

Financial Statement Release 2022

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Talenom Plc 31 January 2023

TALENOM

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- Strategy progress during the review period
- Focus areas for year 2023
- Financial development
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- Talenom brand renewal



The presenters



CEO Otto-Pekka Huhtala



CFO Matti Eilonen



CMO Tuomas Iivanainen

Year 2022: Net sales growth continued as strong and internationalisation progressed in a digitalising Europe

Net sales

EUR 102.1 million
Growth +23%

EBITDA

EUR 32.4 million
Growth +17%

EBIT

EUR 15.3 million
Growth +3%

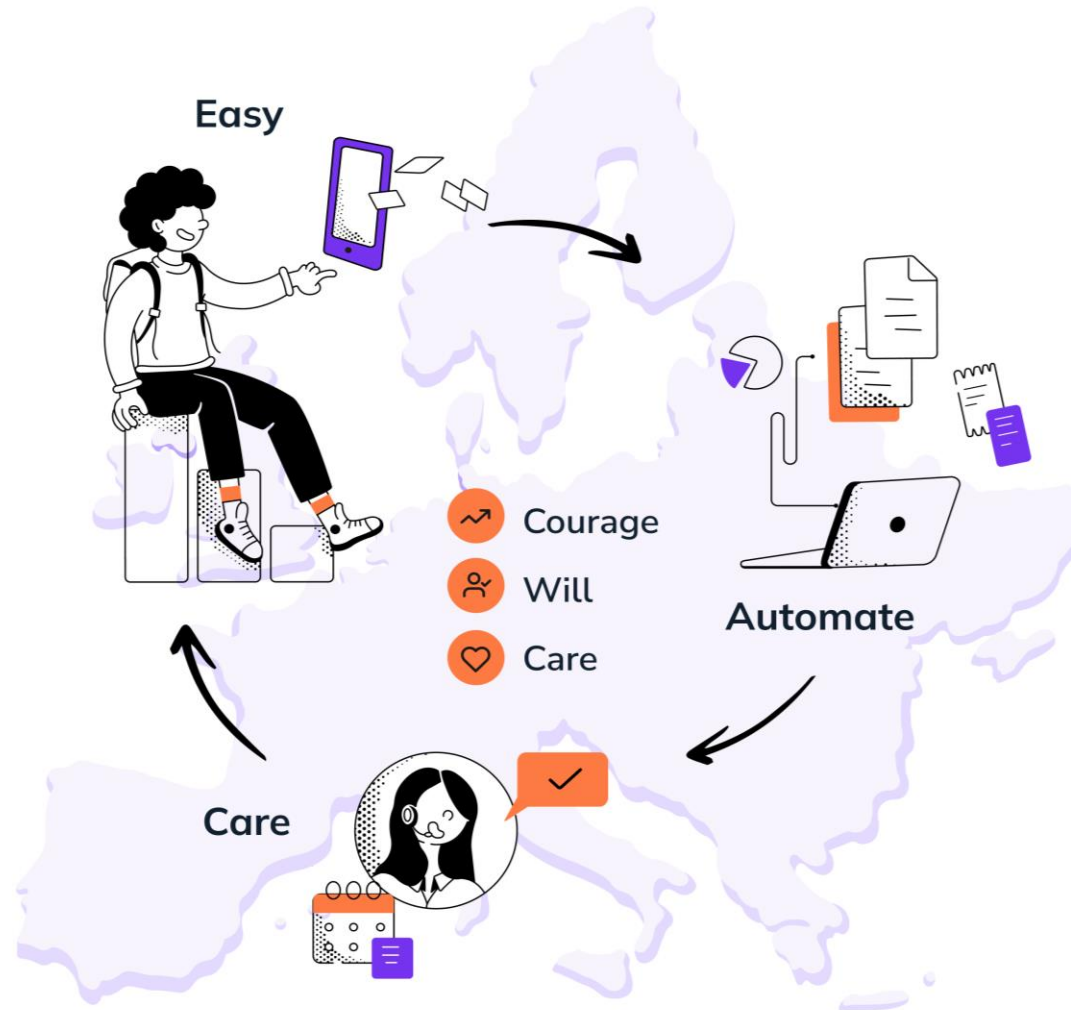
Key developments in the operating environment 2022

- Decisions were taken in Europe in 2022 on the mandatory introduction of the e-invoicing directive in coming years, which is expected to accelerate the digital transformation of the industry.
- Neither the COVID pandemic nor the Russian military aggression had significant impact on the business.
- So far, dreaded major bankruptcy waves have been avoided. Some business closures have been seen among smaller customers.
- Our defensive industry has avoided major fluctuations.



