

# Talenom investor presentation

May 2023

**TALENOM**

# Talenom in brief

# Talenom combines software development with expertise in the accounting industry in a unique way

## Unbeatable accounting and banking services

### Outsourcing of financial processes

- Accounting
- Sales invoicing
- Invoice payment
- Payroll accounting
- Financial performance monitoring
- HR services
- Customer care services

### Software

- Talenom Online
- Talenom App
- Talenom Link
- Talenom Business intelligence

### Small Entrepreneur

- Free accounting app, card payment and account services
- Accounting services that scale to customer's needs

### Financing & Banking services

- Sales invoice financing
- Installment financing
- Corporate loan
- Payment account services
- Payment card services

### Advisory services

- Legal services
- Taxation services
- Financial consultancy

# Talenom in 2022



**Net sales**  
EUR 102.1 million

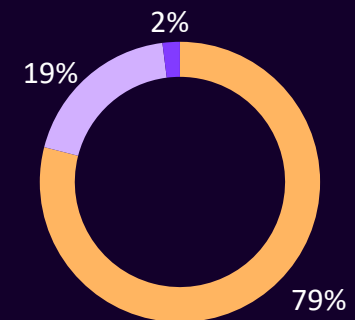
**EBITDA**  
31.7% of net sales

**EBIT**  
15.0% of net sales

**Employees at year-end**  
1,336

**Operating countries**  
Finland, Sweden, Spain, Italy

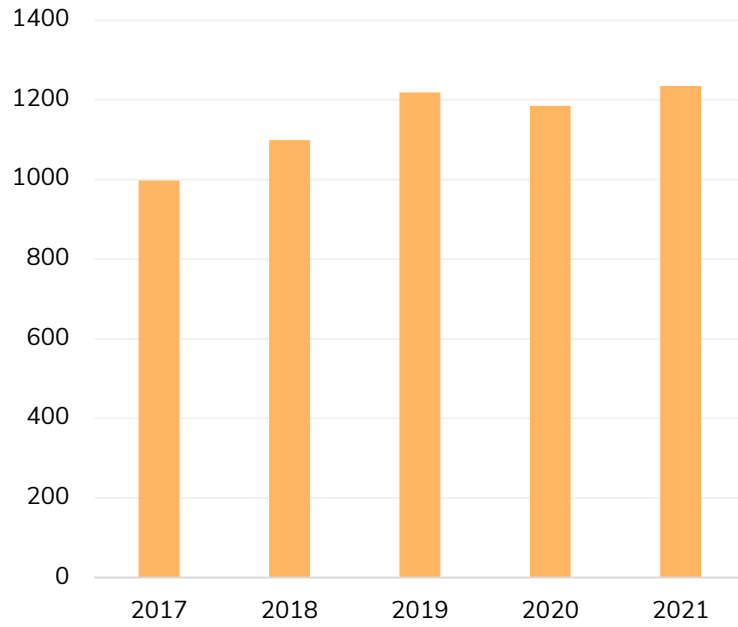
**Net sales distribution 2022**



■ Finland ■ Sweden ■ Other countries

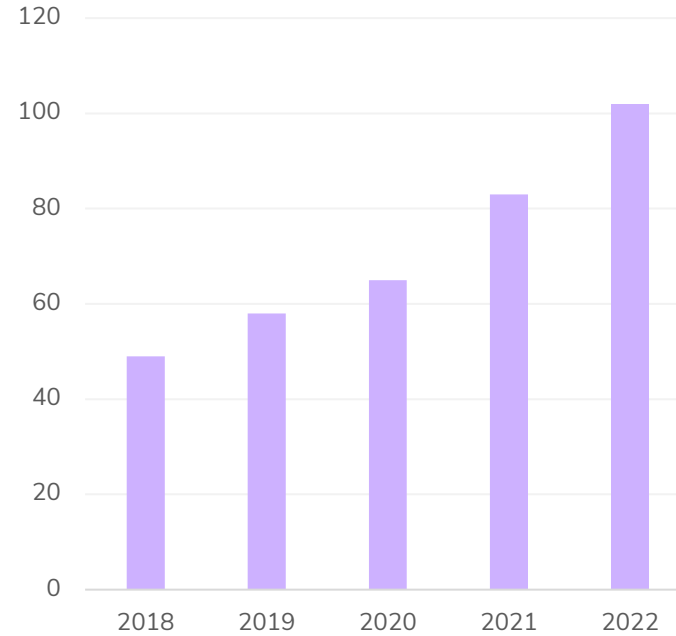
# Profitable growth on a growing and highly defensive market

