tax loss carry-forwards. The Group records deferred tax assets based upon management's estimates of future taxable profit in different tax jurisdictions. The estimations of the recoverability of deferred tax assets on losses carried forward are based on business plans, and include the taxable profits that are more probable than not until the expire of tax losses, this results in lower estimates for years in the distant future. The actual results may differ from these estimates, due to changes in the business climate and changes in tax legislation or by variances from the business plans used on the models. See notes 19 and 25 for additional information.

## **LEGAL PROCEEDINGS**

The Group recognises a liability when it has an obligation from a past event involving the transfer of economic benefits and when a reasonable estimate can be made of what the transfer might be. The Group reviews outstanding legal cases regularly in order to assess the need for provisions in the Financial Statements. These reviews consider the factors of the specific case through the use of outside legal counsel and advisors when necessary. To the extent that management's assessment of the factors considered are not reflected in subsequent developments, the Financial Statements could be affected. See note 34 for additional information.

## **ASSETS HELD FOR SALE**

Cavotec reclassified the assets and liabilities pertaining to activities held for sale in accordance with IFRS 5. In distinguishing between the assets and liabilities pertaining to continuing operations and those pertaining to discontinued operations all assets and liabilities exclusively pertaining to one Business Unit were allocated to that Business Unit. In all other cases a critical assessment was conducted as to whether it could be reasonably expected that the asset or liability concerned would be transferred in a disposal.

The allocation made may have to be adjusted when the disposals are actually realised.

In the Consolidated Statements of Income and of Cash Flows, discontinued operations are reported separately from continuing operations; prior periods are presented on a comparable basis. The disclosures in the notes to the consolidated financial statements outside Note 38 relate to continuing operations or assets and liabilities not held for disposal. Judgements made in relation to the classification of the Airport division as held for sale, include the identification of the disposal group, the presentation of its results as discontinued operations, the estimation of fair value less cost of disposal and the allocation of the impairment loss to the specific assets.

## GOODWILL IMPAIRMENT TEST

The Group allocates the goodwill to the cash-generating units (CGU's) identified and reported according to the table below.

EUR 000s	Net book value as of 31/12/2021	Translation differences and other	Acquisitions and dispositions	Impairment	Net book value as of 31/12/2022
Ports & Maritime	23,305	(23)	-	-	23,282
Airports, AGC & Fuelling	-	-	-	-	-
Industry	6,937	(19)	-	-	6,918
<b>Total</b>	<b>30,242</b>	<b>(42)</b>	<b>-</b>	<b>-</b>	<b>30,200</b>

The Ports & Maritime and Industry CGUs are related to the segments New Cavotec.

The recoverable amount of the CGUs is determined by reference to the value in use of each CGU, based on discounted estimates of the future cash flows, which were projected for the next five years based on past experiences, actual orders received, budgets, strategic plan, and management's best estimate about future developments and market assumptions. The impairment model has been prepared based on the Strategic Plan to focus on cleantech solutions after having divested the Airports business. The value in use is mainly driven by the terminal value, which is influenced by the terminal growth rate and discount rate. The growth rates are related to industry specific trends with the support of external macroeconomic sources of data and an assessment as to the ability of the Company to take advantage of these market developments taking into account orders received, commercial negotiations currently in place and future expectations.

The following table presents the assumptions used to determine the value in use for impairment test purposes:

	Terminal growth rate		WACC	
	2022	2021	2022	2021
Ports & Maritime	2.00%	2.00%	11.8%	9.17%
Industry	1.50%	1.50%	11.19%	8.53%

The pre-tax weighted average cost of capital used for impairment test purposes are slightly different in the CGUs as a result of the different risks in those markets.

### Ports & Maritime goodwill

The goodwill allocated to CGU Ports & Maritime remains sensitive to changes in estimates. In accordance with the group's strategic plan, the sensitivity analysis shows that, maintaining the other assumptions constant, a reduction in gross margin of 4.7% (27.6% instead of 32.3%) would remove the available headroom. Prior year sensitivity on gross margin was 5.3%. As per previous year, the CGU is not sensitive to other key assumptions; reasonably possible changes would not cause the recoverable amount of the CGU to fall below the carrying amount.

### Industry goodwill

The Board of Directors has considered and assessed reasonably possible changes for key assumptions for the CGUs and did not identify any instances that would cause the recoverable amount of the CGUs to fall below the carrying amount.

## NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time in the following Divisions and geographical regions.

Year ended 31 December 2022 EUR 000s	New Cavotec	Airports	Total
<b>Revenue from external customer</b>			
<i>Timing of revenue recognition</i>			
At a point in time	145,445	18,613	164,058
Over time	2,404	282	2,686
<b>Total</b>	<b>147,849</b>	<b>18,895</b>	<b>166,744</b>

Year ended 31 December 2021 EUR 000s	New Cavotec	Airports	Total
<b>Revenue from external customer</b>			
<i>Timing of revenue recognition</i>			
At a point in time	104,923	35,829	140,752
Over time	10,871	3,955	14,826
<b>Total</b>	<b>115,794</b>	<b>39,784</b>	<b>155,578</b>

Year ended 31 December 2022 EUR 000s	AMER	EMEA	APAC	Total
New Cavotec	12,661	82,218	52,970	147,849
Airports	8,713	8,759	1,423	18,895
<b>Total</b>	<b>21,374</b>	<b>90,977</b>	<b>54,393</b>	<b>166,744</b>

Year ended 31 December 2021 EUR 000s	AMER	EMEA	APAC	Total
New Cavotec	10,348	68,891	36,555	115,794
Airports	16,321	19,646	3,817	39,784
<b>Total</b>	<b>26,669</b>	<b>88,537</b>	<b>40,372</b>	<b>155,578</b>

### Assets and liabilities related to contract with customers

The group has recognised the following assets and liabilities related to contracts with customers:

EUR 000s	31 Dec, 2022	31 Dec, 2021
<b>Current Assets/Liabilities</b>		
Contract Assets	1,171	4,737
Contract Liabilities*	(28,125)	(12,965)
<b>Total</b>	<b>(26,954)</b>	<b>(8,228)</b>
Contract Assets reclassified to held for sale (see note 38)	-	2,228
Contract Liabilities reclassified to held for sale (see note 38)	-	(49)
<b>Total as reported in the balance sheet</b>	<b>(26,954)</b>	<b>(6,049)</b>

\*Comparative figures have been reclassified to conform to changes in presentation in the current year. Advances from customer have been reclassified from trade payables to contract liabilities.

The movement in contract liabilities year over year of EUR 15,160 thousands is due to the following drivers:

- Increase of EUR 186 thousands: Contract liabilities included in the balance at the beginning of the period, have been recognised as revenue during the year.
- Increase of EUR 14,974 thousands: received advances from customers of the delivery of goods or services, which are recognized as liabilities until the related revenue is recognized. The advances serve as a guarantee of future work and help to finance the company's operations.

### NOTE 6. OTHER INCOME

EUR 000s	2022	2021
Carriage, insurance and freight	1,085	1,021
Exchange gains and losses	(388)	11
Other miscellaneous income	1,079	1,244
<b>Total continued operations</b>	<b>1,776</b>	<b>2,276</b>
<b>Total discontinued operations</b>	<b>783</b>	<b>1,593</b>
<b>Total</b>	<b>2,559</b>	<b>3,869</b>

Other miscellaneous income includes EUR 0.4 million of Other Remuneration and Revenues related to grants received for a research project in NZmm that is not directly related to the company's primary business activities.

### NOTE 7. EMPLOYEE BENEFIT COSTS

EUR 000s	2022	2021
Salaries and wages	(37,737)	(30,130)
Social security contributions	(5,830)	(5,038)
Other employee benefits	(4,240)	(3,402)
<b>Total continued operations</b>	<b>(47,807)</b>	<b>(38,570)</b>
<b>Total discontinued operations</b>	<b>(11,331)</b>	<b>(16,713)</b>
<b>Total</b>	<b>(59,138)</b>	<b>(55,283)</b>

The number of full-time equivalent employees was 640<sup>(1)</sup> (2021: 603). The increase in the number of employees derives mainly from the effect of the transformation plan launched in 2021 to accelerate focus on cleantech and to solidify the market leading position. The Group has 2 Long-Term Incentive Plans ("LTIP") for selected employees of the Group running in parallel. More information on the plans can be found in the Remuneration report (page 38).

<sup>(1)</sup> Number of full-time equivalent employees including externals.

### NOTE 8. OPERATING EXPENSES

EUR 000s	2022	2021
Transportation expenses	(996)	(723)
External services	(6,771)	(7,894)
Travelling expenses	(2,394)	(1,307)
General expenses	(5,525)	(4,704)
Utility expenses	(1,233)	(763)
Credit losses	(1,052)	663
Warranty costs	(1,305)	(461)
<b>Total continued operations</b>	<b>(19,276)</b>	<b>(15,190)</b>
<b>Total discontinued operations</b>	<b>(5,816)</b>	<b>(6,140)</b>
<b>Total</b>	<b>(25,093)</b>	<b>(21,330)</b>

### NOTE 9. NON-RECURRING ITEMS

Non-recurring items are presented in order to give a better view of the operational result.

No "non-recurring items" occurred during FY 2022 and FY 2021.

## NOTE 10. NET FINANCIAL COSTS

EUR 000s	2022	2021
Interest income	108	153
Interest expense	(1,026)	-
Amortisation of issuance costs	(328)	(285)
<b>Interest expenses – net continued operations</b>	<b>(1,246)</b>	<b>(132)</b>
<b>Interest expenses – net discontinued operations</b>	<b>(579)</b>	<b>(1,519)</b>
<b>Interest expenses – net</b>	<b>(1,825)</b>	<b>(1,651)</b>
<b>Currency exchange difference – net continued operations</b>	<b>5,471</b>	<b>3,632</b>
<b>Currency exchange difference – net discontinued operations</b>	<b>1,851</b>	<b>1,653</b>
<b>Currency exchange difference – net</b>	<b>7,322</b>	<b>5,285</b>
<b>Total continued operations</b>	<b>4,225</b>	<b>3,500</b>
<b>Total discontinued operations</b>	<b>1,272</b>	<b>134</b>
<b>Total</b>	<b>5,497</b>	<b>3,634</b>

Interest expense includes EUR 394 thousands (2021: 423) of interest expense recognise under IFRS16. Currency exchange difference relates mainly to financial assets and liabilities held in foreign currencies. The main impact is coming from the depreciation of Euro against US Dollar. The amount is classified in the statement of Cash Flow under the caption of the Other items not involving cash flows.

## NOTE 11. INCOME TAXES

EUR 000s	2022	2021
Current tax	(2,564)	(2,538)
Deferred tax	(181)	(1,029)
Other taxes	(145)	(367)
<b>Total continued operations</b>	<b>(2,890)</b>	<b>(3,934)</b>
<b>Total discontinued operations</b>	<b>(1,531)</b>	<b>(428)</b>
<b>Total</b>	<b>(4,421)</b>	<b>(4,362)</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

EUR 000s	2022	2021
<b>Tax on consolidated pre-tax income at group rate</b>	<b>21.7%</b>	<b>21.7%</b>
Tax effect of loss-making subsidiaries	(7,213)	(10,348)
Tax effect of non-taxable income included in profit before tax	1,157	501
Tax on non-deductible expenses	(410)	(189)
Write down of previously recognised DTAs	(198)	(1,528)
Utilisation of previously unrecognised DTA	11	109
<b>Total</b>	<b>43.0%</b>	<b>13.3%</b>

The Group operates in many jurisdictions where statutory tax rates vary from 0% to 35.0%. The weighted average applicable tax rate was 21.7% (2021: 21.7%).

