Cargotec's half year financial report January–June 2021

RECORD-HIGH ORDERS

CARGOTEC

Cargotec’s half year financial report January–June 2021: Record-high orders

- Orders received increased by 101 percent and totalled EUR 1,276 million in the second quarter
- Service orders received increased by 27 percent in the second quarter
- Excellent quarter for Hiab
- Profitability improved
- Global logistics and supply chain challenges affected delivery times

April–June 2021 in brief: Strong order book

- Orders received increased by 101 percent and totalled EUR 1,276 (637) million.
- Order book amounted to EUR 2,606 (31 Dec 2020: 1,824) million at the end of the period.
- Sales increased by 13 percent and totalled EUR 853 (756) million.
- Service sales increased by 12 percent and totalled EUR 268 (239) million.
- Service and software sales represented 36 (37) percent of consolidated sales.
- Operating profit was EUR 45 (-20) million, representing 5.2 (-2.6) percent of sales. Operating profit includes items affecting comparability worth EUR -25 (-69) million.
- Comparable operating profit increased by 41 percent and amounted to EUR 70 (49) million, representing 8.2 (6.5) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 13 (4) million.
- Net income for the period amounted to EUR 26 (-36) million.
- Earnings per share was EUR 0.40 (-0.56).

January–June 2021 in brief: Operating profit increased

- Orders received increased by 69 percent and totalled EUR 2,392 (1,417) million.
- Order book amounted to EUR 2,606 (31 Dec 2020: 1,824) million at the end of the period.
- Sales decreased by 2 percent and totalled EUR 1,583 (1,614) million.
- Service sales increased by 5 percent and totalled EUR 523 (499) million.
- Service and software sales represented 38 (36) percent of consolidated sales.
- Operating profit was EUR 69 (7) million, representing 4.4 (0.4) percent of sales. Operating profit includes items affecting comparability worth EUR -52 (-88) million.
- Comparable operating profit increased by 28 percent and amounted to EUR 121 (95) million, representing 7.7 (5.9) percent of sales.
- Cash flow from operations before financial items and taxes totalled EUR 64 (26) million.
- Net income for the period amounted to EUR 35 (-25) million.
- Earnings per share was EUR 0.55 (-0.39).

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	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Orders received	1,276	637	> 100%	2,392	1,417	69%	3,121
Service orders received	284	224	27%	583	493	18%	987
Order book, end of period	2,606	1,822	43%	2,606	1,822	43%	1,824
Sales	853	756	13%	1,583	1,614	-2%	3,263
Service sales	268	239	12%	523	499	5%	1,005
Software sales*	37	43	-15%	73	83	-13%	166
Service and software sales, % of sales	36%	37%		38%	36%		36%
Eco portfolio sales	173	187	-7%	320	378	-15%	777
Eco portfolio sales, % of sales	20%	25%		20%	23%		24%
Operating profit	44.8	-19.5	> 100 %	69.3	7.0	> 100%	70.4
Operating profit, %	5.2%	-2.6%		4.4%	0.4%		2.2%
Comparable operating profit	69.6	49.4	41%	121.2	94.7	28%	226.7
Comparable operating profit, %	8.2%	6.5%		7.7%	5.9%		6.9%
Income before taxes	37.5	-28.1	> 100 %	55.8	-8.4	> 100%	34.5
Cash flow from operations before financing items and taxes	13.1	3.6	> 100 %	64.3	26.4	> 100%	296.4
Net income for the period	25.8	-36.5	> 100 %	35.4	-25.1	> 100%	8.1
Earnings per share, EUR	0.40	-0.56	> 100 %	0.55	-0.39	> 100%	0.13
Interest-bearing net debt, end of period	773	846	-9%	773	846	-9%	682
Gearing, %	60.0%	63.8%		60.0%	63.8%		52.4%
Interest-bearing net debt / EBITDA**	3.0	3.6		3.0	3.6		3.2
Return on capital employed (ROCE), last 12 months, %	5.3%	3.4%		5.3%	3.4%		2.8%
Personnel, end of period	11,496	12,158	-5%	11,496	12,158	-5%	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, in 2020 the comparable operating profit increased by EUR 6 million in the second quarter, EUR 12 million in January-June and EUR 23 million in the financial year. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.

Cargotec's CEO Mika Vehviläinen: Record-high orders in Hiab and Kalmar

The second quarter of 2021 was significantly different from the comparison period. The demand for our solutions was further increased by the market recovery after last year's difficult pandemic situation and the increase in economic activity that started at the end of 2020. Our main demand drivers - number of containers handled at ports globally, construction activity, and the level of new vessel contracting - were all growing strongly in early 2021.

Our orders received more than doubled, reaching an all-time record of almost EUR 1.3 billion. A strong mobile equipment demand pushed Kalmar's orders received to a record-high level of EUR 600 million. Orders for Kalmar's automation solutions remained moderate as customers continue to consider their larger investments carefully. Hiab's demand remained exceptionally strong, with orders received reaching a record number for a third consecutive quarter. MacGregor's orders received increased by 41 percent from the comparison period as shipbuilding recovered in both merchant ship and offshore sectors.

Our order book increased by 43 percent from the end of 2020, driven by high orders in Kalmar mobile equipment and Hiab. We estimate that, in addition to the strong market, high demand is due to the pent-up demand from last year as well as customers preparing for longer delivery times and price increases.

Our sales increased by 13 percent from the comparison period, although global logistics challenges and component shortages in the supply chain have extended our delivery times and limited our ability to meet the increasing demand.

The economic recovery from the pandemic is also reflected in the prices of raw materials, components and freight transportation. We are prepared to respond to the situation with price increases and active cooperation with our suppliers. Challenges in the supply chain and the related price increases mainly affected Kalmar's results. Cargotec's comparable operating profit increased by 41 percent, driven by higher comparable operating profit in Hiab. Comparable operating profit increased also in MacGregor while Kalmar's comparable operating profit was at the comparison period's level.

The impact of extended delivery times and increased costs will also be seen in the next quarter, but we expect the situation to improve towards the end of the year.

Our service business developed strongly in the second quarter with service orders received increasing by 27 percent compared to the comparison period. Service sales grew by 12 percent and, together with the software business, constituted 36 percent of our total sales.

After the reporting period, in early July, we announced that we had completed the sale of the Navis business to Accel-KKR, a Silicon Valley-based investment firm for an enterprise value of EUR 380 million. Accel-KKR has transferred EUR 350 million of the enterprise value to Cargotec and, on 1 July 2021, obtained control of Navis' business. The remaining EUR 30 million will be transferred to

Cargotec by the end of 2021. The proceeds enable further investments in acquisitions and R&D investments in the fields of electrification, digitalisation and automation.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their 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. Various competition authorities in the EU, UK, US, and China, among others, are currently reviewing the proposed transaction. In July, The European Commission and Competition and Markets Authority in the UK opened a phase II review in connection with the planned transaction. In terms of the European Commission's phase II review, we expect it to continue during H2/2021. Both Cargotec and Konecranes are confident that the approvals are received to allow completion of the transaction by the end of H1/2022. Until then, both companies will operate fully separately and independently. More information about the merger is available from the web address www.sustainablematerialflow.com.

During this spring, we have refined our strategy and during the second half of the year we will continue our determined investments in sustainable and profitable growth. Our key business driver is to reduce the carbon footprint of the logistics industry. We have continued our product development investments and, during the end of this year, Kalmar's entire portfolio becomes available as electrically powered versions.

Reporting segments' key figures

Orders received

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Kalmar	600	293	> 100%	1,129	627	80%	1,401
Hiab	508	223	> 100%	933	519	80%	1,210
MacGregor	169	120	41%	331	271	22%	511
Internal orders	0	0		0	0		-1
Total	**1,276**	**637**	**> 100%**	**2,392**	**1,417**	**69%**	**3,121**

Order book

MEUR	30 Jun 2021	31 Dec 2020	Change
Kalmar	1,258	842	49%
Hiab	831	503	65%
MacGregor	517	480	8%
Internal order book	0	0	
Total	**2,606**	**1,824**	**43%**

Sales

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Kalmar	382	350	9%	705	754	-7%	1,529
Hiab	316	243	30%	603	544	11%	1,094
MacGregor	156	163	-4%	275	315	-13%	642
Internal sales	0	0		0	0		-1
Total	**853**	**756**	**13%**	**1,583**	**1,614**	**-2%**	**3,263**

Operating profit

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Kalmar	28.2	-13.1	> 100%	46.1	11.0	> 100%	61.8
Hiab	40.0	18.0	> 100%	73.2	46.4	58%	97.3
MacGregor	-1.0	-26.8	96%	-8.9	-34.9	74%	-48.2
Corporate administration and support functions	-22.5	2.4	< -100%	-41.1	-15.5	< -100%	-40.7
Total	**44.8**	**-19.5**	**> 100%**	**69.3**	**7.0**	**> 100%**	**70.4**

Comparable operating profit

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Kalmar	33.4	32.8	2%	53.6	60.7	-12%	126.1
Hiab	45.4	24.9	82%	84.1	55.6	51%	128.8
MacGregor	3.1	-0.7	> 100%	6.4	-3.1	> 100%	6.6
Corporate administration and support functions	-12.3	-7.7	-59%	-22.9	-18.5	-24%	-34.9
Total	**69.6**	**49.4**	**41%**	**121.2**	**94.7**	**28%**	**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 2:15 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 1:45 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 272823 by calling to one of the following numbers:

Denmark +45 35 15 80 48

Finland +358 (0)9 7479 0360

Germany +49 (0)69 2222 13426

Norway +47 2350 0322

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/2021-07-28-q2-cargotec. 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:
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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–June 2021 half year financial report

The half year 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

The recovery from pandemic-related uncertainty that began in the second half of 2020 continued in the second quarter of 2021. Compared to the first quarter, the rapid recovery from the pandemic has also been more evident in the prices and availability of raw materials, product components, and freight, which has prolonged delivery times and limited our ability to respond to the increasing demand. The impact of the extended delivery times and increased costs will also be seen in the next quarter, but we expect the situation to improve towards the end of the year. In addition to strong macroeconomic development, we estimate that the extended delivery times and our announced price increases have led our customers to order our solutions in a front-loaded manner.

According to the International Monetary Fund's (IMF) world economic outlook published in July 2021, the global economy is projected to grow 6 percent in 2021, and 4.9 percent in 2022. 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 5.6 percent growth in 2021 and 4.4 percent growth in 2022.[2]

Kalmar's demand driver, the number of containers handled at ports globally, is estimated to increase by 10.1 percent in 2021 compared to the previous year. During the first half of 2021 it is forecasted to have increased by 13.3 percent.[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 increased by about 11 percent in Europe and about 6 percent in the US during the first half of the year. In 2021, Oxford Economics estimates construction activity to increase by approximately 8t percent in Europe and about 5 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 half of the year to 746 (228)[5], exceeding the whole of last year's order amount but remaining still below the historical average. In 2021, merchant ship contracting is expected to increase to 1,065 (735), although in the first half of the year, container vessels in particular have been ordered more than indicated in the March forecast. In the offshore sector, the amount of new vessel contracting is still expected to remain at a low level due to the overcapacity of offshore supply vessels and drilling rigs, for example. Contracting

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

[3] Drewry Container Forecaster, June 2021

[4] Oxford Economics, Construction, June 2021

[5] Clarkson, June 2021

for wind turbine installations and service vessels is expected to continue to grow rapidly[6]. The demand for services increased from the comparison period.

