

# Talenom Plc January–September 2022 Business Review & Strategy Review

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25 October 2022



**TALENOM**  
*yrittämisen iloa*



# PRESENTATION CONTENT

- REVIEW PERIOD HIGHLIGHTS
- STRATEGY PROGRESS DURING THE REVIEW PERIOD
- GROUP FINANCIAL DEVELOPMENT
- COUNTRY-SPECIFIC FINANCIAL DEVELOPMENT
- OUTLOOK
- MID-TERM FINANCIAL TARGETS



## REVIEW PERIOD HIGHLIGHTS

### STRONG GROWTH IN NET SALES

JANUARY-SEPTEMBER:

**76 Meur** (61 Meur)

**+24%** (+25%)

### HIGH EBIT MARGIN

JANUARY-SEPTEMBER:

**13 Meur** (12 Meur)

**17%** (20%)

AS % OF NET SALES

### GUIDANCE FOR 2022 UNCHANGED

NET SALES EUR 100-110 MILLION

OPERATING PROFIT EUR 15-18 MILLION

# STRATEGY PROGRESS 1-9/2022

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1

ORGANIC GROWTH AND GROWTH THROUGH ACQUISITIONS

- 1/3 growth organic, 2/3 from acquisitions
- Organic growth is driven by increased customer volumes and growth in sales of value-added services in Finland
- Four acquisitions in Q3 and 13 in January-September 2022 in Finland and internationally

2

DEVELOPING OUR BUSINESS IN SPAIN

- Nomo has good capabilities to be an excellent growth platform
- Strengthening our accounting business by acquiring Acompany and Gestoria Teruel SL

3

EXPLORING NEW MARKET AREAS

- Examination of new accounting service markets continued as planned
- Digital transition is expected in Europe in the coming years
- Utilising the position reached in Finland as a pioneer in the expansion

4

SCALING THE SMALL CUSTOMER CONCEPT

- Progressing in developing the digital distribution channel for small customers
- Expanding partnership with Fellow Bank to distributing bank accounts and cards to SMEs

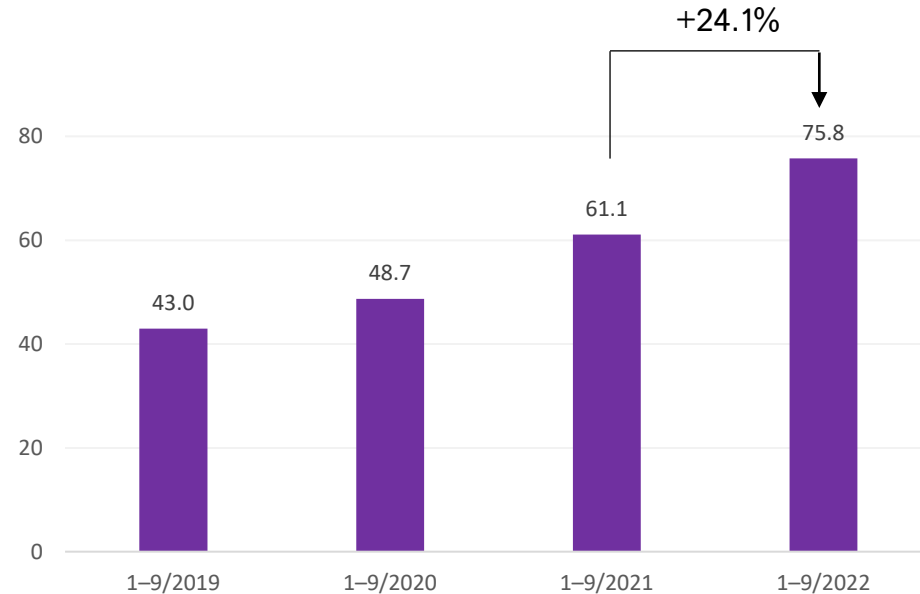
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SOFTWARE IMPLEMENTATION IN SWEDEN

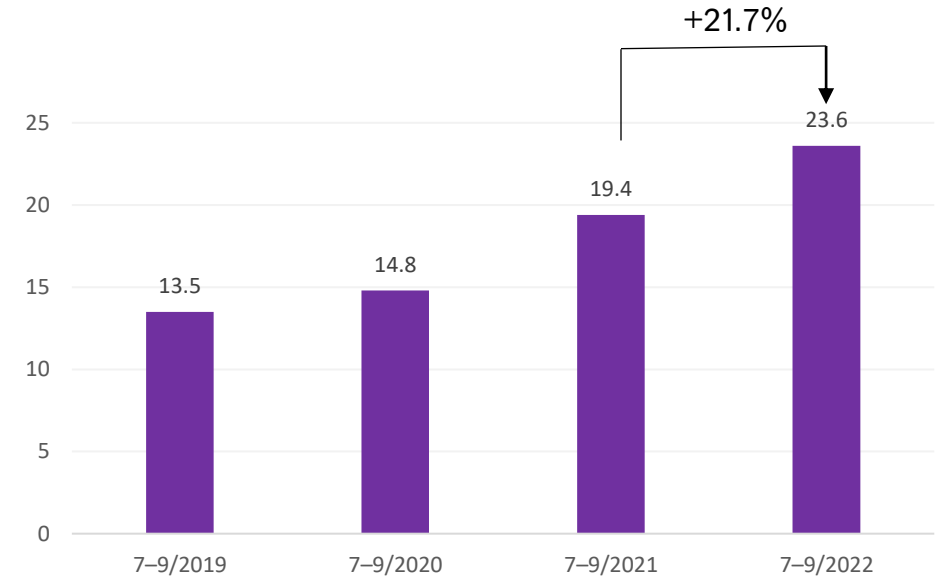
- Software implementation has progressed according to plan alongside other integration work

