FINANCIAL STATEMENTS RELEASE 2023

A ADMINISTER GROUP

Administer Plc: Financial statements release 1 January–31 December 2023

Administer Plc: GROWTH CONTINUED STRONG, MAIN FOCUS IN INCREASING PROFITABILITY

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

July–December 2023

Key figures

- Net sales EUR 36.6 million (28.9), showing an increase of 27.0%. The increase was caused particularly by the corporate acquisitions made and the growth achieved by Silta.
- EBITDA EUR 1.3 million (2.7), or 3.5% (9.5%) of the net sales.
- Comparable EBITDA was EUR 1.7 million (2.7), or 4.6% (9.5%) of the net sales.
- Operating profit EUR –1.7 million (0.6), or –4.6% (2.2%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR –2.0 million (–1.5) in total.

January–December 2023

Key figures

- Net sales EUR 75.9 million (52.8), showing an increase of 43.8%. The increase was caused particularly by the corporate acquisitions made and the growth achieved by Silta.
- EBITDA EUR 2.8 million (3.8), or 3.8% (7.1%) of the net sales.
- Comparable EBITDA was EUR 3.2 million (3.8), or 4.3% (7.1%) of the net sales.
- Operating profit EUR –3.0 million (0.1), or –3.9% (0.2%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR –4.0 million (–2.5) in total.

Key events in 2023

- 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 a profitability programme focusing on improving long-term result and profitability.

KEY FIGURES

EUR million unless otherwise stated	7–12/ 2023	7–12/ 2022	Change, %	1–12/ 2023	1–12/ 2022	Change, %
Net sales	36.6	28.9	+27.0%	75.9	52.8	43.8%
EBITDA	1.3	2.7	−53.0%	2.8	3.8	−24.3%
% of net sales	3.5%	9.5%		3.8%	7.1%	
Operating profit (EBITA) adjusted with amortisation of goodwill	0.3	2.1	−85.7%	1.0	2.7	−62.4%
% of net sales	0.8%	7.3%		1.3%	5.1%	
Operating profit/loss	−1.7	0.6	−370.0%	−3.0	0.1	−2 240.6%
Profit/loss before appropriations and tax	−2.4	0.3		−3.9	−0.3	
Result adjusted with amortisation of goodwill	−0.1	1.4		0.0	1.8	
% of net sales	−0.2%	4.7%		0.1%	3.5%	
Earnings per share (EPS)	−0.14	−0.01		−0.27	−0.05	
Return on equity (ROE), %	−13.0%	−1.7%		−13.0%	−2.2%	
Equity ratio, %	44.0%	48.7%		44.0%	48.7%	
Debt-to-equity ratio, %	53.6%	51.1%		53.6%	51.1%	
Personnel on average	1,098	738	+48.8%	1,110	657	+69.0%

CEO's review

Administer's year 2023 was eventful but twofold. Early in the year, we focused on growth and began to integrate Econia into the Group. We also carried out three acquisitions, which strengthened our accounting firm business. In May, we went through a CEO change as I took the helm of the Group. Econia continued to execute its growth strategy by carrying out a corporate acquisition that supports the growth of its international and Compliance services. Towards the end of the year, we switched our focus from growth to improving profitability and started preparing our strategy for 2024−2026.

In the second half-year, our net sales grew 27.0 per cent and were EUR 36.6 million. Compared to the first half-year, the growth in net sales slowed down, but we can be satisfied with our growth rate in the current market environment. Our net sales for the entire year grew strongly by 43.8 per cent and increased to EUR 75.9 million, especially due to the acquisition of Econia. We also achieved organic growth in some of our operations. However, I need to admit that we fell a bit short of our targets. The general economic downturn reflected negatively on our operations, and the effects were most significant in staffing services. Competition continued to be tough in all our major fields of business.

In the second half-year, our comparable EBITDA was EUR 1.7 million, and the reported EBITDA was EUR 1.3 million. Reported EBITDA was weighed down by non-recurring instalments caused by the profitability programme and certain business operation write-downs. For the entire year, our comparable EBITDA was EUR 3.2 million, and our reported EBITDA was EUR 2.8 million. Our profitability was reduced by lower-than expected net sales, as well as by cost and salary inflation.

