

October 5, 2022

## EDITA GROUP'S FINANCIAL BULLETIN JANUARY 1 2021 – JUNE 30 2022

### Letter from the CEO

The reporting period of 18 months from 1 January 2021 to 30 June 2022 formed a very special period in the history of the Edita Group and our journey of transformation.

In December 2021, we announced the divestment of the Nordic Morning business area and all its units in Finland and Sweden to the Swedish H&H Group. The transaction was closed on 31 January 2022. The Group was renamed Edita Group, respecting our legacy related to the name Edita. At the same time a new era in our long history was started. We now focus on our Edita businesses and their development and growth. The journey of transformation continues with a new direction.

During the reporting period the world around us has also changed. We have experienced an exceptional market situation and changes in working environment caused by the COVID-19 pandemic. Russia's war against Ukraine has had a significant negative effect on economic growth. Edita Group has no business activities or assets in Ukraine or Russia, hence only the indirect impact of the war affects us.

Despite the turbulent times, our continuing businesses were able to successfully run their operations which resulted as solid financial performance at the reporting period. Edita Prima reached double-digit annualized growth for the second consecutive period which materialized as improved gross margin and operating profit. The growth was strongly driven by recent new assignments in transactional print. In addition to this, Edita Prima signed new client contracts covering digital services especially in customer communication management, election services and digital asset management. The conditions in the paper market started to change in the beginning of 2021 and the demand of printing papers started to grow rapidly as a post-COVID phenomenon resulting the paper industry facing severe capacity problems. This has led into unforeseen high price increases combined with long delivery times and even shortage of printing papers. The growing material prices have also affected Edita Prima's prices during the reporting period and have required various mitigating activities.

Today information security is an integrated part of business processes. Edita Prima started to implement an Information Security Management System in the spring of 2021. The system was taken into use in our daily business operations at the beginning of 2022 and the aim is to get the system certified as ISO27001 compliant. This is an important milestone in strengthening our capabilities in providing high-quality services for our customers.

The reporting period also turned out to be successful for Edita Publishing and its learning and legal information businesses. Also, developing the strategic capabilities of these two core businesses have been in our focus.

The global COVID-19 pandemic accelerated the digitalization of learning materials in Finland. Together with the new, free-of-charge secondary education this led to a development where most upper secondary schools turned to digital materials. We were happy to see that our expectations set for the sales of these upper secondary school new curriculum education materials were met during the reporting period. Also, in general all education material sales especially in 2021 exceeded our expectations. Edita Publishing has made a strategic decision to invest in the market entry of primary school education material and has started to build up the capabilities needed, talent acquisition being the core activity. The market expansion is proceeding according to plan.

The legal information business provides online legal services, books and training for lawyers and other stakeholders who need legal information in their profession. The core of our legal information digital web services, Edilex, continued its year-on-year growth. New digital services were introduced and renewed during the reporting period.

Edita Publishing has been providing the free public judicial information service Finlex since the late 1990s for Finland's Ministry of Justice. During the reporting period, the Legal Register Centre launched a public tendering process for the new version of Finlex and the related service. The final procurement decision and the good news about Edita Publishing winning the tender were published after the reporting period in September 2022.

After the divestment of the Nordic Morning business area, we are now a smaller Group with approximately 200 employees and two offices located only in Finland. While the status of the COVID-19 pandemic for now enables us to work more often face to face, we launched a hybrid way of working in early March 2022.

As part of the ongoing organizational and cultural change, we conducted an employee engagement survey among our employees in March 2022. The aim is to follow-up on progress made and to gain valuable insights for the transformation that continues. The survey proved that our results are very good and have improved in all measured areas that describe the development of our guiding principles compared to the previous survey in 2020. The highest score was given to our principle "We trust and respect." In a rapidly changing environment and in the middle of transformation this is a remarkable achievement.

With great trust and respect, I would like to thank our teams for their commitment and performance in continuing to grow our business and to successfully execute our various development projects that have been in the core of our transformational journey.

