

TALENOM PLC BUSINESS REVIEW JANUARY–SEPTEMBER 2020 (UNAUDITED): NET SALES GREW BY 13% AND OPERATING PROFIT IMPROVED BY 17% – NEW ELEMENTS FOR THE IMPLEMENTATION OF THE GROWTH STRATEGY

1 January–30 September 2020

Talenom is an accountancy company established in 1972, and it offers its customers a wide range of accountancy and other services supporting their customers' business activities. Talenom engages in its own software development and offers its accountancy customers digital financial management tools.

Talenom has operations at 46 locations, including service centres in Oulu and Tampere. During the period between 1 January–30 September 2020, Talenom had an average of 853 (732) employees. Talenom reported net sales of 48.7 (43.0) million euros for 1 January–30 September 2020, representing a year-on-year increase of 13.1%.



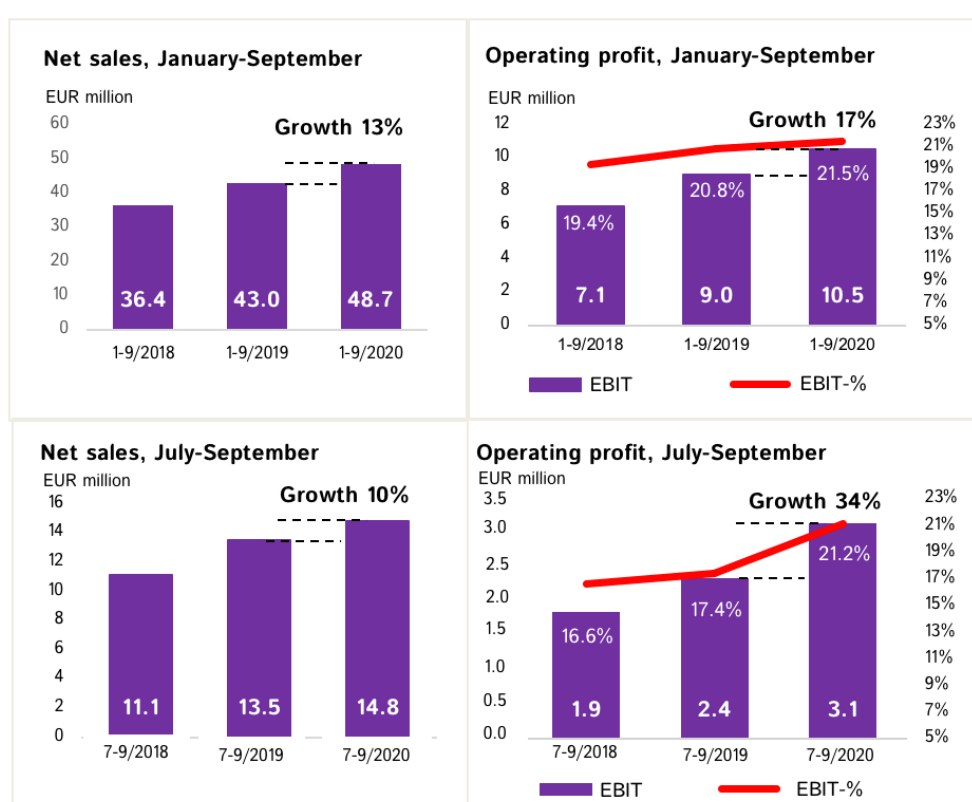
TALENOM

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TALENOM PLC BUSINESS REVIEW JANUARY–SEPTEMBER 2020 (UNAUDITED): NET SALES GREW BY 13% AND OPERATING PROFIT IMPROVED BY 17% – NEW ELEMENTS FOR THE IMPLEMENTATION OF THE GROWTH STRATEGY

JANUARY–SEPTEMBER 2020 IN BRIEF:

- Net sales 48.7 (43.0) million euros, increase 13.1% (18.2%)
- Operating profit (EBIT) 10.5 (9.0) million euros, 21.5% (20.8%) of net sales
- Net profit 7.8 (6.6) million euros
- Earnings per share 0.18 (0.16) euros
- Talenom’s guidance for 2020 remains unchanged: Net sales for 2020 are expected to amount to 64–68 million euros and operating profit to 12–14 million euros.



