

# Talenom Plc

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# HIGHLIGHTS: JANUARY–MARCH 2021

## EXCELLENT START TO THE FINANCIAL YEAR, STRONGER PRECONDITIONS FOR GROWTH

Net sales grew by 17.0% and EBIT improved by 18.7%. EBIT margin strengthened and was 21.7% of net sales.

Due to an acquisition on 15 April 2021, we raised our guidance for 2021 regarding net sales.

## EXCELLENT DEVELOPMENT IN THE FINNISH ACCOUNTING BUSINESS

The organic growth and profitability of the Finnish accounting business, excluding the effect of acquisitions, continued excellent development – this creates good preconditions also for international growth.

## WE CONTINUED TO GROW IN FINLAND AND SWEDEN ALSO THROUGH ACQUISITIONS

Integrations progressed in line with plans and we expanded to new locations.

## BANK ACCOUNTS AND CARDS MADE AVAILABLE TO THE FIRST CUSTOMERS IN THE TIILJASKA SERVICE

The launch of Tiiljaska in Finland and the localisation of KontoKalle in Sweden are proceeding on schedule.



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# OUR STRATEGIC STRENGTHS BOOST OUR BUSINESS IN FINLAND - CREATE GOOD PRECONDITIONS ALSO FOR INTERNATIONAL GROWTH



1. EASY DIGITAL  
TOOLS FOR THE FINANCIAL  
MANAGEMENT ROUTINES  
OF ENTREPRENEURS



2. HIGH DEGREE  
OF SERVICE  
AUTOMATION



3. PROACTIVE  
CARE SERVICES

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## IN SWEDEN, WE EXPANDED TO NEW LOCATIONS THROUGH ACQUISITIONS AND BOLSTERED OUR COUNTRY MANAGEMENT

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- New locations: Växjö, Östersund and Åre.
- The completion of the acquisitions also strengthened our country management in Sweden.
- Project to localise the KontoKalle service – equivalent to our TiliJaska service for the small customer segment in Finland – has progressed as planned in Sweden.
- Our aim is that the first pilot customers can start using the service in the summer, in line with the original schedule.
- The deployment of KontoKalle is the first step in the introduction of Talenom's own bookkeeping system in Sweden.

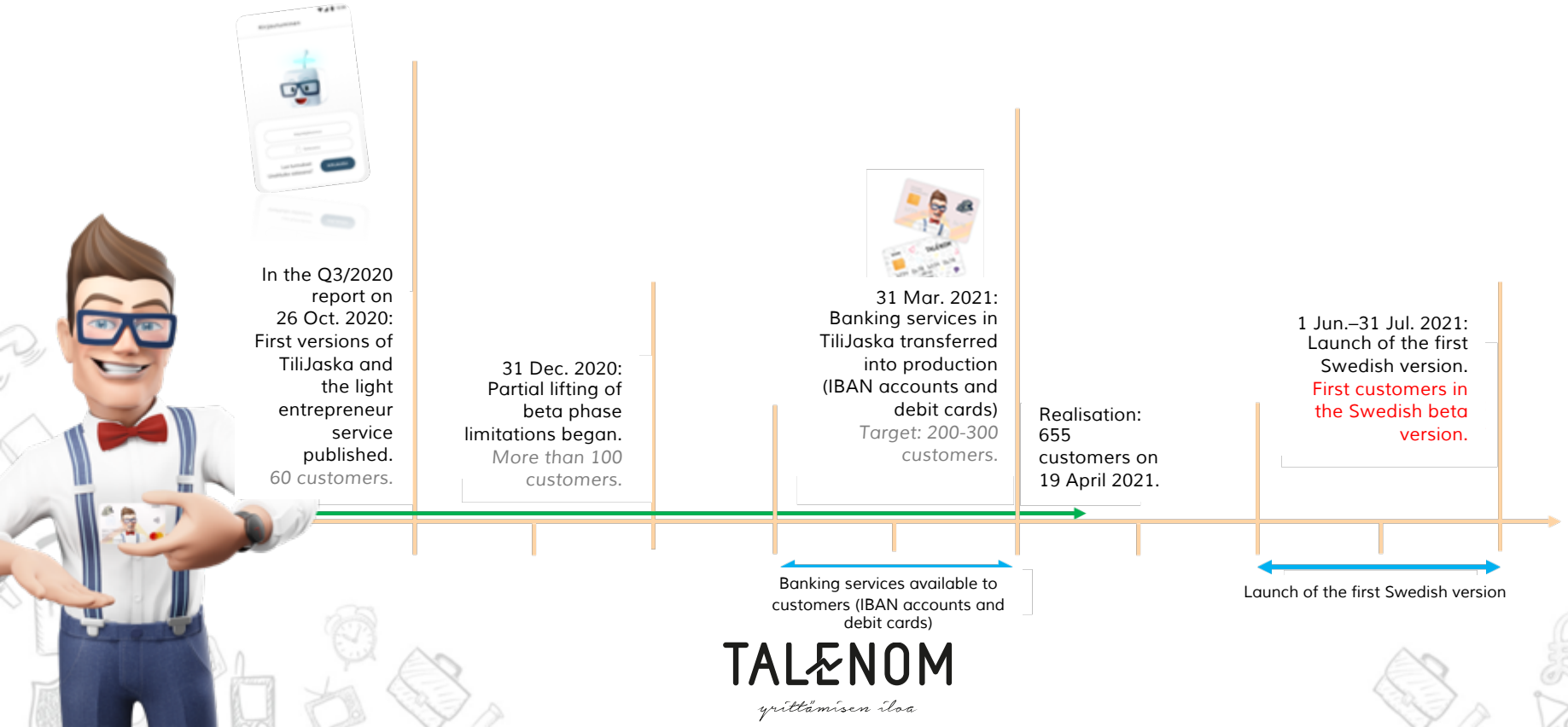
# WITH OWN BANK ACCOUNTS AND CARDS, TILIJASKA IS TRANSFERRING INTO FULL PRODUCTION - PROACTIVE NEW CUSTOMER ACQUISITION STARTED