Strategy

Our strategy



Unbeatable accounting and banking services for SMEs

More scalable product helps enter new markets quicker. Growth is based on active sales, digital sales and acquisitions.

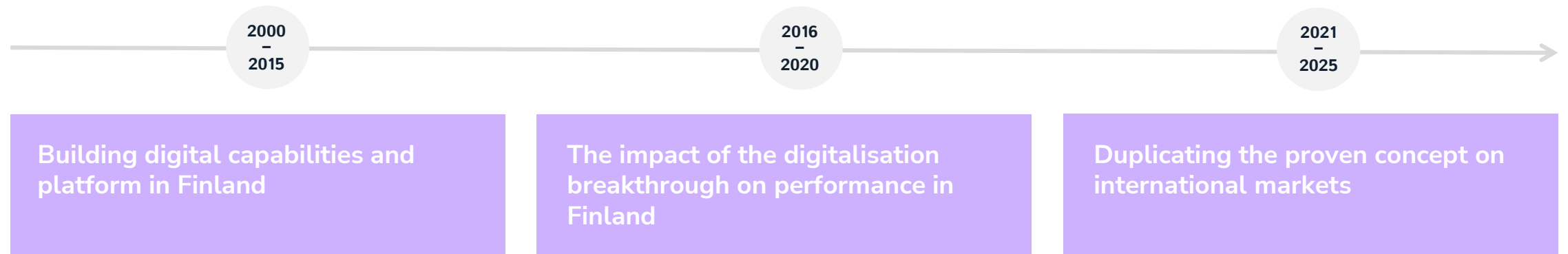
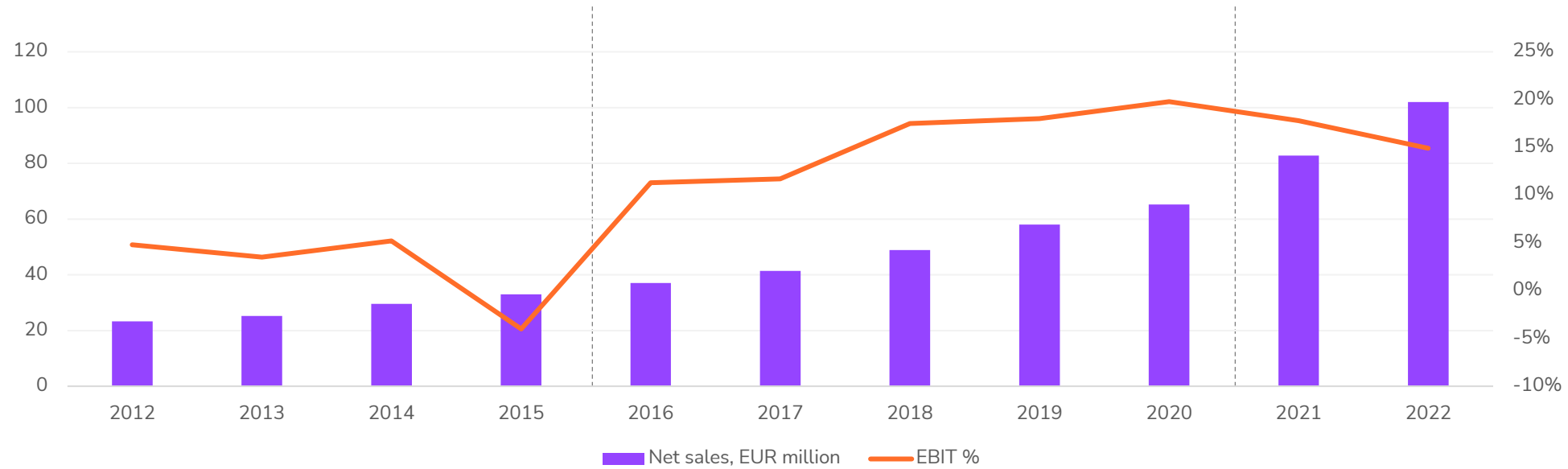


Medium-term (2023–2025) financial targets

- Annual net sales growth of over 30%
- Annual EBITDA growth of over 15%
- Growing euro-denominated EBIT
- Increasing dividend per share