## Financial performance 2021–2022

- The Group's parent company Edita Group Plc sold the entire share capital of Nordic Morning Finland Oy and Nordic Morning Group Sweden AB to the Sweden-based H&H Group in January 2022. Nordic Morning Sweden AB and Mods Graphic Studio AB, which are owned by Nordic Morning Group Sweden AB, were transferred to the new owner as part of the transaction. The income statements and balance sheets of the divested companies have been included in the consolidated financial statements until the date of the transaction, January 31, 2022. Following the transaction, Edita Group and its parent company Edita Group Plc changed their names, with their previous names having been Nordic Morning Group and Nordic Morning Group Plc. The continuing operations of Edita Group consist of the parent company along with Edita Prima Ltd and Edita Publishing Ltd. The net revenue and profit figures specified in this report are for the Group's continuing operations, except where otherwise mentioned.
- The past financial year of the company had an exceptional duration of 18 months, covering the period from January 1, 2021 to June 30, 2022. Consequently, the figures in this report are not entirely comparable with the reference period of January 1–December 31, 2020.
- The consolidated net revenue of Edita Group's continuing operations amounted to EUR 87.3 (44.2) million. Edita Prima's net revenue increased significantly during the financial year. In addition to being attributable to the longer financial year compared to the reference period, the increase in net revenue was mainly due to new customer agreements. Edita Publishing also performed well in a challenging market situation. Net revenue from learning materials grew as the new national curriculum for upper secondary schools entered into effect in 2021. Digital legal information services also grew year-on-year.
- The general economic operating environment was highly exceptional during the financial year. The general market situation was influenced by the COVID-19 pandemic that broke out in 2019, the war in Ukraine that began in February 2022, significant challenges with the availability of printing paper in the second half of the financial year, and the new national curriculum for upper secondary schools that entered into effect in 2021. Furthermore, secondary studies have been free of charge for students starting from 2021, with educational institutions paying for learning materials. This has contributed to an increase in the relative share of digital learning materials.
- The COVID-19 pandemic was directly reflected in the Group's operations as a reduction in the demand for print advertising products and direct advertising. The indirect impacts of the pandemic included the transition to remote work and studies. Society took a significant "digital leap" in a short period of time. Traditional paper-based products were replaced by digital solutions, and this change looks to be permanent at least to some extent.
- The impacts of the war in Ukraine and the related economic sanctions increased general uncertainty, which has affected demand and the availability of materials.
- The adjusted EBITDA of continuing operations came to EUR 6.3 (1.5) million.
- The operating profit of continuing operations was EUR 0.4 (-1.5) million. Non-operating items included in the result totaled EUR -1.9 (-0.5) million.
- Adjusted operating profit before non-operating items was EUR 2.3 (-1.1) million. Adjusted operating profit increased significantly in the Edita Prima business area, mainly due to new customer agreements. The adjusted operating result of Edita Publishing declined, mainly due to seasonal variation in the business. Administrative expenses at the annual level decreased mainly due to the development of personnel costs.
- The figures for the comparison period, which is the calendar year 2020, have been adjusted with regard to the configuration and customization costs of cloud computing services due to a new agenda decision concerning the IAS 38 Intangible Assets standard. In line with the agenda decision published by the IFRS Interpretations Committee in April 2021, expenses capitalized as intangible assets in relation to the Group's ERP project have been adjusted to recognize them as expenses for the comparison period. The result for the financial year 2020 has been adjusted by EUR -0.8 million, while assets and equity have been adjusted by EUR -1.4 million. This change also affected certain key financial indicators and the amount of gross capital expenditure.
- Erroneously recognized changes in exchange rates have been treated as a restatement of an error concerning prior financial periods. The result for 2020 has been adjusted by EUR -0.4

million, tax assets by EUR +0.1 million and translation differences in equity by EUR +0.5 million.

- The equity ratio at the end of the review period was 12.6 percent (30.7). The equity ratio declined primarily due to a loss recognized by the Group on a divestment of the Nordic Morning business.
- Cash and cash equivalents at the end of the financial year amounted to EUR 0.2 (0.3) million and net debt was EUR 8.5 (11.8) million.

| <b>CONSOLIDATED KEY FIGURES (IFRS)</b>   |    | <b>1.1.2021-<br/>30.6.2022</b> | <b>1.1.2020-<br/>31.12.2020</b> |
|--|----|--------------------------------|---------------------------------|
| Net revenue, continuing operations   | k€ | 87 261                         | 44 199                          |
| Exports and foreign operations %   |    | 0,4 %                          | 0,3 %                           |
| Net revenue, total Group   | k€ | 120 299                        | 73 920                          |
| Exports and foreign operations %   |    | 20,9 %                         | 30,5 %                          |
| Adjusted EBITDA, continuing operations*  | k€ | 6 338                          | 1 459                           |
| % of net revenue   |    | 7,3 %                          | 3,3 %                           |
| EBITDA, continuing operations*   | k€ | 4 675                          | 1 000                           |
| % of net revenue   |    | 5,4 %                          | 2,3 %                           |
| Adjusted operating profit/loss, cont. operations*                                      | k€ | 2 323                          | -1 060                          |
| % of net revenue   |    | 2,7 %                          | -2,4 %                          |
| Operating profit/loss, continuing operations*  | k€ | 446                            | -1 519                          |
| % of net revenue   |    | 0,5 %                          | -3,4 %                          |
| Profit before taxes, continuing operations* **   | k€ | 162                            | -2 016                          |
| % of net revenue   |    | 0,2 %                          | -4,6 %                          |
| Profit for financial year, total Group* **   | k€ | -11 087                        | -3 313                          |
| Return on equity (ROE), %, total Group* **   | %  | -133,3 %                       | -20,7 %                         |
| Return on capital employed, %, total Group* **   | %  | 14,6 %                         | -8,8 %                          |
| Equity-to-assets ratio (%), total Group* **  | %  | 12,0 %                         | 30,8 %                          |
| Gearing (%), total Group* **   | %  | 328,7 %                        | 84,3 %                          |
| Gross capital expenditure, total Group*  | k€ | 2 259                          | 4 155                           |
| % of net revenue (total Group)*  |    | 1,9 %                          | 5,6 %                           |
| Average number of employees, cont. operations  |    | 185                            | 193                             |
| Earnings per share (EPS), total Group* **  | €  | -1,85                          | -0,55                           |
| Dividends per share  | €  | 0,00                           | 0,00                            |
| Equity per share* **   | €  | 0,43                           | 2,34                            |
| *2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs |    |                                |                                 |
| **2020 adjusted due to correction of error   |    |                                |                                 |

## Edita Group and changes in group structure

Edita Group consists of two business areas:

- *Edita Prima*, comprising Edita Prima Ltd.
- *Edita Publishing*, comprising Edita Publishing Ltd.