**Accounting and financial services market in Finland, EUR million**



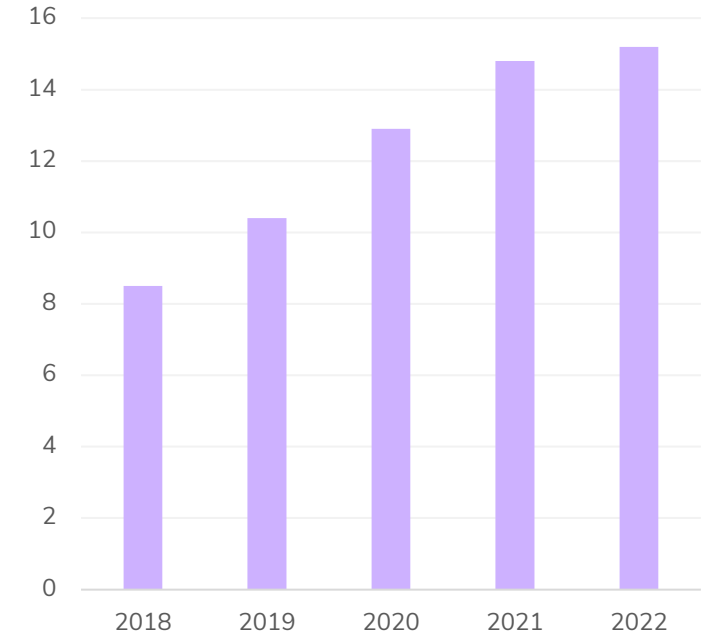
**Industry CAGR 2001-2021**  
5%

**Talenom's net sales development EUR million**



**Net sales CAGR 2005-2022**  
17%

**Talenom's EBIT development EUR million**



## Key market trends to accelerate growth

# 01.

Legislation and market trends boost digitalisation (PSD2, e-invoice, e-receipt, EU's green transition).

# 02.

Customer behavior is changing towards digital platforms.

# 03.

Digitalisation is happening now: choices between platforms are being made and the barrier to switch is proven to be high.

## Why to invest in Talenom

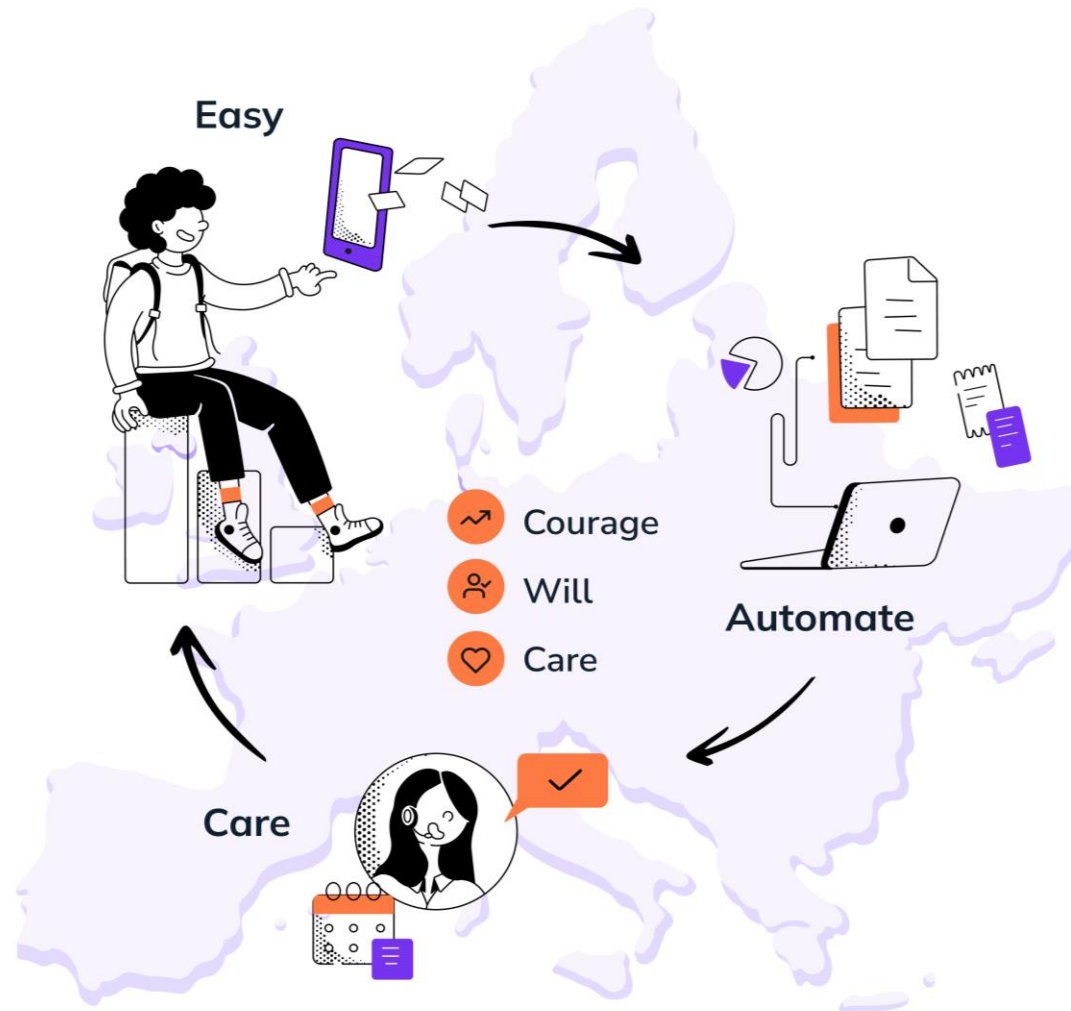
1. Clearly faster growth than on the market and scalable profitability
2. Technological competence brings a clear competitive edge
3. Lasting customer relationships and high share of continuous business provide predictability
4. Strong position on the Finnish core market
5. Growth potential from internationalisation and small customer concept



