

BUSINESS REVIEW

January–March 2020

Adapteo is a leading Northern European company for adaptable buildings. We offer premium solutions to schools, daycare centres, offices, accommodation and events for temporary and permanent needs.

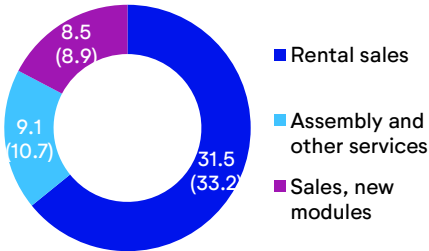
Adapteo.

Resilient business model with long-term contracts

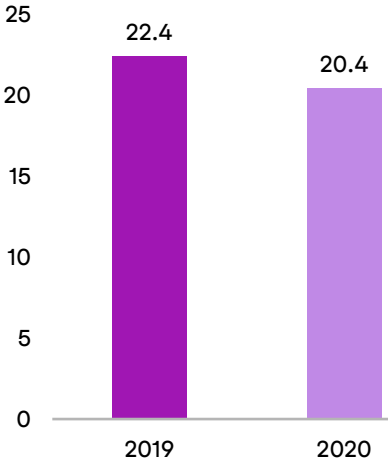
January–March 2020

- Rental sales amounted to EUR 31.5 (33.2) million. In constant currencies, Rental sales decreased by 4%.
- Net sales amounted to EUR 49.1 (52.8) million. In constant currencies, Net sales decreased by 6%.
- Comparable EBITDA was EUR 20.4 (22.4) million, down by 9%. Comparable EBITDA margin was 41.6% (42.5).
- Operating profit (EBIT) increased to EUR 9.5 (7.0) million, corresponding to 19.3% (13.2%) of Net sales. Operating profit (EBIT) included items affecting comparability of EUR 0.2 (5.1) million.
- Operative return on capital employed (ROCE) was 8.1% (8.5% on 31 December 2019)
- Net debt to comparable EBITDA was 4.6x.
- Operating cash flow before growth capex was EUR 7.9 (24.3) million.
- Growth capex was EUR 3.6 (10.5) million.
- Cash and cash equivalents amounted to EUR 5.0 million (3.8 million on 31 December 2019) and the EUR 100 million revolving credit facility was fully undrawn.
- Earnings per share was EUR 0.07 (0.09).

Net sales
Jan–Mar 2020, EUR million



Comparable EBITDA
Jan–Mar 2020, EUR million



Significant events during the first quarter

Adapteo has received an order from Ingka Services AB for office space to be located between the global support function office, Hubhult, and the IKEA Malmö store.

Adapteo has signed an agreement with Laholm municipality for an elderly care solution. It has been co-developed with the customer by using the Rymd range in an innovative manner.

Since the outbreak of the COVID-19 pandemic, Adapteo has seen a decrease in demand from the event

business and other projects with short rental periods. There have also been delays, and thus lower demand, for offices in the private sector as expansion plans have been postponed. The core business, social infrastructure, is more resilient.

Adapteo has delivered several temporary adaptable building solutions for regional hospitals and care providers. The buildings are being used as screening areas for COVID-19 testing of patients, administration, and accommodation facilities for medical workers.

Key figures

Adapteo has during 2019 presented certain KPIs and other financial information for 2019 and 2018 on a pro forma basis to illustrate the impacts of the formation of Adapteo on 30 June 2019 through a demerger and related refinancing as well as the impacts of acquisition of Nordic Modular Group

completed on 31 October 2018. Since the pro forma impacts for 2019 figures are not material, all KPIs and financial information for comparative year 2019 have been presented in this report as actual/carve-out financial information, unless otherwise stated.

EUR millions or as indicated	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Net sales	49.1	52.8	216.2
Net sales growth in constant currency, % ¹	-5.7	1.4	-0.2
Rental sales	31.5	33.2	132.7
Rental sales growth in constant currency, % ¹	-3.6	10.1	4.6
Comparable EBITDA	20.4	22.4	88.5
Comparable EBITDA margin, %	41.6	42.5	40.9
EBITDA	20.3	17.3	76.1
EBITDA margin, %	41.3	32.8	35.2
Comparable EBITA	10.3	12.7	37.2
Comparable EBITA margin, %	21.0	24.1	17.2
Comparable operating profit (EBIT)	9.6	12.1	34.6
Comparable operating profit (EBIT) margin, %	19.6	22.8	16.0
Operating profit (EBIT)	9.5	7.0	22.1
Operating profit (EBIT) margin, %	19.3	13.2	10.2
Profit for the period ²	3.1	4.0	8.4
Earnings per share, EUR	0.07	0.09	0.19
Comparable earnings per share, EUR ²	0.07	0.18	0.60
Net debt/comparable EBITDA	4.6	4.1 ³	4.5
Operative ROCE, %	8.1	11.8 ⁴	8.5
Operating cash flow before growth capex	7.9	24.3	65.7
Cash conversion before growth capex, %	38.6	108.5	74.2
Growth capex	3.6	10.5	29.1
Total sqm in building portfolio	1,014,340	983,570	1,009,986
Utilisation rate, %	80.1	85.5	84.4
Average rent per sqm (€/year)	155.2	159.0 ⁵	158.7

¹ Sales information used in the calculation for comparison period 2018 takes into account the pro forma impact of NMG acquisition.

