

Business Review Q1 2024

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Talenom Plc 18 April 2024

TALENOM

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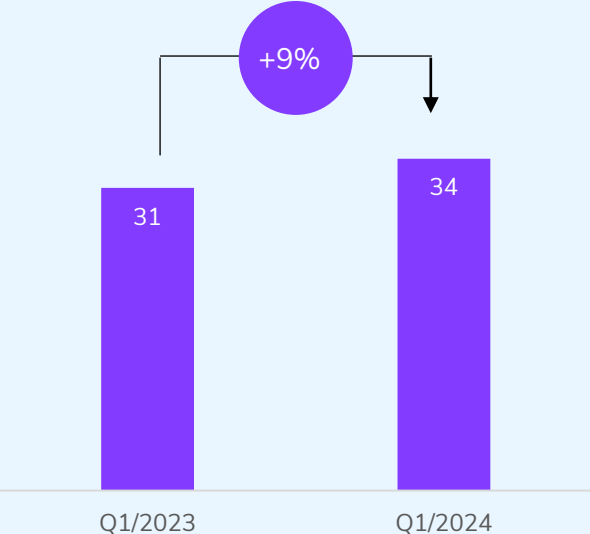
- Review period
- Strategy progress
- Financial development
- Outlook and guidance



EBITDA improved by 13.4% and strategy implementation progressed

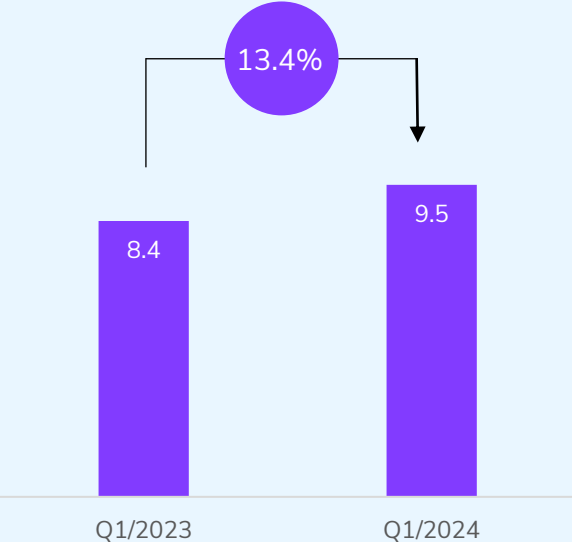
Growth slowed down in a challenging market situation

Net sales January-March (EUR million)



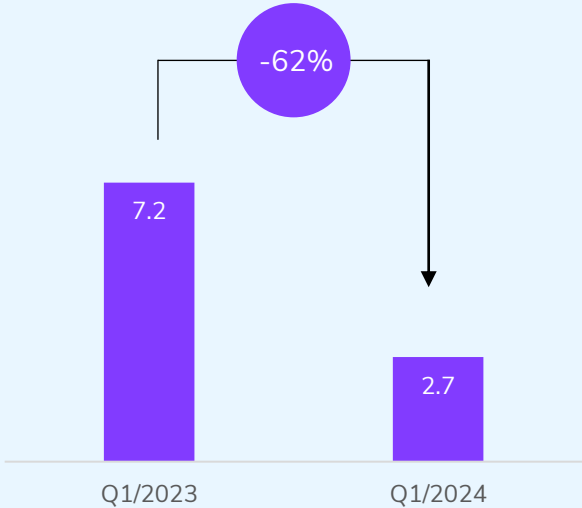
Profitability increased due to efficiency improvement measures in Finland

EBITDA January-March (EUR million)



Focus shifting to organic growth

Investments in acquisitions Q1 (EUR million)