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.

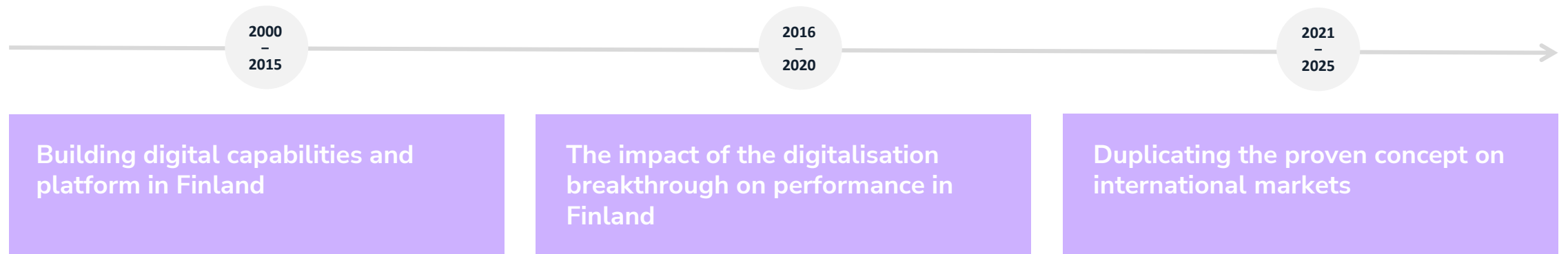
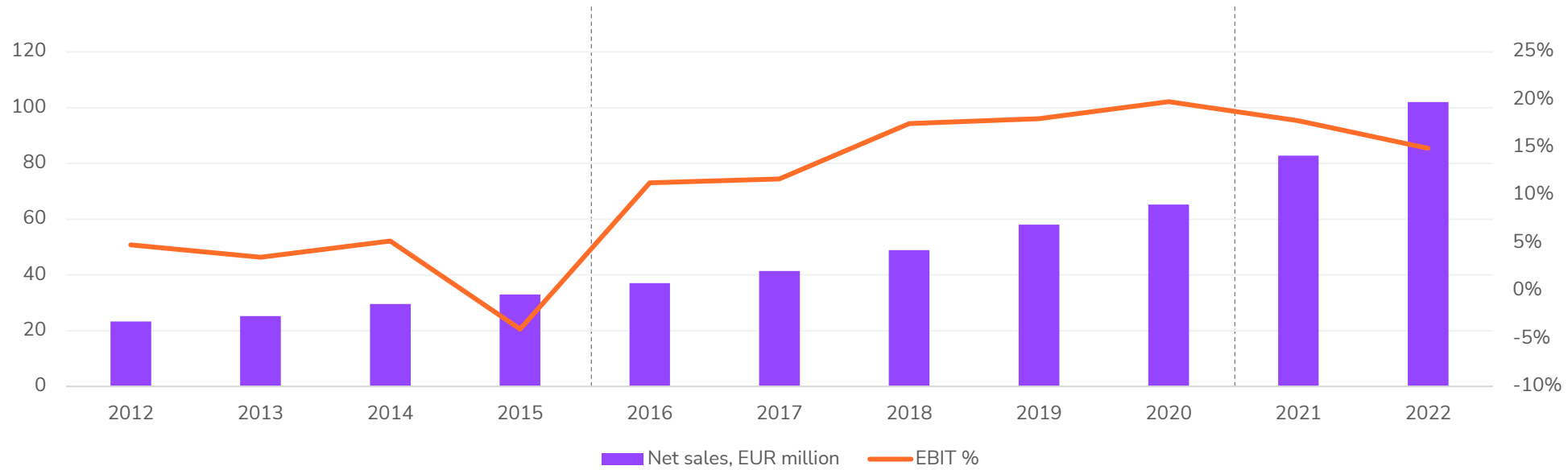


