

# Mtech

## Digital Solutions

# 2021

## Annual Report



# MTECH – GROW WITH US TOWARDS A MORE SUSTAINABLE FUTURE

Mtech Digital Solutions Oy is a digital pioneer in smart food supply chains. We are 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 build smart food production. We help our customers produce healthy food in a competitive, safe and environmentally friendly way.

Our customers are mainly companies and organisations that participate in the food supply chain in both Finland and internationally, as well as farm enterprises, advisory organisations, breed associations and public authorities. Among the organisations already taking advantage of Mtech's expertise are: ProAgria, Faba, Växa Sverige, Seges, Geno, Nordic Cattle Genetic Evaluation (NAV), International Committee for Animal Recording (ICAR), International Dairy Data Exchange Network (iDDEN), 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).

What makes Mtech unique is our combination of technical leadership and 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 and software, as well as register and customer services, that are customised according to the needs of the companies, organisations and public administrative bodies involved in the food supply chain. We serve our customers by providing various data-driven management solutions, data utilisation solutions, information system and integration solutions, as well as quality assurance and testing solutions. We want to be a driver of the digital transformation for our customers.

Mtech is also the leading provider of farm management software in Finland. We have our headquarters in Vantaa, as well as offices in Rovaniemi and Kauhajoki. Our customer base is broad and well-established. We actively pursue growth and development by expanding our activities into new areas and through start-up initiatives in both Finland and internationally. The added value we create comes from understanding our customer's business and needs and through 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



144 professionals



13.56 M€



0.28 M€

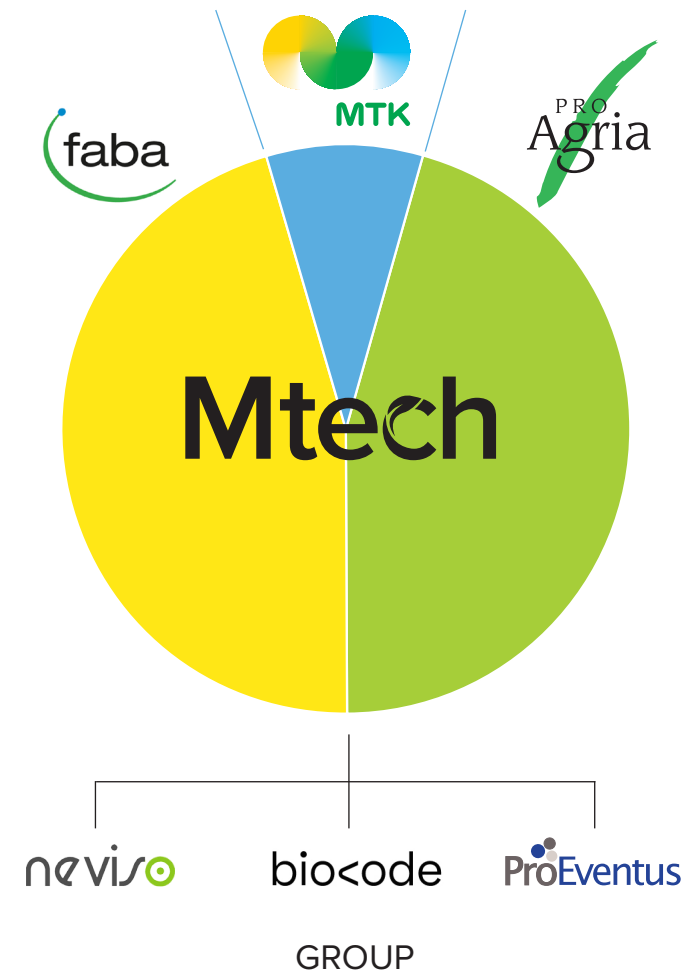
Over 20,000 agricultural entrepreneurs  
Over 100 companies and organisations

# MTECH GROUP

Based in Kauhajoki, **Neviso Oy** is an IT company that was established in 2000 and currently employs approximately 10 specialists. Neviso Oy specialises in bioeconomy and processing industry logistics, ERP and ICT solutions. Neviso Oy's best-known products are 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 has significant international operations.