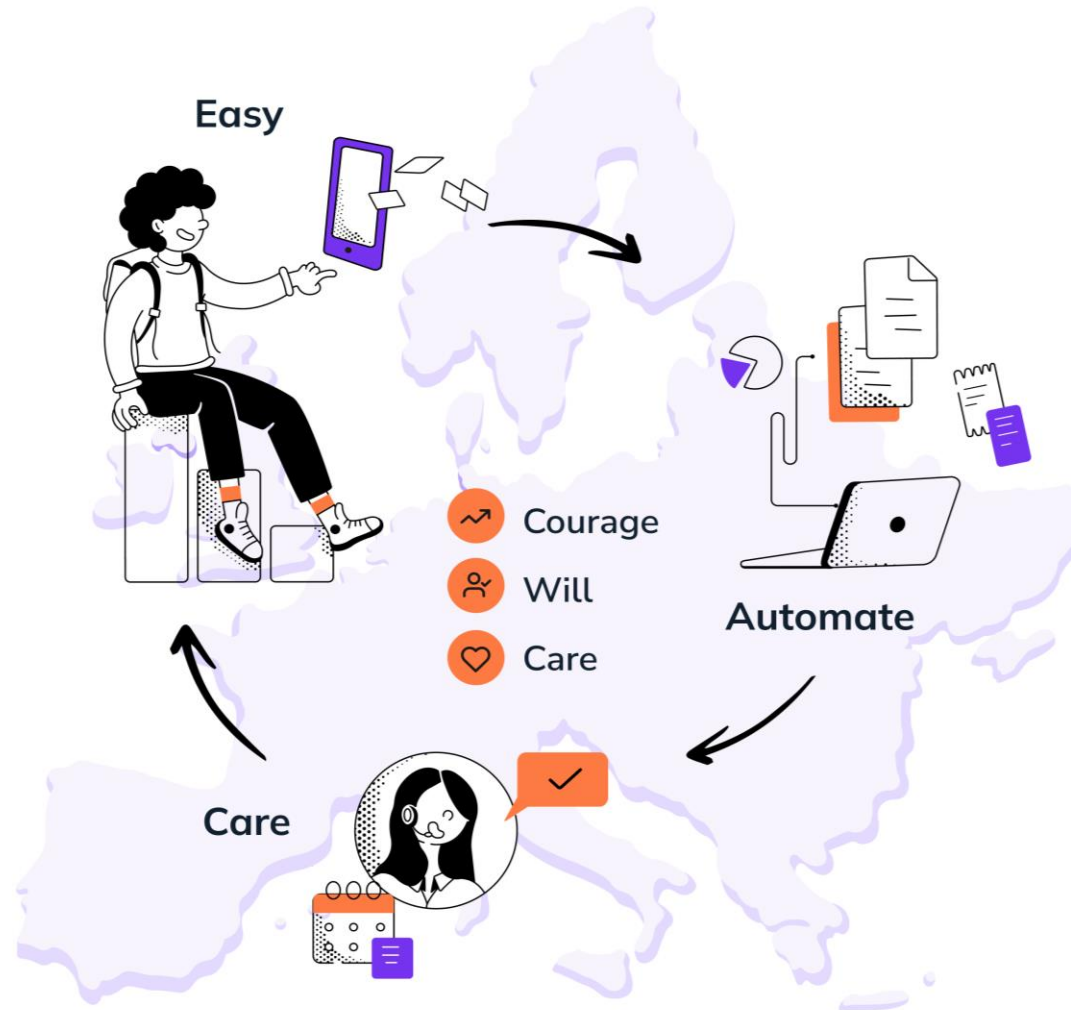
Strategy progress

The European accounting firm market and its development

- Market size is around **EUR 100 billion**, of which Finland represents 1%.
- **The digitalization** is accelerated by many structural changes:
 - **Labour shortages** together with **increasing** regulation forces us to seek more effective practices.
 - **The introduction of the e-invoicing directive in the EU** will force every company to implement software that enables sending and receiving e-invoices.
- The transformation accelerated by digitalization offers a pioneer the opportunity to grow, and Talenom has decided to exploit this growth potential. The strategic choice weakens the Group's relative profitability in the short term as planned.