## NOTE 12. TRADE RECEIVABLES AND CONTRACT ASSETS

EUR 000s	2022	2021
Trade receivables	36,251	39,213
Reclassified to held for sale (see note 38) – Trade receivables	-	13,084
Provision for doubtful debts (see page 82 Risk Management)	(2,936)	(3,485)
Reclassified to held for sale (see note 38) – Provision for doubtful debts	-	(1,323)
<b>Net Trade receivables as reported in the balance sheet</b>	<b>33,315</b>	<b>23,967</b>
Contract assets	1,171	4,737
Reclassified to held for sale (see note 38) – Contract assets	-	2,228
<b>Contract assets as reported in the balance sheet</b>	<b>1,171</b>	<b>2,509</b>
The movement of the provision for doubtful debts is summarised below:		
<b>Opening balance</b>	<b>(3,485)</b>	<b>(5,620)</b>
Provision recorded in the year	(759)	(248)
Provision used in the year	1,143	1,525
Provision reversed not used in the year	213	1,087
Currency exchange difference	(48)	(229)
<b>Closing balance</b>	<b>(2,936)</b>	<b>(3,485)</b>
Reclassified to held for sale (see note 38)	-	(1,323)

Contract assets include EUR 1,171 thousands (2021: 4,737) of unbilled work in progress in relation to long term contract revenue recognised under percentage of completion. Please refer to Note 5. During the year the charge in profit or loss for ECL provisions amounted to EUR 146 thousands (2021: 839).



**NOTE 13. TAX ASSETS**

EUR 000s	2022	2021
Tax assets	2,465	627
VAT recoverable	3,934	2,109
<b>Total</b>	<b>6,339</b>	<b>2,736</b>

**NOTE 14. OTHER CURRENT RECEIVABLES**

EUR 000s	2022	2021
Short term investments at fair value through PL	-	23
Deposits	200	269
Prepayments	4,556	3,440
Other receivables	1,500	1,356
<b>Total</b>	<b>6,256</b>	<b>5,088</b>
Reclassified to held for sale (see note 38)	-	1,437
<b>Total as reported in the balance sheet</b>	<b>6,256</b>	<b>3,651</b>

**NOTE 15. INVENTORIES**

EUR 000s	2022	2021
Raw materials	22,856	28,602
Finished goods	22,919	16,871
Provision for slow moving inventories	(2,773)	(4,755)
<b>Total</b>	<b>43,002</b>	<b>40,718</b>
Reclassified to held for sale (see note 38)	-	10,883
<b>Total as reported in the balance sheet</b>	<b>43,002</b>	<b>29,835</b>

The movement of the provision for slow moving inventories is summarised below:

EUR 000s	2022	2021
<b>Opening balance</b>	<b>(2,982)</b>	<b>(4,152)</b>
Provision used during the year	388	85
Provision recorded in the year	(313)	(708)
Provision reversed not used in the year	192	197
Currency exchange difference	(58)	(177)
<b>Closing balance</b>	<b>(2,773)</b>	<b>(4,755)</b>
Reclassified to held for sale (see note 38)	-	(1,773)
<b>Total as reported in the balance sheet</b>	<b>(2,773)</b>	<b>(2,982)</b>

**NOTE 16. PROPERTY, PLANT AND EQUIPMENT**

EUR 000s	Land & buildings	Plant & equipment	Fixtures & fittings	Total
<b>Year ended 31 December 2021</b>				
Opening net book value	7,291	5,370	2,628	15,289
Additions	-	602	272	874
Disposals	-	(30)	(15)	(45)
Reclassification	-	-	-	-
Impairment	-	-	-	-
Reclassification, asset held for sale	-	-	-	-
Depreciation	(290)	(2,041)	(901)	(3,232)
Currency exchange differences	46	717	85	848
<b>Closing net book value</b>	<b>7,047</b>	<b>4,618</b>	<b>2,069</b>	<b>13,734</b>
Reclassified to held for sale (see note 38)	4,765	470	1,073	6,308
<b>Total as reported in the balance sheet</b>	<b>2,282</b>	<b>4,148</b>	<b>996</b>	<b>7,426</b>
<b>At 31 December 2021</b>				
Cost	11,016	23,445	10,111	44,572
Accumulated depreciation	(3,969)	(18,827)	(8,042)	(30,838)
<b>Net book amount</b>	<b>7,047</b>	<b>4,618</b>	<b>2,069</b>	<b>13,734</b>
<b>Year ended 31 December 2022</b>				
Opening net book value	2,282	4,148	996	7,426
Additions	-	981	202	1,183
Disposals	-	(177)	8	(169)
Reclassification	-	-	-	-
Impairment	-	-	-	-
Reclassification, asset held for sale	-	-	-	-
Depreciation	(23)	(1,897)	(506)	(2,426)
Currency exchange differences	(36)	(158)	121	(73)
<b>Closing net book value</b>	<b>2,223</b>	<b>2,897</b>	<b>821</b>	<b>5,941</b>
<b>At 31 December 2022</b>				
Cost	3,913	19,256	4,550	27,719
Accumulated depreciation	(1,690)	(16,359)	(3,729)	(21,778)
<b>Net book amount</b>	<b>2,223</b>	<b>2,897</b>	<b>821</b>	<b>5,941</b>

Assets held for sale as at 31 December 2022 that are carried over from 2020 are Trondheim building (Norway) for a total amount of EUR 2.3 million. In April 2022 Cavotec Italy former building located in in Nova Milanese (Italy) has been sold for EUR 0.8 million. As the building was accounted as Asset held for Sale with a book value of EUR 1.0 million in 2021, the Company recognized a write down of EUR 0.2 million already in 2021.

## LEASES

### *Amounts recognised in the balance sheet*

The Balance Sheet shows the following amounts relating to leases:

EUR 000s	31 Dec, 2022	31 Dec, 2021
<b>Right of use</b>		
Land & building	12,967	16,710
Plant & equipment	128	368
Fixtures & fittings	118	255
<b>Total right of use</b>	<b>13,213</b>	<b>17,333</b>
Reclassified to held for sale (see note 38)	-	2,939
<b>Total as reported in the balance sheet</b>	<b>13,213</b>	<b>14,394</b>

EUR 000s	31 Dec, 2022	31 Dec, 2021
<b>Lease liabilities</b>		
Current	(2,687)	(4,189)
Reclassified to held for sale (see note 38) – Current	-	(1,339)
<b>Total lease liabilities current as reported in the balance sheet</b>	<b>(2,687)</b>	<b>(2,850)</b>
Non current	(10,353)	(13,269)
Reclassified to held for sale (see note 38) – Non current	-	(1,844)
<b>Total lease liabilities non current as reported in the balance sheet</b>	<b>(10,353)</b>	<b>(11,425)</b>

### *Amounts recognised in the income statement*

The statement of profit or loss shows the following amounts relating to leases:

EUR 000s	31 Dec, 2022	31 Dec, 2021
<b>Depreciation charge of Right of Use assets</b>		
Land & building	(3,074)	(3,921)
Plant & equipment	(98)	(170)
Fixtures & fittings	(49)	(105)
<b>Total depreciation charge of right of use assets</b>	<b>(3,222)</b>	<b>(4,196)</b>
Reclassified to held for sale (see note 38)	-	(1,128)
<b>Total depreciation as reported in the statement of comprehensive income</b>	<b>(3,222)</b>	<b>(3,068)</b>
<b>Interest expenses</b>	<b>(394)</b>	<b>(515)</b>
Reclassified to held for sale (see note 38)	-	(91)
<b>Total Interest expenses as reported in the statement of comprehensive income</b>	<b>(394)</b>	<b>(424)</b>

The following table summarizes the movements of the right-of-use assets:

	2022	2021
<b>Right of use assets at January 1</b>	<b>14,394</b>	<b>18,815</b>
Additions	-	2,251
Lease contract terminations	-	(17)
Depreciation charge	(3,222)	(4,196)
Currency translation effects	2,041	480
<b>Total right of use assets at December 31</b>	<b>13,213</b>	<b>17,333</b>
Reclassified to held for sale (see note 38)	-	2,939
<b>Total as reported in the balance sheet</b>	<b>13,213</b>	<b>14,394</b>

**NOTE 17. INTANGIBLE ASSETS**

EUR 000s	Goodwill	Patents & trademarks	R&D and other	Total
<b>Year ended 31 December 2021</b>				
Opening net book value	44,973	341	6,454	51,768
Additions	-	1	3,157	3,158
Disposals	-	-	-	-
Impairment	(15,537)	-	-	(15,537)
Amortisation	-	(214)	(1,055)	(1,269)
Currency exchange differences	806	3	52	861
<b>Closing net book value</b>	<b>30,242</b>	<b>132</b>	<b>8,608</b>	<b>38,982</b>
Reclassified to held for sale (see note 38)	-	-	794	794
<b>Total as reported in the balance sheet</b>	<b>30,242</b>	<b>132</b>	<b>7,814</b>	<b>38,188</b>
<b>At 31 December 2021</b>				
Cost	30,242	6,582	17,009	53,833
Accumulated amortisation	-	(6,450)	(8,401)	(14,851)
<b>Net book amount</b>	<b>30,242</b>	<b>132</b>	<b>8,608</b>	<b>38,982</b>
<b>Year ended 31 December 2022</b>				
Opening net book value	30,242	132	7,814	38,188
Additions	-	-	1,399	1,399
Disposals	-	-	31	31
Impairment	-	-	-	-
Amortisation	-	(20)	(598)	(618)
Currency exchange differences	(42)	(1)	(35)	(78)
<b>Closing net book value</b>	<b>30,200</b>	<b>111</b>	<b>8,610</b>	<b>38,920</b>
<b>At 31 December 2022</b>				
Cost	30,200	6,530	12,885	49,615
Accumulated amortisation	-	(6,419)	(4,275)	(10,695)
<b>Net book amount</b>	<b>30,200</b>	<b>111</b>	<b>8,610</b>	<b>38,920</b>

For more details on goodwill impairment testing please refer to note 4.

**NOTE 18. NON-CURRENT FINANCIAL ASSETS**

EUR 000s	2022	2021
Financial receivables	69	56
Financial assets at fair value through PL	37	37
<b>Total</b>	<b>106</b>	<b>93</b>
Reclassified to held for sale (see note 38)	-	38
<b>Total as reported in the balance sheet</b>	<b>106</b>	<b>55</b>

**NOTE 19. DEFERRED TAX ASSETS**

EUR 000s	2022	2021
Deferred tax assets to be recovered within 12 months	1,642	3,475
Deferred tax assets to be recovered after more than 12 months	4,559	5,154
<b>Total</b>	<b>6,201</b>	<b>8,629</b>

EUR 000s	2022	2021
Provisions for warranty, doubtful accounts and others	1,056	1,527
Losses carried forward	2,612	2,717
Inventory	1,542	1,831
PPE and intangible assets	29	34
Accrued expenses not currently deductible	466	1,926
Others temporary differences	497	594
<b>Total</b>	<b>6,201</b>	<b>8,629</b>

The deferred tax assets arose as a consequence of the recognition of temporary differences on provisions relative to doubtful accounts, slow moving inventories and warranties, which are not tax deductible currently and become deductible for tax purposes when utilised, as well as to tax losses. The Group did not recognise deferred income tax assets on losses carried forward of EUR 199,454 thousands (2021: 158,878) of which EUR 21,426 thousands expire within one year and EUR 2,374 thousands expire within two to five years. The losses carried forward never expire in France, Norway and Singapore, and expire after 7 years in Switzerland. In the US, since the implementation of the new tax reform, losses carried forward accumulated until 2017 still expire in 20 years, while starting from 2018, they never expire but they will only be offsetable up to 80%.

**NOTE 20. OTHER NON-CURRENT RECEIVABLES**

The long running litigation matter in California related to Mike Colaco has been closed in 2022, the advance payments of opponent's legal costs related to the Mike Colaco litigation of EUR 5,954 thousands in 2021 has been used in 2022.

Other non-current receivables includes deposits for Cavotec Italy building and machinery EUR 830 thousands (2021: 978 thousands).

**NOTE 21. LOANS AND BORROWINGS**

EUR 000s	2022	2021
Other current financial liabilities	(4,914)	(4,124)
Credit facility non-current portion	(22,000)	(10,000)
Other non-current financial liabilities	-	(277)
Unamortised issuance costs	828	1,081
<b>Total</b>	<b>(26,086)</b>	<b>(13,320)</b>

In June 2020, Cavotec secured long-term financing by signing a five years agreement with Credit Suisse and others to provide a EUR 40 million single currency term and multicurrency revolving credit facility. Syndication costs and upfront fees of EUR 1,437 thousands were paid during FY 2020 and will be amortised over the extended duration of the facility.