# NET SALES GROWTH CONTINUED

Net sales in January-September (EUR million)



Net sales in July-September (EUR million)

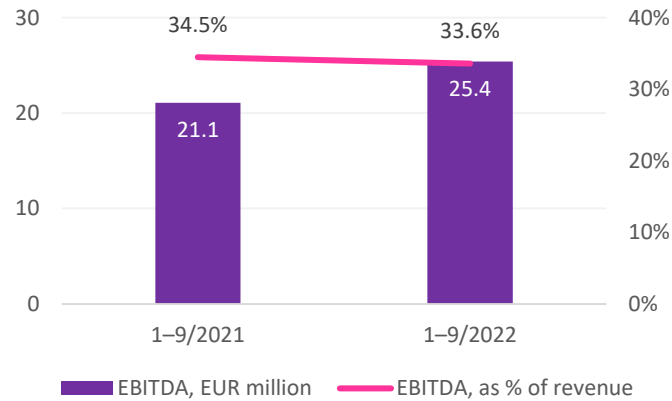


- 1/3 of growth organic, 2/3 from acquisitions
- 13 acquisitions in Sweden, Spain and Finland
- Organic growth driven by good development in customer volumes and sales of value-added services

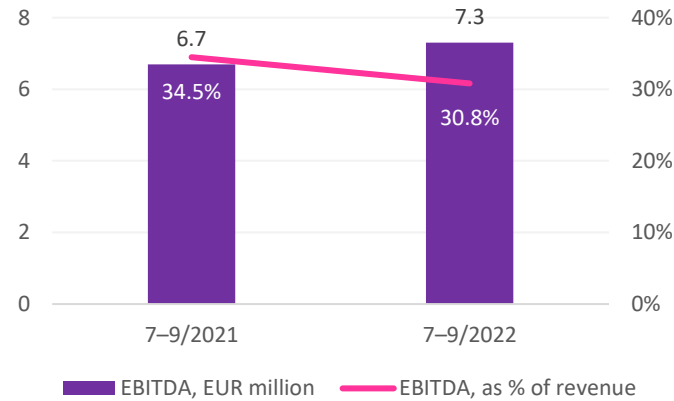
- 1/3 of growth organic, 2/3 from acquisitions
- Four acquisitions in Sweden, Spain and Finland