The Group also includes the parent company Edita Group Plc.

Nordic Morning Finland Oy, Nordic Morning Sweden AB, Mods Graphic Studio AB, and the Swedish subgroup's administrative company Nordic Morning Group Sweden AB, all of which were part of the

Nordic Morning business area, were divested in January 2022. The divested companies have been included in the consolidated financial statements until the date of their sale, January 31, 2022.

### Consolidated net revenue

The consolidated net revenue of the Group's continuing operations amounted to EUR 87.3 (44.2) million. Net revenue in Finland was EUR 86.9 (44.1) million. Net revenue in other EU countries was EUR 0.3 (0.1) million, and exports to non-EU countries amounted to EUR 0.1 (0.0) million. Nearly 100 percent of the net revenue from continuing operations was derived from Finland during the financial year and in the comparison period. The net revenue of the Edita Prima business area grew significantly due to new customer agreements. Net revenue also increased in the Edita Publishing business area. The new national curriculum for upper secondary schools increased the sales of learning materials, and growth was also achieved in digital legal information services. The net revenue of discontinued operations for the period January 1, 2021–January 31, 2022 amounted to EUR 33.0 million (EUR 29.7 million in 2020). The Group's total consolidated net revenue was EUR 120.3 (73.9) million. The result of discontinued operations is presented in the income statement in a single row above the profit (loss) for the financial year.

| <b>Revenue (EUR 1,000)</b>                  | <b>Jan 2021 -<br/>Jun 2022</b> | <b>Jan 2020 -<br/>Dec 2020</b> |
|---|--------------------------------|--------------------------------|
| <i>Continuing operations</i>                |                                |                                |
| Edita Publishing                            | 19 397                         | 12 138                         |
| Edita Prima                                 | 67 817                         | 32 128                         |
| Group-internal revenue and other operations | 47                             | -66                            |
| <b>Continuing operations total</b>          | <b>87 261</b>                  | <b>44 199</b>                  |

**In the Edita Publishing business area**, net revenue was EUR 19.4 (12.1) million. The increase in net revenue was attributable to the longer financial year as well as the sales of learning materials and digital legal information services.

**In the Edita Prima business area**, net revenue was EUR 67.8 (32.1) million. The growth in net revenue was partly attributable to the financial year being 18 months long, but new customer accounts were also a factor.

### Non-operating items

Revenue and expenses associated with events that are exceptional or deviate from the ordinary course of business are treated as non-operating items. Such items include, for example, gains and losses related to the sale, discontinuation or acquisition of businesses or assets, revenue and expenses related to business restructuring, and impairment recognized on goodwill and other assets. Transaction costs associated with acquisitions and divestments are also non-operating items. In the income statement, gains are presented in other operating income, and expenses in the corresponding expense item. Non-operating items are included in the segment-specific operating results.

The non-operating items of continuing operations, amounting to EUR -1.9 (-0.5) million, were related to business restructuring, transaction costs associated with a divestment, legal expenses, and impairment recognized on right-of-use assets. The non-operating items of discontinued operations, amounting to EUR -0.2 (-2.5) million, were related to restructuring and, in the comparison period, also

impairment recognized on goodwill. The non-operating items for the Group as a whole totaled EUR -2.1 (-3.0) million.

| <b>Non-operating items (EUR 1,000)</b> | <b>Jan 2021 -<br/>Jun 2022</b> | <b>Jan 2020 -<br/>Dec 2020</b> |
|--|--------------------------------|--------------------------------|
| <i>Continuing operations</i>           |                                |                                |
| Edita Publishing                       | -125                           | -48                            |
| Edita Prima                            | 0                              | -211                           |
| Other operations                       | -1 752                         | -200                           |
| <b>Continuing operations total</b>     | <b>-1 877</b>                  | <b>-459</b>                    |

### Consolidated operating profit

The operating profit of the Group's continuing operations was EUR 0.4 million (loss of EUR -1.5 million). The operating profit includes non-operating expenses totaling EUR -1.9 (-0.5) million. The adjusted operating profit of continuing operations, excluding non-operating items, was EUR 2.3 (-1.1) million. The adjusted operating profit of discontinued operations was EUR 1.6 (1.0) million and their operating profit was EUR 1.4 (-1.6) million, and the entire Group's adjusted operating profit was EUR 4.0 (-0.1) million and the operating profit was EUR 1.9 (-3.1) million. The result of discontinued operations is presented in the income statement in a single row above the profit (loss) for the financial year.

| <b>Operating profit/loss (EUR 1,000)</b>  | <b>Jan 2021 -<br/>Jun 2022</b> | <b>Jan 2020 -<br/>Dec 2020</b> |
|---|--------------------------------|--------------------------------|
| <i>Continuing operations</i>              |                                |                                |
| Edita Publishing                          | 1 886                          | 2 158                          |
| Edita Prima                               | 4 502                          | 1 146                          |
| Other operations and internal items*      | -5 942                         | -4 823                         |
| <b>Continuing operations total</b>        | <b>446</b>                     | <b>-1 519</b>                  |
| Operating Profit %, continuing operations | 0,5 %                          | -3,4 %                         |

\*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs

**The Edita Publishing business area's** operating profit was EUR 1.9 (2.2) million. Operating profit was reduced particularly by seasonal variation with regard to learning materials, as the longer-than-usual financial year included only one half-year period in which the majority of sales takes place.