EUR 000s	2022	2021
Bank overdrafts	2.00%	1.00%
Short term debt	2.82%	1.50%
Long term debt	8.15%	4.27%
<b>Interest bearing liabilities</b>	<b>7.13%</b>	<b>3.48%</b>

The average cost of the interest bearing liabilities for FY2022 was higher compared to the previous year mainly due to higher level of variable rate interest bearing debt as well as higher interest rates.

**NOTE 22. TRADE PAYABLES**

EUR 000s	2022	2021
Trade payables	(36,126)	(47,629)
Reclassified to held for sale (see note 38) – Trade payables	-	(8,961)
<b>Total Trade payables as reported in the balance sheet</b>	<b>(36,126)</b>	<b>(38,668)</b>
Contract liabilities	(28,125)	(13,014)
Reclassified to held for sale (see note 38) – Contract liabilities	-	(49)
<b>Total Contract liabilities as reported in the balance sheet</b>	<b>(28,125)</b>	<b>(12,965)</b>

For more details on contract liabilities refer to note 5.

**NOTE 23. TAX LIABILITIES**

EUR 000s	2022	2021
Tax liabilities	(1,672)	(1,525)
VAT payable	(1,429)	(1,437)
<b>Total</b>	<b>(3,101)</b>	<b>(2,962)</b>
Reclassified to held for sale (see note 38)	-	(9)
<b>Total as reported in the balance sheet</b>	<b>(3,101)</b>	<b>(2,953)</b>

**NOTE 24. OTHER CURRENT LIABILITIES**

EUR 000s	2022	2021
Employee entitlements	(6,304)	(5,339)
Accrued expenses and other	(5,602)	(6,984)
<b>Total</b>	<b>(11,906)</b>	<b>(12,323)</b>
Reclassified to held for sale (see note 38)	-	(2,620)
<b>Total as reported in the balance sheet</b>	<b>(11,906)</b>	<b>(9,703)</b>

Employee entitlements include mainly accrued wages and salaries, holidays and other personnel liabilities.

**NOTE 25. DEFERRED TAX LIABILITIES**

EUR 000s	2022	2021
Deferred tax liabilities to be released within 12 months	(51)	(105)
Deferred tax liabilities to be released after more than 12 months	(1,049)	(2,025)
<b>Total</b>	<b>(1,100)</b>	<b>(2,130)</b>

EUR 000s	2022	2021
PPE and intangible assets	(503)	(1,430)
Untaxed reserves	(545)	(591)
Other	(52)	(109)
<b>Total</b>	<b>(1,100)</b>	<b>(2,130)</b>

For more details, please refer to note 19.

**NOTE 26. PROVISION FOR RISKS AND CHARGES**

EUR 000s	2022	2021
Provision for risk and charges, current	(2,032)	(2,996)
Reclassified to held for sale (see note 38) – Provision for risk and charges, current	-	(130)
<b>Total Provision for risk and charges, current as reported in the balance sheet</b>	<b>(2,032)</b>	<b>(2,866)</b>
Provision for risk and charges, non-current	(1,357)	(7,141)
Reclassified to held for sale (see note 38) – Provision for risk and charges, non-current	-	(41)
<b>Total Provision for risk and charges, non-current as reported in the balance sheet</b>	<b>(1,357)</b>	<b>(7,100)</b>

EUR 000s	Dec 31, 2021	Recorded	Used	Reversed not used	Exchange diff	Dec 31, 2022	Reclassified to held for sale
Provision for warranty	(2,664)	(612)	-	399	(15)	(2,892)	-
Provision for litigation	(3,664)	-	3,941	-	(277)	-	-
Provision for restructuring	-	-	-	-	-	-	-
Other provisions	(3,638)	98	3,262	-	(219)	(497)	-
<b>Total</b>	<b>(9,966)</b>	<b>(514)</b>	<b>7,203</b>	<b>399</b>	<b>(511)</b>	<b>(3,389)</b>	<b>-</b>

The warranty provision reflects historic experience of the cost to repair or replace defective products, as well as certain information regarding product failure experienced during production, installation or testing of products. Other provision recorded are mainly related to penalty costs. In 2022 a total of 0.7 million have been used for the Class Action in US. The provision for litigation current portion of 3 million used is linked to the Colaco case, the non-current portion 3 million has been used as well from other provision, offsetting long term receivables of equal amounts. For details about the provision for litigation and others, please refer to note 34.

## NOTE 27. PENSION PLAN

The Group operates defined benefit pension plans in Switzerland and, starting from FY 2014, also in Italy and Middle East.

The Swiss entities, Cavotec SA and Cavotec (Swiss) SA, are affiliated to the Swiss Life Collective BVG Foundation based in Zurich. This pension solution fully reinsures also the risks of disability, death and longevity. Swiss Life invests the vested pension capital and provides a 100% capital and interest guarantee. Certain features of Swiss pension plans required by law preclude the plans being categorised as defined contribution plans.

In Italy, the provisions for benefits upon termination of employment, accrued for employee retirement, are determined using actuarial techniques and regulated by the Italian Civil Code. The benefit is paid upon retirement as a lump sum, the amount of which corresponds to the total of the provisions accrued during the employees' service period based on payroll costs as revalued until retirement.

In U.A.E., the Service Gratuity Plan is a defined benefit plan. Benefits under these plans are paid upon termination of employment and consist of payments based on seniority.

EUR 000s	2022				2021
	Switzerland	Italy	U.A.E.	Total	Total
Present value of defined benefit obligation (DBO)	(2,747)	-	-	(2,747)	(3,407)
Fair value of plan assets	2,616	-	-	2,616	2,681
<b>Deficit of funded plans</b>	<b>(131)</b>	<b>-</b>	<b>-</b>	<b>(131)</b>	<b>(726)</b>
Present value of unfunded obligations	-	(322)	(48)	(370)	(1,452)
<b>Liability in the Balance Sheet</b>	<b>(131)</b>	<b>(322)</b>	<b>(48)</b>	<b>(501)</b>	<b>(2,178)</b>
Reclassified to held for sale (see note 38)	-	-	-	-	(904)
<b>Total as reported in the balance sheet</b>	<b>(131)</b>	<b>(322)</b>	<b>(48)</b>	<b>(501)</b>	<b>(1,274)</b>

In addition the Group has liabilities from defined contribution plan for an amount of EUR 86 thousands.

The movement in the defined benefit obligation over the year is as follows:

EUR 000s	2022				2021
	Switzerland	Italy	U.A.E.	Total	Total
<b>At 1 January</b>	<b>(3,407)</b>	<b>(487)</b>	<b>(962)</b>	<b>(4,858)</b>	<b>(5,074)</b>
Reclassification of pension scheme	-	-	-	-	-
Service cost:					
- Current service cost	(231)	-	-	(231)	(391)
- Past service cost	144	-	-	144	143
Interest expenses	(10)	(4)	-	(14)	(23)
Cash flow:					
- Benefit payments from plan assets	579	-	-	579	458
- Benefit payments from employer	-	99	-	99	13
- Participant contributions	(196)	-	-	(196)	(193)
- Insurance premium for risk benefits	23	-	-	23	28
Other significant event:					
- Increase (decrease) due to effect of any business combinations / divestitures / transfers	-	23	914	936	-
Remeasurements:					
- Effect of changes in demographic assumptions	-	-	-	-	143
- Effect of changes in financial assumptions	450	67	-	517	100
- Effect of experience adjustments	51	(18)	-	33	149
Exchange differences	(151)	-	-	(151)	(211)
<b>At 31 December</b>	<b>(2,747)</b>	<b>(322)</b>	<b>(48)</b>	<b>(3,117)</b>	<b>(4,858)</b>



The movement in the fair value of plan assets over the year is as follows:

EUR 000s	2022			2021	
	Switzerland	Italy	U.A.E.	Total	Total
<b>At 1 January</b>	<b>2,681</b>	<b>-</b>	<b>-</b>	<b>2,681</b>	<b>2,658</b>
Interest Income	8	-	-	8	3
Cash flow:					
- Employer contributions	196	99	-	295	206
- Participant contributions	196	-	-	196	193
- Benefit payments to plan	(579)	-	-	(579)	(458)
- Benefit payments from employer	-	(99)	-	(99)	(13)
- Administrative expenses paid from plan assets	(14)	-	-	(14)	(16)
- Insurance premium for risk benefits	(23)	-	-	(23)	(28)
Remeasurements:					
- Return on plan assets (excluding interest income)	23	-	-	23	19
Exchange differences	128	-	-	128	117
<b>At 31 December</b>	<b>2,616</b>	<b>-</b>	<b>-</b>	<b>2,616</b>	<b>2,681</b>

The amount recognised in the income statement and other comprehensive income are as follows:

EUR 000s	2022			2021	
	Switzerland	Italy	U.A.E.	Total	Total
Service cost:					
- Current service cost	231	-	-	231	391
- Past service cost	(144)	-	-	(144)	(142)
<b>Total Service cost</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>249</b>
Net interest cost:					
- Interest expense on DBO	10	4	-	14	23
- Interest (income) on plan assets	(8)	-	-	(8)	(3)
<b>Total net interest cost</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>6</b>	<b>20</b>
Administrative expenses and/or taxes (not reserved within DBO)	14	-	-	14	17
<b>Defined benefit cost included in the Income Statement from continued operations</b>	<b>103</b>	<b>4</b>	<b>-</b>	<b>107</b>	<b>169</b>
<b>Defined benefit cost included in the Income Statement from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>
Effect of changes in demographic assumptions	-	-	-	-	(150)
Effect of changes in financial assumptions	(450)	(67)	-	(517)	(100)
Effect of experience adjustments	(51)	18	-	(33)	(150)
Return on plan assets (excluding interest income)	(23)	-	-	(23)	(20)
Exchange Differences	-	-	-	-	30
Effect of deferred taxes	97	-	-	97	86
<b>Total remeasurements included in Other Comprehensive Income from continued operations</b>	<b>(427)</b>	<b>(49)</b>	<b>-</b>	<b>(476)</b>	<b>(282)</b>
<b>Total remeasurements included in Other Comprehensive Income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22)</b>

The Group expects to pay EUR 132 thousands in contribution to defined benefit plans in 2023 (EUR 270 thousands was the expectation in 2021 concerning the amount to be paid in 2022).

The principal actuarial assumptions were as follows:

	2022			2021		
	Switzerland	Italy	U.A.E.	Switzerland	Italy	U.A.E.
Discount rate	2.40%	0.80%	n/a	0.30%	0.80%	2.50%
Salary increases	1.50%	n/a	n/a	1.00%	n/a	3.00%
Inflation	1.30%	1.70%	n/a	0.00%	1.70%	n/a

The principal demographic assumptions were as follows:

	2022			2021		
	Switzerland	Italy	U.A.E.	Switzerland	Italy	U.A.E.
Life expectancy	BVG 2020 GT	n/a	n/a	BVG 2015GT	n/a	n/a
Retirement age	M65/F64	In accordance with current Italian legislation	normal (maximum) retirement age of 60	M65/F64	In accordance with current Italian legislation	normal (maximum) retirement age of 60
Benefit at retirement	60% pension / 40% lump sum	n/a	-	60% pension / 40% lump sum	n/a	-
Voluntary turnover	-	-	n/a	-	-	4.00%
Involuntary turnover (including death and disability)	-	-	n/a	-	-	0.00%

The following table presents a sensitivity analysis showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date. This sensitivity applies to the defined benefit obligation only, and not to the net defined benefit pension liability in its entirety, the measurement of which is driven by a number of factors including, in addition to the assumptions below, the fair value of plan assets.

	2022			2021		
	Switzerland	Italy	U.A.E.	Switzerland	Italy	U.A.E.
Discount rate +0.50%	(2,668)	(781)	-	(3,233)	(452)	(884)
Discount rate -0.50%	(2,839)	(847)	-	(3,605)	(517)	(972)

## NOTE 28. SHARE CAPITAL

The table below set forth the changes occurred in the Share capital of the Group.