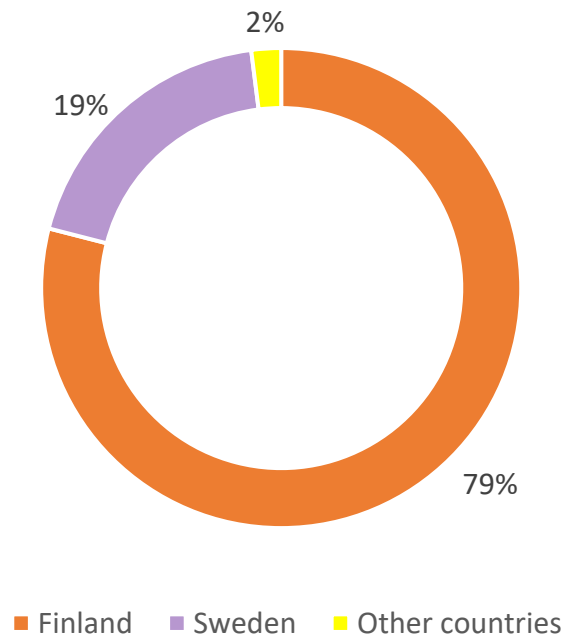


A proven strategy and strong track-record

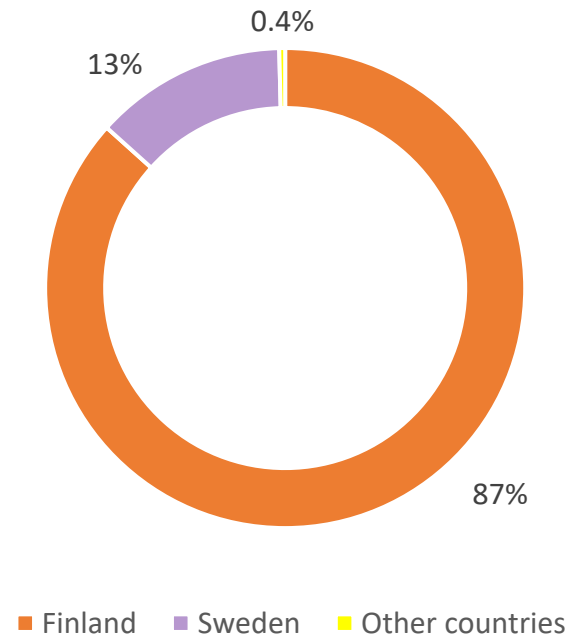


Internationalisation progressing as planned

Net sales distribution 1-12/2022



Net sales distribution 1-12/2021



Strategy progress 2022

01.

Growth

02.

Developing our business in Spain

03.

Exploring new market areas

04.

Scaling the small customer concept

05.

Software implementation in Sweden

- 1/3 of growth organic, 2/3 from acquisitions in Finland, Sweden and Spain (16 acquisitions in total)
- Organic growth is driven by increased customer volumes and growth in sales of value-added services in Finland
- A digital sales channel and platform were acquired
- Own service production was strengthened with two acquisitions
- Good preconditions for strong acceleration of both organic and acquisition-driven growth are in place
- Expansion to Italy with an acquisition at the end of the year (transferred to Talenom on 1 January 2023)
- Our digital sales channel in the small customer segment was promoted
- Digital marketing activities in the segment were started
- A new unified brand was prepared to support the digital customer path
- Implementation of our own software began as planned in autumn 2022 in about 40% of our offices

Strategic priorities for year 2023

01.

Accelerating digital sales.

02.

Distribution of banking services.

03.

Software implementation in Sweden.

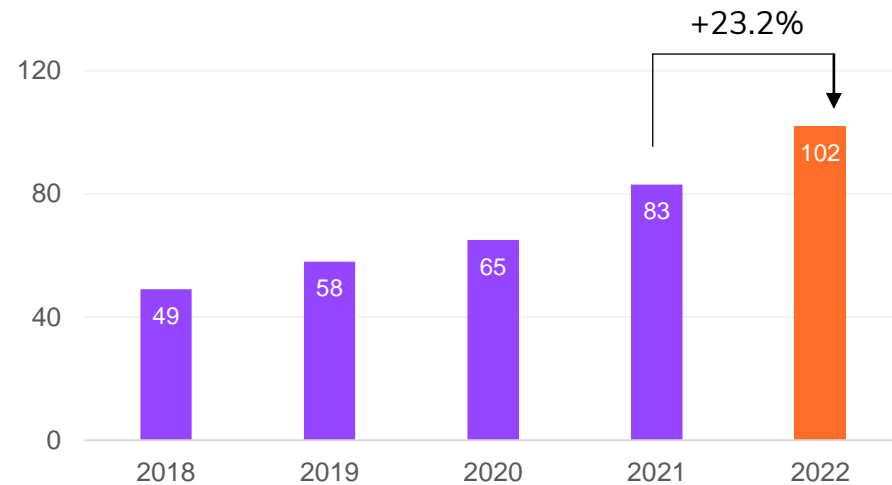
04.

