

# **Adapteo A/S**

**Greve Main 33, 2670 Greve**

**Company reg. no. 11 03 39 11**

## **Annual report**

**1 January - 31 December 2022**

The annual report was submitted and approved by the general meeting on the 29 June 2023.

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**John Ola Skogö**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146 940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's statement**

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Today, the board of directors and the executive board have presented the annual report of Adapteo A/S for the financial year 1 January - 31 December 2022 for Adapteo A/S.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2022 and of the company's results of activities in the financial year 1 January – 31 December 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Greve, 29 June 2023

### **Executive board**

Lars Andreas Löfgren

Morten Kalmark von Buchwald

### **Board of directors**

Teemu Arvo Sakari Saarela

Chairman

Lars Andreas Löfgren

Board member

John Ola Skogö

Vice Chairman



## **Independent auditor's report**

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- 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 Company'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 Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

### **Statement on Management's Review**

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

## **Independent auditor's report**

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Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 29 June 2023

### **KPMG**

State Authorised Public Accountants  
Company reg. no. 25 57 81 98



**Kim Schmidt**

State Authorised Public Accountant  
mne34552

## Company information

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### The company

Adapteo A/S  
Greve Main 33  
2670 Greve

Company reg. no. 11 03 39 11

Financial year: 1 January - 31 December

### Board of directors

Teemu Arvo Sakari Saarela, Chairman  
Lars Andreas Löfgren, Board member  
John Ola Skogö, Vice Chairman

### Executive board

Lars Andreas Löfgren  
Morten Kalmark von Buchwald

### Auditors

KPMG Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28 28  
2100 København Ø

## Financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
<b>Income statement:</b>					
Revenue	271.154	158.981	176.369	152.629	137.586
Gross profit	169.900	78.902	85.811	100.389	78.150
Profit from operating activities	30.848	9.369	35.674	44.684	37.335
Net financials	-8.846	-3.752	-3.402	-4.263	-4.309
Net profit or loss for the year	22.002	6.236	32.272	40.421	33.026
<b>Statement of financial position:</b>					
Balance sheet total	1.195.211	883.872	479.796	465.859	387.150
Investments in property, plant and equipment	488.952	502.656	52.196	51.705	51.013
Equity	618.777	596.775	266.959	234.686	194.263
<b>Employees:</b>					
Average number of full-time employees	36	25	24	26	25
<b>Key figures in %:</b>					
Solvency ratio	51,8	67,5	55,6	50,4	50,2
Return on assets	3,0	1,4	7,5	10,5	9,8

The comparative figures for 2018 has not been adjusted with the implementation of IFRS 16 in 2019.

For definitions of key ratios, see Accounting policies.



## Management's review

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### The principal activities of the company

Adapteo A/S rents pavilions to the public sector, private customers, and the construction industry. Adapteo A/S has two sales offices, three storage locations in Denmark and employs 38 employees at 31. December 2022. Adapteo A/S is a Danish company in the pan-European Adapteo Group.

Adapteo Group is the leading adaptable space partner in Northern Europe. Adapteo develops, builds, rents out and sells adaptable buildings, that can be transformed, repurposed, scaled up and down based on customers' changing needs.

With a dedicated focus on business ethics and sustainability, Adapteo is operating in the Nordic countries of Finland, Sweden, Norway, and Denmark. Adapteo also operates in Germany, Belgium, Netherlands, and Lithuania. The group has approximately 508 employees during the year 2022.

### Unusual circumstances

On 24 February 2022, Russia invaded Ukraine, which generated global uncertainty in many areas as the geopolitical situation changed significantly. The ongoing crisis in Europe with severe consequences for the Ukrainian people, of course also affected Adapteo's business. Inflation and lack of raw material, due to distorted supply chains of for example wood, was a key area to handle.

Adapteo A/S has during 2022 delivered several pavilions to Danish Municipalities to help house refugees from Ukraine.

### Development in activities and financial matters

The revenue for the year is T.DKK 271.154 against T.DKK 158.985 last year. Income from ordinary activities after tax totals T.DKK 22.002 against T.DKK 6.236 last year. The balance shows an equity of T.DKK 618.777 for 2022.

With the acquisition of the assets of Ajos A/S in December 2021 Adapteo has strengthened its leading position and expanded its capabilities in the Danish market. The Ajos assets that we received from the acquisition generated roughly 75M DKK rental revenue in 2022.

