

Talenom Plc.

Jussi Paaso



TALLENOM
yrityksensä iloa



KEY POINTS JANUARY–MARCH 2019

LEVEL OF PROFITABILITY CONTINUED INCREASE

Operating profit increased by 30% over the review period. Operating profit was as high 23.3% of net sales.

GROWTH 2019 PICKS UP SPEED FROM PREVIOUS YEAR

We instruct the growth percentage of net sales to exceed 2018 levels (18.0% in 2018).

INTERNATIONALISATION LAUNCHED WITH AN ACQUISITION IN SWEDEN

Excellent expertise in sales, processes and technology are strong competitive factors also on the Swedish accounting market.

POTENTIAL BUSINESS OPPORTUNITIES AND EXCELLENT CORE BUSINESS

In addition to internationalisation, new business operations have yielded excellent pilot test results, while our domestic core business operations have excellent potential.



TALENOM
yrittämisen iloa



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 ilo

JANUARY–MARCH 2019

1–3/2019 **Net sales**
EUR 14.8 (12.7) million
Growth 16.1% (18.1%)

Strong growth in net sales continued

- Net sales increased by 16.1% to EUR 14.8 million over the review period.
- Organic growth in which our sales, together with franchise entrepreneurs, succeeded in active customer acquisition
- The relative growth of net sales for the full year is expected to accelerate toward the end of the year and the growth percentage of net sales is estimated to exceed 2018 levels (18.0% in 2018).

JANUARY–MARCH 2019

1-3/2019 **Operating profit** (EBIT)
EUR 3.4 (2.6) million

1-3/2019 **Net profit**
EUR 2.6 (2.0) million

1-3/2019 **Earnings per share**
EUR 0.38 (0.29)

Continued increase in level of profitability

- We continued to be able to increase our level of profitability, and operating profit for the review period grew by 30%
- Operating profit was as high 23.3% of net sales (EUR 3.4 million)
- In terms of developing our bookkeeping production line, we are currently preparing to introduce the next major instance of automation while finalising the scalability benefits of the previous development phase

JANUARY–MARCH 2019

Internationalisation launched with an acquisition in Sweden

- After the review period, we finalised the first phase of our internationalisation project and acquired the Stockholm-based accounting firm Wakers Consulting AB
- In our estimation, our outstanding expertise in sales, processes and technology are strong competitive factors also in the Swedish accounting market
- We will begin to prepare the launch of active sales work in Sweden. At the same time, we will continuously evaluate the potential utilisation of our bookkeeping production line components also in the Swedish market
- The acquisition affected our financial outlook for the current year, and we adjusted our guidance for 2019 in connection with the expansion. Full effects on net sales not evident until the second half of the year

OUTLOOK

After the review period, the company announced its expansion into Sweden with an acquisition. At the same time, the company adjusted its guidance for 2019.

New guidance for 2019 issued in connection with the acquisition on 4 April 2019:

The company's net sales growth percentage is expected to increase from 2018 (18.0% in 2018). Operating profit margin (17.5% in 2018) is expected to increase from 2018.

The previous guidance given in the financial statements on 4 February 2019 read as follows:

The company's net sales is expected to grow at the same rate as in 2018 (18.0%). The operating profit margin (17.5%, 2018) is expected to still improve slightly compared to 2018.

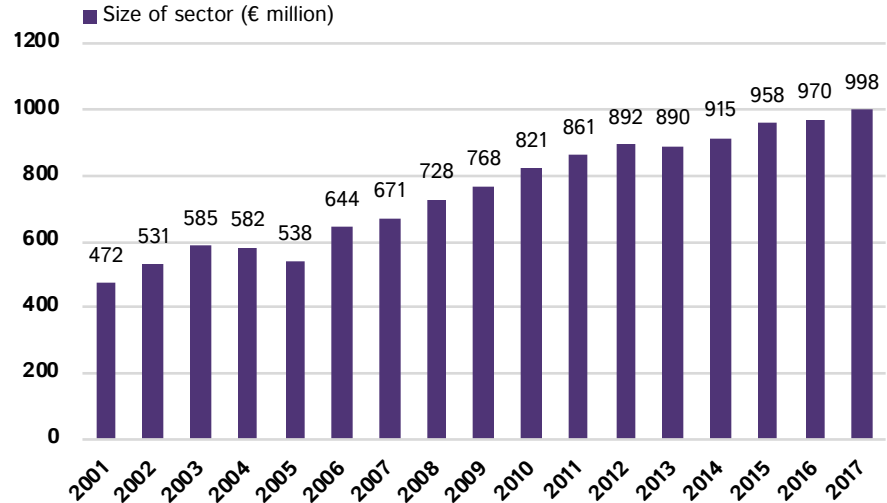
Key factors for the excellent outlook for the coming years:

