Cargotec's interim report January–March 2021

STRONG ORDERS

Cargotec's interim report January–March 2021: Strong orders

- Orders received increased by 43 percent
- Profitability improved
- Service orders received increased by 11 percent
- Sale of Navis for EUR 380 million enterprise value was announced in March. Closing is expected by the end of Q3 2021
- Cargotec aims to reduce the CO2 emissions of its value chain by 1 million tons by 2024

January–March 2021 in brief: Share of services in sales increased

- Orders received increased by 43 percent and totalled EUR 1,115 (781) million.
- Order book amounted to EUR 2,217 (31 Dec 2020: 1,824) million at the end of the period.
- Sales decreased by 15 percent and totalled EUR 730 (858) million.
- Service sales decreased by 2 percent and totalled EUR 254 (260) million.
- Service and software sales represented 40 (35) percent of consolidated sales.
- Operating profit was EUR 25 (26) million, representing 3.4 (3.1) percent of sales. Operating profit includes items affecting comparability worth EUR -27 (-19) million.
- Comparable operating profit increased by 14 percent and amounted to EUR 52 (45) million, representing 7.1 (5.3) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 51 (23) million.
- Net income for the period amounted to EUR 10 (11) million.
- Earnings per share was EUR 0.15 (0.18).

Outlook for 2021

Cargotec reiterates its outlook published on 4 February 2021 and expects its comparable operating profit for 2021 to improve from 2020 (EUR 227[1] million).

[1] The comparable operating profit has been specified from EUR 228 million to EUR 227 million. Additional information about the comparable operating profit definition is presented in the stock exchange release published on 29 March 2021.

Cargotec's key figures

MEUR	Q1/21	Q1/20	Change	2020
Orders received	1,115	781	43%	3,121
Service orders received	299	270	11%	987
Order book, end of period	2,217	1,938	14%	1,824
Sales	730	858	-15%	3,263
Service sales	254	260	-2%	1,005
Software sales*	36	40	-11%	166
Service and software sales, % of sales	40%	35%		36%
Eco portfolio sales	147	192	-23%	777
Eco portfolio sales, % of sales	20%	22%		24%
Operating profit	24.5	26.5	-7%	70.4
Operating profit, %	3.4%	3.1%		2.2%
Comparable operating profit	51.6	45.3	14%	226.7
Comparable operating profit, %	7.1%	5.3%		6.9%
Income before taxes	18.3	19.7	-7%	34.5
Cash flow from operations before financing items and taxes	51.2	22.8	> 100 %	296.4
Net income for the period	9.6	11.3	-15%	8.1
Earnings per share, EUR	0.15	0.18	-16%	0.13
Interest-bearing net debt, end of period	739	798	-7%	682
Gearing, %	58,6 %	57.4%		52.4%
Interest-bearing net debt / EBITDA**	3.5	2.7		3.2
Return on capital employed (ROCE), last 12 months, %***	2.9%	6.5%		2.8%
Personnel, end of period	11,449	12,473	-8%	11,552

*Software sales include the strategic business unit Navis and automation software
**Last 12 months' EBITDA

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

Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, the comparable operating profit increased by EUR 6 million in the first quarter of 2020 and EUR 23 million in the financial year 2020. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

Cargotec's CEO Mika Vehviläinen: Strong development in orders received

The gradual market recovery from the difficult pandemic situation began in the second half of 2020 and continued in the first quarter of 2021. Our orders received increased by 43 percent compared to the comparison period as all business areas increased their orders. Strong demand continued in Kalmar mobile equipment and Hiab solutions, and Hiab's orders received was once again its best ever. Interest in Kalmar's automation solutions also increased. MacGregor's orders received increased by 7 percent, driven by a pick-up merchant ship market. Our order book increased by 22 percent compared to the end of 2020, which positions us well for 2021 onwards. Services orders received increased by 11 percent from the comparison period.

Our sales decreased by 15 percent from the comparison period, reflecting the expected low order intake during last year's second quarter and the beginning of the third quarter. The availability of product components did not have a material impact on our operations but, if prolonged, the global shortage of components could pose challenges. We monitor closely our supply chain performance and are actively cooperating with our suppliers. Service and software sales constituted 40 percent of our total sales. Despite the difficult pandemic situation and restrictions caused by it, services sales only decreased by 2 percent.

Despite the decline in sales, our comparable operating profit increased by 14 percent. Comparable operating profit increased in Hiab and MacGregor while Kalmar's profitability weakened.

In March, we announced the agreement to sell Navis software business to the US investment firm Accel-KKR for an enterprise value of EUR 380 million. The final purchase price will be determined at closing. The agreement delivers a great home for Navis and secures the best possible growth and value creation for its next development phase. Closing is expected by the end of Q3 2021.

We have refined our strategy and vision. Sustainability and profitable growth are our breakthrough objectives and our vision is to become the global leader in sustainable cargo flow. The importance of sustainability has increased in our operations. In concrete terms, we aim to reduce the CO2 emissions of our value chain by 1 million tons by 2024.

On 1 October 2020, we announced the plan to combine Cargotec and Konecranes through a merger. Extraordinary meetings held on 18 December 2020 by each of the companies resolved the resolution to approve the merger. The implementation of the merger is subject to obtaining the necessary approvals from the competition authorities. More information about the merger is available from the web address www.sustainablematerialflow.com.

Reporting segments’ key figures

Orders received

MEUR	Q1/21	Q1/20	Change	2020
Kalmar	529	334	58%	1,401
Hiab	425	296	44%	1,210
MacGregor	161	151	7%	511
Internal orders	0	0		-1
Total	**1,115**	**781**	**43%**	**3,121**

Order book

MEUR	31 Mar 2021	31 Dec 2020	Muutos
Kalmar	1,051	842	25%
Hiab	642	503	28%
MacGregor	524	480	9%
Internal orders	0	0	
Total	**2,217**	**1,824**	**22%**

Sales

MEUR	Q1/21	Q1/20	Change	2020
Kalmar	324	404	-20%	1,529
Hiab	287	302	-5%	1,094
MacGregor	119	153	-22%	642
Internal sales	0	0		-1
Total	**730**	**858**	**-15%**	**3,263**

Operating profit

MEUR	Q1/21	Q1/20	Change	2020
Kalmar	18.0	24.1	-25%	61.8
Hiab	33.1	28.4	17%	97.3
MacGregor	-7.9	-8.1	2%	-48.2
Corporate administration and support functions	-18.6	-17.9	-4%	-40.7
Total	**24.5**	**26.5**	**-7%**	**70.4**

Comparable operating profit

MEUR	Q1/21	Q1/20	Change	2020
Kalmar	20.2	27.8	-28%	126.1
Hiab	38.8	30.7	26%	128.8
MacGregor	3.3	-2.4	> 100%	6.6
Corporate administration and support functions	-10.7	-10.8	1%	-34.9
Total	**51.6**	**45.3**	**14%**	**226.7**

Telephone conference for analysts, investors and media

A live international telephone conference for analysts, investors and media will be arranged on the publishing day at 2:45 p.m. EEST. The event will be held in English. The report will be presented by CEO Mika Vehviläinen and CFO Mikko Puolakka. The presentation material will be available at www.cargotec.com by the latest 2:15 p.m. EEST.

The telephone conference, during which questions may be presented, can be accessed by registering here. The registration opens 15 minutes prior to the event. The event conferencing system will call the participant on the phone number provided and place the participant into the event.

The telephone conference can also be accessed without advance registration with code 240743 by calling to one of the following numbers:

Denmark +45 35 15 80 48

Finland +358 (0)9 7479 0360

Norway +47 2100 2613

Sweden +46 (0)8 5033 6573

United Kingdom +44 (0)330 336 9104

United States +1 323 794 2095

The event can also be viewed as a live webcast at https://cargotec.videosync.fi/2021-q1. The conference call will be recorded and an on-demand version of the conference will be published at Cargotec's website later during the day.

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

For further information, please contact:
Mikko Puolakka, Executive Vice President and CFO, tel. +358 20 777 4105
Aki Vesikallio, Director, Investor Relations, tel. +358 40 729 1670

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Cargotec (Nasdaq Helsinki: CGCBV) enables smarter cargo flow for a better everyday with its leading cargo handling solutions and services. Cargotec's business areas Kalmar, Hiab and MacGregor are pioneers in their fields. Through their unique position in ports, at sea and on roads, they optimise global cargo flows and create sustainable customer value. Cargotec has signed the United Nations Global Compact Business Ambition for 1.5°C. The company's sales in 2020 totalled approximately EUR 3.3 billion and it employs around 11,500 people. www.cargotec.com

Cargotec's January–March 2021 interim report

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

Operating environment

Market environment developed favourably during the first quarter; however, there can be pent-up demand from the previous year as well as concerns about the future solution availability. The recovery from pandemic-related uncertainty that began in the second half of 2020 continued in the first quarter of 2021. Cargotec and its supply chain experienced challenges due to, for example, still continuing pandemic-related restrictions. However, to a large extent, challenges did not affect Cargotec's production and deliveries. The components availability, common transport capacity bottlenecks, as well as port congestion due to the Suez canal blockage, for example, did not have a material impact on deliveries during the quarter. However, the situation may change during the year, and we follow this closely.

According to the International Monetary Fund's (IMF) world economic outlook published in April 2021, the global economy is projected to grow by 6 percent in 2021, and by 4.4 percent in 2022. The growth projections are slightly stronger than in IMF's previous outlook publications in January 2021. In the IMF's advanced economies group (a group of countries which includes several key Cargotec markets, such as the United States, the United Kingdom and Germany), IMF projects a 5.1 percent growth in 2021 and 3.6 percent growth in 2022.[2]

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to have increased by 8.6 percent during the first quarter and increase by 8.7 percent in 2021[3]. Demand for smaller cargo handling equipment in industrial segments, automation solutions and for services increased from the comparison period.

Oxford Economics[4] estimates that construction activity – one of Hiab's demand drivers – would have decreased by about 1 percent in Europe and to have increased by about 2 percent in the US during the first quarter. In 2021, Oxford Economics prognoses construction activity to increase by approximately seven percent in Europe and approximately six percent in the US compared to the previous year. The demand for services increased from the comparison period.

The demand for MacGregor's cargo handling solutions is impacted by the level of merchant ship contracting, which increased strongly during the first quarter to 309 (92) but remained still below the historical average. In 2021, merchant ship contracting is expected to increase to 1,065 (735). In the offshore sector, the amount of new vessel contracting is still expected to remain at a low level due to a decline in oil demand and the overcapacity of offshore supply vessels and drilling rigs, for example. Contracting for wind turbine installations and service vessels is expected to grow rapidly[5]. The demand for services increased from the comparison period.

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[2] International Monetary Fund: World Economic Outlook, April 2021

[3] Drewry Container Forecaster, March 2021

[4] Oxford Economics, Construction, March 2021

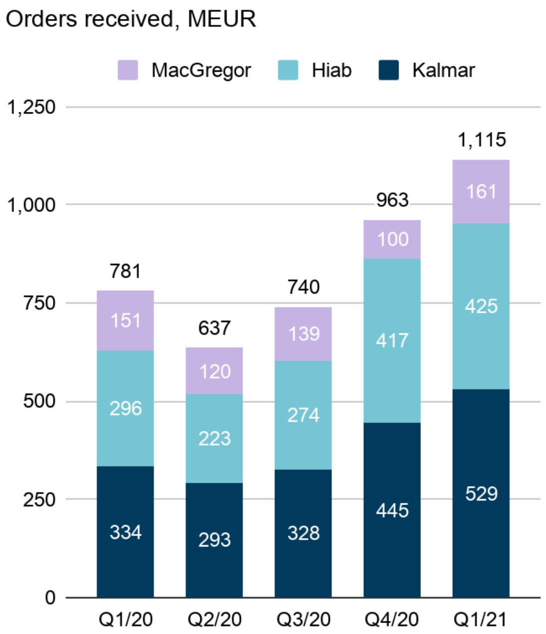
[5] Clarkson, March 2021

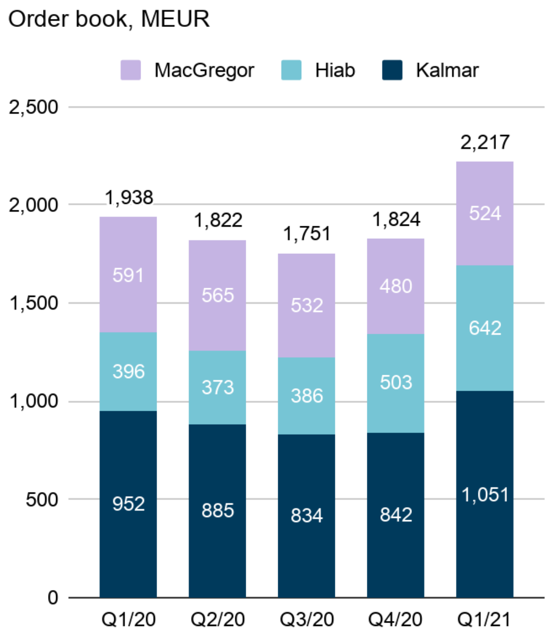
Financial performance

Orders received and order book

Orders received and order book

MEUR	Q1/21	Q1/20	Change	2020
Orders received	1,115	781	43%	3,121
Service orders received	299	270	11%	987
Order book, end of period	2,217	1,938	14%	1,824





In the first quarter of 2021, orders received increased by 43 percent from the comparison period and totalled EUR 1,115 (781) million. Orders received increased in all business areas. Service orders received increased by 11 percent and totalled EUR 299 (270) million.

