

FONDIA IS GROWING STEADILY: REVENUE INCREASED BY 18 % AND THE COMPARABLE OPERATING PROFIT INCREASED 27%

July-December 2017 summary (values in brackets refer to equivalent period from the previous year if olevat luvut viittaavat edellisvuoden vastaavaan kauteen, ellei muuta mainita):

- Net sales of €8.6 million (7,3), growth 18,0 %
- Comparable operating profit (EBIT) was €1,1 million (0,9), change +34,0 %. The comparable operating profit margin was 13.3 % (11,7)
- July-December 2017 no expenses affecting the comparability were recorded
- Profit for the period amounted to €0.9 million (0,6), change +37,8 %
- Recurring monthly revenue accounted for 46 % (43) of net sales.

January-December 2017 summary:

- Net sales €17.5 million (14.9), growth +17.6 %
- Comparable operating profit was €2.5 million (2,0), growth 27.1 %. The comparable operating profit margin was 14.6 %
- Operating profit (EBIT) was €2.3 million (2.0), growth 14.7%. Operating profit margin was 13.1 % (13.5)
- Comparable profit for the financial year was €2.0 million (1.5), change +29.1 %
- Profit for the accounting period was € 1.5 million (1.5), change -1.4 %
- Recurring monthly revenue accounted for 45 % of net sales (43)
- The company was listed on Nasdaq First North on 4 April 2017. The nonrecurring expenses associated with the First North listing totalled €0.57 million.
- Net earnings per share was €0.38 (0.43)
- Proposal for dividend distribution by the Board of Directors is € 0.35 (0.21) per share
- After the end of the financial year, 22 January 2018 announced the acquisition of entire share capital of Swedish law firm Jansson&Norin.

Key figures

1 000 euros	7-12/2017	7-12/2016	Change, %	1-12/2017	1-12/2016	Change, %
Net sales	8 622	7 308	18,0	17 462	14 854	17,6
Operating profit (EBIT)	1 150	858	34,0	2 295	2 000	14,7
% of net sales	13,3	11,7		13,1	13,5	
Comparable operating profit (EBIT)*	1 150	858	32,8	2 542	2 000	27,1
% of net sales *	13,3	11,7		14,6	13,5	
Profit for the period	872	633	37,8	1 494	1 516	-1,4
% of net sales	10,1	8,7		8,6	10,2	
Comparable profit for the period*	872	633	35,5	1 957	1 516	29,1

% of net sales*	10,1	8,7	11,2	10,2
Net gearing %	-109,1	-114,5	-109,1	-114,5
Equity ratio %	63,8	46,9	63,8	46,9
Return on equity (ROE) %	31,4	59,5	41,1	59,5
Number of personnel, average	118	105	118	105
Balance sheet total	10345	6 238	10 345	6 238
Net earnings per share, euros	0,22	0,18	0,38	0,43

* The comparability was affected by expenses associated with the First North listing, which totaled €570 thousand. Of the non-recurring listing expenses €324 thousand has been recorded under financial expenses and €247 thousand under personnel and other expenses.

CEO Salla Vainio: A fantastic and eventful year for Fondia

“Fondia’s strategy is to provide customer benefits by combining the benefits provided by an internal legal department and those provided by external legal service providers into a unique service concept loved by customers. This year an increasing amount of customers has become familiar with our service model based on our continuous service LDaaS (Legal Department as a Service) and we have succeeded in growing our business well and in accordance with our targets. The Initial Public Offering on First North was a significant step for Fondia and one of its targets was to support our business and growth strategy by increasing the recognition of Fondia. The increased visibility in the media in Finland has clearly reflected our business and we believe that we as the only listed law firm intrigue interest and trust even outside Finland.

Revenue for the financial year 2017 was €17.5 million and it increased by 17.6.% compared with the corresponding period in 2016. Net sales were increased by the increase in the number of new customers and the increase in the volume in invoicing of the existing customers. Our comparable operating profit increased by 27.1% from the previous year and our operating profit margin was 14.6.% (on previous period 13.5.%) Our positive development was strengthened by the increase in the share of the recurring monthly revenue, that accounted for 45% of net sales (43 %). During the past year, we succeeded well in for us important recruitments and the amount of lawyers increased to 86 during the year. We have invested in expertise that supports our customer’s business and we have now for example one of the strongest teams in the Nordics to serve our customers in needs their regarding the General Data Protection Regulation (GDPR).