**The Edita Prima business area's** operating profit was EUR 4.5 (1.1) million. Operating profit was increased by the longer duration of the financial year and, in particular, by new customer agreements.

**Other continuing operations** include group administration, the operating loss of which was EUR -4.8 (-3.6) million. Eliminations between continuing and discontinued operations came to EUR -1.1 (-1.2) million. The result for other operations consists mainly of group administration expenses. At the annual level, the operating loss declined mainly due to lower personnel expenses.

## Solvency and financial position

The net cash flow from the Group's operating activities was EUR 2.8 (4.6) million. Investments totaled EUR 1.5 (2.7) million. Repayments of lease liabilities totaled EUR 2.9 (2.2) million. Bank loans subject to the cash pool arrangement increased by EUR 0.3 (1.2) million. Withdrawals and repayments of other bank loans totaled EUR 0.0 (-0.8) million. The Group's cash and cash equivalents at the end of the financial year totaled EUR 0.2 (0.3) million.

The Group's equity ratio was 12.0 (30.8) percent. The equity ratio declined due to a loss recognized by the Group on a divestment of the Nordic Morning business.

|                                   | Jan 2021 -<br>Jun 2022 | Jan 2020 -<br>Dec 2020 |
|-----------------------------------|------------------------|------------------------|
| Return on equity (ROE), %, group* | -133,3 %               | -20,7 %                |
| Equity-to-assets ratio, %, group* | 12,0 %                 | 30,8 %                 |

\*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs, and due to correction of error

## The Group's parent company

The net revenue of the Group's parent company, Edita Group Plc, was EUR 5.6 (3.8) million, and its result for the financial year was EUR -26.0 (-5.7) million. The parent company's balance sheet total was EUR 29.5 (61.1) million.

## Investments

The Group's gross capital expenditure, excluding the cloud computing costs capitalized by the parent company as intangible assets, amounted to EUR 2.3 (4.2) million. The parent company's gross capital expenditure amounted to EUR 0.0 (1.1) million.

## Personnel

During the financial year, the Group's continuing operations employed an average of 185 (193) persons (full-time equivalents). The parent company employed an average of 21 (23) persons. There were no significant changes in the number of personnel employed by the Group's continuing operations.

The average number of personnel employed by the discontinued operations, converted into full-time equivalents, was 157 for the period January 1, 2021–January 31, 2022. The corresponding figure in 2020, the comparison year, was 180. On the date of the divestment, January 31, 2022, the number of personnel was 162.

All of the personnel employed by the Group's continuing operations worked in Finland during the financial year and in the comparison period. Of the personnel of the discontinued operations, 15 (18) percent worked in Finland and 85 (82) percent worked in Sweden.

| <b>Average number of employees in full-time equivalents</b>  | <b>Jan 2021 - Jun 2022</b> | <b>Jan 2020 - Dec 2020</b> | <b>Change</b> |
|--|----------------------------|----------------------------|---------------|
| <i>Continuing operations</i>                                 |                            |                            |               |
| Edita Publishing   | 82                         | 83                         | -1,2 %        |
| Edita Prima  | 82                         | 87                         | -5,7 %        |
| Other operations   | 21                         | 23                         | -8,7 %        |
| <b>Continuing operations total</b>                           | <b>185</b>                 | <b>193</b>                 | <b>-4,1 %</b> |
| Employee benefits expense (EUR 1,000), continuing operations | 20 320                     | 12 557                     | 61,8 %        |

## Compensation

The compensation of the CEO and members of the Group Management Team consists of a fixed monthly salary, standard benefits, and a performance-based bonus based on annually-decided criteria that must be met for the bonus to be paid. Edita Group Plc does not use incentive systems based on shares or share derivatives.

The Board of Directors of Edita Group Plc decides the terms and conditions of the contracts of the CEO and directors who are directly accountable to the CEO. Every year, the Board sets targets, based on the budget and operating plans, that must be met for bonuses to be paid and decides on the compensation of the CEO and directors directly accountable to the CEO. As regards those other than the CEO and members of the business areas' management teams, the Board decides on the principles of compensation.

In the calendar year 2021, the Group had an incentive program under which the CEO was entitled to a performance-based bonus not exceeding 100 percent of the CEO's annual taxable earnings. The other individuals covered by the incentive program were entitled to a performance-based bonus not exceeding 60–80 percent of their annual taxable earnings. An incentive program for key personnel is also in effect in the calendar year 2022, but no incentive bonuses had been accumulated in the program by the financial statements date. Other incentive programs were also in effect during the financial year. A total of approximately EUR 360,000 in incentive bonuses for the CEO and other members of the Group management team were accumulated in these programs. No incentive bonuses were accumulated in the management's incentive program in the comparison year 2020.

The contractual retirement age of the parent company's CEO complies with the applicable legislation.

