

## **Fondia 2021: Growth did not yet lead to a strong profit**

Figures in parentheses refer to the corresponding period of the previous year, unless otherwise stated.

### July – December 2021 summary:

- Net sales totalled €10.5 million (9.1), a change of 14.8%
- EBITDA was €0.2 million (0.6)
- EBITDA-% was 1.6% (6,5)
- Comparable EBITDA was €0.4 million (0.6)\*
- Comparable EBITDA-% was 3.9% (6.5)\*
- Operating profit (EBIT) was € -0.3 million (0.2)
- Operating profit-% (EBIT-%) was -2.4% (2.1)
- Comparable operating profit (EBIT) was €0.0 million (0.2)\*
- Comparable operating profit-% (EBIT-%) -0.1 % (2.1)\*
- Profit for the period was € -0.2 million (0.1)
- Comparable profit for the period was €0.0 million (0.1)\*
- Continuous monthly invoicing accounted for 50% (47) of net sales
- Personnel (period average FTE) was 142 (126), a change of 12.7%

*\* Items affecting comparability have been recorded in July – December 2021, but not in July – December 2020.*

### January – December 2021 summary:

- Net sales totalled €21.1 million (19.6), a change of 7.4%
- EBITDA was €1.1 million (1.9)
- EBITDA-% was 5.4% (9.8)
- Comparable EBITDA was €1.4 million (1.9)\*
- Comparable EBITDA-% was 6.6% (9.5)\*
- Operating profit (EBIT) was € 0.4 million (1.3)
- Operating profit-% (EBIT-%) was 1.9% (6.5)
- Comparable operating profit (EBIT) was €0.6 million (1.3)\*
- Comparable operating profit-% (EBIT-%) 3.0% (6.5)\*
- Profit for the period was €0.3 million (0.8)
- Comparable profit for the period was €0.5 million (0.8)\*
- Continuous monthly invoicing accounted for 48% (45) of net sales
- Personnel (period average FTE) was 135 (129), a change of 4.7%
- Net earnings per share was €0.07 (0.21).
- The Board of Directors' (hereafter "the Board") dividend proposal is €0.28 per share.

*\* Items affecting comparability have been recorded in July – December 2021, but not in the financial year 2020.*

## KEY FIGURES

Fondia Plc Group	7-12/2021	7-12/2020	Change, %	1-12/2021	1-12/2020	Change, %
Net sales, 1000 euros	10,455	9,108	14.8%	21,107	19,643	7.4%
EBITDA, 1000 euros	165	591	-71.4%	1,142	1,932	-40.9%
% of net sales	1.6%	6.5%		5.4%	9.8%	
Comparable EBITDA, 1000 euros	413	591	-30.2%	1,386	1,932	-28.3%
% of net sales	3.9%	6.5%		6.6%	9.8%	
Operating profit (EBIT), 1000 euros	-250	195	-228.0%	393	1273	-69.1%
% of net sales	-2.4%	2.1%		1.9%	6.5%	
Comparable operating profit (EBIT)*	-6	195	-103.1%	637	1,273	-50.0%
% of net sales*	-0.1%	2.1%		3.0%	6.5%	
Profit for the period, 1000 euros	-220	80	-375.9%	259	827	-68.7%
% of net sales	-2.1%	-0.9%		1.2%	4.2%	
Comparable profit for the period*, 1000 euros	-25	80	-131.9%	454	827	-45.1%
% of net sales*	-0.2%	0.9%		2.2%	4.2%	
Net gearing %	-70.9%	-86.9%		-70.9%	-86.9%	
Equity ratio %	56.1%	60.1%		56.1%	60.1%	
Return on equity (ROE) %	4.7%	13.7%		4.7%	13.7%	
Average number of employees, full time equivalent (FTE)	142	126	12.7%	135	129	4.7%
Balance sheet total, 1000 euros	9,191	10,162		9,191	10,162	
Net earnings per share, euros	-0.06	0.02		0.07	0.21	

*\* Comparability was affected by non-recurring expenses that strained the profit, which totalled €244 thousand in the financial year 2021. All non-recurring expenses were recorded in December 2021 and relate to the change of CEO. No non-recurring expenses were recorded in the financial year 2020.*