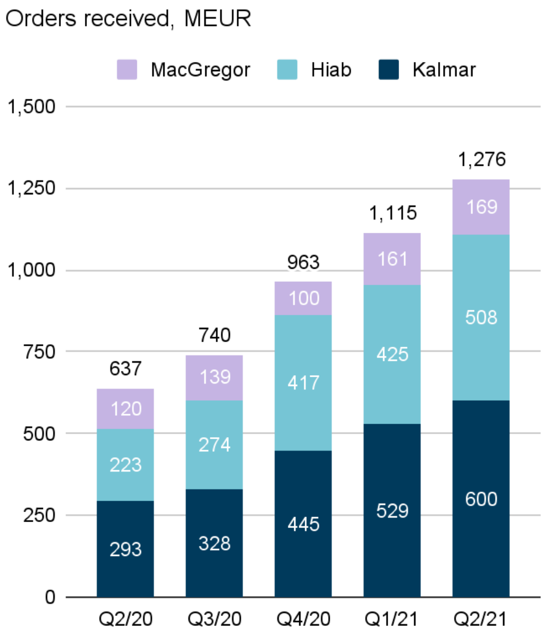
[6] Clarkson, March 2021

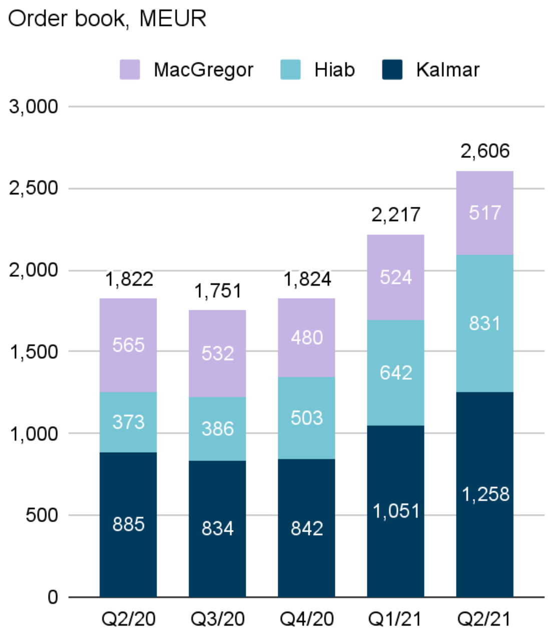
Financial performance

Orders received and order book

Orders received and order book

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Orders received	1,276	637	> 100%	2,392	1,417	69%	3,121
Service orders received	284	224	27%	583	493	18%	987
Order book, end of period	2,606	1,822	43%	2,606	1,822	43%	1,824





In the second quarter of 2021, orders received increased by 101 percent from the comparison period and totalled EUR 1,276 (637) million. Orders received increased in all business areas. Service orders received increased by 27 percent and totalled EUR 284 (224) million.

Orders received increased during January–June by 69 percent from the comparison period and totalled EUR 2,392 (1,417) million. Orders received increased in all business areas. Service orders received increased by 18 percent and totalled EUR 583 (493) million.

The order book increased by 43 percent from the end of 2020, and at the end of the second quarter it totalled EUR 2,606 (31 Dec 2020: 1,824) million. Kalmar's order book totalled EUR 1,258 (842) million, representing 48 (46) percent, Hiab's EUR 831 (503) million or 32 (28) percent and MacGregor's EUR 517 (480) million or 20 (26) percent of the consolidated order book.

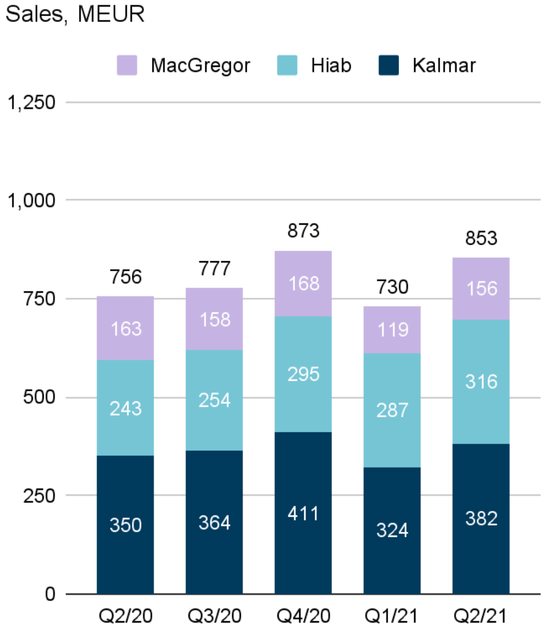
In geographical terms, the share of orders received in the second quarter was 48 (52) percent in EMEA and 37 (27) percent in Americas. Asia-Pacific's share of orders received was 15 (21) percent.

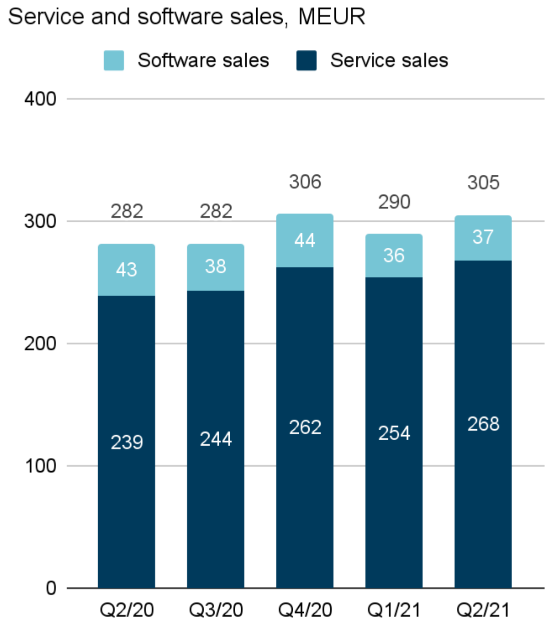
In January–June, the share of orders received was 48 (54) percent in EMEA and 34 (26) percent in the Americas. Asia-Pacific's share of orders received was 18 (20) percent.

Sales

Sales

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Sales	853	756	13%	1,583	1,614	-2%	3,263
Service sales	268	239	12%	523	499	5%	1,005
Software sales	37	43	-15%	73	83	-13%	166





In the second quarter of 2021, sales increased from the comparison period by 13 percent and amounted to EUR 853 (756) million. Sales increased in Kalmar and in Hiab and declined in MacGregor. Service sales increased by 12 percent from the comparison period and totalled EUR 268 (239) million, representing 31 (32) percent of consolidated sales. Software sales decreased by 15 percent and amounted to EUR 37 (43) million. In total, service and software sales amounted to EUR 305 (282) million, representing 36 (37) percent of consolidated sales.

January–June sales declined by 2 percent from the comparison period to EUR 1,583 (1,614) million. Kalmar's and MacGregor's sales declined whereas Hiab's sales increased. Service sales increased by 5 percent from the comparison period and totalled EUR 523 (499) million, representing 33 (31) percent of consolidated sales. Software sales decreased by 13 percent and amounted to EUR 73 (83) million. Service and software sales amounted to EUR 595 (583) million, representing 38 (36) percent of consolidated sales.

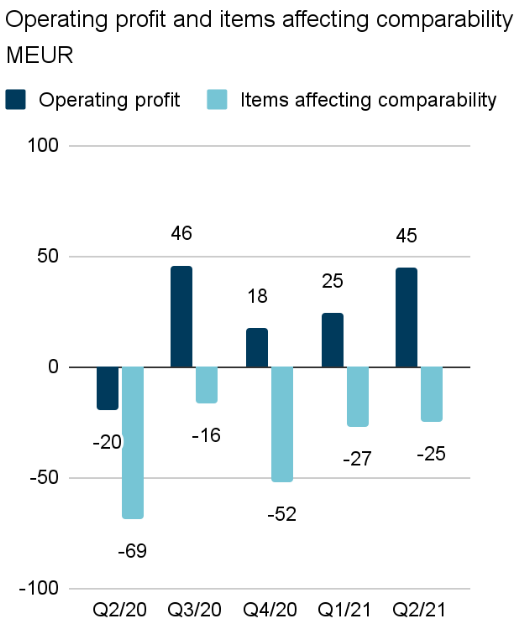
In geographical terms in the second quarter of 2021, sales increased in EMEA and Americas and decreased in Asia-Pacific. EMEA's share of consolidated sales was 50 (47) percent, Americas' 32 (31) percent and Asia-Pacific's 18 (22) percent.

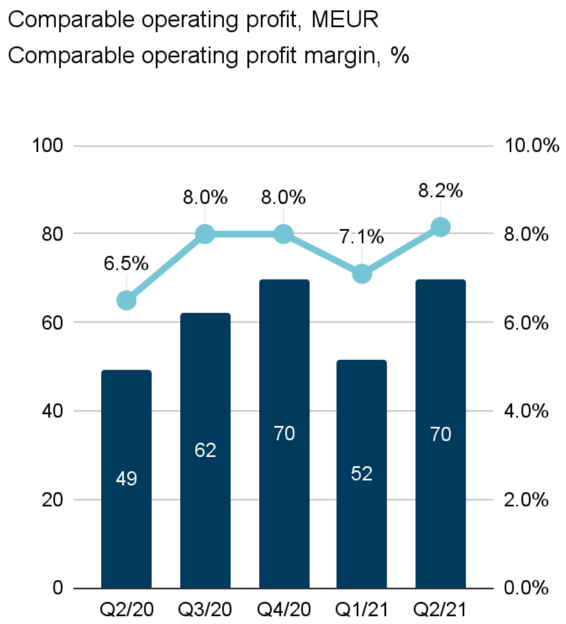
January–June EMEA's share of consolidated sales was 51 (49) percent, Americas' 31 (32) percent and Asia-Pacific's 18 (19) percent.

Financial result

Operating profit and comparable operating profit

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Operating profit	44.8	-19.5	> 100%	69.3	7.0	> 100%	70.4
Operating profit, %	5.2%	-2.6%		4.4%	0.4%		2.2%
Comparable operating profit	69.6	49.4	41%	121.2	94.7	28%	226.7
Comparable operating profit, %	8.2%	6.5%		7.7%	5.9%		6.9%





Operating profit for the second quarter totalled EUR 45 (-20) million. The operating profit includes items affecting comparability worth EUR -25 (-69) million. EUR -5 (-46) million of the items were related to Kalmar, EUR -5 (-7) million to Hiab, EUR -4 (-26) million to MacGregor and EUR -10 (10) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -10 (-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.

January-June operating profit totalled EUR 69 (7) million. The operating profit includes items affecting comparability worth EUR -52 (-88) million. EUR -7 (-50) million of the items were related to Kalmar, EUR -11 (-9) million to Hiab, EUR -15 (-32) million to MacGregor and EUR -18 (3) million to corporate administration and support functions. Of the corporate administration and support functions items affecting comparability, EUR -17 (-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 second quarter increased by 41 percent and totalled EUR 70

(49) million, representing 8.2 (6.5) percent of sales. Comparable operating profit increased especially due to higher comparable operating profit in Hiab.

