

Talenom Plc Financial Statement Bulletin 2021

Matti Eilonen, CFO

8 February 2022



TALENOM
yrittämisen iloa



PRESENTATION CONTENT

- YEAR 2021
- STRATEGY PROGRESS DURING THE REVIEW PERIOD
- GROUP FINANCIAL DEVELOPMENT
- COUNTRY-SPECIFIC FINANCIAL DEVELOPMENT
- INVESTMENTS
- OUTLOOK



YEAR 2021

STRONG GROWTH IN NET SALES

+27%
(+12%)

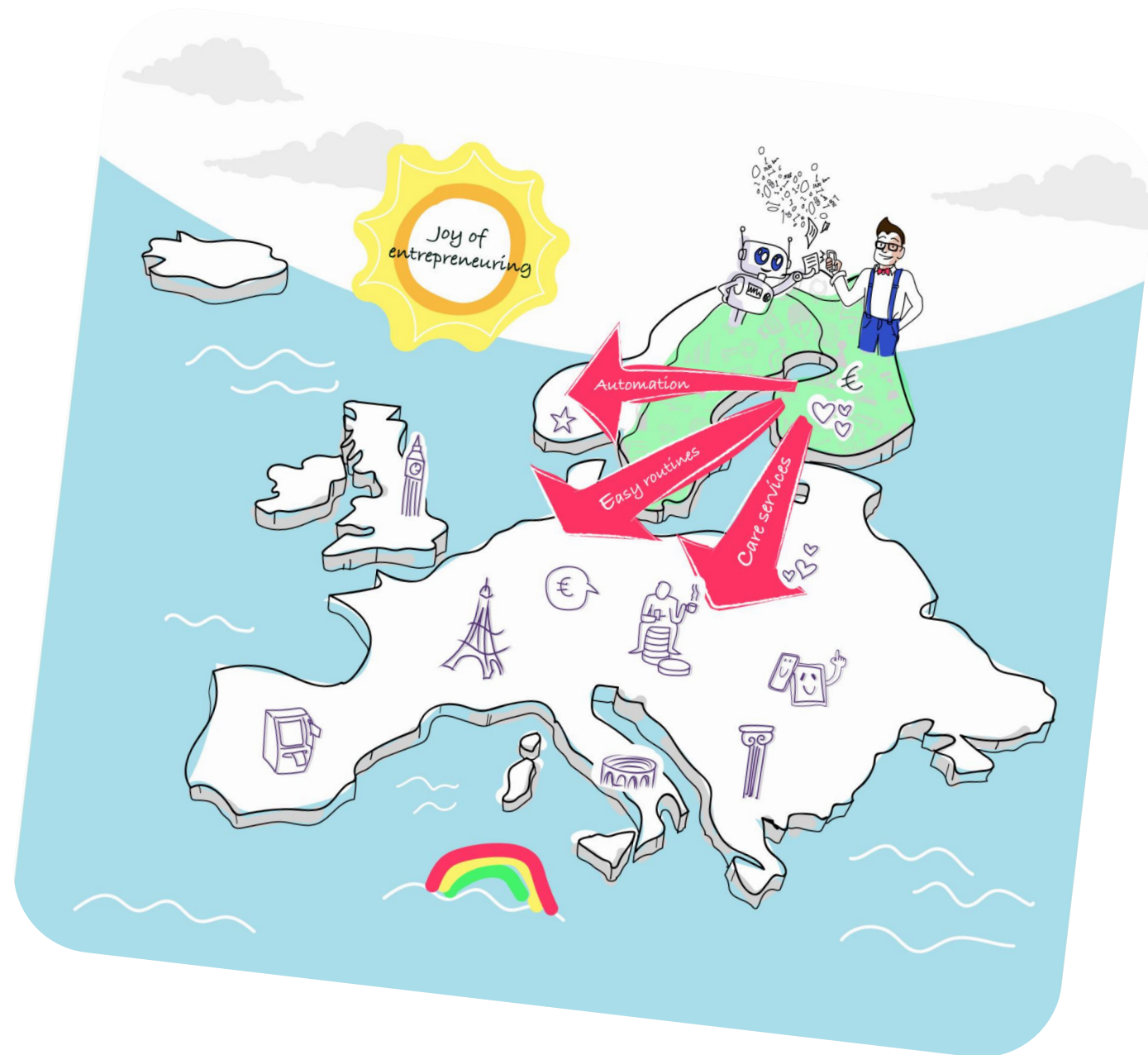
EBIT MARGIN WAS EXCELLENT

18%
(20%)

