BUSINESS REVIEW

January—March 2021

Adapteo is a leading Flexible Real Estate provider in Northern Europe. We build, rent out and sell buildings for schools, daycare centres, offices, elderly care and events for both temporary and permanent needs.

Adapteo.

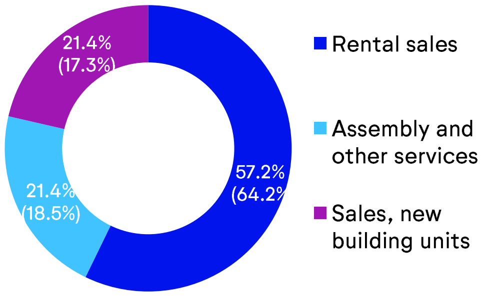
A strong start to 2021

January—March 2021

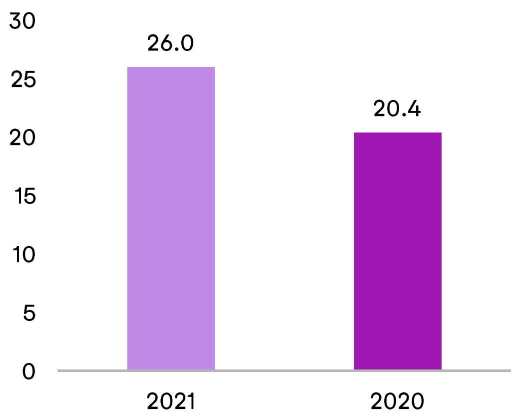
- Rental sales amounted to EUR 39.0 (31.5 in Q1 2020) million. In constant currencies, rental sales increased by 20%. Organic growth ("Old Adapteo") was 5%.
- Net sales amounted to EUR 68.2 (49.1) million. In constant currencies, net sales increased by 34%. Organic growth ("Old Adapteo") was 6%.
- Comparable EBITDA was EUR 26.0 (20.4) million. Comparable EBITDA margin was 38.1% (41.6%).
- Operating profit (EBIT) was EUR 10.4 (9.5) million, representing 15.3% of net sales. Operating profit (EBIT) included items affecting comparability of EUR -1.4 (-0.2) million.
- Operating cash flow before new building capex was EUR 18.2 (12.3) million.
- New building capex was EUR 12.1 (9.0) million.
- Earnings per share was EUR 0.12 (0.07).

- Pro forma January–March 2021, including Stord, net sales were EUR 69.7 million, pro forma operating profit (EBIT) EUR 11.0 million, and pro forma comparable EBITDA EUR 27.0 million.

Net sales Jan–Mar, %



Comparable EBITDA Jan–Mar, EUR millions



Significant events during the first quarter

- On 29 January 2021 the company completed the acquisition of Stord Innkvartering AS (together with its Group companies "Stord"), a Norwegian company with a leading position in the worker accommodation segment. A purchase price of approximately EUR 65 million was paid in cash, and potential additional considerations may become payable in the future depending on Stord's future financial performance. A majority of Stord's customers are public-sector and other infrastructure. Stord's building portfolio consists of approximately 4,000 buildings with approximately 93,000 square meters.
- On 2 March 2021 the company announced that it will provide workers accommodation – the Fehmarn Belt FLC village – on the Danish side of this large infrastructure project, the company´s largest order so far.

Key figures

EUR millions or as indicated	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Net sales	68.2	49.1	231.4
Net sales growth in constant currency, %	34.3	-5.7	6.8
Rental sales	39.0	31.5	133.1
Rental sales growth in constant currency, %	19.9	-3.6	0.0
Comparable EBITDA	26.0	20.4	88.3
Comparable EBITDA margin, %	38.1	41.6	38.2
EBITDA	24.6	20.3	83.4
EBITDA margin, %	36.0	41.3	36.0
Comparable EBITA	12.9	10.3	44.4
Comparable EBITA margin, %	18.9	21.0	19.2
Operating profit (EBIT)	10.4	9.5	36.8
Operating profit (EBIT) margin, %	15.3	19.3	15.9
Profit for the period	5.9	3.1	18.9
Earnings per share, EUR	0.12	0.07	0.42
Comparable earnings per share, EUR	0.14	0.07	0.51
Net debt / Comparable EBITDA[3]	5.7	4.6	4.9
Operative ROCE, %[3]	8.9	8.1	9.1
Operating cash flow before new building capex[1]	18.2	12.3	76.4
Cash conversion before new building capex, %[1]	70.0	60.1	86.6
New building capex[1]	12.1	9.0	55.8
Building upgrade capex[1]	2.2	1.8	14.6
Total sqm in building portfolio	1,225,535	1,014,340	1,132,320
Utilisation rate, %[2]	78.7	80.1	78.7

1 New key figures from Jan–Mar 2021. The comparative figures have been restated respectively. See Appendixes 1 and 2.
2 Since Jan–Mar 2021, utilisation rate presented based on square meters, earlier presented based on the number of buildings.
3 Pro forma, including DCG and Stord for last 12 months, Net debt / Comparable EBITDA was 4.8 and Operative ROCE 11.3%.

Acquisition of Stord Innkvartering AS

On 9 December 2020, Adapteo entered into an agreement to acquire 100% of the shares in Stord Innkvartering AS (together with its Group companies "Stord"). The acquisition was completed on 29 January 2021.

Stord contributed to Adapteo's net sales by EUR 3.5 million and to operating profit by EUR 1.2 million for the period from 29 January to 31 March 2021.

The pro forma key figures below illustrate the financial impact of the acquisition of Stord on the Adapteo´s business performance for January–March 2021 as if the transaction had taken place on 1 January 2021. The illustrative pro forma figures are prepared based on the historical results of Adapteo and Stord and are presented in accordance with IFRS. Adapteo's net sales for January–March 2021 would have amounted to EUR 69.7 million, operating profit to EUR 11.0 million and comparable EBITDA to EUR 27.0 million if the acquisition had been completed on 1 January 2021.

Key figures, pro forma

EUR millions	Jan–Mar 2021
Net sales	69.7
Operating profit (EBIT)	11.0
Comparable EBITDA	27.0

See note 4 for additional information.