The progress of our financial performance was unsatisfactory, which is why we began the determined implementation of a profitability programme that aims to achieve an annual profitability improvement of approximately EUR 7 million. We estimate that the target will be reached in its entirety during 2024. Relative to our Group size, the programme is significant, even ambitious, and it is progressing as planned. As a part of this process, we had to implement unfortunate but necessary personnel reductions.

In the payroll service business, we are the market leader in Finland. Our subsidiary, Silta, continued its good organic growth, gaining significant new customers in the energy and finance sectors, among others. Going forward, we also seek growth in payroll services in the public sector wellbeing services counties through our high-quality service offering. We also had growth in software services in both the private and public sectors.

We advanced our corporate responsibility and related reporting by conducting a double materiality assessment and determining the material sustainability themes for the Group. We will continue this work in 2024 by determining the metrics and targets for the chosen themes.

We advanced the focus areas of our completed strategy period in many ways. To achieve bets personnel, we invested on managerial work and continued regular measurements of personnel satisfaction, which formed a basis for remedial actions to ensure a better corporate culture and working environment. We have also built training and growth paths for our personnel. Personnel satisfaction developed in line with the target and staff turnover decreased. We will continue to work on these themes in 2024.

We regularly monitor customer satisfaction to attain the best possible customer experience. We invested in harmonising customer programmes and continued to revamp our products and services. One example of this is the new multi-year partnership between Silta and CGI, which focuses on offering HR and payroll administration services and product development. Econia strengthened its grey economy services by acquiring its own service platform and new specialists via a corporate acquisition. In software services, EmCe launched a whistleblowing platform, and in consultation services, we focused on developing our legal services. Regarding our tools, we always offer customers the most suitable solutions and utilise the best technology available.

We have found the right areas for both focus and development, and our development work is well underway, as we have more actively identified synergies and competitive edges between different business operations. Our main focus will now 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. I have a firm belief that with our profitability programme and the new strategy published today, we are able to improve our competitiveness and achieve the set targets.

Kimmo Herranen
CEO

Outlook

Administer seeks to continue growth investments as well as organic and inorganic growth in 2024. Administer estimates that its net sales will be EUR 76–81 million and its EBITDA margin will be 6–9% in 2024.

Market environment

Administer operates in the market for services and software for financial and payroll management, as well as HR, staffing, and other professional services supporting companies' businesses. Although our market, excluding staffing, is very defensive by nature, economic changes impact the Finnish corporate landscape in general and, thereby, also the customers of our industries. During the last two years, the macroeconomy has gone through significant changes. After Russia started its war of aggression in early 2022, inflation started to quickly accelerate. The sharp rise in inflation rates forced the European Central Bank to raise their interest rate, which led to a sharp rise in all interest rates after the summer of 2022. These factors have had a negative effect on the profitability of the company business. Also, the uncertainty in the economy has increased.

Net sales and profitability

July–December 2023

Net sales increased by 27.0% compared to the corresponding period in the previous year and were EUR 36.6 million (28.9). The increase was caused particularly by the corporate acquisitions made and the growth achieved by Silta.

Personnel expenses were EUR 27.1 (19.0) million, making up 74% (66%) of the net sales. The increase of personnel expenses in euros was caused mainly by the acquisitions and salary inflation.

EBITDA was EUR 1.3 million (2.7), or 3.5% (9.5%) of the net sales. EBITDA was weakened in payroll services and staffing as well as due to non-recurring items of EUR 0.4 million. Comparable EBITDA was EUR 1.7 million (2.7), or 4.6% (9.5%) of the net sales.

Operating profit adjusted with amortisation of goodwill (EBITA) was EUR 0.3 million (2.1), making up 0.8% (7.3%) of the net sales.

Operating profit was EUR –1.7 million (0.6), or –4.6% (2.2%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR –2.0 million (–1.5) in total.

Result before appropriations and tax was EUR –2.4 million (–0.3) and result for the financial period was EUR –2.1 million (–0.1). Earnings per share (EPS) were EUR –0.14 (–0.01).

January–December 2023

Net sales increased by 43.8% compared to the previous year and were EUR 75.9 million (52.8). The increase was caused particularly by the corporate acquisitions made and the growth achieved by Silta.

Personnel expenses were EUR 55.4 (34.9) million, making up 73% (66%) of the net sales. The increase in personnel expenses in euros was caused mainly by acquisitions and salary inflation. Acquiring the staffing business as a part of the Group increased the relative share of personnel expenses.