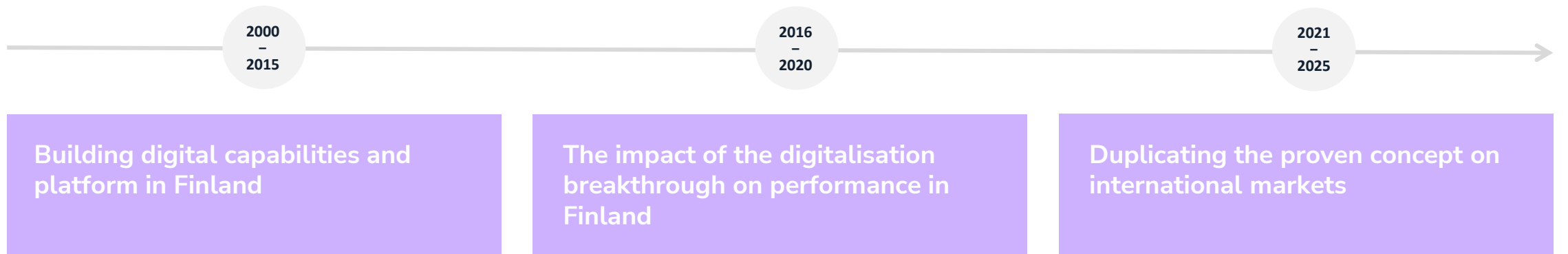
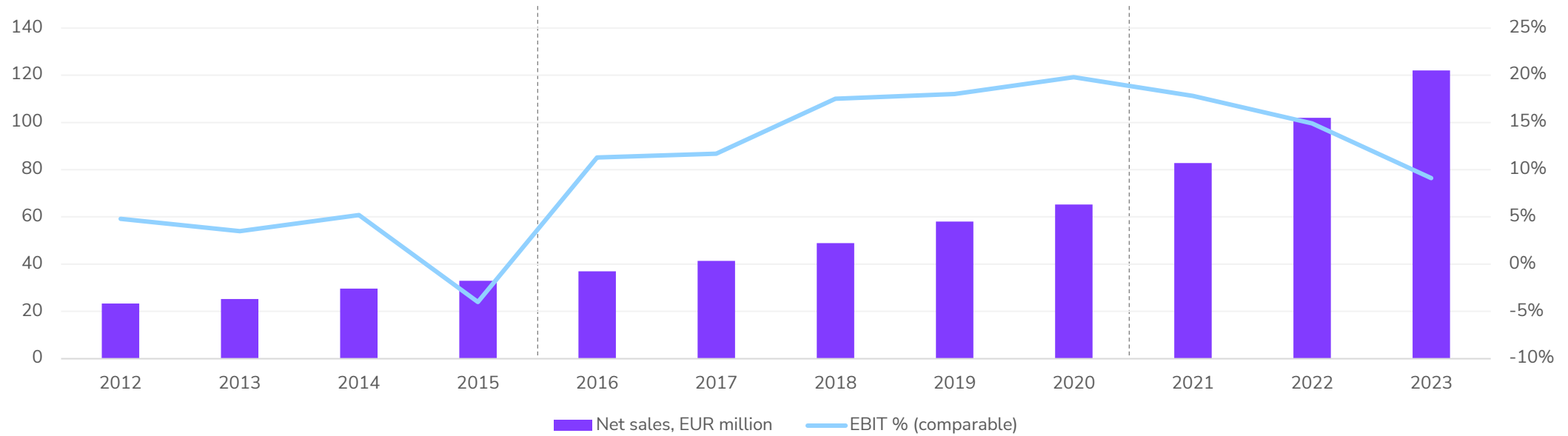


Vision



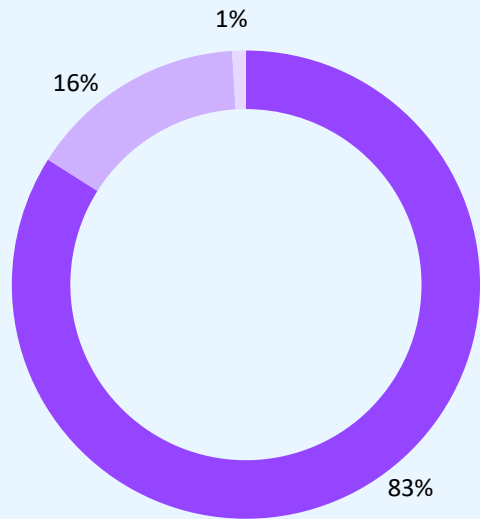
Unbeatable accounting and banking services for SMEs

A proven strategy and strong track-record



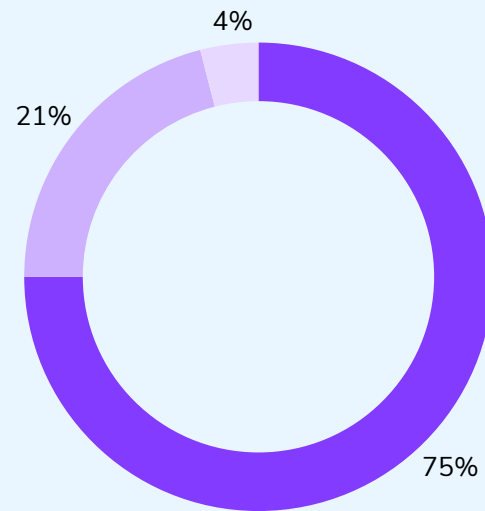
Internationalisation progressing as planned

