



# Mtech

Digital  
Solutions

2020  
Annual Report



Mtech Digital Solutions Oy is a digital pioneer in smart food supply chains 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).



138 professionals



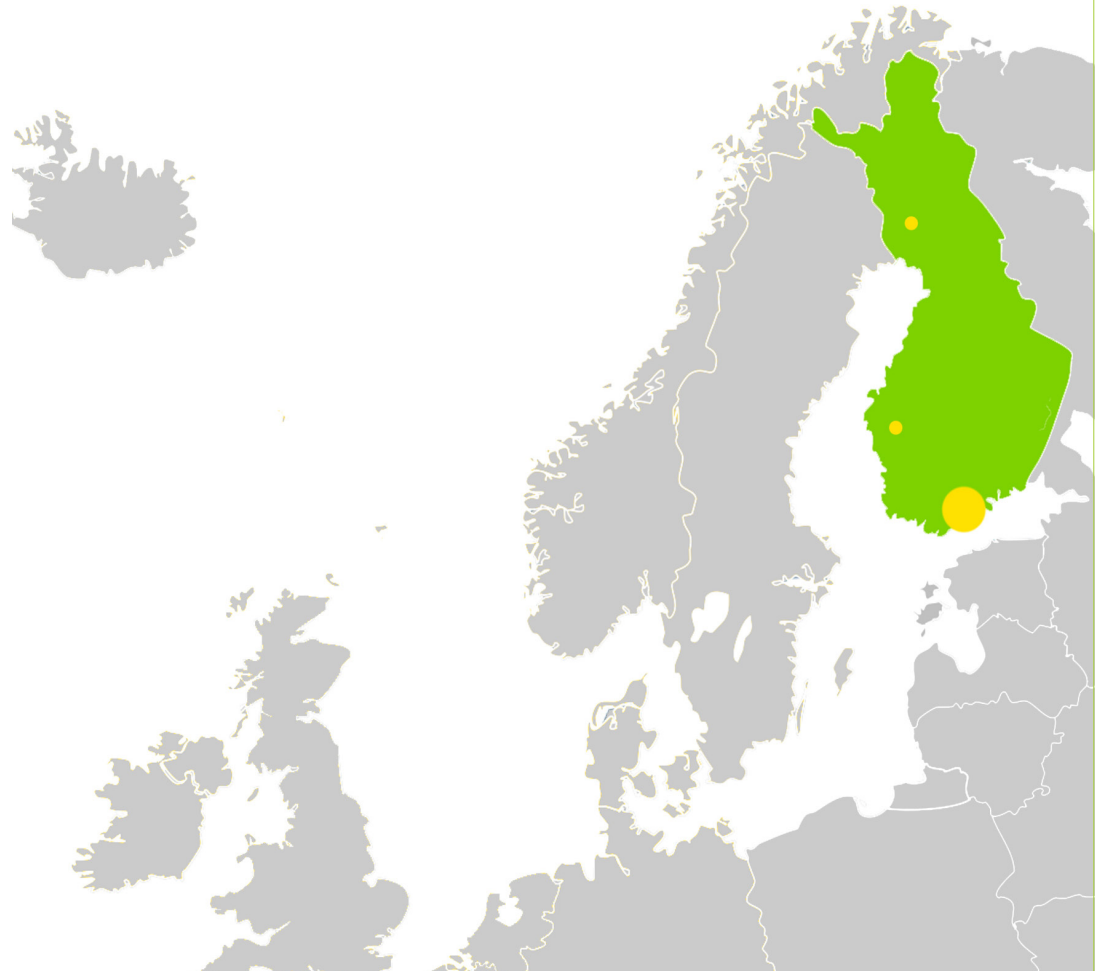
€13.35 million



€0.36 million

Over 20,000 agricultural entrepreneurs

Over 100 companies and organisations



# MTECH DRIVES THE DIGITAL TRANSFORMATION OF THE FOOD SUPPLY CHAIN

Mtech Digital Solutions Oy is a digital pioneer in smart food supply chains 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 make food production smart. We help our customers produce clean and healthy food competitively, safely and in an environmentally friendly manner.

We have over 20,000 agricultural entrepreneurs and more than 100 leading companies and organisations as our customers. Our customers are mainly companies and organisations that participate in the food supply chain in Finland and internationally: farm enterprises, 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, Honkajoki and Napapiirin Energia ja Vesi Oy (NEVE).

