



# FINANCIAL STATEMENTS RELEASE 2022



ADMINISTER GROUP

Administer Plc: Financial statements release 1 January–31 December 2022

## Administer Plc: GROWTH DRIVEN BY ACQUISITIONS

*Figures in parenthesis refer to the comparison period in the previous year, unless otherwise stated.*

### July–December 2022

#### Key figures

- Net sales EUR 28.9 million (22.1), showing an increase of 30.8%. The increase was caused particularly by the corporate acquisitions made and the new customers won by payroll and HR services expert Silta Oy.
- EBITDA EUR 2,748 thousand (1,651), or 9.5% (7.5%) of the net sales. EBITDA improved in the accounting, payroll and HR services as well as in the software business.
- Operating profit EUR 621 thousand (308), or 2.2% (1.4%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -1,495 thousand (-951) in total.

### January–December 2022

#### Key figures

- Net sales EUR 52.8 million (41.9), showing an increase of 25.9%. The increase was caused particularly by the corporate acquisitions made and the new customers won by Silta.
- EBITDA EUR 3,765 thousand (2,251), or 7.1% (5.4%) of the net sales. EBITDA improved in the accounting, payroll and HR services as well as in the software business.
- Operating profit EUR 126 thousand (53), or 0.2% (0.1%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -2,542 thousand (-1,450) in total.

#### Key events in 2022

- Administer continued to implement its growth strategy by carrying out nine corporate acquisitions in 2022. The acquisitions strengthened Administer's accounting firm business in particular.
- The most significant acquisition was Econia Oy, an expert company specialised in financial and HR administration and international services, with net sales amounting to EUR 24.4 million in 2022. Econia has been consolidated into the Group from 1 November 2022 onwards.
- Silta took charge of Neste Oyj's payroll services from 1 April 2022 onwards.
- In the consulting business, legal services were launched to complement the financial leadership, HR and system services.
- In the accounting firm business, Administer launched an automatic invoicing system for additional services.

## KEY FIGURES

EUR million unless otherwise stated	7-12/ 2022	7-12/ 2021	Change, %	1-12/ 2022	1-12/ 2021	Change, %
Net sales	28.9	22.1	+30.8%	52.8	41.9	+25.9%
EBITDA	2.7	1.7	+66.5%	3.8	2.3	+67.2%
% of net sales	9.5%	7.5%		7.1%	5.4%	
Operating profit (EBITA) adjusted with amortisation of goodwill	2.1	1.3	+68.2%	2.7	1.5	+77.5%
% of net sales	7.3%	5.7%		5.1%	3.6%	
Operating profit/loss	0.6	0.3	+101.9%	0.1	0.05	+137.5%
Profit/loss before appropriations and tax	0.3	-1.4		-0.3	-1.7	
Result adjusted with amortisation of goodwill	1.4	-0.4		1.8	-0.3	
% of net sales	4.7%	-1.9%		3.5%	-0.8%	
Earnings per share (EPS)	-0.01	-0.13		-0.05	-0.17	
Return on equity (ROE), %	-1.7%	1.4%		-2.2%	-8.6%	
Equity ratio, %				48.7%	68.4%	
Debt-to-equity ratio, %				51.1%	13.4%	
Personnel on average	738	576	+28.1%	657	569	+15.5%

## CEO's review

I am quite happy with our financial performance in the second half of 2022, during which acquisitions and the new customers won by payroll and HR service expert Silta increased our net sales by more than 30 per cent. Our profitability also improved, with EBITDA increasing to EUR 2.7 million, corresponding to 9.5 per cent of the net sales. Net sales and profitability development for the entire year was in line with that of the second half of the year.

In 2022, we carried out a total of nine acquisitions. Of these, by far the most significant one and the biggest in our history was the acquisition of Econia, an expert company specialised in financial and HR administration and international services, which joined the Administer Group in November. In payroll management services, the most significant new customer relationship was the transfer of Neste Oyj's payroll management to Silta from April 2022 onwards.

The market remained quite stable in 2022, although competition for both customers and skilled workforce remained tough. The war in Ukraine did not have significant impacts on Administer's business, but the uncertainties in the global economic situation and the accelerated inflation are reflected in our operations through our client companies. However, we expect the Finnish accounting firm market to grow in the long term, offering us many opportunities.

During the second half of the year, we continued to accelerate the consulting business as planned. As part of this work, we launched legal services, which complement our service portfolio in an excellent way. In addition, we began to examine growth opportunities in the Swedish accounting firm market again.

In line with our strategy, we invested strongly in employee experience through the development of supervisory work, employee benefits and bonus programmes. Our aim is to be an attractive employer, which was positively reflected as stabilisation of staff turnover and improved personnel satisfaction during the year.

The development of customer experience was another important theme for us. We made several updates to our products and services and enhanced customer experience especially with digital solutions. Good examples of this are the fully digital debt collection service developed together with our partner to secure our customers' cash flow and the adoption of an automatic invoicing process in the accounting firm business.