Net sales distribution 1–3/2022



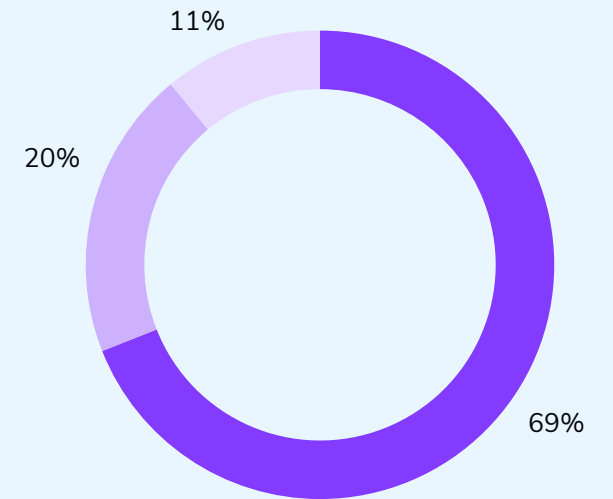
■ Finland ■ Sweden ■ Other countries

Net sales distribution 1–3/2023



■ Finland ■ Sweden ■ Other countries

Net sales distribution 1–3/2024



■ Finland ■ Sweden ■ Other countries

Strategy progress 1–3/2024

01. Improving operational efficiency

02. Platform roll-out in Sweden

03. Organic growth

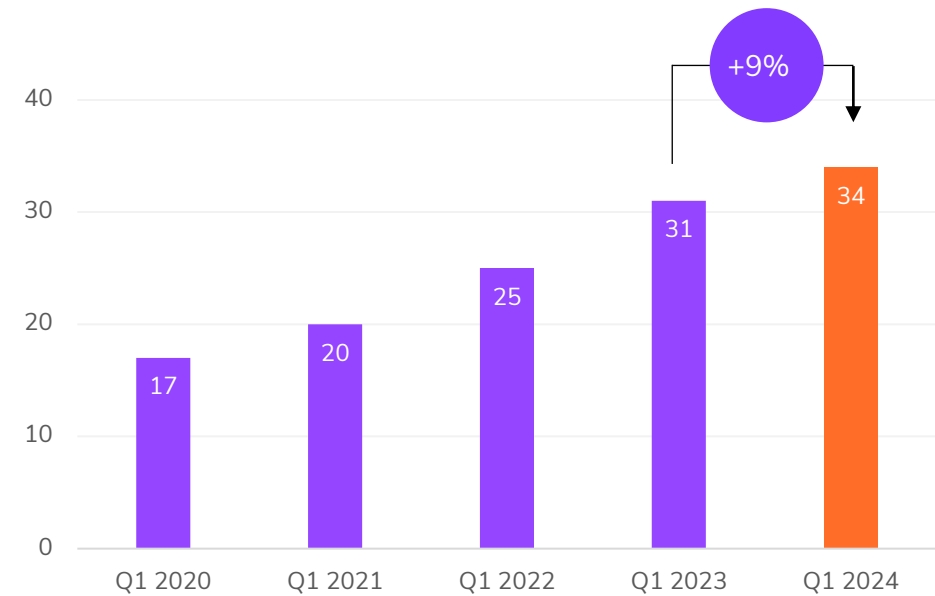
- Profitability was improved by the efficiency measures launched in 2023 in Finland.
- In Sweden, we were able to migrate customers to our own platform in line with our targets.
- Our goal is to migrate at least 50% of our regular reporting customers to our own systems during 2024.
- Based on the experience in Finland, the introduction of Talenom's processes and platform enables reducing routine work time by up to 75%.
- To strengthen organic growth, we continued to develop the digital purchase path and made key hires to support growth.

Financial development

Net sales growth slowed down

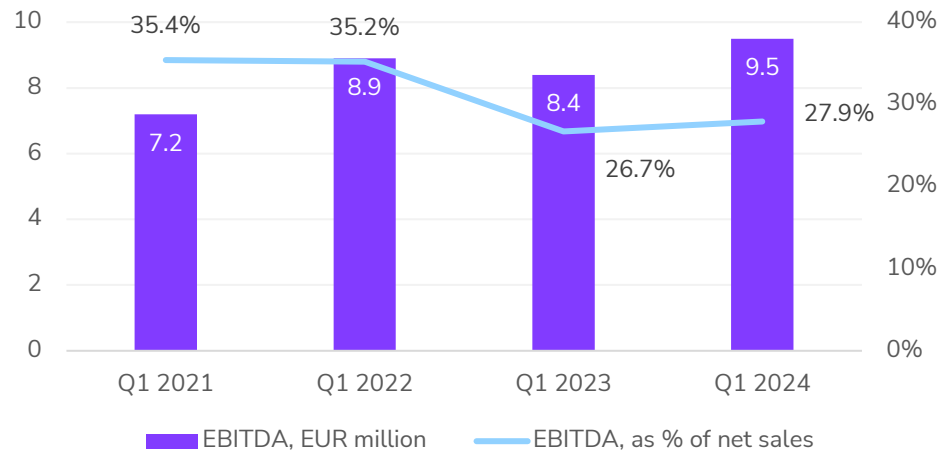
- The net sales growth was mainly due to acquisitions in Spain.
- The economic downturn in Finland and Sweden has significantly slowed organic growth.