Quick improvement of the profitability of acquisition targets.

Finances

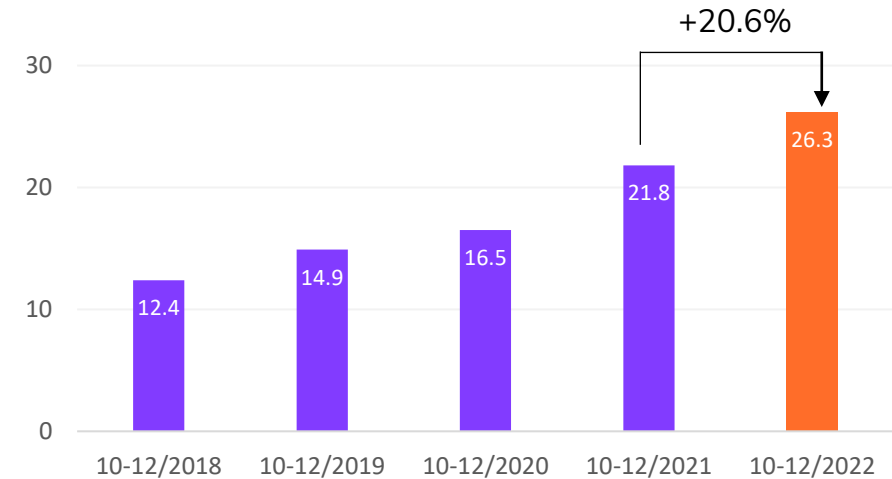
Group net sales

Net sales in January-December (EUR million)



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

Net sales in October-December (EUR million)

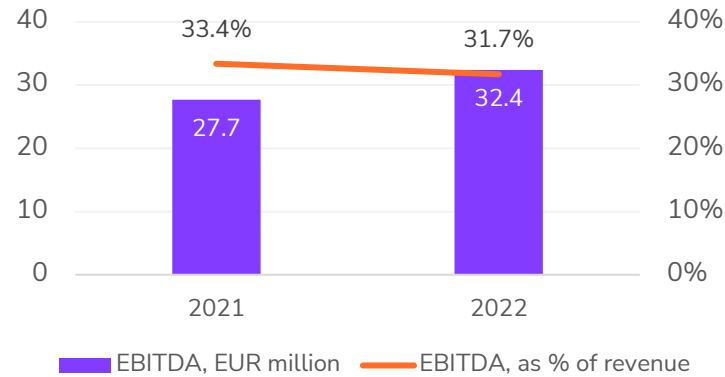


- 1/5 of growth organic, rest from acquisitions

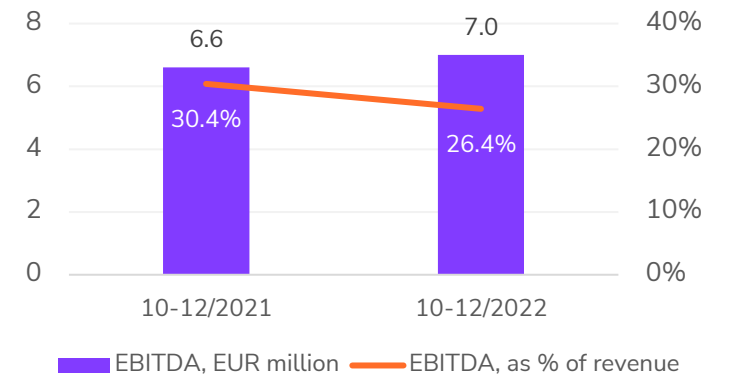
Group profitability

- Investments in the platform business in Spain, implementation of own software and strengthening the organisation in Sweden, the brand renewal, developing of banking services and increased depreciation burdened profitability especially towards the end of the year.
- The Spanish platform business will still have a negative impact on profitability in 2023 and implementation of software in Sweden will slow down the positive development of relative profitability in 2023.

