

# Financial Statement Release 2023

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From 1 January to 31 December 2023 (unaudited)



# Financial Statement Release 2023:

Growth was strong, but profitability targets were missed. Thanks to profitability and strategic measures, expectations for 2024 are positive.

## January–December 2023 in brief

- Net sales EUR 121.7 million (102.1), growth 19.2% (23.3)
- EBITDA EUR 31.9 million (32.4), 26.2% (31.7) of net sales
- Comparable operating profit (EBIT)\* EUR 11.1 million (15.3), 9.1% (15.0) of net sales
- Operating profit (EBIT) EUR 7.9 million (15.3), 6.5% (15.0) of net sales
- Net profit EUR 3.4 million (11.8)
- Earnings per share EUR 0.07 (0.27)
- Board of Directors' dividend proposal EUR 0.19 (0.18) per share

## October–December 2023 in brief

- Net sales EUR 29.7 million (26.3), growth 12.8% (21.1)
- EBITDA EUR 7.0 million (7.0), 23.7% (26.4) of net sales
- Comparable operating profit (EBIT)\* EUR 1.6 million (2.2), 5.4% (8.3) of net sales
- Operating profit (EBIT) EUR 1.6 million (2.2), 5.4% (8.3) of net sales
- Net profit EUR 0.8 million (1.8)
- Earnings per share EUR 0.02 (0.04)

## Key figures

Group	1-12/2023	1-12/2022	Change, %	10-12/2023	10-12/2022	Change, %
Net sales, EUR 1,000	121,728	102,107	19.2%	29,716	26,344	12.8%
Net sales, increase %	19.2%	23.3%		12.8%	21.1%	
EBITDA, EUR 1,000	31,884	32,394	-1.6%	7,029	6,967	0.9%
EBITDA of net sales, %	26.2%	31.7%		23.7%	26.4%	
Operating profit (EBIT), EUR 1,000	7,948	15,266	-47.9%	1,598	2,199	-27.3%
Operating profit (EBIT), as % of net sales	6.5%	15.0%		5.4%	8.3%	
Comparable operating profit, EUR 1,000 *)	11,107	15,266	-27.2%	1,598	2,199	-27.3%
Comparable operating profit, as % of net sales	9.1%	15.0%		5.4%	8.3%	
Return on investment (ROI), % (rolling 12 months)	6.0%	14.0%				
Cash flow from operations, EUR 1,000	28,628	27,448	4.3%			
Interest-bearing net liabilities, EUR 1,000	75,843	54,404	39.4%			
Net gearing ratio, %	135.9%	97.1%				
Equity ratio, %	31.8%	35.9%				
Net investments, EUR 1,000	39,944	40,868	-2.3%	9,056	8,949	1.2%
Liquid assets, EUR 1,000	10,254	15,970	-35.8%			
Earnings per share, EUR	0.07	0.27	-72.0%	0.02	0.04	-55.8%
Weighted average number of shares during the period	45,175,668	44,384,390	1.8%	45,410,852	44,384,390	2.3%
Net profit, EUR 1,000	3,361	11,801	-71.5%	831	1,837	-54.8%

\*) Operating profit excluding software-related write-downs

## Guidance for 2024

Talenom estimates that 2024 net sales will be about EUR 130–140 million, EBITDA EUR 34–40 million and operating profit EUR 14–17 million.

### CEO Otto-Pekka Huhtala

The European accounting firm market is undergoing a digital transformation, which in our view will grow the accounting firm market and create demand for digital services. This development is supported by increasing regulation, increased labour shortage and directives promoting digitalization, such as e-invoicing. Talenom has a strong track record in Finland in leveraging digitalization and a conceptualized business model in the accounting business. Over the past three years, we have grown strongly through acquisitions and gone international. We will replicate in other countries our experiences gained in Finland. We now operate in four countries: Finland, Sweden, Spain and Italy. With the exception of Italy, we have a sufficiently strong foundation and an extensive office network to provide quality service and organic growth.

In 2023, we made decisive progress in implementing our strategic priorities. Digital distribution was improved together with the renewed brand and the digital purchase path. We distributed bank accounts in Finland, which, according to our previous experience, helps us in new customer acquisition especially among small enterprises. In Sweden, the roll-out of our own platform got off to a good start. We have completed the critical functionalities and the customer migration to our own software is progressing in stages, one office at a time. 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 to up to a quarter of the current time spent on such tasks.

Net sales grew by 19.2% (23.3) to EUR 121.7 million (102.1) in 2023. The growth was based on several acquisitions in Sweden and Spain, and organic growth in Finland. EBITDA was EUR 31.9 million (32.4), and operating cash flow remained strong. The EBITDA margin was 26.2% (31.7). Comparable operating profit excluding software write-downs carried out in the third quarter was EUR 11.1 million (15.3), or 9.1% (15.0) of net sales. Operating profit was EUR 7.9 million (15.3). The effects of the profitability improvement measures initiated in spring 2023 are reflected as improved profitability in Finland from the comparison period in the second half of the year. The improved profitability creates a good basis for 2024 while maintaining the prerequisites for growth in line with our strategy.