# GROWTH INVESTMENTS HAD A PRESSURE ON MARGINS

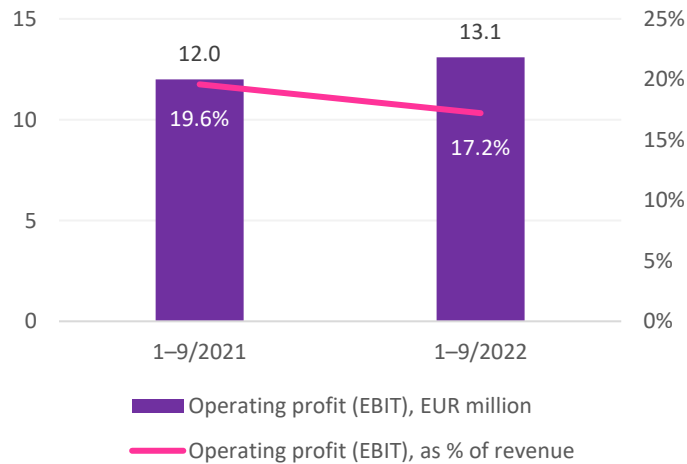
## EBITDA development 1-9/2022



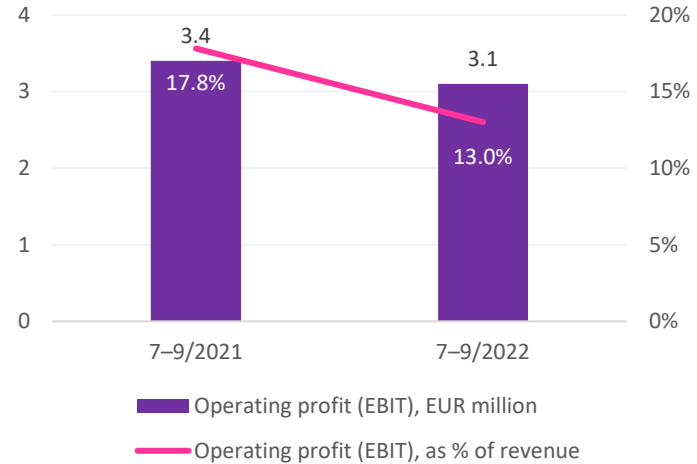
## EBITDA development 7-9/2022



## EBIT development 1-9/2022



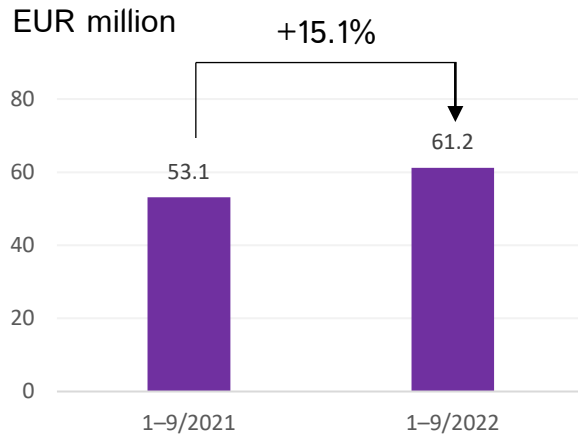
## EBIT development 7-9/2022



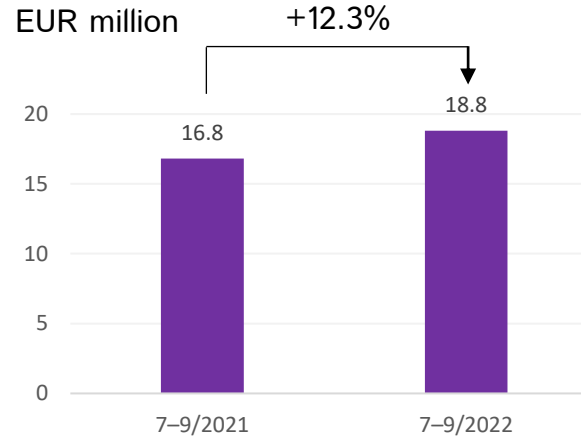
- Relative profitability was depressed by lower profitability of the acquired businesses compared to other units, integration and other costs of acquisitions, and higher depreciation of software investments and made acquisitions
- In Finland, it takes about three years to increase the profitability of the acquisition targets to the level of the existing business after implementing own software

# BUSINESS DEVELOPMENT IN FINLAND

## Net sales development 1-9/2022

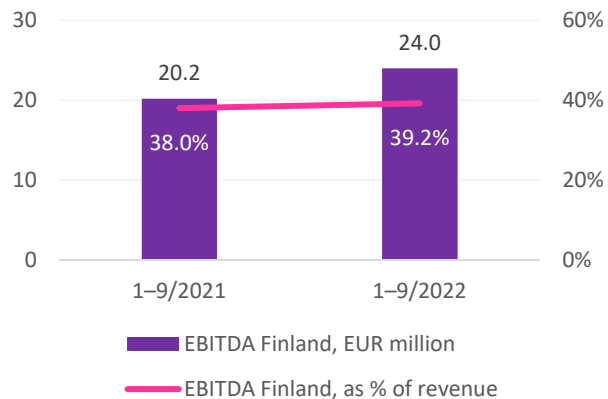


## Net sales development 7-9/2022

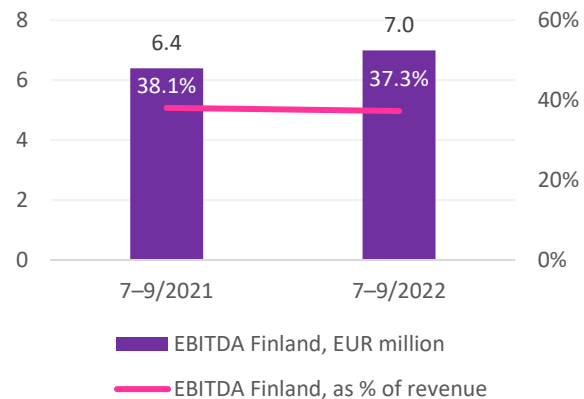


- Growth in net sales 2/3 organic, 1/3 from acquisitions
- Organic growth was driven by increased customer volumes and sales of value-added services

## EBITDA development 1-9/2022



## EBITDA development 7-9/2022

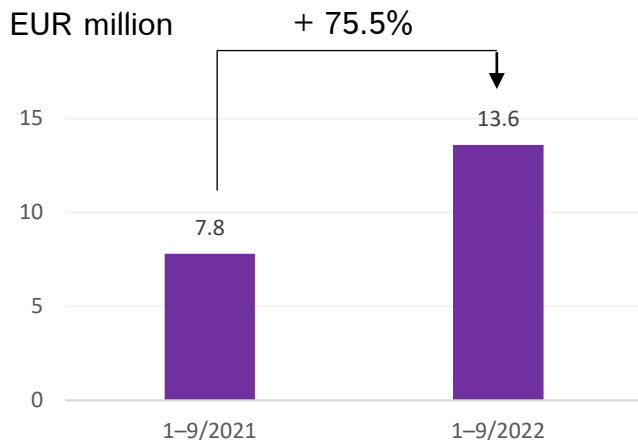


- Relative profitability remained on an excellent level
- The development of automation had a positive and acquisitions a negative impact on profitability

