

ADMICOM OYJ BUSINESS REVIEW Q3 1.1.-30.9.2024: Early signs of market improvement, ARR growth +4.2 %, adjusted EBITDA 41 % of revenue

Unofficial translation of the company release on October 9, 2024 at 8 AM EEST. In case the document differs from the original, the Finnish version prevails.

An investor call on Admicom's Q3 results will be held on October 9, 2024 at 10 AM EEST. You can register for the event via this link: [Webinar Registration - Zoom](#).

Figures in parenthesis refer to the comparable period in the previous year, unless otherwise stated.

July - September 2024 (Q3) summary:

- Annual recurring revenue (ARR)¹⁾ increased by 4.2% to EUR 34.0 million (32.7).
- Recurring revenue²⁾ increased by 3.1% and was EUR 8.2 million (8.0).
- Revenue increased by 2.1% and was EUR 8.7 million (8.5).
- Adjusted EBITDA³⁾ was EUR 3.6 million (3.8), 41.4% of revenue (44.2%). There were no adjustments to EBITDA in the third quarter.
- Adjusted EBIT³⁾ was EUR 2.6 million (3.0), 30.4% of revenue (35.3%).
- Earnings per share were EUR 0.38 (0.44).

January - September 2024 summary:

- Annual recurring revenue (ARR)¹⁾ increased by 4.2% to EUR 34.0 million (32.7).
- Recurring revenue²⁾ increased by 3.9% and was EUR 25.3 million (24.3).
- Revenue increased by 2.4% and was EUR 26.8 million (26.1).
- Adjusted EBITDA³⁾ was EUR 9.9 million (10.4), 37.0% of revenue (39.6%). Adjustments to EBITDA were EUR 81 thousand.
- Adjusted EBIT³⁾ was EUR 7.0 million (8.1), 26.3% of revenue (31.0%).
- Earnings per share were EUR 0.98 (1.18).
- Admicom strengthened its forerunner position in construction technology solutions by acquiring asset management and IoT-solution company Trackinno Oy. Trackinno has been consolidated in the Group financials from the acquisition date 19 Jan 2024. Trackinno generated EUR 415 thousand to Group's revenue and EUR 543 thousand to Group's ARR.

- Helena Marjokorpi (MSc) was appointed as Head of People Operations and a member of Admicom Oyj's Leadership Team as of 1 January, 2024.

¹⁾ Annual Recurring Revenue = Monthly recurring revenue (MRR) at the end of the period multiplied by 12 and added with revenues from annual adjustment fees and financial statement fees during last twelve months.

²⁾ Recurring Revenue = Monthly recurring revenue added with revenues from annual adjustment fees and financial statement fees.

³⁾ Admicom reports Adjusted EBITDA and EBIT as alternative performance measures to improve comparability between periods. Adjustments are material items outside the normal course of business. They can include costs related to mergers and acquisitions, gains and losses from material divestments, restructuring costs, impairment losses and other unusual, one-off items.

Key figures

ADMICOM GROUP (EUR 1,000 unless otherwise stated)	7-9/ 2024	7-9/ 2023	Change -%	1-9/ 2024	1-9/ 2023	Change -%	2023
ARR, MEUR	34.0	32.7	4.2%	34.0	32.7	4.2%	32.5
Revenue	8,679	8,502	2.1%	26,764	26,127	2.4%	34,321
Recurring revenue	8,246	8,002	3.1%	25,255	24,305	3.9%	31,936
Adjusted EBITDA	3,594	3,762	-4.5%	9,891	10,357	-4.5%	12,800
% of revenue	41.4%	44.2%		37.0%	39.6%		37.3%
EBITDA	3,594	3,762	-4.5%	9,810	10,357	-5.3%	12,800
% of revenue	41.4%	44.2%		36.7%	39.6%		37.3%
Adjusted EBIT	2,642	3,004	-12.0%	7,044	8,103	-13.1%	8,823
% of revenue	30.4%	35.3%		26.3%	31.0%		25.7%
EBIT	2,642	3,004	-12.0%	6,963	8,103	-14.1%	8,823
% of revenue	30.4%	35.3%		26.0%	31.0%		25.7%
Profit for the period,	1,912	2,194	-12.9%	4,901	5,862	-16.4%	6,317
% of revenue	22.0%	25.8%		18.3%	22.4%		18.4%
Earnings per share, EPS, EUR	0.38	0.44	-12.9%	0.98	1.18	-16.4%	1.27
Employees at the end of the period	289	263		289	263		271

CEO Petri Kairinen:

During the third quarter of 2024, we started to see early promising signs of improvement in the broader construction industry. New sales activity in the smaller customer segment has been particularly strong during Q3. We have seen encouraging results in cross-selling efforts, with more customers adopting multiple products from our growing suite. However, larger deals have remained elusive, and also insolvencies in our customer base were higher than in previous quarter which tempered the overall ARR growth to 4.2 %. Lower rolling 12-month annual adjustment fees had a diminishing effect of 2.3 %-points. Despite this, the strong performance in the smaller segment and overall logo growth demonstrates the continued demand for our solutions and validates the competitiveness of our platform.