## CEO HARRI SAVOLAINEN:

We had two main goals for the financial year 2021. The first goal was to return to the path of strong growth and the second was to make our international business profitable. Net sales increased by 7.4% compared to the comparison period, which we are not satisfied with. Our international business grew excellently by 33.8% from the comparison period. Growth in Sweden represented majority of this with 32,3% growth. Net sales growth in Finland was 1.9% compared to the comparison period, which was not sufficient for profitability. The weaker growth of the Finnish business was due to high employee turnover, insufficient sales, and market uncertainty, partly caused by the pandemic. We achieved our second goal of making our international business profitable thanks to Sweden's strong profits this year. Together, our main goals aimed to develop the profitability of our business, which we failed to achieve during the financial year. The weak growth and cost level of the Finnish business contributed to the Group's weak comparable operating margin of 3.0% (6.5). However, the end of the financial year showed an upward trend and signalled a clear turning point for positive change.

Sales were insufficient during the financial year, although sales of the legal department service increased well compared to the comparison period. Our strategic goal is to increase the share of the legal department service and other productised continuous services in all market areas and thereby also the share of international business in the Group's total net sales. We did well here during the financial year. All continuous services accounted for 48% (45) of the Group's net sales. Total invoicing of legal department customers and other continuous services accounted for 73% (70) of net sales. In Sweden, demand for the continuous legal department service grew excellently during the financial year, and the share of all continuous business services was already at 36% (28). All continuous services accounted for 17% (19) of the Baltic net sales. The share of international net sales in the Group's total net sales increased to 23% (19) during the financial year.

The Group's comparable profit during the financial year was strained by increased expenses in the Finnish business. Profitability was also strained by additional costs due to employee turnover and moderate revenue development, as well as increased personnel expenses.

At the end of the financial year, we clarified the basics of our business, focusing on sales, generating value for customers, and on our personnel. In sales, we identified challenges at the beginning of the process and streamlined operations in these areas. In addition, we maintained a focus on customer service in the legal department service, alongside which we also streamlined the marketing and sales of other continuous services. These include secretarial services to the Board of Directors and Data Protection Officer duties as a service, which operate as independent entities. In addition to continuous services, we also invested in the development of our project- and assignment-based business and the renewal of the transaction business. At the end of the year, we recruited new, experienced lawyers to strengthen the transaction business, who will start in early 2022.

During the financial year, there was unusually high employee turnover in the Finnish business, to which we reacted quickly. This turnover caused additional costs and tied up resources in customer transfers, recruitments and onboarding. At the same time, the recruitments provided excellent support for the change that has begun, and recruitment will continue as needed. Fondia's attractiveness as an employer has remained excellent, which we are pleased with. The recruitments also allowed us to establish a new Legal Tech and Design team for customer assignments.

We also continued to implement our long-term strategy to streamline operations and improved the average productivity of the organisation by 5.4% during the financial year compared to the

comparison period. We invested in developing competences and increasing employee understanding as part of our strategy at both individual and organisational levels. These investments paid off and we received a Future Workplaces certificate in recognition of our work. In all our operating countries, employee satisfaction rose to an excellent level. In addition, our good eNPS result of 41 (19) in the personnel survey supported recruitment from our personnel's networks well.

Our technology project progressed as planned during the financial year. The project aims to increase the efficiency of invoicing and productivity and to enable new business. During the financial year, we implemented new websites, the architectural design of the MyFondia service platform, and the development of the first MyFondia applications. These applications are related to sales and marketing as well as our customer operating model. Next, the technology project will move on to developing the Virtual Lawyer service. The project will also continue the development of MyFondia, focusing on creating a single digital service channel and experience. The technology project is partly funded by Business Finland and is also partly Fondia's own investment.

We will continue the journey of change we have started, focusing on the things and actions that are essential for our business: legal customer work, sales, creating added value for customers, and the wellbeing of our employees. In addition, we will carefully evaluate other potential cost-effectiveness measures without compromising the quality of our customer work or the good customer and employee experience. We strive to keep our business straightforward and approachable. We are confident of growth and improved profitability during the current financial year.

## THE LEGAL SERVICES MARKET

Key factors influencing the legal services market are:

- General uncertainties caused by the coronavirus pandemic and expectations of a possible recovery from the pandemic
- Growth of the transaction market
- Increase in corporate responsibility regulation
- The opportunity brought by the outsourcing trend to offer customers a legal department as a service – the ability to offer service models integrated into the customer's business
- Demand for digital and accessible service solutions
- Expectations of transparent and predictable billing as well as a proactive approach

## FONDIA'S STRATEGY

Fondia solves the legal needs of companies by combining the best services from internal legal departments and law firms. Fondia's service combines the business orientation and proactive care of internal legal departments with the extensive legal expertise of law firms in an increasingly complex operating environment. Fondia's service is uncomplicated, personal, and utilises technology efficiently. The service, which adapts to the business needs of companies, is suitable for companies ranging from start-ups to large corporations and is an efficient way to handle a company's legal

affairs. The cornerstones of Fondia's strategy are our personnel, customers, and technological development.