Group	1–9/2020	1–9/2019	Change
Net sales, thousands of euro	48,698	43,042	5,656
Net sales, increase %	13.1%	18.2%	-5.1 percentage points
Operating profit (EBIT), thousands of euro	10,456	8,951	1,505
Operating profit (EBIT), as % of net sales	21.5%	20.8%	0.7 percentage points
Return on investment (ROI), % (rolling 12 months)	18.5%	20.9%	-2.4 percentage points
Liquid assets, thousands of euro	7,681	6,984	697
Earnings per share, euro	0.18	0.16	0.02
Net profit, thousands of euro	7,776	6,599	1,178

Group	7–9/2020	7–9/2019	Change
Net sales, thousands of euro	14,845	13,497	1,348
Net sales, increase %	10.0%	21.1%	-11.1 percentage points
Operating profit (EBIT), thousands of euro	3,144	2,351	793
Operating profit (EBIT), as % of net sales	21.2%	17.4%	3.8 percentage points
Return on investment (ROI), % (rolling 12 months)	18.5%	20.9%	-2.4 percentage points
Liquid assets, thousands of euro	7,681	6,984	697
Earnings per share, euro	0.05	0.04	0.01
Net profit, thousands of euro	2,320	1,675	646

This Business Review is not an Interim Financial Report prepared in accordance with the IAS 34 standard. The Company prepares its interim financial reporting in accordance with the Securities Market Act, in addition to which the Company releases Business Reviews for the first three and first nine months of the year. The Business Reviews contain key information regarding the financial position and development of the Talenom Group.

GUIDANCE FOR 2020 REMAINS UNCHANGED

The guidance for 2020 that Talenom issued on 27 April 2020 remains unchanged:

Net sales for 2020 are expected to amount to 64–68 million euros and operating profit to 12–14 million euros.

CEO OTTO-PEKKA HUHTALA

At Talenom, we are pleased with the excellent progress of the implementation of our strategy for profitable growth. During the past few years, we have taken our first steps in our internationalisation in Sweden and expanded our service range with financing services for our customer companies, for instance. At the same time, we have had strong growth in Finland.

Today, we are reaching an important milestone – the launch of new services that make day-to-day life easier for entrepreneurs. We are now releasing the TiliJaska™ service in Finland, which we have developed in accordance with our small customer concept. We are also preparing to launch a similar service in Sweden (KontoKalle.se) next year. The new service provides small entrepreneurs with a free accounting application, banking services (IBAN accounts and cards) and accounting services that are scaled to each customer's needs. We are also launching the Talenom Light Entrepreneur service – we can now offer a service platform that caters to customers ranging from part-time light entrepreneurs to listed companies. Combining the banking services offered by Talenom with accounting services on the same service platform makes daily life easier for entrepreneurs and reduces administrative costs. Our own banking services integrate greater automation into our processes and deepen our customer relationships. The new services will be in beta until the end of the year. During this period, we will limit growth in the number of customers and offer banking services only to selected test customers.

With the new services, we have also clarified our long-term vision: we want to offer unbeatable accounting and banking services to SMEs. Going forward, our strategy will still be based on making day-to-day life easier for our entrepreneur customers, our highly automated operations and proactively taking care of our customers with our skilled personnel. As a pioneer in the digitalisation of the accounting sector, we also want to export our expertise to other European countries and modernise operations in our business, from accounting to consulting. In this, we are supported by the digital transformation of the accounting and banking sector, facilitated in part by legislative changes such as the new e-Invoicing Directive, PSD2 Directive and Basel regulations.

Our performance in the review period was strong once again and in line with our expectations. Operating profit for January–September 2020 saw year-on-year improvement of 16.8% and amounted to 10.5 million euros. Operating profit was 21.5% of net sales. Net sales for January–September increased year-on-year by 13.1% to 48.7 million euros. The third quarter also met our expectations. Operating profit for July–September 2020 improved by 33.7% year-on-year and net sales were up 10.0%. The coronavirus has reduced financial activity among our customer base and thereby weakened our transaction-based invoicing. We have performed well in distance sales, even though we have not as yet reached the pre-coronavirus figures for total sales. Net sales growth slackened due to the pandemic, but at the same time we have managed to adjust our costs as automation has progressed. As a result, relative operating profit improved substantially.

