

2018



ANNUAL REPORT Mtech Digital Solutions Oy



Mtech Digital Solutions Oy is a digital solutions provider specialised in the bio-economy and a limited liability company owned by the Finnish agricultural producers' organisations ProAgria, Faba and the Central Union of Agricultural Producers and Forest Owners (MTK).

Our mission is to promote the continuous development of our customers' operating methods and competitiveness through digital solutions.



129 professionals

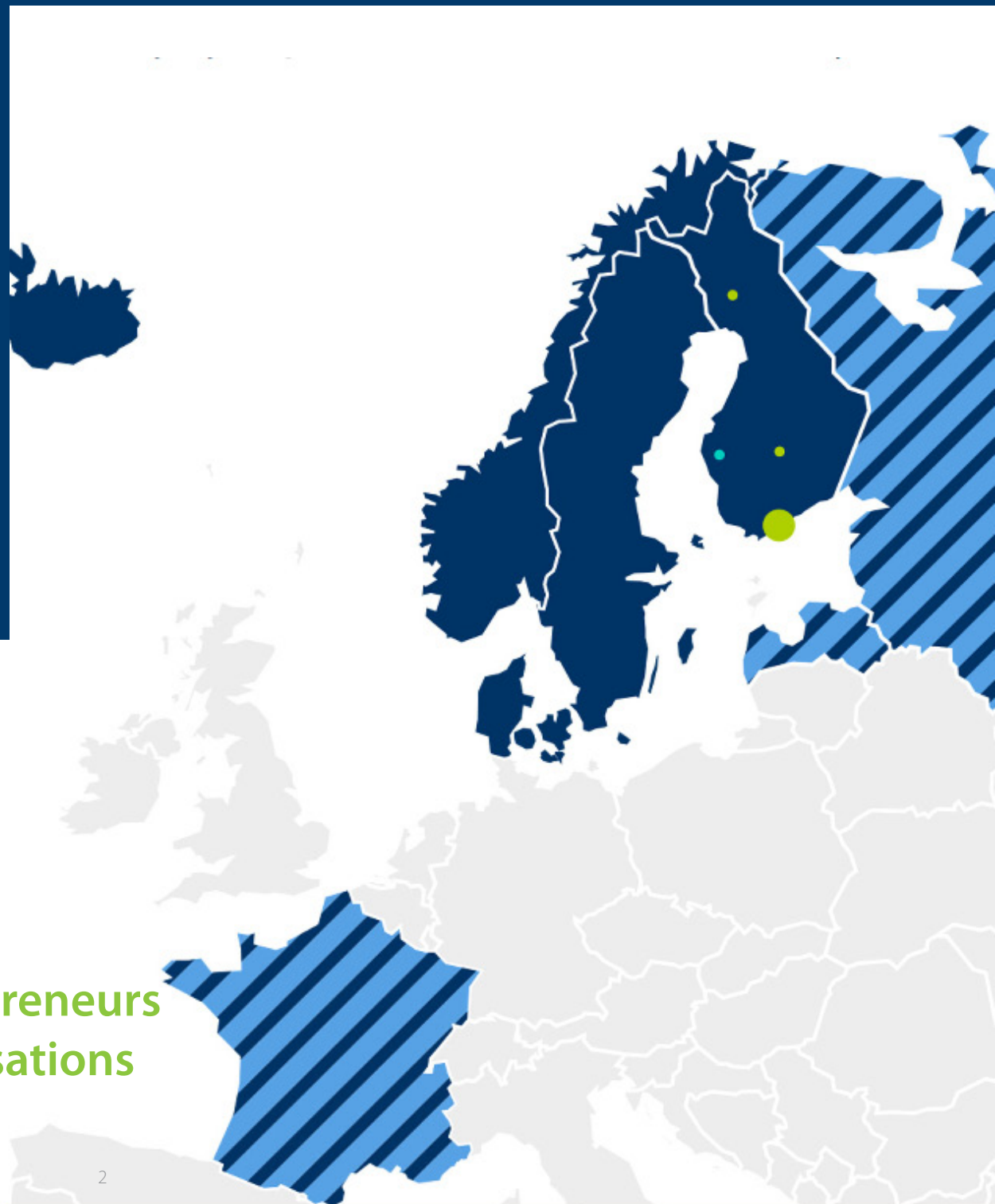


€12.35 million



€0.01 million

Over 20,000 agricultural entrepreneurs
Over 50 companies and organisations



WHERE BIOECONOMY AND ICT EXPERTISE MEET

Mtech Digital Solutions Oy is a digital solutions provider specialised in bioeconomy and a limited liability company owned by the Finnish agricultural producers' organisations ProAgria, Faba and the Central Union of Agricultural Producers and Forest Owners (MTK). Our mission is to promote the continuous development of our customers' operating methods and competitiveness through digital solutions. Our vision is to be the leading provider of digital bioeconomy solutions. We have over 20,000 agricultural entrepreneurs and more than 50 companies and organisations as our customers. Our customers include farm enterprises, companies linked to the bioeconomy, advisory organisations, breeding associations and public authorities. Examples of organisations that are already taking advantage of Mtech's expertise include ProAgria, Faba, Växa Sverige, Seges, Geno, Valio, Atria, Animal Health ETT, the Finnish Ministry of Agriculture and Forestry, Viking Genetics, Evira, Sagafurs, HKScan and Honkajoki.

Mtech combines expertise in digital technology and in bioeconomy. This enables the company to be on the leading edge of development and helps

make use of digital technology to enhance the competitiveness of the entire bioeconomy sector. Our services play an important role in the food chain. We provide various parties in the food chain with information systems, software and services customised according to the needs of primary production and the companies, organisations and public administrative bodies involved in it.

Mtech has extensive experience as a provider of online services and digital solutions for agricultural breeding and advisory organisations as well as agricultural producers. We have a broad and well-established customer base and we actively pursue growth and development through expanding into new areas of activity and through startup initiatives in Finland and internationally.