EUR 000s	No of ordinary shares (Fully paid)	Share capital
Balance at 31 December 2021	94,243,200	(100,169)
Balance at 31 December 2022	94,243,200	(45,288)

## NOTE 29. OTHER RESERVES

EUR 000s	2022	2021
Currency translation reserves	17,707	9,188
Share premium reserve	(69,131)	(14,251)
Actuarial reserve	(10)	691
Reserve for LTIP	(189)	(451)
Revaluation reserve	(10)	(10)
<b>Total</b>	<b>(51,633)</b>	<b>(4,833)</b>

The share premium reserve was created following the Contribution Agreement dated 3 October 2011 between Cavotec SA and the former shareholders of Cavotec MSL and increased in 2018 in connection with the Rights issue.

In June 2022, AGM adopted the Board of Directors' proposal to reduce the current share capital of CHF 120,631,296 by CHF 54,661,056 to CHF 65,970,240 by way of reducing the nominal value of the registered shares from CHF 1.28 by CHF 0.58 to CHF 0.70 and to allocate the nominal value reduction amount to the share premium reserve, which is increased from CHF 19,018,227 to CHF 73,679,283.

The currency translation reserve comprises all foreign exchange differences arising from the translation of the Financial Statements of foreign operations into Euro. The movement of currency translation reserve was due to the depreciation of the Euro against all major currencies.

## NOTE 30. EARNINGS PER SHARE

Both the basic and diluted earnings per share are calculated using the net results attributable to shareholders of Cavotec SA & Subsidiaries as the numerator.

EUR 000s	2022	2021
Profit/(Loss) for the year continued operations	(3,170)	(1,211)
Profit/(Loss) for the year discontinued operations	(11,522)	(35,890)
Profit/(Loss) for the year	(14,692)	(37,101)

Attributable to:

Equity holders of the Group continued operations	(3,170)	(1,211)
Equity holders of the Group discontinued operations	(11,522)	(35,890)
<b>Total</b>	<b>(14,692)</b>	<b>(37,101)</b>

Weighted-average number of shares outstanding	94,243,200	94,243,200
---	------------	------------

Basic and diluted earnings per share from continued operations attributed to the equity holders of the Group	(0.034)	(0.013)
Basic and diluted earnings per share from discontinued operations attributed to the equity holders of the Group	(0.122)	(0.381)
Basic and diluted earnings per share attributed to the equity holders of the Group	(0.156)	(0.394)

## NOTE 31. SEGMENT INFORMATION

Operating segments have been determined on the basis of the Group management structure in place and on the management information and used by the CODM to make strategic decisions.

On July 29, 2022, Cavotec announced that it had completed the sale of its Airports business, Dabico Airport Solutions, to US-based investment company Fernweh Group LLC. The transaction was announced in February 2022. The Airports business accounted for approximately 25 per cent of Cavotec's revenue in 2021.

To facilitate the divestment process the Group has changed the organizational structure and reporting to the CODM. The Segment information presented, reflects the two new operating segments.

Other information that is not reportable has been combined and disclosed within "Other reconciling items" which mainly include not allocated head office costs.

Information by operating segment for the year ended 31 December, 2022 for each operating segment is summarised below:

Year ended 31 December, 2022 EUR 000s	New Cavotec	Airports <sup>(1)</sup>	Other reconciling items	Total
Revenue from sales of goods and services	147,849	18,895		166,744
Other income	1,776	783		2,559
Operating expenses before depreciation and amortization	(143,321)	(27,279)	(4,673)	(175,273)
<b>Gross Operating Result</b>	<b>6,304</b>	<b>(7,601)</b>	<b>(4,673)</b>	<b>(5,970)</b>

<sup>(1)</sup> Discontinued operations

Information by operating segment for the year ended 31 December, 2021 for each operating segment is summarised below:

Year ended 31 December, 2021 EUR 000s	New Cavotec	Airports <sup>(1)</sup>	Other reconciling items	Total
Revenue from sales of goods and services	115,794	39,784	-	155,578
Other income	2,276	1,593	-	3,869
Operating expenses before depreciation and amortization	(107,813)	(41,759)	(4,540)	(154,111)
<b>Gross Operating Result</b>	<b>10,257</b>	<b>(382)</b>	<b>(4,540)</b>	<b>5,335</b>

<sup>(1)</sup> Discontinued operations

The CODM assesses the performance of the operating segments based on gross operating result EBITDA. A reconciliation of gross operating result to profit before income tax is provided as follows:

EUR 000s	New Cavotec 2022	New Cavotec 2021
Gross operating result for operating segments	1,631	5,717
Goodwill impairment & other operational write – downs	(9)	(174)
Depreciation	(5,565)	(5,500)
Amortisation	(563)	(790)
Financial costs – net	4,225	3,500
Other financial items	-	(30)
<b>Profit before income tax</b>	<b>(281)</b>	<b>2,723</b>

EUR 000s	Airports 2022	Airports 2021
Gross operating result for operating segments	(7,601)	(382)
Goodwill impairment & other operational write – downs	(2,646)	(32,789)
Depreciation	(819)	(1,938)
Amortisation	(107)	(479)
Financial costs – net	1,272	134
Other financial items	9	(8)
<b>Profit before income tax</b>	<b>(9,991)</b>	<b>(35,462)</b>

Third party revenues for each operating segment analysed by significant geographical segment is summarised below:

Year ended 31 December 2022 EUR 000s	AMER	EMEA	APAC	Total
New Cavotec	12,661	82,218	52,970	<b>147,849</b>
Airports	8,713	8,759	1,423	<b>18,895</b>
<b>Total</b>	<b>21,374</b>	<b>90,977</b>	<b>54,393</b>	<b>166,744</b>

Year ended 31 December 2021 EUR 000s	AMER	EMEA	APAC	Total
New Cavotec	10,348	68,891	36,555	<b>115,794</b>
Airports	16,321	19,646	3,817	<b>39,784</b>
<b>Total</b>	<b>26,669</b>	<b>88,537</b>	<b>40,372</b>	<b>155,578</b>

The consolidated revenues of the Group are generated principally outside of Switzerland, where the company is domiciled, and operations in Switzerland are relatively insignificant. Due to the nature of the business, no single country represents a significant percentage of Group revenues.

## NOTE 32. RELATED PARTY DISCLOSURE

Cavotec SA is the legal parent of the Group. Details of Cavotec SA subsidiaries can be found in note 3.

The Group's key management personnel comprises the Chief Executive Officer and the members of Cavotec Management Team (CMT). Their total remuneration, including salary and other short term benefits, amounted to a total of EUR 5,679 thousands (2021: 4,369). The total compensation also includes compensation to CMT members' related parties.

Please refer to the Remuneration Report on page 42 for the remuneration of the Board Members and page 41 for the description of the long-term incentive plan.

Year ended 31 December 2022						
EUR 000s	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefit	Share-based payment	Total
Chief Executive Officer	1,285	442	-	1,234	61	3,022
Cavotec Management Team	2,331	219	-	60	47	2,657
<b>Total remuneration</b>	<b>3,616</b>	<b>661</b>	<b>-</b>	<b>1,294</b>	<b>108</b>	<b>5,679</b>

Year ended 31 December 2021						
EUR 000s	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefit	Share-based payment	Total
Chief Executive Officer	867	207	-	-	112	1,186
Cavotec Management Team	2,514	432	-	154	83	3,183
<b>Total remuneration</b>	<b>3,381</b>	<b>639</b>	<b>-</b>	<b>154</b>	<b>195</b>	<b>4,369</b>

For more details of CEO remuneration, please see the Remuneration Report on page 42.

In FY2022 there were no transactions with related parties controlled or influenced by Board members.

### NOTE 33. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms.

EUR 000s	2022	2021
<b>Audit services</b>		
PricewaterhouseCoopers	584	507
Other audit firms	130	103
<b>Total</b>	<b>714</b>	<b>610</b>
<b>Other services performed by audit firms:</b>		
<b>Taxation</b>		
PricewaterhouseCoopers	103	44
Other audit firms	4	4
<b>Total</b>	<b>107</b>	<b>48</b>
<b>Other services:</b>		
PricewaterhouseCoopers	2,363	372
Other audit firms	6	1
<b>Total</b>	<b>2,369</b>	<b>373</b>
<b>Total</b>	<b>2,476</b>	<b>421</b>

Other services are mainly related to tax and legal advice in connection with the Airport divestment activity.

### NOTE 34. LEGAL RISKS

As a global company with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and tax assessments. The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings.

Legal proceedings currently considered to involve material risks are outlined below.

#### *US litigation*

In February 2022, the Company reached a final settlement agreement with the opponent on the California case. As a result of the settlement agreement the position in the balance sheet date has been considered as closed.

#### *Class action*

In June 2021, Cavotec settled a class action legal suit in the USA for an amount equivalent to EUR 0.7 million. The class action relates to employment matters. The settlement was approved by the court at the end of July 2022 and paid in full in August 2022.

### NOTE 35. CONTINGENCIES

EUR 000s	2022	2021
Advance payment and Performance bonds	11,937	5,458
Financial guarantees	100	109
Other guarantees	555	937
<b>Total</b>	<b>12,592</b>	<b>6,504</b>

The items listed under Contingencies are mainly performance and advance payment bonds. On the total of contingencies EUR 10,591 thousands will expire within one year. There isn't any expectation to have any significant cash outflow from the outstanding bonds.

### NOTE 36. COMMITMENTS

The following table details the commitments associated with Cavotec SA & Subsidiaries.

EUR 000s	2022	2021
<b>Capital commitments</b>		
Within one year	21	25
Later than one, not later than two years	12	1
Later than two, not later than five years	3	2
<b>Total</b>	<b>36</b>	<b>28</b>

### NOTE 37. SECURITIES AND COLLATERALS

As at 31 December, 2022 there were no real estate related to loans anymore (2021: 71 thousands). The decrease of the year is due to the repayment of the current portion of the loans.

### NOTE 38. DISCONTINUED OPERATIONS

On 5 March 2021, Cavotec communicated a decision to focus resources and make investments in the ports & maritime and industrial markets. As a consequence, a process was initiated to divest the Airports business. From the first quarter 2021, Cavotec reported the groups ports & maritime and industry businesses combined under the name New Cavotec. Airports was reported separately. In December 2021, Income and expenses of the activities concerned have been reclassified to Discontinued operations in the consolidated income statement and the assets and liabilities pertaining to these activities have been reclassified as assets held for sale and Liabilities directly associated with assets held for sale in the consolidated balance sheet, according to IFRS 5, Non-current assets held for sale and discontinued operations.

In line with the requirement of IFRS 5, the disposal group classified as held for sale have to be measured at the lower of carrying amount and fair value less costs to sell. The carrying amount of the group at the time of the reclassification was of EUR 37,761 thousands. The fair value of the consideration has been estimated based on the expected sale price of EUR 10,000 thousands less and agreed reimbursement to the purchasers of EUR 1,160 thousands and direct costs to sell expected to amount of EUR 3,868 thousands. The reduction in value has been allocated against all the goodwill in the disposal group for an amount of EUR 15,537 thousands, all non-current assets for an amount of EUR 11,813 thousands and the remaining amount of EUR 5,439 thousands against inventory in order to reduce the carrying amount of the disposal group to the fair value less cost to sale.

The completion of the transaction occurred 29 July 2022. Proceeds received based on the estimated closing balance sheet was EUR 13.1 million, of which EUR 2.4 million were paid back to the buyer during Q4 2022 based on the final closing balance sheet. All assets and liabilities of the discontinued business have been taken out of Cavotec group balance sheet, resulting in a final loss on the divestment of EUR 2.6 million.

