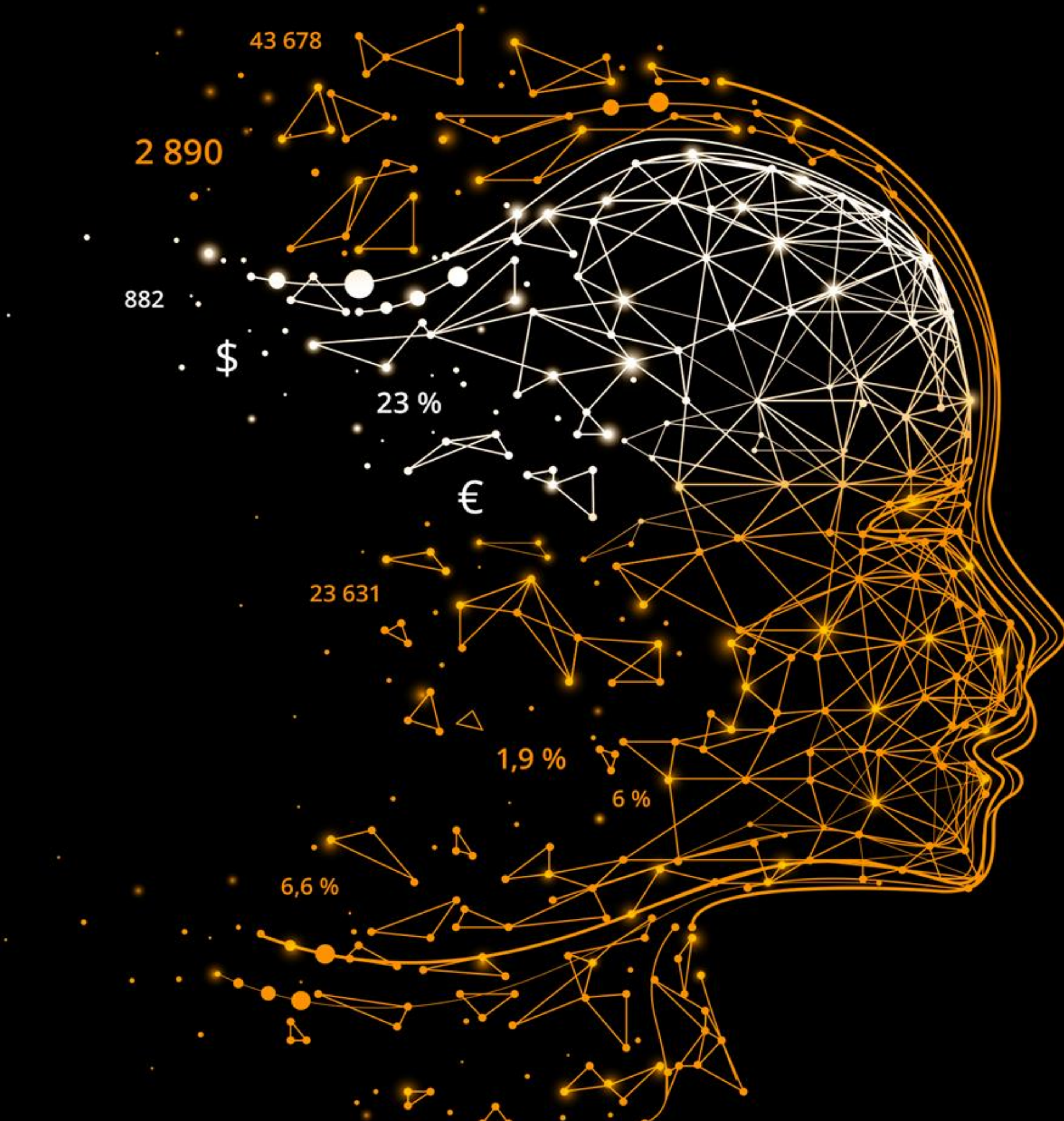

HALF-YEAR FINANCIAL REVIEW JANUARY–JUNE 2023

Administer Plc: Half-Year Financial Review 1 January–30 June 2023

Administer Plc: NET SALES INCREASED SIGNIFICANTLY, COST INFLATION WEAKENED PROFITABILITY

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

January–June 2023

Key figures

- Net sales EUR 39.2 million (23.9), showing an increase of 64.1%. The increase was caused particularly by the acquisition of Econia. Organic growth was nearly 10%, and it stemmed mainly from payroll management, staffing and software.
- EBITDA EUR 1.6 million (1.0), or 4.0% (4.2%) of the net sales. The increase was mainly caused by the corporate acquisitions carried out during 2022; cost inflation burdened relative profitability.
- Operating profit (loss) EUR -1.3 million (-0.5), or -3.3% (-2.1%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -2,0 million (-1,0) in total.

Key events

- Kimmo Herranen started as the new CEO of Administer Group on 1 May 2023.
- Econia, part of Administer Group, continued to execute its growth strategy by carrying out a corporate acquisition that supports the growth of its international and Compliance services. With the acquisition of its own service platform, Econia can provide significantly better and more comprehensive services for preventing grey economy and ensuring regulatory compliance.
- Administer's accounting firm business carried out three accounting firm acquisitions.
- Silta, part of Administer Group, entered into a significant agreement with an energy industry company relating to outsourced payroll and working time management services.
- The company started preparations for a profitability programme focusing on improving long-term result and profitability.

KEY FIGURES

EUR million, unless stated otherwise	1–6/ 2023	1–6/ 2022	Change, %	1–12/ 2022
Net sales	39.2	23.9	+64.1%	52.8
EBITDA	1.6	1.0	+53.1%	3.8
% of net sales	4.0%	4.2%		7.1%
Operating profit (EBITA) adjusted with amortisation of goodwill	0.7	0.6	+26.9%	2.7
% of net sales	1.8%	2.3%		5.1%
Operating profit (loss)	-1.3	-0.5		0.1
Profit before appropriations and tax	-1.6	-0.5		-0.3
Result adjusted with amortisation of goodwill	0.2	0.5		1.8
% of net sales	0.4%	2.0%		3.5%