We look positively to the future. Talenom's different approach that combines accounting and banking services and our own software platform in a unique way for the benefit of both customers and financial management experts, is effective. We will continue on this path and strengthen the conditions for profitable organic growth. We expect our net sales to be EUR 130–140 million, EBITDA EUR 34–40 million and operating profit EUR 14–17 million this year. After a strong acquisition-driven growth phase, we will focus on improving profitability and accelerating organic growth in 2024, which is why net sales is expected to remain below the medium-term target.

I would like to thank our customers for their confidence in us, our excellent personnel for their commitment and our partners for good cooperation in the past year.

### Market overview

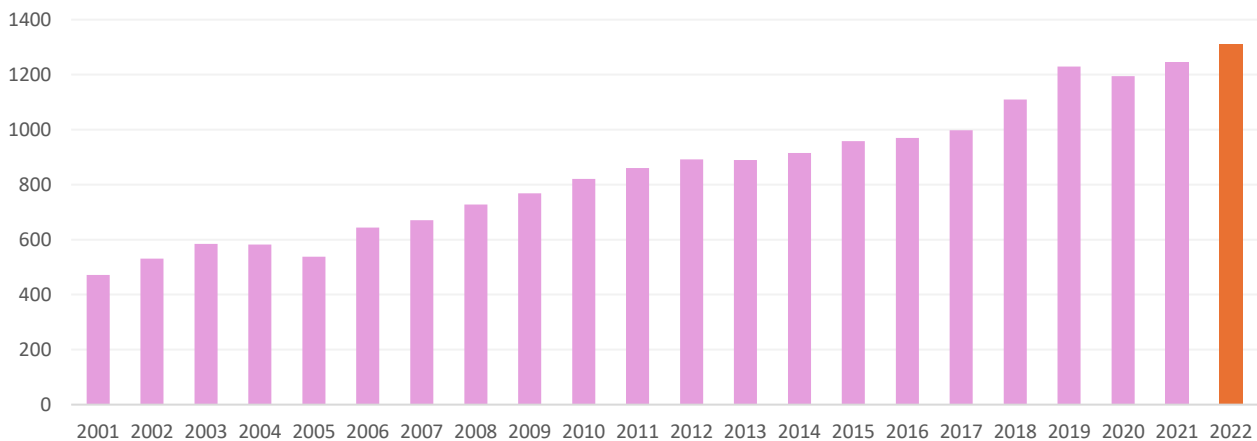
*The group of statistical units in the structural business and financial statement statistics was expanded starting from the statistical reference year 2021. Limitations concerning the operating time and size of enterprises have been removed from the definition of statistical units. As a result of the change, the*

number of enterprises has increased significantly. The effect on variables other than the number of enterprises is mainly quite marginal.

The accounting services market has traditionally been quite stable and defensive. The market has grown in Finland almost every year since 2001, despite the occasional contraction in Finland's GDP. According to Statistics Finland, the average annual net sales growth in the accounting services market was around 5% in 2001–2022.

According to Statistics Finland, the Finnish market for accounting and financial reporting services was around EUR 1,310 million (1,247) in 2022. Measured by net sales, Talenom's market share was 7.8% (6.7). The net sales of the accounting and financial reporting industry grew by 5.0% (4.4) in 2022 from the previous year.

Size of the market in Finland, EUR million



The Finnish accounting market is fragmented. According to Statistics Finland, there were 6,195 companies in this sector in 2022 (2021: 6,212), and the average company size was 2.1 (1.9) employees. There are many one-person offices and part-time entrepreneurs in the accounting services market.

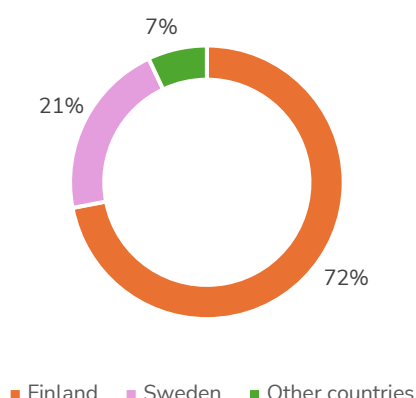
The size of the Swedish accounting market is around EUR 2 billion, Spain some EUR 10 billion and Italy about EUR 12 billion. Sweden lags behind Finland in the digitalisation of the accounting services industry but is clearly ahead of Spain and Italy.

Decisions were taken in Europe in 2022 on the mandatory introduction of the e-invoicing directive in coming years, which is expected to accelerate the digital transformation of the industry. In Spain, for example, companies with net sales of over EUR 8 million had to introduce e-invoicing during 2025 and all companies during 2026.

