

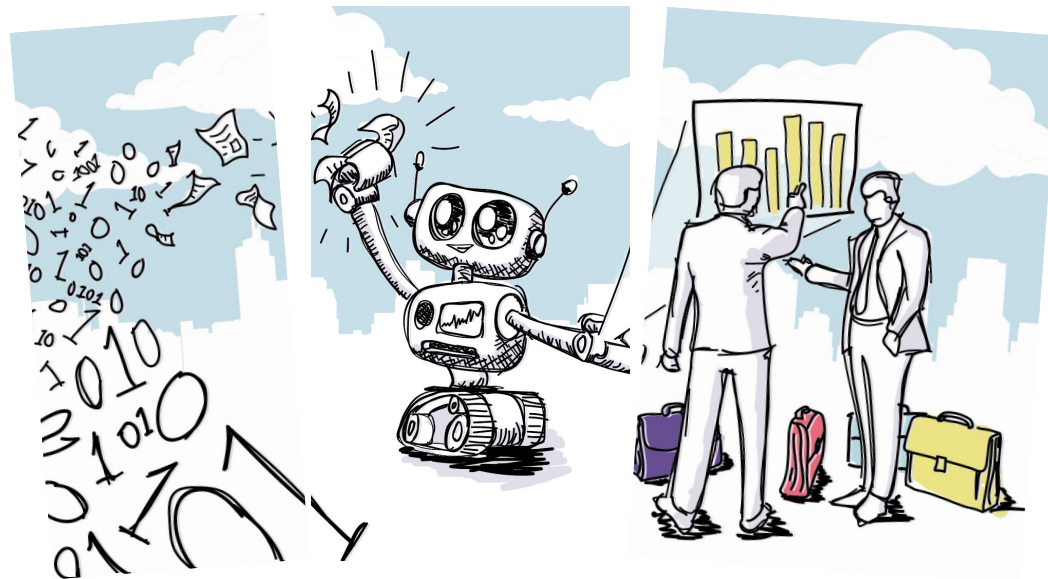
# Talenom Plc.

Jussi Paaso



**TALENUM**  
*yrityksien ilo*

# CHOICES FOR THE STRATEGY PERIOD: EFFORTLESS, AUTOMATED AND ATTENTIVE



1. EASY FINANCIAL  
MANAGEMENT ROUTINES FOR  
ENTREPRENEURS

2. AUTOMATED  
BOOKKEEPING

3. CARE AND  
VALUE-ADDED SERVICES

**TALENOM**  
*yrityksämisen iloa*

# JANUARY–SEPTEMBER 2018

1–9/2018 **Net sales**  
**36.4 (30.7)** million euros  
Growth 18.6 (11.7) %

7–9/2018 **Net sales**  
**11.1 (9.3)** million euros  
Growth 19.8 (12.9) %

## Excellent development in net sales

- Net sales increased by 18.6% in January–September and by 19.8% in July–September, year on year
- Due to our own sales activities and the successful efforts of our franchise entrepreneurs, the number of clients using our accounting services continued to follow a strong growth path

# JANUARY–SEPTEMBER 2018

1–9/2018 **Operating profit** (EBIT)  
7.1 (4.0) million euros

7–9/2018 **Operating profit** (EBIT)  
1.9 (0.8) million euros

1–9/2018 **Net profit**  
5.4 (2.8) million euros

7–9/2018 **Net profit**  
1.4 (0.5) million euros

1–9/2018 **Earnings per share**  
0.78 (0.41) euros

7–9/2018 **Earnings per share**  
0.21 (0.07) euros

## Continued improvements in profitability and operational efficiency

- The EBIT of January–September increased by 78.0% and that of July–September by an astonishing 135.9%
- January–September EBIT was 7.1 million euros, representing 19.4% of net sales
- During the review period, the cash flow from business operations after investments was clearly positive

# JANUARY–SEPTEMBER 2018

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## Other business activities

- During the review period, net sales from value-added services grew by 66% year-on-year, to 2.4 million euros.
- This growth demonstrates that our efforts in the field of concept development are progressing in the right direction

## The key to success: investments in the bookkeeping production line

- Talenom's bookkeeping production line is now proving its outstanding capabilities: today's profitable growth would be impossible to achieve without scalable processes and determined technological development
- The increased degree of automation frees the accountants' time for customer service, which in turn improves customer satisfaction
- We are on the path toward fully automated accounting, combined with accountants providing higher value-added services