Earnings per share (EPS)	-0.13	-0.05		-0.05
Return on equity (ROE), %	-6.3%	-9.4%		-2.0%
Equity ratio, %	46.8%	68.0%		48.7%
Debt-to-equity ratio, %	51.5%	14.8%		51.1%
Personnel on average	1,026	576	+78.1%	657
Personnel at the end of the review period	1,087	596	+82.4%	1,029

CEO's review

The first half of 2023 was rather divided for us. Our net sales increased by 64 per cent to EUR 39.2 million mainly due to the acquisition of Econia carried out at the end of last year. In addition, we grew organically in payroll services, staffing and software. On the other hand, our profitability was on an unsatisfactory level due to the accelerated cost inflation, with several business areas falling short of their profitability targets. All in all, our markets remained relatively stable during the review period, although inflation and the general economic situation increased uncertainty.

For me personally, the period was a highly interesting one as I started as the CEO of Administer Group in May. I am very excited about this new task, having served as Silta Oy's CEO before taking on this position. Administer is a leading company in its industry with a comprehensive, high-quality service offering in payroll and financial management as well as HR services and consulting.

In the payroll service business, we are the market leader in Finland, and our subsidiary Silta continued its good organic growth during the review period, gaining yet another significant customer in the energy industry. Going forward, we also seek growth in payroll services in the public sector wellbeing services counties through our high-quality service offering.

Our EBITDA increased to EUR 1.6 million and was 4.0 per cent of the net sales. Our profitability was weighed down by salary inflation and other increased expenses, which we were unable to fully transfer into customer prices. Consequently, we lowered our outlook regarding EBITDA margin for 2023 in August. We will continue our activities to improve profitability and increase operational efficiency in the second half-year. The one-time payment paid in connection with the labour market settlement of our industry was recorded in the first-half result in its entirety.