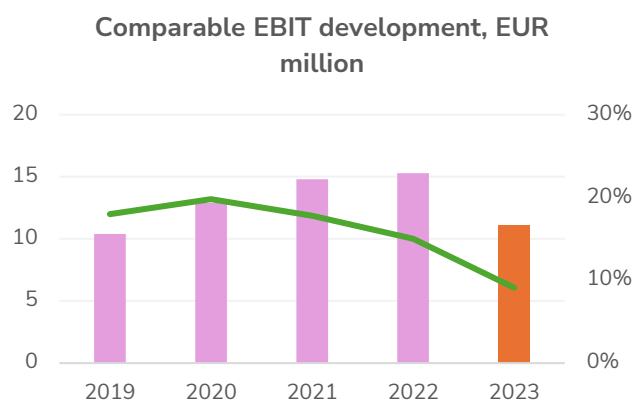
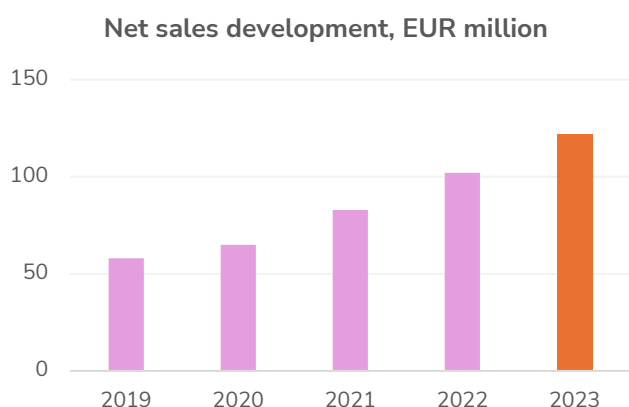
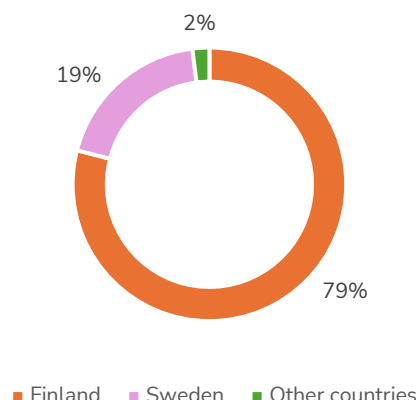
The accounting industry is in a revolution driven by digitalisation, outsourcing, expanding service offering, and increasing importance of consulting, as well as a work revolution and legislative changes. The industry revolution will gradually consolidate the market.

## Group's financial performance January-December 2023

Net sales by country 1-12/2023



Net sales by country 1-12/2022



Net sales increased by 19.2% to EUR 121.7 million (102.1). About two-thirds of net sales growth came from acquisitions, especially in Sweden and Spain, and about one-third organically through active sales and value-added service sales in Finland.

Personnel costs amounted to EUR 71.9 million (55.7) representing 59.1% (54.5) of net sales. Other operating expenses, including materials and services, totalled EUR 19.2 million (15.7) or 15.7% (15.3) of net sales.

Operating profit decreased by -1.6% to EUR 31.9 million (32.4) or 26.2% (31.7) of net sales. Comparable operating profit decreased by -27.2% to EUR 11.1 million (15.3) or 9.1% (15.0) of net sales. Comparable operating profit does not include the non-recurring write-down of EUR 3.2 million made in the third quarter of 2023 related to software. Relative profitability was depressed by frontloaded investments in growth, wage inflation, the system platform acquired in Spain in 2022, as well as integration and other costs arising from acquisitions. Operating profit decreased by -47.9% to EUR 7.9 million (15.3) or 6.5% (15.0) of net sales. Net profit decreased by -71.5% to EUR 3.4 million (11.8).

## Group's financial performance October-December 2023

Net sales increased by 12.8% to EUR 29.7 million (26.3). About two-thirds of net sales growth came from acquisitions, especially in Sweden and Spain, and one-third organically through active sales and sales of value-added services mainly in Finland.

EBITDA increased by 0.9% to EUR 7.0 million (7.0) or 23.7% (26.4) of net sales. The operating result decreased by -27.3% to EUR 1.6 million (2.2) or 5.4% (8.3) of net sales. Relative profitability was depressed by frontloaded investments in growth, wage inflation, the system platform acquired in Spain in 2022, as well as integration costs arising from acquisitions and costs related to introducing the own software in Sweden. Of these, the Spanish platform business will still have a negative impact on profitability in 2024 and implementation of software in Sweden will slow down the relative profitability trend in 2024. Depreciations will continue to increase in 2024 due to the investment level increase in 2019–2020.

Net profit decreased by -54.8% to EUR 0.8 million (1.8).

## Country-specific financial development

### Finland

	1-12/2023	1-12/2022	Change, %	10-12/2023	10-12/2022	Change, %
Net sales, EUR 1,000	88,404	81,116	9.0%	21,028	19,873	5.8%
Net sales growth, %	9.0%	13.1%		5.8%	7.2%	
EBITDA, EUR 1000	31,700	29,731	6.6%	7,594	6,095	24.6%
EBITDA of net sales, %	35.9%	36.7%		36.1%	30.7%	
Depreciation and amortisations, EUR 1,000	-20,306	-15,148	34.1%	-4,349	-4,106	5.9%
Operating profit, EUR 1,000	11,394	14,583	-21.9%	3,245	1,989	63.2%
Operating profit of net sales, %	12.9%	18.0%		15.4%	10.0%	
Comparable operating profit, EUR 1,000 *)	14,553	14,583	-0.2%	3,245	1,989	63.2%
Comparable operating profit, as % of net sales	17.3%	18.0%		15.4%	10.0%	

\*) Operating profit excluding software-related write-downs

### January-December 2023

Net sales increased by 9.0% to EUR 88.4 million (81.1). Net sales growth was organic and driven by active sales and sales of value-added services. The general economic slowdown and its effects weakened growth even though new customer acquisition remained at a good level.