In 2017, Mtech partnered with ProAgria to establish Biocode Oy (www.biocode.fi/en), a company that focuses on the calculation of environmental impact and promotes the transparency of the food chain. In 2018, we acquired Neviso Oy (www.neviso.fi), a provider of logistics and ERP solutions as well as IT services for the processing industry within

bioeconomy. We also own approximately one third of the internal financial administration unit ProEventus Oy. In late 2017, Mtech Digital Solutions and the Swedish advisory organisation Växa Sverige entered into a strategic partnership agreement that covers both software development and broader cooperation in the ICT area. The first substantial step under the agreement was to deliver the MyFarm platform solution to Växa. The project began in January 2018 and culminated in January 2019 in the launch of the first version of the MinGård application for use by Swedish agricultural producers.

The added value we create arises from understanding the customer's business and needs and the provision of new and innovative digital solutions that benefit the customer's business. According to a survey conducted by the market research company Taloustutkimus in 2018, our corporate customers perceive Mtech to be an honest, credible and modern partner that produces high-quality services to promote the competitiveness of the Finnish bioeconomy. We are a reputable, trustworthy and operationally reliable partner that produces high-quality services.

BOARD OF DIRECTORS AND CEO

Board of Directors

Merja Keisala, Alavus (Chair)
Tiina Mitikka, Iitti (Vice Chair)
Joel Puhakainen, Juva
Antti Latva-Rasku, Helsinki
Juha Nuutila, Helsinki
Vesa Nuolioja, Oulu
Frans Westerlund, Nurmijärvi
Johan Åberg, Parainen



Merja Keisala



Tiina Mitikka

Owners

- Association of ProAgria Centres, 500 shares
- Faba co-op, 500 shares
- The Central Union of Agricultural Producers and Forest Owners (MTK), 100 shares

Total number of shares: 1,100

MTECH in brief

- Established in 1986
- 129 employees in 2018
- Total revenue EUR 12.35 million in 2018
- A pioneer in ICT solutions for the bioeconomy
- Owned by agricultural advisory, breeding and advocacy organisations
- Offices in Jokiniemi and Tikkurila in Vantaa as well as Jyväskylä, Kauhajoki and Rovaniemi
- Microsoft Gold Certified Partner

Management

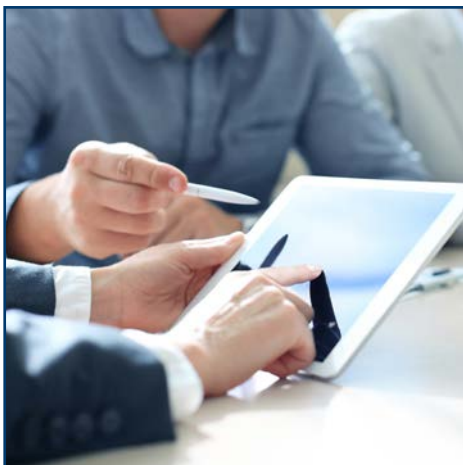
- CEO *Christian Jurvanen, MA, MBA*
- Deputy CEO *Jarkko Ilomäki, M.Sc.*