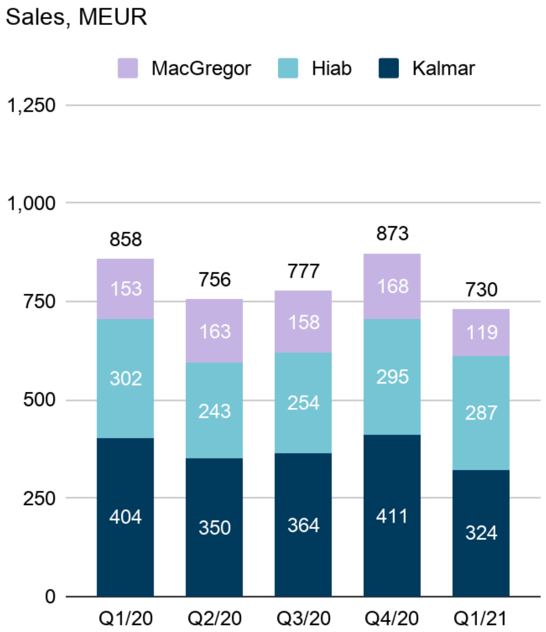
The order book increased by 22 percent from the end of 2020, and at the end of the first quarter it totalled EUR 2,217 (31 Dec 2020: 1,824) million. Kalmar's order book totalled EUR 1,051 (842) million, representing 47 (46) percent, Hiab's EUR 642 (503) million or 29 (28) percent and MacGregor's EUR 524 (480) million or 24 (26) percent of the consolidated order book.

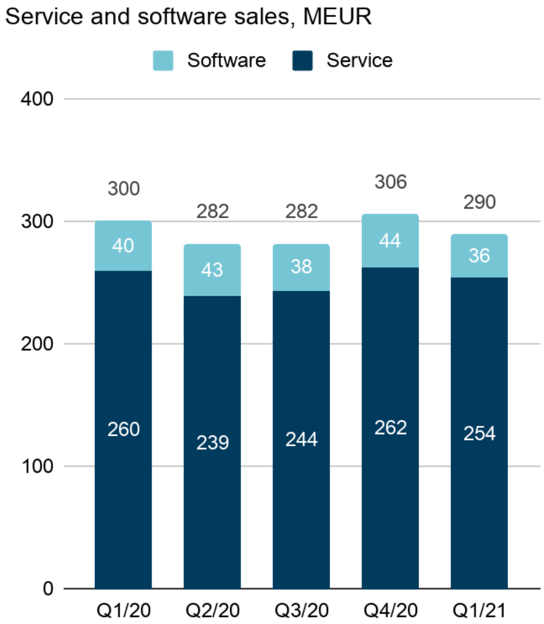
In geographical terms, the share of orders received in the first quarter was 48 (56) percent in EMEA and 31 (26) percent in Americas. Asia-Pacific's share of orders received was 21 (18) percent.

Sales

Sales

MEUR	Q1/21	Q1/20	Change	2020
Sales	730	858	-15%	3,263
Service sales	254	260	-2%	1,005
Software sales	36	40	-11%	166





In the first quarter of 2021, sales declined from the comparison period's level by 15 percent and amounted to EUR 730 (858) million. Sales declined in all business areas. Low order intake during the second quarter and the beginning of the third quarter of 2020 affected the sales decline. Service sales decreased by 2 percent from the comparison period and totalled EUR 254 (260) million, representing 35 (30) percent of consolidated sales. Software sales decreased by 11 percent and amounted to EUR 36 (40) million. In total, service and software sales amounted to EUR 290 (300) million, representing 40 (35) percent of consolidated sales.

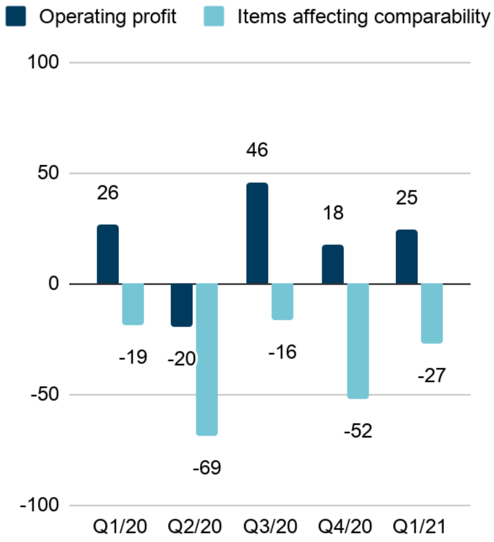
In geographical terms, sales decreased in all three geographical areas. EMEA's share of consolidated sales was 52 (50) percent, Americas' 31 (33) percent and Asia-Pacific's 17 (17) percent.

Financial result

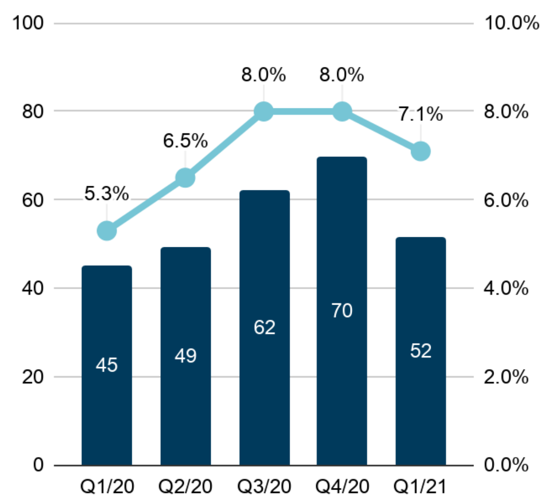
Operating profit and comparable operating profit

MEUR	Q1/21	Q1/20	Change	2020
Operating profit	24.5	26.5	-7%	70.4
Operating profit, %	3.4%	3.1%		2.2%
Comparable operating profit	51.6	45.3	14%	226.7
Comparable operating profit, %	7.1%	5.3%		6.9%

Operating profit and items affecting comparability
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



Operating profit for the first quarter totalled EUR 25 (26) million. The operating profit includes items affecting comparability worth EUR -27 (-19) million. EUR -2 (-4) million of the items were related to Kalmar, EUR -6 (-2) million to Hiab, EUR -11 (-6) million to MacGregor and EUR -8 (-7) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -8 (0) million were related to the merger plan with Konecranes Plc. More information regarding items affecting comparability is available in Note 7, Comparable operating profit.

Comparable operating profit for the first quarter increased by 14 percent and totalled EUR 52 (45) million, representing 7.1 (5.3) percent of sales. Comparable operating profit increased due to lower costs, partly offset by lower sales.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the first quarter totalled EUR 5 (6) million. Net financing expenses totalled EUR 6 (7) million.

Net income for the first quarter totalled EUR 10 (11) million, and earnings per share was EUR 0.15 (0.18).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,892 (31 Dec 2020: 3,888) million at the end of the first quarter. Equity attributable to the equity holders of the parent was EUR 1,259 (1,299) million, representing EUR 19.52 (20.14) per share. Property, plant and equipment on the balance sheet amounted to EUR 422 (430) million and intangible assets to EUR 1,138 (1,158) million.

Return on equity (ROE, last 12 months) was 0.5 (31 Dec 2020: 0.6) percent at the end of the first quarter, and return on capital employed (ROCE, last 12 months) was 2.9 (2.8) percent. ROCE was weakened by significant restructuring costs and low profitability in the MacGregor business area. Cargotec's financial target is to reach 15 percent return on capital employed.

Cash flow from operating activities before financial items and taxes totalled EUR 51 (23) million during the first quarter. Cash flow increased due to lower net working capital.

Cargotec's liquidity position is strong. The liquidity reserves, consisting of cash and cash equivalents and an undrawn EUR 300 million long-term revolving credit facility, totalled EUR 714 million on 31 March 2021 (31 Dec 2020: 785). The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 393 (158) million, which includes EUR 38 (38) million lease liabilities. In addition, Cargotec had access to a EUR 150 million commercial paper programme, of which undrawn EUR 150 (150) million, as well as undrawn bank overdraft facilities, totalling EUR 119 (116) million.

Interest-bearing debt amounted to EUR 1,176 (31 Dec 2020: 1,191) million, of which EUR 173 (174) million is in lease liabilities. Of the interest-bearing debt, EUR 393 (158) million was current and EUR 783 (1,033) million non-current debt. The average interest rate of interest-bearing liabilities, excluding on-balance sheet lease liabilities, was 1.4 (1.4) percent. Cash and cash equivalents, loans receivable, and other interest-bearing assets totalled EUR 437 (509) million. Interest-bearing net debt totalled EUR 739 (682) million.

At the end of the first quarter, 65 (31 Dec 2020: 64) percent of Cargotec's loan portfolio were bonds and Schuldschein loans, 35 (36) percent bilateral bank loans, and 0 (0) percent commercial papers and drawn bank overdrafts.

At the end of the first quarter, Cargotec's equity to assets ratio was 34.4 (31 Dec 2020: 35.3) percent. Gearing was 58.6 (52.4) percent.

Corporate topics

Research and development

Research and product development expenditure in January–March totalled EUR 27 (29) million, representing 3.6 (3.4) percent of sales. Research and development investments were focused on themes supporting climate targets such as digitalisation, electrification and automation as well as projects that aim to improve the competitiveness and cost efficiency of products.

Kalmar

The year 2021 marks a considerable milestone for Kalmar as its entire portfolio becomes available as electrically powered versions.

In January, Kalmar and Nokia announced that they will expand their ongoing collaboration to provide new solutions for ports and intermodal terminal operators seeking to automate operations and achieve greater productivity. Kalmar and Nokia will combine their communications and cargo handling technology expertise in new joint go-to-market ventures, integrated solutions development and research collaboration.

Hiab

In March, Hiab launched the HookTop system to be used with MULTILIFT Ultima hooklifts. The HookTop system lets operators cover open loads with a tarp by using a radio controller. The system protects cargo quickly and safely, as operators do not have to climb onto the truck or a container. Installation can be done in as little as one hour and can easily be retrofitted and operated by using an existing Ultima radio controller.

In February, Hiab launched the EFFER 1000 crane that brings new vertical lifting power to a 90 tm heavy range loader crane. The crane weighs only 9,500 kg but delivers a performance of bigger cranes, which reduces emissions and cost of ownership. As the EFFER 1000 does not need to be installed on bigger trucks, it is ideal for metropolitan area operations with tall buildings and heavy loads. The crane has been designed based on feedback from EFFER customers in the construction industry and the rental and service business.

MacGregor

MacGregor continued participation in a collaborative research project sponsored by the German Ministry of Economic Affairs and Energy, focused on the viability and potential for remotely operated tugboats. The project aims to address the growing pressure on efficient harbour operation resulting from projected growth in transshipment volumes to 2030, and the increasing size of cargo carrying vessels. Through the use of remote control and assisting systems, the opportunity exists for one tugboat crew to be able to operate multiple tugs at the same time whilst, in parallel, increasing operational and towline handover safety.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 12 (14) million in January–March. Investments in customer financing were EUR 4 (8) million. Depreciation, amortisation and impairment amounted to EUR 31 (32) million. The amount includes impairments worth EUR 2 (0) million.