EBITDA was EUR 31.7 million (29.7) representing 35.9% (36.7) of net sales. At the beginning of the year, Talenom prepared for stronger growth with recruitments, which, together with weaker-than-expected net sales, depressed profitability. In spring 2023, Talenom started significant profitability improvement measures in the Finnish businesses. Profitability improvement measures have progressed well and relative profitability has improved toward the end of the year.

### October-December 2023

Net sales increased by 5.8% to EUR 21.0 million (19.9). Net sales growth was driven by active sales and sales of value-added services. Overall economic development was negatively reflected in growth. The general slowdown in the economy resulted in a reduction in volume-based invoicing per customer as customers' business activity declined, and in increased business closures, the effects of which became more strongly visible toward the end of the year. Price adjustments made against inflationary cost increases were significantly eroded due to the effects of the general slowdown in the economy.

EBITDA increased by 24.6% to EUR 7.6 million (6.1) or 36.1% (30.7) of net sales. Relative profitability increased clearly with the improvement measures, and profitability is expected to improve further.

## Sweden

	1-12/2023	1-12/2022	Change, %	10-12/2023	10-12/2022	Change, %
Net sales, EUR 1,000	26,048	19,705	32.2%	6,078	5,908	2.9%
Net sales growth, %	32.2%	84.6%		2.9%	102.4%	
EBITDA, EUR 1000	388	1,849	-79.0%	-1,025	178	-677.3%
EBITDA of net sales, %	1.5%	9.4%		-16.9%	3.0%	
Depreciation and amortisations, EUR 1,000	-2,598	-1,808	43.7%	-725	-569	27.4%
Operating profit, EUR 1,000	-2,211	41	-5,472.3%	-1,750	-391	-347.3%
Operating profit of net sales, %	-8.5%	0.2%		-28.8%	-6.6%	

## January-December 2023

Net sales increased by 32.2% to EUR 26.0 million (19.7). Net sales growth came mainly from acquisitions. The weak Swedish krona had a negative impact on euro-denominated net sales development.

Relative EBITDA was 1.5% (9.4) and the operating profit was -8.5% (0.2) of net sales. The growth and profitability in Sweden were weakened by the effects of a general economic slowdown. Talenom prepared for stronger growth with recruitments, which, together with weaker-than-expected net sales, depressed profitability. Higher loan loss provisions and non-recurring items increased costs by a total of EUR 0.6 million. In addition, profitability in Sweden is still as planned depressed by integration work and the introduction of the new platform, as well as the resourcing required for these activities. In Sweden, after a period of strong growth, Talenom is slowing down the implementation of acquisitions for the time being and is focusing on improving efficiency and profitability by reaping economic benefits from a unified approach and own platform. The weak Swedish krona also had a negative impact on euro-denominated EBITDA development.

## October-December 2023

Net sales increased by 2.9% to EUR 6.1 million (5.9). Net sales growth came mainly from acquisitions. Growth was slowed down by the effects of a general economic slowdown. In addition, the weak Swedish krona continued to have a negative impact on euro-denominated net sales development.

Relative profitability decreased. The EBITDA margin was -16.9% (3.0) and the EBIT margin -28.8% (-6.6). Profitability in Sweden was still as planned depressed by integration work and especially the introduction of the platform, as well as the resourcing required for these activities. The weak Swedish krona also had a negative impact on euro-denominated EBITDA development.

## Other countries

	1-12/2023	1-12/2022	Change, %	10-12/2023	10-12/2022	Change, %
Net sales, EUR 1,000	8,829	1,746	405.7%	3,069	747	310.6%
Net sales growth, %	405.7%	295.8%		310.6%	156.9%	
EBITDA, EUR 1000	-890	-396	-124.7%	-256	-325	21.4%
EBITDA of net sales, %	-10.1%	-22.7%		-8.3%	-43.5%	
Depreciation and amortisations, EUR 1,000	-1,031	-172	499.5%	-358	-93	284.4%
Operating profit, EUR 1,000	-1,921	-568	-238.2%	-613	-418	-46.7%
Operating profit of net sales, %	-21.8%	-32.5%		-20.0%	-56.0%	

## January-December 2023

Net sales increased by 405.7% to EUR 8.8 million (1.7). Net sales growth came mainly from acquisitions.

The business was loss-making. The Spanish accounting business is profitable measured by EBITDA, but profitability is depressed by the relative share of support functions. The profitability of the Spanish business is also burdened by the platform business acquired in autumn 2022, which aims to utilize the growth potential from the introduction of EU's e-Invoicing Directive. Talenom has leveraged its experience of establishing itself in Sweden and has strengthened management resources in a frontloaded manner, while simplifying and accelerating integration processes. In addition, the product offering has been harmonized to strengthen growth and robotics projects have been launched to improve process efficiency. Talenom expects the Spanish businesses to clearly improve their relative profitability as business volume grows and Talenom's efficient processes are implemented. With the acquisitions carried out during the year, the balance between volume and support functions has improved. Acquisitions carried out at the end of the period and early 2024, as well as possible future acquisitions will support profitability development. In Italy, we continue to learn about the market and operating environment through the implemented acquisition.