Adapteo Oy has issued two new intercompany loans for Adapteo A/S. The first new intercompany loan for Adapteo A/S was issued on 27th of April 2022 and the maturity date of the loan is 27th of April 2025. The loan drawdown amount was EUR 15,000,000.00 and interest rate is Euribor 3M plus margin 2,74%. The second new intercompany loan for Adapteo A/S was issued on 18th of November and it matures on 15th of December 2025. The loan drawdown amount was EUR 20,000,000.00 and interest rate is Euribor 3M plus margin 2,75%. The loan agreement for the intercompany loan of EUR 6,051,477.91 was updated starting from 15th of December with the same amount (EUR 6,051,477.91). The interest rate for this loan is Euribor 3M plus margin 3,75% and the maturity date is 15th of December 2025."

## Management's review

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### Capital resources

Adapteo Oy has issued a letter of support stating that financial support will be provided to Adapteo A/S at least until the date of the general meeting where the financial statements for the year ending 31 December 2023 is approved.

### Special risks

#### *Operating risks*

The company's main operating risk is related to market conditions, including competitive conditions. However, with Adapteo A/S being one of the largest suppliers of rental equipment in Denmark and given the executed restructuring and adaption to the market, this risk is currently considered less significant, however Adapteo is ongoingly monitoring the market situation to evaluate changes in the risk picture.

#### *Interest rate risks*

Interest-bearing net debts amounts to a relatively large share of the company's balance sheet total. In December 2021 the loans from parent company were converted to base currency Euro. Interest rates are based on 3-month Euribor rate. Euribor interest have been raising especially during the last half of 2022 and the company expects the trend to continue during 2023.

### Expected developments

The result for the financial year 2022 was as expected on EBITDA level. On EBIT we were a bit below budget due to higher depreciations than budgeted from. Depreciations was higher than budgeted due higher investments than budgeted. Higher investments will impact expectations for 2023 result.

### Events occurring after the end of the financial year

Adapteo Oy has issued a new intercompany loan for Adapteo A/S on 15th of June 2023 with a maturity date of 15th of June 2026. The loan drawdown amount was EUR 12,000,000.00 and interest rate is Euribor 3M + margin 4,13.

There occurred no other material events after the end of the financial year.

### Outlook

Adapteo operates with a strong brand and with long-term customer relationships. There is a strong tie between its adaptable and sustainable solutions towards the fast-changing demands of society which increasingly values sustainability. Adapteo's current solutions are deemed to be a good match to future market needs, though markets are foreseen to continue to be competitive. Raw material and component prices have increased during the year. We expect that prices will increase with a lower pace in 2023. Adapteo foresees the profitable operational growth to continue despite current risks and negative drivers.

### Impact on the external environment

Efforts to protect the environment and assure quality are an important element of Adapteo A/S' activities. In order to make sure that this area is handled efficiently, Adapteo A/S has been certified according to ISO 14001 and ISO 9001, which lay down strict environmental and quality requirements.

## **Management's review**

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### **Knowledge resources**

Based on its long-standing activities in the market for rental and marketing of modular space and building and construction machinery, the company has built highly skilled and experienced staff.

**Income statement 1 January - 31 December**

DKK thousand.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Revenue	271.154	158.983
Other operating income	3.697	1.143
Direct cost	-64.780	-54.373
Other external expenses	-40.171	-26.851
<b>Gross profit</b>	<b>169.900</b>	<b>78.902</b>
1 Staff costs	-24.948	-20.998
Depreciation, amortisation, and impairment	-114.104	-48.535
<b>Operating profit</b>	<b>30.848</b>	<b>9.369</b>
Other financial income from group enterprises	23	0
Other financial income	402	81
2 Other financial costs	-9.271	-3.833
<b>Pre-tax net profit or loss</b>	<b>22.002</b>	<b>5.617</b>
Tax on ordinary results	0	619
<b>3 Net profit or loss for the year</b>	<b>22.002</b>	<b>6.236</b>



