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Netum Group Plc
Financial statements release
1 January - 31 December 2023

Contents

Netum Group Plc’s financial statements release 1 January–31 December 2023	2
July–December 2023 in brief	2
January–December 2023 in brief	2
Group key figures.....	3
Outlook for 2024.....	3
CEO’s statement.....	4
Significant events during the reporting period	6
Financial review 1 January–31 December 2023	7
Revenue, profitability and result	7
July–December 2023	7
January–December 2023.....	7
Balance sheet, financing and cash flow.....	7
Investments	8
Research and development	8
Corporate transactions	8
Group structure.....	8
Changes in management	8
Personnel and management.....	9
Corporate responsibility.....	9
Annual General Meeting 2023	10
Share-based incentive plans	11
Directed share issues.....	11
Shares and trading in shares	11
Shareholders.....	11
Business environment.....	12
Near-term risks and business uncertainties	12
Strategy	12
Medium-term financial targets	12
Board of Directors’ proposal for the division of profit.....	13
Events after the end of the financial period	13
Annual General Meeting 2024	13
Financial reporting in 2024	13
Tables	14
Accounting principles for the financial statements	14
Consolidated income statement	14
Consolidated balance sheet	15
Consolidated statement of cash flows	17
Consolidated statement of changes in equity	18
Commitments and contingent liabilities	19
Reconciliation of alternative performance measures	20
Calculation of key figures.....	21

Netum Group Plc's financial statements release

1 January–31 December 2023

Strong growth, but also challenges

Netum Group's revenue for July–December 2023 increased 45.5% on the comparison period. Organic growth was 17.9%. EBITA was EUR 1.4 (0.8) million or 6.9 (5.5) % of revenue. The Group's revenue for January–December 2023 grew 27.2% from the comparison period. Organic growth was 11.3%. EBITA was EUR 2.3 (2.5) million or 6.3 (8.5) % of revenue.

Unless otherwise stated, the figures in brackets refer to the comparison period and are in the same unit as the figures for the review period. The figures for 2023 contained in this financial statements release are unaudited.

July–December 2023 in brief

- Revenue increased 45.5% on the comparison period and was EUR 20.0 (13.7) million
- EBITDA amounted to EUR 1.4 (0.9) million or 7.2 (6.9) % of revenue
- EBITA was EUR 1.4 (0.8) million or 6.9 (5.5) % of revenue
- Comparable EBITA was EUR 1.5 (0.8) million or 7.7 (5.8) % of revenue
- Operating profit was EUR -0.1 (-0.1) million or -0.7 (-0.8) % of revenue
- Result for the period was EUR -0.8 (-0.3) million or -3.8 (-2.2) % of revenue
- Earnings per share were EUR -0.06 (-0.03)
- On 1 July 2023, Netum DUX and related business operations were transferred to Optimo Systems Oy as a contribution in kind. In connection with the business transfer, Netum Oy became a shareholder in Optimo Systems Oy with 49.8% ownership.
- On 1 September 2023, Netum Group Plc acquired 100% of Buutti Oy

January–December 2023 in brief

- Revenue increased 27.2% on the comparison period and was EUR 37.1 (29.1) million
- EBITDA was EUR 2.6 (2.8) million or 7.1 (9.7) % of revenue
- EBITA was EUR 2.3 (2.5) million or 6.3 (8.5) % of revenue
- Comparable EBITA was EUR 2.8 (2.6) million or 7.4 (8.8) % of revenue
- Operating profit was EUR -0.2 (0.8) million or -0.6 (2.6) % of revenue
- Result for the period was EUR -1.1 (0.2) million or -2.9 (0.6) % of revenue
- Earnings per share were EUR -0.09 (0.02)
- Number of personnel at the end of the period was 412 (276), growth from the comparison period was 49%
- On 2 January 2023, Netum Group Plc acquired 100% of Studyo Oy
- The Board of Directors of Netum Group Plc proposes to the Annual General Meeting that no dividend be shared for the financial period 1 January–31 December 2023

Group key figures

EUR thousand unless otherwise stated	7-12/2023	7-12/2022	Change	1-12/2023	1-12/2022	Change
Revenue	19,963	13,719	45.5%	37,069	29,146	27.2%
Revenue growth, per cent	45.5%	14.7%		27.2%	30.1%	
Organic growth, per cent	17.9%	3.8%		11.3%	21.8%	
EBITDA	1,439	943	52.7%	2,614	2,817	-7.2%
EBITDA, % of revenue	7.2%	6.9%		7.1%	9.7%	
Operating profit excluding goodwill amortisation (EBITA)	1,368	754	81.3%	2,341	2,485	-5.8%
EBITA, % of revenue	6.9%	5.5%		6.3%	8.5%	
Comparable EBITA ¹⁾	1,540	798	93.1%	2,754	2,561	7.5%
Comparable EBITA, % of revenue	7.7%	5.8%		7.4%	8.8%	
Operating profit (-loss)	-131	-108		-235	761	
Operating profit (-loss), % of revenue	-0.7%	-0.8%		-0.6%	2.6%	
Result for the reporting period	-760	-308		-1,075	185	
Earnings per share, EUR	-0.06	-0.03		-0.09	0.02	
Return on equity, %	-6.5%	-2.6%		-8.7%	1.5%	
Equity ratio, %	38.9%	59.6%		38.9%	59.6%	
Number of employees at the end of the period	412	276	49.3%	412	276	49.3%

¹⁾ Items affecting comparability are presented in the table Comparable EBITA.