Jarkko Ilomäki and Christian Jurvanen

EFFECTIVE ICT SOLUTIONS FOR THE BIOECONOMY

MTECH FOR COMPANIES



Digital services
Information systems
and integrations
Mobile services
Project deliveries
and turnkey solutions
Quality assurance and testing
IT infrastructure/cloud services

SOFTWARE



Cattle production software
Plant production software
Financial management software
Sheep and goat
production software

REGISTER AND CUSTOMER SERVICES



Official livestock movement register
and related customer service
Dairy farm advisory database
and related customer service
Agricultural software support
and advisory services
Breeding data services
for cattle and pigs

biocode
ECOLOGICAL FOOD EXPERIENCE



Biocode Oy

Climate change mitigation
solutions for the entire food chain
Ecological solutions for food
production and processing

neviso
KUMPPANI TIEDOSSA

Neviso Oy

Software services
Support, maintenance
and data centre services

NEVISO
ABP LOGISTICS SOFTWARE

Neviso ABP Logistics software

Animal by-product
processing software

Neviso TracERP

ERP system for the wood
processing industry



CEO'S REVIEW

General review

Mtech had an eventful year in 2018 as our business grew, developed and became increasingly international. The company structure and operations also changed during the year, with a new office established in Rovaniemi in March and the acquisition of the share capital of the Kauhajoki-based Neviso Oy. Following the acquisition, Mtech constituted a group in 2018 that consists of the parent company Mtech, the wholly-owned subsidiary Neviso Oy and a 50% stake in Biocode Oy, a developer of digital solutions related to the environmental footprint of operations, established in 2017.

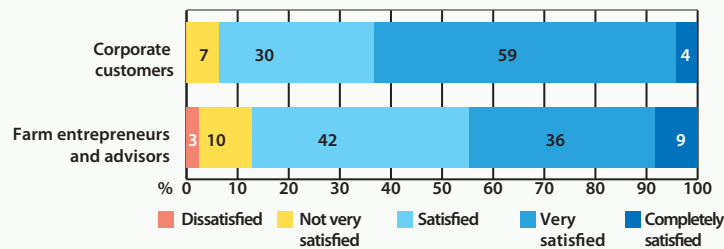
A software development team comprised of approximately five members started working at the new office in Rovaniemi in March. Our plan for the coming years is to grow our Rovaniemi office into a software development unit with multiple teams and approximately 10–15 employees. The new unit presents us with new opportunities to serve companies in the Arctic region and particularly in the Rovaniemi area.

The acquisition of Neviso provides Mtech with access to high-level expertise in areas such as food chain logistics solutions. At the same time, it provides Neviso with support and resources for its food chain logistics software business, which will help it further accelerate its promising international growth.



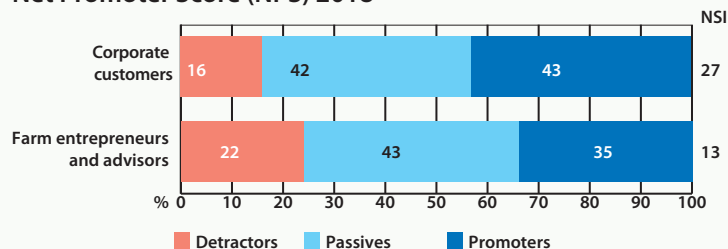
Based on customer feedback, 93% of corporate customers and 87% of end users are at least satisfied with Mtech's operations.

Overall satisfaction with Mtech in 2018



Source: Customer 360° customer satisfaction survey 2018, Taloustutkimus Oy.

Net Promoter Score (NPS) 2018



The Net Promoter Score (NPS) measures the customers' willingness to recommend a company on a scale of 0–10. The NPS is calculated by subtracting the number of detractors from the number of promoters. An NPS of 20 is good and 40 is excellent.

Source: Customer 360° customer satisfaction survey 2018, Taloustutkimus Oy.

