FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

2019

CRAMO

Financial Statements and Board of Directors' Report

Contents

Board of Directors' report

Cramo Group's continuing operations' sales decreased, and profitability weakened in 2019. Sales in continuing operations decreased by 3.0% and were EUR 612.6 million. In local currencies, sales declined by 1.2%. Organic sales decline was 2.3%. Continuing operations' comparable EBITA was EUR 72.7 (92.1) million or 11.9% (14.6%) of sales.

Key figures and ratios presented later are non-restated figures for Balance Sheet and cash flows including both continuing and discontinued operations as historically reported. Income Statement and other information is presented according to IFRS 5 and consists of continuing operations only.

KEY FIGURES AND RATIOS (MEUR)	2019	2018	Change, %
Sales	612.6	631.9	-3.0
Comparable EBITA[1]	72.7	92.1	-21.1
% of sales	11.9	14.6	
EBITA	65.7	91.2	-28.0
% of sales	10.7	14.4	
Comparable profit for the period[1]	44.2	61.9	-28.6
Profit for the period	36.7	61.3	-40.2
Comparable earnings per share (EPS), EUR[1]	0.99	1.39	-28.8
Earnings per share (EPS), EUR	0.82	1.38	-40.4
Comparable ROCE, %[1]	8.1	11.7	
ROCE, %[1]	7.2	11.6	
Comparable ROE, %[1]	10.9	14.9	
ROE, %	9.1	14.7	
Net debt / EBITDA	1.92	1.68	
Net interest-bearing liabilities	375.9	703.5	-46.6
Gross capital expenditure (incl. acquisitions)	89.3	185.1	-51.8
of which acquisitions/business combinations		43.6	
Cash flow from operating activities	212.9	195.5	8.9
Cash flow after investments	110.8	-150.4	
Average number of personnel (FTE)	2,611	2,566	1.7

1 The alternative Performance Measures used by Cramo are presented on page 18 in the Board of Directors' report. Calculation of other key figures are presented on page 65 in the notes to the Consolidated Financial Statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

PUBLIC TENDER OFFER

Boels Topholding B.V. and Cramo Plc entered into a combination agreement on 11 November 2019, pursuant to which Boels made a voluntary recommended public cash tender offer to purchase all of the issued and outstanding shares in Cramo that are not owned by Cramo or any of its subsidiaries. In the tender offer, Cramo's shareholders were offered a cash consideration of EUR 13.25 for each share.

In its statement regarding the recommended voluntary public cash tender offer, the Board unanimously recommended that the shareholders accept the tender offer.

The offer period under the tender offer commenced on 25 November 2019 and was set to continue until 9 January 2020. On 10 January, Boels extended the offer period to continue until 31 January 2020. On 17 January, Boels increased the offer price to EUR 13.75 for each share.

On 3 February 2020 the preliminary results of Boels' voluntary recommended public cash tender offer for all shares in Cramo Plc were announced. Tendered shares represented approximately 92.89% of all the shares and votes in Cramo.

On 5 February 2020 final results of Boels' recommended voluntary public cash tender offer for all shares in Cramo Plc were announced and Boels completed the tender offer and commenced a subsequent offer period. According to the final results of the tender offer, the shares tendered represent approximately 93.04% of all the issued and outstanding shares and votes in Cramo. Subsequent offer period will commence on February 6, 2020 and expire on February 20, 2020.

On 6 February 2020, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from EQT Fund Management S.à r.l (Luxembourg, Grand Duchy of Luxembourg), acting in its own name and as the management company of EQT Public Value Fund and on behalf of EQT Public Value Fund, according to which EQT Public Value Investments S.à r.l.'s total holding of shares in Cramo Plc had fallen below the thresholds of ten (10) and five (5) percent on 6 February 2020. According to the notification, the reason for the notification was disposal of shares or voting rights. As at the date of the notification, the company held no shares, financial instruments or voting rights in Cramo.

On 6 February 2020, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from Peter Bernard Marcel Boels (Maaseik, Belgium) according to which Boels Topholding B.V.'s total holding of shares in Cramo Plc had exceeded the threshold of ninety (90) percent on 6 February 2020. According to the notification, the reason for the notification was an acquisition of shares or voting rights. As at the date of the notification, the company held 41,574,765 shares and 93.03% of Cramo Plc's share capital and voting rights.

On 6 February 2020, Cramo Plc notified holders of its notes due 2022 of a Change of Control. Reference is made to Cramo's EUR 150 million 2.375 per cent fixed-rate notes due 28 February 2022. Cramo shall on 9 April 2020 prepay the principal amount of and the interest then accrued on the notes, but without any premium or penalty, held by the noteholders of the notes who have by written notice required prepayment of the notes held by them. If notes representing more than seventy-five (75) per cent of the aggregate principal amount of the notes have been prepaid on 9 April 2020 pursuant to Condition 10 of the terms and conditions of the notes, Cramo is entitled to prepay also the remaining outstanding notes at their principal amount with accrued interest but without any premium or penalty.

On 7 February 2020, Cramo Plc announced that Boels Topholding B.V.

will commence redemption proceedings in respect of the remaining minority shares in Cramo Plc. To implement the redemption of the shares, the offeror will initiate arbitration proceedings as provided in the Finnish Companies Act. In such redemption proceedings, the offeror will demand that the redemption price for the shares is set to EUR 13.75 per share, reduced by any distribution of funds, if the record date for such distribution of funds occurs before the shares subject to redemption have been transferred to Boels, which corresponds to the consideration paid by the offeror in the tender offer in accordance with the terms and conditions of the tender offer. It is expected that the offeror will in due course initiate measures to delist the Cramo shares from the official list of Nasdaq Helsinki Ltd.

THE PARTIAL DEMERGER OF CRAMO COMPLETED ON 30 JUNE 2019

The Board of Directors of Cramo Plc resolved to file the completion of the partial demerger of Cramo with the Finnish Trade Register so that the partial demerger was registered on 30 June 2019. The Extraordinary General Meeting of Cramo resolved on 17 June 2019 to approve the demerger plan signed by Cramo's Board of Directors on 18 February 2019 and resolved on the partial demerger in accordance with the demerger plan. Pursuant to the demerger plan, Cramo demerged so that all the assets, debts and liabilities belonging to Cramo's Modular Space business were transferred without a liquidation procedure to Adapteo Plc, a company incorporated in the partial demerger. Cramo's Equipment Rental business, which mainly consists of construction machinery and equipment rental and rental-related services, remains in Cramo. Following the partial demerger, Adapteo and its subsidiaries form a new independent group of companies, separate from Cramo. Upon the completion of the partial demerger, Cramo shareholders received as demerger consideration one (1) Adapteo share for each Cramo share that they held. No demerger consideration was issued in respect of own shares held by Cramo. The total number of Adapteo shares issued as demerger consideration was therefore 44,682,697. The Adapteo shares were registered on the book-entry accounts of Cramo shareholders on or about 1 July 2019. Cramo submitted on 28 June 2019 an application to Nasdaq Stockholm AB on behalf of Adapteo concerning the listing of the shares of Adapteo on the Main Market of Nasdaq Stockholm. The trading in Adapteo's shares on the Main Market of Nasdaq Stockholm commenced on 1 July 2019 under the share trading code ADAPT. The completion of the partial demerger did not affect the listing of Cramo's shares on the official list of Nasdaq Helsinki Ltd. Upon the completion of the partial demerger, the ISIN code of Cramo's shares changed and the new ISIN code is FI4000384243. As a consequence of the completion of the partial demerger, the effective date under the consent solicitation memorandum dated 6 March 2019 concerning the consent solicitation process for Cramo's outstanding EUR 150,000,000 2.375 per cent senior unsecured notes due 2022 (ISIN: FI4000232509) occurred on 30 June 2019.

OTHER MATTERS

Mr Peter Bäckström, Executive Vice President, Scandinavia, and Managing Director, Cramo AB, and Mr Mattias Rådström, Senior Vice President, Communications, Marketing and Investor Relations, both members of the Cramo Group Management Team, left the company on 2 April 2019.

Ms Sohana Josefsson was appointed Senior Vice President, Marketing and Communications and member of the Cramo Group Management Team on 8 April 2019.

Mr Henrik Norrbom was appointed Executive Vice President, Scandinavia and Managing Director, Cramo AB and a member of the Cramo Group Management Team on 8 July 2019. He assumed his position on 12 August.

Ms Petra Schedin Stergel, Senior Vice President, Human Resources Development and a member of the Cramo Group Management Team, left the company on 20 August 2019.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 10 January, Boels announced the extension of the offer period for its cash tender offer of all shares in Cramo Plc until 31 January 2020. Until 9 January 2020, approximately 80.43% of all the shares of Cramo were tendered into the Tender offer.

On 17 January, Boels announced the increased offer price of EUR 13.75 per share.

On 3 February 2020 the preliminary results of Boels' voluntary recommended public cash tender offer for all shares in Cramo Plc were announced. Tendered shares represented approximately 92.89% of all the shares and votes in Cramo.

On 5 February 2020 final results of Boels' recommended voluntary public cash tender offer for all shares in Cramo Plc were announced and Boels completed the tender offer and commenced a subsequent offer period. According to the final results of the tender offer, the shares tendered represent approximately 93.04% of all the issued and outstanding shares and votes in Cramo. Subsequent offer period will commence on February 6, 2020 and expire on February 20, 2020.

On 6 February 2020, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from EQT Fund Management S.à r.l (Luxembourg, Grand Duchy of Luxembourg), acting in its own name and as the management company of EQT Public Value Fund and on behalf of EQT Public Value Fund, according to which EQT Public Value Investments S.à r.l.'s total holding of shares in Cramo Plc had fallen below the thresholds of ten (10) and five (5) percent on 6 February 2020. According to the notification, the reason for the notification was disposal of shares or voting rights. As at the date of the notification, the company held no shares, financial instruments or voting rights in Cramo.

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On 7 February 2020, Cramo Plc announced that Boels Topholding B.V. will commence redemption proceedings in respect of the remaining minority shares in Cramo Plc. To implement the redemption of the shares, the offeror will initiate arbitration proceedings as provided in the Finnish Companies Act. In such redemption proceedings, the offeror will demand that the redemption price for the shares is set to EUR 13.75 per share, reduced by any distribution of funds, if the record date for such distribution of funds occurs before the shares subject to redemption have been transferred to Boels, which corresponds to the consideration paid by the offeror in the tender offer in accordance with the terms and conditions of the tender offer. It is expected that the offeror will in due course initiate measures to delist the Cramo shares from the official list of Nasdaq Helsinki Ltd.

BUSINESS MODEL

Cramo is one of the industry's leading providers of equipment rental services in Europe. The average number of employees in 2019 was 2,611 (2,566).

Cramo is specialising in equipment rental services, which comprise of construction machinery and equipment rentals and rental-related services, such as site and assembly services. At the end of the review period, Cramo provided equipment rental services through a network of 279 (301) depots in 11 countries.

At the end of the review period, Cramo Group consisted of the parent company Cramo Plc, which provides group-level services, and, as operating companies, its wholly-owned subsidiaries in Finland, Sweden, Norway, Estonia, Lithuania, Poland, the Czech Republic, Slovakia, Germany, Austria and Hungary. Cramo Plc also owns a company in Sweden, which offers group-level services.

In addition, Cramo owns 50% of Fortrent Oy, an equally held joint venture with Ramirent, that operated in Russia and Ukraine. The Ukrainian operations have been closed during 2019.

STRATEGIC TARGETS AND FINANCIAL AND NON-FINANCIAL KPIS AND TARGETS

In September 2019 Cramo announced its new strategy and financial targets for period until 2023. The core of the new strategy Cramo NXT is built on the vision of becoming "Your productivity partner in rental and beyond". The new strategy focuses on growth, further enhancing operational efficiency, strengthening market position in industrial segment, increasing service offering and developing innovative digital solutions to improve customer efficiency.

The key strategic objectives of the new strategy are:

- Top-tier performance – to increase operational efficiency
- Stronghold in the industrial segment – to expand the business and balance cyclicality
- Leading partner for services – to provide a differentiated service offering promoting long-term customer partnerships
- Digital leader – to increase the productivity for our customers through digital initiatives

New financial targets for period 2019-2023 are:

- Double-digit EPS growth between 2019 and 2023
- Operative ROCE > 15% by end of 2023
- Net debt to EBITDA lower than 3.0x
- Dividend pay-out ratio > 50% of EPS

The non-financial KPIs and long-term targets are:

- Customer satisfaction index >75
- Share of units powered by electricity within the energy powered fleet 90%
- Lost time injury rate (LTIR) 0
- Number of legal proceedings (human rights, corruption, environment) 0
- CO_2e emissions (scope 1 and 2 relative to sales) <15 tonnes/MEUR.

OPERATING ENVIRONMENT

The construction market levelled out in many Cramo's operating countries during the financial year 2019. There were country specific variances. Also, competition intensified during the financial year. According to construction market analyst Euroconstruct's estimate, growth for 2019 was -2.2% in Finland, -0.3% in Sweden and +4.6% in Norway. In Austria and Germany, growth was forecasted to be 2.6% and 0.8% respectively. Growth was rapid in the Czech Republic, Slovakia, Hungary and Poland with on average 7.4% market growth. Forecon's construction market growth estimate for Estonia 1% and for Lithuania 4%.

For 2019, the European Rental Association (ERA) forecasted that the equipment rental market grew in all Cramo's operating countries within the scope of ERA's forecast. Forecon's equipment rental growth estimate for Finland was -1%, for Sweden 0%, for Estonia 8% and for Lithuania 9%.

BUSINESS REVIEW

Cramo Group's business segments are Equipment Rental Scandinavia, Finland and Eastern Europe and Central Europe.

In Scandinavia, sales were below the previous year's level by 8.4% (5.5% in local currencies), totalling EUR 339.4 (370.5) million. Organic sales growth was 5.5%. Unfavourable exchange rate development impact on sales was EUR -11.4 million, mainly due to the weaker Swedish Krona. In Sweden, sales decreased by 9.9% (6.9% in local currency) mainly due to the timing of large industrial projects with new projects having still only small impact on 2019 sales. In Norway, sales increased by 0.8% in local currencies driven by good demand and increased fleet. Comparable EBITA decreased by 18.0% and totalled EUR 60.1 (73.3) million, mainly due to lower sales in Sweden offset partly by lower indirect costs. In Norway, profitability remained at last year level. Items affecting comparability amounted to EUR -2.1 million and were related to the restructuring costs in Sweden and Norway impacted by the group-wide cost savings programme.

In Finland and Eastern Europe, sales decreased by 2.1% (2.0% in local currencies) to EUR 144.0 (147.0) million. Organic sales growth for the segment was -2.0%. Sales growth in Lithuania was more than offset by sales decline in other countries. Comparable EBITA decreased by 15.2%, totalling EUR 19.4 (22.9) million or 13.5% (15.6%) of sales. Comparable EBITA decreased in all countries except Lithuania. The decrease was mainly caused by sales decline and increased direct costs in Finland during the first half of the year offset partly by indirect cost savings.

The EBITA of Finland and Eastern Europe includes Cramo's share of its joint venture Fortrent's net result in Russia and Ukraine. The Ukrainian operations have been closed during 2019.

In 2019, Fortrent's total sales amounted to EUR 29.8 million. Fortrent's net result amounted to EUR 0.4 (1.0) million. Cramo's share of the consolidated net result was EUR 0.2 (0.6) million. Net result was materially impacted by the liquidation costs of Ukrainian business of EUR 3.4 million. Cramo's share of those costs were EUR 1.6 million, which have been reported as IACs.

In Central Europe, sales increased by 13.1% (13.2% in local currencies) totalling EUR 129.4 (114.4) million. Sales were positively affected by the acquisition of KBS Infra. Organic sales growth was a strong 7.9% supported by KBS Infra. In the Czech Republic and Austria, sales grew during the financial year. In Germany, rental sales continued to develop below expectations. Lower rental sales were compensated by higher trading sales. Change in the sales mix however affected negatively on profitability with lower gross margin. The segment's organic rental sales increased by 4.8%. The segment's comparable EBITA decreased to EUR 5.5 (8.9) million. During the financial year, extraordinary costs related to the organisational transformation of KBS Infra decreased the segment's profitability by EUR -0.8 million. In the comparison period, net extraordinary items were positive EUR 0.6 million. Low rental sales and higher trading sales in Germany decreased the profitability with lower gross margin. KBS Infra's performance is proceeding according to plan supported by expansion investments.

SALES AND PROFIT

All figures and comments below describe only Cramo Group's continuing operations for 2018 and 2019.

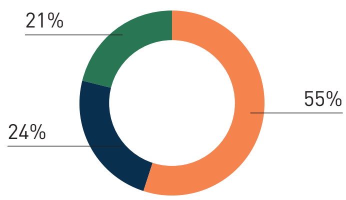
Cramo Group's full-year consolidated sales totalled EUR 612.6 (631.9) million, showing a decrease of 3.0% (-1.2 % in local currencies). KBS Infra, acquired on 28 February 2018, supported sales growth. The impact of the exchange rate changes on sales was EUR -11.5 million, mainly due to the weaker Swedish Krona. The Group's organic sales growth was EUR -14.1 million (-2.3%). Sales decreased in Scandinavia and Finland and Eastern Europe but increased in Central Europe.

Cramo Group's comparable EBITA came to EUR 72.7 (92.1) million, showing a decrease of 21.1%. Comparable EBITA margin was 11.9% (14.6%) of sales. EBITA and EBITA margin decreased in all segments. The impact of lower sales on profitability was still only partially offset by lower indirect costs, which decreased by 2.8 million against last year as a result of cost savings program. In Scandinavia profitability decreased mainly due to lower sales in Sweden, which were mainly affected by the timing of large industrial projects with still immaterial positive impact from new projects started in late 2019. In Finland and Eastern Europe more challenging market condition affected negatively on sales and margins in Finland. In Central Europe profitability decreased mainly due to unsatisfactory rental sales development in Germany.

Items affecting comparability in EBITA amounted to EUR -7.0 million during the financial year. In the comparison period, items affecting comparability amounted to EUR -0.9 million and were related to the transaction costs of KBS Infra acquisition. EBITA was EUR 65.7 (91.2) million. EBIT was EUR 61.5 (87.4) million. Net financial expenses were EUR 12.8 (10.2) million. Profit before taxes totalled EUR 48.8 (77.2) million and profit for the period was EUR 36.7 (61.3) million.

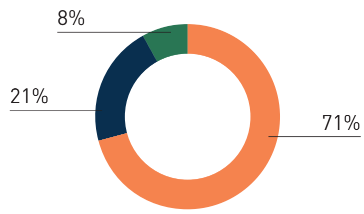
During 2019, reported depreciation, amortisation and impairment on fixed assets totalled EUR 130.2 (94.2) million. The increase was mainly related to implementation of IFRS16. Amortisation and impairment resulting from acquisitions were EUR 4.1 (3.8) million. In 2019 annual impairment testing, the net present value of expected future cash flows exceeded the capital employed and no need for impairment losses in goodwill, intangible nor tangible assets was recognised based on the testing. At the end of the period, goodwill stood at EUR 118.1 (293.0) million. The decrease was attributable to demerger of Cramo, as the comparison period includes goodwill that transferred to Adapteo.

Comparable earnings per share for the full financial year were EUR 0.99 (1.39) and earnings per share EUR 0.82 (1.38). The comparable return on equity (rolling 12 months) was 10.9% and return on equity (rolling 12 months) 9.1%.



SHARE OF GROUP SALES 2019 (2018), MEUR

- Scandinavia 339.4 (370.5)
- Finland and Eastern Europe 144.0 (147.0)
- Central Europe 129.4 (114.4)



SHARE OF GROUP EBITA 2019 (2018), MEUR

- Scandinavia 58.0 (73.3)
- Finland and Eastern Europe 17.5 (22.9)
- Central Europe 6.2 (8.1)

MEUR	Sales			EBITA		
	2019	2018	Change %	2019	2018	Change %
Scandinavia	339.4	370.5	-8.4	58.0	73.3	-20.8
Finland and Eastern Europe	144.0	147.0	-2.1	17.5	22.9	-23.5
Central Europe	129.4	114.4	13.1	6.2	8.1	-23.6
Non-allocated and eliminations	-0.1	0.0	-5.7	-16.0	-13.0	
Group total	**612.6**	**631.9**	**-3.0**	**65.7**	**91.2**	**-28.0**

ITEMS AFFECTING COMPARABILITY IN EBITA (MEUR)

	2019	2018
Scandinavia[1]	-2.1	0.0
Finland and Eastern Europe[2]	-1.9	0.0
Central Europe[3]	0.7	-0.9
Non-allocated and eliminations[4]	-3.8	0.0
Group total	**-7.0**	**-0.9**

** IAC = Items affecting comparability

1 In Scandinavia, items affecting comparability of EBITA in 2019 amounted to EUR -2.1 million and were related to the restructuring costs raised by the ongoing group-wide cost savings program. There were no items affecting comparability in the comparison period.

2 In Finland and Eastern Europe, items affecting comparability of EBITA in 2019 amounted to EUR -1.9 million and were related to liquidation of Fortrent's Ukraine operations EUR -1.7 million and restructuring costs of costs savings program EUR -0.2 million.

3 In Central Europe, items affecting comparability of EBITA in 2019 amounted to EUR 0.7 million and were related to the release of liability on contingent part of the acquisition price of KBS Infra (EUR 1.9 million) and the settlement of KBS Infra acquisition related items (EUR -1.0 million) and restructuring costs of EUR -0.2 million. In 2018, EUR -0.9 million was related to transaction costs of the KBS Infra acquisition.

4 Non-allocated EBITA included EUR -1.8 million advisory costs related to the remaining Cramo strategy process, EUR -1.2 million related to the restructuring and advisory costs raised by the ongoing group-wide cost savings program and EUR 0.7 million advisory costs related to public tender process of Cramo Group.

COMPARABLE EBITA (MEUR)

	2019	2018	Change %
Scandinavia	60.1	73.3	-18.0
Finland and Eastern Europe	19.4	22.9	-15.2
Central Europe	5.5	8.9	-39.0
Eliminations	-12.3	-13.0	-5.9
Group total	**72.7**	**92.1**	**-21.1**

INVESTMENTS AND CASH FLOW

Cramo Group's full-year capital expenditure totalled EUR 89.3 (185.1) million in continuing operations, as investments decreased in all segments. The impact of the acquisition of KBS Infra in capital expenditure was EUR 43.6 million in the comparison period.

Full-year cash flow from operating activities improved and was EUR 212.9 (195.5) million, cash flow after investments totalled EUR 110.8 (-150.4) million, of which EUR -43.6 million was related to the acquisition of shares of KBS Infra in continuing operations and EUR -140.3 million to the acquisition of shares of Nordic Modular Group in discontinued operations in the comparison period. IFRS 16 implementation changed the presentation of lease payment cash flows only between the lines as cash payments for the principal portion of lease liability are presented in cash flows from financing activities, thus improving both cash flow from operating activities and cash flow after investments by EUR 41.0 million, respectively. These cash flow figures include both continuing and discontinued operations.

FINANCIAL POSITION AND BALANCE SHEET

Financial position and Balance Sheet comparison period information below includes discontinued operations.

On 31 December 2019, net interest-bearing liabilities totalled EUR 375.9 (703.5) million. At the end of the financial year, gearing was 93.0% (117.9%) and net debt to EBITDA stood at 1.92 (2.88), where comparison period data includes only continuing operations' EBITDA impact, but net debt includes also liabilities transferred to Adapteo Plc.

Of the Group's variable rate loans, EUR 130.0 (130.0) million was hedged with interest rate swaps on 31 December 2019. Hedge accounting is applied to all these interest rate hedges. On 31 December 2019, Cramo Group's undrawn committed credit facilities (excluding leasing facilities) amounted to EUR 251.7 (258.5) million, of which non-current facilities represented EUR 175.0 (235.0) million and current facilities EUR 76.7 (23.5) million.

Tangible assets amounted to EUR 641.7 (976.8) million of the balance sheet total at the end of the financial year. The total balance sheet value was EUR 964.6 (1,606.3) million. The equity ratio was 41.9% (37.8%). The Group's investment commitments amounted to EUR 10.8 (36.4) million.

DISCONTINUED OPERATIONS

The Extraordinary General Meeting of Cramo resolved on 17 June 2019 to approve the demerger plan signed by Cramo's Board of Directors on 18 February 2019 and resolved on the partial demerger in accordance with the demerger plan. The purpose of the partial demerger was to execute the separation of Cramo's Modular Space business so that it will form a new independent group of companies. Pursuant to the demerger plan, Cramo demerged so that all the assets, debts and liabilities belonging to Cramo's Modular Space business, which mainly consists of modular space rental and rental-related service operations, was transferred without a liquidation procedure to Adapteo Plc, a company incorporated in the partial demerger. The net results of the Modular Space business are reported in the income statement under "Profit from discontinued operations" separately from continuing operations for all periods presented. In addition, the distribution gain, demerger expenses and income taxes related to discontinued operations are reported under discontinued operations.

On 28 June, the Board of Directors of Cramo Plc resolved to file the completion of the partial demerger of Cramo with the Finnish Trade Register so that the partial demerger was registered on 30 June 2019. Upon the completion of the partial demerger, Cramo's shareholders received as demerger consideration one (1) Adapteo share for each Cramo share that they held. No demerger consideration was issued in respect of own shares held by Cramo. The trading in Adapteo's shares on the Main Market of Nasdaq Stockholm commenced on 1 July 2019.

Following the partial demerger, Adapteo and its subsidiaries formed a new independent group of companies, separate from Cramo.

The demerger has been accounted for as a disposal to owners in accordance with IFRIC 17, "Distributions of non-cash assets to owners". Accordingly, the difference between the fair value of Cramo's Modular Space business and its book value in Cramo's consolidated balance sheet has been recorded as a distribution gain in the income statement. The fair value for the Modular Space business at the date of the demerger has been determined by multiplying the closing share price of EUR 12.61 (SEK 133) for Adapteo Plc shares on Nasdaq Stockholm on 1 July 2019 (listing date) by the number of Adapteo Plc's shares given as demerger consideration of 44,682,697. The resulting total fair value of the Modular Space business amounted to EUR 563.6 million. The comparable carrying amount of the net assets distributed to the owners amounted to EUR 193.8 million, and the gross distribution gain amounted to EUR 369.8 million.

The cash flow statement is not restated but includes both continuing and discontinued operations for all the periods presented. The discontinued Modular Space business generated EUR 47.9 million in net cash flow from operating activities, EUR -45.6 million in net cash flow from investing activities and EUR -6.9 million in net cash flow from financing activities during the first half of 2019. The operative result after taxes for the discontinued operations was EUR 16.0 million borne in the first half of 2019. The net result of discontinued operations includes positive demerger net expenses of EUR 0.7 million during the first half of 2019. This consists of both demerger expenses in discontinued operations during the first half of 2019 and a positive impact from the demerger plan based on the right to transfer the majority of the demerger expenses to Adapteo on the demerger date. The distribution gain amounts to EUR 369.8 million. Moreover, as a result of the discontinuation of Cramo's Modular Space business, cumulative exchange differences of approximately EUR -5.9 million included in equity in the consolidated statement of financial position are recorded as expenses in other comprehensive income under discontinued operations in the consolidated financial statement in the second quarter.

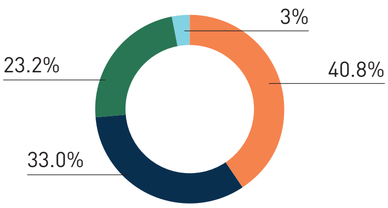
PERSONNEL

Personnel information presented below concerns only continuing operations.

During the review period, the Group employed an average of 2,611 (2,566) employees. In addition, the Group employed an average of approximately 207 (208) people hired from a staffing service. At the end of the period, Group personnel totalled 2,589 (2,563) as full-time equivalent (FTE) employees.

The distribution of personnel by segment as full-time equivalent (FTE) employees at the end of the period was as follows: 1,056 (1,088) employees in Scandinavia, 854 (845) in Finland and Eastern Europe, 602 (562) in Central Europe and 77 (68) in Group functions.

The total amount of salaries and fees paid was EUR 115.9 (109.2) million.



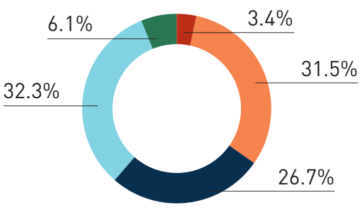
PERSONNEL BY SEGMENT 2019 (2018)

Scandinavia 1,056 (1,088) Finland and Eastern Europe 854 (845) Central Europe 602 (562) Group functions 77 (68)

PERSONNEL BY SEGMENT AT THE END OF 2019

Number of employees (FTE)

	2019	2018
Scandinavia	1,056	1,088
Finland and Eastern Europe	854	845
Central Europe	602	562
Group functions	77	68
Group total	**2,589**	**2,563**



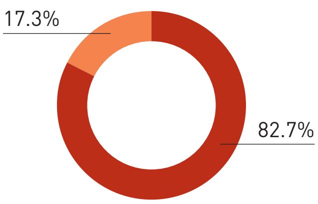
PERSONNEL AGE DISTRIBUTION 2019 (2018)

–23 89 (103) 24–35 816 (800) 36–45 690 (695) 46–59 837 (817) 60– 157(147)

PERSONNEL AGE DISTRIBUTION

Number of employees (FTE)

	2019	2018
-23	89	103
24-35	816	800
36-45	690	695
46-59	837	817
60-	157	147
Group total	**2,589**	**2,563**



PERSONNEL BY GENDER 2019 (2018)

Male 2,142 (2,143) Female 447 (419)

PERSONNEL BY GENDER

Number of employees (FTE)

	2019	2018
Men	2,142	2,143
Women	447	419
Group total	**2,589**	**2,563**

MANAGEMENT TEAM

Cramo Group's segments are Scandinavia, Finland and Eastern Europe and Central Europe.

In addition to the President and CEO Leif Gustafsson, Cramo Plc's Group Management Team comprised the following members at the end of the financial period: Aku Rumpunen, CFO; Hartwig Finger, Executive Vice President, Central Europe, and Managing Director, Cramo AG; Tatu Hauhio, Executive Vice President, Finland and Eastern Europe; Henrik Norrbom, Executive Vice President, Scandinavia, and Managing Director, Cramo AB; Martin Holmgren, Senior Vice President, Fleet Management; Sohana Josefsson, Senior Vice President, Marketing and Communications; and Mika Kouhi, Senior Vice President, M&A and Corporate Development.

CURRENT INCENTIVE SCHEMES

In October 2018, the Board of Directors of Cramo Plc resolved to launch a new plan for the period 2019 within the One Cramo Share Plan established in 2012. The new plan period began on 1 January 2019 and ended on 31 December 2019. The total amount of all savings during the commencing plan period may not exceed 4 million euros.

In the One Cramo Share Plan incentive scheme, permanent employees are offered an opportunity to save a maximum of 5% of their salary, and the accumulated savings are used for share purchases. The fourth savings period ended on 30 September 2016 and related additional shares were conveyed in May 2019. In the One Cramo Share Plan, the participants get the opportunity to acquire one additional share for every two shares purchased.

The discretionary periods of the share-based incentive scheme for Cramo Group Management Team members and key employees are the calendar years starting from 2015. The rewards for the discretionary periods 2015–2018 were based on the earnings per share and return on equity (ROE). In February 2019 the Board of Directors of Cramo Plc has, resolved to implement a new performance share plan. The Plan includes three (3) discretionary periods, calendar years 2019, 2020 and 2021. The Board shall, for each Discretionary Period, resolve on the applicable performance criteria and the required performance levels for each criterion separately. The rewards for the discretionary periods 2019 will be based on the earnings per share and return on equity (ROE).

The share-based incentive scheme for the Cramo Group Management Team members and key employees offers an opportunity to earn Cramo shares as a reward for achieving established performance targets. Each discretionary period will immediately be followed by a two-year vesting period before rewards are paid out. The target group of the scheme consists of approximately 65 Cramo key employees. Should the performance targets be attained in full for discretionary periods 2015-2018 and 2019, the earned reward will correspond to a maximum total of 1,535,000 Cramo Plc shares, including the proportion to be paid in cash.

