

Adapteo A/S

Greve Main 33, 2670 Greve

Company reg. no. 11 03 39 11

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

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

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 2023 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 2023 and of the company's results of activities in the financial year 1 January – 31 December 2023.

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, 28 June 2024

Executive board

Lars Andreas Löfgren

Morten Kalmark von Buchwald

Board of directors

Teemu Arvo Sakari Saarela

Chairman

John Ola Skogö

Vice Chairman

Lars Andreas Löfgren

Board member

Independent auditor's report

To the Shareholders of Adapteo A/S

Opinion

We have audited the financial statements of Adapteo A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance as to 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 ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 28 June 2024

KPMG

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

Kim Schmidt

State Authorised Public Accountant
mne34552

Company information

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
John Ola Skogö, Vice Chairman
Lars Andreas Löfgren, Board member

Executive board

Lars Andreas Löfgren
Morten Kalmark von Buchwald

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Revenue	334.266	-271.154	158.981	176.369	152.629
Gross profit	242.863	169.124	78.902	85.811	100.389
Profit from operating activities	25.551	30.849	9.369	35.674	44.684
Net financials	-35.427	-8.847	-3.752	-3.402	-4.263
Net profit or loss for the year	-9.649	22.002	6.236	32.272	40.421
Statement of financial position:					
Balance sheet total	1.397.453	1.195.211	883.872	479.796	465.859
Investments in property, plant and equipment	507.798	488.952	502.656	52.196	51.705
Equity	609.128	618.777	596.775	266.959	234.686
Employees:					
Average number of full-time employees	41	36	25	24	26
Key figures in %:					
Solvency ratio	43,6	51,8	67,5	55,6	50,4
Return on assets	3,0	3,0	1,4	7,5	10,5

For definitions of key ratios, see Accounting policies.

Management's review

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 40 employees at 31. December 2023. Adapteo A/S is a Danish company in the Adapteo Group.

Adapteo 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. By providing space for schools, day cares, care centers, offices and accommodation, Adapteo creates value in society. Adapteo's modular solutions are rented out again and again creating circular flows that minimize the use of material and contribute to a circular economy. With its ambitious sustainability agenda, Adapteo aims to lead the way to a more sustainable future for its industry. Adapteo innovates for sustainability, develops climate smart buildings and takes responsibility through the value chain. That is how Adapteo builds adaptable and sustainable societies.

Adapteo has a building portfolio of 1,5 million square meters and operates in Sweden, Finland, Norway, Denmark, Germany, Belgium, the Netherlands, Lithuania and Estonia. A majority of revenues are generated by rental contracts from the public sector. The group has 585 employees in total at 31. December 2023.

Unusual circumstances

Adapteo A/S have not noticed any unusual circumstances during 2023 that have affected financial performance.

Development in activities and financial matters

The revenue for the year is T.DKK 334.266 against T.DKK 271.154 last year. Income or loss from ordinary activities after tax totals T.DKK -9.649 against T.DKK 22.002 last year. The balance shows an equity of T.DKK 609.128 for 2023.

Adapteo Oy has issued one new intercompany loan for Adapteo A/S. The new intercompany loan for Adapteo A/S was issued on 15th of June 2023 and the maturity date of the loan is 15th of June 2026. The loan drawdown amount was EUR 12,000,000.00 and interest rate is Euribor 3M plus margin 4,13%. The loan agreement for the intercompany loan of EUR 4,841,182.32 was updated starting from 15th of December with the same amount (EUR 4,841,182.32). The interest rate for this loan is Euribor 3M plus margin 4,38% and the maturity date is 15th of December 2026."

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 2024 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.

Management's review

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. Throughout the year 2023, Euribor rates continued to rise.

Financial performance

The gross profit T.DKK 242.863 for the financial year 2023 was better than in 2022 (T.DKK 169.128), but due to the higher depreciation, the operating profit (T.DKK 25.551) was clearly below 2022 level (T.DKK 30.849). The increase in depreciation was caused by additional investments during the year.

Interest costs increased notably due to additional loan to fund the investments and also nominal interest rates continued to increase during 2023. The high depreciations and financial costs pushed the financial net result negative at T.DKK -9.649 (in 2022 T.DKK 22.002).