January–June comparable operating profit increased by 28 percent and totalled EUR 121 (95) million, representing 7.7 (5.9) percent of sales.

Net financing expenses and net income

Net interest expenses for interest-bearing debt and assets for the second quarter totalled EUR 5 (5) million. Net financing expenses totalled EUR 7 (9) million. January–June net interest expenses for interest-bearing debt and assets totalled EUR 11 (11) million. Net financing expenses totalled EUR 13 (15) million.

Net income for the second quarter totalled EUR 26 (-36) million, and earnings per share was EUR 0.40 (-0.56). January–June net income totalled EUR 35 (-25) million, and earnings per share EUR 0.55 (-0.39).

Balance sheet, cash flow and financing

The consolidated balance sheet total was EUR 3,950 (31 Dec 2020: 3,888) million at the end of the second quarter. Equity attributable to the equity holders of the parent was EUR 1,285 (1,299) million, representing EUR 19.92 (20.14) per share. Property, plant and equipment on the balance sheet amounted to EUR 419 (430) million and intangible assets to EUR 1,131 (1,158) million.

Return on equity (ROE, last 12 months) was 5.3 (31 Dec 2020: 0.6) percent at the end of the second quarter, and return on capital employed (ROCE, last 12 months) was 5.3 (2.8) percent. 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 64 (26) million during January–June. Improved profitability supported the cash flow.

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 697 million on 30 June 2021 (31 Dec 2020: 785). The company liquidity requirement – repayments of interest-bearing liabilities due within the following 12 months – totalled EUR 303 (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 104 (116) million.

Cargotec refinanced its MEUR 200 bilateral loans in May–June 2021. An EUR 50 million loan maturing in 2021 was extended until 2024 while another EUR 50 million loan was extended from 2021 until 2026. In addition, an EUR 100 million loan maturing in 2022 was extended to 2024. Further, as a result of a good liquidity situation, Cargotec decided to pay its EUR 100 million bilateral loan maturing in 2022 already in July 2021.

During the quarter, as part of the aforementioned refinancing, Cargotec signed its first ever sustainability-linked loan with the amount of EUR 50 million. More information about the loan is available on the Sustainability section.

Interest-bearing debt amounted to EUR 1,186 (31 Dec 2020: 1,191) million, of which EUR 173 (174) million is in lease liabilities. Of the interest-bearing debt, EUR 303 (158) million was current and EUR 884 (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 413 (509) million. Interest-bearing net debt totalled EUR 773 (682) million.

At the end of the second quarter, 64 (31 Dec 2020: 64) percent of Cargotec's loan portfolio were bonds and Schuldschein loans, 35 (36) percent bilateral bank loans, and 1 (0) percent commercial papers and drawn bank overdrafts.

At the end of the second quarter, Cargotec's equity to assets ratio was 34.6 (31 Dec 2020: 35.3) percent. Gearing was 60.0 (52.4) percent.

Corporate topics

Research and development

Research and product development expenditure in January–June totalled EUR 56 (55) million, representing 3.5 (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. During the second quarter, research and development efforts were focused for example on the following:

Kalmar

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

In May, Kalmar introduced two service solutions for manual and automated container terminals: Kalmar Modernisation Services and Kalmar Remote Services.

Kalmar Modernisation Services comprises equipment inspections, repairs and refurbishments, modernisations as well as digitalisation and automation services for shuttle and straddle carriers, automatic stacking cranes (ASCs), rubber-tyred gantry cranes (RTGs), rail-mounted gantry cranes (RMGs) and ship-to-shore cranes (STSs) that aim to maximise the performance of the customers' fleets.

Kalmar Remote Services include three new expert services for both manual and automated terminals. Kalmar Maintenance Remote Support is data-based service targeted for the maintenance departments of container terminals. Kalmar Automation and Software Monitoring and Kalmar Remote Automation Engineer are extensions of the Kalmar Software Maintenance and Support (M&S) agreement available for automation customers, providing expertise always on hand for customers no matter where they are in the world.

In June, Kalmar introduced a new generation of Kalmar Rubber-tyred Gantry Cranes (RTGs). The offering covers five models, with a stronger, lighter and simpler modular design and intelligent features to provide customers with a productive and eco-efficient container handling solution.

In June, Kalmar also implemented a new stand-alone 5G network for its Technology and Competence Centre in Tampere, Finland, together with Telia and Telia's partners Digita and Nokia. With the network, Kalmar can develop new integrated solutions for the product development of communication and cargo handling technologies.

Hiab

In May, Hiab launched tail lift brand ZEPRO's next generation heavy-duty slider lifts for heavy goods vehicles and trailers.

The robust, low-maintenance lifts are designed to maximise uptime and lift life. The new slider lifts are also connectivity-enabled for Hiab's HiConnect™ service.

MacGregor

The MacGregor next generation electric crane has been developed to support modern, sustainable cargo handling, providing control accuracy and a silent operating environment. The new design is based on MacGregor's long and extensive experience and knowledge of Variable Frequency Drive (VFD) electric cranes.

The next generation drive is available for all merchant cranes in the MacGregor portfolio. In addition, all of the electric cranes are ready to be connected to the OnWatch Scout condition-based monitoring and predictive maintenance service.

The MacGregor How2 App is under development and will enable personnel onboard vessels to perform extensive maintenance tasks. The application compiles relevant step-by-step instructions, animated AR visualisations, and 2D and 3D CAD models into a single, easy to understand user platform. This enables increased maintenance efficiency, automated generation of service reports, easier ordering of spare parts and improves worker safety, benefitting both MacGregor customers and service engineers working onboard.

Capital expenditure

Capital expenditure, excluding acquisitions and customer financing, totalled EUR 29 (23) million in January–June. Investments in customer financing were EUR 8 (13) million. Depreciation, amortisation and impairment amounted to EUR 59 (75) million. The amount includes impairments worth EUR 2 (11) 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. After the reporting period, on 2 July 2021, Cargotec announced that it had completed the sale of the Navis business. Cargotec estimates that the transaction will have approximately EUR 240 million positive impact on its operating profit in 2021. As of 1 July 2021, Navis results are no longer consolidated into Cargotec financials.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their 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. Various competition authorities in the EU, UK, US, and China, among others, are currently reviewing the proposed transaction. After the reporting period in July, The European Commission opened a phase II review in connection with the planned transaction. Cargotec and Konecranes expect that the Phase II review will continue during H2/2021. The companies are confident that the approvals are received to allow completion of the transaction by the end of H1/2022. Until completion, both companies will operate fully separately and independently. More information about the merger is available from the web address www.sustainablematerialflow.com.

Cargotec and Konecranes update the total cost estimate in connection with the merger to approximately EUR 70 million. The original estimate presented in the prospectus published on 3 December, 2020 was approximately EUR 50 million. The costs consist mostly of expenses related to financial reporting, legal matters and advisory services (excluding the estimated transaction costs of the refinancing and integration planning). A considerable part of the total costs and the cost estimate increase are related to the processes for applying for the necessary merger control approvals for the merger.

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

Operational restructurings

Restructuring costs in the second quarter amounted to EUR 7 (72) million and to EUR 16 (79) million in January–June. 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.

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

Personnel

Cargotec employed 11,496 (31 Dec 2020: 11,552) people at the end of the second quarter. The average number of employees in the second quarter was 11,472 (1–12/2020: 12,066).

Strategy and vision

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.

Sustainability

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 by 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 to comply with the 1.5 degree ambition.

Cargotec's eco portfolio consists of products and services that enhance customers' sustainability with tangible environmental benefits. In the second quarter, the eco portfolio sales decreased by 7 percent from the comparison period and totaled EUR 173 (187) million, representing 20 (25) 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 second quarter, as part of refinancing its loans, Cargotec signed its first ever sustainability-linked loan with the amount of EUR 50 million, maturing in 2026. In a sustainability-linked loan, the interest margin increases or decreases based on a progress against agreed sustainability performance indicators. With this loan, the sustainability performance indicators are industrial injury frequency rate (IIFR, number of injuries per million hours worked) and share of renewable electricity in our own operations. The loan matures in 2026.

Cargotec's safety performance during the second quarter of 2021 was similar to previous quarters and remained stable. Our rolling 12 months industrial injury frequency rate (IIFR), has improved to 5.5 (5.8). The IIFR in Cargotec's assembly sites has slightly risen to 5.7 (4.9), while it was 5.3 (6.4) in our non-assembly operations. The target for 2021 is to have an IIFR rate <5 in all of our operations.

Leadership Team

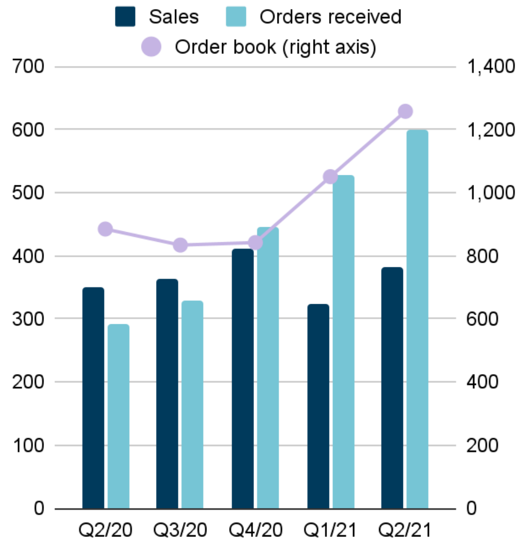
On 30 June 2021, Cargotec's Leadership Team consisted of Mika Vehviläinen, CEO; Mikko Puolakka, Executive Vice President, CFO; Mikko Pelkonen, Senior Vice President, Human Resources; Mikael Laine, Senior Vice President, Strategy; Soili Mäkinen, CIO; Outi Aaltonen, General Counsel; Carina Geber-Teir, 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

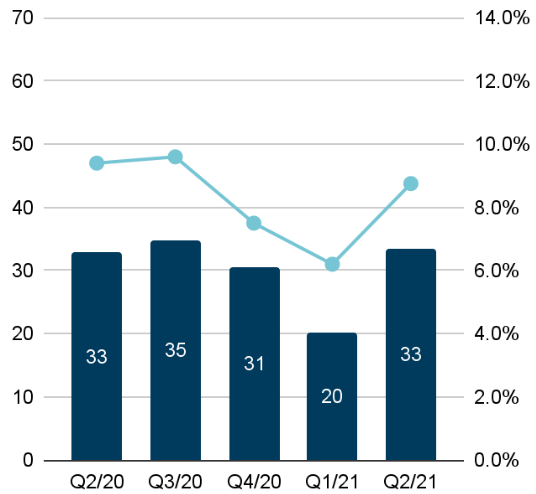
Kalmar

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Orders received	600	293	> 100%	1,129	627	80%	1,401
Order book, end of period	1,258	885	42%	1,258	885	42%	842
Sales	382	350	9%	705	754	-7%	1,529
Service sales	111	106	5%	223	213	5%	437
% of sales	29%	30%		32%	28%		29%
Software sales	37	43	-15%	73	83	-13%	166
% of sales	10%	12%		10%	11%		11%
Operating profit	28.2	-13.1	> 100%	46.1	11.0	> 100%	61.8
% of sales	7.4%	-3.7%		6.5%	1.5%		4.0%
Comparable operating profit	33.4	32.8	2%	53.6	60.7	-12%	126.1
% of sales	8.8%	9.4%		7.6%	8.0%		8.2%
Personnel, end of period	5,491	5,647	-3%	5,491	5,647	-3%	5,526

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



In the second quarter, orders received by Kalmar increased by 105 percent from the comparison period and totalled EUR 600 (293) million. Demand increased in particular in terminal tractors and other mobile equipment. Orders received increased in all geographical areas.