The digital platform MyFondia that works as the motor for LDaaS was launched during the year 2017 and the piloting period has been successful. MyFondia is a nontraditional working environment that enhances our co-operation with our customers, even in consideration with data security. We believe that digitalization has come to stay in the lawyers’ world as well and in a Fondian way we want to encourage everybody to embrace the change.

The internationalization in accordance with our growth strategy got an additional boost as we after the end of the accounting period acquired Swedish law firm Jansson & Norin. J&N is a perfect partner for us as our values and company cultures are similar and both of the companies have as target to make it easy for our customers to purchase legal services. LDaaS is a unique service concept on the Swedish market as well and it has been welcomed with joy by the customers. With the acquisition we can advantage our bigger size to answer the demand on novel services on the Swedish market.

Because the state of the economy continues to look bright and the demand for legal services, being almost independent from the business cycles, seem to continue its positive development, we are well positioned

to continue the development and growth of our business in accordance with our strategy. All of us Fondians can be proud of the achievements during 2017 and I want to thank our personnel that has committed to our values and shown courage to create new.”

The legal services market

The company operates on the legal services market, comprised of two parts: lawyers employed by companies, and lawfirms and other legal service providers. The legal services market comprised of attorneys’ offices and legal service providers increased year 2016 to approx. € 846 million (approx. €830 million year 2015).

Some of the key growth drivers of the corporate law market are:

- Increasing amount of international agreements and EU regulation
- The growing need for legal advice of SMEs that operate without their own lawyer or with limited legal resources
- A general trend towards the outsourcing of corporate functions, which provides the opportunity to provide legal departments to companies as a service.
- Increasing digitalisation in all industries, which generates new demands for legislation and the application of laws (e.g., information or privacy issues)

In addition to market growth, more and more companies that purchase legal services are scrutinising the services they receive and seeking to find new ways to meet their legal needs.

People who purchase legal services increasingly require the following from companies and their experts:

- Broad business expertise that extends beyond law and complex approaches and solutions
- Knowledge of digitalisation and new technologies as well as their utilisation in the production of legal services
- Proactive counselling, especially in identifying and responding to increasing statutory obligations
- Transparent, value-based pricing that is based on content and added value of the work rather than on an hourly rate

Fondia’s strategy

A key benefit of an in-house lawyer or legal department is their extensive knowledge of the company’s business and the ability to manage matters to effectively support the business. On the other hand, external service providers, especially the largest law firms, possess a full range of expertise in various areas of law, which in house lawyers may lack. Fondia’s strategy is to provide customer benefits by combining the benefits provided by an internal legal department and those provided by external legal service providers into a unique service concept loved by customers.

A key cornerstone of Fondia’s strategy is the continuous service business model, whereby a legal department covering the daily business legal needs of a client company can be offered as a service to companies. Alongside the LDaaS service, individual assignment services and project services (such as mergers and acquisitions) are provided to both LDaaS customers and other customers, enabling customers to acquire all corporate law services efficiently from one service provider.

Fondia's strategy is supported by the MyFondia platform, which is a digital working environment, developed by Fondia, intended for internal collaborative working as well as cooperation and communication between Fondia's lawyers and their customers. MyFondia was launched for customer use at the turn of the year 2016/2017. MyFondia is constantly being developed, and the aim is for the customer to be able to: see the LDaaS service offering as a whole, view all completed and pending assignments and projects; easily communicate with the expert team; approve actions and outputs; and manage the use of resources through a dynamic legal service plan.

Fondia wants to be the best workplace in the corporate law industry.

Medium-term financial objectives

Company's medium-term targets are an yearly increase of approx. 15 % in revenue and operation profit margin of approx. 15%. In accordance to company's profit distribution policy, company's objective is to distribute at least two-thirds (2/3) of the Company's earnings per share as dividends to shareholders. The profit distribution will take into account, among other things, the financial performance and outlook of Fondia as well as future investment needs.

