

## Administer Plc: Growth driven by acquisitions

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Administer Plc – Financial statements release 30 March 2023 at 8:30 EEST

This release is a summary of Administer’s Financial statements release 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.*

### 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.

## 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.

## 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/>.

## 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 2022, our revenue was EUR 53 million and we employed over 700 financial management professionals.

## Attachments

- [Download announcement as PDF.pdf](#)
- [Administer Financial Statement 2022 EN.pdf](#)