Outlook for 2024

Netum expects its revenue in the financial year 2024 to be EUR 45–49 million and comparable EBITA to be approximately 8–11 % of revenue.

Netum expects the demand for IT services in the public sector to remain strong but the intensified price competition to bring challenges to the market. The outlook for the corporate sector is weighed down by the general economic situation, which slows down decision-making. Netum expects the measures started during 2023 to improve profitability.

CEO's statement



"Netum's year 2023 included strong growth and development, but also challenges. At the beginning of the year, we acquired Studyo Oy, which specialises in software products and services for the education sector, and in September, Buutti Oy, which provides IT consulting and training services. As a result of the acquisitions, our operations expanded to the Kuopio economic area and Northern Finland, and our nine offices now cover a large geographical part of Finland. Primarily due to the acquisitions, our number of employees exceeded 400 during the year. To respond to the weakened profitability and uncertain market situation, we started change negotiations at the end of the year, affecting approximately 40 people in the Group's support functions and the Cyber security business unit. The decision was difficult for our personnel and led to the termination of five employees' employment contracts and temporary layoffs affecting 24 employees during 2024.

Our revenue grew to EUR 37.1 million, or 27% from the previous year, partly due to the acquisitions during the year. In the second half of the year, we also grew organically by 18%. In particular, the demand for digital service development and continuity services has been very strong. However, profitability fell short of targets in 2023. Our profitability was impacted by our investments in growth, lower-than-targeted invoicing rates in some service areas and increased salary costs. Towards the end of the year, our profitability decreased also due to the higher-than-expected non-recurring costs related to the transfer of the Netum DUX business to Optimo Systems Oy, as well as a decrease in revenue due to the change negotiations. A turn for the better is already taking place, and the significant profit-improving effects of both transfer of the Netum DUX business and the change negotiations will be fully visible during 2024.

The new significant agreements we signed during the year include, for example, an extension agreement with the KEHA Centre on the production of the URA VDI service, a cloud-based data warehouse solution for the University of Vaasa, and software development for the Social Insurance Institution of Finland and Esko Systems. In addition, we signed new cyber security service agreements with, for example, the State Treasury, and carried out information security audits for Istekki.

We have long experience in digital solutions for the education sector, and we already serve about 35 higher education institutions. In 2023, we signed a five-year agreement on the application development of the "Peppi" study management system for Metropolia University of Applied Sciences and won a tender from three universities of applied sciences and one university for the maintenance and further development of the "Peppi" systems.

Through acquisitions, our customer base also expanded. The acquisition of Studyo Oy strengthened our product and service offering in the education sector. Studyo's customers include approximately 60 educational institutions in Finland. Studyo's SaaS products have a total of more than 300,000 end users, and the company is the market leader in electronic diplomas in Finland. Buutti Oy brought us additional growth especially from corporate customers, the largest of which operate in the banking and financial sector, in healthcare and in telecommunications technology. With Buutti, our customers now include Vaisala, Novatron, Detection Technology and Suunto.

During 2023, we continued to develop our sales process and financial control, among other things, and established a new cloud competence center for our customers. To serve our customers even better and with more diverse expertise, we expanded our participation in the partner programmes of large technology companies (AWS, Microsoft, Salesforce) and acquired several new domestic subcontractors and nearshore partners.

The revolution brought about by artificial intelligence is not only technological, it is transforming business models, processes and the nature of work. We have recognised the potential of AI to create

significant value for our customers, improve our operational efficiency and support sustainable growth. This means developing new, intelligent services, utilising data in decision-making more deeply than before, and continuously developing the competence of our employees. In 2023, we launched a program to concretely deepen the integration of AI into our business, streamline processes and create new customer added value. Deeper integration of artificial intelligence into our business is a key part of our strategy. It will be deeply embedded in our culture, and we believe it will be a major factor in our success.

Our target is to be the most trusted partner in the industry and the preferred work community in responsible and safe digital transformation. In 2023, we were the first player in the IT industry to publish a green design guide that aims to promote responsible digital development. The guide is part of Netum's responsibility work, which also included a Green Developer course for the entire personnel. In addition, we published our renewed corporate responsibility programme in autumn 2023 and started preparing for future sustainability reporting requirements.

A fair and pluralistic work community as well as and competent professionals who feel well at work are very important to us. For this reason, we conduct regular employee engagement surveys for our personnel. The results of the personnel survey conducted in September were still at a good level. However, after the cost-saving measures and the subsequent change negotiations, in the survey measuring the eNPS score in January, satisfaction with the employer had significantly decreased. We will do everything we can to rectify this situation.