This year, we have expanded by means of acquisitions in both Finland and Sweden, and have thus been able to more extensively harness our digitalisation investments. In the third quarter, we grew in Finland by acquiring the business operations of Larsen & Co Accountants Ltd in Helsinki and strengthened the development of our small customer concept and our TiliJaska service by acquiring the software business of Vanaja Technologies Oy in Hämeenlinna. In the Swedish market, we strengthened our position in new locations in Gothenburg and Malmö by acquiring the share capital

of Frivision AB, focusing on small customers. The acquisitions had a minor impact on the financial figures for the review period.

In the January-March 2020 Business Review, we reported on coronavirus-related uncertainties concerning the acquisition of new customers, bankruptcies among customer companies and our transaction-based invoicing. In the third quarter, our sales to new customers were at a lower level than in the pre-coronavirus period. The trend in the number of bankruptcies among customer companies was in line with expectations and transaction-based invoicing recovered almost to pre-coronavirus levels after dipping in the previous quarter. The uncertainties posed by the coronavirus remain unchanged both in society and at Talenom. However, our full-year financial outlook has not changed significantly, and our guidance for 2020 net sales and operating profit issued in April remains unchanged.

On 11 November 2020 starting at 9:00 EET, we will hold a Capital Markets Day during which we will present our strategy in greater depth. During the morning, we will present the services we launched today, such as TiliJaska, our banking services and automation solutions. We will also discuss the implementation of our growth strategy with respect to organic growth, internationalisation and acquisitions.

FINANCIAL DEVELOPMENT

KEY FIGURES

Group	1–9/2020	1–9/2019	Change
Net sales, thousands of euro	48,698	43,042	5,656
Net sales, increase %	13.1%	18.2%	-5.1 percentage points
Operating profit (EBIT), thousands of euro	10,456	8,951	1,505
Operating profit (EBIT), as % of net sales	21.5%	20.8%	0.7 percentage points
Return on investment (ROI), % (rolling 12 months)	18.5%	20.9%	-2.4 percentage points
Interest-bearing net liabilities, thousands of euro	31,685	30,214	1,471
Net gearing ratio, %	105%	135%	-30 percentage points
Equity ratio, %	37.4%	32.7%	4.7 percentage points
Working capital, thousands of euro	-3,838	-2,866	-972
Net investments, thousands of euro	15,544	12,045	3,499
Liquid assets, thousands of euro	7,681	6,984	697
Earnings per share, euro	0.18	0.16	0.02
Weighted average number of shares during the period*	42,517,688	41,538,125	979,563
Net profit, thousands of euro	7,776	6,599	1,178

*) The number of shares outstanding has been adjusted due to the share issue carried out free of charge during the review period by multiplying the preceding figures by six.

NET SALES, PROFITABILITY AND FINANCIAL PERFORMANCE – JANUARY–SEPTEMBER 2020

During the period from January to September, Talenom's net sales increased by 13.1% year-on-year. Amounting to 48.7 (43.0) million euros, net sales grew by around 5.7 million euros. The growth in net sales was mainly due to the increase in the number of accounting service customers. In addition, net sales grew due to acquisitions. Weaker transaction-based invoicing due to the coronavirus pandemic and lower-than-normal sales to new customers slowed down net sales growth.

In January-September, personnel expenses amounted to 24.6 (22.1) million euros, 50.5% (51.4%) of net sales.

Other operating expenses, including materials and services, totalled 6.0 (6.4) million euros, accounting for 12.3% (15.0%) of net sales.

In January-September, operating profit (EBIT) was 10.5 (9.0) million euros, 21.5% (20.8%) of net sales, and net profit was 7.8 (6.6) million euros. Operating profit improved by 16.8%. Profitability in the review period was burdened both by lower invoicing of transaction-based products due to the coronavirus pandemic and by the weaker profitability of acquired businesses, but savings on fixed costs and enhanced automation had a favourable effect on the trend in profitability.