- Bank accounts and cards in TiliJaska service deployed for the first small entrepreneur customers in March, as planned.
- Our goal: Banking services available to Talenom's current customers during this year.
- Talenom is a competitive new challenger in banking services for SMEs:
  1. A bank account can be opened for a customer in minutes
  2. Considerable savings on banking service fees – the smallest companies enjoy free banking services
- Talenom's banking services include both physical and virtual payment cards, an IBAN account, SEPA payments, and electronic bank account statements integrated into bookkeeping.



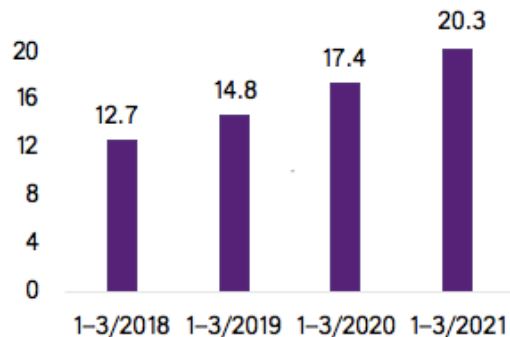
# DEPLOYMENT OF TILIJASKA IS PROGRESSING IN ACCORDANCE WITH THE ORIGINAL SCHEDULE





# JANUARY–MARCH 2021: PROFITABLE GROWTH CONTINUED

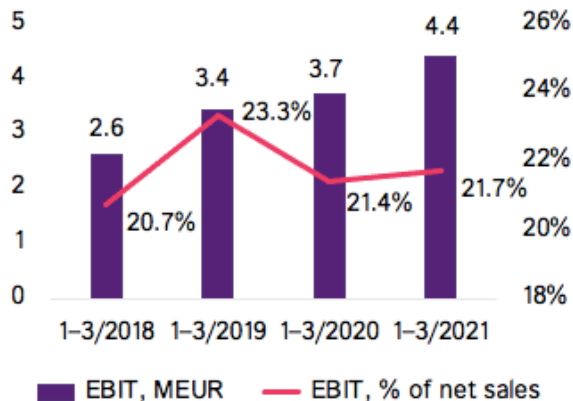
Net sales, January–March (MEUR)



NET SALES INCREASED BY 17.0%

- Growth in net sales was the result of organic growth and an increase in the number of accounting service customers as well as several acquisitions in Finland and Sweden.
- About 2/3 of growth was generated by acquisitions and 1/3 by proactive new customer acquisition efforts.
- The coronavirus pandemic had a minor impact on our business during the review period.