Net sales January-March (EUR million)

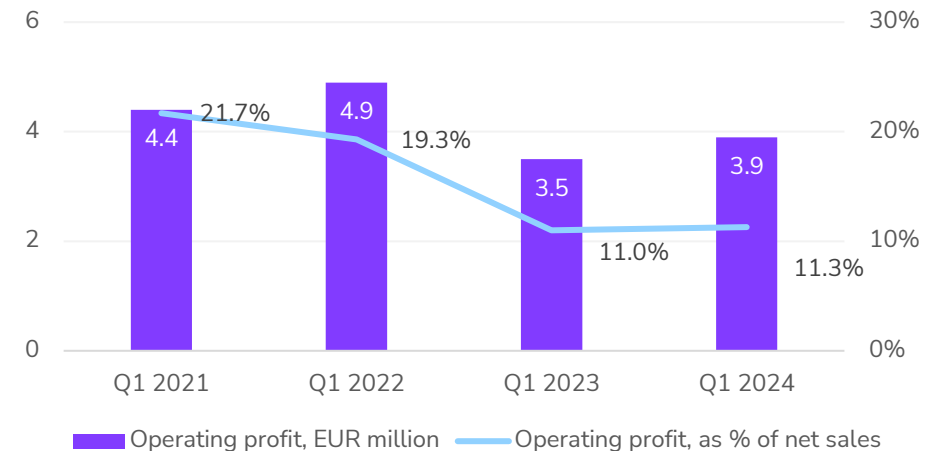


Profitability turned into growth

EBITDA development January-March



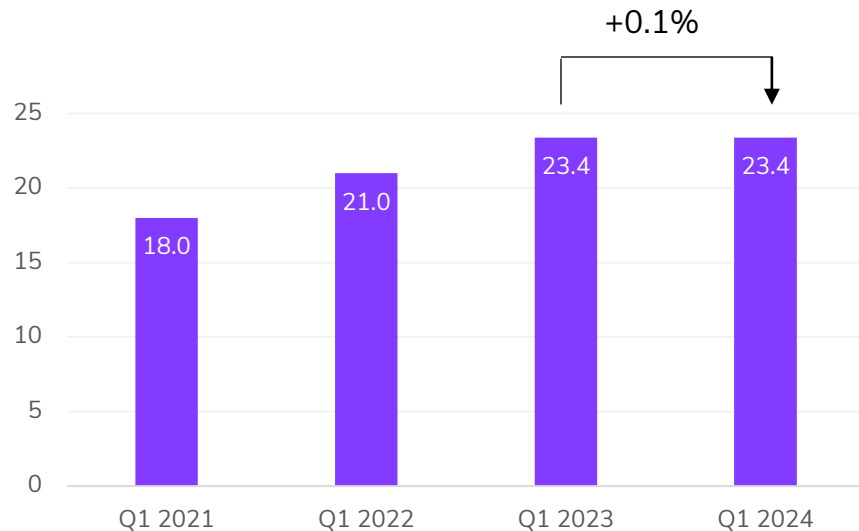
Operating profit development January-March



- Profitability was improved significantly by the efficiency measures launched in Finland in 2023.
- In Sweden, the introduction of own software had a negative impact on profitability.
- In Spain, the growth in business volume has enabled profitability to develop well.