# BUSINESS DEVELOPMENT IN SWEDEN

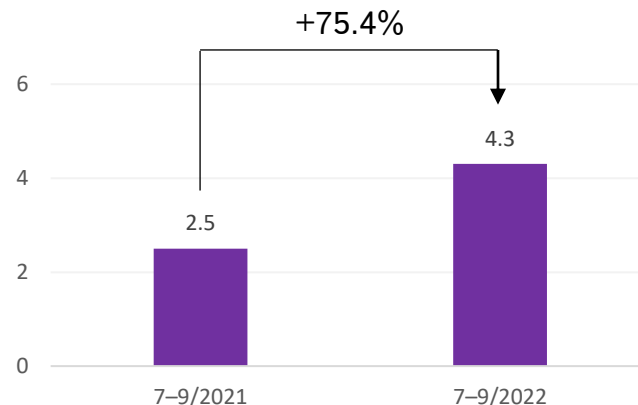
## Net sales development 1-9/2022

EUR million



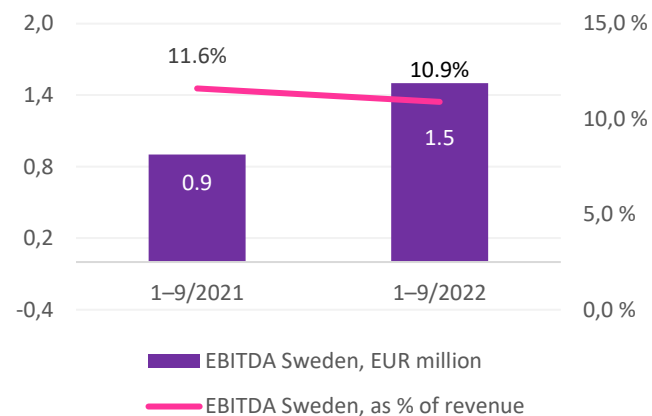
## Net sales development 7-9/2022

EUR million

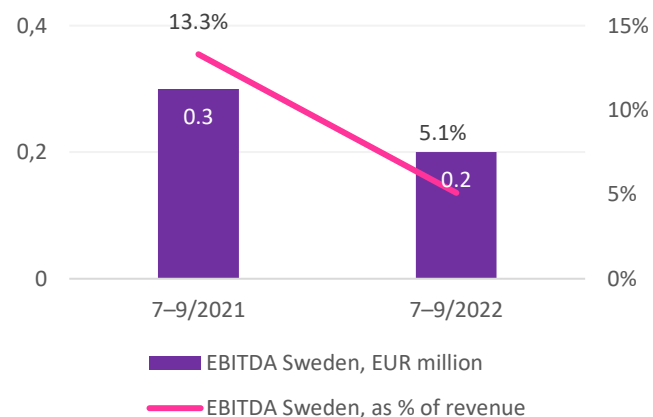


- Strong growth continued
- Net sales growth came mainly from acquisitions

## EBITDA development 1-9/2022



## EBITDA development 7-9/2022



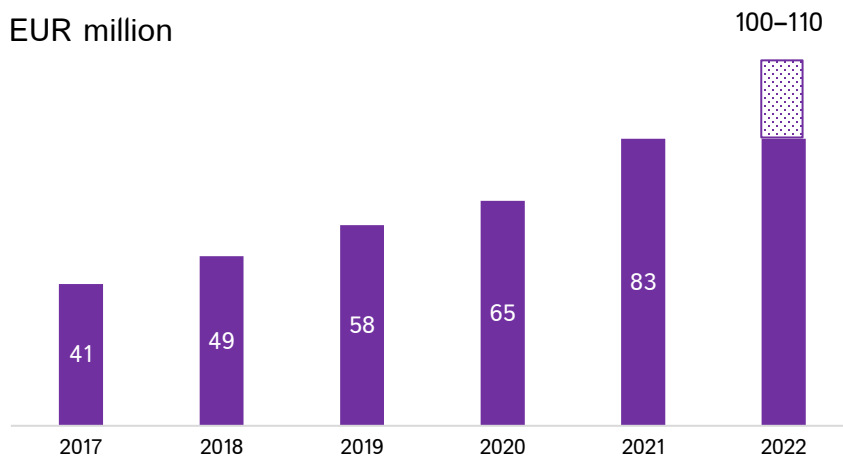
- In Sweden, we are in a phase of rapid growth and development where the introduction of our own automation-increasing software has started as planned alongside other integration work
- Profitability has been depressed by our investments in sales, building support functions, developing management structures and by software implementations



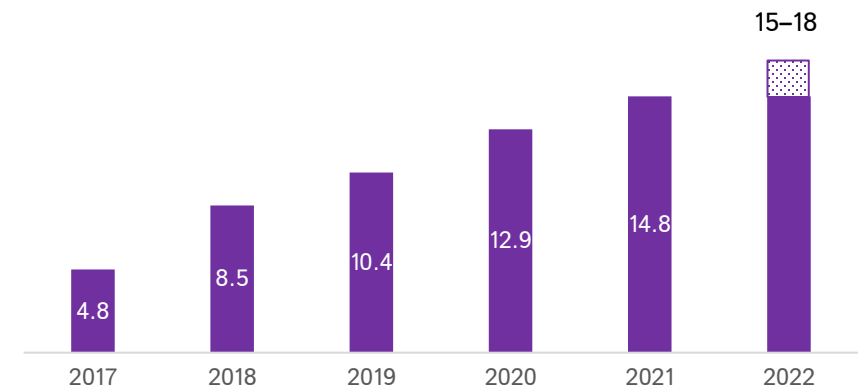
## OUTLOOK AND GUIDANCE FOR 2022 UNCHANGED (PUBLISHED 16 DECEMBER 2021)