We are confident going into the new financial year. The demand for IT services in the public sector seems to remain strong, even though price competition poses challenges. The general economic situation has been weighing down the outlook for the corporate sector as decision-making has slowed down. We expect that the efficiency measures taken will significantly improve our profitability and that our revenue will continue on a strong growth path both organically and supported by acquisitions. In 2024, we estimate revenue to be EUR 45–49 million and comparable EBITA to be approximately 8–11% of revenue.

My warmest thanks for 2023 to all our personnel, customers, partners and investors.

Matti Mujunen
CEO

Significant events during the reporting period

On 29 December 2022, Netum Group Plc announced an agreement about a corporate transaction between Netum Group Plc and Studyo Oy shareholders. The acquisition was implemented on 2 January 2023, and Studyo Oy became a 100 per cent owned subsidiary of Netum Group Plc.

On 3 January 2023, the Board of Directors of Netum Group Plc decided on a directed share issue in which shares held by the company would be transferred to the key employees of Studyo Oy as part of the basic purchase price of the acquisition of Studyo Oy. After the transfer of the shares, Netum Group Plc held 156,216 treasury shares. The number of shares in Netum Group Plc remained unchanged at 11,920,500 shares.

On 30 June 2023, Netum Oy, a subsidiary of Netum Group Plc, and Optimo Systems Oy agreed on a transaction in which the Netum DUX business was on 1 July 2023 transferred to Optimo Systems as a contribution in kind. In connection with the business transfer, Optimo Systems Oy became an associated company of Netum Oy with a 49.8% ownership.

On 14 July 2023, Netum announced that it would acquire the entire share capital of Buutti Oy. The transaction was completed on 1 September 2023. On 1 September 2023, the Board of Directors of Netum Group Plc decided on a directed share issue in which a total of 865,851 new shares in Netum Group Plc were transferred to the shareholders of Buutti Oy as part of the basic purchase price of the acquisition of Buutti Oy. After the share issue, the total number of Netum Group Plc's shares was 12,786,351, and the company held 156,216 treasury shares.

On 24 October 2023, Netum published the first green design guide in the Finnish IT sector. The guide provides IT employees with information of responsible digital development and promotes its principles. The guide provides concrete tips to help organisations take the first steps towards greener design.

On 2 November 2023, Netum announced starting change negotiations concerning approximately 40 persons to improve the efficiency of its operations and profitability. The negotiations concerned the parent company Netum Group Plc's personnel that is responsible for the Group's support functions, and Netum Ltd's Cyber security business unit. On 18 December 2023, Netum announced that the negotiations had been concluded. As a result of the negotiations, the employment of five employees was terminated. In addition, the company decided to temporarily lay off some of its personnel. The duration of the temporary layoffs varies from 8 to 25 days, and they affect 24 employees. The temporary layoffs will be implemented during the year 2024.

On 28 November 2023, Netum announced having established a new cloud competence center. The Cloud Centre of Excellence of the company's Continuity services unit helps organisations develop their cloud architecture and optimise its use. This makes their IT ecosystems more cost- and energy-efficient.

Most significant new orders during the review period were:

- The KEHA centre: a two-year extension agreement for the URA VDI service production
- Metropolia University of Applied Sciences: development and maintenance of the "Peppi" study management system
- Metropolia University of Applied Sciences, Tampere University of Applied Sciences and Laurea University for Applied Sciences: maintenance and further development of the "Peppi" study management system
- Social Insurance Institution of Finland: software development
- University of Oulu: support for and maintenance of the "Peppi" system
- University of Vaasa: a cloud-based data warehouse solution
- State Treasury: cyber security services
- Istekki Oy: information security audits
- Esko Systems Oy: software development
- Studyo Oy's license capital (Annual Recurring Revenue) for SaaS services grew 70% year on year

Financial review 1 January–31 December 2023

Revenue, profitability and result

July–December 2023

Revenue for July–December grew 45.5% from the comparison period and amounted to EUR 20.0 (13.7) million. Organically revenue grew 17.9%.

EBITDA was EUR 1.4 (0.9) million or 7.2 (6.9) % of revenue, and EBITA was EUR 1.4 (0.8) million or 6.9 (5.5) % of revenue. Comparable EBITA was EUR 1.5 (0.8) million or 7.7 (5.8) % of revenue. Operating profit was EUR -0.1 (-0.1) million, or -0.7 (-0.8) % of revenue. Result for the reporting period was EUR -760 (-308) thousand or -3.8 (-2.2) % of revenue.

January–December 2023

Revenue for the full year 2023 grew 27.2% year-on-year and was EUR 37.1 (29.1) million. Organically, net sales grew 11.3 %.

EBITDA was EUR 2.6 (2.8) million or 7.1 (9.7) % of revenue, and EBITA was EUR 2.3 (2.5) million or 6.3 (8.5) % of revenue. Comparable EBITA was EUR 2.8 (2.6) million or 7.4 (8.8) % of revenue. Operating profit was EUR -0.2 (0.8) million or -0.6 (2.6) % of revenue. Result for the reporting period was EUR -1.1 (0.2) million or -2.9 (0.6) % of revenue.