## Medium-term (2023–2025) financial targets

- 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



# 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.

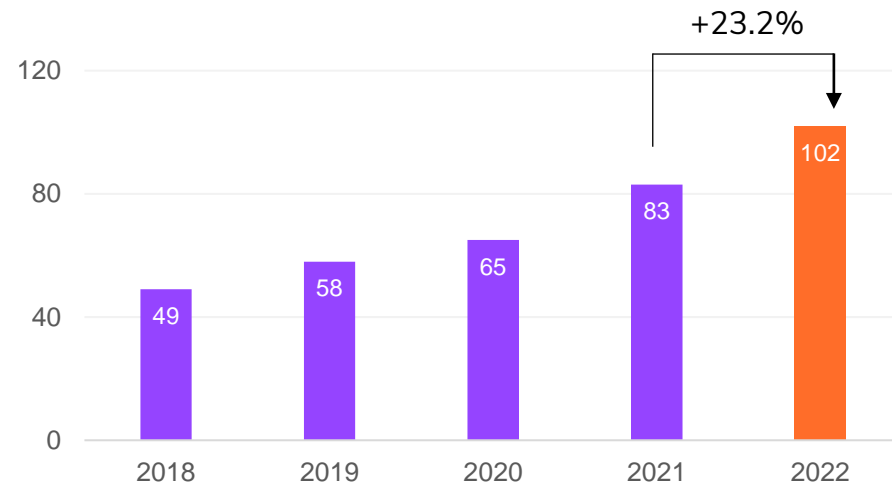
04.

Quick improvement of the profitability of acquisition targets.

Finances

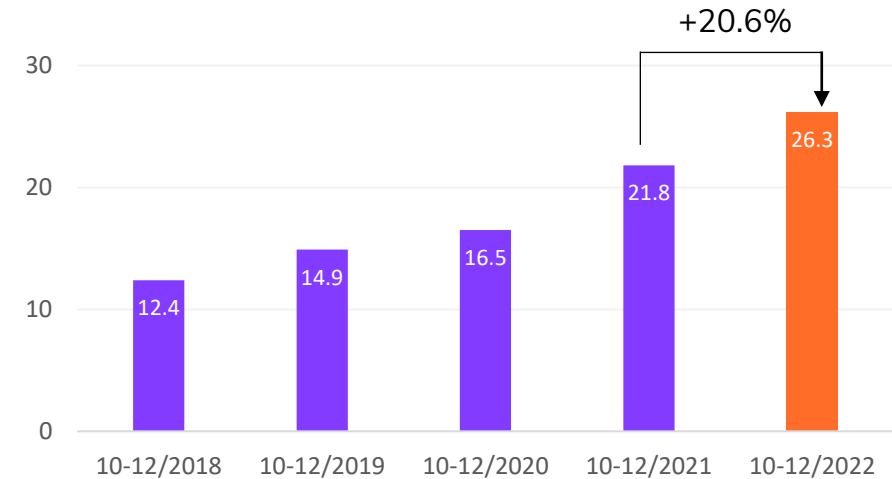
# Group net sales

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)



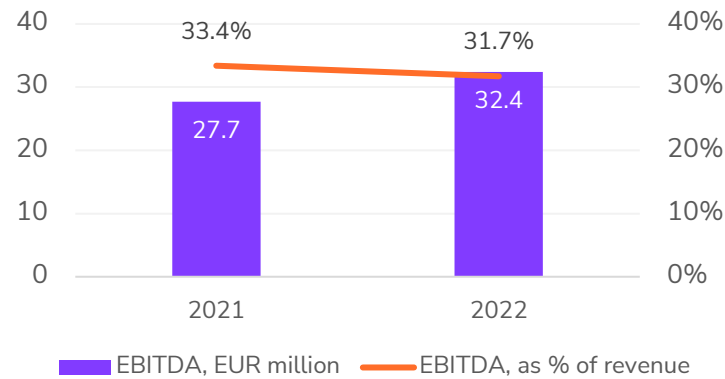
- 1/5 of growth organic, rest from acquisitions



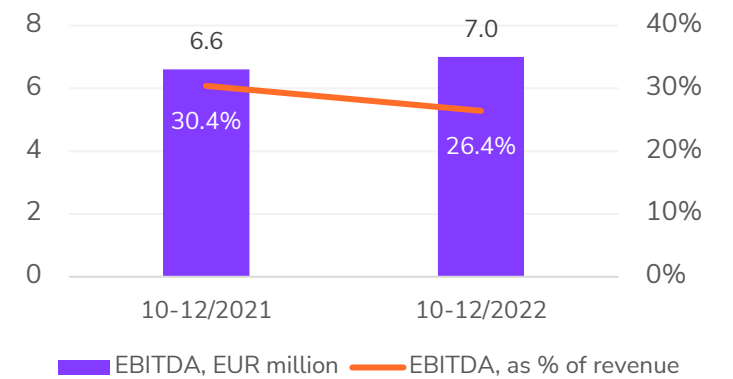
# Group profitability

- 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.

