

TALENOM PLC.
**HALF-YEAR REPORT JANUARY–JUNE 2018 (UNAUDITED): NET
SALES UP BY 18%, EBIT UP BY 63.7% – INVESTMENTS IN
TECHNOLOGY AND SALES WERE REFLECTED IN EXCELLENT
PERFORMANCE**

1 January–30 June 2018

Talenom is an accounting company established in 1972. Talenom offers a wide range of accounting services as well as other expert and advisory services for its clients.

Talenom also provides its clients with electronic financing tools and engages in its own software development.

Talenom has 36 offices in Finland and had an average of 655 employees during the period (1 Jan.–30 June 2018). Talenom reported net sales of 25.3 (21.4) million euros for 1 January–30 June 2018, representing a year-on-year increase of 18.0%.



TALENOM
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DISCLAIMER

This is an unofficial translation into english of the finnish original text. The translation is made for information purposes only. The finnish version prevails in case of conflict between the english translation and the finnish original.

JANUARY–JUNE 2018 IN BRIEF:

- Net sales 25.3 (21.4) million euros, increase 18.0 (11.2) %
- Operating profit (EBIT) 5.2 (3.2) million euros, 20.7 (14.9) % of net sales *)
- Net profit 3.9 (2.3) million euros *)
- Earnings per share 0.58 (0.34) euros
- Net investments 5.5 (3.6) million euros, of which the share of acquisitions is 1.1 million euros

Group	1-6/2018	1-6/2017	Change
Net sales, thousand euro	25,277	21,420	3,858
Net sales, increase %	18.0%	11.2%	6.8 percentage points
EBITDA, thousand euro *)	7,592	5,164	2,428
Operating profit (EBIT), thousand euro *)	5,227	3,192	2,035
Operating profit (EBIT), as % of net sales	20.7%	14.9%	5.8 percentage points
Return on investment (ROI), % (rolling 12 months)	18.3%	13.4%	4.9 percentage points
Net investments, thousand euro	5,492	3,610	1,882
Liquid assets (cash in hand and in banks), thousand euro	4,036	3,761	274
Earnings per share, euro	0.58	0.34	0.23
Net profit, thousand euro *)	3,947	2,344	1,604

*) The period 1 Jan.–30 June 2017 includes 287 thousand euros in one-off IPO expenses.

Group	4-6/2018	4-6/2017	Change
Net sales, thousand euro	12,541	10,636	1,905
Net sales, increase %	17.9%	9.0%	8.9 percentage points
EBITDA, thousand euro **)	3,861	2,309	1,552
Operating profit (EBIT), thousand euro **)	2,588	1,339	1,249
Operating profit (EBIT), as % of net sales	20.6%	12.6%	8.0 percentage points
Return on investment (ROI), % (rolling 12 months)	18.3%	13.4%	4.9 percentage points
Net investments, thousand euro	2,226	1,713	513
Liquid assets (cash in hand and in banks), thousand euro	4,036	3,761	274
Earnings per share, euro	0.29	0.14	0.14
Net profit, thousand euro **)	1,962	963	999

***) The period 1 Apr.–30 June 2017 includes 283 thousand euros in one-off IPO expenses.

Talenom Plc has revised its financial reporting schedule for 2018. The business review for January–September 2018 will be published on Monday, 22 October 2018 at 13:30, and the Financial Statement Bulletin for 2018 on Monday, 4 February 2019 at 13:30.

GUIDANCE FOR 2018 REMAINS UNCHANGED

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 6.3–7.0 million euros.

JUSSI PAASO, CEO

The company's first half-year was excellent. Operating profit (EBIT) increased by 63.7%, reaching 5.2 million euros. The operating profit was 20.7% of net sales. Talenom's net sales amounted to 25.3 million euros, representing an increase of 18.0%. During the first half-year, the cash flow from business operations after investments was clearly positive.

The second quarter was also excellent: operating profit (EBIT) grew by 93.3% and net sales by 17.9%, amounting to 2.6 million euros and 12.5 million euros, respectively.

The very strong profitability development during the first half-year was attributable to our determined investments in the development of accounting technology over many years. Such profitable leap forward would not have been possible without the implementation of planned product development investments in Talenom's bookkeeping production line. Increasingly automated and scalable bookkeeping processes improve the efficiency of accounting services. This will continue to support the favourable development of Talenom's financial position. We provided more detailed background information on this development on the Capital Markets Day in June. The presentation material is available on our investor website.