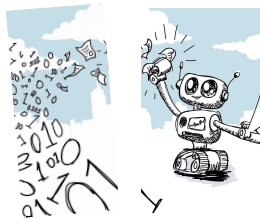
# OUTLOOK

## Guidance for 2018:

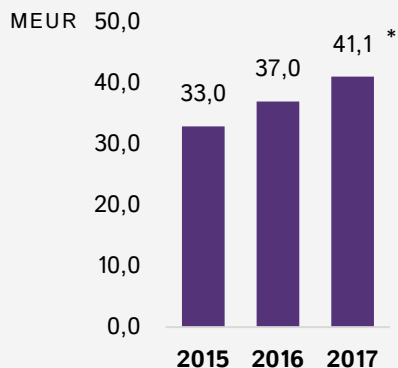
"Talenom's goal is to continue growing more quickly than the accounting sector in general. The company's net sales growth is expected to be clearly faster than the previous year (12.1%, 2017). Relative profitability, as measured by EBIT, is expected to improve year-on-year, reaching 7.4–8.0 million euros."

## Solid foundation for continued profitable growth in the future

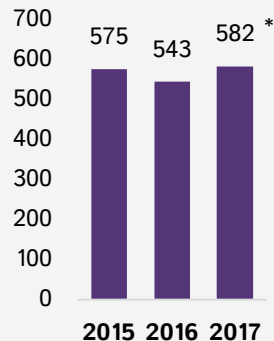
- We will continue to invest in technology, and the outlook for a continued positive development in profitability remains excellent
- Our commercial capabilities will remain strong also in the future periods
- During the review period, we got the first pieces of evidence showing that accountants are also able to provide clients with highly advanced accounting expertise that is subject to a charge



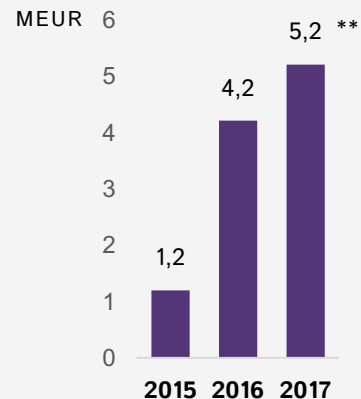
## SOLID FOUNDATION FOR CONTINUED PROFITABLE GROWTH IN OUR CORE BUSINESS



**NET SALES +24%**



**PERSONNEL +2%**



**OPERATING  
PROFIT  
(EBIT) +325%**

Because Talenom adopted IFRS reporting in 2017, the operating profit for the years 2016 and 2015 consists of ex-post comparative calculations.

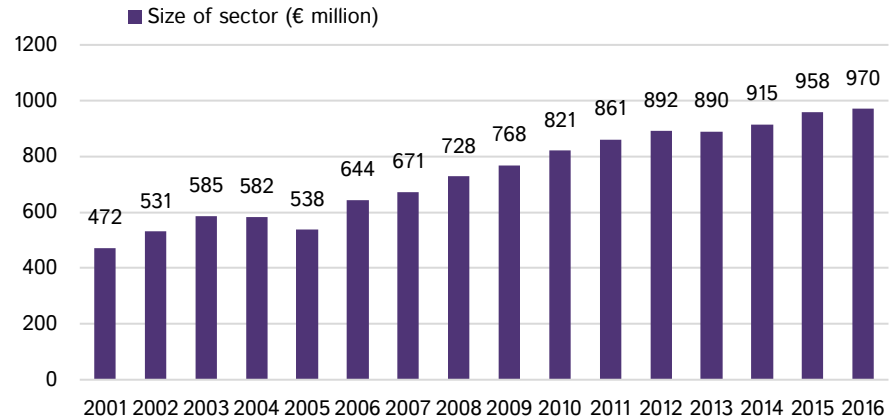
\*\* The year 2017 has been adjusted for 310 thousand euros in one-off IPO expenses.

\* The figures have been adjusted to take account of Staffing Services, which had an impact of 355 thousand euros on net sales and involved around 13 employees in 2017.

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# BUSINESS ENVIRONMENT IN THE ACCOUNTING SECTOR

- The accountancy market is a fragmented and growing market characterised by the statutory accounting requirement and the transition created by digitalisation
- The accounting market in Finland is highly fragmented:
  - There were 4,235 companies (4,295) in 2016 <sup>(1)</sup>
  - The average company size was 2.8 employees <sup>(1)</sup>
- The size of the accounting market in Finland was 970 (958) million euros in 2016 <sup>(1)</sup>
- Annual market growth remained good despite various financial crises <sup>(1)</sup>
- Historically, price rises, the increase in receipts and higher sales of value-added services have acted as drivers of growth



\* NB: When referring to corporate and financial statistics, which have been published since the 2013 figures, statistics preceding that year are also included: 2001-2006 Business Register statistics (TOL 2002) and 2007-2012 Business Register statistics (TOL 2008).