During the review period, we completed the rationalisation project concerning our office premises and made the integration of units that have joined the Group through acquisitions more efficient. We estimate that these measures will have a positive impact on our result from the second half of the year onwards. However, these actions alone are not enough to sufficiently improve our profitability, and we have therefore begun to prepare a profitability programme focusing on improving long-term result and profitability.

A new CEO, Pasi Kiikkinen, was appointed for our subsidiary Adner, which suffered customer losses last year. At the same time, the strategy of Adner, which provides financial management outsourcing services, was updated to reflect that the company utilises Microsoft Dynamics 365 Business Central software offered by subsidiary EmCe Enterprise Solutions Oy in its services. Furthermore, the financial administration of Administer Group was strengthened and Kalle Lehtonen started in August 2023 as the Group's new CFO.

We continued to implement our growth strategy by carrying out an acquisition relating to international and Compliance services and three accounting firm acquisitions. Going forward, our main focus will be on improving profitability and maintaining growth. We will continue to seek growth through acquisitions and organic growth in Finland and the Baltic Sea region. As for other key themes in our strategy, personnel and customer satisfaction have developed favourably and personnel turnover has decreased.

We have grown from a small company into a versatile expert in payroll and financial management, HR, software and consulting, and we want to be the best in our industry in the Baltic Sea region. I am convinced that with our skilled personnel and by supporting the business of our partners, we can reach our goals.

Kimmo Herranen
CEO

Outlook

On 8 August 2023, Administer lowered its outlook concerning EBITDA margin for 2023. The company estimates that net sales will materialise as previously forecast.

New outlook (published on 8 August 2023)

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 4–8% (7.1 in 2022) in 2023.

Previous outlook (published on 30 March 2023):

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 payroll and financial management, as well as staffing, 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 industry. During the first half of 2023, Administer's market environment remained quite stable, although the general economic situation and accelerated inflation increased uncertainty.

Net sales and profitability

January–June 2023

Net sales increased by 64.1% compared to the corresponding period in the previous year and were EUR 39.2 million (23.9). The growth was mainly due to the acquisition of Econia carried out at the end of last year. Organic net sales growth was nearly 10%, and it stemmed mainly from payroll management, staffing and software.

Personnel expenses were EUR 28.3 (15.9) million, making up 72% (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. The increase in the relative share of personnel expenses was mainly due to the staffing operations that the Group acquired with Econia.

EBITDA was EUR 1.6 million (1.0), or 4.0% (4.2%) of the net sales. The increase stemmed from the corporate acquisitions carried out during 2022. Profitability was weighed down by salary inflation and other increased expenses, which we were unable to fully transfer into customer prices. The one-time payment paid in connection with the labour market settlement of the company's industry was recorded in the first-half result in its entirety, and it reduced profitability by approximately one percentage point.

Operating profit adjusted with amortisation of goodwill (EBITA) was EUR 0.7 million (0.6), making up 1.8% (2.3%) of the net sales.

Operating profit (loss) was EUR -1.3 million (-0.5), or -3.3% (-2.1%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -2,0 million (-1,0) in total.

Profit before appropriations and tax was EUR -1.6 million (-0.5) and profit (loss) for the financial period was EUR -1.8 million (-0.6). Earnings per share (EPS) were EUR -0.13 (-0.05).

Cash flow and financing

Cash flow

In January–June 2023, cash flow from operations was EUR 2.3 million (-0.3). The growth was impacted by the improved EBITDA and good management of operating working capital. Cash flow from investments was EUR -1.4 million (-1.7) and cash flow from financing EUR -1.9 million (0.4).

The change in cash and cash equivalents during the review period was EUR -1.0 million (-1.5).

Financing

Interest-bearing debt decreased during the review period and was EUR 15.2 million on 30 June 2023 (31 December 2022: EUR 16.4 million and 30 June 2022: EUR 4,8 million). Debt-to-equity ratio was 51.5% (31 December 2022: 51.1% and 30 June 2022: 14.8%).