In last year's annual report, we characterised the year 2017 as a breakthrough with respect to the internationalisation of our business. In the same vein, you could say that 2018 was a year of honouring our promises. The revenue from our products and services again grew more than 100% and our total consolidated revenue for the year exceeded a million euros. Under a broad strategic partnership agreement signed in March 2018, we delivered the Swedish version of the MyFarm software to the largest Swedish advisory organisation Våxa Sverige and Swedish cattle farms. The platform was previously launched in Finland in 2016 as MinunMaatilani.fi. The various software versions of the MyFarm platform are already used by more than 23,000 farm entrepreneurs in Finland and Sweden.

The development of the MyFarm platform and software continued at full steam in 2018. The most important objective was redesigning the company's WebWisur software for use on the MyFarm platform in 2019. This goal was achieved and the new MyFarm Wisur product was launched at the turn of the year. Redesigned based on feedback from users, Wisur will redefine expectations regarding the functionality and usability of high-quality crop planning software. MyFarm Wisur will continue to be actively developed with a special focus on precision farming technology.

Based on customer feedback, Mtech achieved its primary purpose to a good extent during the year: 93% of corporate customers and 87% of end users are at least satisfied with the company's operations and the customers have a fairly high level of willingness to recommend the company's services and products.

The Board of Directors and the management of the company are satisfied with the past year and particularly with the strong contribution made by Mtech's personnel.

Christian Jurvanen

CEO



The company's finances

Mtech's revenue for the year totalled EUR 11,798,348.55, which represents a year-on-year increase of 6.7% (the previous year: EUR 11,058,636.27). The operating loss was EUR 43,236.87 (the previous year: loss of EUR 12,836.80) and the net profit was EUR 11,486.38 (the previous year: EUR 78,161.99). While the company's revenue continued to grow at a good rate, investments in the development of products and services combined with certain non-recurring additional expenses meant that the operating result showed a loss. Fairly good financial income, particularly taking the challenging market climate into consideration, nevertheless elevated the net profit for the period to positive territory.

Mtech drew up consolidated financial statements for the first time in its history. Consolidated revenue for the year was EUR 12,352,405.55, the consolidated operating loss was EUR 38,653.07 and net profit showed a loss of EUR 62,675.07. Consolidated revenue includes Biocode Oy's figures for the full year and Neviso Oy's figures starting from April 2018. The factors that particularly contributed to the consolidated operating loss were the depreciation of goodwill and the Group's share of the result of Biocode Oy, which is still in the product development stage.

The company maintained a strong balance sheet and excellent liquidity. The equity ratio was 56.84% (the previous year: 69.38%) and equity amounted to EUR 4,446,729.91 (the previous year: EUR 5,101,997.18).

Measured in person-work years, the Group had an average of 129 employees, an increase of 29 from the previous year. The factors behind the increase in the number of personnel was revenue growth and the allocation of additional resources to product development as well as the approximately 11 people employed by the Group companies.



The major themes in the Group's business development are internationalisation, deepening and expanding the cooperation with Växa Sverige, the MyFarm and Business+ platforms as well as the expansion and development of the consulting and service business in the Rovaniemi economic area.

Outlook for the coming year

The outlook for the coming year is favourable both financially and operationally. Revenue growth will continue and the financial result will hopefully improve, although investments in product and service development will remain high in 2019. The major themes in the Group's finances and business development are internationalisation, deepening and expanding the cooperation with Sweden's leading advisory organisation Växa Sverige, the MyFarm and Business+ platforms as well as the expansion and development of the consulting and service business in the Rovaniemi economic area.

With regard to internationalisation, the Group's targets for 2019 are quite ambitious. At the Group level, the aim is to maintain rapid growth and the next milestone set by the Group is annual turnover of EUR 1.5 million, which would correspond to growth of approximately 50%. Growth will be primarily derived from the Neviso ABP Logistics Software (www.nevisologistics.com) developed and marketed by Neviso Oy. It is the world's only specialised ERP software product for the animal by-product business. Neviso ABP is already used

for managing the animal by-products logistics in Finland and Norway.

The Group will also continue the active development of farm software and the MyFarm platform. The themes for 2019 include the further development and improvement of the MyFarm Wisu product launched at the start of the year, particularly by developing precision farming features through the introduction of a new smart farming module for the MyFarm platform in time for the 2019 growing season.

From the perspective of the internal development of operations, the company can still be characterised as being in a period of rapid change. Cooperation with Biocode Oy and the integration of operations with Neviso Oy, which was acquired in spring 2018, will continue. The Rovaniemi office will be expanded with the goal of establishing a second software development team. Combined with Mtech's rapid growth of revenue and personnel, pursuing these objectives calls for developing the company's operating culture and management processes.