RECORD HIGH CUSTOMER SATISFACTION

NPS 65
(51)

UNBEATABLE ACCOUNTING AND BANKING SERVICES FOR SMES



STRATEGY PROGRESS 2021

1. GROWTH THROUGH ACQUISITIONS

- 1/3 of growth organic, 2/3 from acquisitions
- Organic growth was driven by increased customer volumes and growth in sales of value-added services in Finland
- 16 acquisitions in Finland, Sweden and Spain

2. INTERNATIONALISATION

- Five acquisitions in Sweden and building a country organisation
- Expansion to Spain with an acquisition and launching more detailed market research and a digital sales channel

3. DEVELOPMENT OF AUTOMATION

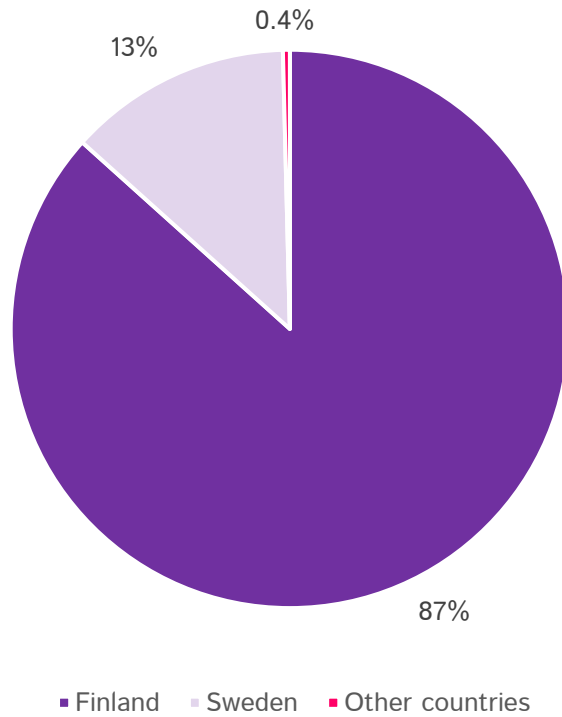
- Strong operating cash flow has enabled significant investments in software
- Increasing the automation level of accounting and payroll systems
- Preparations to use own software started in Sweden, implementation target autumn 2022

4. SMALL CUSTOMER CONCEPT AND DATA

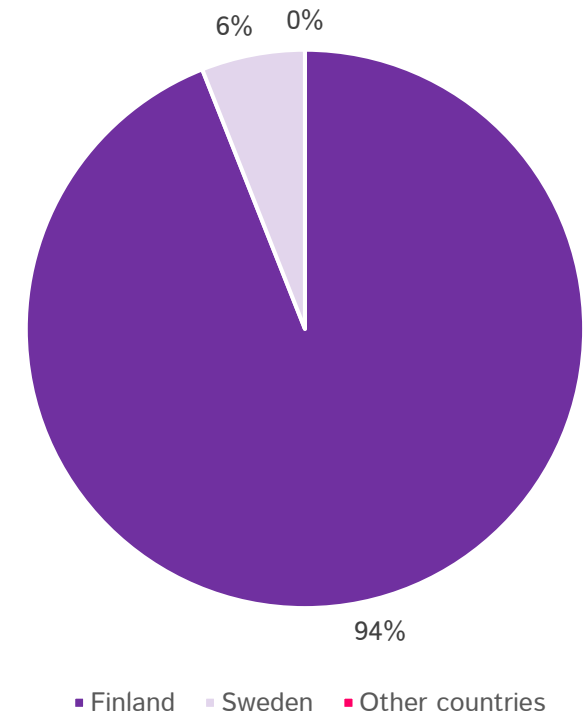
- Launching digital sales
- Good reception from customers for current accounts and payment cards
- Financial services pilot demonstrated the importance of customers' real-time financial data in financing