- Increasingly efficient bookkeeping production line processes thanks to advances in technology
- Over 90% recurring net sales and a defensive operating sector
- Strong previous demonstration of profitable growth
- In addition to internationalisation, new business operations, such as Talenom Financing Services, have produced excellent pilot study results

BUSINESS ENVIRONMENT IN THE ACCOUNTING SECTOR

- The accounting 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:
 - In 2017, there were 4,249 (4,235) companies ⁽¹⁾
 - The average company size was 2.8 employees ⁽¹⁾
- In 2017, the size of the accounting market in Finland was EUR 998 (970) million ⁽¹⁾
- Annual market growth remained good despite various financial crises ⁽¹⁾
- Historically, price rises, the increase in receipts and higher sales of value-added services have acted as drivers of growth

(1) Statistics Finland, corporate and financial statistics*



* 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).

DISCLAIMER

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.



Annex 1. Key figures

1 January–31 March 2019

Group	1–3/2019	Effect of IFRS 16	Adjusted 1–3/2019	1–3/2018	Adjusted change
Net sales, thousands of euro	14,783	0	14,783	12,736	2,047
Net sales, increase %	16.1%	0.0 percentage points	16.1%	18.1%	-2.0 percentage points
Operating profit (EBIT), thousands of euro	3,442	+22	3,420	2,639	781
Operating profit (EBIT), as % of net sales	23.3%	+0.2 percentage points	23.1%	20.7 %	2.4 percentage points
Return on investment (ROI), % (rolling 12 months)	21.5%	-2.1 percentage points	23.6%	15.6%	8.0 percentage points
Interest-bearing net liabilities, thousands of euro	26,629	+7,839	18,791	20,531	-1,740
Net gearing ratio, %	150%	+44 percentage points	106%	145%	-39 percentage points
Equity ratio, %	29.7%	-4.5 percentage points	34.2%	30.5%	3.7 percentage points
Working capital, thousands of euro	-3,912	0	-3,912	-2,908	-1,004
Net investments, thousands of euro	10,536	+8,201	2,335	3,266	-931
Liquid assets, thousands of euro	5,330	0	5,330	2,914	2,416
Earnings per share, euro	0.38	0.00	0.38	0.29	0.09
Weighted average number of shares during the period *)	6,870,302	0	6,870,302	6,845,614	24,688
Net profit, thousands of euro	2,585	-21	2,605	1,985	620

*) 5,100 shares held by the company were subtracted from the figure

Annex 2. Consolidated balance sheet 31 March 2019

Thousands of euro	31 March 2019	Effect of IFRS 16	Adjusted 31 March 2019	31 March 2018	31 December 2018
ASSETS					
Non-current assets					
Goodwill	18,420		18,420	18,420	18,420
Other intangible assets	10,944		10,944	9,379	10,493
Property, plant and equipment	10,135	+7,813	2,322	2,617	2,248
Other non-current financial assets	237		237	237	237
Deferred tax assets	77	+5	72	123	62
Capitalised contract costs	8,592		8,592	6,903	8,357
Total non-current assets	48,405	+7,818	40,587	37,679	39,817
Current assets					
Trade and other receivables	6,138		6,138	6,056	5,473
Current tax assets	0		0	129	11
Cash and cash equivalents	5,330		5,330	2,914	5,914
Total current assets	11,468	0	11,468	9,099	11,398
Total assets	59,873	+7,818	52,055	46,778	51,215
CAPITAL AND RESERVES					
Share capital	80		80	80	80
Reserve for invested unrestricted equity	11,025		11,025	10,850	10,850
Fair value reserve	-81		-81	-113	-93
Retained earnings	6,698	-21	6,719	3,377	7,850
Total equity	17,723	-21	17,744	14,195	18,688
LIABILITIES					
Non-current liabilities					
Financial liabilities	23,500		23,500	21,250	23,500
Trade and other payables	230		230	371	230
Other non-current financial liabilities	6,499	+6,399	101	141	116
Deferred tax liabilities	50		50	44	50
Total non-current liabilities	30,280	+6,399	23,881	21,806	23,896
Current liabilities					
Financial liabilities	0		0	1,250	0
Trade and other payables	9,960		9,960	9,087	7,728
Other current financial liabilities	1,440	+1,440	0	0	0
Current tax liabilities	470		470	440	903
Total current liabilities	11,871	+1,440	10,431	10,777	8,631
Total liabilities	42,150	+7,839	34,312	32,583	32,528
Total equity and liabilities	59,873	+7,818	52,055	46,778	51,215