During the first half-year, we succeeded in achieving organic growth in line with our growth strategy, through the efforts of both our own sales organisation and our franchising entrepreneurs. Our continued focus on active sales was successful, and the number of new clients in the accounting services increased in line with expectations. We also expect continued positive development in the franchising operating model. We will continue to expand our franchising business and are seeking new franchising entrepreneurs in several locations.

As regards accounting services, we are actively investigating international business opportunities. Talenom's solid expertise in sales, processes and technology makes it possible for us to expand our service offering beyond national borders.

The operating environment and financial situation is favourable when assessed from the viewpoint of both society and entrepreneurs. Simultaneously, entrepreneurs place increasingly higher requirements towards service and software providers. Talenom's own strong set of financial management software, excellent sectoral expertise and continuous investments in technological development make Talenom one of the top players in its sector.

In line with its strategy, Talenom makes it increasingly easier for its entrepreneur customers to handle both their financial routines and other administrative tasks. The degree of digitalisation and the use of artificial intelligence is increasing in our bookkeeping production line. This makes it possible for us to allocate more resources to expanding our distribution network and our range of services. All this creates a solid foundation for Talenom's continued profitable growth also in the years to come.

During the review period, net sales of other businesses amounted to 1.8 million euros. This was mainly attributable Taxation and Legal services and Staffing services. As part of strengthening our other businesses, we are pleased to welcome Nina Lukkari, who will assume the position of Director responsible for Talenom's other businesses as of 27 August 2018. Lukkari will also be a member of Talenom's executive board.

FINANCIAL DEVELOPMENT

KEY FIGURES

Group	1-6/2018	1-6/2017	Change
Net sales, thousand euro	25,277	21,420	3,858
Net sales, increase %	18.0%	11.2%	6.8 percentage points
EBITDA, thousand euro *)	7,592	5,164	2,428
Operating profit (EBIT), thousand euro *)	5,227	3,192	2,035
Operating profit (EBIT), as % of net sales	20.7%	14.9%	5.8 percentage points
Return on investment (ROI), % (rolling 12 months)	18.3%	13.4%	4.9 percentage points
Interest-bearing net liabilities, thousand euro	19,327	19,655	-328
Net gearing ratio, %	119%	153%	-34 percentage points
Equity ratio, %	34.1%	29.7%	4.4 percentage points
Working capital, thousand euro	-2,885	-2,028	-857
Net investments, thousand euro	5,492	3,610	1,882
Liquid assets (cash in hand and in banks), thousand euro	4,036	3,761	274
Earnings per share, euro	0.58	0.34	0.23
Weighted average number of shares during the period	6,861,289	6,812,046	49,243
Net profit, thousand euro *)	3,947	2,344	1,604

*) The period 1 Jan.–30 June 2017 includes 287 thousand euros in one-off IPO expenses.

NET SALES, PROFITABILITY AND FINANCIAL PERFORMANCE, JANUARY–JUNE 2018

On the period from January to June, Talenom's net sales increased by 18.0% compared to the corresponding period the preceding year. Amounting to 25.3 (21.4) million euros, net sales grew by 3.9 million euros. The growth was mainly due to the increase in the number of clients in the accounting services.

In the review period, personnel expenses amounted to 13.5 (12.1) million euros, being 53.5 (56.3) % of net sales. The ratio of the personnel expenses to net sales decreased year on year.

Other operating expenses, including materials and services, totaled 4.6 (4.3) million euros, being 18.0 (20.3) % of net sales.

EBIT was 5.2 (3.2) million euros (20.7 (14.9) % of net sales) and net profit was 3.9 (2.3) million euros in the review period. The improved profitability was due to the increased efficiency of bookkeeping.

BALANCE SHEET, FINANCING AND INVESTMENTS

On 30 June 2018, the consolidated balance sheet total was 47.7 (43.3) million euros. The Group's equity ratio was 34.1 (29.7) % and the net gearing ratio was 119 (153) %.

At the end of the review period, the Group's interest-bearing financial loans were 22.5 million euros, excluding instalment debts. Other non-current interest-bearing liabilities (instalment debts) were 0.3 million euros and other current interest-bearing liabilities (instalment debts) were 0.4 million euros.