Operating profit, January–March (MEUR)

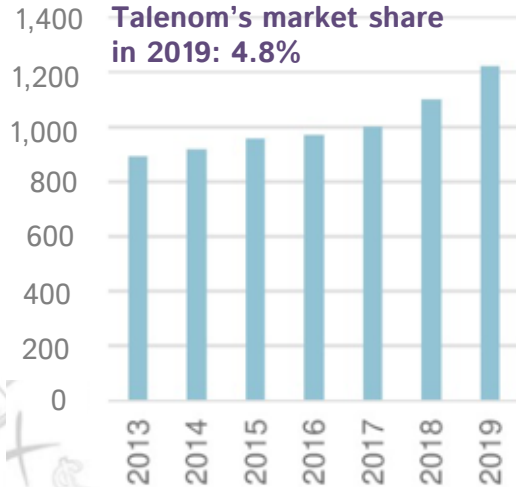


OPERATING PROFIT IMPROVED BY 18.7%

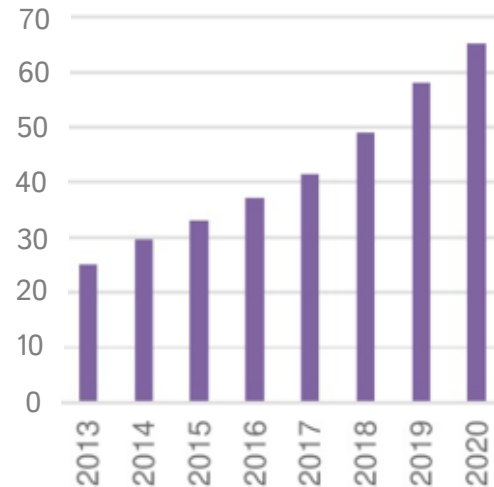
- Operating profit grew especially due to the increase in the degree of automation in our Finnish accounting business. Savings on fixed costs also enabled improvement in profitability.
- Relative profitability was weighed down by the weaker profitability of acquired businesses. The profitability of businesses acquired by Talenom has typically been lower than that of other operations for around three years after the acquisition date on average, after which it has risen to the level of other units.

# A PROFITABLE GROWTH COMPANY IN A STABLE SECTOR AND FRAGMENTED MARKETS

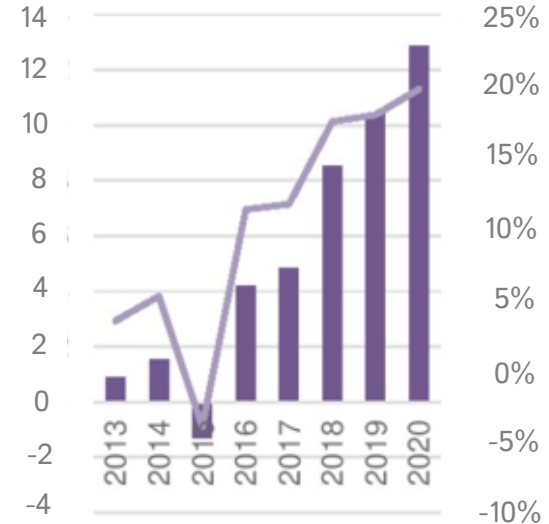
Development of the Finnish accounting market 2013–2019 (MEUR)\*



Talenom's net sales 2013–2020 (MEUR)



Talenom's operating profit and operating profit margin 2013–2020 (MEUR)



\*) Statistics Finland, structural business and financial statement statistics\*

Talenom adopted IFRS in 2017.