## OUTLOOK FOR 2022

Fondia expects net sales and operating profit to increase in 2022 from the previous year.

## MEDIUM-TERM FINANCIAL OBJECTIVES AND PROFIT DISTRIBUTION POLICY

The company's medium-term goals are an annual average growth in net sales of approximately 15% and an average operating profit margin of approximately 15%. In accordance with the profit distribution policy, the company's goal is to distribute at least two thirds (2/3) of the company's earnings per share as dividends to shareholders. Profit distribution will take into consideration Fondia's profit development and outlook, as well as future investment needs.

## FINANCIAL DEVELOPMENT

The Group's net sales in July – December 2021 were €10,455 thousand (9,108), an increase of 14.8% compared to the comparison period. The positive development of net sales in the second half of the year was mainly due to the good development of continuous services, of which the Legal Department as a Service (LDaaS) still represented the majority. Net sales of all continuous services increased by 22.5% in the second half of the year and already accounted for 50% (47) of total net sales. Total invoicing of legal department customers and other continuous services already accounted for 74% (70) of net sales. In the second half of the year, the strong 37.6% growth in our international business from the comparison period also contributed to the good development of net sales. Net sales from separate assignments increased only by 0.7% in the second half of the year, which was strongly affected by the unusually high employee turnover in the Finnish business and partly by market uncertainty caused by the pandemic.

The Group's comparable operating profit in July – December 2021 was € -6 thousand (195)\*. The comparable operating profit margin in the second half of the year was -0.1% (2.1)\*. Comparable profit in the second half of the year was strained by increased expenses from the Finnish business due to the cost level of the new business premises in Helsinki and the increased depreciation of investments in the property and technological development. Profitability was also strained by additional costs due to employee turnover and lower net sales during the summer holiday period, as well as increased employee expenses.

In January – December 2021, the Group's net sales were €21,107 thousand (19,643), an increase of 7.4% from the comparison period. The development of net sales was affected by the good development of continuous services, where the LDaaS service represented a majority. Other continuous services increased the share of continuous services moderately during the financial year. Net sales of all continuous services increased by 14.8% during the financial year and already

accounted for 48% (45) of total net sales. Total invoicing of legal department customers and other continuous services accounted for 73% (70) of net sales. The strong growth of our international business contributed to the development of net sales during the financial year, with an increase of 33.8% from the comparison period. Net sales from separate assignments decreased by -1.1%, which was strongly affected by the unusually high employee turnover in the Finnish business and partly by market uncertainty caused by the pandemic and insufficient sales.

In January – December 2021, the Group's operating profit was €393 thousand (1,273). The Group's comparable operating profit in the financial year was €637 thousand (1,273)\*. The comparable operating profit margin in the financial year was 3.0% (6.5)\*. Comparable profit for the financial year was strained by increased expenses in the Finnish business, resulting from the cost level of the new business premises in Helsinki and the increased depreciation of investments in the property and technological development. Profitability was also strained by additional costs due to employee turnover and insufficient revenue development, as well as increased employee expenses. The change of CEO in December 2021 resulted in non-recurring expenses of €244 thousand, which have been adjusted from the comparable profit.

The Group's consolidated balance sheet total on 31 December 2021 was €9,191 thousand (10,162). The company's cash and cash equivalents were €3,602 thousand (5,206). The company was debt-free, and its equity ratio was 56%. The change in cash flows was mainly due to investments in the new premises and partly the costs of the technology project.