INTERNATIONALISATION PROGRESSING AS PLANNED

Net sales distribution in January-December 2021

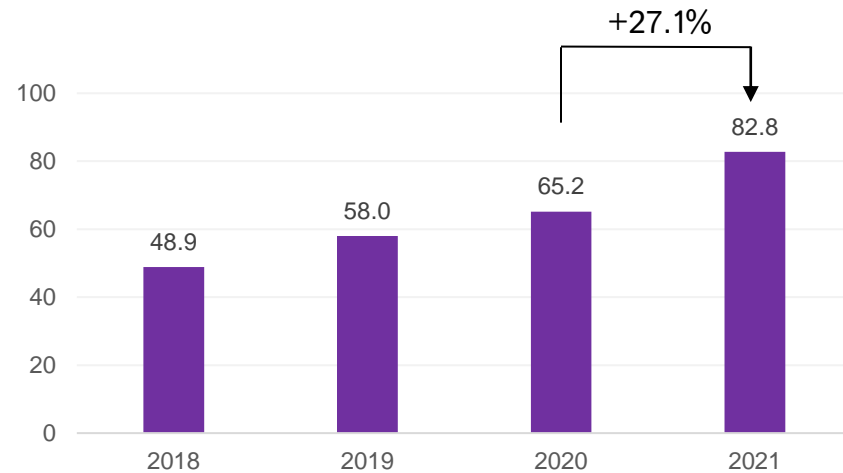


Net sales distribution in January-December 2020



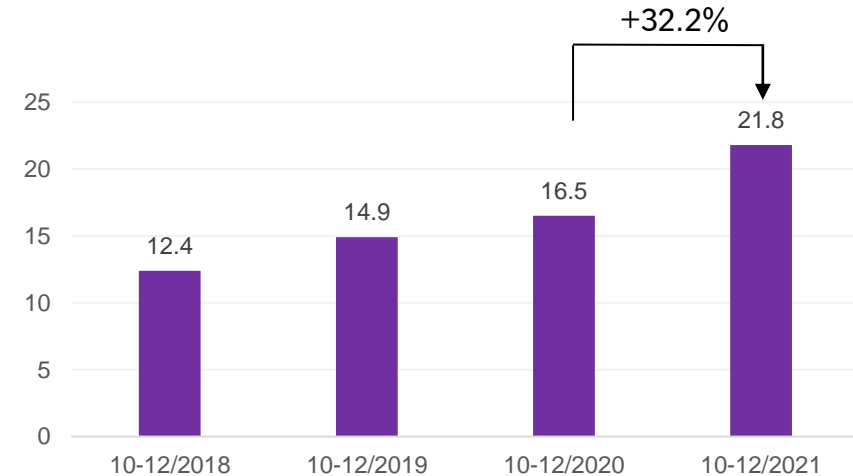
NET SALES GROWTH ACCELERATED

Net sales January-December (EUR million)



- 1/3 of growth organic, 2/3 from acquisitions
- Organic growth is driven by good development in customer volumes and sales of value-added services
- COVID pandemic had no significant impact

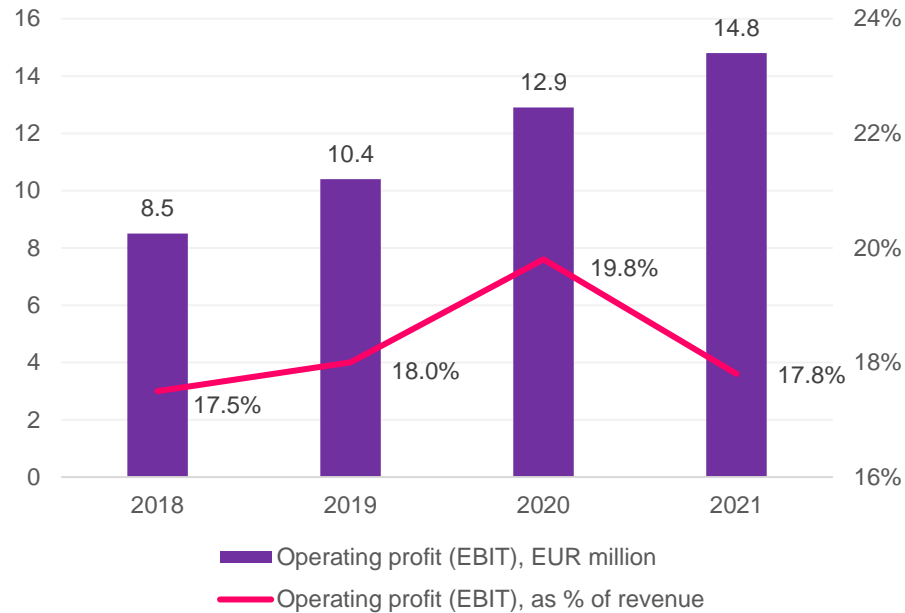
Net sales October-December (EUR million)