CEO Comments

A strong start to 2021

We have had a good start to 2021 with most of our markets seeing higher volumes than a year ago. We have done several upgrades and improvements to our offering, with Adapteo now being better equipped than ever to offer improved sustainable solutions to our customers and to a society which is ever more aware of the importance of circular business models. A significant milestone was reached during the quarter with the order for the Fehmarn Belt FLC village, the largest order in the company's history.

Some market segments are still affected by the ongoing pandemic. However, we have compensated for the impact by focusing on segments where demand is higher, resulting in year-on-year growth. Rental sales for "Old Adapteo" increased by 5% compared to Q1 2020. The inclusion of our acquisitions of Dutch Cabin Group ("DCG") and Stord Innkvartering ("Stord") also had a positive impact on year-on-year earnings and create a solid foundation for future growth.

Market development

All geographic markets except Finland saw higher tender volumes in the public sector than in the first quarter last year. In Germany and the Netherlands, the high market activity with stable prices continued from 2020. The public tender volumes in Sweden were markedly higher than a year ago, and Denmark and Norway were up compared to last year. The segments where we are active in Finland experienced lower volumes year-on-year. Price levels have stabilized in the Nordic markets.

We meet these improved market conditions with an optimised offering and strengthened organisation. The efforts in commercial excellence have strengthened our position within many of our key segments, for example last year's start of the Adapteo Sales Academy and our investments in pricing strategies, product development, and proactive sales efforts.

Offering and segment expansion

The acquisition of Stord closed on 29 January, and our new colleagues in Norway provide both expertise and offering expansion to the Group. With Stord's developed and ongoing business within worker accommodation, Adapteo Group has now expanded its offering in the other infrastructure segment. Using this newly acquired expertise, and with successful collaboration across the Group, Adapteo Denmark was awarded the Group's largest order in history in March within the field of worker accommodation. The delivery of the FLC village for the Fehmarn Belt tunnel project is a prime example of the benefits of building adaptable societies.

Driving sustainable development

We continue to drive sustainable development and work towards our target of becoming the ESG leader in our industry. With our circular business model and wood-based adaptable buildings, we have an excellent foundation to build from, though we still have areas that can still be further improved. The significant progress made in 2020 is described in our latest Sustainability Report, which was released together with our 2020 Annual Report in late March.

We have made further advances during the first months of this year, such as improved supplier value chain processes and supplier assessment framework to secure compliance from our suppliers in matters connected to ESG. We are also working continuously to strengthen our climate data reporting and conducted training for key stakeholders within the company on climate data reporting and systems during quarter one.

Our next focus will be on launching sustainability targets and related KPIs during the second quarter, together with continuous improvement in our sustainability performance.

Outlook for further growth

For this year I see that the high activity in the public sector will continue in the countries where we are present. Also, as the pandemic comes under control in more countries and life starts returning to normal, we are well-positioned to offer solutions on a larger scale to private-market customers. I want to extend my warm thanks to all colleagues who have contributed so much to all the progress we have made. With the future being in many ways uncertain, the demand for more flexibility in society grows, and we are better positioned than ever before to provide adaptable buildings based on the customer needs.

Philip Isell Lind af Hageby
President and CEO

Group performance

Net sales

EUR millions	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Rental sales	39.0	31.5	133.1
Assembly and other services	14.6	9.1	58.6
Sales, new buildings	14.6	8.5	39.7
Total	**68.2**	**49.1**	**231.4**

January—March 2021

Adapteo's rental sales in the first quarter grew to EUR 39.0 (31.5) million. In constant currencies, rental sales increased by 20%. Organic growth ("Old Adapteo") was 5%. Net sales increased to EUR 68.2 (49.1) million. In constant currencies, net sales increased by 34%. Organic growth ("Old Adapteo") was 6%. Sales numbers saw an impact from the inclusion of the Dutch Cabin Group ("DCG") and Stord, which contributed with EUR 5.9 million of rental sales and EUR 16.1 million of net sales in the quarter.

Public-market activity was high in all countries except Finland whereas most private-market segments were still subdued. Overall, Adapteo saw its share of orders taken in the public sector increasing. Sales of new buildings were significantly higher than in Q1 2020 due to the inclusion of DCG. Adapteo's building portfolio grew by 8% from 31 December 2020 due to the inclusion of Stord and stood at 1,226 thousand square meters as of 31 March. Utilisation rate for the total building portfolio was 78.7% during the quarter.

With a gradual start during the period, Adapteo has changed to recognising assembly and disassembly revenue over the life of the initial period for each new contract. The effect was limited in Q1 2021 but will for the full year 2021 be more substantial on both net sales and rental sales. The adoption of a new service model is described in note 1.

Result

January—March 2021

Adapteo's comparable EBITDA for January–March increased to EUR 26.0 (20.4) million. The comparable EBITDA margin decreased to 38.1% (41.6%). Compared to Q1 2020, comparable EBITDA increased in Business Area Rental Space, by the contribution for January–March from DCG and for February–March from Stord, while earnings on "Old Adapteo" was on par with last year's. In Permanent Space the DCG impact was even more pronounced.

Depreciation, amortisation and impairment on property, plant, and equipment and on intangibles totalled EUR 14.1 (10.8) million during the quarter. The increase was due to the inclusion of DCG and Stord as well as the expansion of the building portfolio, reinvestments, upgrades, and reclassifications.

Operating profit (EBIT) amounted to EUR 10.4 (9.5) million. Operating profit (EBIT) included items affecting comparability of EUR -1.4 (-0.2) million, of which most was from acquisition and integration related activities.

Net financial expenses were EUR -2.6 (-3.6) million as a result of positive FX effects as well as a favourable interest margin following the 2020 refinancing. January–March profit before taxes totalled EUR 7.8 (5.9) million and profit for the period was EUR 5.9 (3.1) million.

Capital expenditure

In January–March 2021, net capex was EUR 13.0 (10.7) million, of which gross capex was EUR 14.6 (11.7) million and the balance consisted of disposal of buildings and accessories.