In 2023, we will continue to implement and refine our strategy. I strongly believe that in the future, we can achieve growth and profitability through our key strategic themes – the best personnel, superior customer experience, advanced products and services and profitable growth. The acquisitions carried out last year, new customers won and expanded services provide us with a solid basis for reaching our targets for 2023.

Peter Aho  
CEO

## Outlook

Administer seeks to continue growth investments as well as organic and inorganic growth in 2023. Administer estimates that its net sales will be EUR 76–81 million (52.8 in 2022) and its EBITDA margin will be 7–9% (7.1 in 2022) in 2023.

## Market environment

Administer operates in the market for services and software for financial and payroll management, as well as HR and other professional services supporting the business of companies. Although the market is very defensive by nature, economic changes impact the Finnish corporate landscape in general and thereby also the customers of the financial management industry. The market environment remained rather stable also in 2022, although competition continued to be fierce. The war in Ukraine did not have a direct impact on the market, which has not, however, recovered from the fall caused by the COVID-19 pandemic to the pre-pandemic level because uncertainties in the global economic situation and the accelerated inflation were reflected in the industry by affecting client activity and service transaction volumes.

## Net sales and profitability

### *July–December 2022*

Net sales increased by 30.8% compared to the corresponding period in the previous year and were EUR 28.9 million (22.1). The increase was caused particularly by the corporate acquisitions made and the new customers won by Silta.

Personnel expenses were EUR 19.0 (14.1) million, making up 66% (64%) of the net sales. The increase of personnel expenses in euros was caused mainly by the acquisitions as well as investments in productivity growth, sales and administration in line with the growth strategy.

EBITDA was EUR 2,748 thousand (1,651), or 9.5% (7.5%) of the net sales. EBITDA improved in the accounting, payroll and HR services as well as in the software business. Acquisitions increased the EBITDA in euros.

Operating profit adjusted with amortisation of goodwill (EBITA) was EUR 2,117 thousand (1,258), making up 7.3% (5.7%) of the net sales.

Operating profit was EUR 621 thousand (308), or 2.2% (1.4%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -1,495 thousand (-951) in total.

Profit before appropriations and tax was EUR 264 thousand (-1,367) and loss for the financial period was EUR -134 thousand (-1,367). Earnings per share (EPS) were EUR -0.01 (-0.13)<sup>[1]</sup>.

#### *January–December 2022*

Net sales increased by 25.9% compared to the previous year and were EUR 52.8 million (41.9). The increase was caused particularly by the corporate acquisitions made and the new customers won by Silta.

Personnel expenses were EUR 34.9 (28.2) million, making up 66% (67%) of the net sales. The increase of personnel expenses in euros was caused mainly by the acquisitions as well as investments in productivity growth, sales and administration in line with the growth strategy.

EBITDA was EUR 3,765 thousand (2,251), or 7.1% (5.4%) of the net sales. EBITDA improved in the accounting, payroll and HR services as well as in the software business. Acquisitions increased the EBITDA in euros.

Operating profit adjusted with amortisation of goodwill (EBITA) was EUR 2,668 thousand (1,504), making up 5.1% (3.6%) of the net sales.

Operating profit was EUR 126 thousand (53), or 0.2% (0.1%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -2,542 thousand (-1,450) in total.

Loss before appropriations and tax was EUR -279 thousand (-1,744) and loss for the financial period was EUR -703 thousand (-1,792). Earnings per share (EPS) were EUR -0.05 (-0.17)<sup>[1]</sup>.

## Cash flow and financing

### *Cash flow*

In July–December 2022, cash flow from operations was EUR 2,6 million (1.3). The increase was mainly driven by the increase in EBITDA. Despite the increased sales receivables, the Group's credit losses decreased from the previous review period. Cash flow from investments was EUR -21.1 million (-1.3) and cash flow from financing EUR 11.6 million (11.6).

In January–December 2022, cash flow from operations was EUR 2,3 million (2.0), cash flow from investments EUR -22,8 million (-1.9) and cash flow from financing EUR 12,1 million (12.0). The change in cash and cash equivalents during the financial year was EUR -8.4 million (12.1). The change in cash and cash equivalents was affected especially by the acquisitions carried out and the increase in sales receivables. Acquisitions were mainly financed with the funds raised in the Initial Public Offering in December 2021. One

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<sup>1)</sup>The number of shares in the comparison period adjusted by the split of the share capital carried out on 4 November 2021

acquisition was carried out through a share exchange. For the acquisition of Econia, the company also drew a long-term loan of EUR 13 million from domestic financiers.

## *Financing*

Interest-bearing debt increased due to the acquisitions realised during the review period and were EUR 16.4 million on 31 December 2022 (30 June 2022: EUR 4.8 million and 31 December 2021: EUR 4.3 million). Debt-to-equity ratio was 51.1% (30 June 2022: 14.8% and 31 December 2021: 13.4%).