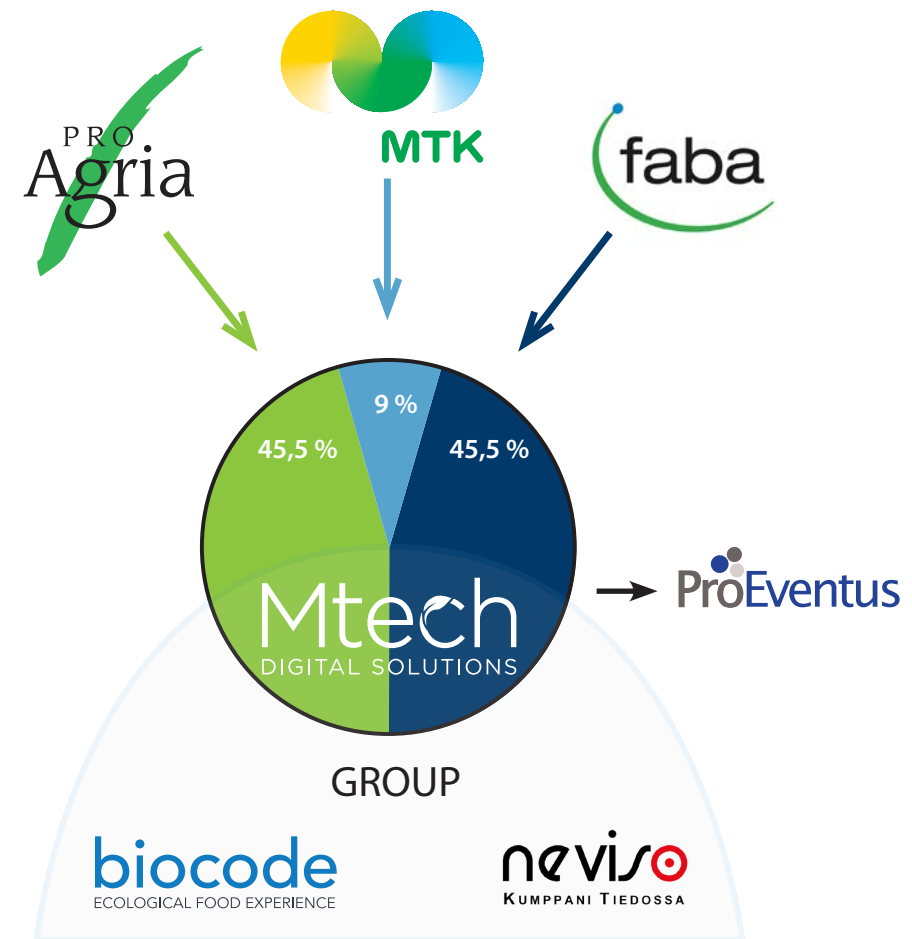
OWNERSHIP AND GROUP STRUCTURE

Mtech Digital Solutions Oy established a Group structure in 2018 following the acquisition of the entire share capital of Neviso Oy in April 2018. Going forward, Mtech will release consolidated financial statements. The income statement includes the parent company and Neviso Oy and, of operational associated companies, Biocode Oy in proportion to the Group's share of ownership (50%).

Based in Kauhajoki, **Neviso Oy** is an IT company established in 2000 that employs approximately 10 specialists. Neviso's annual revenue in 2018 amounted to approximately EUR0.8 million. Neviso Oy specialises in bioeconomy and processing industry logistics, ERP and ICT solutions. Neviso Oy's best-known products are the Neviso ABP Logistics Software, which is an ERP solution designed for the animal by-product industry, and the TracERP solution for the wood processing industry. Neviso Oy's operations are international to a significant extent and its business is growing particularly in the international markets.

Based in Vantaa, **Biocode Oy** is a cleantech start-up established in 2017, owned jointly by Mtech (50%) and the Association of ProAgria Centres (50%). Biocode is developing a digital platform, product/service concept and expert services for the calculation of environmental impact and footprint figures (e.g. CO2 eq.) and the digitalisation of good food. Biocode aims to achieve significant domestic and international growth.

Based in Vantaa, **ProEventus Oy** is an authorised accounting office established in 2004. It provides its customers with financial management services including bookkeeping, accounts payable/receivable, payroll management and controller services, either with in-house resources or produced by partners.