Out of gross capex, EUR 14.3 (10.8) million was building portfolio capex – for new buildings, upgrades, and accessories. As shown in Appendix 1, the largest part of this period's capex was on new buildings.

Cash flow, financing, and balance sheet

In January–March, net cash inflow from operating activities was lower at EUR 12.5 (13.1) million, mainly due to timing differences in income taxes paid in Sweden. Net finance items paid were lower than in Q1 2020 as a consequence of different interest periods following the refinancing of the Group in late 2020.

On 31 March 2021, borrowings totalled EUR 591.6 million (on 31 December 2020 EUR 496.1 million). Net debt totalled EUR 532.7 million (on 31 December 2020 EUR 434.8 million).

Net debt to comparable EBITDA was 5.7. Pro forma, including Dutch Cabin Group and Stord for April 2020–March 2021, net debt to comparable EBITDA was 4.8.

In a connection with the Stord acquisition completion, a EUR 50 million loan was drawn under the existing facilities agreement and has a maturity of three years. Adapteo has also a EUR 100 million committed revolving credit facility which was fully undrawn at the end of the reporting period. The loan agreements contain quarterly monitored financial covenants which the company is fully compliant with.

Adapteo´s liquidity and funding position remains good. Cash and cash equivalents amounted to EUR 50.7 million (on 31 December 2020 EUR 54.8 million). In addition, Adapteo has a EUR 20 million overdraft facility until further notice, which was fully unused as of 31 March 2021.

Property, plant and equipment amounted to EUR 566.6 million (on 31 December 2020 EUR 528.6 million). Total assets were EUR 1,031.8 million (on 31 December 2020 EUR 928.2 million).

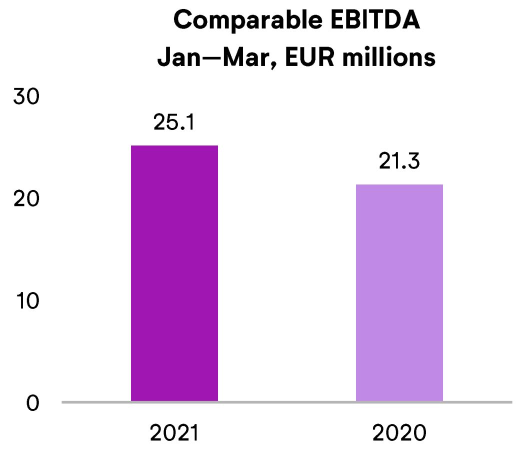
Operative return on capital employed (ROCE) amounted to 8.9% for the last twelve months compared to 8.1% a year earlier. Pro forma, including Dutch Cabin Group and Stord, operative return on capital employed for the last twelve months amounted to 11.3%.

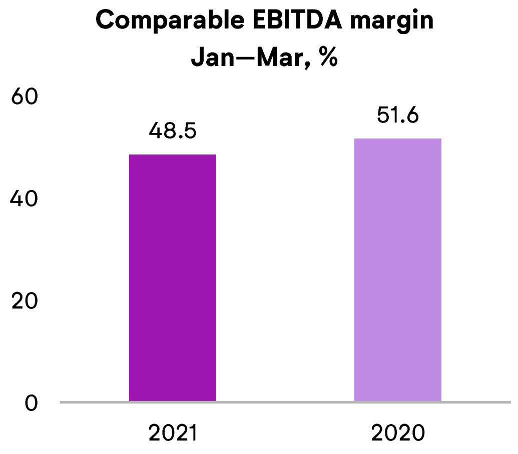
Business area performance

Adapteo has two primary reporting segments: Business Area Rental Space and Business Area Permanent Space. It has operations in six geographical areas: Sweden, Finland, Norway, Denmark, Germany, and the Netherlands. Business Area Rental Space includes the rental of adaptable buildings as well as the provision of assembly and other services. Business Area Permanent Space includes sales and long-term leasing of adaptable buildings.

Business Area Rental Space

In Business Area Rental Space, Adapteo provides adaptable buildings to different types of customers, predominantly public-sector customers such as municipalities, regions, and government bodies, as well as to private-sector customers such as industrial companies and private enterprises. Adapteo addresses demand for space primarily in social and other infrastructure such as schools, daycare centres, and health and social care, as well as for workers accommodation, offices, exhibitions and other temporary needs. The majority of Business Area Rental Space's customers operates in the public sector.





Rental Space

EUR millions or as indicated	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Rental sales	36.4	31.1	130.3
Assembly and other services	14.1	8.8	54.3
Sales, new buildings	1.3	1.4	1.7
External sales	**51.7**	**41.3**	**186.3**
Inter-segment sales	0.0	0.0	0.1
Net sales	**51.8**	**41.3**	**186.4**
Comparable EBITDA	25.1	21.3	91.3
EBITDA	25.3	21.3	90.9
Comparable EBITDA margin, %	48.5	51.6	49.0
EBITDA margin, %	48.9	51.6	48.8

Performance in January—March 2021

Net sales in Business Area Rental Space increased mainly as a result of the inclusion of Dutch Cabin Group and Stord, by 25% to EUR 51.8 (41.3) million. Rental sales increased by 17%, while revenue from assembly and other services increased by 60%. Comparable EBITDA increased by 18% to EUR 25.1 (21.3) million, excluding EUR +0.2 (0.0) million of items affecting comparability.

In Sweden, more projects with a higher number of square meters were delivered, and more were returned in this quarter than in the corresponding period a year earlier. Rental sales were somewhat lower due to lower prices on new projects than on returned ones. In Group reporting, the stronger Swedish krona to the euro contributed positively to both sales and earnings.

In Finland market activity was lower than a year earlier though rental sales were at the same level as in Q1 2020.

Rental sales increased in Denmark compared to a year earlier due to high project deliveries in Q4 2020 and Q1 2021.