Acquisitions and divestments in 2021

Cargotec announced in March that it had signed an agreement to sell its Navis business to Accel-KKR, a Silicon Valley-based investment firm for an enterprise value of EUR 380 million. The transaction is expected to have approximately EUR 230 million positive impact on Cargotec’s operating profit in 2021. The final purchase price will be determined based on customary working capital and debt-like adjustments at closing. The gain will be reported as an item affecting comparability and it does not impact Cargotec’s 2021 outlook. Transaction is subject to normal regulatory approvals and works council consultation in relevant jurisdictions. Closing is expected by the end of the third quarter of 2021.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced that their respective Boards of Directors have signed a combination agreement and a merger plan to combine the two companies through a merger. Extraordinary general meetings of Cargotec and Konecranes held on 18 December 2020 approved the merger. The combination is subject to, among other items, the obtaining of merger control approvals. Completion is expected on 1 January 2022. The planned effective date may change, and the actual effective date may be earlier or later than the above-mentioned date. Until the completion of the merger, Cargotec and Konecranes will carry out their respective businesses as separate and independent companies. More information about the merger is available from the web address www.sustainablematerialflow.com.

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

Operational restructurings

Restructuring costs in the first quarter amounted to EUR 10 (6) million. We estimate the restructuring costs of ongoing restructuring programmes to be approximately EUR 40 million in total in 2021. The estimate does not include costs related to the merger between Cargotec and Konecranes and the restructuring cost estimate is subject to change.

Cargotec will continue to actively monitor the development of the coronavirus pandemic and its potential adverse economic effects, and the company is prepared to adjust costs as necessary. Cost saving measures have included temporary lay-offs, structural developments of the organisation, and other cost adjustments, for example.

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

Personnel

Cargotec employed 11,449 (31 Dec 2020: 11,552) people at the end of the first quarter. The average number of employees in the first quarter was 11,432 (1–12/2020: 12,066).

Sustainability

Sustainability is at Cargotec's core. The company's refined vision is to be the global leader in sustainable material flow. Sustainability has been selected as a breakthrough objective alongside profitable growth for Cargotec's refined strategy. In concrete terms, we aim to reduce the CO2 emissions of our value chain by 1 million tons by 2024.

Cargotec's sustainability work is based on a holistic and balanced approach, taking into account the aspects of environment, people and society, and governance. By being a 1.5 degree company, Cargotec strives to create value for all stakeholders and reduce the value chain greenhouse gas emissions 50 percent by 2030 from a 2019 base year. Cargotec's internal ambition is to reach carbon neutrality in its own operations. The related emissions reduction targets are validated by the Science Based Targets initiative.

Cargotec's eco portfolio consists of products and services that enhance customers' sustainability with tangible environmental benefits. In the first quarter, the eco portfolio sales decreased by 23 percent from the comparison period and totalled EUR 147 (192) million, representing 20 (22) percent of consolidated sales. Cargotec is preparing for the upcoming EU Taxonomy regulation and aims to revise the eco portfolio criteria to align with the taxonomy during 2021.

During the first quarter, safety performance, measured with rolling 12 months industrial injury frequency rate (IIFR), had improved to 5.1 (6.2). The IIFR in Cargotec's assembly sites was 3.9

(5.5), while it was 5.7 (6.6) in non-assembly operations. The target for 2021 is to have an IIFR rate <5 in all operations.

Ecovadis is a provider of sustainability ratings of companies. During the quarter, Cargotec was awarded an Ecovadis Platinum rating. With the improved rating, Cargotec is among the top 1 percent of companies assessed.

Leadership Team

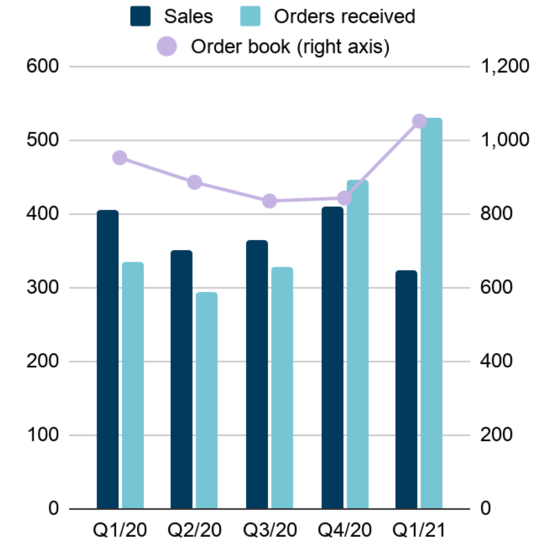
On 31 March 2021, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO; Outi Aaltonen, General Counsel; Carina Geber-Teir, Senior Vice President, Communications; Antti Kaunonen, President, Kalmar Automation Solutions; Stefan Lampa, President, Kalmar Mobile Solutions; Scott Phillips, President, Hiab; and Michel van Roozendaal, President, MacGregor.

Reporting segments

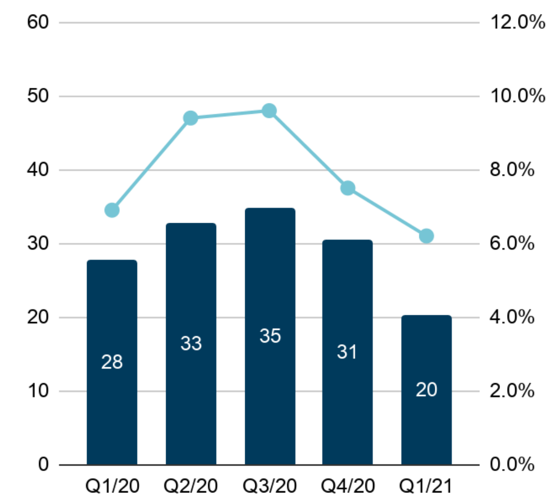
Kalmar

MEUR	Q1/21	Q1/20	Change	2020
Orders received	529	334	58%	1,401
Order book, end of period	1,051	952	10%	842
Sales	324	404	-20%	1,529
Service sales	112	107	5%	437
% of sales	35%	26%		29%
Software sales	36	40	-11%	166
% of sales	11%	10%		11%
Operating profit	18.0	24.1	-25%	61.8
% of sales	5.6%	6.0%		4.0%
Comparable operating profit	20.2	27.8	-28%	126.1
% of sales	6.2%	6.9%		8.2%
Personnel, end of period	5,471	5,614	-3%	5,526

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



In the first quarter, orders received by Kalmar increased by 58 percent from the comparison period and totalled EUR 529 (334) million. Orders received increased in both mobile equipment as well as in automation and project business. Orders received increased in EMEA, Americas and Asia-Pacific.

Major orders received by Kalmar in the first quarter included:

- six Kalmar AutoShuttles™ for Victoria International Container Terminal's (VICT) dock at the port of Melbourne in Australia,
- ten hybrid straddle carriers for Hutchison Ports ECT Rotterdam in the Netherlands,
- 11 reachstackers, four empty container handlers and 12 heavy terminal tractors for Yilport Holding Inc. in various countries,
- 14 terminal tractors to Panama and a total of 61 terminal tractors to Mexico,
- 12 fully automated straddle carriers for Patrick Terminals in Australia,
- seven forklifts with a 5-year Kalmar Essential Care service agreement to Outokumpu Tornio stainless steel plant in Finland, and
- two rubber-tyred gantry cranes, three reachstackers, two empty container handlers, six terminal tractors for Sitthi Logistics (Thailand) Co., Ltd. in Laos.

Kalmar's order book increased by 25 percent from the end of 2020, and at the end of the first quarter it totalled EUR 1,051 (31 Dec 2020: 842) million.

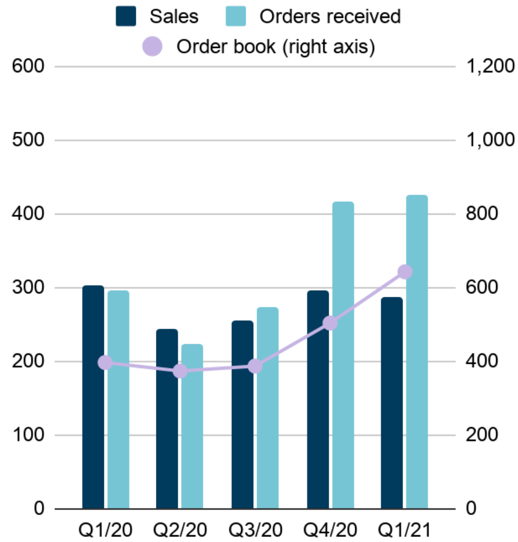
Kalmar's first quarter sales decreased by 20 percent from the comparison period and totalled EUR 324 (404) million. Service sales increased by 5 percent and totalled EUR 112 (107) million, representing 35 (26) percent of sales. Software sales decreased by 11 percent and amounted to EUR 36 (40) million.

Kalmar's first quarter operating profit decreased by 25 percent and totalled EUR 18 (24) million. The operating profit includes EUR -2 (-4) million in items affecting comparability. The comparable operating profit amounted to EUR 20 (28) million, representing 6.2 (6.9) percent of sales. Kalmar's comparable operating profit decreased due to lower sales.

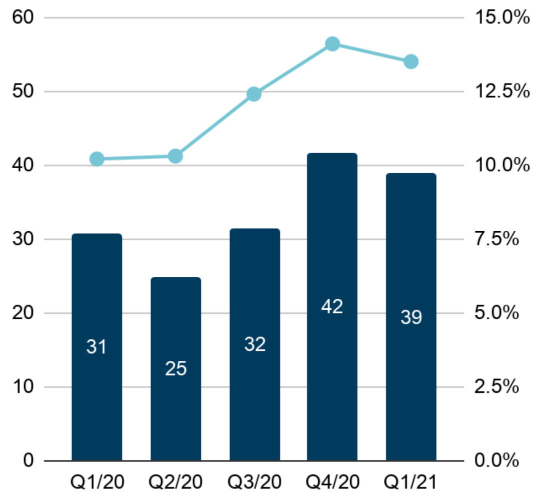
Hiab

MEUR	Q1/21	Q1/20	Change	2020
Orders received	425	296	44%	1,210
Order book, end of period	642	396	62%	503
Sales	287	302	-5%	1,094
Service sales	85	84	1%	318
% of sales	30%	28%		29%
Operating profit	33.1	28.4	17%	97.3
% of sales	11.5%	9.4%		8.9%
Comparable operating profit	38.8	30.7	26%	128.8
% of sales	13.5%	10.2%		11.8%
Personnel, end of period	3,343	4,031	-17%	3,390

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



Hiab's orders received for the first quarter increased by 44 percent from the comparison period and totalled EUR 425 (296) million. Orders received increased in EMEA, Americas and in Asia-Pacific.

Major orders received by Hiab in the first quarter included:

- 100 light, medium and heavy range HIAB loader cranes, equipped with HiConnect™ to MV Commercial in the UK. The order value is over EUR 5.7 million including installation for 60 cranes,
- 439 PRINCETON truck mounted forklifts to dealers in the US,
- 54 MOFFETT truck mounted forklifts and 21 HIAB loader cranes to a US customer,

- WALTCO tail lifts for a value of EUR 4.3 million and EUR 2.7 million to two leading US leasing companies,
- 37 HIAB loader cranes equipped with connected service HiConnect™ to be used to maintain the railway infrastructure in Spain and in other European countries. The order value is EUR 1.7 million, and
- 108 HIAB loader cranes equipped with connected service HiConnect™ and ProCare Total Repair and Maintenance contracts for seven years to a UK customer.

Hiab's order book increased by 28 percent from the end of 2020, totalling EUR 642 (31 Dec 2020: 503) million at the end of the first quarter.