² On a pro forma basis profit for the period and comparable earnings per share were EUR 4.1 million and EUR 0.18 for Jan-Mar 2019 and EUR 8.6 million and EUR 0.61 for full year 2019. More information on pro forma information has been presented in the Appendix 2 to the Financial Statement Release published on 14 February 2020, available on the company's website.

³ Annualised, Jan-Mar 2019 comparable EBITDA multiplied by four.

⁴ Annualised, Jan-Mar 2019 comparable EBITA multiplied by four.

⁵ Annualised, Jan-Mar 2019 rental revenue multiplied by four.

CEO Comments

Resilient business model with long-term contracts



Adapteo's Net sales decreased by 6% in local currencies to EUR 49.1 million during the first quarter compared to previous year. Comparable EBITDA amounted to EUR 20.4 million, a decrease by 9%, corresponding to a margin of 41.6%. The financial performance during the first two months in the quarter was in line with previous year and with noticeable lower market activity in March, as a result of the ongoing global pandemic. At the end of the first quarter, we saw a negative impact on new orders and earnings, specifically in the segments with shorter rental periods, such as the event business and camps. There was also lower demand for offices in the private sector, where customers expansion plans have been postponed or cancelled. Within our core business of social infrastructure, the customers' decision-making processes have been slower than expected.

Adapteo has a resilient business model with the ability to generate income even in times of a global crisis. Despite the lower order intake during the period, the financial performance was supported by our long contracts and customer relations together with targeted cost savings and continuously reviewed continuity plans. At the same time, our liquidity and funding position is healthy, making Adapteo well equipped to handle a short-term downturn.

Adapting our offering to current needs

The COVID-19 outbreak has impacted the market demand, making hospitals and care facilities increasing in demand and, to some extent, compensating for the decrease in other segments. Adapteo has quickly adapted to this new demand picture by an increased focus on the care sector, where smaller projects have been delivered at speed in Denmark, Germany, and

Sweden. The buildings are to be used for screening, isolation, care, and accommodation. As a recognised partner in the development of social welfare, Adapteo feels a responsibility to help and contribute to this extraordinary situation where the whole society needs additional care.

Future-proofing the society with adaptability and circularity

The COVID-19 outbreak shows that social infrastructure solutions need to become more adaptable to handle the rapid shifts in the society, where demand has shifted within weeks recently. At Adapteo, we can build, transform, repurpose, scale up, and scale down in a matter of weeks, ensuring that the buildings can be used during several rental rounds and serve different purposes depending on the customers' needs. The buildings can be rented, leased or bought to function, for example, as a daycare centre or hospital facility. When they are no longer needed, they are refurbished and rented out again and again, in the same or different function. Some of our very first units are still in use after 30 years, and we continue to design our solutions to maximise value and minimise environmental impact.

Concentration of inhouse production for increased efficiency

As part of the Group's strategy to increase its efficiency and capacity utilisation, Adapteo intends to close the production facility in Gråbo, Sweden, and concentrate the production to the factory in Anneberg, Sweden. The planned closing of the Gråbo factory is expected to give synergies that will lead to higher efficiency and increased capacity utilisation as well as reduced maintenance and capital expenditure. The total cost of the close-down is estimated not to exceed EUR 1.0 million.

The escalation of COVID-19 has affected Adapteo in the first quarter of 2020, and the total effects of the pandemic cannot be quantified today. However, we have a leading position in Northern Europe, built on a solid platform with a resilient business model with a substantial part of revenues from long-term contracts with public sector customers, and a strong liquidity and funding position. It makes us well-equipped to handle a short-term downturn and adapt to the new conditions while maintaining, or even strengthening, our competitiveness.

Philip Isell Lind af Hageby
President and CEO

Group performance

Net sales

EUR millions	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
Rental sales	31.5	33.2	132.7
Assembly and other services	9.1	10.7	55.8
Sales, new modules	8.5	8.9	27.7
Total	49.1	52.8	216.2

January–March 2020

Adapteo's Net sales for January–March decreased to EUR 49.1 (52.8) million. In constant currencies, Net sales decreased by 6% compared to the corresponding period last year. Rental sales decreased by 4% in constant currencies.