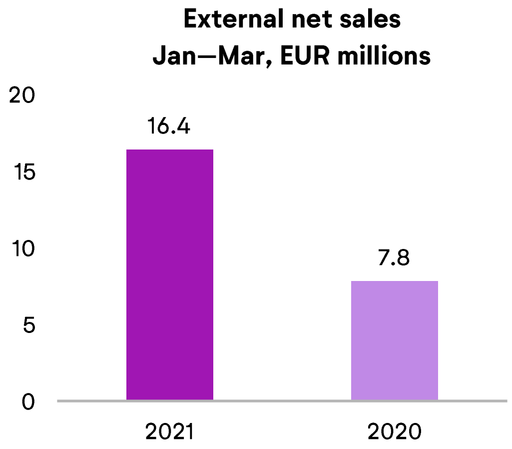
Rental sales in Norway were on par with Q1 2020, where a strong start to 2021 and end of 2020 made up for the weaker first half of 2020. In Adapteo's total business in Norway, Stord made up more than 2/3 of rental sales in Q1.

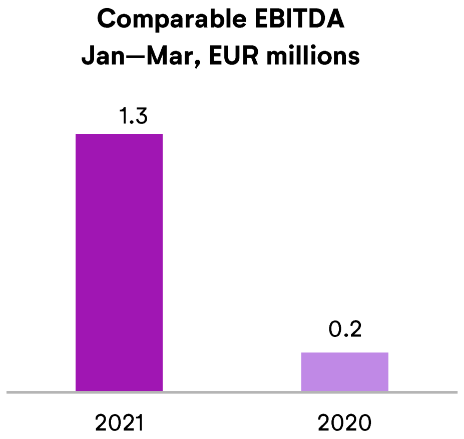
Rental sales in Germany were up compared to Q1 2020 due to good market conditions since then with a steady increase in the number of square meters rented.

DCG posted progress in a good Dutch rental market with significantly higher rental sales in the period than in Q1 2020.

Business Area Permanent Space

In Business Area Permanent Space, Adapteo provides mainly tailor-made prefabricated adaptable buildings for sale or long-term leasing to public and private sector customers. Adapteo provides turnkey solutions, built with a modular construction technique and manufactured in a controlled indoor environment with a short time to delivery. The adaptable buildings in this business area are equal to site-built buildings in their characteristics and comply with permanent building requirements.





Permanent Space

EUR millions or as indicated	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Rental sales	2.6	0.4	2.8
Assembly and other services	0.5	0.3	4.3
Sales, new buildings	13.3	7.1	38.0
External net sales	**16.4**	**7.8**	**45.1**
Inter-segment sales	0.5	3.7	11.5
Net sales	**16.9**	**11.6**	**56.6**
Comparable EBITDA	1.3	0.2	0.9
EBITDA	1.3	0.2	0.0
Comparable EBITDA margin, %[1]	7.7	2.1	2.1
EBITDA margin, %[1]	7.7	2.1	0.1

[1]External sales

Performance in January—March 2021

External net sales in Business Area Permanent Space increased significantly due to the inclusion of Dutch Cabin Group to EUR 16.4 (7.8) million. For the same reason, comparable EBITDA increased to EUR 1.3 (0.2) million.

The Dutch market continued to be good and DCG made much progress in sales compared to a year earlier. In Sweden external net sales decreased significantly in the quarter compared to last year due to last year's closing of the Gråbo factory and this year's smaller projects and timing differences in deliveries from the Anneberg factory.

In the Anneberg production facility, labour absence in Q1 continued to be high. This and higher costs of raw materials put a negative pressure on project margins.

In Finland, revenue increased compared to Q1 2020. Price pressure in the market had a negative impact on margins.

Significant events after the reporting period

At the company's Annual General meeting on 19 April 2021, Peter Nilsson as chairman, Carina Edblad, Outi Henriksson, Sophia Mattsson-Linnala, Andreas Philipson, Joakim Rubin, and Ulf Wretskog were re-elected as Board members. In addition, Rickard Wilson was elected as new Board member.

The AGM also decided on a EUR 0.12 per share dividend to be paid in April 2021.

Risks and uncertainties

The first quarter of 2021 still saw Adapteo's customers being affected by the effects of the covid-19 pandemic. In overall, all Adapteo's business units have had negative effects but that the impact on sales and earnings have not been significant. This reflects the resilience of Adapteo's business model with long-term rental contracts and the underlying demand, especially in the public sector, for adaptable buildings.

In Business Area Rental Space, all geographical markets have seen lower than usual demand from the private sector. The events business came to a halt in early 2020 and has shown very little activity since then. Demand for office space has been low as many projects have been postponed or cancelled. For workers accommodation, Adapteo took its largest order ever for the Fehmarn Belt project in Denmark. Public-sector demand is at a good level in all markets except Finland.

Since the outbreak of the covid-19 pandemic in Northern Europe in March 2020, Adapteo is monitoring its impact on markets, employees and business processes. Continuity plans are continuously reviewed, processes are optimised, and every activity is evaluated from a cost and risk perspective to mitigate the negative financial effects associated with the outbreak of covid-19 in the best possible way.

Adapteo makes financial forecasts on a monthly basis for all of its cash-generating units. These forecasts have not resulted in any asset impairments being identified. Nor have cashflow projections for the Group resulted in any doubt about the Group's ability to meet its future payment obligations.

Adapteo is consistent in its enterprise risk management with risk identification, risk assessment, risk management, risk monitoring and risk reporting. Further information on risks and risk management can be found in Annual Report 2020 or at www.adapteogroup.com.

Auditors' review

This review has not been audited by the company´s auditors.

Financial calendar

- Half–Yearly Report Jan–Jun 2021: 3 August 2021
- Business Review Jan–Sep 2021: 9 Nov 2021

Q1 presentation on 4 May 2021

A conference call with a presentation for investors, analysts, and media will be held at 9.00 CET (10.00 EET) on 4 May 2021. For details, please refer to www.adapteogroup.com/investors/financial-report/.

