

Administer Plc: Profitability improved significantly, EBITDA increased by 93%

5.3.2025 08:30:00 EET | Administer Oyj | Company Announcement

Administer Plc, Company release 5 March 2025 8.30 EET

This release is a summary of Administer's Financial statements release 2024. The complete report is attached to this release as a pdf-file. It is also available at www.administergroup.com/en/investors.

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

October–December 2024

Key figures

- Net sales were EUR 18.7 million (18.3), showing an increase of 2.2%. Among the Group companies, the net sales grew in Silta. In addition, the net sales were affected by the consolidation of Kuntalaskenta's figures with the Group's figures as of 1 September 2024.
- EBITDA was EUR 0.9 million (0.8), or 4.7% (4.5%) of the net sales. EBITDA improved by 6.6%.
- Operating profit was EUR -1.4 million (-0.7), or -7.7% (-3.7%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -1.2 million (-1.0) in total, as well as non-recurring impairments of EUR -0.6 million.

January–December 2024

Key figures

- Net sales were EUR 74.7 million (75.9), showing a decrease of 1.6%. Due to staffing, the Group's net sales are more affected by fluctuations in economic cycles than before.
- EBITDA was EUR 5.5 million (2.8), or 7.4% (3.8%) of the net sales. EBITDA improved by 93.1%. The company's profitability programme is clearly reflected in the improved EBITDA.
- Operating profit was EUR -1.3 million (-3.0), or -1.8% (-3.9%) of the net sales. The operating profit was weighed down by amortisation of goodwill from the acquisitions, amounting to EUR -4.2 million (-4.0) in total, as well as non-recurring impairments of EUR -0.6 million.

Key events in 2024

- In March 2024, the company published its revised strategy. The strategy is based on profitable growth and efficient use of business synergies, both in the customer interface and in internal processes.
- The improvement in profitability shows that the company managed to realise a significant and permanent turnaround in profitability development.
- The company acquired the majority of shares in Kuntalaskenta Oy. Kuntalaskenta's figures have been included in the Group's figures as a subsidiary as of 1 September 2024. The ownership arrangement strengthens the Group's opportunities to operate as a service provider for the public sector.

The company completed small acquisitions in its accounting firm business and housing management services.

KEY FIGURES

EUR million unless otherwise stated	10–12/ 2024	10–12/ 2023	Change, %	1–12/ 2024	1–12/ 2023	Change, %
Net sales	18.7	18.3	+2.2%	74.7	75.9	-1,6%
EBITDA	0.9	0.8	+6.6%	5.5	2.8	+93.1%
% of net sales	4.7%	4.5%		7.4%	3.8%	
Operating profit (EBITA) adjusted with amortisation of goodwill	-0.2	0.3	-178.8%	2.9	1.0	+191.6%
% of net sales	-1.3%	1.7%		3.9%	1.3%	

Operating profit/loss	-1.4	-0.7		-1.3%	-3.0	
Profit/loss before appropriations and tax	-1.7	-1.1		-1.9	-3.9	
Result adjusted with amortisation of goodwill	-0.6	0.3	-321.4%	1.9	0.1	+2,662.1%
% of net sales	-3.0%	1.4%		2.6%	0.1%	
Earnings per share (EPS)	-0.12	-0.05		-0.16	-0.27	
Return on equity (ROE), %	-8.8%	-14.1%		-8.8%	-14.1%	
Equity ratio, %	44.6%	44.0%		44.6%	44.0%	
Debt-to-equity ratio, %	47.2%	53.6%		47.2%	53.6%	
Personnel on average	1,032	1,038	-0.1%	1,046	1,087	-3.8%

CEO's review

The year 2024 was momentous for Administer Group. We achieved the best EBITDA in euros in the Group's history, supported by our profitability programme and the new strategy announced at the beginning of 2024. I consider this a significant achievement, given the weak economic development in Finland. The improved profitability was reflected in almost all of our businesses.