In all countries, business climate was not negatively affected by COVID-19 in January–February, whereas there were significant effects in March. Public sector demand over the whole first quarter has been fairly stable, with postponed processes seen in some markets

towards the end of the quarter. In March, private sector demand stalled and the event business halted. External demand continued to develop positively for Business Area Rental Space, whereas internal demand for new modules from the Gråbo factory slowed.

Utilisation rate of the total fleet decreased to 80% during the period and average rent per square meter declined from EUR 159 in 2019 to EUR 155.

Result

January–March 2020

Adapteo's comparable EBITDA for January–March decreased by 9% to EUR 20.4 (22.4) million. The comparable EBITDA margin decreased to 41.6% (42.5%). Rental business in Sweden and Finland contributed positively while rental business in Denmark and Germany, as well as Business Area Permanent Space, showed a negative development.

The depreciation, amortisation and impairment on property, plant and equipment and intangibles totalled EUR 10.8 (10.4) million during January–March. Amortisation resulting from acquisitions was EUR 0.7 (0.7) million during January–March.

Operating profit (EBIT) amounted to EUR 9.5 (7.0) million. Operating profit (EBIT) included items affecting

comparability of EUR 0.2 (5.1) million. During the comparison period, items affecting comparability included costs regarding the listing of Adapteo of EUR 3.0 million, NMG acquisition related expenses of EUR 0.5 million and restructuring costs EUR 1.7 million.

Net financial expenses were EUR -3.6 (-1.9) million. The increase was mainly as a result of the negative net foreign exchange rate impact from cash equivalents, interest-bearing assets and liabilities, and related foreign currency hedges. January–March profit before taxes totalled EUR 5.9 (5.0) million and profit for the period was EUR 3.1 (4.0) million. Earnings per share was EUR 0.07 (0.09).

Capital expenditure

Adapteo's January–March net capex totalled EUR 10.7 (16.5) million, of which EUR 3.6 (10.5) million was growth capex on new modules. Capital expenditure decreased

due to a high fleet standard at the start of the year and due to the uncertain market conditions towards the end of the quarter.

Cash flow, financing and balance sheet

In January–March, net cash flow from operating activities decreased to EUR 13.1 (24.8) million. Operating cash flow before growth capex totalled EUR 7.9 (24.3) million. Net working capital increased during the period by EUR 5.5 million due to decreased accounts payable. Net cash flow used for capital expenditure amounted to EUR 10.7 (17.9) million.

On 31 March 2020, total borrowings were EUR 411.9 million (on 31 December 2019 EUR 412.1 million). Net

debt totalled EUR 398.9 million (on 31 December 2019 EUR 399.8 million). Net debt to comparable EBITDA was 4.6x.

Adapteo has a EUR 500 million loan agreement of which EUR 400 million is a term loan and EUR 100 million is a revolving credit facility. The loan agreement contains financial covenants. The EUR 400 million term loan was drawn on 1 July 2019. Adapteo's liquidity and funding position is good. At the end of the period, the

EUR 100 million revolving credit facility was fully undrawn. Cash and cash equivalents amounted to EUR 5.0 million (on 31 December 2019 EUR 3.8 million). In addition, Adapteo has a EUR 10 million facility agreement until further notice and a SEK 98 million multi-option facility agreement, both of which were unused as of 31 March 2020.

Property, plant and equipment amounted to EUR 438.1 million (on 31 December 2019 EUR 451.1 million) of

the balance sheet total at the end of the review period. Total assets were EUR 712.9 million (on 31 December 2019 EUR 747.0 million).

Operative return on capital employed (ROCE) for January–March amounted to 8.1% (8.5% for January–December 2019). Adapteo’s long-term financial target is to have operative ROCE above 10%.

Business area performance

Adapteo has two primary business areas: Business Area Rental Space and Business Area Permanent Space. It has operations in five geographical areas: Sweden, Finland, Norway, Denmark and Germany. 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, and regional and central government bodies, as well as private sector customers such as industrial companies and private enterprises. Adapteo offers adaptable buildings primarily for social infrastructure such as schools, day care centres, and health and social care, as well as for offices, exhibitions and other temporary needs. The majority of Business Area Rental Space’s customers operate in the public sector.