Expected developments

The result for the financial year 2023 was as expected on EBITDA level. On EBIT we were a bit below budget due to higher depreciations and higher interest cost than budgeted. Depreciation was higher than budgeted due to higher investments than budgeted in 2022. Interest cost was higher than budgeted due to higher investments and higher nominal interest rates.

Events occurring after the end of the financial year

On 16th June 2024 a public announcement was made that Adapteo A/S will be acquiring the rental portfolio of JYTAS A/S. JYTAS A/S has a strong position nationwide in a successful rental business specializing in modular buildings for offices, schools and healthcare applications with over 50,000sqm and a rental revenue of 80 MDKK in 2023.

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. 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, ISO 45001 and ISO 9001, which lay down strict environmental and quality requirements.

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>2023</u>	<u>2022</u>
Revenue	334.266	271.154
Other operating income	5.166	3.697
Direct cost	-54.560	-64.780
Other external expenses	-42.009	-40.947
Gross profit	242.863	169.124
1 Staff costs	-31.215	-24.171
Depreciation, amortisation, and impairment	-186.097	-114.104
Operating profit	25.551	30.849
Other financial income from group enterprises	26	25
Other financial income	3	399
2 Other financial costs	-35.456	-9.271
Pre-tax net profit or loss	-9.876	22.002
Tax on ordinary results	227	0
3 Net profit or loss for the year	-9.649	22.002

Balance sheet at 31 December

DKK thousand.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Goodwill	8.634	11.009
Total intangible assets	8.634	11.009
5 Land and buildings	31.996	34.571
6 Plant and machinery	1.201.728	1.043.344
7 Other fixtures and fittings, tools and equipment	55.102	15.311
8 Property, plant, and equipment under construction	4.613	13.545
Total property, plant, and equipment	1.293.439	1.106.771
9 Deposits	2.925	2.724
10 Other receivables	191	460
Total investments	3.116	3.184
Total non-current assets	1.305.189	1.120.964
Current assets		
Trade receivables	63.181	46.806
Receivables from group enterprises	90	10.829
11 Deferred tax assets	6.029	5.802
Other receivables	19.948	7.484
12 Prepayments and accrued income	3.016	3.326
Total receivables	92.264	74.247
Total current assets	92.264	74.247
Total assets	1.397.453	1.195.211

Balance sheet at 31 December

DKK thousand.

Equity and liabilities		2023	2022
Note		<u> </u>	<u> </u>
Equity			
Contributed capital		11.000	11.000
Retained earnings		598.128	607.777
Total equity		<u>609.128</u>	<u>618.777</u>
Provisions			
13 Other provisions		61.973	33.205
Total provisions		<u>61.973</u>	<u>33.205</u>
Liabilities other than provisions			
14 Lease liabilities		33.596	28.652
15 Deposits		12.757	7.711
16 Payables to group enterprises, long-term		431.655	365.094
17 Long term debt other than provisions		2.741	681
Total long term liabilities other than provisions		<u>480.749</u>	<u>402.138</u>
Short-term part of long-term liabilities		17.396	12.891
Trade payables		40.920	41.034
18 Payables to group enterprises		71.048	36.857
Other payables		9.810	6.875
19 Deferred income		106.429	43.434
Total short term liabilities other than provisions		<u>245.603</u>	<u>141.091</u>
Total liabilities other than provisions		<u>726.352</u>	<u>543.229</u>
Total equity and liabilities		<u>1.397.453</u>	<u>1.195.211</u>
20 Contingencies			
21 Related parties			

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	11.000	607.777	618.777
Profit or loss for the year brought forward	0	-9.649	-9.649
	11.000	598.128	609.128

Notes

DKK thousand.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	27.466	21.242
Pension costs	3.346	2.574
Other costs for social security	403	355
	<u>31.215</u>	<u>24.171</u>
Executive board and board of directors	<u>2.848</u>	<u>3.010</u>
Average number of employees	<u>41</u>	<u>36</u>
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.		
2. Other financial costs		
Financial costs, group enterprises	32.697	8.256
Other financial costs	2.759	1.015
	<u>35.456</u>	<u>9.271</u>
3. Proposed distribution of net profit		
Transferred to retained earnings	0	22.002
Allocated from retained earnings	<u>-9.649</u>	<u>0</u>
Total allocations and transfers	<u>-9.649</u>	<u>22.002</u>

Notes

DKK thousand.