The rewards for 2016 were paid in January 2019. A total of 102,691 shares were given in a directed share issue, in addition to rewards of EUR 1,425,164.90 paid in cash.

Due to the partial demerger of Cramo, Cramo's Board of Directors resolved to revise the terms of the ongoing and pending long-term incentive plans (Performance Share Plans) and One Cramo Share Plans. According to the revisions made in connection with the long-term incentive plans, in addition to each Cramo share, a participant shall be entitled to receive one (1) Adapteo Plc share. Under the One Cramo Share Plan, in addition to each matching Cramo share attached to the savings shares purchased prior to the partial demerger on 30 June 2019, a participant shall be entitled to receive one (1) Adapteo Plc matching share. Other terms of the plans remained unchanged.

Savings made during April-December 2019 were used to purchase Cramo shares. Matching shares are determined accordingly.

Subject to the change of control, Cramo Board of Directors has resolved to terminate the Performance Share Plans and One Cramo Share Plans. Confirmed and earned rewards as well as matching shares will be paid according to the accelerated timetable after converted into cash at the Offer Price, as regards the Company shares, and at the volume-weighted average price in respect of period from 1 July 2019 to the date of the change of control event, as regards the shares in Adapteo Plc.

The rewards for 2017-2019 approximate the value of 403,924 Cramo shares and 389,189 Adapteo shares. These consist of 356,100 Cramo and 356,100 Adapteo shares in Performance Share Plans, and 47,824 Cramo and 33,089 Adapteo shares in One Cramo share savings plans.

SUSTAINABILITY AND NON-FINANCIAL INFORMATION

Cramo Group's operations are based on its values, vision and mission. Work is guided by Cramo Group's strategy, operating principles and guidelines and the Code of Conduct.
Cramo Group is a signatory of the UN Global Compact and committed to support the ten principles with respect to human rights, labour, environment and anti-corruption.

In 2017, a decision was made that all our markets should be certified according to ISO 9001, ISO 14001 and ISO 45001, or similar standards. The work continued in 2019 and is planned to be completed in 2023. In 2019, 77% (80%) of Cramo Group's operations were certified according to the ISO quality management standard 9001. The decrease is due to the demerger of Adapteo in 2019 and the acquisition of KBS Infra in 2018. KBS Infra is included for the first time in the reporting for 2019.

Cramo Group's sustainability strategy is in line with and mutually supportive of the business strategy. The underlying commitment and principles of the strategy are those set out in Cramo Group's Code of Conduct and Supplier Code of Conduct, the UN Global Compact and the international Organisation for Standardisation (ISO).

Sustainability has a direct impact on Cramo's internal value creation through growth, return on capital and risk management. It also generates value for customers and other stakeholders, leading to enhanced cost-effectiveness, to improved access to products with the highest safety and environmental standards and to a reduced environmental impact. Cramo also creates value as a responsible employer and taxpayer. It provides employment and business opportunities and thus indirectly builds wealth in local societies.

Rental, as an alternative to ownership, is resource efficient and enables environmental improvements such as transport optimization, reduced emissions and enhanced waste management. By providing customers with easy access to a modern, efficient fleet of machinery and equipment for the time they are needed, Cramo helps customers achieve their sustainability targets and contributes to the reduction of the overall use of resources.

For more on Cramo Group's sustainability, see Cramo Group's Annual Review and website.

CRAMO CARE MATERIAL ASPECTS

CUSTOMER CARE
- Customer satisfaction
- Health and safety
- Resource efficiency
- Business ethics
- Responsible suppliers

EMPLOYEE CARE
- Employee satisfaction
- Health and safety
- Skills development
- Diversity and equality

ENVIRONMENTAL CARE
- Resource efficiency
- Reduced environmental footprint
- Increased circularity

SOCIAL CARE
- Local engagement
- Business ethics

SUSTAINABILITY STRATEGY

Cramo Group's sustainability strategy is based on a materiality study that identified the stakeholders' top priorities and Cramo's greatest impacts throughout the value chain. Cramo's biggest impacts occur beyond the company's direct control.

The strategic targets for the four different materiality areas are: Most satisfied customers in the industry (Customer Care), Zero accidents (Employee Care), Zero emissions (Environmental Care) and Top ranked in business ethics (Social Care).

In 2019, the target for customer satisfaction, Customer satisfaction index >75, was reached being 75 (75).

The key elements of the sustainability strategy are:

#1 Moving towards circularity
- Replacing the concept of a consumer with that of a user
- Replacing non-renewable fuels with renewable energy
- Sustainable sourcing
- Increasing the life span and utilisation of rental units

#2 Cramo Care – our model for responsible business

The enablers of the sustainability strategy are:

#1 Value-creating targets include both financial and non-financial objectives.

#2 Overall responsibility lies with Group Management, whereas operational responsibility and employee engagement lie with country managers.

#3 Relevance and continuous improvement are strengthened through an active dialogue with all stakeholder groups and partnership development initiatives with front-line actors.

The strategy presents targets and ways to monitor performance and sets priorities for Cramo Group's management system. It defines responsibilities for developing the strategy, policies and target setting and for ensuring implementation and continuous improvement.

Cramo Care policy covers the sustainability aspects that are material for Cramo and its stakeholders, and defines the Group's focus areas, ambitions and means concerning Customer Care, Employee Care, Environmental Care and Social Care.

ENVIRONMENT

The rental industry meets increased legal requirements and demands from customers regarding resource efficiency and reduced climate impact. Inability to match or respond to those demands will result in damages to Cramo's reputation, loss of customers and lost business opportunities. It might also result in environmental damages and legal claims against the Group. Inability to optimise resources will lead to increased operational costs.

A key aspect of Cramo Group's sustainability work is reducing energy use in transport, lighting and heating. Route optimisation and improved driving patterns help reduce the number and duration of transports, thus also reducing emissions. Another important aspect is reducing business travel.

In 2019, Cramo introduced a new energy monitoring system in Sweden. The system signals in real-time deviations in the use of electricity and heating and allows for quick corrective actions in the event of any shortcomings. It also enables real-time follow-up on the effectiveness of actions taken.

Work to mitigate the climate impact by reducing energy use and switching to fossil-free energy sources is carried out continuously. In 2019, Germany and Austria switched to renewable electricity, increasing the share of electricity from renewable sources on Group level from 75% to 82%.

Cramo Group works systematically to increase material efficiency and to reduce waste, especially mixed waste and waste to landfill. Priorities include the handling of hazardous waste and increasing the share of waste for recycling. In 2019, the share of mixed waste decreased and was 23% (28%).

ISO management standard 14001 has been implemented in Finland, Sweden, Norway and Estonia.

No environmental legal claims have been directed towards the Group in 2019.

SOCIAL AND EMPLOYEE MATTERS

Health and safety are a top priority for Cramo's customers and employees. The inability to match or respond to external and internal health and safety demands will result in damages to Cramo Group's reputation, loss of customers and decreased employer attractiveness. It might also result in severe injuries to individuals and legal claims against the Group.

Cramo's people promise, "We are Shapers", emphasises our decision to focus on our employees and demonstrates our belief that they are one of the main sources of our future success and continuous growth. The people promise clarifies what people can expect from their journey as an employee at Cramo.

At all times, priority is given to systematic and precautionary safety work, including risk assessment and identification of potential hazards, throughout the Group.

LTIR (Number of work-related accidents with at least one full day absence/million working hours) was 9.7 (8.8).

The ISO 45001 occupational health management system or similar has been implemented in Finland, Sweden and Estonia. The aim is certification in all Cramo countries.

No legal claims regarding health and safety have been directed towards Cramo in 2019.

RESPECT FOR HUMAN RIGHTS

The protection of human rights is fundamental for Cramo Group. Violations against human rights will result in damages to Cramo Group's reputation, decreased employer attractiveness and loss of customers. It might also result in individual damages and legal claims against the Group.

The Code of Conduct expresses the Group's stand against all forms of discrimination and harassment as well as against forced or compulsory labour. The Code of Conduct also declares the right to safe and healthy workplaces and the right of all Cramo's employees to form and join trade unions of their choice and to bargain collectively and individually. The implementation of a new version of the Code of Conduct was started in 2017 and it continued in 2019. A whistleblowing service provides a means for all employees to report their suspicions of misconduct.

The Supplier Code of Conduct covers matters such as safe and healthy workplaces, discrimination, forced or compulsory labour, child labour, precarious employment, fair remuneration as well as freedom of association and the right to collective bargaining. The Supplier Code of Conduct was included in all new Group supplier contracts in 2019.

Cramo wants to offer men and women of different ages and backgrounds similar development opportunities. In 2017, a new diversity policy with Group-wide application was established. Implementation continued in 2019, with the aim of integrating a diversity perspective into all Cramo's strategies and processes.

In 2019, no human rights cases such as of discrimination or sexual harassment were reported in Cramo's operations.

ANTI-CORRUPTION AND BRIBERY MATTERS

Cramo's Code of Conduct aims to ensure that customers, employees and society can trust that Cramo conducts business in an ethical, transparent and lawful manner. Failure to comply with the laws and regulations will result in damages to Cramo's reputation, loss of customers and the loss of trust among employees as well as other stakeholders. It might also result in legal claims against the Group.

The Code of Conduct is systematically communicated and anchored throughout the Group and the employees are trained in Cramo's values. A whistleblowing service provides a means for all employees to report their suspicions of misconduct. Cramo's suppliers are evaluated using business ethics criteria and the Supplier Code of Conduct is included in all new Group supplier contracts.

The number of cases reported through our whistleblowing system increased in 2019, from five cases in 2018 to eight cases. All cases were investigated, and the appropriate actions were taken. No case resulted in legal action. The increase of whistleblowing cases indicates increased awareness among employees regarding the importance to report suspicions of misconduct. Cramo's whistleblowing channel is an early warning system to reduce risks and an important tool for safeguarding high corporate governance standards and maintaining a high confidence in Cramo's operations.

Except for the cases reported through the whistleblowing system, there was one case of fraud reported in Cramo's operations in 2019. The case was investigated by the company, which took actions, and was also reported to the legal authorities.

No legal claims regarding non-ethical behaviour, such as corruption, have been directed towards Cramo in 2019.

MATERIAL NON-FINANCIAL TOPICS AND KEY FIGURES

Topics	Key Performance Indicator	Target	2019 (2018) outcome	Status[1]
Environment	Share of units powered by electricity within the energy powered fleet[2]	90% by 2023	85% (n/a)	○
	Energy usage from rented site huts	220 kWh/m² by 2023[3]	229 (231) kWh/m²[2]	○
	Share of diesel-powered heating equipment of total heating fleet	9.6% by 2020 (equals a 40% reduction vs 2016)	11.2% (11.3%)	○
	Share of Stage I – III diesel engines of total rental equipment with diesel engines	16.8% by 2020 (equals a 70% reduction vs 2016)	18.3% (25.2%)	○
	Number of legal proceedings (environment)	0 legal proceedings	0 (0) legal proceedings	✓
	CO_2e emissions, scope 1 and 2[4] (relative to sales)	<15 tonnes/MEUR by 2023 (equals >20% decrease vs 2019)	19.4 (15.6)[5] tonnes/MEUR	○
	Share of renewable electricity[2,6]	>90% by 2023	82% (75%)	○
	Energy usage, scope 1 and 2 (relative to sales)	<100 MWh/MEUR by 2023 (equals >10% decrease vs 2019)	113.7 (92.5)[7] MWh/MEUR	○
	Share of mixed waste	<15% by 2023	23% (28%)[8]	○
	Share of operations covered by ISO 14001 (relative to sales)	All operations covered by ISO 14001 by 2023	75% (80%)[9]	○
Social and employee matters	Number of individuals participating in external safety training provided by Cramo to customers, subcontractors, suppliers and other external parties	10% increase per year from 2018	11,433 (12,698) individuals, a 10% decrease	✗
	Share of countries providing external safety training (excluding countries with less than 3 depots)	All countries with more than 3 depots providing external safety training by 2023	78% (78%)	○
	Number of legal proceedings (health and safety)	0 legal proceedings	0 (0) legal proceedings	✓
	LTIR (Number of work-related accidents with at least one full day absence/million working hours)	0 by 2023	9.7 (8.8)[10]	✗
	Share of operations covered by ISO 45001 or similar (relative to sales)	All operations covered by ISO 45001 or similar by 2023	64% (61%)	○
	Share of female employees within the operational organisation (administrative HQ functions excluded)	15% by 2023	11% (11%)	✗
	Share of female managers	20% by 2023	17% (16%)	○
Human rights and anti-corruption and bribery matters	Share of employees getting Code of Conduct training[11,12]	100%	74% (33%)	○
	Share of employees that have confirmed in writing that they have read and understood the Code of Conduct[2,11]	100%	74% (n/a)	○
	Share of purchase spend covered by Supplier Code of Conduct[2,11]	>60% by 2023	30% (n/a)	○
	Share of critical suppliers managed by Group Sourcing that has been subject to anti-corruption, human rights, health and safety and environmental risk assessment[2]	25% by 2023	0% (n/a)[13]	○
	Number of legal proceedings (human rights including discrimination and sexual harassment)	0 legal proceedings	0 (1)[14] legal proceeding	✓
	Number of legal proceedings (corruption)	0 legal proceedings	0 (0) legal proceedings	✓

1 ✓ On-going – excellent progress or Target achieved
○ On-going – on track
✗ On-going – not on track
2 New KPI since 2019.
3 Updated target after the demerger of Adapteo.
4 A market-based method is used to calculate CO_2e emissions from electricity.
5 The increase in CO_2e emissions scope 1 and 2 (relative to sales) is due to the demerger of Adapteo in 2019 and the acquisition of KBS Infra in 2018. KBS is included for the first time in the reporting for 2019.
6 Electricity certified by Guarantee of Origin or similar system.
7 The increase in energy usage scope 1 and 2 (relative to sales) is due to the demerger of Adapteo in 2019 and the acquisition of KBS Infra in 2018. KBS is included for the first time in the reporting for 2019.
8 Austria, Germany and Hungary were excluded in 2018 due to difficulties obtaining the information required from suppliers but are included in 2019.
9 The decrease in share of operations covered by ISO 14001 (relative to sales) is due to the demerger of Adapteo in 2019 and the acquisition of KBS Infra in 2018. KBS is included for the first time in the reporting for 2019.
10 The result from 2018 is adjusted from 9.5 to 8.8 due to adjusted numbers of working hours.
11 The Code of Conduct and the Supplier Code of Conduct cover the environmental, health and safety, human rights and anti-corruption and bribery matters.
12 Employees that have received Code of Conduct training during the last two years are included.
13 A model for anti-corruption, human rights, health and safety and environmental risk assessment will be developed in 2020, implementation will start in 2021.
14 In 2018, there was one case of sexual harassment reported in Cramo's operations. The case was investigated by the company, which took actions, and was also heard in a court of law. The company was not a party in the legal proceeding.

SHARES AND SHARE CAPITAL

On 31 December 2019, Cramo Plc's share capital as registered in the Finnish Trade Register was EUR 14,834,753.09, and the number of shares was 44,690,554. Due to the partial demerger, Cramo's share capital decreased by an amount equivalent to Adapteo's share capital.

At the end of the financial year, Cramo Plc held 7,857 of these shares. On 17 January 2019, a total of 102,691 shares were given in a directed share issue to Cramo Group's personnel based on Cramo Group's performance period 2016 of Performance Share Plan 2015. On 16 May 2019, the number of shares held by the company decreased by a total of 6,033 due to the directed share issue based on the One Cramo Share Plan 2015.

CHANGES IN SHAREHOLDINGS

During the financial year Cramo Plc received the following notifications pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA"):

On 30 December 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's holding of shares in Cramo Plc had fallen below the threshold of 5% on 27 December 2019. As at the date of the notification, the company held 2,085,232 shares, 4.67% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 4.69% of shares and voting rights.

On 18 December 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's total holding of shares in Cramo Plc had exceeded the threshold of 5% on 17 December 2019. As at the date of the notification, the company held total of 2,501,015 shares, 5.60% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.62% of shares and voting rights.

On 17 December 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's holding of shares in Cramo Plc had fallen below the threshold of 5% on 16 December 2019. As at the date of the notification, the company held 2,101,542 shares, 4.70% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 4.72% of shares and voting rights.

On 29 November 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's total holding of shares in Cramo Plc had exceeded the threshold of 5% on 28 November 2019. As at the date of the notification, the company held total of 2,242,493 shares, 5.01% of Cramo Plc's share capital and voting rights 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.03% of shares and voting rights.

On 28 November 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's holding of shares in Cramo Plc had fallen below the threshold of 5% on 27 November 2019. As at the date of the notification, the company held 2,229,834 shares, 4.99% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.01% of shares and voting rights.

On 27 November 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's total holding of shares in Cramo Plc had exceeded the threshold of 5% on 26 November 2019. As at the date of the notification, the company held total of 2,407,875 shares, 5.38% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.40% of shares and voting rights.

On 26 November 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's holding of shares in Cramo Plc had fallen below the threshold of 5% on 25 November 2019. As at the date of the notification, the company held 2,233,343 shares, 4.997% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.01% of shares and voting rights.

On 20 November 2019, Cramo Plc received a notification from Norges Bank

(The Central Bank of Norway) according to which Norges Banks's total holding of shares in Cramo Plc had exceeded the threshold of 5% on 19 November 2019. As at the date of the notification, the company held total of 2,338,818 shares, 5.23% of Cramo Plc's share capital and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.25% of shares and voting rights.

On 18 November 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's total holding of shares in Cramo Plc had fallen below the threshold of 5% on 15 November 2019. As at the date of the notification, the company held total of 2,214,474 shares, 4.95% of Cramo Plc's share capital and voting rights and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 4.97% of shares and voting rights.

On 14 November 2019, Cramo Plc received a notification from Norges Bank (The Central Bank of Norway) according to which Norges Banks's total holding of shares in Cramo Plc had exceeded the threshold of 5% on 13 November 2019. As at the date of the notification, the company held total of 2,265,334 shares, 5.07% of Cramo Plc's share capital and voting rights and voting rights and 7,400 shares through financial instruments, 0.02% of share capital and voting rights, in total 5.09% of shares and voting rights.

ANNUAL GENERAL MEETING 2019 AND THE BOARD'S AUTHORISATIONS

The Annual General Meeting of Shareholders of Cramo Plc was held in Helsinki on Thursday, 28 March 2019. The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year 2018 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting of Shareholders decided that, as proposed by the Board of Directors, a dividend of EUR 0.90 per share will be paid for the financial year 1 January–31 December 2018. The dividend will be paid to shareholders registered in the shareholders' register of the Company held by Euroclear Finland Ltd on the record date of the dividend payment 1 April 2019. The dividend was paid on 8 April 2019.

The number of the members of the Board of Directors was confirmed as seven (7) ordinary members. AnnaCarin Grandin, Peter Nilsson, Veli-Matti Reinikkala, Joakim Rubin and Raimo Seppänen were re-elected as Board members and Andrew P. Studdert and Christian Bubenheim as new Board members, all for a term of office ending at the end of the Annual General Meeting 2020.

The Annual General Meeting resolved that the Chairman of the Board of Directors shall be paid EUR 85,000 per year and the other members of the Board of Directors EUR 37,500 per year. It was further resolved that the remuneration is paid in cash. Pursuant to the adopted policy on Board member share ownership, Board members who do not already have such a holding of Cramo shares are under a four-year (4) period from the start of their directorship expected to acquire Cramo shares to a total market value which equals at least one year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee annually follows up on the Board members' shareholding as a part of its process and evaluates if it is according to the policy.

In addition, it was decided that all Board members are entitled to a compensation of EUR 1,000 per attended meeting of the Audit and Remuneration Committees and EUR 500 per attended meeting of the M&A Committee. Further, the member of the Board elected in the position of Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded in accordance with an invoice.

The Annual General Meeting decided that the Auditors will be paid reasonable remuneration in accordance with the invoice approved by the Company.

The audit firm KPMG Oy Ab was appointed as Cramo Plc's Auditor for the term ending at the end of the next Annual General Meeting, with APA Mr Toni Aaltonen as the responsible auditor.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition of the Company's own shares and/or on the acceptance as pledge of the Company's own shares as follows:

The amount of own shares to be acquired and/or accepted as pledge shall not exceed 4,400,000 shares in total, which corresponds to approximately 10 per cent of all the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to acquire own shares on the basis of the authorisation. Own shares can be acquired at a price formed in public trading on Nasdaq Helsinki on the date of the acquisition or otherwise at a price formed on the market. The Board of Directors decides how own shares will be acquired and/or accepted as pledge. Own shares can be acquired using, inter alia, derivatives. Own shares can be acquired otherwise than in proportion to the shareholdings of the shareholders (directed acquisition). Own shares can be acquired and/or accepted as a pledge to, among other things, limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred in connection with possible acquisitions, to be used in incentive arrangements or to be cancelled, provided that the acquisition is in the interest of the company and its shareholders. However, not more than 400,000 shares acquired under this authorisation may be used for the incentive arrangements of the Company. The authorisation invalidates prior resolved authorisation made at the General Meeting of Shareholders regarding acquisition of the company's own shares. The authorisation is effective until the end of the next Annual General Meeting of Shareholders, however no longer than until 30 June 2020.

The Annual General Meeting authorised the Board of Directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act as follows: The shares issued under the authorisation are new or those in the Company's possession. Under the authorisation, a maximum of 4,400,000 shares, which corresponds to approximately 10 per cent of all of the shares in the Company, can be issued. The shares or other special rights entitling to shares can be issued in one or more tranches. Under the authorisation, the Board of Directors may resolve upon issuing new shares to the Company itself. However, the Company, together with its subsidiaries, cannot at any time own more than 10 per cent of all its registered shares. The Board of Directors is authorised to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorised to resolve on a directed share issue and issue of the special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so. However, not more than 400,000 shares in total may be used for incentive arrangements. The authorisation invalidates prior resolved and registered authorisations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares as well as transfer of the Company's own shares. The authorisation is valid until the end of the next Annual General Meeting of Shareholders, however no longer than until 30 June 2020.

EXTRAORDINARY GENERAL MEETING 2019

Cramo Plc's Extraordinary General Meeting, which was held on 17 June 2019, approved the demerger plan and resolved on the partial demerger of Cramo in accordance with the demerger plan. The Extraordinary General Meeting also resolved, in accordance with the proposals of the Board of Directors of Cramo, on the number of members and composition of the Board of Directors of Adapteo Plc, the remuneration to be paid to the Board of Directors of Adapteo, the election of the auditor of Adapteo and the auditor's remuneration, and the establishment of a Shareholders' Nomination Committee of Adapteo.

The Extraordinary General Meeting approved the demerger plan and resolved on the partial demerger in accordance with the demerger plan. Pursuant to the demerger plan, Cramo will demerge in a partial demerger so that all the assets, debts and liabilities belonging to Cramo's Modular Space business are transferred without a liquidation procedure to Adapteo, a company to be incorporated in the partial demerger. Cramo's Equipment Rental business, which mainly consists of construction machinery and equipment rental and rental-related services, will remain in Cramo. Following the partial demerger, Adapteo will form a new independent group of companies, separate from Cramo. The planned registration date of the execution of the partial demerger is 30 June 2019. As part of the resolution on the partial demerger, the Extraordinary General Meeting approved Adapteo's Articles of Association and resolved to decrease Cramo's share capital by an amount equivalent to Adapteo's share capital, i.e. from EUR 24,834,753.09 to EUR 14,834,753.09, in connection with the partial demerger. The amount by which the share capital of Cramo is decreased shall be used to distribute funds to Adapteo. Simultaneously, the Extraordinary General Meeting resolved to, in connection with the partial demerger, amend paragraph 2 of the Articles of Association of Cramo, i.e. Cramo's line of business, in a manner described in the demerger plan. The main content of the amendment to the Articles of Association of Cramo is that references to modular spaces are deleted from paragraph 2. The Extraordinary General Meeting also resolved, as part of the resolution on the partial demerger, to authorise the Board of Directors of Adapteo to decide on the issuance of shares, as well as the issuance of option rights and other special rights entitling to shares, so that a maximum of 4,500,000 shares in Adapteo can be issued under the authorisation. The Board of Directors of Adapteo is authorised to resolve on a directed share issue and issuance of special rights entitling to shares in deviation from the shareholders' pre-emptive right. In addition, the Extraordinary General Meeting resolved to authorise the Board of Directors of Adapteo to decide on the acquisition of Adapteo's own shares and on the acceptance as pledge of Adapteo's own shares, so that the number of own shares to be acquired or accepted as pledge shall not exceed 4,500,000 shares in Adapteo in total. Own shares can be acquired otherwise than in proportion to the shareholdings of the shareholders. Own shares can be acquired at a price formed in public trading on the regulated market on which Adapteo's shares are traded on the date of the acquisition or otherwise at a price formed on the market. The authorisations are described in detail in sections 17.1 and 17.3 of the demerger plan and they are valid until the end of the next Annual General Meeting of Adapteo, however no longer than until 30 June 2020.

The Extraordinary General Meeting resolved that the number of members of the Board of Directors of Adapteo shall be five (5) and resolved to elect Peter Nilsson as Chairman and Carina Edblad, Outi Henriksson, Andreas Philipson and Joakim Rubin as members of the Board of Directors of Adapteo. The term of office of the members of the Board of Directors of Adapteo will commence on the date of registration of the execution of the Demerger and expire at the end of the first Annual General Meeting of Adapteo. The Extraordinary General Meeting also resolved on the following remuneration to the members of the Board of Directors of Adapteo: To the Chairman of the Board of Directors EUR 85,000 per year and to each other member of the Board of Directors EUR 37,500 per year. In addition, the Extraordinary General Meeting resolved that the members of the Board of Directors of Adapteo will be entitled to a compensation of EUR 1,000 per attended meeting of any committee of the Board of Directors of Adapteo. Further, the member of the Board of Directors elected Chairman of the Audit Committee will receive an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded in accordance with an invoice and the remuneration will be paid in cash.

The Extraordinary General Meeting resolved to elect the audit firm KPMG Oy Ab, with APA Toni Aaltonen as the responsible auditor, as the auditor of Adapteo for a term ending at the end of the first Annual General Meeting of Adapteo. The Extraordinary General Meeting also resolved that the auditor of Adapteo be paid reasonable remuneration in accordance with an invoice approved by Adapteo.

The Extraordinary General Meeting resolved to establish a Shareholders' Nomination Committee of Adapteo to prepare, annually or otherwise when appropriate, proposals concerning the composition, election and remuneration of the members of the Board of Directors of Adapteo. The Extraordinary General Meeting also resolved to approve the Charter of the Shareholders' Nomination Committee in accordance with the proposal by the Board of Directors of Cramo. The Shareholders' Nomination Committee shall consist of four (4) members, being the Chairman of the Board of Directors of Adapteo and three (3) members representing Adapteo's largest shareholders as per the last business day of September preceding the next Annual General Meeting of Shareholders, as determined on the basis of the shareholder register of Adapteo maintained by Euroclear Finland and the register of shareholders maintained by Euroclear Sweden. The establishment of the Shareholders' Nomination Committee and the Charter of the Shareholders' Nomination Committee shall enter into force upon the registration of the execution of the partial demerger. The Shareholders' Nomination Committee shall operate until it is abolished by the decision of the General Meeting of Shareholders of Adapteo.

CORPORATE GOVERNANCE AND AUDITORS

At the end of the financial year 2019, Cramo Plc's Board of Directors was composed of Mr Veli-Matti Reinikkala (Chairman), Mr Peter Nilsson (Deputy Chairman), Mr Christian Bubenheim, Ms AnnaCarin Grandin, Mr Joakim Rubin, Mr Raimo Seppänen and Mr Andrew P. Studdert.

Mr Joakim Rubin (Chairman), Mr Christian Bubenheim and Ms AnnaCarin Grandin comprised the Audit Committee. Mr Veli-Matti Reinikkala (Chairman), Mr Joakim Rubin and Mr Andrew P. Studdert comprised the M&A Committee. Mr Veli-Matti Reinikkala (Chairman), Mr Peter Nilsson and Mr Raimo Seppänen comprised the Remuneration Committee.

The composition of Cramo Plc's Shareholders' Nomination Committee as from 28 November 2019 is following; Mr Fredrik Åtting (EQT Fund Management S.à r.l), Mr Ari Autio (Rakennusmestarien Säätiö), Ms Annika Ekman (Ilmarinen Mutual Pension Insurance Company) Veli-Matti Reinikkala, Chairman of the Board, Cramo Plc. The Shareholders' Nomination Committee has elected Fredrik Åtting as the chairman of the Committee.

On 31 December 2019, the Board members and the President and CEO held, either directly or through companies in which they exercise control, 78,240 Cramo Plc shares.

The company's auditors were KPMG Oy Ab, Authorised Public Accountants, with Mr Toni Aaltonen, APA, as the responsible auditor.

Until the end of the financial year 2019, Cramo Plc observed the Finnish Corporate Governance Code, which entered into force on 1 January in 2016, and 1 January 2020 onwards the Finnish Corporate Governance Code 2020. Cramo manages inside information in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd. and Cramo's Insider Guidelines approved by the Board of Directors.

The Corporate Governance statement 2019 issued by Cramo Plc's Board of Directors and the Remuneration Statement 2019 are available on the Cramo Plc website.

ESSENTIAL RISKS AND UNCERTAINTIES

In addition to global economic developments, the main sources of uncertainty in Cramo's business are related to the economic cycles and financial development of each country, fluctuations in interest and exchange rates, availability of financing, credit loss risks, the success of the Group's acquisitions and information system projects, personnel-related risks, availability of competent management and recruitment-related risks, tax risks and other business risks.

Economic uncertainty may be reflected in Cramo's operations as decreased demand in one or more market areas, fiercer competition, lower rental prices, higher financial expenses or customers experiencing financial difficulties and increasing credit losses. In addition, economic uncertainty increases the impairment risks to the balance sheet values.

Of geopolitical risks, global trade tensions and tariffs are creating uncertainties in the market in which Cramo operates. The threat of economic slowdown in Europe, European political fragmentation and sovereign debt challenges in Italy may also have an effect on general economic development and, consequently, on construction and the demand for rental services.

STRATEGIC RISKS

The Group's operations are closely linked to general economic development and the construction and property markets. The construction industry is characterised by seasonal fluctuations, and the Group's sales and profit vary by quarter in a manner that is typical of equipment rental operations. The Group also strives to minimise the impact of economic trends through continually optimising its rental fleet utilisation rate.

Expansion and business development are partly based on acquisitions. The risks in acquisitions are related to knowledge of local markets and regulations, customers, key personnel and suppliers, among other factors. The goal is to take these risks into consideration through careful preparation and by investing in the integration of acquisitions.

There are risks associated with the amount, allocation and timing of the investments and with other strategic business decisions. The goal is to control investment-related risks by applying a careful approval process for investments, optimising fleet use across the Group, and using external and internal indicators to forecast future market development, among other measures. These indicators, that illustrate the future, are monitored by country on a monthly basis.

OPERATIVE AND TRANSACTIONAL RISKS

The Group's most significant operative risks include those associated with business operations and personnel, contract risks, occupational safety risks, environmental risks, IT-related risks, risks related to compliance with the laws and regulations and risks related to the Group's administrative principles. To control the most significant strategic and operative risks, the Group and its subsidiaries have their own contingency plans.

Competent personnel are crucial for reaching Cramo's strategic and business targets. Cramo offers all its employees safe and stimulating workplaces, where men and women of different ages and backgrounds have the same opportunities for personal and professional development.

Cramo prioritises a systematic and preventative approach to safety, both internally and on customer sites. The ISO 45001 occupational health management system or similar has been implemented in Finland, Sweden and Estonia.

Cramo works systematically to reduce its environmental impact by reducing energy usage and emissions, switching to fossil-free energy sources, reducing and recycling materials, reducing waste and handling hazardous waste properly. ISO management standard 14001 has been implemented in Finland, Sweden, Norway and Estonia.

Cramo's values and Code of Conduct, including respect for human rights and ethical business conduct, are systematically communicated and anchored throughout the Group. A whistleblowing service has been established that provides a means for all employees to report their suspicions of misconduct. The Supplier Code of Conduct is included in all new supplier contracts.

The Group's transaction risks include risks related to equipment rental and uninterrupted operations, among other risks, which are managed by means of insurance.

