

# netum



**Netum Group Plc**  
**Half-year report**  
**1 January–30 June 2023**

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# Netum Group Plc's half-year report 1 January–30 June 2023 (unaudited)

## Growth strategy progressed supported by corporate transactions

The implementation of the growth strategy progressed, supported especially by corporate transactions, efficient recruitment and sales development. The Group's revenue for January–June 2023 grew 10.9% from the comparison period. Organic growth was 6.2%. Inorganic growth based on the acquisition of Studyo Oy on 2 January 2023 was 4.7%. Growth investments, increased costs and delays in customer project start-ups decreased profitability, and EBITA amounted to EUR 1.0 (1.7) million or 5.7 (11.2) % 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 reporting period. The figures for 2023 included in this half-year report are unaudited.

## January–June 2023 in brief

- On 2 January 2023, Netum Group Plc acquired 100% of Studyo Oy
- On 30 June 2023 Netum Oy, a subsidiary of Netum Group Plc, and Optimo Systems Oy agreed on a transaction in which Netum DUX and related business operations were transferred on 1 July 2023 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 approximately 49% ownership.
- Revenue increased 10.9% from the comparison period to EUR 17.1 (15.4) million
- EBITDA amounted to EUR 1.2 (1.9) million or 6.9 (12.1) % of revenue
- EBITA was EUR 1.0 (1.7) million or 5.7 (11.2) % of revenue
- Comparable EBITA was EUR 1.2 (1.8) million, or 7.1 (11.4) % of revenue
- Operating profit was EUR -0.1 (0.9) million, or -0.6 (5.6) % of revenue
- Result for the reporting period was EUR -0.3 (0.5) million, or -1.8 (3.2) % of revenue, and comparable result excluding goodwill amortisation was EUR 1.0 (1.4) million, or 5.6 (8.9) % of revenue
- Comparable earnings per share excluding goodwill amortisation were EUR 0.08 (0.12)
- Number of employees at the end of the period was 323 (263)
- After the reporting period, on 14 July 2023, Netum announced that it had signed an agreement with the main shareholders of IT service company Buutti Oy whereby it will acquire the entire share capital of Buutti Oy.

## Group key figures

EUR thousand unless otherwise stated	1-6/2023	1-6/2022	Change	1-12/2022
Revenue	17,106	15,426	10.9%	29,146
Revenue growth, per cent	10.9%	47.8%		30.1%
Organic growth, per cent	6.2%	22.6%		21.8%
EBITDA	1,175	1,874	-37.3%	2,817
EBITDA, % of revenue	6.9%	12.1%		9.7%
Operating profit excluding goodwill amortisation (EBITA)	974	1,731	-43.7%	2,485
EBITA, % of revenue	5.7%	11.2%		8.5%
Comparable EBITA <sup>1)</sup>	1,214	1,763	-31.2%	2,561
Comparable EBITA, % of revenue	7.1%	11.4%		8.8%
Operating profit (-loss)	-104	869	-112.0%	761

Operating profit (-loss), % of revenue	-0.6%	5.6%		2.6%
Result for the reporting period	-315	493	-163.9%	185
Profit for the period excluding goodwill amortisation	763	1,355	-43.7%	1,909
Comparable profit excluding goodwill amortisation <sup>1)</sup>	955	1,381	-30.8%	1,969
Earnings per share, EUR	-0.03	0.04	-162.7%	0.02
Earnings per share excluding goodwill amortisation, EUR	0.07	0.12	-44.7%	0.16
Comparable earnings per share excluding goodwill amortisation, EUR	0.08	0.12	-32.1%	0.17
Number of employees at the end of the period	323	263	22.8%	276
Equity ratio, %	47.5%	57.2%		59.6%
Return on equity, %	-5.6%	8.3%		1.5%

<sup>1)</sup>Items affecting comparability are presented in the table Comparable profit excluding goodwill amortisation.