<b>Income Statement</b> <b>EUR 000s</b>	<b>Airports</b> <b>2022</b>	<b>Airports</b> <b>2021</b>
Revenue from sales of goods and services	18,895	39,784
Other income	783	1,593
Expenses	(26,867)	(44,050)
CTA	(155)	-
Loss on the spin off	(2,646)	(32,789)
<b>Loss from discontinued operations before income taxes</b>	<b>(9,991)</b>	<b>(35,462)</b>
Income taxes	(1,531)	(428)
<b>Loss from discontinued operations</b>	<b>(11,522)</b>	<b>(35,890)</b>

<b>Balance Sheet</b> <b>EUR 000s</b>	<b>Airports</b> <b>2022</b>	<b>Airports</b> <b>2021</b>
Trade receivables	-	11,761
Contract assets	-	2,228
Other current receivables	-	1,437
Inventories	-	5,444
<b>Total assets</b>	<b>-</b>	<b>20,870</b>
Current lease liabilities	-	(1,339)
Trade payables	-	(8,961)
Contract liabilities	-	(49)
Tax liabilities	-	(9)
Provision for risk and charges, current	-	(130)
Other current liabilities	-	(2,620)
Non-current lease liabilities	-	(1,844)
Provision for risk and charges, non-current	-	(41)
Employee benefit obligation	-	(904)
<b>Total liabilities</b>	<b>-</b>	<b>15,897</b>

<b>Cash Flow</b> <b>EUR 000s</b>	<b>Airports</b> <b>2022</b>	<b>Airports</b> <b>2021</b>
Net cash Inflow/(outflow) from operating activities	(15,508)	(9,341)
Net cash Inflow/(outflow) from financing activities	(907)	(1,375)
Net cash Inflow/(outflow) from investing activities	9,679	(144)
<b>Cash flow for the period</b>	<b>(6,736)</b>	<b>(10,860)</b>

## NOTE 39. SUBSEQUENT EVENTS

### BANK COVENANTS

In the month of April 2022 Cavotec signed an amendment to its bank agreement to ensure full compliance with the bank covenants.

### CAPITAL INCREASE

On March 17, 2023, the extraordinary general meeting of Cavotec SA was held. The general meeting resolved to approve the board's proposal from 22 February 2023 to increase the company's nominal share capital. The board subsequently implemented the increase of the Company's share capital in the amount of CHF 8,716,981.00, i.e. from the current share capital of CHF 65,970,240.00 to CHF 74,687,221.00, through the issuance of 12,452,830 new shares of the Company. The shares are placed at a price of SEK 13.25 per share, consequently raising proceeds of approximately SEK 165 million, before transaction costs.

### COVID-19 UPDATE

The effect of COVID-19 pandemic on the global economy continued, to a lesser extent, in FY2022. As of December 31, 2022, there is no significant impact on any balance sheet items.

### SANCTIONS TOWARDS RUSSIA

The group has a very limited exposure to the region considering that the subsidiary in Russia is in liquidation and there is no project ongoing in the region. The Group is carefully monitoring the evolution of the situation, having a specific focus on the sanctions, that have been and will be imposed.



# Risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board sets the policy for the Group's centralised treasury operation and its activities are subject to a set of controls commensurate with the magnitude of the borrowings and investments and Group wide exposures under its management. The Group treasury's primary role is to manage liquidity, funding, investments and counterparty credit risk arising with financial institutions. It also manages the Group's market risk exposures, including risks arising from volatility in currency and interest rates. The treasury function is not a profit centre and the objective is to manage risk at optimum cost.

The financial risk is managed at the Group and regional level through a series of policies and procedures set and reviewed by the CFO. The Group treasury applies these policies together with the Presidents of the Divisions and the local finance managers. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analyses in the case of interest rate risk and currency risk while ageing analyses of receivables is used to assess credit risk.

## MARKET RISK

### Currency risk

Generally, the Group offers customers the option of paying in local currencies through our global sales organisation. As a result, the Group is continuously exposed to currency risks in accounts receivables denominated in foreign currency and in future sales to foreign customers. This issue of international pricing is under constant attention at the highest levels of management. As the Group trades across many countries, purchasing and selling in various currencies, there is a natural hedge within the Group's overall activities.

The exchange rates listed here below are used to prepare the Financial Statements.

Currency	Average rate 2022	Year end rate 2022
AED	0.2585	0.2538
ARS	0.0073	0.0053
AUD	0.6593	0.6372
BRL	0.1838	0.1773
BHD	2.5182	2.4756
CAD	0.7302	0.6925
CHF	0.9953	1.0155
DKK	0.1344	0.1345
EUR	1.0000	1.0000
GBP	1.1727	1.1275
HKD	0.1213	0.1202
INR	0.0121	0.0113
KRW	0.0007	0.0007
NOK	0.0990	0.0951
NZD	0.6030	0.5953
QAR	0.2607	0.2561
RMB	0.1413	0.1359
RUB	0.0114	0.0087
SEK	0.0941	0.0899
SGD	0.6891	0.6993
USD	0.9496	0.9376
ZAR	0.0581	0.0553

At 31 December 2022, had the Euro weakened/strengthened by 10 per cent against foreign currencies to which the Group is exposed, with all other variables held constant, profit for the year and equity would have been EUR 110 thousands higher/lower (2021: 2,130 thousands). This is mainly a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the Euro and in respect of operations in non-Euro jurisdictions for financial assets and liabilities not in their local currency.

A sensitivity of 10 per cent has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on an historical basis and market expectations for future moves. In order to assess the potential impact on the Income Statement assets and liabilities in the same currency used by the relevant entity in its reporting were excluded from the sensitivity analysis.

EUR 000s	2022		2021	
	EUR -10%	EUR +10%	EUR -10%	EUR +10%
Receivables	338	(338)	413	(413)
Payables	(558)	558	(870)	870
Financial assets	110	(110)	2,587	(2,587)
Financial liabilities	-	-	-	-
<b>Total increase / (decrease)</b>	<b>(110)</b>	<b>110</b>	<b>2,130</b>	<b>(2,130)</b>

The carrying amounts of the Group's trade receivables, trade payables and contract liabilities are held in the following currencies:

EUR 000s	2022		2021	
	Receivables	Trade payables and contract liabilities	Receivables	Trade payables and contract liabilities
EUR	21,784	(42,943)	16,864	(20,621)
USD	5,735	(4,872)	7,842	(6,108)
RMB	1,742	(10,608)	2,249	(4,629)
AED	462	(343)	2,182	(2,244)
GBP	80	(240)	213	(736)
SEK	452	(710)	166	(1,860)
NOK	766	(951)	586	(834)
AUD	1,493	(755)	1,712	(1,050)
CHF	-	(2,333)	-	(657)
HKD	-	-	9	(172)
CAD	-	-	49	(2)
INR	739	(374)	682	(478)
RUB	-	(8)	-	(29)
BHD	62	(114)	2,981	(7,367)
Other	-	-	193	(1,005)
<b>Total</b>	<b>33,315</b>	<b>(64,251)</b>	<b>35,728</b>	<b>(47,793)</b>
Reclassified to held for sale (see note 38)	-	-	11,761	(9,010)
<b>Total as reported in the balance sheet</b>	<b>33,315</b>	<b>(64,251)</b>	<b>23,967</b>	<b>(38,783)</b>

Financial assets and financial liabilities held at year end are held in the following currencies (data include lease liabilities):

EUR 000s	2022		2021	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
EUR	4,291	(25,485)	6,961	(24,983)
USD	2,078	-	3,047	(2,931)
RMB	449	-	637	(422)
AED	316	-	155	-
GBP	215	-	173	(632)
SEK	158	-	325	(642)
NOK	374	-	167	(17)
AUD	783	-	808	(325)
CHF	57	(601)	(921)	(287)
HKD	12	-	9	(10)
INR	-	-	456	(87)
RUB	315	-	22	-
Other	577	-	390	(442)
<b>Total</b>	<b>9,625</b>	<b>(26,086)</b>	<b>12,230</b>	<b>(30,778)</b>
Reclassified to held for sale (see note 38)	-	-	-	(3,183)
<b>Total as reported in the balance sheet</b>	<b>9,625</b>	<b>(26,086)</b>	<b>12,230</b>	<b>(27,595)</b>

### Interest rate risk

Interest rate risk management is aimed at balancing the structure of the debt, minimising borrowing costs over time and limiting the volatility of results. The Group is party to fixed interest rate loan agreements in the normal course of business in order to eliminate the exposure to increases in interest rates in the future. The amount of floating rate debt is the main factor that could impact the Statement of Comprehensive Income in the event of an increase in market rates. At 31 December, 2022 93% of the debt was floating rate (2021: 94%).

### Fair value estimation

Financial assets and liabilities recorded at fair value in the Consolidated Financial Statements are categorised based upon the level of judgement associated with the inputs used to measure their fair value. There are three hierarchical levels, based on an increasing amount of subjectivity associated with the inputs to derive fair valuation for these assets and liabilities, which are as follows:

- Level 1: Determination of fair value based on quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2: Determination of fair value based on inputs other than the quoted prices of Level 1 but which are directly or indirectly observable
- Level 3: Determination of fair value based on valuation models with inputs for the asset or liability that are not based on observable market data

The following tables present the Group's assets and liabilities measured at fair value by valuation method at 31 December 2022 and at 31 December 2021:

2022				
EUR 000s	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Current financial assets	-	-	-	-
Non-current financial assets	-	-	37	37
Assets held for sale	-	-	2,320	2,320
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>2,357</b>	<b>2,357</b>
<b>Liabilities</b>				
Non-current trading derivatives	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2021				
EUR 000s	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Current financial assets	23	-	-	23
Non-current financial assets	-	-	37	37
Assets held for sale	-	-	24,147	24,147
<b>Total assets</b>	<b>23</b>	<b>-</b>	<b>24,184</b>	<b>24,207</b>
<b>Liabilities</b>				
Non-current trading derivatives	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The fair values of the non-current financial assets, current financial liabilities and non-current financial liabilities are not materially different from their carrying amounts.

For the building in Trondheim (Norway) an independent updated valuation of the assets held for sale was performed by AF Advansia AS, as at 31 December 2022. A discounted cash flow method was used to calculate market value assuming a perpetual annual rent net of expenses and capex of about NOK 2,005 thousands with an estimated yield of 8.0%. The valuation as at 31 December 2022 is equal to EUR 2.3 million (2021: EUR 2.4 million).

In April 2022 Cavotec Italy former building located in in Nova Milanese (Italy) has been sold for EUR 0.8 million. As the building was accounted as Asset held for Sale with a book value of EUR 1.0 million in 2021, the Company recognized a write down of EUR 0.2 million already in 2021.

Please refer to note 16 and 38 for more disclosure on the reclassification of assets held for sale that are measured at the lower of carrying value and fair value less cost to sell.

## CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions and it is managed on a Group basis. A fundamental tenet of the Group's policy of managing credit risk is customer selectivity. The Group has many customers in its various geographies and therefore there is no concentration of credit. The Group's largest customers are prominent international companies and, while none of these represent a material percentage of total sales, outstanding receivables from these are regularly monitored and contained within reasonable limits. Large value sales are authorised by the Presidents of the Divisions, the CFO or the CEO, and require customers to pay a deposit or pay in advance. The Group has a credit policy which is used to manage this credit exposure.

After the global turmoil in the international markets, the Company has introduced stringent practices to evaluate exposure to doubtful debts; the Group requires that provisions be recorded not only to cover exposure relative to specific accounts in difficulty but also for accounts receivables balances which are past due for periods in excess of normal trading terms.

EUR 000s	2022	Expected Credit Loss	% Expected Credit Loss
Not yet due	22,776	(65)	0.30%
Overdue up to 30 days	6,198	(35)	0.56%
Overdue up to 30 and 60 days	2,632	(58)	2.20%
Overdue up to 60 and 90 days	1,258	(28)	2.20%
Overdue up to 90 and 120 days	938	(24)	2.58%
Overdue up to 120 and 150 days	438	(216)	48.51%
Overdue more than 150 days	3,182	(2,510)	78.79%
<b>Total</b>	<b>37,421</b>	<b>(2,936)</b>	

In the category "Not yet due", EUR 1,171 thousands are under contract assets.

At 31 December, 2022 EUR 2,936 thousands (2021: 3,485) have been provisioned according to the percentages of expected credit loss shown in the table.