ECONOMIC, FINANCING AND TAX RISKS

The objective of economic and financing risk management is to safeguard the company's high-quality external and internal financial reporting and the availability of financing and to minimise the adverse effects that changes in the operating environment and financial markets.

The Group's primary financing risks are the cash flow's interest rate risk, currency rate risk, credit risk and liquidity risk. To manage the interest rate risk, the Group's loans and investments have been spread between fixed-rate and variable-rate instruments. Derivative contracts, such as interest rate swaps, are also used to manage the interest rate risk. The exchange rate risk mainly comprises net investments in foreign units and currency-denominated loans, with currency forwards as hedging instruments.

The Group's treasury policy specifies the responsibilities and procedures of the treasury function as well as the targets and principles of hedging. The Group's country-specific financing is handled in a centralised manner, primarily through internal Group loans.

The tax environment in Europe is changing towards new or increased taxes and new interpretations of existing tax laws. The decreasing predictability and visibility around taxes may lead to unexpected challenges also for Cramo.

OUTLOOK FOR 2020

The European Rental Association (ERA) forecasts that the equipment rental market will grow in 2020 in all of Cramo's operating countries, varying approximately between 4 to 5%, except in Poland and Czech Republic where the growth is forecasted to be 8% and 6% respectively. Forecon estimates that in 2020 the equipment rental market volume will remain at last year level in Sweden, and grow by 4% in Estonia, grow by 5% in Finland, grow by 6% in Norway and Lithuania.

In equipment rental, changes in demand usually follow the construction market with a delay. According to Euroconstruct November 2019 estimates, the construction market will decrease by 2% in Sweden and remain at last year's level in Finland. The Sveriges Byggindustrier is projecting that the Swedish construction market will decline by 2% in 2020 according to their latest estimate in October 2019. In Norway, the construction market is expected to grow by 2%. In Germany and Austria, growth is forecast to be -0.6% and 1.3% respectively.

The demand for equipment rental services usually follows the development of construction with a delay. In addition to the construction volume, the demand is affected by industrial investments and the increase in the rental penetration rate. Tightening environmental legislation and the requirement to improve the efficiency and quality of construction increase the need for different types of rental-related services. Cramo believes that the long-term demand is supported by several global megatrends, such as urbanisation, the sharing economy and the increasing emphasis on sustainability.

GUIDANCE FOR 2020

Cramo estimates its comparable EBITA will be above EUR 75 million in 2020.

THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

On 5 February 2020 final results of Boels' recommended voluntary public cash tender offer for all shares in Cramo Plc were announced and Boels completed the tender offer and commenced a subsequent offer period. According to the final results of the tender offer, the shares tendered represent approximately 93.04% of all the issued and outstanding shares and votes in Cramo.

On 31 December 2019, Cramo Plc's total distributable funds were EUR 115,662,718.28 including EUR 39,428,869.64 of retained earnings. The Board of Directors of Cramo proposes to Annual General Meeting that no dividend will be paid for the financial year 2019.

The Annual General Meeting will be held by the end of June 2020, upon a separate notice to be issued by the Board.

THE PERFORMANCE MEASURES

Return on equity, %

$$= \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

Return on capital employed, %

$$= \frac{\text{EBIT (rolling 12 months)}}{\text{Capital employed (12 months average)}} \times 100$$

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Banande sheet – advance payments received}} \times 100$$

Net interest-bearing liabilities

= Interest bearing liabilities – cash and cash equivalents

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Earnings per share (EPS)

= Profit for the year attributable to owners of the parent company / Adjusted average number of shares during the period

Shareholders' equity per share

= Shareholders' equity / Adjusted number of shares at the end of the period

Dividend per share

= Dividend distribution for the period / Adjusted number of shares at the end of the period

Dividend per earnings, %

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$= \frac{\text{Dividend per share}}{\text{Issue adjusted closing price at the end of the period}} \times 100$$

Price / earnings ratio (P/E)

= Issue adjusted closing price at the end of the period / Earnings per share

Market capitalisation

= Number of shares at the end of the period closing price at the end of the period

THE ALTERNATIVE PERFORMANCE MEASURES

The alternative Performance Measures ("APM") used by Cramo are defined below:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions

EBITDA

= EBITA + depreciation

Net debt / EBITDA

$$= \frac{\text{Period end net debt}}{\text{Rolling 12 months EBITDA}}$$

Comparable EBITA

= EBITA - items affecting comparability

Comparable EPS

$$= \frac{\text{Profit for the period excluding items affecting comparability (rolling 12 month)}}{\text{Adjusted average number of shares during the period}}$$

Comparable return on equity, %

$$= \frac{\text{Profit for the period excluding items affecting comparability (rolling 12 month)}}{\text{Total equity (average)}} \times 100$$

Comparable return on capital employed, %

$$= \frac{\text{Profit for the period excluding items affecting comparability (rolling 12 month)}}{\text{Total capital employed (average)}} \times 100$$

Organic (rental) sales growth, %

= (Rental) sales growth of assets owned by the company for the whole current and previous reporting period (i.e. exluding acquisitions, divestments and exchange rate impact)

Gross margin, %

= (Sales – Materials and services) / Sales

The European Securities and Markets Authority (ESMA) has issued guidelines regarding Alternative Performance Measures ("APM"). Cramo presents APM's to improve the business analysis and comparability from period to period. APMs presented in this report are not performance measures used in IFRS reporting and should not be considered as a substitute for measures of performance in accordance with the IFRS.

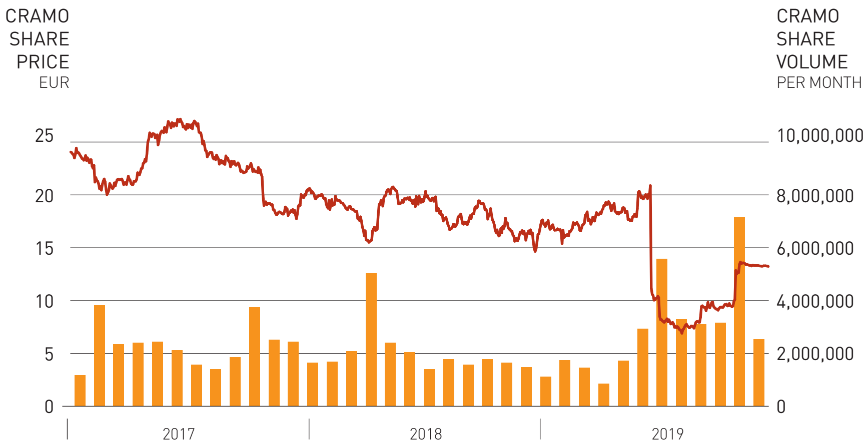
Key figures and ratios

KEY FIGURES ON FINANCIAL PERFORMANCE		2019	2018	2017	2016	2015
Sales[2]	MEUR	612.6	631.9	729.5	712.3	667.9
Change - %	%	-3.05	-13.4	+2.4	+6.6	+2.5
Operating profit[2]	MEUR	61.5	87.4	117.3	98.7	76.7
% of sales	%	10.0	13.8	16.1	13.9	11.5
Profit before taxes[2]	MEUR	48.8	77.2	105.2	86.9	63.8
% of sales	%	8.0	12.2	14.4	12.2	9.6
Profit for the year, continuing operations[2]	MEUR	36.7	61.3			
% of sales	%	6.0	9.7			
Profit for the year, discontinued operations	MEUR	386.0	23.4			
Profit for the year	MEUR	422.7	84.7	84.2	68.6	49.7
% of sales	%			11.5	9.6	7.4
Return on equity[2]	%	9.1	14.7	15.6	13.6	10.5
Return on investment[2]	%	7.9	10.8	12.7	11.2	9.0
Equity ratio	%	41.9	37.8	47.4	45.6	45.7
Gross capital expenditure[2]	MEUR	89.3	185.1	213.9	207.3	175.0
% of sales	%	14.6	29.3	29.3	29.1	26.2
of which business combinations	MEUR	0.0	43.6	9.4	4.4	9.8
Equity	MEUR	402.8	597.0	557.4	519.7	490.7
Net interest-bearing liabilities	MEUR	375.9	703.5	382.3	387.0	368.4
Gearing	%	93.3	117.2	68.6	74.5	75.1
Average number of personnel[2]	No.	2,611	2,546	2,538	2,550	2,486

PER-SHARE RATIOS		2019	2018	2017	2016	2015
Earnings per share, continuing operations[2]	EUR	0.82	1.38			
Earnings per share, discontinued operations	EUR	8.64	0.53			
Earnings per share, group total	EUR	9.46	1.90	1.89	1.54	1.13
Earnings per share diluted[1,2]	EUR	0.82	1.37	1.88	1.53	1.12
Shareholders' equity per share	EUR	9.01	13.39	12.53	11.69	11.05
Dividend per earnings	%		47.40	44.90	48.60	57.6
Dividend per share	EUR	0.00*	0.90	0.85	0.75	0.65
Trading volume of shares	No.	33,604,772	23,876,494	27,064,057	18,385,238	33,659,526
% of total number	%	75	53	61	41	75
Adjusted average number of shares	No.	44,676,527	44,568,393	44,479,685	44,444,804	44,067,946
Adjusted number of shares at year end	No.	44,682,697	44,573,973	44,486,824	44,451,131	44,395,004
P/E ratio		16.1	7.9	10.4	15.4	16.9
Effective dividend yield	%		6.0	4.3	3.2	3.4
Market capitalisation of share capital	MEUR	591.6	665.0	879.1	1057.5	848.4
Average price	EUR	12.52	17.29	22.2	20.27	17.08
Closing price at year end	EUR	13.24	14.92	19.76	23.79	19.11
Lowest quotation	EUR	6.82	14.54	17.75	15.59	11.77
Highest quotation	EUR	21.3	20.82	27.17	25.13	20.88

* The Board proposes to the Annual General Meeting that no dividend will be paid.
1 Adjusted by the dilution effect of stock options and share plans
2 For the years 2019 and 2018 the figures are re-stated to continuing operatons according IFRS5

CRAMO SHARE PRICE AND TRADING VOLUME



Consolidated balance sheet

EUR 1,000	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Tangible assets	4	641,737	976,796
Goodwill	5	118,073	293,010
Other intangible assets	5	53,866	88,209
Investments in joint ventures	8	9,104	6,024
Deferred tax assets	9	6,840	14,527
Loan receivables	12	5,081	8,918
Trade and other receivables	12	2,465	8,111
Total non-current assets		**837,165**	**1,395,595**
Current assets			
Inventories	13	8,965	14,769
Trade and other receivables	12	103,781	181,412
Income tax receivables		4,350	6,238
Derivative financial instruments	11	1,691	1,894
Cash and cash equivalents	14	7,257	6,391
Total current assets		**126,043**	**210,704**
TOTAL ASSETS		963,209	1,606,299
EQUITY AND LIABILITIES			
Equity			
Share capital		14,835	24,835
Other reserves		260,915	327,863
Hedging fund		-4,972	-5,762
Translation differences		-73,060	-67,399
Retained earnings		205,060	317,432
Equity attributable to owners of the parent company		402,778	596,969
Total equity	15	**402,778**	**596,969**
Non-current liabilities			
Interest-bearing liabilities	16	221,178	597,697
Lease liabilities		62,576	906
Derivative financial instruments	11	6,053	7,202
Deferred tax liabilities	9	50,885	99,919
Retirement benefit liabilities	17	1,868	1,868
Other non-current liabilities	18	2,434	1,632
Provisions		79	
Total non-current liabilities		**345,072**	**709,224**
Current liabilities			
Interest-bearing liabilities	16	63,767	109,810
Lease liabilities		35,647	1,517
Derivative financial instruments	11	1,001	407
Trade and other payables	19	108,026	179,979
Income tax liabilities		6,917	7,476
Provisions			917
Total current liabilities		**215,358**	**300,106**
Total liabilities		**560,430**	**1,009,330**
TOTAL EQUITY AND LIABILITIES		963,209	1,606,299

Consolidated statement of comprehensive income

EUR 1,000	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Sales	2, 21	**612,637**	**631,894**
Other operating income	22	18,115	17,269
Materials and services	23	-203,118	-204,394
Employee benefit expenses	24	-153,134	-147,877
Other operating expenses	25	-78,833	-111,945
Depreciation and impairment on tangible and intangible assets	27	-130,184	-94,239
Amortisation and impairment resulting from acquisitions	27	-4,116	-3,800
Share of profit of joint ventures	8	181	516
Operating profit		**61,547**	**87,423**
Financial income		9,758	7,866
Financial expenses		-22,552	-18,090
Total financial income and expenses	28	-12,794	-10,224
Profit before taxes		**48,752**	**77,199**
Income taxes	29	-12,100	-15,878
Profit for the year, continuing operations		**36,652**	**61,321**
Profit for the year, discontinued operations		**386,026**	**23,378**
Profit for the year		**422,679**	**84,699**
Attributable to			
Owners of the parent company, continuing operations		36,652	61,321
Owners of the parent company, discontinued operations		386,026	23,378
Owners of the parent company, group total		422,679	84,699
Earnings per share for profit attributable to owners of the parent company			
Basic, continuing operations EUR	30	0.82	1.38
Diluted, continuing operations EUR	30	0.82	1.37
Basic, discontinued operations EUR	30	8.64	0.53
Diluted, discontinued operations EUR	30	8.60	0.52
Basic, group total EUR	30	9.46	1.90
Diluted, group total EUR	30	9.42	1.89
OTHER COMPREHENSIVE INCOME ITEMS			
Profit for the year		422,679	84,699
Other comprehensive income	29		
Items that will not be reclassified to profit or loss:			
Remeasurements on retirement benefit liabilities, net of tax		-41	-35
Total items that will not be reclassified to profit or loss		-41	-35
Items that may be reclassified subsequently to profit or loss:			
Change in hedging fund, net of tax		790	534
Fair values through Other comprehensive income			
Share of other comprehensive income of joint ventures		3,265	-1,778
Transferred to income statement through liquidation (Indirect translation differences)			
Change in translation differences	11	-8,113	-14,522
Total of other comprehensive income items after taxes, discontinued operations		-6,713	2,675
Total items that may be reclassified subsequently to profit or loss		-10,771	-13,091
Total other comprehensive income, net of tax		-10,812	-13,126
Total comprehensive income for the year		**411,867**	**71,573**
Attributable to			
Owners of the parent company		411,867	71,573

The income statement is presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operations.

Consolidated statement of changes in equity

	Attributable to owners of the parent company						
EUR 1,000	Share capital	Other reserves	Invested unrestricted equity	Hedging fund	Translation differences	Retained earnings	Total equity
At 1 Jan 2018	**24,835**	**186,926**	**140,253**	**-6,296**	**-53,775**	**265,442**	**557,384**
Translation differences					-13,625		-13,625
Remeasurement on retirement benefit liabilities						-35	-35
Hedging fund				534			534
Profit for the year						84,699	84,699
Comprehensive income				534	-13,625	84,664	71,573
Own shares conveyed			684			-684	
IFRS 9 transition						2,499	2,499
IFRS 15 transition						255	255
IFRS 2 transition						3,181	3,181
Dividend distribution						-37,883	-37,883
Realisation of share-based liability						-1,303	-1,303
Share-based payments						2,771	2,771
Other changes						-1,511	-1,511
At 31 Dec 2018	**24,835**	**186,926**	**140,937**	**-5,762**	**-67,399**	**317,432**	**596,969**
At 1 Jan 2019	**24,835**	**186,926**	**140,253**	**-5,762**	**-67,399**	**317,432**	**596,969**
Translation differences					-11,561		-11,561
Remeasurement on retirement benefit liabilities						-41	-41
Hedging fund				790			790
Profit for the period, continuing operations						36,652	36,652
Profit for the period, discontinued operations						386,026	386,026
Comprehensive income				790	-11,561	422,637	411,866
Own shares conveyed			852			-852	
Assets transferred in the demerger, fair value						-563,566	-563,566
Effect of demerger	-10,000		-67,800		5,900	71,063	-837
Dividend distribution						-40,209	-40,209
Realisation of share-based liability						-1,625	-1,625
Share-based payments						180	180
At 31 Dec 2019	**14,835**	**186,926**	**73,989**	**-4,972**	**-73,060**	**205,060**	**402,778**

Further information about share capital and equity funds is given in note 15.

Consolidated cash flow statement

EUR 1,000	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Cash flow from operating activities			
Profit before tax*		438,174	105,268
Adjustments:			
Depreciation, amortisation and impairment		154,822	124,754
Share of profit of joint ventures	8	-181	-503
Other non-cash corrections	31	-382,706	-12,423
Finance cost (net)		16,660	14,228
Operating profit before changes in working capital		226,769	231,325
Change in working capital			
Change in inventories		-1,199	550
Change in trade and other receivables		22,420	-2,007
Change in trade and other payables		-4,329	2,460
Cash generated from operations before financial items and tax		243,661	232,328
Interest paid		-16,621	-13,245
Interest received		923	770
Other financial items		-249	-7,314
Income taxes paid		-14,767	-17,050
Net cash flow from operating activities		**212 947**	**195,489**
Cash flow from investing activities			
Investments in tangible and intangible assets		-124,094	-212,735
Sale of tangible and intangible assets		22,690	26,917
Acquisition of subsidiaries and business operations, net of cash acquired	7	-756	-160,037
Net cash flow from investing activities		**-102,160**	**-345,855**
Cash flow from financing activities			
Change in interest-bearing receivables		23,573	3,048
Repayments of finance lease liabilities	32	-40,982	-2,395
Proceeds from interest-bearing liabilities	32	118,000	270,721
Repayments of interest-bearing liabilities	32	-170,193	-80,155
Dividends paid		-40,148	-37,878
Net cash flow from financing activities		**-109,750**	**153,340**
Change in cash and cash equivalents		**1,037**	**3,847**
Cash and cash equivalents at beginning of the year		6,391	2,595
Cash and cash equivalents to demerged companies		-80	
Exchange differences		-90	-51
Cash and cash equivalents at year end		**7,257**	**6,391**

* Profit before tax consists of following items:	
Profit before taxes, continuing operations	48,753
Profit from discontinued operations, net of tax	386,026
Income taxes of demerged operations added	3,395
Profit before tax	438,174

Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Cramo is a service company specialising in equipment rental services. Equipment Rental consists of among others rental of construction machinery and equipment and rental related services. Cramo operates in eleven countries in the Nordic and in Central and Eastern Europe with 279 depots and 2,652 employees. The reporting segments in 2019 were Equipment Rental Scandinavia, Equipment Rental Central Europe and Equipment Rental Finland and Eastern Europe. The Modular Space segment is reported separately as discontinued operations following the partial demerger approved by the Extraordinary General Meeting on June 17, 2019. Demerger was registered on June 30, 2019.

The Group's parent company, Cramo Plc, is a Finnish public limited company, established in accordance with Finnish legislation, and its Business ID is 0196435-4. The address of Cramo Plc's registered office is Kalliosolantie 2, 01740 Vantaa. Cramo Plc has its listing on the main list of Nasdaq Helsinki Ltd.

A copy of the consolidated financial statements is available on the internet at www.cramogroup.com or can be obtained at the parent company's head office, address Kalliosolantie 2, 01740 Vantaa.

On 11 February 2020, the Board of Directors approved these consolidated financial statements for issue. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

DISCONTINUED OPERATIONS

The demerger was registered in the Finnish Trade Register on June 30, 2019. At that date all the assets, debts and liabilities relating to Cramo's Modular Space business were transferred to a new company Adapteo. Adapteo's shares were admitted for public trading on Nasdaq Stockholm Ltd on July 1, 2019. The demerger has been accounted for as a disposal to owners in accordance with IFRIC 17, "Distributions of non-cash assets to owners". Accordingly, the difference between the fair value for the Cramo's Modular Space business and its book value in Cramo's consolidated balance sheet has been recorded as a distribution gain in the income statement. The net results of the Modular Space business are reported in the income statement under "Profit from discontinued operations" up to June 30, 2019 separately from continuing operations for all periods presented. In addition, the fair value gain on demerger and the demerger related expenses and taxes are reported under discontinued operations. Cramo's consolidated balance sheet for the comparative year ended December 31, 2018 includes all assets and liabilities attributable to the discontinued operations. For more information, see note 3 Discontinued operations. Following the disposals, Cramo's continuing operations comprise segments Equipment Rental Scandinavia, Equipment Rental Central Europe and Equipment Rental Finland and Eastern Europe.

BASIS OF PREPARATION

The consolidated financial statements of Cramo have been prepared in accordance with International Financial Reporting Standards (IFRS) approved for adoption by the European Union, including International Accounting Standards (IAS) and the SIC and IFRIC interpretations valid on 31 December 2019. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures laid down in regulation (EC) No.1606/2002 of the European Parliament and of the Council. The notes of the consolidated financial statements also conform to the demands of the Finnish accounting and corporate legislation which supplement the IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, share-based payments and defined benefit pension plans. The information in the financial statements is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS requires the performance of certain assessments by the Group management and data about the judgements they have made. The data about such judgements the management have used in applying the Group's accounting principles for the preparation of financial statements and which affect the consolidated financial statements most significantly is presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

CONSOLIDATION PRINCIPLES

SUBSIDIARIES

The consolidated financial statements include the parent company, Cramo Plc, and those subsidiaries over which the Group has control. The Group has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All the facts and circumstances shall be considered when assessing the control. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes of the elements of control. Power means that the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's return. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group has 100 percent of voting rights in its subsidiaries, and accordingly, control over all its subsidiaries. The subsidiaries are listed in note 35.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred, and the equity instruments issued at the acquisition date. Any contingent consideration is recognised at fair value at the acquisition date and classified as a liability or equity. Contingent considerations classified as a liability are

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measured at fair value on each reporting date with changes recognised in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, without deducting non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

All of the Group's intercompany transactions, receivables, liabilities and unrealised gains, as well as its internal profit distribution are eliminated; unrealised losses are also eliminated unless the costs cannot be recovered.

JOINT VENTURES

The consolidated financial statements include those entities which the Group has a joint control. Investments in joint ventures are accounted for in the consolidated financial statements under the equity method. The Group's share of the profit or loss of joint ventures is shown in the consolidated statement of comprehensive income as a separate line above Operating profit. Group's investments in the joint ventures upon the date of acquisition, adjusted for changes in the joint ventures' equity after the date of acquisition, are shown in the consolidated statement of financial position under "Shares in joint ventures".

FOREIGN CURRENCY TRANSLATION

Items concerning the performance and financial position of the Group's units are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial information is presented in euros, which is the functional and presentation currency of the parent company.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing at the transaction date. In practice, it is often necessary to use a rate that is close to the rate of the transaction date. Foreign currency monetary items are translated into the functional currency using the rates of the last trading day of the reporting period. Foreign currency non-monetary items, which have been recognised at fair value, are translated into the functional currency using the rate of fair value measurement date. Otherwise, non-monetary items are translated using the rate of the transaction date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the income statement. The foreign exchange gains and losses from operating activities are included in the respective items above operating profit. The currency exchange gains and losses are included in the financial income and financial expenses.

TRANSLATING THE CURRENCY OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Income statements of foreign entities are translated into euros at the weighted average exchange rates for the year, while balance sheets are translated using the exchange rates of the last trading day of the reporting period. The translation of the profit (loss) for the period using different rates in the consolidated statement of comprehensive income and the balance sheet causes a translation difference, which is recognised in equity and whose adjustment is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of the accumulated equity items after the acquisition are recognised in other comprehensive income items. When the control over a subsidiary change, the accumulated translation differences are recognised as part of capital gain or loss. Fair value adjustments and goodwill arising from acquisitions of foreign entities are treated as assets and liabilities of the foreign entities in their functional currency. They are translated into euros at the rate of the last trading day of the reporting period.

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets.

Goodwill is not amortised but tested annually for impairment, and whenever there is an indication that the asset may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is carried at cost less any accumulated impairment losses.

CUSTOMER RELATIONSHIPS AND DEPOT NETWORK

In business combinations part of the purchase price has been allocated to customer relationships and depot network. Initial measurement of customer relationships has been prepared by applying the Multi-period Excess Earnings Method. The depot network has been measured based on estimated benefit gained, compared to the earnings of a depot in the normal course of business with the earnings of a start-up depot.

BRAND AND CO-BRAND

Brands and co-brands have been generated through the business combinations. Useful life of the Group's main brand "Cramo" has been defined indefinite because there is no foreseeable limit to the period over which the asset is expected to generate cash flows. The Cramo brand is not amortised but tested annually for impairment. The Cramo brand has been considered a corporate-level asset and for testing purposes the brand is reallocated to cash generating units based on sales. The reallocation of the assets to units is presented in note 6. The brand is carried at cost less any accumulated impairment losses.

Brands acquired in the business combinations are measured applying the relief-from-royalty method regardless of whether the Group intends to use the brand. These co-brands are of temporary nature and they are amortised according to the diminishing balance method over the economic useful lives of 1-10 years. The method reflects the higher importance of the brand right after the acquisition. The co-brand is allocated to the same segment as the business combination.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development costs are capitalised when it is probable that a development project will generate future economic benefits, and the cost can be measured reliably. Other development costs are expensed.

Currently the development projects of the Group do not fulfil the criteria of capitalisation and thus the development costs are expensed as incurred.

OTHER INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet initially at cost, when it is probable that the assets will generate future economic benefits and the cost can be measured reliably. Those intangible assets with a finite useful life are amortised on a straight-line basis over their expected lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Amortisation periods for intangible assets are:

Customer relationships	3 – 10 years
Depot network	10 – 20 years
Co-brands	1 – 10 years
Other intangible assets	2 – 8 years

Amortisation of intangible assets is started when they are available for use, i.e. in the location and condition necessary to operate in a manner intended by the management.

TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and any impairment losses. This cost includes expenditure that is directly attributable to the acquisition. Tangible assets acquired in the business combinations are measured at fair value at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that they will generate future economic benefits, and the cost can be measured reliably. The expenditure on repairs and maintenance of tangible assets are recognised as expense when incurred.

Tangible assets are depreciated on a straight-line basis over the estimated economic useful lives as follows:

Buildings and structures	10 – 35 years
For rental:	
Site huts	10 – 15 years
Modular space equipment	10 – 20 years
Machinery and equipment	3 – 10 years
Machinery and equipment for services	6 – 10 years
Machinery and equipment for own use	3 – 6 years
Other tangible assets	3 – 10 years

Depreciation of an asset is started when it is available for use, i.e. in the location and condition necessary to operate in a manner intended by the management. Depreciations of the rental machinery and equipment are started when they are available for rent.

The residual value and useful life of the assets are reviewed at least at the end of each financial year and, if necessary, adjusted to reflect any changes in expectations of economic value.

Gains or losses on disposal are recognised through profit and loss and presented as other operating income.

Right-of-use assets are handled in these Accounting Principles in the section "Leases".

As Modular Space business span off from the Group on June 30, 2019, only minor related tangible assets remained in Baltic operations.

GOVERNMENT GRANTS

Grants from the government are recognised as reductions of the carrying amount of tangible assets where there is a reasonable assurance that the grant will be received, and the Group will comply with all inherent conditions. Grants are recognised in the consolidated statement of comprehensive income in the form of smaller depreciation over the economic life of the related asset. Research and development grants and grants received as reimbursement for actual costs are charged to profit during the period in which the right to collect the grant emerge. Such grants are presented in other operating income.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance sheet date whether there are indications that the carrying amount of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset in question will be measured. In addition, the recoverable amount will be estimated annually from the following assets whether there are indications of impairment or not: goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use. For the purposes of assessing impairment, assets are examined at the level of cash-generating units, i.e. at the lowest level that is mainly independent of other units and for which there are separately identifiable cash flows, largely independent from those of corresponding units. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. The discount rate used is pre-tax and reflects the time value of money and asset specific risks.

Impairment loss is recognised when the carrying amount of the asset is greater than its recoverable amount. Impairment loss is charged directly to the consolidated statement of comprehensive income. If a cash-generating unit is subject to an impairment loss, it is allocated first to decrease the goodwill and subsequently, to decrease the other assets of the unit. At recognition of the impairment loss, the useful life of the assets amortised is reassessed. Impairment loss from other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Previously recognised impairment loss of goodwill is not reversed in any circumstance.

LEASES

The Group has applied IFRS 16 as from 1 January 2019, according to which lessee (later in this chapter) and lessor (Revenue recognition section) accounting principles are introduced for 2019. For comparison period 2018, previous Leases standard IAS 17 was effective and as the Group did not restate comparison information, IAS 17 lessee and lessor accounting principles are presented as well.

The nature of the Group's lessee rental contracts is operational. The most valuable rental contracts are related to depot and premises contracts, however there are also other types of rental contracts such as car and service car leases, rental machinery leases, office and warehouse equipment leases and similar. Leasing activities give flexibility to the Group in certain areas and such contracts are economically and functionally assessed. There are no material restrictions imposed by leases or any major exposures to risks arising from leases – neither covenants. Any deviations inside industry practice would mainly be driven by the amount of leased vs own rental machinery differing from company to company. Any sale and leaseback transactions, that are single uncommon transactions for the Group, would be reported according to IFRS 16.

LESSEE – 2019 (IFRS 16)

IFRS 16 includes only one definition for lease for lessee accounting. A lease contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that contains a lease component and additional lease and non-lease components, such as the lease of an asset and the provision of a maintenance service, the Group shall allocate the consideration payable on the basis of the relative stand-alone prices. Upon lease commencement Group as a lessee recognises a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Group. Adjustments may be required for lease incentives, payments at or prior to commencement and restoration obligations or similar occasions. After lease commencement, the Group shall measure the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. Group's current operations only include cost model-based lessee accounting. Remeasurements after initial recognition are treated as adjustments to the right-of-use asset.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the Group shall use incremental borrowing rate. The Group is primarily using incremental borrowing rates taking in consideration where material similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the lessee under residual value guarantees are also included. Group's rental contracts are often tied to an index or a rate but residual value guarantees are infrequent. The lease liability is subsequently remeasured to reflect changes in the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). Lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs. Group's Rental Sharing contracts' payments to suppliers are treated as variable lease payments and thus outside Balance Sheet as described in Lessor section.

Regarding the exemptions allowed by IFRS 16, Group has elected to account for lease payments as an expense on a straight-line basis over the lease term for the following two types of leases: 1) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset and Group has elected to utilise this for all the other classes of underlying assets but Land and Buildings; and 2) leases where the underlying asset has a low value when new (5000 USD, such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis and Group has elected to utilise this in full.

Lease term is the determinative factor for initial or subsequent measurement of lease liabilities and right-of-use assets. Lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, plus: a) periods covered by an extension option if exercise of that option by the lessee is reasonably certain; and b) periods covered by a termination option if the lessee is reasonably certain not to exercise that option. For open end contracts without a fixed term, that are relatively minor for the Group, there are defined principles that mainly follow the management expectations of lease term duration based on operational, economical and especially strategic factors. Concerning extension and termination options, the existence and use of such are relatively common especially in depot and premises contracts and in line with normal industry practice. Such options may be utilised if the decisions are supported by operational, economical and strategic factors. Whether these options are included or excluded from right-of-use assets and lease liabilities, is based on regular revision of the likelihoods of use of such options.

LESSEE – 2018 (IAS 17)

The rental agreements concerning tangible assets where the Group carries a significant share of the risks and rewards incidental to ownership are classified as financial leasing contracts. Assets acquired through financial leasing are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The tangible assets acquired under finance leases are depreciated over the economic useful life of the asset or the lease term, if there is uncertainty about the acquisition of ownership at the end of the rental period. Lease payments are allocated between the liability and finance costs so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Rental liabilities are included in financial liabilities.

Leases where the risks and rewards of ownership are retained by the lessor are treated as operating leases. Other operating lease payments are treated as rentals and charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

The classification of financial assets is based on the Group's business model for managing financial assets and their contractual cash flow characteristics into the following categories; a) financial assets at amortised cost, b) financial assets at fair value through other comprehensive income c) financial assets at fair value through profit and loss. The classification of assets is based on the business model's objective and on the contractual cash flows of the investments or alternatively applying fair value in at initial acquisition. The classification of assets is performed upon the initial recognition and determined in line with the aim of the asset. Assets with maturities under 12 months are included in the balance sheet under current assets, and those with maturities over 12 months under non-current assets.

a) Financial assets at amortised cost are non-derivative financial assets where the business model objective is to hold financial assets up to maturity and to collect the contractual cash flows. The cash flows of these assets consist solely of interest on capital and remaining capital. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans are shown as a separate line, and other receivables are classified as trade and other receivables in the balance sheet in Note 12 Trade and other receivables.

b) Financial assets at fair value through other comprehensive income. The financial assets in this category are assets with a business model objective to hold the item in order to collect and sell contractual cash flows. Cash flows from these financial assets consist exclusively of capital and interest payments on remaining capital.

c) Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless hedge accounting is applied. Assets in this category are classified as current assets.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss.

