

# Talenom Plc

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# KEY POINTS JANUARY–DECEMBER 2019

## A STRONG REVIEW PERIOD

2019 was a year of strong growth and forward-looking investments. Net sales grew by 18.6% and our strong profitability improved further, with our operating profit rising by 20.5%. Board of Directors' proposal for dividend 0.75 euros/share

## INTERNATIONALISATION BEGINS

We initiated our internationalisation by acquiring a firm in Sweden. We started up service production automation projects and organic growth efforts in Sweden.

## DEVELOPMENT OF THE BOOKKEEPING PRODUCTION LINE CONTINUED

We made substantial investments in automation and customer user interfaces. We introduced the latest version of our bookkeeping production line, thanks to which we are well poised to expand our services to even smaller companies.

## SERVICE IN SWEDISH IN FINLAND

We also carried out an acquisition in Finland, buying two firms in the Vaasa region. This bolsters our ability to provide Swedish-language services in Finland and expands our growth potential in the country.



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



1. EASY FINANCIAL  
MANAGEMENT ROUTINES FOR  
ENTREPRENEURS



2. AUTOMATED  
BOOKKEEPING



3. CARE SERVICES

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# 2019

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1-12/2019 **Net sales**

**58.0 (48.9)** million euros

Growth 18.6% (18.0%)

10-12/2019 **Net sales**

**14.9 (12.4)** million euros

Growth 19.8% (16.4%)

## Strong growth in net sales continued

- In 2019, net sales grew by 18.6% and amounted to 58.0 million euros
- Most of our growth was organic – our own sales staff and franchise entrepreneurs acquired a record number of new customers.



# 2019

1–12/2019 **Operating profit** (EBIT)  
**10.4 (8.5)** million euros

10–12/2019 **Operating profit** (EBIT)  
**1.5 (1.5)** million euros

1–12/2019 **Net profit**  
**7.6 (6.4)** million euros

10–12/2019 **Net profit**  
**1.0 (1.0)** million euros

1–12/2019 **Earnings per share**  
**1.10 (0.93)** euros

10–12/2019 **Earnings per share**  
**0.15 (0.15)** euros

## Continued increase in level of profitability

- Operating profit (EBIT) increased by 20.5% during the financial year, reaching 10.4 million euros.
- We have been investing in automation and process development for about ten years now, which has raised our profitability to the top of our field.
- We introduced the latest version of our bookkeeping production line, thanks to which we are well poised to expand our services to even smaller companies.
- Board of Directors' proposal for dividend 0.75 euros/share

## JANUARY – DECEMBER 2019

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### **The bookkeeping production line evolves**

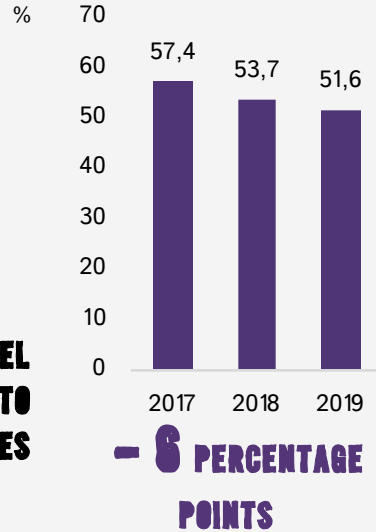
- Thanks to the latest version of our bookkeeping production line, introduced during the review period, we are well poised to expand our services to even smaller companies.
- Heading towards fully paperless operations – we are proud of both the business and environmental benefits this yields.
- More time to provide customer service and value-added services to our customers. Customer satisfaction has improved five years in a row

### **Internationalisation begins and Swedish-language services in Finland**

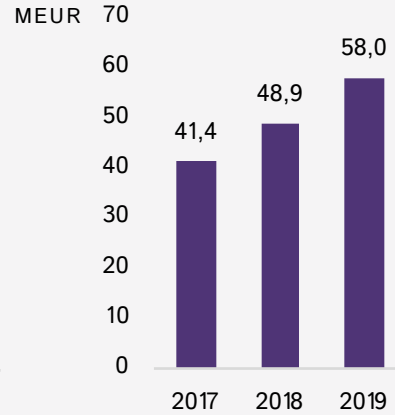
- Internationalisation launched with an acquisition in Sweden
- Service production automation projects and organic growth efforts started in Sweden.
- We expect to be able to harness our strong sectoral expertise in Sweden
- Acquisition of two offices in the Vaasa region bolsters our ability to provide service in Swedish in Finland

## STRONG FOUNDATION FOR PROFITABLE GROWTH TO CONTINUE

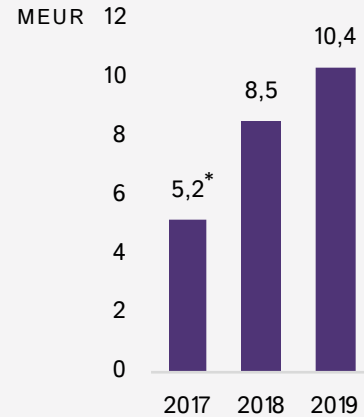
### RATIO OF PERSONNEL EXPENSES TO NET SALES



### NET SALES **+40%**



### OPERATING PROFIT (EBIT) **+100%**

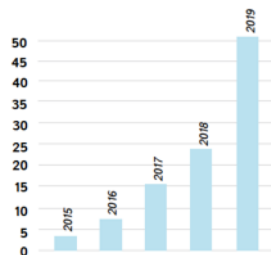


\* The year 2017 has been adjusted for 310 thousand euros in one-off IPO expenses.