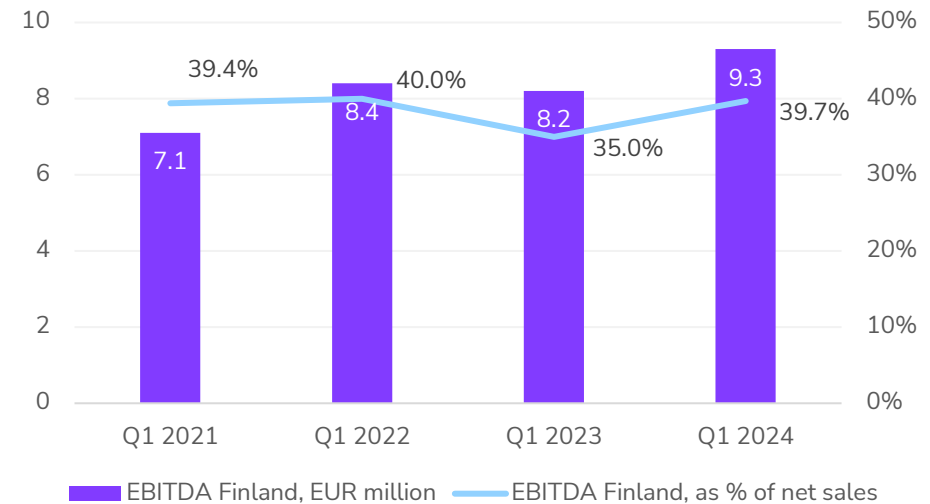
Business development in Finland

Net sales development January-March, meur



- The downturn has resulted in a reduction in transaction volumes, which has led to a decrease in revenue per customer. There has also been an increase in business closures and bankruptcies.
- The impact of the economic downturn and customer churn was offset by new customer acquisition.

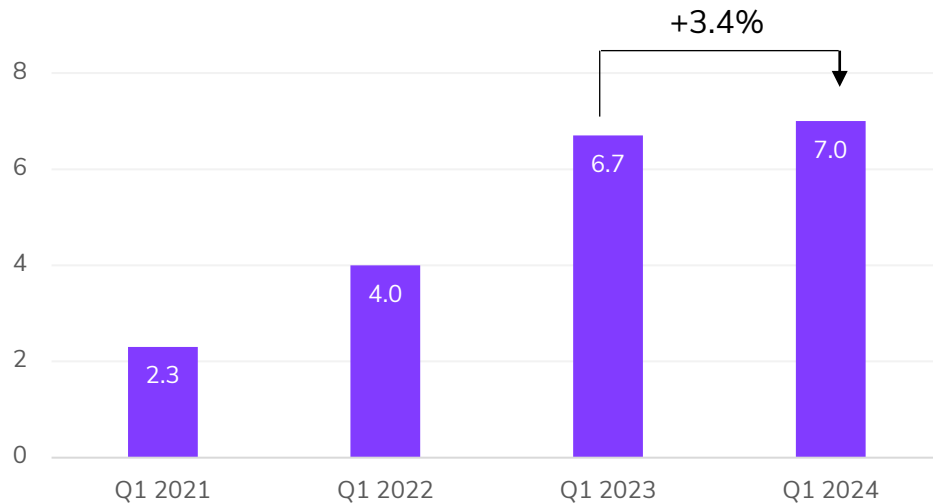
EBITDA development January-March



- Relative profitability significantly improved thanks to the efficiency measures introduced in 2023.
- Without the downturn, even higher profitability growth would have been possible.