Financial assets carried at fair value through profit and loss, are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred, and the Group has substantially transferred all risks and rewards of ownership.

IMPAIRMENT OF FINANCIAL ASSETS

When considering and recognising the impairment losses of financial assets, the Group applies the expected credit loss method as stated in IFRS9. The book values of assets are reviewed regularly, at least annually, in order to assess whether an asset has been impaired. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In assessing impairment both external and internal sources of information are considered. External sources include a significant decline in market value that is not result of the passage of the time or a normal use of the assets or increase in interest rates. Internal sources of information include evidence of the obsolescence of, or damage to, an asset. For analysing and recognition of credit losses regarding sales receivable, contract assets and rental receivables, the simplified approach for determining the expected credit losses of IFRS 9 is applied. In this approach the credit losses are based on predetermined credit loss rates by category. The rates are determined by past events and external sources.

FINANCIAL LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Subsequently, they are measured at amortised cost using the effective interest method. Interest-bearing liabilities are included in both current and non-current liabilities. Unless the Group has a non-contingent right to postpone the amortisation of a liability by a minimum of 12 months from the balance sheet date, it is classified as current.

Borrowing costs are recognised in the accounting period during which they have incurred. Credit fees related to loan commitments are recognised as transaction costs to the extent that it is probable that the total loan commitment or a part of it will be raised. This means that the fee is recognised in the balance sheet until the loan is raised. In connection with the drawdown, the credit fee related to loan commitments is recognised as part of the transaction costs. To the extent that it is probable that the loan commitment will not be raised, the credit fee is recognised as prepaid expense in respect of the liquidity related services and is accrued for period of the loan commitment.

For the measurement policies of the fair values of all financial assets and liabilities, refer to note 10 Fair values of financial assets and liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognised liabilities (fair value hedge); or
b) Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The Group has chosen to apply the new requirements of IFRS 9. At the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions are documented. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness at inception and on an ongoing basis. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss and presented in the comprehensive income statement within financial items. Amounts accumulated in equity are transferred to the comprehensive income statement and classified as income or expense in the

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same period when the hedged item affects the comprehensive income statement.

The gain or loss relating to the effective portion of an interest rate swap hedging variable rate borrowings is recognised in other comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognised in the comprehensive income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss and presented in the comprehensive income statement within financial items.

Derivatives, which are entered in with hedging purposes, but for which hedge accounting is not applied or cannot be applied are measured at fair value through profit and loss. Changes in the fair value of these derivative instruments are recognised immediately through profit or loss and presented in the comprehensive income statement within financial items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11 Financial risk management. Movements of the hedging fund in shareholders' equity are shown in note 15 Share capital and equity funds. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives, for which hedge accounting is not applied, are classified as a current asset or liability.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories shall comprise all costs of purchase including transport, handling and other costs directly attributable to the acquisition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling.

TRADE RECEIVABLES

Trade receivables and lease receivables are initially recognised at their transaction price as they do not have significant financing component. After initial recognition, credit loss allowance is deducted from the receivables. The allowance is equal to lifetime expected credit losses. The consideration of potential credit loss is twofold and is based firstly on the Group's general model and secondly on the specific review. The specific review is based on local, client specific consideration of collectability of the receivable.

In accordance with the Group's general model, Cramo allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information on customers) and experienced credit judgement is applied. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions. Exposures within each credit risk grade are segmented by geographic region and lines of business. Expected credit loss rate is calculated for each segment based on delinquency status and actual credit loss experience over the last years.

Credit losses are recognised as an expense in other operating expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which include cash accounts and short-term cash deposits at banks, have maturities of up to three months. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or a group of disposed items and the assets and liabilities related to discontinued operations are reclassified as held for sale if their amount corresponding to their carrying amount will accrue principally from the sale of assets instead of continuing use. From the date of the classification, the assets held for sale or groups of disposed items are measured at the lower of their carrying amount or the fair value less costs to sell. Depreciation of these assets is ceased on the date of classification.

The result of discontinued operations is presented as a separate item in the Group's comprehensive income statement. Assets held for sale, groups of disposed items, and items which relate to assets held for sale are recognised in other comprehensive income items, as well as liabilities included in the groups of disposed items are presented separately from other items in the balance sheet.

The Group did not have any non-current assets held for sale during the financial years included in the financial statements. Discontinued operations consisting of Modular Space segment are presented according to these principles where applicable and below title "Discontinued operations" in these Accounting Principles.

EQUITY

Equity shares are presented as issued share capital. Costs related to the issue of equity instruments or to an acquisition are presented as a reduction in share capital.

When any Group company purchases the parent company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the parent company.

In the option plans the proceeds gained from share subscriptions, adjusted by possible transaction costs, are recorded according to the conditions of the plans into the invested unrestricted equity fund.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the required payments to cover the obligation. For the calculation of the present value, the chosen discount rate is one that reflects the time value of money and the risks included in the obligation at the time of observation. If it is possible to receive reimbursement for part of the obligation from a third party, the reimbursement is stated as a separate asset when receipt is practically certain.

A contingent liability is a possible obligation, incurred as a result of earlier events, whose existence is confirmed only when an uncertain event outside the control of the Group is realised. An existing liability that is not likely to require the fulfilment of the payment obligation or whose amount cannot be reliably measured is also considered a contingent liability. Contingent liabilities are disclosed in note 20 Collaterals and contingent liabilities.

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EMPLOYEE BENEFITS

RETIREMENT BENEFIT OBLIGATIONS

Pension plans are classified as defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed payments to separate entities. The Group has no legal or constructive obligation to make additional payments if the party receiving them is unable to pay the pension benefits in question. All arrangements that do not fulfil these conditions are considered defined benefit pension plans. The payments made to defined contribution pension plans are recognised in the comprehensive income statement in the period to which the contributions relate.

The Group currently operates only such defined benefit pension plans, in which all beneficiaries are already retired. The liability (or asset) recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is calculated by using discount rate, which reflects the market yield of high-quality corporate bonds. Net interest cost of the net defined liability is recognised in the comprehensive income statement as finance costs. Re-measurements from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income items as they occur.

SHARE-BASED PAYMENTS

The Group has the following share-based compensation plans: performance share plans and share savings plans.

In performance share plans the target group has an opportunity to earn company shares as a reward on the basis of achievement of targets established for the performance criteria for each calendar year. Part of the reward is paid in cash to cover taxes and tax-related costs arising from the reward. The rewards are paid to the target group approximately two years after the confirmation of the reward, if the service conditions are met. The fair value of both the equity-settled and cash-settled payment is determined at grant date and expensed during the vesting period, the corresponding amount being charged to equity. The total amount to be expensed over the vesting period is determined based on the Group's estimate on the number of the shares that are expected to be vested by the end of the vesting period. The impact of any non-market vesting conditions (EPS target) has been excluded, but they are included in the assumptions about the number of shares that are expected to be distributed. On each reporting date the Group revises its estimate on the number of shares that are expected to be distributed. The impact of the revision of the original estimates is recognised in the consolidated statement of comprehensive income.

In share savings plans the employees can save 2-5% of their monthly gross salaries during the 12 months' plan periods and the savings are automatically used to purchase company shares for the participants quarterly after each publication date of the interim results during the plan period. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The first savings period started on 1 October 2012 and the corresponding matching shares were paid during 2016. The matching shares are paid partly in cash to cover tax and other tax related costs arising from the reward. Both the fair value of the equity-settled and the cash-settled payment is determined at the date of acquisition of the savings shares and recognised against the retained earnings. The expenses of the share savings plan are recognised during the vesting period.

The accounting treatment is the same for both equity- and cash settled payments as cash portion in the programs is designed to cover taxes and tax-related costs arising from the reward.

Due to the spin-off of Modular Space business on June 30, 2019, part of the shares in performance share plans and share savings plans consist of Adapteo shares that are financial instruments other than company's own shares and are thus reclassified from equity to debt. These shares can be given either in Adapteo shares or in equivalent amount of cash.

Boels Topholding B.V. ("Offeror") has on November 25, 2019 commenced a voluntary recommended public cash tender offer to purchase all of the issued and outstanding shares in Cramo Plc. The acceptance period of the Tender Offer commenced on November 25, 2019 and was scheduled to expire on January 9, 2020. The shares tendered into the Tender Offer until January 9, 2020 represented approximately 80.43 percent of all the shares and votes in Cramo. In light of this result, the Offeror decided to extend the offer period of the Tender Offer until January 31, 2020 in order to allow remaining shareholders to tender their shares in the Tender Offer as well. Due to this extension and Tender Offer still being conditional, no adjustments or changes have been made to current share-based payments due to the Tender Offer, i.e.no remeasurements and reclassifications to cash-settled payments have been made.

PRINCIPLES OF REVENUE RECOGNITION

Group's sales comprise of rental revenue of construction machinery and equipment, rental related services and sales revenue of construction and other equipment.

Rental related sales include especially assembly, disassembly and transportation services, as well as construction site circumstance control and maintenance services. Revenue is recognised by the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, net of indirect taxes, discounts and exchange differences of currency sales.

Allocation of the Group's revenues may require management consideration. Often the transaction price concerns only rental operations, when it is recognised as rental revenue according to IFRS 16 (2019) or IAS 17 (2018). As a wide offering company Group can still face circumstances where one transaction price includes different performance obligations, for example service revenues to be recognised according to IFRS 15 and rental revenues to be recognised according to IFRS 16 (2019) or IAS 17 (2018). In such cases, the transaction price is assessed based on the stand-alone prices of these performance obligations and allocated relatively to these components.

RENTAL REVENUE

Rental revenue is revenue derived from operative lease contracts as described in IFRS 16 for 2019 and IAS 17 for 2018. The revenue from rental agreements of equipment and machines is recognised as income in equal amounts over the lease term in accordance with respective standards. The Group retains ownership of the leased assets. Both years' lessor accounting treatment according to different standards are described below.

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LESSOR – 2019 (IFRS 16)

For those lease agreements of property, plant and equipment where the Group acts as lessor, that transfer to the lessee substantially all of the risks and rewards incidental to ownership of an underlying asset are classified as finance leases and recognised as receivable at an amount equal to the net investment in the lease in the balance sheet. A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

For other rental agreements than finance leases, the leased assets are included in the Group's tangible assets. These assets are depreciated during their estimated economic useful lives. The rental income for these agreements is recognised as income in equal amounts over the lease term in accordance with IFRS 16 Leases. All of Group's current rental contracts where it acts as a lessor are accounted for as operating leases.

Group also has a limited amount of certain rental contracts, Rental Sharing, where it acts as an intermediary agent without own risk and receiving a portion of variable income from such leases. These costs and income are recognised on straight-line basis in Income Statement without any right-of-use assets and lease liabilities on Balance Sheet. These contracts are used to supplement Group's own machinery offering without capital employed.

LESSOR – 2018 (IAS 17)

For those lease agreements of property, plant and equipment where the Group acts as lessor, that transfer to the lessee substantially all of the risks and rewards of ownership are classified as finance leases and recognised as receivable in the balance sheet. The receivable is measured initially at an amount equal to the present value of the minimum lease payments. The rental income derived from these finance lease agreements is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the asset.

For other rental agreements than those as defined as finance leases, the leased assets are included in the Group's tangible assets. These assets are depreciated during their estimated economic useful lives. The rental income for these agreements is recognised as income in equal amounts over the lease term in accordance with IAS 17 Leases.

RENTAL RELATED REVENUE AND SALE OF EQUIPMENT

For rental related services as well as for delivery of construction and other equipment, Group recognises revenue in accordance with IFRS 15. The performance obligations for sale of equipment are usually satisfied at the moment of sale.

SERVICE REVENUE

Rental related sales are derived from Group's sales of services that are closely related to equipment rental. Rental related services include transports, assemblies, and disassembles of site huts, scaffolding and weather shelters to and from customer construction site as well as repair and maintenance services.

Rental related services are separate performance obligations.

The customer is typically invoiced when the service or product is delivered.

The Group does not adjust the promised amount of consideration at contract inception for contracts with where time between transfer of promised goods or services and customer payment is one year or less.

Judgements made in applying IFRS15 include the allocation of the transaction price between rental revenue and rental related sales to relative stand-alone prices evenly between these components.

SATISFYING THE PERFORMANCE OBLIGATIONS IN SERVICE REVENUE

The Group satisfies performance obligations over time during which the services are rendered.

Performance obligations where the Group performs assembling and disassembling services on customer construction sites to plant are recognised (over time of satisfying the performance obligations) according to stage of completion method determined according to costs occurred compared to total costs expected.

Other short-term rental related services are recognised at a point in time at completion of the service, rendering transfer of control to the customer.

NEW AND USED EQUIPMENT (TRADING)

New and used equipment are either single performance obligation per each piece, or several pieces form combined performance obligations.

Revenue of both new/unused equipment from inventories and revenue from old equipment are recognised at a point in time following transfer of control of the goods from Cramo to the customer. Revenue from trading (new/unused equipment) sales is recognised in sales and revenue from used equipment is recognised in other operating income.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest rate method. Dividend yield is recognised when the right to dividend is established.

CONSIDERATIONS ON WARRANTIES AND GUARANTEES

Group in its operating model and industry does not in material manner have any return or payback commitments or equal arrangements.

For the services provided to customer, there can be granted ordinary warranties or guarantees or similar commitments may arise, amount of which are not material for the Group. Concerning project contracts, there can be delay or quality sanctions, amount of which are controlled to keep these in minimum by good operational performance.

TAXES BASED ON TAXABLE INCOME AND DEFERRED TAXES

Tax expense consists of the taxes based on taxable income and deferred taxes for the current accounting period. Taxes are recognised through profit and loss, except when they relate directly to equity or the items recognised in the other comprehensive income items. In such cases, tax is also charged to these items. Taxes based on taxable income for the current period are calculated based on the effective tax rate of each country.

Deferred taxes are calculated for temporary differences between the book values of assets and liabilities and the tax basis of assets and liabilities. Deferred tax liabilities are not recognised, however, if they are attributable to the initial recognition of an asset or liability in a transaction other than business combination and the transaction, at the time it occurs, does not affect the accounting profit or taxable profit. The deferred tax for investments in subsidiaries and joint ventures is recognised, except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. The most significant temporary differences arise from the depreciation of tangible assets items; the measurement of derivative financial instruments at fair value; unutilised tax losses and fair value adjustments made in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the final day of the reporting period or those which have, in practice, been accepted by the final day of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

DIVIDEND DISTRIBUTION

The dividend proposed by the Board of Directors to the Annual General Meeting has not been deducted from equity; instead, dividends will be recognised after a decision has been made on the matter at the Annual General Meeting.

ACCOUNTING PRINCIPLES REQUIRING DISCRETION BY MANAGEMENT AND CRITICAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the preparation of financial statements, and the outcome may differ from the estimates and assumptions made. Furthermore, the application of accounting principles requires consideration.

MANAGEMENT CONSIDERATION IN CHOOSING AND APPLYING ACCOUNTING PRINCIPLES TO FINANCIAL STATEMENTS

It is the duty of the Group's management to make judgements relating to the choice and application of the accounting policies of the financial statements. This is especially true in those cases where the operative IFRSs allow alternative ways of recognition, measurement or presentation.

The most significant sector in which the management has applied the above-described discretion relates to rental agreements of tangible assets (described in more detail in Group as lessee chapter) and the economic useful lives of tangible assets.

FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

The estimates made when preparing the financial statements are based on the management's best knowledge of current events and actions at balance sheet date. Forming the background of these estimates are previous experiences and assumptions of the future which are considered the most probable at the date of the financial statement's preparation. These assumptions concern, among other things, the development of the Group's sales and level of costs. The management together with business units follow the realisation of these assessments and assumptions and the changes in background factors regularly using several internal as well as external sources of information. Possible changes to estimations and assumptions are recorded in accounting in the reporting period during which one or both of them are adjusted and in all consecutive years.

The critical assumptions concerning the future and the factors of uncertainty associated with estimates made on the final day of the reporting period which cause a significant risk to the stability of the Group's book value of assets and liabilities during the following financial year are presented below. The Group's management consider these sections of the financial statements the most crucial, because the accounting principles involved are the most complicated from the point of view of the Group and their application requires the use of significant estimations and assumptions more than any other in, for example, the measurement of assets. Furthermore, the effects of possible changes on the actual facts behind these assumptions and assessments are expected to be the greatest.

IMPAIRMENT TESTING

In order to observe possible impairment and to prevent it, the Group performs annual tests of goodwill, intangible assets not yet available for use and intangible assets with indefinite useful life. In addition, any signs of impairment are carefully estimated following the principles described above in accounting policies. The recoverable amounts of the cash generating units are defined using calculations based on value in use. In these calculations, cash flows are based on the financial plans approved by the management which cover a period of 5 years.

More information on the sensitivity of recoverable amounts to changes in used assumptions is provided in the note 6 Impairment testing of goodwill and other intangible assets with indefinite useful life.

VALUATION OF THE RENTAL EQUIPMENT FLEET

The optimisation of rental fleet's utilisation rate is managed on the Group level. Testing of the value of the rental fleet is based on calculations of value in use, taking into account the possibility of transferring it to another entity of the Group. The preparation of these calculations requires estimations.

DETERMINING THE FAIR VALUE OF THE ASSETS ACQUIRED THROUGH BUSINESS COMBINATIONS

With regard to tangible assets, the Group's financial department and if necessary, Fleet Management makes comparisons to the market prices of corresponding assets, as well as estimates of the decrease in value attributable to the age, wear and tear and other similar factors of acquired assets. The determination of the fair value of intangible assets is based on assessments concerning the cash flows of assets, because information on the sales of similar assets has not been available. More information on the measurement of intangible assets acquired through business combinations is presented in note 7 Business combinations. Management believes that the estimations and assumptions used are a sufficiently accurate basis for the determination of fair value. In major business combinations, the Group utilises an outside advisor to estimate the fair values of tangible and intangible assets. Furthermore, possible signs of impairment in both tangible and intangible assets are discussed and considered at the least at each balance sheet date.

INCOME TAXES

The Group is subject to tax in several countries. Determining the Group's income tax requires significant assessment. The quantification of the final tax for many transactions and calculations of normal business is uncertain. Deferred taxes are presented in note 9 Deferred taxes.

SHARE-BASED PAYMENTS

The Group has share-based compensation plans. The fair value of reward shares in the performance share plan is based on the share price on the grant date and the valuation does not involve high degree of estimation. Instead, the determination of the fair value of matching shares in the One Cramo Share savings plan includes certain assumptions relating to expected

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dividend yield and cost of equity and debt. These variables make fair value estimation difficult. These assumptions are described in note 33 Share-based payments.

NEW AND AMENDED STANDARDS APPLIED IN FINANCIAL YEAR END

The Group has applied as from 1 January 2019 the following new and amended standards that have come into effect.

- IFRS 16 Leases. The new standard replaced the previous IAS 17 standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as right-of-use assets and lease liabilities. The impact caused by IFRS 16 lessee accounting rules is significant, especially because of increasing balance sheet assets and liabilities that impact Cramo KPIs such as ROCE and Net debt to EBITDA.

  The accounting model is mostly similar compared to previous finance lease accounting according to IAS 17. There were two exceptions available for capitalisation to the balance sheet; short-term contracts in which the lease term is 12 months or less, and low value items i.e. assets of value USD 5,000 or less when new. The Group applied the two exceptions of IFRS 16 as follows: for the short-term contracts in which the lease term is 12 months or less (except depot and premises contracts which are capitalised on the balance sheet to land and buildings although short-term), and to low value items i.e. assets of value USD 5,000 or less when new. The exceptions explained have been in use since the transition, the opening balance of 1 January 2019, and are followed in reporting. The exceptions in use, outside balance sheet capitalisation, are considered not to be significant to the Group.

  The lessor accounting remained mostly similar compared to previous leases standard IAS 17 and there were no material changes the Group would have been obliged to follow.

  Most of the Group's lease agreements are on a fixed-term basis, where the lease term is determined by taking the non-cancellable period and any extension options or termination options based on their periods covered if they were reasonably certain to be exercised. There are a few open-end contracts where lease terms are determined by estimating the length of the lease terms based on operational and strategic factors as well as the nature of the underlying asset. The lease contracts include, among others, depot and premises, car leases and different types of machines in use. Depot and premises lease contracts recognised to the balance sheet caused the largest impact at IFRS 16 transition.

  The impact of applying IFRS 16 lessee accounting is significant for the Group's figures, especially on the balance sheet where right-of-use assets and lease liabilities, those without exceptions, were recognised since the opening balance sheet. Together with material changes between the lines of the income statement, the impact on the Group's KPIs such as ROCE and net debt to EBITDA was significant. The cash flow statement was only impacted between operating and financing cash flows as most of the former lease cost is now presented as amortisation of lease liability in financing cash flow as interest portion is presented in finance net in operating cash flows. Right-of-use assets and lease liabilities are included in the respective rows on the presented balance sheet, tangible assets and interest-bearing liabilities. Depreciation for right-of-use assets and interest on lease liability are presented separately, also included in the respective rows on the income statement, depreciation and impairment of tangible assets and finance costs (net).

TRANSITION TO IFRS 16

Below table reconciles the transition from IAS 17 Leases to IFRS 16 Leases standard on 1 Jan 2019.

RECONCILIATION BETWEEN OFF-BALANCE LEASE COMMITMENTS AND IFRS 16 LEASE LIABILITIES

MEUR 1,000	Reported[1] 1 Jan 2019
Operating lease commitments as at 31 December 2018 incl. short-term and low-value leases	20.6
Weighted average incremental borrowing rate as at 1 January 2019, %	2.5
Discounted lease commitments as at 31 December 2018	**19,7**
Commitments to office and depot rents	**106,2**
Weighted average incremental borrowing rate as at 1 January 2019, %	2.5
Discounted lease commitments as at 31 December 2018	**99,8**
Total	**119,4**
Reduce:	
Commitments relating to short-term leases exemption utilised	-8,7
Add	
Commitments relating to leases previously classified as finance leases	2,4
Payments in optional extension periods and open end contracts not recognised and other differences as at 31 December 2018	19,4
Lease liabilities as at 1 January 2019	**132,5**

1 Discontinued operations lease contracts included, amounting to EUR 16.1 million.

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The Group decided to apply the non-retrospective transition rule of IFRS 16, according to which the cumulative effect of IFRS 16 will be recognised as adjustments to the opening balance on the transition date, 1 January 2019. As at 31 December 2018, the Group had non-cancellable operating lease commitments of EUR 126.8 million. IFRS 16 adjustments to the opening balance on 1 January 2019 related to right-of-use assets amounting to EUR 136.0 million and lease liabilities amounting to EUR 132.5 million. Agreements treated as commitments, however, differ from the lease agreements determined by IFRS 16, and thus the amount of agreements that will be booked on the Balance Sheet differs from these commitments caused mostly by the following factors: discounting of lease liabilities compared to nominal amounts in commitments, definition of lease term including especially treatment of open-end contracts and extension options mostly outside commitments and utilising the two IFRS 16 exemptions mostly recognised in commitments.

The initial recognition of right-of-use assets and lease liabilities on 1 Jan 2019, when standard became effective, were accounted with incremental borrowing rates. Possible changes in contracts' internal implicit interest rates are reflected if changes take place afterwards. Incremental borrowing rate is the rate that Cramo would expect to borrow over a similar term and with a similar security on the right-of-use asset in a similar economic environment. Those rates are defined in ordinary courses of Cramo Group Treasury operations and are based on analysis of OpCo. and currency specific risks, reflecting the price of Cramo Group's financing costs plus internal margins based on operating companies' and countries' risk profiles.

The difference between the opening balance of right-of-use assets and lease liabilities was due to prepayments before the standard effective date that did not impact right-of-use assets but related lease liabilities in the opening balance sheet were thus slightly lower. Deferred tax assets and liabilities were not initially recognised as they will be recognised over time when lease agreements run causing temporary differences between right-of-use assets and lease liabilities.

Cramo published non-IFRS additional financial information concerning the impact of IFRS 16 implementation on 29 March 2019.

- IFRIC 23 Uncertainty over income tax treatments. The interpretation clarifies the accounting treatment in situations where the tax treatment is not yet approved by the tax authorities. The essential question is to evaluate whether the tax authorities will accept each tax treatment that is used or planned to be used in the income tax filing. The group has assessed the impacts of the interpretation and currently there are none.
- Amendments to IFRS 9 Prepayment Features with Negative. The changes will allow instruments with symmetric prepayment to qualify for amortised cost or fair value through other comprehensive income. The group has assessed the impacts of the interpretation and currently there are none.
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures. The amendments clarify that an entity applies IFRS 9 including its impairment requirements to long-term interests in associate or joint venture that form a part of the net investment or joint venture but to which equity method is not applied. The amendment does not have an impact for the Group.
- Annual Improvements to IFRSs (2015-2017 cycle) (effective for financial years beginning on or after 1 January 2019). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to the following standards: IFRS 3, IFRS 11, IFRS 2, IAS 12 and IAS 23. Their impacts vary standard by standard but are not significant.

Other new or amended standards and interpretations have no impact on the Group's financial statements.

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- Amendments to IFRS 3 Definition of a business. Will be effective since 1 January 2020. The amendment introduces a broader business definition for determining whether a transaction is an asset or a business acquisition. A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. The amendment would only apply to any future acquisitions.
- Amendments to IAS 1 and IAS 8 Definition of material. Will be effective since 1 January 2020. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. The amendments ensure that the definition of material is consistent across all IFRS Standards. These amendments will not have any direct impact on financial statements but should clarify the definitions going forward.
- IFRS 17 Insurance Contracts. Will be effective since 1 January 2021. Concerning insurance and financial services industry, IFRS 17 will provide useful information about insurance contracts' combined features of both a financial instrument and a service contract. The new standard introduces revised recognition, measurement and presentation principles, including new disclosure requirements. The new standard is expected not to have an impact for the Group.

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2. SEGMENT REPORTING

The Group's management has determined the operating segments based on management reporting regularly reviewed by the Group's chief operating decision maker. Group management has been identified as the chief operating decision maker. The operating segment structure reflects the structure, in which equipment rental businesses have been combined under the management of each country. In addition to segment information, Cramo discloses additional financial information by product areas for equipment rental. The Modular Space business, transferred to Adapteo through the demerger as of June 30, 2019, has been classified as discontinued operations. As such, this has been excluded from segment reporting.

Following the demerger of Modular Space business, Cramo's business operations are allocated to the following reporting segments:

- Scandinavia
- Finland and Eastern Europe[1]
- Central Europe

1 Fortrent joint venture in Russia and Ukraine, owned and controlled 50/50 by Cramo and Ramirent, is presented under the Eastern Europe segment. Ukrainian operations were closed during 2019. Cramo's share (50 per cent) of the profit/loss is included in EBITA (operating profit before amortisations and impairment on intangible assets resulting from acquisitions) of the Eastern Europe reportable segment in accordance with the equity method of accounting. In addition, segment Equipment Rental, Finland and Eastern Europe includes Modular Space operations in Estonia and Lithuania that were not transferred to Adapteo.

In all of its operating segments, Cramo provides modern rental solutions through the Cramo Rental Concept. Under the Cramo Rental Concept, construction companies and customers in trade, industry and the public sector, as well as private customers, are provided with machinery and equipment through different rental solutions and services.

The information reported for each segment is the measure, which Group management uses internally for evaluating segment performance and deciding on how to allocate resources to operating segments.

The performance of an operating segment is evaluated primarily based on the segment's EBITA, which refers to operating profit before amortisation and impairment on intangible assets resulting from acquisitions. According to management's view, this is the most appropriate measure when comparing how the segment performance and the performance of other companies engaged in the same industry stand vis-à-vis each other.

The figures provided to Group management in respect of segment assets and liabilities are measured on a basis consistent with the consolidated financial statements. Assets and liabilities are allocated to the segments based on segment operations. The allocation of segment assets and liabilities is in line with the information reported to Group management. Unallocated assets and liabilities comprise financial receivables, deferred tax assets and liabilities, income tax receivables and payables, derivatives, cash and cash equivalents and interest-bearing liabilities.

Inter-segment transactions are based on commercial terms.

REPORTABLE SEGMENTS 2019

EUR 1,000 Income statement	Scandinavia	Finland and Eastern Europe	Central Europe	Eliminations	Group total
External sales	339,374	143,884	129,379		612,637
Inter-segment sales	9	125	-1	-133	0
Sales	**339,382**	**144,009**	**129,378**	**-133**	**612,637**
Depreciation and impairment[1]	-60,005	-35,364	-32,803	-2,012	**-130,184**
Share of profit of joint ventures		181			**181**
EBITA	**58,003**	**17,508**	**6,162**	**-16,011**	**65,663**
Amortisations on intangible assets resulting from acquisitions	-1,894	-1,066	-1,156		**-4,116**
Operating profit	**56,109**	**16,443**	**5,006**	**-16,011**	**61,547**

Segment assets and liabilities	Scandinavia	Finland and Eastern Europe	Central Europe	Eliminations	Reportable segments total
Intangible assets	90,200	33,390	16,066		**139,656**
Tangible and other assets	364,047	200,233	189,977	-90	**754,167**
Investments in joint ventures		9,104			**9,104**
Segment assets[2]	**454,247**	**242,727**	**206,043**	**-90**	**902,928**
Segment liabilities[3]	**60,428**	**21,575**	**18,347**	**-3**	**100,348**
Capital employed[4]	**393,819**	**221,152**	**187,696**	**-86**	**802,581**

Other disclosures	Scandinavia	Finland and Eastern Europe	Central Europe	Reportable segments total
Gross capital expenditure	28,410	22,767	35,816	86,992
Number of employees 31 Dec (FTE)	1,056	854	602	2,512
Average number of employees	1,097	856	613	2,566

1 Reporting line 'depreciation and impairment' include a total of EUR 1.2 million impairment of tangible assets, which is divided to reporting segments as follows: Equipment Rental Scandinavia EUR 0.8 million, Equipment rental Finland and Eastern Europe EUR 0.2 million and Equipment Rental Central Europe EUR 0.1 million.
2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale
3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities
4 Capital employed is segment assets less segment liabilities

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REPORTABLE SEGMENTS 2018

EUR 1,000 Income statement	Scandinavia	Finland and Eastern Europe	Central Europe	Eliminations	Group total
External sales	370,530	147,004	114,359		**631,894**
Inter-segment sales	8	32	4	-44	
Segment sales	**370,538**	**147,036**	**114,363**	**-44**	**631,894**
Depreciation and impairment[1]	-43,992	-27,571	-20,974	-1,703	**-94,239**
Share of profit of joint ventures		516			**516**
EBITA	**73,280**	**22,895**	**8,067**	**-13,020**	**91,223**
Amortisations on intangible assets resulting from acquisitions	-1,954	-862	-984		**-3,800**
Operating profit	**71,326**	**22,033**	**7,083**	**-13,020**	**87,423**

Segment assets and liabilities	Scandinavia	Finland and Eastern Europe	Central Europe	Eliminations	Reportable segments total
Intangible assets	93,690	34,365	17,527		**145,583**
Tangible and other assets	351,327	180,677	155,741	**-285**	**687,460**
Investments in joint ventures		5,658			**5,658**
Segment assets[2]	**445,017**	**220,701**	**173,268**	**-285**	**838,701**
Segment liabilities[3]	**66,057**	**20,916**	**20,826**	**-550**	**107,249**
Capital employed[4]	**378,960**	**199,785**	**152,442**	**265**	**731,452**

Other disclosures	Scandinavia	Finland and Eastern Europe	Central Europe	Reportable segments total
Gross capital expenditure	69,538	36,591	77,137	183,266
Number of employees 31 Dec (FTE)	1,088	845	562	2,495
Average number of employees	1,096	851	533	2,480

1 Reporting line 'depreciation and impairment' include a total of EUR 1.5 million impairment of tangible assets, which is divided to reporting segments as follows: Equipment Rental Scandinavia EUR 1.0 million, Equipment rental Finland and Eastern Europe EUR 0.3 million and Equipment Rental Central Europe EUR 0.2 million.
2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale
3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities
4 Capital employed is segment assets less segment liabilities

RECONCILIATIONS

EUR 1,000	2019	2018
Assets		
Total assets for reportable segments	902,928	838,701
Unallocated amounts and eliminations	34,973	38,626
Group assets for capital employed[1]	937,901	877,327
Other assets	25,308	27,548
Group total assets	963,209	904,875
Liabilities		
Total liabilities for reportable segments	100,348	107,249
Unallocated amounts and eliminations	12,059	9,977
Group liabilities for capital employed[2]	112,406	117,226
Other liabilities	448,024	384,054
Group total liabilities	560,430	501,280
Capital employed		
Capital employed for total reportable segments	802,581	731,452
Unallocated amounts and eliminations	22,914	28,649
Group capital employed[3]	**825,495**	**760,101**

1 Group assets for capital employed include the same asset items as segment assets
2 Group liabilities for capital employed include the same liability items as segment liabilities
3 Group capital employed is group assets for capital employed less group liabilities for capital employed

ADDITIONAL INFORMATION BY GEOGRAPHICAL AREA 2019 AND 2018

EUR 1,000	2019	2018
Segment's assets[1]		
Finland	160,533	140,800
Sweden	314,831	305,723
Norway	91,844	72,811
Germany	159,715	111,754
Other countries	101,711	122,911
Total	**828,635**	**753,999**

The net sales by geographical areas is presented in Note 21 Revenue. The assets presented are based on their location.
1 Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

3. DISCONTINUED OPERATIONS

The Extraordinary General Meeting of Cramo resolved on 17 June 2019 to approve the demerger plan signed by Cramo's Board of Directors on 18 February 2019 and resolved on the partial demerger in accordance with the demerger plan, demerger registered on June 30, 2019. The purpose of the partial demerger was to execute the separation of Cramo's Modular Space business so that it will form a new independent group of companies. Pursuant to the demerger plan, Cramo demerged so that all the assets, debts and liabilities belonging to Cramo's Modular Space business, which mainly consists of modular space rental and rental-related service operations, was transferred without a liquidation procedure to Adapteo Plc, a company incorporated in the partial demerger. The net results of the Modular Space business are reported in the income statement under "Profit from discontinued operations" separately from continuing operations for all periods presented. In addition, the distribution gain, demerger expenses and income taxes related to discontinued operations are reported under discontinued operations.