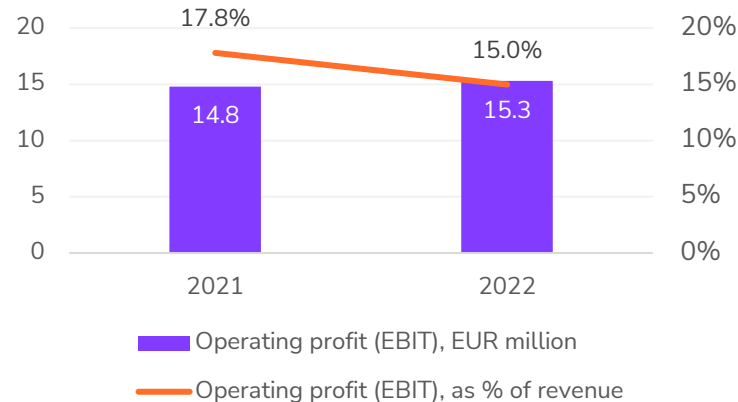
**EBITDA development 2022**



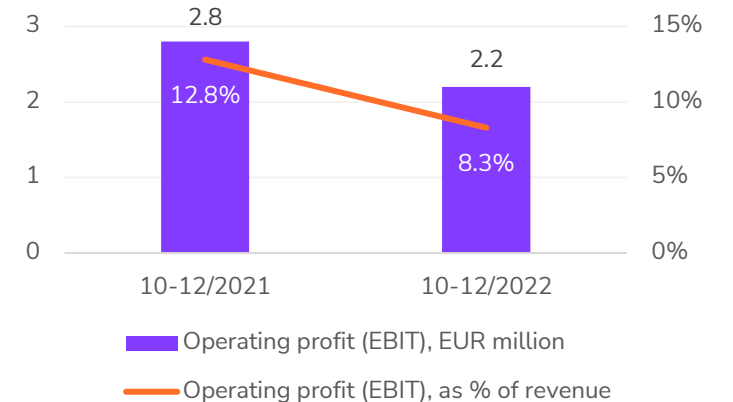
**EBITDA development 10-12/2022**



**Operating profit 2022**



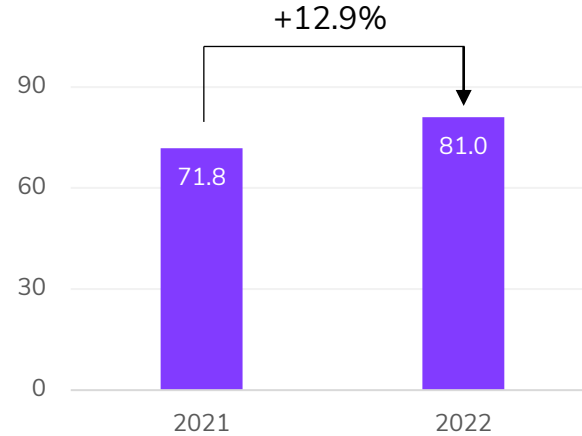
**Operating profit 10-12/2022**



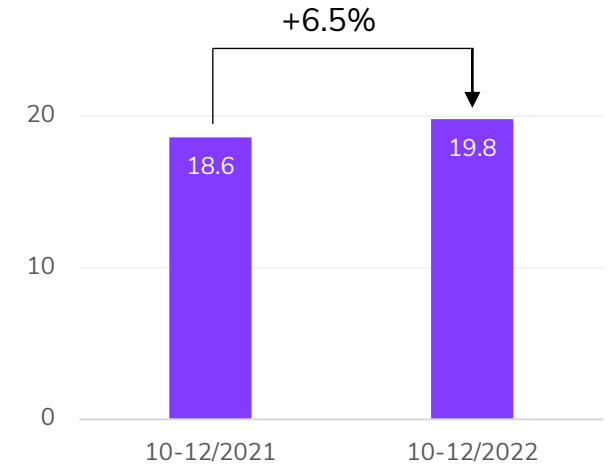
# Business development in Finland

- 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.