EUR millions or as indicated	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
Rental sales	31.1	33.2	129.2
Assembly and other services	8.8	10.7	55.8
Sales, new modules	1.4	1.8	1.0
Total external sales	41.3	45.8	186.0
Inter-segment sales	0.0	–	–
Net sales	41.3	45.8	186.0
Comparable EBITDA	21.3	22.7	92.3
EBITDA	21.3	21.7	91.2
Comparable EBITDA margin, %	51.6	49.5	49.7
EBITDA margin, %	51.6	47.3	49.0

Performance January–March

Business Area Rental Space’s January–March Net sales decreased by 10% to EUR 41.3 (45.8) million. Rental sales decreased by 6%, and revenue from assembly and other services decreased by 18%.

In Sweden, assembly revenue saw a negative impact from the low market activity in late 2019. During Q1 2020, public sector tender activity has grown modestly while private sector demand has stalled. Competition on price has increased.

In Finland, overall market activity during the whole quarter decreased significantly compared to last year. Towards the end of the quarter, the public sector saw many processes being pushed out in time and private sector activity stalled. Also Finland saw increased price competition.

Public sector activity in Denmark was slightly lower in Q1. Towards the end of the quarter there was a

significant downturn for workers’ accommodation as large infrastructure projects came to a standstill.

In Norway public sector activity was good but towards the end of the quarter many tender awards were postponed. Public tender activity in Germany was good during the quarter even though some processes were postponed. Private sector demand stalled in March and the event business foreseen for the first half-year will not materialize.

In Denmark, Sweden, and Finland Adapteo has received requests and orders primarily from hospitals, testing units, and accommodation solutions in order better to handle COVID-19 induced measures.

Comparable EBITDA decreased by 6% to EUR 21.3 (22.7) million driven by a decrease in assembly and rental revenue partly being compensated for by better cost efficiency. The comparable EBITDA margin increased to 51.6% (49.5%).

Business Area Permanent Space

In Business Area Permanent Space, Adapteo provides mainly tailor-made pre-fabricated adaptable buildings for sale or long-term leasing to public and private sector customers. Adapteo provides turnkey solutions, which can be considered by customers as substitutes

for buildings constructed by traditional building contractors and which are manufactured in controlled indoor facilities with a short delivery time. The adaptable buildings in this business area comply with the permanent building requirements.

EUR millions or as indicated	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Rental sales	0.4	0.0	3.5
Assembly and other services	0.3	0.0	-
Sales, new modules	7.1	7.1	26.7
External net sales	7.8	7.1	30.3
Inter-segment sales	3.7	5.6	22.2
Comparable EBITDA	0.2	1.1	1.4
EBITDA	0.2	0.5	0.8
Comparable EBITDA margin, % ¹	2.1	15.7	4.7
EBITDA margin, % ¹	2.1	7.2	2.6

¹ External sales

Performance January–March

Business Area Permanent Space's January–March external Net sales amounted to EUR 7.8 (7.1) million, an increase of 10%. The market in Sweden was favourable with increased demand within the SKR frame contract. The order book from external demand at the Anneberg factory was high at the end of the quarter. Market activity in Finland weakened during the quarter and some tender processes were postponed. As internal demand from Business Area Rental was lower towards the end of the quarter, the Gråbo factory's efficiency has been subject to review.

Comparable EBITDA decreased to EUR 0.2 (1.1) million, representing 2.1% (15.7%) of external Net sales. Profitability was negatively affected by a negative cost development in both production facilities. There is a restructuring program going on to assess the factories' full potential and to seek higher efficiency. The Anneberg factory is executing an efficiency programme to improve material flow and remove bottlenecks in production.

Personnel

At the end of the period, the number of employees in Adapteo Group was 396 (394).

COVID-19 impact on business

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

Adapteo has seen a decrease in demand from the event business and other projects with short rental

periods. There have also been delays, and thus lower demand, for offices in the private sector as expansion plans have been postponed. The core business, social infrastructure, is more resilient. However, the ongoing outbreak of COVID-19 will affect Adapteo's customers in their decision-making processes and thus the company. The total effects of this cannot be quantified today.

Significant events after the reporting period

Adapteo's Annual General Meeting (AGM) on 23 April resolved that no dividend be distributed based on the balance sheet adopted for the financial year 2019.

All current members of the Board of Directors were re-elected and Sophia Mattsson-Linnala and Ulf

Wretskog were elected as new members of the Board of Directors. All until the end of the AGM 2021.

The AGM also adopted the Remuneration Policy for the governing bodies. For further information about the AGM see adapteogroup.com.

On 23 April, the Board of Directors decided to form a Remuneration Committee with Peter Nilsson (chairman), Carina Edblad, and Andreas Philipson. The Board also decided to appoint Ulf Wretskog to member of the Audit Committee, in addition to Outi Henriksson (chairman) and Joakim Rubin.

On 27 April, Adapteo announced its intention to concentrate the own production of adaptable buildings to the Group's production facility in Anneberg, Sweden. All employees at the plant in Gråbo were given notice of termination and the production intends to close-down during the second half of 2020.