**Balance sheet at 31 December**

DKK thousand.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Contributed capital	11.000	11.000
Retained earnings	607.777	585.775
<b>Total equity</b>	<b>618.777</b>	<b>596.775</b>
<b>Provisions</b>		
13 Other provisions	33.205	12.887
<b>Total provisions</b>	<b>33.205</b>	<b>12.887</b>
<b>Liabilities other than provisions</b>		
14 Lease liabilities	28.652	10.700
15 Deposits	7.711	4.221
16 Payables to group enterprises, long-term	365.094	95.955
17 Long term debt other than provisions	681	13
Total long term liabilities other than provisions	402.138	110.889
Short-term part of long-term liabilities	12.891	8.152
Trade payables	29.779	15.804
Payables to group enterprises	36.857	107.970
Other payables	6.875	11.646
18 Accruals and deferred income	54.689	19.749
Total short term liabilities other than provisions	141.091	163.321
<b>Total liabilities other than provisions</b>	<b>543.229</b>	<b>274.210</b>
<b>Total equity and liabilities</b>	<b>1.195.211</b>	<b>883.872</b>

**19 Contingencies****20 Related parties**

**Statement of changes in equity**

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DKK thousand.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2022	11.000	585.775	596.775
Profit or loss for the year brought forward	0	22.002	22.002
	<b>11.000</b>	<b>607.777</b>	<b>618.777</b>

**Notes**

DKK thousand.

	<u>2022</u>	<u>2021</u>
<b>1. Staff costs</b>		
Salaries and wages	21.246	17.869
Pension costs	2.574	2.110
Other costs for social security	355	243
Other staff costs	773	776
	<u><b>24.948</b></u>	<u><b>20.998</b></u>
Executive board and board of directors	<u>3.010</u>	<u>4.190</u>
Average number of employees	<u>36</u>	<u>25</u>
<p>In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is presented as an aggregate single amount.</p>		
<b>2. Other financial costs</b>		
Financial costs, group enterprises	8.256	3.355
Other financial costs	1.015	478
	<u><b>9.271</b></u>	<u><b>3.833</b></u>
<b>3. Proposed distribution of net profit</b>		
Transferred to retained earnings	<u>22.002</u>	<u>6.236</u>
<b>Total allocations and transfers</b>	<u><b>22.002</b></u>	<u><b>6.236</b></u>



**Notes**

DKK thousand.

	31/12 2022	31/12 2021
<b>4. Goodwill</b>		
Cost 1 January 2022	24.387	24.387
<b>Cost 31 December 2022</b>	<b>24.387</b>	<b>24.387</b>
Amortisation and writedown 1 January 2022	-11.003	-8.629
Amortisation for the year	-2.375	-2.375
<b>Amortisation and writedown 31 December 2022</b>	<b>-13.378</b>	<b>-11.004</b>
<b>Carrying amount, 31 December 2022</b>	<b>11.009</b>	<b>13.383</b>
<b>5. Property</b>		
Cost 1 January 2022	35.440	29.572
Additions during the year	28.205	5.974
Disposals during the year	-577	-106
<b>Cost 31 December 2022</b>	<b>63.068</b>	<b>35.440</b>
Depreciation and writedown 1 January 2022	-18.744	-13.829
Depreciation for the year	-9.753	-4.915
<b>Depreciation and writedown 31 December 2022</b>	<b>-28.497</b>	<b>-18.744</b>
<b>Carrying amount, 31 December 2022</b>	<b>34.571</b>	<b>16.696</b>
Lease assets are recognised at a carrying amount of	33.521	15.647

## Notes

DKK thousand.

	31/12 2022	31/12 2021
<b>6. Plant and machinery</b>		
Cost 1 January 2022	924.223	451.317
Additions during the year	374.860	476.493
Disposals during the year	-14.955	-3.588
<b>Cost 31 December 2022</b>	<b>1.284.128</b>	<b>924.222</b>
Depreciation and writedown 1 January 2022	-148.516	-111.023
Depreciation for the year	-99.266	-39.269
Reversal of depreciation, amortisation and writedown, assets disposed of	6.998	1.775
<b>Depreciation and writedown 31 December 2022</b>	<b>-240.784</b>	<b>-148.517</b>
<b>Carrying amount, 31 December 2022</b>	<b>1.043.344</b>	<b>775.705</b>
<b>7. Other fixtures and fittings, tools and equipment</b>		
Cost 1 January 2022	8.259	6.881
Additions during the year	14.471	1.380
Disposals during the year	-251	-2
<b>Cost 31 December 2022</b>	<b>22.479</b>	<b>8.259</b>
Amortisation and writedown 1 January 2022	-4.458	-2.482
Depreciation for the year	-2.710	-1.976
<b>Amortisation and writedown 31 December 2022</b>	<b>-7.168</b>	<b>-4.458</b>
<b>Carrying amount, 31 December 2022</b>	<b>15.311</b>	<b>3.801</b>
<b>8. Property, plant, and equipment under construction</b>		
Cost 1 January 2022	18.808	0
Additions during the year	71.415	18.808
Transfers	-76.678	0
<b>Cost 31 December 2022</b>	<b>13.545</b>	<b>18.808</b>
<b>Carrying amount, 31 December 2022</b>	<b>13.545</b>	<b>18.808</b>