**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.

**ProEventus Oy** is an authorised accounting office that was 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. Pro-Eventus is a provider of financial management, controller and payroll services that is owned by Mtech, Faba and ProAgria. Mtech owns 25% of ProEventus.





# CEO'S REVIEW

## General review

For Mtech, 2021 was characterised by three main themes: COVID-19, responsibility for maintaining the bovine register being transferred from Mtech to the Finnish Food Authority and brand renewal.

COVID-19 restrictions were again in force at the beginning of 2021; however, this time, we were better prepared for the restrictions than in the previous year. We had been operating under a complete remote work model for several months, and during the year we focused on developing operating practices that would support remote work. The company continues to apply a model that enables the extensive use of remote work. Special attention is paid to communication, innovation and social interaction, both among employees and with customers and partners.

The COVID-19 pandemic created practical difficulties in Mtech's international business. Meeting customers in person was largely impossible, which made it difficult to establish new customer relationships in particular. However, like many other organisations, Mtech has realised that many aspects of business can be managed effectively even without travel.

Nearly a decade ago, the Finnish Food Authority decided that the responsibility for maintaining the bovine register would be transferred from Mtech to the authority. As a result of this decision, the maintenance agreement with Mtech ended on 30 April 2022. The termination of Mtech's responsibility for maintaining the bovine register and the deployment of the Finnish Food Authority's new bovine register requires extensive development efforts in various areas, including the information systems used by



Mtech and the company's customers. Nearly half of the company's software developers were involved in the project in 2021. Due to the expiration of the agreement, the company was forced to terminate employment relationships in several different positions and reorganise duties more broadly.

The company also carried out renewal measures during the year. These included the renewal of the Mtech brand and the launch of the company's new website. The brand's core values were updated in collaboration with the personnel. Our company's values are to be a trusted partner, a smart forerunner, a field expert and a responsible developer. The values are aligned with the company's mission. Our mission is to be a pioneer in the smart food supply chain and a long-term strategic partner for our customers and cooperation partners.

On the whole, taking the above-mentioned challenging background factors into consideration, the parent company had an excellent year. Thanks to the hard work of our personnel, we made continued progress in our projects and also launched new initiatives in the form of development projects. In terms of financial performance, the company's profitability remained good and revenue grew in spite of resources being tied up by internal work to a significant extent.

Based on customer feedback, Mtech's performance during the year could even be characterised as excellent: 98% of corporate customers and 87% of end users are at least satisfied with our operations and customers are willing to recommend the company's services and products. Customer satisfaction in 2021 was the highest it has been during the five-year reference period.

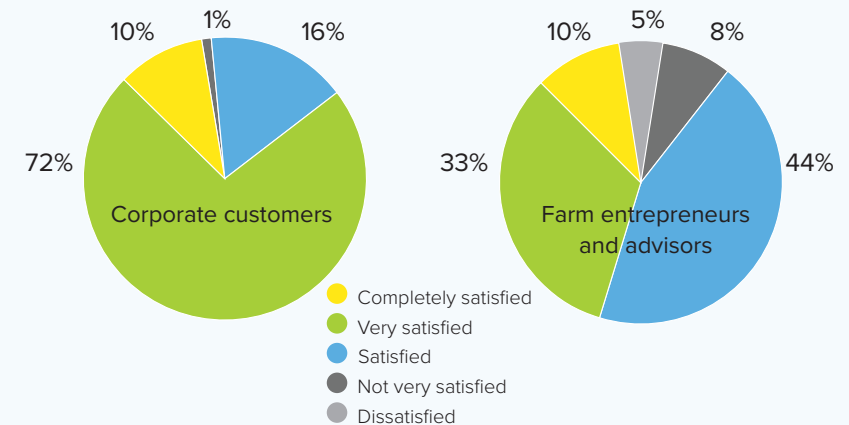
The Board of Directors and the company's management are very satisfied with the past year. The company's personnel and customers deserve special thanks.