EUR 000s	2021	Expected Credit Loss	% Expected Credit Loss
Not yet due	33,564	(191)	0.66%
Overdue up to 30 days	5,084	(50)	0.98%
Overdue up to 30 and 60 days	1,155	(38)	3.33%
Overdue up to 60 and 90 days	699	(55)	7.87%
Overdue up to 90 and 120 days	291	(32)	10.99%
Overdue up to 120 and 150 days	111	(81)	72.93%
Overdue more than 150 days	3,046	(3,038)	99.72%
<b>Total</b>	<b>43,950</b>	<b>(3,485)</b>	
Reclassified to held for sale (see note 38)	15,312	(1,323)	
<b>Total as reported in the balance sheet</b>	<b>28,638</b>	<b>(2,162)</b>	

## NET DEBT

Net Debt is defined as financial liabilities (excluding lease liabilities) minus cash and cash equivalents and current financial assets.

EUR 000s	2022	2021
Cash and cash equivalents	9,625	12,230
Current financial assets	-	23
Short-term debt	(4,914)	(4,124)
Long-term debt	(22,000)	(10,277)
<b>Total</b>	<b>(17,289)</b>	<b>(2,148)</b>

Note that long-term debt excludes issuance costs. See note 21.

EUR 000's	Cash and cash equivalents	Current financial assets	Bank overdraft	Short-term debt	Long-term debt	Lease Liabilities	Net position
<b>Opening balance Jan 1, 2021</b>	<b>19,151</b>	<b>16</b>	<b>-</b>	<b>(4,144)</b>	<b>(11,446)</b>	<b>(18,825)</b>	<b>(15,248)</b>
Cash flows continued operations	(8,938)	-	-	-	1,218	2,857	-
Cash flows discontinued operations (see note 38)	-	-	-	-	-	1,375	-
Currency exchange differences	2,017	-	-	-	(49)	(632)	-
Other non-cash movements	-	7	-	20	-	(2,234)	-
<b>Closing balance Dec 31, 2021</b>	<b>12,230</b>	<b>23</b>	<b>-</b>	<b>(4,124)</b>	<b>(10,277)</b>	<b>(17,459)</b>	<b>(19,607)</b>
Reclassified to held for sale (see note 38)	-	-	-	-	-	(3,183)	-
<b>Total as reported in the balance sheet</b>	<b>12,230</b>	<b>23</b>	<b>-</b>	<b>(4,124)</b>	<b>(10,277)</b>	<b>(14,275)</b>	<b>(19,607)</b>

EUR 000's	Cash and cash equivalents	Current financial assets	Bank overdraft	Short-term debt	Long-term debt	Lease Liabilities	Net position
<b>Opening balance Jan 1, 2022</b>	<b>12,230</b>	<b>23</b>	<b>-</b>	<b>(4,124)</b>	<b>(10,277)</b>	<b>(14,275)</b>	<b>(16,424)</b>
Cash flows	(4,527)	-	-	(790)	(11,723)	3,073	-
Currency exchange differences	1,922	-	-	-	-	(1,838)	-
Other non-cash movements	-	(23)	-	-	-	-	-
<b>Closing balance Dec 31, 2022</b>	<b>9,625</b>	<b>-</b>	<b>-</b>	<b>(4,914)</b>	<b>(22,000)</b>	<b>(13,040)</b>	<b>(30,328)</b>

## LIQUIDITY RISK

Liquidity risk is managed by the Group treasury, which ensures adequate coverage of cash needs by entering into short, medium and long-term financial instruments to support operational and other funding requirements. The Board reviews and approves the maximum long-term funding of the Group and on an on-going basis considers any related matters on at least an annual basis. Short- and medium-term requirements are regularly reviewed and managed by the centralised treasury operation within the parameters set by the Board.

The Group's liquidity and funding management process includes projecting cash flows and considering the level of liquid assets in relation thereto, monitoring Balance Sheet liquidity and maintaining a diverse range of funding sources and back-up facilities. The Board reviews Group forecasts, including cash flow forecasts, on a quarterly basis. The Group treasury collects cash forecasts from group companies more frequently to assess the short and medium-term Group's requirements. Group treasury works closely with the local finance managers and divisions in order to identify and monitor relevant cash items with the goal to assure a promptly collection of receivables. These assessments ensure the Group responds to possible future cash constraints in a timely manner. Operating finance requirements of group companies are managed by the Group treasury, which is also responsible for investing liquid surplus assets not immediately required by operating companies.

In June 2020, Cavotec secured long-term financing by signing a five years agreement with Credit Suisse and others to provide a EUR 40 million single currency term and multicurrency revolving credit facility.

The syndicated loan facility bears interest for each interest period at a rate per annum equal to EURIBOR plus a variable margin which will be adjusted every quarter to reflect any changes in the ratio of net debt (including lease liabilities) to consolidated adjusted EBITDA as determined on a rolling basis. The loans are subject to certain restrictive covenants, including, but not limited to, additional borrowing, certain financial ratios, limitations on acquisitions and disposals of assets. If the financial covenants are not met and their breach is not remedied within a certain period or the lenders do not waive the covenants, there may grounds for termination under the conditions of the credit facility. The lenders agreed to waive compliance with the financial covenants of the Credit Facility Agreement for the testing period ending December 31, 2022.

As of December 31, 2022, the Group's total available credit facilities, which related to the above mentioned syndicated loan facility agreement and to other credit facilities with local banks, amounted to EUR 45.3 million, of which EUR 34.9 million was utilised. The table below analyses the Group's financial liabilities, excluding trade payables, into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date against the cash and cash equivalent balances.

As of December 31, 2022, the Group has insurance guaranties facilities amount of EUR 19 million of which EUR 3.4 million was utilized.

2022				
EUR 000s	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Bank overdrafts and short-term debt	(4,914)	-	-	-
Long-term debt	(1,569)	(24,353)	-	-
Lease liabilities	(2,987)	(4,257)	(2,937)	(2,859)
<b>Total</b>	<b>(9,470)</b>	<b>(28,610)</b>	<b>(2,937)</b>	<b>(2,859)</b>
Cash and cash equivalents	9,625	-	-	-

The long term debt includes the maturity analysis based on the contractual undiscounted cashflow. The interests are included using an average interest rate of 7.13%.

Later than five years Lease liabilities include the lease agreement of 12 years signed in 2016 by Cavotec Specimas SpA for the lease of the warehouse located in Nova Milanese (Italy). Cavotec SA has provided to Cavotec Specimas SpA a parent guarantee to banks of EUR 6,370 thousands regarding this leasing agreement.

2021				
EUR 000s	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Bank overdrafts and short-term debt	(4,268)	-	-	-
Long-term debt	(358)	(975)	(10,174)	-
Lease liabilities	(4,189)	(5,605)	(3,310)	(4,355)
<b>Total</b>	<b>(8,815)</b>	<b>(6,580)</b>	<b>(13,484)</b>	<b>(4,355)</b>
Cash and cash equivalents	12,230	-	-	-

		Credit facilities		
EUR 000s	Total credit facilities	Total credit facilities utilisation	Syndicated facility utilisation (loan)	Syndicated facility utilisation (guarantees)
Bank overdrafts	-	-	-	-
Current financial liabilities	5,355	4,914	-	-
Non-current financial liabilities	40,000	30,030	22,000	8,030
<b>Total</b>	<b>45,355</b>	<b>34,944</b>	<b>20,000</b>	<b>8,030</b>

In the syndicated facility utilization, EUR 22.0 million are utilized as loans and EUR 8.2 million are utilized as standby letter of credits and guarantees.

The Group does not have collateral or credit enhancements that would influence its credit exposure. The maximum exposure to credit risk is the carrying amount of each class of financial asset.

## CAPITAL RISK MANAGEMENT

The Group and the Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure that reduces the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of its debt to equity ratio calculated by comparing senior Net Debt to Total equity. In monitoring the level of indebtedness, on-going attention is given by management to the level of net debt, leverage ratio and assets to equity ratio calculated in accordance to the Groups financing facility.

The ratios at 31 December 2022 and 31 December 2021 (both including the impact of IFRS 16) were as follows:

EUR 000s	2022	2021
Total interest bearing liabilities – continued operations	(39,954)	(28,677)
Total interest bearing liabilities – discontinued operations	-	(3,183)
Total interest bearing liabilities	(39,954)	(31,860)
Cash and cash equivalents	9,625	12,230
Current financial assets	-	23
<b>Net debt</b>	<b>(30,328)</b>	<b>(19,607)</b>
<b>Senior net debt</b>	<b>(30,328)</b>	<b>(19,630)</b>
<b>Total equity</b>	<b>(43,850)</b>	<b>(66,652)</b>
Senior net debt/equity ratio	69.2%	29.5%
Equity/asset ratio	26.2%	38.1%
Leverage ratio	12.50x	3.20x



# Report of the statutory auditor

## to the General Meeting of Cavotec SA

Lugano

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Cavotec SA and its subsidiaries (the Group), which comprise the statement of comprehensive income for the year ended 31 December 2022 and the balance sheet as at 31 December 2022, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.


In our opinion, the consolidated financial statements (pages 57 to 86) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), 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.

#### Our audit approach

Overview	Overall Group materiality: EUR 1'340'000
	<p>We concluded full scope audit work at 14 reporting units in 14 countries. Our audit scope addressed over 89% of the Group's revenue and 81% of total assets. In addition, review procedures were performed on a further 11 reporting units in 10 countries, representing a further 11% of the Group's revenue and 16% of total assets.</p> <p>As key audit matters the following areas of focus have been identified:</p> <p>Goodwill impairment test: Ports &amp; Maritime and Industry</p> <p>Disposal of the airport business</p>

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## Context of our audit 2022

The context of our audit is set by the Group's major activities in the reporting period, in which the finalization of the sale of the Airport business has been a significant event. We therefore have considered this as a key audit matter.

## Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

<b>Overall Group materiality</b>	EUR 1'340'000
<b>Benchmark applied</b>	Total revenues
<b>Rationale for the materiality benchmark applied</b>	We chose total revenues as benchmark as we consider that revenue provides us with a consistent year-on-year basis to determine materiality, reflecting the group's development, including changes in business activities, and considers the low levels of profitability.

We agreed with the Audit Committee that we would report to them misstatements above EUR 65'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

## Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is primarily structured in one Business Unit "New Cavotec". The Group financial statements are a consolidation of 36 reporting units, comprising the Group's operating businesses and centralised functions. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, by component auditors from PwC network firms and by component auditors from other firms operating under our instructions. We concluded full scope audit work at 14 reporting units in 14 countries. In addition, review procedures were performed on a further 11 reporting units in 10 countries. The Group consolidation, financial statement disclosures and goodwill are audited by the Group engagement team.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Goodwill impairment test: Ports & Maritime and Industry

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
Refer to page 68 (Note 4 Critical accounting estimates and judgments).	We evaluated Group management's assumptions as described on page 68 (Note 4) to the financial statements

The goodwill impairment assessment for Ports & Maritime and Industry is considered as a key audit matter due to the size of the goodwill balance (EUR 30.2 million as of 31 December 2022 and EUR 30.2 million as of 31 December 2021) as well as the considerable judgement required by Group management in making their assessment on the impairment test.

The determination of recoverability of related intangible assets is sensitive to changes in assumptions. Our focus in this area was the 'value in use' assessment of the cash generating units, which involves judgements principally about the future results of the business and the discount rates applied.

and discussed these with the Audit Committee and responsible management.

We evaluated Group management's assumptions and we challenged management on the inclusion of all appropriate assets and liabilities in the cash-generating units.

We focused our analysis on the Ports & Maritime CGU as it is the most sensitive unit and has the highest goodwill balance (EUR 23.3 million) allocated to it.

In relation to the value in use, we performed the following:

We compared Group management's expectations of revenue growth and gross profit margins, included in the five-year plan included in the impairment model, with the company's budget, forecasts and the projects in the pipeline and we found them to be consistent.

We evaluated Group management's assumptions of long-term growth rates, by comparing them with economic and industry forecasts. We also evaluated, with the support of our PwC valuation team, certain management's valuation parameters, specific to the model.