# SHARES AND SHAREHOLDERS 2019

Total value of turnover 2019

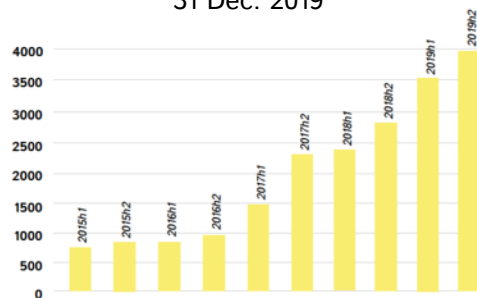
**51.1** million euros



Number of shareholders

**3,937**

31 Dec. 2019



Stock quotation development  
euros



**313,8**

Market  
capitalisation  
31 Dec. 2019  
million euros

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# OUTLOOK

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## **Guidance for 2020:**

“2020 is expected to be in line with 2019 in terms of relative growth in net sales and relative profitability.”

## **Outlook for growth and profitability remains strong**

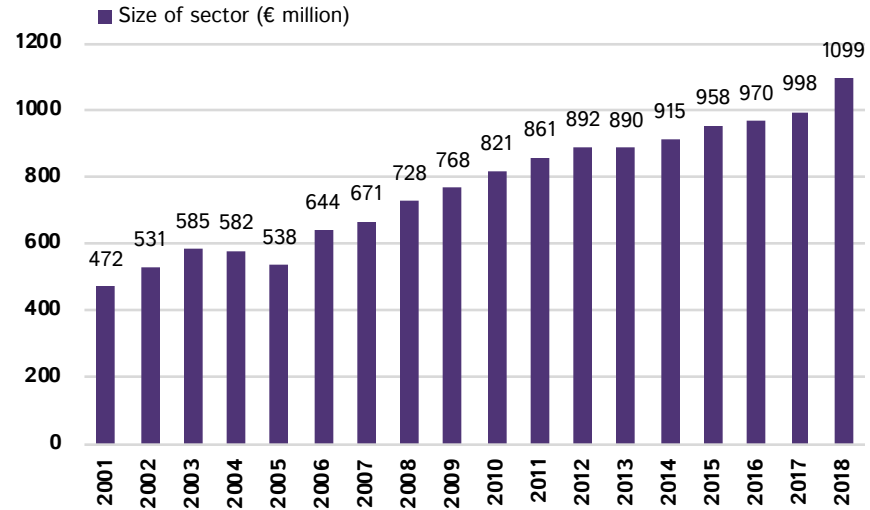
- Accountants will become consultants – a journey in which technology functions in the background as an enabler.
- We will continue to make investments in effortless customer experience and further development of automation
- We will create new solutions to enable our customers to pursue the joy of entrepreneurship!



# 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:
  - In 2018, there were 4,134 (4,249) companies <sup>(1)</sup>
  - The average company size was 3.0 employees <sup>(1)</sup>
- The size of the accounting market in Finland was 1,099 (998) million euros in 2018 <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

(1) Statistics Finland, structural business and financial statement 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

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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.

## Annex 1. Key figures

### 1 Jan.–31 Dec. 2019

Group	1–12/2019	Effect of IFRS 16 **)	Adjusted 1– 12/2019	1–12/2018	Adjusted change
Net sales, thousands of euro	57,955	0	57,955	48,871	9,084
Net sales, increase %	18.6%	0.0 percentage points	18.6%	18.0%	0.6 percentage points
Operating profit (EBIT), thousands of euro	10,409	+115	10,294	8,545	1,749
Operating profit (EBIT), as % of net sales	18.0%	+0.2 percentage points	17.8%	17.5%	0.3 percentage points
Return on investment (ROI), % (rolling 12 months)	20.2%	-2.4 percentage points	22.6%	21.4%	1.2 percentage points
Interest-bearing net liabilities, thousands of euro	29,204	+8,492	20,711	18,250	2,461
Net gearing ratio, %	124%	+36 percentage points	88%	98%	-10 percentage points
Equity ratio, %	33.2%	-4.6 percentage points	37.7%	36.7%	1.1 percentage points
Working capital, thousands of euro	-3,780	0	-3,780	-2,712	-1,068
Net investments, thousands of euro	15,439	0	15,439	9,503	5,936
Liquid assets, thousands of euro	7,786	0	7,786	5,914	1,873
Earnings per share, euro	1.10	-0.01	1.11	0.93	0.18
Weighted average number of shares during the period *)	6,929,159	0	6,929,159	6,861,476	67,683
Net profit, thousands of euro	7,615	-73	7,688	6,363	1,324