Stockholm, 4 May 2021
On behalf of the Board of Directors of Adapteo Plc
Philip Isell Lind af Hageby
President and CEO, Adapteo Plc

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Adapteo in brief
Adapteo is a leading Northern European company for adaptable buildings. We build, rent out, and sell buildings for schools, daycare centres, offices, elderly care, worker accommodation, and events for both temporary and permanent needs. Whatever the future brings, we believe that adaptability is the best solution. With our buildings, we can transform, repurpose, scale up and scale down in a matter of weeks by using a modular and circular building concept. Our buildings can be used for a few days or indefinitely, always optimised for current needs. That is how we build adaptable societies.
Adapteo is listed on Nasdaq Stockholm and operates in Sweden, Finland, Norway, Denmark, Germany, and the Netherlands. In 2020, Adapteo's net sales were EUR 231 million.

www.adapteogroup.com

FINANCIAL INFORMATION

Condensed first quarter financial information

Consolidated income statement

EUR thousands	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Net sales	**68,157**	**49,082**	**231,351**
Other operating income	314	887	3,521
Materials and services	-26,581	-16,990	-97,225
Employee benefit expenses	-10,320	-7,080	-28,821
Other operating expenses	-6,795	-5,634	-25,447
Depreciation, amortisation and impairment	-14,119	-10,787	-46,603
Share of profit of joint ventures and associated companies	-215	-9	5
Operating profit (EBIT)	**10,441**	**9,468**	**36,780**
Finance income	2,487	2,635	6,829
Finance costs	-5,135	-6,227	-16,983
Finance costs, net	**-2,648**	**-3,591**	**-10,154**
Profit before taxes	**7,793**	**5,877**	**26,626**
Income taxes	-1,914	-2,734	-7,701
Profit for the period	**5,879**	**3,143**	**18,925**
Attributable to:			
Owners of the parent company	5,831	3,143	18,925
Non-controlling interests	49	-	-
	5,879	**3,143**	**18,925**
Earnings per share, basic and diluted, EUR	0.12	0.07	0.42

Consolidated statement of comprehensive income

EUR thousands	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Profit for the period	**5,879**	**3,143**	**18,925**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation differences	-1,947	-17,234	11,632
Other comprehensive income for the year, net of tax	-1,947	-17,234	11,632
Total comprehensive income for the period	**3,933**	**-14,091**	**30,557**
Attributable to:			
Owners of the parent company	3,865	-14,091	30,557
Non-controlling interests	68	-	-
	3,933	**-14,091**	**30,557**

Consolidated balance sheet

EUR thousands	31 March 2021	31 March 2020	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	566,616	438,120	528,631
Goodwill	268,463	162,500	230,210
Other intangible assets	53,308	23,512	29,550
Investments in joint ventures and associated companies	3,870	1,160	1,295
Deferred tax assets	5,094	7,290	5,081
Finance lease receivables	4,500	3,560	3,725
Loan receivables	466	208	154
Other receivables	13,905	746	13,605
Total non-current assets	**916,223**	**637,095**	**812,251**
Current assets			
Inventories	6,524	4,599	7,243
Finance lease receivables	3,191	4,208	2,698
Trade and other receivables	53,266	56,883	49,820
Income tax receivables	767	3,229	585
Derivative financial instruments	1,191	1,908	810
Cash and cash equivalents	50,662	4,983	54,804
Total current assets	**115,602**	**75,810**	**115,960**
TOTAL ASSETS	**1.031,824**	**712,906**	**928,211**
EQUITY AND LIABILITIES			
Total equity attributable to owners of the parent	262,084	176,074	258,068
Non-controlling interests	555	-	-
Total equity	**262,638**	**176,074**	**258,068**
Non-current liabilities			
Borrowings	576,179	410,469	489,042
Deferred tax liabilities	54,668	45,285	50,473
Derivative financial instruments	319	-	474
Provisions	896	249	1,258
Other liabilities	21,968	617	15,964
Total non-current liabilities	**654,030**	**456,619**	**557,212**
Current liabilities			
Borrowings	15,373	1,430	7,097
Trade and other payables	92,027	73,302	94,635
Income tax liabilities	6,884	5,416	8,766
Derivative financial instruments	873	64	2,434
Total current liabilities	**115,156**	**80,212**	**112,932**
Total liabilities	**769,186**	**536,832**	**670,143**
TOTAL EQUITY AND LIABILITIES	**1.031,824**	**712,906**	**928,211**

Consolidated statement of cash flows

EUR thousands	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Cash flow from operating activities			
Profit before taxes	7,793	5,877	26,626
Adjustments			
Depreciation, amortisation and impairment	14 ,119	10,787	46,603
Share of profit of joint ventures and associated companies	215	9	-5
Other non-cash adjustments	125	901	62
Net gain on sale of property, plant and equipment	-79	-573	-1,915
Share-based payments	31	22	17
Finance costs, net	2,648	3,591	10,154
Cash generated from operations before changes in working capital	24,853	20,614	81,541
Change in working capital			
Change in inventories	646	-2,213	-1,773
Change in trade and other receivables	3,197	10,493	23,778
Change in trade and other payables	-9,115	-13,778	-16,793
Change in working capital	-5,271	-5,498	5,212
Change in finance lease receivables	228	12	3,477
Cash generated from operations before financial items and tax	19,810	15,128	90,230
Interest paid	-836	-3,666	-11,953
Interest received	108	3	70
Other financial items, net	-1,010	2,886	2,075
Income taxes paid	-5,558	-1,208	-2,531
Net cash inflow from operating activities	**12,515**	**13,144**	**77,891**
Cash flow from investing activities			
Payments for property, plant and equipment	-13,836	-11,579	-69,959
Payments for intangible assets	-	-652	-1,514
Proceeds from sale of property, plant and equipment and intangible assets	2,884	1,544	7,407
Repayment of loan receivable from joint venture	-	-	72
Acquisition of subsidiaries and business operations, net of cash acquired	-53,176	-	-56,427
Net cash (outflow) from investing activities	**-64,127**	**-10,687**	**-120,422**
Cash flow from financing activities			
Proceeds from bank loans	50,000	-	461,075
Repayment of bank loans	-1,055	-	-400,354
Change in other current borrowings	547	-	-
Payments of lease liabilities	-2,356	-1,185	-4,238
Share issue	-	-	37,469
Purchase of treasury shares	-	-	-376
Net cash inflow from financing activities	**47,135**	**-1,185**	**93,576**
Change in cash and cash equivalents	-4,478	1,272	51,045
Cash and cash equivalents at beginning of period	54,804	3,760	3,760
Exchange differences	336	-49	-1
Cash and cash equivalents at end of period	**50,662**	**4,983**	**54,804**

Notes to the condensed first quarter financial information

1. Background and basis of preparation

The condensed first quarter financial information is based on the actual consolidated figures and is presented in thousands of euros except when otherwise indicated. Rounding differences may occur.