**Christian Jurvanen**  
CEO

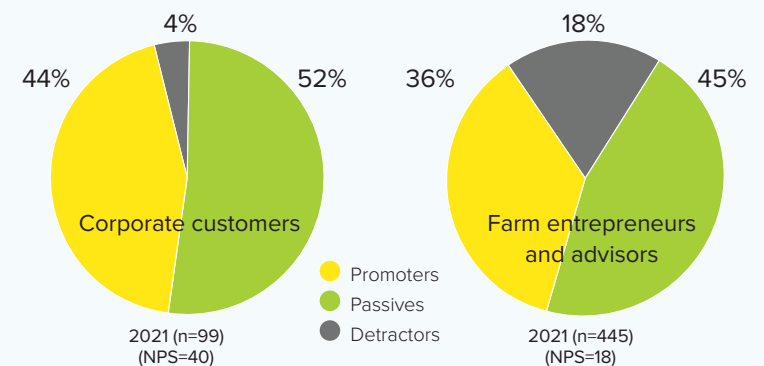
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Based on customer feedback, 98% of corporate customers and 87% of end users are at least satisfied with Mtech's operations.\*

### Overall satisfaction with Mtech in 2021\*



### Net Promoter Score (NPS) 2021\*



The Net Promoter Score (NPS) measures 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.

\*Customer 360° customer satisfaction survey 2021, Taloustutkimus

## The company's finances

The parent company's revenue totalled EUR 13,126,561.68, which represents an increase of 1.9% (the previous year: EUR 12,879,698.36). The operating profit was EUR 676,674.80 (the previous year: EUR 763,681.50) and the net profit was EUR 562,222.79 (the previous year: EUR 773,787.34).

The subsidiary Neviso Oy returned to profitability following reorganisation measures implemented in the previous year of operations and COVID-19 support received from the government. Revenue totalled EUR 501,358.44, which represents a decrease of 7.3% (the previous year: EUR 540,605.06). The operating profit was EUR 4,743.83 (the previous year: EUR -102,427.51) and the net profit was EUR 103,636.85 (the previous year: EUR -102,294.45). The high net profit was attributable to a group contribution of EUR 100,000 paid by the parent company.

The Group's revenue totalled EUR 13,559,432.90, which represents an increase of 1.6% (the previous year: EUR 13,353,838.83). The operating profit was EUR 584,781.06 (the previous year: EUR 564,616.42) and the net profit was EUR 282,552.96 (the previous year: EUR 361,422.03).

The Group's financial result declined due to weak financial income and the loss recorded by the associated company Biocode Oy, of which 50% was consolidated into the Group's financial statements through financial income.

The Group maintained a strong balance sheet and excellent liquidity. The equity ratio was 60.92% (the previous year: 61.4%) and equity amounted to EUR 5,061,518.66 (the previous year: EUR 4,804,958.91).

Measured in person-work years, the Group had an average of 144 employees, an increase of 6 from the previous year. The effects of the reorganisation measures carried out at the end of the year will only be reflected in the number of personnel in 2022.

## Outlook for the coming year

The first half of the coming year will be dominated by the deployment of the Finnish Food Authority's new bovine register at the end of April. The system development work required by the change will continue throughout the first half of the year.

From the perspective of the company and the industry as a whole, the deployment of the new bovine register also involves risks if the operational reliability and performance of the register are not at the desired level. Such problems could not be significantly influenced by partner services that access data in the bovine register through interfaces, such as MyFarm software. The initial deployment of a new system is always followed by a consolidation phase, during which teething problems with the new system are addressed. Nevertheless, I hope that any problems will be overcome and farm entrepreneurs will continue to have access to smoothly functioning services.

At the time of writing, war has just started between Russia and Ukraine. The conflict has affected several of the company's employees personally. While we all hope that the war will end quickly and that Ukraine will retain its independence, we now live under a different world order than we did in 2021. War has come to Europe. While it is difficult to find any positive aspects when it comes to war, I believe that domestic food production and the national security of supply will be valued even more highly in Finland in these uncertain times. Promoting domestic production and the security of supply has always been an integral part of our company's mission.

In spite of the prevailing circumstances, I expect that we will be able to turn our focus towards seeking new growth in digital solutions for the food supply chain in 2022. The company will invest in areas such as the development of the farm software business and farm software, and other aspects of growth in the food supply chain in both Finland and internationally. The most recent example of this is from the beginning of the year: on 1 March 2022, Mtech acquired Datatech Oy's farm management and financial management software business. Mtech's operations have also been changed by the merger of subsidiary Neviso Oy with the parent company in March 2022. This will provide better opportunities to serve Neviso's existing customers and seize new opportunities.