(1) Statistics Finland, corporate and financial statistics\*





## ACCOUNTING SECTOR IN 2020

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Strong growth in automation is shifting manual accounting routines from accountants' desktops to machine rooms. Who will keep pace with the digitalisation of the industry?

## DISCLAIMER

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Certain statements in this bulletin are forecasts based on the company's and management's views at the time the forecasts were made. For this reason, they involve risks and uncertainties. The forecasts may also change, if significant changes occur in the general economic situation or the company's business environment.





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## Annex 1. Key figures

### 1 January–30 September 2018

Group	1-9/2018	1-9/2017	Change
Net sales, thousand euro	36,423	30,722	5,701
Net sales, increase %	18.6%	11.7%	6.9 percentage points
EBITDA, thousand euro *)	10,642	7,080	3,562
Operating profit (EBIT), thousand euro *)	7,079	3,977	3,102
Operating profit (EBIT), as % of net sales	19.4%	12.9%	6.5 percentage points
Return on investment (ROI), % (rolling 12 months)	20.7%	13.0%	7.7 percentage points
Net investments, thousand euro	7,123	5,226	1,897
Liquid assets (cash in hand and in banks), thousand euro	3,804	4,069	-265
Earnings per share, euro	0.78	0.41	0.37
Net profit, thousand euro *)	5,362	2,823	2,539

\*) The period 1 January–30 September 2017 includes 310 thousand euros in one-off IPO expenses.

## Annex 2. Key figures

### 1 July–30 September 2018

Group	7–9/2018	7–9/2017	Change
Net sales, thousand euro	11,145	9,302	1,843
Net sales, increase %	19.8%	12.9%	6.9 percentage points
EBITDA, thousand euro **)	3,051	1,916	1,134
Operating profit (EBIT), thousand euro **)	1,852	785	1,067
Operating profit (EBIT), as % of net sales	16.6%	8.4%	8.2 percentage points
Return on investment (ROI), % (rolling 12 months)	20.7%	13.0%	7.7 percentage points
Net investments, thousand euro	1,631	1,616	15
Liquid assets (cash in hand and in banks), thousand euro	3,804	4,069	-265
Earnings per share, euro	0.21	0.07	0.14
Net profit, thousand euro **)	1,415	480	935

\*\*) The period 1 January–30 September 2017 includes 23 thousand euros in one-off IPO expenses.

## Annex 3. Consolidated balance sheet

### 30 September 2018

Thousand euro	30 Sep. 2018	30 Sep. 2017	31 Dec. 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	18,420	18,420	18,420
Other intangible assets	10,103	7,256	7,787
Property, plant and equipment	2,277	2,492	2,521
Other non-current financial assets	237	237	237
Deferred tax assets	68	364	191
Capitalised contract costs	7,904	6,338	6,417
<b>Total non-current assets</b>	<b>39,009</b>	<b>35,108</b>	<b>35,573</b>
<b>Current assets</b>			
Trade and other receivables	4,948	4,273	5,457
Current tax assets	0	0	21
Cash and cash equivalents	3,804	4,069	4,879
<b>Total current assets</b>	<b>8,752</b>	<b>8,343</b>	<b>10,357</b>
<b>Total assets</b>	<b>47,761</b>	<b>43,451</b>	<b>45,930</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	80	80	80
Reserve for invested unrestricted equity	10,850	12,373	12,373
Fair value reserve	-93	-130	-114
Retained earnings	6,825	990	1,603
<b>Total equity</b>	<b>17,663</b>	<b>13,313</b>	<b>13,942</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	22,000	21,500	22,000
Trade and other payables	299	182	372
Other non-current financial liabilities	116	162	143
Deferred tax liabilities	44	30	44
<b>Total non-current liabilities</b>	<b>22,459</b>	<b>21,874</b>	<b>22,560</b>
<b>Current liabilities</b>			
Financial liabilities	0	1,000	500
Trade and other payables	6,836	6,639	8,352
Other current liabilities	0	6	1
Current tax liabilities	803	620	575
<b>Total current liabilities</b>	<b>7,639</b>	<b>8,264</b>	<b>9,429</b>
<b>Total liabilities</b>	<b>30,098</b>	<b>30,138</b>	<b>31,989</b>
<b>Total equity and liabilities</b>	<b>47,761</b>	<b>43,451</b>	<b>45,930</b>