The Group's liquidity has remained good. Administer's cash and cash equivalents on 30 June 2023 totalled EUR 3.4 million (11.3). On 30 June 2023, the total amount of external financing agreed upon by Administer was EUR 16.6 million, of which drawn loans totalled EUR 15.3 million and undrawn loans totalled EUR 1.3 million. The drawn amount consists mainly of bank loans totalling EUR 14.8 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 29.6 million on 30 June 2023 (31 December 2022: 32.1 and 30 June 2022: 32.2) and equity ratio was 46.8% (31 December 2022: 48.7% and 30 June 2022: 68.0%). Dividends totalling EUR 0.7 million were paid for the financial period 1 January–31 December 2022.

Personnel

The Group employed on average 1,026 people (576) in January–June 2023 and 1,087 (596) at the end of the review period. The increase was caused by corporate acquisitions.

Changes in Management Team

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 was 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.

On 1 May 2023, Kimmo Herranen was appointed as CEO. He has worked in various roles in Administer Group from 2005. He transferred to his new role from the position of CEO in Silta Oy, subsidiary of Administer Plc. Previous CEO Peter Aho transferred to the position of Business area director, financial management services.

On 1 May 2023, Toni Leppänen, member of Silta's management team, started as Silta Oy's CEO and member of Administer Group's Management Team. At the same time, Group subsidiary Adner Oy's management was strengthened as Sales Director Pasi Kiikkinen from EmCe Solution Partner Oy became Adner's CEO and a member of the Administer Group Management Team.

The position of Group CIO is discontinued on 30 April 2023, when overall responsibility for ICT was transferred to each business. Jukka Iivonen, who held the position, transferred within the Group to become Silta Oy's CIO and member of Silta Oy's management team from 1 May 2023 onwards.

Paula Niemi, who has served as Administer Group's acting Chief Human Resources Officer and member of the Management Team from August 2022, was appointed as the Group's permanent Chief Human Resources Officer from 1 June 2023 onwards.

Kalle Lehtonen was appointed as the Chief Financial Officer from 21 August 2023 onwards. He transferred to Administer from Martela Corporation, where he served as CFO from 2018. Lehtonen has more than 20 years' experience in financial management leadership positions in different companies and industries. Administer's previous CFO Johan Idman left the company in April 2023.

The Group Management Team on 30 June 2023:

Name	Position
Kimmo Herranen	CEO
Peter Aho	Business Area Director, Financial Management Services
Markus Backlund	CEO, EmCe Solution Partner Oy
Pasi Kiikkinen	CEO, Adner Oy
Toni Leppänen	CEO, Silta Oy
Mikko Vahtera	Business Area Director, Consultancy Services
Pertti Vartiamäki	CEO, Kuntalaskenta Oy
Jussi Jaakkola	Sales Director
Kalle Lehtonen (from 21 August 2023)	CFO
Paula Niemi	Chief Human Resources Officer
Kati Paulin	Chief Strategy Officer
Susanna Suomela	Chief Marketing Officer
Seija Uusitalo	Communications Director

Governance

Annual General Meeting

The 2023 Annual General Meeting of Administer Plc was held in Helsinki on 16 May 2023. The Annual General Meeting adopted the financial statements for the financial year 2022 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 a dividend of EUR 0.05 per share be paid based on the balance sheet adopted for the financial year ended 31 December 2022.

Composition of the Board of Directors

The number of the members of the Board of Directors was confirmed to be six (6). Jukka-Pekka Joensuu, Peter Aho, Risto Koivula and Minna Vanhala-Harmanen were re-elected as board members and Leena Siirala and Milja Saksi were elected as new board members.

In its organising meeting, the Board of Directors elected Jukka-Pekka Joensuu as the Chair of the Board of Directors. In addition, the Board of Directors elected Leena Siirala as the Chair and Jukka-Pekka Joensuu and Risto Koivula as members of the Company's Audit Committee.