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

NET SALES  
EUR million



OPERATING PROFIT  
EUR million



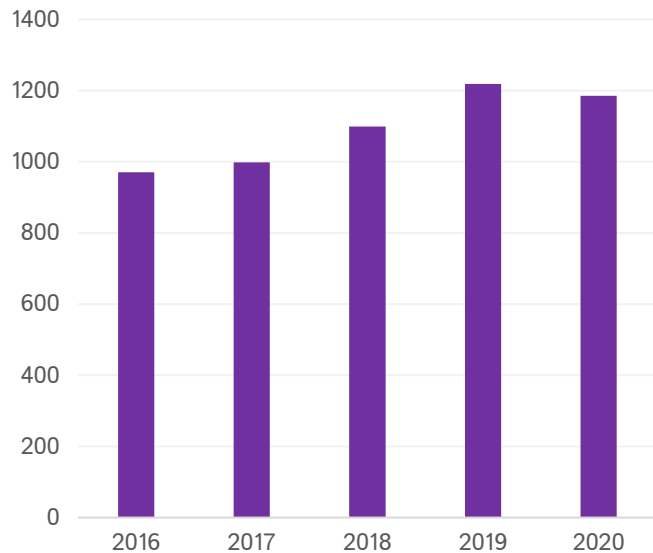
# Medium-term financial targets

STRONGER FOCUS ON ACCELERATING GROWTH



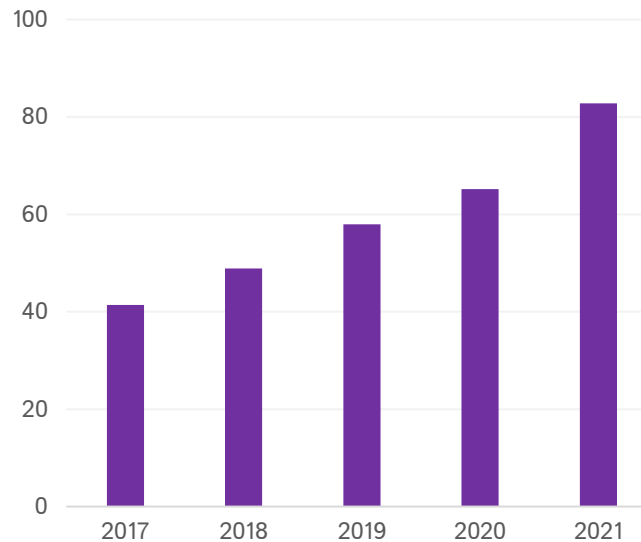
# A solid foundation to build on

Development of the Finnish accounting firm market, EUR million



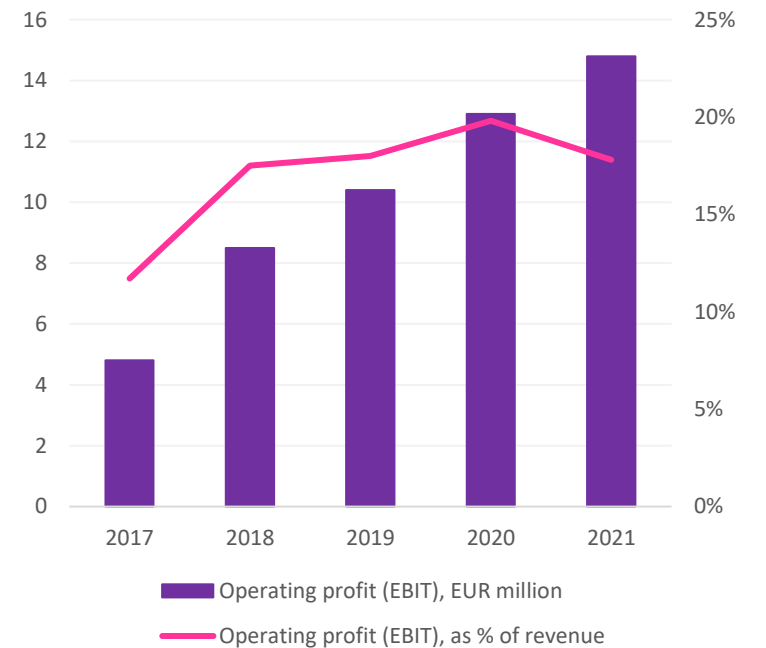
**5%**  
market CAGR 2001-2020

Development of Talenom's net sales, EUR million

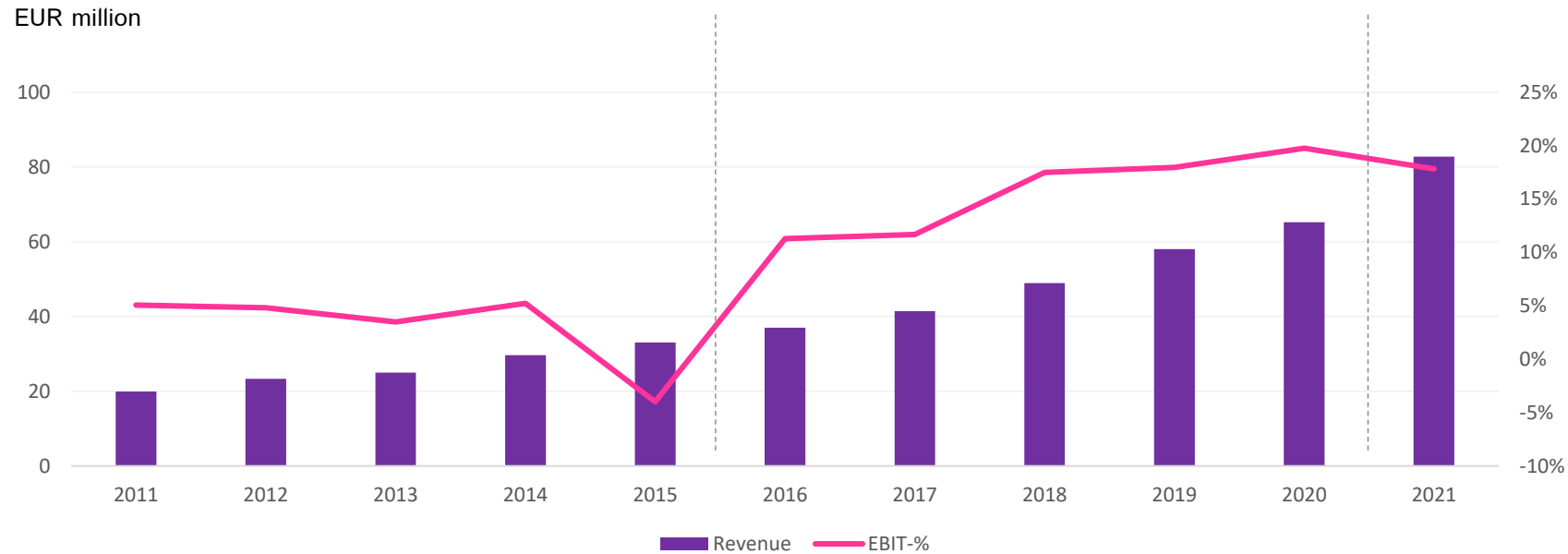


**16%**  
CAGR of Talenom net sales 2005-2021

Development of Talenom's operating profit, EUR million



# A proven strategy and strong track-record



2000  
–  
2015

2016  
–  
2020

2021  
–  
2025

BUILDING DIGITAL CAPABILITIES AND  
PLATFORM IN FINLAND

THE IMPACT OF THE DIGITALISATION  
BREAKTHROUGH ON PERFORMANCE IN  
FINLAND

DUPLICATING THE PROVEN CONCEPT ON  
INTERNATIONAL MARKETS

# Medium-term financial targets

2022

## Well equipped for future growth

- Strong position in Finland
- Strong profitability of core businesses
- Best-in-class digital capabilities and platform in place
- Encouraging first signs of internationalisation journey