Balance sheet, financing and cash flow

The Group's balance sheet total on 31 December 2023 was EUR 32.9 (20.0) million. The Group's equity at the end of the financial period was EUR 12.8 (11.9) million.

Liabilities at the end of the period amounted to EUR 20.1 (8.1) million.

The Group's long-term interest-bearing liabilities amounted to EUR 7.9 (1.9) million. Current interest-bearing liabilities amounted to EUR 1.5 (0.6) million. Interest-bearing liabilities consisted of bank loans.

At the end of 2023, the company's financial situation was satisfactory. At the end of the financial year, the equity ratio was 38.9 (59.6) %. At the end of the financial year, the Group's cash and cash equivalents were EUR 0.5 (3.6) million, of which cash and cash equivalents were EUR 0.3 (3.6) million and financial securities EUR 0.2 (0.1) million.

In January–December 2023, cash flow from operating activities was EUR 0.3 (3.1) million and cash flow from investments EUR -9.0 (-0.4) million. The change in the cash flow from investments was due to investments in subsidiary shares.

Cash flow from financing activities was EUR 5.6 (-1.3) million and included, among other things, withdrawals of long-term loans of EUR 7.6 (0.0) million and dividends paid of EUR -1.3 (-1.3) million.

Investments

Capital expenditure in the acquisition of subsidiary shares (the cash part) totalled EUR 10.8 million. In the previous financial year, investments of EUR 0.5 million were directed at machinery and equipment as well as further development of Netum DUX and Truugo software.

Research and development

Research and development expenses capitalised in 2023, EUR 0.3 million, were transferred to Optimo Systems Oy in connection with the transfer of the Netum DUX business. In the previous financial year, capitalised research and development expenses amounted to EUR 0.5 million, and they were allocated to the further development of Netum DUX and Truugo software.

Corporate transactions

On 29 December 2022, Netum Group Plc announced having signed an agreement to acquire the entire share capital of Studyo Oy. The transaction was completed on 2 January 2023.

On 30 June 2023, Netum Oy, a subsidiary of Netum Group Plc, and Optimo Systems Oy agreed on a corporate transaction in which the Netum DUX business and related business operations were on 1 July 2023 transferred to Optimo Systems Oy as a contribution in kind. In connection with the business transfer, Netum Oy became a shareholder in the company with a 49.8% ownership. As of 1 July 2023, Optimo Systems Oy's result is presented in the financial statements as part of financial income and expenses under the heading Share of associated company's profit. Two Netum Oy employees transferred to Optimo Systems Oy.

On 14 July 2023, Netum announced having signed an agreement with the main owners of the IT service company Buutti Oy to acquire the entire share capital of Buutti Oy. The transaction was completed on 1 September 2023. The acquisition was in line with Netum's strategy, and it supports the achievement of the company's medium-term financial targets. Buutti's business brought further growth to Netum, especially from corporate customers, and expanded the company's service offering to include embedded systems development and training services. In addition, the acquisition expanded the company's operations regionally to Oulu in Northern Finland.

Netum Service Channel Oy, which has had no business operations, merged into Netum Group Plc on 1 October 2023.

Buutti Consulting Ab, a subsidiary of Buutti Oy, was transferred to Netum Group Oyj on 19 December 2023. Buutti Consulting Ab currently has no business operations.

Group structure

On 31 December 2023, Netum Group consisted of the parent company Netum Group Oyj and its 100 per cent owned subsidiaries Netum Oy, Studyo Oy, Buutti Oy and Buutti Consulting Ab. Buutti Consulting Ab currently has no business operations.

Changes in management

Lauri Stigell, CEO of Studyo Oy, was appointed as a member of Netum Group Plc's Management Team as of 16 January 2023. Sami Rantanen was appointed as a member of the Group's Management Team on 1 April 2023 with responsibility for Sales and Accounts. Mari Ala-Sorvari was appointed Chief Financial Officer (CFO) of Netum Group Plc and member of the company's Management Team

as of 1 August 2023. Buutti Oy's CEO Mikko Koistinen was appointed as a member of the Management Team as of 1 September 2023.

Personnel and management

On 31 December 2023, the Group employed 412 (276) people. The number of personnel increased mainly due to the acquisitions of Studyo Oy and Buutti Oy. Personnel expenses 1 January–31 December 2023 were EUR 26.5 (18.0) million.

At the end of the financial year, the Group's Management Team consisted of Matti Mujunen, Altti Raali, Mari Ala-Sorvari, Liina Kangas, Sami Rantanen, Juha-Pekka Leskinen, Kimmo Koivisto, Lauri Stigell and Mikko Koistinen.