Major orders received by Kalmar in the second quarter included:

- Two Kalmar Gloria reachstackers and three Kalmar diesel-electric straddle carriers for Tropical Shipping in the United States,
- 26 Kalmar Ottawa T2 terminal tractors for SAAM Group in San Antonio Terminal Internacional in Chile,
- Five Kalmar T2i terminal tractors for Servicios Portuarios Puerto De Algeciras in Spain, and
- Five Kalmar Gloria reachstackers for Bandeirantes Deicmar Logística Integrada in Brazil.

Kalmar's orders received in January–June increased by 80 percent and totalled EUR 1,129 (627) million.

Kalmar's order book increased by 49 percent from the end of 2020, and at the end of the second quarter it totalled EUR 1,258 (31 Dec 2020: 842) million.

Kalmar's second quarter sales increased by 9 percent from the comparison period and totalled EUR 382 (350) million. Service sales increased by 5 percent and totalled EUR 111 (106) million, representing 29 (30) percent of sales. Software sales decreased by 15 percent and amounted to EUR 37 (43) million.

January–June sales decreased by 7 percent and totalled EUR 705 (754) million. Service sales increased by 5 percent and totalled EUR 223 (213) million, representing 32 (28) percent of sales. Software sales decreased by 13 percent and amounted to EUR 73 (83) million.

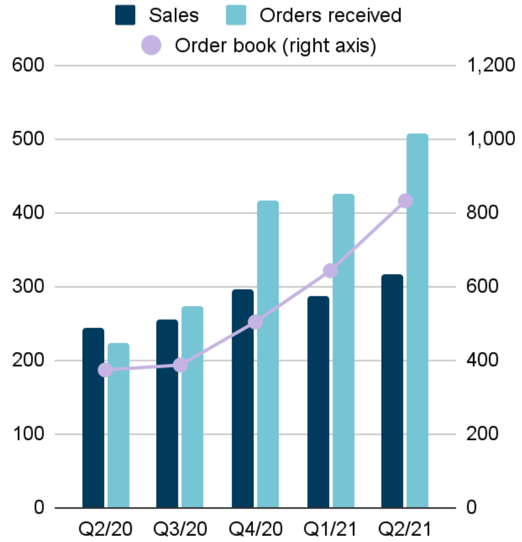
Kalmar's second quarter operating profit totalled EUR 28 (-13) million. The operating profit includes EUR -5 (-46) million in items affecting comparability. During the comparison period, the result was burdened by the supply chain restructuring in China. The comparable operating profit amounted to EUR 33 (33) million, representing 8.8 (9.4) percent of sales. Kalmar's comparable operating profit percentage of sales decreased due to Navis's lower second quarter result stemming from a decrease in its sales, additional costs stemming from supply chain challenges, increased freight and component costs, and accelerated R&D investments.

Kalmar's January–June operating profit totalled EUR 46 (11) million. Operating profit includes EUR -7 (-50) million in items affecting comparability. Comparable operating profit amounted to EUR 54 (61) million, representing 7.6 (8.0) percent of sales.

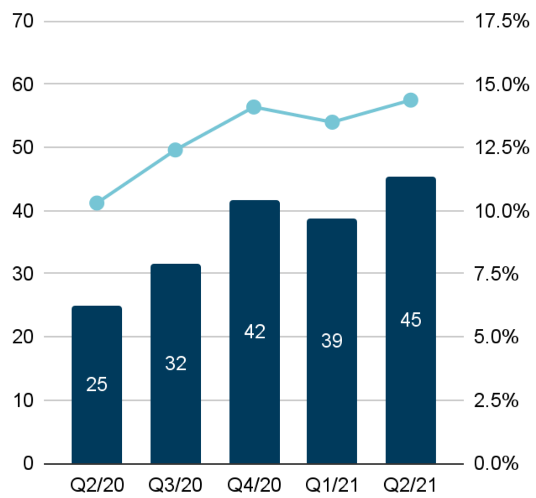
Hiab

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Orders received	508	223	> 100%	933	519	80%	1,210
Order book, end of period	831	373	> 100%	831	373	> 100%	503
Sales	316	243	30%	603	544	11%	1,094
Service sales	90	72	25%	175	156	12%	318
% of sales	29%	30%		29%	29%		29%
Operating profit	40.0	18.0	> 100%	73.2	46.4	58%	97.3
% of sales	12.7%	7.4%		12.1%	8.5%		8.9%
Comparable operating profit	45.4	24.9	82%	84.1	55.6	51%	128.8
% of sales	14.4%	10.3%		14.0%	10.2%		11.8%
Personnel, end of period	3,308	3,774	-12%	3,308	3,774	-12%	3,390

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



Hiab's orders received for the second quarter increased by 127 percent from the comparison period and totalled EUR 508 (223) million. Orders received increased in all product categories and geographical areas.

Major orders received by Hiab in the second quarter included:

- MOFFETT M8 55 NX truck mounted forklifts worth EUR 14.5 million for one of the leading home improvement companies in the US,
- 39 MULTILIFT hooklifts and skiploaders and installations worth around EUR 1.5 million for KNETTENBRECH+GURDULIC, one of Germany's leading waste and recycling companies, and
- 150 HIAB loader cranes and installations ordered by builder merchant Chausson Matériaux in France.

Hiab’s orders received in January–June increased by 80 percent and totalled EUR 933 (519) million.

Hiab’s order book increased by 65 percent from the end of 2020, totalling EUR 831 (31 Dec 2020: 503) million at the end of the second quarter.

Hiab’s second quarter sales increased by 30 percent and totalled EUR 316 (243) million. Service sales increased by 25 percent and amounted to EUR 90 (72) million, representing 29 (30) percent of sales. In January–June, Hiab’s sales increased by 11 percent and totalled EUR 603 (544) million. Service sales increased by 12 percent and totalled EUR 175 (156) million, representing 29 (29) percent of sales.

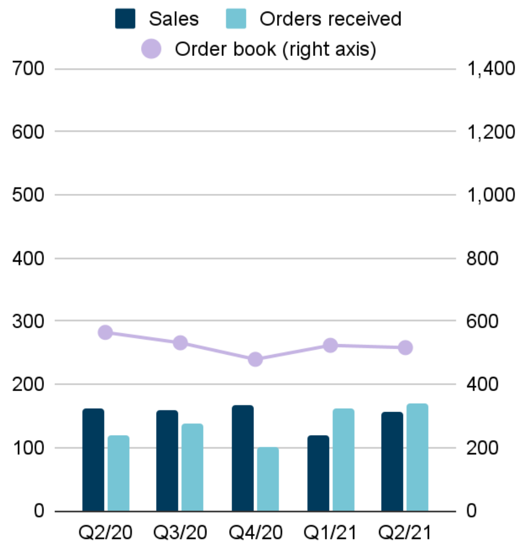
Hiab’s second quarter operating profit increased from the comparison period by 123 percent and totalled EUR 40 (18) million. The operating profit includes EUR -5 (-7) million in items affecting comparability. The comparable operating profit amounted to EUR 45 (25) million, representing 14.4 (10.3) percent of sales. Hiab’s comparable operating profit increased due to higher sales.

Hiab’s January–June operating profit totalled EUR 73 (46) million. Operating profit includes EUR -11 (-9) million in items affecting comparability. Comparable operating profit amounted to EUR 84 (56) million, representing 14.0 (10.2) percent of sales.

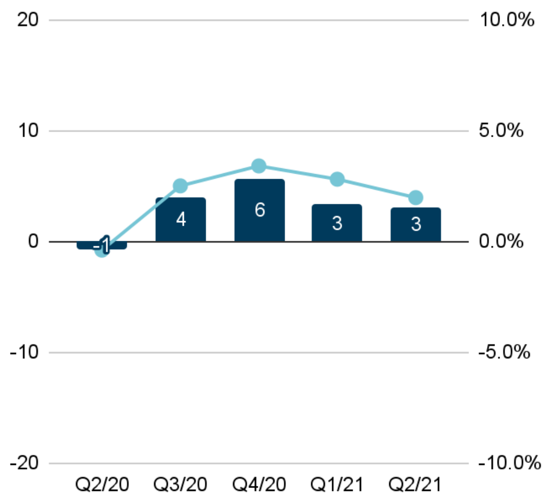
MacGregor

MEUR	Q2/21	Q2/20	Change	Q1-Q2/21	Q1-Q2/20	Change	2020
Orders received	169	120	41%	331	271	22%	511
Order book, end of period	517	565	-9%	517	565	-9%	480
Sales	156	163	-4%	275	315	-13%	642
Service sales	67	61	10%	125	131	-5%	250
% of sales	43%	38%		45%	42%		39%
Operating profit	-1.0	-26.8	96%	-8.9	-34.9	74%	-48.2
% of sales	-0.6%	-16.5%		-3.2%	-11.1%		-7.5%
Comparable operating profit	3.1	-0.7	> 100%	6.4	-3.1	> 100%	6.6
% of sales	2.0%	-0.4%		2.3%	-1.0%		1.0%
Personnel, end of period	1,927	2,143	-10%	1,927	2,143	-10%	1,987

Sales, orders received and order book
MEUR



Comparable operating profit, MEUR
Comparable operating profit margin, %



MacGregor’s orders received in the second quarter increased by 41 percent from the comparison period to EUR 169 (120) million. Orders received increased in EMEA and Asia-Pacific and decreased in Americas. Of the orders, around two-thirds were related to merchant ships and one-third to the offshore sector.

MacGregor’s major orders received in the second quarter included:

- Two identical equipment package orders consisting of one electrical gangway system, one 3D compensated Colibri crane and a remote control station for two Commissioning Service Operation Vessels (CSOV) from Edda Wind, the offshore wind business of the Østensjø Group, and
- A double offloading package to the Floating Production, Storage, and Offloading (FPSO) vessel from SBM Offshore.

MacGregor’s orders received in January–June increased by 22 percent and totalled EUR 331 (271) million.

MacGregor’s order book increased by 8 percent from the end of 2020, totalling EUR 517 (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 second quarter sales decreased by 4 percent from the comparison period to EUR 156 (163) million. Service sales increased by 10 percent and totalled EUR 67 (61) million, representing 43 (38) percent of sales. January–June sales decreased by 13 percent and totalled EUR 275 (315) million. Service sales decreased by 5 percent and totalled EUR 125 (131) million, representing 45 (42) percent of sales.