Financial performance

The Group's net sales were € 8622 thousand in July – December 2017 (7 308). Net sales increased by 18.0% compared with the corresponding period in 2016. The biggest factor affecting net sales was the increase in the number and volume of customers. The Group's operating profit for the second half of the year was € 1 150 thousand (858). Operating profit increased by 34.0 % compared to the second half-year of 2016. Operating profit margin was 13.3 % (11.7 %). The improvement of the profit was affected by the optimization of service processes and the modest growth of the expenses. The profit of the second half-year was €872 thousand (633). July-December 2017 no expenses affecting the comparability were recorded.

In January-December 2017 net sales were € 17 462 thousand and the growth was 17.6%. The positive improvement of the net sales was affected by the increase in the number and volume of customers. In January-December 2017 the comparable operating profit was € 2 542 thousand (2 000) and growth rate was 27.1 % compared to year 2016's operation profit. The comparable operation profit margin was 14.6 % (13.5 %). The comparability was affected by non-recurring expenses €247 thousand associated with the First North listing, recorded under personnel and other expenses. In January-December 2017 the operation profit was € 2 295 thousand and the operation profit increased by 14.7% from the previous year. The operation profit margin was 13.1 % (13.5 %). The increase in profitability was affected by the optimization of the service processes that has continued during the reporting period. In January-December 2017 the comparable profit was €1 957 thousand (1 516) and the profit increased by 29.1 %. The comparability was affected by expenses associated with the First North listing, which totaled €570 thousand. Of these non-recurring listing expenses, €324 thousand has been recorded under financial expenses and €247 thousand under personnel and other expenses.

Taking into account the costs associated with listing, the result for the financial year was € 1 494 thousand (1 516) and it decreased by 1.4 %.

A table below is showing the effect of the batches on a comparable result.

1 000 euros	7-12/2017	7-12/2016	1-12/2017	1-12/2016
Comparable profit for the period	872	633	1 957	1 516
Financial expenses related to the listing			-324	
Personnel and other expenses related to the listing			-247	
Taxes			108	
Profit for period	872	633	1 494	1 516
Comparable operating profit (EBIT)	1 150	858	2 542	2 000
Personnel and other expenses related to the listing			-247	
Operating profit (EBIT)	1 150	858	2 295	2 000

Group's consolidated balance sheet total was on 31 December 2017 € 10 345 thousand (6 238). The liquid assets of the balance sheet increased substantially because of the listing and the positive financial performance. The financial position strengthened, enabling future growth and development plans.

Personnel, management and administration

Fondia continues to invest in its unique corporate culture and values. As a result, the company will also be able to attract experienced business law and industry experts into its ranks in the future. On 31 December 2018, the Group employed a total of 126 people of whom 86 were lawyers. The number of employees increased by 13.5% compared to the end of the year 2016 when the company employed 111 people. The average amount of employees during the year was 118 (105).

In October 2017 Fondia announced changes in its management. Marianne Saarikko Janson left her position as Fondia's Commercial Director and management team member and continues working on the Board of Directors of the company. Mårten Janson left his position as team leader and management team member. Team leader Susanne Mattsson, team leader Timo Tuuli and Talent Director Wilma Laukkanen, responsible for Fondia's personnel matters, were appointed as new members in the management team.

The Fondia Group management team consists of CEO Salla Vainio, team leaders Erkki Hyvärinen, Pirjo Valtanen, Petri Ruisaho, Timo Tuuli, Bradley Mitchell and Susanne Mattsson sekä CFO Kirsi Untala, Talent Director Wilma Laukkanen and Fondia Legal Services AB Managing Director Niclas Gottlieb.

The Board of Directors consists of Chairman of the Board Juha Sarsama, Vice Chairman Tuomo Lähdesmäki, and members Marianne Saarikko Janson, Johan Hammarén and Joséphine Mickwitz.

Shares and shareholders

Shares issued and share capital

On 31 December 2017, the number of shares in the company totalled 3 904 536. The average number of shares issued between 1 January and 31 December 2017 was 3 710 613 shares (1.1. – 31.12.2016 3 532 794 shares). The share capital of the company was € 100 000 in the end of the accounting period.