The Group recognises the costs of new customer contracts, such as costs of obtaining and fulfilling a contract, as investments as specified in the IFRS 15 standard. These costs are presented in the Balance Sheet under "Capitalised contract costs". Furthermore, the Group recognises part of the development costs related to software and digital services as investments according to the requirements outlined in the IAS 38 standard. These costs are presented in the Balance Sheet under "Other intangible assets". Investments arisen from new customer contracts amounted to 1.9 (1.7) million euros in the review period. Investments concerning software and digital services amounted to 2.1 (1.5) million euros.

During the review period, Talenom acquired the businesses of Tilitoimisto K. Ollila Ltd, Tilitoimisto Tuloslaskenta Ltd and ATT Yrityspalvelut Ltd. These business acquisitions accounted for 1.1 million euros of Talenom's net investments.

The company's total net investments during the period 1 Jan.–30 June 2018 were 5.5 (3.6) million euros. Liquid assets at the end of the period were 4.0 (3.8) million euros. In addition, the company had unused overdraft limits of 1.0 million euros on 30 June 2018.

MARKET AND SECTORAL REVIEW

The accounting market in Finland is fragmented. According to Statistics Finland's corporate and financial statistics, the number of companies in the sector was 4,235 (4,295) in 2016 and the average size of company was 2.8 employees. The accountancy market has a lot of one-person offices and part-time entrepreneurs. Market fragmentation offers the opportunity for growth and creates scalable benefits. Scale benefits are significant, for example, in information systems, sales and marketing, and in organising activities.

The market for accountancy services is defensive, due to the statutory need of companies to arrange accounting. The market has grown in Finland almost every year since 2001, despite the financial crisis and the intermittent shrinking of Finland's Gross Domestic Product. According to Statistics Finland's Statistics on the Structure and Financial Statement Statistics of Companies and the preceding year's Business Register statistics, growth in the annual net sales in the accountancy market totalled 4.9% in the period 2001–2016.

According to Statistics Finland's Statistics on the Structure and Financial Statement Statistics of Companies, the total size of the accountancy market was 970 (958) million euros in 2016, while Talenom's market share was 3.8% (3.4%), measured in net sales.

DEVELOPING BUSINESS ENVIRONMENT

The accountancy market is affected by the aspirations of both clients and accounting offices to engage in paperless financial management. Accounting is arranged so that the customer's receipts and printouts are not handled in paper form, but are moved electronically between the client company and the organiser of the accounting service. Accounting services, especially bookkeeping, are automated so that time spent by experts on routine work can be used for the most demanding work phases. It is primarily the large companies that are able to respond to the changes in the operating environment since they have the most intellectual capital and the ability to invest in product development. Small accounting firms are expected to face challenges due to customers' increasing demands, which will in turn accelerate consolidation in the accounting industry. In the view of Talenom, approximately 80% of the Finnish accounting market is still held by small accounting firms.

The intense digitalisation of financial management is changing familiar operating models. Talenom aims to be a technological pioneer and will continue investing heavily in software development. The company's own software production expertise is a major competitive factor in both the organisation of financial administration services and the development of electronic solutions for customers.

In the view of Talenom, customers expect a more diverse, proactive and unified service offering from accounting offices. At the same time, the automation and digitalisation of routine work is enabling the expansion of service portfolios in the direction of consultancy. The service offering is increasingly focusing on routine work, in order to support the management of client companies in developing and guiding their businesses.

This is reinforced by the increasing complexity of the customer's business environment, which is creating a growing need for expert and other business support services. The development of

customer needs is driving accounting firms to expand their services, which is enabling accounting customers to concentrate their purchases. This trend is supported by a relatively close relationship between the customer and the accounting firm.

PERSONNEL AND MANAGEMENT

The average number of personnel during the review period 1 January–30 June 2018 was 655. The members of the executive board were Jussi Paaso (CEO), Otto-Pekka Huhtala (deputy CEO), Antti Aho (CFO and CHRO), Sakari Jorma (CIO and CTO), Timo Hintsala (CCOO) until 21 May 2018, and Tuomas Iivanainen (Director, Business Development) as of 21 May 2018. Furthermore, on 27 August 2018, Nina Lukkari will assume the position of Director responsible for Talenom's other businesses and will join the executive board.

ANNUAL GENERAL MEETING 2018

Talenom's Annual General Meeting was held on 14 March 2018 in Helsinki. The AGM adopted the financial statements for 1 January–31 December 2017 and discharged the members of the Board of Directors and the CEO from liability. The AGM decided to return 0.32 euros per share of the invested capital for the financial year 1 January–31 December 2017. The repayment to shareholders was made on 23 March 2018.