The demerger has been accounted for as a disposal to owners in accordance with IFRIC 17, "Distributions of non-cash assets to owners". Accordingly, the difference between the fair value of Cramo's Modular Space business and its book value in Cramo's consolidated balance sheet has been recorded as a distribution gain in the income statement. The fair value for the Modular Space business at the date of the demerger has been determined by multiplying the closing share price of EUR 12.61 (SEK 133) for Adapteo Plc shares on Nasdaq Stockholm on 1 July 2019 (listing date) by the number of Adapteo Plc's shares given as demerger consideration of 44,682,697. The resulting total fair value of the Modular Space business amounted to EUR 563.6 million. The comparable carrying amount of the net assets distributed to the owners amounted to EUR 193.8 million, and the gross distribution gain amounted to EUR 369.8 million.

RESULTS OF DISCONTINUED OPERATIONS

EUR 1,000	2019	2018
Sales	106,041	149,420
Expenses	-86,948	-118,103
Results from operating activities	**19,093**	**31,317**
Income taxes	-3,395	-5,333
Results from operating activities, net of tax	**15,698**	**25,984**
Fair value gain recognised from valuation of discontinued operations' net assets	369,774	
Demerger expenses and income	707	-3,212
Taxes related to demerger expenses and income	-153	642
Profit from discontinued operations, net of tax	**386,026**	**23,414**
Earnings per share, undiluted, EUR	8.64	0.53
Earnings per share, diluted, EUR	8.61	0.52

The profit from the discontinued operations of EUR 386.0 million (2018: EUR 23.0 million) is attributable entirely to the owners of the Company.

Cash flows from discontinued operations		
Net cash flow from operating activities	47,877	54,360
Net cash flow from investing activities	-45,615	-196,157
Net cash flow from financing activities	-6,885	157,185
Net cash flows for the year	**-4,623**	**15,388**

EFFECT OF DEMERGER ON THE FINANCIAL POSITION OF THE GROUP

EUR 1,000	2019
Tangible assets	443,059
Goodwill and other intangible assets	196,535
Deferred tax assets	3,672
Investments in joint ventures	0,348
Loan and other interest-bearing receivables	10,223
Trade and other receivables	59,145
Inventories	6,777
Income tax receivables	2,611
Cash and cash equivalents	0,079
Interest-bearing liabilities	-389,674
Lease liabilities	-14,719
Deferred tax liabilities	-42,610
Income tax liabilities	-2,952
Trade and other payables	-78,614
Provisions	-0,087
Net assets and liabilities	**193,793**

Cash and cash equivalents disposed of in demerger were EUR 79 thousand.

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4. TANGIBLE ASSETS

EUR 1,000	Land	Buildings and improvements	Machinery and equipment	Uncompleted purchases	RoU Assets	Total
Acquisition cost						
At 1 Jan 2018	**1,775**	**27,752**	**1,415,146**	**2,980**		**1,447,652**
Exchange differences	-11	-434	-28,469	-11		-28,926
Additions		5,123	191,583	6,094		202,801
Business acquisitions (note 7)	958	4,831	119,158	1,541		126,488
Reductions	-127	-79	-49,207	-473		-49,887
Scrapping		-2,368	-9,489			-11,857
Reclassification between asset categories		208	620	-1,714		-886
At 31 Dec 2018	**2,594**	**35,032**	**1,639,342**	**8,417**		**1,685,386**
Accumulated depreciation, amortisation and impairment						
At 1 Jan 2018		**-21,336**	**-631,912**			**-653,247**
Exchange differences		2,542	14,494			17,036
Reductions		-1	34,754			34,753
Scrapping			10,056			10,056
Reclassification between asset categories		60	-101			-41
Depreciation (note 27)		-2,116	-111,966			-114,082
Impairment loss (note 27)			-3,064			-3,064
At 31 Dec 2018		**-20,851**	**-687,738**			**-708,590**
Acquisition cost						
At 1 Jan 2019	**2,594**	**35,032**	**1,639,342**	**8,417**	**136,057**	**1,821,443**
Exchange differences	16	-81	-6,424	-43	-663	-7,194
Additions		2,200	84,095	1,881	15,447	103,623
Demerger impacts	-831	-4,677	-565,982	-5,509	-15,966	-592,965
Reductions	-339	-61	-43,010			-43,410
Scrapping		-316	-7,993			-8,309
Reclassification between asset categories		253	-44	-1,299		-1,091
At 31 Dec 2019	**1,440**	**32,350**	**1,099,983**	**3,448**	**134,875**	**1,272,096**
Accumulated depreciation and impairment						
At 1 Jan 2019		**-20,851**	**-687,738**			**-708,590**
Exchange differences		88	3,073		-201	2,960
Reductions		66	34,684			34,749
Demerger impacts		70	159,073		313	159,456
Reclassification between asset categories		-270	477			207
Depreciation (note 27)		-1,943	-88,868		-35,412	-126,224
Impairment loss (note 27)		296	6,787			7,083
At 31 Dec 2019		**-22,543**	**-572,516**		**-35,301**	**-630,359**
Net book value:						
1 Jan 2018	**1,775**	**6,416**	**783,234**	**2,980**		**794,405**
31 Dec 2018	**2,594**	**14,182**	**951,604**	**8,417**		**976,796**
31 Dec 2019	**1,440**	**9,807**	**527,468**	**3,448**	**99,574**	**641,738**

Net book value of tangible assets decreased by EUR 335.1 million from EUR 976.8 million to EUR 641.7 million in 2019. The net book value decreased mainly due to demerger of Adapteo (EUR -433.5 million). Also the net book value increased by EUR 99.6 million due to the IFRS 16 change which was applied as from 1 January 2019. The Exchange differences decreased the net book value by EUR 4.2 million.
Investment commitments are presented in note 19.

EUR 1,000	RoU Land	RoU Buildings	RoU Rental machinery	RoU Other	Total
Acquisition cost					
At 1 Jan 2019	**40,243**	**74,245**	**13,139**	**8,430**	**136,057**
Exchange differences	-262	-501	-100		-864
Additions*					
1 January - 31 December 2019	3,245	6,001	241	5,959	15,447
Depreciations					
1 January - 31 December 2019	-9,442	-18,291	-3,251	-4,429	-35,412
Demerger impacts	-8,422	-5,855	-3,482	2,105	-15,653
Carrying amount 31 Dec 2019	**25,363**	**55,599**	**6,546**	**12,066**	**99,574**

* Consists of new lease agreements and increase andjustments to old lease agreements.

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5. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1,000	Goodwill	Other intangible assets: Cramo-brand	Co-brands	Customer relation-ships	Depot network	Non-competition agreement	Other intangible assets	Software	Total
Acquisition cost									
At 1 Jan 2018	**183,548**	**29,500**	**8,418**	**49,445**	**65,383**	**7,359**	**1,554**	**23,506**	**368,717**
Exchange differences	-3,539		-102	-421	-913	-29	-9	-565	**-5,582**
Additions								219	**219**
Business acquisitions (note 7)	150,967		2,782	30,008		1,179	1,079	132	**186,147**
Reclassification between asset categories								1,064	**1,064**
At 31 Dec 2018	**330,975**	**29,500**	**11,098**	**79,032**	**64,470**	**8,508**	**2,623**	**24,356**	**550,566**
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2018	**-37,965**	**-1,892**	**-8,418**	**-45,317**	**-46,040**	**-6,877**	**-1,531**	**-14,930**	**-162,973**
Exchange differences				370	391	29	9	334	**1,133**
Depreciation (note 27)							-9	-3,058	**-3,067**
Amortisation resulting from acquisitions (note 27)				-1,701	-2,195	-542			**-4,438**
At 31 Dec 2018	**-37,965**	**-1,892**	**-8,418**	**-46,648**	**-47,844**	**-7,390**	**-1,531**	**-17,655**	**-169,346**
Acquisition cost									
At 1 Jan 2019	**330,975**	**29,500**	**11,098**	**79,032**	**64,470**	**8,508**	**2,623**	**24,356**	**550,566**
Exchange differences	-1,030		-15	-128	-300	-9	1	-237	**-1,718**
Additions								1,124	**1,125**
Demerger impacts	-200,899	0	-4,666	-46,010	-16,463	-4,439	-1,705	-2,156	**-276,338**
Reclassification between asset categories								881	**881**
At 31 Dec 2019	**129,046**	**29,500**	**6,417**	**32,894**	**47,706**	**4,061**	**919**	**23,968**	**274,517**
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2019	**-37,965**	**-1,892**	**-8,418**	**-46,648**	**-47,844**	**-7,390**	**-1,531**	**-17,655**	**-169,346**
Exchange differences			15	110	149	9	8	152	**440**
Depreciation (note 27)							0	-2,737	**-2,737**
Amortisation resulting from acquisitions (note 27)				-1,180	-2,146	-528			**-3,854**
Demerger impacts	26,992	0	1,986	21,052	16,444	4,399	604	1,705	**73,182**
Impairment loss				-176		-86			**-262**
At 31 Dec 2019	**-10,973**	**-1,892**	**-6,417**	**-26,843**	**-33,397**	**-3,596**	**-919**	**-18,535**	**-102,576**
Net book value:									
At 1 Jan 2018	**145,583**	**27,608**	**0**	**4,128**	**19,343**	**482**	**23**	**8,576**	**205,744**
At 31 Dec 2018	**293,010**	**27,608**	**0**	**32,384**	**16,625**	**1,119**	**1,092**	**6,701**	**381,219**
At 31 Dec 2019	**118,073**	**27,608**	**0**	**6,052**	**14,309**	**464**	**0**	**5,433**	**171,940**

Net book value of goodwill and intangible assets decreased by EUR 209.3 million from EUR 381.2 million to EUR 171.9 milllion in 2019. Decrease in net book value was mainly due to the demerger impact of Adapteo (EUR 203.1 million) and annual amortisations and depreciation (EUR 6.6 million). Exchange differences decreased the net book value by EUR 1.3 million.

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6. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill and other intangible assets with indefinite useful lives acquired through business combinations have been allocated to cash-generating units for impairment testing. A CGU encompasses the business operations of a segment. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of CGU sales. Sales is believed to best reflect the future cash inflows the brand generates.

Goodwill and the Cramo brand have been allocated to CGUs as follows:

	2019	
EUR 1,000	Goodwill	Cramo brand
Scandinavia	76,462	15,796
Finland and Eastern Europe	30,101	5,991
Central Europe	9,144	5,821
Total	**115,707**	**27,608**

	2018	
EUR 1,000	Goodwill	Cramo brand
Equipment Rental Scandinavia	79,895	14,057
Equipment Rental Finland and Eastern Europe	30,068	5,452
Equipment Rental Central Europe	9,481	3,185
Modular Space	173,890	4,914
Total	**293,334**	**27,608**

Basis for impairment testing
Goodwill is tested for impairment annually, or on a more frequent basis should there be an indication of a potential impairment. The group level impairment test has been performed in December 2019 where the balance sheet as at 31 October 2019. In impairment testing the assets of a CGU are compared to its recoverable amount. The recoverable amount of a CGU has been determined based on value in use which is calculated by using the discounted cash flow method. The cash flow projections used in the calculations are based on the next year's financial budget and the forecasts for the subsequent four years approved by management. The cash flow projections, covering all together a period of five years, are based on experience as well as on the estimated future development of the markets. The projections are in line with the external information to the extent such projections are available. Management has approved the plans upon which the impairment tests are based. Right of use asset according to IFRS16 have been included in CGU's tested assets and similarly discounted cash flow's reflect changes between row's from lease expenses to depreciations and interest.

The key assumptions related to impairment test of 2019 and 2018 are presented in the tables below.

2019	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Scandinavia	12.4–17.5	-0.1	1.0	6.38	5.25
Finland and Eastern Europe	10.5–12.9	-0.4	1.0	7.12	5.82
Central Europe	12.0–8.0	0.4	1.0	6.5	5.4

2018	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Equipment Rental Scandinavia	16.7–21.0	1.4	1.0	8.2	6.6
Equipment Rental Finland and Eastern Europe	12.7–14.3	1.7	1.0	8.7	7.1
Equipment Rental Central Europe	6.2–12.5	2.8	1.0	9.5	7.19
Modular Space	22.7–23.2	0.3	1.0	7.6	6.4

EBITA margin
The Group's performance was challenging during 2019. Differences in performance between cash generating units were significant. Profitability level used in terminal value calculation reflects mostly moderate historical level.

Growth rate for the five year period
Future growth estimates are mainly based on moderate utilisation rates and moderate price development in all CGU's. Growth investments and their impact have been carved out. Sales is expected to reach an annual average growth rate of -0.03% per cent during 2020-2024. In segment Equipment rental Scandinavia, the annual average growth rate is expected to be -0.1% during the five year period. In Equipment rental Finland and Eastern Europe the expected growth of net sales is -0.4% and in Equipment rental Central Europe 0.4% respectively, during the forecasting period.

Growth rate beyond the five years
The growth rate beyond five years for all CGU's is one percent per year. This is predicted to reflect a moderate long-term inflation forecast.

Discount rate
Forecasted cash flows are discounted to present value with CGU specific discount rate. Cramo Group's weighted average cost of capital (WACC) consitutes the basis for the determination of the discount rate. Cost of capital includes assumptions for capital structure, risk-free interest rate, risk premium, cost of debt and equity and equity beta. In determining the CGU-specific discount rates the weighted average cost of capital is increased by a CGU specific risk factor, which includes assumptions for country, currency and price risks inherent to CGU.

WACC rates have decreased significantly from 2018 to 2019, due to decline in both debt and equity cost. Also IFRS 16 implementation impacted the capital structure as equity ratio weakened due to lease liabilities recognition on Balance Sheet. Risk-free interest rate decline explains the significant decline in debt cost compared to previous year due to changes in interest rate markets. Equity cost decline is mainly due to decline in equity beta.

Sensitivity analysis of the main assumptions

The figures below represent the maximum changes of the main assumptions, for each assumption separately, after which the carrying amount of the unit equals its recoverable amount. In the sensitivity analysis, each parameter was varied independently whilst holding the other parameters constant.

2019	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five-year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Scandinavia	-10.1	-18.5	-12.3	6.59	605	>100
Finland and Eastern Europe	-1.6	-3.6	-1.2	0.87	37	10-20
Central Europe	-0.30	-1.00	-0.30	0.20	7	0-10

2018	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five-year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Equipment Rental Scandinavia	-12.9	-21.4	-32.8	10.7	674	>100
Equipment Rental Finland and Eastern Europe	-4.5	-9.3	-5.5	3.3	86	40-60
Equipment Rental Central Europe	-2.5	-5.4	-2.6	1.8	36	20-40
Modular Space	-4.4	-5.2	-1.8	1.3	138	20-40

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7. BUSINESS COMBINATIONS

Acquisitions

2019
There were no acquisitions during 2019.

2018
Cramo made two acquisitions during 2018.

KBS Infra GmbH
In January 2018, Cramo signed an agreement to acquire 100 percent of the share capital of KBS Infra GmbH and its subsidiaries. The acquisition was completed on 28 February 2018. The purchase price was EUR 19.0 million in cash, including the post-completion adjustment based upon the level of net working capital, among others in the acquired business on the closing date. In addition to the purchase price in cash, the total consideration included a contingent consideration valued at EUR 5.0 million at the acquisition date. The intangible assets identified in the purchase price allocation were related to customer relationships and non-compete agreements, and the rest was booked to goodwill. The table summarises the final purchase price allocation and its total consideration for KBS Infra GmbH and amounts for the fair value of the acquired assets and liabilities at the acquisition date.

KBS Infra GmbH is a leading, high-quality construction site logistics company in Germany. The company is headquartered in Mainz, near Frankfurt am Main, and operates nationwide through its 4 sites in Germany. The acquired businesses contributed sales of EUR 32 million and EBIT of EUR 3 million to the Group for the period from 1 March to 31 December 2018. The Group sales would have increased by EUR 5 million and EBIT would have slightly increased, if the acquisition had been completed on 1 January 2018. These amounts have been calculated using KBS Infra's results and the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to tangible and intangible assets had applied from 1 January 2018. There were no material differences between accounting policies of Cramo and KBS.

EUR 1,000	2018
Consideration	
Cash	19,027
Contingent consideration	5,005
Total consideration	**24,032**
Recognised amounts of identifiable assets acquired and liabilities assumed	
IDENTIFIABLE ASSETS	
Non-current assets	
Intangible assets (excl.goodwill)	
Customer relationships	6,398
Non-compete agreements	1,179
Other intangible assets	307
Total intangible assets	**7,884**
Tangible assets	
Machinery and equiment	26,435
Total tangible assets	26,435
Total non-current assets	**34,319**
Current assets	
Inventories	547
Trade and other receivables	14,645
Cash and cash equivalents	-32
Total current assets	**15,160**
TOTAL IDENTIFIABLE ASSETS	**49,479**
Non-current liabilities	
Other non-current liabilities	3,640
Total non-current liabilities	**3,640**
Current liabilities	
Interest-bearing liabilities	20,585
Trade and other current liabilities	10,293
Total non-current liabilities	**30,878**
Total liabilities	**34,518**
Total identifiable net assets	**14,961**
Goodwill	**9,071**

Nordic Modular Group Holding AB
Announced on 26 June 2018, Cramo had signed an agreement to acquire 100 percent of Nordic Modular Group from Strukturfonden HC11 AB, a subsidiary of Nalka Invest AB, and certain minority shareholders. The transaction was subject to merger control clearance from the Swedish Competition Authority, which was approved by them on 4 October 2018. Cramo completed the transaction at the end of October 2018. The enterprise value of the transaction was approximately SEK 2.725 billion. Alongside goodwill, the intangible assets identified in the purchase price allocation were related to customer relationships and trademarks. The table summarises the total consideration for NMG and amounts for the fair value of the acquired assets and liabilities at the acquisition date.

NMG, well established player in the modular space market in the Nordics, was founded in 1956. The Company's main market is Sweden with operations also in Norway, Denmark and Finland. It employed 230 persons with reported sales of SEK 779 million and EBITA SEK 160 million in 2017. The Company currently serves municipal customers, county councils and private companies with a primary focus on schools, pre-schools, elderly housing solutions and offices. It develops, manufactures, sells and rents relocatable buildings through its three subsidiaries Temporent AB, Nordic Modular Leasing AB and Flexator AB. Temporent rents out modular solutions with a fleet consisting of approximately 6,500 modules, serving primarily municipalities and large private companies. Nordic Modular Leasing leases out modular units with a primary focus on longer term contracts. Flexator designs, manufactures and sells professional modular buildings based on standardised building systems from site huts to advanced solutions.

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EUR 1,000 Consideration	2018
Cash	108,523
Convertible agreement	52,877
Repayment of shareholder loans	32,574
Total consideration	**193,974**

EUR 1,000 Recognised amounts of identifiable assets acquired and liabilities assumed	2018
IDENTIFIABLE ASSETS	
Non-current assets	
Intangible assets (excl.goodwill)	
Customer relationships	23,285
Brands	2,744
Total intangible assets	**26,029**
Tangible assets	
Machinery and equiment	98,557
Total tangible assets	**98,557**
Other non-current assets	
Investments in joint ventures	1,236
Deferred tax assets	2,133
Loan receivables	221
Finance lease and other receivables	5,662
Total other non-current assets	9,252
Total non-current assets	**133,838**
Current assets	
Inventories	3,497
Finance lease receivables	4,816
Trade and other receivables	19,646
Income tax receivables	421
Cash and cash equivalents	2,007
Total current assets	**30,387**
TOTAL IDENTIFIABLE ASSETS	**164,225**
Non-current liabilities	
Interest-bearing liabilities	65,826
Deferred tax liabilities	18,661
Other non-current liabilities	1,340
Total non-current liabilities	**85,828**
Current liabilities	
Trade and other payables	22,997
Income tax liabilities	1,064
Provisions	205
Total current liabilities	**24,266**
Total liabilities	**110,094**
Total identifiable net assets	**54,131**
Goodwill	**139,843**

The acquired businesses contributed sales of EUR 13 million and EBIT of EUR 2 million to the Group for the period from 1 November to 31 December 2018.

The Group sales would have increased by EUR 71 million and EBIT would have increased by EUR 13 million, if the acquisition had been completed on 1 January 2018.

These amounts have been calculated using Nordic Modular Group's results and adjusting them for differences in the accounting policies between Cramo and Nordic Modular Group and the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to tangible and intangible assets had applied from 1 January 2018.

Purchase consideration and cash out flow

The purchase consideration was paid in cash and financed with a convertible note from the sellers as well as bank financing.

EUR 52.9 million (SEK 550.0 million) of the purchase consideration was paid by entering into a convertible loan agreement whereby the sellers may at Cramo's discretion subscribe shares of the combined business of Nordic Modular Group and Cramo's Adapteo business. If the combined business would not have been spun-off Cramo shall repay convertible loan in cash. If the convertible loan holder declines the offer of the combined shares, they will receive a reduced amount of the convertible loan. The contingent reduction of the convertible loan of EUR 4.8 million (SEK 50.0 million) is considered to be contingent consideration under IFRS. The contingent consideration was recognised in full and Cramo settled the whole convertible note of EUR 52.9 million.

Cramo agreed a contingent upwards adjustment to the purchase consideration up to EUR 8.7 million (SEK 90.0 million) if there is a disposal of Nordic Modular Group or the combined business of Nordic Modular Group and Cramo's Adapteo business within eighteen months following the Closing Date and certain other criteria is met. Cramo expected that this contingent consideration does not have any value.

The table below represents the details of the purchase consideration and outflow of cash to acquire Nordic Modular Group.

MEUR	
Cash consideration[1]	141,097
Convertible note	52,877
Total provisional purchase consideration	193,974
Convertible note	-52,877
Cash and cash equivalents acquired	-2,007
Withheld cash related to purchase price	-257
Adjustment to the purchase consideration	-504
Net outflow of cash - investing activities	**138,330**

1 Including repayment of shareholder loans

The cash consideration was financed by bank financing, which was also used to refinance the bank loans of Nordic Modular Group. Cash flows related to financing of the acquisition and refinancing of Nordic Modular Group's loans are reported in Net cash flow from financing activities in consolidated cash flow statement.

The purchase consideration was subject to completion of the closing accounts in accordance with the terms of the share purchase agreements.

The fair value of the acquired trade receivables was EUR 10.5 million and finance lease receivables EUR 11.4 million. The gross trade receivables amount for trade receivables EUR 10.5 million of which EUR 48 thousand is expected to be uncollectable. The finance lease receivable was collectable in full.

The residual goodwill amounted to EUR 139.8 million. The goodwill consists of workforce, synergies and strong market position in Sweden. None of the goodwill is expected to be deductible for tax purposes.

Acquisition related costs of EUR 1.8 million were included in Other operating expenses in the consolidated statement of comprehensive income and in net cash flow from operating activies in the statement of cash flows.

Disposals

There were no disposals during 2019 and 2018.

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8. JOINT VENTURES

Reconciliation of summarised financial information

EUR 1,000 Summarised financial information	Fortrent 2019	Fortrent 2018	Ungabostäder Haninge AB 2019	Ungabostäder Haninge AB 2018	Total 2019	Total 2018
Opening net assets at 1 Jan	**9,135**	**11,658**		**747**	**9,135**	**12,405**
Profit/loss for the period	362	1,032		-13	362	1,019
Other comprehensive income items	6,530	-3,555			6,530	-3,555
Closing net assets at 31 Dec	**16,026**	**9,135**		**734**	**16,026**	**9,869**
Interest in joint venture (50 %)	8,013	4,567		370	8,013	4,937
Transaction costs	1,091	1,091			1,091	1,091
Carrying amount of investment	**9,104**	**5,653**		**370**	**9,104**	**6,023**

Fortrent is a construction machinery and equipment rental company operating in Russia and Ukraine. The company is owned and controlled jointly 50/50 by Cramo and Ramirent. Ungabostäder Haninge AB is a Swedish company owned and controlled jointly by Adapteo. Ungabostäder has been moved to Adapteo through demerger and therefoe here Cramo presents only 2018 figures. Cramo presents its share of profit or loss from the joint ventures above EBIT in the consolidated income statement in accordance with the equity method of accounting.

Cramo and Ramirent have granted loans to the joint venture. The value of the loan at the end of 2019 is 9.5 million. In 2019 Fortrent has amortised the loans by EUR 7.9 (2.9) million.

Fortrent's Ukrainian operations were closed during 2019. The total restructuring costs were approximately EUR 0.5 million and Cramo share was approximately EUR 0.3 million.

Related to Fortrent joint venture, there are translation differences in equity from net investment amounting to EUR -16.1 million on 31 Dec, 2019 (Cramo's part). This consists of EUR -8.5 million from shareholders' equity and EUR -7.6 million from loan reclassification to net investment.

EUR 1,000 Summarised balance sheet	Fortrent 2019	Fortrent 2018	Ungabostäder Haninge AB 2019	Ungabostäder Haninge AB 2018
Current assets				
Cash and cash equivalents	678	387		162
Other current assets (excluding cash)	5,086	4,758		77
Total current assets	**5,763**	**5,145**		**239**
Other current liabilities	2,687	4,369		736
Total current liabilities	**2,687**	**4,369**		**736**
Non-current assets				
Goodwill	4,983	4,373		
Intangible assets relating to PPA	2,187	2,548		
Other non-current assets	18,532	19,945		3,106
Deferred tax assets	702	1,161		
Total non-current assets	**26,404**	**28,027**		**3,106**
Interest bearing liabilities	11,322	17,387		1,875
Deferred tax liabilities	2,131	2,281		
Total non-current liabilities	**13,454**	**19,668**		**1,875**
Net assets	**16,026**	**9,135**		**734**

Fortrent has commitments amounting to EUR 0.0 (0.1) million.

EUR 1,000 Summarised statement of comprehensive income	Fortrent 2019	Fortrent 2018
Sales	**30,098**	**29,889**
Materials and services	-9,263	-9,103
Other expenses	-9,352	-11,246
Depreciation and impairment on tangible assets	**-6,196**	**-6,140**
EBITA	**5,287**	**3,400**
Amortisation and impairment resulting from acquisitions	-690	-693
Interest expenses	-527	-497
Other financial income	**-2,812**	**-651**
EBT	**1,258**	**1,559**
Income taxes	-896	-527
Profit for the year	**362**	**1,032**
Other comprehensive income items	6,530	-3,555
Total comprehensive income	**6,892**	**-2,523**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

9. DEFERRED TAXES

Deferred tax assets and liabilities as presented in the balance sheet:

EUR 1,000	2019	2018
Deferred tax assets	6,840	14,525
Deferred tax liabilities	50,885	99,919
Deferred tax liabilities net	**44,045**	**85,394**

Cramo Plc was demerged on June 30, 2019. Balance Sheet figures for 2019 do not include deferred tax assets and liabilities related to the Modular Space business transferred, whereas comparison period figures include those. Demerger impact includes Adapteo's part of 2019 income statement.

Movements in deferred tax assets and liabilities during the year:

EUR 1,000	1 Jan 2019	Recognised in income statement	Recognised in other compre-hensive income	Demerger impact	Exchange differences	31 Dec 2019
Deferred tax assets						
Tax losses carried forward	6,817	-2,692		-1,967	28	2,186
Double taxation of interests[2]	1,578	-702				876
Depreciation difference, negative	1,857	-258		-1,141	3	461
Fair value of hedging fund	1,409		-198			1,211
Derivative financial instruments	199	-1				198
Elimination of internal profit	1,293	-47		-1,246		0
Retirement benefit liabilities	611	-20	18		-10	599
Other temporary differences	761	737		7	-196	1,309
Total	**14,525**	**-2,983**	**-180**	**-4,347**	**-175**	**6,840**
Deferred tax liabilities						
Depreciation difference	70,084	-1,592		-30,334	-559	37,599
Leases	2,077	-384		-1,470	-6	217
Derivative financial instruments	372	-67				305
Valuation of assets to fair value in business combinations	26,040	-770		-13,792	-41	11,437
Undistributed retained earnings[1]	850	-100				750
Other temporary differences	496	-794		1,046	-171	577
Total	**99,919**	**-3,708**		**-44,550**	**-777**	**50,885**
Deferred tax liabilities net	**85,394**	**-724**	**180**	**-40,203**	**-602**	**44,045**

Movements in deferred tax assets and liabilities during the year:

EUR 1,000	1 Jan 2018	Recognised in income statement	Recognised in other compre-hensive income	Acquisitions and disposals	Exchange differences	31 Dec 2018
Deferred tax assets						
Tax losses carried forward	6,920	-69			-34	6,817
Double taxation of interests[2]	1,578					1,578
Depreciation difference, negative	855	-1,127		2,133	-4	1,857
Financial leases	95	-95				
Fair value of hedging fund	1,563		-134			1,429
Derivative financial instruments	350	-151				199
Elimination of internal profit	547	746				1,293
Retirement benefit liabilities	401	224	-14			611
Other temporary differences	1,383	-618			-24	741
Total	**13,692**	**-1,090**	**-148**	**2,133**	**-62**	**14,525**
Deferred tax liabilities						
Depreciation difference	64,830	2,332		5,228	-2,305	70,084
Financial leases	3,624	-1,465			-82	2,077
Derivative financial instruments	158	214				372
Valuation of assets to fair value in business combinations	10,230	-2,715		18,643	-118	26,040
Undistributed retained earnings[1]	350	500				850
Other temporary differences	629	204			-337	496
Total	**79,821**	**-930**		**23,871**	**-2,842**	**99,919**
Deferred tax liabilities net	**66,129**	**160**	**148**	**21,738**	**-2,780**	**85,394**

1 The deferred tax liability for the annual profits of the Estonian subsidiary has been recognised since the financial year 2013 corresponding to the half of the profit. No deferred tax liability has been recognised on the undistributed earnings of the earlier years, because the distribution is in the control of the Group and no such desicion related to dividend payment policy have been made that would require the recognition of a deferred tax liability.