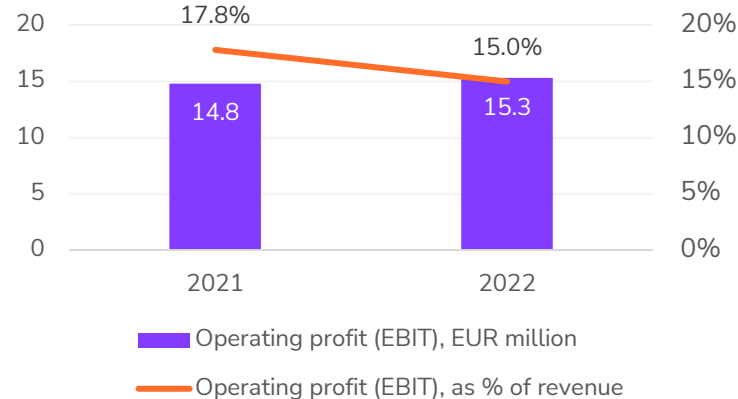
EBITDA development 2022



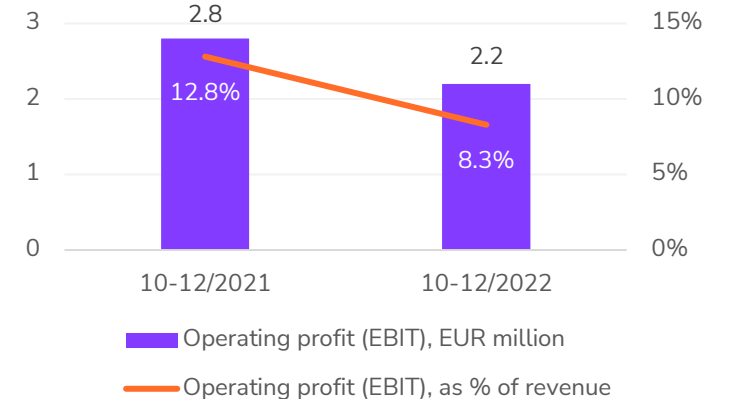
EBITDA development 10-12/2022



Operating profit 2022



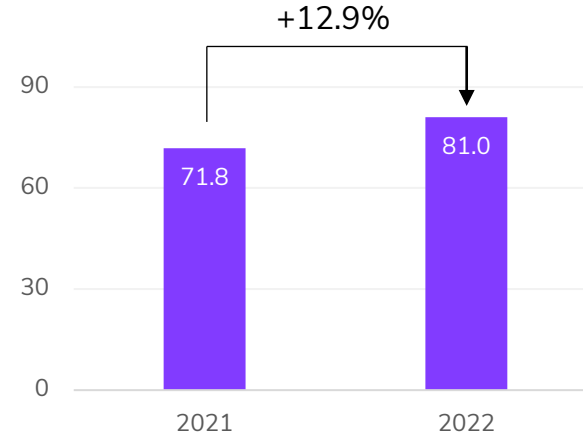
Operating profit 10-12/2022



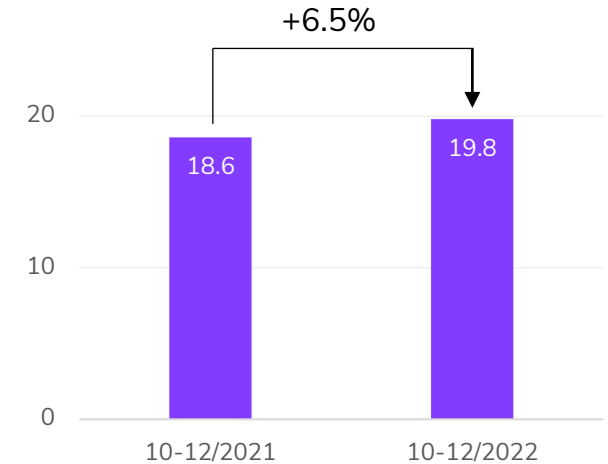
Business development in Finland

- About a quarter of net sales growth in 2022 came from acquisitions and the rest from organic growth.
- Organic growth was driven by increased customer numbers and sales of value-added services. In the last quarter, the drop in volume-based and consulting net sales had a negative impact on development.
- Measured by EBITDA, relative profitability increased. Profitability was at an excellent level. Automation development had a positive and acquisitions and a negative effect on relative profitability. Group-level investments also had a negative impact on the profitability development of the Finnish businesses, especially in the last quarter.

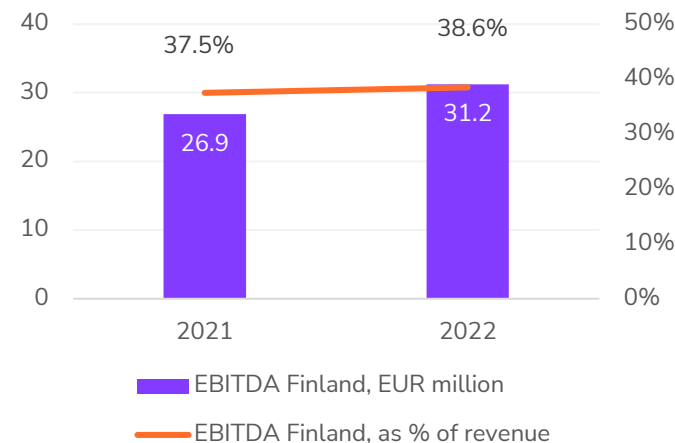
Net sales development 2022 (EUR million)