Corporate responsibility

Netum's goal is to be the most trusted partner in the industry and the preferred work community in responsible and safe digital transformation. Netum's corporate responsibility programme has been updated in summer 2023. The main themes of the updated responsibility programme cover services, work community, the environment and business operations. The impacts of the company's business operations on people, the environment and society consist of both the direct impacts of the company's own operations and indirectly through the operations of the company's customers. The responsibility programme is based on Netum's Code of Conduct, environmental policy, UN Sustainable Development Goals, ISO 27001 certification, audits and continuous interaction with stakeholders.

Netum systematically measures customer experience and satisfaction. Customer satisfaction has improved every year, and in 2023 the company's net promoter score (NPS) was +60 on a scale of -100 to +100, while in 2022 it was +52. Overall, Netum's customers are satisfied with the company's operations. Special praise was given to Netum for the quality and professionalism of operations as well as transparent, responsible operations. Netum wants to continue to pay special attention to improving customer experience and aims to develop it to be even better in the future.

It is important for Netum to offer its employees a fair and pluralistic work community where competent personnel feel comfortable and well. Supporting diversity is visible in Netum's everyday work as equality, anti-discrimination, age structures and the growing proportion of women. The share of women in the personnel increased to 22% from the previous year's 18%. The company also regularly measures personnel well-being and feeling well at work. In the annual employee engagement survey, flexible working hours, the possibility to work remotely, strong team spirit and a good work community were highlighted. Another indication of an excellent employer image and work community is the ranking in Finland's Best Workplaces 2023 list, where Netum rose to 10th place in the category of medium-sized companies. The Group's employee turnover rate was 12%. The increase from 8% in the comparison period is primarily due the change negotiations carried out towards the end of the year in the Group's support functions and the Cyber security business unit.

Netum will continue to develop premises that support job satisfaction and growth targets, listening to the ideas and wishes of the personnel. Netum has offices in several different cities throughout Finland, and the majority of employees also use the opportunity for hybrid and remote work. Employees from diverse backgrounds bring their own know-how, experience and interest to benefit the diverse Netum community, improving the company's capacity for renewal and innovation.

Netum encourages employees to develop their skills alongside work. Netum believes that training opportunities and a culture of competence development are not only a competitive advantage in the constantly evolving IT industry, but also a factor that promotes innovation, readiness for change and commitment. In summer 2023, Netum's data academy was also launched. The academy, which combines training and the support of Netum's experts, provided the participants with the necessary tools and a smooth transition to the role of data specialist. In addition, Netum continued regular cooperation with educational institutions, for example, through company visits, recruitment events and

student fairs around Finland. Interactive cooperation with educational institutions plays an important role in both societal development and the company's goal of being the preferred work community in the field, also for experts at the beginning of their careers.

Netum is committed to operating in an environmentally sustainable manner and through its responsibility programme strives for continuous improvement actions in climate and environmental matters. The company has launched the Green Operator training for all personnel, the completion of which entitles the holder to use the Netum Green Operator certificate. In autumn 2023, Netum published the first Green design guide in the Finnish IT sector. The guide provides information of responsible digital development and promotes its principles. The guide includes concrete tips to help organisations take the first steps towards greener design.

To its credit, the company also continued to operate in accordance with the Green Office criteria to reduce its ecological footprint. The Kansakoulunkatu office in Helsinki is now Netum's third Green Office certified. In 2023, the recycling rate of the company's equipment remained at the 100% level. The company has also started calculating its carbon footprint, which for its part will lay the foundation for future sustainability reporting in accordance with the EU directive.

Netum has a whistleblowing channel through which suspicions of misconduct can be reported anonymously. Netum was not aware of any suspected misconduct during 2023.

Annual General Meeting 2023

The Annual General Meeting of Netum Group Plc held on 29 March 2023 adopted the 2022 financial statements and discharged the members of the Board of Directors and the CEO from liability.

The General Meeting resolved that for the financial year 2022, a dividend of EUR 0.11 per share be paid from the company's distributable funds, as proposed by the Board of Directors. The dividend payment date was 11 April 2023.

The General Meeting resolved to elect five (5) members to the Board of Directors for a term ending at the close of the next Annual General Meeting following their election. Current Board members Repe Harmanen, Olavi Kõngäs, Marja-Liisa Niinikoski and Jarmo Puputti were re-elected, and Kirsi Mettälä was elected as a new Board member. In its constitutive meeting, Netum Group's Board of Directors re-elected Olavi Kõngäs as the Chairman of the Board.

The General Meeting elected the audit firm Oy Tuokko Ltd as the company's auditor for a term ending at the conclusion of the next Annual General Meeting following the election. Tuija Siuko, Authorised Public Accountant, acts as the auditor with principal responsibility. The auditor's fee shall be paid in accordance with an invoice approved by the company.

The General Meeting resolved to authorise the Board of Directors to resolve on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares in one or several instalments, either against payment or without payment. The total number of shares to be issued may amount to a maximum of 2,000,000 shares. The General Meeting also resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 500,000 of the company's own shares otherwise than in proportion to the shareholdings of the shareholders, in one or several instalments, using the company's unrestricted equity. The authorisations shall remain valid until the conclusion of the next Annual General Meeting, but no later than 31 March 2024, and they replace the previous authorisations granted to the Board of Directors.