# MYFARM WISU ENABLES MACHINES FOR EFFICIENT PRECISION FARMING WITH MODERN MACHINERY

Production input allocation and rate adjustment according to the needs of a cultivated crop are farmer challenges that repeat every season. Fortunately, these goals can be managed with our farm management software MyFarm Wisu. Thanks to the features of the Smart Farming module, Wisu also supports the efficient use of the latest ISOBUS-compatible farm machines. Utilizing the novel features of farming machinery with management software is expected to be an increasingly important factor in the future.

Last year, we took a major leap in developing the seamless coordination of tractors and implements via Wisu by releasing the WisuLink product. The release made Wisu the first Nordic farm management software that supports wireless data transfer to and from task controllers in tractors when task files are exchanged with the help of the agrirouter service.

As machines develop, precision agriculture is used in a growing number of fields. Efficient data exchange between farm management software and tractors and machines is increasingly important. The manufacturers of machines have also noted this, and the advanced features of the machines will be utilized effectively in the future through precision farming. Our cooperation with AGCO Finland enables the development of next-generation farming operations in the form of a comprehensive user experience, from planning to precise and site-specific execution. We are pleased to work together to lead the way in providing new tools and solutions for Finnish farmers!



## Towards more sustainable farming

Precision farming enables the more efficient use of cultivation inputs and also delivers other benefits. As tractors and machines carry out pre-planned and site-specific tasks, data on their actions is accumulated. Data can be collected not only on the site-specific use of production inputs but also the amount of time used, the distance covered and various aspects of the tractor's operations, such as fuel consumption. Accumulating and analysing data while work is carried out provides farmers with a new perspective on how field work is conducted. For WisuLink users, the data is stored in Wisu, and the accumulated data can be subsequently incorporated into crop planning activities.

Digital solutions help incorporate background crop information and environmental impacts into production activities. Parcel-specific crop production history and data on the environmental impacts of production are important for the development of farm operations. In the future, this information will play an increasingly important role in the context of the sales or subsequent processing of crops in the Finnish and international markets. We partner with our subsidiary Biocode Oy and our owner-customer ProAgria to make this data visible.

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The WisuLink product made Wisu the first Nodic farm management software that supports the wireless transmission of task files, with the help of the agrirouter service, between Wisu and the task controllers of tractors and machines.





# PERSONNEL

Mtech Group had 144 employees in 2021. The proportion of women among the Group's employees remained unchanged at about 45%. The average duration of employment increased and is now nine years.

Employment relationships at Mtech are, as a rule, full-time, and part-time employment is only used when the employee requests it. Although we continued to work remotely in 2021, we were able to get together in the late summer at Kalastajatorppa in Helsinki for a party to celebrate Mtech's 35th anniversary.

## Career path model promotes continuous learning and development

We want to offer highly motivating and varied tasks to our employees and ensure the continuous learning of our professionals. We encourage a supportive and development-oriented workplace culture. Careers at Mtech are long. Many of our employees have taken advantage of job rotation and held many different positions, or started in junior-level positions and developed into lead-level professionals.

The development of Mtech's career path model for employees and supervisors began in 2021. The aim of the model is to clarify the oppor-





tunities for switching jobs or pursuing development in one's operating area. The model was designed on the basis of feedback and wishes expressed in personal interviews with 15 employees. The interviewees highlighted the importance of having a clear career path and an accurately descriptive job title. We used the feedback to work with supervisors and experts to develop potential roles and promotion opportunities within a particular area of operations, and we created a new career path model. We will continue to focus closely on the wishes and career opportunities of our employees and provide them with interesting and motivating duties within our organisation, either in their existing operating areas or in new roles.

As part of the brand renewal project we carried out in 2021, we also updated our company's values. Sustainability has emerged as an important theme in recent years and, accordingly, we included it in Mtech's new values. In workshops with different personnel groups, we focused on the significance of the values and how to incorporate them into our daily operating practices. The feedback we received from the workshops was quite consistent. The employees who participated understood the values in the same way and their message had been internalised well. Going forward, we will continue to be a trusted partner, a smart forerunner, a field expert and a responsible developer, and these values will be reflected in our day-to-day work.