Mtech Group also includes the subsidiary **Neviso Oy**. The associated companies **Biocode Oy** and **ProEventus Oy** also play an important role in the Group. Our subsidiary Neviso is a Kauhajoki-based IT company that provides software solutions and IT services. Neviso's main product in the international market is Neviso ABP logistics software for managing animal by-products.

Biocode, which is owned by Mtech and the Association of ProAgria Centres in equal shares, is a Finnish service innovation that helps food companies, farmers and consumers make eco-friendly choices. ProEventus is a provider of financial management, controller and payroll services that is owned by Mtech, Faba and ProAgria. Mtech owns 28 per cent of ProEventus.

What makes Mtech unique is our comprehensive understanding of the food supply chain from farm to fork. Our services play an important role in the food supply chain. We provide information systems, software and services that are customised according to the needs of the companies, organisations and public administrative bodies involved in the food supply chain.

Our customer base is broad and well-established. We actively pursue growth and development through expanding into new areas of activity and through startup initiatives in Finland and internationally. 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. Together with our partners, we combine artificial intelligence with common sense and do things smarter than before.

**Mtech – From Smart Farm to Smarter Food**

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## Board of Directors



CHAIR  
Tiina Mitikka



VICE CHAIR  
Merja Keisala

ORDINARY MEMBERS  
Harri Mäkivuokko  
Jussi Juhola  
Antti Latva-Rasku  
Joel Puhakainen  
Johan Åberg  
Vesa Syrjäkari

## 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
- 138 employees
- Total revenue EUR 13.35 million
- A pioneer in ICT solutions for the food supply chain
- Owned by agricultural advisory, breeding and advocacy organisations
- Offices in Jokiniemi in Vantaa as well as Kauhajoki and Rovaniemi
- Microsoft Gold Certified Partner

## Senior management

CEO  
Christian Jurvanen, MA, MBA



DEPUTY CEO  
Jarkko Ilomäki, M.Sc.



# DIGITAL SOLUTIONS FOR THE FOOD SUPPLY CHAIN

## 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

## 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
- Register services for animal breeding

	<h2>bio&lt;code</h2>	
	<p>CLIMATE CHANGE MITIGATION SOLUTIONS FOR THE ENTIRE FOOD SUPPLY CHAIN</p> <p>ECOLOGICAL SOLUTIONS FOR FOOD PRODUCTION AND PROCESSING</p>	

	<p>Software services Support, maintenance and data centre services</p>
<p><b>NEVISO</b> ABP LOGISTICS SOFTWARE</p> <p>Neviso ABP Logistics software Animal by-product processing software</p>	<p><b>TracERP</b></p> <p>Neviso TracERP ERP system for the wood processing industry</p>



# CEO'S REVIEW

## General review

The past year was exceptional for our company and society as a whole due to the COVID-19 pandemic, which culminated in the implementation of the Emergency Powers Act in spring 2020. Like other companies, Mtech had to quickly adapt its operations and assess the business consequences of the situation. Would customers cancel or suspend projects? Would the expected need to recruit more personnel be replaced by the need to implement reductions? How effective would work, collaboration, the orientation training of new employees, supervisory activities and management be when conducted entirely remotely? There were more questions than answers, and few could have predicted that the arrangements that were thought to be temporary would remain in place a year later.

Mtech responded to the COVID-19 challenge with courage. Over the course of just a few weeks, we transitioned to nearly 100% remote work. We began to recruit new employees, as we believed that society would adapt to the circumstances and the trend of digitalisation would accelerate further. More than 10 new Mtech employees joined the company during the spring, summer and early autumn. While it was not easy to complete the orientation training of the new employees and bring them into the workplace community, we worked together and managed to do it. At the same time, we learned a lot about how to organise work and cooperation.





Financially and operationally, it was the parent company's best year for a decade. The parent company's business grew both in Finland and internationally, and profitability improved. The company signed a significant agreement with the Germany-based iDDEN GmbH to create a new global business concept for integrating data from cattle farms. Going forward, Mtech will play a significant role as iDDEN's software and information system provider in the international markets. In relation to this, we joined several Nordic players in the field to establish the joint venture NCDX ApS, which became a minority shareholder in iDDEN GmbH. Several major agreements were also signed in Finland to strengthen the company's position as the leading provider of digitalisation solutions for the food supply chain. The associated company Biocode Oy launched Biocode Impact, an innovative cloud service that enables food companies to calculate, verify and develop the carbon footprint of their food products easily and cost-effectively.