During the review period, Fondia issued 390,000 new shares as part of its First North IPO under authorisation granted by the Annual General Meeting on 16 February 2017. Further information on changes to shares and share capital can be found in the company brochure, which was drafted ahead of the IPO and published on 16 March 2017.

At the end of the accounting period, Fondia did not hold any of its own shares.

Trading in shares

During the review period, Fondia became listed on the First North market maintained by Nasdaq Helsinki Ltd. Through the IPO, the company raised a total of approximately €2.9 million in gross assets. Trading in the company's shares began on 4 April 2017.

Closing price on the last day of trading in the review period (31 December 2017) was €11.65 per share. The lowest trading price for the review period was €9.2 per share and the highest €13.48 per share. During the financial year, 813 367 shares were traded. At the end of the accounting period, the market value of Fondia Plc was €45.49 million.

Authorisations granted to the Board of Directors

On 16 February 2017, authorisation was granted to the Board of Directors by the Annual General Meeting to decide on the issue of new shares and/or the transfer of treasury shares in one or several instalments. The authorisation also included the right to issue stock options as well as other special rights referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act, which entitle the holder to receive new shares or treasury shares against payment. A maximum of 600,000 shares can be issued under the authorisation. The authorisation is valid until the end of the next Annual General Meeting, but no later than 30 June 2018.

On 16 March 2017, the Board of Directors decided to issue 390,000 new shares as part of Fondia's First North IPO under authorisation granted by the Annual General Meeting. In addition, on 16 March 2017, the Board of Directors decided on issuing 18,750 stock options under the authorisation granted by the Annual General Meeting, and on 27 April 2017, the Board of Directors decided to issue 18,750 option rights to employees of the Fondia Plc Group.

The Annual General Meeting also authorised the Board of Directors to purchase the company's own shares and this authorisation is valid until the end of the next Annual General Meeting, but no longer than 30 June 2018. This authorisation was not exercised during the review period.

Shareholders

The total number of shareholders was 3 834 on 31 December 2017.

Additional general meeting 20.1.2017

An additional General Meeting was held in Helsinki on 20 January 2017. The following decisions were made in the General Meeting: the Board of Directors was authorised to continue investigating the trading of shares on Nasdaq First North marketplace and to make and implement all decisions regarding the application and IPO; the company structure would be changed to a public limited

company; shares were to be included in the book-entry securities system and the Board of Directors was authorised to decide on the reporting period; in addition, Juha Sarsama and Tuomo Lähdesmäki were appointed as new members of the Board of Directors.

The Annual general meeting 16.2.2017

The Annual General Meeting was held in Helsinki on 16 February 2017. The Annual General Meeting approved the financial statements for 2016 and discharged the members of the Board of Directors and the CEO from liability.

The Annual General Meeting decided that a dividend of €749,767.67, or €0.64 per share, would be distributed in accordance with the Board of Directors' proposal

The Annual General Meeting decided that the Board of Directors shall consist of 5 members and all current Board members (Juha Sarsama, Tuomo Lähdesmäki, Johan Hammarén, Joséphine Mickwitz and Marianne Saarikko Janson) were re-elected.

The Annual General Meeting selected Revico Grant Thornton Ltd as the company's auditor, with Peter Åhman, Authorized Public Accountant, as the principal auditor.

The Annual General Meeting decided that the company's share classes were to be combined so that the company would only have one class of shares in which all shares carry one (1) vote and otherwise equal rights.

In addition, the Annual General Meeting authorised the Board of Directors to decide on the issue of new shares and/or the transfer of treasury shares in one or several instalments as well as to purchase treasury shares in one or several instalments. The authorisations granted to the Board of Directors are described in more detail under 'Shares and shareholders'.

Risks and uncertainties

The risks relating to Fondia's operations have been comprehensively described in the corporate brochure, published in March 2017. Short-term uncertainties are related to how well the company succeeds in recruiting, motivating and retaining skilled staff. Moreover, even though the financial goals have so far been achieved, there is no guarantee that the profitable growth will continue at the same level. The company's management has also assessed that Fondia is dependent on its information systems and that shortcomings, disturbances or problems in IT systems may adversely affect business.