EBITDA was EUR 2.8 million (3.8), or 3.8% (7.1%) of the net sales. EBITDA was weakened in payroll services and staffing as well as due to non-recurring items of EUR 0.4 million. The comparable EBITDA, excluding non-recurring instalments, was EUR 3.2 million (3.8), making up 4.3% (7.1%) of the net sales.

Operating profit adjusted with amortisation of goodwill (EBITA) was EUR 1.0 million (2.7), making up 1.3% (5.1%) of the net sales.

Operating profit was EUR –3.0 million (0.1), or –3.9% (0.2%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR –4.0 million (–2.5) in total.

Loss before appropriations and tax was EUR –3.9 million (–0.3) and loss for the financial period was EUR – 3.9 million (–0.7). Earnings per share (EPS) were EUR –0.27 (–0.05).

Cash flow and financing

Cash flow

In July–December 2023, cash flow from operations was EUR 3.1 million (2.6). The increase was mainly driven by improvement in net working capital. Cash flow from investments was EUR –2.7 million (–21.1) and cash flow from financing EUR –0.5 million (11.6).

In January–December 2023, cash flow from operations was EUR 5.4 million (2.3). Cash flow from investments was EUR –4.1 million (–22.8) and cash flow from financing EUR –2.4 million (12.1). The change in cash and cash equivalents during the financial year was EUR –1.2 million (–8.4). The changes in cash flow were mainly driven by investments and amortisation of loans.

Financing

Interest-bearing debt decreased during the review period and was EUR 14.8 million on 31 December 2023 (30 June 2023: EUR 15.2 million and 31 December 2022: EUR 16.4 million). Debt-to-equity ratio was 53.8% (30 June 2023: 51.5% and 31 December 2022: 51.1%).

The Group’s liquidity has remained fairly good. Administer’s cash and cash equivalents on 31 December 2023 totalled EUR 3.3 million (4.4). On 31 December 2023, the total amount of external financing agreed upon by Administer was EUR 19.3 million, of which drawn loans totalled EUR 16.8 million and loans not drawn totalled EUR 2.5 million. The drawn amount consists mainly of bank loans totalling EUR 14.3 million.

Bank loans include a covenant, which reviews the Group's net liabilities to EBITDA ratio. On December 31, 2023 the covenant was not fulfilled. Breaching the covenant has been negotiated with the financiers, all of whom have granted immunity from liability for breaching the covenant.

Equity was EUR 27.5 million on 31 December 2023 (31 June 2022: 29.6 and 31 December 2022: 32.1) and equity ratio was 43.9% (30 June 2023: 46.8% and 31 December 2022: 48.7%). Dividends totalling EUR 0.7 million were paid for the financial period 1 January–31 December 2022.

Personnel

The Group employed on average 1,098 people (738) in July–December and 1,110 (657) in January–December.

Changes in Management Team

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.

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.

During autumn 2023, the company streamlined and optimised its Management Team operations. From November onwards, the composition of the Management Team has been eight (8) members, down from the earlier 13. Arttu Eräpalo from Econia Oy started as the new member of the Management Team. Eräpalo has been in a leadership position in Econia since 2015. Before that, he had leadership positions in the fields of financial management and sales. The Group Management Team as of 01 November 2023:

Name	Area of responsibility
Kimmo Herranen	CEO
Peter Aho	Administer, Financial Management Services
Markus Backlund	Emce Solution Partner Oy
Toni Leppänen	Silta Oy
Arttu Eräpalo	Econia Oy
Mikko Vahtera	Consultancy Services
Kalle Lehtonen	Finances
Paula Niemi	Personnel

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.

The company's Board of Directors held its organising meeting after the Annual General Meeting on 16 May 2023. 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. 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 Board as of 16 May 2023:

Name	**Function in the Board**	**Nationality**	**Year of birth**	**Year of appointment to the Board**
Jukka-Pekka Joensuu	Chair	Finnish	1966	2016
Peter Aho	member	Finnish	1970	1994
Risto Koivula	member	Finnish	1968	2021
Milja Saksi	member	Finnish	1976	2023
Leena Siirala	member	Finnish	1960	2023
Minna Vanhala-Harmanen	member	Finnish	1968	2022

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) 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 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 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 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.

Shareholders' Nomination Board

Members of the Shareholders' Nomination Board

Members of Administer's Shareholders' Nomination Board were appointed on 3 October 2023. 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.