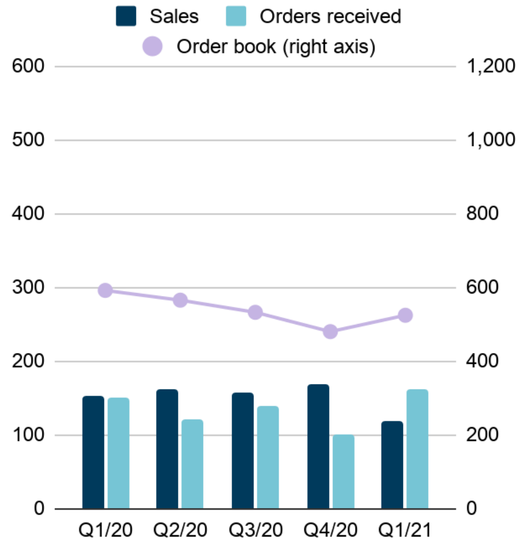
Hiab's first quarter sales decreased by 5 percent and totalled EUR 287 (302) million. Service sales remained at comparison period level and amounted to EUR 85 (84) million, representing 30 (28) percent of sales.

Hiab's first quarter operating profit increased from the comparison period by 17 percent and totalled EUR 33 (28) million. The operating profit includes EUR -6 (-2) million in items affecting comparability. The comparable operating profit amounted to EUR 39 (31) million, representing 13.5 (10.2) percent of sales. Hiab's comparable operating profit decreased due to lower fixed costs.

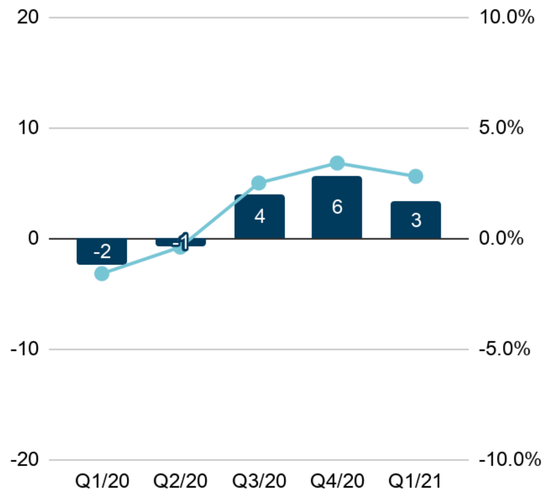
MacGregor

MEUR	Q1/21	Q1/20	Change	2020
Orders received	161	151	7%	511
Order book, end of period	524	591	-11%	480
Sales	119	153	-22%	642
Service sales	57	70	-18%	250
% of sales	48%	46%		39%
Operating profit	-7.9	-8.1	2%	-48.2
% of sales	-6.7%	-5.3%		-7.5%
Comparable operating profit	3.3	-2.4	> 100%	6.6
% of sales	2.8%	-1.6%		1.0%
Personnel, end of period	1,954	2,241	-13%	1,987

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



MacGregor's orders received in the first quarter increased by 7 percent from the comparison period to EUR 161 (151) million. Orders received decreased in EMEA and increased in Asia-Pacific and Americas. Of the orders, around four-fifths were related to merchant ships and one-fifth to the offshore sector.

MacGregor's major orders received in the first quarter included:

- a wide range of electrically operated equipment to be supplied to four Pure Car / Truck Carriers (PCTC) that will be built at the China Merchants Jinling Shipyard in Nanjing, China for Nippon Yusen Kaisha (NYK Line).

MacGregor's order book increased by 9 percent from the end of 2020, totalling EUR 524 (31 Dec 2020: 480) million at the end of the quarter. Around three-quarters of the order book relates to merchant ships and about a quarter to the offshore sector.

MacGregor's first quarter sales decreased by 22 percent from the comparison period to EUR 119 (153) million. Service sales decreased by 18 percent and totalled EUR 57 (70) million, representing 48 (46) percent of sales. Service sales decreased due to the low amount of dry docking.

MacGregor's operating profit for the first quarter totalled EUR -8 (-8) million. Operating profit includes EUR -11 (-6) million in items affecting comparability. The comparable operating profit totalled EUR 3 (-2) million, representing 2.8 (-1.6) percent of sales. MacGregor's comparable operating profit increased due to lower costs and good project execution. Savings target for 2021 is EUR 13 million, of which 3 million was achieved during the first quarter.

In January, MacGregor and Nekkar ASA (former TTS Group ASA) concluded a settlement agreement about the purchase price of Nekkar's marine and offshore businesses. The settlement agreement provides for a total payment of about EUR 9 million to be made by Nekkar to MacGregor in full and final settlement of the disputed purchase price. The payment had an approximately EUR 7 million positive impact on MacGregor's first quarter operating profit.

Annual General Meeting and shares

Decisions taken at the Annual General Meeting

Cargotec Corporation's Annual General Meeting was held on 23 March 2021 in Helsinki, Finland. The Annual General Meeting approved a distribution of a dividend of EUR 1.07 for each of class A shares and a dividend of EUR 1.08 for each of outstanding class B shares. The dividend was paid to shareholders who on the record date of dividend distribution, 25 March 2021, were registered as shareholders in the company's shareholder register. The payment day was 1 April 2021.

The meeting adopted the financial statements and consolidated financial statements and the remuneration report. The meeting granted discharge from liability to the CEO and the members of the Board of Directors for the financial year 1 January–31 December 2020.

The number of the Board members was confirmed at nine. The current Board members Tapio Hakakari, Ilkka Herlin, Teresa Kemppi-Vasama, Johanna Lamminen, Kaisa Olkkonen, Teuvo Salminen and Heikki Soljama were re-elected to the Board of Directors. Jaakko Eskola and Casimir Lindholm were elected as new members of the Board of Directors, both of them independent of the company and its significant shareholders. The former Board member Peter Immonen had informed that he will not stand for re-election to the Board of Directors.

The yearly remunerations stayed unchanged: EUR 85,000 will be paid to the Chairman of the Board, EUR 60,000 to the Vice Chairman, EUR 60,000 to the Chairman of the Audit and Risk Management Committee, and EUR 45,000 to the other Board members. In addition, members are paid EUR 1,000 for attendance at board and committee meetings. 30 percent of the yearly remuneration will be paid in Cargotec's class B shares and the rest in cash and Cargotec will cover the transfer taxes related to the Board remuneration paid in shares.

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

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

On 23 March 2021, Cargotec's Board of Directors elected by the Annual General Meeting elected in its organising meeting Ilkka Herlin to continue as Chairman of the Board. Tapio Hakakari was elected to continue as Vice Chairman. The Board also elected the Chairmen and the members for the Audit and Risk Committee as well as the Nomination and Compensation Committee. Outi Aaltonen, Senior Vice President, General Counsel, will continue as Secretary to the Board.

Cargotec published stock exchange releases on the decisions taken at the AGM as well as the Board of Directors' organising meeting on 23 March 2021. The stock exchange releases and presentations of the members of the Board of Directors are available on Cargotec's website at www.cargotec.com.

Shares and trading

Share capital, own shares and share issue

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

On 23 March 2021, Cargotec's Board of Directors decided on a directed share issue related to the reward payments for share based incentive programmes. The share reward payments are related to the performance period 2019–2020 of Cargotec's share-based incentive programme launched in 2017 as well as the second matching period of matching share programme and 2019 restricted shares programme launched in 2019.

In the share issue, 75,691 own class B shares held by the company were transferred without consideration to the key employees participating in the share-based incentive programmes in accordance with the programme-specific terms and conditions. More detailed information about the launch and the terms and conditions of the programmes is available in stock exchange releases published on 8 February 2017 and on 20 February 2019.

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

At the end of March 2021, Cargotec held a total of 224,840 own class B shares, accounting for 0.35 percent of the total number of shares and 0.15 percent of the total number of votes. At the end of March, the number of outstanding class B shares totalled 54,957,239.

Share-based incentive programmes

In February 2021, Cargotec's Board of Directors resolved on the performance criteria for the share-based incentive programme for the year 2021. The performance share programme, approved by the Board of Directors in 2020, includes three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. Each performance period includes one to three measuring periods. One measuring period can be three calendar years at maximum, which is the total length of one performance period. For the measuring periods, the Board of Directors will annually resolve the length, the performance criteria and the required performance levels for each criterion.

For the performance period of 2020–2022, which started in 2020, the potential reward of the second measuring period 2021 will be based on the business areas' service gross profit for the key employees of the business areas Kalmar, Hiab and MacGregor. For Cargotec Corporate key employees, the performance criterion is Cargotec's service gross profit.

During the performance period 2021–2023, the programme is directed to approximately 110 key employees, including the members of Cargotec Leadership Team. The Board of Directors resolved that the performance period's first measuring period is one calendar year. For the key employees of the business areas Kalmar, Hiab and MacGregor, the potential reward of the programme from the measuring period 2021 will be based on the business areas' comparable operating profit. For the Cargotec Corporate key employees, the performance criteria is Cargotec's comparable operating profit. The rewards to be paid on the basis of the performance period 2021–2023 will amount up to an approximate maximum total of 278,500 Cargotec's class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees.

In addition, the Board of Directors resolved that share allocation for the restricted share programme’s second period 2021-2023 will amount up to an approximate maximum total of 46,000 Cargotec’s class B shares. In addition, the rewards include cash proportions that are intended to cover taxes and tax-related costs arising from the reward to the key employees. The Board of Directors approved the restricted share programme in 2020.

Market capitalisation and trading

At the end of March 2021, the total market value of class B shares was EUR 2,534 (930) million, excluding own shares held by the company. The period-end market capitalisation, in which unlisted class A shares are valued at the average price of class B shares on the last trading day of the period, was EUR 2,971 (1,094) million, excluding own shares held by the company.

The class B share closed at EUR 46.10 (16.93) on the last trading day of March on Nasdaq Helsinki. The volume-weighted average share price in March was EUR 40.99 (24.79), the highest quotation being EUR 46.14 (35.50) and the lowest EUR 33.60 (15.15). During the period, a total of 9 (14) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 363 (354) million. In addition, according to Fidessa, a total of 11 (15) million class B shares were traded in several alternative marketplaces, such as Cboe BXE and Cboe APA, corresponding to a turnover of EUR 443 (393) million.

Short-term risks and uncertainties

Developments in the global economy and cargo flows have a direct effect on Cargotec's operating environment and customers' willingness to invest. A slowdown in global economic growth, increasing political uncertainty and trade wars could have an impact on global flow of goods and therefore on the demand of Cargotec's solutions.

The coronavirus pandemic has direct and indirect impacts on Cargotec's business, and the pandemic exposes personnel to a higher risk of illness. Closures of factories, increased safety measures and movement restrictions in accordance with government regulations may limit Cargotec's business prerequisites, and can make it difficult to sell, operate and deliver Cargotec's solutions. Possible pandemic-related restrictions may affect the operating environment adversely.

The pandemic situation and related operating constraints may have weakened the operational capacity and financial situation of suppliers involved in Cargotec's supply chain. Sudden changes in the demand and supply of components and transportation used by Cargotec may impede Cargotec's ability to deliver products, solutions and services to its customers.

The ongoing strong economic recovery has pushed up the prices for materials and transportation, and even caused shortages of them. If the situation persists, elevated price levels, component shortages, and disruptions in the logistics chain may increase inventory values, delay deliveries, and result in additional costs. Furthermore, announced stimulus programmes have turned interest rates and inflation upwards. Due to the size of the stimulus programmes, price and inflationary effects may be significant in the future.

A slowdown or contraction in global economic growth may in the longer term lower the container traffic growth rate, which affects demand and deliveries for Kalmar's cargo handling solutions. Project executions face risks related to schedule, cost and delivery guarantees. Furthermore, potential bottlenecks in the supply chain could postpone deliveries and have a negative impact on sales and results. Possible restructurings in supply chains can incur significant costs.

Hiab's demand is impacted by the development of the construction market. A significant share of Hiab's orders are from the United States. Even though the cash flows are hedged for the existing order book, the weakening of the US dollar in the longer term could weaken Hiab's results. Similarly, a stronger dollar could strengthen Hiab's results.

MacGregor's market situation involves uncertainties, even though demand in the merchant ship market has picked up to some extent during the recent months. It is anticipated that the oversupply in the merchant ship market will take time to balance out. In the short term, the tightening emission regulation for ships and related uncertainty may limit new investments. The uncertainty regarding oil price development and global decarbonisation targets have led to a fall in investments by the oil industry, which has long been reflected in decreased offshore vessel investments. However, contracting for wind turbine installations and service vessels is expected to partly compensate that in the future. The uncertain situation prevails in the merchant ship and offshore vessel market, which can have a negative impact on the financial situation of shipyards, ship owners, and ship operators. Market downturn could result in an impairment of MacGregor's goodwill.