The Annual General Meeting resolved to authorise the Board of Directors to decide on share issues and the issuance of special rights entitling to shares, as referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The maximum number of shares to be issued under the issued or special rights is 300,000 shares. The Board of Directors will use the authorisation to pay transaction prices in connection with acquisitions, or for other purposes decided by the Board of Directors.

In deviation from shareholders' pre-emptive rights, the Annual General Meeting decided to issue option rights to Talenom Group's key employees in accordance with the terms and conditions of Talenom Plc's Option Rights 2018. The terms and conditions are available (in Finnish) on Talenom's investor pages at: Talenom.fi/sijoittajat/yhtiokokoukset.

BOARD OF DIRECTORS AND AUDITOR

The Annual General Meeting re-elected the Board members Harri Tahkola, Mikko Siuruainen and Olli Hyypä. Anne Riekkö and Johannes Karjula were elected as new members of the Board of Directors. In its organising meeting after the Annual General Meeting, the Board of Directors elected Harri Tahkola as Chairman of the Board.

The auditing firm KPMG Ltd was selected to continue as the auditor, with Tapio Raappana, APA as the principal auditor.

SHARES AND SHAREHOLDERS

On 30 June 2018, Talenom Plc. had a total of 6,871,863 shares entered in the Trade Register. The company held 5,100 treasury shares (0.07% of the total number of shares and votes) at the end of the review period.

On 30 June 2018, Talenom had a total of 2,407 (1,471) shareholders, representing an increase of 936 shareholders, year on year.

There were 124 trading days in the review period (1 January–30 June 2018). A total of 1,137,363 shares were traded during this period, and the value of the shares traded was 14,584,776 euros. The highest price of the share was 15.35 euros and the lowest price was 11.20 euros. The volume weighted average price was 12.82 euros and the closing price at the end of the review period (30 June 2018) was 15.20 euros. In accordance with the closing price, the combined market value of the shares was approximately 104.5 million euros.

FLAGGING NOTIFICATIONS

During the review period, Talenom received three notifications of changes in holdings in accordance with Chapter 9, Section 10 of the Securities Markets Act.

On 2 January 2018, the company received a notification according to which the number of Talenom Plc. shares owned by Ilmarinen Mutual Pension Insurance Company exceeded the 15% limit of all Talenom Plc. shares due to the merger of Ilmarinen Mutual Pension Insurance Company and Etera Mutual Pension Insurance Company.

On 6 March 2018, Talenom received a notification according to which Tesi (Finnish Industry Investment Ltd) sold its entire holding of shares in Talenom Plc. on 5 March 2018. Hence, Tesi's holding fell below the 5% limit of all shares in Talenom Plc.

On 30 April 2018, Talenom received a notification according to which Evli Bank Plc's holding in Talenom Plc. exceeded 5% on 27 April 2018 due to a purchase of shares.

SIGNIFICANT EVENTS IN THE REVIEW PERIOD

During the review period, the company signed a franchise agreement with eight new entrepreneurs and opened new franchise offices in Lempäälä, in the Espoonlahti and Leppävaara areas of Espoo and in the Lielähti area of Tampere. The number of franchise entrepreneurs grew to 21 entrepreneurs during this time.

In February 2018, Talenom announced that according to a survey performed by Great Place to Work Finland, Talenom is one of the best workplaces in Finland: it was ranked fifth in the Large Companies category.

On 16 January 2018, Talenom's Board of Directors decided on a directed share issue as part of the business deal with the shareholders of Tilitoimisto K. Ollila Ltd. In the directed share issue, part of the purchase price for the business of Tilitoimisto K. Ollila Ltd was paid in Talenom Plc. shares. Correspondingly, on 1 February 2018, the Board of Directors decided on a directed share issue, whereby part of the purchase price of the business acquisitions agreed with the shareholders of Tilitoimisto Tuloslaskenta Ltd and the shareholders of ATT Yrityspalvelut Ltd was paid in Talenom Plc. shares.

In its meeting of 25 April 2018, Talenom's Board of Directors decided to cancel 48,858 option rights, marked as 2016A, held by the company. The other options in the 2016A series have been

used earlier to subscribe for shares. Thus, following the cancellation, the company has no more outstanding stock options of the 2016A series.

On 21 May 2018, Tuomas Iivanainen (Director, Business Development) joined Talenom's executive board. In the same connection, Timo Hintsala stepped down from the executive board to assume a new position in the company.