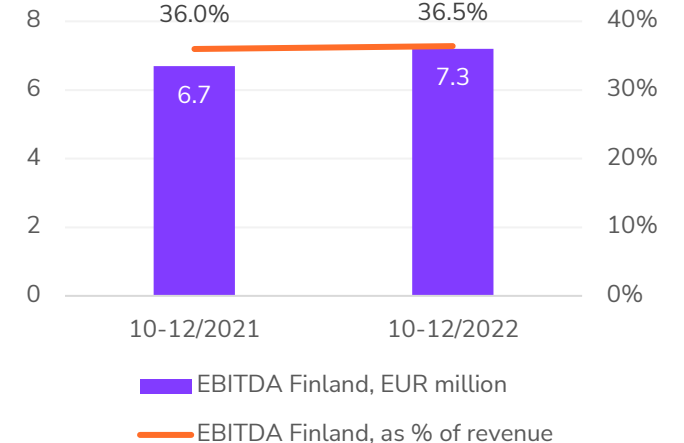
Net sales development 10-12/2022 (EUR million)



EBITDA development 2022



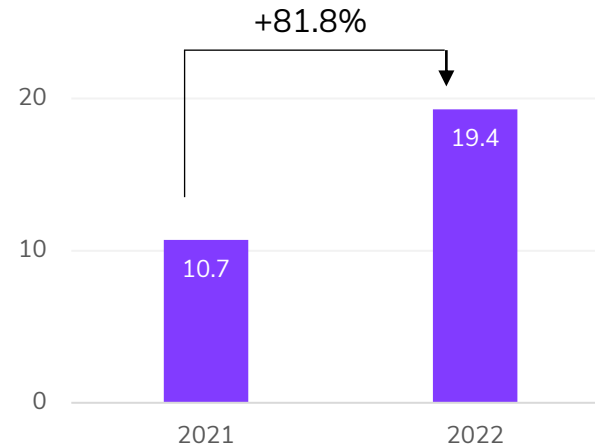
EBITDA development 10-12/2022



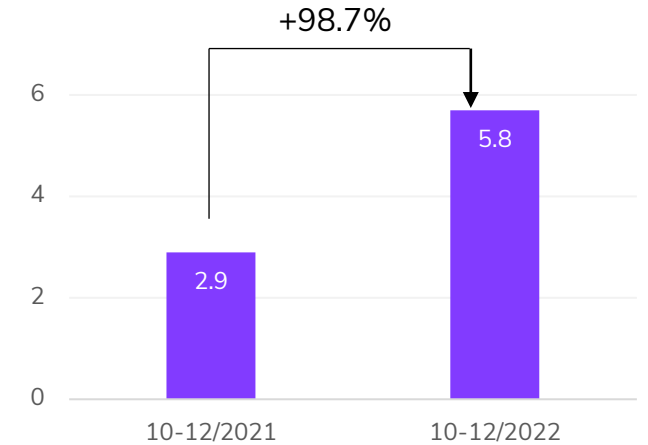
Business development in Sweden

- Net sales growth came mainly from acquisitions.
- Relative profitability was depressed by our sales investments, building support functions, developing management structures and introduction of own software. Implementation of own software was reflected as increased costs particularly towards the end of the year.
- Implementation of our own software began as planned in autumn 2022 in about 40% of our offices.

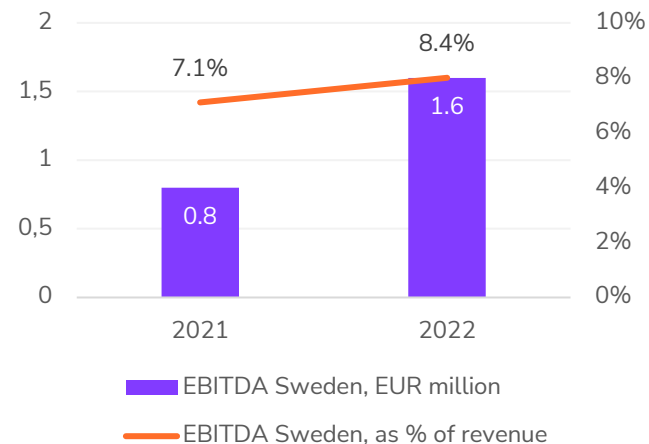
Net sales development 2022 (EUR million)