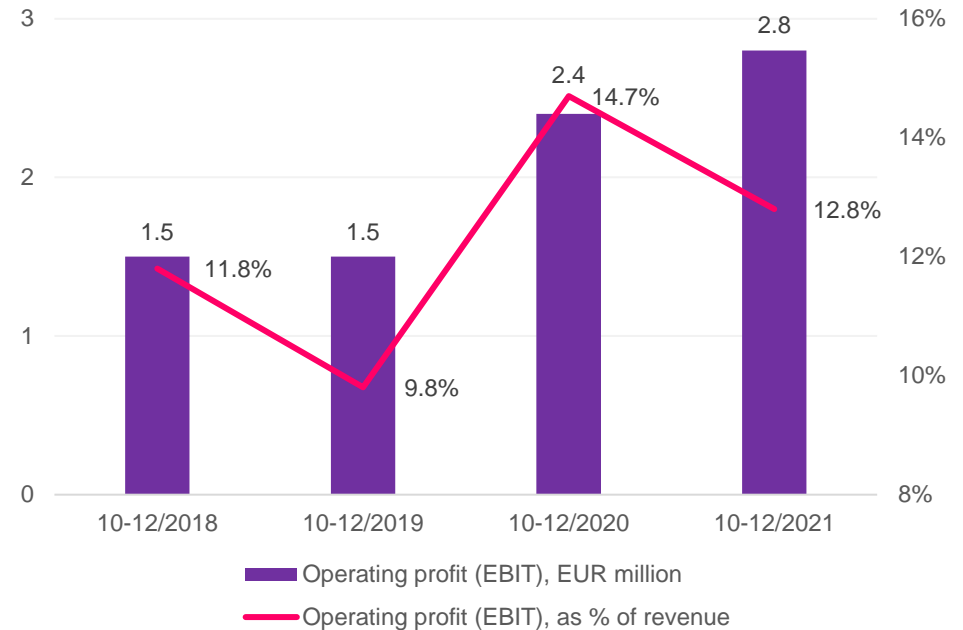
- 1/3 of growth organic, 2/3 from acquisitions
- Two acquisitions in Finland and two acquisitions announced in Sweden (completed at the beginning of 2022)

PROFITABILITY WAS EXCELLENT

Operating profit January-December



Operating profit October-December

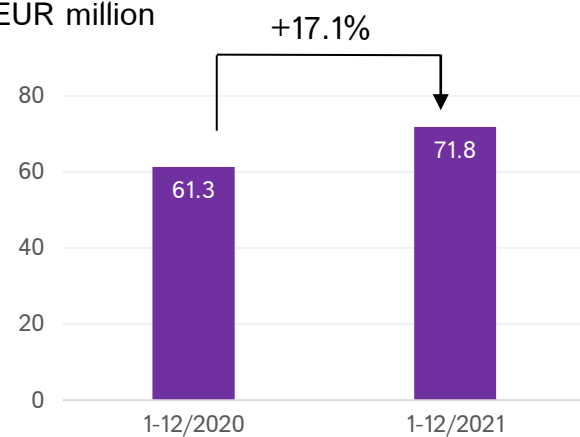


- Automation progressing had positive impact
- Growth structure had negative impact
- In Finland, it takes about three years to increase the profitability of the acquisition targets to the level of the core business