Forward looking statements

This report contains forward-looking statements that reflect the Board of Directors' and management's current views with respect to certain future events and potential financial performance. Although the Board of Directors and the management believe that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, (i) changes in economic,

market and competitive conditions, (ii) success of business and operating initiatives, (iii) changes in the regulatory environment and other government actions, (iv) fluctuations in exchange rates and (v) business risk management. This report does not imply that Adapteo has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Auditors' review

This review has not been audited by the company's auditor.

Financial calendar

- Half-yearly Report January–June 2020: 7 August
- Business Review January–September 2020: 18 November

Q1 presentation on 14 May

A conference call with a presentation for investors, analysts and media will be held at 09.00 CET on 14 May 2020. For details, please refer to www.adapteogroup.com/investors/financial-report/

Stockholm, 14 May 2020

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

Further information:

Mr Philip Isell Lind af Hageby, President and CEO, tel. +46 73 022 936
Erik Skånsberg, CFO, tel. +46 702 647 035

Distribution:

Nasdaq Stockholm
Main media
www.adapteogroup.com

Adapteo in brief

Adapteo is a leading flexible real estate company in Northern Europe. We build, rent out and sell adaptable buildings for schools, daycare centres, care, offices, accommodation and events. We know that our society will go through an immense change in the years to come. 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 and Germany. In 2019, Adapteo's Net sales were EUR 216 million.

www.adapteogroup.com

FINANCIAL INFORMATION

Condensed first quarter financial information

Consolidated income statement

EUR thousands	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Net sales	49,082	52,845	216,213
Other operating income	887	967	5,395
Materials and services	-16,990	-17,185	-78,901
Employee benefit expenses	-7,080	-9,113	-33,089
Other operating expenses	-5,634	-10,178	-33,538
Depreciation, amortisation and impairments	-10,787	-10,386	-53,954
Share of profit of joint ventures	-9	7	16
Operating profit (EBIT)	9,468	6,958	22,142
Finance income	2,635	29	3,037
Finance costs	-6,227	-1,945	-10,787
Finance costs, net	-3,591	-1,916	-7,750
Profit before taxes	5,877	5,042	14,392
Income taxes	-2,734	-1,008	-6,001
Profit for the period	3,143	4,034	8,392
Attributable to owners of the parent	3,143	4,034	8,392
Earnings per share, basic, EUR	0.07	0.09	0.19
Earnings per share, diluted, EUR ¹	0.07	0.09	0.19

¹ Calculated using the number of Adapteo's shares issued as demerger consideration of 44,682,697 for all periods presented prior to the demerger.

Consolidated statement of comprehensive income

EUR thousands	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Profit for the period	3,143	4,034	8,392
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation differences	-17,234	-2,099	-3,814
Other comprehensive income for the year, net of tax	-17,234	-2,099	-3,814
Total comprehensive income for the period	-14,091	1,935	4,578
Attributable to owners of the parent	-14,091	1,935	4,578

Consolidated balance sheet

EUR thousands	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS			
Non-current assets			
Property, plant and equipment	438,120	442,092	451,057
Goodwill	162,500	171,740	171,019
Other intangible assets	23,512	27,242	24,858
Investments in joint ventures	1,160	1,236	1,239
Deferred tax assets	7,290	3,514	7,414
Finance lease receivables	3,560	5,256	3,919
Loan receivables	208	221	220
Other receivables	746	368	746
Total non-current assets	637,095	651,668	660,471
Current assets			
Inventories	4,599	7,086	4,372
Finance lease receivables	4,208	5,233	4,314
Trade and other receivables	56,883	53,687	70,707
Income tax receivables	3,229	3,083	3,181
Derivative financial instruments	1,908	-	201
Cash and cash equivalents	4,983	3,282	3,760
Total current assets	75,810	72,370	86,537
TOTAL ASSETS	712,906	724,039	747,008
EQUITY AND LIABILITIES			
Total equity	176,074	221,273	190,186
Non-current liabilities			
Borrowings	410,469	363,222	410,488
Deferred tax liabilities	45,285	43,861	48,025
Provisions	249	49	263
Pension liabilities	-	110	-
Other liabilities	617	-	406
Total non-current liabilities	456,619	407,242	459,182
Current liabilities			
Borrowings	1,430	19,828	1,564
Trade and other payables	73,302	73,357	91,828
Income tax liabilities	5,416	2,035	3,530
Derivative financial instruments	64	-	718
Provisions	-	305	-
Total current liabilities	80,212	95,524	97,639
Total liabilities	536,832	502,766	556,822
TOTAL EQUITY AND LIABILITIES	712,906	724,039	747,008