*\* Comparability was affected by non-recurring expenses that strained the profit, which totalled €244 thousand in the financial year 2021. All non-recurring expenses were recorded in December 2021 and relate to the change of CEO. No non-recurring expenses were recorded in the financial year 2020.*

#### **Items affecting comparability**

<b>1000 euros</b>	<b>7-12/2021</b>	<b>7-12/2020</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
Comparable profit for the period	-25	80	454	827
Employee expenses	228		228	
Other operating expenses	16		16	
Taxes	-49		-49	
Profit for period	-220	80	259	827
Comparable operating profit (EBIT)	-6	195	637	1273
Employee expenses	228		228	
Other operating expenses	16		16	
Operating profit (EBIT)	-250	195	393	1273

## **PERSONNEL, MANAGEMENT AND ADMINISTRATION**

Fondia continues to invest in its unique business culture and values. As a result, the company is able to attract experienced business law and industry legal experts. On 31 December 2021, the Group employed 171 (149) people, of whom 112 (96) were lawyers.

The average number of employees (FTE) during the year was 135 (129).

At the end of the financial year, the total number of employees in Sweden was 34 (28), the number of employees in Finland was 126 (114), the number of employees in Estonia was 6 (4), and the number of employees in Lithuania was 5 (3).

Leena Hellfors MSc, served as the Group's CEO in the financial year until 1 December 2021, after which the Group's CFO and management team member, Harri Savolainen MBA, was appointed as the new interim CEO. At the same time, the Board began the recruitment for a new CEO.

Fondia Group's management team in the financial year 2021 consisted of the following persons:

- CFO Harri Savolainen, who has served as interim CEO since 1.12.2021;
- Talent Director Wilma Laukkanen;
- Development Director Erkki Hyvärinen;
- Fondia Sweden Managing Director Monica Söderlund;
- Fondia Baltic Managing Director Eneli Perolainen; and
- CEO Leena Hellfors (until 1.12.2021)

The Group's Board in the financial year 2021 consisted of the following persons:

- Juha Sarsama, Chairman of the Board;
- Tuomo Lähdesmäki, Vice Chairman;
- Johan Hammarén;
- Lara Saulo;
- Timo Lappi (since 18.3.2021);
- Katariina Lindholm (since 18.3.2021); and
- Joséphine Mickwitz (until 18.3.2021)

## SHARES AND SHAREHOLDERS

### Shares issued and share capital

On 31 December 2021, there were a total of 3,953,134 (3,946,771) Fondia shares. At the end of the financial year, the company held 14,083 of its own shares (0). The average number of shares was 3,951,013 (3,941,919).

During the financial year, the number of shares issued by the company increased by 6,363 (10,800) shares. The issue of new shares was based on the share subscriptions made with the 2017 stock options.

The company's share capital at the end of the financial year 2021 was €100,000 (100,000).

### Shareholders and trading in Fondia shares

Share closing price on the last trading day of the financial period, 31 December 2021, was €7.10. The lowest trading price for the financial period was €6.50 (5.94) and the highest €8.28 (10.90).

During the financial year, a total of 1,910,790 (724,385) shares were traded. At the end of the financial period, the market value of Fondia Plc was €28.1 (31.6) million.

At the end of the financial year 2021, Fondia had 3,522 (3,247) shareholders. Nominee-registered holdings accounted for 1.79 % (1.33) of the share capital.

### **Acquisition of company shares**

Fondia Plc's Board decided on 16 December 2021, based on authorisation given by the Annual General Meeting (AGM) on 18 March 2021, to begin repurchasing the company's own shares. The acquisition programme started on 17 December 2021 and ended on 17 January 2022.

During the financial year (17 December 2021 – 31 December 2021), the company repurchased 14,083 of its own shares at an average price of €7.03 per share. The shares were acquired to be used in Fondia's share-based commitment and incentive programme for employees and share savings programme (ESSP). The repurchase of the shares was financed with the company's distributable unrestricted equity. The company intends to continue to implement the corresponding repurchase periods for its own shares in the future for the employee share-based commitment and incentive programme and the share savings programme.

### **Subscription of shares with stock options 2017**

The share subscription period with Fondia Plc's stock options 2017 began on 1 May 2020 and ended on 30 April 2021. A total of 6,363 new company shares were subscribed with stock options during the financial year 2021, and a total of 8,966 new shares were subscribed during the entire stock option programme. The subscription price of share subscription made with stock options (€ 40,659.57 during the financial year 2021 and a total of €58,021.58 during the entire programme) was recorded in full in the invested unrestricted equity fund.

Based on the share subscriptions made in the stock option programme, the company's total number of shares increased from 3,944,168 to 3,953,134. The new shares have been admitted for trading on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd, together with the old shares. The shares have conferred shareholder rights to their holders since the date of registration.