BUSINESS DEVELOPMENT IN FINLAND

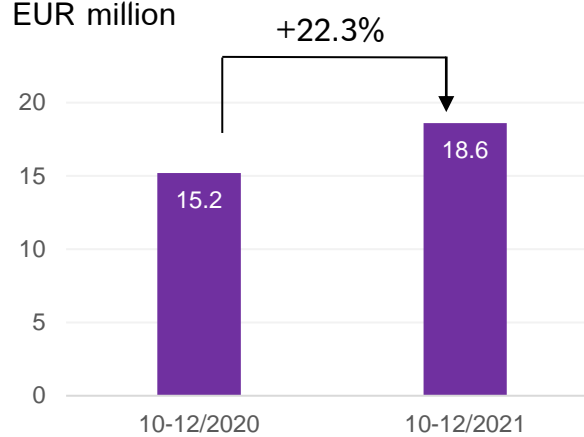
Net sales development 1-12/2021

EUR million



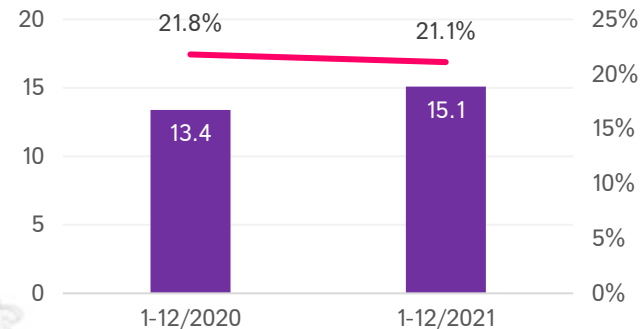
Net sales development 10-12/2021

EUR million



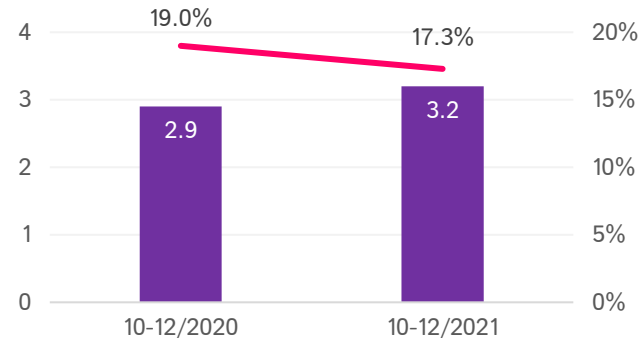
- Growth in net sales 1/2 organic, 1/2 from acquisitions
- Organic growth was driven by increased customer volumes and sales of value-added services

EBIT development 1-12/2021



■ Operating profit (EBIT) Finland, EUR million
— Operating profit (EBIT) Finland, as % of revenue

EBIT development 10-12/2021



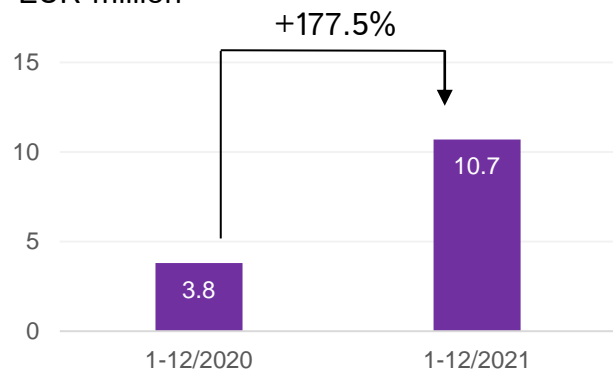
■ Operating profit (EBIT) Finland, EUR million
— Operating profit (EBIT) Finland, as % of revenue

- Relative profitability weakened slightly in the last quarter, but remained at an excellent level for the whole year
- The development of automation had a positive and acquisitions a negative impact on profitability