Consolidated statement of cash flows

EUR thousands	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Cash flow from operating activities			
Profit before taxes	5,877	5,042	14,392
Adjustments:			
<i>Depreciation, amortisation and impairment</i>	10,787	10,386	53,953
<i>Share of profit of joint ventures</i>	9	-7	-16
<i>Other non-cash adjustments</i>	901	-349	-669
<i>Net gain on sale of property, plant and equipment</i>	-573	-138	-3,290
<i>Share-based payments</i>	22	105	342
<i>Finance costs, net</i>	3,591	1,916	7,750
Cash generated from operations before changes in working capital	20,614	16,954	72,486
Change in working capital			
<i>Change in inventories</i>	-2,213	-320	2,342
<i>Change in trade and other receivables</i>	10,493	1,531	-16,083
<i>Change in trade and other payables</i>	-13,778	6,888	30,973
Change in working capital	-5,498	8,099	17,232
Change in finance lease receivables	12	85	2,271
Cash generated from operations before financial items and tax	15,128	25,139	91,989
Interest paid	-3,666	-783	-6,677
Interest received	3	11	411
Other financial items, net	2,886	1,761	-2,983
Income taxes paid	-1,208	-1,350	-2,614
Net cash inflow from operating activities	13,144	24,777	80,126
Cash flow from investing activities			
Payments for property, plant and equipment	-11,579	-18,615	-76,604
Payments for intangible assets	-652	-343	-424
Proceeds from sale of property, plant and equipment and intangible assets	1,544	1,790	12,392
Acquisition of subsidiaries and business operations, net of cash acquired	-	-751	-751
Net cash (outflow) from investing activities	-10,687	-17,919	-65,386
Cash flow from financing activities			
Repayments of demerger related liabilities to Cramo Plc	-	-	-28,514
Proceeds from bank loans	-	-	453,000
Repayment of bank loans	-	-	-439,832
Change in other current borrowings	-	-5,068	-5,012
Net proceeds from/repayment of (-) in loans from Cramo Group	-	-6,049	-12,248
Lease payments	-1,185	-1,322	-3,817
Equity financing with Cramo Group, net	-	6,516	23,136
Net cash inflow from financing activities	-1,185	-5,924	-13,287
Change in cash and cash equivalents	1,272	934	1,453
Cash and cash equivalents at beginning of period	3,760	2,377	2,377
Exchange differences	-49	-30	-70
Cash and cash equivalents at end of period	4,983	3,282	3,760

Notes to the condensed first quarter financial information

1. Background

Adapteo Plc was established through the partial demerger of Cramo Plc on 30 June 2019 when all the assets, debts and liabilities belonging to Cramo's Modular Space business transferred to Adapteo Plc. Thus, Adapteo has not formed a separate legal group before 30 June 2019.

Financial information for January–March 2020 is based on the actual consolidated figures. The comparative figures for the three months period ended 31 March 2019 have been prepared on a carve-out basis from Cramo's consolidated interim financial information using the historical income and expenses, assets and liabilities and cash flows attributable to Adapteo. The consolidated financial information for the year ended 31 December 2019 is a combination of actual consolidated financial information as from the demerger date 30 June 2019 and carve-out financial information prior to the demerger date.

2. Accounting policies

The financial information for the three months period ended 31 March 2020 has been prepared in accordance with the basis of preparation and accounting policies in the Adapteo's audited consolidated financial statements for the year ended 31 December 2019. The financial information is presented in thousands of euros except when otherwise indicated. Rounding differences may occur.

This condensed first quarter financial information is unaudited.

3. COVID-19 impact on accounting

Since the outbreak of the COVID-19 pandemic in Northern Europe in early 2020, Adapteo is monitoring its impact on markets, employees and business

processes. Continuity plans are being continuously reviewed, processes are being optimised, and every activity is evaluated from a cost and risk perspective in order to mitigate the negative financial effects associated with the outbreak of COVID-19 in the best possible way.

Adapteo has seen a decrease in demand from the event business and other projects with short rental periods. There have also been delays, and thus lower demand, for offices in the private sector as expansion plans have been postponed. The core business, social infrastructure, is more resilient. However, the ongoing outbreak of COVID-19 will affect Adapteo's customers in their decision-making processes and thus the company. The total effects of this cannot be quantified today.

4. 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.