### **Employee share savings programme (ESSP)**

In November 2018, Fondia's Board decided to introduce a share savings programme for the Group's employees, which the Board has since decided to extend for new 12-month periods. The purpose of the share savings programme is to offer the Group's employees the opportunity to save a part of their regular salary for the acquisition of company shares on favourable terms by issuing additional shares free of charge to the employees participating in the programme. By encouraging employees to acquire and own shares in the company, the company seeks to strengthen the relationship between Fondia's employees and shareholders. The aim of the programme is to promote employee motivation and commitment to the company's operations. The Board believes that the programme will have a positive impact on the Group's future development and that the programme is in the interest of both shareholders and employees.

The shares are acquired with the accumulated savings twice a year at market price after the publication of the company's half year report and financial statement. According to the terms of the share savings programme, the company's Board decides on the method for acquiring savings shares. Each participant will receive one additional share (before taxes) from the company free of charge for every two savings shares acquired. Additional shares will be issued to a participant if he or she owns



the savings shares acquired during the savings period and his or her employment contract is valid until the end of the ownership period. Ownership periods last 3 years. The additional shares will be paid in both company shares and cash. The purpose of the cash contribution is to cover taxes and parafiscal charges incurred by the participant.

During the financial year 2021, shares were acquired on the market at the prevailing market price after the publication of the company's half year report and financial statement. The first additional shares will be paid to participants based on the saving periods 2019-2020 in spring 2022.

On 28 October 2021, the Board decided to extend the employee share savings programme for the new period 2022-2023.

### **New share-based commitment and incentive programme**

On 28 October 2021, Fondia's Board decided on a new share-based commitment and incentive programme ("the share programme"). The purpose of the share programme is to promote the achievement of the company's financial objectives and to provide participants with a competitive long-term incentive plan, thereby increasing the company's shareholder value. The share programme is performance-based and consists of earning periods of three financial years. The Board decides annually on the start of new earning periods, their terms and conditions, and the participants. The first earning period of the share programme begun on 1 January 2022 and ends on 31 December 2024.

Participants in the share programme can earn Fondia Plc shares according to the earning criteria set by the Board, which are related to the company's financial and strategic performance. The Board decides on the earning criteria for each earning period and the target levels for each earning criteria at the beginning of the earning period. The Board selects participants separately for each earning period. The aim is to enable extensive employee participation in the programme, which means that, in principle, it is not possible to participate in two consecutive earning periods. In the first earning period 2022-2024, the target group includes employees of the Fondia Group selected by the Board and the members of the Group's management team, approximately 30 individuals in total.

The Board also decided that members of the Group management team must own or acquire beforehand a separately defined number of Fondia Plc shares to participate in the first earning period of the share programme. An external service provider will acquire the shares on behalf of the members of the management team at the prevailing market price by 30 April 2022. A member of the Group's management team must own at least a quarter of the shares received as a reward under the share programme until the total value of his or her shareholding in the company corresponds to half of his or her previous year's annual salary. This number of Fondia Plc shares must be owned for as long as his or her membership in the management team continues. There are no prior ownership requirements or transfer restrictions for employees outside of the management team.

### **Authorisations granted to the Board of Directors**

#### **Share issue authorisation**

The AGM held on 18 March 2021 decided, as proposed by the Board, to authorise the Board to decide on the issue of shares as well as the issue of stock options and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Companies Act in one or more instalments as follows:

Up to 700,000 shares (including shares issued under special rights) may be issued under this authorisation, representing approximately 17.7% of all current company shares.

The Board shall decide on the terms for issuing shares as well as on the issue of stock options and other special rights entitling to shares. Under this authorisation, both new shares and shares held by the company may be issued. New shares may be issued, and shares held by the company may be transferred either in return for payment or free of charge. The issue and transfer of shares, stock options and other special rights entitling to shares may be exempt from the shareholders' pre-emptive subscription rights (directed offering) if there is a compelling financial reason for this from the company's point of view. Such reasons include using shares to develop the company's capital structure, to finance or implement possible acquisitions, investments, or other business arrangements, or to be used in the company's commitment and incentive programme. The Board may also decide on free share issue to the company.

This authorisation annuls the authorisation given by the AGM on 27 April 2020. This authorisation is valid until the next AGM, but no later than 30 June 2022.