On 14 June 2018, Talenom arranged a Capital Markets Day for investors and media representatives in order to provide them with an in-depth view of Talenom's business and the developments in its operating environment. The presentation material of the Capital Markets Day is available on Talenom's investor website at Talenom.fi/sijoittajat.

EVENTS AFTER THE REVIEW PERIOD

After the review period, Nina Lukkari was elected as a new member of the executive board. She will assume the position of Director responsible for Talenom's other businesses as of 27 August 2018.

No other significant events took place after the review period.

STOCK OPTION SCHEMES

Talenom has two stock option schemes, which were established in 2016 and 2018.

Under the terms of the Talenom Plc./Option Rights 2016, approved by the Annual General Meeting of Shareholders on 17 March 2016, stock options are distributed free of charge to key personnel employed by the Group company as part of the Group's incentive and commitment system for key personnel. An additional condition for the 2016 option scheme is the ownership obligation of the shares, which means that the stock option owner must use 20 percent of the gross earnings received from the stock options to acquire the company's shares. This number of shares must be owned for two years after their acquisition. The terms of the 2018 stock option scheme were approved by the AGM of 14 March 2018, and they correspond to the terms of the 2016 stock option scheme.

Under the terms of Talenom Plc./Option Rights 2016 and Talenom Plc./Option Rights 2018, the Board of Directors will decide on the subsequent reallocation of the redeemed stock options to the Company.

The options granted and the holdings or undistributed options of the company are divided into option categories (30 June 2018) as follows:

Option categories	2016B	2016C	2018
Options given (pcs)	80,150	153,850	60,000
Talenom Plc.'s holding or undistributed	12,250	42,150	0
Total	92,400	196,000	60,000

The subscription periods for the stock options are as follows:

- Option right 2016B 1 March 2019–28 February 2020
- Option right 2016C 1 March 2020–28 February 2021
- Option right 2018 1 March 2020–28 February 2021

The table below shows the shareholding and voting rights that may be exercised under the issued stock options and the effect of the options on the number of shares.

Option categories	2016B	2016C	2018
The current subscription price of options	6.35	6.35	12.39
Total number of options	92,400	196,000	60,000
Talenom Plc.'s holding or undistributed	12,250	42,150	0
Number of shares at 30 June 2018	6,871,863	6,871,863	6,871,863
Number of shares if all options are converted into new shares	6,964,263	7,067,863	6,931,863
Proportion of holdings and votes if all options are converted into new shares	1.327%	2.773%	0.866%

The total number of shares will increase from 6,871,863 to 7,220,263 if all of the three stock option options 2016B, 2016C and 2018 will be used to fully subscribe for new shares. The total number of votes and holdings of all three options is 4.825% if all stock options are used to fully subscribe for new shares.

Under the terms of Talenom Plc./Option Rights 2016 and Talenom Plc./Option Rights 2018, the subscription price of options may change if the company distributes dividends or funds from the unrestricted equity fund, or if the company reduces its share capital by issuing share capital to shareholders.

The Talenom Plc./Option Rights 2016 and Talenom Plc./Option Rights 2018 terms and conditions are available on Talenom's investor website at: Talenom.fi/sijoittajat (in Finnish).

RISKS, UNCERTAINTIES AND RISK MANAGEMENT

The company has identified risks and uncertainties related to its operating environment and business operations, which may adversely affect the company's business and profitability.

The key identified risks are as follows:

- The economic and political development of society may adversely affect the company's profitability.
- The competitive situation may intensify as competitors bring new services to the market or engage in price competition.
- The IT systems and communications connections provided by the company or its affiliates may be subject to security breaches, or to failures, faults or disturbances affecting the company's business, profitability and financial position.

The company has a risk management policy, endorsed by the Board, which supports strategic and business objectives, and ensures the continuity of operations in all circumstances. The ability

to take risks and manage them efficiently is a key factor in a business's success and in creating ownership value.

In accordance with the risk management policy approved by the Board of Directors, risk preparedness and identification are continuous and systematic activities, and are the responsibility of the management team. The management is responsible for defining, implementing and monitoring the implementation of measures as part of normal operational guidance.

Risk management is coordinated by the Administration Director, who reports to the Group's CEO. The company's Board of Directors is provided, at least once a year, with a separate inventory of the risks and uncertainties that the Board of Directors uses to define risk management measures.