During the period from July to September, Talenom's net sales increased by 10.0% year-on-year. Amounting to 14.8 (13.5) million euros, net sales grew by around 1.3 million euros. In July–September, operating profit (EBIT) was 3.1 (2.4) million euros, 21.2% (17.4%) of net sales, and net profit was 2.3 (1.7) million euros. Operating profit (EBIT) for July–September improved by 33.7% year-on-year.

BALANCE SHEET, FINANCING AND INVESTMENTS

On 30 September 2020, the consolidated balance sheet total was 81.0 (68.9) million euros. The Group's equity ratio was 37.4% (32.7%) and the net gearing ratio was 105% (135%).

The Group's interest-bearing financial loans at the end of the review period were 30.0 (28.0) million euros, excluding instalment debts. Other non-current interest-bearing liabilities (instalment debts) were 0.2 (0.2) million euros and other current interest-bearing liabilities (instalment debts) were 0.2 (0.2) million euros.

In accordance with IFRS 16 Leases, as of 1 January 2019, the Group recognises leases of business premises in the balance sheet mainly as assets and liabilities. In accordance with IFRS 16, non-current lease liabilities stood at 6.2 (6.9) million euros and current lease liabilities at 2.8 (1.7) million euros on 30 September 2020.

The Group recognises the costs of new customer contracts, such as costs of obtaining and fulfilling a contract, as investments as specified in IFRS 15. These costs are presented in the balance sheet under "capitalised contract costs". Furthermore, the Group recognises a part of the development costs related to software and digital services as investments according to the requirements outlined in IAS 38. These costs are presented in the balance sheet under "other intangible assets". Investments stemming from new customer contracts amounted to 3.2 (3.3) million euros in the review period. Investments concerning software and digital services amounted to 7.1 (3.4) million euros.

The company's total net investments in the review period 1 January–30 September 2020 were 15.5 (12.0) million euros.

In February 2020, the company acquired the business operations of the accounting company Addvalue Advisors Oy, in May the share capital of Niva Ekonomi AB, in August the software business of Vanaja Technologies Oy and in September the entire share capital of Frivision AB and the entire business of Larsen & Co Accountants Ltd.

The purchase price of Addvalue Advisors Oy totalled 0.3 million euros, the purchase price of Niva Ekonomi AB totalled 1.3 million euros, the purchase price of Vanaja Technologies Oy was 0.4 million euros, the purchase price of Frivision AB totalled 1.4 million euros and the purchase price of Larsen & Co Accountants Ltd totalled 1 million euros. In the acquisitions, part of the purchase price was paid with new Talenom Plc shares subscribed for in a directed issue. These business acquisitions accounted for 4.4 (4.2) million euros of Talenom's net investments.

Liquid assets at 30 September 2020 were 7.7 (7.0) million euros. In addition, the company had unused overdraft limits of 3.0 (1.0) million euros at the end of the review period.

PERSONNEL AND MANAGEMENT

The average number of personnel during the review period 1 January–30 September 2020 was 853 (732). During the review period, the members of the company's Executive Board were Otto-Pekka Huhtala (CEO), Antti Aho (CFO and CHRO), Tuomas Iivanainen (Director, International Business), Juho Aholola (Director, Accounting Services) and Juha Jutila (Director, Business Development). There were no changes in the composition of the Executive Board during the review period.

SHARES AND SHAREHOLDERS

On 30 September 2020, Talenom Plc had a total of 43,179,885 shares entered in the Trade Register. The company held 150,600 company shares (0.35% of the total number of shares and total number of votes) on 30 September 2020. On 30 September 2020, Talenom had a total of 5,923 (3,727) shareholders, representing an increase of 2,196 shareholders, year on year.

There were 189 trading days in the review period 1 January–30 September 2020. A total of 14,376,028 shares were traded during this period, and the value of the shares traded was 104,733,110 euros. The highest price of the share was 10.10 euros and the lowest price was 4.93 euros. The volume weighted average price was 7.29 euros and the closing price at the end of the review period (30 September 2020) was 9.82 euros. In accordance with the closing price, the combined market value of the shares was approximately 424.03 million euros.