The General Meeting resolved to amend the company's Articles of Association to enable a General Meeting to be held not only in the company's domicile but also in Tampere or without a meeting venue as a remote meeting.

Share-based incentive plans

Netum Group Plc has one share-based remuneration plan. The objective of the share-based incentive plan 2022–2026 is to align the objectives of the management and Netum Group Plc's shareholders through long-term shareholding, to increase the value of the company in the long term and to commit the management to the company.

The Performance Share Plan 2022–2026 has three performance periods: the financial years 2022–2024, 2023–2025 and 2024–2026. During the performance period 2022–2024, the target group consists of approximately 15 people, including the CEO and other members of the management teams of Netum Group Plc and Netum Oy.

Directed share issues

The 200,000 new shares subscribed for in Netum Group Plc's directed share issue without payment were registered with the Trade Register on 3 January 2023. After the registration of the new shares, the number of Netum Group Plc shares was 11,920,500.

On 3 January 2023, the Board of Directors of Netum Group Plc decided on a directed share issue to the key employees of Studyo Oy as part of the basic purchase price of the acquisition of Studyo Oy. On 20 January 2023, based on the share issue, a total of 74,784 Netum Group Plc shares were transferred to Studyo Oy's key employees. After the transfer of shares, Netum Group Plc held 156,216 treasury shares. The number of Netum Group Plc shares remained unchanged at 11,920,500 shares.

On 1 September 2023, based on the authorisation given to the Board of Directors by Netum Group Plc's Annual General Meeting on 29 March 2023, the Board of Directors of Netum Group Plc decided on a directed share issue in which a total of 865,851 new Netum Group Plc shares were transferred to the shareholders of Buutti Oy as part of the basic purchase price of the acquisition of Buutti Oy. The new shares were registered with the Trade Register on 14 September 2023. After the registration of the new shares, the number of shares in Netum Group Plc is 12,786,351.

Shares and trading in shares

The company has one series of shares, and all shares have equal rights. On 31 December 2023, Netum Group Plc's share capital consisted of 12,786,351 (11,720,500) registered shares, and the company held 156,216 (31,000) treasury shares, which corresponded to approximately 1.22 (0.26) % of all shares.

The company's shares are traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd. During the review period, the highest share price was EUR 3.90 (4.60) and the lowest price EUR 2.52 (3.55). The weighted average price of the share during the review period was EUR 2.97 (4.04). The closing price on 29 December 2023 was EUR 2.62 (3.75). The market value of the share capital at the closing price of the review period was EUR 33,090,954 (43,835,625) without the treasury shares held by the company.

Shareholders

On 31 December 2023, Netum Group Plc had 3,221 (3,532) shareholders. The number of nominee registered shares was 52,511 (22,007), representing 0.41 (0.19) % of the total number of shares. At the end of 2023, the members of the Board of Directors, the President and CEO and their related parties held a total of 3,959,404 (4,842,041) shares, i.e. 30.97 (41.31) % of the company's share capital. The reasons for the change were the directed share issues carried out after the comparison period and the fact that significant shareholder Lars Laaksonen was no longer available for election to the Board

of Directors to be elected in connection with the Annual General Meeting. A list of the company's largest shareholders as well as management ownership and transactions are available on the company's website at <https://www.netum.fi/en/investors/shareholders/>.

Business environment

The geopolitical situation, the general rise in costs and the delayed IT investment decisions of companies brought uncertainty to Netum's operating environment. However, demand for IT services remained strong in the public sector in 2023, while demand in the private sector was volatile, depending on the sector. Price competition intensified significantly, especially in the public sector.

Near-term risks and business uncertainties

Netum's key operational risks are related to customer acquisition, cost control, success in tenders and project deliveries, and responding to technological changes such as the development of artificial intelligence. The risks related to information security, considering the company's business operations, are also subject to continuous monitoring. To ensure information security in operations and to manage information security risks, the company has an ISO 27001 certified Information Security Management System. All Group companies are instructed to comply with the principles of the system.

The company has hedged against the risks of damage by assessing from the point of view of risk management its business assets, processes and the responsibilities resulting from the delivery of the company's services. Insurances are intended to cover all risks that make sense for financial or other reasons to be covered by insurance. The risks of external financing are hedged by interest rate hedging.

There are no litigations pending, and there are no other legal risks relating to the company's operations known to the Board of Directors that would have a significant impact on the company's operating result.

The increased geopolitical uncertainty causes strong effects on the global economy, on the general cost level and on the companies' willingness to invest.

Netum Group Plc's Board of Directors assesses the risks twice a year as part of the strategy and business planning process.

Strategy

Netum's strategy supports the company's goal of profitable growth and leads the company towards its vision of being the most trusted partner in its industry and the preferred work community in responsible and safe digital transformation. The company seeks growth by continuing to invest in its core areas of expertise, strengthening its brand and its work community. Additional growth is sought especially from corporate customers, expanding the company's service offering and repeatable services, for example in connection with cyber security. The company is expanding its operations regionally in Finland and is exploring opportunities to expand its business also to the Nordic and Baltic countries.

