

Unofficial translation

Quarterly report July – September 2021:

Fondia Plc: growth continues – expansive recruiting decreased profitability on third quarter.

Fondia Plc

Company release published on October 29th 2021 at 8:30.

Quarterly report July – September 2021

The company complies with the half year reports required by the Securities Markets Act and publishes quarterly reports for the first three and the first nine months of the year, which present key information describing the company's financial development. The financial information presented in this quarterly report is unaudited.

Financial development in July – September and January – September 2021.

GROUP	7-9/2021	7-9/2020	1-9/2021	1-9/2020
Revenue, Meur	4,6	3,9	15,2	14,5
Change in revenue -%	17,0 %		5,4 %	
EBITDA Meur	-0,2	0,1	0,8	1,4
EBITDA %	-3,3 %	2,6 %	5,4 %	10,0 %
Operating profit EBIT Meur	-0,3	-0,1	0,3	1,0
Operating profit EBIT %	-7,5 %	-1,3 %	2,0 %	7,1 %
Number of employees FTE, period average	140	128	133	131

CEO Leena Hellfors

“Fondia’s revenue grew by 17 % hitting 4,6 (3,9) million euros over the period of July – September. Revenue development was a consequence to a better demand but mostly a result of well-timed actions in line with our growth strategy. These actions were successful recruitments and the successful conceptualization of our productized expert services, which in turn made buying and selling our services easier.

However, the growth of net sales wasn’t enough to compensate the relatively expanded personnel expenses and due to that our operating profit decreased from the comparison period. Additionally increased premise expenses and technology development expenses diluted operating profit. The pandemic

precaution measures executed during comparison period weren't in place during the review period. We have already nearly returned to pre pandemic ways of working.

Fondia proved its appeal on the market and the recruitment of strong professionals continued. The Group's average number of full-time employees (FTE) grew with a total of 12 people within the review period. The recruiting was necessary to ensure growth and professionals have been recruited front-loadingly to respond to increasing customer demand and to strengthen our expertise on selected special legal fields as cyber tech, information security, biotech, and legal tech.

Due to the nature of expertise business the July – September profitability is normally lower than during other quarters. During the review period, profitability was also weakened by the orientation periods of new lawyers when they initially reach normal invoicing levels. Due to an enhanced orientation period the new lawyers are ready to begin customer work sooner and the period of lower invoicing levels varies from only a few weeks to couple of months. During the last quarter of 2021 we focus on bringing new lawyer's invoicing levels to a normal level. The market's growing general demand and the demand for conceptualized services support the process of increasing invoicing levels.

Sweden's growth has been advancing steadily throughout the review period. The sales of conceptualized expert services were flowing effortlessly, and we won several significant ongoing service customers. Our brand has become more familiar in Swedish market due to several notable reference customers this year. In addition to Stockholm and Gothenburg we now have a presence in Malmö as well, to where we currently recruit new lawyers.

The personnel and their wellbeing are one of Fondia's strategic cornerstones. We executed the third annual Siqni employee survey during review period. The survey helps us to continuously develop our actions, leadership and to further emphasize the features that are meaningful to Fondia employees.

Based on Siqni survey overall answers Fondia was granted a Future Workplaces certificate. The certificate is presented to companies that prove they lead their corporate culture with an exceptionally strong employee understanding. We are very proud of our Future Workplaces certificate especially because it was granted to us during the extraordinary COVID-19 time.

Our technology development project is advancing as planned. Our scalable and system integration emphasizing web page structure has been taken into production in all Fondia countries. The development of MyFondia has evolved from conceptualizing into production to create an even more interactive platform for the cooperation of our customers and Fondia. Our new legal tech -lawyer team has started actively working with our customers in helping them with all legal tech related projects and assignments.

Our ways of working are slowly getting back to pre-pandemic routines. Fondia has been guided back to the growth path and we move on to the fourth quarter motivated to continue this growth. We take a confident approach in our profitability increasing already during the end of year and in positively developing through growth next year."

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Fondia in brief

Fondia is a full-service business law firm that offers new service models and utilizes digital technologies. Fondia operates in Finland, Sweden, Estonia and Lithuania, and the Group's net sales in 2020 were approximately €19,6 million. Fondia employs more than 150 people.