FLAGGING NOTIFICATIONS

During the review period, Talenom received five notifications of changes in holdings in accordance with Chapter 9, Section 5 of the Securities Markets Act.

According to a notification received on 14 February 2020, the number of Talenom Plc shares owned by Ilmarinen Mutual Pension Insurance Company decreased below the 10% limit of all Talenom Plc shares due to share transactions.

According to a notification received on 18 February 2020, the number of Talenom Plc shares owned by Evli Bank Plc decreased below the 5% limit of all Talenom Plc shares due to share transactions.

According to a notification received on 27 February 2020, the number of Talenom Plc shares owned by Danske Bank A/S decreased below the 5% limit of all Talenom Plc shares due to share transactions.

According to a notification received on 3 March 2020, the number of Talenom Plc shares owned by Danske Bank A/S rose above the 5% limit of all Talenom Plc shares due to share transactions.

According to a notification received on 19 August 2020, the number of Talenom Plc shares owned by Ilmarinen Mutual Pension Insurance Company decreased below the 5% limit of all Talenom Plc shares due to share transactions.

SIGNIFICANT EVENTS IN THE REVIEW PERIOD

On 14 February 2020, Talenom announced that it was ranked as one of Finland's best workplaces for the third time in a row in the Great Place to Work survey. Talenom was ranked fourth in the Large Companies category.

On 25 February 2020, the Board of Directors resolved, based on the terms and conditions of Talenom's 2016, 2018 and 2019 option rights, to amend the number of shares to be subscribed with the option rights and their subscription price due to the Annual General Meeting's decision to carry out a share issue without payment.

On 25 February 2020, the Board of Directors decided to establish two new share-based incentive plans for the Group's key employees, the Performance Share Plan 2020–2024 and the Restricted Share Plan 2020. The Performance Share Plan 2020–2024 consists of three performance periods, covering the calendar years 2020–2022, 2021–2023 and 2022–2024. The Board of Directors resolves on the plan's performance criteria and targets to be set for each criterion at the beginning of the performance period.

On 28 February 2020, Talenom agreed to acquire the business operations of the accounting firm Addvalue Advisors Oy in Vantaa from its owners. The rolling 12-month net sales of the acquired company amounted to 0.5 million euros and its EBITDA to 0.05 million euros. The purchase price totalled 268,000 euros, of which 134,000 euros was paid with new Talenom Plc shares subscribed for in a directed share issue. The 20,594 new shares subscribed for in the directed share issue were entered in the Trade Register on 4 March 2020.

On 11 March 2020, Talenom announced that its market making agreement with Lago Kapital Ltd in compliance with the Liquidity Providing (LP) requirements issued by Nasdaq Helsinki Ltd will end. Talenom estimated that the liquidity of the share will be sufficient without market making operations. The agreement ended on 9 June 2020.

The 900,900 new Talenom Plc shares subscribed for with 2016C and 2018 stock options were entered in the Trade Register on 13 March 2020.

In February-March 2020, Talenom carried out a brand survey on the brand awareness of the company, the impressions that potential customers have of the company and Talenom's positioning amongst its competitors. The results indicate that Talenom is clearly the best known, top-of-mind accounting firm among its core target group.

In April, Talenom agreed on a 30 million euro collateralised loan with Danske Bank A/S, Finland branch. Following the arrangement, Talenom's annual financing costs will decline by a total of around 0.12 million euros. The loan period is three years and can be extended by one year if necessary. With this new loan, Talenom repaid its collateralised loans from OP Financial Group, which totalled 28 million euros. In addition, Talenom has agreed on an additional loan of 10 million euros for potential acquisitions and projects in support of growth.

On 4 May 2020, Talenom made an agreement with the owner of the Swedish accounting company Niva Ekonomi AB on purchasing its entire share capital. The company's net sales were 14.6 million Swedish krona (1.4 million euros) in 2019 and its EBITDA was 2.3 million Swedish krona (0.2 million

euros). The purchase price was 11.7 million Swedish krona (1.1 million euros), of which 5.85 million Swedish krona (0.5 million euros) was paid in cash and financed with the liquid assets of Talenom Plc. The remainder of the purchase price was paid with new shares of Talenom Plc subscribed for in a directed share issue. In addition, the seller has the opportunity to receive a contingent consideration of 2.0 million Swedish krona (0.2 million euros) at maximum when the financial targets set for the acquired business are realised. Based on the management's estimate, 1.5 million Swedish krona (0.14 million euros) of the contingent consideration has been recognised in the purchase price and as a liability. The 77,747 new shares subscribed for in the directed share issue related to the acquisition were registered in the Trade Register on 6 May 2020.