BASIS OF PREPARATION

The half-year report has been prepared in accordance with IAS 34 Interim Financial Reporting, and its accounting policies are the same as those presented in Talenom's financial statement for 2017. The financial statement is available on the company's investor pages at www.talenom.fi/sijoittajat. In the IFRS reporting, the Group has one reporting business segment, its accounting services. The Group has complied with the IFRS15 and IFRS9 standards, prior to their mandatory entry into force (1 January 2018). The figures of the half-year report are unaudited.

The Company reports commonly applied alternative performance measures to reflect the underlying business performance and enhance comparability between financial periods. Alternative performance measures i.e. performance measures not based on IFRS standards provide notable supplemental information to management, investors and other interested parties. Alternative performance measures may not be considered as a substitute for measures of performance in accordance with the IFRS.

Alternative performance measures used by the Company include EBITDA, Operating profit (EBIT), Operating profit (EBIT) as % of net sales, Return on investment (ROI) %, Interest-bearing net liabilities, Net gearing ratio %, Equity ratio %, Working capital and Net investments. The formulas can be found under the title "Formulas".

FINANCIAL REPORTING

Talenom Plc has revised its financial reporting schedule for 2018.

Talenom will publish the Financial Statement Bulletin for 2018 on Monday 4 February 2019 at 13:30.

Furthermore, the company will publish a business review for January–September 2018 on Monday 22 October 2018 at 13:30.

The Financial Statement Reports, Half-year Reports and Business Reviews as well as Stock Exchange Releases can be found in Finnish on the Company's investor pages on www.talenom.fi/sijoittajat.

TABLES

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Thousand euro	1-6/ 2018	1-6/ 2017	1-12/ 2017	1-12/ 2016
Net sales	25,277	21,420	41,421	36,957
Other operating revenue	388	154	338	318
Materials and services	-1,238	-1,048	-2,143	-1,455
Expenses arising from employee benefits	-13,514	-12,066	-23,758	-22,347
Depreciations and amortisations	-2,365	-1,972	-4,669	-2,643
Other operating expenses	-3,322	-3,295	-6,349	-6,653
Operating profit (EBIT)	5,227	3,192	4,840	4,177
Financial income	29	34	55	38
Financial expenses	-306	-293	-602	-588
Net financial expenses	-277	-259	-547	-550
Profit (loss) before taxes	4,950	2,933	4,293	3,627
Income taxes	-1,003	-590	-880	-725
Profit (loss) for the financial period	3,947	2,344	3,414	2,902
Other items of comprehensive income				
Items that may be subsequently transferred to profit or loss				
Cash flow hedging	-1	-61	67	-210
Taxes on items that may be subsequently transferred to profit or loss	0	12	-13	42
Other comprehensive income for the financial period after tax	-1	-49	54	-168
Total comprehensive income for the financial period	3,946	2,295	3,467	2,734
Earnings per share calculated on the profit attributable to equity holders of the parent company				
Undiluted earnings per share (euro)	0.58	0.34	0.50	0.43
Diluted earnings per share (euro)	0.57	0.34	0.49	0.43

CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2018	30 June 2017	31 Dec. 2017	31 Dec. 2016
ASSETS				
Non-current assets				
Goodwill	18,420	18,420	18,420	18,420
Other intangible assets	9,896	7,144	7,787	6,686
Property, plant and equipment	2,448	2,518	2,521	2,504
Other non-current financial assets	237	237	237	237
Deferred tax assets	74	394	191	487
Capitalized contract costs	7,508	5,940	6,417	4,775
Total non-current assets	38,583	34,653	35,573	33,108
Current assets				
Trade and other receivables	4,890	4,874	5,457	4,817
Current tax assets	238	0	21	59
Cash and cash equivalents	4,036	3,761	4,879	4,332
Total current assets	9,163	8,635	10,357	9,207
Total assets	47,747	43,289	45,930	42,316
CAPITAL AND RESERVES				
Share capital	80	80	80	80
Reserve for invested unrestricted equity	10,850	12,373	12,373	13,734
Fair value reserve	-114	-119	-114	-168
Retained earnings	5,373	475	1,603	-1,937
Total equity	16,190	12,809	13,942	11,709
LIABILITIES				
Non-current liabilities				
Financial liabilities	21,250	21,500	22,000	21,500
Trade and other payables	299	182	372	368
Other non-current financial liabilities	142	149	143	210
Deferred tax liabilities	44	30	44	30
Total non-current liabilities	21,736	21,860	22,560	22,108
Current liabilities				
Financial liabilities	1,250	1,000	500	1,000
Trade and other payables	7,685	7,113	8,352	7,099
Other current liabilities	0	6	1	12
Current tax liabilities	886	500	575	387
Total current liabilities	9,821	8,619	9,429	8,498
Total liabilities	31,557	30,479	31,989	30,606
Total equity and liabilities	47,747	43,289	45,930	42,316