## Outlook for 2023

The outlook for the IT services market for the rest of 2023 has partially weakened during the first half of the year. In particular the corporate sector faces uncertainty due to global economic and political challenges. In the public sector, demand remains strong, but price competition has intensified. Despite the market situation, Netum's business is expected to develop favourably due to the strong order backlog of public administration customers, improving invoicing rates, reduced recruitment needs and the transfer of the Netum DUX business.

Netum continues to expect its revenue to grow at least 20% from the previous year and EBITA to be at least 10% of revenue in the financial year 2023.

On 14 July 2023, Netum announced the acquisition of Buutti Oy, the closing date of which is 1 September 2023. As a result of the acquisition, Netum's outlook for 2023 will be updated and published as soon as possible after the closing of the transaction.

## CEO's statement



Netum's business developed well in the first half of the year, although our profitability was on a lower level than targeted. The implementation of our growth strategy progressed strongly on several fronts, supported especially by corporate transactions, efficient recruitment and sales development.

In the first half of 2023, our revenue grew by approximately 11 per cent year on year and was EUR 17.1 million. In the comparison period, the subcontracting-oriented government framework agreement expired, which significantly increased revenue for the comparison period. EBITA was 5.7 per cent and comparable EBITA 7.1 per cent of revenue. Our profitability was impacted by our growth investments in recruitment and strengthening our sales organisation, lower-than-targeted invoicing rates in some service areas and increased salary costs.

In January, we strengthened our product and service offering in the education sector and expanded our network of offices to the Kuopio economic area by acquiring Studyo Oy. After the review period in July, we announced the acquisition of Buutti Oy, which employs 110 people. The acquisition will expand our operations to the Oulu region. In line with our targets, Buutti will provide us with further growth, especially from corporate customers, and expand our service offering, for example, in the development of embedded systems and training services. On 1 July, we transferred the Netum DUX business to Optimo Systems Oy that became an associated company of Netum Oy.

Our recruitment work continued strong in the first half of the year, and by the end of June there were already 323 of us. With the acquisition of Studyo, we gained 14 new Netum employees, and our total number of employees increased by 47 during the first half of the year. We continued to work in a hybrid model that has proven to work well, and we also aim to support working at the office, for example by organising joint events.

During the first half of the year, we have also invested especially in enhancing the growth of our sales organisation, new customer acquisition and customer service. We recruited several experienced sales professionals to our team, appointed a new sales director and organised customer relationship management into industry teams. Maintaining the high level of trust and satisfaction of our customers is one of the cornerstones of our strategy. We measure customer satisfaction continuously, and at the end of June our NPS score was 64.

The partnership activities we reorganised at the end of 2022 have also developed promisingly during the first half of the year. We have developed and expanded participation in partnership programs of large technology partnerships. In addition, we implemented a special competence acceleration program with an international technology partner and acquired a significant number of new domestic subcontractors and nearshore partnerships. This allows us to offer even more diverse expertise to customer projects. A partnership model was developed for the development of the Group's partnership activities, the implementation of which is planned during 2023.

In a changing world, we also need to change to become an increasingly significant player in the digital field. We have invested heavily in marketing development by increasing visibility, improving processes and tools, and building a brand as a wise changemaker.

The new significant agreements we signed during the first half of the year include, for example, an agreement on the application development of the Peppi system for Metropolia University of Applied Sciences, a cloud-based data warehouse solution for the University of Vaasa, management consulting services for VTT Technical Research Centre of Finland and expert services for the RDI ecosystem

for the wellbeing services county of Central Uusimaa. In addition, we signed several new cyber security service agreements, including State Treasury, Ministry of Education and Culture and IT Center for Science CSC.