# BOARD OF DIRECTORS AND MANAGEMENT TEAM



## Board of Directors

CHAIR  
**Tiina Mitikka**



VICE CHAIR  
**Merja Keisala**

## ORDINARY MEMBERS

**Harri Mäki vuokko**

**Jussi Juhola**

**Antti Latva-Rasku**

**Joel Puhakainen**

**Johan Åberg**

**Vesa Syrjäkari**

## Management team

CEO  
**Christian Jurvanen** MSC, MBA



COO,  
CTO  
**Jarkko Ilomäki** MSC (TECH.)



## OTHER MEMBERS OF THE MANAGEMENT TEAM

Director – Customer Solutions Global:  
**Patrik Nordgren**, MSc (Agric.)

Director – Customer Solutions Finland:  
**Petri Oinonen**, BSc (Tech.)

Director – Farm management software:  
**Sinikka Tommila**, MSc (Agric.)

Director – Customer Solutions ProAgria:  
**Sanna Keski-Nisula**, MSc (Agric.), MSc (Applied Biotech)

HR Manager: **Netta Laukkanen**, BBA



# INCOME STATEMENT

EUR	Group 1.1.–31.12.2021	Group 1.1.–31.12.2020	Mtech 1.1.–31.12.2021	Mtech 1.1.–31.12.2020
<b>REVENUE</b>	<b>13,559,432.90</b>	<b>13,353,838.83</b>	<b>13,126,561.68</b>	<b>12,879,698.36</b>
Production for own use	4,879.98	0.00		
Other operating income	355,538.29	288,911.74	250,327.52	256,708.23
<b>Materials and services</b>				
Raw materials and consumables				
Purchases during the period	-391,863.11	-202,049.30	-391,863.11	-202,043.51
External services	-1,039,424.32	-1,078,270.89	-934,727.09	-1,034,256.25
Materials and services, total	-1,431,287.43	-1,280,320.19	-1,326,590.20	-1,236,299.76
<b>Personnel expenses</b>				
Wages and salaries	-7,101,641.06	-6,895,779.33	-6,834,336.69	-6,530,727.33
Social security expenses				
Pension expenses	-1,241,661.54	-1,095,202.79	-1,191,703.56	-1,039,428.92
Other social security expenses	-248,226.25	-233,475.85	-243,597.55	-223,765.69
Personnel expenses, total	-8,591,528.85	-8,224,457.97	-8,269,637.80	-7,793,921.94
<b>Depreciation and impairment</b>				
Planned depreciation	-536,910.91	-890,142.08	-527,780.88	-881,012.02
Depreciation of goodwill and reduction of negative consolidation difference	-96,637.57	-96,637.57		
Depreciation and impairment, total	-633,548.48	-986,779.65	-527,780.88	-881,012.02

EUR	Group 11.–31.12.2021	Group 11.–31.12.2020	Mtech 11.–31.12.2021	Mtech 11.–31.12.2020
Other operating expenses	-2,678,705.35	-2,586,576.34	-2,576,205.52	-2,461,491.37
<b>OPERATING PROFIT (LOSS)</b>	<b>584,781.06</b>	<b>564,616.42</b>	<b>676,674.80</b>	<b>763,681.50</b>
<b>Financial income and expenses</b>				
Income from other investments held as non-current assets	8,885.35	0.00	7,728.00	150,000.00
Other interest and financial income	23,703.00	29,055.26	23,703.00	28,198.93
Interest and other financial expenses	-10,136.49	-9,411.21	-10,074.53	-8,687.94
Share of the profit (loss) of associated companies	-186,669.11	-63,433.30		
Financial income and expenses, total	-164,217.25	-43,789.25	21,356.47	169,510.99
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>420,563.81</b>	<b>520,827.18</b>	<b>698,031.27</b>	<b>933,192.49</b>
Income taxes	-138,010.85	-159,405.15	-135,808.48	-159,405.15
Minority interest in the profit for the period				
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>282,552.96</b>	<b>361,422.03</b>	<b>462,222.79</b>	<b>773,787.34</b>