In May, Talenom carried out a share issue directed to the company's personnel and franchise entrepreneurs. The subscription commitments given during the subscription period from 11 May to 22 May 2020 covered 200,447 shares, which means that the personnel share issue was oversubscribed 1.7 times. The Board of Directors of Talenom approved on 27 May 2020 the subscriptions for the maximum number of new shares in the personnel share issue, a total of 120,000 new shares. Shares were subscribed for by 252 persons, which corresponds to approximately 32% of those eligible. The members of the company's Board of Directors, the CEO and the members of the Executive Board were not entitled to participate in the personnel share issue. The approved subscriptions have been paid in accordance with the terms and conditions of the personnel share issue. The share subscription price was 5.86 euros, based on the trade volume-weighted average price of the share on Nasdaq Helsinki Ltd in the 1 March to 31 March 2020 period, with a 10 per cent discount. The 120,000 new Talenom Plc shares subscribed for in the personnel issue and the 107,800 new shares subscribed for with 2016C and 2018 options were entered in the Trade Register on 28 May 2020. The total subscription price, 845,629 euros, was fully recorded in the company's invested unrestricted equity fund. The shares subscribed for in the personnel issue represent 0.28% of the total number of shares in the company before the issue of the shares and after the issue of shares. The new shares were admitted to trading on the official list of Nasdaq Helsinki Oy on 29 May 2020.

Talenom appointed Olli Lätti as its new Commercial Director as of 3 August 2020. At Talenom, Olli Lätti's area of responsibility includes field sales, customer service and the franchising network. Lätti reports to Juho Aholola, Director, Accounting Services.

On 20 August 2020, Talenom announced that it will strengthen its software development capabilities and facilitate the long-term development of the strategic small customer concept by acquiring Vanaja Technologies Oy's software business in Hämeenlinna. The business acquisition did not entail any work invoiced outside Talenom.

On 31 August 2020, Talenom announced that it had concluded a new franchise agreement in Keilaniemi, Espoo. The agreement brought Talenom's total number of franchisees to 22.

On 1 September 2020, Talenom made an agreement with the owners of the Swedish accounting company Frivision AB to purchase the entire share capital of the company. The acquired company supports Talenom's strategic goal of expanding its business into the small customer segment and strengthens Talenom's position in the Swedish market in also new locations – Gothenburg and Malmö. The transaction price was 15.1 million Swedish krona (1.4 million euros), of which 7.55 million Swedish krona (0.7 million euros) was paid in the form of new shares in Talenom Plc, subscribed

under a directed share issue for the owners of Frivision. The remainder of the transaction price was paid in cash and financed with the liquid assets of Talenom Plc. In addition to the transaction price, the seller has the opportunity to receive an additional purchase price of 6.4 million Swedish krona (0.6 million euros) at maximum if the financial targets set for the acquired business are reached. The 83,362 new shares subscribed for in the directed share issue related to the acquisition were registered in the Trade Register on 3 September 2020.

The 33,450 new Talenom Plc shares subscribed for with 2016C and 2018 stock options were entered in the Trade Register on 10 September 2020. The total subscription price, 46,878.00 euros, was fully recorded in the company's invested unrestricted equity fund.

On 30 September 2020, Talenom Plc agreed with the owners of Larsen & Co Accountants Ltd to acquire its entire business in Helsinki. Adjusted net sales of the acquired business for the last 12 months were 1.4 million euros and EBITDA approximately 220,000 euros, or 16% of net sales. The mentioned figures have been adjusted in connection with the acquisition to reflect the agreed and estimated changes that are associated with the acquired business. The acquisition supports Talenom's strategic objectives of expanding its business in Finland through acquisitions and utilising digitalisation investments more widely. The transaction price was 1 million euros, of which 300,000 euros was paid in the form of new shares in Talenom Plc, subscribed under a directed share issue to Larsen & Co Accountants Ltd. The remainder of the transaction price was paid in cash and financed with the liquid assets of Talenom Plc. The 34,895 new shares subscribed for in the directed share issue related to the acquisition were registered in the Trade Register on 2 October 2020.