# WE RAISED OUR GUIDANCE REGARDING NET SALES

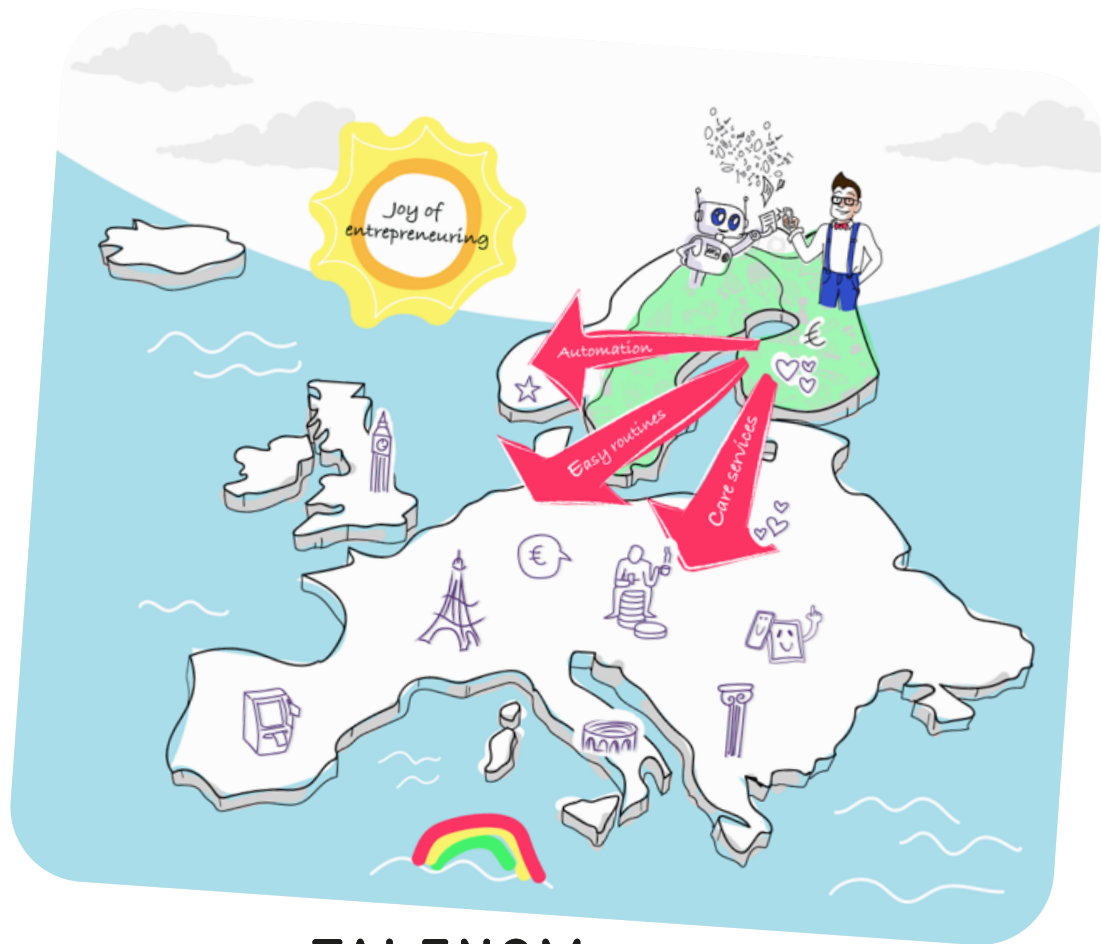
*GUIDANCE FOR 2021* (published on 15 April 2021)

Net sales for 2021 are expected to amount to 80–84 million euros and operating profit is expected to be 14–16 million euros.

*OUTLOOK FOR GROWTH BROADENED, AND ACCORDING TO OUR VIEW, PROFITABILITY REMAINS EXCELLENT ALSO IN THE FUTURE:*

- Encouraged by our experiences in Sweden, we aim to expand our international presence also to other European countries. Internationalisation is supported by the three cornerstones of our strategy: making entrepreneurship easy, automation and care.
- We will continue to pursue organic growth and acquisitions, harnessing the digital transformation of the accounting sector.
- The TiliJaska small customer concept enables us to sell our digital services efficiently and to a wider customer base.
- The Talenom Light Entrepreneur service makes it even easier for our customers to be entrepreneurs – and facilitates our new customer acquisition.
- We are incorporating banking services as a more extensive element of the service offering to create an unbeatable customer experience and to boost the efficiency of our own processes.

**OUR VISION IS  
TO PROVIDE  
UNBEATABLE ACCOUNTING  
AND BANKING SERVICES  
FOR SMES**



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## DISCLAIMER

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Certain statements in this presentation contain forward-looking statements and are based on the company's and management's views at the time they were made. For this reason, they involve risks and uncertainties. The future development 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 Mar. 2021

Group	1–3/2021	1–3/2020	Change
Net sales, thousands of euro	20,307	17,350	2,958
Net sales, increase %	17.0%	17.4%	-0.3 percentage points
Operating profit (EBIT), thousands of euro	4,412	3,718	694
Operating profit (EBIT), as % of net sales	21.7%	21.4%	0.3 percentage points
Return on investment (ROI), % (rolling 12 months)	19.9%	19.7%	0.2 percentage points
Interest-bearing net liabilities, thousands of euro	35,643	31,771	3,872
Net gearing ratio, %	115%	142%	-27 percentage points
Equity ratio, %	32.3%	31.1%	1.2 percentage points
Working capital, thousands of euro	-6,564	-4,609	-1,955
Net investments, thousands of euro	9,784	4,059	5,725
Liquid assets, thousands of euro	10,265	5,268	4,997
Earnings per share, euro	0.08	0.07	0.01
Weighted average number of shares during the period	43,195,636	41,871,790	1,323,846
Net profit, thousands of euro	3,348	2,806	542