## Risks and risk management

Edita Group's most significant risks are related to the development of the general economic situation, structural changes in the marketing and communications industry, and business risks. In 2020–2022, there have also been significant risks related to the COVID-19 pandemic and its business impacts. In 2022, the war in Ukraine and the significant challenges associated with the availability of printing materials have affected the general market situation and business risks. The Group's risks are assessed regularly as part of operational planning and reporting.

The key to business growth lies in attracting and retaining highly competent personnel. As the business heavily depends on human capital, this is of critical importance to Edita Group. The recruitment, retention, and development of competence are particular focus areas of the Group's strategy.

For the Group's solvency, as well as cash and cash equivalents, to remain at a good level, the profitability of business operations must be improved and the management of working capital must be enhanced further.

Following the divestment of the Nordic Morning business area, the Group no longer has significant exposure to currency risk. No hedging of the Group's transaction or translation positions took place during the financial year.

Liquidity risks are managed by means of Group-level financing arrangements. The arrangements are aimed at ensuring that the Group companies have access to adequate liquid assets at all times, irrespective of seasonal variations in business. The risks associated with variable rate loans are hedged as necessary. The Group's most recent hedging arrangement expired in the first quarter of 2020 when the final installment of the bank loan in question was made.

## **Sustainability**

Edita Group aims to have a positive impact on society and run its business in a sustainable way. Creating value for and maintaining the trust of its stakeholders is at the core of the Group's operations.

Edita Group's sustainability activities correspond to the areas of environmental and social responsibility and good governance that form the basis of its sustainability approach (ESG). Financial responsibility, growth and a good financial position are essential parts of sustainability and support sustainable business. Edita Group reports on its sustainability activities in Annual Report.

Edita Group follows principles of good corporate governance. The Group's goal is to show integrity, transparency, and accountability in all its operations. Edita Group complies with legal requirements and is honest and transparent when communicating about its business.

Edita Group reduces its own and its customers' environmental impact by investing in sustainable operations and services. In the Group's production activities, the environmental work is systematic and focused on continuous improvement. One important step in reducing Edita Group's carbon footprint has been the transition to electricity from renewable sources. The Group has reported its carbon footprint annually for over a decade.

Edita Group is committed to building a culture of growth providing employees with learning opportunities, nurturing their talent, offering inspirational leadership and fair rewards for achievement. Edita Group's Guiding Principles are an essential part of daily work, and the Group expects also its partners to commit to them.

Edita Group aims to conduct its business in a profitable way and provides its stakeholders with reliable and high-quality products and services in order to sustain long-term relationships with them. Key stakeholders include employees, customers, service providers, financiers, public sector, and the owner. Efficient internal control safeguards reliable information, and regular risk monitoring enables the Group to react and manage risks in time. The Group's tax footprint is reported annually as part of financial responsibility.

## **Board of Directors, CEO and auditors**

The Annual General Meeting held on March 11, 2021, decided that Jukka Ruuska (Chairman), Mervi Airaksinen (Vice Chairman), Anne Korhikoski and Jani Engberg will continue as members of the Board of Directors of Edita Group Plc. Jukka Ohtola and Niko Korte joined the Board of Directors as new members. Ingrid Jonasson Blank and Maija Strandberg left the Board of Directors.

The Extraordinary General Meeting held on December 3, 2021, decided that Sinikka Mustakari and Anu Kankkunen will join the Board of Directors. Jukka Ohtola left the Board of Directors.

Anne Årneby was the CEO of Edita Group until January 31, 2022. Kristiina Kujala has served as Interim CEO since February 1, 2022.

The Annual General Meeting elected KPMG Oy Ab, Authorized Public Accountants, as the auditor. The principal auditor is Ari Eskelinen, APA.

### **Outlook for the rest of 2022 and the year 2023**

The uncertainty in the global economy caused by the war in Ukraine and the COVID-19 pandemic is expected to continue. More than half of the net revenue of the Edita Publishing business area is derived from digital services, and their share is expected to increase further as the market evolves. In the Edita Prima business area, the market situation is challenging. The use of print communications will continue to decline, and price competition will intensify at the same time. The Group has prepared for these changes by reducing its capacity in declining product categories and by investing in new services and technologies.

In the long term, the growth of the digital market is expected to create new business opportunities for the Group. The Group will continue to develop its businesses, products, and services to respond to the customers' constantly changing needs.

### **Shares**

The company has one share class, and so there are no vote differentials. One share carries one vote. The company's shares do not belong to the book-entry system. All shares issued have been fully paid for. The total number of shares was 6,000,000 throughout the financial year as well as during the comparison period.

### **Board's proposal on the disposal of distributable funds**

Edita Group Plc's equity amounted to EUR 7,652,114.30 at the end of the review period. The company's distributable funds totaled EUR 7,572,114.30, of which the result for the financial year was EUR -25,991,422.29.

The Board of Directors proposes to the General Meeting of Shareholders that the parent company's result for the financial year be transferred to retained earnings and that no dividend be distributed.

No substantial changes have taken place in the company's financial standing since the end of the financial year. The company's liquidity is good.