We are involved in significant national IT projects, the most important of which include EURA 2021 and TE-Digi. Also according to public information, EURA 2021 has had scheduling challenges. These challenges have been overcome in good cooperation with our customer, and the project is progressing in a controlled manner. In the first implementation of the major system reform of TE Services at the beginning of March, the functionalities related to unemployment security were transferred to production. We were able to successfully carry out this very complex and challenging implementation together with our customer. The development of TE-Digi continues strongly. Several additional implementations will be done this year and next, which will replace the current customer information system with a completely new one and enable the transfer of TE services to municipalities from the beginning of 2025.

Responsible business operations are very important to us at Netum, and our sustainability work supports our growth strategy. A top-notch work community and employee experience are an essential part of our goals and an object of continuous development. A good employee experience is evidenced by the good employee promoter score eNPS and our ranking in tenth place in the category of medium-sized companies in the Best Workplaces 2023 list in Finland. In addition, we have done a lot of work to engage our employees, for example through training opportunities. The good results of HR and employee engagement are also evidenced by the low employee turnover rate.

We also developed our environmental responsibility purposefully. In June 2023, we received our third Green Office certificate for our Helsinki office, and we will continue to certify the other locations. In addition, we offer our personnel Green Operator online training, which helps us ensure that all Netum employees know how to make right, responsible and sustainable choices in both customer and internal projects. We have also started the Group's carbon footprint calculation, which for its part will lay the foundation for future sustainability reporting in accordance with the EU directive.

The outlook for the IT services market for the rest of 2023 has partially weakened during the first half of the year. In particular the corporate sector faces uncertainty due to global economic and political challenges. In the public sector, demand remains strong, but price competition has intensified. Despite the market situation, Netum's business is expected to develop favourably due to the strong order backlog of public administration customers, improving invoicing rates, reduced recruitment needs and the transfer of the Netum DUX business, and our guidance for 2023 remains unchanged. With the acquisition of Buutti, we will update our guidance for 2023 and publish it as soon as possible after the closing date of the transaction, 1 September 2023.

My warmest thanks for the first six months of the year to our committed personnel, all our partners, customers 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 percent 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 holds 156,216 of its own 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 approximately 49% ownership.

Most significant new orders during the review period were:

- Metropolia University of Applied Sciences: development and maintenance of the “Peppi” study management system
- University of Vaasa: a cloud-based data warehouse solution
- VTT Technical Research Centre of Finland: management consulting services
- Wellbeing services county of Central Uusimaa: RDI ecosystem expert services
- State Treasury, Ministry of Education and Culture and IT Center for Science CSC: cyber security services

## Financial review 1 January–30 June 2023

### Revenue, profitability and result

#### January–June 2023

Revenue for January–June grew 10.9% from the comparison period and amounted to EUR 17.1 (15.4) million. Organically revenue grew 6.2%.

EBITDA was EUR 1.2 (1.9) million or 6.9 (12.1) % of revenue, and EBITA was EUR 1.0 (1.7) million or 5.7 (11.2) % of revenue. Comparable EBITA was EUR 1.2 (1.8) million or 7.1 (11.4) % of revenue. Operating profit was EUR -0.1 (0.9) million, or -0.6 (5.6) % of revenue. Result for the reporting period was EUR -315 (493) thousand, or -1.8 (3.2) % of revenue. Comparable result excluding goodwill amortisation was EUR 1.0 (1.4) million, or 5.6 (8.9) % of revenue.

### Balance sheet, financing and cash flow

The Group's balance sheet total on 30 June 2023 was EUR 22.6 (20.1) million. At the end of the review period, the Group's equity was EUR 10.6 (11.5) million.

At the end of the period, liabilities amounted to EUR 12.0 (8.6) million.

The Group's long-term interest-bearing liabilities were EUR 2.5 (2.5) million. Current interest-bearing liabilities were EUR 1.0 (0.3) million. Interest-bearing liabilities consisted of bank loans.

At the end of June 2023, the company's financial situation was good. The equity ratio at the end of the period was 47.5 (57.2) %. At the end of the review period, the Group's cash and cash equivalents

were EUR 2.0 (2.7) million, of which cash and cash equivalents were EUR 2.0 (1.4) million and financial securities EUR 0.0 (1.3) million.