Members of the Nomination Board are:

- Peter Aho (appointed by Peter Aho)
- Karoliina Lindroos (appointed by Ilmarinen Mutual Pension Insurance Company)
- Rolf Backlund (appointed by Sijoitus Oy MC Invest Ab)
- Roger Kempe (appointed by Oy Fincorp Ab)

The Nomination Board will also include Jukka-Pekka Joensuu, Chair of the Board of Directors in Administer Plc., as an expert member. In the organizing meeting, Peter Aho was elected as the Chair of the Nomination Board.

Product development

The proprietary technology Administer uses for producing services and developing software requires considerable investments in research and 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 2023, product development expenses amounting to EUR 2.1 million (1.9) were capitalised in the balance sheet.

During 2023, a significant number of new functionalities and improvements were made to the eFina system. Utilising AI more extensively in financial management processes has created marked improvements in efficiency and quality in producing financial management services.

EmCe products saw significant improvements in the visual appearance and accessibility of applications, further developments in open API interface, investments in financial and salary automation, as well as in integrative solutions.

During the operative year, Administer acquired its own service platform for managing subcontracting chains, Sedatus, by purchasing Enersense Solutions Oy, which will strengthen the services for preventing grey economy.

Significant events in the review period

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

Administer 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 in 2022. 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.

Administer launched a profitability programme

In autumn 2023, the company launched a profitability programme, which targets a profitability improvement of EUR 7 million. The programme focuses on improving long-term results and profitability. As a part of the programme, some of the Group companies executed change negotiations. Personnel activity in seeking solutions reflected positively on the negotiation results, and only 17 positions were terminated. In addition, five (5) people were laid off, and three (3) positions were changed to part-time ones.

Shares and share capital

At the end of December 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.

Long-term incentive plan

On 27 November 2023, the Board of Directors decided to establish a new share-based long-term incentive plan for the Group's key personnel. The aim of the plan is to align the objectives of the company, its shareholders, and key employees and thereby increase the company's value in the long term, to commit the key employees to the company and to offer them competitive incentive plans that are based on earning and accumulating the company's shares as well as the increase in share value.

The share-based incentive plan for 2024–2028 consists of three (3) three-year earning periods: the calendar years 2024–2026, 2025–2027, and 2026–2028.

As part of the plan, each participant can earn Administer Plc's shares based on the fulfilment of the earning criteria. The Board of Directors will decide on the earning criteria and the targets set for each earning criterion at the beginning of each earning period. The possible rewards under the incentive plan will be paid after the end of each earning period.

The gross rewards payable under the 2024–2026 earning period correspond to the value of an approximate maximum total of 306,061 Administer Plc shares, including the portion to be paid in cash. In the 2024–2026 earning period, the target group of the share-based incentive plan comprises key employees determined by the Board of Directors, including the Group's CEO and Management Team.

The company had 1,960 (2,047) shareholders at the end of the review period.

Share trading volume between 1 January and 31 December 2023 totalled 815,731 shares, corresponding to EUR 2.39 million. The highest trading price was EUR 3.73 and the lowest was EUR 2.30. The closing price at the end of the review period was EUR 2.41 and the market value based on the closing price was approximately EUR 34.5 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 the inflation may also increase interest levels and thereby impact the price of external funding of Administer.

The company may not succeed in acquiring funding with affordable terms or at all, and its financial expenses may increase. Also, breaching the covenants included in the credit agreements of the company and its Group companies may complicate the availability of funding for the company, increase the company's financial expenses, or lead to premature maturity of the Group loans.

Proposal for distribution of profits

The distributable retained funds of Administer's parent company were EUR 35.6 million on 31 December 2023. The Board of Directors proposes to the General Meeting to be held on 10 April 2024 that no dividend be paid for the financial year 1 January–31 December 2023.

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 2024 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, Peter Aho, Jukka-Pekka Joensuu, Risto Koivula, Milja Saksi, Leena Siirala and Minna Vanhala-Harmanen be re-elected.

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.

Administer strengthened its business in the Vaasa region by acquiring the accounting business of Pohjanmaan Laskenta Oy

Administer continues to implement its growth strategy and announced in January 2024 that it will acquire the accounting business of Pohjanmaan Laskenta Oy, operating in the Vaasa region. The acquisition strengthens the company's operations in the Vaasa region, where Administer already has its own office.