**Annex 2. Consolidated  
statement of  
comprehensive income  
1 Jan. – 31 Mar. 2021**

Thousand euro	1-3/2021	1-3/2020	1-12/2020
<b>Net sales</b>	<b>20,307</b>	<b>17,350</b>	<b>65,161</b>
Other operating income	53	54	121
Materials and services	-505	-1,030	-2,466
Employee benefit expenses	-10,795	-8,582	-33,947
Depreciation and amortisations	-2,784	-2,527	-10,398
Other operating expenses	-1,864	-1,547	-5,589
<b>Operating profit</b>	<b>4,412</b>	<b>3,718</b>	<b>12,881</b>
Financial income	44	22	82
Financial expenses	-210	-230	-939
<b>Net financial expenses</b>	<b>-166</b>	<b>-209</b>	<b>-857</b>
<b>Profit (loss) before taxes</b>	<b>4,247</b>	<b>3,510</b>	<b>12,024</b>
Income taxes	-899	-704	-2,445
<b>Profit (loss) for the financial period</b>	<b>3,348</b>	<b>2,806</b>	<b>9,579</b>
<b>Other items of comprehensive income</b>			
<b>Items that may be subsequently transferred to profit or loss</b>			
Cash flow hedging	0	24	0
Taxes on items that may be subsequently transferred to profit or loss	0	-5	0
<b>Other comprehensive income for the financial period after tax</b>	<b>0</b>	<b>19</b>	<b>0</b>
<b>Total comprehensive income for the financial period</b>	<b>3,348</b>	<b>2,825</b>	<b>9,579</b>

## Annex 3. Consolidated balance sheet

### 31 Mar. 2021

Thousand euro	31 Mar. 2021	31 Mar. 2020	31 Dec. 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	27,471	20,728	23,956
Other intangible assets	26,608	16,632	22,921
Right-of-use assets	8,271	8,493	7,965
Property, plant and equipment	2,723	2,633	2,479
Other non-current financial assets	337	237	337
Deferred tax assets	82	84	64
Capitalised contract costs	11,219	10,355	11,033
<b>Total non-current assets</b>	<b>76,712</b>	<b>59,162</b>	<b>68,754</b>
<b>Current assets</b>			
Trade and other receivables	9,352	7,750	7,055
Current tax assets	10	0	10
Cash and cash equivalents	10,265	5,268	9,104
<b>Total current assets</b>	<b>19,627</b>	<b>13,017</b>	<b>16,168</b>
<b>Total assets</b>	<b>96,338</b>	<b>72,179</b>	<b>84,923</b>

Thousand euro	31 Mar. 2021	31 Mar. 2020	31 Dec. 2020
<b>CAPITAL AND RESERVES</b>			
Share capital	80	80	80
Reserve for invested unrestricted equity	16,570	12,353	14,818
Fair value reserve	0	-26	0
Retained earnings	14,361	9,962	17,271
<b>Total equity</b>	<b>31,011</b>	<b>22,369</b>	<b>32,169</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	30,000	28,000	30,000
Trade and other payables	2,382	241	556
Lease liabilities	5,995	6,574	5,859
Other non-current financial liabilities	0	32	0
Deferred tax liabilities	1,154	301	732
<b>Total non-current liabilities</b>	<b>39,530</b>	<b>35,148</b>	<b>37,147</b>
<b>Current liabilities</b>			
Financial liabilities	7,000	0	0
Trade and other payables	15,447	11,838	12,134
Lease liabilities	2,450	2,021	2,280
Current tax liabilities	900	802	1,193
<b>Total current liabilities</b>	<b>25,797</b>	<b>14,662</b>	<b>15,607</b>
<b>Total liabilities</b>	<b>65,328</b>	<b>49,810</b>	<b>52,754</b>
<b>Total equity and liabilities</b>	<b>96,338</b>	<b>72,179</b>	<b>84,923</b>