In January–June 2023, cash flow from operating activities was EUR 1.7 (2.3) million and cash flow from investments EUR -2.3 (-0.2) million. The change in the cash flow from investments was due to investments in subsidiary shares.

Cash flow from financing activities was EUR -1.1 (-1.6) million which included, among other things, withdrawals of short-term loans of EUR 0.1 (0.0) million, repayments of short-term loans EUR -0.3 (-0.3) million and dividends paid of EUR -1.3 (-1.3) million.

## Investments

The investments EUR 0.3 (0.2) million recognised in the Group's balance sheet during the reporting period related to further development of Netum DUX software.

## Research and development

In January–June 2023, research and development expenditure was EUR 0.3 (0.2) million, or 1.7 (1.4) % of revenue. The research and development activities covered further development of Netum DUX software.

## Corporate transactions

On 29 December 2022, Netum Group Plc announced having signed an agreement to buy 100% of Studyo Oy. The acquisition 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 was on 1 July 2023 transferred to Optimo Systems as a contribution in kind. In connection with the business transfer, Netum Oy became a shareholder of the company with a stake of approximately 49%. Optimo Systems Oy is an associated company of Netum Oy, and its result is presented as a share of the associated company's result as part of financial income and expenses. Two Netum Oy employees transferred to Optimo Systems Oy.

After the reporting period, on 14 July 2023, Netum announced that it had signed an agreement with the main shareholders of IT service company Buutti Oy whereby it will acquire the entire share capital of Buutti Oy. Further information about the acquisition is available later in this report under Events after the reporting period.

## Group structure

As of 2 January 2023, Netum Group has consisted of the parent company Netum Group Plc and its 100 per cent owned subsidiaries Netum Oy, Netum Service Channel Oy and Studyo Oy. Netum Service Channel Oy's merger plan into Netum Group Plc has been registered on 21 March 2023. The merger is expected to be completed in the third quarter of 2023.

## 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 Netum Group Plc's



Management Team as of 1 April 2023, responsible for Sales and Accounts. Jussi Vasama, previously responsible for Sales and Accounts, continued in the Management Team with responsibility for the Netum DUX product business until 30 June 2023. On 1 July 2023, the Netum DUX business was transferred to Optimo Systems Oy. Since then, Mr. Vasama has been the CEO of Optimo Systems Oy, an associated company of Netum.

After the reporting period, on 31 August 2023, Mari Ala-Sorvari was appointed Netum Group Plc's Chief Financial Officer (CFO) and member of the company's Management Team as of 1 August 2023.

## Personnel and management

On 30 June 2023, the Group employed 323 (263) people. The increase in the number of personnel was due to the acquisition of Studyo Oy and to active recruiting. Personnel costs from 1 January to 30 June 2023 were EUR 12.1 (8.8) million.

At the end of the review period, the Group's Management Team consisted of Matti Mujunen, Altti Raali, Pekka Levänen, Liina Kangas, Juha-Pekka Leskinen, Kimmo Koivisto, Lauri Stigell and Sami Rantanen.

## Corporate responsibility

Netum's goal is to be the most trusted partner in the industry and to help its customers in their digital transformation wisely, responsibly and safely. The company also aims to become the preferred employer in the industry and to offer its employees a fair and pluralistic work community where employees enjoy themselves and feel well.

Netum's operating philosophy includes developing new digital services through combining traditional IT solutions with the latest digital applications. Understanding, developing and integrating existing solutions that have been proven to work is both a more responsible, cost-effective and faster transition to the digital age than renewing everything.

Netum's corporate responsibility programme defines themes, indicators and targets related to social, economic and environmental responsibility. The programme is based on the company's ethical guidelines, environmental policy, UN Sustainable Development Goals, ISO 27001 certification, audits and continuous interaction with stakeholders.