2023  
–  
2025

## Accelerating international growth

- Leveraging the digital transformation in Europe
- Duplicating the proven digitalisation concept on international markets
- Scaling up the businesses in Sweden and Spain
- Entering new markets in Europe
- Growth based on M&As, active sales and digital sales
- Strengthening organisational structure and leadership culture
- Lower relative profitability

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

ANNUAL NET SALES GROWTH OVER 30%

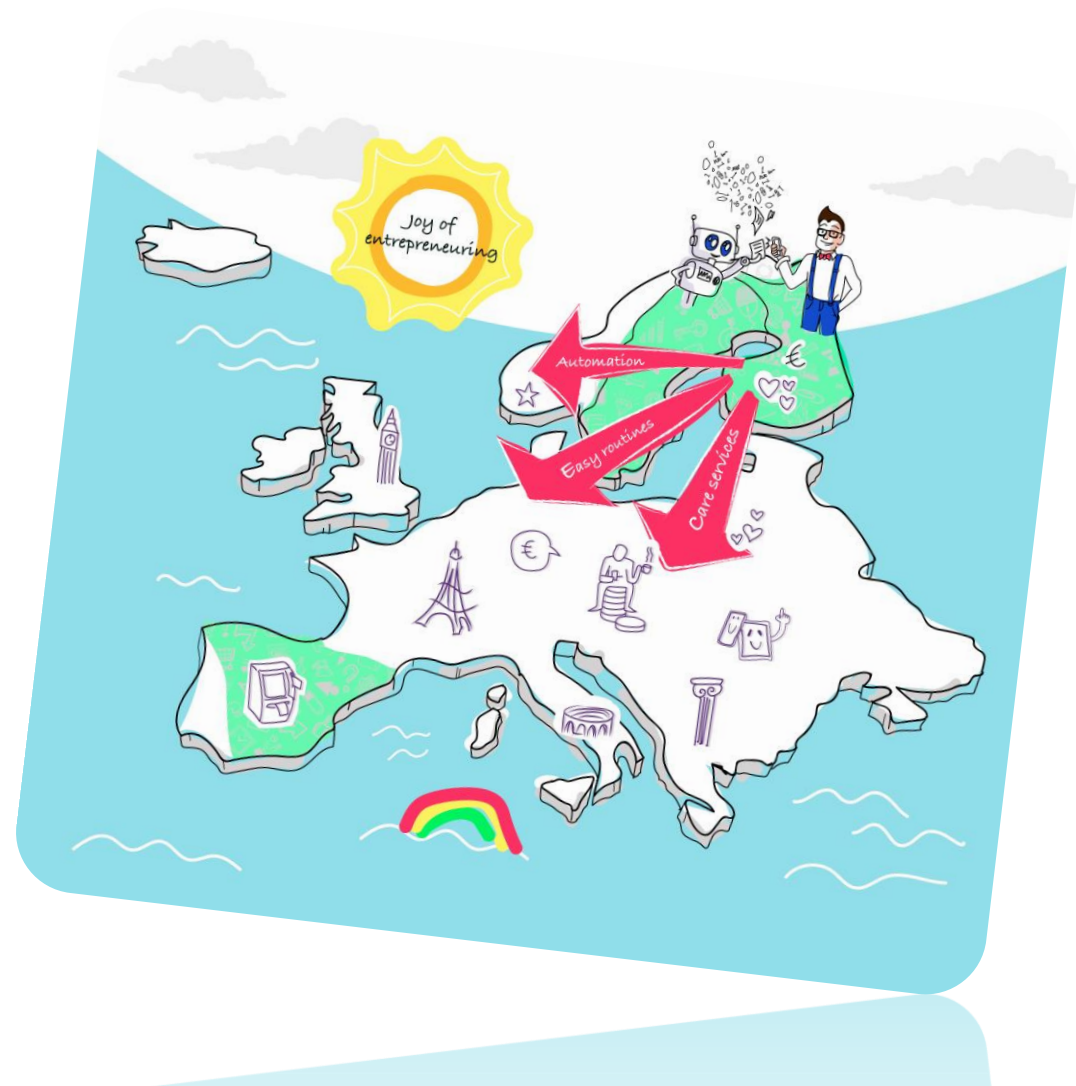
ANNUAL EBITDA GROWTH OVER 15%

INCREASING EBIT IN EUROS

INCREASING DIVIDEND PER SHARE

# We will continue to execute our current strategy with increased focus on growth

UNBEATABLE  
ACCOUNTING AND  
BANKING SERVICES FOR  
SMES



# Digitalisation phases of Talenom's operations

## 1. Customer interfaces

The client starts using Software as a Service

- Makes life easier, saves time
- Standardises workflow and material deliveries to accounting office
- Enables the utilisation of structured information, such as e-invoice