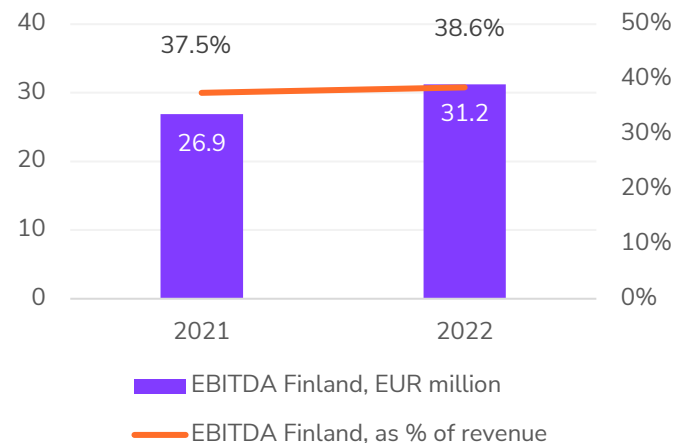
Net sales development 2022 (EUR million)



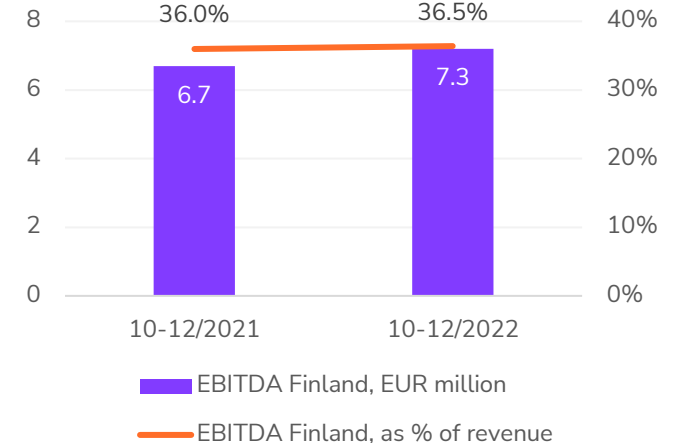
Net sales development 10-12/2022 (EUR million)



EBITDA development 2022



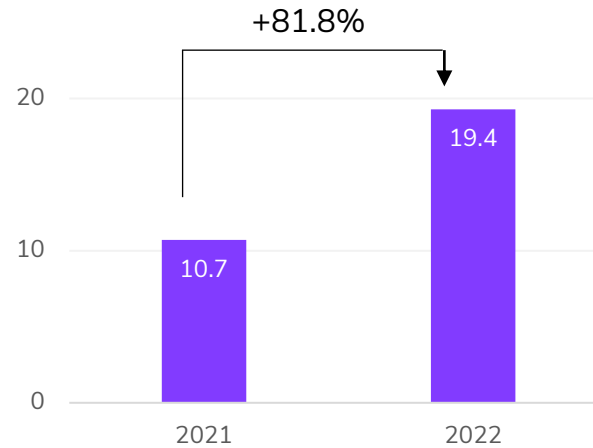
EBITDA development 10-12/2022



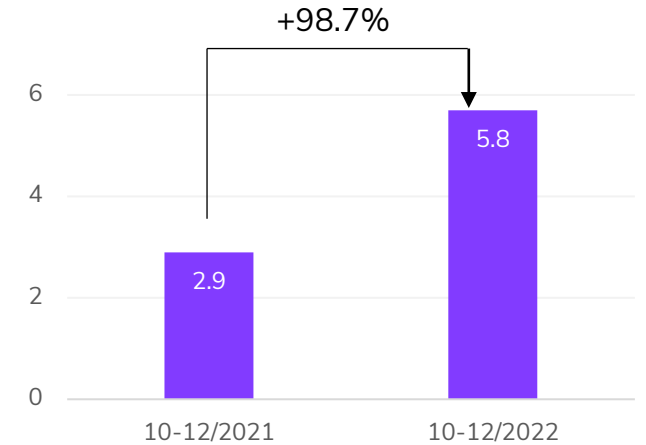
# Business development in Sweden

- 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.