## October-December 2023

Net sales increased by 310.6% to EUR 3.1 million (0.7). Net sales growth came mainly from acquisitions.

The business was loss-making. The Spanish accounting business is profitable measured by EBITDA, but profitability is depressed by the relative share of support functions and the platform business acquired in Spain. As the business scaled in the fourth quarter, relative profitability has improved measured by EBITDA compared to previous quarters.

## Unallocated items

Unallocated items include revenue and cost recognition of additional purchase prices related to acquisitions.

	1-12/2023	1-12/2022	Change	10-12/2023	10-12/2022	Change
Net sales, EUR 1,000						
Net sales growth, %						
EBITDA, EUR 1000	686	1,210	-43.3%	716	1,020	-29.8%
EBITDA of net sales, %						
Depreciation and amortisations, EUR 1,000						
Operating profit, EUR 1,000	686	1,210	-43.3%	716	1,020	-29.8%
Operating profit of net sales, %						



## Group balance sheet, financing and investments

On 31 December 2023, the consolidated balance sheet total was EUR 175.7 million (156.3). The Group's equity ratio was 31.8% (35.9) and net gearing was 135.9% (97.1). On 31 December 2023, interest-bearing financial loans totalled EUR 75.9 million (60.1), excluding instalment debts. Other non-current interest-bearing liabilities (instalment debts) amounted to EUR 0.4 million (0.1) and other current interest-bearing liabilities (instalment debts) were EUR 0.3 million (0.2).

IFRS 16 accordant non-current lease liabilities stood at EUR 5.6 million (6.3) and current lease liabilities at EUR 3.9 million (3.7) on 31 December 2023.

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 and records them in the balance sheet as capitalised contract costs. Furthermore, the Group recognises a part of development costs related to software and digital services as investments according to the requirements outlined in IAS 38 and records them under other intangible assets in the balance sheet.

Net investments totalled EUR 39.9 million (40.9) million between 1 January and 31 December 2023.

Investments stemming from new customer contracts amounted to EUR 3.3 million (3.3) in the review period. Investments in software and digital services totalled EUR 14.5 million (12.1) during the review period. Our technology investments focused on developing customer interfaces and developing automation further. The biggest change was the update of the customer interfaces of Talenom Online, development of account and payment cards with a new partner and starting implementation of own systems in Sweden.

During the review period, Talenom acquired 14 business entities as share transactions and one as an asset purchase in Sweden and Spain. The purchase prices of the share transactions carried out during the review period totalled EUR 17.0 million, including recognition of contingent consideration, and the purchase prices of asset purchases amounted to EUR 0.4 million, including recognition of contingent consideration. In acquisitions, part of the purchase price was paid with new Talenom Plc shares subscribed for in directed issues. Acquisitions accounted for EUR 18.8 million (24.5) of net investments. Read more about acquisitions under "Acquisitions in the review period".

Investments	1.1. -31.12.2023	1.1.-31.12.2022	Change
New customer agreements, EUR 1,000	3,279	3,345	-66
Software and digital services, EUR 1,000	14,535	12,114	2,421
Acquisitions in Finland, EUR 1,000	0	857	-857
Acquisitions abroad, EUR 1,000	18,768	23,634	-4,867
Other investments	3,362	917	2,445
<b>Total net investments, EUR 1,000</b>	<b>39,944</b>	<b>40,868</b>	<b>-924</b>

Liquid assets on 31 December 2023 totalled EUR 10.3 million (16.0).

### Acquisitions during the review period

Share transactions in January-December:

- MTE Göteborg Ab, Sweden

- R2 Redovisning Ab, Sweden
- BKF Asesores S.L., Spain
- Easycount Ab, Sweden
- Bv Coruña Asesoría De Empresas S.L., Spain
- Consultoria Granadina S.L., Spain
- LR Redovisning i Strängnäs Ab, Sweden
- Aditio Gestion S.L., Spain
- Advisoria Advocats I Economistes S.l.p., Spain
- Acega Asesores S.l.u, Spain
- VM Redovisning Ab, Sweden
- Sant Cugat Consulting S.L., Spain
- Gesgal Asesores S.L., Spain
- Novak Digital Solutions S.L., Spain

Business acquisitions in January-December:

- Gavazzi, Italy

Purchase prices, net sales and operating profit of the acquisition targets during the review period:

EUR 1,000	Share transactions	Business acquisitions
Total purchase prices	13,837	270
Maximum contingent consideration	4,268	170
Net sales, previous 12 months at time of purchase, total	12,663	553
Operating profit, previous 12 months at time of purchase, total	2,846	0

In acquisitions, part of the purchase price was paid with new Talenom Plc shares subscribed for in directed issues. A total of 512,964 shares were subscribed for in directed share issues related to acquisitions during the review period.