The annual remuneration of the Chair and members of the Board of Directors remain unchanged and therefore the Chair of the Board shall be paid an annual remuneration of EUR 50,000 and other members of the Board shall each be paid an annual remuneration of EUR 25,000. Additionally, should the Board of Directors elect a Deputy Chair, the Deputy Chair's annual remuneration shall be EUR 35,000. 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.

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-Ilkka, 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) percent 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 2024.

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 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 2024.

Amendment to the Articles of Association

The Annual General Meeting further resolved in accordance with the proposal of the Board of Directors to amend the Articles of Association by adding a new provision no. 11, which enables organising a general meeting in Espoo and Vantaa in addition to the domicile of the Company as well as entirely without a meeting venue as a so-called virtual meeting. The provision reads as follows:

11. General Meeting's place and virtual meeting

A General Meeting may be organized at the domicile of the company, in Espoo or in Vantaa as decided by the Board of Directors.

The Board of Directors may decide that the General Meeting is arranged without a meeting venue in a manner where shareholders exercise their full decision-making powers in real time during the General Meeting using telecommunications and technical means (virtual meeting).

In other respects, the Articles of Association remained unchanged.

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 January–June 2023, product development expenses amounting to EUR 1.1 million (0.7) were capitalised in the balance sheet.

Significant events in the review period

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 merged with the parent company. The merged companies include the Group's regional offices and previously acquired accounting companies that had operated using their own trade name within the Administer chain. In addition, a new company named Silta Employer Services Oy, operating as a subsidiary of Silta Oy, was established. This company took over the PEO business. The merger took place on 1 May 2023.

The goal of the reorganisation is to clarify and simplify the Group's structure. The reorganisation does not have any direct effects on employees, the terms of all employment relationships remain essentially the same. The reorganisation does not affect the number of offices either; all offices 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 strengthened its operations in Varkaus by acquiring the accounting firm business of Varkauden Educa

In May 2023, Administer and Varkauden Educa Oy agreed on an acquisition whereby Administer acquired Varkauden Educa Oy's accounting business. Administer already has its own accounting and payroll management office in Varkaus, which was acquired last year. The acquisition strengthens the company's regional operations.

Administer strengthened its business in Jämsä by acquiring the business of Tilitoimisto Kirsi Lehtinen

In May 2023, Administer and Tilitoimisto Kirsi Lehtinen Oy agreed on an acquisition whereby Administer acquired Tilitoimisto Kirsi Lehtinen Oy's business. Administer already has its own accounting firm in Jämsä, which has been in operation for many years. This acquisition strengthens the company's regional operations and increases its market share.

Administer expanded its Compliance service offering through a corporate acquisition

In June, Econia Oy, part of Administer Group, agreed on an acquisition in which the share capital of Enersense Solutions Oy is transferred from Enersense International Plc to Econia. In connection with the acquisition, the service platform managed by Enersense Solutions Oy, the company's personnel and customer contracts are transferred to Econia. The purchase price of the share capital was EUR 1.0 million. It was paid partly in cash at the time of the closing, and the remainder is paid in monthly instalments during the following year. The transaction is financed with Econia's cash flow and a loan. The acquired business is consolidated into Administer Group's financial information from 1 July 2023 onwards.

Shares and share capital

At the end of June 2023, Administer's share capital was EUR 80,000 and the total number of outstanding shares in the company was 14,329,414.

On 31 March 2023, the Board of Directors resolved on a directed share issue without consideration of a total of 10,222 shares held by the company. The shares were issued to the owners of WaBuCo Financial Services to pay an additional purchase price based on the authorisation given by the Annual General Meeting on 18 May 2022. Consequently, the number of treasury shares held by the company decreased to 3,953 shares, representing approximately 0.03 per cent of all shares in Administer.

The company had 2,053 (2,289) shareholders at the end of the review period.

Share trading volume between 1 January and 30 June 2023 totalled 368,252 shares, corresponding to EUR 1.15 million. The highest trading price was EUR 3.73 and the lowest was EUR 2.70. The closing price at the end of the review period was EUR 3.45 and the market value based on the closing price was approximately EUR 49.4 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 Finland's economic development this year. 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 the inflation may also increase interest levels and thereby impact the price of external funding of Administer.