## Consolidated key indicators

|   |    | IFRS<br>1.1.2021-<br>30.6.2022 | IFRS<br>1.1.2020-<br>31.12.2020 | IFRS<br>1.1.2019-<br>31.12.2019 |
|---|----|--------------------------------|---------------------------------|---------------------------------|
| Net revenue, continuing operations                | k€ | 87 261                         | 44 199                          | 41 520                          |
| Exports and foreign operations %                  |    | 0,4 %                          | 0,3 %                           | 0,2 %                           |
| Net revenue, total Group                          | k€ | 120 299                        | 73 920                          | 77 550                          |
| Exports and foreign operations %                  |    | 20,9 %                         | 30,5 %                          | 34,1 %                          |
| Adjusted EBITDA, cont. Operations*                | k€ | 6 338                          | 1 459                           | 3 475                           |
| % of net revenue                                  |    | 7,3 %                          | 3,3 %                           | 8,4 %                           |
| EBITDA, continuing operations*                    |    | 4 675                          | 1 000                           | 3 234                           |
| % of net revenue                                  |    | 5,4 %                          | 2,3 %                           | 7,8 %                           |
| Adjusted operating profit/loss, cont. Operations* | k€ | 2 323                          | -1 060                          | 762                             |
| % of net revenue                                  |    | 2,7 %                          | -2,4 %                          | 1,8 %                           |
| Operating profit/loss, continuing operations*     | k€ | 446                            | -1 519                          | 521                             |
| % of net revenue                                  |    | 0,5 %                          | -3,4 %                          | 1,3 %                           |
| Profit before taxes, continuing operations* ***   | k€ | 162                            | -2 016                          | 267                             |
| % of net revenue                                  |    | 0,2 %                          | -4,6 %                          | 0,6 %                           |
| Profit for financial year, total Group* ***       | k€ | -11 087                        | -3 313                          | 254                             |
| Return on equity (ROE), %, total Group* ***       | %  | -133,3 %                       | -20,7 %                         | 1,4 %                           |
| Return on capital employed, %, total Group* ***   | %  | 14,6 %                         | -8,8 %                          | 2,0 %                           |
| Equity-to-assets ratio (%), total Group* ***      | %  | 12,0 %                         | 30,8 %                          | 38,6 %                          |
| Gearing (%), total Group* ***                     | %  | 328,7 %                        | 84,3 %                          | 62,6 %                          |
| Gross capital expenditure**                       | k€ | 2 259                          | 4 155                           | 938                             |
| % of net revenue (total Group)                    |    | 1,9 %                          | 5,6 %                           | 1,2 %                           |
| Average number of employees, cont. operations     |    | 185                            | 193                             | 201                             |
| Earnings per share (EPS)* ***                     | €  | -1,85                          | -0,55                           | 0,04                            |
| Dividends per share                               | €  | 0,00                           | 0,00                            | 0,33                            |
| Equity per share* ***                             | €  | 0,43                           | 2,34                            | 3,0                             |
| No. of shares, adjusted for share issue           |    | 6 000 000                      | 6 000 000                       | 6 000 000                       |

\*2020 adjusted due to a new agenda decision about IAS 38 standard, cloud-service costs

\*\*excluding cloud-service expenses activated by the parent company 2019-2022

\*\*\*2020 adjusted due to correction of error

## Formulae for calculating key indicators

|   |   |
|---|---|
| <b>Return on equity (ROE), %</b>        | $\frac{\text{Profit for financial year}}{\text{Shareholders' equity (average during the year)}}$  |
| <b>Return on capital employed, %</b>    | $\frac{\text{Profit before tax, interest, and other financial expenses}}{\text{Total assets — non-interest-bearing liabilities (average during the year)}}$                           |
| <b>Equity-to-assets ratio, %</b>        | $\frac{\text{Shareholders' equity}}{\text{Total assets — advances received}}$   |
| <b>Sales margin</b>                     | Operating income — variable cost  |
| <b>EBITDA</b>                           | Operating profit — depreciation and impairment  |
| <b>Operating profit</b>                 | Profit before tax and financial items   |
| <b>Adjusted EBITDA/operating profit</b> | EBITDA/operating profit before non-operating items  |
| <b>Undiluted EPS, EUR</b>               | $\frac{\text{Profit for financial year attributable to parent company shareholders}}{\text{Average number of shares (adjusted for share issue)}}$                                     |
| <b>Net gearing ratio, %</b>             | $\frac{\text{Interest-bearing liabilities — cash and cash equivalents}}{\text{Shareholders' equity}}$   |
| <b>Equity per share, EUR</b>            | $\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares on closing date}}$   |
| <b>Dividends per share, EUR</b>         | Dividend per share approved by Annual General Meeting. For the previous year, the proposal of the Board of Directors to the Annual General Meeting regarding the amount of dividends. |
| <b>Gross capital expenditure, EUR</b>   | Additions to tangible and intangible assets   |