This condensed financial information has been prepared applying the same accounting policies, critical accounting estimates and judgements as in the audited consolidated financial statements as at and for the year ended 2020, except for the following change applied from the 1 January 2021:

Adapteo has adopted a new service model for its rental business. Earlier the components of assembly, rental and disassembly have been considered as separate performance obligations of Adapteo towards its customers. According to the applied new service model, all these components together are considered as one service of Adapteo to its customers. Consequently, according to the new service model and one deliverable consideration, the revenue for the whole rental services is recognised on a straight-line basis over the rental period according to IFRS 16. In addition, all assembly and disassembly related costs for the rental services are recognised during the lease term. The disassembly costs are considered as restoration costs, capitalised as part of buildings and depreciated according to IAS 16 and an associated provision for the disassembly costs is recognised according to IAS 37.

The new service model is applied for the first time for the financial period starting at 1 January 2021 as Adapteo enters into new agreements with its customers. As the implementation of the new service model is gradual, the impact of the service model change is not material for sales or earnings reported for the first quarter of 2021.

This condensed first quarter financial information is unaudited.

2. Covid–19 financial impacts

The first quarter of 2021 still saw Adapteo's customers being affected by the effects of the covid-19 pandemic. In overall, all Adapteo's business units have had negative effects but that the impact on sales and earnings have not been significant. This reflects the resilience of Adapteo's business model with long-term rental contracts and the underlying demand, especially in the public sector, for adaptable buildings.

Since the outbreak of the covid-19 pandemic in Northern Europe in March 2020, Adapteo is monitoring its impact on markets, employees and business processes. Continuity plans are continuously reviewed, processes are optimised, and every activity is evaluated from a cost and risk perspective to mitigate the negative financial effects associated with the outbreak of covid-19 in the best possible way.

Adapteo makes financial forecasts on a monthly basis for all of its cash-generating units. These forecasts have not resulted in any asset impairments being identified. Nor have cashflow projections for the Group resulted in any doubt about the Group's ability to meet its future payment obligations.

Adapteo is consistent in its enterprise risk management with risk identification, risk assessment, risk management, risk monitoring and risk reporting. Further information on risks and risk management can be found in Annual Report 2020 or at www.adapteogroup.com.

3. Business area information

Adapteo offers rental of premium adaptable buildings and rental related services and sells new adaptable buildings. Adapteo's operations and profitability is reported as two operating segments, Business Area Rental Space and Business Area Permanent Space, which is consistent with the internal reporting and the way that operative decisions related allocation of resources and assessment of performance have been made by the Adapteo's group management team as Adapteo's chief operating decision maker. Adapteo has not aggregated its operating segments.

Adapteo reports its business area results using EBITDA and comparable EBITDA as the main operating measures. Business Area Rental Space includes the rental of adaptable buildings as well as the provision of assembly and other services. Business Area Permanent Space includes sales and long-term leasing of adaptable buildings.

The information below summarises financial information for both business areas:

EUR thousands	Rental Space	Permanent Space	Group functions	Eliminations	Group total
Jan–Mar 2021					
Net sales by business area					
Rental sales	36,392	2,588	-	-	38,979
Assembly and other services	14,057	509	-	-	14,566
Sales, new buildings	1,263	13,349	-	-	14,611
Total external net sales	**51,712**	**16,445**	**-**	**-**	**68,157**
Inter-segment sales	48	476	-	-525	-
Net sales	**51,760**	**16,922**	**-**	**-525**	**68,157**
Comparable EBITDA	**25,122**	**1,264**	**-361**	**-60**	**25,966**
Total items affecting comparability	200	-	-1,605	-	-1,405
EBITDA	**25,322**	**1,264**	**-1,966**	**-60**	**24,561**
Depreciation, amortisation and impairment					-14,119
Operating profit (EBIT)					**10,441**

EUR thousands	Rental Space	Permanent Space	Group functions	Eliminations	Group total
Jan–Mar 2020					
Net sales by business area					
Rental sales	31,081	429	-	-	31,510
Assembly and other services	8,773	310	-	-	9,083
Sales, new buildings	1,392	7,097	-	-	8,489
Total external net sales	**41,246**	**7,836**	**-**	**-**	**49,082**
Inter-segment sales	21	3,746	-	-3,767	-
Net sales	**41,267**	**11,583**	**-**	**-3,767**	**49,082**
Comparable EBITDA	**21,285**	**166**	**-912**	**-130**	**20,409**
Total items affecting comparability	-	-	-154	-	-154
EBITDA	**21,285**	**166**	**-1,066**	**-130**	**20,255**
Depreciation, amortisation and impairment					-10,787
Operating profit (EBIT)					**9,468**

EUR thousands	Rental Space	Permanent Space	Group functions	Eliminations	Group total
Full Year 2020					
Net sales by business area					
Rental sales	130,292	2,767	-	-	133,059
Assembly and other services	54,298	4,279	-	-	58,578
Sales, new buildings	1,666	38,048	-	-	39,714
Total external net sales	**186,256**	**45,094**	-	-	**231,351**
Inter-segment sales	96	11,528	-	-11,624	-
Net sales	**186,352**	**56,622**	-	**-11,624**	**231,351**
Comparable EBITDA	**91,265**	**943**	**-3,819**	**-129**	**88,262**
Total items affecting comparability	-403	-911	-3,564	-	-4,878
EBITDA	**90,862**	**33**	**-7,383**	**-129**	**83,383**
Depreciation, amortisation and impairment					-46,603
Operating profit (EBIT)					**36,780**

4. Acquisition of Stord Innkvartering AS

On 9 December 2020, Adapteo entered into an agreement with LT Finans AS, Bjørgvind Stord AS, AGU AS and Boligpartner Finans AS to acquire 100% of the shares in Stord Innkvartering AS (together with its Group companies "Stord"). The acquisition was closed on 29 January 2021.