2 According to the residual tax desicions issued by the Finnish Tax Administration, the interest income from Cramo's financing company in Belgium have been partly taxed in Finland concerning 2009 - 2013. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one million euro tax penalty associated with tax decision concerning 2009 - 2012. In 2017 Cramo Plc has supplemented the appeal to an Administrative Court in Finland concerning years 2011 - 2013. In the supplement of the appeal Cramo Plc has demanded to annul the taxation of the interest income in Finland. Concerning years 2009-2010 Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation. In the end of 2019, Cramo Plc has received a MAP resolution to the matter including a slightly positive outcome for the company. The Group has recognised deferred tax assets left of EUR 0.9 (1.6) million of the income, which are subject to double taxation, after the latest resolution. Including return of taxes and late interest income in the resolution, a tax receivable amounting to EUR 1.6 million, causing a positive EUR 0.9 million impact in P&L, was recognised on Dec 31, 2019.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred tax assets of EUR 9.154 (11.500) thousand of the tax losses in respect of subsidiaries that are currently making a loss. The countries where deferred tax assets from losses are recognised, are: Norway and Lithuania. Correspondingly, the countries where exist unrecognised deferred tax assets from losses, are: Germany and Finland. Cramo Plc has received a preliminary tax audit opinion from Finnish Tax Administration regarding certain historical dividend payments and related immaterial withholding taxes that it sees unfounded. Cramo has not recorded any tax liability on these.

Specification of tax items recognised in other comprehensive income is presented in note 29 Income Taxes.

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10. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000 At 31 Dec 2019	Note	Items at fair value through profit and loss	Items at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	12		5,081		5,081	5,081	2
Trade and other receivables	12		2,460		2,460		
Current financial assets							
Derivative financial instruments	11	1,691			1,691	1,691	2
Trade and other receivables	12		89,634		89,634		
Cash and short-term deposits	14		7,257		7,257	7,257	2
Total		**1,691**	**104,432**		**106,123**		
Non-current financial liabilities							
Interest-bearing liabilities	16		283,754		283,754	291,454	2
Derivative financial instruments	11			6,053	6,053	6,053	2
Other non-current liabilities	18		2,323		2,323		
Current financial liabilities							
Interest-bearing liabilities	16		99,414		99,414	99,414	2
Derivative financial instruments	11	871		130	1,001	1,001	2
Trade and other payables	19		66,974		66,974		
Total		**871**	**452,466**	**6,183**	**459,519**		

EUR 1,000 At 31 Dec 2018	Note	Items at fair value through profit and loss	Items at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	12		8,918		8,918	8,918	2
Trade and other receivables	12		8,111		8,111		
Current financial assets							
Derivative financial instruments	11	1,894			1,894	1,894	2
Trade and other receivables	12		150,183		150,183		
Cash and short-term deposits	14		6,391		6,391	6,391	2
Total		**1,894**	**173,602**		**175,497**		
Non-current financial liabilities							
Interest-bearing liabilities	16		598,603		598,603	609,594	2
Derivative financial instruments	11			7,202	7,202	7,202	2
Other non-current liabilities	18		1,632		1,632		
Current financial liabilities							
Interest-bearing liabilities	16		111,327		111,327	111,327	2
Derivative financial instruments	11	407			407	407	2
Trade and other payables	19		91,342		91,342		
Total		**407**	**802,904**	**7,202**	**810,512**		

Cramo Plc was demerged on June 30, 2019. Balance Sheet figures for 2019 do not include financial assets and liabilities related to the Modular Space business transferred, whereas comparison period figures include those.

Derivative financial instruments
The fair value of forward contracts is determined by using the forward rates of 31 December for respective contracts. For interest rate swaps the fair value is computed by discounting the future cash flows using the market rates at annual closing. If the market value given by a counterparty is utilised, company produces also its own calculation using generally accepted valuation methods.

Interest-bearing receivables and liabilities
The fair value of loans and loans receivable is based on the discounted cash flows. The rate used for measurement is the rate which would apply for the Group's new external financing and investments. The overall rate consists of a risk free rate and the risk premium for the company. The fair value of leasing contracts is computed by discounting the cash flows with a rate corresponding to similar contracts.

Trade and other receivables and liabilities
The fair value of trade and other receivables and liabilities corresponds to the historical cost. The effect of discounting is not relevant due to short maturity of the instrument.

Fair value hierarchy disclosures for each class of financial instruments:
The following fair value measurement hierarchy is applied for the financial instruments measured in the balance sheet at fair value.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

11. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the Group's risk management is to minimise the negative effects on the Group's financial performance caused by changes in financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by Group Treasury, a central treasury function. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units according to the Treasury policy approved by the Board. The objectives of Group Treasury are to secure sufficient funding for business operations, avoiding financial constraints at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit and operational risks) and to provide the management with information on the financial position and risk exposures of Cramo and its business units. In addition, Group Treasury actively monitors the actual values of the Group's financial covenants and anticipated financial headroom in relation to maximum values of these financial covenants as part of the Group's business planning.

The transfer of the assets, liabilities and risk exposures related to Modular Space business in demerger had notable effect on the financial position and risk exposures of Cramo.

All comparison figures in note 10 represent the situation prior to partial demerger including also assets, liabilities and risk exposures transferred to Adapteo in demerger, and therefore do not reflect the financial position or exposures of continuing operations.

MARKET RISK

Interest rate risk

Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair value of interest-bearing receivables, loans payable and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the income statement, balance sheet and cash flow, while also taking into account the market value of net debt.

The transfer of the assets, liabilities and risk exposures to Adapteo in partial demerger, had notable effect on the interest rate risk exposure of Cramo. As the liabilities transferred were at variable rates and no interest rate swaps were transferred, the portion of liabilities at fixed rate rose markably.

The Group's interest rate risk arises mainly from its long-term borrowings. The Group is mainly exposed to cash flow risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. At the balance sheet date, 95,8% (47.0%) of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. During 2019 and 2018 the Group's borrowings were denominated mainly in the EUR. The weighted average interest rate fixing period for loan portfolio was 2.2 (1.5 years). Both the portion of fixed rates and duration were effected by the partial demerger, but are within the limits set by the Board.

The Group manages its interest rate related cash flow risk by using interest rate swaps in accordance with the Treasury Policy. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The nominal value of the Group's interest rate swaps was at 31 December 2019 EUR 130.0 (130.0) million. IFRS 9 hedge accounting was applied to all of these interest rate swaps. Hedged interest rate items are cash flows generated by floating rate liabilities. Hedged Interest rate risk is hedged as a cash flow hedge and the economic relationship between the interest-bearing liabilities and the interest rate swap derivatives are that the critical terms match. Possible sources for ineffectiveness are changes in the timing of when hedge items are realized, if there is a significant change in the credit risk of the counterparty that is involved in the hedge relationship and if the total amount or price of the hedged item changes. The maturity structure and average rate of these derivatives are presented in a table under the topic of derivative instruments.

For interest rate sensitivity analysis in accordance with IFRS 7, if interest rates at 31 December 2019 on EUR-denominated borrowings had been 1 % higher/lower with all other variables held constant, the impact to pre-tax profit for the year would have been EUR 0.3/-1.0 (-1.5/-1.0) million, as a result of changes in the interest flows on floating rate borrowings and hedging instruments. The impact in other comprehensive income items would have been EUR +3.9/-3.9 (+3.9/-3.9) million, as a result of a change in the fair value of interest rate swaps for which hedge accounting is applied. The following table illustrates the sensitivity analysis. The calculation method has been changed from 2018 to better take into account the negative interest environment. Comparison figures for 2018 have therefore been recalculated in with the new method in 2019.

MEUR	2019 Income statement		2019 Other comprehensive income		2018 Income statement		2018 Other comprehensive income	
Effect of change in interest rates	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%
Interest-bearing liabilities and Assets	-0.6				-2.5			
Interest rate derivative instruments	1.0	-1.0	3.9	-3.9	1.0	-1.0	3.9	-3.9
Total	**0.3**	**-1.0**	**3.9**	**-3.9**	**-1.5**	**-1.0**	**3.9**	**-3.9**

Foreign exchange risk

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona and Norwegian krone. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities.

Due to the transfer of the assets, liabilities and risk exposures to Adapteo in demerger the exposures of Cramo in Swedish krona and Norwegian krone decreased, while the whole exposure in Danish krone was transferred.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. A table following in this note presents the maturity structure of these derivatives. Hedge accounting is not applied for these derivatives and changes in the fair value of derivatives are recognised in the income statement.

Sales in Group companies are carried out in the functional currency of the local entities. These transactions do not expose the Group to significant foreign exchange risk. Purchases are carried out both in Euros and local currencies. The currency risk arising from purchases is considered insignificant. Hence, according to the Treasury Policy, future purchase commitments are not hedged.

Sensitivity analysis, in accordance with IFRS 7, aims to represent the sensitivity of the consolidated income and equity with respect to foreign exchange rate fluctuations. The open euro exposure against other functional currencies arises from account payables, leasing liabilities in other than local currency, as well as from the open exposure of the Group Treasury.

The following table presents the Group's currency exposure and the sensitivity effects to equity. The sensitivity calculation is based on a change of 10% in the Euro exchange rate against all the functional currencies that the Group operates in.

EUR 1,000 Translation risk and hedging	31 Dec 2019 Exposure	31 Dec 2019 Sensitivity	31 Dec 2018 Exposure	31 Dec 2018 Sensitivity
SEK	318,077	-/+ 31,808	616,499	-/+ 61,650
DKK			26,718	-/+ 2,672
NOK	46,904	-/+ 4,690	49,106	-/+ 4,911
Other currencies	35,397	-/+ 3,540	32,171	-/+ 3,217
Total	**400,378**	**-/+ 40,038**	**724,493**	**-/+ 72,449**

During 2019 and 2018 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries.

In 2019 the translation differences arising from subsidiaries' equities denominated in Swedish krona amounted to EUR -6.5 (-16.8) million, in Danish krone EUR 0.0 (0.0) million, in Norwegian krone EUR 0.4 (-0.5) million and other currencies EUR 0.5 (-0.6) million. In addition to these, translation differences derived from a joint venture Fortrent amounted to EUR 3.3 (-1.8) million. The cumulative total of translation differences shown in other comprehensive income items totalled to EUR -73.1 (-67.4) million.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

EUR 1,000 Transaction risk and hedging	31 Dec 2019 Exposure	Hedges	Net exposure	Sensitivity	31 Dec 2018 Exposure	Hedges	Net exposure	Sensitivity
SEK	-73,817	65,724	-8,093	-/+ 809	2,098	-1,755	343	-/+ 34
DKK					18,354	-17,350	1,004	-/+ 100
NOK	25,838	-23,674	2,164	-/+ 216	35,510	-33,373	2,138	-/+ 214
Other currencies	15,201	-14,169	1,032	-/+ 103	11,218	-11,032	185	-/+ 19
Total	**-32,778**	**27,882**	**-4,897**	**-/+ 490**	**67,180**	**-63,510**	**3,670**	**-/+ 367**

Price risk
The Group holds a minor amount of unquoted shares, which do not expose to material price risk. The Group is not exposed to commodity price risk.

DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1,000 Fair value of derivatives	31 Dec 2019 Nominal value	Positive fair value	Negative fair value	Net fair value	31 Dec 2018 Nominal value	Positive fair value	Negative fair value	Net fair value
Currency derivative instruments	122,711	1,691	-871	820	176,574	1,894	-407	1,487
Interest rate derivative instruments	130,000		-6,183	-6,183	130,000		-7,202	-7,202
Total	**252,711**	**1,691**	**-7,054**	**-5,363**	**306,574**	**1,894**	**-7,608**	**-5,715**

The derivatives used in 2019 and 2018 were currency forward contracts and interest rate swaps. In 2018 also currency option was an exercised instrument type. These were used for hedging purposes in line with the Group's hedging policy.

The change in fair value of currency derivatives has been recognised in the income statement. The change in fair value of hedge accounted interest rate derivatives has been recognised in other comprehensive income items, as net of tax. On 31 December 2019 the open derivative exposure reflected well the exposure retained during the financial year.

EUR 1,000
Hedge transactions and Hedge Items 2019

Cash Flow Hedge	Nominal amount	Carrying amount Asset	Liability	Line item in the statement of financial position where located
Interest rate risk				
Hedge transaction -interest rate swaps	20,000		130	Current Derivative Financial Liability
Hedge transaction -interest rate swaps	110,000		6,053	Non-Current Derivative Financial Liability
Hedge Item - Floating rate financial liabilities	130,000		130,000	Non-Current interest-bearing Liability

EUR 1,000
Hedge transactions and Hedge Items 2018

Cash Flow Hedge	Nominal amount	Carrying amount Asset	Liability	Line item in the statement of financial position where located
Interest rate risk				
Hedge transaction -interest rate swaps	130,000		7,202	Non-Current Derivative Financial Liability
Hedge Item - Floating rate financial liabilities	130,000		130,000	Non-Current interest-bearing Liability

EUR 1,000
Profit and Loss 2019

Cash Flow Hedge	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss (that includes hedge ineffectiveness)
Interest rate risk			
-Floating rate financial liabilities	790		Financial Income or Financial Expense

EUR 1,000
Profit and Loss 2018

Cash Flow Hedge	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss (that includes hedge ineffectiveness)
Interest rate risk			
-Floating rate financial liabilities	534		Financial Income or Financial Expense

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EUR 1,000 Derivative instruments mature as follows, 2019	Average rate	2020	2021	2022	2023	2024	2025+	Total
Currency derivative instruments	-	122,711						122,711
Interest rate derivative instruments	1.4%	20,000	20,000	65,000	25,000			130,000
Total derivative instruments		**142,711**	**20,000**	**65,000**	**25,000**			**252,711**

EUR 1,000 Derivative instruments mature as follows, 2018	Average rate	2019	2020	2021	2022	2023	2024+	Total
Currency derivative instruments	-	176,574						176,574
Interest rate derivative instruments	1.4%		20,000	20,000	65,000	25,000		130,000
Total derivative instruments		**176,574**	**20,000**	**20,000**	**65,000**	**25,000**		**306,574**

Cramo enters into derivative transactions under master netting agreements. In general the amounts owed by each counterparty are settled with one single net payment by each currency. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreements are terminated and only one amount is payable in settlement of all transactions. The netting agreements do not meet the criteria for offsetting in the balance sheet. The following table illustrates the carrying amounts of derivative instruments that are subject to the agreements described above.

EUR 1,000 Derivative financial assets	2019	2018
Gross amounts in the balance sheet	1,691	1,894
Related instruments that are not offset	-77	-659
Total	**1,614**	**1,236**

EUR 1,000 Derivative financial liabilities	2019	2018
Gross amounts in the balance sheet	7,054	7,608
Related instruments that are not offset	-77	-659
Total	**6,977**	**6,950**

CREDIT RISK

The Group's policy identifies counterparty credit rating requirements and principles of investment for clients, investment transactions and derivative financial instruments. The Group has no significant credit risk concentrations since it has a broad clientele, which is geographically spread over a wide area. Credits are granted to companies and private persons, which have proper credit information. The Group's maximum exposure to credit risk is represented by the fair values of receivables and other financial assets at 31 December 2019.

The maturity structure of accounts receivables is presented in note 12.

Also the credit losses and increase of provision for bad debts are presented in note 12. Receivables do not include significant credit risk concentrations.

REFUNDING AND LIQUIDITY RISK

The Group Treasury manages the Group's liquidity risk and ensures flexibility in funding by maintaining availability under committed credit lines. The Group uses diverse funding sources and borrowings are primarily long-term. The Group has committed borrowing facilities or other lines of credit that it can access to meet liquidity needs. At 31 December 2019 the undrawn committed credit facilities totalling EUR 251.7 (258.5) million, of which long-term EUR 175.0 (235.0) million and short-term EUR 76.7 (23.5) million.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

EUR 1,000 Maturities of financial liabilities at 31 Dec 2019	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-871				-871
FX forward contracts, inflow	1,691				1,691
Interest rate swaps, outflow	-2,300	-2,008	-1 ,952		-6,260
Interest rate swaps, inflow					
Derivatives, net	**-1,480**	**-2,008**	**-1,952**		**-5,440**
Accounts payable and other non-interest bearing liabilities	-99,414	-2,323			-101,737
Borrowings (excl. finance lease liabilities)	-64,201	-31,335	-205,234		-300,770
Lease liabilities	-37,670	-26,005	-29,156	-12,864	-105,695
Total	**-201,285**	**-59,663**	**-234,390**	**-12,864**	**-508,202**

EUR 1,000 Maturities of financial liabilities at 31 Dec 2018	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-407				-407
FX forward contracts, inflow	1,894				1,894
Interest rate swaps, outflow	-2,209	-2,071	-1,637	-1,210	-7,127
Interest rate swaps, inflow			5	184	188
Derivatives, net	**-722**	**-2,071**	**-1,632**	**-1,027**	**-5,452**
Accounts payable and other non-interest bearing liabilities	-91,342	-1,632			-92,974
Borrowings (excl. finance lease liabilities)	-116,860	-274,509	-347,268		-738,636
Finance lease liabilities	-1,536	-499	-416		-2,451
Total	**-209,737**	**-276,640**	**-347,683**		**-834,061**

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CAPITAL STRUCTURE

The Group's objectives when managing capital structure are to safeguard the Group's ability to continue as a going concern and to maintain the optimum capital structure. The targets for capital structure are determined by the Board of Directors. The Group Treasury regularly monitors the development of the capital structure.

The Group monitors capital structure based on the of the ratio of net interest-bearing liability to total equity (gearing) and the ratio of net interest-bearing liability to EBITDA (Net debt/EBITDA). One of the financial targets of the Group is to keep the Net debt/EBITDA ratio below 3.0. This target was well met both in 2019 and 2018.

The net interest-bearing liabilities of the Group at 31 December 2019 totalled EUR 375.9 million, while at 31 December 2018 they were EUR 703.5 million. During 2019 the net interest-bearing liabilities decreased by EUR 327.6 million.

Net debt and gearing are represented in the table below.

EUR 1,000	2019	2018
Interest bearing liabilities	383,168	709,930
Cash and cash equivalents	7,257	6,391
Net interest-bearing liabilities	**375,912**	**703,539**
Total equity	**402,778**	**596,969**
EBITDA	195,847	244,250
Net debt to EBITDA	**1.92**	**2.88**
Gearing, %	**93.3**	**117.9**

12. NON-CURRENT AND CURRENT RECEIVABLES

EUR 1,000	2019	2018
Non-current receivables		
Loan receivables from joint ventures (see note 34)	4,762	9,003
Other receivables	2,629	7,870
Non-current receivables, total	**7,391**	**16,873**
Current receivables		
Trade receivables	88,002	141,986
Other receivables	1,632	8,198
Prepaid expenses and accrued income	14,147	31,229
Current receivables, total	**103,781**	**181,413**

EUR 1,000 Movements in the provision for impairment of receivables	2019	2018
At 1 Jan	**6,365**	**4,295**
Impairment loss on trade and other receivables including contract assets	-920	-924
Increase in the credit loss provision	1,170	2,931
Demerger impact	-528	
Exchange differences	-2	63
At 31 Dec	**6,085**	**6,365**

Trade receivables are non-interest-bearing and are generally on 14-60 day terms.

Material items included in prepaid expenses and accrued income relate to prepaid premises, insurance, personnel and leasing expenses and for the year 2018 uninvoiced revenue accrual related to Adapteo operations.

A total amount of EUR 3,422 (2,524) thousands of trade receivables has been recognised in the income statement as impairment losses. See below for the movements in the provision for impairment of receivables. For further guidance, see credit risk note 11.

The balance sheet values best correspond to the amount which is the maximum credit risk exposure before deducting the fair value of collateral in case other contractual parties fail to meet their obligations related to the financial instruments. The manner in which the Group operates does not require the obtaining of collateral in respect of trade and other receivables. Trade and other receivables do not contain any significant concentration of credit risk.

EUR 1,000 Ageing analysis of trade receivables	Weighted average loss rate %	Cross carrying amount	Impairment loss allowance	Total
Trade receivables, not due at reporting date	0.40	62,700	-251	62,448
Trade receivables due under 30 days	1.97	16,096	-316	15,780
Due 31-60 days	8.47	3,170	-269	2,902
Due 61-90 days	49.07	2,001	-982	1,019
Due 91-120 days	51.95	722	-375	347
Due 121-180 days	31.50	3,283	-1,034	2,249
Due 181-365 days	32.19	3,381	-1,089	2,293
Due over 365 days	64.70	2,734	-1,769	965
Total	**6.47**	**94,087**	**-6,085**	**88,002**

IFRS 9 ECL model is based on two pillars: 1) Group general model divided to business areas considering aging categories starting from not due; 2) specific review performed by local subsidiaries. Group general model is based on aging categories and takes in consideration market situation and country risks by use of Probability of Default index per country to adjust to future orientation. Specific review is a further analysis on most significant receivables and their individual characteristics. Group has considered that credit losses from other receivables according to IFRS 9 than trade receivables would be insignificant and thus no credit loss provisions have been recorded from them.

EUR 1,000 Trade receivables by currencies	2019	2018
EUR	38,260	44,533
SEK	34,007	73,644
NOK	10,980	12,903
DKK		3,774
PLN	1,481	2,153
Other currencies	3,275	4,979
Total	**88,002**	**141,986**

Trade receivables are arising from a large number of customers and are mainly denominated in EUR, SEK and NOK, therefore mitigating the concentration of risk. The greatest amount of aged receivables and related credit loss provisions are in the biggest operating countries.

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13. INVENTORIES

EUR 1,000	2019	2018
Materials, supplies and goods for sale	9,068	14,949
Obsolescence allowance	-103	-180
Total	**8,965**	**14,769**

At the end of the period, inventories have been written down by EUR 103 (180) thousand to correspond to their net realisable value. The amount of write-down is recognised in materials and services in the income statement.

14. CASH AND CASH EQUIVALENTS

EUR 1,000	2019	2018
Cash in hand and at banks	7,257	6,391
Total	**7,257**	**6,391**

Cash and cash equivalents include cash in hand and bank deposits available at call. Cash and cash equivalents have original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

At 31 December 2019, the Group had available EUR 251.7 (258.5) million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the abovementioned figures for cash in hand and at banks at 31 December 2019 and 31 December 2018.

15. SHARE CAPITAL AND EQUITY FUNDS

EUR 1,000 Movements during the year	Number of shares	Share capital	Other reserves	Total
At 1 Jan 2018	44,690,554	24,835	327,179	**352,014**
Own shares conveyed			684	**684**
At 31 Dec 2018	**44,690,554**	**24,835**	**327,863**	**352,699**
Own shares conveyed			852	**852**
Demerger impacts		-10,000	-67,800	**-77,800**
At 31 Dec 2019	**44,690,554**	**14,835**	**260,915**	**275,750**

During the financial year Cramo Plc had performance shareplans and one Cramo share savigns plan in operations. More information on the share-based payments is given in note 33.

Each share entitles the holder to one vote at the Annual General Meeting and to an equal dividend. At the balance sheet date share capital was fully paid and entered in the trade register.

Other reserves

Other reserves include the subscription price of the shares and also the premiums received on exercise of share options and other share issues under the old Limited Liability Companies Act.

EUR 1,000 Movements during the year	Hedging fund
At 1 Jan 2018	-6,296
Cash flow hedges	
Fair value gains in period	634
Tax on fair value gains	-100
At 31 Dec 2018	**-5,762**
Cash flow hedges	
Fair value gains in period	1,019
Tax on fair value gains	-229
At 31 Dec 2019	**-4,972**

Hedging fund

The Group applies hedge accounting for all of the interest rate derivatives that are designated as cash flow hedges. The effective portion of changes in the fair value of those derivatives is recognised in hedging fund. The gain or loss relating to the ineffective portion is recognised in the income statement and classified within finance expenses.

Translation differences

Translation differences arise from the consolidation of the financial statements of subsidiaries outside the Euro zone.

DIVIDENDS

The Board proposes to the AGM that no dividend will be paid for year 2019 (0.90).

OWN SHARES

At the balance sheet date the Group had 7,857 treasury shares. The total cost for these, EUR 61,6 thousands, has been booked against invested non-restricted equity fund.

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16. INTEREST-BEARING LIABILITIES

EUR 1,000 Non-current interest-bearing liabilities	2019 Book value	Fair value	2018 Book value	Fair value
Bank Loans	74,967	74,967	399,600	399,600
Bond	146,212	153,912	144,464	155,455
Convertible Loans			53,633	53,633
Finance lease liabilities	62,576	62,576	906	906
Total	**283,754**	**291,597**	**598,603**	**609,594**
Current interest-bearing liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**
Bank Loans	3,783	3,783	19,908	19,908
Lease liabilities	35,647	35,647	1,517	**1,517**
Commercial papers	59,984	59,984	89,902	89,902
Total	**99,414**	**99,414**	**111,327**	**111,327**
Total interest-bearing liabilities	**383,168**	**391,011**	**709,930**	**720,921**

Book values of current liabilities approximate their fair values. All bank loans are at floating rate and thus their fair values do not differ materially from their carrying amounts.

The major change in liabilities during 2019 reflects the IFRS 16 change wich was applied as from 1 January 2019 and transfer of the liabilities to Adapteo in demerger. Cramo Plc was demerged on June 30, 2019. Balance Sheet figures for 2019 do not include financial liabilities related to the Modular Space business transferred, whereas comparison period figures include those. For more information concerning the effects of the demerger please see the note 3, Discontinued operations.

At the year end the Group had available undrawn committed credit facilities totalling EUR 251.7 (258.5) million, of which long-term EUR 175.0 (235.0) million and short-term EUR 76.7 (23.5) million.

EUR 1,000 Interest-bearing liabilities mature as follows, 2019	2020	2021	2022	2023	2024	2025+	Total
Bank loans	199	27,259	1,321		49,970		**78,749**
Bond			146,212				**146,212**
Lease liabilities	35,647	24,597	15,112	7,284	4,056	11,527	**98,223**
Commercial papers	59,984						**59,984**
Total	**95,830**	**51,856**	**162,644**	**7,284**	**54,026**	**11,527**	**383,168**

EUR 1,000 Interest-bearing liabilities mature as follows, 2018	2019	2020	2021	2022	2023	2024+	Total
Bank loans	19,908	247,922	151,678				**419,508**
Bond				144,464			**144,464**
Convertible loans		53,633					**53,633**
Finance lease liabilities	1,517	490	298	117			**2,423**
Commercial papers	89,902						**89,902**
Total	**111,327**	**302,045**	**151,976**	**144,581**			**709,930**

Weighted average maturity and interest rates at 31 Dec	2019 Maturity, years	Interest, %	2018 Maturity, years	Interest, %
Bank loans	3.0	0.69	1.8	1.0
Bond	2.2	2.38	3.2	2.38
Convertible loans			1.3	5.00
Commercial papers	0.1	0.39	0.2	0.43
Leases	4.9	2.62	1.1	1.59
Total	**2.7**	**1.78**	**1.8**	**1.51**

Reporting and comparison year figures are reported according to IFRS standards historically effective for those years

EUR 1,000 Maturity analysis of lease liabilities, 2019	< 1 year	1-5 years	> 5 years	Contractual amount	Carrying amount
Leasing liabilities	37,322	53,692	12,668	103,682	98,223

EUR 1,000 Lease liability by class, 2019	Non-current	Current	Total
Leasing liability - Land and Buildings	53,009	26,263	79,273
Leasing liability - Rental machinery	2,229	4,752	6,981
Leasing liability - Other	7,337	4,632	11,969
Total	**62,576**	**35,647**	**98,223**

Finance lease liabilities, 2018

The Group has entered into financial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. Financial lease liabilities mainly have floating rates based on market rates between one and three months. Tables below specify the future minimum cash flows under financial leases by maturity and by currency as at 31 December.

EUR 1,000 Gross finance lease liabilities - minimum lease payments	2018
Payable < 1 year from balance sheet date	1,536
Payable 1-5 years from balance sheet date	915
Total	**2,450**
Future finance charges on finance leases	27
Present value of minimum future finance lease payments	**2,423**

17. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations as presented in the balance sheet as follows:

EUR 1,000	2019	2018
Liabilities in the balance sheet		
Defined pension benefits	1,237	1,272
Other long-term employee benefits	631	596
Total	**1,868**	**1,868**

The Group operates a number of retirement benefit plans in accordance with local conditions and practises in the countries in which it operates. Most of the retirement benefit plans are defined contribution plans. Currently there is one benefit plan in Germany that is classified as defined benefit plan.

The pension obligations in Germany are directly at the Group's own responsibility and there are no funded assets. The plan applies to already retired employees.

Defined benefit obligation has changed during the period as follows:

EUR 1,000	2019	2018
Net book value at 1 Jan	**1,272**	**1,323**
Benefits paid	-115	-120
Interest, net	21	19
Remeasurements	59	50
Net book value at 31 Dec	**1,237**	**1,272**

The amounts recognised in the balance sheet are determined as follows:

EUR 1,000	2019	2018
Present value of unfunded obligations	1,237	1,272
Total deficit of defined benefit plans	**1,237**	**1,272**

Expense in the income statement has been defined as follows:

EUR 1,000	2019	2018
Net interest income (+) / cost (-)	21	19
Total	**21**	**19**

Remeasurements charged (+) or credited (-) to equity in other comprehensive income as follows:

EUR 1,000	2019	2018
Remeasurements:		
Gain (-) / Loss (+) from change in financial assumptions	59	50
Total	**59**	**50**

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2019	2018
Discount rate, %	0.92	1.72
Expected pension increase rate, %	2.00	2.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:	Change in assumption	Effect of increase in assumption on the obligation	Effect of decrease in assumption on the obligation
Assumption			
Discount rate, %	0.50	Decrease by 3.86	Increase by 4.14
Pension growth rate, %	1.00	Increase by 2.64	Decrease by 2.56
Life expectancy	1 year	Increase by 9.11 %	Decrease by 9.1 %

Expected maturity analysis of undiscounted pension liabilities:

EUR 1,000 At 31 Dec 2019	Less than a year	Between 1–2 years	Between 3–5 years	Over 5 years	Total
Payments from plans	108	103	282	168	**661**

In Sweden the ITP pension plans operated by Alecta are multi-employer benefit plans. It has not been possible to receive sufficient information for the calculation of obligation and assets by employer from Alecta and due to that the plan has been treated as a defined contribution plan in the financial statements. In addition, the Group has defined benefit plans in Norway which are not significant and those plans are treated as defined contribution plans.

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18. OTHER NON-CURRENT LIABILITIES

EUR 1,000	2019	2018
Other non-current liabilities[1]	2,434	1,632
Total	**2,434**	**1,632**

[1] In 2019 other non-current liabilities mainly consist of the value of Adapteo shares in the share based payment programs which will be settled in cash. In 2018 other non-current liabilities mainly consist of contingent considerations from acquisitions.

19. TRADE AND OTHER PAYABLES

EUR 1,000	2019	2018
Trade payables	50,354	71,525
Advances received	790	25,297
Accrued expenses and deferred income	40,263	63,340
Other current liabilities	16,619	19,817
Total	**108,026**	**179,979**

Material items included in accrued expenses and deferred income consist of personnel expenses and periodised customer bonuses.

The management considers that the carrying amount of trade and other liabilities approximates their fair value.

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are normally settled on 14-60 day terms
- Other current liabilities are non-interest bearing and have an average term of three months

20. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2019	2018
Collateral given on own behalf		
Debts, secured by collateral		
Loans from credit institutions	3,747	7,203
Lease liabilities	18,951	2,423
Collateral given		
Pledges	4,473	6,493
Pledges, leases	19,942	6,031
Other contingent liabilities		
Investments	10,783	36,397
Other contingent liabilities	38	6,278
Group's share of commitments in joint ventures	49	132

Joint venture contingent liabilities see note 8.

Cramo adopted the new IFRS 16 Leases standard on 1 January 2019 using the non-retrospective approach where comparison periods were not restated. The impact of applying IFRS 16 lessee accounting is significant for Cramo's figures especially lease liabilities increased. Leasing debt for land and buildings is not considered to be secured by collateral.