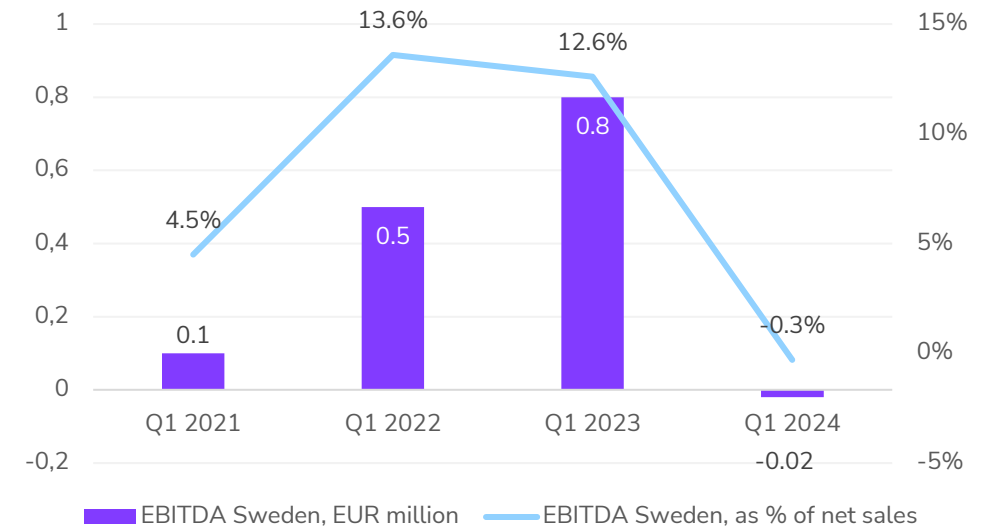
Business development in Sweden

Net sales development January-March, meur



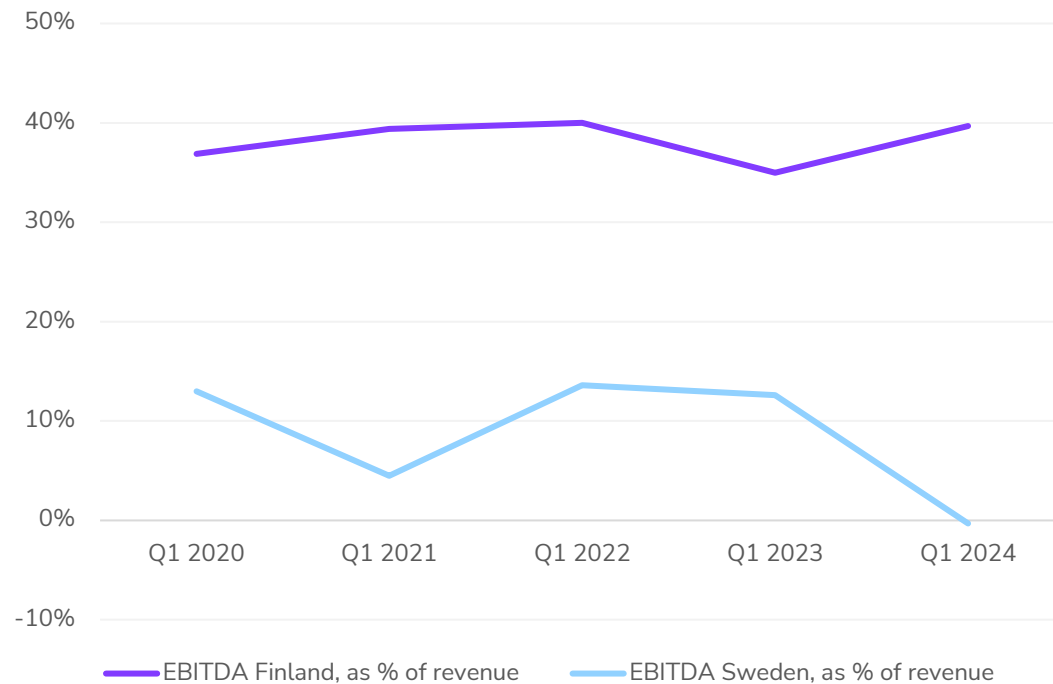
- Net sales growth came mainly from acquisitions.
- Growth was affected by the spill-over effects of the general economic downturn.
- After a period of strong growth, Talenom has for the time being slowed down the pace of acquisitions in Sweden.

EBITDA development January-March



- Profitability remains under pressure from the planned integration work, and particularly the introduction of own platform, which in the longer term will improve efficiency, profitability and organic growth opportunities.
- In the short term, the resources required for the project combined with the economic downturn will put a significant strain on profitability.

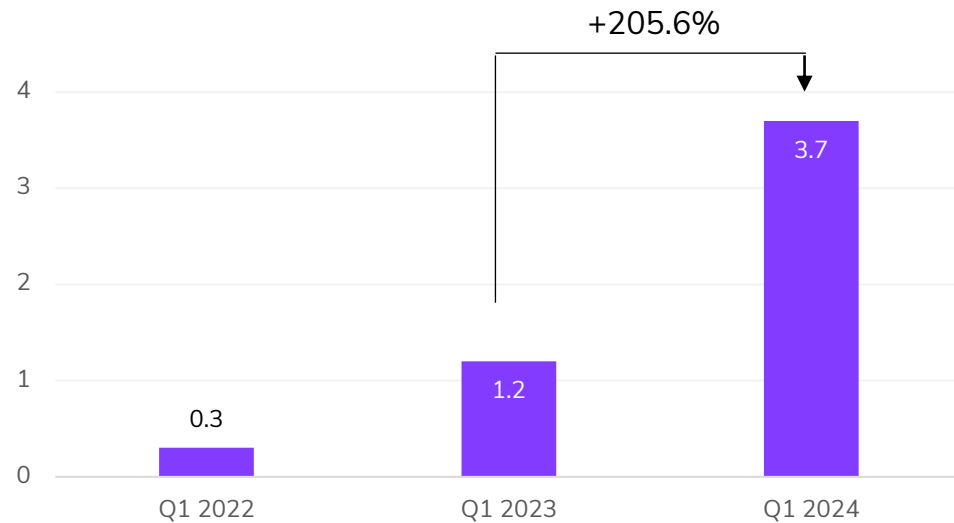
With automation Sweden's EBITDA is expected to rise to the Finnish level



- Our strong software expertise has enabled a highly efficient and automated accounting process in Finland.
- The difference between the EBITDA in Finland and Sweden is explained especially by the difference in the degree of automation.
- Based on the experience in Finland, the working time spent on routine activities can be cut to one-quarter with Talenom's processes and implementation of own software.
- This, in turn, enables us to provide services that generate value-added to our customers also in Sweden.