The Group's liquidity has remained good. Administer's cash and cash equivalents on 31 December 2022 totalled EUR 4.4 million (12.8). On 31 December 2022, the total amount of external financing agreed upon by Administer was EUR 18.4 million, of which drawn loans totalled EUR 16.4 million and undrawn loans totalled EUR 2.0 million. The drawn amount consists mainly of bank loans totalling EUR 15.9 million. Administer's drawn loans will mature according to a repayment schedule agreed upon with the financiers so that the last instalment of the financing is repaid in November 2028.

Equity was EUR 32.1 million on 31 December 2022 (30 June 2022: 32.2 and 31 December 2021: 32.3) and equity ratio was 48.7% (30 June 2022: 68.0% and 31 December 2021: 68.4%). No dividend was paid for the financial period 1 January–31 December 2021.

## Personnel

The Group employed on average 738 people (576) in July–December and 657 (569) in January–December.

### *Changes in Management Team*

Mikko Vahtera started in the position of Business Area Director, Consulting Services on 12 April 2022. Administer seeks a significant market share in financial and payroll management services and solutions as well as the consulting business. Consulting services are mainly related to financial leadership, payroll and HR services. The largest section is consulting related to financial leadership, e.g. CFO and controller services.

Kati Lehesmaa, Director of Marketing and Communications, decided to pursue a new path as an entrepreneur and left the operative responsibilities in the company on 31 May 2022.

Chief Human Resources Officer Outi Tenhola left the company in July. On 1 August 2022 the Group appointed Paula Niemi, who has extensive experience of HR administration in Administer Group, as Acting Chief Human Resources Officer and member of the Management Team.

The Group Management Team on 31 December 2022:

<b>Name</b>	<b>Position</b>
Peter Aho	CEO
Johan Idman	CFO
Kati Paulin	Chief Strategy Officer
Paula Niemi	Acting Chief Human Resources Officer
Jussi Jaakkola	Sales Director
Mikko Vahtera	Business Area Director, Consultancy Services
Jukka Iivonen	CIO
Markus Backlund	CEO, EmCe Solution Partner Oy
Pertti Vartiamäki	CEO, Kuntalaskenta Oy
Kimmo Herranen	CEO, Silta Oy

## *Changes in Management Team after the review period*

Seija Uusitalo was appointed Communications Director starting from 1 February 2023. She has extensive experience in both external and internal communications as well as investor relations. Prior to joining Administer, she was responsible for internal and external communications at energy company Helen.

Susanna Suomela has been appointed as the Group's Marketing Director starting from 1 February 2023. Before the appointment, Suomela served as Director of Development in Emce Solution Partner Oy, subsidiary of Administer. She has robust experience in marketing in b2b companies as well as advertising agencies.

Chief Financial Officer Johan Idman has decided to leave the company. Idman will continue in his current role until 17 April 2023, after which Chief Strategy Officer Kati Paulin will serve as interim CFO. The search for a new CFO has been started.

## Governance

### *Annual General Meeting*

The Annual General Meeting of Administer Plc was held in Helsinki on 18 May 2022. The Annual General Meeting was held in accordance with exceptional meeting procedures pursuant to the temporary legislation enacted by the Finnish Parliament to limit the spread of the Covid-19 pandemic. Shareholders in the company and their proxy representatives were allowed to participate in the Annual General Meeting and use their shareholder rights only by voting in advance and by making counterproposals and presenting questions in advance.

The Annual General Meeting adopted the financial statements for the financial year 2021 and discharged the members of the Board of Directors and the CEO from liability.

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors that no dividend is paid for the financial year ended on 31 December 2021.



## *Composition of the Board of Directors*

The number of the members of the Board of Directors was confirmed to be five (5). Jukka-Pekka Joensuu, Peter Aho, Julianna Borsos and Risto Koivula were re-elected as board members and Minna Vanhala-Harmanen was elected as new board member.

The company's Board of Directors held its organising meeting after the Annual General Meeting on 18 May 2022. In the organising meeting, the Board of Directors elected the Chair of the Board. Jukka-Pekka Joensuu was elected as the Chair of the Board of Directors.

The Board as of 18 May 2022:

<b>Name</b>	<b>Function in the Board</b>	<b>Nationality</b>	<b>Year of birth</b>	<b>Year of appointment to the Board</b>
Jukka-Pekka Joensuu	Chairman	Finnish	1966	2016
Peter Aho	member	Finnish	1970	1994
Julianna Borsos	member	Finnish	1971	2018
Risto Koivula	member	Finnish	1968	2021
Minna Vanhala-Harmanen	member	Finnish	1968	2022

The Chairman of the Board shall be paid an annual remuneration of EUR 50,000 and other members of the Board of Directors who are not employed by the company shall each be paid an annual remuneration of EUR 25,000. If a Board member resigns during his/her term of office, the remuneration will be paid in proportion to the term of office actually taken place.

Should the Board of Directors during its term resolve to establish committees, the committee chairman shall be paid EUR 500 per meeting and other committee members shall be paid EUR 300 per meeting. The travel expenses of the members of the Board of Directors and the committees are reimbursed in accordance with the company's travel policy.

## *Election of the Auditor*

Ernst & Young Oy, firm of authorised public accountants, was re-elected as the company's auditor for the term ending at the close of the next Annual General Meeting. Ernst & Young Oy has announced that it will appoint Johanna Winqvist-Iikka, APA, as the auditor with principal responsibility.