EVENTS AFTER THE REVIEW PERIOD

On 26 October 2020, Talenom launched new services to implement its growth strategy: the TiliJaska™ (KontoKalle) service in line with the small customer concept, the Talenom Light Entrepreneur service, and new banking transaction services (Talenom bank account and cards) Talenom also released its new vision: unbeatable accounting and banking services for SMEs.

No other significant events took place after the review period.

BASIS OF PREPARATION

This Business Review is not an Interim Financial Report prepared in accordance with the IAS 34 standard. The Company prepares its interim financial reporting in accordance with the Securities Market Act, in addition to which the Company releases Business Reviews for the first three and first nine months of the year. The Business Reviews contain key information regarding the financial position and development of the Talenom Group.

The Talenom Group adopted IFRS 16 Leases on 1 January 2019. The standard affects the Group's financial information in cases where leases of premises are recognised in the balance sheet mainly as assets and liabilities. The standard concerns the Group's fixed-term lease agreements for business premises and those continuous leases for which the lease has continued for over 12 months.

The figures of the Business Review 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 IFRS.

Alternative performance measures used by the company include 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 and explanations of alternative performance measures are presented below under section Formulas.

FINANCIAL REPORTING

The Financial Statement Bulletin for 2020 will be released on Monday, 8 February 2021 at 13:30 EET.

The Financial Statements, Half-year Reports and Business Reviews as well as Stock Exchange Releases can be found on the company's investor pages: www.talenom.fi/en/investors/.

INVITATION TO CAPITAL MARKETS DAY ON 11 NOVEMBER 2020

Talenom will hold a Capital Markets Day for investors, analysts and the media as a webcast on 11 November 2020 from 9:00 to 11:00 EET. At the Capital Markets Day, Talenom will present its strategy in more depth. The agenda for the day includes presentations on topics such as new services and the small customer concept, development of automation, building the company's competitive advantage through customer experience, acquisitions and international growth. In addition to CEO Otto-Pekka Huhtala and CFO Antti Aho, the speakers will include other Talenom executives.

The event can be viewed as a live webcast in Finnish and simultaneously as a webcast recording in English. The link to the webcast and the presentation materials will be published before the start of the event on the company's website at Talenom.fi/en/investors. Recordings of the presentations will be available on the company's website after the event.

It is also possible to attend the event at the company's premises in the Sanomatalo building (address Töölönlahdenkatu 2, 00100 Helsinki). In order to protect the health of the participants and maintain safety distances, the number of on-site participants is very limited. The coronavirus situation might lead to changes to the Sanomatalo event.

Participants will have the opportunity to present questions to the company's management in Finnish and English both during the webcast starting from around 10:40 EET and by emailing questions in advance to investors@talenom.fi.

Registration for the Capital Markets Day is required at the latest on 6 November 2020, by email investors@talenom.fi or by phone +358 207 525 403. More detailed information about the final agenda and schedule of the event, and practical arrangements, will be published closer to the date at Talenom.fi/en/investors.

TABLES

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Thousand euro	1-9/2020	1-9/2019	2019
Net sales	48,698	43,042	57,955
Other operating income	91	327	372
Materials and services	-1,880	-2,291	-3,598
Employee benefit expenses	-24,589	-22,115	-29,912
Depreciation and amortisations	-7,775	-5,858	-8,498
Other operating expenses	-4,089	-4,155	-5,911
Operating profit	10,456	8,951	10,409
Financial income	65	49	64
Financial expenses	-707	-674	-906
Net financial expenses	-642	-625	-843
Profit (loss) before taxes	9,814	8,326	9,566
Income taxes	-2,038	-1,727	-1,951
Profit (loss) for the financial period	7,776	6,599	7,615
Other items of comprehensive income			
Items that may be subsequently transferred to profit or loss			
Cash flow hedging	0	31	60
Taxes on items that may be subsequently transferred to profit or loss	0	-6	-12
Other comprehensive income for the financial period after tax	0	25	48
Total comprehensive income for the financial period	7,776	6,623	7,663