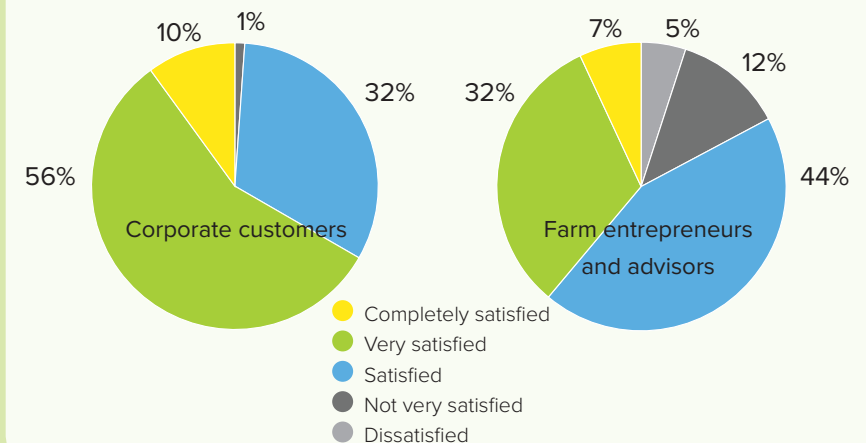
Based on customer feedback, Mtech achieved its primary purpose to a good extent during the year: 98% of corporate customers and 83% of end users are at least satisfied with our operations and the customers have a fairly high level of willingness to recommend the company's services and products.

The Board of Directors and the company's management are very satisfied with the past year. The company's personnel and customers deserve special thanks for responding to the exceptional challenges presented by the COVID-19 pandemic faster and better than anyone could have expected.

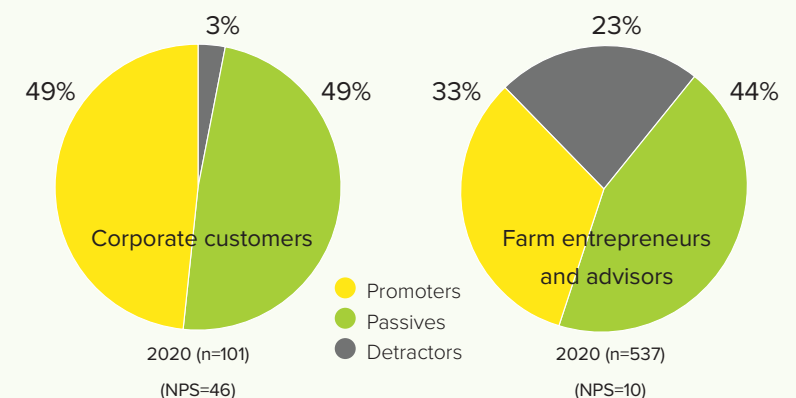
**Christian Jurvanen**  
CEO

Based on customer feedback 98% of corporate customers and 83% of end users are at least satisfied with Mtech's operations.\*

### Overall satisfaction with Mtech in 2020



### Net Promoter Score (NPS) 2020



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 2020, Taloustutkimus



## The company's finances

The parent company's revenue totalled EUR 12,879,698.36, which represents a year-on-year increase of 8.9% (the previous year: EUR 11,828,379.28). The operating profit was EUR 763,681.50 (the previous year: EUR 305,307.08) and the net profit was EUR 773,787.34 (the previous year: EUR 478,778.62). Revenue grew across all business units. A particularly positive aspect was the strategic growth of the international business, which grew by approximately 45% and reached EUR 1 million. The financial impacts of COVID-19 were less severe than feared. The adverse impacts were mitigated by, for example, the reduction of other operating expenses due to remote work (including sales, marketing and travel expenses) as well as development support received from Business Finland. Financial income was increased by the significant dividends paid by Neviso Oy based on its result for 2019. On the whole, financial income was nevertheless weighed down by weak investment income due to COVID-19.

It was a difficult year for the subsidiary Neviso Oy. COVID-19 had a heavy impact on Neviso's customer base and the sales of ABP solutions. Revenue totalled EUR 540,605.06, which represents a year-on-year decrease of 54.5% (the previous year: EUR 1,187,793.9). The operating profit was EUR -102,427.51 (the previous year: EUR 285,492.6) and the net profit was EUR -102,294.45 (the previous year: EUR 228,616.01). The company's operations were reorganised during the year and its profitability at the monthly level returned to positive territory at the end of the year.

The Group's revenue totalled EUR 13,353,838.83, which represents an increase of 3.1% (the previous year: EUR 12,946,946.36). The operating profit was EUR 564,616.42 (the previous year: EUR 528,036.33) and the net profit was EUR 361,422.03 (the previous year: EUR 467,383.74).