The acquisition allows Adapteo to widen its operations in Norway and access the complementary service offering and expanding to new customer segments in Norway.

Stord operates across Norway within adaptable buildings including accommodation buildings, offices and canteens. A majority of Stord's customers are public-sector and other infrastructure. Stord has an estimated market share of 10–15 per cent of the adaptable building market in Norway.

The provisional purchase consideration is EUR 75.7 million (NOK 782.5 million) of which EUR 65.4 million (NOK 676.6 million) was paid in cash at the closing. The present value of the contingent component (earn-out) of the purchase price is EUR 10.2 million and it has been recognised as a liability in the consolidated balance sheet. The contingent consideration is linked to the statutory EBITDA before Leasing Cost in 2020, 2021 and 2022. The earn-out can result in payment ranging from nil to EUR 10.2 million (NOK 106.0 million) in total.

Purchase consideration:

EUR thousands	
Purchase price paid at closing	65,413
Contingent consideration	10,245
Purchase consideration	**75,657**

EUR thousands	Opening balance sheet
ASSETS	
Non-current assets	
Property, plant and equipment	1,005
RoU assets	42,089
Other intangible assets	24,603
Investments in joint ventures and associated companies	2,775
Finance lease receivables	990
Loan receivables	300
Other receivables	174
Total non-current assets	**71,937**

Current assets	
Finance lease receivables	461
Trade and other receivables	6,742
Cash and cash equivalents	11,398
Total current assets	**18,601**
TOTAL ASSETS	**90,538**
LIABILITIES	
Non-current liabilities	
Borrowings	2,519
Lease liabilities	35,419
Deferred tax liabilities	5,292
Total non-current liabilities	**43,230**
Current liabilities	
Borrowings	6
Lease liabilities	7,505
Trade and other payables	2,490
Income tax liabilities	1,207
Total current liabilities	**11,208**
TOTAL LIABILITIES	**54,439**
Net assets	**36,099**
Purchase consideration	**75,657**
Non-controlling interest	**488**
Goodwill	**40,046**

The table below represents details of the outflow of cash to acquire Stord:

EUR thousands	
Cash consideration at closing	65,413
Acquired cash and cash equivalents	-11,398
Total	**54,015**

The fair value of acquired identifiable intangible assets at the date of acquisition was EUR 24.6 million comprising of customer relationships which was assigned a remaining useful life of 15 years. The gross value of the acquired trade and other receivables was EUR 6.8 million, of which EUR 6.7 million is considered to be collectable. Residual goodwill (provisional) amounts to EUR 40.0 million. Goodwill is not tax-deductible. The goodwill consists of access to larger market in Norway and access to new customer segments and expected future profits.

Of the total acquisition related costs of EUR 1.2 million, EUR 0.4 million is included in other operating expenses in the consolidated income statement 2020 and EUR 0.7 million in other operating expenses in the income statement for the three months period ended 31 March 2021.

The acquired businesses of Stord contributed to Adapteo’s net sales of EUR 3.5 million and operating profit of EUR 1.2 million for the period from 29 January to 31 March 2021.

Adapteo’s net sales in Q1 2021 would have been EUR 69.7 million and operating profit EUR 11.0 million if the acquisition had been completed on 1 January 2021.

Appendix 1 – Reconciliation of certain key figures

Specification of Items affecting comparability	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
EUR thousands			
Items affecting comparability			
Costs related to the listing	171	124	606
Acquisition and integration related expenses	909	-	2,772
Restructuring costs	325	30	1,500
Items affecting comparability in operating profit (EBIT)	**1,405**	**154**	**4,878**
Total items affecting comparability	**1,405**	**154**	**4,878**

Reconciliation of Comparable EBITDA	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
EUR thousands			
Operating profit (EBIT)	10,441	9,468	36,780
Depreciation, amortisation and impairment	14,119	10,787	46,603
EBITDA	**24,561**	**20,255**	**83,383**
Items affecting comparability in EBIT	1,405	154	4,878
Comparable EBITDA	**25,966**	**20,409**	**88,262**

Reconciliation of Comparable EBITA	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
EUR thousands			
Operating profit (EBIT)	10,441	9,468	36,780
Amortisation of intangible assets resulting from acquisitions	1,048	668	2,708
EBITA	**11,489**	**10,136**	**39,488**
Items affecting comparability in EBIT	1,405	154	4,878
Comparable EBITA	**12,895**	**10,290**	**44,366**

Calculation of Earnings per share	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Profit for the period attributable to the owners of the parent company, EUR thousands	5,831	3,143	18,925
Average number of shares, pcs	49,086,726	44,682,697	44,904,000
Earnings per share, EUR	**0.12**	**0.07**	**0.42**

Reconciliation of Comparable earnings per share	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
EUR thousands or as indicated			
Profit for the period attributable to the owners of the parent company	5,831	3,143	18,925
Total items affecting comparability	1,405	154	4,878
Related income tax impact	-285	-31	-997
Comparable profit for the period	**6,951**	**3,266**	**22,806**
Average number of shares, pcs	49,089,726	44,682,697	44,904,000
Comparable earnings per share, EUR	**0.14**	**0.07**	**0.51**

Reconciliation of Net debt / Comparable EBITDA	31 Mar 2021	31 Mar 2020	31 Dec 2020
EUR thousands or as indicated			
Net debt	532,732	398,940	434,758
Comparable EBITDA, last 12 months	93,818	86,504	88,262
Net debt / Comparable EBITDA	**5.7**	**4.6**	**4.9**

Reconciliation of Operative ROCE	31 Mar 2021	31 Mar 2020	31 Dec 2020
EUR thousands or as indicated			
Net working capital	-41,196	-11,941	-41,189
Property plant and equipment	566,616	438,120	528,631
Investments in joint ventures and associated companies	3,870	1,160	1,295
Operative capital employed total	**529,291**	**427,339**	**488,737**
Comparable EBITA, last 12 months	46,971	34,787	44,366
Operative ROCE, %	**8.9**	**8.1**	**9.1**