Our net sales decreased slightly, which I cannot be completely satisfied with. The development of Finland's economy has been weaker than anticipated. This has been reflected in our business operations, especially in staffing services, where the volume of demand in the industry has suffered a steep decline. Although financial and payroll services are quite stable in nature, economic activity, or the number of pay cheques and vouchers, is directly reflected in our operations since we ultimately depend on the economic activity of our customers. In a recession, the market and the competition will always tighten, and the strongest will perform best.

At the start of the year, we rapidly set out to advance our revised strategy, which will help us find stronger synergies both in the customer interface and in internal organisation and operations. Unlike previous years, our focus was on profitability rather than growth.

We focused more strongly on creating added value for customers, for example, by harmonising the model for customer relationship management throughout the Group. Only by focusing on solving problems and ensuring the success of our customers can we be more successful in the long run. The Group invests in customer experience as well as develops and standardises ways to measure it across all our business operations. We are building a group-level model for customer relationship management to pursue synergies and growth opportunities, laying the foundation for a good customer experience.

The Group's financial development in October–December 2024

In October–December, the Group's net sales were EUR 18.7 million (18.3), showing an increase of 2.2%. Among the Group companies, the net sales grew in Silta. In addition, the net sales were affected by the consolidation of Kuntalaskenta's figures with the Group's figures as of 1 September 2024.

In October–December, EBITDA was EUR 0.9 million (0.8), or 4.7% (4.5%) of the net sales. EBITDA improved by 6.6%.

The Group's financial development in January–December 2024

In January–December, the Group's net sales were EUR 74.7 million (75.9), showing a decrease of 1.6%. Due to staffing, the Group's net sales are more affected by fluctuations in economic cycles than before.

In January–December, EBITDA was EUR 5.5 million (2.8), or 7.4% (3.8%) of the net sales. EBITDA improved by 93.1%. The company's profitability programme is clearly reflected in the improved EBITDA.

Business area review

The net sales of Silta, which offers payroll and HR services, grew by 2.6% and were EUR 25.8 million in the operating year. In October–December, the net sales increased by 3.4% and were EUR 6.5 million. The sales pipeline developed positively particularly in the latter part of the year. The expert rental services we launched during the year have started well, and we

will continue to invest in this activity, as well as in the public sector service market. We are studying the possibilities of utilising AI to help making processes more efficient and ensuring quality, among other things.

The net sales of Econia, which offers HR services and staffing, international services, as well as domestic financial management services, declined by 9.3% to EUR 21.6 million in the operating year. In October–December, the net sales declined by 8.5% and were EUR 5.1 million. The generally weak economic climate in Finland was reflected in Econia's operations, most significantly in staffing. Our sales of grey economy prevention services picked up notably in the latter part of the year, with customers representing domestic and international industrial companies as well as public administration. Domestic financial management services continued to grow steadily.

The net sales of Administer's accounting firm business grew by 0.2% and were EUR 18.1 million in the operating year. In October–December, the net sales declined by 1.5% and were EUR 4.4 million. The productisation and sales of additional services to our current customers progressed well, with tailored reporting services as a successful example. We will focus strongly on our major financial management customers and provide services together with the Microsoft Business Central ERP system represented by EmCe in particular. We continued the automation of operations and the utilisation of AI in the eFina system, which has made our operations significantly more efficient. Both the eFina system and the mobile app received several new updates and features.

The net sales of EmCe, which provides software services, decreased by 2.0% to EUR 7.8 million in the operating year. In October–December, the net sales remained unchanged compared to the corresponding period of the previous year at EUR 2.0 million. Sales of Business Central, an ERP system for medium-sized and large customers, were active during the operating year. It is notable that we saw synergies with the Group's different business units in several transactions, reflecting success in cross-selling. The EmCe product family was developed in terms of payroll processes, and the end-user experience was improved. EmCe's software development expertise, as well as the software itself, is also increasingly utilised at the Group level.

At the end of the year, we clarified our brand portfolio by merging Adner, which provides financial management outsourcing services, into the parent company Administer. In addition, I would like to highlight the acquisition of the majority of Kuntalaskenta's shares and the stabilisation of its operations as a strategic choice and a major success. The transition to quarterly reporting at the beginning of 2024 has provided our shareholders and other stakeholders with more up-to-date information. It has also better illustrated the seasonal fluctuations in our business.