The Group's financial result on the whole declined due to the weak result of Neviso Oy and financial income being substantially lower than in the previous year.

The Group maintained a strong balance sheet and excellent liquidity. The equity ratio was 61.4% (the previous year: 58.1%) and equity amounted to EUR 4,804,958.91 (the previous year: EUR 4,890,515.25).

Measured in person-work years, the Group had an average of 138 employees, an increase of 10 from the previous year. The increase in the number of personnel was in line with the growth of revenue.

## Outlook for the coming year

The outlook in 2021 is positive, although the COVID-19 pandemic continues to create uncertainty particularly with regard to sales and marketing to new customers in Mtech's and Neviso's international operations while the COVID-19 pandemic continues and travel is practically at a halt. The company will make significant investments in growth and internationalisation during the year, including an extensive brand renewal and the launch of SimplyCow, a mobile cloud-based service targeted at the international markets. The wide-ranging development of the company's expertise in cloud-based services (Azure) will also be a significant theme. The expansion of the consulting and service business in the food supply chain will continue, as will investments in the development of financial management and smart farming products and the MyFarm and Business+ platforms. The Group also has significant expectations regarding the business growth of the associated company Biocode Oy once the sales of the innovative Biocode Impact product begin in earnest.

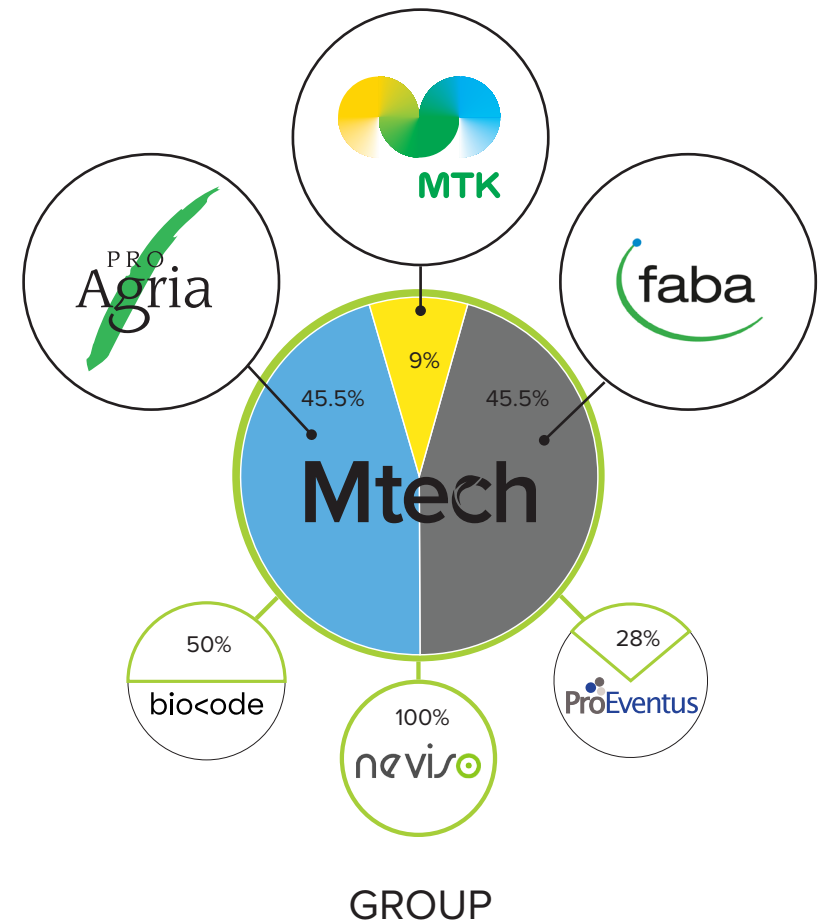


# OWNERSHIP AND GROUP STRUCTURE

Based in Kauhajoki, **Neviso Oy** is an IT company established in 2000 that employs approximately 10 specialists. Neviso Oy specialises in bio-economy 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.