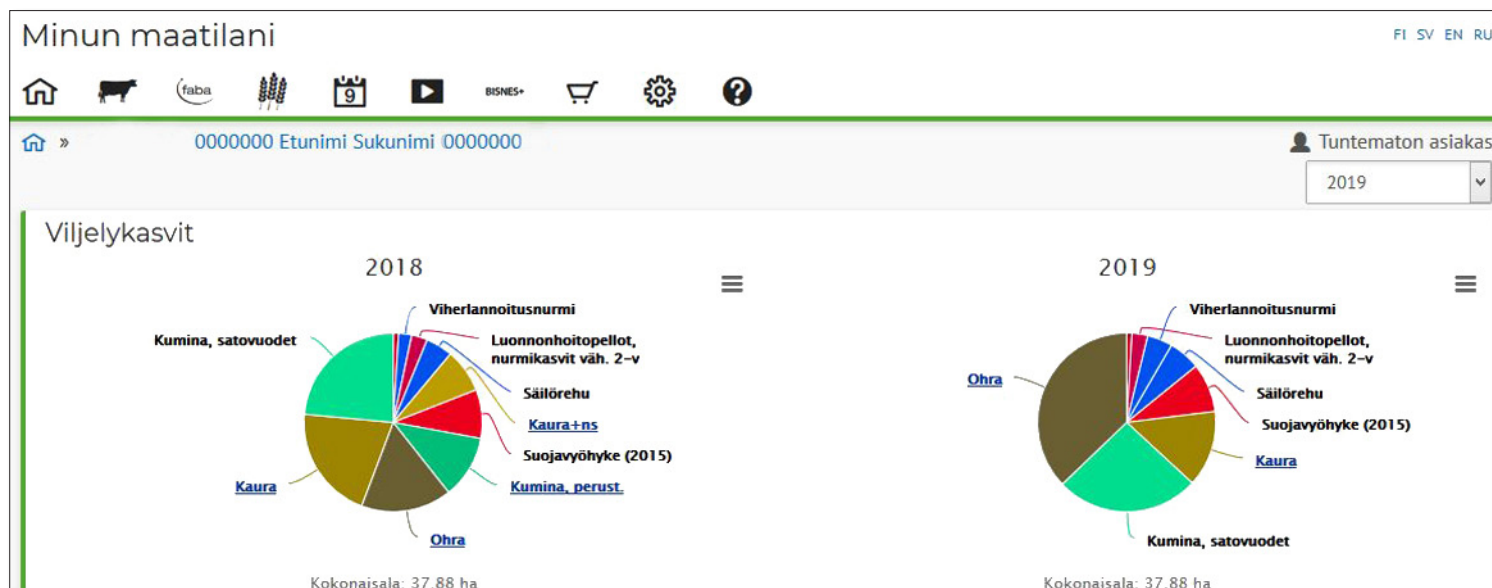


REDESIGNED WISU USHERS IN A NEW ERA IN CROP PLANNING

The redesigned Wisu was launched on schedule for use by agricultural producers and experts in January 2019. The new Wisu is a clear and easy-to-use software solution for crop planning and crop notes. It introduces a wide range of useful new features for users. The visual appearance and user interface of the new Wisu is consistent with the MyFarm cattle management software, and Wisu is now part of the MyFarm product family.

Usability and customisability were special focus areas in designing the new Wisu. The crop planning and crop notes tools were fully redesigned in response to user wishes. Users can now define what data is shown on each tab, order data according to the name of the field or type of crop, or to show e.g. only those fields where a certain crop is grown. The software includes versatile fertilisation planning features and maximum fertiliser amounts can be controlled directly from

the fertilisation tab. Divided fertiliser for grains is a new feature. The figures for seeds, fertilisers and crop protection agents to be purchased are shown on a new balance service. On the main page, the user can see farm-level summaries in graphs, such as the annual areas per crop. The new Wisu was built using state-of-the-art software techniques including es6, webpack, typescript and modern javascript libraries to ensure the best possible user experience and functionality.



Users of the new Wisu can make extensive use of Smart Farming

Smart Farming has been a popular topic in recent years among enterprises, researchers and farmers in the agricultural industry. Smart Farming refers to targeting the use of production inputs based on crop needs by using location data. This enables the maximisation of the productivity of inputs by targeting their use in terms of time and location.