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21. REVENUE

Group's sales mainly comprise of rental revenue of machinery and equipment, rental related services and trading of construction and other equipment.

Revenue specifications according to IFRS 15 are presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operation. Any Balance Sheet specifications are presented on a historical basis, i.e.non-restated.

The disaggregation of revenues
In the following table, revenue is disaggregated by primary geographical market, major lines and timing of revenue recognition.
The table also includes a reconciliation of the disaggregated revenue with the Group's strategic divisions, which are reportable segments (see note 2).

EUR 1,000	Scandinavia 2019	Finland & Eastern Europe 2019	Central Europe 2019	Eliminations / other	Total reportable segments 2019
Primary geographical markets					
Sweden	273,724			-9	273,715
Finland		95,216		-22	95,194
Germany			45,861		45,861
Norway	65,663				65,663
Other countries	-5	48,793	83,518	-103	132,204
Revenue total	**339,382**	**144,009**	**129,379**	**-134**	**612,637**
Main lines of revenue					
Rental sales (according to IFRS 16)	256,658	107,568	70,625	-31	434,821
Rental related sales from contracts with customers	62,586	30,246	46,602	-101	139,331
Trading sales from contracts with customers	20,139	6,195	12,153	-2	38,484
Revenue total	**339,382**	**144,009**	**129,379**	**-134**	**612,637**
Timing of revenue recognition					
Products and services transferred at a point in time	82,724	36,441	58,754	-104	177,815
Rental transferred over time	256,658	107,568	70,625	-31	434,821
Revenue total	**339,382**	**144,009**	**129,379**	**-134**	**612,637**

EUR 1,000	Scandinavia 2018	Finland & Eastern Europe 2018	Central Europe 2018	Eliminations / other	Total reportable segments 2018
Primary geographical markets					
Sweden	303,809			-14	303,795
Finland		97,608		-27	97,581
Germany			92,226	-2	92,224
Norway	66,735				66,735
Other countries	-5	49,429	22,137	-1	71,559
Revenue total	**370,538**	**147,036**	**114,363**	**-44**	**631,894**
Main lines of revenue					
Rental sales (according to IAS 17)	282,761	111,404	65,103	-30	459,239
Rental related sales from contracts with customers	64,317	29,753	39,100	-11	133,160
Trading sales from contracts with customers	23,461	5,879	10,157	-3	39,495
Revenue total	**370,538**	**147,036**	**114,363**	**-44**	**631,894**
Timing of revenue recognition					
Products and services transferred at a point in time	87,778	35,632	49,260	-15	172,654
Rental transferred over time	282,761	111,404	65,103	-30	459,239
Revenue total	**370,538**	**147,036**	**114,363**	**-44**	**631,894**

Contract balances as required in IFRS 15
The following table provides information about receivables, contract assets and liabilities from contracts with customers. Approximately 75% of the Group's revenue is rental revenue. For the comparison period, the contract liabilities consist of advances received from the customer agreements in the Modular Space business, where the agreements included long-term, fixed-term project agreements.

EUR 1,000	31.12.2019	31.12.2018
Receivables, which are included in Trade and other receivables	88,002	141,986[1]
Contract assets	14,136	15,304
Contract liabilities	**900**	**24,727**

[1] The receivables presented include all group's account receivables.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

Significant changes in receivables, contracts assets and contracts liabilities during the financial year are as follows:

	2019		2018	
EUR 1,000	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
At 1 Jan	15,304	24,727	11,952	17,513
Revenue recognised that was included in the contract liability balance at the beginning of the period.		-298		-8,699
Increases due to new customer agreements including payment schedule arrangements made, excluding amounts recognised as revenue during the period	6,161	900	9,898	15,636
Transfers from contract assets recognised at the beginning of the period to receivables.	8,441		-12,819	
Increases as a result of changes in the measure of progress			2,947	
Business combinations			3,327	278
Demerger impact	-15,770	-24,429		
Impairment of a contract asset				
At 31 Dec	**14,136**	**900**	**15,304**	**24,727**

The amount of revenue recognised in 2019 from performance obligations satisfied (or partially satisfied) in previous periods, is mainly due to changes in the estimate of the state of completion of rental related assembly.

The contract assets primarily relate to payment schedule agreements with customers concerning rental related assembly services. Contract liabilities consist of prepayments from customers. When both agreed payments schedules for completed assembly projects and prepayments from future disassembly projects relate to same customer agreement, net contract asset is recognised.

Transaction price allocated to the remaining performance obligations
As Group consists only of remaining Equipment Rental business, revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date is not considered to be material.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

22. OTHER OPERATING INCOME

EUR 1,000	2019	2018
Net capital gain on sale of tangible assets	12,684	12,888
Reversal of contingent considerations	1,949	1,456
Rent on premises	124	223
Income from insurance companies	1,263	283
Other income	2,095	2,420
Total	**18,115**	**17,269**

The other operating income items are presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operations.

23. MATERIALS AND SERVICES

EUR 1,000	2019	2018
Cost of sub-rental and rental-sharing	-28,019	-31,268
Cost of goods sold	-28,152	-28,824
Repair and maintenance cost	-42,072	-43,393
Transportation cost	-52,780	-53,467
Cost of external services	-52,096	-47,442
Total	**-203,118**	**-204,394**

The materials and services are presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operations.

24. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2019	2018
Salaries and fees	-110,840	-109,158
Termination benefits	-2,706	-490
Share-based payments[1]	-2,442	-2,348
Social security costs	-25,778	-24,822
Pension costs - defined contribution plans	-11,368	-11,059
Total	**-153,134**	**-147,877**

1 In 2019 share-based payments include EUR 183 (227) thousand of termination benefits, which are presented in the note as termination benefits.

	2019	2018
Average number of personnel	**2,611**	**2,546**
Average number of personnel in joint ventures	**292**	**330**

The employee benefits of the Group's management are disclosed in note 32 and information concerning share based payments are presented in note 31. Joint ventures, see note 8.

The employee benefit expenses are presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operations.

25. OTHER OPERATING EXPENSES

EUR 1,000	2019	2018
Rent for premises	-428	-28,908
Other expenses for premises	-12,479	-12,415
Lease expenses related to short term and low value items	-1,478	-8,705
Bad debts	-3,422	-2,524
Marketing	-6,346	-5,881
ICT	-9,180	-9,244
Temporary staff	-12,191	-11,971
Other personnel related expenses	-11,257	-12,007
Other administrative and operating expenses	-22,053	-20,291
Total	**-78,833**	**-111,945**

Rent for premises have in majority been transferred to depreciation and interest due to IFRS 16 implementation.

	2019	2018
Audit fees[1]		
Authorised Public Accountants KPMG		
Audit fees	-943	-644
Certificates and statements	-146	-26
Tax consultation	-10	-24
Other services	-86	-277
Total	**-1,185**	**-971**
Other audit companies[1]		
Audit fees		-42
Other services		-4
Total	**0**	**-46**
Total	**-1,185**	**-1,018**

Other work than audit services given by the principal auditor KPMG Oy Ab during the year 2019 were EUR 231 (37) thousands.

1 Non-restated information, i.e.historical figures including Modular Space.

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26. LEASE RELATED INCOME AND EXPENSES

EUR 1,000	2019
Income	
Rental revenue total	434,821
Of which subleasing income	31,758
Of which Rental Sharing income	5,189
Depreciation	
Depreciation of right-of-use assets	-35,665
Other operating expenses	
Short-term lease expense	-739
Expense for leases of low-value assets	-1,746
Variable lease payments[1]	-3,169
Finance income and expenses	
Interest expense on lease liabilities	-2,795

1 Variable lease payments are mainly incurred due to generation of Rental Sharing income.

IFRS 16 disclosures on this note includes only financial year 2019 as the Group has not restated previous years but has instead implemented the standard by utilising non-retrospective approach.

Leases not yet commenced to which the Group was committed at 31 Dec 2019, were related to new contracts in depots and premises as well as other right-of-use assets.

During 2019, there were no material sale and leaseback transactions to be reported.

27. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2019	2018
Depreciation of own tangible assets	-90,811	-89,809
Depreciation of RoU assets	-35,412	
Amortisation of intangible assets	-2,737	-2,920
Total depreciation	**-128,960**	**-92,729**
Impairment loss of tangible assets	-1,224	-1,510
Depreciation and impairment loss related to tangible and intangible assets	**-130,184**	**-94,239**
Amortisation on intangible assets resulting from acquisitions	-3,854	-3,800
Impairment loss related to intangible assets resulting from acquisitions	-262	
Amortisation and impairment loss resulting from acquisitions	**-4,116**	**-3,800**
Total depreciation, amortisation and impairment losses	**-134,300**	**-98,039**

The depreciation and impairment is presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operations.

In 2019 impairment losses were recognised on intangible assets by EUR 0.3 million related to impairment of customer relationships and non-compete agreements. In 2018 no impairment losses were recognised on goodwill or intangible assets.

28. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2019	2018
Interest income on loans receivable and cash and cash equivalents	1,129	690
Exchange rate gains, non-hedge accounted derivatives	4,306	3,723
Other exchange rate gains	4,151	3,393
Other financing income	172	60
Income total	**9,758**	**7,866**
Interest expenses on financial liabilities measured at amortised cost	-6,035	-5,401
Interest expenses on leases	-2,944	-39
Net interest expenses, derivatives	-2,649	-2,317
Exchange rate losses, non-hedge accounted derivatives	-4,377	-4,271
Other exchange rate losses	-4,521	-3,432
Arrangement and commitment fees relating to interest-bearing loans	-1,361	-1,509
Other financing expenses	-665	-1,121
Expenses total	**-22,552**	**-18,090**
Net financial income and expenses	**-12,794**	**-10,224**

Cramo Plc was demerged on June 30, 2019. Financial income and expenses specifications are presented for continuing operations only according to IFRS 5 as Modular Space business is treated as Discontinued operation. Interest expenses on leases increased by 2.9 million due to the IFRS 16 change, which was applied from 1 January 2019.

In accordance with the Treasury Policy, the Group uses interest rate swaps as hedging instruments designated as cash flow hedges. All terms of these hedges match with the terms of the hedged instrument (loan). Hedges are effective and therefore no gains or losses arising from ineffectiveness have been recognised in net finance expenses during the period.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. Hedge accounting is not applied for these derivatives and the change in the fair value of derivatives is recognised in net finance expenses. The Group's foreign exchange exposures originate mainly from the Swedish krona and Norwegian krone.

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29. INCOME TAXES

The figures in this Income Statement note for both current year and previous year have been restated according to IFRS 5 thus including only continuing operations.

EUR 1,000 **Amounts recognised in income statement**	2019	2018
Current year tax	-13,787	-17,348
Adjustment for prior years*	963	27
Change in deferred taxes	724	1,443
Total	**-12,100**	**-15,878**

Amounts recognised in other comprehensive income items (OCI)	2019			2018		
	Before tax	Tax effect	Net of tax	Before tax	Tax effect	Net of tax
Remeasurements of defined benefit liability	-60	18	**-41**	-50	15	**-35**
Change in hedging fund	988	-198	**790**	668	-134	**534**
Share of OCI of joint ventures	3,265		**3,265**	-1,778		**-1,778**
Change in translation differences	-8,113		**-8,113**	-14,522		**-14,522**
Total	**-3,920**	**-179**	**-4,099**	**-15,683**	**-119**	**-15,801**

Reconciliation of effective tax rate

The difference between income taxes at the domestic tax rate in Finland 20% (2018: 20%) and income taxes recognised in the consolidated income statement is reconciled as follows:

EUR 1,000	2019	2018
Profit before tax	48,752	77,200
Tax calculated with domestic corporate tax rate	-9,750	-15,440
Foreign subsidiaries divergent tax rate +/-	-547	-1,493
Tax from the previous financial periods*	608	27
Change in tax rates	1,190	1,263
Non-taxable income	423	761
Non-deductable expenses	-473	-514
Share of result of joint ventures reported net of taxes	36	103
Tax losses for which no deferred income tax asset was recognised	-4,435	-1,070
Utilisation of previously unrecognised tax losses	55	457
Double taxation of interests - result from partly resolution*	355	
Other items	439	28
Taxes in income statement	-12,100	-15,878
Group's effective tax rate, %	**24.8**	**20.6**

* Includes the tax return from double taxation of interests and related positive variance compared to deferred tax assets.
Deferred taxes have been recalculated due to the following changes in tax rates: Sweden from 21.4% to 20.6% in effect from 2021 according to expected maturities of deferred taxes crystallisation, and Norway from 23% to 22% (2018: Sweden from 22% to 21.4%).

30. EARNINGS PER SHARE

EUR 1,000	Note	2019	2018
Profit for the year attributable to owners			
of the parent company, continuing operations		**36,652**	**61,321**
of the parent company, discontinued operations		**386,026**	**23,378**
of the parent company, group total		**422,679**	**84,699**
Number of shares			
Basic weighted average number of shares outstanding		**44,676,527**	**44,568,393**
Effect of stock options and share plans granted		189,541	259,450
Diluted weighted average number of shares outstanding		**44,866,068**	**44,827,844**
Earnings per share from profit attributable to owners of the parent company			
Basic, continuing operations EUR		0.82	1.38
Diluted, continuing operations EUR		0.82	1.37
Basic, discontinued operations EUR	3	8.64	0.53
Diluted, discontinued operations EUR	3	8.60	0.52
Basic, group total EUR		9.46	1.90
Diluted, group total EUR		9.42	1.89

Basic earnings per share are calculated by dividing the net profit attributable to the owners of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares.

The Group has share plans with a dilutive effect, which increases the number of shares.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

31. OTHER NON-CASH CORRECTIONS

EUR 1,000	2019	2018
Net capital gain on sale of tangible assets	-13,112	-13,735
Share-based payments	180	2,774
Demerger gain	-369,450	
Other non-cash corrections		-1,461
Total	**-382,382**	**-12,423**

32. INTEREST-BEARING LOANS IN CASH FLOW FROM FINANCING ACTIVITIES

EUR 1,000 Reconciliation of movements of liabilities to cash flow arising from financing activities	Balance at 1 January 2019	Cash flow effect	FX Changes	Demerger impacts	IFRS accruals and movements to other group	Balance at 31 December 2019
Bond	**144,464**				1,748	**146,212**
Bank loans	**419,508**	29,558		-369,945	-372	**78,749**
Convertible note	**53,633**	-51,832	-1,801			**0**
Commercial papers	**89,902**	-29,918				**59,984**
Leases	**134,923**	-40,982	1,436	-14,719	17,566	**98,224**
Liabilities total	**842,430**	**-93,175**	**-365**	**-384,664**	**18,942**	**383,168**

EUR 1,000	Balance at 1 January 2018	Cash flow effect	FX Changes	Acquisitions	IFRS accruals and movements to other group	Balance at 31 December 2018
Bond	**162,173**	-16,269			-1,440	**144,464**
Bank loans	**158,637**	176,876		83,308	687	**419,508**
Convertible note			756	52,877		**53,633**
Commercial papers	**59,943**	29,959				**89,902**
Financial leases	**4,175**	-2,395	-41	684		**2,423**
Liabilities total	**384,928**	**188,171**	**715**	**136,869**	**-753**	**709,930**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

33. SHARE-BASED PAYMENTS

During the financial period the Group had three Performance Share Plans in operation approved by the Board in 2015, 2018 and 2019. The purpose of the Group's performance share plan targeted at the Group management and key personnel is to combine the goals of the owners and key employees to increase the company's long-term value and to commit key personnel to the company and to offer them a competitive reward plan based on earnings and accumulating the company's shares. The Performance Share Plan offers the participants an opportunity to earn Cramo shares as a reward for achieving established performance targets during a one-year performance period. Each discretionary period is immediately followed by a two-year vesting period before rewards are paid out. The objectives of the key management's share plans relate to the Group's earnings per share (EPS) and return on equity (ROE).

One Cramo share plans have been established to encourage Cramo employees to become shareholders in the company and reward the employees for their efforts in working towards company's goals. Another objective is to strengthen the tie between company's shareholders and employees. At the end of the reporting period One Cramo plans 2016-2017, 2017-2018 and 2019 were active.

During the 12 months' plan periods plans, the employees can save 2-5% of their monthly gross salaries. The total amount of all savings from each plan period may not exceed EUR 4 million. Savings are automatically used to purchase company shares for the participants quarterly after each publication date of the interim result. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The matching shares are paid partly in cash to cover tax and other tax related costs arising from the reward.

Performance share plans and share saving plans are accounted for as equity-settled plans. The proportion of the reward that participants will have as cramo shares, are accounted as equity-settled plan. The proportion that is paid in cash in order to make the payment for taxes and other legal payments, are treated as cash-settled plan. Both the equity-settled and cash-settled payments are expensed during the vesting period. The amount corresponding the booking in the income statement is recognised in the equity.

Performance share plans and share saving plans of Adapteo shares are accounted as cash settled plans.

The rewards pending at the time of Adapteo demerger will be paid out in both Cramo and Adapteo shares and in cash to cover applicable taxes arising from the rewards to the participants, so that for each earned Cramo share, the participants receive one additional Adapteo share.

The Matching rights under the One Cramo share plans pending at the time of the Demerger will be paid out in the orginal schedule in both Cramo and Adapteo shares, so that for each two (2) saving shares in Cramo, one matching share is paid and for each two (2) saving shares in Adapteo, one matching share is paid.

	Performance Share Plan 2015		Performance Share Plan 2018	Performance Share Plan 2019	Share Savings Plans, 6 plans
Type of the plan	**Shares**		**Shares**	**Shares**	**Share savings**
Maxium number of shares	1,000,000		245,000	290,000	
Vesting period/Discretionary period	2016	2017	2018	2019	2015-2019
Grant dates	5-Jul-16	19-May-17	15-Aug-18	25-April-19	24/02/2016
					21/02/2017
					23/02/2018
					16/05/2019
Fair value of share reward at grant date, EUR	17,25	24,28	15,15	17,22	9,91
Grant date share price, EUR	18,61	25,67	16,70	18,83	13,28
Beginning of discretionary period	1-Jan-2016	1-Jan-2017	1-Jan-18	1-Jan-19	respective days
End of discretionary period	31-Dec-16	31-Dec-17	31-Dec-18	31 -Dec-19	3 years
Vesting period ends	17-Jan-19	16-Jan-20	16-Jan-21	18-Jan-22	3 years
Changes during the period, share allocation					
Amount of share incentives at the beginning of the period	213,299	191,367	232,500		44,185
Granted during the period				259,457	68,210
Shares forfeited during the period	-26,662	-36,869	-55,533	-47,500	-19,309
Shares released during the period	-186,637				-11,107
Amount of share incentives in the end of the period	-	154,498	176,967	211,957	80,252
Number of participants in the plan in the end of the period	-	48	49	66	899
Estimated realisation of earnings criteria, %	87.50	63.30	73.45	50.00	100.00
Number of shares corresponding to estimated		97,797	129,982	105,979	81,979
Expenses for the financial period, EUR 1,000	19	622	1,048	543	394

The Adapteo shares accounted as cash settled plans are booked in liablity amounting to EUR 2.446 thousands.
The estimated amount of cash payments to be paid in the plans related to Cramo shares as at 31 December 2019 is EUR 2,530 thousand.

The impacts of public tender offer acceptance are described further in the events after balance sheet date, note 36.

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34. RELATED PARTY TRANSACTIONS

The Group's related parties include the Board of Directors, Group management team (key management personnel), his/her close family members, entities under control or significant influence of the persons belonging to related parties, subsidiaries and joint ventures. The subsidiaries are listed in note 35 Group companies and Joint ventures in note 8.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

EUR 1,000 Executive remuneration	2019	2018
Compensation to the President and CEO		
Salaries bonuses and fringe benefits	1,306	933
Post-employment benefits	153	157
Share-based payments	451	365
Total	**1,910**	**1,455**

The retirement age for the President and CEO is agreed to be 65 years. In addition to the statutory pension system, Cramo offers a voluntary pension insurance for the President and CEO and seven of the Group management team members. The notice period of the President and CEO's service contract is 6 months, during which time he receives a full salary. In case that the contract is terminated by the employer, there may also be a severance payment of 12 months' salary.

EUR 1,000 Executive remuneration	2019	2018
Compensation to the Group management team, continuing operations		
Salaries bonuses and fringe benefits	1,726	1,923
Termination benefits	544	421
Post-employment benefits	249	230
Share-based payments	584	639
Total	**3,103**	**3,213**
Compensation to the Group management team, discontinued operations	**212**	
Total compensation to President and CEO and other Group management	**5,225**	**4,668**

In Finland the possible reward based on the short-term incentives -Cramo Bonus consists of cash proportion and payments to collective pension insurance. In other Group companies the fee is paid entirely in cash. Salaries and bonuses include also the payments to collective pension insurance. Post-employment benefits include voluntary pension systems, which are defined contribution plans.

The value of share-based payments represents the IFRS 2 expense of the share plans granted to the President and CEO and other Group management. The share-based payments are presented in note 33.

The discreationary periods of the share-based incentive scheme for Cramo Plc's key employees are the calendar years starting from 2012. The rewards for 2016 were paid on January 17.1.2019 (for 2015 on January 17, 2018). A total of 26,310 (15,469) shares were given in a directed share issue to the President and CEO and other Group management. In addition to which, rewards were paid in cash in the amount of EUR 453.8 (306.7) thousand.

The plan periods of the share-based One Cramo scheme for Cramo Plc's all employees started in 2012. The matching shares for the second 2015-2016 plan were paid in May 16, 2019 (payment for the plan 2014-2015 in May 16, 2018). A total of 331 (293) shares were given in a directed share issue to the Group management. In addition to which, rewards were paid in cash in the amount of EUR 7.6 (6.5) thousand.

EUR 1,000 Compensation to Board members	2019	2018
Board members:		
Veli-Matti Reinikkala, Chairman	95	90
Peter Nilsson, Deputy Chairman	42	41
Christian Bubenheim (since 28 March 2019)	42	
AnnaCarin Grandin	44	44
Joakim Rubin	55	52
Raimo Seppänen	42	41
Andrew P. Studdert (since 28 March 2019)	43	
Former Board members:		
Perttu Louhiluoto, Deputy Chairman (until 28 March 2019)	5	45
Caroline Sundewall (until 28 march 2019)	2	46
Erkki Stenberg (until 28 March 2018)		2
Total	**367**	**359**

An amount of EUR 0 (0) thousand of the Board fees has been paid in the form of Cramo shares.

Related party transactions

Mr Tatu Hauhio, Executive Vice President, Finland and Eastern Europe is a joint-owner of Kiinteistö Oy Hosionrinne, to which Cramo has paid real estate rents amounting to EUR 1,769 (1,693) thousand based on market-based rental level.

Mr Dirk Schlitzkus, Executive Vice President, Central Europe and Managing Director, Cramo AG left the company on June 6 2018. For the period Jan 1 to May 31 2018 Cramo Adapteo GmbH has paid to Mr Schlitzkus fees for legal services amounting to EUR 27 thousand.

Loans to related parties

EUR 1,000 Loans to joint ventures[1]	2019	2018
1 Jan	**8,999**	**10,153**
Business acquisitions (note 7)		224
Partial demerger (note 3)	-224	
Amortisations during the period	-3,932	-1,459
Accrued interest	184	329
Paid interest	-265	-248
31 Dec	**4,762**	**8,999**

1 Includes loans to Fortrent Oy and Ungabostäder Haninge AB, which became part of the Group in 2018 as a part of the NMG acquistion. Ungabostäder Haninge AB was tranferred to Adapteo Group as a part of the demerger on 30 June 2019.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

35. GROUP COMPANIES

The Group consists of Cramo Plc and the following subsidiaries on Dec 31, 2019.
Modular Space subsidiaries that were transferred to Adapteo through partial demerger on June 30, 2019, are not included.

Subsidiaries		Domicile	% of shares Parent company	% of shares Group
Cramo AB	Sollentuna	Sweden	100	
Cramo AG	Feldkirchen	Germany	100	
Cramo GmbH	Wien	Austria		100
Cramo GMBH & Co KG	Wien	Austria		100
Cramo Korlatolt Felelössegu Tarsasag	Budapest	Hungary		100
KBS Infra	Mainz	Germany		100
KBS Baustrom	Mainz	Germany		100
KBS Montage	Mainz	Germany		100
KBS Verwaltung	Mainz	Germany		100
Cramo AS	Oslo	Norway	100	
Cramo AS Estonia	Tallinn	Estonia	100	
Ehitustööriist OÜ	Tallinn	Estonia		100
Cramo Finance NV	Antwerp	Belgium	99.9	100
Cramo Finland Oy	Vantaa	Finland	100	
Cramo Services Sweden AB	Sollentuna	Sweden	100	
Cramo New Holding AB	Sollentuna	Sweden	100	
Mupol Förvaltnings AB	Stockholm	Sweden		100
Cramo SK s.r.o.	Bratislava	Slovakia	100	
Cramo s.r.o.	Prague	Czech Republic	100	
Cramo UAB	Vilnius	Lithuania	100	
Construction Vehicles Karvina s.r.o.	Karvina	Czech Republic	100	
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Cramo Sp.zo.o	Warsaw	Poland	100	100

The Group has ownership in the following joint ventures. See more in note 8 Joint ventures.
There are no associated companies in the Group.
Modular Space joint ventures that were transferred to Adapteo through partial demerger on June 30, 2019, are not included.

Joint ventures		Domicile	% of shares Parent company	% of shares Group
Fortrent Oy	Vantaa	Finland		50

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

36. EVENTS AFTER BALANCE SHEET DATE

On 10 January, Boels announced the extension of the offer period for its cash tender offer of all shares in Cramo Plc until 31 January 2020. Until 9 January 2020, approximately 80.43% of all the shares of Cramo were tendered into the Tender offer.

On 17 January, Boels announced the increased offer price of EUR 13.75 per share.

On 3 February 2020 the preliminary results of Boels' voluntary recommended public cash tender offer for all shares in Cramo Plc were announced. Tendered shares represented approximately 92.89% of all the shares and votes in Cramo.

On 5 February 2020 final results of Boels' recommended voluntary public cash tender offer for all shares in Cramo Plc were announced and Boels completed the tender offer and commenced a subsequent offer period. According to the final results of the tender offer, the shares tendered represent approximately 93.04% of all the issued and outstanding shares and votes in Cramo. Subsequent offer period commenced on February 6, 2020 and will expire on February 20, 2020.

On 6 February 2020, Cramo Plc has received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from EQT Fund Management S.à r.l (Luxembourg, Grand Duchy of Luxembourg), acting in its own name and as the management company of EQT Public Value Fund and on behalf of EQT Public Value Fund, according to which EQT Public Value Investments S.à r.l.'s total holding of shares in Cramo Plc had fallen below the thresholds of ten (10) and five (5) percent on 6 February 2020. According to the notification, the reason for the notification was disposal of shares or voting rights. As at the date of the notification, the company held no shares, financial instruments or voting rights in Cramo.

On 6 February 2020, Cramo Plc has received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from Peter Bernard Marcel Boels (Maaseik, Belgium) according to which Boels Topholding B.V.'s total holding of shares in Cramo Plc had exceeded the threshold of ninety (90) percent on 6 February 2020. According to the notification, the reason for the notification was an acquisition of shares or voting rights. As at the date of the notification, the company held 41,574,765 shares and 93.03% of Cramo Plc's share capital and voting rights.

On 6 February 2020, Cramo Plc notified holders of its notes due 2022 of a Change of Control. Reference is made to Cramo's EUR 150 million 2.375 per cent fixed-rate notes due 28 February 2022. Cramo shall on 9 April 2020 prepay the principal amount of and the interest then accrued on the notes, but without any premium or penalty, held by the noteholders of the notes who have by written notice required prepayment of the notes held by them. If notes representing more than seventy-five (75) per cent of the aggregate principal amount of the notes have been prepaid on 9 April 2020 pursuant to Condition 10 of the terms and conditions of the notes, Cramo is entitled to prepay also the remaining outstanding notes at their principal amount with accrued interest but without any premium or penalty.

On 7 February 2020, Cramo Plc announced that Boels Topholding B.V. will commence redemption proceedings in respect of the remaining minority shares in Cramo Plc. To implement the redemption of the shares, the offeror will initiate arbitration proceedings as provided in the Finnish Companies Act. In such redemption proceedings, the offeror will demand that the redemption price for the shares is set to EUR 13.75 per share, reduced by any distribution of funds, if the record date for such distribution of funds occurs before the shares subject to redemption have been transferred to Boels, which corresponds to the consideration paid by the offeror in the tender offer in accordance with the terms and conditions of the tender offer. It is expected that the offeror will in due course initiate measures to delist the Cramo shares from the official list of Nasdaq Helsinki Ltd.

Based on the Public Tender Offer, should the offeror obtain more than 90% of Cramo shares, all outstanding share incentive plans are intended to be terminated and settled, and all future discretionary periods are to be discontinued. The settlement of the outstanding incentive plans would be in cash. This would result in accelerated vesting of employee costs, and reclassifying part of the incentive plans from equity settled to cash settled. The estimated impact would total to a cash outflow of around EUR 10 million.

37. CALCULATION OF THE KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE:

Return on equity, %

$$= \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

Return on capital employed (ROCE), %

$$= \frac{\text{EBIT (rolling 12 months)}}{\text{Capital employed (12 months average)}} \times 100$$

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash and cash equivalents

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Personnel on average

= The average number of employees at the end of each calendar month during the accounting period, adjusted with the number of part-time employees

PER-SHARE RATIOS:

Earnings per share (EPS)

$$= \frac{\text{Profit for the year attributable to owners of the parent company}}{\text{Adjusted average number of shares during the period}}$$

Shareholders' equity per share

$$= \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per share

$$= \frac{\text{Dividend distribution for the period}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per earnings, %

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$= \frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at the end of the period}} \times 100$$

Price/earnings ratio (P/E)

$$= \frac{\text{Issue-adjusted closing price at the end of the period}}{\text{Earnings per share}}$$

Market capitalisation

= Number of shares at the end of the period x closing price at the end of the period

THE ALTERNATIVE PERFORMANCE MEASURES:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

38. SHARES AND SHAREHOLDERS

	2019		2018	
	No	EUR 1,000	No	EUR 1,000
Shares	44,690,554	14,835	44,690,554	24,835

All shares are issued, registered and fully paid. Each share entitles the holder to one vote.

Shareholders

The Group had 8,873 shareholders in the share register as at 31 December 2019.