The company systematically measures customer experience and satisfaction as well as employee well-being and satisfaction. Customer satisfaction has continuously improved, and in January–June 2023 the company's net promoter score (NPS) was +64 on a scale of -100 to + 100, while in 2022 it was +52. Netum's customers are satisfied with the company's overall operations. Special praise during the first half of the year was given to the quality and professionalism of operations as well as transparent, responsible operations – Netum keeps its promises. The company has also received a lot of positive feedback on the way it has developed its operations: solutions are sought wisely for customer needs already at the planning stage, things are anticipated better than before, and cooperation is smooth. Netum wants to continue to pay special attention to improving the customer experience and aims to develop it to be even better in the future.

It is important to Netum that the company's personnel feel that the work community is fair and pluralistic. Diversity is visible in Netum's everyday life as equality, fairness, equality, anti-discrimination, age structures and the growing proportion of women. The share of women in the personnel increased to the targeted level of 20% from the previous year's 18%.

Netum operates extensively throughout Finland. Netum has offices in several different cities, in addition to which Netum employees also work extensively in 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.

In the Best Workplaces in Finland 2023 list, Netum was ranked 10th in the category of medium-sized companies, which can be considered an indication of an excellent employer image and work community. This is also evidenced by the low average churn: in the first half of 2023 it was 4.0% and in the comparison period 3.3%.

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 Green Operator training for all personnel, the completion of which entitles the holder to use the Netum Green Operator certificate. 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, and the certification work will continue at the Turku office in the autumn. In January-June 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.

## 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, shall act 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 the 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.

## Shares and trading in shares

The company has one series of shares, and all shares have equal rights. On 3 January 2023, the 200,000 new shares subscribed in Netum Group Plc's directed share issue without payment were entered into the Trade Register. After the entry of the new shares in the Trade Register, the total number of shares in Netum Group Plc was 11,920,500 shares. 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 were on 20 January 2023 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 holds 156,216 of its own shares. The number of shares in Netum Group Plc remained unchanged at 11,920,500 shares.

On 30 June 2023, Netum Group Plc's share capital consisted of 11,920,500 (11,535,000) registered shares, and the company held 156,216 (31,000) of the company's own shares, which corresponded to approximately 1.31 (0.27) % of all shares.

The company's share is 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 3.30 (3.84). The weighted average price of the share during the review period was EUR 3.68 (4.17). The closing price on 30 June 2023 was EUR 3.49 (4.04). The market value of the share capital at the closing price of the review period was EUR 41.1 (46.5) million without the company's own shares held by the company.

## Shareholders

On 30 June 2023, Netum had 3,414 (3,583) shareholders. The number of nominee-registered shares was 24,730 (24,862), which corresponded to 0.2 (0.2) % of the share capital. At the end of June 2023, the members of Netum Group Plc's Board of Directors and the Group's CEO and their related parties held a total of 3,549,349 (4,825,741) shares, i.e., 29.8 (41.8) % of the 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 .

## Business environment

The global political situation, the general rise in costs and the delayed IT investment decisions of companies have brought uncertainty to Netum's operating environment. However, demand for IT services has remained strong in the public sector in 2023, while demand in the private sector has been volatile depending on the sector. Price competition has 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. The risks related to information security, taking into account 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.

Russia's prolonged attack to Ukraine causes strong negative effects on the global economy, on the general cost level and on the companies' willingness to invest.

## 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.

## 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.

## Events after the reporting period

On 14 July 2023, Netum announced that it had signed an agreement with the main shareholders of IT service company Buutti Oy whereby it will acquire the entire share capital of Buutti Oy. The closing date under the purchase agreement is 1 September 2023.