**Notes**

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>9. Deposits</b>		
Cost 1 January 2022	2.131	2.600
Additions during the year	593	0
Disposals during the year	<u>0</u>	<u>-469</u>
<b>Cost 31 December 2022</b>	<b><u>2.724</u></b>	<b><u>2.131</u></b>
<b>Carrying amount, 31 December 2022</b>	<b><u>2.724</u></b>	<b><u>2.131</u></b>
<b>10. Other receivables</b>		
Cost 1 January 2022	2.413	1.705
Additions during the year	0	12.578
Disposals during the year	<u>-1.953</u>	<u>-11.870</u>
<b>Cost 31 December 2022</b>	<b><u>460</u></b>	<b><u>2.413</u></b>
<b>Carrying amount, 31 December 2022</b>	<b><u>460</u></b>	<b><u>2.413</u></b>
<b>11. Deferred tax assets</b>		
Deferred tax assets 1 January 2022	5.802	5.183
Deferred tax of the results for the year	<u>0</u>	<u>619</u>
<b>Carrying amount, 31 December 2021</b>	<b><u>5.802</u></b>	<b><u>5.802</u></b>
<b>12. Prepayments and accrued income</b>		
Other prepayments	<u>3.326</u>	<u>3.831</u>
	<b><u>3.326</u></b>	<b><u>3.831</u></b>
Prepayments and accrued income includes prepaid expenses, project related assembly and disassembly income accruals.		
<b>13. Other provisions</b>		
Other provisions 1 January 2022	12.887	2.000
Change of the year in other provisions	<u>20.318</u>	<u>10.887</u>
	<b><u>33.205</u></b>	<b><u>12.887</u></b>

**Notes**

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>14. Lease liabilities</b>		
Total lease liabilities	39.504	16.993
Share of amount due within 1 year	<u>-10.852</u>	<u>-6.293</u>
	<b><u>28.652</u></b>	<b><u>10.700</u></b>
Share of liabilities due after 5 years	<u>5.854</u>	<u>0</u>
<b>15. Deposits</b>		
Total deposits	9.750	4.221
Share of amount due within 1 year	<u>-2.039</u>	<u>0</u>
	<b><u>7.711</u></b>	<b><u>4.221</u></b>
Share of liabilities due after 5 years	<u>800</u>	<u>800</u>
<b>16. Payables to group enterprises, long-term</b>		
Adapteo Group Oy has issued a letter of support stating that financial support will be provided to Adapteo A/S at least until the date of the general meeting where the financial statements for the year ending 31 December 2023 is approved.		
<b>17. Long term debt other than provisions</b>		
<b>Total long term debt other than provisions</b>	<b><u>681</u></b>	<b><u>13</u></b>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
<b>18. Accruals and deferred income</b>		
Prepayments/deferred income	<u>54.689</u>	<u>19.749</u>
	<b><u>54.689</u></b>	<b><u>19.749</u></b>
Accruals and deferred income includes project related assembly cost accruals, rental revenue invoiced in advance and unrecognized assembly revenue.		

## Notes

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DKK thousand.

### 19. Contingencies

#### Contingent liabilities

Adapteo A/S has bank guarantees of 3.552.900 DKK which is divided as following: 1.052.900 DKK issued for Bygningsstyrelsen and 2.500.000 DKK issued for Accomodation Services A/S.

#### Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

### 20. Related parties

#### Controlling interest

Adapteo Group Oy

Majority shareholder

Adapteo A/S is part of the consolidated financial statements of Adapteo Group Oy, Äyritie 12 B, 01510 Vantaa, Finland. The consolidated financial statements of Adapteo Group Oy can be obtained by contacting the companies at the above addresses.

#### Transactions

The company has the following related party transactions:

	2022
Purchase of services from parent company	14.811
Purchases of services from group entities	6.358
Purchase of assets from group entitie	36.494
Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 1	

Payables to associates and subsidiaries are disclosed in the balance sheet and financial expenses are disclosed in note 3.