BUSINESS DEVELOPMENT IN SWEDEN

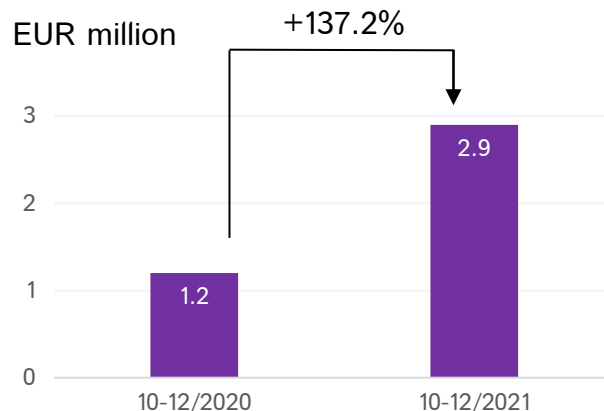
Net sales development 1-12/2021

EUR million



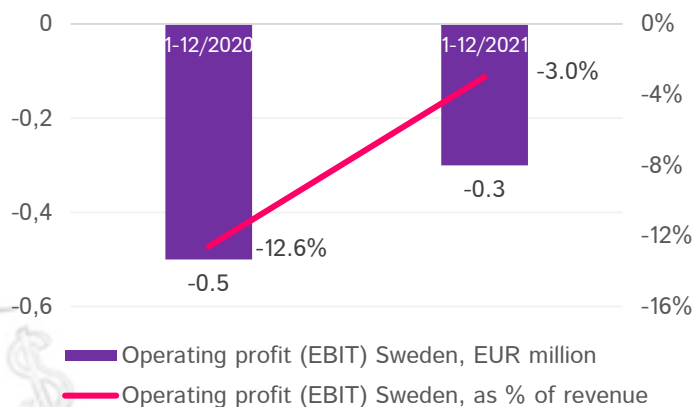
Net sales development 10-12/2021

EUR million

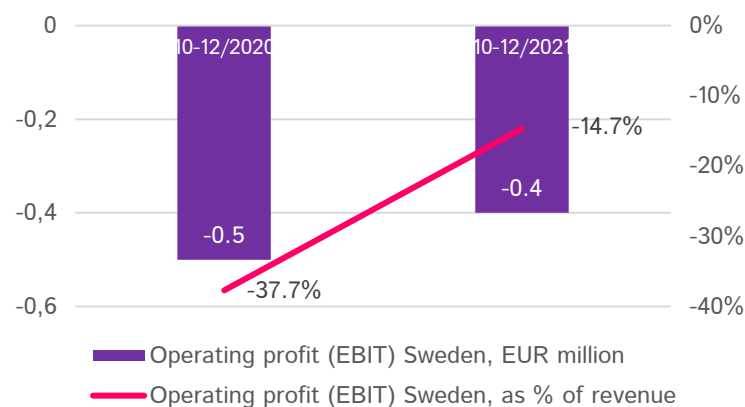


- Net sales growth came mainly from acquisitions
- Construction of a country organisation was completed
- New customer acquisition got off to a good start in the autumn

EBIT development 1-12/2021



EBIT development 10-12/2021

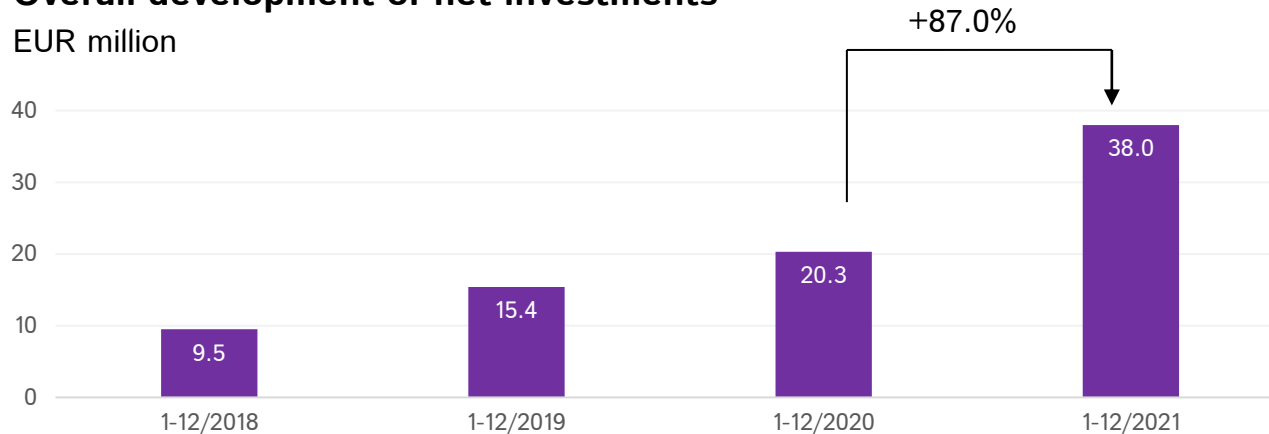


- Profitability is developing in the right direction
- The development is expected to accelerate as customers are transferred to Talenom's platform in autumn 2022