MacGregor’s operating profit for the second quarter totalled EUR -1 (-27) million. Operating profit includes EUR -4 (-26) million in items affecting comparability. The comparable operating profit totalled EUR 3 (-1) million, representing 2.0 (-0.4) percent of sales. The service business's share of sales increased which, together with cost savings actions, supported MacGregor's comparable operating profit improvement. Savings target for 2021 is EUR 13 million, of which 3 million was achieved during the second quarter. The achieved savings in January–June 2021 amounted to around EUR 6 million.

MacGregor’s January–June operating profit totalled EUR -9 (-35) million. Operating profit includes EUR -15 (-32) million in items affecting comparability. Comparable operating profit amounted to EUR 6 (-3) million, representing 2.3 (-1.0) percent of sales.

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 June. 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. Cargotec purchased the shares at the market price on 25–26 February 2021 at public trading on Nasdaq Helsinki Ltd.. 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 June 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 June, 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 June 2021, the total market value of class B shares was EUR 2,396 (1,135) 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 2,810 (1,336) million, excluding own shares held by the company.

The class B share closed at EUR 43.60 (20.66) on the last trading day of June on Nasdaq Helsinki. The volume-weighted average share price in June was EUR 43.68 (21.80), the highest quotation being EUR 51.65 (35.50) and the lowest EUR 33.60 (15.15). During the period, a total of 17 (32) million class B shares were traded on Nasdaq Helsinki, corresponding to a turnover of EUR 735 (709) million. In addition, according to Fidessa, a total of 24 (30) million class B shares were traded in several alternative marketplaces, such as Cboe BXE and Cboe APA, corresponding to a turnover of EUR 1,074 (690) 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. Changes in the global economy and supply chains, political uncertainty and trade wars could have an impact on global flow of goods and therefore on the demand of Cargotec’s solutions.

The covid-19 pandemic can still have direct and indirect impacts on Cargotec’s business. Safety measures and travel restrictions in accordance with government regulations may continue to limit Cargotec's business prerequisites, as well as selling, operating and delivering Cargotec's solutions. Ensuring a safe working environment for Cargotec personnel may still be challenging and limit the operating conditions of service personnel, for example.

The ongoing strong economic recovery has pushed up the prices for transportation, components and materials, 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, weaken cash flow, cause delays to deliveries, and create additional costs. Furthermore, announced stimulus programmes can turn interest rates and inflation upwards. Due to the size of the stimulus programmes, price and inflationary effects may be significant in the future. Despite the active measures taken, the availability of skilled personnel can also pose challenges to Cargotec and its suppliers.

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 still involves uncertainties, even though demand in the merchant ship market has picked up during the recent months. 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.

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

In a changing 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.

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 1 July 2021, Cargotec completed the sale of its Navis business to the US technology investment firm Accel-KKR for an enterprise value of EUR 380 million. Accel-KKR has transferred EUR 350 million of the enterprise value to Cargotec and obtained control of Navis' business on 1 July 2021. The remaining EUR 30 million of the enterprise value will be transferred to Cargotec by the end of 2021. The transition of Navis operations and employees to Accel-KKR takes place in phases before the end of 2021, subject to local legal requirements.

Cargotec estimates that the transaction will have approximately EUR 240 million positive impact on its operating profit in 2021. On its 26 March 2021 release, Cargotec estimated the positive impact to be EUR 230 million. The gain will be reported as an item affecting comparability and it does not impact Cargotec's outlook for 2021 published on 28 April 2021 in conjunction with the company's interim report January–March 2021.

As of 1 July 2021, Navis results are no longer consolidated into Cargotec financials.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their 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. Various competition authorities in the EU, UK, US, and China, among others, are currently reviewing the proposed transaction. After the reporting period in July, The European Commission opened a phase II review in connection with the planned transaction. Cargotec and Konecranes expect that the Phase II review will continue during H2/2021. The companies are confident that the approvals are received to allow completion of the transaction by the end of H1/2022. Until completion, both companies will operate fully separately and independently. More information about the merger is available from the web address www.sustainablematerialflow.com.

Cargotec and Konecranes update the total cost estimate in connection with the merger to approximately EUR 70 million. The original estimate presented in the prospectus published on 3 December, 2020 was approximately EUR 50 million. The costs consist mostly of expenses related to financial reporting, legal matters and advisory services (excluding the estimated transaction costs of the refinancing and integration planning). A considerable part of the total costs and the cost estimate increase are related to the processes for applying for the necessary merger control approvals for the merger.

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[7] million).

Financial calendar 2021

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

Helsinki, 28 July 2021
Cargotec Corporation
Board of Directors

This half year financial 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.

[7] 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	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Sales	5	**853.2**	**755.8**	**1,582.8**	**1,614.0**	**3,263.4**
Cost of goods sold		-648.5	-592.9	-1,197.0	-1,261.1	-2,535.5
Gross profit		**204.7**	**162.9**	**385.7**	**353.0**	**727.9**
Gross profit, %		*24.0 %*	*21.6 %*	*24.4 %*	*21.9 %*	*22.3 %*
Other operating income		12.8	15.9	29.7	26.4	48.0
Selling and marketing expenses		-49.2	-46.2	-95.8	-103.4	-199.5
Research and development expenses		-29.8	-26.8	-57.4	-56.4	-107.9
Administration expenses		-67.1	-52.2	-132.7	-119.4	-236.7
Restructuring costs	7	-6.7	-72.1	-16.4	-78.5	-131.0
Other operating expenses		-22.0	-3.9	-47.5	-17.1	-35.7
Costs and expenses		-162.1	-185.3	-320.1	-348.5	-662.9
Share of associated companies' and joint ventures' net income		2.2	2.9	3.6	2.4	5.3
Operating profit		**44.8**	**-19.5**	**69.3**	**7.0**	**70.4**
Operating profit, %		*5.2 %*	*-2.6 %*	*4.4 %*	*0.4 %*	*2.2 %*
Financing income		0.4	-0.6	1.2	2.2	2.8
Financing expenses		-7.7	-8.0	-14.7	-17.5	-38.7
Income before taxes		**37.5**	**-28.1**	**55.8**	**-8.4**	**34.5**
Income before taxes, %		*4.4 %*	*-3.7 %*	*3.5 %*	*-0.5 %*	*1.1 %*
Income taxes	9	-11.7	-8.4	-20.4	-16.8	-26.4
Net income for the period		**25.8**	**-36.5**	**35.4**	**-25.1**	**8.1**
Net income for the period, %		*3.0 %*	*-4.8 %*	*2.2 %*	*-1.6 %*	*0.2 %*

Net income for the period attributable to:

Equity holders of the parent		25.7	-36.3	35.4	-25.0	8.1
Non-controlling interest		0.1	-0.1	0.1	-0.2	-0.1
Total		**25.8**	**-36.5**	**35.4**	**-25.1**	**8.1**

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

Earnings per share, EUR		0.40	-0.56	0.55	-0.39	0.13
Diluted earnings per share, EUR		0.40	-0.56	0.55	-0.39	0.13

The notes are an integral part of the half year financial report.

Consolidated statement of comprehensive income

MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Net income for the period	**25.8**	**-36.5**	**35.4**	**-25.1**	**8.1**
Other comprehensive income					
Items that cannot be reclassified to statement of income:					
Actuarial gains (+) / losses (-) from defined benefit plans	-0.5	-1.9	-0.3	0.3	-1.2
Gains (+) / losses (-) on designated share investments measured at fair value	0.6	-2.0	-4.1	-2.0	5.5
Taxes relating to items that cannot be reclassified to statement of income	0.1	0.4	0.1	-0.1	0.3
Items that can be reclassified to statement of income:					
Gains (+) / losses (-) on cash flow hedges	6.5	25.1	-10.0	6.8	35.2
Gains (+) / losses (-) on cash flow hedges transferred to statement of income	-2.2	-17.8	6.2	-5.5	-19.9
Translation differences	-0.1	7.0	29.8	-37.3	-77.9
Taxes relating to items that can be reclassified to statement of income	-0.9	-0.5	0.9	-1.0	-1.8
Share of other comprehensive income of associates and JV, net of tax	-	-	-	-	-
Other comprehensive income, net of tax	**2.2**	**10.3**	**21.0**	**-38.7**	**-59.8**
Comprehensive income for the period	**28.1**	**-26.2**	**56.4**	**-63.8**	**-51.8**
Comprehensive income for the period attributable to:					
Equity holders of the parent	28.0	-26.1	56.3	-63.5	-51.5
Non-controlling interest	0.0	-0.2	0.1	-0.3	-0.2
Total	**28.1**	**-26.2**	**56.4**	**-63.8**	**-51.8**

The notes are an integral part of the half year financial report.

Consolidated balance sheet

ASSETS, MEUR	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
Non-current assets				
Goodwill		954.2	1,036.7	971.9
Other intangible assets		176.7	276.3	185.8
Property, plant and equipment		418.7	454.6	429.7
Investments in associated companies and joint ventures	16	76.3	53.7	56.7
Share investments	16	33.4	30.0	37.5
Loans receivable and other interest-bearing assets*	11	12.2	27.2	18.4
Deferred tax assets		125.6	128.1	123.6
Derivative assets	12	0.0	0.0	0.1
Other non-interest-bearing assets		17.6	13.3	17.2
Total non-current assets		**1,814.7**	**2,019.9**	**1,840.9**
Current assets				
Inventories		705.4	763.8	579.7
Loans receivable and other interest-bearing assets*	11	3.2	1.5	4.3
Income tax receivables		29.6	22.3	25.4
Derivative assets	12	7.4	7.9	13.3
Accounts receivable and other non-interest-bearing assets		800.9	782.7	753.9
Cash and cash equivalents*	11	397.2	445.3	484.8
Total current assets		**1,943.7**	**2,023.6**	**2,047.1**
Assets held for sale	**17**	**191.2**	**-**	**185.7**
Total assets		**3,949.7**	**4,043.5**	**3,888.0**

*Included in interest-bearing net debt.

EQUITY AND LIABILITIES, MEUR	**Note**	**30 Jun 2021**	**30 Jun 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		-81.2	-70.3	-110.9
Fair value reserves		-0.2	-8.8	4.4
Reserve for invested non-restricted equity		54.0	57.4	57.4
Retained earnings		1,149.6	1,182.7	1,185.6
Total equity attributable to the equity holders of the parent		**1,284.5**	**1,323.3**	**1,298.7**
Non-controlling interest		2.5	2.5	2.7
Total equity		**1,287.0**	**1,325.8**	**1,301.4**
Non-current liabilities				
Interest-bearing liabilities*	11	881.2	1,155.4	1,027.4
Deferred tax liabilities		20.8	37.0	20.6
Pension obligations		113.1	110.4	115.5
Provisions		6.4	5.9	7.2
Derivative liabilities	12	0.0	0.3	0.0
Other non-interest-bearing liabilities		66.8	61.0	62.6
Total non-current liabilities		**1,088.3**	**1,370.0**	**1,233.4**
Current liabilities				
Current portion of interest-bearing liabilities*	11	285.5	71.0	136.1
Other interest-bearing liabilities*	11	15.1	93.9	19.6
Provisions		90.7	105.9	105.9
Advances received		196.9	283.0	182.7
Income tax payables		19.9	23.8	21.7
Derivative liabilities	12	11.4	9.0	19.4
Accounts payable and other non-interest-bearing liabilities		881.0	761.1	797.5
Total current liabilities		**1,500.6**	**1,347.7**	**1,282.7**
Liabilities directly associated with assets held for sale	**17**	**73.7**	**-**	**70.5**
Total equity and liabilities		**3,949.7**	**4,043.5**	**3,888.0**

*Included in interest-bearing net debt.