We applied professional skepticism when reviewing the forecasts for the market units by stress testing key assumptions, assessing the impact on the sensitivity analysis, and understanding the degree to which assumptions would need to move before impairment would be triggered.

Based on our procedures we consider management's approach regarding the goodwill impairment assessment to be adequate.

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## Assets held for sale and discontinued operations

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### Key audit matter

As described in Note 4 'Critical accounting estimates and judgements' and Note 38 'Discontinued operations' to the Consolidated financial statements, on July 29, 2022, Cavotec completed the divestment of the airports business.

In December 2021, income and expenses of the activities concerned had been reclassified to discontinued operations in the consolidated statement of comprehensive income and the assets and liabilities pertaining to these activities have been reclassified to assets held for sale in the balance sheet in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

The principal considerations for our determination that performing procedures relating to divestment of the airport business is a key audit matter are outlined below.

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### How our audit addressed the key audit matter

As part of our audit, we performed the following procedures:

We conducted an in-depth review of the underlying share purchase agreement.

We assessed the presentation and disclosures in accordance with IFRS 5, including separate presentation in the statement of comprehensive income, disclosure of cash flows from discontinued operations and disclosures in the notes to the financial statements.

We agreed the final cash consideration received to the relevant agreements made with the buyer.

The transaction and the related accounting and disclosure requirements are non-routine and include judgements applied by management.	We assessed the elimination of the asset held for sale balances related to the airport business, following the finalisation of the transaction in July 2022.
The impact of presenting the divestment of the airport business as discontinued operations has a pervasive impact across the primary statements and the Notes and management has included footnotes throughout the disclosures to highlight and explain the impact.	We evaluated the income and expenses allocated to the airport business and presented as discontinued operations, including assumptions and estimates made.
Given the size and importance of the disposal of the airport business, this has been considered an area of focus for our audit.	On the basis of the procedures performed, we determined that the approach applied by management, with regard to the disposal of the airport business, was reasonable and supportable.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Cavotec SA and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

## Report on other legal and regulatory requirements

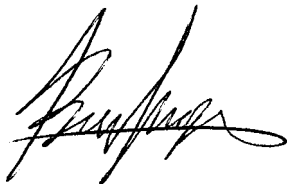
In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Efrem Dell'Era  
Licensed audit expert  
Auditor in charge



Luigi Voulgarelis  
Licensed audit expert

Lugano, 27 April 2023



# **Statutory Financial Statements 2022**

Please note that all reported amounts are in CHF.

# Income statement

Cavotec SA

CHF	Notes	2022	2021
Net proceeds of services		1,182,735	1,782,441
Other Income		3,793,541	-
Staff cost		(1,586,305)	(335,148)
External services		(6,989,588)	(1,225,885)
Travelling expenses		(25,721)	(17,034)
General expenses		(412,778)	(173,371)
Write down on investments		-	(45,395,255)
<b>Operating result</b>		<b>(4,038,116)</b>	<b>(45,364,252)</b>
Finance costs – net		(320,477)	(44,230)
Foreign exchange – net		(1,001,448)	10,885
Translation differences		(4,375,185)	-
<b>Profit / (Loss) before taxes</b>		<b>(9,735,226)</b>	<b>(45,397,597)</b>
Income taxes		(23,971)	(9,903)
<b>Profit / (Loss) for the year</b>		<b>(9,759,197)</b>	<b>(45,407,500)</b>

# Balance Sheet

Cavotec SA

Assets			
CHF	Notes	2022	2021
<b>Current assets</b>			
Cash and cash equivalents		163,014	53,863
Other short-term receivables		7,990,192	959,852
<i>from third parties</i>		214,404	-
<i>from group companies</i>	13	7,775,788	959,852
Accrued income and prepaid expenses		38,897	62,490
<i>Prepaid exp. and accrued income</i>		13,250	-
<i>Tax assets</i>		25,647	19,635
<i>Other current receivables</i>		-	42,854
<b>Total current assets</b>		<b>8,192,103</b>	<b>1,076,205</b>
<b>Non-current assets</b>			
Financial assets		66,926	-
Investments in subsidiary companies	3	91,936,268	96,455,226
<b>Total non-current assets</b>		<b>92,003,194</b>	<b>96,455,226</b>
<b>Total assets</b>		<b>100,195,297</b>	<b>97,531,431</b>
<b>Liabilities</b>			
CHF	Notes	2022	2021
<b>Short-term liabilities</b>			
Other short-term liabilities		(11,632,319)	(512,367)
<i>to third parties</i>		(2,802,713)	(496,020)
<i>to group companies</i>	13	(8,829,606)	(16,347)
Short-term interest-bearing liabilities	8	(3,973,765)	(38,110,132)
Accruals and deferred income		(1,744,582)	(104,892)
<i>Accruals and deferred income</i>		(1,744,582)	(141,595)
<i>Tax provision</i>		-	36,703
Other liabilities		-	(79,550)
Translation provision		-	2,218,227
<b>Total short-term liabilities</b>		<b>(17,350,666)</b>	<b>(36,588,714)</b>
Long-term interest bearing liabilities	8	(41,402,193)	(10,331,000)
Unrealized exchange gain		(902,200)	-
Other Long-term liabilities		(200,132)	(512,414)
<i>to related parties</i>		(200,132)	(512,414)
<b>Total long-term liabilities</b>		<b>(42,504,525)</b>	<b>(10,843,414)</b>
<b>Total liabilities</b>		<b>(59,855,191)</b>	<b>(47,432,128)</b>
<b>Equity</b>			
CHF	Notes	2022	2021
Share capital	4	(65,970,240)	(120,631,296)
Share premium reserve		(73,679,283)	(19,018,227)
Loss brought forward	4	89,550,220	44,142,720
Result for the period	4	9,759,197	45,407,500
Treasury shares	4,5	-	-
<b>Total equity</b>		<b>(40,340,106)</b>	<b>(50,099,303)</b>
<b>Total equity and liabilities</b>		<b>(100,195,297)</b>	<b>(97,531,431)</b>

# Notes to Statutory Financial Statements

## NOTE 1. GENERAL

Cavotec SA (the "Company") is the ultimate parent company of the Cavotec Group.

Cavotec is a leading cleantech company that designs and delivers connection and electrification solutions to enable the decarbonization of ports and industrial applications worldwide. Backed by more than 40 years of experience, our systems ensure safe, efficient, and sustainable operations for a wide variety of customers and applications worldwide. We thrive by shaping future expectations in the areas we are active in. Our credibility comes from our application expertise, dedication to innovation and world class operations. Our success rests on the core values we live by: Integrity, Accountability, Performance and Team Work. We thrive by shaping future expectations in the areas we are active in. Our credibility comes from our application expertise, dedication to innovation and world class operations. Our success rests on the core values we live by: Integrity, Accountability, Performance and Team Work. Cavotec's personnel represent a large number of cultures and provide customers with local support, backed by the Group's global network of engineering expertise. Cavotec SA, the Parent company, is a limited liability company incorporated and domiciled in Switzerland and listed on Nasdaq Stockholm Mid Cap. The Consolidated Financial Statements are of overriding importance for the purpose of the economic and financial assessment of the Company. The unconsolidated Statutory Financial Statements of the Company are prepared in accordance with Swiss law, the Code of Obligations (SCO), and serve as complementary information to the Consolidated Financial Statements.

## NOTE 2. ACCOUNTING PRINCIPLES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

**Exchange rate differences** – The Company keeps its accounting records in Euro and translates them into Swiss Francs (CHF) for statutory reporting purposes.

The Euro Statutory Financial Statements have been translated into Swiss Francs as follows:

Assets and liabilities	closing rate
Own shares and shareholders' equity	historical rate
Income and expenses	average rate
Impairment charges	spot rate

Translation gains are deferred and translation losses are included in the determination of net income.

**Current assets and liabilities** – Current assets and liabilities are recorded at cost less adjustments for impairment of value.

**Financial assets** – Financial assets are recorded at acquisition cost less adjustments for impairment of value.

**Treasury shares** – Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of resale, the gain or loss is allocated or charged to equity.

**Revenue from sale of goods and services** – Revenue from services is recorded as at invoicing. Once the service has been rendered it is invoiced, at the latest at the end of each quarter.

## NOTE 3. INVESTMENT IN SUBSIDIARY COMPANIES

Company name	Purpose	Domicile	Ownership interest 2022	Ownership interest 2021	Curr.	Share Capital 2022	Share Capital 2021
Cavotec (Swiss) SA	Service company	Switzerland	100%	100%	CHF	200,000	200,000
Cavotec MoorMaster Ltd	Holding & engineering	New Zealand	100%	100%	NZD	196,164,928	196,164,928
Cavotec USA Inc	Sales company	USA	100%	100%	USD	68,000,000	68,000,000
Cavotec India Private Ltd	Sales company	India	0%	0%	INR	46,000	46,000
Cavotec Nederland Holding BV	Holding	The Netherlands	0%	100%	EUR	-	100

## NOTE 4. SHAREHOLDERS' EQUITY

The share capital as of 31 December 2022 is divided into 94,243,200 shares at a part value CHF 0.70 each.

CHF	Share Capital	Legal Reserve Treasury shares	Share Premium Reserve	Prior Year Retained Earnings	Result for the period	Total Shareholder's equity
<b>Opening balance at January 1, 2021</b>	<b>120,631,296</b>	-	<b>19,018,227</b>	<b>(42,898,901)</b>	<b>(1,243,820)</b>	<b>95,506,802</b>
Purchase of Treasury shares	-	-	-	-	-	-
Sales of Treasury shares	-	-	-	-	-	-
Result of the period	-	-	-	-	(45,407,500)	(45,407,500)
Allocation prior year result	-	-	-	(1,243,820)	1,243,820	-
<b>Balance at December 31, 2021</b>	<b>120,631,296</b>	-	<b>19,018,227</b>	<b>(44,142,721)</b>	<b>(45,407,500)</b>	<b>50,099,302</b>
<b>Opening balance at January 1, 2022</b>	<b>120,631,296</b>	-	<b>19,018,227</b>	<b>(44,142,721)</b>	<b>(45,407,500)</b>	<b>50,099,302</b>
Purchase of Treasury shares	-	-	-	-	-	-
Sales of Treasury shares	-	-	-	-	-	-
Reduction share capital	(54,661,056)	-	-	-	-	(54,661,056)
Increase Share reserve	-	-	54,661,056	-	-	54,661,056
Result of the period	-	-	-	-	(9,759,197)	(9,759,197)
Allocation prior year result	-	-	-	(45,407,500)	45,407,500	-
<b>Balance at December 31, 2022</b>	<b>65,970,240</b>	-	<b>73,679,283</b>	<b>(89,550,220)</b>	<b>(9,759,197)</b>	<b>40,340,105</b>

During year 2022 the Board of Directors of Cavotec SA has resolved the implementation of a new Long Term Incentive Plan ("LTIP") program 2022-2024 in addition to the LTIP 2020-2022 and LTIP 2021-2023 for certain key employees to increase and enhance its ability to recruit, retain and motivate employees and to encourage personal long term ownership of Cavotec SA shares among the participants.

The short-term incentive plan (STIP) is an annual non-equity cash compensation and is the cash-based element of the variable remuneration for senior executives, while the long-term incentive plan (LTIP) is aimed to create a managing shareholder culture by allowing selected key employees of the Group to become shareholders of Cavotec SA.

Further information is in the Remuneration Report on page 38.

Share capital as of December 31, 2022	No of registered shares	Par value (CHF)	Total (CHF)
Issued shares	94,243,200	0.70	65,970,240
Contingent shares	942,430	0.70	659,701
Authorised shares	9,424,320	0.70	6,597,024

#### NOTE 5. TREASURY SHARES

No treasury shares held as at 31 December 2022.