## Consolidated income statement (IFRS) (EUR 1,000)

|   | Note       | 1.1.2021-<br>30.6.2022 | 1.1.2020-<br>31.12.2020 |
|---|------------|------------------------|-------------------------|
| <b>CONTINUING OPERATIONS</b>  |            |                        |                         |
| <b>NET REVENUE</b>  | <b>3,6</b> | <b>87 261</b>          | <b>44 199</b>           |
| Other operating income  | 7          | 1 482                  | 1 148                   |
| Change in inventories of finished and unfinished goods  |            | 49                     | -201                    |
| Work performed for company use  |            | 0                      | 48                      |
| Materials and services  | 8          | -45 645                | -20 079                 |
| Employee benefits expense   | 9          | -20 320                | -12 557                 |
| Depreciation  | 10         | -4 015                 | -2 519                  |
| Impairment  | 10         | -214                   | 0                       |
| Other operating expenses  | 11         | -18 153                | -11 558                 |
| <b>OPERATING PROFIT</b>   |            | <b>446</b>             | <b>-1 519</b>           |
| Financial income  | 13         | 208                    | 8                       |
| Financial expenses  | 14         | -491                   | -504                    |
| <b>PROFIT BEFORE TAXES</b>  |            | <b>162</b>             | <b>-2 016</b>           |
| Income taxes  | 16         | -376                   | 256                     |
| <b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>   |            | <b>-214</b>            | <b>-1 760</b>           |
| <b>DISCONTINUED OPERATIONS</b>  |            |                        |                         |
| Profit (loss) from discontinued operations, net of tax  | 4          | -10 873                | -1 553                  |
| <b>PROFIT (LOSS) FOR THE PERIOD</b>   |            | <b>-11 087</b>         | <b>-3 313</b>           |
| <b>Distribution</b>   |            |                        |                         |
| Parent company's shareholders, continuing operations  |            | -214                   | -1 760                  |
| Parent company's shareholders, Group  |            | -11 087                | -3 313                  |
| Earnings per share calculated on the profit attributable to shareholders of the parent company: |            |                        |                         |
| earnings per share, EUR, continuing operations  |            | -0,04                  | -0,29                   |
| earnings per share, EUR, Group  |            | -1,85                  | -0,55                   |

## Consolidated statement of comprehensive income (IFRS) (EUR 1,000)

|   | Note | 1.1.2021-<br>30.6.2022 | 1.1.2020-<br>31.12.2020 |
|---|------|------------------------|-------------------------|
| <b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>                       |      | <b>-11 087</b>         | <b>-3 313</b>           |
| <b>Other comprehensive income</b>                                 |      |                        |                         |
| <i>Items that may be recognized through profit and loss later</i> |      |                        |                         |
| Translation differences   | 15   | 0                      | 122                     |
| <i>Items that have been recognized through profit and loss</i>    |      |                        |                         |
| Translation differences   | 15   | -393                   | 0                       |
| <b>ACCUMULATED COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>    |      | <b>-11 480</b>         | <b>-3 191</b>           |
| Distribution of comprehensive income                              |      |                        |                         |
| Parent company's shareholders                                     |      | -11 480                | -3 191                  |

## Consolidated statement of financial position (IFRS) (EUR 1,000)

| ASSETS   | Note | 30.06.2022    | 31.12.2020    |
|--|------|---------------|---------------|
| <b>NON-CURRENT ASSETS</b>  |      |               |               |
| Tangible fixed assets  | 17   | 10 444        | 15 447        |
| Goodwill   | 18   | 0             | 13 426        |
| Other intangible assets  | 18   | 1 144         | 1 093         |
| Other non-current assets   |      | 300           | 300           |
| Other financial assets   | 20   | 0             | 26            |
| Deferred tax assets  | 21   | 363           | 478           |
|  |      | 12 251        | 30 770        |
| <b>CURRENT ASSETS</b>  |      |               |               |
| Inventories  | 22   | 2 195         | 1 316         |
| Sales receivables and other receivables                          | 23   | 7 143         | 14 682        |
| Tax receivables based on taxable income for the financial year   |      | 173           | 348           |
| Other current financial assets                                   | 18   | 0             | 0             |
| Cash and cash equivalents  | 24   | 209           | 283           |
|  |      | 9 721         | 16 629        |
| <b>Total assets</b>  |      | <b>21 973</b> | <b>47 399</b> |
| <b>EQUITY AND LIABILITIES</b>                                    |      |               |               |
| <b>SHAREHOLDERS' EQUITY</b>                                      |      |               |               |
| Share capital  |      | 80            | 6 000         |
| Share premium fund   |      | 0             | 25 870        |
| Translation differences  |      | 0             | 393           |
| Invested non-restricted equity fund                              |      | 7 572         | 0             |
| Retained earnings  |      | -5 077        | -18 208       |
| Shareholders' equity attributable to parent company shareholders | 25   | 2 575         | 14 054        |
| <b>LIABILITIES</b>   |      |               |               |
| <b>Non-current liabilities</b>                                   |      |               |               |
| Financial liabilities  | 27   | 4 077         | 6 575         |
| Non-current provisions   | 26   | 1             | 62            |
|  |      | 4 078         | 6 637         |
| <b>Current liabilities</b>                                       |      |               |               |
| Current financial liabilities                                    | 27   | 4 596         | 5 555         |
| Accounts payable and other current liabilities                   | 28   | 10 604        | 21 109        |
| Tax liabilities based on taxable income for the financial year   |      | 120           | 44            |
|  |      | 15 320        | 26 708        |
| <b>Total liabilities</b>   |      | <b>19 398</b> | <b>33 345</b> |
| <b>Total shareholders' equity and liabilities</b>                |      | <b>21 973</b> | <b>47 399</b> |