The auditor's fees will be paid against the auditor's reasonable invoice approved by the company.

## ***Authorising the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares***

In accordance with the Board of Directors' proposal, the Board of Directors was authorised to decide on the repurchase and/or on the acceptance as pledge of a maximum of 1,432,941 of the company's own shares. The proposed number of shares corresponds to approximately ten (10) per cent of all shares in the company. Only the unrestricted equity of the company can be used to repurchase own shares on the basis of the authorisation.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Shares can be repurchased using, among other things, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the existing shareholders (directed repurchase).

The authorisation allows the repurchase and/or the acceptance as pledge of shares in order to, among other things, develop the company's capital structure, to finance or implement eventual acquisitions, investments or other arrangements that are part of the business, or to be used in the company's incentive or reward systems.

The authorisation is effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2023.

## ***Authorising the Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares***

The Board of Directors was authorised to decide on the issuance of shares and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act. The authorisation covers a maximum of 1,432,941 shares, which corresponds to approximately ten (10) per cent of all shares in the company.

The Board of Directors decides on all terms of the issuance of shares and of special rights entitling to shares.

The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

The authorisation is effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2023.

## ***Establishment of a Shareholders' Nomination Board***

In accordance with the Board's proposal, the Annual General Meeting resolved that a Shareholders' Nomination Board be established to prepare future proposals concerning the number, election and

remuneration of the members of the Board of Directors and remuneration of the members of the Committees of the Board of Directors to the next Annual General Meetings and, if needed, to Extraordinary General Meetings. In addition, the Shareholders' Nomination Board is responsible of searching for new board member candidates. The Shareholders' Nomination Board shall be established for the time being.

The General Meeting also decided to adopt the Charter of the Shareholders' Nomination Board.

### *Members of the Shareholders' Nomination Board*

Members of Administer's Shareholders' Nomination Board were appointed on 11 November 2022. The Nomination Board has four (4) members, of whom the company's four (4) largest shareholders are each entitled to nominate one (1) member. In addition, the Chairman of the Board of Directors participates in the work of the Nomination Board as an expert member.

The following members have been appointed to Administer's Shareholders' Nomination Board:

- Julianna Borsos (appointed by Peter Aho)
- Karoliina Lindroos (appointed by Ilmarinen Mutual Pension Insurance Company)
- Pasi Sulkanen (appointed by Förvaltningsfinans DelCredere AB)
- Rolf Backlund (appointed by Sijoitus Oy MC Invest Ab)

At the constitutive meeting of the Shareholders' Nomination Board, Julianna Borsos was chosen as the Chair of the Nomination Board.

### *Establishment of Audit Committee*

On 25 May 2022, the Board of Directors of the company decided to establish an Audit Committee, of which Jukka-Pekka Joensuu (Chairman) and Risto Koivula were elected as members.

The Audit Committee shall be responsible for, among other things:

- monitoring and evaluating the company's financial reporting system,
- monitoring and evaluating the effectiveness of the company's internal auditing, inspection and risk management systems,
- monitoring and evaluating how the activities, contracts and other legal proceedings between the company and its related parties meet the requirements for normal operations and market conditions,
- monitoring and evaluating the auditor's independence, and in particular the provision of non-audit services by the auditor,
- assessing compliance with laws, regulations and company practices; and
- carrying out other activities authorised by the Board of Directors.

Of the members of the Audit Committee, Jukka-Pekka Joensuu is not independent of the company but independent of the major shareholders of the company, and Risto Koivula is independent of the company and its major shareholders.

## Product development

The proprietary technology Administer uses for producing services and developing software requires considerable investments in research and development. There are approximately 60 people working in product development. In the company's view, automation and artificial intelligence will steer financial management services in the future, which is why Administer is investing significantly in technology development. In 2022, product development expenses amounting to EUR 1.9 million (1.2) were capitalised in the balance sheet.

Product and service upgrades launched in 2022 included, among others, several updates to the digital eFina financial management service, new HR services and the launch of a partnership with Intrum Oy to provide more efficient debt collection services. In software services, the 365 product designed for purchase invoices is being finalised when it comes to features required by customers, and we continued to utilise artificial intelligence in software solutions.

## Significant events in the review period

### Silta to handle the payroll services of Neste Oyj

Silta, part of Administer Group, is in charge of Neste Oyj's payroll services from 1 April 2022 onwards. With the multi-year agreement, Silta provides Neste with comprehensive outsourced payroll services. In connection with the agreement, six payroll experts from Neste's payroll services transferred to Silta as part of a business transfer.

### Administer acquired WaBuCo Financial Services Oy

In March 2022, Administer acquired WaBuCo Financial Services Oy. The acquisition greatly supports Administer's strategy, according to which the company seeks a significant share in financial and payroll management services and consulting in Finland. In addition, the company seeks to expand its international business. The acquisition was carried out through a directed share issue to the owners of WaBuCo. Due to the share issue, the number of shares in Administer increased from 14,194,110 to 14,329,414 shares.