Netum will update its strategy and medium-term financial targets during spring 2024.

Medium-term financial targets

Netum's Board of Directors has set the following medium-term financial targets:

- Growth: Netum aims to achieve a revenue of EUR 50 million by 2025.
- Profitability: Netum aims to continue its profitable growth and achieve an EBITA of at least 14 per cent annually.
- Dividend policy: Netum aims to pay at least 40 per cent of the EBITA as dividends.

Board of Directors' proposal for distribution of profit

The distributable funds of the parent company Netum Group Plc on 31 December 2023 amounted to EUR 24,650,104.12, of which the profit for the financial year was EUR 3,069,205.97. The Board of Directors proposes to the Annual General Meeting to be convened on Wednesday 27 March 2024 that due to the Group's negative result no dividend be paid.

Events after the end of the financial period

On 15 February 2024, Netum announced that its subsidiary Buutti Oy would start change negotiations due to the prolonged reduced demand in the corporate sector. The change negotiations concerned a total of 80 of Buutti Oy's employees. As a result of the change negotiations, 3 positions were terminated, and 5 employees were temporarily laid off.

Annual General Meeting 2024

Netum Group Plc's Annual General Meeting will be held on Wednesday, 27 March 2024 from 9:00 a.m. Finnish time as a remote meeting.

Financial reporting in 2024

In 2024, Netum Group Plc will publish the following financial reports:

- annual report for 2023 during week 10/2024 (week commencing on 4 March 2024)
- business review for January–March 2024 on Tuesday 7 May 2024
- half-year report for January–June 2024 on Tuesday 20 August 2024
- business review for January–September 2024 on Tuesday 5 November 2024

Tables

Accounting principles for the financial statements

This financial statements release has been prepared in accordance with Finnish Accounting Standards (FAS). Netum Group Plc's Annual Report for 1 January–31 December 2023, including the report of the Board of Directors, financial statements and the auditor's report will be available on the company's investor website at <https://www.netum.fi/en/investors/reports-and-presentations/> on 8 March 2024 at the latest. The figures presented are rounded from the exact figures. Due to rounding, the sum of the individual figures may differ from the amount shown. The financial figures 2023 in this financial statements release are not audited.

The company presents commonly used alternative performance measures to describe the economic development of its businesses and to improve comparability between different reporting periods. Alternative indicators provide significant additional information to the company's management, investors and other parties.

The alternative key figures used by the company are EBITDA, EBITA and comparable EBITA. The calculation of the alternative indicators is presented in the section 'Reconciliation of alternative performance measures'. The principles for calculating key figures and alternative key figures are presented in the section 'Calculation of key figures'.

Consolidated income statement

EUR 1,000	7–12/2023	7–12/2022	1–12/2023	1–12/2022
Revenue	19,963	13,719	37,069	29,146
Other operating income	31	23	54	72
Materials and services	-1,697	-1,624	-3,383	-4,398
Personnel expenses	-14,389	-9,159	-26,500	-17,998
Depreciation and amortisation	-1,570	-1,051	-2,849	-2,055
Other operating expenses	-2,469	-2,017	-4,626	-4,006
Operating profit/loss	-131	-108	-235	761
Financing income and expenses	-428	-84	-462	-130
Profit/loss before tax	-559	-192	-696	631
Income tax expenses	-201	-116	-378	-447
Profit/loss for the period	-760	-308	-1,075	185

Consolidated balance sheet

EUR 1,000	31 Dec 2023	31 Dec 2022
Assets		
Non-current assets		
Intangible assets		
Development expenses	125	668
Intangible rights		23
Goodwill	284	374
Consolidated goodwill	23,175	10,361
Total intangible assets	23,584	11,425
Tangible assets		
Machinery and equipment	43	57
Other tangible assets	46	104
Total tangible assets	89	161
Investments		
Participating interests	515	
Other shares and investments	25	
Total investments	540	
Total non-current assets	24,213	11,586
Current assets		
Receivables		
Long-term receivables		
Receivables	52	
Loan receivables	40	47
Other receivables	72	50
Total long-term receivables	164	97
Short-term receivables		
Account receivables	7,114	3,723
Loan receivables	0	
Other receivables	55	9
Prepayments and accrued income	853	893
Total short-term receivables	8,022	4,625
Total receivables	8,186	4,722
Investments in total	201	50
Cash in hand and at banks	285	3,593
Total current assets	8,673	8,365
Total assets	32,886	19,952