Significant events after the review period

Administer lowered its outlook concerning EBITDA for 2023, outlook for net sales remained unchanged

On 8 August 2023, Administer lowered its outlook concerning EBITDA margin for 2023. The company estimates that net sales will materialise as previously forecast. The company started preparations for a profitability programme focusing on improving long-term result and profitability. In addition to cost savings, the programme seeks ways to find additional net sales opportunities.

New outlook for 2023

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 4–8% (7.1 in 2022) in 2023.

Previous outlook (published on 30 March 2023)

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.

Administer implements a profitability programme and begins change negotiations, strategy work also initiated

On 31 August 2023, Administer announced the implementation of a profitability programme. The profitability programme targets an annual profitability improvement of approximately EUR 7 million, which is estimated to actualise in its entirety during 2024. The profitability programme includes different measures in different Group companies, including actions for improving sales margins, reducing fixed costs and planned personnel reductions.

As part of the profitability programme, Administer has decided to begin change negotiations in some of the Group companies on 31 August 2023. The negotiations cover approximately 123 employees, and the planned actions could lead to a reduction of 31 employees at maximum if realised. Other activities outlined in the programme have already been started.

The company has also initiated strategy work and will set new long-term financial targets after its completion. In the previous strategy, the long-term targets for 2024 were as follows: net sales EUR 84 million and EBITDA margin 24%. The company has made good progress towards the net sales target but has remained below the target level for EBITDA.

No matters have transpired after the review period that would impact the figures presented in the half-year financial review.

Administer Plc
Board of Directors

More information

Kimmo Herranen, CEO, kimmo.herranen@administer.fi, tel. +358 50 560 6322
Kalle Lehtonen, CFO, kalle.lehtonen@administer.fi, tel. +358 400 539 968

Webinar

CEO Kimmo Herranen and CFO Kalle Lehtonen will present the result in a webinar on 31 August 2023 at 11.00 a.m. EEST. Questions can be sent during the event via the chat function. The event will be held in Finnish.

You can join the webinar at https://administer.videosync.fi/h1-2023-results

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

ADMINISTER GROUP HALF-YEAR FINANCIAL REVIEW JANUARY–JUNE 2022 AND NOTES TO THE FINANCIAL STATEMENTS

The half-year financial review release has been prepared based on the Accounting Act of Finland and FAS (Finnish Accounting Standards). The information presented in the half-year financial review is unaudited.

CONSOLIDATED INCOME STATEMENT

(TEUR)	1 Jan - 30 June		1 Jan - 31 Dec	
	2023	2022	2022	2021
NET SALES	**39,243**	**23,916**	**52,778**	**41,913**
Other operating income	192	49	121	152
Materials and services				
Purchases	-3,147	-3,028	-6,088	-5,042
External services	-1,122	-442	-1,057	-567
Total	-4,268	-3,470	-7,145	-5,609
Personnel expenses				
Salaries and wages	-23,444	-13,291	-28,886	-23,465
Social security costs				
Pension costs	-3,944	-2,143	-4,930	-3,954
Other expenses related to personnel	-891	-493	-1,065	-821
Total	-28,279	-15,926	-34,881	-28,239
Depreciation, amortization and impairment				
Amortization of goodwill	-1,976	-1,046	-239	-1,450
Other depreciations according to plan	-857	-465	-1,096	-747
Total	-2,832	-1,511	-1,336	-2,198
Other operating expenses	-5,266	-3,556	-7,135	-6,028
Share of results of affiliates	-67	3	26	62
OPERATING PROFIT (LOSS)	**-1,277**	**-495**	**126**	**53**
Financial income and expenses				
Other interest and financial income	22	44	78	23
Impairment of non-current financial assets	0	0	-85	0
Interest and other financial expenses	-334	-92	-399	-1,820
Total	-312	-49	-406	- 797
PROFIT BEFORE APPROPRIATIONS AND TAX	**-1,589**	**-544**	**-279**	**-1,744**
Income tax	-191	-19	-405	-28
Change in optional provisions	-26	0	0	0
Minority interest	-15	-7	-18	-21
PROFIT (LOSS) FOR THE PERIOD	**-1,821**	**-569**	**-703**	**-1,792**