Administer's Board of Directors resolved on a directed share issue

Administer Plc's Board of Directors resolved a directed share issue based on the authorisation given by the Annual General Meeting on 16 May 2023. The share issue is connected to the asset deal where Administer acquired the accounting business of Pohjanmaan Laskenta Oy.

Part of the total price was paid with 24,730 new Administer shares through a directed share issue to Pohjanmaan Laskenta Oy. The subscription price of the shares is EUR 2.4869 per share based on the volume weighted average price of Administer's share between 14 and 29 December 2023.

The number of shares in Administer increased due to the directed share issue to the Seller to a total of 14,354,144 shares. The new shares represent approximately 0.17 per cent of all shares and votes in Administer immediately after the consummation of the acquisition.

The new shares yield shareholder rights in the company from the moment of their registration. Shares were registered in the trade register on 15 January 2024.

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 40 053 9968

Webinar

CEO Kimmo Herranen and CFO Kalle Lehtonen will present the result in a webinar on 6 March 2024 at 11.00 a.m. EET. Questions can be sent during the event via the chat function.

You can join the webinar at https://administer.videosync.fi/q4-2023

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

Financial calendar in 2024

Administer will publish its financial results in 2024 as follows:

- Business review January–March 2024 on Wednesday, 8 May 2024
- Half-year review January–June 2024 on Thursday, 15 August 2024
- Business review January–September 2024 on Wednesday, 6 November 2024.

Administer's Annual Report including financial statements and Board of Directors' report for 2023 will be published on week 12/2024 (the week beginning on 18 March) and available on https://administergroup.com/en/investors/.

The Annual General Meeting is planned to be held in Helsinki on 10 April 2024.

ADMINISTER GROUP JANUARY–DECEMBER 2023 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).

CONSOLIDATED INCOME STATEMENT

(TEUR)	**1.7.–31.12.**		**1.1.–31.12.**	
	2023	**2022**	**2023**	**2022**
NET SALES	**36 643**	**28 862**	**75 886**	**52 778**
Other operating income	261	72	453	121
Materials and services				
Purchases	-3 503	-3 060	-6 649	-6 088
External services	-621	-615	-1 743	-1 057
Total	-4 124	-3 675	-8 392	-7 145
Personnel expenses				
Salaries and wages	-22 305	-15 595	-45 749	-28 886
Social security costs				
Pension costs	-3 949	-2 788	-7 893	-4 930
Other expenses related to personnel	-873	-572	-1 764	-1 065
Total	-27 127	-18 955	-55 405	-34 881
Depreciation, amortization and impairment				
Amortization of goodwill	-1 981	-1 495	-3 956	-239
Other depreciations according to plan	-989	-632	-1 845	-1 096
Impairment	-1	0	-1	0
Total	-2 970	-2 127	-5 803	-1 336
Other operating expenses	-4 243	-3 579	-9 509	-7 135
Share of results of affiliates	-117	23	-184	26
OPERATING PROFIT (LOSS)	**-1 677**	**621**	**-2 954**	**126**
Financial income and expenses				
Other interest and financial income	17	35	39	78
Other interest and financial income	-115	-85	-115	-85
Interest and other financial expenses	-575	-306	-909	-399
Total	-673	-357	-985	-406
PROFIT BEFORE APPROPRIATIONS AND TAX	**-2 350**	**264**	**-3 939**	**-279**
Income tax	273	-387	83	-405
Income tax	26	0	0	0
Minority interest	-15	-12	-30	-18
PROFIT (LOSS) FOR THE PERIOD	**-2 066**	**-134**	**-3 886**	**-703**

Consolidated Balance Sheet
(TEUR)

	31.12. 2023	31.12. 2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditures	4 421	3 122
Intangible rights	96	355
Consolidated goodwill	35 628	38 475
Goodwill	3 675	3 639
Other capitalised long-term expenditures	1 125	1 210
Total	44 945	46 802
Tangible assets		
Land and water areas	36	36
Buildings and structures	227	237
Machinery and equipment	701	605
Other tangible assets	11	11
Total	976	890
Investments		
Shares in affiliated companies	126	310
Other shares	193	308
Total	319	618
NON-CURRENT ASSETS, TOTAL	46 240	48 309
CURRENT ASSETS		
Receivables		
Non-current		
Other receivables	76	105
Total	76	107
Current		
Trade receivables	10 986	10 992
Loan receivables	22	28
Other receivables	286	371
Prepayments and accrued income	1 662	1 646
Total	12 956	13 037
Cash and cash equivalents	3 262	4 412
CURRENT ASSETS, TOTAL	16 294	17 664
TOTAL ASSETS	62 534	65 973