EUR 1,000	31 Dec 2023	31 Dec 2022
Equity and liabilities		
Equity		
Share capital	80	80
Reserve for invested unrestricted equity	15,390	12,107
Retained earnings gain (loss)	-1,599	-489
Profit (loss) for the financial year	-1,075	185
Total equity	12,796	11,883
Provisions		
Liabilities		
Non-current liabilities		
Loans from credit institutions	7,900	1,911
Prepayments	12	
Other creditors	1,100	
Total non-current liabilities	9,012	1,911
Current liabilities		
Loans from credit institutions	1,521	637
Prepayments	441	
Account payables	729	843
Other creditors	3,700	1,440
Accruals and deferred income	4,687	3,238
Total current liabilities	11,077	6,158
Total liabilities	20,089	8,069
Total equity and liabilities	32,886	19,952

Consolidated statement of cash flows

EUR 1,000	1-12/2023	1-12/2022
Cash flow from operations		
Profit (+) / loss (-) before appropriations	-615	631
Adjustments (+/-)		
Depreciation and amortisation	2,768	2,055
Other income and expenses without payments	31	11
Financial income and expenses	462	130
Cash flow before change in working capital	2,645	2,827
Change in working capital		
Current receivables increase (-) / decrease (+)	-2,126	430
Interest-free current liabilities increase (-) / decrease (+)	234	793
Cash flow before financial items and taxes	753	4,050
Interests paid	-276	-146
Interests received	14	2
Income tax paid	-215	-792
Cash flow from operations	275	3,114
Cash flow from investing activities		
Investments in tangible and intangible assets (-)	-302	-501
Proceeds from the disposal of tangible and intangible assets		76
Investments in subsidiary shares (-)	-8,701	
Cash flow from investing activities	-9,003	-426
Cash flow from financing activities		
Paid increase of own capital		677
Non-current receivables, increase (-) / decrease (+)	5	-91
Non-current interest-free liabilities, increase (+) / decrease (-)	-13	
Withdrawals of current loans		
Repayments of current loans (-)	-727	-637
Withdrawals of non-current loans	7,600	
Dividend paid (-)	-1,294	-1,265
Cash flow from financing activities	5,571	-1,316
Change in cash, increase (+) / decrease (-)	-3 157	1,372
Cash at the beginning of the financial period	3 643	2,271
Cash at the end of the financial period	486	3,643

Consolidated statement of changes in equity

EUR 1,000	1-12/2023	1-12/2022
Restricted equity		
Share capital at beginning of the reporting period	80	80
Increase of share capital		
Total restricted equity	80	80
Unrestricted equity		
Unrestricted equity reserve at beginning of the reporting period	12,107	11,430
Increase of share capital		
Share issue	3,283	677
Unrestricted equity reserve at end of the reporting period	15,390	12,107
Retained earnings (loss) at beginning of the reporting period	-489	247
Dividend paid	-1,294	-1,265
Purchases of own shares		
Sales of own shares		
Retained earnings at end of the reporting period	185	529
Profit for the period	-1,075	185
Total unrestricted equity	12,716	11,803
Equity total	12,796	11,883

Commitments and contingent liabilities

EUR 1,000	1-12/2023	1-12/2022
Lease liabilities for business premises		
Lease liabilities for business premises	1,005	705
Total	1,005	705
Leasing liabilities		
Due in the next financial year	1,005	811
Due later	1,016	1,027
Total	2,021	1,838
Business credit cards		
Used amount	11	15
Unused amount	20	20
Total	31	35
Credit account limit		
Unused limit	1,200	600
Total	1,200	600

Reconciliation of alternative performance measures

EBITA and EBITDA

EUR 1,000	1-12/2023	1-12/2022
Operating profit (-loss)	-235	761
Consolidated goodwill amortisation	2,485	1,635
Goodwill amortisation	89	89
EBITA	2,341	2,485
Depreciation and amortisation	273	331
EBITDA	2,614	2,817

Comparable EBITA

EUR 1,000	1-12/2023	1-12/2022
EBITA	2,341	2,485
Items affecting comparability		
Transfer of the Netum DUX business	252	
Change negotiations	39	
Items affecting comparability of salaries	59	
Proceeds for equipment sales/leaseback	49	49
Image campaign		27
Transaction expenses for the acquisition	17	
Items affecting comparability in operating profit total	413	76
Comparable EBITA	2,754	2,561

Calculation of key figures

EBITDA	= Operating profit + consolidated goodwill amortisation + goodwill amortisation + depreciation and amortisation
EBITA	= Operating profit + consolidated goodwill amortisation + goodwill amortisation
Comparable EBITA	= Operating profit + consolidated goodwill amortisation + goodwill amortisation + items affecting comparability in operating profit
Earnings per share	= Result for the reporting period / Average number of shares outstanding during the period (average of beginning and end of period)
Equity ratio, %	= (Equity total + non-current capital loan + current capital loan) / Total equity and liabilities
Return on equity, %	= Result for the reporting period / Average equity
Personnel turnover rate, %	= Number of employees resigned during the reporting period / Number of personnel at end of period * 100

In Helsinki, 5 March 2024

Netum Group Plc
Board of Directors

Additional information:

Netum Group Plc

Matti Mujunen, CEO
+358 40 047 6401
matti.mujunen@netum.fi

Certified advisor:

Evli Plc
+358 40 579 6210