The redesigned Wisu gives crop farmers a greater variety of opportunities to benefit from Smart Farming. A vegetation index based on satellite images makes it possible to create location-specific fertiliser maps and deliver them to ISOBUS-compatible tractors and machines. The new Wisu also supports split dose fertilisation and gives an option to allocate the fertiliser in different parts of the field based on satellite data. Data on field boundaries is retrieved from the Vipu service and vegetation index images are automatically imported into the software, generated by the Sentinel 2A and 2B satellites.





An emphasis on ease of use

User interface design was a particular focus area in the development of the new Wisu. The usability of the software is now improved and easier to learn. We have modernised the familiar features of the old WebWisu product and introduced a range of new useful features.

The new Wisu was developed with the help of pilot groups consisting of farmers and experts. They had the opportunity to test the software before its public release to assess the new features and provide suggestions for their further development. One of the farmers in the pilot groups was Sinikka Lakkinen, who runs a dairy farm in Sastamala. "I am pleased with how easy the redesigned Wisu is to use. You learn how to use it quickly and you might not need any instruction at all because it is so logically structured," Lakkinen says. "I intend to continue to use Wisu and I am definitely going to recommend it to other farmers as well," Lakkinen adds

Sinikka Tommila

Head of Software



PERSONNEL

The number of personnel in Mtech Digital Solutions Oy increased in 2018. On average, Mtech had 118 employees in 2018. Women accounted for approximately 46% of the total. The average age of the personnel decreased slightly from the previous year and stood at 40 years. The average career duration in the company was 8 years. Employee turnover and the sickness absence rate were at a normal level. Measured in person-work years, the Group had an average of 129 employees, an increase of 29 from the previous year. The factors behind the increase in the number of personnel was revenue growth and the allocation of additional resources to product development as well as the approximately 11 people employed by the Group companies.

The company has an equality and anti-discrimination plan that includes a pay survey that is updated and monitored annually. As in previous years, Mtech employees received both internal and external training. The results of the annual employee satisfaction survey remained at a good level: the overall satisfaction score in the Employee 360 survey conducted by Taloustutkimus showed a slight improvement from the previous year. An incentive pay model that covers all of the company employees was launched and piloted in cooperation with personnel in 2018.



Mtech's Rovaniemi unit



The company opened a new office in Rovaniemi in March 2018. Five people worked at the Rovaniemi office in 2018. The Rovaniemi office has an always-on video link with the company's head office in Vantaa, allowing teams to collaborate face to face in spite of being 800 kilometres apart. It also creates team spirit among the employees despite the distance. The plan is to grow the Rovaniemi unit in the coming years into a software development unit of approximately 10–15 employees in multiple teams.

In September, a trip to sunny Riga was arranged for all Mtech personnel, which helped the employees from the new offices get to know their colleagues. The group's hotel in the city centre provided opportunities for relaxation in saunas and whirlpools. The long weekend organised by the Recreation Committee gave the participants the freedom to spend their days in Riga as they wished. They walked around the Old Town, went on sightseeing bus tours, visited museums, went shopping and enjoyed delicious meals together.

Netta Laukkanen

HR Manager

INCOME STATEMENT

Mtech Digital Solutions Oy

EUR	Group 1.1.–31.12.2018	Parent 1.1.–31.12.2018	Parent 1.1.–31.12.2017
REVENUE	12 352 405,55	11 798 348,55	11 058 636,27
Other operating income	113 672,67	92 675,21	108 853,40
Materials and services			
Raw materials and consumables			
Purchases during the period	-338 814,11	-316 939,96	-167 087,95
External services	-1 297 047,06	-1 289 151,96	-1 720 937,99
Materials and services, total	-1 635 861,17	-1 606 091,92	-1 888 025,94
Personnel expenses			
Wages and salaries	-5 919 495,86	-5 605 541,65	-5 085 411,48
Social security expenses			
Pension expenses	-1 238 821,19	-1 197 786,80	-978 515,24
Other social security expenses	-225 239,60	-222 337,13	-203 635,87
Personnel expenses, total	-7 383 556,65	-7 025 665,58	-6 267 562,59
Depreciation and impairment			
Planned depreciation	-474 718,72	-462 325,79	-375 428,31
Depreciation of goodwill and reduction of negative consolidation difference	-58 089,15		
Depreciation and impairment, total	-532 807,87	-462 325,79	-375 428,31