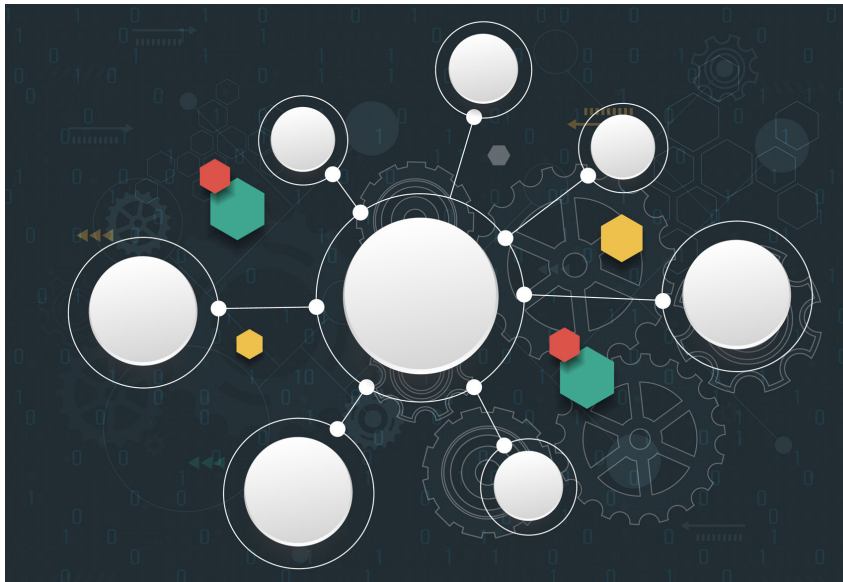
**Biocode Oy** is a cleantech start-up established in 2017, owned jointly by Mtech (50 per cent) and the Association of ProAgria Centres (50 per cent). Biocode is developing a digital platform, product/service concept and expert services for the calculation of environmental impact and footprint figures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

**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. ProEventus is a provider of financial management, controller and payroll services that is owned by Mtech, Faba and ProAgria. Mtech owns 28 per cent of ProEventus.



# MTECH IS ESTABLISHING A FOOTHOLD INTERNATIONALLY

Mtech's Global unit had a year of strong growth in 2020. The size of the team doubled during the year and the unit's revenue grew by approximately 45 per cent. While the year was challenging, it included major leaps that promote the company's internationalisation.



## iDDEN

The joint Nordic interface NCDX, technically implemented by Mtech Digital Solutions Oy, was chosen as the service that will unify data exchange between milk recording systems and milking parlour and robot manufacturers in a number of countries. In late 2020, the NCDX interface was selected as the technology platform for a global milk recording interface service provided by iDDEN (international Dairy Data Exchange Network).

Originally developed by Nordic advisory organisations, the NCDX interface is an integration service aimed at simplifying data exchange between milking parlour and robot manufacturers and milk recording systems. Seges (Denmark), Växa Sverige (Sweden), Tine (Norway) and RML (Iceland) have participated in the development of NCDX in addition to Mtech.

iDDEN is the world's largest partnership organisation for dairy cattle. Its member organisations represent more than half of the world's animals under milk recording systems. Established in 2018, iDDEN's founding members are CRV (Netherlands), DataGene (Australia), Lactanet (Canada), National Dairy Herd Information Association (USA), NCDX Aps (Denmark, Sweden, Norway, Iceland, Finland), RDV (Austria and Germany) and Vit (Germany).