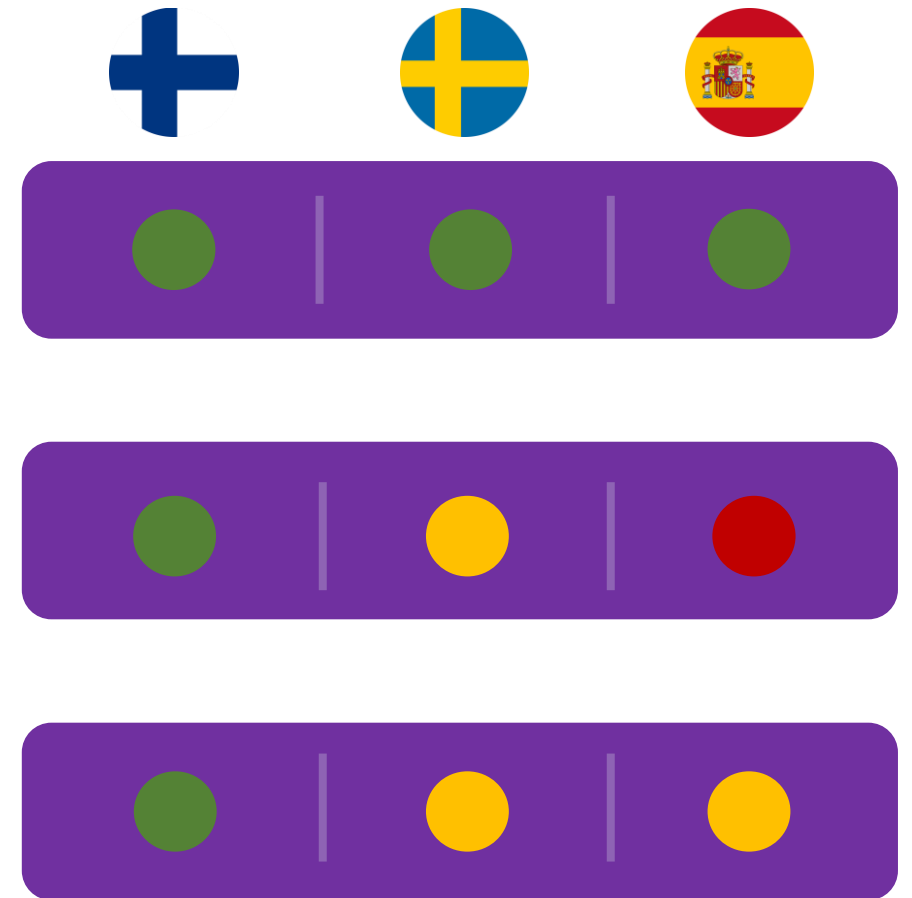
## 2. Automation

Becomes possible, because the clients are using the same platform

## 3. Care and upselling

Offering new services to clients becomes possible because automation saves time

- More time with the clients, improved customer satisfaction
- More time for cross-selling



The information provided in the table is indicative

# KEY DRIVERS TO ACCELERATE GROWTH



1

LEGISLATION AND MARKET TRENDS BOOST DIGITALISATION (PSD2, E-INVOICE, E-RECEIPT, EU'S GREEN TRANSITION)

[READ MORE ABOUT LEGISLATION HERE](#)