The acquisition is in line with Netum's strategy and supports the achievement of the company's medium-term financial targets. Buutti's business will bring further growth, especially from corporate customers, and it will expand Netum's service offering for example in the development of embedded systems and training services. In addition, Netum's operations will expand regionally to Oulu as a result of the acquisition. Buutti offers IT consulting and software development services in embedded systems, cloud services and web applications. The company employs 110 professionals, and its clientele consists mainly of corporate customers (approximately 80%) and public sector customers (approximately 20%). The largest customers are in the fields of telecommunications, healthcare, banking and finance. In addition to Oulu, Buutti has offices in Helsinki and Tampere.

The company's revenue in 2022 was EUR 9.3 million and operating profit was EUR 1.1 million. The balance sheet total was EUR 3.6 million and equity EUR 1.7 million.

In the acquisition, Buutti Oy's enterprise value (EV) is EUR 10.0 million. Of this, 70% will be paid in cash and 30% in new shares in Netum. In a directed share issue to the sellers, 865,851 shares in Netum will be transferred to the shareholders of Buutti Oy. The volume-weighted average price in the transaction is EUR 3.4648 for the period 31 May–12 July 2023. The purchase price also includes compensation for net cash and working capital adjustment at the time of closing. The final purchase

price will be announced after the closing. In addition, sellers have the possibility of additional earn-out purchase price depending on the achievement of revenue and operating profit targets for the 2024 financial year.

Netum will finance the acquisition with a bank loan, a directed share issue to the sellers and cash reserves.

Netum's guidance for 2023 will change because of the acquisition. An updated guidance will be provided as soon as possible after the closing of the transaction.

After the reporting period, on 31 August 2023, Mari Ala-Sorvari was appointed Netum Group Plc's Chief Financial Officer (CFO) and member of the company's Management Team as of 1 August 2023.

## **Webcast for investors and media**

The company will hold a press conference in Finnish on Tuesday 15 August 2023 at 2:00 p.m. EEST. The result will be presented by Matti Mujunen, CEO of Netum Group Plc. The news conference will be held as a live webcast, which can be followed at <https://netum.videosync.fi/tulokset-h1-2023>. During the webcast, the public can ask questions in the chat at the address mentioned above. A recording of the webcast will be available on the company's website at <https://www.netum.fi/en/investors/reports-and-presentations/> later that day.

# Tables

## Accounting principles for the half-year report

This half-year report has been prepared in accordance with Finnish Accounting Standards (FAS). The half-year report is available on the company's investor website at <https://www.netum.fi/en/investors/reports-and-presentations/>. 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 2022 in this half-year report are 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, comparable EBITA, profit for the reporting period excluding goodwill amortisation and comparable profit excluding goodwill amortisation. 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	1-6/2023	1-6/2022	Change, %	1-12/2022
<b>Revenue</b>	<b>17,106</b>	<b>15,426</b>	<b>10.9%</b>	<b>29,146</b>
Other operating income	24	49	-52.4%	72
Materials and services	-1,686	-2,774	-39.2%	-4,398
Personnel expenses	-12,112	-8,839	37.0%	-17,998
Depreciation and amortisation	-1,279	-1,005	27.3%	-2,055
Other operating expenses	-2,157	-1,989	8.4%	-4,006
<b>Operating profit/loss</b>	<b>-104</b>	<b>869</b>	<b>-112.0%</b>	<b>761</b>
Financing income and expenses, net	-33	-46	-27.2%	-130
<b>Profit/loss before tax</b>	<b>-137</b>	<b>823</b>	<b>-166.7%</b>	<b>631</b>
Income tax expenses	-178	-331	-46.3%	-447
<b>Profit/loss for the period</b>	<b>-315</b>	<b>493</b>	<b>-163.9%</b>	<b>185</b>