## SimplyCow

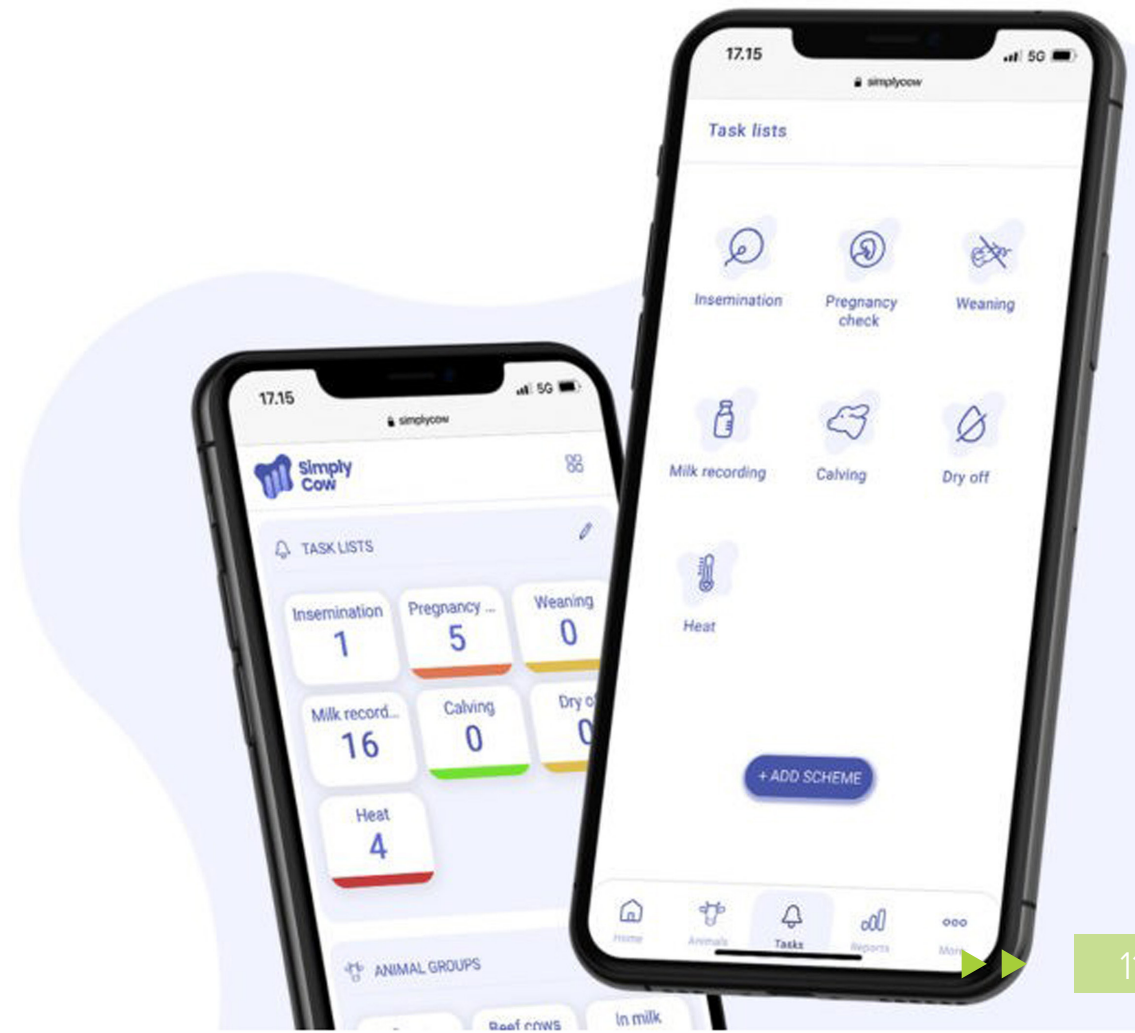
In spring 2020, we started the development of our first product that is targeted entirely at the international markets. SimplyCow is an easy-to-use application that serves as an independent tool for herd management and animal recording without requiring more extensive underlying software. It serves producers as well as administrative, advisory and food industry organisations.

In countries with developed agricultural operations, the application is a convenient tool for use in barns and out on pasture to record herd management events immediately. The data is relayed to the dairy farm's ERP system, which is then used to make broader observations and conduct analyses of the cattle. In Finland, an example of such a system is Mtech's MyFarm software, which is used by a majority of Finnish cattle farms.

In countries that have an established animal data system, the cloud-based SimplyCow can be connected to the system through an interface. In countries that do not have such a system, Mtech can implement a system thanks to its extensive experience in the development of agricultural software.

The key benefits of SimplyCow for dairy producers include the recording of animal events, preparing task lists and monitoring production. Having all of the information available in one place makes work easier.

SimplyCow is the starting point for animal breeding, the development of dairy production and monitoring animal health and the origin of animal-based products in developing cattle farming countries.



## MyICAR

In late 2020, the International Committee for Animal Recording (ICAR) chose Mtech to modernise its statistics and membership information services.

ICAR is an international organisation that coordinates animal registration and milk recording. It compiles global statistics on milk production. There is an enormous amount of information behind the ICAR statistics that are collected globally from ICAR members, which are milk recording organisations representing 60 countries around the world.

In addition to developing the visual presentation of statistical figures, Mtech enhanced the user management of ICAR's membership information services. This facilitates communication for ICAR's existing and future members.

With new customer accounts and the market launch of a new product, 2021 will be a year full of opportunities. Our long-term approach and commitment to quality has kept Mtech's customer satisfaction at a high level. They ensure our ability to fulfil our quality promises as Mtech's brand awareness grows internationally. Our achievements over the past years give us a strong foundation for building new success.





# PERSONNEL

The number of personnel grew by 10 compared to the previous year. At the end of 2020, Mtech had 138 employees. The average age of Mtech's employees decreased by one year and was 40. The proportion of women among the Group's employees continued to grow and reached 45 per cent.