## Accounting policies

The annual report for Adapteo A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Adapteo Group Oy.

The company has made changes to the presentation of the financial statements to give a more true and fair view. These changes primarily affect the classification and grouping of certain accounts resulting in a reclassification of balances between different line items.

The comparative figures have been restated to reflect the changed presentation and the effect can be summarized as:

	2021	Restatement	Restated 2021 figures
DKK thousand			
Other operating income	0	1.143	1.143
Direct cost	-39.167	-15.206	-54.373
Other external expenses	-42.060	15.209	-26.851
Depreciation, amortisation, and impairment	-47.392	-1.143	-48.535
Other financial income	96	-15	81
<u>Other financial costs</u>	<u>-3.845</u>	<u>12</u>	<u>-3.833</u>
<b>Profit/loss effect</b>		<b>0</b>	
Trade receivables	40.107	-7.007	33.100
Work in progress for the account of others	1.195	-1.195	0
Other receivables	0	8.202	8.202
<u>Prepayments and accrued income</u>	<u>3.174</u>	<u>657</u>	<u>3.831</u>
<b>Total assets effect</b>		<b>657</b>	
Other provisions	10.887	2.000	12.887
Deposits	0	4.221	4.221
Trade Payable	12.461	3.343	15.804
Other Payable	22.570	-10.924	11.646
<u>Accruals and deferred income</u>	<u>17.732</u>	<u>2.017</u>	<u>19.749</u>
<b>Total liabilities effect</b>		<b>657</b>	
<b>Total equity effect</b>		<b>0</b>	

The restatements has no influence on the financial position for the company as it is solely presentation.

## **Accounting policies**

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### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.





## Accounting policies

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### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Financial income and expenses include interest income and expenses as well as additions and surcharges under the on-account tax scheme, etc.

### Tax on net profit or loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments for the year less the share of tax for the year that relates to changes in equity.

Current tax and deferred tax relating to changes in equity are recognised directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

## The balance sheet

### Intangible assets

#### Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 10 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

### Property, plant, and equipment

Property, plant and equipment comprise building, plant and machinery and other fixtures and fittings, tools and equipment. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	10 years	40 %
Plant and machinery	3-20 years	0-15 %
Other fixtures and fittings, tools and equipment	3-7 years	0-15%

## Accounting policies

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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively. Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

### Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

### Leases

Lease liabilities are initially recognised at an amount equal to the present value of estimated contractual lease payments at the inception of the lease, after taking into account any options to extend the term of the lease. Lease commitments are discounted to present value using the interest rate implicit in the lease if this can be readily determined, or the applicable incremental rate of borrowing, as appropriate. Right-of-use lease assets are initially recognized at an amount equal to the lease liability, adjusted for initial direct costs in relation to the assets, then depreciated over the shortest period of the lease term and their estimated useful lives.

### Impairment loss relating to non-current assets

Intangible assets and property, plant and equipment are reviewed annually for impairment. Where there is indication of impairment, an impairment test is carried out for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if this is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

### Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

### Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

### Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

### Equity

#### Income tax and deferred tax

Current tax liabilities are recognised in the balance sheet as the calculated tax on the expected taxable income for the year, adjustment for tax on prior year's taxable income and tax paid on account.

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## Accounting policies

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Adapteo A/S is jointly taxed with the Danish group companies and acts, in this respect, as the administration company. According to the rules of joint taxation, Adapteo A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, and temporary differences on non-amortisable goodwill.

Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a sett-off against tax liabilities.

### Provisions

Provisions are recognised when Adapteo has a present legal or constructive obligation as a result of past events, it is probable that a cash outflow will be required to settle the obligation and the amount can be estimated reliably. Provisions are split between amounts expected to be settled within 12 months of the balance sheet date (current) and amounts expected to be settled later (non-current).

Guarantee provisions are made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. Management estimates the provisions based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Disassembly cost provisions are recognised for estimated costs of dismantling, removing the asset and restoring the site after lease period.

### Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

## Accounting policies

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### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

### Financial highlights overview

$$\text{Return on assets (\%)} = \frac{\text{Profit/loss before financial income and expenses X 100}}{\text{Avg. assets}}$$

$$\text{Solvency ratio (\%)} = \frac{\text{Equity at year end X 100}}{\text{Total assets at year end.}}$$

### Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

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