#### Acquisition of company shares

The AGM decided, as proposed by the Board, to authorise the Board to decide on the acquisition of company shares as follows:

The total number of company shares acquired under this authorisation may not exceed 300,000 shares, representing approximately 7.6% of all current company shares. However, the company may not, together with its subsidiaries, own and/or hold as collateral at any one time more than 10% of all company shares. Under this authorisation, company shares may only be acquired using unrestricted equity. Company shares may be acquired at the price resulting from multilateral trading on the acquisition date or at a price otherwise formed in the market. Shares may also be acquired outside public trading at a price that does not exceed the market price in public trading at the time of acquisition.

The Board is authorised to decide on how shares will be acquired. Company shares may be acquired non-proportionally to the number of shares held by shareholders (directed acquisition) if there is a compelling financial reason for this from the company's point of view, in accordance with Chapter 15, Section 6 of the Companies Act.

Company shares may be acquired to develop the company's capital structure; transferred to finance or implement possible acquisitions, investments, or other business arrangements; used in the company's incentive schemes; or otherwise transferred, held, or cancelled.

This authorisation annuls the authorisation given by the AGM on 27 April 2020. This authorisation is valid until the end of the next AGM, but no later than 30 June 2022.

## ANNUAL GENERAL MEETING 18.3.2020

Fondia's AGM was held in Helsinki on 18 March 2021. The AGM confirmed the company's financial statements for the financial year 2020 and discharged the Board and CEO from liability for the financial year 1 January to 31 December 2020.

The AGM decided, as proposed by the Board, that a dividend of €0.28 per share is to be paid from the parent company's distributable funds.

As proposed by shareholders representing more than 33% of the company's shares and votes, the AGM decided to pay the following remuneration to the Board members: €3,000 per month to the Chairman, €2,500 per month to the Vice Chairman, and €2,000 per month to the other Board members. Travel expenses are reimbursed according to the maximum amount of travel allowance established by the Finnish Tax Administration.

As proposed by shareholders representing more than 33% of the company's shares and votes, the AGM confirmed the number of Board members as six. Johan Hammarén, Tuomo Lähdesmäki, Juha Sarsama, and Laura Saulo were re-elected as Board members, with Katariina Lindholm and Timo Lappi elected as new Board members. The Board's term of office ends at the end of the 2022 AGM.

As proposed by the Board, the AGM re-appointed Revico Grant Thornton Ltd as the company's auditor, with Peter Åhman, Chamber of Commerce Authorised Accountant, continuing as the principal auditor.

In addition, the AGM authorised the Board to decide on the issue of shares, stock options, and other special rights entitling to shares in one or more instalments and on the repurchase of company shares in one or more instalments. Authorisations granted to the Board are described in more detail under 'Shares and shareholders'.

### **Organisation of the Board of Directors**

The Board re-elected Juha Sarsama as Chairman of the Board and Tuomo Lähdesmäki as Vice Chairman at a Board organisation meeting held after the AGM.

The Board assessed the independence of its members at the meeting in accordance with the Finnish Corporate Governance Code and found that the Board members are independent of the company. Juha Sarsama, Tuomo Lähdesmäki, Katariina Lindholm, and Lara Saulo are independent of the company's major shareholders. Johan Hammarén and Timo Lappi are not independent of major shareholders.

## **RISKS AND BUSINESS UNCERTAINTIES**

Short term uncertainties relate to the continuation and/or possible slowing down of the coronavirus pandemic and its effects on the market in general, for example, on employee mobility. Due to the nature of the professional services business, the company considers issues related to the safety of its employees to be a risk factor during the pandemic and makes every effort to promote the safety of employees, even as the pandemic potentially slows down in the near future. The company does not believe that the risk of credit losses has increased significantly due to the pandemic.

Company-specific, long-term uncertainties continue to relate to how well the company succeeds in recruiting, motivating, and retaining skilled employees. The company's management has also assessed that Fondia is dependent on its information systems and that shortcomings, disturbances or problems in IT systems may adversely affect business. The company is also monitoring the development of the European security situation and the possible impact on the private sector.

## BOARD OF DIRECTORS' DIVIDEND PROPOSAL

Fondia's Board proposes to the AGM to be held on 24 March 2022 that a dividend of € 0.28 per share be paid for the financial year that ended on 31 December 2021. The parent company's distributable funds at the end of the financial year were €8,472,974.69, of which €395,558.92 was profit for the financial year.