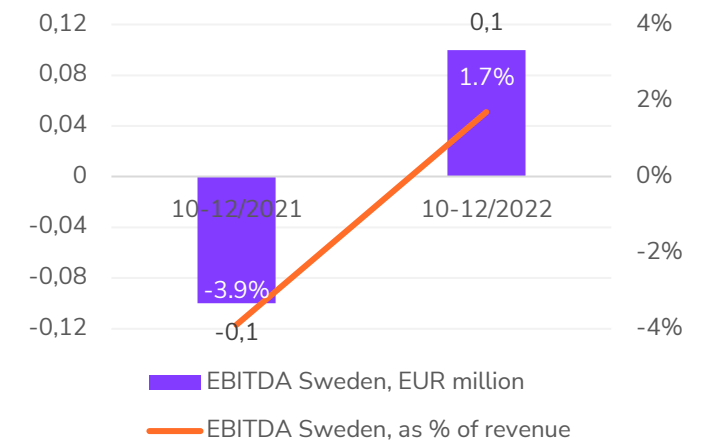
Net sales development 10-12/2022 (EUR million)



EBITDA development 2022



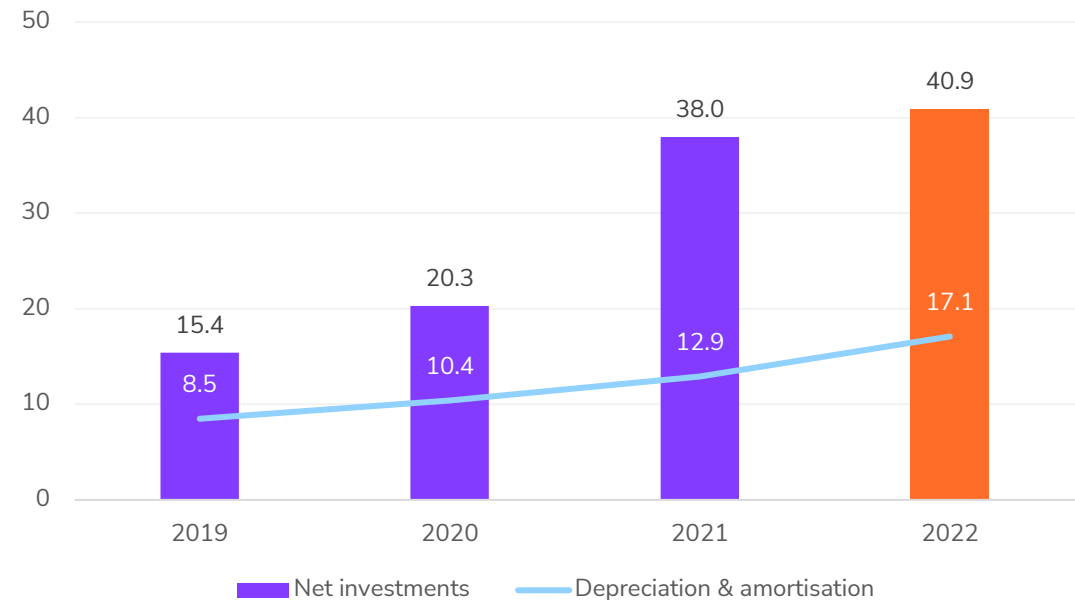
EBITDA development 10-12/2022



Investments and depreciation

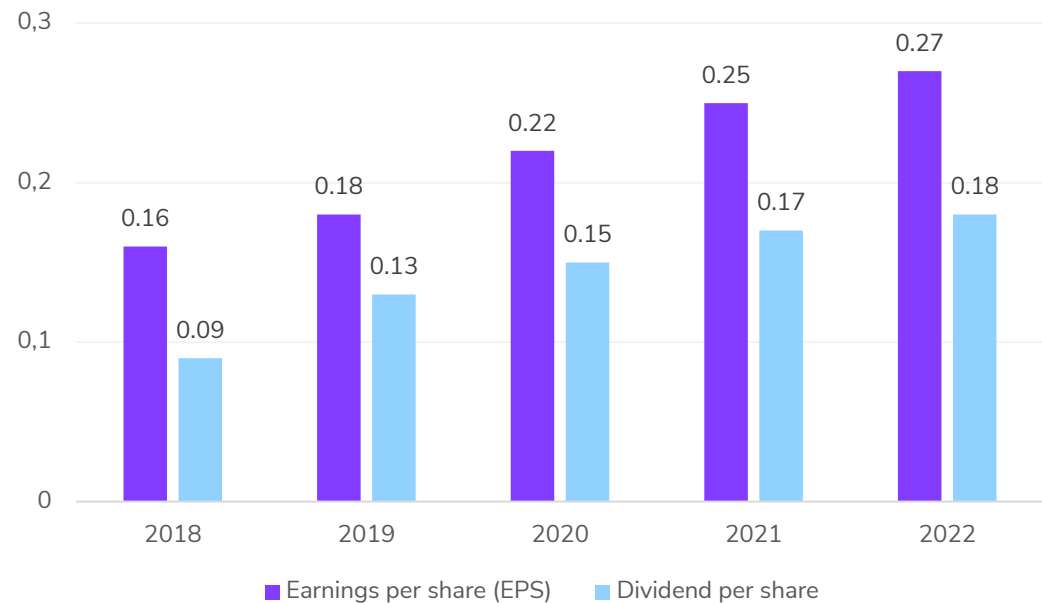
- Investments stemming from new customer contracts during the review period amounted to EUR 3.3 million (3.9).
- Investments in software and digital services totalled EUR 12.1 million (11.7). Our technology investments focused on developing customer interfaces and developing automation further. The biggest change was the update of the customer interfaces of Talenom Online, development of account and payment cards with a new partner and starting implementation of own systems in Sweden.
- Acquisitions accounted for EUR 24.5 million (21.2) of net investments.
- Depreciation will continue increasing in 2023 with the investment level increase in 2019-2020.