## Business acquisitions after the review period

Share transactions after the review period:

- Bujan Y Asociados S.L., Spain
- Assessoria del Bages, Spain

Purchase prices, net sales and operating profit of the acquisition targets acquired after the review period:

EUR 1,000	Share transactions	Business acquisitions
Total purchase prices	3,196	0
Maximum contingent consideration	0	0
Net sales, previous 12 months at time of purchase, total	2,318	0
Operating profit, previous 12 months at time of purchase, total	591	0

Further information on business acquisitions after the review period will be available in the consolidated financial statements published in week 8.

## Personnel and management

At the end of 2023, Talenom employed 1,560 (1,336) people. Talenom's average number of employees from 1 January to 31 December 2023 was 1,501 (1,204). During the review period, the company's Executive Board included Otto-Pekka Huhtala (CEO), Antti Aho (Executive Vice President), Matti Eilonen (CFO), Juho Ahosola (CHRO), Olli Lätti (Commercial Director), Marika Aho (Director in charge of the service business) from 1 April 2023 onwards and Tuomas Iivanainen (Marketing Director) until 8 May 2023.

## Sustainability

The new EU Corporate Sustainability Reporting Directive (CSRD) came into force on 1 January 2024 and requires Talenom to publish its sustainability information in its annual report in accordance with the requirements of the directive and the European Sustainability Reporting Standards (ESRS) for the first time for the financial year 2024. Talenom has started to prepare its sustainability reporting in accordance with the new requirements.

During 2023, Talenom prepared for the entry into force of new sustainability legislation by updating its responsibility strategies that define the company's commitments to sustainable business operations. These strategies will cover ethical practices, environmental requirements and social responsibility principles and will take their final shape in the first quarter of 2024. In addition to the strategies, Talenom has prepared concrete sustainability targets, which the company will monitor with the help of selected indicators during 2024 and report in connection with the corresponding financial statements.

Talenom focuses on developing internal expertise in sustainability issues in many ways:

**Training programs:** Talenom increasingly organizes training programs and workshops that focus on sustainability issues. Training offers employees the opportunity to increase their knowledge and skills in these areas.

**Sustainability experts:** Talenom has chosen a group of sustainability experts among its employees, who will act as resources and guiding forces in sustainability issues in the future. These experts provide guidance and advice, participate in trainings and help develop operating models that promote sustainability.

**Company culture:** Talenom aims to integrate sustainability into the company's culture and values. This makes responsible practices a natural part of daily business operations and strengthens their relevance to all employees.

At the end of 2023, Talenom confirmed its materiality analysis of responsibility. The results remained unchanged compared to the 2022 analysis. The materiality analysis examined various areas of responsibility, such as climate change, human rights, labour issues, bribery and corruption risks. The analysis assessed Talenom's operating models and impacts on various responsibility areas and stakeholders, as well as the impact of responsibility trends on Talenom's business. The impact was examined both in terms of extent and scale and in terms of potential economic impacts. The analysis covered both the responsibility aspects of Talenom's own operations as well as the subcontracting chain and products.

Employee issues was assessed to be the key responsibility area. Talenom offers a combination of expert services and automated accounting services, and the role of employees in driving future growth is crucial. The role of the business in society, in turn, highlights ethics, anti-corruption and information security issues as major responsibility issues. Due to Talenom's value chain and business model, conventional risks related to human rights and environmental issues are relatively limited. Although the environmental

impact of Talenom's operating model is very low the importance of climate issues is raised by stakeholders', especially the financial sector's, need for up-to-date climate work and reporting.

The results of the materiality analysis confirmed Talenom's view of the company's main impacts, and the company will develop its responsibility strategy and reporting over the next few years based on the results of the updated materiality analysis.

Talenom will publish more information on responsibility as part of the annual review during week 8.

## **Annual General Meeting 2023 and authorisations of the Board of Directors**

The Annual General Meeting of Talenom Plc was held on 15 March 2023. The meeting was held as a remote meeting in accordance with Chapter 5, Section 16, Subsection 3 of the Companies Act. Shareholders could also participate in the meeting through advance voting.

The Annual General Meeting adopted the financial statements of the parent company and the consolidated financial statements for the financial year ended 31 December 2022, discharged the members of the Company's Board of Directors and the CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors. The Annual General Meeting also approved the Remuneration Report for the Company's Governing Bodies.

The Annual General Meeting resolved that a dividend of EUR 0.18 per share will be paid for the financial year 1 January–31 December 2022. Undistributed profits remained in equity.

The dividend was paid to shareholders who on the dividend record date, 20 March 2023, were registered as shareholders in the company's shareholders' register maintained by Euroclear Finland Ltd. The dividend was paid on 27 March 2023. Dividend was not paid to treasury shares held by the company.

The Annual General Meeting confirmed that Harri Tahkola, Mikko Siuruainen, Olli Hyyppä, Johannes Karjula, Sampsa Laine and Elina Tourunen, all current members of the Board of Directors, are re-elected as the members of the Board of Directors for a new term. Erik Tahkola was elected as a new member of the Board of Directors. The Annual General Meeting resolved that the number of the members of the Board of Directors shall be seven.

