

Netum Group Plc's half-year report 1 January–30 June 2021 (unaudited)

Continued profitable growth

Revenue for January–June increased organically 21.7% from the comparison period. Comparable EBITA was EUR 1.6 (1.5) million, or 15.4 (17.2) % of revenue. In June 2021, Netum Group Plc was listed on Nasdaq Helsinki Oy's First North Growth Market Finland marketplace. The share issue was oversubscribed 7.4-fold.

January–June 2021 in brief

Unless otherwise stated, the figures in brackets refer to the comparison period and are in the same unit as the figures for the reporting period.

- Revenue increased 21.7% from the comparison period to EUR 10.4 (8.6) million
- EBITDA amounted to EUR 1.9 (1.5) million, or 18.1 (17.9) % of revenue
- Comparable EBITA was EUR 1.6 (1.5) million, or 15.4 (17.2) % of revenue. Comparable EBITA excludes EUR 0.2 million in sales proceeds of IT equipment recorded in the 'other income' account.
- Operating profit was EUR 1.3 (0.9) million, or 12.0 (11.0) % of revenue
- Result for the reporting period was EUR 86 (743) thousand, or 0.8 (8.7) % of revenue, and comparable result was EUR 1.2 (1.3) million, or 11.3 (14.9) % of revenue
- Comparable earnings per share were EUR 0.12 (0.15)
- Non-recurring financial expenses related to the listing affecting comparability were EUR 0.9 million
- Number of employees at the end of the period was 171 (116)
- In June 2021, Netum Group Plc was listed on the Nasdaq First North Growth Market Finland marketplace

Group key figures

In EUR thousand unless otherwise stated	1–6/2021	1–6/2020	Change	1–12/2020
Revenue	10,436	8,574	22%	17,541
Revenue growth, per cent	21.7%	N/A		31.1%
Organic growth, per cent	21.7%	N/A		27.0%
EBITDA	1,893	1,531	24%	3,242
EBITDA, % of revenue	18.1%	17.9%		18.5%
Operating profit excluding goodwill amortisation (EBITA)	1,784	1,479	21%	3,083
EBITA, % of revenue	17.1%	17.2%		17.6%
Comparable EBITA ¹⁾	1,610	1,479	9%	3,083
Comparable EBITA, % of revenue	15.4%	17.2%		17.6%
Operating profit (-loss)	1,251	945	32%	2,016
Operating profit (-loss), % of revenue	12.0%	11.0%		11.5%
Result for the reporting period	86	743	-89%	1,311
Profit for the period excluding goodwill amortisation	619	1,276	-52%	2,378

Comparable profit excluding goodwill amortisation ¹⁾	1,180	1,276	-8%	2,378
Earnings per share, EUR	0.01	0.09	-90%	0.15
Earnings per share excluding goodwill amortisation, EUR	0.06	0.15	-56%	0.27
Comparable earnings per share excluding goodwill amortisation, EUR	0.12	0.15	-16%	0.27
Number of employees at the end of the period	171	116	47%	130
Equity ratio, %	62.4%	39.1%		44.2%
Return on equity, % ²⁾	2.0%	43.7%		31.5%

¹⁾ Comparability was affected by other operating income to the amount of EUR 174 thousand (sale of equipment in the transition to procurements for leasing) and expenses related to the First North listing that burdened the result for the period by EUR 875 thousand.

²⁾ Annualised.

Outlook and estimates of future developments

Netum expects its revenue to reach EUR 20–22 million and comparable EBITA to be EUR 3.1–3.5 million for the financial year 2021.

Matti Mujunen, CEO:

“Netum is a strongly and profitably growing Finnish IT service company that helps its customers in digital transformation with its Legacy to Digi concept. We strongly believe that the changes that digitalisation demands can often be made most cost-effectively by combining digital services with usable existing IT assets. I am very pleased that demand for our services has continued to grow, and our business developed excellently during the first half of the year.

Revenue increased by 22% from the comparison period. And thanks to successful recruitment efforts, our personnel increased from 130 to 171 employees. Despite the increase in revenue and number of employees, operations remained profitable and even slightly improved from the comparison period. One of the ways we achieved this was by further developing our recruitment and sales processes.

We entered into significant new long-term agreements during the period. The largest of these is an agreement for the provision of solution development and maintenance expert services that we concluded with the Finnish state organisation KEHA, which is the development and administration centre for the Centres for Economic Development, Transport and the Environment and for the Employment and economic development service offices. Invoicing from our current customers increased from last year, and the existing agreements will generate revenue for years to come. We were also very pleased to have gained several new customers in the spring of 2021. However, the impact of these new customer relationships on revenue will not become more significant until the end of the year. In line with our strategy, we also invested in cyber security. From the beginning of the year, we concentrated our information security expertise in a new business area, and the unit’s operations

developed well in the early part of the year. We for instance entered into a continuous information security service agreement with Istekki Oy.

During the spring, we defined our corporate responsibility programme and the themes, indicators and targets related to meeting our social, economic and environmental responsibilities. The programme supports our target to become the most trusted digital partner in our industry and the preferred employer by 2023. According to our own measurements, our customers have been extremely satisfied with us, and our employees are also highly satisfied with the company. The responsible manner in which Netum operates is also reflected in the services we provide. We are an IT company that provides services for major social projects, enabling solutions that promote information security and increasingly environmentally friendly business operations through digitalisation. We are actively involved in the digital development of various circular economy projects. Among these are the designing of a circular economy park, where the construction of a digital platform is part of the assignment.

Netum has grown strongly and profitably over the past several years. In line with our strategy, we aim to continue on our profitable growth path both through organic growth and targeted acquisitions. The listing on the First North marketplace in support of our growth goals was a milestone for us, and the IPO was even more successful than expected. It led to an enormous increase in the recognition of Netum, and we acquired significant Finnish institutional investors as well as a number of private investors. Naturally, we are very pleased with these developments. Netum acquired a total of about 6,000 new owners in the share issue. I am especially proud that our employees also took part enthusiastically in the issue.

Demand for the remainder of 2021 looks positive. We continue to expect that our revenue in 2021 will reach EUR 20–22 million and that comparable EBITA will be EUR 3.1–3.5 million. In accordance with our strategy, we are making ongoing progress towards our growth targets by continuing to recruit professionals and to actively identify acquisition targets. I would like to warmly thank our committed personnel, all our partners and customers as well as our investors for the past half year.”