CONSOLIDATED BALANCE SHEET

(TEUR)	30 June		31 Dec	
	2023	2022	2022	2021
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Development expenditures	3,706	2,226	3,122	1,767
Intangible rights	258	458	355	476
Consolidated goodwill	36,599	22,375	38,475	22,755
Goodwill	3,576	1,316	3,639	594
Other capitalised long-term expenditures	1,205	930	1,210	1,112
Total	45,344	27,305	46,802	26,705
Tangible assets				
Land and water areas	36	36	36	36
Buildings and structures	232	165	237	169
Machinery and equipment	648	246	605	217
Other tangible assets	11	11	11	11
Advance payments and work in progress	0	0	0	0
Total	928	459	890	433
Investments				
Shares in affiliated companies	243	292	310	282
Participating interests	0	0	0	0
Other shares	308	10	308	5
Total	551	302	618	287
NON-CURRENT ASSETS, TOTAL	**46,823**	**28,066**	**48,309**	**27,425**
CURRENT ASSETS				
Receivables				
Non-current				
Trade receivables	0	3	2	3
Other receivables	91	95	105	94
Total	91	98	107	97
Current				
Trade receivables	10,419	6,171	10,992	5,195
Loan receivables	25	33	28	32
Other receivables	606	132	371	114
Prepayments and accrued income	1,758	1,311	1,646	1,223
Total	12,808	7,647	13,037	6,564
Financing securities	0	308	108	308
Cash and cash equivalents	3,384	11,300	4,412	12,840
CURRENT ASSETS, TOTAL	**16,283**	**19,353**	**17,664**	**19,809**
TOTAL ASSETS	**63,106**	**47,419**	**65,973**	**47,234**

(TEUR)	30 June		31 Dec	
	2023	**2022**	**2022**	**2021**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80	80	80	80
Other reserves	30,609	30,657	30,609	30,142
Retained earnings (loss)	695	2,065	2,135	3,893
Profit (loss) for the period	-1,821	-569	-703	-1,792
TOTAL EQUITY	**29,563**	**32,233**	**32,121**	**32,323**
MINORITY INTEREST	**36**	**19**	**21**	**25**
LIABILITIES				
Non-current				
Capital loan	500	500	500	500
Loans from financial institutions	10,773	1,859	12,194	2,061
Other liabilities	2,015	21	2,022	21
Total	13,288	2,380	14,715	2,582
Current				
Loans from financial institutions	3,977	2,410	3,730	1,780
Trade payables	3,485	1,937	3,897	4,158
Other liabilities	3,649	2,032	3,381	1,633
Accrued expenses and deferred income	9,109	6,408	8,107	4,732
Total	20,220	12,786	19,116	12,303
TOTAL LIABILITIES	**33,507**	**15,167**	**33,831**	**14,886**
TOTAL EQUITY AND LIABILITIES	**63,106**	**47,419**	**65,973**	**47,234**

CONSOLIDATED STATEMENT OF CASH FLOW

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.

	1 Jan - 30 Jun		1 Jan - 31 Dec	
(TEUR)	**2023**	**2022**	**2022**	**2021**
Cash flow from operating activities	2,294	-286	2,351	2,398
Cash flow from investment activities	-1,413	-1,671	-22,827	-1,886
Cash flow from financing activities	-1,909	417	12,048	11,566
Change in cash and cash equivalents	**-1,028**	**-1,540**	**-8,428**	**12,079**
Cash and cash equivalents at the beginning of period	4,412	12,840	12,840	761
Cash and cash equivalents at the end of period	3,384	11,300	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 3,15 when reviewed June 30, 2023, and not higher than 2,75 when reviewed bi-annually thereafter. Additionally, the equity ratio shall be at least 35% when reviewed bi-annually. Administer fulfilled covenants during the reporting and comparison period.

