

Fondia Oyj

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Quarterly report January – September 2020

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Quarterly report January – September 2020: “Slower-than-usual recovery of demand after the summer, measures securing growth underway in Sweden”

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. The figures for the comparison period refer to the corresponding period of the previous year, when the company has reported its results for half year periods. The transition to quarterly reporting affects the comparability of the figures.

Financial development in July – September and January – September 2020

GROUP	7-9/2020	7-9/2019	1-9/2020	1-9/2019
Net sales, Meur	3,9	4,1	14,5	14,9
Change in net sales, %	-4,1 %		-2,9 %	
Number of employees, FTE Period average	128	140	131	140

CEO Leena Hellfors

” This year has been mixed for us in terms of business. After a good start to the year in new sales, demand slowed in the second quarter as a result of the coronavirus pandemic. Moreover, in the third quarter, post-holiday season demand recovered more slowly than usual, but clearly picked up towards the end of the report period. The impact of coronavirus on demand has been most evident in our smaller companies in Sweden and the Baltic countries, where the number of legal department customers is smaller than in Finland and where a significant part of net sales still comes from assignment-based work and is more dependent on the acquisition of new customers.

Our net sales in July – September were €3.9 million, slightly lower than in the comparison period (-4.1 %), which we are not satisfied with. In terms of net sales for January-September 2020, we are closer to the comparison period despite the prevailing market situation (-2.9 %).

The effects of the coronavirus pandemic have still been reflected in the needs of our customers in the third quarter, and the number of assignments in employment law and insolvency proceedings, among other things, has been higher than usual. Signs of recovery in the financial and acquisition markets, which were slowed down by the pandemic, are already visible in the third quarter, but as uncertainty persists, it is still too early to anticipate the future.

During the coronavirus pandemic, our main priorities have been to ensure customer retention and profitability, as well as the safety and wellbeing of our employees. Our customer churn has been exceptionally low throughout this year. The flexibility of the legal department service has been an advantage in this situation, which has been reflected in the high level of customer satisfaction. Corporate responsibility is one of the cornerstones of our strategy and we are very proud of all the measures we have taken for our customers during difficult circumstances.

Our employees are our most important capital and the heart of our operations. We are pleased with how we have been able to adapt to working and serving our customers almost normally through virtual means. Community has also been nurtured during the exceptional circumstances and safety has not been compromised, for which we have been praised by our employees. The completion of our new office in Helsinki at the end of year has also been a source of inspiration whilst working remotely, and we hope to be able to work together in our new premises as soon as possible.

In Sweden, the uncertainty caused by coronavirus and the business recovery measures have partly contributed to higher-than-normal employee churn. The measures started to show concrete results towards the end of the third quarter as the new sales have begun to pick up and it has no longer been necessary to continue the partial redundancies of Swedish lawyers. Our goal is to turn our Swedish business on the growth path and further increase the number of experienced lawyers. In Finland, employee churn has remained at a normal level. Of course, departures are always a great loss, both in terms of competence and community, and even in exceptional circumstances, we do our best to keep our experts. We are very pleased that Eneli Perolainen started as the head of our Baltic operations in August and under Eneli's leadership the growth and the consolidation of the Baltic business have started rapidly.

Our profitability has been ensured by our efficient operating model and cost-conscious management during this exceptional period, without compromising on investment in sales and marketing.

As part of our participation in the two-year CREDU technology project, we have now chosen a technology partner for the construction of a modular overall architecture. Our goal is to get the first results of our cooperation as early as next year. The new modular overall architecture allows us to seamlessly integrate and start using new systems and processes as well as serves as a platform for the development of new scalable business models. It also opens up entirely new opportunities to improve the meaningful and effective use of our lawyers' existing tools and systems and enhances possibilities for greater customer satisfaction.

We would like to thank our customers for their trust and our employees for their adjustment and great attitude. I believe that we will cope well with the exceptional situation caused by the pandemic and continue our journey back to the path of growth."

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Fondia in brief

Fondia is a full-service business law firm that offers new service models and utilises digital technologies. Fondia operates in Finland, Sweden, Estonia and Lithuania, and the Group's net sales in 2019 were approximately €20.2 million. Fondia employs more than 160 people.