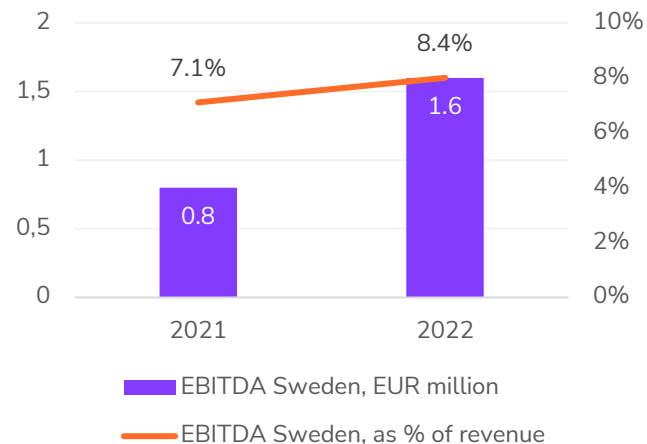
Net sales development 2022 (EUR million)



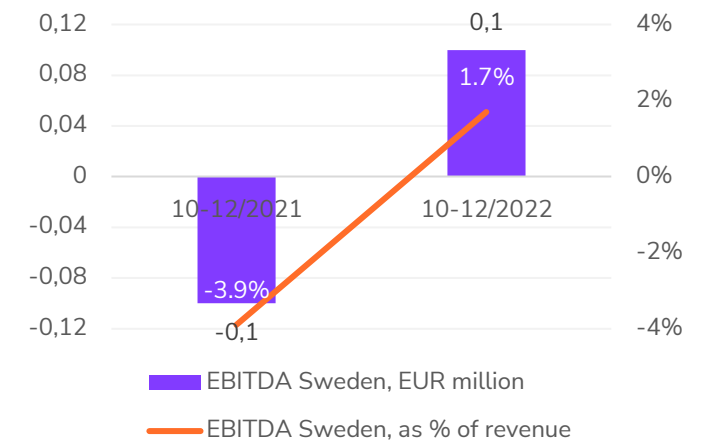
Net sales development 10-12/2022 (EUR million)