### Administer acquired the payroll services of Konjunkturi

In February 2022, the payroll services of Konjunkturi Oy, based in Varkaus, became part of the service offering of Administer Group company Tilikamut Oy through an asset acquisition, and the Group got a new office in Varkaus.

## Sydän-Suomen Taloushallinta Oy became part of Administer Group

Sydän-Suomen Taloushallinta Oy, operating in Pihtipudas and Kinnula, joined Administer Group through an asset acquisition in March 2022. The acquisition strengthens the Group's operations and service offering in the Central Finland area.

## Tilitoimisto Ollikainen joined Administer Group

Administer continued to expand by acquiring the accounting firm business of Tilitoimisto Ollikainen Oy through an asset acquisition. With the acquisition, the Group got a new office in Mikkeli, strengthening operations in the South Savo area.

## Administer strengthened its position in the Turku region by acquiring the business of Konsulttiliike Laine Oy

In August, Administer and Konsulttiliike Laine Oy, operating in Raisio, agreed on an asset acquisition in which the accounting firm business and personnel of Konsulttiliike Laine were transferred to Administer. The asset acquisition further strengthens Administer's operations in the Turku region, where Administer Group already has an office.

## Administer strengthened its position in Northern Finland by acquiring Tunturi-Lapin Yrityspalvelu Ky

In October, Administer and Tunturi-Lapin Yrityspalvelu Ky, which operates in Lapland, agreed on an asset acquisition in which the business of Tunturi-Lapin Yrityspalvelu became part of Administer's accounting firm chain. The asset acquisition strengthens Administer's operations in Northern Finland.

## Administer continued its growth by acquiring Econia Oy

Administer continued to implement its growth strategy in November by acquiring Econia Ltd, which is an expert company specialised in financial and HR administration and international services.

Econia provides wide-ranging expert services for developing corporate finances, personnel resources and international business operations. Econia was founded in 1996, and its net sales in 2022 were approximately EUR 24.4 million and its EBITDA approximately EUR 2.0 million. The EBITDA was burdened by non-recurring expenses booked at the end of the year.

The company has grown organically as well as through acquisitions. Econia operates in 13 locations in Finland and in Fuengirola, Spain. It employs more than 100 experts in financial and HR administration and international business and nearly 400 agency contract workers.

## Administer strengthened its operations in the Savo area by acquiring Varkauden Tili Oy

In November, Administer and Varkauden Tili Oy, operating in Varkaus, agreed on an asset acquisition in which the business and personnel of Varkauden Tili were transferred to Administer. The asset acquisition strengthens Administer's operations in the Savo region.

## Administer acquired Administer Oy Uusimaa to its sole ownership

In December, Administer and Mäntsälän Osuuspankki agreed on an acquisition in which Administer Plc acquired a 19% minority shareholding of Administer Oy Uusimaa. After the transaction, Administer Plc owns all shares in Administer Oy Uusimaa.

## Shares and share capital

The acquisition carried out with WaBuCo Oy in March 2022 was paid with new shares in Administer. For this reason, Administer carried out a directed share issue to WaBuCo's owners based on the authorisation given by the General Meeting on 4 November 2021. The 121,129 new shares subscribed in the directed share issue were registered in the trade register on 30 March 2022. The 14,175 shares subscribed for the company itself in the share issue were registered in the trade register on 30 March 2022. Due to the share issues, the number of shares in Administer increased from 14,194,110 to 14,329,414 shares. At the end of 2022, Administer's share capital was EUR 80,000 and the total number of outstanding shares in the company was 14,329,414, as mentioned above.

The company had 2,047 (2,808) shareholders at the end of the review period. At the end of the review period, the company held 14,175 treasury shares.

Share trading volume between 1 January and 31 December 2022 was EUR 5.9 million in total. The highest trading price was EUR 4.28 and the lowest was EUR 2.05. The closing price at the end of the review period was EUR 2.66 and the market value based on the closing price was approximately EUR 38.1 million.

## Risks and near-term uncertainties

Interruptions or disturbances in Administer's IT, network or communication systems may lead to unforeseen costs and malfunctions and be detrimental to the business operations of the company or its customers. Data security breaches targeted at IT systems and data links or other data security breaches may be detrimental to Administer or its customers and negatively impact Administer's business.

Administer's field of business is competitive and the competition is fragmented, which may have a negative impact on the company's operations, if Administer is unable to respond to competitor pricing or service quality or fails to develop new products or services.

Corporate acquisitions are an important part of the company's growth strategy. Administer may fail in integrating corporate acquisitions or finding new acquisition targets or an acquisition may fail.

Administer's brand and reputation are important competitive advantages, and reputation damage might have negative impacts on Administer's business and market position.

There are uncertainties relating to the development of the Finnish economy, as economic growth turned negative in the latter half of 2022. Administer has no business operations in Russia or Ukraine, but the reduced financial activity may also have negative impacts on Administer's net sales and result through customer companies.