Last year's improvement in profitability was significant, but we are still aiming for better. In 2025, we will concentrate on profitability, continuous clarification of our focus, responsibility, and determined implementation of our strategy. Digitalisation is already under way in the industry, and this trend is certainly not going to slow down. AI has also become a part of everyday life, replacing an increasingly large portion of the previously manual work of our accountants, among other things. In addition, I believe the accounting industry will continue to consolidate. The year 2025 is also an anniversary for our Group, as 40 years have passed since the establishment of the parent company Administer.

I wish to sincerely thank all our stakeholders for their good cooperation. I would like to express my special thanks to our customers and our personnel – we would not be able to achieve our goals without you.

Kimmo Herranen
CEO

Outlook

Administer seeks to continue growth investments as well as organic and inorganic growth in 2025. Administer estimates that its net sales will be EUR 72–78 million and its EBITDA margin will be 7–10% in 2025.

Risks and near-term uncertainties

Interruptions or disturbances in Administer's IT, network or communication systems may lead to unforeseen costs and malfunctions and be detrimental to the business operations of the company or its customers. Data security breaches targeted at IT systems and data links, or other data security breaches, may be detrimental to Administer or its customers and negatively impact Administer's business.

Administer's field of business is competitive, and the competition is fragmented, which may have a negative impact on the company's operations if Administer is unable to respond to competitor pricing or service quality or fails to develop new products or services.

Corporate acquisitions are an important part of the company's growth strategy. Administer may fail in integrating corporate acquisitions or finding new acquisition targets or an acquisition may fail.

Administer's brand and reputation are important competitive advantages, and reputation damage might have negative impacts on Administer's business and market position.

There are uncertainties relating to Finland's economic development this year as economic growth is expected to remain slow. The reduced financial activity may also have negative impacts on Administer's net sales and result through customer companies.

The acceleration of inflation in Finland may also be reflected in wages and, together with personnel turnover, increase Administer's expenses and weaken profitability if the company is not able to transfer the increased expenses into the prices of the services it produces. The acceleration of inflation may also increase interest rates and thereby impact the price of external funding of Administer.

The company may not succeed in acquiring funding with affordable terms or at all, and its financing expenses may increase. Also, breaching the covenants included in the credit agreements of the company and its Group companies may complicate the availability of funding for the company, increase the company's financial expenses, or lead to premature maturity of the Group loans.

Proposal for distribution of profits

The distributable retained funds of Administer's parent company were EUR 35.1 million on 31 December 2024. The Board of Directors proposes to the Annual General Meeting to be held on 23 April 2025 that a dividend of EUR 0.05 per share be paid for the financial period 1 January–31 December 2024.

More information

Kimmo Herranen, CEO, kimmo.herranen@administer.fi, tel. +358 50 560 6322

Kalle Lehtonen, CFO, kalle.lehtonen@administer.fi, tel. +358 40 053 9968

Webinar

CEO Kimmo Herranen and CFO Kalle Lehtonen will present the result in a webinar on 5 March 2025 at 11.00 a.m. EET. Questions can be sent during the event via the chat function.

You can join the webinar at <https://administer.events.inderes.com/q4-2024>

A recording will be available after the event at <https://administergroup.com/en/investors/>.

Contacts

- Hyväksytty neuvonantaja:, Evli Oyj, +358 40 579 6210

About Administer Oyj

Administer Group is a multi-talent in payroll and financial management services, software services, consulting, personnel and international services. We are the largest salary outsourcing partner in Finland and the leading expert in the fight against the grey economy. Our services are used by more than 5,000 customers, from SMEs to large companies, as well as municipalities and other public sector actors. Founded in 1985, the company is listed on the First North list of Nasdaq Helsinki.

Administer Group consists of payroll management service company Silta Oy, accounting company Administer, business service and employment expert Econia Oy and software company EmCe Solution Partner Oy. In addition, the Group includes other subsidiaries and associated companies.

www.administergroup.com

Attachments

- [Download announcement as PDF.pdf](#)
- [Administer Group Financial Statement release 2024_EN.pdf](#)