In a challenging market situation, customers may also try to postpone or cancel orders. Deterioration of the global economic outlook and access to finance can lead to economic and financial difficulties among customers. In some cases their financial position may deteriorate significantly or even lead to insolvency. Challenges and uncertainties related to deliveries may increase Cargotec's net working capital and reduce cash flow.

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

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

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

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

Events after the reporting period

On 28 April 2021, Cargotec's Board of Directors confirmed the company's refined strategy and vision. Breakthrough objectives are sustainability and profitable growth. With its business areas Kalmar, MacGregor and Hiab, Cargotec's vision is to become the global leader in sustainable cargo flow.

In concrete terms, Cargotec aims to reduce the CO2 emissions of its value chain by 1 million tons by 2024.

Outlook for 2021

Cargotec reiterates its outlook published on 4 February 2021 and expects its comparable operating profit for 2021 to improve from 2020 (EUR 227[6] million).

Financial calendar 2021

Half year financial report January–June 2021, on Wednesday, 28 July 2021

Interim report January–September 2021, on Thursday, 28 October 2021

Helsinki, 28 April 2021
Cargotec Corporation
Board of Directors

This interim report is unaudited.

THE MERGER AND THE MERGER CONSIDERATION SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN OR INTO THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION OF, OR IN A TRANSACTION NOT SUBJECT TO, THE U.S. SECURITIES ACT.

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[6] The comparable operating profit has been specified from EUR 228 million to EUR 227 million. Additional information about the comparable operating profit definition is presented in the stock exchange release published on 29 March 2021.

Consolidated statement of income

MEUR	Note	Q1/21	Q1/20	2020
Sales	5	**729.6**	**858.3**	**3,263.4**
Cost of goods sold		-548.5	-668.2	-2,535.5
Gross profit		**181.0**	**190.1**	**727.9**
Gross profit, %		*24.8%*	*22.1%*	*22.3%*
Other operating income		16.9	10.6	48.0
Selling and marketing expenses		-46.6	-57.2	-199.5
Research and development expenses		-27.6	-29.6	-107.9
Administration expenses		-65.6	-67.2	-236.7
Restructuring costs	7	-9.7	-6.4	-131.0
Other operating expenses		-25.4	-13.2	-35.7
Costs and expenses		-157.9	-163.2	-662.9
Share of associated companies' and joint ventures' net income		1.4	-0.4	5.3
Operating profit		**24.5**	**26.5**	**70.4**
Operating profit, %		*3.4%*	*3.1%*	*2.2%*
Financing income		0.7	2.8	2.8
Financing expenses		-7.0	-9.6	-38.7
Income before taxes		**18.3**	**19.7**	**34.5**
Income before taxes, %		*2.5%*	*2.3%*	*1.1%*
Income taxes	9	-8.7	-8.4	-26.4
Net income for the period		**9.6**	**11.3**	**8.1**
Net income for the period, %		*1.3%*	*1.3%*	*0.2%*

Net income for the period attributable to:

Equity holders of the parent		9.6	11.4	8.1
Non-controlling interest		0.0	-0.1	-0.1
Total		**9.6**	**11.3**	**8.1**

Earnings per share for profit attributable to the equity holders of the parent:

Earnings per share, EUR		0.15	0.18	0.13
Diluted earnings per share, EUR		0.15	0.18	0.13

The notes are an integral part of the interim report.

Consolidated statement of comprehensive income

MEUR	Q1/21	Q1/20	2020
Net income for the period	**9.6**	**11.3**	**8.1**
Other comprehensive income			
Items that cannot be reclassified to statement of income:			
Actuarial gains (+) / losses (-) from defined benefit plans	0.2	2.2	-1.2
Gains (+) / losses (-) on designated share investments measured at fair value	-4.7	-	5.5
Taxes relating to items that cannot be reclassified to statement of income	0.0	-0.5	0.3
Items that can be reclassified to statement of income:			
Gains (+) / losses (-) on cash flow hedges	-16.5	-18.4	35.2
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	8.4	12.4	-19.9
Translation differences	33.1	-44.3	-77.9
Taxes relating to items that can be reclassified to statement of income	1.8	-0.5	-1.8
Share of other comprehensive income of associates and JV, net of tax	-0.3	-	-
Other comprehensive income, net of tax	**22.0**	**-48.9**	**-59.8**
Comprehensive income for the period	**31.6**	**-37.6**	**-51.8**
Comprehensive income for the period attributable to:			
Equity holders of the parent	31.5	-37.5	-51.5
Non-controlling interest	0.1	-0.1	-0.2
Total	**31.6**	**-37.6**	**-51.8**

The notes are an integral part of the interim report.

Consolidated balance sheet

ASSETS, MEUR	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
Non-current assets				
Goodwill		955.8	1,019.5	971.9
Other intangible assets		182.1	284.8	185.8
Property, plant and equipment		422.5	471.5	429.7
Investments in associated companies and joint ventures	16	72.6	115.1	56.7
Share investments	16	32.9	0.3	37.5
Loans receivable and other interest-bearing assets*	11	18.0	27.1	18.4
Deferred tax assets		126.8	130.3	123.6
Derivative assets	12	0.0	0.0	0.1
Other non-interest-bearing assets		17.1	9.7	17.2
Total non-current assets		**1,827.8**	**2,058.3**	**1,840.9**
Current assets				
Inventories		649.0	760.7	579.7
Loans receivable and other interest-bearing assets*	11	4.2	1.6	4.3
Income tax receivables		25.4	23.4	25.4
Derivative assets	12	12.6	28.7	13.3
Accounts receivable and other non-interest-bearing assets		764.6	860.7	753.9
Cash and cash equivalents*	11	414.4	281.3	484.8
Total current assets		**1,870.3**	**1,956.4**	**1,861.4**
Assets held for sale	17	**194.2**	**-**	**185.7**
Total assets		**3,892.3**	**4,014.7**	**3,888.0**

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	**Note**	**31 Mar 2021**	**31 Mar 2020**	**31 Dec 2020**
Equity attributable to the equity holders of the parent				
Share capital		64.3	64.3	64.3
Share premium account		98.0	98.0	98.0
Translation differences		-78.0	-77.4	-110,9
Fair value reserves		-2.3	-15.6	4.4
Reserve for invested non-restricted equity		54.0	57.4	57.4
Retained earnings		1,122.8	1,261.3	1,185,6
Total equity attributable to the equity holders of the parent		**1,258.8**	**1,388.0**	**1,298.7**
Non-controlling interest		2.8	2.7	2.7
Total equity		**1,261.6**	**1,390.7**	**1,301.4**
Non-current liabilities				
Interest-bearing liabilities*	11	778.1	924.9	1,027.4
Deferred tax liabilities		21.1	38.7	20.6
Pension obligations		115.1	106.5	115.5
Provisions		6.5	7.0	7.2
Derivative liabilities	12	0.0	0.0	0.0
Other non-interest-bearing liabilities		65.4	63.8	62.6
Total non-current liabilities		**986.2**	**1,141.8**	**1,233.4**
Current liabilities				
Current portion of interest-bearing liabilities*	11	385.1	70.5	136.1
Other interest-bearing liabilities*	11	5.5	112.3	19.6
Provisions		99.0	103.0	105.9
Advances received		199.0	280.5	182.7
Income tax payables		18.5	22.2	21.7
Derivative liabilities	12	20.2	23.6	19.4
Accounts payable and other non-interest-bearing liabilities		842.3	870.0	797.5
Total current liabilities		**1,569.5**	**1,482.2**	**1,282.7**
Liabilities directly associated with assets held for sale	17	**74.9**	**-**	**70.5**
Total equity and liabilities		**3,892.3**	**4,014.7**	**3,888.0**

*Included in interest-bearing net debt.

The notes are an integral part of the interim report.

Consolidated statement of changes in equity

	Attributable to the equity holders of the parent							Non-controlling interest	Total equity
MEUR	Share capital	Share premium account	Translation differences	Fair value reserves	Reserve for invested non-restricted equity	Retained earnings	Total		
Equity 1 Jan 2021	**64.3**	**98.0**	**-110.9**	**4.4**	**57.4**	**1,185.6**	**1,298.7**	**2.7**	**1,301.4**
Net income for the period						9.6	9.6	0.0	9.6
Cash flow hedges				-6.6			-6.6	-	-6.6
Translation differences			33.0				33.0	0.1	33.1
Actuarial gains and losses from defined benefit plans						0.2	0.2		0.2
Gains and losses on designated share investments measured at fair value						-4.7	-4.7		-4.7
Comprehensive income for the period*	**-**	**-**	**33.0**	**-6.6**	**-**	**5.1**	**31.5**	**0.1**	**31.6**
Profit distribution						-69.5	-69.5	-	-69.5
Treasury shares acquired					-3.4		-3.4		-3.4
Share-based payments						1.5	1.5		1.5
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-3.4**	**-68.0**	**-71.3**	**-**	**-71.3**
Transactions with non-controlling interests							-		-
Equity 31 Mar 2021	**64.3**	**98.0**	**-78.0**	**-2.3**	**54.0**	**1,122.8**	**1,258.8**	**2.8**	**1,261.6**
Equity 1 Mar 2020	**64.3**	**98.0**	**-33.2**	**-9.1**	**57.4**	**1,247.1**	**1,424.5**	**2.8**	**1,427.3**
Net income for the period						11.4	11.4	-0.1	11.3
Cash flow hedges				-6.5			-6.5	0.0	-6.5
Translation differences			-44.2				-44.2	-0.1	-44.3
Actuarial gains and losses from defined benefit plans						1.8	1.8		1.8
Comprehensive income for the period*	**-**	**-**	**-44.2**	**-6.5**	**-**	**13.2**	**-37.5**	**-0.1**	**-37.6**
Profit distribution						-	-	-	-
Share-based payments						1.0	1.0		1.0
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-**	**1.0**	**1.0**	**-**	**1.0**
Transactions with non-controlling interests									
Equity 31 Mar 2020	**64.3**	**98.0**	**-77.4**	**-15.6**	**57.4**	**1,261.3**	**1,388.0**	**2.7**	**1,390.7**

*Net of tax

The notes are an integral part of the interim report.

Consolidated condensed statement of cash flows

MEUR	Note	Q1/21	Q1/20	2020
Net cash flow from operating activities				
Net income for the period		9.6	11.3	8.1
Depreciation, amortisation and impairment	8	30.6	31.7	144.0
Financing items		6.2	6.8	35.9
Taxes		8.7	8.4	26.4
Change in net working capital		-4.0	-41.0	56.4
Other adjustments		0.0	5.6	25.6
Cash flow from operations before financing items and taxes		**51.2**	**22.8**	**296.4**
Cash flow from financing items and taxes		-32.4	-21.4	-56,4
Net cash flow from operating activities		**18.8**	**1.4**	**240.0**
Net cash flow from investing activities				
Acquisitions of businesses, net of cash acquired	15	4.3	-7.7	-12.1
Disposals of businesses, net of cash sold	15	-	-	2.7
Investments in associated companies and joint ventures	16	-0.6	-	-
Cash flow from investing activities, other items		-5.0	-10.3	-11,8
Net cash flow from investing activities		**-1.4**	**-18.0**	**-21.3**
Net cash flow from financing activities				
Treasury shares acquired		-3.4	-	-
Repayments of lease liabilities		-10.4	-10.4	-44.1
Proceeds from long-term borrowings		-	-	249.5
Repayments of long-term borrowings		-	-183.0	-251.4
Proceeds from short-term borrowings		-	75.5	98.8
Repayments of short-term borrowings		-14.1	-10.4	-106.9
Profit distribution		-61.4	-	-77.8
Net cash flow from financing activities		**-89.2**	**-128.4**	**-131.8**
Change in cash and cash equivalents		**-71.7**	**-145.0**	**86.9**
Cash and cash equivalents, and bank overdrafts at the beginning of period		482.3	409.8	409.8
Effect of exchange rate changes		1.5	-4.3	-14.8
Cash and cash equivalents included in assets held for sale	**17**	0.3	**-**	0.4
Cash and cash equivalents, and bank overdrafts at the end of period		**412.4**	**260.6**	**482.3**
Bank overdrafts at the end of period		2.0	20.7	2.5
Cash and cash equivalents at the end of period		**414.4**	**281.3**	**484.8**

The notes are an integral part of the interim report.