Board of Directors' proposal for distribution of profits

Fondia's Board of Directors proposes to the Annual General Meeting on 15 March 2018 a dividend of € 0.35 per share to be distributed for the fiscal year ended on 31 December 2017.

The parent company's distributable funds at the end of the financial year were 8 085 933.27 euros, of which the profit for the accounting period was 1 792 108.27 euros.

Significant events after the reporting period

After the end of the reporting period 2017, on 22 January 2018 company announced acquisition of the entire share capital of Swedish law Jansson & Norin AB:n (J&N). According to provisional data, J&N's turnover for 2017 was € 1.4 million and operating profit -0,1 million euros. Year 2016 audited revenue was €1.1 million and profit € 0.1 million. On 31 December 2017 J&N employed 21 people at Gothenburg and Stockholm offices. The acquisition was finalized on 31 January 2018 and company's business is reported as a part of Fondia as of 1 February 2018.

J&N's and Fondia's operations are to be merged under Fondia's brand. The net debt-free purchase price was agreed to be approx. € 1.6 million. Of the purchase price approx. 1.3 million was paid in cash and approx. 0.3 million in Fondia Plc's shares. In the terms of the purchase, there is an additional sales price tied to the Fondia's unified Swedish unit's turnover for the next two years, up to a maximum of EUR 0.7 million.

The amount will be paid in installments after the financial statements for financial years 2018 and 2019 have been completed and any additional purchase price will be paid in combination with the shares and cash. Purchase price related cash instalments are funded from the company's cash assets.

Acquisition supports Fondia's medium-term targets in development of net sales and as a result of it, the operations in Sweden are believed to have a positive impact on company's earnings per share as of year 2019. The acquisition is not expected to have a material impact on company's targeted medium-term relative profitability and dividend policy.

Press and analyst event

Fondia announces its annual report January-December 2017 on Thursday 15 February at 8.30. A press and analyst event will be held in Finnish at 10.00 at Fondia headquarters, Lönnrotinkatu 5, Helsinki. The review will be presented by company's CEO Salla Vainio. Presentation will be streamed in Finnish on <https://www.inderes.fi/videot/fondian-tilinpaatostiedote-2017-webcast-1522018-1000>.

A video of the stream and the presentation materials will be published later on <http://www.fondia.fi/sijoittajille>.

Financial reporting information 2018

Financial statement and the Board's annual report will be published on 22 February 2018 at latest on company's website. The annual general meeting will be held on 15 March 2018 at 9.00. The half-year report January-June 2018 will be published on 30 August 2018. An unofficial translation on the half-year report and financial statement in English will be published as a press release.

Numbers concerning the entire 2016 and 2017 reporting periods are based on the company's audited financial statement and have been compiled in accordance with the national regulation (FAS). Numbers presented have been rounded off to the numbers. The information is presented in accordance with the extent required by First North rules' section 4.4.

Consolidated income statement

1 000 euros	7-12/2017	7-12/2016	change%	1-12/2017	1-12/2016	change%
Net sales	8 622	7 308	18,0	17 462	14 854	17,6
Other operating income	48	41	17,4	91	70	29,6
Materials and services	-364	-231	57,9	-680	-463	46,8
Personnel expenses	-5 238	-4 603	13,8	-10 672	-9 140	16,8
Depreciation and impairment	-107	-85	25,6	-213	-165	29,1
Other operating expenses	-1 811	-1 573	15,1	-3 693	-3 156	17,0
Operating profit	1 150	858	34,0	2 295	2 000	14,7
Net financial income and expenses	-11	-4	174,6	-339	-11	3117,4
Profit before appropriations and taxes	1 139	854	33,4	1 956	1 990	-1,7
Income taxes	-267	-221	20,7	-462	-474	-2,6
Profit for period	872	633	37,8	1 494	1 516	-1,4

Consolidated balance sheet

1 000 euros	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	0	2
Other capitalised longterm expenditure	198	179
Tangible assets	89	109
Non-current assets in total	288	291
Current assets		
Long-term receivables		
Loan receivables	115	283
Other receivables	9	9
Short-term receivables		
Loan receivables	84	0
Accounts receivables	2 354	2 106
Other receivables	40	37
Prepayments and accrued income	256	110
Cash and cash equivalents	7 198	3 403
Current assets total	10 057	5 947
ASSETS TOTAL	10 345	6 238
EQUITY AND LIABILITIES		
Equity		
Share capital	100	100
Fund for invested unrestricted equity	3 234	307