\*) Weighted average of treasury shares held by the company during the period has been deducted from the figure

\*\*) The Talenom Group adopted IFRS 16 Leases on 1 January 2019; its impacts are presented in this column

## Annex 2. Key figures

### 1 Oct.–31 Dec. 2019

Group	10–12/2019	10–12/2018	Change
Net sales, thousands of euro	14,913	12,449	2,464
Net sales, increase %	19.8%	16.4%	3.4 percentage points
Operating profit (EBIT), thousands of euro **)	1,458	1,466	-8
Operating profit (EBIT), as % of net sales **)	9.8%	11.8%	-2.0 percentage points
Return on investment (ROI), % (rolling 12 months) **)	20.2%	21.4%	-1.2 percentage points
Liquid assets, thousands of euro	7,786	5,914	1,873
Earnings per share, euro	0.15	0.15	0.00
Net profit, thousands of euro **)	1,016	1,001	15

*\*\*)* The Telenom Group adopted IFRS 16 Leases on 1 January 2019, due to which the review periods are not fully comparable. During the period 10-12/2019, the standard had a positive effect on operating profit (+41 thousand euros) and a negative effect on net profit (-11 thousand euros) and return on investment (-2.4 percentage points). The effects of adopting the standard on the Group's financial information are described in detail under the section Basis of Preparation.

# Annex 3. Consolidated statement of comprehensive income 1 Jan.–31 Dec. 2019

Thousand euro	1–12/2019	1–12/2018
<b>Net sales</b>	<b>57,955</b>	<b>48,871</b>
Other operating income	372	658
Materials and services	-3,598	-2,555
Employee benefit expenses	-29,912	-26,226
Depreciation and amortisations	-8,498	-5,130
Other operating expenses	-5,911	-7,073
<b>Operating profit</b>	<b>10,409</b>	<b>8,545</b>
Financial income	64	57
Financial expenses	-906	-636
<b>Net financial expenses</b>	<b>-843</b>	<b>-578</b>
<b>Profit before taxes</b>	<b>9,566</b>	<b>7,966</b>
Income taxes	-1,951	-1,603
<b>Profit for the financial period</b>	<b>7,615</b>	<b>6,363</b>
<b>Other comprehensive income</b>		
Items that may be subsequently transferred to profit or loss		
Cash flow hedging	60	27
Taxes on items that may be subsequently transferred to profit or loss	-12	-5
<b>Other comprehensive income for the financial period after tax</b>	<b>48</b>	<b>22</b>
<b>Total comprehensive income for the financial period</b>	<b>7,663</b>	<b>6,385</b>

Earnings per share calculated on the profit attributable to equity holders of the parent company

Undiluted earnings per share (euro)	1.10	0.93
Diluted earnings per share (euro)	1.06	0.91



## Annex 4. Consolidated balance sheet

### 31 Dec. 2019

Thousand euro	31 Dec. 2019	31 Dec. 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	20,728	18,420
Other intangible assets	14,930	10,493
Right-of-use assets	8,400	0
Property, plant and equipment	2,584	2,248
Other non-current financial assets	237	237
Deferred tax assets	67	62
Capitalised contract costs	10,054	8,357
<b>Total non-current assets</b>	<b>57,000</b>	<b>39,817</b>
<b>Current assets</b>		
Trade and other receivables	6,521	5,473
Current tax assets	34	11
Cash and cash equivalents	7,786	5,914
<b>Total current assets</b>	<b>14,342</b>	<b>11,398</b>
<b>Total assets</b>	<b>71,342</b>	<b>51,215</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	80	80
Reserve for invested unrestricted equity	11,234	10,608
Fair value reserve	-45	-93
Retained earnings	12,304	8,092
<b>Total equity</b>	<b>23,573</b>	<b>18,688</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Liabilities to credit institutions	28,000	23,500
Trade and other payables	215	230
Lease liabilities	6,553	0
Other non-current financial liabilities	56	116
Deferred tax liabilities	307	50
<b>Total non-current liabilities</b>	<b>35,130</b>	<b>23,896</b>
<b>Current liabilities</b>		
Trade and other payables	10,208	7,728
Lease liabilities	1,940	0
Current tax liabilities	491	903
<b>Total current liabilities</b>	<b>12,638</b>	<b>8,631</b>
<b>Total liabilities</b>	<b>47,769</b>	<b>32,528</b>
<b>Total equity and liabilities</b>	<b>71,342</b>	<b>51,215</b>