It was resolved that a remuneration of EUR 6,000 per month will be paid to the Chairman of the Board of Directors and EUR 2,200 per month to other members of the Board of Directors. Additionally, the travel expenses of the members of the Board of Directors will be compensated in accordance with the company's travel policy.

The Board of Directors re-elected KPMG Oy Ab, authorised public accountant organisation, as the auditor of the company. Juho Rautio, authorised public accountant, will continue as the principal auditor. The term of the auditor will run until the end of the next Annual General Meeting. The auditor will be remunerated according to the reasonable invoice approved by the company.

The Annual General Meeting authorised the Board of Directors to resolve on the repurchase of a maximum of 150,000 shares in the company in one or several tranches using the company's unrestricted shareholders' equity. The shares will be repurchased otherwise than in proportion to the shareholdings of the shareholders in public trading arranged by Nasdaq Helsinki Ltd for the market price at the moment of purchase.

The authorisation will remain valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2024. The authorisation replaces the previous authorisation to repurchase own shares granted by the Annual General Meeting on 3 March 2022.

The Annual General Meeting authorised the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Companies Act in one or several tranches, either against payment or without payment.

The aggregate number of shares to be issued, including the shares to be received based on special rights, cannot exceed 2,200,000 shares. The Board of Directors may resolve to issue new shares or to transfer own shares possibly held by the company. The maximum amount of the authorisation corresponds to approximately 4.9 per cent of all shares in the company.

The Board of Directors is authorised to decide on all other matters related to the issuance of shares and special rights entitling to shares, including the right to deviate from the pre-emptive right of shareholders to subscribe for shares to be issued. The authorisation is proposed to be used for the purposes of paying purchase prices of corporate acquisitions, share issues directed to personnel or share award schemes or to issue share options or for other purposes decided by the Board of Directors.

The authorisation will remain valid until the closing of the next Annual General Meeting, but no longer than until 30 June 2024. The authorisation revokes all previous unused authorisations to resolve on the issuance of shares, option rights and other special rights entitling to shares.

In its organisational meeting held after the Annual General Meeting, the Board of Directors of Talenom Plc re-elected Harri Tahkola as Chairman of the Board of Directors.

The Board of Directors has evaluated the independence of its members of the company and of significant shareholders. Harri Tahkola is not considered independent of the company based on an overall assessment. In addition, he is not considered independent of significant shareholders, as he owns more than 10% of the shares in the company. Mikko Siuruainen, Olli Hyyppä, Johannes Karjula, Sampsa Laine and Elina Tourunen are considered independent of the company and its significant shareholders. Erik Tahkola is not considered independent of the company as he has been employed by the company in the past three years. Erik Tahkola is considered independent of significant shareholders.

### **Stock option schemes and share-based incentive schemes**

The Group has three valid stock option schemes on the closing date. The Board of Directors decided based on authorisation granted by the AGM on 3 March 2021 on the 2021 stock option scheme, based on an authorisation granted by the AGM on 3 March 2022 on the 2022 stock option scheme, and based on an authorisation granted by the AGM on 15 March 2023 on the 2023 stock option scheme. All option schemes are subject to a shareholding obligation as an additional condition under which the stock option holder must acquire company shares with 20% of the gross income received from the stock options. This number of shares must be held for two years after acquisition of the shares. The Board of Directors decides on further action concerning stock options returned to the company later.

The subscription period for shares subscribed for with stock options 2021 is 1 March 2026 to 28 February 2027, for stock options 2022 it is 1 March 2025 to 28 February 2026, and for stock options 2023 it is 1 March 2026 to 28 February 2027.

The options granted and the option held or undistributed by the company were divided into option categories on 31 December 2023 as follows:

<b>Option categories (pcs)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Options given	600,000	500,000	650,000
Options exercised	0	0	0
Talenom Plc's holding or undistributed	197,000	51,000	39,900
Options given but not exercised	403,000	449,000	610,100

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.

<b>Option categories</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
The current subscription price of options	13.44	9.46	7.42
Total number of unexercised options	403,000	449,000	610,100
Exercised or Talenom Plc's holding or undistributed	197,000	51,000	39,900
Number of shares on 30 December 2023	45,577,476	45,577,476	45,577,476
Number of shares if all options are converted into new shares	45,980,476	46,026,476	46,187,576
Proportion of holdings and votes if all options are converted into new shares	0.88%	0.98%	1.32%

The total number of shares will rise from 45,577,476 to 47,039,576 provided that all options under option categories 2021, 2022 and 2023 are used in full to subscribe for new shares. The total voting and holding rights from all three option categories is 3.108%, provided that all options are used in full to subscribe for new shares.