Major shareholders 31 Dec 2019	Number of shares	%	Voting rights	%
EQT Partners [1)]	4,478,275	10.02	4,478,275	10.02
Rakennusmestarien säätiö	2,129,422	4.76	2,129,422	4.76
Ilmarinen Keskinäinen Vakuutusyhtiö	1,300,000	2.91	1,300,000	2.91
SR Danske Invest Suomi Osake	480,000	1.07	480,000	1.07
Rakennusmestarit ja -Insinöörit AMK RKL Ry	301,220	0.67	301,220	0.67
Laakkonen Mikko Kalervo	295,300	0.66	295,300	0.66
Sijoitusrahasto Evli Suomi Pienyhtiöt	243,023	0.54	243,023	0.54
OY G.W.Sohlberg AB	239,000	0.53	239,000	0.53
Liehunen Yrjö Kalervo	183,411	0.41	183,411	0.41
Helsingin Rakennusmestarit ja -Insinöörit AMK Ry	173,973	0.39	173,973	0.39
Säästöpankki Kotimaa -Sijoitusrahasto	164,648	0.37	164,648	0.37
Keskinäinen Työeläkevakuutusyhtiö Varma	158,387	0.35	158,387	0.35
Lindström Kim	156,975	0.35	156,975	0.35
Lähitapiola Keskinäinen Henkivakuutusyhtiö	142,000	0.32	142,000	0.32
Sijoitusrahasto Säästöpankki Pienyhtiöt	137,304	0.31	137,304	0.31
Maa-ja Vesitekniikan Tuki R.Y.	130,000	0.29	130,000	0.29
Mandatum Life unit -linked	125,640	0.28	125,640	0.28
Sijoitusrahasto Visio Allocator	100,000	0.22	100,000	0.22
Sijoitusrahasto Evli Suomi Select	91,500	0.20	91,500	0.20
Desatex Ltd	83,180	0.19	83,180	0.19
Stiftelsen Finlandssvenska Jordfonder SR.	82,600	0.18	82,600	0.18
SR Danske Invest Suomi Pienyhtiöt	75,000	0.17	75,000	0.17
Schweizerische Nationalbank	72,717	0.16	72,717	0.16
Von Julin Sofia Margareta Db	71,000	0.16	71,000	0.16
Relander Pär-Gustaf	63,000	0.14	63,000	0.14
FIM Fenno Fund	60,330	0.13	60,330	0.13
Räikkönen Maila Hellevi	59,968	0.13	59,968	0.13
SR DI Suomi Osinko Plus	59,763	0.13	59,763	0.13
Others	2,265,638	5.07	2,265,638	5.07
Nominee registered	30,759,111	68.83	30,759,111	68.83
Transferred to book-entry securities system total	**44,682,385**	**99.98**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	**44,690,554**	**100**	**44,690,554**	**100**

1 According to the notification pursuant to the Chapter 9, section 5 of the Securities Markets Act on 19 September 2018.

Distribution of shareholding by size range 31 Dec 2019 Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1–100	3,308	37.28	161,702	0.36
101–1000	4,305	48.52	1,634,139	3.66
1001–10 000	1,129	12.72	2,973,792	6.65
10 001–100 000	111	1.25	3,087,385	6.91
100 001–500 000	16	0.18	3,157,237	7.07
500 001–	4	0.05	33,668,130	75.34
Transferred to book-entry securities system total	**8,873**	**100.00**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total			8,169	0.02
Total			**44,690,554**	**100**

Distribution of shareholding by sector 31 Dec 2019 Shareholding by sector	Number of shares	% of share capital	Number of shareholders	% of shareholders
Corporations	1,612,931	3.61	381	4.29
Financial and insurance corporations	31,889,697	71.36	24	0.27
General Government	1,486,552	3.33	7	0.08
Non-profit institutions	3,492,939	7.82	124	1.40
Households	5,711,257	12.78	8,124	91.56
Foreign shareholders	489,009	1.09	213	2.40
Transferred to book-entry securities system total	**44,682,385**	**99.98**	**8,873**	**100.00**
Not transferred to book-entry securities system total	8,169	0.02	0	0.00
Total	**44,690,554**	**100.00**	**8,873**	**100.00**

Shareholding of Board members and the CEO of the Group

On 31 December 2019, the Board members and CEO held, either directly or through companies in which they exercise control, a total of 78,240 Cramo Plc shares.

Corporate Governance

In 2019, Cramo Plc observed the Finnish Corporate Governance Code, which entered into force on 1st January 2016. Cramo manages inside information in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd. and Cramo's Insider Guidelines approved by the Board of Directors.

Balance sheet of the parent company (FAS)

EUR 1,000	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets	2	83	138
Tangible assets	2	78	459
Investments			
Shares in Group companies	2	292,055	564,584
Shares in other companies	2	119	119
Non-current receivables	3	194,055	476,513
Total non-current assets		**486,390**	**1,041,812**
Current assets			
Inventory	4		1,791
Current receivables	5	56,397	65,776
Cash and cash equivalents		4,702	236
Total current assets		**61,098**	**67,803**
TOTAL ASSETS		**547,489**	**1,109,615**
EQUITY AND LIABILITIES			
Equity			
Share capital		14,835	24,835
Share premium		3,331	3,331
Invested unrestricted equity		76,234	143,181
Retained earnings		9,195	9,804
Profit for the period		30,234	40,452
Total equity	6	**133,829**	**221,603**
Appropriations	7	**3**	**60**
Provisions	8	**1,731**	**643**
Liabilities			
Non-current liabilities	9	274,817	761,608
Current liabilities	9	137,109	125,701
Total liabilities		**411,926**	**887,310**
TOTAL EQUITY AND LIABILITIES		**547,489**	**1,109,615**

Income statement of the parent company (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Net turnover	10	**4,808**	**4,642**
Other operating income	11	1,345	744
Materials and services	12	-2,126	-924
Personnel expenses	13	-5,992	-3,746
Depreciation and impairment	14	-102	-197
Other operating expenses	15	-15,308	-13,183
Operating profit		**-17,375**	**-12,664**
Financial income		62,008	58,238
Financial expenses		-22,651	-26,919
Total financial income and expenses	16	39,357	31,318
Profit before appropriations and taxes		**21,982**	**18,654**
Appropriations	17	8,249	21,802
Income taxes previous year	18	3	
Income taxes			-3
Profit for the year		**30,234**	**40,452**

Cash flow statement of the parent company (FAS)

EUR 1,000	Note	1 Jan - 31 Dec 2019	1 Jan - 31 Dec 2018
Cash flow from operating activites			
Profit before taxes		30,174	40,354
Non-cash adjustments			
Depreciation	14	102	197
Financial income and expenses	16	-39,357	-31,318
Other non-cash corrections		1,526	96
Appropriations	17	-8,191	-21,700
Operating loss before change in working capital		-15,747	-12,371
Change in working capital			
Increase (-) / decrease (+) in short-term receivables		-248	-285
Increase (-) / decrease (+) in inventory		-1,772	-1,791
Increase (+) / decrease (-) in short-term non-interest bearing liabilities		1,448	1,862
Cash generated from operations		-16,319	-12,585
Taxes paid			-29
Share-based payments		-396	-575
Dividends received	16	45,404	40,000
Interest received		15,580	11,836
Interest and other financial expenses paid		-15,621	-18,931
Net cash flow from operating activities		**28,648**	**19,715**
Cash flow from investing activities			
Investments in tangible and intangible assets		-13	-160
Sale of tangible and intangible assets		339	
Acquisition of subsidiaries		-756	-115,649
Payments or proceeds for non-current loans		-8,701	-133,039
Change in current loans[1]		1,734	-1,343
Cash flow used in investing activities		**-7,396**	**-250,191**
Cash flow from financing activities			
Proceeds from non-current liabilities		43,000	250,000
Change in current liabilities[1]		-40,612	-202
Dividends paid	6	-40,148	-37,878
Group contributions received		21,700	20,222
Net cash flow from financing activities		**-16,060**	**232,142**
Change in cash and cash equivalents		**5,192**	**1,666**
Cash and cash equivalents at beginning of the year		236	442
Exchange rate difference		-727	-1,871
Cash and cash equivalents at year end		4,702	236

1 Change in presentation.
Change in cash pool receivables previously presented in cash flow from investing activities has been moved to be presented in cash flow from financing activities. Comparative figures for 2018 have been adjusted accordingly.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

Parent company notes to the financial statements (FAS)

1. ACCOUNTING PRINCIPLES

Partial demerger of Cramo Plc
The partial demerger of Cramo Plc was completed on June 30, 2019. Further information on the demerger disclosed in note 22. Further information is presented in Group Accounting Principles (note 1) and Group note of Discontinued operations (note 3).

Measurement of tangible assets
Tangible assets are recorded at cost, including fixed production costs less depreciation according to plan. Maintenance and repair costs are recognised as expenses in the year in which they are incurred.

Depreciation according to plan is calculated, based on Group-wide principles, on a straight-line basis over the expected useful lives of the assets.

Depreciations according to plan are as follows:

Buildings and structures	20 years
Machinery and equipment	3–6 years
Other tangible assets	10 years
Intangible assets	5 years

Measurement of inventory
Inventory is recognized at acquisition cost, re-acquisition cost, or likely selling price, lower of those. Acquisition cost includes related variable costs.

Items denominated in foreign currencies
Assets and liabilities denominated in currencies other than those of the euro zone are translated into euros at the exchange rates prevailing at the date of the transactions. Exchange gains and losses are recognized through profit and loss.

Appropriations
Received group contributions and the accumulated difference between the depreciation according to plan and in taxation is shown under appropriations.

Deferred taxes
Deferred tax liabilities and assets are not recognised in company's balance sheet. Deferred tax liabilities and assets significant to the company are disclosed in the notes.

Revenue and revenue recognition
Revenue consists of service charges to subsidiaries. Sales are recognised on an accrual basis. In calculating revenue, sales are recorded net of indirect taxes, discounts and rebates.

Other operating income
Other operating income includes, among other things, rental income and contributions received as well as any gains from mergers. Other operating income also includes management expenses from share-based payments and the share subscription prices charged from subsidiaries. Other operating income is recognised on an accrual basis.

Pension schemes
Pensions are accounted as expense for the period they incurred. There are no uncovered pension liabilities. The pension scheme is based on pension insurance in compliance with the Employees' Pensions Act and the Employment Pensions Fund. In 2016, the contractual retirement age for the President and CEO was 65 years. The service agreement between the President and CEO and Cramo Plc was transferred to Cramo Services AB on 1 December 2016 and hence the contractual retirement age is not valid anymore for Cramo Plc.

Valuation of financial instruments
Financial instruments are measured according to Accounting Act 5:2§, at the lower of acquisition cost and net realisable value.

Income taxes
Income taxes for the financial year and the previous financial years are recognised through taxes in profit and loss.

2. NON-CURRENT ASSETS

TANGIBLE ASSETS EUR 1,000	Land	Machinery and equipment	Other tangible assets	Construction in progress	Total tangible assets
Acquisition cost at 1 Jan 2019	339	375	190	24	928
Additions		2			2
Disposals	-339	-32		-24	-395
Acquisition cost at 31 Dec 2019		345	190		534
Accumulated depreciation		-298	-171		-469
Accumulated depreciation related to disposals		32			32
Depreciation for the financial year 2019		-19			-19
Net book value at 31 Dec 2019	0	59	19	0	78
Acquisition cost at 1 Jan 2018	339	317	190		846
Additions		58		24	82
Acquisition cost at 31 Dec 2018	339	375	190	24	928
Accumulated depreciation		-283	-171		-454
Depreciation for the financial year 2018		-15			-15
Net book value at 31 Dec 2018	339	77	19	24	459

INTANGIBLE ASSETS EUR 1,000	Intangible rights	Other capitalised longterm expenditure	Total intangible assets
Acquisition cost at 1 Jan 2019	**755**	**565**	**1,320**
Additions	33		**33**
Disposals	-76		**-76**
Acquisition cost at 31 Dec 2019	712	565	**1,277**
Accumulated depreciation	-620	-563	**-1,182**
Accumulated depreciation related to disposals	76		**76**
Depreciation for the financial year 2019	-85	-3	**-87**
Net book value at 31 Dec 2019	**83**	**0**	**83**
Acquisition cost at 1 Jan 2018	**678**	**565**	**1,243**
Additions	78		**78**
Acquisition cost at 31 Dec 2018	755	565	**1,320**
Accumulated depreciation	-498	-502	**-1,000**
Depreciation for the financial year 2018	-122	-61	**-182**
Net book value at 31 Dec 2018	**135**	**3**	**138**

INVESTMENTS EUR 1,000	Shares in Group companies	Shares in other companies	Total investments
Acquisition cost at 1 Jan 2019	**564,584**	**119**	**564,703**
Additions [1]	756		756
Disposals [2]	-273,285		-273,285
Net book value at 31 Dec 2019	**292,055**	**119**	**292,174**
Acquisition cost at 1 Jan 2018	**396 058**	**119**	**396 177**
Additions	168 526		168 526
Disposals			
Net book value at 31 Dec 2018	**564 584**	**119**	**564 703**

1 Costs related to the aquisition of subsidiary shares has been included in the aquisition cost.

2 Disposals related to the partial demerger where Cramo demerged so that all the assets, debts and liabilities belonging to Cramo's Modular Space business, was transferred without a liquidation procedure to Adapteo Plc.

For shares and shareholdings, see consolidated financial statements in note 30.

ACCUMULATED DEPRECIATION DIFFERENCE EUR 1,000	2019	2018
Machinery and equipment		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan.		16
Increase/ Decrease (-) in accumulated depreciation difference for the period of 1 Jan - 31 Dec.		-16
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec.		**0**
Intangible assets		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan.	57	87
Increase/ Decrease (-) in accumulated depreciation difference for the period of 1 Jan - 31 Dec.	-55	-29
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec.	**3**	**57**
Other capitalised longterm expenditure		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan.	3	59
Increase/ Decrease (-) in accumulated depreciation difference for the period of 1 Jan - 31 Dec.	-3	-57
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec.	**0**	**3**
Total accumulated depreciation difference	**3**	**60**

3. NON-CURRENT RECEIVABLES

EUR 1,000	2019	2018
From Group companies		
Loan receivables	188,131	465,668
From others		
Loan receivables[1]	4,762	8,694
Prepaid expences and accrued income	1,162	2,151
Total	**194,055**	**476,513**

1 Loan receivable from joint venture Fortrent Oy. For joint venture, see consolidated financial statement in note 8.

4. INVENTORY

EUR 1,000	2019	2018
Inventory		
Raw materials and consumables		1,791
Total		**1,791**

5. CURRENT RECEIVABLES

EUR 1,000	2019	2018
From Group companies		
Loan receivables	53,080	61,274
Trade receivables	391	146
Prepaid expenses and accrued income	227	479
From others		
Trade receivables	25	
Other receivables	17	455
Prepaid expenses and accrued income	2,656	3,421
Total	**56,397**	**65,776**
Prepaid expenses and accrued income		
From Group companies		
Accrued interest	227	479
From others		
Arrangement fees from loans	989	1,351
Income tax receivables[1]	1,581	1,534
Other prepaid expenses and accrued income	86	536
Total	**2,883**	**3,900**

1 According to the residual tax decisions issued by the Finnish Tax Administration, the interest income from Cramo's financing company in Belgium have been partly taxed in Finland concerning 2009 - 2013. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one million euro tax penalty associated with tax decision concerning 2009 - 2012. In 2017 Cramo Plc has supplemented the appeal to an Administrative Court in Finland concerning years 2011 - 2013. In the supplement of the appeal Cramo Plc has demanded to annul the taxation of the interest income in Finland. The Administrative Court dismissed the appeal by issuing a decision on April 6, 2018. Cramo Plc has appealed the decision of the Administrative Court to a Supreme Court in Finland. Concerning years 2009-2010 Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation. The Competent Authorities of Belgium and Finland issued a decision in the mutual agreement procedure (MAP). The decision was in line with the decisions of the Finnish Tax Correction Board. The financing company in Belgium, Cramo Finance NV, has received the decision from Belgium Tax Authority to annul double taxation concerning years 2009-2010.

6. EQUITY

EUR 1,000	2019	2018
Share capital at 1 Jan / 31 Dec	14,835	24,835
Share premium fund at 1 Jan / 31 Dec	3,331	3,331
Invested unrestricted equity at 1 Jan	143,181	142,498
Partial demerger	-67,800	
Own shares conveyed	852	683
Invested unrestricted equity at 31 Dec	**76,234**	**143,181**
Retained earnings at 1 Jan	50,256	48,370
Own shares conveyed	-852	-683
Dividend distribution	-40,209	-37,882
Retained earnings at 31 Dec	**9,195**	**9,804**
Profit for the year	30,234	40,452
Total equity	**133,829**	**221,603**
Distributable funds		
Retained earnings at 31 Dec	9,195	9,804
Profit for the year	30,234	40,452
Invested unrestricted equity	76,234	143,181
Total	**115,663**	**193,437**

SHARE CAPITAL	2019 No.	2019 EUR	2018 No.	2018 EUR
Shares	44,690,554	14,834,753,09	44,690,554	24,834,753.09

As a result of partial demerger, Cramo's share capital was reduced by an amount equivalent to Adapteo's share capital.

Share incentive schemes
Details about current share incentive schemes are disclosed in the consolidated financial statements, note 33.

7. APPROPRIATIONS

EUR 1,000	2019	2018
Accumulated depreciation difference	3	60

8. PROVISIONS

EUR 1,000	2019	2018
Other provisions	1,731	643

Other provisions include the cash reward of the share plans payable during the financial periods 2020-2022.

9. LIABILITIES

EUR 1,000	2019	2018
Non-current liabilities		
Bonds	150,000	150,000
Convertible loans		53,633
Loans from credit institutions	75,000	400,000
Loans from group companies	49,817	157,975
Total[1]	**274,817**	**761,608**
Current liabilities		
To Group companies		
Liabilities to Group companies	67,636	16,500
Accounts payable	4,328	1,771
Accrued liabilities and deferred income	4	137
Total	**71,968**	**18,409**
To others		
Bonds		
Loans from credit institutions		9,173
Accounts payable	786	2,188
Accrued liabilities and deferred income	4,096	5,893
Commercial papers	59,984	89,902
Tax accrual from current financial period		3
Other current liabilities	276	133
Total	**65,142**	**107,293**
Total current liabilities	**137,109**	**125,701**
Total liabilities	**411,926**	**887,310**
ACCRUED LIABILITIES AND DEFERRED INCOME		
To Group companies		
Accrued interest	4	137
To others		
Interest expenses	3,156	3,967
Personnel expenses	890	768
Other accruals[2]	50	1,158
Total	**4,096**	**5,893**
Total	**4,099**	**6,030**
AN ESSENTIAL CONDITIONS AND THE TOTAL NUMBER OF BONDS ISSUED BY THE COMPANY		
Bond 2016/2022; 2.375%	150,000	150,000
Bonds in total	**150,000**	**150,000**

1 In 2018 the acquisition of Nordic Modular Group was financed with a new EUR 210 million bridge loan with a 2-year tenor and a SEK 550 million convertible note, which was not used by the seller to re-invest in Cramo's Modular Space business. Both of these loans, as well as a portion of the other long-term loans, were transferred to Adapteo on June 30, 2019, as part of the demerger of the Modular Space business.

2 In 2018 accruals included expert costs related to the separation of the Company's Modular Space business through a partial demerger.

10. NET TURNOVER

EUR 1,000	2019	2018
Net turnover by category of activity		
Service charges	2,692	3,718
Sale of merchandise (modular spaces)	2,116	924
Totalt	**4,808**	**4,642**
Net turnover by geografical area		
Finland	1,129	929
Sweden	2,668	2,322
Norway	171	220
Germany	265	336
Other countries	574	835
Total	**4,808**	**4,642**

11. OTHER OPERATING INCOME

EUR 1,000	2019	2018
Rental of premises	25	24
Gain on sale of fixed assets	226	
Administrative service charged from Group companies	1,008	692
Other	86	27
Total	**1,345**	**744**

12. MATERIALS AND SERVICES

EUR 1,000	2019	2018
Materials and supplies		
Purchases during the financial period	3,926	2,715
Change in stock	-1,810	-1,791
External services	10	
Total	**2,126**	**924**

13. PERSONNEL EXPENSES

EUR 1,000	2019	2018
Salaries and fees	-5,183	-3,110
Pensions	-682	-536
Other statutory employer contributions	-127	-100
Total	**-5,992**	**-3,746**
Average number of personnel		
Clerical personnel	33	34
Executive remuneration[1]		
Salaries and fees with fringe benefits		
President and CEO[2]		
Management team	-715	-346
Board members	-367	-359
Termination benefits		
Management team		
Post emplyment benefits		
President and CEO[3]		
Total	**-1,082**	**-705**

1 Executive remuneration, see consolidated financial statements note 34, related party transactions.

2 Leif Gustafsson is President and CEO of Cramo Plc. The CEO contract is with Cramo Services Sweden AB where it was tranferred as part of the Swedish Group Services asset deal on November 1, 2019 from Cramo Services AB. Cramo Services has invoiced Cramo Plc EUR 1,306.4 (932.7) thousand relating to CEO's salaries and fees with fringe benefits from period 1 January to 31 December 2019 (1 January to December 2018). Expenses are reported in other operating expenses.

3 Post-employment benefits include voluntary pensions systems, which are defined as contribution plans. Cramo Services has invoiced Cramo Plc a total amounting to EUR 152.6 (157.5) thousand relating to CEO's voluntary pension expenses for period 1 January to 31 December 2019 (1 January to 31 December 2018). Expenses are reported as other operating expenses.

14. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2019	2018
Depreciation according to plan on intangible assets	-87	-182
Depreciation according to plan on tangible assets	-15	-15
Total	**-102**	**-197**

15. OTHER OPERATING EXPENSES

EUR 1,000	2019	2018
Premises expenses	-281	-302
Investor relations	-1,542	-447
Expert services	-791	-5,069
Intra-Group services[1]	-9,898	-5,633
Other administrative expenses	-2,794	-1,732
Total	**-15,308**	**-13,183**

Demerger and listing related costs have been re-invoiced during 2019 from Adapteo Plc.

Audit fees	2019	2018
Audit firm, KPMG Oy Ab		
Audit of financial statements	-517	-171
Engagements referred to in the Auditing Act, 1.1,2§	-146	-23
Tax consulting	-2	-18
Other services	-82	-18
Total	**-748**	**-231**

1 Personnel expenses related to President and CEO amounting to EUR 1,459.0 (1,090.2) thousand is included in Intra-Group services.

16. NET FINANCIAL ITEMS

EUR 1,000	2019	2018[1]
Dividend income		
From Group companies	45,404	40,000
Total dividend income	**45,404**	**40,000**
Interest income		
From Group companies	9,541	9,196
From others	287	280
Total interest income	**9,828**	**9,476**
Interest expenses		
To Group companies	-3,045	-3,123
To others	-11,606	-11,125
Total interest expenses	**-14,651**	**-14,249**
Other financial expences		
Other financial expences	-2,387	-3,746
Total financial expenses	**-2,387**	**-3,746**
Exchange gains and losses		
To Group companies	-1,254	-1,908
To others	2,417	1,746
Total exchange gains and losses	**1,163**	**-162**
Net financial items	**39,357**	**31,318**

1 Net financial items aggregation in comparison period figures have been adjusted.

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17. APPROPRIATIONS

EUR 1,000	2019	2018
Depreciation difference, increase (-)/ decrease (+):		
Intangible assets	55	86
Machinery and equipment	3	16
Group contributions received	8,191	21,700
Total	**8,249**	**21,802**

18. INCOME TAXES

EUR 1,000	2019	2018
Current tax	1,641	4,337
Taxes on appropriations, group contribution	-1,638	-4,340
Total	**3**	**-3**

19. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2019	2018
COLLATERALS GIVEN		
Collaterals given on behalf of the Group companies		
Guarantees given	6,029	11,515
COMMITMENTS AND CONTINGENCIES		
Leasing liabilities		
Leasing liabilities in the following year	49	74
Subsequent leasing liabilities	29	87
Leasing liabilities are 3-4 year contracts without redemption clauses.		
Investment liabilities[1]		
Investment commitments in the following year		12,787
Subsequent investment commitments		12,787

1 Comparison period's investment commitments were related to the separated Modular Space business as Cramo Plc demerged on June 30, 2019.

20. INTEREST RATE AND CURRENCY DERIVATIVES

	2019		2018	
EUR 1,000	Nominal value	Fair value	Nominal value	Fair value
INTEREST RATE DERIVATIVES				
Interest rate swap	130,000	-6,183	130,000	-7,202
Negative fair value		-6,183		-7,202
CURRENCY DERIVATIVES				
Forward contracts	112,300	669	167,904	1,496
Positive fair value		1,527		1,860
Negative fair value		-859		-363

Financial derivarive instruments of parent company which are valid at the closing date, will mature during financial years 2020-2023.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the company's risk management is to minimise the negative effects on the company's financial performance caused by changes in financial markets and to secure adequate liquidity available. The company uses derivative financial instruments only for hedging purposes; to hedge against currency and interest rate risks. The fair value of derivative financial instruments are presented as off-balance sheet items.

The company's interest rate risk arises mainly from its long-term borrowings. The company is mainly exposed to cash flow interest rate risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. The company manages its cash flow interest rate risk also by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, or vice versa.

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities. During 2019 and 2018 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries denominated in other currencies than EUR. Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts.

Realised results arising from currency and interest rate derivatives have been recognised in finance items in the income statement. The nominal values and market values of the derivatives are disclosed in the table above. All comparison figures represents the situation of Cramo Group at 31.12.2018 prior to demerger (including business segment Modular Space). The derivate exposure on 31.12.2019 reflects well the exposure of the remaining Cramo Group. Further details about Cramo Group's financial risk management are disclosed in the consolidated financial statements, note 11.

Cramo Plc was demerged on June 30, 2019. Balance sheet date figures for 2019 do not include assets, liabilities or positions related to the Modular Space business transferred, whereas comparison period figures include those.

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21. DEFERRED TAXES

EUR 1,000	2019	2018
Deferred tax asset on negative depreciation difference	0	4
Deferred tax asset on tax losses carried forward [1]	2,797	
Deferred tax asset on provisions	346	129
	3,144	**132**
Deferred tax liability on depreciation difference	-1	-12
	-1	**-12**
Total	**3,143**	**120**

1 Deferred tax assets on tax losses have been accumulated during 2019.

Deferred tax assets and liabilities are not included in the balance sheet.

22. DEMERGER INFORMATION

The partial demerger of Cramo Plc was completed on June 30, 2019. Assets and liabilities related to Modular Space business were transferred to Adapteo Plc through the partial demerger. The transactions related to Modular Space business transferred to Adapteo Plc are included in the Income Statement of Cramo Plc until the date of the partial demerger (June 30, 2019).

Following table presents the assets and liabilities transferred to Adapteo Plc on June 30, 2019:

EUR 1,000	June 30, 2019
ASSETS	
Non-current assets	
Intangible assets	
Tangible assets	6
Investments	
Shares in Group companies	273,285
Shares in other companies	
Non-current receivables	184,316
Total non-current assets	**457,607**
Current assets	
Inventory	3,563
Current receivables	17,616
Cash and cash equivalents	
Total current assets	**21,179**
TOTAL ASSETS	**478,786**
EQUITY AND LIABILITIES	
Equity	
Share capital	10,000
Share premium	
Invested unrestricted equity	66,964
Retained earnings	
Profit for the period	
Total equity	**76,964**
Appropriations	
Provisions	**41**
Liabilities	
Non-current liabilities	387,439
Current liabilities	14,342
Provisions	
Total liabilities	**401,781**
TOTAL EQUITY AND LIABILITIES	**478,786**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22

Signatures

Vantaa, 10 February 2020

Veli-Matti Reinikkala	*Christian Bubenheim*	*AnnaCarin Grandin*	*Peter Nilsson*
Joakim Rubin	*Raimo Seppänen*	*Andrew P. Studdert*	

Leif Gustafsson
President and CEO

Auditor's report to the Annual General Meeting of Cramo Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Cramo Plc (business identity code 0196435-4) for the year ended 31 December 2019. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

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

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

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 25 to the consolidated financial statements.

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

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER

TANGIBLE ASSETS
(NOTES 1, 4 AND 27 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Tangible assets consisting mainly of the equipment for rental business (fleet) comprise approximately 55 % of the total assets of the Group.

The business of the Group is highly dependent on the condition and availability of the fleet.

There is a risk that the judgements made by the management when evaluating the depreciation periods and around the annual impairment review of the Group's rental fleet are not appropriate and that the carrying values of these assets are misstated.

In addition to testing certain key controls over the fleet management, our audit procedures consisted of substantive testing procedures including data analyses.

In particular, we focused our audit procedures on fleet investments, utilisation, gains and losses on asset disposals, depreciation periods and residual values. Our procedures also included attendance in physical counts of the fleet.

We considered the management's fleet impairment analysis, assessed and challenged the key judgements and sensitivities and the impact that these have in determining whether an impairment exists.

In addition, we assessed the appropriateness of the Group's disclosures in respect of tangible assets including the fleet.

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

IMPAIRMENT OF GOODWILL AND OTHER ACQUISITION RELATED INTANGIBLE ASSETS (NOTES 1, 5 AND 6 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

The Group expands its activities through acquisitions. As a result, the Group's assets include a significant amount of goodwill and other acquisition-related intangible assets. At the year-end 2019 the Group had €118.1 million in goodwill and €48.4 million in other acquisition-related intangible assets.

Goodwill and other intangible assets are tested for impairment annually.

Estimating future cash flows in impairment tests involves a significant amount of management judgment in respect of profitability, long-term growth rate and discount rates, among others.

Overall, due to the high level of judgment involved, and the significant carrying amounts involved, valuation of goodwill and other intangible assets is one of the key audit matters.

Our audit procedures regarding impairment testing included, among others:

- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rate and long-term growth rate.
- We also assessed whether the methods and the key assumptions used remained appropriate and have been consistently applied year-on-year.
- We involved KPMG valuation specialists when considering the appropriateness of the assumptions used by comparing to external market and industry data, and to test the technical accuracy of the calculations.

In addition, we assessed the appropriateness of the Group's disclosures in respect of business combinations, goodwill, other intangible assets and impairment testing.

REVENUE RECOGNITION (NOTES 1, 2 AND 21 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

Revenue recognition is one of our focus areas for example due to following:

- The Equipment Rental business of the Group revenues consists of numerous individual rental transactions generated in multiple depos.
- The user rights in the main sales IT system of the Group are relatively extensive that increases risk for inappropriate or incorrect transactions.

We evaluated and tested the internal controls and carried out appropriate substantive testing over the completeness, accuracy and timing of revenue recognised in the consolidated financial statements.

We read the relevant sale agreements and tested the consistency of the accounting with the terms of sale in the agreements. As part of our year-end audit procedures we assessed the recognition of revenues on accrual basis by testing entries and accruals affecting revenues.

Our work included consideration and testing of rebates and discount arrangements as well as the process for recognising credit notes. We also tested journal entries posted to revenue accounts focusing on unusual or irregular items.

In addition, we assessed the appropriateness of the Group's disclosures in respect of revenue recognition.

PARTIAL DEMERGER OF CRAMO PLC (NOTES 1 AND 3 TO THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY'S NOTES 1 AND 22 TO THE FINANCIAL STATEMENTS)

Pursuant to the demerger plan, Cramo was partially demerged so that all the assets, debts and liabilities belonging to Cramo's Modular Space business were transferred, without a liquidation procedure, to Adapteo Plc, a company incorporated in the partial demerger. The completion of the partial demerger was registered on 30 June 2019. The trading in Adapteo's shares on the Main Market of Nasdaq Stockholm commenced on 1 July 2019.

The net result of the Modular Space business is reported in the income statement under "Profit from discontinued operations" separately from continuing operations. In addition, the distribution gain, demerger expenses and income taxes related to discontinued operations are reported under discontinued operations.

The fair value for the Modular Space business at the date of the demerger has been determined by multiplying the closing share price of € 12.61 on 1 July 2019 by the number of Adapteo Plc's shares, 44,682,697, given as demerger consideration. As a result, the fair value of the Modular Space business amounted to €563.6 million. The carrying amount of the net assets distributed to the owners amounted to €193.8 million, and the gross distribution gain amounted to €369.8 million.

Due to the significance of the transaction, the partial demerger of Cramo is considered as one of the key audit matters. Our audit procedures regarding the demerger included, among others:

- reviewing the demerger plan for Modular Space business that was approved by the board of the Company and the Extraordinary General Meeting
- reviewing the demerger principles applied on the accounting
- evaluating whether the accounting treatment of the demerger is in line with IFRS and Finnish Accounting Standards
- assessing whether the accounting entries recorded in the bookkeeping are in line with the accounting treatment and demerger principles assessed above.

In addition, we assessed the appropriateness of the Group's and Parent Company's disclosures in respect of partial demerger and discontinued operations.

SHARES IN SUBSIDIARIES IN THE PARENT COMPANY (PARENT COMPANY'S NOTE 2 TO THE FINANCIAL STATEMENTS)

Shares in subsidiaries are a significant balance sheet item in the parent company's separate financial statements.

Shares in subsidiaries are tested for impairment using the same methods as for goodwill impairment testing. Thus, any indication or need for impairment of goodwill, other acquisition-related assets or fleet is reflected also in the parent company's balance sheet.

We derived the value-in-use in the parent company's impairment testing for shares in subsidiaries from the group level impairment tests.

We involved KPMG valuation specialists when considering the appropriateness of the used assumptions compared to external market and industry data and to assess the technical accuracy of the calculations.

We evaluated and challenged the key assumptions used in respect of profitability levels, discount rates and long-term growth rates.

In addition, we assessed the appropriateness of the parent company's disclosures regarding impairment of subsidiary shares.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO FOR THE FINANCIAL STATEMENTS

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 1 April 2014, and our appointment represents a total period of uninterrupted engagement of six years.

OTHER INFORMATION

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 10 February 2020

KPMG Oy Ab

Toni Aaltonen
Authorised Public Accountant, KHT