Notes to the interim report

1. General information

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

2. Accounting principles

The interim report has been prepared according to IAS 34 Interim Financial Reporting. The accounting policies adopted are consistent with those of the annual financial statements for 2020 and comply with changes in IAS/IFRS standards effective from 1 January 2021 that had no material impact on the interim review.

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

3. Information about the impact of COVID-19 in the financial reporting

The coronavirus pandemic has continued for over a year already. For Cargotec, the year 2020 was challenging, but the worst-case scenarios did not materialize and towards the end of the year there were also signs of recovery.

In the first quarter of 2021, the economic outlook has been improved by the progress of vaccination programs and the decisions of various countries on massive recovery programs, which will be largely targeted at energy and infrastructure projects. On the basis of general economic forecasts, it appears that not only do the effects of the current economic crisis appear to be smaller than previously estimated as a result of the recovery programs but the recovery may accelerate global economic growth to the highest level in decades. Stronger economic growth and investments in energy and infrastructure projects, if implemented, could also improve Cargotec's future prospects.

Short-term risks for Cargotec include credit losses related to customer receivables. Despite the economic crisis, the number of bankruptcies decreased in many countries in 2020 due to temporary changes in the bankruptcy laws. It is expected that with the end of the temporary changes in the law, the number of bankruptcies will increase during 2021. The loan loss provision related to customer receivables was EUR 19 (December 31, 2020: 19) million at the time of review. The share of overdue trade receivables increased slightly in comparison to the previous quarter, but there was no significant change in realized credit losses. Inventories decreased significantly during the financial year.

The ongoing strong economic recovery has pushed up the prices for materials and transportation, and even caused shortages of them. If the situation persists, elevated price levels, component shortages, and disruptions in the logistics chain may increase inventory values, delay deliveries, and result in additional costs. Furthermore, announced stimulus programmes have turned interest rates and inflation upwards. Due to the size of the stimulus programmes, price and inflationary effects may be significant in the future.

In the prevailing operating environment, Cargotec seeks to prepare for the identified and probable effects of the crisis. These effects have also been taken into account in the reported figures based on actual or forecasts, and the forecasts used in the current situation are significantly based on management's estimates.

MacGregor goodwill impairment testing

MacGregor's goodwill impairment testing was renewed on March 31, 2021 due to the low level of MacGregor's recoverable amount in relation to the assets being tested. The recoverable amount of the MacGregor segment was determined based on value in use, and the test showed a slight decrease compared to the fourth quarter of 2020 testing. The change was mainly due to the impact of the new joint venture on projected cash flows and balance sheet items. In addition, changes in exchange rates weakened the testing result. Further information on the established joint venture is presented in Note 16, Joint ventures and associates.

Based on the performed impairment tests, no impairment loss has been recognised. However, MacGregor's recoverable amount is still on a low level in comparison to the assets being tested, and it is sensitive to changes in WACC as well as forecasts. MacGregor segment’s goodwill on the reporting date was EUR 466.7 (31 Dec 2020: 481.9) million.

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

MacGregor goodwill sensitivity analysis

		Sensitivity analysis scenarios and results		
		Scenario 1	Scenario 2	Scenario 3
	Recoverable amount in excess of book value of assets, MEUR	WACC +2 percentage points	Sales -10 percent and operating profit -2 percentage points	Sales -10 percent, operating profit -2 percentage points and WACC +2 percentage points
31 Mar 2021	99.0	Impairment*	Impairment**	Impairment
31 Dec 2020	127.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was WACC before taxes +0.9 percentage points (31 Dec 2020: WACC before taxes +1.3 percentage points).
**Threshold for impairment was estimation period sales -10 percent and operating profit -0.1 percentage points (31 Dec 2020: estimation period sales -10 percent and operating profit -0.5 percentage points).

Due to the current minor excess value of MacGregor's recoverable amount compared to the book value of assets, should the scenarios considered in the sensitivity analysis realize, the amount to be written off would be; EUR 88 (31 Dec 2020: 51) million in the first scenario, EUR 200 (168) million in the second, and EUR 319 (282) million in the third.

4. Segment information

Sales, MEUR	Q1/21	Q1/20	2020
Kalmar	324	404	1,529
Hiab	287	302	1,094
MacGregor	119	153	642
Internal sales	0	0	-1
Total	**730**	**858**	**3,263**

Sales by geographical area, MEUR	Q1/21	Q1/20	2020
EMEA	378	430	1,608
Americas	224	283	989
Asia-Pacific	127	146	666
Total	**730**	**858**	**3,263**

Sales by geographical area, %	Q1/21	Q1/20	2020
EMEA	52%	50%	49%
Americas	31%	33%	30%
Asia-Pacific	17%	17%	21%
Total	**100%**	**100%**	**100%**

Operating profit and EBITDA, MEUR	Q1/21	Q1/20	2020
Kalmar	18.0	24.1	61.8
Hiab	33.1	28.4	97.3
MacGregor	-7.9	-8.1	-48.2
Corporate administration and support functions	-18.6	-17.9	-40.7
Operating profit	**24.5**	**26.5**	**70.4**
Depreciation, amortisation and impairment	30.6	31.7	144.0
EBITDA	**55.2**	**58.2**	**214.4**

Operating profit, %	Q1/21	Q1/20	2020
Kalmar	5.6%	6.0%	4.0%
Hiab	11.5%	9.4%	8.9%
MacGregor	-6.7%	-5.3%	-7.5%
Cargotec	3.4%	3.1%	2.2%

Items affecting comparability*, MEUR	Q1/21	Q1/20	2020
Kalmar			
Restructuring costs	-0.4	-1.5	-54.3
Impacts of the purchase price allocation	-0.2	-2.3	-9.7
Other items affecting comparability	-1.6	-	-0.3
Items affecting comparability, total	**-2.2**	**-3.8**	**-64.3**
Hiab			
Restructuring costs	-4.9	-1.7	-29.1
Impacts of the purchase price allocation	-0.7	-0.6	-2.4
Other items affecting comparability	-	-0.0	-0.0
Items affecting comparability, total	**-5.6**	**-2.3**	**-31.5**
MacGregor			

Restructuring costs	-3.7	-1.7	-43.1
Impacts of the purchase price allocation	-2.8	-2.9	-10.9
Other items affecting comparability	-4.8	-1.0	-0.7
Items affecting comparability, total	**-11.3**	**-5.7**	**-54.8**
Corporate administration and support functions			
Restructuring costs	-0.6	-1.5	-4.4
Other items affecting comparability	-7.3	-5.6	-1.3
Items affecting comparability, total	**-8.0**	**-7.1**	**-5.7**
Total	**-27.1**	**-18.8**	**-156.3**

Comparable operating profit*, MEUR	**Q1/21**	**Q1/20**	**2020**
Kalmar	20.2	27.8	126.1
Hiab	38.8	30.7	128.8
MacGregor	3.3	-2.4	6.6
Corporate administration and support functions	-10.7	-10.8	-34.9
Total	**51.6**	**45.3**	**226.7**

Comparable operating profit*, %	**Q1/21**	**Q1/20**	**2020**
Kalmar	6.2%	6.9%	8.2%
Hiab	13.5%	10.2%	11.8%
MacGregor	2.8%	-1.6%	1.0%
Cargotec	7.1%	5.3%	6.9%

Orders received, MEUR	**Q1/21**	**Q1/20**	**2020**
Kalmar	529	334	1,401
Hiab	425	296	1,210
MacGregor	161	151	511
Internal orders received	0	0	-1
Total	**1,115**	**781**	**3,121**

Orders received by geographical area, MEUR	**Q1/21**	**Q1/20**	**2020**
EMEA	533	434	1,561
Americas	346	204	995
Asia-Pacific	236	144	566
Total	**1,115**	**781**	**3,121**

Orders received by geographical area, %	**Q1/21**	**Q1/20**	**2020**
EMEA	48%	56%	50%
Americas	31%	26%	32%
Asia-Pacific	21%	18%	18%
Total	**100%**	**100%**	**100%**

Order book, MEUR	**31 Mar 2021**	**31 Mar 2020**	**31 Dec 2020**
Kalmar	1,051	952	842
Hiab	642	396	503
MacGregor	524	591	480
Internal order book	0	0	0
Total	**2,217**	**1,938**	**1,824**

Number of employees at the end of period	**31 Mar 2021**	**31 Mar 2020**	**31 Dec 2020**
Kalmar	5,471	5,614	5,526
Hiab	3,343	4,031	3,390
MacGregor	1,954	2,241	1,987
Corporate administration and support functions	681	587	649
Total	**11,449**	**12,473**	**11,552**

Average number of employees	**Q1/21**	**Q1/20**	**2020**
Kalmar	5,443	5,616	5,594
Hiab	3,368	4,036	3,733
MacGregor	1,954	2,266	2,128
Corporate administration and support functions	667	583	611
Total	**11,432**	**12,501**	**12,066**

*Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, the comparable operating profit increased by EUR 6 million in the first quarter of 2020 and EUR 23 million in the financial year 2020. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

5. Revenue from contracts with customers

Cargotec, MEUR	**Q1/21**	**Q1/20**	**2020**
Equipment sales	439	558	2,092
Service sales	254	260	1,005
Software sales	36	40	166
Total sales	**730**	**858**	**3,263**
Recognised at a point in time	575	730	2,661
Recognised over time	154	128	603

Kalmar, MEUR	**Q1/21**	**Q1/20**	**2020**
Equipment sales	175	257	926
Service sales	112	107	437
Software sales	36	40	166
Total sales	**324**	**404**	**1,529**
Recognised at a point in time	256	325	1,212
Recognised over time	67	79	317

Hiab, MEUR	**Q1/21**	**Q1/20**	**2020**
Equipment sales	203	218	776
Service sales	85	84	318
Total sales	**287**	**302**	**1,094**
Recognised at a point in time	284	299	1,082
Recognised over time	3	3	12

MacGregor, MEUR	**Q1/21**	**Q1/20**	**2020**
Equipment sales	61	83	391
Service sales	57	70	250
Total sales	**119**	**153**	**642**
Recognised at a point in time	35	106	368
Recognised over time	84	46	273

6. Share-based payments

During the first quarter in 2021, any new share-based incentive programmes were not initiated.

7. Comparable operating profit

MEUR	Q1/21	Q1/20	2020
Operating profit	**24.5**	**26.5**	**70.4**
Restructuring costs			
Employment termination costs	5.4	3.4	37.5
Impairments of owned non-current assets	-	-	15.1
Impairments of inventories	0.1	-	5.3
Restructuring-related disposals of businesses*	-0.1	0.0	43.7
Other restructuring costs**	4.2	3.0	29.4
Restructuring costs, total	**9.7**	**6.4**	**131.0**
Impacts of the purchase price allocation*****	**3.8**	**5.8**	**23.0**
Other items affecting comparability			
Insurance benefits	-2.1	-	-5.0
Expenses related to business acquisitions or disposals****	8.0	1.2	6.3
Merger plan with Konecranes Oyj	7.7	-	6.9
Other costs***	-	5.4	-6.0
Other items affecting comparability, total	**13.7**	**6.6**	**2.3**
Comparable operating profit*****	**51.6**	**45.3**	**226.7**

*Additional information regarding disposals of businesses is presented in note 15, Acquisitions and disposals. Information on the disposal of the joint venture ownership in Rainbow-Cargotec Industries Co., Ltd (RCI) concluded during the second quarter of 2020 is presented in note 16, Joint ventures and associated companies.

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

***Dilution of Cargotec's ownership from 7.9 percent to 5.6 percent in Jiangsu Rainbow Heavy Industries Co., Ltd (RHI) due to company's share issue and reclassification of the RHI ownership from associated company to share investment recognised at fair value.

****In year 2021 includes costs related to the sale of Navis, a profit of approximately EUR 7 million from the settlement of the purchase price of TTS acquisition as well as a loss of EUR 12.7 million from the establishment of the CSSC MacGregor Marine Equipment (CMME) joint venture. Costs in 2020 are related to the sale of Navis and the acquisition and integration of TTS.