The average duration of employment remained largely unchanged at just under eight years. As a rule, all employment relationships at Mtech are full-time. Part-time employment is only used when the employee requests it.

The year 2020 will be remembered for the COVID-19 pandemic and its impact on work. Mtech switched to remote work almost completely

in March 2020 when the COVID-19 pandemic accelerated. Remote work arrangements have been used at Mtech for a long time, but not to the extent seen when these exceptional circumstances arose. The transition to remote work went smoothly and the company continued to grow in terms of revenue and personnel.

In accordance with our values, we encourage our employees to maintain a healthy work/life balance. Nevertheless, our employees did indicate that they experienced challenges related to separating work and free time as well as maintaining good ergonomics. We aim to solve these issues by focusing particularly on communication throughout our organisation. Our teams also established certain practices of their own, such as regular coffee breaks using remote meeting applications. Appropriately, the year of remote work ended with a remote pre-Christmas party that included virtual games, group chats and a performance by a stand-up comic. Each employee also received a surprise present with delicious Christmas treats.

We made efforts to support the company's internationalisation strategy also from the personnel perspective. To achieve success in the international market, the company must develop its culture and operating practices accordingly. English was introduced alongside Finnish in 2020 as the company's language in communications and other work. English has been the working language of our international business unit for a long time, but now we have also established three teams that use English alongside Finnish as their working language in the unit that serves our owner-customers. Our vision is to create a multicultural workplace community at Mtech where diverse language skills and cultural backgrounds are seen as assets.



# INCOME STATEMENT

EUR	Group 1.1.–31.12.2020	Group 1.1.–31.12.2019	Mtech 1.1.–31.12.2020	Mtech 1.1.–31.12.2019
<b>REVENUE</b>	<b>13,353,838.83</b>	<b>12,946,946.36</b>	<b>12,879,698.36</b>	<b>11,828,379.28</b>
Other operating income	288,911.74	173,613.32	256,708.23	164,602.78
<b>Materials and services</b>				
Raw materials and consumables				
Purchases during the period	-202,049.30	-238,336.17	-202,043.51	-238,336.17
External services	-1,078,270.89	-922,461.30	-1,034,256.25	-861,798.59
Materials and services, total	-1,280,320.19	-1,160,797.47	-1,236,299.76	-1,100,134.76
<b>Personnel expenses</b>				
Wages and salaries	-6,895,779.33	-6,298,013.94	-6,530,727.33	-5,822,500.98
Social security expenses				
Pension expenses	-1,095,202.79	-1,143,743.57	-1,039,428.92	-1,058,804.73
Other social security expenses	-233,475.85	-178,052.64	-223,765.69	-168,609.39
Personnel expenses, total	-8,224,457.97	-7,619,810.15	-7,793,921.94	-7,049,915.10
<b>Depreciation and impairment</b>				
Planned depreciation	-890,142.08	-630,632.82	-881,012.02	-622,804.54
Depreciation of goodwill and reduction of negative consolidation difference	-96,637.57	-62,763.35		
Depreciation and impairment, total	-986,779.65	-693,396.17	-881,012.02	-622,804.54



# INCOME STATEMENT

EUR	Group 1.1.–31.12.2020	Group 1.1.–31.12.2019	Mtech 1.1.–31.12.2020	Mtech 1.1.–31.12.2019
Other operating expenses	-2,586,576.34	-3,118,519.56	-2,461,491.37	-2,914,820.58
<b>OPERATING PROFIT (LOSS)</b>	<b>564,616.42</b>	<b>528,036.33</b>	<b>763,681.50</b>	<b>305,307.08</b>
<b>Financial income and expenses</b>				
Income from other investments held as non-current assets	0.00	1,575.00	150,000.00	76,575.00
Other interest and financial income	29,055.26	140,445.35	28,198.93	139,607.02
Interest and other financial expenses	-9,411.21	-15,288.47	-8,687.94	-15,285.92
Impairment of investments held as non-current assets	0.00	42,580.19	0.00	42,580.19
Share of the profit (loss) of associated companies	-63,433.30	-102,247.55		
Financial income and expenses, total	-43,789.25	67,064.52	169,510.99	243,476.29
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>520,827.18</b>	<b>595,100.85</b>	<b>933,192.49</b>	<b>548,783.37</b>
Income taxes	-159,405.15	-127,717.12	-159,405.15	-70,004.75
Minority interest in the profit for the period				
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>361,422.03</b>	<b>467,383.73</b>	<b>773,787.34</b>	<b>478,778.62</b>