GROWTH REQUIRES A HIGHER LEVEL OF INVESTMENT

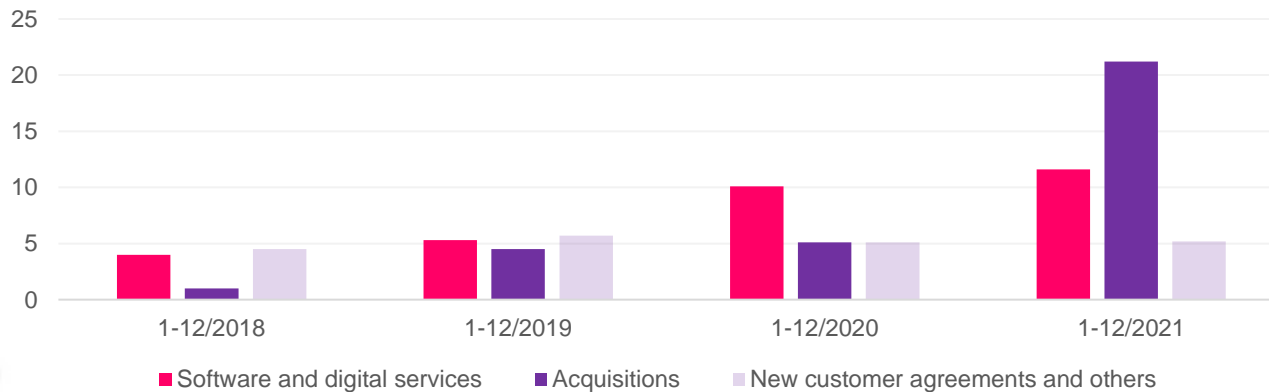
Overall development of net investments

EUR million



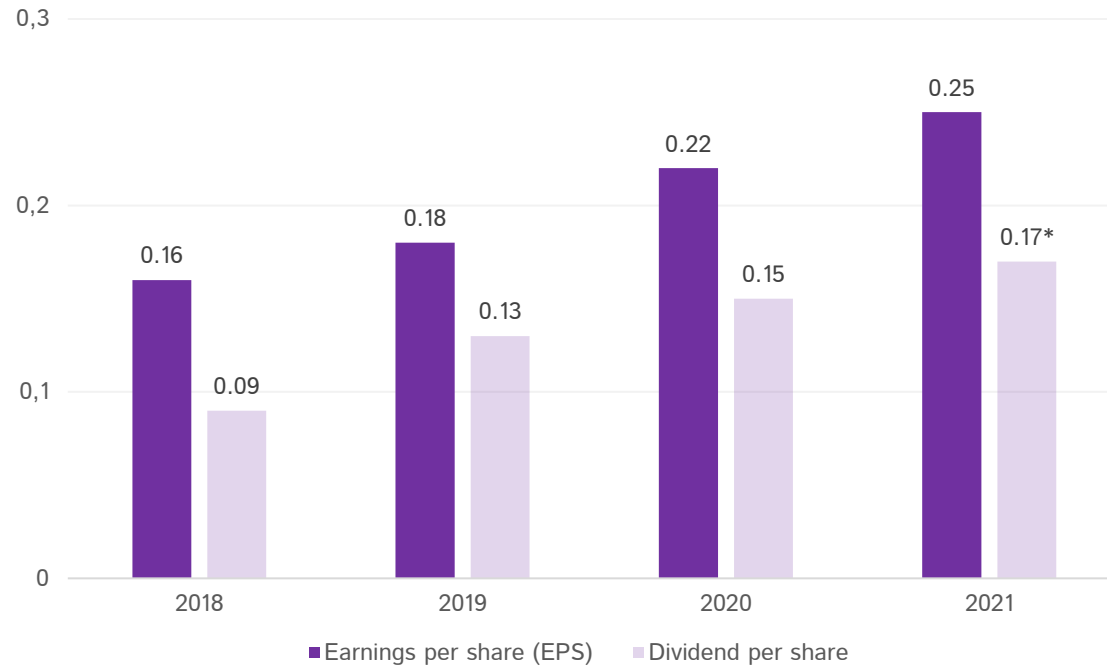
Investment development by sector

EUR million



- Seven business entities acquired as share transactions and nine as business acquisitions
- Technology investments were directed at
 - Updating the Talenom Online customer interface
 - Account and payment cards for small customers
 - Renewing the system architecture
 - Increasing the automation level of the accounting and payroll systems
 - Piloting of own systems in Sweden
- A level increase in technology investments was completed and, in the future, technology investments will grow moderately
- Strong growth in investments will increase the relative share of depreciation in net sales

DIVIDEND PROPOSAL



*Board proposal

- Talenom's earnings per share was EUR 0.25 (0.22)
- The Board of Directors proposes that the parent company's profit for the period of EUR 10,514,330.71 be transferred to the Profit/Loss Account for the previous financial years
- The Board of Directors proposes that a dividend of EUR 0.17 per share will be paid
- Talenom Plc's Annual General Meeting is planned to be held in Helsinki on Thursday, 3 March 2022

REORGANISATION OF THE EXECUTIVE BOARD

BACKGROUND OF THE REORGANISATION

- The responsibilities of the Executive Board were reorganized, and the composition was strengthened in January 2022
- With the reorganisation we aim to respond better to the development phase of our company, where profitable growth and internationalisation play a key role
- The goal is also to strengthen organic growth and make business more internationally scalable