2

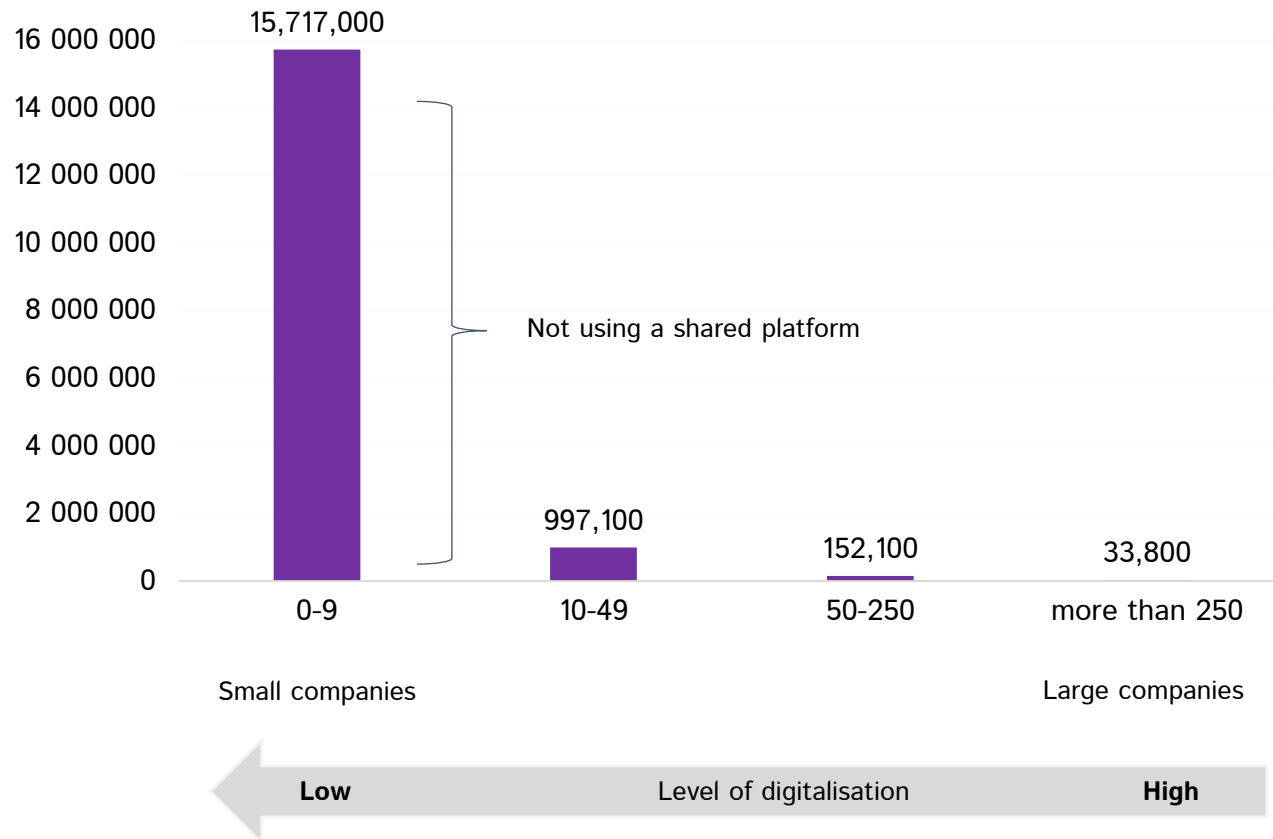
CUSTOMER BEHAVIOR IS CHANGING TOWARDS DIGITAL PLATFORMS

3

DIGITALISATION IS HAPPENING NOW: CHOICES BETWEEN PLATFORMS ARE BEING MADE AND THE BARRIER TO SWITCH IS PROVEN TO BE HIGH



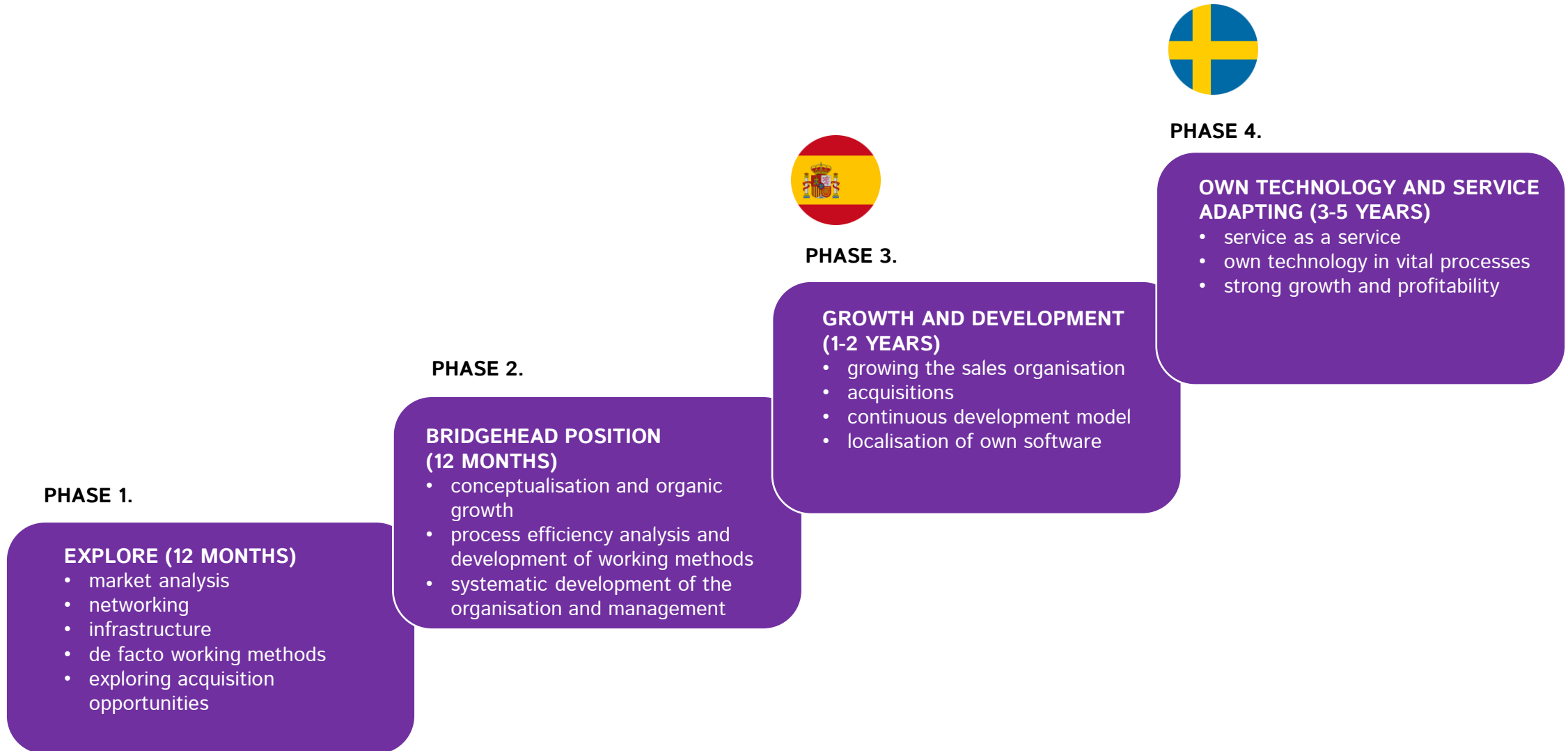
# Digitalisation provides growth opportunities in the SME segment



- The micro and small segment is served by individual consultants and small accounting firms.
- Regional markets are characterised by traditional working processes.
- About 90% of small enterprises (approximately 13 million enterprises in total) are not using a shared platform with a partner accounting office.
- Huge possibilities for improved efficiency. We have saved over 80% of used time for accounting processes in Finland. This is based for our own bookkeeping software.

Number of enterprises by size category in terms of number of employees (countries included: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Italy, Latvia, Lithuania, Netherlands, Portugal, Sweden, Spain)

# Phases of internationalisation



# Recap

1

WE HAVE SUCCEEDED IN THE FINNISH DIGITALISATION JOURNEY

2

DIGITALISATION IS HAPPENING RIGHT NOW IN EUROPE AND THAT'S WHY WE ARE ACCELERATING GROWTH

3

WE WANT TO DUPLICATE THE FINNISH SUCCESS IN OTHER EUROPEAN COUNTRIES



# NEW TALENOM APP: EXAMPLE OF DIGITAL ACCOUNTING



<https://www.talenom.fi/uudistettu-talenom-mobiilisovellus/>

# Q&A

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