The notes are an integral part of the half year report.

Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the parent							Non-controlling interest	Total equity
	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						35.4	35.4	0.1	35.4
Cash flow hedges				-4.5			-4.5		-4.5
Translation differences			29.8				29.8	0.1	29.8
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						-4.1	-4.1		-4.1
Comprehensive income for the period*	**-**	**-**	**29.8**	**-4.5**	**-**	**31.1**	**56.3**	**0.1**	**56.4**
Profit distribution						-69.5	-69.5	-0.4	-69.8
Treasury shares acquired					-3.4		-3.4		-3.4
Share-based payments						2.4	2.4		2.4
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-3.4**	**-67.1**	**-70.4**	**-0.4**	**-70.8**
Transactions with non-controlling interests							-		-
Equity 30 Jun 2021	**64.3**	**98.0**	**-81.2**	**-0.2**	**54.0**	**1,149.6**	**1,284.5**	**2.5**	**1,287.0**
Equity 1 Jan 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						-25.0	-25.0	-0.2	-25.1
Cash flow hedges				0.3			0.3	0.0	0.3
Translation differences			-37.2				-37.2	-0.1	-37.3
Actuarial gains and losses from defined benefit plans						0.3	0.3		0.3
Gains and losses on designated share investments measured at fair value						-2.0	-2.0		-2.0
Comprehensive income for the period*	**-**	**-**	**-37.2**	**0.3**	**-**	**-26.7**	**-63.5**	**-0.3**	**-63.8**
Profit distribution						-38.6	-38.6	-	-38.6
Treasury shares acquired							-		-
Share-based payments						0.9	0.9		0.9
Transactions with owners of the company	**-**	**-**	**-**	**-**	**-**	**-37.7**	**-37.7**	**-**	**-37.7**
Transactions with non-controlling interests							-		-
Equity 30 Jun 2020	**64.3**	**98.0**	**-70.3**	**-8.8**	**57.4**	**1,182.7**	**1,323.3**	**2.5**	**1,325.8**

*Net of tax

The notes are an integral part of the half year financial report.

Consolidated condensed statement of cash flows

MEUR	Note	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Net cash flow from operating activities						
Net income for the period		25.8	-36.5	35.4	-25.1	8.1
Depreciation, amortisation and impairment	8	28.6	43.1	59.2	74.8	144.0
Financing items		7.3	8.5	13.5	15.3	35.9
Taxes	9	11.7	8.4	20.4	16.8	26.4
Change in net working capital		-58.5	-44.1	-62.5	-85.1	56.4
Other adjustments		-1.8	24.1	-1.8	29.7	25.6
Cash flow from operations before financing items and taxes		**13.1**	**3.6**	**64.3**	**26.4**	**296.4**
Cash flow from financing items and taxes		-21.6	-8.9	-54.0	-30.2	-56.4
Net cash flow from operating activities		**-8.5**	**-5.2**	**10.3**	**-3.8**	**240.0**
Net cash flow from investing activities						
Acquisitions of businesses, net of cash acquired	15	-1.0	-3.9	3.3	-11.6	-12.1
Disposals of businesses, net of cash sold	15	0.3	1.4	0.3	1.4	2.7
Investments in associated companies and joint ventures	16	-1.3	-	-1.9	-	-
Cash flow from investing activities, other items		2.4	0.1	-2.6	-10.2	-11.8
Net cash flow from investing activities		**0.4**	**-2.4**	**-1.0**	**-20.4**	**-21.3**
Net cash flow from financing activities						
Treasury shares acquired		-	-	-3.4	-	-
Repayments of lease liabilities		-10.4	-11.6	-20.9	-22.0	-44.1
Proceeds from long-term borrowings		-	249.5	-	249.5	249.5
Repayments of long-term borrowings		-	-15.6	-	-198.6	-251.4
Proceeds from short-term borrowings		3.6	6.5	3.6	82.0	98.8
Repayments of short-term borrowings		2.1	-20.2	-11.9	-30.7	-106.9
Profit distribution		-8.5	-35.2	-69.8	-35.2	-77.8
Net cash flow from financing activities		**-13.2**	**173.5**	**-102.4**	**45.2**	**-131.8**
Change in cash and cash equivalents		**-21.3**	**165.9**	**-93.0**	**20.9**	**86.9**
Cash and cash equivalents, and bank overdrafts at the beginning of period		412.4	260.6	482.3	409.8	409.8
Effect of exchange rate changes		0.4	2.4	1.9	-1.8	-14.8
Cash and cash equivalents included in assets held for sale	17	0.0	-	0.2	-	0.4
Cash and cash equivalents, and bank overdrafts at the end of period		**391.5**	**429.0**	**391.5**	**429.0**	**482.3**
Bank overdrafts at the end of period		5.8	16.4	5.8	16.4	2.5
Cash and cash equivalents at the end of period		**397.2**	**445.3**	**397.2**	**445.3**	**484.8**

The notes are an integral part of the half year financial report.

Notes to the half year financial 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 half year financial 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 half year financial report.

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

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

In the first half 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 are largely targeted at energy and infrastructure projects. On the basis of general economic forecasts, it appears that the pace of global economic growth is accelerating to its highest level in decades. Stronger economic growth and investments in energy and infrastructure projects will also improve Cargotec's future prospects.

The near-term risks for Cargotec include the instability of the general economic situation and the sustainability of the exceptionally strong economic growth. The ongoing strong economic recovery has pushed up the prices of both materials and transportation and even caused a shortage of them. As they prolong, elevated price levels, component shortages, and disruptions in the logistics chain can increase inventory values, delay deliveries, and cause additional costs. In addition, announced stimulus programs have translated interest rates and inflation into rises, and due to their size classes, their price and inflationary effects may be significant in the future. Strong economic growth and rising prices can lead to larger and earlier investments in companies, strengthening the economic cycle and increasing risks as the economic cycle changes or financing tightens.

Short-term risks for Cargotec also include credit losses related to customer receivables. Despite the economic situation, the number of bankruptcies decreased in many countries in 2020 due to temporary changes in bankruptcy laws. It is possible that with the end of temporary changes in the law, the number of bankruptcies will start to increase. The credit loss allowance related to trade receivables was EUR 18 (December 31, 2020: 19) million at the time of review. The share of overdue trade receivables decreased slightly compared to the previous quarter, but there was no significant change in realized credit losses.

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 June 30, 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 decrease compared to the first quarter of 2021 testing. The change was mainly due to the increase of weighted average cost of capital (WACC) used for discounting the forecasted cash flows in the value in use model.

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 463.9 (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
30 Jun 2021	59.0	Impairment*	Impairment**	Impairment
31 Dec 2020	127.0	Impairment*	Impairment**	Impairment

*Threshold for impairment was WACC before taxes +0.5 percentage points (31 Dec 2020: WACC before taxes +1.3 percentage points).
**Threshold for impairment was estimation period sales -6 percent (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 115 (31 Dec 2020: 51) million in the first scenario, EUR 226 (168) million in the second, and EUR 327 (282) million in the third.

4. Segment information

Sales, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Kalmar	382	350	705	754	1,529
Hiab	316	243	603	544	1,094
MacGregor	156	163	275	315	642
Internal sales	0	0	0	0	-1
Total	**853**	**756**	**1,583**	**1,614**	**3,263**

Sales by geographical area, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
EMEA	427	354	805	784	1,608
Americas	271	233	495	516	989
Asia-Pacific	155	168	282	314	666
Total	**853**	**756**	**1,583**	**1,614**	**3,263**

Sales by geographical area, %	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
EMEA	50%	47%	51%	49%	49%
Americas	32%	31%	31%	32%	30%
Asia-Pacific	18%	22%	18%	19%	21%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Operating profit and EBITDA, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Kalmar	28.2	-13.1	46.1	11.0	61.8
Hiab	40.0	18.0	73.2	46.4	97.3
MacGregor	-1.0	-26.8	-8.9	-34.9	-48.2
Corporate administration and support functions	-22.5	2.4	-41.1	-15.5	-40.7
Operating profit	**44.8**	**-19.5**	**69.3**	**7.0**	**70.4**
Depreciation, amortisation and impairment	28.6	43.1	59.2	74.8	144.0
EBITDA	**73.4**	**23.5**	**128.5**	**81.8**	**214.4**

Operating profit, %	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Kalmar	7.4%	-3.7%	6.5%	1.5%	4.0%
Hiab	12.7%	7.4%	12.1%	8.5%	8.9%
MacGregor	-0.6%	-16.5%	-3.2%	-11.1%	-7.5%
Cargotec	5.2%	-2.6%	4.4%	0.4%	2.2%

Items affecting comparability*, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Kalmar					
Restructuring costs	-0.3	-43.4	-0.7	-44.9	-54.3
Impacts of the purchase price allocation	-0.2	-2.5	-0.5	-4.8	-9.7
Other items affecting comparability	-4.7	0.0	-6.3	0.0	-0.3
Items affecting comparability, total	**-5.2**	**-45.9**	**-7.4**	**-49.7**	**-64.3**
Hiab					
Restructuring costs	-4.7	-6.4	-9.6	-8.0	-29.1
Impacts of the purchase price allocation	-0.7	-0.6	-1.3	-1.2	-2.4
Other items affecting comparability	0.0	0.0	0.0	0.0	-0.0
Items affecting comparability, total	**-5.3**	**-6.9**	**-10.9**	**-9.2**	**-31.5**

MacGregor					
Restructuring costs	-0.8	-21.5	-4.5	-23.3	-43.1
Impacts of the purchase price allocation	-2.9	-2.9	-5.7	-5.8	-10.9
Other items affecting comparability	-0.4	-1.7	-5.1	-2.7	-0.7
Items affecting comparability, total	**-4.1**	**-26.1**	**-15.3**	**-31.8**	**-54.8**
Corporate administration and support functions					
Restructuring costs	-0.9	-0.8	-1.5	-2.3	-4.4
Other items affecting comparability	-9.3	10.9	-16.7	5.3	-1.3
Items affecting comparability, total	**-10.2**	**10.1**	**-18.2**	**3.0**	**-5.7**
Total	**-24.8**	**-68.9**	**-51.9**	**-87.7**	**-156.3**

Comparable operating profit*, MEUR	**Q2/21**	**Q2/20**	**Q1-Q2/21**	**Q1-Q2/20**	**2020**
Kalmar	33.4	32.8	53.6	60.7	126.1
Hiab	45.4	24.9	84.1	55.6	128.8
MacGregor	3.1	-0.7	6.4	-3.1	6.6
Corporate administration and support functions	-12.3	-7.7	-22.9	-18.5	-34.9
Total	**69.6**	**49.4**	**121.2**	**94.7**	**226.7**