The acceleration of inflation in Finland may also be reflected in wages and, together with personnel turnover, increase Administer's expenses and weaken profitability if the company is not able to transfer the increased expenses into the prices of the services it produces. The acceleration of inflation may also increase interest rates and thus have an impact on the cost of financing for Administer.

## Proposal for distribution of profits

The distributable retained funds of Administer's parent company were EUR 34.9 million on 31 December 2022. The Board of Directors proposes to the General Meeting to be held on 16 May 2023 that a dividend of EUR 0.05 per share be paid for the financial year 1 January–31 December 2022. The company seeks to distribute as dividends a minimum of 30 per cent of its result adjusted with amortisation of goodwill, which was for the parent company EUR 1.2 million in 2022.

## Significant events after the review period

### The proposal of the Shareholders' Nomination Board on the composition of the Board of Directors

In January, Administer's Shareholders' nomination Board proposed to the Annual General Meeting 2023 that the company's Board of Directors is to comprise six (6) ordinary members. The Nomination Board further proposes, that of the current Board members, Jukka-Pekka Joensuu, Risto Koivula, Minna Vanhala-Harmanen and Peter Aho be re-elected, and that Leena Siirala and Milja Saksi be elected as new members of the Board of Directors.

All candidates have given their consent for the election. The Board members' term of office shall last until the close of the Annual General Meeting following the election.



Of the current members of the Board of Directors, Julianna Borsos has informed the Shareholders' Nomination Board that she will not be available for re-election at the 2023 Annual General Meeting.

## **Administer Plc expanded to South-Eastern Finland by acquiring the business operations of Ruukintili Oy**

Administer Plc is continuing its national expansion and announced in January 2023 the acquisition of the business operations of Ruukintili Oy, operating in the Kouvola region. The acquisition marks Administer's first foray into South-Eastern Finland, where the company will now have an office.

## **Administer clarified and simplified its Group structure**

In January 2023, Administer announced it had started a corporate reorganisation, in which some subsidiaries owned solely by Administer Plc are planned to be merged with the parent company. The companies to be merged include the Group's regional offices and previously acquired accounting companies that have, so far, operated using their own trade name within the Administer chain. In addition, there is a plan to establish a new company named Silta Employer Services Oy, which will be a subsidiary of Silta Oy. This company would take over the PEO business. The merger is planned to be completed on 1 May 2023.

The goal of the reorganisation is to clarify and simplify the Group's structure. The reorganisation will not have any direct effects on employees, the terms of all employment relationships will remain essentially the same. The reorganisation will not affect the number of offices either; all offices will continue their operations as before.

## **New significant customer account for Silta in outsourcing of payroll management**

Silta Oy, part of Administer Group, gained a significant new customer account in the energy sector in January 2023. Through a multi-year agreement of over EUR 2 million, Silta offers its customer comprehensive outsourced payroll and working time management services.

Administer Plc  
Board of Directors

## **More information**

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## Webinar

CEO Peter Aho and CFO Johan Idman will present the result in a webinar on 30 March 2023 at 11.00 a.m. EEST in Finnish. Questions can be sent during the event via the chat function.

You can join the webinar at <https://administer.videosync.fi/financial-statements-2022/https://administer.videosync.fi/2022-q4-tulosjulkistus>.

A recording will be available after the event at <https://administergroup.com/sijoittajat/>.

## Financial calendar in 2023

Administer will publish its financial results in 2023 as follows:

- Half-year review January–June 2023: 31 August 2023

Administer's Annual Report including financial statements and Board of Directors' report for 2022 will be published on week 17/2022 (the week beginning on 24 April) and available on <https://administergroup.com/en/investors/>.

The General Meeting is planned to be held in Helsinki on 16 May 2023.

**ADMINISTER GROUP JANUARY-DECEMBER 2022 FINANCIAL STATEMENTS SUMMARY AND NOTES TO THE FINANCIAL STATEMENTS**

The financial statements release has been prepared based on the Accounting Act of Finland and FAS (Finnish Accounting Standards). The financial statements release is unaudited.

## CONSOLIDATED STATEMENT OF INCOME

Consolidated Income Statement (TEUR)	1 Jul - 31 Dec		1 Jan - 31 Dec	
	2022	2021	2022	2021
<b>NET SALES</b>	<b>28,862</b>	<b>22,070</b>	<b>52,778</b>	<b>41,913</b>
Other operating income	72	123	121	152
Materials and services				
Purchases	-3,060	-3,008	-6,088	-5,042
External services	-615	-296	-1,057	-567
Total	-3,675	-3,303	-7,145	-5,609
Personnel expenses				
Salaries and wages	-15,595	-11,676	-28,886	-23,465
Social security costs				
Pension costs	-2,788	-1 992	-4 930	-3,954
Other expenses related to personnel	-572	-430	-1 065	-821
Total	-18,955	-14,097	-34,881	-28,239
Depreciation, amortization and impairment				
Amortization of goodwill	-1,495	-951	-2,542	-1,450
Other depreciations according to plan	-632	-392	-1,096	-747
Impairment	0	0	0	0
Total	-2,127	-1,343	-3,638	-2,198
Other operating expenses	-3,579	-3,187	-7,135	-6,028
Share of results of affiliates	23	45	26	62
<b>OPERATING PROFIT (LOSS)</b>	<b>621</b>	<b>308</b>	<b>126</b>	<b>53</b>
Financial income and expenses				
Other interest and financial income	35	17	78	23
Impairment of non-current financial assets	-85		-85	
Interest and other financial expenses	-306	-1,691	-399	-1,820
Total	-357	-1,674	-406	-1,797
<b>PROFIT BEFORE APPROPRIATIONS AND TAX</b>	<b>264</b>	<b>-1,367</b>	<b>-279</b>	<b>-1,744</b>
Income tax	-387	12	-405	-28
Minority interest	-12	-12	-18	-21
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-134</b>	<b>-1,367</b>	<b>-703</b>	<b>-1,792</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Consolidated Balance Sheet  
(TEUR)**