*****Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, the comparable operating profit increased by EUR 6 million in the first quarter of 2020 and EUR 23 million in the financial year 2020. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

Kalmar's 2020 restructuring costs include costs related to the sale of the joint venture Rainbow-Cargotec Industries Co., Ltd (RCI) and integration expenses of simultaneously acquired operations. MacGregor's restructuring costs in 2020 relate mainly to the integration of the marine- ja offshore businesses of TTS Group ASA acquired in the end of July 2019 and winding down certain products in MacGregor's offshore product portfolio due to offshore markets fundamental transition from the traditional oil and gas centric business towards more renewable energy sources.

8. Capital expenditure, depreciation and amortisation

Capital expenditure, MEUR	Q1/21	Q1/20	2020
Owned assets			
Intangible assets	0.5	0.5	2.0
Land and buildings	0.3	0.4	4.2
Machinery and equipment	7.5	13.4	40.5
Right-of-use assets			
Land and buildings	5.0	5.5	26.7
Machinery and equipment	2.4	2.2	12.3
Total	**15.7**	**22.0**	**85.7**

Depreciation, amortisation and impairment, MEUR	Q1/21	Q1/20	2020
Owned assets			
Intangible assets	7.5	8.9	39.1
Land and buildings	1.5	1.6	13.4
Machinery and equipment	11.8	10.7	43.7
Right-of-use assets			
Land and buildings	6.3	6.9	32.8
Machinery and equipment	3.5	3.7	15.0
Total	**30.6**	**31.7**	**144.0**

9. Taxes in statement of income

MEUR	Q1/21	Q1/20	2020
Current year tax expense	10.9	10.4	28.8
Change in current year's deferred tax assets and liabilities	-2.3	-2.4	-2.8
Tax expense for previous years	0.1	0.4	0.5
Total	**8.7**	**8.4**	**26.4**

10. Net working capital

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Inventories	649.0	760.7	579.7
Operative derivative assets	20.6	26.6	32.2
Accounts receivable	550.4	625.9	535.0
Other operative non-interest-bearing assets	228.8	241.0	235.2
Working capital assets	**1,448.8**	**1,654.2**	**1,382.1**
Provisions	-105.4	-110.0	-113.1
Advances received	-199.0	-280.5	-182.7
Operative derivative liabilities	-20.9	-44.5	-17.7
Accounts payable	-392.9	-427.0	-353.0
Pension obligations	-115.1	-106.5	-115.5
Other operative non-interest-bearing liabilities	-498.9	-494.6	-493.0
Working capital liabilities	**-1,332.2**	**-1,463.1**	**-1,274.9**
Net working capital in the balance sheet	**116.5**	**191.1**	**107.1**
Net working capital of assets held for sale and associated liabilities held for sale*	-8.7	-	-3.7
Total	**107.9**	**191.1**	**103.4**

*Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 17. Assets held for sale.

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

11. Interest-bearing net debt and liquidity

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Interest-bearing liabilities	1,168.7	1,107.8	1,183.1
Lease liabilities included in interest-bearing liabilities	166.2	180.0	166.2
Loans receivable and other interest-bearing assets	-22.2	-28.7	-22.7
Cash and cash equivalents	-414.4	-281.3	-484.8
Interest-bearing net debt in balance sheet	**732.2**	**797.7**	**675.5**
Interest-bearing net debt of assets and related liabilities held for sale	6.6	-	6.7
Interest-bearing net debt*	**738.7**	**797.7**	**682.2**
Equity	1,261.6	1,390.7	1,301.4
Gearing	**58.6%**	**57.4%**	**52.4%**

MEUR	Q1/21	Q1/20	2020
Operating profit, last 12 months	68.4	155.5	70.4
Depreciation, amortisation and impairment, last 12 months	143.0	137.5	144.0
EBITDA, last 12 months	**211.3**	**293.0**	**214.4**
Interest-bearing net debt / EBITDA, last 12 months*	**3.5**	**2.7**	**3.2**

*Additional information on assets held for sale and liabilities directly associated with assets held for sale is disclosed in note 17. Assets held for sale.

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

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Cash and cash equivalents	414.4	281.3	484.8
Committed long-term undrawn revolving credit facilities	300.0	300.0	300.0
Repayments of interest-bearing liabilities in the following 12 months	-390.6	-182.8	-155.6
Liquidity of asset held for sale and liabilities directly associated with asset held for sale	-2.1	-	-1.8
Liquidity	**321.7**	**398.5**	**627.4**

12. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 31 Mar 2021	Negative fair value 31 Mar 2021	Net fair value 31 Mar 2021	Net fair value 31 Mar 2020	Net fair value 31 Dec 2020
Non-current					
Currency forwards, cash flow hedge accounting	0.0	0.0	0.0	-0.8	0.1
Total non-current	**0.0**	**0.0**	**0.0**	**-0.8**	**0.1**
Current					
Currency forwards, cash flow hedge accounting	1.5	8.5	-7.0	-4.1	3.4
Currency forwards, other	11.2	11.7	-0.5	9.1	-9.5
Total current	**12.6**	**20.2**	**-7.6**	**5.0**	**-6.1**
Total derivatives	**12.7**	**20.2**	**-7.5**	**4.2**	**-6.1**

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

Nominal values of derivative financial instruments

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Currency forward contracts	2,482.5	2,349.6	2,447.5
Cash flow hedge accounting	1,423.2	1,421.7	1,219.0
Other	1,059.4	927.9	1,228.5
Total	**2,482.5**	**2,349.6**	**2,447.5**

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

13. Commitments

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Guarantees given on behalf of associated companies and joint ventures	1.4	42.0	1.3
Guarantees given on behalf of others	0.4	0.4	0.4
Customer financing	16.7	21.0	18.1
Off-balance sheet leases	0.6	1.3	0.7
Other contingent liabilities	2.5	4.6	2.5
Total	**21.6**	**69.3**	**23.0**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 31 Mar 2021 was EUR 413.6 (31 Mar 2020: 487.8 and 31 Dec 2020: 398.8) million.

Certain products are sold under customer finance arrangements in which some level of risk is typically retained by Cargotec. When the level of retained risk is low and, therefore, not reflected on the balance sheet, it is reported in full as a contingent liability under commitments. No significant liabilities are expected to arise from the commitments related to customer financing.

Off-balance sheet leases include the lease commitments related to short-term leases, low-value leases, and leases that have not yet commenced. The aggregate off-balance sheet lease expenses totalled EUR 0.4 (1-3/2020: 0.6 and 2020: 1.8) million.

There are also certain other legal claims and disputes based on various grounds pending against Cargotec around the world. Management believes that the outcome of these disputes will not have a material effect on Cargotec's financial position.

14. Related party transactions

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

Transactions with associated companies and joint ventures

MEUR	Q1/21	Q1/20	2020
Sale of products and services			
Associated companies	-	0.1	0.6
Joint ventures	0.2	2.0	5.8
Total	**0.2**	**2.1**	**6.5**
Purchase of products and services			
Associated companies	-0.0	5.2	8.1
Joint ventures	0.8	29.3	35.8
Total	**0.8**	**34.5**	**43.9**

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

Balances with associated companies and joint ventures

MEUR	31 Mar 2021	31 Mar 2020	31 Dec 2020
Loans receivable			
Associated companies	20.0	25.6	20.3
Total	**20.0**	**25.6**	**20.3**
Accounts receivable			
Associated companies	0.1	-	0.1
Joint ventures	1.0	3.9	2.0
Total	**1.1**	**3.9**	**2.0**
Accounts payable			
Associated companies	-	0.9	-
Joint ventures	1.1	2.6	1.0
Total	**1.1**	**3.5**	**1.0**

Dividends received from associated companies and joint ventures

MEUR	Q1/21	Q1/20	2020
Dividends received			
Joint ventures	-	-	0.1
Total	**-**	**-**	**0.1**

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

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

15. Acquisitions and disposals

Acquisitions in 2021

Hiab acquired in January the sales and service business of FNS - Fahrzeugbau und Nutzfahrzeugservice GmbH in Germany for consideration of 2.8 million euros. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. In the preliminary valuation, intangible assets related to customer relationships have been identified, and the acquisition is expected to generate approximately two million euros of goodwill that is not tax-deductible.

Changes related to previous acquisitions in 2021

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

Disposals in 2021

Cargotec signed an agreement on 26 March 2021 to sell its Navis business to US-based Accel-KKR for an enterprise value of EUR 380 million. The transaction is expected to be closed by the end of Q3 2021. Additional information on the expected effect of the transaction is presented until the closing of the transaction in Note 17, Assets held for sale.

Acquisitions in 2020

On 26th of May Cargotec sold its 49% joint venture ownership in the Rainbow-Cargotec Industries Co., Ltd (RCI) to the joint venture counterparty Rainbow Heavy Industries Co.,Ltd (RHI). Simultaneously, certain operations and assets were acquired from the disposed joint venture, and approximately 160 RCI employees transferred from RCI to Kalmar. Via restructuring, Cargotec aims to simplify its operations related to global supply chains. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. The acquisition price paid on closing was EUR 3.9 million and an additional EUR 0.7 million will fall due within the next two years. The final balance sheet value of the acquired assets and deferred tax asset is EUR 1.5 million and the difference is recorded as goodwill, which is not tax deductible. Additional information about the sold ownership in RCI is disclosed in note 16, Joint ventures and associated companies.

Acquired net assets and goodwill, RCI, MEUR

Property, plant and equipment	0.2
Inventories	0.5
Deferred tax assets	0.8
Net assets	**1.5**
Purchase price, payable in cash	4.6
Total consideration	**4.6**
Goodwill	**3.1**
Purchase price, paid in cash	4.2
Cash flow impact	**4.2**

Navis, part of Kalmar, acquired on 20 March 2020 the business assets of Biarri Rail based in Australia at a consideration of EUR 8.2 million in a transaction that is accounted for as a business combination. The purchase consideration includes a deferred payment of EUR 0.6 million that falls due in 18 months from the acquisition. The main asset acquired, Biarri Rail software, for planning and scheduling freight railroads. The acquired business supports Navis in expanding to inland terminals. The acquired business is consolidated into Kalmar segment's result from 1 April 2020. Consolidation of the acquired business and measurement of assets and liabilities is presented as final on reporting date. Intangible assets related to technologies were identified in determining the fair values, and the acquisition generated goodwill that is not tax-deductible.

Acquired net assets and goodwill, Biarri Rail, MEUR	
Intangible assets	3.9
Accounts payable and other non-interest-bearing liabilities	-0.2
Deferred tax liabilities	-1.2
Net assets	**2.5**
Purchase price, payable in cash	8.2
Total consideration	**8.2**
Goodwill	**5.7**
Purchase price, paid in cash	7.6
Cash flow impact	**7.6**

Kalmar acquired in October the sales and service business of MPO - Maquinás Portuárias, S.A. in Portugal for a consideration of EUR 0.4 million. The acquisition had no material impact on the reported figures.

16. Joint ventures and associated companies

Changes in joint ventures and associated companies in 2021

In January 2021, MacGregor established a joint venture in China with CSSC Nanjing Luzhou Machine Co., Ltd (LMC). The joint venture will further enhance MacGregor's cooperation with the China State Shipping Company (CSSC), the world's largest shipbuilding group by strengthening customer access, local presence, and competitiveness in China. The new CSSC MacGregor Marine Equipment (CMME) joint venture is providing electro-hydraulic merchant cargo cranes, merchant winches, and steering gear to the Chinese shipbuilding market. The relevant technologies and brands are licensed to the joint venture, and manufacturing of the products is outsourced.

MacGregor is committed to contributing EUR 3.3 million of capital to the joint venture of which EUR 0.6 million has been contributed and the remaining amount will be contributed during the second quarter of 2021. In the first quarter of 2021, MacGregor recognized a loss of EUR 12.7 million on establishment mainly due to the customer relationships and goodwill related to the transferred business derecognized from the balance sheet and allocated as the cost of the transaction.

In 2021, the parties to the Sinotruk Hiab (Shandong) Equipment Co., Ltd. joint venture have decided to close down the company. In the first quarter of 2021, Cargotec has issued guarantees on behalf of Sinotruk in the amount of EUR 3.8 (December 31, 2020: 3.8) million, of which EUR 2.5 (December 31, 2020: 2.5) million has been recognized as a liability at the time of reporting.