	31/12 2023	31/12 2022
4. Goodwill		
Cost 1 January 2023	24.387	24.387
Cost 31 December 2023	24.387	24.387
Amortisation and writedown 1 January 2023	-13.378	-11.003
Amortisation for the year	-2.375	-2.375
Amortisation and writedown 31 December 2023	-15.753	-13.378
Carrying amount, 31 December 2023	8.634	11.009
5. Land and buildings		
Cost 1 January 2023	63.068	35.440
Additions during the year	17.157	28.205
Disposals during the year	-15.494	-577
Cost 31 December 2023	64.731	63.068
Depreciation and writedown 1 January 2023	-28.497	-18.744
Depreciation for the year	-11.487	-9.753
Reversal of depreciation, amortisation and writedown, assets disposed of	7.249	0
Depreciation and writedown 31 December 2023	-32.735	-28.497
Carrying amount, 31 December 2023	31.996	34.571
Lease assets are recognised at a carrying amount of	30.947	33.521

Notes

DKK thousand.

	31/12 2023	31/12 2022
6. Plant and machinery		
Cost 1 January 2023	1.284.128	924.223
Additions during the year	329.557	374.860
Disposals during the year	-16.857	-14.955
Cost 31 December 2023	1.596.828	1.284.128
Depreciation and writedown 1 January 2023	-240.784	-148.516
Depreciation for the year	-162.867	-99.266
Writedown for the year	-1.361	0
Reversal of depreciation, amortisation and writedown, assets disposed of	9.912	6.998
Depreciation and writedown 31 December 2023	-395.100	-240.784
Carrying amount, 31 December 2023	1.201.728	1.043.344
7. Other fixtures and fittings, tools and equipment		
Cost 1 January 2023	22.479	8.259
Additions during the year	51.159	14.471
Disposals during the year	-8.300	-251
Cost 31 December 2023	65.338	22.479
Amortisation and writedown 1 January 2023	-7.168	-4.458
Depreciation for the year	-5.634	-2.710
Writedown for the year	-4.373	0
Reversal of depreciation, amortisation and writedown, assets disposed of	6.939	0
Amortisation and writedown 31 December 2023	-10.236	-7.168
Carrying amount, 31 December 2023	55.102	15.311
Lease assets are recognised at a carrying amount of	16.308	5.236

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
8. Property, plant, and equipment under construction		
Cost 1 January 2023	13.545	18.808
Additions during the year	109.925	71.415
Transfers	-118.857	-76.678
Cost 31 December 2023	<u>4.613</u>	<u>13.545</u>
Carrying amount, 31 December 2023	<u>4.613</u>	<u>13.545</u>
9. Deposits		
Cost 1 January 2023	2.724	2.131
Additions during the year	890	593
Disposals during the year	-63	0
Transfers	-626	0
Cost 31 December 2023	<u>2.925</u>	<u>2.724</u>
Carrying amount, 31 December 2023	<u>2.925</u>	<u>2.724</u>
10. Other receivables		
Cost 1 January 2023	460	2.413
Transfers to short term receivables	-269	-1.953
Cost 31 December 2023	<u>191</u>	<u>460</u>
Carrying amount, 31 December 2023	<u>191</u>	<u>460</u>
11. Deferred tax assets		
Deferred tax assets 1 January 2023	5.802	5.802
Deferred tax of the results for the year	227	0
Carrying amount, 31 December 2023	<u>6.029</u>	<u>5.802</u>

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
12. Prepayments and accrued income		
Other prepayments	3.016	3.326
	<u>3.016</u>	<u>3.326</u>

Prepayments and accrued income includes prepaid expenses, project related assembly and disassembly income accruals.

13. Other provisions		
Other provisions 1 January 2023	33.205	12.887
Change of the year in other provisions	28.768	20.318
	<u>61.973</u>	<u>33.205</u>

Other provisions include project related disassembly cost accruals.

14. Lease liabilities		
Total lease liabilities	48.075	39.504
Share of amount due within 1 year	-14.479	-10.852
	<u>33.596</u>	<u>28.652</u>
Share of liabilities due after 5 years	8.550	5.854

15. Deposits		
Total deposits	15.330	9.750
Share of amount due within 1 year	-2.573	-2.039
	<u>12.757</u>	<u>7.711</u>
Share of liabilities due after 5 years	893	800

16. Payables to group enterprises, long-term

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 2024 is approved. All intercompany loans will mature within 5 years.