# BALANCE SHEET

	Group 31.12.2021	Group 31.12.2020	Mtech 31.12.2021	Mtech 31.12.2020
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets				
Intellectual property rights	1,095,355.38	1,547,546.10	1,094,239.88	1,545,314.96
Construction in progress	48,229.61	4,124.34	21,650.00	0.00
	1,143,584.99	1,551,670.44	1,115,889.88	1,545,314.96
Goodwill	169,060.21	265,697.78		
<b>Intangible assets, total</b>	<b>1,312,645.20</b>	<b>1,817,368.22</b>	<b>1,115,889.88</b>	<b>1,545,314.96</b>
Property, plant and equipment				
Machinery and equipment	207,203.59	277,107.30	203,094.32	264,983.64
Other property, plant and equipment	4,111.84	4,111.84	4,111.84	4,111.84
	211,315.43	281,219.14	207,206.16	269,095.48
Investments				
Shares in associated companies	1,545,384.76	1,545,384.76	2,366,914.32	2,366,914.32
Other shares and holdings	88,678.62	88,678.62	0.00	0.00
Receivables from associated companies	29,424.30	28,593.41	359,450.00	171,950.00
	1,663,487.68	1,662,656.79	2,726,364.32	2,538,864.32
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>3,187,448.31</b>	<b>3,761,244.15</b>	<b>4,049,460.36</b>	<b>4,353,274.76</b>



	Group 31.12.2021	Group 31.12.2020	Mtech 31.12.2021	Mtech 31.12.2020
<b>CURRENT ASSETS</b>				
Receivables				
Non-current				
Long-term rent guarantees paid	6,273.78	28,664.25	6,273.78	28,664.25
	6,273.78	28,664.25	6,273.78	28,664.25
Current				
Trade receivables	2,220,301.75	2,033,132.68	2,150,403.34	1,968,655.50
Other receivables	22,369.47	0.00	22,369.47	0.00
Prepayments and accrued income	635,449.36	415,608.30	632,993.61	415,608.30
	2,878,120.58	2,448,740.98	2,814,224.81	2,387,323.08
Financial securities				
Other securities	1,521,888.23	1,222,974.36	1,521,888.23	1,222,974.36
Cash in hand and at banks	267,907.76	446,779.54	159,231.58	300,204.27
<b>CURRENT ASSETS, TOTAL</b>	<b>4,674,190.35</b>	<b>4,147,159.13</b>	<b>4,501,618.40</b>	<b>3,939,165.96</b>
<b>ASSETS, TOTAL</b>	<b>7,861,638.66</b>	<b>7,908,403.28</b>	<b>8,551,078.76</b>	<b>8,292,440.72</b>

	Group 31.12.2021	Group 31.12.2020	Mtech 31.12.2021	Mtech 31.12.2020
<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)	4,321,374.22	4,289,952.19	4,819,295.87	4,375,508.53
Profit (loss) for the period	282,552.96	361,422.03	462,222.79	773,787.34
<b>SHAREHOLDERS' EQUITY, TOTAL</b>	<b>4,788,933.90</b>	<b>4,836,380.94</b>	<b>5,466,525.38</b>	<b>5,334,302.59</b>
<b>LIABILITIES</b>				
Non-current				
Loans from financial institutions	50,000.00	150,000.00	50,000.00	150,000.00
Current				
Loans from financial institutions	100,000.00	100,000.00	100,000.00	100,000.00
Advances received	1,246.20	27,531.72	1,246.20	6,280.00
Trade payables	647,198.34	461,295.77	630,391.26	449,222.87
Other payables	507,680.50	511,844.34	488,838.29	485,069.15
Accrued expenses	1,766,579.73	1,821,350.52	1,714,077.63	1,767,566.11
Current liabilities, total	3,022,704.77	2,922,022.35	3,034,553.38	2,808,138.13
<b>LIABILITIES, TOTAL</b>	<b>3,072,704.77</b>	<b>3,072,022.35</b>	<b>3,084,553.38</b>	<b>2,958,138.13</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>7,861,638.67</b>	<b>7,908,403.29</b>	<b>8,551,078.76</b>	<b>8,292,440.72</b>
Balance sheet difference	0.00		0.00	
Profit difference	0.00		0.00	

A DIGITAL PIONEER IN THE SMART FOOD SUPPLY CHAIN

# Mtech

## Digital Solutions

Mtech Digital Solutions Oy  
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