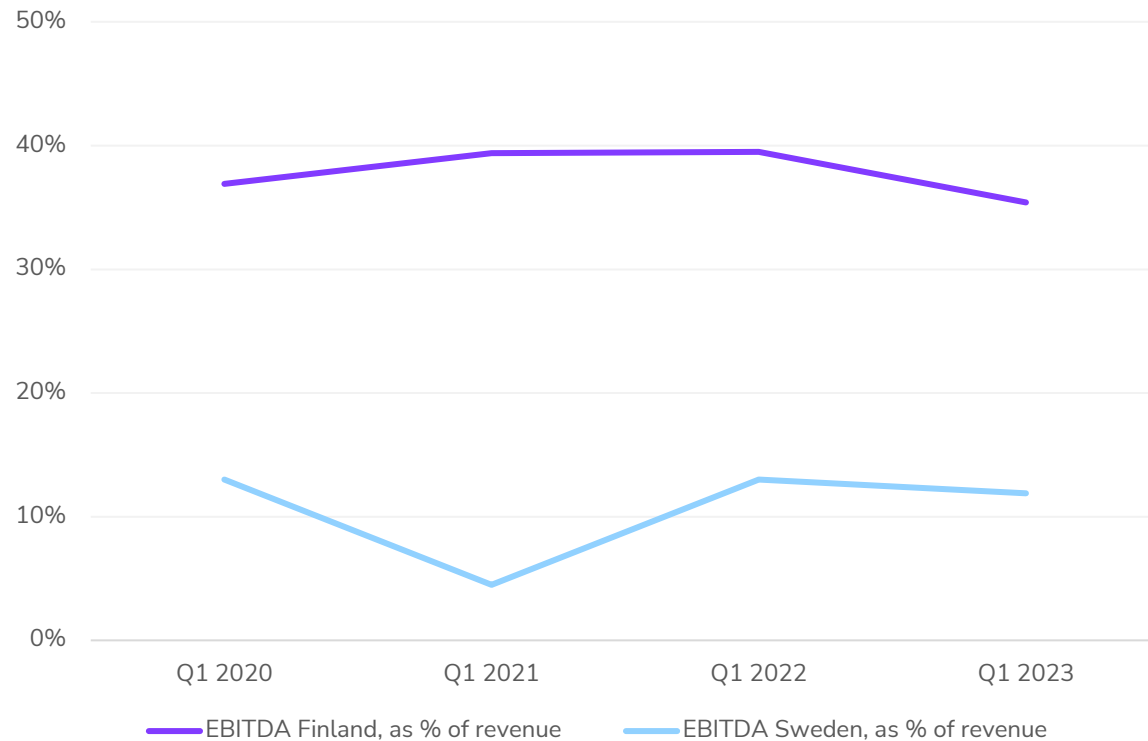
EBITDA development 2022



EBITDA development 10-12/2022



## With automation Sweden's EBITDA is expected to rise to the Finnish level

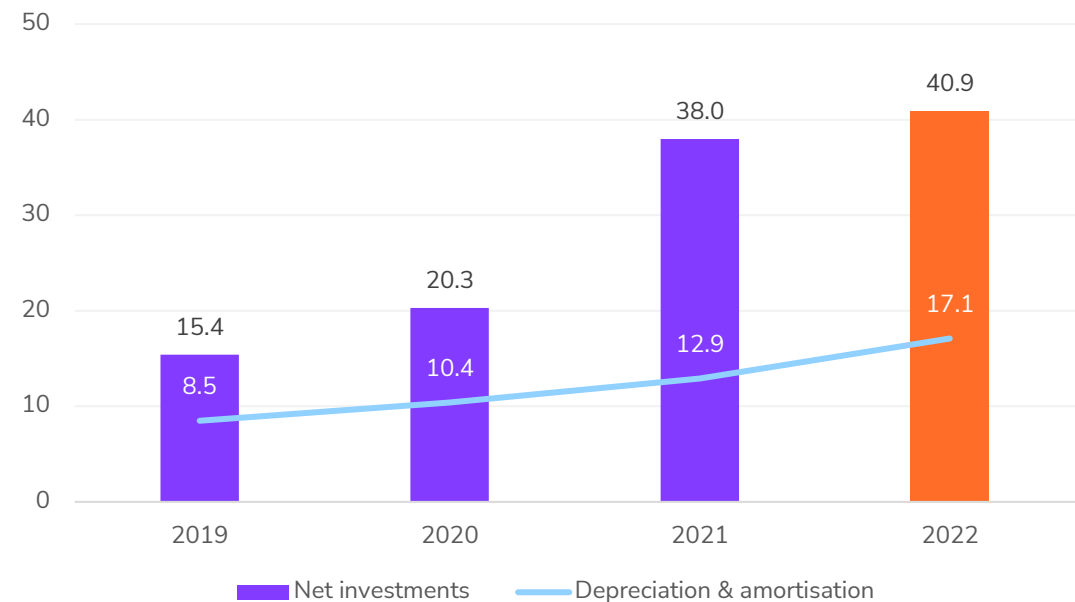


- Our strong software expertise has enabled a highly efficient and automated accounting process in Finland.
- The difference between the EBITDA in Finland and Sweden is explained especially by the difference in the degree of automation.
- Based on the experience in Finland, the working time spent on routine activities can be cut to one-quarter with Talenom's processes and implementation of own software.
- This, in turn, enables us to provide services that generate value-added to our customers also in Sweden.

# Investments and depreciation

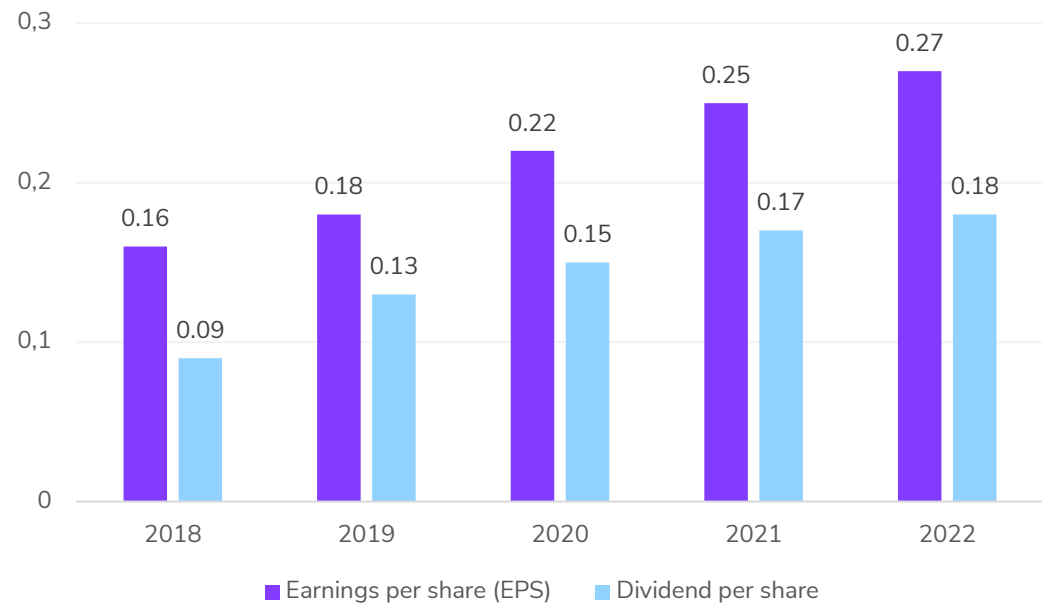
- Investments stemming from new customer contracts during the review period amounted to EUR 3.3 million (3.9).
- Investments in software and digital services totalled EUR 12.1 million (11.7). Our technology investments focused on developing customer interfaces and developing automation further. The biggest 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.



# TALENOM

Thank you

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