Development of investments and depreciation, EUR million



Dividend proposal

- Talenom's earnings per share was EUR 0.27 (0.25).
- The Board of Directors proposes that the parent company's profit for the financial year EUR 10,899,822.70 is transferred to the retained earnings/loss account.
- The Board of Directors proposes that a dividend of EUR 0.18 (0.17) per share be paid.
- Talenom Plc's Annual General Meeting (AGM) is planned to be held on Wednesday, 15 March 2023.



*Board of Directors' proposal

Outlook and guidance for 2023

Guidance

- Net sales EUR 120–130 million
- Growing euro-denominated EBITDA
- Growing euro-denominated operating profit

Background for the outlook

Talenom expects the accounting services market to grow in all of the company's operating countries in 2023 and demand to remain stable. In addition, consolidation in the industry is expected to continue accelerated by, for instance, digital disruption and tightening legislation concerning electronic financial management. Talenom's goal is to continue robust growth and expansion in all of its operating countries and other European countries with significant potential to expand as a forerunner in the digitalisation of the accounting services industry.

In addition to organic growth, the guidance includes an assessment of possible acquisitions during 2023. Most of total net sales growth in 2023 is expected to come from acquisitions. Expanding into new market areas enables the company's long-term growth.

Acquisitions will have a negative impact on relative profitability in the short term. The profitability of an acquisition target will rise to the level of Talenom's core business in an estimated three years when the new systems have been fully implemented at the target. In Sweden, implementation of new software started in autumn 2022. Talenom's investments in automation, customer-friendly user interfaces and the small customer segment in recent years, as well as the internationally scalable software platform will increase the depreciation level relative to net sales, but operational profitability measured by EBITDA will improve.



Brand renewal

Our new brand has been developed together with our product and service offering

Why

- Fast growing organisation – time for involvement
- Entering into bigger markets – scalability
- One brand and consistent product offering

How

- Deep dive surveys
- Numerous brand clinics
- Core team with representatives working throughout the whole project
- AB testing

What

- Audience
- Narrative
- Identity
- Visuals
- www.talenom.com

What do we talk about?

Numbers

We will never run out of numbers. They measure the world, but it's us who give meaning and value to them.

Our experts are accountable for their client's business as if it were their own.

Our pursuit is to make the world run better with better numbers.

Values

We trust in **willpower** and persistent entrepreneurship.

We are human but **geniun** and **Caring** shines through in all our work.

We dare to challenge and use courage as our daily asset.

By living our values we inspire our customers to do so too.

Audience

The entrepreneurial heart and mind is the core of our community.

We grow as our customers grow. We become the trusted advisors that provide structure and proactive recommendations.

The change starts with us. Our people are our backbone. We craft our mission with our people enabling rewarding growth with inspiring clients.

Empathy

Empathy is the starting point.

Empathy makes it possible to care and understand.

Understanding creates **trust** and trust gives freedom.

Freedom for our customers to live as an entrepreneur.

Freedom to **Try their wings!**

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Talenom One

Software, banking and accounting for small organizations

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Our project with Fellow Bank is on time and just now we are internally piloting the banking functionalities in our Talenom application



Talenom Account = Bank accounts with FI IBAN offered by Fellow Bank

Talenom Card = Visa Credit Cards issued by Enfuce and granted by Fellow bank

User interface in Talenom

Waiting list will be opened soon – start of service during Q1/23

TALENOM

Thank you

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