A key strategic development of the quarter was the unveiling of our new cutting-edge AI-based tool. Use of AI will represent a significant leap forward in our product suite integration and user experience. By providing a spoken natural language interface, we will bridge multiple Admicom products, allowing users to seamlessly access and interact with several tools simultaneously. This innovation is designed to support construction work directly in the field, streamlining operations and improving productivity on-site. It is still very early days for this development, but we are excited about the potential AI brings to revolutionize the way our customers interact with our products and the value it can unlock.

In addition to this, we made a strategic decision to alter the suite packaging and pricing for our market leading ERP solution, Ultima. As part of this change, all Ultima customers now receive access to starter versions of our Admicom Vision and Trackinno applications within their Ultima subscription. This change came in effect 1 October with price increase across the Ultima customer base. There is also immediate upsell potential as customers begin using and experiencing these new solutions.

Alongside these business developments, we are proud to continue building the Admicom community culture. At the beginning of the year, we consolidated our offerings under one Admicom brand, and since then, we have started the progress in defining and fostering a strong shared growth culture. Our core values—We Care, We Dare, and We Grow—are at the heart of this transformation. These values drive our mission of building sustainable future together with our customers by enabling them a clear increase in productivity and earnings and thus capability to focus on quality and sustainability of their work.

We are constantly on the lookout for potential acquisitions that would expand our market presence in Europe or broaden our product portfolio. International M&A remains an important part of our strategy, and we are committed to finding the right opportunities that align with our long-term growth objectives.

In summary, Q3 2024 was a period of stable progress for Admicom, with solid performance in the smaller customer segment, important pricing and product strategy adjustments, and beginnings of a positive market sentiment in the construction industry. The unveiling of Admicom AI vision marks an exciting milestone in our product innovation efforts, and the ongoing development of our Admicom community culture further strengthens our foundation for future growth. As we enter the final quarter of 2024, we remain on track to meet our full-year financial guidance. Our focus remains on growing ARR through new sales, up- and cross sales and churn prevention. We remain confident that these initiatives, combined with a focus on international expansion, will pave the way for accelerated growth as we look toward 2025.

Outlook

Financial Guidance 2024

Financial guidance given in connection to financial statements release on January 19, 2024 remains unchanged.

Annual Recurring Revenue (ARR) is expected to grow in 2024 by 5-10%. ARR in 2023 was 32.5 million euros.

Total revenue is expected to grow from 2023 level. Total revenue in 2023 was 34.3 million euros.

Adjusted EBITDA is expected to be 32-37% of revenue.

Themes affecting revenue and profitability

The company sees significant growth opportunities in its software solutions as well as upsell and cross-selling to existing customers, but the economic downturn in the construction industry causes uncertainty in the development of new sales in 2024 and keeps customer churn high especially due to insolvencies. The company continues to transfer capability from external software development services to its internal use, which also reduces revenues.

The pricing of Admicom Ultima product (formerly Adminet) and accounting services is based on a monthly fee determined by the customer's revenue. Invoicing is reviewed when the customer's actual revenue of the financial year deviates from the forecast. This annual adjustment fee item is typically invoiced five months after the end of the customer's financial year. Due to the decreased customer revenues, we estimate that annual adjustment fees will be approximately EUR 1.5 million in 2024 (EUR 2.3 million in 2023). This change will weaken the company's growth and relative profitability.

Adjustments for adjusted EBITDA are material items outside the normal course of business related to e.g. acquisitions or other one-off transactions.

QUARTERLY KEY FIGURES

ADMICOM GROUP (EUR 1,000 unless otherwise stated)	7-9/2024	4-6/2024	1-3/2024	10-12/ 2023	7-9/2023	4-6/2023	1-3/2023
ARR, MEUR	34.0	33.7	33.8	32.5	32.7	31.6	30.7
Revenue	8 679	9 479	8 605	8 194	8 502	9 417	8 208
Recurring revenue	8 246	8 955	8 054	7 631	8 002	8 808	7 496
Adjusted EBITDA	3 594	3 640	2 657	2 443	3 762	3 586	3 009
% of revenue	41.4%	38.4%	30.9%	29.8%	44.2%	38.1%	36.7%
EBITDA	3 594	3 640	2 577	2 443	3 762	3 586	3 009
% of revenue	41.4%	38.4%	29.9%	29.8%	44.2%	38.1%	36.7%
Adjusted EBIT	2 642	2 688	1 713	721	3 004	2 836	2 263
% of revenue	30.4%	28.4%	19.9%	8.8%	35.3%	30.1%	27.6%
EBIT	2 642	2 688	1 633	721	3 004	2 836	2 263
% of revenue	30.4%	28.4%	19.0%	8.8%	35.3%	30.1%	27.6%
Profit for the period,	1 912	1 918	1 071	455	2 194	2 073	1 595
% of revenue	22.0%	20.2%	12.4%	5.5%	25.8%	22.0%	19.4%
Earnings per share, EPS, EUR	0.38	0.38	0.21	0.09	0.44	0.42	0.32
Employees at the end of the period	289	288	279	271	263	275	258

Financial publications:

The company will publish the annual report of 2024 approximately on January 23, 2025.

Admicom Oyj

Board of Directors

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