## FINANCIAL STATEMENT ACCOUNTING PRINCIPLES

The financial statement and financial statement release have been prepared in accordance with good accounting practice and Finnish legislation. The figures for financial years 2020 and 2021 presented in the release are based on the company's audited financial statements and have been prepared in accordance with national legislation (FAS). The information is presented to the extent required by the First North regulations in section 4.4 (e). The figures included in the report have been rounded from raw figures.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The company has no significant events that deviate from normal business operations to report after the end of the review period.

## PUBLICATION OF FINANCIAL INFORMATION IN 2022

The financial statement, the annual report, and the auditor's report will be published via a company press release and on the company's website no later than Thursday 3 March 2022. The AGM will be held on 24 March 2022 at 14:00. The Board will decide separately on the convening of the AGM.

The half year financial report January – June 2022 will be published on 25 August 2022. An unofficial translation of the half year financial report and the financial statement release will be published in English in the form of a press release.

In addition to the financial statement release and half year financial report, business reviews will be published after the first and third quarter on 28 April 2022 and 27 October 2022, respectively.

## CONSOLIDATED INCOME STATEMENT

1000 euros	7-12/2021	7-12/2020	Change, %	1-12/2021	1-12/2020	Change, %
<b>Net sales</b>	<b>10,455</b>	<b>9,108</b>	14.8 %	<b>21,107</b>	<b>19,643</b>	7.4 %
Other operating income	65	90	-29.4 %	161	173	-73 %
Materials and services	-405	-255	58.8 %	-762	-584	30.5 %
Employee expenses	-7,419	-6,102	21.6 %	-14,333	-12,817	11.8 %
Depreciation and impairment	-419	-396	5.8 %	-749	-659	13.7 %
Other operating expenses	-2,525	-2,249	12.3 %	-5,030	-4,484	12.2 %
<b>Operating profit</b>	<b>-250</b>	<b>195</b>	-228.0 %	<b>393</b>	<b>1,273</b>	-69.1 %
Net financial income and expenses	-21	-5	356.0 %	-33	-16	107.7 %
<b>Profit before appropriations and taxes</b>	<b>-271</b>	<b>190</b>	-242.3 %	<b>360</b>	<b>1,257</b>	-71.3 %
Income taxes	50	-111	-145.6 %	-101	-430	-76.5 %
<b>Profit for period</b>	<b>-220</b>	<b>80</b>	375.9 %	<b>259</b>	<b>827</b>	-68.7 %

## CONSOLIDATED BALANCE SHEET

1000 euros	31.12.2021	31.12.2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Consolidated goodwill	1,218	1,418
Other non-current assets	957	636
Tangible assets		
Machines and hardware	273	329
Other tangible assets	9	0
<b>Non-current assets total</b>	<b>2,457</b>	<b>2,383</b>
<b>Current assets</b>		
Long-term receivables		
Loans	0	0
Other receivables	8	9
Short-term receivables		
Loans	0	0
Trade receivables	2,443	2,078
Other receivables	18	19
Prepayments and accrued income	663	465
Cash and cash equivalents	3,602	5,206
<b>Current assets total</b>	<b>6,734</b>	<b>7,779</b>
<b>ASSETS TOTAL</b>	<b>9,191</b>	<b>10,162</b>
<b>LIABILITIES</b>		
<b>Equity</b>		
Share capital	100	100
Fund for invested unrestricted capital	3,728	3,688

Profit for previous financial years (-loss)	987	1,365
Profit for period (-loss)	259	827
Translation differences	9	14
<b>Equity total</b>	<b>5 083</b>	<b>5,994</b>
<b>Foreign equity</b>		
Long-term		
Other loans	0	0
Short-term		
Loans from financial institutions	0	0
Prepayments	126	192
Accounts payable	507	903
Other liabilities	1,113	1,086
Accrued liabilities	2,362	1,987
<b>Foreign equity total</b>	<b>4,108</b>	<b>4,168</b>
<b>LIABILITIES TOTAL</b>	<b>9,191</b>	<b>10,162</b>