Notes

DKK thousand.

	<u>31/12 2023</u>	<u>31/12 2022</u>
17. Long term debt other than provisions		
Total long term debt other than provisions	3.085	681
Share of amount due within 1 year	<u>-344</u>	<u>0</u>
Total long term debt other than provisions	<u>2.741</u>	<u>681</u>
Share of liabilities due after 5 years	<u>1.216</u>	<u>0</u>

18. Payables to group enterprises

Part of the balance relates to an intra-group cash pool scheme with DKK 9.069 thousand (in 2022: 0 DKK).

19. Deferred income

Prepayments/deferred income	<u>106.430</u>	<u>43.430</u>
	<u>106.429</u>	<u>43.434</u>

Deferred income includes project related rental revenue invoiced in advance, unrecognized assembly and disassembly revenue

Notes

DKK thousand.

20. Contingencies

Contingent liabilities

Adapteo A/S has bank guarantees of 4.057.387,50 DKK which is divided as following: 1.052.900 DKK issued for Bygningsstyrelsen, 2.500.000 DKK issued for Accomodation Services A/S and 504.487,50 DKK issued for Asnæsvej 2B, 4400 kalundborg.

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.

21. 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:

	<u>2023</u>
Sales of services to parent company	-2.350
Purchase of services from parent company	12.661
Purchases of services from group entities	10.829
Sales of services group entities	-296
Purchase of assets from group entities	<u>54.575</u>

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 2.

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 are unchanged from last year, and the annual report is presented in DKK.

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.

Adjustments to prior year

The comparative figures of 2022 have been changed for the following financial statement line items.

Staff costs are changed from 24.948 T.DKK to 24.171 T.DKK and other external expenses are changed from 40.171 T.DKK to 40.947 T.DKK.

Trade payables are changed from 29.779 DKK to 41.034 DKK and Deferred income are changed from 54.689 DKK to 43.434 DKK.

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

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.

Accounting policies

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.

Income statement

Revenue

New service model agreements with customers:

For rental activities, which are identified as operating leases, the revenue from rental sales of building units is recognised on a straight-line basis during the rental period according to Adapteo's new service model. On lease commencement, Adapteo does not derecognise the leased building units from property, plant and equipment and continues to depreciate the assets based on the useful life of the building unit. Adapteo's deliverable to customer in these agreements consists of the rented adaptable building, assembly and disassembly service under the lease agreement so that the building unit is in accessible condition for the customer. The revenue recognised over the duration of the agreements includes both lease and non-lease components as they are not distinct in this service model.

Legacy agreements (agreements that are entered prior to 1 January 2021) with customers:

In legacy customer agreements, assembly and disassembly services are considered as separate service components in addition to the operating lease component. Revenues from assembly and disassembly services are recognised over time according to IFRS 15.

Other operating income

Other operating income and operating expenses comprises items of a secondary nature as regards to the Company's core activities, including gains or losses on the sale of non-current assets.

Direct costs

Direct costs comprises costs which are directly related to the activity such purchases of products for sale, rehired equipment and transport costs.

Other external costs

Other external costs include expenses related to distribution, sales, advertisement, administration, premises, bad debt losses, operational leases, etc.

Staff costs

Staff costs include wages and salaries, including holiday allowance and pensions as well as other social security contributions, etc., made to the entity's employees. The item is net of refunds received from public authorities.

Accounting policies

Amortisation, depreciation and impairment losses

The item includes amortisation of intangible assets, depreciations on property, plant and equipment and impairment losses. Amortisation/depreciation is provided on a straight-line basis on cost together with the estimated useful life and residual value.

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:

Accounting policies

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

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.

Accounting policies

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.

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

Deferred income

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

Financial highlights overview

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

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

Vahvistus

Tapahtuma 09222115557521249244

Dokumentti

2023 - Annual Report_Adapteo_FINAL

Päädokumentti

27 sivua

Aloitettu henkilön Anna Salahetdin (AS) toimesta kello

2024-06-28 08:50:10 CEST (+0200)

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