CONSOLIDATED BALANCE SHEET

Thousand euro	30 Sept. 2020	30 Sept. 2019	31 Dec. 2019
ASSETS			
Non-current assets			
Goodwill	23,569	20,728	20,728
Other intangible assets	20,665	13,948	14,930
Right-of-use assets	8,327	8,520	8,400
Property, plant and equipment	2,565	2,592	2,584
Other non-current financial assets	237	237	237
Deferred tax assets	74	83	67
Capitalised contract costs	10,873	9,734	10,054
Total non-current assets	66,310	55,841	57,000
Current assets			
Trade and other receivables	7,048	5,927	6,521
Current tax assets	0	148	34
Cash and cash equivalents	7,681	6,984	7,786
Total current assets	14,728	13,058	14,342
Total assets	81,038	68,899	71,342
CAPITAL AND RESERVES			
Share capital	80	80	80
Reserve for invested unrestricted equity	14,818	13,009	11,234
Fair value reserve	0	-68	-45
Retained earnings	15,315	9,400	12,304
Total equity	30,214	22,421	23,573
LIABILITIES			
Non-current liabilities			
Financial liabilities	30,000	28,000	28,000
Trade and other payables	157	202	215
Lease liabilities	6,173	6,912	6,553
Other non-current financial liabilities	0	85	56
Deferred tax liabilities	487	292	307
Total non-current liabilities	36,816	35,491	35,130
Current liabilities			
Trade and other payables	10,105	8,380	10,208
Lease liabilities	2,844	1,686	1,940
Current tax liabilities	1,058	921	491
Total current liabilities	14,008	10,987	12,638
Total liabilities	50,824	46,478	47,769
Total equity and liabilities	81,038	68,899	71,342

FORMULAS

Net sales, increase %	=	$\frac{\text{net sales} - \text{net sales of the preceding year}}{\text{net sales of the preceding year}} \times 100$
Operating profit	=	$\text{net sales} + \text{other operating income} - \text{materials and services} - \text{personnel expenses} - \text{depreciations and amortisations} - \text{other operating expenses}$
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	=	$\text{interest-bearing liabilities} - \text{cash in hand and in banks}$
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	=	$\text{inventories} + \text{non-interest-bearing current receivables} - \text{non-interest-bearing current liabilities}$
Net investments	=	$\text{investments in tangible and intangible assets} - \text{sales of assets}$
Earnings per share	=	$\frac{\text{net profit of the review period}}{\text{Weighted average number of shares outstanding during the review period}} \times 100$
Compound annual growth rate (CAGR)	=	$\left(\frac{\text{net sales at the end of the period}}{\text{net sales in the beginning of the period}} \right)^{1/\text{number of years} - 1}$

Operating profit (EBIT) measures Talenom's ability to generate a profit in its business operations. Operating profit is a key metric of the company's profitability and financial performance, and indicates the profit generated from business operations.

Operating profit margin refers to operating profit as a percentage of net sales and is used to proportion operating profit in relation to net sales and improve comparability of operating profit over reporting periods.

Return on investment, meanwhile, measures operating result in relation to invested equity. It describes Talenom's relative profitability, in other words how effectively the company is able to generate profit for capital invested in the company.

Interest-bearing net liabilities is the net sum of Talenom's debt financing. The metric provides information on the company's indebtedness and capital structure.

Net gearing ratio is the ratio between Talenom's equity and interest-bearing liabilities. It describes the level of risk associated with the company's financing and is a useful metric for tracking the company's debt to equity ratio.

Equity ratio is a financing structure metric that shows what proportion of the company's balance sheet is financed by its own equity. Equity ratio provides information on the level of risk associated with financing and the level of equity used in business operations, and describes the company's solvency and tolerance against loss in the long term.

Working capital measures the amount of financing committed in Talenom's business operations and describes the efficiency of capital use.

Net investments measure the amount of investments minus the sale of fixed assets. The metric offers additional information on the cash flow needs of business operations.