CONSOLIDATED CASH FLOW STATEMENT

Thousand euro	30 June 2018	30 June 2017	31 Dec. 2017
Cash flow from operating activities			
Profit (loss) before taxes	4,950	2,933	4,293
Adjustments:			
Depreciations and amortisations	2,365	1,972	4,669
Financial income	-29	-34	-55
Financial expenses	306	293	602
Other adjustments	-96	69	125
Changes in working capital:			
Change in trade receivables and other receivables	568	-57	-641
Change in trade payables and other liabilities	-664	-223	1,166
Retained interests	29	34	55
Paid taxes	-793	-337	-357
Net cash flow from operating activities	6,636	4,650	9,858
Cash flow from investing activities			
Revenue from the sale of property, plant and equipment	122	245	295
Procurement of property, plant and equipment	-363	-598	-1,015
Activation of expenditure incurred by the contract	-1,865	-1,724	-3,166
Procurement of intangible assets	-2,288	-1,532	-3,543
Acquired businesses	-505	0	0
Net cash flow from investing activities	-4,899	-3,610	-7,429
Cash flow from financing			
Proceeds from share issue			
Purchase of treasury shares			
Paid interest	-297	-325	-637
Return on capital	-2,197	-1,361	-1,361
Change in instalment payment liabilities	-85	76	115
Loan withdrawals	0	0	0
Loan repayments	0	0	0
Net cash flow from financing	-2,580	-1,610	-1,883
Changes in cash and cash equivalents	-843	-571	546
Cash and cash equivalents 1 Jan.	4,879	4,332	4,332
Net effect of exchange rate fluctuations on cash and cash equivalents			
Cash and cash equivalents	4,036	3,761	4,879

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Thousand euro	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total
Total equity 1 Jan. 2018	80	12,373	-114	1,603	13,942
Comprehensive income					
Profit for the financial period				3,947	3,947
Cash flow hedging			1		1
Total comprehensive income for the financial period	0	0	1	3,947	3,948
Transactions with owners					
Dividend and capital repayment		-2,197			-2,197
Share issue		593			593
Exercised stock options				-160	-160
Share-based payments				65	65
Transactions with owners, total	0	-1,604	0	-95	-1,700
Total equity 30 June 2018	80	10,769	-113	5,455	16,190

Thousand euro	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total
Total equity 1 Jan. 2017	80	13,734	-168	-1,937	11,709
Comprehensive income					
Profit for the financial period				2,344	2,344
Cash flow hedging			49		49
Total comprehensive income for the financial period	0	0	49	2,344	2,393
Transactions with owners					
Dividend and capital repayment		-1,361		0	-1,361
Share-based payments				69	69
Transactions with owners, total	0	-1,361	0	69	-1,293
Total equity 30 June 2017	80	12,373	-119	475	12,809

Thousand euro	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total
Total equity 1 Jan. 2017	80	13,734	-168	-1,937	11,709
Comprehensive income					
Profit for the financial period				3,414	3,414
Cash flow hedging			54		54
Total comprehensive income for the financial period	0	0	54	3,414	3,468
Transactions with owners					
Dividend and capital repayment		-1,361		0	-1,361
Share-based payments				126	126
Transactions with owners, total	0	-1,361	0	126	-1,235
Total equity 31 Dec. 2017	80	12,373	-114	1,603	13,942

OPERATING SEGMENTS

The Group has one reporting business segment, the accounting services, that are evaluated monthly by the Board of Directors and the CEO as the highest operational decision-makers.

The Group's assets and liabilities are not allocated to the business segment because the top operating decision maker does not allocate resources based on segment assets or liabilities and does not review the segment assets or liabilities. Assets and liabilities are reviewed at Group level.

Financial income and expenses and income taxes are not allocated to the segment.

Income and expenses related to segments other than accounting services are presented in unallocated items because they do not form a separately reported business segment.