Rental Space

EUR thousands or as indicated	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
Rental sales	31,081	33,187	129,182
Assembly and other services	8,773	10,728	55,774
Sales, new modules	1,392	1,841	998
Total external net sales	41,246	45,756	185,954
Inter-segment sales	21	-	-
Net sales	41,267	45,756	185,954
Comparable EBITDA	21,285	22,657	92,342
Comparable EBITDA margin, %	51.6	49.5	49.7
Total items affecting comparability	-	-997	-1,179
EBITDA	21,285	21,660	91,163
EBITDA margin, %	51.6	47.3	49.0

Permanent Space

EUR thousands or as indicated	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Rental sales	429	25	3,546
Assembly and other services	310	1	-
Sales, new modules	7,097	7,063	26,713
Total external net sales	7,836	7,089	30,259
Inter-segment sales	3,746	5,551	22,209
Net sales	11,583	12,640	52,468
Comparable EBITDA	166	1,111	1,409
Comparable EBITDA margin, % ¹	2.1	15.7	4.7
Total items affecting comparability	-	-600	-610
EBITDA	166	511	799
EBITDA margin, %¹	2.1	7.2	2.6

¹ External sales

Group functions and eliminations

EUR thousands	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Rental sales	-	-	-
Assembly and other services	-	-	-
Sales, new modules	-	-	-
Total external net sales	-	-	-
Inter-segment sales	-3,767	-5,551	-22,209
Net sales	-3,767	-5,551	-22,209
Comparable EBITDA	-1,042	-1,332	-5,220
Total items affecting comparability	-154	-3,498	-10,646
EBITDA	-1,196	-4,827	-15,866

Group total

EUR thousands or as indicated	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
Rental sales	31,510	33,212	132,729
Assembly and other services	9,083	10,729	55,774
Sales, new modules	8,489	8,904	27,711
Net sales	49,082	52,845	216,213
Comparable EBITDA	20,409	22,436	88,531
Comparable EBITDA margin, %	41.6	42.5	40.9
Total items affecting comparability	-154	-5,092	-12,435
EBITDA	20,255	17,344	76,096
EBITDA margin, %	41.3	32.8	35.2
Depreciation, amortisations and impairments	-10,787	-10,386	-53,954
Operating profit (EBIT)	9,468	6,958	22,142

Appendix 1 – Reconciliation of certain key figures

Specification of items affecting comparability	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
EUR thousands			
Items affecting comparability			
Costs related to the listing	124	2,979	8,078
Acquisition and integration related expenses	–	456	2,278
Restructuring costs	30	1,657	2,079
Items affecting comparability in EBIT	154	5,092	12,435
Total items affecting comparability	154	5,092	12,435
Reconciliation of Comparable EBIT	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
EUR thousands			
Operating profit (EBIT)	9,468	6,958	22,142
Items affecting comparability in EBIT	154	5,092	12,435
Comparable EBIT	9,622	12,050	34,577
Reconciliation of Comparable EBITA	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
EUR thousands			
Operating profit (EBIT)	9,468	6,958	22,142
Amortisation of intangible assets resulting from acquisitions	668	670	2,639
EBITA	10,136	7,627	24,781
Items affecting comparability in EBIT	154	5,092	12,435
Comparable EBITA	10,290	12,720	37,216
Reconciliation of Comparable EBITDA	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
EUR thousands			
Operating profit (EBIT)	9,468	6,958	22,142
Depreciation, amortisation and impairments	10,787	10,386	53,954
EBITDA	20,255	17,344	76,096
Items affecting comparability in EBIT	154	5,092	12,435
Comparable EBITDA	20,409	22,436	88,531
Reconciliation of Operating cash flow before growth capex	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
EUR thousands			
Comparable EBITDA	20,409	22,436	88,531
Change in net working capital	–5,498	8,099	17,232
Maintenance capex	–6,200	–1,765	–30,256
Non–fleet capex	–843	–4,423	–9,854
Operating cash flow before growth capex	7,868	24,347	65,653
Calculation of Earnings per share	Jan–Mar 2020	Jan–Mar 2019	Full Year 2019
Profit for the period, EUR thousands	3,143	4,034	8,392
Average number of shares, pcs ¹	44,682,697	44,682,697	44,682,697
Earnings per share, EUR	0.07	0.09	0.19

¹ Number of Adapteo shares issued as demerger consideration of 44,682,697 used for all periods presented prior to the demerger.

Reconciliation of Comparable earnings per share	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
EUR thousands or as indicated			
Profit for the period	3,143	4,034	8,392
Total items affecting comparability	154	5,092	12,435
Impairment loss on property, plant and equipment	-	-	8,691
Related income tax impact	-31	-1,042	-2,514
Comparable profit for the period	3,266	8,085	27,004
Average number of shares, pcs ¹	44,682,697	44,682,697	44,682,697
Comparable earnings per share, EUR	0.07	0.18	0.60

¹Number of Adapteo shares issued as demerger consideration of 44,682,697 used for all periods presented prior to the demerger.