INCOME STATEMENT

Mtech Digital Solutions Oy



EUR	Group 1.1.–31.12.2018	Parent 1.1.–31.12.2018	Parent 1.1.–31.12.2017
Other operating expenses	-2 952 505,54	-2 840 177,34	-2 649 309,63
OPERATING PROFIT (LOSS)	-38 653,01	-43 236,87	-12 836,80
Financial income and expenses			
Income from other investments held as non-current assets	1 485,00	1 485,00	1 350,00
Other interest and financial income	128 161,33	125 739,01	114 155,25
Interest and other financial expenses	-31 057,71	-31 045,57	-11 194,90
Impairment of investments held as non-current assets	-41 455,19	-41 455,19	5 150,00
Share of the profit (loss) of associated companies	-61 175,75		
Financial income and expenses, total	-4 042,32	54 723,25	109 460,35
PROFIT (LOSS) BEFORE TAXES	-42 695,32	11 486,38	96 623,55
Income taxes	-19 979,75	0	-18 461,56
Minority interest in the profit for the period			
PROFIT (LOSS) FOR THE PERIOD	-62 675,07	11 486,38	78 161,99

BALANCE SHEET

Mtech Digital Solutions Oy



	Group 1.1.–31.12.2018	Parent 1.1.–31.12.2018	Parent 1.1.–31.12.2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intellectual property rights	765 004,77	760 542,43	821 565,91
Construction in progress	1 458 717,82	1 458 717,82	758 568,72
	2 223 722,59	2 219 260,25	1 580 134,63
Goodwill	290 445,75		
	-58 089,15		
NON-CURRENT ASSETS, TOTAL	2 456 079,19	2 219 260,25	1 580 134,63
CURRENT ASSETS			
Property, plant and equipment			
Machinery and equipment	408 056,38	392 436,15	293 835,79
Other property, plant and equipment	4 111,84	4 111,84	4 111,84
	412 168,22	396 547,99	297 947,63
Investments			
Shares in associated companies	1 561 644,78	2 168 107,98	1 547 820,52
Other shares and holdings	91 527,13	2 848,51	2 848,51
	1 653 171,91	2 170 956,49	1 550 669,03
NON-CURRENT ASSETS, TOTAL	4 521 419,32	4 786 764,73	3 428 751,29

BALANCE SHEET

Mtech Digital Solutions Oy

	Group 1.1.–31.12.2018	Parent 1.1.–31.12.2018	Parent 1.1.–31.12.2017
CURRENT ASSETS			
Receivables			
Non-current			
Long-term rent guarantees paid	27 338,04	27 338,04	
	27 338,04	27 338,04	
Current			
Trade receivables	1 669 632,03	1 566 277,16	2 008 283,10
Other receivables	82 155,05	83 115,93	1 817,19
Prepayments and accrued income	323 078,17	307 479,17	524 711,07
	2 074 865,25	1 957 679,75	2 558 333,34
Financial securities			
Other securities	1 492 120,77	1 492 120,77	2 482 918,93
Cash in hand and at banks	197 022,60	4 540,65	6 258,03
CURRENT ASSETS, TOTAL	3 791 346,66	3 481 679,21	5 047 510,30
ASSETS, TOTAL	8 312 765,98	8 268 443,94	8 476 261,59

BALANCE SHEET

Mtech Digital Solutions Oy



	Group 1.1.–31.12.2018	Parent 1.1.–31.12.2018	Parent 1.1.–31.12.2017
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	185 006,72	185 006,72	185 006,72
Retained earnings (losses)	4 435 243,53	4 435 243,53	4 838 828,47
Profit (loss) for the period	-62 675,07	11 486,38	78 161,99
SHAREHOLDERS' EQUITY, TOTAL	4 557 575,18	4 631 736,63	5 101 997,18
LIABILITIES			
Non-current			
Loans from financial institutions	960 305,91	960 305,91	683 875,07
Current			
Loans from financial institutions	100 026,06	100 026,06	0
Advances received	120 000,00	120 000,00	1 894,72
Trade payables	708 539,68	698 863,21	781 451,64
Other payables	362 627,13	327 904,16	428 793,81
Accrued expenses	1 503 692,02	1 429 607,97	1 478 249,17
Current liabilities, total	2 794 884,89	2 676 401,40	2 690 389,34
LIABILITIES, TOTAL	3 755 190,80	3 636 707,31	3 374 264,41
EQUITY AND LIABILITIES, TOTAL	8 312 765,98	8 268 443,94	8 476 261,59

DIGITAL SOLUTIONS FOR THE BIOECONOMY



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