	<b>31 Dec</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Development expenditures	3,122	1,767
Intangible rights	355	476
Consolidated goodwill	38,475	22,755
Goodwill	3,639	594
Other capitalised long-term expenditures	1,210	1 112
Total	46,802	26,705
Tangible assets		
Land and water areas	36	36
Buildings and structures	237	169
Machinery and equipment	605	217
Other tangible assets	11	11
Total	890	433
Investments		
Shares in affiliated companies	310	282
Other shares	308	5
Total	618	287
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>48,309</b>	<b>27,425</b>
<b>CURRENT ASSETS</b>		
Receivables		
Non-current		
Trade receivables	2	3
Other receivables	105	94
Total	107	97
Current		
Trade receivables	10,992	5,195
Loan receivables	28	32
Other receivables	371	114
Prepayments and accrued income	1,646	1,223
Total	13,037	6,564
Financing securities	108	308
Cash and cash equivalents	4,412	12,840
<b>CURRENT ASSETS, TOTAL</b>	<b>17,664</b>	<b>19,809</b>
<b>TOTAL ASSETS</b>	<b>65,973</b>	<b>47,234</b>



**EQUITY AND LIABILITIES**  
**EQUITY**

Share capital	80	80
Other reserves	30,609	30,142
Retained earnings (loss)	2,135	3,893
Profit (loss) for the period	-703	-1 792
<b>TOTAL EQUITY</b>	<b>32,121</b>	<b>32,323</b>
<b>MINORITY INTEREST</b>	<b>21</b>	<b>25</b>
<b>LIABILITIES</b>		
Non-current		
Capital loan	500	500
Loans from financial institutions	12,194	2,061
Other liabilities	2,022	21
Total	14,715	2,582
Current		
Loans from financial institutions	3,730	1,780
Trade payables	3,897	4,158
Other liabilities	3,381	1,633
Accrued expenses and deferred income	8,107	4,732
Total	19,116	12,303
<b>TOTAL LIABILITIES</b>	<b>33,831</b>	<b>14,886</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,973</b>	<b>47,234</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(TEUR, unless otherwise indicated)	Share capital	Other reserves	Treasury shares	Retained earnings (loss)	Total equity
<b>Equity 1 January, 2021</b>	3	5,554	-12	3,911	9,455
Profit (loss) for the period				-1,792	-1,792
Translation differences				1	1
Dividend decision				-20	-20
Business acquisitions		10,699	12		10,712
Share capital increase	77	-77			0
IPO		13,967			13,967
<b>Equity 31 December, 2021</b>	80	30,142	0	2,100	32,323

(TEUR, unless otherwise indicated)	Share capital	Other reserves	Treasury shares	Retained earnings (loss)	Total equity
<b>Equity 1 January, 2022</b>	80	30,142	0	2,100	32,323
Profit (loss) for the period				-703	-703
Translation differences				34	34
Dividend decision				-11	-11
Business acquisitions		466		12	479
<b>Equity 31 December, 2022</b>	80	30,609	0	1,433	32,121

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

The primary sources of Administer's liquidity are cash flow from operating activities and external financing agreements, including credit limits, and funds raised in the IPO.

**Consolidated Statement of Cash Flow**

(TEUR)	1 Jul - 31 Dec		1 Jan - 31 Dec	
	2022	2021	2022	2021
Cash flow from operating activities	2 616	1 313	2 329	1 963
Cash flow from investment activities	-21 146	-1 309	-22 817	-1 886
Cash flow from financing activities	11 643	11 570	12 060	12 002
<b>Change in cash and cash equivalents</b>	<b>-6 888</b>	<b>11 574</b>	<b>-8 428</b>	<b>12 079</b>
Cash and cash equivalents at the beginning of period	11 300	1 259	12 840	761
Cash and cash equivalents at the end of period	4 412	12 840	4 412	12 840

**COVENANTS**

Administer's financial agreements include bi-annually reviewed covenants related to interest-bearing debts. Interest-bearing liabilities to EBITDA ratio shall not be higher than 3,35 when reviewed December 31, 2022, not higher than 3,15 when reviewed June 30, 2023 and not higher than 2,75 when reviewed bi-annually thereafter. Additionally, Equity ratio shall be at least 35% when reviewed bi-annually. Administer fulfilled covenants during the reporting and comparison period.