Calculation of Net debt	31 Mar 2020	31 Mar 2019	31 Dec 2019
EUR thousands			
Non-current			
Bank loans	398,427	209,809	398,171
Convertible loan	-	52,895	-
Loans from Cramo Group	-	86,585	-
Collateralised loan	413	-	405
Lease liabilities	11,629	13,933	11,912
Total non-current borrowings	410,469	363,222	410,488
Current			
Loans from Cramo Group	-	14,011	-
Collateralised loan	45	4,327	45
Lease liabilities	1,385	1,489	1,519
Total current borrowings	1,430	19,828	1,564
Total borrowings	411,899	383,049	412,052
Less:			
Loan receivables	-208	-221	-220
Finance lease receivables	-7,768	-10,488	-8,233
Cash and cash equivalents	-4,983	-3,282	-3,760
Net debt	398,940	369,058	399,839

Reconciliation of operative ROCE	Jan-Mar 2020	Jan-Mar 2019	Full Year 2019
EUR millions or as indicated			
Net working capital	-11.9	-12.6	-16.7
Property plant and equipment	438.1	442.1	451.1
Investments in joint ventures	1.2	1.2	1.2
Operative capital employed total	427.3	430.8	435.6
Comparable EBITA	34.8	50.9	37.2
Operative ROCE, %	8.1	11.8	8.5

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 impairments	EBITDA is the indicator to measure the performance of Adapteo. EBITDA also provides a proxy for cash flow generated by operations.
Comparable EBIT ¹	Operating profit (EBIT) + items affecting comparability	Comparable EBIT, comparable EBITA and comparable EBITDA are presented in addition to EBIT, EBITA and EBITDA to reflect the underlying business performance and to enhance comparability from period to period. The Company believes that these comparable performance measures provide 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.
Comparable EBITA ¹	Operating profit (EBIT) + amortisation and impairment on intangible assets resulting from acquisitions + items affecting comparability	
Comparable EBITDA ¹	EBITDA + items affecting comparability	
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.	
Net capex	Additions to property, plant and equipment + additions to other intangible assets – disposals of rental equipment and rental accessories at net book value	Net capex presents the net amount of investments made.
Net fleet capex	Additions to rental equipment + additions to rental accessories – disposals of rental equipment and rental accessories at net book value	Net fleet capex presents investments into new modules net of disposals.
Growth capex	Additions to rental equipment + additions to rental accessories – reinvestment capex	Growth capex distinguishes investments related to growing the rental fleet.
Maintenance capex	Reinvestment capex + capex relating to module upgrades – disposals of rental equipment and rental accessories at net book value	Maintenance capex distinguishes the portion of net investments to the fleet required to maintain the size of the fleet after disposals, as well as to maintain technical quality to meet regulatory and customer requirements.
Non-fleet capex	Additions to land, buildings, other machinery and equipment and assets under construction + additions to other intangible assets	Non-fleet capex distinguishes investments into the operating platform.
Reinvestment capex	Disposed square meters of modules multiplied by average investments in modules per square meter for the period	Capex breakdowns provide further transparency and enable better

Key figure	Definition	Reason for the use
		evaluation of company's cash flows and earnings.
Operating cash flow before growth capex	Comparable EBITDA +/- change in net working capital as presented in cash flow statement – maintenance capex – non-fleet capex	Operating cash flow before growth capex indicates the amount of operational cash flow that is largely available for value creative investments, such as growing the fleet.
Cash conversion before growth capex	Operating cash flow before growth capex / comparable EBITDA	Cash conversion before growth capex indicates the proportion of comparable EBITDA, which remains after maintenance capex, non-fleet 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 + 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 fleet during the period divided by total fleet available	Utilisation rate presents how large a portion of the fleet has on average been on rent. Utilisation rate is a useful indicator to monitor the efficiency of fleet management.
Average rent per sqm	Rental revenue / average amount of sqm's on rent	Average rent per sqm provides further transparency to the revenue generation of the company.
Number of modules	-	Number of modules is a useful indicator to monitor the size of the rental fleet.
Total sqm in building portfolio	-	Total sqm in building portfolio is a useful indicator to monitor the size of the rental portfolio.
Earnings per share	Profit for the period / average number of Adapteo's outstanding shares (number of Adapteo shares issued as a demerger consideration (44,682,697 pcs) used for all periods presented prior to the demerger date)	
Comparable earnings per share	Profit for the period excluding items affecting comparability, net of taxes and material impairment losses on	

Key figure	Definition	Reason for the use
	property, plant and equipment, net of taxes / average number of Adapteo's outstanding shares (number of Adapteo shares issued as a demerger consideration (44,682,697 pcs) used for all periods presented prior to the demerger date)	

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

Adapteo.