

# ADMINISTER

## Administer Plc: IMPLEMENTATION OF GROWTH STRATEGY PROCEEDS, DRIVEN BY ACQUISITIONS

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*Administer Plc – Half-Year Financial Report 31 August 2022 at 8:30 EEST*

This release is a summary of Administer's Half-year Financial Report January-June 2022. The complete report is attached to this release as a pdf-file. It is also available at [www.administergroup.com/en/investors](http://www.administergroup.com/en/investors).

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

### January-June 2022

#### Key figures

- Net sales EUR 23.9 million (19.8), showing an increase of 20.5%. The growth was mainly attributed to acquisitions carried out in the second half of 2021 and the first half of 2022. Compared to the comparison period, net sales were burdened by customer losses in Adner in 2021.
- EBITDA EUR 1016 thousand (600), or 4.2% (3.0%) of the net sales. The main growth drivers were the profitability improvement in Silta and the inclusion of EmCe in Administer Group in the autumn of 2021. EBITDA was burdened by higher than anticipated overlapping costs for the old and new system stemming from Adner's system reform.
- Operating loss EUR -495 thousand (-254), or -2.1% (-1.3%) of the net sales. Amortisation of goodwill from the acquisitions amounting to EUR -1,046 thousand (-500) increased the operating loss.

#### Key events

- 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.
- In March 2022, Administer strengthened its expertise in international financial and payroll management by acquiring WaBuCo Financial Services Oy. The purchase price was paid by carrying out a directed share issue to the owners of WaBuCo.
- Sydän-Suomen Taloushallinta became part of Administer Group in April 2022. The Administer chain got new offices in Pihtipudas and Kinnula.
- Payroll and HR services expert Silta Oy, part of Administer Group, took charge of the payroll services of Neste Oyj from 1 April 2022 onwards.
- Kuhmoinen municipality chose Kuntalaskenta Oy, part of Administer Group, as its financial management partner from 1 January 2022 onwards.
- The business of Tilitoimisto Ollikainen became part of Administer Group in June 2022. Administer Group got a new office in Mikkeli.

#### KEY FIGURES

EUR million unless otherwise stated	1-6/ 2022	1-6/ 2021	Change, %	2021
Net sales	23.9	19.8	+20.5%	41.9
EBITDA	1.0	0.6	+69.2%	2.3
% of net sales	4.2%	3.0%		5.5%
Operating profit adjusted by amortisation of goodwill (EBITA)	0.6	0.2	+125.0%	1.5
% of net sales	2.3%	1.2%		3.6%
Operating profit/loss	-0.5	-0.3	-94.5%	0.1
Profit/loss before appropriations and tax	-0.5	-0.4	-44.3%	-1.7

Profit/loss adjusted by amortisation of goodwill	0.5	0.1	+547.5%	-0.3
% of net sales	2.0%	0.4%		-0.8%
Earnings per share (EPS)	-0.05	-0.04		-0.17
Return on equity (ROE), %	-9.4%	14.6%		-8.6%
Equity ratio, %	68.0%	37.6%		68.4%
Debt-to-equity ratio, %	14.8%	67.8%		13.4%
Personnel on average	576	563	+2.3%	569

## CEO's review

In the first half of 2022, acquisitions increased our net sales, but our result was burdened by the customer losses that took place in Adner in 2021 and its resulting poor financial performance. Our net sales increased by 20.5% to EUR 23.9 million (19.8) in the review period. Our EBITDA was EUR 1,016 thousand (600), or 4.2% (3.0) of the net sales.

During the review period, we already carried out four acquisitions, which have given the company three new offices in Finland while strengthening its international expertise. In addition, we announced the fifth acquisition of the year in August. In payroll management services, the highlight of the first half of the year was the transfer of Neste Oyj's payroll management to Silta from April 2022 onwards. In the municipal sector, Kuhmoinen municipality became our new customer, and TTS (Työtehoseura) returned as our software customer. We have also gotten a delightful number of new customers in the SME (small and medium-sized enterprises) segment, although their impact on net sales is smaller.

During the review period, we accelerated the development of the consulting business area. We offer consulting services in the areas of financial leadership, taxation, corporate law and HR services. Mikko Vahtera started as the head of the consulting business area in April.

We have continued to invest in product development and developed proprietary technology particularly to create a better customer experience. The synergy benefits of the EmCe acquisition carried out last year are beginning to take shape, as we have been able to use EmCe software solutions in payroll management accounts. We have also continued to expand our nation-wide sales organisation.

In accordance with our strategy, we are investing significantly in employee experience, and during the review period, we have launched a large project to develop and improve supervisory work. In the one-year project, we will create a new leadership model for the company and determine the values that guide our everyday work.

In August, we lowered our outlook for net sales and profitability for 2022 due to the impact of general economic uncertainty on the activity of our customers. In addition, customer losses in Adner in 2021 and higher than anticipated overlapping costs for the old and new system stemming from Adner's system reform have impacted profitability negatively also during the current year. Furthermore, net sales from system consulting and expert work in EmCe's customer projects have been slightly lower than expected.

Despite this, we continue to implement our growth strategy according to plan. So far, the war in Ukraine has not had significant impacts on our business, but the uncertainties in the global economic situation are reflected in our operations through our customers.

Peter Aho  
CEO

## Outlook

On 12 August 2022, Administer lowered its outlook for net sales and profitability for 2022. The updated outlook for 2022 is as follows:

Administer seeks to continue growth investments as well as organic and inorganic growth in 2022. The company aims to make 5-10 acquisitions over the course of 2022. Administer estimates that its net sales will be EUR 47-49 million and its EBITDA margin will be 5-7% in 2022.

### *Previous outlook:*

Administer seeks to continue growth investments as well as organic and inorganic growth in 2022. The company aims to make 5-10 acquisitions over the course of 2022. Administer estimates that its net sales will increase to at least EUR 51 million and its EBITDA margin will be at least 8% in 2022.

## 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, in 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 due to the global geopolitical situation. 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. Accelerating inflation in Finland may spill into wages, and together with employee turnover, may increase costs at Administer and weaken profitability unless the higher costs can be transferred into the prices of services offered by the company.

## More information

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## Webinar

CEO Peter Aho and CFO Johan Idman will present the result in a webinar on 31 August 2022 at 11.00 a.m. EEST. Questions can be sent during the event via the chat function. The event will be held in Finnish, but questions can also be asked in English

You can join the webinar at <https://administer.videosync.fi/2022-q2-tulosjulkistus>.

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

## Contacts

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## About Administer Oyj

**Administer Group**, founded in 1985, is a Finnish company that offers financial and payroll management services as well as consulting and software services. Our customers include organisations of all sizes, from small and mid-sized companies to large enterprises and municipalities. Our goal is to reform the financial management service market by developing new technologies and solutions. Measured in revenue, we are one of the largest providers of financial management services and HR and payroll services in Finland. In 2021, our revenue was EUR 42 million and we employed approximately 600 financial management professionals.

## Attachments

- [Download announcement as PDF.pdf](#)
- [Administer Half-Year Report January-June 2022.pdf](#)