# BALANCE SHEET

	Group 31.12.2020	Group 31.12.2019	Mtech 31.12.2020	Mtech 31.12.2019
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets				
Intellectual property rights	1,547,546.10	1,321,748.54	1,545,314.96	1,318,401.78
Construction in progress	4,124.34	950,708.30	00.0	950,708.30
	1,551,670.44	2,272,456.84	1,545,314.96	2,269,110.08
Goodwill	265,697.78	192,964.24		
<b>Intangible assets, total</b>	<b>1,817,368.22</b>	<b>2,465,421.08</b>	<b>1,545,314.96</b>	<b>2,269,110.08</b>
Property, plant and equipment				
Machinery and equipment	277,107.30	357,174.14	264,983.64	337,036.04
Other property, plant and equipment	4,111.84	4,111.84	4,111.84	4,111.84
	281,219.14	361,285.98	269,095.48	341,147.88
Investments				
Shares in associated companies	1,545,384.76	1,542,820.52	2,366,914.32	2,191,478.97
Other shares and holdings	88,678.62	88,678.62	0.00	0.00
Receivables from associated companies	28,593.41	88,526.71	171,950.00	171,950.00
	1,662,656.79	1,720,025.85	2,538,864.32	2,363,428.97
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>3,761,244.15</b>	<b>4,546,732.91</b>	<b>4,353,274.76</b>	<b>4,973,686.93</b>



# BALANCE SHEET

	Group 31.12.2020	Group 31.12.2019	Mtech 31.12.2020	Mtech 31.12.2019
<b>CURRENT ASSETS</b>				
Receivables				
Non-current				
Long-term rent guarantees paid	28,664.25	28,664.25	28,664.25	28,664.25
	28,664.25	28,664.25	28,664.25	28,664.25
Current				
Trade receivables	2,033,132.68	1,910,527.27	1,968,655.50	1,695,451.13
Trade receivables from Group companies	0.00	0.00	3,059.28	36,793.28
Trade receivables from associated companies	0.00	0.00	0.00	0.00
Other receivables	0.00	1,577.26	0.00	1,577.26
Prepayments and accrued income	415,608.30	264,683.73	415,608.30	261,828.44
	2,448,740.98	2,176,788.26	2,387,323.08	1,995,650.11
Financial securities				
Other securities	1,222,974.36	1,223,809.50	1,222,974.36	1,223,809.50
Cash in hand and at banks	446,779.54	374,591.70	300,204.27	9,002.28
<b>CURRENT ASSETS, TOTAL</b>	<b>4,147,159.13</b>	<b>3,803,853.71</b>	<b>3,939,165.96</b>	<b>3,257,126.14</b>
<b>ASSETS, TOTAL</b>	<b>7,908,403.28</b>	<b>8,350,586.62</b>	<b>8,292,440.72</b>	<b>8,230,813.07</b>

# BALANCE SHEET

	Group 31.12.2020	Group 31.12.2019	Mtech 31.12.2020	Mtech 1.1.–31.12.2019
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	185,006.72	185,006.72	185,006.72	185,006.72
Retained earnings (losses)	4,289,952.19	4,152,568.46	4,375,508.53	4,226,729.91
Profit (loss) for the period	361,422.03	467,383.73	773,787.34	478,778.62
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>4,836,380.94</b>	<b>4,804,958.91</b>	<b>5,334,302.59</b>	<b>4,890,515.25</b>
<b>LIABILITIES</b>				
Non-current				
Loans from financial institutions	150,000.00	707,086.19	150,000.00	707,086.19
Current				
Loans from financial institutions	100,000.00	100,000.00	100,000.00	100,000.00
Advances received	27,531.72	77,440.00	6,280.00	77,440.00
Trade payables	461,295.77	573,566.49	449,222.87	562,314.29
Trade payables to Group companies	0.00	0.00		
Other payables	511,844.34	442,049.50	485,069.15	415,698.38
Accrued expenses	1,821,350.52	1,645,485.53	1,767,566.11	1,477,758.96
Current liabilities, total	2,922,022.35	2,838,541.52	2,808,138.13	2,633,211.63
<b>LIABILITIES, TOTAL</b>	<b>3,072,022.35</b>	<b>3,545,627.71</b>	<b>2,958,138.13</b>	<b>3,340,297.82</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>7,908,403.29</b>	<b>8,350,586.62</b>	<b>8,292,440.72</b>	<b>8,230,813.07</b>

A DIGITAL PIONEER IN THE SMART FOOD SUPPLY CHAIN

# Mtech

Digital Solutions

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