**KEY FIGURES**

Administer presents alternative performance measures for the time period covered by the historical financial information supplementing the key figures presented in Administer's income statements, balance sheets and cash flow statements prepared in accordance with the FAS. The alternative performance measures should not be considered separately from the key figures prepared in accordance with the FAS or as substitutes for them. These alternative performance measures and their purpose are described in the section "Definitions and Calculation of Certain Alternative Key Figures and Other Key Figures".

(TEUR, unless otherwise indicated)	1 Jul - 31 Dec		1 Jan - 31 Dec	
	2022	2021	2022	2021
Net sales	28,862	22,070	52,778	41,913
EBITDA	2,748	1,651	3,765	2,251
EBITDA, %	9.5 %	7.5 %	7.1 %	5.4 %
Operating profit adjusted by amortization of goodwill	2,117	1,258	2,668	1,504
Operating profit adjusted by amortization of goodwill, %	7.3%	5.7%	5.1%	3.6%
Operating profit (loss)	621	308	126	53
Operating profit (loss), %	2.2 %	1.4 %	0.2 %	0.1 %
Profit before appropriations and tax	264	-1,367	-279	-1,744
Profit (loss) for the period	-134	-1,367	-703	-1,792
Profit (loss) adjusted with amortization of goodwill	1,362	-416	1,839	-342
Profit (loss) adjusted with amortization of goodwill, %	4.7%	-1.9%	3.5%	-0.8%
Earnings per share (EPS) <sup>1)</sup>	-0.01	-0.13	-0.05	-0.17
Return on equity, % (ROE)	-1.7%	1.4%	-2.2%	-8.6%
Equity ratio, %	48.7%	68.4%	48.7%	68.4%
Debt-to-equity ratio, %	51.0%	13.4%	51.1%	13.4%
Net sales growth, %	30.8%	-1.2%	25.9%	-4.0%
Number of personnel	738	576	657	569
Net sales per employee	39	38	80	74
Personnel expenses per employee	-26	-24	-53	-50
Ratio of personnel expenses to net sale, %	65.7%	63.9%	66.1%	67.4%

<sup>1)</sup> 2020 comparison figures adjusted with the share split carried out on 4 November 2021.



**CALCULATION OF KEY FIGURES****Definitions and calculation of certain alternative key figures and other key figures**

<b>Key figure</b>	<b>Definition</b>	<b>Purpose</b>
EBITDA	Operating profit (loss) + depreciation, amortization and impairment	Describes profitability of the operations without the effect of depreciation, amortization and impairment.
EBITDA, %	$\frac{\text{EBITDA}}{\text{Net sales}}$	x100 Describes the ratio of EBITDA to net sales.
Operating profit adjusted with amortization of goodwill	Operating profit (loss) + amortization of goodwill	Describes the performance of the business excluding the impact of amortization of goodwill.
Operating profit adjusted with amortization of goodwill, %	$\frac{\text{Operating profit adjusted by amortization of goodwill}}{\text{Net sales}}$	x100 Describes the share of operating profit in net sales excluding the impact of amortization of goodwill.
Operating profit (loss)	Net sales + other operating income – materials and services – personnel expenses – other operating expenses – depreciation, amortization and impairment	Operating profit (loss) describes the profitability of the operations.
Operating profit (loss), %	$\frac{\text{Operating profit (loss)}}{\text{Net Sales}}$	x100 Describes the ratio of operating profit to net sales.
Profit adjusted with amortization of goodwill	Profit (loss) for the financial period + amortization of goodwill	Describes the profit of the operations without the effect of amortization of goodwill.
Profit adjusted with amortization of goodwill %	$\frac{\text{Profit adjusted by amortization of goodwill}}{\text{Net sales}}$	x100 Describes the share of operating profit in net sales excluding the impact of amortization of goodwill.
Earnings per share (EPS)	$\frac{\text{Profit (loss) for the financial period without minority interest}}{\text{Average number of outstanding shares during the financial period adjusted with share issue}}$	x100 Describes the share of profit (loss) for the financial period in proportion to weighted average number of shares outstanding



Return on equity, % (ROE)	$\frac{\text{Profit (loss) for the financial period (rolling 12 months)}}{\text{Average equity (rolling 12 months)}}$	x100	Measures the result for the period in relation to equity.  Average equity is an average of equity at the beginning of and at the end of a financial period.
Equity ratio, %	$\frac{\text{Equity at the end of period}}{\text{Total assets at the end of period – advances received}}$	x100	Describes the ratio of Administer's assets to equity
Debt-to-equity ratio, %	$\frac{\text{Interest-bearing liabilities}}{\text{(Equity + goodwill + minority interest+ accrued appropriations)}}$	x100	Reflects the total amount of Administer's external debt financing.
Net sales growth %	$\frac{\text{Net sales for the period – net sales for the reference period}}{\text{Net sales for the reference period}}$	x100	Describes operating growth between periods.