## CHANGES IN EQUITY

1000 euros	Share capital	Fund for invested unrestricted equity	Profit (loss) for previous financial periods	Profit (loss) for period	Translation differences	Total
<b>Equity 1.1.2021</b>	<b>100</b>	<b>3,688</b>	<b>2,193</b>		<b>14</b>	<b>5,994</b>
Directed offering		41				41
Dividend distribution			-1,105			-1,105
Acquisition of own shares			-101			-101
Profit/loss for period				259		259
Change in translation difference					-5	-5
<b>Equity 31.12.2021</b>	<b>100</b>	<b>3,728</b>	<b>987</b>	<b>259</b>	<b>9</b>	<b>5,083</b>
<b>Equity 1.1.2020</b>	<b>100</b>	<b>3,605</b>	<b>2,389</b>		<b>9</b>	<b>6,103</b>
Directed offering		83				83
Dividend distribution			-1,023			-1,023
Acquisition of own shares			0			0
Profit/loss for period				827		827
Change in translation difference					5	5
<b>Equity 31.12.2020</b>	<b>100</b>	<b>3,688</b>	<b>1,365</b>	<b>827</b>	<b>14</b>	<b>5,994</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

1000 euros	1-12/2021	1-12/2020
<b>Cash flow from operating activities</b>		
Profit (-loss) before appropriations and taxes	360	1,257
Planned depreciations	749	659
Unrealised exchange rate gains and losses	-11	-3
Financial income and expenses	33	16
<b>Cash flow before change in working capital</b>	<b>1,131</b>	<b>1,929</b>
<b>Change in working capital:</b>		
Increase (-) / decrease (+) in current non-interest-bearing receivables	-538	-44
Increase (+) / decrease (-) of current non-interest-bearing liabilities	-60	-24
<b>Cash flow from operating activities before financial items and taxes</b>	<b>533</b>	<b>1,860</b>
Interest paid and other financial costs	-29	-15
Received interest and other financial income	2	8
Direct taxes paid	-124	-446
<b>Cash flow from operating activities (A)</b>	<b>383</b>	<b>1,406</b>
<b>Cash flow from investing activities:</b>		
Investments in intangible and tangible assets	-1,320	-1,035
Gains from disposal of intangible and tangible assets	1	2
Funding for intangible assets	497	90
Acquired subsidiary shares	0	0
Loan payment	0	0
Repayment of loan receivables	0	23
<b>Cash flow from investing activities (B)</b>	<b>-823</b>	<b>-919</b>
<b>Cash flow from financing activities</b>		
Issue of shares	41	17
Acquisition of own shares	-101	0
Repayment of loans	0	-116
Dividend distribution	-1,105	-1,023
Long-term rental guarantee deduction	6	0
Long-term rental guarantee	-5	0
<b>Cash flow from financing activities (C)</b>	<b>-1,164</b>	<b>-1,122</b>
<b>Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)</b>	<b>-1,604</b>	<b>-635</b>

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Cash and cash equivalents at the beginning of period	5,206	5,841
Cash and cash equivalents at the end of period	3,602	5,206
Change in cash and cash equivalents increase (+) / decrease (-)	-1,604	-635



## CALCULATION OF KEY FIGURES

EBITDA	=	Net sales + other operating income – materials and services – employee expenses – other operating expenses	
Operating profit (EBIT)	=	Net sales + other operating income – materials and services – employee expenses – other operating expenses – depreciation and impairment	
Operating profit as % of net sales	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x 100
Profit for period as % of net sales	=	$\frac{\text{Profit for period}}{\text{Net sales}}$	x 100
Equity ratio, %	=	$\frac{\text{Equity + minority interest}}{\text{Balance sheet total – advances received}}$	x 100
Return on equity (ROE), %	=	$\frac{\text{Profit after financial items – income taxes}}{\text{Equity + minority interest (average during the year)}}$	x 100
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities – cash and bank receivables}}{\text{Equity + minority interest}}$	x 100

## PRESS AND ANALYST CONFERENCE

Fondia will publish its financial statement for January to December 2021 on Thursday 17 February 2022 at 08:30. A press and analyst conference will be held in Finnish on the same day at 12:00 at Fondia's headquarters at Aleksanterinkatu 11, Helsinki.

Due to the current coronavirus situation, we ask that you please register for the event in advance at [ir@fondia.com](mailto:ir@fondia.com). The report will be presented by interim CEO Harri Savolainen. You can watch a livestream of the presentation at <https://fondia.videosync.fi/2021-tilinpaatostiedote>.

The livestream recording and presentation materials will be published later at <https://services.fondia.com/sijoittajille>.

Helsinki, 17 February 2022

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## FONDIA IN BRIEF

Fondia solves the legal needs of companies by combining the best services from internal legal departments and law firms. Fondia operates in Finland, Sweden, Estonia, and Lithuania, and the Group's net sales in 2021 were €21.1 million. Fondia employs approximately 170 people.

[www.fondia.com](http://www.fondia.com)

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