Profit for previous financial years (loss)	1 750	984
Profit for period (-loss)	1 494	1 516
Translation differences	19	19
Equity total	6 598	2 926
Liabilities		
Non-current		
Loans from financial institutions	0	0
Current		
Loans from financial institutions	0	51
Advance payments	10	1
Accounts payable	380	330
Other payables	974	933
Accruals and deferred income	2 382	1 997
Liabilities in total	3 747	3 312
EQUITY AND LIABILITIES TOTAL	10 345	6 238

Changes in equity

1 000 euros	Share capital	Invested unrestricted equity	Profit for previous financial years (loss)	Profit for the period (loss)	Transl. diff	Total
Equity 1.1.2017	100	307	2 499	0	19	2 926
Initial public offering		2 927				2 927
Dividend distribution			-750			-750
Profit/loss for period				1 494		1 494
Change in translation difference						0
Equity 31.12.2017	100	3 234	1 750	1 494	19	6 598
Equity 1.1.2016	100	307	1 746	0	17	2 171
Dividend distribution			-733			-733
Acquisition of own shares			-30			-30
Profit/loss for period				1 516		1 516
Change in translation difference					2	2
Equity 31.12.2016	100	307	984	1 516	19	2 926

Consolidated statement of cash flows

1 000 euros	1-12/2017	1-12/2016
Cash flow from operating activities		
Profit (-loss) before extraordinary items	1 956	1 990
Planned depreciation	213	165
Unrealised exchange rate gains and losses	-11	-4
Financial income and expenses	339	11
Cash flow before change in working capital	2 497	2 162
Change in working capital:		
Increase (-) / decrease (+) in current non-interest-bearing receivables	-398	-404
Increase (+) / decrease (-) of current non-interest-bearing liabilities-	497	397
Cash flow from operating activities before financial items and taxes	2 592	2 154
Interest paid and other financial expenses	-333	-11
Received interest and other financial income	6	13
Direct taxes paid	-473	-513
Cash flow from operating activities (A)	1 795	1 643
Cash flow from investing activities		
Investments in intangible and tangible assets	-210	-238
Repayment of loan receivables	84	44
Cash flow from investing activities (B)	-126	-194
Cash flow from financing activities		
Acquisition of own shares	0	-30
Repayment of loan receivables	-51	-21
Initial public offering	2 927	0
Paid dividends	-750	-733
Non-current rental guarantee	0	-6
Cash flow from financing activities (C)	2 126	-790
Change in cash and cash equivalent (A+B+C) increase (+) / decrease (-)	3 796	659
Cash and cash equivalents at beginning of period	3 402	2 743
Cash and cash equivalents at end of period	7 198	3 402
Change in cash and cash equivalent	3 796	659

Calculation of key figures

Operating profit (EBIT)	=	$\frac{\text{Net sales} + \text{other operating income} - \text{materials and services} - \text{personnel expenses} - \text{other operating expenses} - \text{depreciation}}{\text{Net sales}}$	x100
Operating profit as % of net sales	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x100
Profit for period as % of net sales	=	$\frac{\text{Profit for period}}{\text{Net sales}}$	x100
Equity ratio, %	=	$\frac{\text{Equity} + \text{Monority interest}}{\text{Balance sheet total} - \text{advances received}}$	x100
Return on equity (ROE) %	=	$\frac{\text{Profit after financing rounds} - \text{Income taxes}}{\text{Equity} + \text{Minority interest (on average during the year)}}$	x 100
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Equity} + \text{Monority interest}}$	x 100

Helsinki 15 February 2018

Fondia Plc Board of Directors

More information:

CEO Salla Vainio
tel. 020 7205 429

Approved Advisor Alexander Corporate Finance Ltd.
tel. 050 520 4098

Fondia in brief

Fondia is a full-service business law house that offers new service models and exploits digital technologies. Fondia operates in Finland, Sweden and Estonia and the group revenue was 17.5 million euros in 2016. Fondia employs over 120 persons.

www.fondia.com