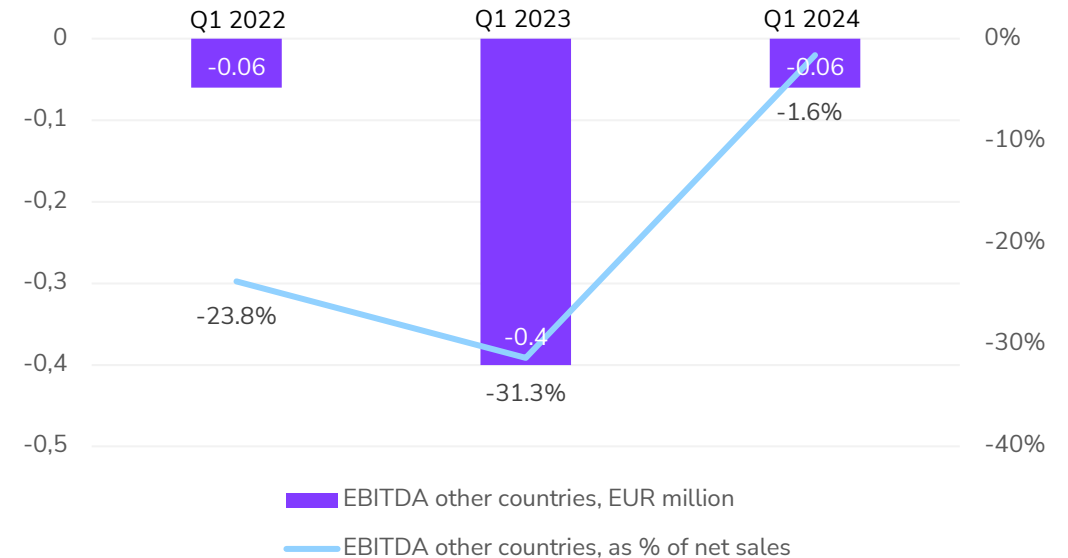
Business development in other countries

Net sales development January-March, meur



- Net sales growth came mainly from acquisitions in Spain. There was also good evidence of Talenom's ability to grow organically.
- In Italy, Talenom continued to study the accounting firm market and hired a Country Director. Talenom's priority is to grow organically in Italy.

EBITDA development January-March



- With the growth in business volume in Spain, profitability has developed very well.
- The Spanish accounting business is profitable measured by EBITDA, but profitability is burdened by the build-up of organic growth and the relatively high share of support activities.

Outlook and guidance

Outlook and guidance for 2024 unchanged

Guidance

- Net sales about EUR 130–140 million
- EBITDA about EUR 34–40 million
- Operating profit about EUR 14–17million

Background for the guidance

Talenom expects the accounting services market to grow in all of the company's operating countries in 2024 and demand to remain stable. In addition, consolidation in the industry is expected to continue accelerated by, for instance, digital disruption and tightening legislation concerning digital financial management. Talenom's goal is to continue strong growth and expansion in all of its operating countries and other European countries with significant potential to expand as a forerunner in the digitalisation of the accounting services industry.

In addition to organic growth, the guidance includes an assessment of possible acquisitions during 2024. The number of acquisitions is expected to decrease from the previous year's level and to focus more on strategically significant acquisitions. Expanding into new market areas enables the company's long-term growth. The software roll-out phase in Sweden will weigh on profitability in 2024, but the introduction of our own software will have a clear positive impact on profitability in the coming years.

Acquisitions will have a negative impact on relative profitability in the short term due to integration costs. The profitability of the acquisition targets increases when Talenom's own systems have been fully implemented in the target. Talenom's investments in automation, customer-friendly user interfaces and the small customer segment in recent years, as well as the internationally scalable software platform increase the depreciation level but the relative share to net sales is expected to decrease. Operational relative profitability improves measured by EBITDA and operating profit.



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Thank you

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