## Consolidated statement of cash flows (EUR 1 000)

|  | Note      | 1.1.2021 -<br>30.6.2022 | 1.1.2020 -<br>31.12.2020 |
|--|-----------|-------------------------|--------------------------|
| <b>Cash flow from operating activities</b>   |           |                         |                          |
| Profit for the financial year*   |           | -11 087                 | -3 313                   |
| Adjustments  |           |                         |                          |
| Non-cash transactions*   | 31        | 5 527                   | 5 976                    |
| Interest expenses, other financial expenses and<br>loss for selling of business operations |           | 12 873                  | 570                      |
| Interest income and other financial income   |           | -302                    | -108                     |
| Dividend income  |           | 0                       | -4                       |
| Taxes*   |           | 384                     | -259                     |
| Changes in working capital   |           |                         |                          |
| Change in sales receivables and other receivables  |           | 1 170                   | -371                     |
| Change in inventories  |           | -879                    | 90                       |
| Change in accounts payable and other liabilities   |           | -4 391                  | 2 151                    |
| Interest and other financial expenses paid   |           | -484                    | -288                     |
| Interest and other financial income received   |           | 6                       | 37                       |
| Taxes paid (-) received (+)  |           | -48                     | 74                       |
| <b>Net cash flow from operating activities (A)</b>   |           | <b>2 769</b>            | <b>4 557</b>             |
| <b>Cash flow from investing activities</b>   |           |                         |                          |
| Divestment of business operations, net of cash disposed of                                 |           | 1 187                   | 0                        |
| Investments in tangible fixed assets   |           | -661                    | -1 341                   |
| Investments in intangible assets   |           | -870                    | -1 377                   |
| Proceeds from other investments  |           | 0                       | 103                      |
| Dividends received   |           | 0                       | 4                        |
| <b>Net cash flow from investing activities (B)</b>   |           | <b>-344</b>             | <b>-2 610</b>            |
| <b>Cash flow from financing activities</b>   |           |                         |                          |
| Change in cash pool liability  |           | 277                     | 1 189                    |
| Withdrawals and repayments of other bank loans   | 27        | 0                       | -750                     |
| Lease payments   | 27        | -2 858                  | -2 214                   |
| <b>Net cash flow from financing activities (C)</b>   |           | <b>-2 580</b>           | <b>-1 775</b>            |
| <b>Change in cash and cash equivalents (A+ B + C)</b>                                      |           |                         |                          |
| Cash and cash equivalents at start of the period   |           | 283                     | 256                      |
| Effect of changes in exchange rates  |           | 82                      | -144                     |
| <b>Cash and cash equivalents at end of the period</b>                                      | <b>24</b> | <b>209</b>              | <b>283</b>               |

\*year 2020 adjusted due to a new interpretation of IAS 38 standard about cloud-service costs

## Consolidated statement of changes in shareholders' equity (IFRS) (EUR 1,000)

### Shareholders' equity attributable to parent company shareholders

|  | Note | Share capital | Share premium fund | Invested non-restricted equity fund | Translation differences | Fair value fund | Retained earnings | Total   |
|--|------|---------------|--------------------|-------------------------------------|-------------------------|-----------------|-------------------|---------|
| <b>Shareholders' equity, January 1, 2020</b>   | 5    | 6 000         | 25 870             | 0                                   | 271                     | 54              | -14 949           | 17 246  |
| <b>Comprehensive income</b>  |      |               |                    |                                     |                         |                 |                   |         |
| Profit for the financial year  | 5    |               |                    |                                     |                         |                 | -3 313            | -3 313  |
| Other comprehensive income (adjusted with tax effect)  |      |               |                    |                                     |                         |                 |                   |         |
| Translation differences  |      |               |                    |                                     | 122                     |                 |                   | 122     |
| <b>Accumulated comprehensive income for the financial year</b>   |      |               |                    |                                     | 122                     | 0               | -3 313            | -3 191  |
| <b>Other items</b>   |      |               |                    |                                     |                         | -54             | 54                | 0       |
| <b>Shareholders' equity, December 31, 2020</b>   | 5    | 6 000         | 25 870             | 0                                   | 393                     | 0               | -18 208           | 14 054  |
| <b>Shareholders' equity, January 1, 2021</b>   |      | 6 000         | 25 870             | 0                                   | 393                     | 0               | -18 208           | 14 054  |
| <b>Comprehensive income</b>  |      |               |                    |                                     |                         |                 |                   |         |
| Profit for the financial year  |      |               |                    |                                     |                         |                 | -11 087           | -11 087 |
| Other comprehensive income (adjusted with tax effect)  |      |               |                    |                                     |                         |                 |                   |         |
| Translation differences  |      |               |                    |                                     | -393                    |                 |                   | -393    |
| <b>Accumulated comprehensive income for the financial year</b>   |      |               |                    |                                     | -393                    | 0               | -11 087           | -11 480 |
| <b>Reduction of share capital and share premium fund and transfer to invested non-restricted equity fund and retained earnings</b> |      | -5 920        | -25 870            | 7 572                               |                         | 0               | 24 217            | 0       |
| <b>Shareholders' equity, June 30, 2022</b>   |      | 80            | 0                  | 7 572                               | 0                       | 0               | -5 077            | 2 575   |