## Consolidated balance sheet

EUR 1,000	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Development expenses	895	562	668
Intangible rights	20	25	23
Goodwill	329	418	374
Consolidated goodwill	13,643	11,179	10,361
<b>Total intangible assets</b>	<b>14,887</b>	<b>12,185</b>	<b>11,425</b>
<b>Tangible assets</b>			
Property, plant and equipment	50	136	57
Other tangible assets	73	118	104
<b>Total tangible assets</b>	<b>123</b>	<b>254</b>	<b>161</b>
<b>Total non-current assets</b>	<b>15,010</b>	<b>12,439</b>	<b>11,586</b>
<b>Current assets</b>			
<b>Receivables</b>			
<b>Long-term receivables</b>			
Loan receivables	<b>44</b>		47
Other receivables	<b>105</b>		50
<b>Total long-term receivables</b>	<b>149</b>	<b>49</b>	<b>97</b>
Short-term receivables			
Account receivables	4,456	3 970	3,723
Loan receivables		3	
Other receivables	6	30	9
Prepayments and accrued income	937	922	893
<b>Total short-term receivables</b>	<b>5,399</b>	<b>4,926</b>	<b>4,625</b>
<b>Total receivables</b>	<b>5,548</b>	<b>4,974</b>	<b>4,722</b>
Investments in total		1,316	50
Cash in hand and at banks	1,992	1,393	3 593
<b>Total current assets</b>	<b>7,540</b>	<b>7,683</b>	<b>8,365</b>
<b>Total assets</b>	<b>22,550</b>	<b>20,122</b>	<b>19,952</b>

EUR 1,000	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	80	80	80
Reserve for invested unrestricted equity	12,390	11,430	12,107
Retained earnings gain (loss)	-1,599	-489	-489
Profit (loss) for the financial year	-315	493	185
<b>Total equity</b>	<b>10,556</b>	<b>11,513</b>	<b>11,883</b>
<b>Provisions</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans from credit institutions	2,451	2,548	1,911
Prepayments	18		
<b>Total non-current liabilities</b>	<b>2,469</b>	<b>2,548</b>	<b>1,911</b>
<b>Current liabilities</b>			
Loans from credit institutions	349	319	637
Prepayments	346		
Account payables	928	793	843
Other creditors	3,755	2,084	1,440
Accruals and deferred income	4,147	2,865	3,238
<b>Total current liabilities</b>	<b>9,524</b>	<b>6,060</b>	<b>6,158</b>
<b>Total liabilities</b>	<b>11,993</b>	<b>8,608</b>	<b>8,069</b>
<b>Total equity and liabilities</b>	<b>22,550</b>	<b>20,122</b>	<b>19,952</b>



## Consolidated statement of cash flows

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
<b>CASH FLOW FROM OPERATIONS</b>			
Profit (+)/loss (-) before appropriations	-137	823	631
Adjustments (+/-)			
Depreciation and amortisation	1,279	1,005	2,055
Other income and expenses without payments	-0	-14	11
Financial income and expenses	33	46	130
Cash flow before change in working capital	1,175	1,860	2,827
Change in working capital			
Current receivables increase (-) /decrease (+)	-663	-3	430
Interest-free current liabilities increase (-) /decrease (+)	1,286	920	793
Cash flow before financial items and taxes	1,797	2,777	4,050
Interests paid	-40	-34	-146
Interests received	11	1	2
Income tax paid	-22	-452	-792
<b>Cash flow from operations</b>	<b>1,746</b>	<b>2,292</b>	<b>3,114</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in tangible and intangible assets	-298	-228	-501
Proceeds from the disposal of tangible and intangible assets			76
Investments in subsidiary shares	-2,019		
<b>Cash flow from investing activities</b>	<b>-2,317</b>	<b>-228</b>	<b>-426</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Paid increase of own capital			677
Non-current receivables, increase (-) /decrease (+)	-31	-42	-91
Non-current interest-free liabilities, increase (+)/decrease (-)	-7		
Withdrawals of current loans	60		
Repayments of current loans (-)	-349	-319	-637
Withdrawals of non-current loans	540		
Dividend paid	-1,294	-1,265	-1,265
<b>Cash flow from financing activities</b>	<b>-1,081</b>	<b>-1,626</b>	<b>-1,316</b>
<b>Change in cash, increase (+)/ decrease (-)</b>	<b>-1,651</b>	<b>438</b>	<b>1 372</b>
<b>Cash at the beginning of the financial period</b>	<b>3,643</b>	<b>2,271</b>	<b>2,271</b>
<b>Cash at the end of the financial period</b>	<b>1,992</b>	<b>2,709</b>	<b>3,643</b>