CONSOLIDATED CHANGES IN EQUITY

(TEUR, unless otherwise indicated)	Share capital	Other reserves	Retained earnings (loss)	Total equity
Equity 1 January, 2022	80	30,142	2,100	32,323
Profit (loss) for the period			-569	-569
Translation differences			20	20
Dividend decision			-11	-11
Business acquisitions		466	4	470
Equity 30 June, 2022	80	30,609	1,544	32,233

(TEUR, unless otherwise indicated)	Share capital	Other reserves	Retained earnings (loss)	Total equity
Equity 1 January, 2023	80	30,609	1,433	32,121
Profit (loss) for the period			-1,821	-1,821
Translation differences			-10	-10
Dividend decision			-728	-728
Equity 30 June, 2023	80	30,609	-1,126	29,563

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 Jan - 30 Jun		1 Jan - 31 Dec	
	2023	2022	2022	2021
Net sales	39,243	23,916	52,778	41,913
EBITDA	1,556	1, 016	3,765	2,251
EBITDA, %	4.0%	4.2%	7.1%	5.4%
Operating profit adjusted by amortization of goodwill	699	551	2,668	1,504
Operating profit adjusted by amortization of goodwill, %	1.8%	2.3%	5.1%	3.6%
Operating profit (loss)	-1,277	-495	126	53
Operating profit (loss), %	-3.3%	-2.1%	0.2%	0.1.%
Profit before appropriations and tax	-1,589	-544	-279	-1,744
Profit (loss) for the period	-1,821	-569	-703	-1,792
Profit (loss) adjusted with amortization of goodwill	155	477	1,839	-342
Profit (loss) adjusted with amortization of goodwill, %	0.4%	2.0%	3.5%	-0.8%
Earnings per share (EPS)	-0.13	-0.05	-0.05	-0.17
Return on equity, % (ROE)	-6.3%	-9.4%	-2,0%	-8.6%
Equity ratio, %	46.8%	68.0%	48.7%	68.4%
Debt-to-equity ratio, %	51.5%	14.8%	51.1%	13.4%
Net sales growth, %	64.1%	20.5%	25.9%	-4.0%
Number of personnel	1,087	576	657	569
Net sales per employee	36	42	80	74
Personnel expenses per employee	-26	-28	-53	-50
Ratio of personnel expenses to net sale, %	72.1%	66.6%	66.1%	67.4%

CALCULATION OF KEY FIGURES

Definitions and calculation of certain alternative key figures and other key figures

Key figure	Definition	Purpose
EBITDA	Operating profit (loss) + depreciation, amortization and impairment	Describes profitability of the operations without the effect of depreciation, amortization and impairment.
EBITDA, %	$\frac{\text{EBITDA}}{\text{Net sales}} \times 100$	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, %	$\frac{\text{Operating profit adjusted by amortization of goodwill}}{\text{Net sales}} \times 100$	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), %	$\frac{\text{Operating profit (loss)}}{\text{Net Sales}} \times 100$	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 %	$\frac{\text{Profit adjusted by amortization of goodwill}}{\text{Net sales}} \times 100$	Describes the share of operating profit in net sales excluding the impact of amortization of goodwill.
Earnings per share (EPS)	$\frac{\text{Profit (loss) for the financial period without minority interest}}{\text{Average number of outstanding shares during the financial period adjusted with share issue}} \times 100$	Describes the share of profit (loss) for the financial period in proportion to weighted average number of shares outstanding

Return on equity, % (ROE)	Profit (loss) for the financial period (rolling 12 months) / 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, %	Equity at the end of period / Total assets at the end of period – advances received	x100	Describes the ratio of Administer’s assets to equity
Debt-to-equity ratio, %	Interest-bearing liabilities / (Equity + goodwill + minority interest+ accrued appropriations)	x100	Reflects the total amount of Administer’s external debt financing.
Net sales growth %	Net sales for the period – net sales for the reference period / Net sales for the reference period	x100	Describes operating growth between periods.