#### NOTE 6. SIGNIFICANT SHAREHOLDERS

The end of the year and based on the available information, five main shareholders are:

Year ended 31 December 2022		Number	%
Bure Equity AB	Financial institution	33,321,619	35.4%
Thomas von Koch	Individual investor	11,203,289	11.9%
Fabio Cannavale (Nomina SA)	Individual investor	7,901,857	8.4%
Fjärde AP-Fonder	Investment Fund	6,000,465	6.4%
Nordea Fonder	Investment Fund	5,049,421	5.4%
<b>Total</b>		<b>63,476,651</b>	<b>67.5%</b>

Year ended 31 December 2021		Number	%
Bure Equity AB	Financial institution	34,071,619	36.2%
Fjärde AP-Fonder	Investment Fund	9,230,465	9.8%
Lannebo Fonder	Investment Fund	8,149,889	8.6%
Fabio Cannavale (Nomina SA)	Board member	7,901,857	8.4%
Nordea Fonder	Investment Fund	4,361,182	4.6%
<b>Total</b>		<b>63,715,012</b>	<b>67.6%</b>

#### NOTE 7. SHARE OWNERSHIP – BOARD OF DIRECTORS AND CAVOTEC MANAGEMENT TEAM

Based on publicly available information, the ownership by members of the Board and Cavotec Management Team is as follow:

Shareholders as of 31 December 2022		Number	%
Patrik Tigerschiöld (Anna Kirtap AB & family)	Chairman	1,198,000	1.3%
David Pagels	CEO	750,000	0.8%
Erik Lautmann	Board member	143,562	0.2%
Niklas Edling	Board member	83,599	0.1%
Annette Kumlien	Board member	75,000	0.1%
Patrick Mares	CMT member	18,950	0.0%
Memed Üzel	CMT member	5,000	0.0%
Keith Svendsen	Board member	-	-
<b>Total</b>		<b>2,274,111</b>	<b>2.4%</b>

#### NOTE 8. SHORT-TERM AND LONG-TERM INTEREST BEARING LIABILITIES

In June 2020 Cavotec SA secured long-term financing by signing an agreement with Credit Suisse, Banca dello Stato del Cantone Ticino and Privat Debt Fund SA to provide a EUR 40 million single currency term and multicurrency revolving credit facility, and portion utilized as of 31 December 2022 has been classified as long term.

CHF	31 December 2022	31 December 2021
Bank overdraft	1,063,976	-
Short-term interest bearing liabilities to other group companies	-	34,711,736
Short-term interest bearing liabilities to Corner	2,909,789	3,398,396
Total short-term interest bearing liabilities	3,973,765	38,110,132
Long-term interest bearing liabilities Credit Suisse	21,663,400	10,331,000
Long-term interest bearing liabilities to other group companies	19,738,793	-
<b>Total long-term interest bearing liabilities</b>	<b>41,402,193</b>	<b>10,331,000</b>

CHF	31 December 2022	31 December 2021
Less than 1 year	3,973,765	38,110,132
1 to 5 years	41,402,193	10,331,000
More than 5 years	-	-

## NOTE 9. GUARANTEES AND COMMITMENTS

The following table provides quantitative data regarding the Company's third-party guarantees.

CHF	31 December 2022	31 December 2021
Advance payment bonds	102,659	647,265
Performance bond	1,030,170	947,638
Parent guarantee	7,578,216	8,145,797
Other guarantees	-	448,246
<b>Total</b>	<b>8,711,045</b>	<b>10,188,946</b>

Cavotec SA carries joint liability in respect of the federal tax authorities for value added tax liabilities of its Swiss subsidiary, furthermore Cavotec SA is a guarantor for the existing EUR 40 million syndicated credit facility.

## NOTE 10. RISK ASSESSMENT DISCLOSURE

Cavotec SA, as the ultimate parent company of Cavotec Group, is fully integrated into the Company internal risk assessment process.

The Company-wide internal risk assessment process consists of regular reporting to the Board of Directors of Cavotec SA on identified risks and management's reaction to them. The procedures and actions to identify the risks, and where appropriate remediate, are performed by specific corporate functions as well as by the operating companies of the Group. It also adopted and deployed Group-wide the Internal Control System ("ICS").

The internal control function has been embedded in the finance organisation. This task is performed by Group Finance, that together with the local entity's finance department and the Legal Compliance officer is responsible for ensuring that the necessary controls are performed along with adequate monitoring.

Internal controls comprise the control of the Company's and Group's organisation, procedures and remedial measures. The objective is to ensure reliable and correct financial reporting, and to ensure that the Company's and Group's financial reports are prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system is also intended to monitor compliance with the Company's and Group's policies, principles and instructions. In addition, the control system monitors security for the Company assets and monitors that the Company's resources are exploited in a cost-effective and adequate manner. Internal control also involves following up on the implemented information and business system, and risk analysis.

Financial risks management is described in more detail in the Risk Management note of the Consolidated Financial Statements.

## NOTE 11. RELATED PARTY TRANSACTIONS

As of 31 December 2022, the company has granted no loans, advances, borrowings or guarantees in favor of member of the Board of Directors and members of the Cavotec Management Team or parties closely related to such persons.

## NOTE 12. SIGNIFICANT EVENTS

On February 22, 2022, Cavotec SA signed an agreement to divest 100% of the Airports business to US based investment company Fernweh Group. On July 29, 2022, Cavotec SA completed the divestment of the Airports business.

The divestment was executed by selling the Airports companies together with all Airports related assets, liabilities, business relationships, vendor and customer contracts and obligations to Fernweh LLC. As a result of the divestment, all Airports business left Cavotec Group as of July 29, 2022 ("Closing date"), except for what is mentioned below.

## NOTE 13. OTHER SHORT-TERM RECEIVABLES FROM GROUP COMPANIES AND OTHER SHORT-TERM LIABILITIES TO GROUP COMPANIES

The increase of other short-term receivables and liabilities is caused by intercompany agreements pooling former Airports receivables and payables in Cavotec SA. Due to this, Cavotec SA has an outstanding other short-term receivable balance from group companies of CHF 7,775,788 and another short-term liabilities to group companies of CHF 8,829,606.

## NOTE 14. LEGAL RISKS

As a global company with a diverse business portfolio, the Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and tax assessments. The outcome of any current or future proceedings cannot be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our revenues and earnings.

## NOTE 15. FULL TIME EQUIVALENTS

The number of full-time equivalents, as well as the previous year, did not exceed 10 on an annual average basis.

## NOTE 16. SUBSEQUENT EVENTS

On March 17, 2023, the extraordinary general meeting of Cavotec SA was held. The general meeting resolved to approve the board's proposal from 22 February 2023 to increase the company's nominal share capital. The board subsequently implemented the increase of the Company's share capital in the amount of CHF 8,716,981.00, i.e. from the current share capital of CHF 65,970,240.00 to CHF 74,687,221.00, through the issuance of 12,452,830 new shares of the Company. The shares are placed at a price of SEK 13.25 per share, consequently raising proceeds of approximately SEK 165 million, before transaction costs.



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**CAVOTEC SA****Proposed Appropriation of Available Earnings**

CHF	31 December 2022	31 December 2021
Profit/(Losses) brought forward	(89,550,220)	(44,142,720)
Profit/(Losses) for the year	(9,759,197)	(45,407,500)
<b>Total losses</b>	<b>(99,309,417)</b>	<b>(89,550,220)</b>
Appropriation to general statutory reserves (retained earnings)	-	-
Appropriation to other reserves	-	-
<b>Proposed balance to be carried forward</b>	<b>(99,309,417)</b>	<b>(89,550,220)</b>

The Board of Directors' proposal to the Annual General Meeting is that no dividend is to be paid for the 2022 financial year.

# Report of the statutory auditor

## to the General Meeting of Cavotec SA

Lugano

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Cavotec SA (the Company), which comprise the income statement for the year ended 31 December 2022, the balance sheet as at 31 December 2022 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 93 to 97) comply with Swiss law and the company's articles of incorporation.

#### Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

#### Our audit approach

##### Overview

Overall materiality: CHF 1'000'000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of investments in subsidiary companies

#### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

<b>Overall materiality</b>	CHF 1'000'000
<b>Benchmark applied</b>	Total assets
<b>Rationale for the materiality benchmark applied</b>	We chose total assets as the benchmark because, in our view, it is the relevant benchmark for a holding company that mainly holds investments, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 65'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of investments in subsidiary companies

Key audit matter	How our audit addressed the key audit matter
At 31 December 2022, the carrying value of the company's investments amounts to CHF 91.9 million (2021: CHF 96.5 million).	We have tested management's assessment of the recoverability of investments as follows:
The principal considerations for our determination that the valuation of investments in subsidiary companies is a key audit matter are the significant amount of the investments in the balance sheet and the judgement involved in the impairment assessment.	<ul style="list-style-type: none"> <li>We compared the carrying amounts of the investments against the underlying net assets;</li> <li>We compared the market capitalization of Cavotec SA as at 31 December 2022 with the equity of the Company.</li> </ul>
	Based on our procedures, we consider management's approach regarding the valuation of investments in subsidiaries to be reasonable.

### Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

### **Report on other legal and regulatory requirements**

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed carry forward of the accumulated losses complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA



Efrem Dell'Era  
Licensed audit expert  
Auditor in charge



Luigi Voulgarelis  
Licensed audit expert

Lugano, 27 April 2023

# Financial Definitions

## Financial figures

**Dividend yield:** Dividend as a percentage of the market price.

**Dividend per share (DPS):** Dividend for the period divided by the total number of shares outstanding.

**Earnings per share:** Profit/loss attributable to equity holders of the Group divided by the average number of shares for the period.

**Equity/asset ratio:** Total equity as a percentage of total assets.

**FY:** Full Year.

**Leverage ratio:** Senior net debt divided by operating result before depreciation and amortisation, adjusted for non-recurring items.

**LTM:** Last Twelve Months.

**Net debt:** Borrowings plus other financial liabilities, less cash and cash equivalents and current financial investments.

**Net debt/equity ratio:** Net debt as a percentage of total equity.

**Return on equity (ROE):** Net profit after tax (rolling 12 months) divided by total equity less minority interests calculated on the average of quarterly values.

**Senior net debt:** All interest bearing indebtedness that is not subordinated, minus liquid assets.

**Total equity:** Shareholders' equity including minority interests.

## Operating figures

**Adjusted EBIT:** EBIT excluding Non-Recurring items.

**Adjusted EBITDA:** EBITDA excluding Non-Recurring items.

**Average capital employed:** Total assets less current liabilities calculated on their average of quarterly values for the period.

**Average number of employees:** Average number of employees during the year based on hours worked. Does not include consultancy staff.

**EBIT:** Operating result excluding net interest and income tax.

**EBITDA:** Operating result excluding depreciation and amortisation of PPE and intangible assets, net interest and income tax.

**EBITDA margin:** EBITDA excluding profit from participations in joint venture/associated companies as a percentage of net sales.

**Gross operating margin:** Operating result before depreciation and amortisation as a percentage of the period's revenue from sales of goods.

**Interest coverage:** Operating result, adjusted for non-recurring items divided by net interest expenses.

**Net debt/EBITDA:** Net debt divided by EBITDA.

**Non-Recurring Items:** any material items which represent gains or losses arising from: restructuring of the activities of an entity and reversal of any provisions for the costs of restructuring as defined under IFRS, disposal of non-current assets, disposal of assets associated with discontinued operations, extraordinary provisions and litigation.

**Number of employees at year-end:** Including insourced staff and temporary employees.

**Operating cash flow:** EBITDA excluding non-cash items, capital expenditures, divested PPE and changes in working capital, but excluding cash flow pertaining to restructuring.

**Operating margin:** Operating result after depreciation and amortisation as a percentage of the period's revenue from sales of goods.

**Operating result:** EBIT as stated in the income statement.

**PPE:** Property, plant and equipment.

**Profit before income tax margin:** Profit/loss before income tax as a percentage of the period's revenue from sales of goods.

**Return on average capital employed (ROACE):** Net operating profit after tax (rolling 12 months) divided by average capital employed.

## Notes





# Credits

## **Project co-ordination:**

Cavotec Corporate Marketing & Communications  
*investor@cavotec.com*

## **Copywriting:**

Nick Chipperfield

*For more information visit*  
**cavotec.com**

*Cavotec SA is listed on Nasdaq Stockholm*