## Consolidated statement of changes in equity

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
<b>Restricted equity</b>			
Share capital at beginning of the reporting period	80	80	80
Increase of share capital			
<b>Total restricted equity</b>	<b>80</b>	<b>80</b>	<b>80</b>
<b>Unrestricted equity</b>			
Unrestricted equity reserve at beginning of the reporting period	12,107	11,430	11,430
Increase of share capital			
Share issue	283		677
Unrestricted equity reserve at end of the reporting period	12,390	11,430	12,107
Retained earnings (loss) at beginning of the reporting period	-305	776	247
Dividend paid	-1,294	-1,265	-1,265
Sales of own shares			
Purchases of own shares			
Retained earnings (loss) at end of the reporting period	-1,599	-489	529
Profit for the period	-315	493	185
<b>Total unrestricted equity</b>	<b>10,476</b>	<b>11,433</b>	<b>11,803</b>
<b>Equity total</b>	<b>10,556</b>	<b>11,513</b>	<b>11,883</b>

## Commitments and contingent liabilities

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
<b>Lease liabilities for business premises</b>			
Lease liabilities for business premises	634	753	705
<b>Total</b>	<b>634</b>	<b>753</b>	<b>705</b>
<b>Leasing liabilities</b>			
Due in the next financial year			811
Due later			1,027
<b>Total</b>	<b>1,038</b>	<b>562</b>	<b>1,838</b>
<b>Business credit cards</b>			
Used amount	11	21	15
Unused amount	299	89	20
<b>Total</b>	<b>310</b>	<b>110</b>	<b>35</b>
<b>Credit account limit</b>			
Unused limit	600	300	600
<b>Total</b>	<b>600</b>	<b>300</b>	<b>600</b>

## Reconciliation of alternative performance measures

### EBITA and EBITDA

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
Operating profit (-loss)	-104	869	761
Consolidated goodwill amortisation	1,033	817	1 635
Goodwill amortisation	45	45	89
<b>EBITA</b>	<b>974</b>	<b>1,731</b>	<b>2,485</b>
Depreciation and amortisation	201	143	331
<b>EBITDA</b>	<b>1,175</b>	<b>1,874</b>	<b>2,817</b>

### Comparable EBITA

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
EBITA	974	1,731	2,485
Items affecting comparability in operating profit total	240	32	76
<b>Comparable EBITA</b>	<b>1 214</b>	<b>1,763</b>	<b>2,561</b>

### Profit for the reporting period excluding goodwill amortisation

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
Profit for the reporting period	-315	493	185
Consolidated goodwill amortisation	1,033	817	1 635
Goodwill amortisation	45	45	89
<b>Profit for the reporting period excluding goodwill amortisation</b>	<b>763</b>	<b>1,355</b>	<b>1,909</b>

### Comparable profit excluding goodwill amortisation

EUR 1,000	1-6/2023	1-6/2022	1-12/2022
Profit for the reporting period excluding goodwill amortisation	763	1,355	1,909
Items affecting profitability			
Change in salary accruals	207		
Proceeds for equipment sales/leaseback	16	6	49
Image campaign		27	27
Transaction expenses for the acquisition	17		
Tax effect	-48	-7	-15
<b>Items affecting comparability total</b>	<b>192</b>	<b>26</b>	
<b>Comparable profit excluding goodwill amortisation</b>	<b>955</b>	<b>1,381</b>	<b>1,969</b>

## Calculation of key figures

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

In Helsinki, 15 August 2023

**Netum Group Plc**  
Board of Directors

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