Comparable operating profit*, %	**Q2/21**	**Q2/20**	**Q1-Q2/21**	**Q1-Q2/20**	**2020**
Kalmar	8.8%	9.4%	7.6%	8.0%	8.2%
Hiab	14.4%	10.3%	14.0%	10.2%	11.8%
MacGregor	2.0%	-0.4%	2.3%	-1.0%	1.0%
Cargotec	8.2%	6.5%	7.7%	5.9%	6.9%

Orders received, MEUR	**Q2/21**	**Q2/20**	**Q1-Q2/21**	**Q1-Q2/20**	**2020**
Kalmar	600	293	1,129	627	1,401
Hiab	508	223	933	519	1,210
MacGregor	169	120	331	271	511
Internal orders received	0	0	0	0	-1
Total	**1,276**	**637**	**2,392**	**1,417**	**3,121**

Orders received by geographical area, MEUR	**Q2/21**	**Q2/20**	**Q1-Q2/21**	**Q1-Q2/20**	**2020**
EMEA	608	331	1,141	764	1,561
Americas	477	171	823	375	995
Asia-Pacific	192	134	428	278	566
Total	**1,276**	**637**	**2,392**	**1,417**	**3,121**

Orders received by geographical area, %	**Q2/21**	**Q2/20**	**Q1-Q2/21**	**Q1-Q2/20**	**2020**
EMEA	48%	52%	48%	54%	50%
Americas	37%	27%	34%	26%	32%
Asia-Pacific	15%	21%	18%	20%	18%
Total	**100%**	**100%**	**100%**	**100%**	**100%**

Order book, MEUR	30 Jun 2021	30 Jun 2020	31 Dec 2020
Kalmar	1,258	885	842
Hiab	831	373	503
MacGregor	517	565	480
Internal order book	0	-1	0
Total	**2,606**	**1,822**	**1,824**

Number of employees at the end of period	30 Jun 2021	30 Jun 2020	31 Dec 2020
Kalmar	5,491	5,647	5,526
Hiab	3,308	3,774	3,390
MacGregor	1,927	2,143	1,987
Corporate administration and support functions	770	594	649
Total	**11,496**	**12,158**	**11,552**

Average number of employees	Q1-Q2/21	Q1-Q2/20	2020
Kalmar	5,468	5,643	5,594
Hiab	3,357	3,925	3,733
MacGregor	1,945	2,222	2,128
Corporate administration and support functions	703	587	611
Total	**11,472**	**12,377**	**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, in 2020 the comparable operating profit increased by EUR 6 million in the second quarter, EUR 12 million in January-June and EUR 23 million in the financial year. 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	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Equipment sales	548	474	987	1,031	2,092
Service sales	268	239	523	499	1,005
Software sales	37	43	73	83	166
Total sales	**853**	**756**	**1 583**	**1,614**	**3,263**
Recognised at a point in time	755	591	1 330	1,321	2,661
Recognised over time	98	165	253	293	603

Kalmar, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Equipment sales	234	201	409	458	926
Service sales	111	106	223	213	437
Software sales	37	43	73	83	166
Total sales	**382**	**350**	**705**	**754**	**1,529**
Recognised at a point in time	324	274	580	599	1,212
Recognised over time	58	76	125	155	317

Hiab, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Equipment sales	226	171	428	389	776
Service sales	90	72	175	156	318
Total sales	**316**	**243**	**603**	**544**	**1,094**
Recognised at a point in time	312	240	597	538	1,082
Recognised over time	3	3	7	6	12

MacGregor, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Equipment sales	89	101	150	184	391
Service sales	67	61	125	131	250
Total sales	**156**	**163**	**275**	**315**	**642**
Recognised at a point in time	119	78	154	184	368
Recognised over time	37	85	121	131	273

6. Share-based payments

In February 2021, Cargotec's Board of Directors resolved the performance criteria for the new performance period 2021-2023 of the share-based incentive programme started in 2020, that 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.

In 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 the 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.

7. Comparable operating profit

MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Operating profit	**44,8**	**-19.5**	**69.3**	**7.0**	**70.4**
Restructuring costs					
Employment termination costs	1.9	13.6	7.3	17.1	37.5
Impairments of owned non-current assets	-	14.5	-	14.5	15.1
Impairments of inventories	-	1.6	0.1	1.6	5.3
Restructuring-related disposals of businesses*	-0.4	36.9	-0.5	36.9	43.7
Other restructuring costs**	5.3	5.4	9.4	8.4	29.4
Restructuring costs, total	**6.7**	**72.1**	**16.4**	**78.5**	**131.0**
Impacts of the purchase price allocation******	**3.7**	**6.0**	**7.5**	**11.8**	**23.0**
Other items affecting comparability					
Insurance benefits	-	-	-2.1	-	-5.0
Expenses related to business acquisitions or disposals****	4.1	2.0	12.1	3.2	6.3
Merger plan with Konecranes Oyj	9.5	0.3	17.1	0.3	6.9
Other costs***	0.8	-11.4	0.8	-6.0	-6.0
Other items affecting comparability, total	**14.4**	**-9.2**	**28.0**	**-2.6**	**2.3**
Comparable operating profit******	**69.6**	**49.4**	**121.2**	**94.7**	**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 of EUR 5 million, a profit of EUR 7 million from the settlement of the purchase price of TTS acquisition as well as a loss of EUR 12 million from the establishment of the CSSC MacGregor Marine Equipment (CMME) joint venture. 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, in 2020 the comparable operating profit increased by EUR 6 million in the second quarter, EUR 12 million in January-June and EUR 23 million in the financial year. 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	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Owned assets					
Intangible assets	1.4	0.3	1.9	0.8	2.0
Land and buildings	0.5	0.4	0.8	0.8	4.2
Machinery and equipment	7.2	7.2	14.7	20.6	40.5
Right-of-use assets					
Land and buildings	6.9	2.9	11.9	8.4	26.7
Machinery and equipment	4.8	2.7	7.2	4.9	12.3
Total	**20.9**	**13.5**	**36.6**	**35.5**	**85.7**

Depreciation, amortisation and impairment, MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Owned assets					
Intangible assets	6.2	12.8	13.7	21.7	39.1
Land and buildings	1.6	8.6	3.1	10.2	13.4
Machinery and equipment	9.6	11.0	21.3	21.6	43.7
Right-of-use assets					
Land and buildings	7.7	7.1	14.0	14.0	32.8
Machinery and equipment	3.5	3.7	7.0	7.3	15.0
Total	**28.6**	**43.1**	**59.2**	**74.8**	**144.0**

9. Taxes in statement of income

MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Current year tax expense	7.8	4.6	18.8	15.0	28.8
Change in current year's deferred tax assets and liabilities	1.3	-0.4	-1.0	-2.8	-2.8
Tax expense for previous years	2.5	4.2	2.6	4.6	0.5
Total	**11.7**	**8.4**	**20.4**	**16.8**	**26.4**

10. Net working capital

MEUR	30 Jun 2021	30 Jun 2020	31 Dec 2020
Inventories	705.4	763.8	579.7
Operative derivative assets	16.9	15.4	32.2
Accounts receivable	568.6	536.8	535.0
Other operative non-interest-bearing assets	247.9	250.7	235.2
Working capital assets	**1,538.8**	**1,566.7**	**1,382.1**
Provisions	-97.1	-111.8	-113.1
Advances received	-196.9	-283.0	-182.7
Operative derivative liabilities	-13.8	-18.5	-17.7
Accounts payable	-449.7	-342.1	-353.0
Pension obligations	-113.1	-110.4	-115.5
Other operative non-interest-bearing liabilities	-489.3	-461.2	-493.0
Working capital liabilities	**-1,360.0**	**-1,327.1**	**-1,274.9**
Net working capital in the balance sheet	**178.9**	**239.5**	**107.1**
Net working capital of assets held for sale and associated liabilities held for sale*	-9.4	-	-3.7
Total	**169.5**	**239.5**	**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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Interest-bearing liabilities	1,181.8	1,320.3	1,183.1
Lease liabilities included in interest-bearing liabilities	169.1	176.8	166.2
Loans receivable and other interest-bearing assets	-15.5	-28.7	-22.7
Cash and cash equivalents	-397.2	-445.3	-484.8
Interest-bearing net debt in balance sheet	**769.1**	**846.2**	**675.5**
Interest-bearing net debt of assets and related liabilities held for sale	3.5	-	6.7
Interest-bearing net debt*	**772.6**	**846.2**	**682.2**
Equity	1,287.0	1,325.8	1,301.4
Gearing	**60.0%**	**63.8%**	**52.4%**

MEUR	Q2/21	Q2/20	2020
Operating profit, last 12 months	132.7	82.9	70.4
Depreciation, amortisation and impairment, last 12 months	128.4	150.6	144.0
EBITDA, last 12 months	**261.1**	**233.5**	**214.4**
Interest-bearing net debt / EBITDA, last 12 months*	**3.0**	**3.6**	**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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Cash and cash equivalents	397.2	445.3	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	-300.7	-164.9	-155.6
Liquidity of asset held for sale and liabilities directly associated with asset held for sale	-1.6	-	-1.8
Liquidity	**394.9**	**580.5**	**627.4**

12. Derivatives

Fair values of derivative financial instruments

MEUR	Positive fair value 30 Jun 2021	Negative fair value 30 Jun 2021	Net fair value 30 Jun 2021	Net fair value 30 Jun 2020	Net fair value 31 Dec 2020
Non-current					
Currency forwards, cash flow hedge accounting	0.0	-	0.0	-0.3	0.1
Total non-current	**0.0**	**-**	**0.0**	**-0.3**	**0.1**
Current					
Currency forwards, cash flow hedge accounting	1.9	5.7	-3.8	1.1	3.4
Currency forwards, other	5.5	5.7	-0.2	-2.2	-9.5
Total current	**7.4**	**11.4**	**-4.0**	**-1.1**	**-6.1**
Total derivatives	**7.4**	**11.4**	**-4.0**	**-1.4**	**-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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Currency forward contracts	2,793.5	2,308.8	2,447.5
Cash flow hedge accounting	1,555.3	1,357.7	1,219.0
Other	1,238.1	951.1	1,228.5
Total	**2,793.5**	**2,308.8**	**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	30 Jun 2021	30 Jun 2020	31 Dec 2020
Guarantees given on behalf of associated companies and joint ventures	2.5	3.8	1.3
Guarantees given on behalf of others	0.4	0.4	0.4
Customer financing	16.1	21.1	18.1
Off-balance sheet leases	0.6	0.7	0.7
Other contingent liabilities	2.5	4.6	2.5
Total	**22.0**	**30.6**	**23.0**

Cargotec Corporation has guaranteed obligations of Cargotec companies arising from ordinary course of business. The total amount of these guarantees on 30 Jun 2021 was EUR 402.5 (30 Jun 2020: 456.9 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 0.8 (1-6/2020: 0.9 and 1-12/2020: 1.8) million.