Changes in joint ventures and associated companies in 2020

In May 2020 Cargotec sold its 49 percent joint venture ownership in the Rainbow-Cargotec Industries Co., Ltd (RCI) to the joint venture counterparty Rainbow Heavy Industries Co.,Ltd (RHI). Cargotec recognized a loss of EUR 35.6 million as a restructuring cost on disposal of the joint venture by derecognizing the joint venture ownership and recognizing a non-interest-bearing receivable of EUR 6.5 million as a consideration that is due after two years from the closing date. The gross value of the receivable is EUR 11.9 million and its carrying value on balance sheet includes an adjustment for both interest and expected credit loss. Certain functions and assets were acquired from the company sold in connection with the transaction, and approximately 160 RCI employees were transferred to Kalmar. Additional information about the acquired assets is presented in note 15, Acquisitions and disposals. Via restructuring, Cargotec aims to simplify its operations related to global supply chains.

In connection with the RCI restructuring, Cargotec also reassessed the classification of its ownership in Jiangsu Rainbow Heavy Industries Co., Ltd. (RHI) and concluded that the preconditions for the associated company classification were no longer met. As a result, the RHI ownership was reclassified as a share investment accounted for as a financial asset. On reclassification, the associated company ownership on the balance sheet was derecognised and the new financial asset was recognised at fair value resulting in a profit of EUR 6.7 million which was booked in the income statement as other operating income affecting comparability. Due to the value of the RHI ownership and market volatility of the RHI share, Cargotec has elected to apply the possibility to recognise the subsequent fair value changes related to RHI ownership directly in other comprehensive income.

In April 2020, Hiab performed an impairment assessment for its holding in the Sinotruk Hiab (Shandong) Equipment Co., Ltd. joint venture. Due to the company's business outlook and financial situation, the joint venture ownership was fully written down, resulting in a loss of EUR 4.0 million. Cargotec has issued guarantees on behalf of Sinotruk in the amount of EUR 3.8 (December 31, 2019: 3.8) million, of which EUR 2.5 million has been recognized as a liability at the time of reporting. Hiab is evaluating options for discontinuing the joint venture.

17. Assets held for sale

Cargotec signed an agreement on 26 March 2021 to sell its Navis business to Accel-KKR, a Silicon Valley-based leading technology-focused investment firm for an enterprise value of EUR 380 million. Cargotec expects that the deal will have approximately EUR 230 million positive impact on its operating profit in 2021. The final purchase price will be determined based on customary working capital and debt-like adjustments at closing. The gain will be reported as an item affecting comparability and it does not impact Cargotec's outlook for 2021 published on 4 February 2021 in conjunction with the company's financial statements review. The transaction is subject to normal regulatory approvals and works council consultation in relevant jurisdictions. Closing is expected by the end of Q3 2021.

The transaction follows the release issued in February 2020, in which Cargotec announced that it is evaluating strategic options for the future development of Navis. In December 2020, Cargotec announced that the Board has decided to begin the actual sale process of the Navis software business. Navis software solutions for terminal operators, carriers, and ship owners are used to optimize global container flows, and the main product of Navis, the N4 terminal operating system is used by 340 customers in more than 80 countries. In 2020 Navis recorded sales of EUR 107 million.

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

Assets held for sale and liabilities directly associated with assets held for sale

ASSETS, MEUR	Note	31 Mar 2021	31 Dec 2020
Non-current assets			
Goodwill**		80.5	73.6
Other intangible assets		67.4	65.2
Property, plant and equipment		7.9	7.6
Loans receivable and other interest-bearing assets*	11	0.3	0.4
Deferred tax assets		2.4	2.1
Other non-interest-bearing assets		1.0	0.7
Total non-current assets		**159.6**	**149.7**
Current assets			
Loans receivable and other interest-bearing assets*	11	0.3	0.2
Income tax receivables		0.8	0.7
Accounts receivable and other non-interest-bearing assets		33.3	34.7
Cash and cash equivalents	11	0.3	0.4
Total current assets		**34.7**	**36.0**
Assets held for sale		**194.2**	**185.7**

*Included in interest-bearing net debt.
**The amount of goodwill allocated as held for sale is based on an estimate on reporting date.

LIABILITIES, MEUR	Note	31 Mar 2021	31 Dec 2020
Non-current liabilities			
Interest-bearing liabilities*	11	5.1	5.5
Deferred tax liabilities		19.5	18.9
Pension obligations		1.3	1.2
Other non-interest-bearing liabilities		5.4	3.5
Total non-current liabilities		**31.3**	**29.1**
Current liabilities			
Current portion of interest-bearing liabilities*	11	2.3	2.2
Advances received		28.1	23.8
Accounts payable and other non-interest-bearing liabilities		13.2	15.4
Current liabilities		**43.7**	**41.1**
Liabilities directly associated with assets held for sale		**74.9**	**70.5**

*Included in interest-bearing net debt.

18. Merger plan to combine Cargotec and Konecranes

On October 1, 2020, the Boards of Directors of Cargotec and Konecranes signed a merger agreement and a merger plan to merge the companies, and the Extraordinary General Meetings of both companies held on December 18, 2020, approved the merger of Cargotec and Konecranes. The implementation of the merger still requires, among other things, obtaining the necessary approvals from the competition authorities. The planned implementation date of the merger is January 1, 2022. The planned implementation date may change, and the actual date may be earlier or later than the above. Until the completion of the merger, both companies will continue their business as before as separate and independent companies.

The proposed merger will create a global leader in sustainable material flows with a number of valuable customer-centric brands and complementary offerings in industry, factories, ports, terminals, road transport and sea freight handling.

Upon completion, the combination will be carried out as an absorption-type merger in which Konecranes shareholders receive as a merger consideration 2.0834 new Cargotec class B shares and 0.3611 new Cargotec class A shares for each Konecranes share held upon completion of the merger and after the share split described below. To enable the consideration of the merger, Cargotec will carry out a free share issue (share splitting) in which each Cargotec shareholder will be issued free of charge new Cargotec shares in proportion to their holdings. For each existing Cargotec A class share, two new Cargotec class A shares will be issued and for each Cargotec class B share, two new Cargotec class B shares will be issued. As a result of the transaction, the shareholders of Cargotec and Konecranes will each own about half of the new company.

In accordance with IFRS, the merger will be accounted for as a business combination in which Cargotec is the acquirer into which Konecranes will merge. The assets and liabilities of Konecranes on the merger date will be measured at fair value in the purchase price allocation and consolidated into Cargotec from then on.

The value of the acquisition depends on the market price of Cargotec's class A and B shares at the time of the merger. At the reporting date, 31 March 2021, the value of the shares to be paid to Konecranes shareholders in the merger based on the market price of Cargotec's class B share and the outstanding shares of Konecranes amounted to approximately EUR 2,972.7 million.

Key exchange rates for euro

Closing rates	**31 Mar 2021**	**31 Mar 2020**	**31 Dec 2020**
SEK	10.238	11.061	10.034
USD	1.173	1.096	1.227

Average rates	**Q1/21**	**Q1/20**	**2020**
SEK	10.131	10.715	10,479
USD	1.206	1.105	1,145

Key figures

		Q1/21	**Q1/20**	**2020**
Equity / share	EUR	19.52	21.53	20.14
Equity to asset ratio	%	34.4%	37.2%	35.3%
Interest-bearing net debt	MEUR	738.7	797.7	682.2
Interest-bearing net debt / EBITDA, last 12 months		3.5	2.7	3.2
Gearing	%	58.6%	57.4%	52.4%
Return on equity (ROE), last 12 months	%	0.5%	5.0%	0.6%
Return on capital employed (ROCE), last 12 months	%	2.9%	6.5%	2.8%

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

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

Calculation of key figures

IFRS key figures

Earnings per share (EUR)	=	Net income attributable to the equity holders of the parent / Average number of outstanding shares during financial year
Diluted earnings per share (EUR)	=	Net income attributable to the equity holders of the parent / Average number of diluted outstanding shares during financial year

Alternative performance measures

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

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

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

Net working capital (MEUR)	=	Inventories + operative derivative assets + accounts receivable + other operative non-interest-bearing assets - provisions - advances received - operative derivative liabilities - accounts payable - pension obligations - other operative non-interest-bearing liabilities	Net working capital is used to follow the amount of capital needed for the business to operate. It does not include financing items, taxes nor non-current assets. Used also as a factor to calculate Operative capital employed.	Note 10, Net working capital
Investments	=	Additions to intangible assets and property, plant and equipment including owned assets and right-of-use assets, excluding assets acquired through business combinations	Investments refer to money used to acquire long-term assets. Used as a factor in cash flow calculation.	Note 8, Capital expenditure, depreciation and amortisation
Return on equity (ROE) (%), last 12 months	= 100 x	Net income for the financial year, last 12 months / Total equity (average for the last 12 months)	Represents the rate of return that shareholders receive on their investments.	Net income for financial year: Income statement; Total equity: Balance sheet
Return on capital employed (ROCE) (%), last 12 months	= 100 x	Income before taxes + financing expenses, last 12 months / Total assets - non-interest-bearing debt (average for the last 12 months)	Represents relative profitability or the rate of return that has been received on capital employed requiring interest or other return.	Income before taxes and financing expenses: Income statement; Total assets and non-interest-bearing debt: Balance sheet
Non-interest-bearing debt	=	Total assets - total equity - non-current interest-bearing liabilities - current portion of interest-bearing liabilities - current other interest-bearing liabilities	Used as a factor to calculate Return on capital employed (ROCE).	Balance sheet
Equity to asset ratio	= 100 x	Total equity / Total assets - advances received	Used to measure solvency and describe the share of the company's assets financed by equity.	Balance sheet

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

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

Quarterly key figures

Cargotec		**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
Orders received	MEUR	1,115	963	740	637	781
Service orders received	MEUR	299	265	229	224	270
Order book	MEUR	2,217	1,824	1,751	1,822	1,938
Sales	MEUR	730	873	777	756	858
Service sales	MEUR	254	262	244	239	260
Software sales	MEUR	36	44	38	43	40
Service and software sales, % of sales	%	40%	35%	36%	37%	35%
Operating profit	MEUR	24.5	17.6	45.8	-19.5	26.5
Operating profit	%	3.4%	2.0%	5.9%	-2.6%	3.1%
Comparable operating profit*	MEUR	51.6	69.8	62.2	49.4	45.3
Comparable operating profit*	%	7.1%	8.0%	8.0%	6.5%	5.3%
Earnings per share	EUR	0.15	0.10	0.41	-0.56	0.18

Kalmar		**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
Orders received	MEUR	529	445	328	293	334
Order book	MEUR	1,051	842	834	885	952
Sales	MEUR	324	411	364	350	404
Service sales	MEUR	112	119	106	106	107
Software sales	MEUR	36	45	38	43	40
Comparable operating profit*	MEUR	20.2	30.6	34.9	32.8	27.8
Comparable operating profit*	%	6.2%	7.5%	9.6%	9.4%	6.9%

Hiab		**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
Orders received	MEUR	425	417	274	223	296
Order book	MEUR	642	503	386	373	396
Sales	MEUR	287	295	254	243	302
Service sales	MEUR	85	83	80	72	84
Comparable operating profit*	MEUR	38.8	41.7	31.5	24.9	30.7
Comparable operating profit*	%	13.5%	14.1%	12.4%	10.3%	10.2%

MacGregor		**Q1/21**	**Q4/20**	**Q3/20**	**Q2/20**	**Q1/20**
Orders received	MEUR	161	100	139	120	151
Order book	MEUR	524	480	532	565	591
Sales	MEUR	119	168	158	163	153
Service sales	MEUR	57	61	58	61	70
Comparable operating profit*	MEUR	3.3	5.7	4.0	-0.7	-2.4
Comparable operating profit*	%	2.8%	3.4%	2.5%	-0.4%	-1.6%

*Cargotec changed the definition of the alternative performance measure comparable operating profit starting from 1 January 2021 to align it with the definition used in the merger prospectus. In addition to the items significantly affecting comparability, the restated comparable operating profit will also exclude the impacts of the purchase price allocation. 2020 comparison figures have been restated according to the new definition. As a result, the comparable operating profit increased by EUR 6 million in the first quarter of 2020 and EUR 23 million in the financial year 2020. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.