EQUITY AND LIABILITIES
EQUITY

Share capital	80	80
Other reserves	30 609	30 609
Retained earnings (loss)	699	2 135
Profit (loss) for the period	-3 886	-703
TOTAL EQUITY	27 501	32 121
MINORITY INTEREST	33	21
LIABILITIES		
Non-current		
Capital loan	500	500
Loans from financial institutions	8 964	12 194
Other liabilities	1	2 022
Total	9 465	14 715
Current		
Loans from financial institutions	5 288	3 730
Trade payables	5 546	3 897
Other liabilities	6 059	3 381
Accrued expenses and deferred income	8 642	8 107
Total	25 535	19 116
TOTAL LIABILITIES	35 000	33 831
TOTAL EQUITY AND LIABILITIES	62 534	65 973

Consolidated Statement of Cash Flow

	1.7.-31.12.		1.1.-31.12	
(TEUR)	**2023**	**2022**	**2023**	**2022**
Cash flow from operating activities	3 128	2 616	5 422	2 329
Cash flow from investment activities	-2 731	-21 146	-4 145	-22 817
Cash flow from financing activities	-518	11 643	-2 428	12 060
Change in cash and cash equivalents	-122	-6 888	-1 150	-8 428
Cash and cash equivalents at the beginning of period	3 384	11 300	4 412	12 840
Cash and cash equivalents at the end of period	3 262	4 412	3 262	4 412

Consolidated statement of changes in equity

(TEUR, unless otherwise indicated)	Share capital	Other reserves	Treasury shares	Translation differences	Retained earnings (loss)	Total equity
Equity 1 January, 2022	80	30 142	0	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
Equity 31 December, 2022	80	30 609	0	0	1 433	32 121

(TEUR, unless otherwise indicated)	Share capital	Other reserves	Treasury shares	Translation differences	Retained earnings (loss)	Total equity
Equity 1 January, 2023	80	30 609	0	0	1 433	32 121
Profit (loss) for the period					-3 886	-3 886
Dividend decision					-734	-734
Equity 31 December, 2023	80	30 609	0	0	-3 188	27 501

Key Figures

(TEUR, unless otherwise indicated)	1 Jul - 31 Dec		1 Jan - 31 Dec	
	2023	2022	2023	2022
Net sales	36 643	28 862	75 886	52 778
EBITDA	1 293	2 748	2 849	3 765
EBITDA, %	3,5 %	9,5 %	3,8 %	7,1 %
Operating profit adjusted by amortization of goodwill	303	2 117	1 002	2 668
Operating profit adjusted by amortization of goodwill, %	0,8 %	7,3 %	1,3 %	5,1 %
Operating profit (loss)	-1 677	621	-2 954	126
Operating profit (loss), %	-4,6 %	2,2 %	-3,9 %	0,2 %
Profit before appropriations and tax	-2 350	264	-3 939	-279
Profit (loss) for the period	-2 066	-134	-3 886	-703
Profit (loss) adjusted with amortization of goodwill	-85	1 362	70	1 839
Profit (loss) adjusted with amortization of goodwill, %	-0,2 %	4,7 %	0,1 %	3,5 %
Earnings per share (EPS)	-0,14	-0,01	-0,27	-0,05
Return on equity, % (ROE)	-14,1 %	-1,7 %	-14,1 %	-2,2 %
Equity ratio, %	44,0 %	48,7 %	44,0 %	48,7 %
Debt-to-equity ratio, %	53,6 %	51,1 %	53,6 %	51,1 %
Net sales growth, %	27,0 %	30,8 %	43,8 %	25,9 %
Number of personnel	1 098	738	1 110	657
Net sales per employee	33	39	68	80
Personnel expenses per employee	-25	-26	-50	-53
Ratio of personnel expenses to net sale, %	74,0 %	65,7 %	73,0 %	66,1 %

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, %	$\frac{\text{EBITDA}}{\text{Net sales}}$	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)	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.