Operating segments 1-6/2018

Thousand euro	Accounting services	Unallocated items and eliminations	Group total
External net sales	23,527	1,750	25,277
Total net sales	23,527	1,750	25,277
Operating expenses	-16,373	-1,701	-18,074
Other income	199	189	388
EBITDA	7,353	238	7,592
Depreciations	-1,776	-234	-2,010
Amortisations	-355	0	-355
Operating result	5,222	4	5,227

Operating segments 1-6/2017

Thousand euro	Accounting services	Unallocated items and eliminations	Group total
External net sales	20,342	1,078	21,420
Total net sales	20,342	1,078	21,420
Operating expenses	-15,205	-1,205	-16,409
Other income	154	0	154
EBITDA	5,291	-127	5,164
Depreciations	-1,845	-127	-1,972
Operating result	3,446	-254	3,192

Operating segments 1-12/2017

Thousand euro	Accounting services	Unallocated items and eliminations	Group total
External net sales	39,339	2,081	41,421
Total net sales	39,339	2,081	41,421
Operating expenses	-29,830	-2,419	-32,250
Other income	338	0	338
EBITDA	9,847	-338	9,509
Depreciations	-3,200	-275	-3,476

Amortisations	-1,193	0	-1,193
Operating result	5,454	-613	4,840

BUSINESS ACQUISITIONS

The Group acquired Tilitoimisto K. Ollila Ltd through an asset deal performed on 15 January 2018, and Tilitoimisto Tuloslaskenta Ltd and ATT Yrityspalvelut Ltd through an asset deal performed on 31 January 2018.

Tilitoimisto K. Ollila operates from Oulu, Tilitoimisto Tuloslaskenta from Vimpeli and Lappajärvi, and ATT Tuloslaskenta from Seinäjoki and Alajärvi.

The acquisition cost of these asset deals was 946 thousand euros, which was paid in cash and shares. The combined values of acquired assets and liabilities at the time of the acquisition were as follows:

Thousand euro	Carrying amount
Property, plant and equipment	63
Customer relationships	1,035
Total assets	1,098
Trade and other payables	151
Total liabilities	151
Net assets	946
Consideration transferred	946
Net assets of acquired company	-946
Goodwill	0

Expenses from the preparation of the acquisition have been recognised under other operating expenses in the income statement.

COLLATERAL AND CONTINGENT LIABILITIES

	30 June 2018	30 June 2017	31 Dec. 2017
Liabilities secured by an enterprise mortgage			
Loans from financial institutions	22,500	22,500	22,500
Enterprise mortgages provided as security	31,600	31,600	31,600
Other deposits and enterprise mortgages			
Deposits	3,074	3,074	3,074
Enterprise mortgages	260	260	260
Part payment commitments			
Part payment liabilities in total	721	767	806
Book value of assets held as collateral	1,042	1,058	1,123
Off-balance sheet leasing liabilities	11,851	13,787	12,499
Interest rate swaps			
Fair value	-165	-177	-167
Value of the underlying instrument	13,722	15,016	14,361

FORMULAS

Net sales, increase %	=	$\frac{\text{net sales} - \text{net sales of the preceding year}}{\text{net sales of the preceding year}} \times 100$
EBITDA	=	operating profit (EBIT) + depreciations and amortisations
Operating profit (EBIT)	=	net sales + other operating income - materials and services - personnel expenses - depreciations and amortisations - other operating expenses
Operating profit (EBIT), %	=	$\frac{\text{operating profit (EBIT)}}{\text{net sales}} \times 100$
Return on investment (ROI), % (rolling 12 months)	=	$\frac{\text{operating profit (EBIT) before taxes} + \text{interest and other financial expenses}}{\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average of the accounting period)}} \times 100$
Interest-bearing net liabilities	=	interest-bearing liabilities - cash in hand and in banks
Net gearing ratio, %	=	$\frac{\text{interest-bearing liabilities} - \text{cash in hand and in banks}}{\text{capital and reserves}} \times 100$
Equity ratio, %	=	$\frac{\text{capital and reserves}}{\text{balance sheet total} - \text{advances received}} \times 100$
Working capital	=	inventories + non-interest-bearing current receivables - non-interest-bearing current liabilities
Net investments	=	investments in tangible and intangible assets - sales of assets
Earnings per share	=	$\frac{\text{net profit of the review period}}{\text{weighted average number of shares during the period} - \text{treasury shares held by the company}} \times 100$
Compound annual growth rate (CAGR)	=	$\left(\frac{\text{net sales at the end of the period}}{\text{net sales in the beginning of the period}} \right)^{\frac{1}{\text{number of years}} - 1}$