Reconciliation of Operating cash flow before new building capex	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
EUR thousands			
Comparable EBITDA	25,966	20,409	88,262
Change in net working capital	-5,271	-5,498	5,212
Building upgrade capex	-2,230	-1,795	-14,575
Other capex	-285	-843	-2,470
Operating cash flow before new building capex	**18,180**	**12,273**	**76,429**
New building capex	-12,105	-8,987	-55,803
Operating cash flow after gross capex	**6,075**	**3,286**	**20,626**
Disposals	1,616	965	6,568
Operating cash flow after net capex	**7,691**	**4,251**	**27,194**

Cash conversion before new building capex	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
EUR thousands			
Operating cash flow before new building capex	18,180	12,273	76,429
Comparable EBITDA	25,966	20,409	88,262
Cash conversion before new building capex, %	**70.0**	**60.1**	**86.6**

Reconciliation of Building portfolio capex	Jan–Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Full Year 2020
EUR millions					
Net fleet capex with old calculation method	9.8	20.8	15.7	17.5	63.8
Disposals	1.0	0.8	0.4	4.4	6.6
Building portfolio capex	**10.8**	**21.6**	**16.1**	**21.9**	**70.4**

Reconciliation of Comparable EBITDA, pro forma	Jan–Mar 2021
EUR thousands	
Operating profit (EBIT)	10,959
Depreciation, amortisation and impairment	14,641
EBITDA	**25,599**
Items affecting comparability in EBIT	1,405
Comparable EBITDA	**27,005**

Appendix 2 – Calculation of key figures

Key figure	Definition	Reason for the use
Net sales growth in constant currency	Net sales growth between financial years in reporting period's foreign exchange rates	Net sales growth in constant currency presents the development of Adapteo's net sales excluding the effect of foreign exchange rate fluctuations.
Rental sales growth in constant currency	Rental sales growth between financial years in reporting period's foreign exchange rates	Rental sales growth in constant currency presents the development of Adapteo's rental sales excluding the effect of foreign exchange rate fluctuations.
Operating profit (EBIT)[1]	Operating profit (EBIT) as presented in the consolidated income statement	Operating profit (EBIT) shows result generated by the operating activities.
EBITDA[1]	Operating profit (EBIT) + depreciation, amortisation and impairment	EBITDA is the indicator to measure the performance of Adapteo. EBITDA also provides a proxy for cash flow generated by operations.
Comparable EBITDA[1]	EBITDA + items affecting comparability	Comparable EBITDA is presented in addition to EBITDA to reflect the underlying business performance and to enhance comparability from period to period. The Company believes that this comparable performance measure provides meaningful supplemental information by excluding items outside normal business, which reduce comparability between the periods. Additionally, comparable EBITDA is one of Adapteo's long-term financial targets.
Items affecting comparability	Material items outside ordinary course of business, such as costs related to the listing, acquisition and integration related expenses, restructuring expenses including redundancy payments, impairment losses on goodwill and intangible assets recognised in business acquisitions, and gains and losses on business disposals.	
Comparable EBITA[1]	Operating profit (EBIT) + amortisation and impairment on intangible assets resulting from acquisitions + items affecting comparability	
Net capex	Additions to property, plant and equipment + additions to other intangible assets - disposals of assets at net book value	Net capex presents the net amount of investments made.
Gross capex	Additions to property, plant and equipment + additions to other intangible assets	Gross capex presents the gross amount of investments made.
Building portfolio capex	Additions to rental buildings + additions to rental building accessories	Building portfolio capex presents investments into new buildings and upgrading technical quality to meet regulatory and customer requirements.
New building capex	Additions to rental buildings – capex relating to building upgrades	New building capex presents investments into new buildings.
Building upgrade capex	Additions to rental building accessories + capex relating to building upgrades	Building upgrade capex presents investments into building accessories and upgrading technical quality to meet regulatory and customer requirements.
Other capex	Additions to land, buildings, other machinery and equipment + additions to other intangible assets	Other capex presents non-operating investments.
Operating cash flow before new building capex	Comparable EBITDA +/– change in net working capital as presented in cash flow statement – building upgrade capex – other capex	Operating cash flow before new building capex indicates the amount of operational cash flow that is largely available for value creative investments, such as growing the building portfolio.
Cash conversion before new building capex	Operating cash flow before new building capex / comparable EBITDA	Cash conversion before new building capex indicates the proportion of comparable EBITDA, which remains after building upgrade capex, other

Key figure	Definition	Reason for the use
		capex and investments to working capital are accounted for.
Net debt	Non-current and current borrowings – cash and cash equivalents – loan receivables – non-current and current finance lease receivables	Net debt is an indicator to measure the total external debt financing of Adapteo.
Net debt / Comparable EBITDA	Net debt as at the balance sheet date / comparable EBITDA for the last 12 months	The ratio of net debt to comparable EBITDA helps to show financial risk level and it is a useful measure for management to monitor the company's indebtedness in relation to its earnings and is one of Adapteo's long-term financial targets.
Operative ROCE	Comparable EBITA for the last 12 months / (property, plant and equipment + investment in joint ventures and associated companies + net working capital as at the balance sheet date) Net working capital = Non-current other receivables + inventories + trade and other receivables – non-current other liabilities – non-current and current provisions – trade and other payables	Internal measure to evaluate return on capital employed and to analyse and compare different businesses and opportunities taking into account capital required. This ratio is also one of Adapteo's long-term financial targets.
Utilisation rate	Average rented building square meters during the period / total building square meters available	Utilisation rate presents how large a portion of the portfolio has on average been on rent.
Total sqm in building portfolio		Total square meters in building portfolio is a useful indicator to monitor the size of the rental building portfolio.
Earnings per share	Profit for the period attributable to the owners of the parent company / average number of Adapteo's outstanding shares	
Comparable earnings per share	Profit for the period attributable to the owners of the parent company excluding items affecting comparability, net of taxes / average number of Adapteo's outstanding shares	

[1] Corresponding margin has been calculated by dividing the measure with net sales

Adapteo.