Certain legal claims and disputes based on various grounds are 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	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Sale of products and services					
Associated companies	-	0.4	-	0.5	0.6
Joint ventures	0.3	1.6	0.5	3.6	5.8
Total	**0.3**	**2.0**	**0.5**	**4.1**	**6.5**
Purchase of products and services					
Associated companies	0.0	2.9	0.0	8.1	8.1
Joint ventures	1.4	4.3	2.2	33.6	35.8
Total	**1.4**	**7.2**	**2.2**	**41.7**	**43.9**

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

Balances with associated companies and joint ventures

MEUR	30 Jun 2021	30 Jun 2020	31 Dec 2020
Loans receivable			
Associated companies	13.4	26.7	20.3
Total	**13.4**	**26.7**	**20.3**
Accounts receivable			
Associated companies	0.1	0.0	0.1
Joint ventures	0.8	1.9	2.0
Total	**0.9**	**1.9**	**2.0**
Accounts payable			
Joint ventures	1.4	1.4	1.0
Total	**1.4**	**1.4**	**1.0**

Dividends received from associated companies and joint ventures

MEUR	Q2/21	Q2/20	Q1-Q2/21	Q1-Q2/20	2020
Dividends received					
Joint ventures	-	-	-	-	0.1
Total	**-**	**-**	**-**	**-**	**0.1**

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

Management remuneration

In addition to fees paid for Board membership, two members of the Board of Directors received a separate compensation of EUR 150,000 for their consultancy work regarding the proposed merger of Cargotec and Konecranes.

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

15. Acquisitions and disposals

Acquisitions in 2021

In April, Hiab acquired Damen Hydrauliek Best B.V., Damen Hydrauliek Venray B.V. and Damen Hydrauliek Elsloo B.V. companies' sales and service businesses in the Netherlands at a purchase price of EUR 2.0 million. Half of the purchase price was paid on closing and the remainder is expected to be paid within the next 12 months. Acquired operations and assets together with the transferring employees meet the definition of business and are accounted for as a business combination. In the preliminary fair value determination, intangible assets related to customer relationships have been identified and the acquisition is expected to generate goodwill, which is not tax deductible.

In January, Hiab acquired the sales and service business of FNS - Fahrzeugbau und Nutzfahrzeugservice GmbH in Germany at a purchase price 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 fair value determination, intangible assets based on customer relationships have been identified in the amount of approximately EUR 1 million and the acquisition is expected to generate goodwill of approximately EUR 2 million, which 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, and the transaction was completed on July 1, 2021. Additional information on the transaction is presented in Note 17, Assets held for sale and in Note 19, Events after the reporting period.

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 1.9 million has been contributed and the remaining amount is expected to be contributed during the third 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. The value of guarantees issued by Cargotec on behalf of Sinotruk on June 30, 2021 amounted to EUR 3.9 (December 31, 2020: 3.8) million, of which EUR 1.4 (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 % 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

On July 1, 2021, Cargotec sold its Navis business to Accel-KKR, a Silicon Valley-based leading technology-focused investment firm for an enterprise value of EUR 380 million. The deal is expected to have approximately EUR 240 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 outlook for 2021 published on 28 April 2021 in conjunction with the company’s interim report January-March 2021.

The transaction follows the release issued in March 2021, in which the signing of the sale was announced, and the release issued in February 2020, in which Cargotec announced that it is evaluating strategic options for the future development of Navis. In December 2020, Cargotec announced 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 on June 30, 2021, 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	30 Jun 2021	31 Dec 2020
Non-current assets			
Goodwill**		80.4	73.6
Other intangible assets		66.7	65.2
Property, plant and equipment		5.0	7.6
Loans receivable and other interest-bearing assets*	11	0.3	0.4
Deferred tax assets		1.9	2.1
Other non-interest-bearing assets		1.0	0.7
Total non-current assets		**155.3**	**149.7**
Current assets			
Inventories		0.5	-
Loans receivable and other interest-bearing assets*	11	0.3	0.2
Income tax receivables		1.2	0.7
Accounts receivable and other non-interest-bearing assets		33.8	34.7
Cash and cash equivalents	11	0.2	0.4
Total current assets		**35.9**	**36.0**
Assets held for sale		**191.2**	**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	30 Jun 2021	31 Dec 2020
Non-current liabilities			
Interest-bearing liabilities*	11	2.4	5.5
Deferred tax liabilities		19.2	18.9
Pension obligations		1.6	1.2
Other non-interest-bearing liabilities		-	3.5
Total non-current liabilities		**23.2**	**29.1**
Current liabilities			
Current portion of interest-bearing liabilities*	11	1.9	2.2
Advances received		29.8	23.8
Accounts payable and other non-interest-bearing liabilities		18.9	15.4
Current liabilities		**50.5**	**41.1**
Liabilities directly associated with assets held for sale		**73.7**	**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 merger is expected to be completed by the end of the first half of 2022. 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, 30 June 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 2,811.5 million.

19. Events after the reporting period

On 1 July 2021, Cargotec completed the sale of its Navis business to the US technology investment firm Accel-KKR for an enterprise value of EUR 380 million. Accel-KKR has transferred EUR 350 million of the enterprise value to Cargotec and obtained control of Navis' business on 1 July 2021. The remaining EUR 30 million of the enterprise value will be transferred to Cargotec by the end of 2021. The transition of Navis operations and employees to Accel-KKR takes place in phases before the end of 2021, subject to local legal requirements.

Cargotec estimates that the transaction will have approximately EUR 240 million positive impact on its operating profit in 2021. On its 26 March 2021 release, Cargotec estimated the positive impact to be EUR 230 million. The gain will be reported as an item affecting comparability and it does not impact Cargotec's outlook for 2021 published on 28 April 2021 in conjunction with the company's interim report January–March 2021.

As of 1 July 2021, Navis results are no longer consolidated into Cargotec financials.

On 1 October 2020, Cargotec Corporation and Konecranes Plc announced their 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. Various competition authorities in the EU, UK, US, and China, among others, are currently reviewing the proposed transaction. After the reporting period in July, The European Commission opened a phase II review in connection with the planned transaction. Cargotec and Konecranes expect that the Phase II review will continue during H2/2021. The companies are confident that the approvals are received to allow completion of the transaction by the end of H1/2022. Until completion, both companies will operate fully separately and independently. More information about the merger is available from the web address www.sustainablematerialflow.com.

Cargotec and Konecranes update the total cost estimate in connection with the merger to approximately EUR 70 million. The original estimate presented in the prospectus published on 3 December, 2020 was approximately EUR 50 million. The costs consist mostly of expenses related to financial reporting, legal matters and advisory services (excluding the estimated transaction costs of the refinancing and integration planning). A considerable part of the total costs and the cost estimate increase are related to the processes for applying for the necessary merger control approvals for the merger.

Key exchange rates for euro

Closing rates	30 Jun 2021	30 Jun 2020	31 Dec 2020
SEK	10,111	10.495	10.034
USD	1,188	1.120	1.227

Average rates	Q1-Q2/21	Q1-Q2/20	2020
SEK	10,131	10.643	10,479
USD	1,206	1.106	1,145

Key figures

		Q1-Q2/21	Q1-Q2/20	2020
Equity / share	EUR	19.92	20.52	20.14
Equity to asset ratio	%	34.6%	35.3%	35.3%
Interest-bearing net debt	MEUR	772.6	846.2	682.2
Interest-bearing net debt / EBITDA, last 12 months		3.0	3.6	3.2
Gearing	%	60.0%	63.8%	52.4%
Return on equity (ROE), last 12 months	%	5.3%	0.3%	0.6%
Return on capital employed (ROCE), last 12 months	%	5.3%	3.4%	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	=	Interest-bearing net debt / EBITDA, last 12 months	Used to measure corporate capital structure and financial capacity.	Note 11, Interest-bearing net debt and liquidity
Interest-bearing net debt (MEUR)	=	Interest-bearing liabilities (non-current interest-bearing liabilities + current portion of interest-bearing liabilities + current other interest-bearing liabilities) - interest-bearing receivables (non-current and current loans receivable and other interest-bearing assets) - cash and cash equivalents +/- foreign currency hedge of corporate bonds	Interest-bearing net debt represents Cargotec's indebtedness. Used to monitor capital structure and as a factor to calculate Interest-bearing net debt / EBITDA and Gearing.	Note 11, Interest-bearing net debt and liquidity
EBITDA (MEUR), last 12 months	=	Operating profit + depreciation, amortisation and impairment, last 12 months	Factor used to calculate Interest-bearing net debt / EBITDA.	Note 11, Interest-bearing net debt and liquidity

Net working capital (MEUR)	=	Inventories + operative derivative assets + accounts receivable + 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 (%)	$= 100 \times \dfrac{\text{Interest-bearing net debt}}{\text{Total equity}}$	Represents the company's indebtedness by measuring the amount of interest-bearing debt in proportion to equity capital. Some of Cargotec's loan agreements include a covenant restricting the corporate capital structure, measured by gearing.	Note 11, Interest-bearing net debt and liquidity

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

Quarterly key figures

Cargotec		Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Orders received	MEUR	1,276	1,115	963	740	637
Service orders received	MEUR	284	299	265	229	224
Order book	MEUR	2,606	2,217	1,824	1,751	1,822
Sales	MEUR	853	730	873	777	756
Service sales	MEUR	268	254	262	244	239
Software sales	MEUR	37	36	44	38	43
Service and software sales, % of sales	%	36%	40%	35%	36%	37%
Operating profit	MEUR	44.8	24.5	17.6	45.8	-19.5
Operating profit	%	5.2%	3.4%	2.0%	5.9%	-2.6%
Comparable operating profit*	MEUR	69.6	51.6	69.8	62.2	49.4
Comparable operating profit*	%	8.2%	7.1%	8.0%	8.0%	6.5%
Earnings per share	EUR	0.40	0.15	0.10	0.41	-0.56

Kalmar		Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Orders received	MEUR	600	529	445	328	293
Order book	MEUR	1,258	1,051	842	834	885
Sales	MEUR	382	324	411	364	350
Service sales	MEUR	111	112	119	106	106
Software sales	MEUR	37	36	45	38	43
Comparable operating profit*	MEUR	33.4	20.2	30.6	34.9	32.8
Comparable operating profit*	%	8.8%	6.2%	7.5%	9.6%	9.4%

Hiab		Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Orders received	MEUR	508	425	417	274	223
Order book	MEUR	831	642	503	386	373
Sales	MEUR	316	287	295	254	243
Service sales	MEUR	90	85	83	80	72
Comparable operating profit*	MEUR	45.4	38.8	41.7	31.5	24.9
Comparable operating profit*	%	14.4%	13.5%	14.1%	12.4%	10.3%

MacGregor		Q2/21	Q1/21	Q4/20	Q3/20	Q2/20
Orders received	MEUR	169	161	100	139	120
Order book	MEUR	517	524	480	532	565
Sales	MEUR	156	119	168	158	163
Service sales	MEUR	67	57	61	58	61
Comparable operating profit*	MEUR	3.1	3.3	5.7	4.0	-0.7
Comparable operating profit*	%	2.0%	2.8%	3.4%	2.5%	-0.4%

*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, in 2020 the comparable operating profit increased by EUR 6 million in the second quarter, EUR 12 million in January-June and EUR 23 million in the financial year. Additional information regarding the changed definition is presented in the stock exchange release published on 29 March 2021.