COMPOSITION AND RESPONSIBILITIES OF THE EXECUTIVE BOARD FROM 10 JANUARY 2022

Otto-Pekka Huhtala, CEO

Antti Aho, Executive Vice President

Matti Eilonen, CFO

Juho Ahosola, COO and CHRO (location: Sweden)

Tuomas Iivanainen, CMO (location: Spain)

Juha Jutila, CBDO

PRIORITIES FOR YEAR 2022

- GROWTH
- FURTHER DEVELOPMENT OF SERVICES IN FINLAND
- INVESTIGATION OF NEW MARKET AREAS
- SCALING OF THE SMALL CUSTOMER CONCEPT
- IMPLEMENTATION OF SYSTEMS IN SWEDEN



OUTLOOK AND GUIDANCE

OUTLOOK AND GUIDANCE FOR 2022 UNCHANGED (PUBLISHED 16 DECEMBER 2021)

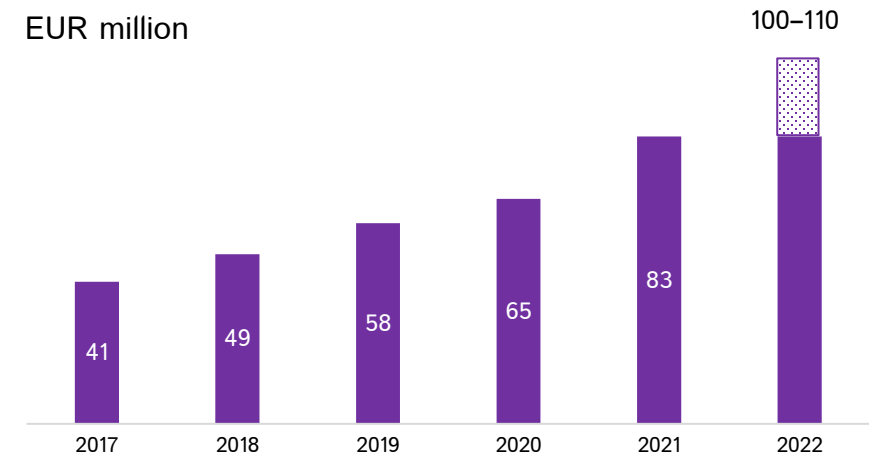
Talenom expects 2022 net sales to be EUR 100-110 million and operating profit (EBIT) to be EUR 15-18 million.

ASSUMPTIONS

- Talenom expects the accounting services market to grow in all of the company's operating countries in 2022 and demand to remain stable
- Majority of the total net sales growth in 2022 is expected to come from acquisitions in Finland and Europe
- The guidance includes the estimates for the Swedish accounting firms that were acquired at the end of November 2021
- The guidance includes an estimation of possible acquisitions during 2022, which are subject to significant uncertainty
- Acquisitions will have a negative impact on relative profitability in the short term
- Talenom's investments in automation, customer-friendly user interfaces and the small customer segment in recent years will increase the depreciation level relative to net sales, but operational profitability measured by EBITDA will improve

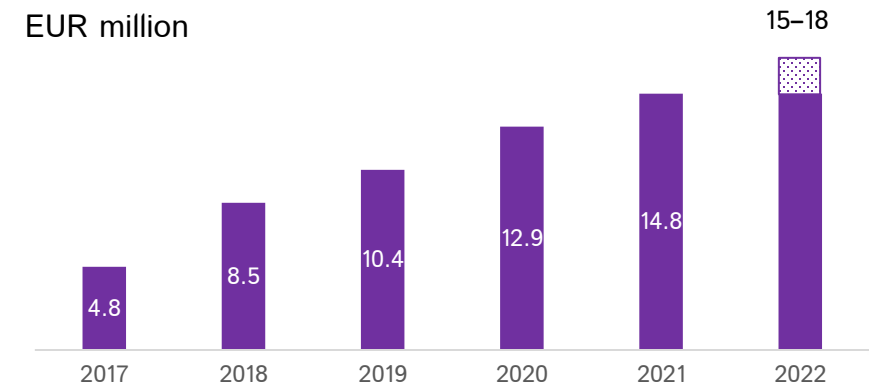
NET SALES

EUR million



OPERATING PROFIT

EUR million



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Certain statements in this presentation contain declarations on the future and are based on the company's and management's views at the time of their issue. They therefore involve risks and uncertainties. Future development may also change if there are significant changes in the general economic situation or in the company's operating environment.