Under the terms of the stock options, the subscription price of the options may change if the company distributes dividends or funds from the unrestricted equity fund or if the company reduces its share capital by distributing share capital to shareholders. The terms and conditions of the stock options are available on Talenom's investor pages at [investors.talenom.com/en/investors/corporate\\_governance/remuneration](https://investors.talenom.com/en/investors/corporate_governance/remuneration)

Talenom has two share-based incentive schemes for key personnel of the Group, which the Board of Directors decided to establish on 25 February 2020:

### **Performance Share Plan 2020–2024**

On 25 February 2020, Talenom's Board established the Performance Share Plan 2020–2024 that consists of two performance periods, covering the calendar years 2020–2022 and 2021–2023. The Board of Directors resolves on the plan's performance criteria and the targets to be set for each criterion at the beginning of each performance period. In terms of the performance period 2020–2022 these were decided on 25 February 2020, and for the performance period 2021–2023 on 20 May 2021.

The potential reward based on the plan will be paid partly in the company's shares and partly in cash. The first rewards were be paid in 2023 when the performance period 2020–2022 ended. The cash proportion is intended to cover taxes and tax-related expenses arising from the reward to a participant. As a rule, no reward is paid, if the participant's employment or service ends before the reward payment.

Each member of the company's Executive Board is obliged to hold at least 50 per cent of the net number of shares paid to them on the basis of the plan until the value of his or her shareholding in the company is equal to the value of his or her gross annual salary. These shares must be held for as long as the person remains a member of the Executive Board.

	Performance period 2020–2022	Performance period 2021–2023
Basis for the reward	<ul style="list-style-type: none"> <li>consolidated operating profit</li> <li>internationalization</li> <li>growth as well as</li> <li>share of net sales from value-added services</li> </ul>	<ul style="list-style-type: none"> <li>consolidated net sales</li> <li>operating profit and</li> <li>implementation of strategic projects</li> </ul>
Rewards to be paid from the performance period	The rewards correspond to the value of an approximate maximum total of 326,000 Talenom Plc shares, including also the proportion to be paid in cash	The rewards correspond to the value of an approximate maximum total of 239,900 Talenom Plc shares, including also the proportion to be paid in cash
Target group	Approximately 50 persons, including the company's Executive Board members	Approximately 85 persons, including the company's Executive Board members
Payment of the rewards	No later than April 2023	No later than April 2024

## Restricted Share Plan

The company has a valid Restricted Share Plan intended for selected key employees, including the company's Executive Board members. The reward from the Restricted Share Plan is based on a valid employment or service and the continuity of the employment or service during the vesting period and other possible terms imposed by the Board of Directors.

The rewards in the period 2021–2025 will correspond to the value of a maximum total of 160,000 Talenom Plc shares, including also the proportion to be paid in cash. The reward is paid partly in the company's shares and partly in cash after the end of a 12–60-month vesting period.

## Shares and shareholders

On 31 December 2023, Talenom Plc had a total of 45,577,476 shares entered in the Trade Register. The company held 150,600 treasury shares (0.33% of the total number of shares and votes) on 31 December 2023. On 31 December 2023, Talenom had a total of 10,333 (9,399) shareholders. The number of shareholders is based on information collected by Modular Finance from various sources, such as Euroclear Finland Oy.

A total of 11,125,523 shares were traded in January–December, and the value of the shares traded was EUR 72,391,444. The highest price of the share was EUR 9.59, and the lowest price was EUR 4.23. The volume weighted average price was EUR 6.51 and the closing price at the end of the review period was EUR 6.20. In accordance with the closing price, the combined market value of the shares was approximately EUR 282.6 million.

## Share issues and registration of new shares under the terms of the option scheme

The Board of Directors of Talenom Plc decided on 16 January 2023 on a free directed share issue as part of M&A transactions. Talenom issued 12,191 new shares in a share issue directed at the sellers of the acquisition target MTE Göteborg Ab.

The Board of Directors of Talenom Plc decided on 1 February 2023 on a free directed share issue as part of M&A transactions. Talenom issued 50,825 new shares in a share issue directed at the sellers of the acquisition targets BKF Asesores, S.l. and R2 Redovisning Ab.

The Board of Directors of Talenom Plc decided on 23 February 2023 on a free directed share issue as part of M&A transactions. Talenom issued 71,344 new shares in a share issue directed at the sellers of the acquisition target Bv Coruña Asesoría De Empresas, S.l.

The Board of Directors of Talenom Plc decided on 1 March 2023 on a free directed share issue as part of M&A transactions. Talenom issued 78,096 new shares in a share issue directed at the sellers of the acquisition target Consultoria Granadina S.l.

The 79,565 new shares subscribed for in line with Talenom Plc's 2019 terms and conditions for option rights were registered in the Trade Register on 2 March 2023. The total subscription price, EUR 233,125.45, was recognised in full in the company's reserve for invested unrestricted equity.

Talenom Plc's Board of Directors decided on 2 May 2023 on a directed share based on the stock option plan to employees entitled to share bonuses. The share issue distributed 61,750 new Talenom Plc shares free of charge.

The Board of Directors of Talenom Plc decided on 1 June 2023 on a free directed share issue as part of M&A transactions. Talenom issued 34,620 new shares in a share issue directed at the sellers of the acquisition target LR Redovisning i Strängnäs Ab.

The Board of Directors of Talenom Plc decided on 27 June 2023 on a free directed share issue as part of M&A transactions. Talenom issued 84,317 new shares in a share issue directed at the sellers of the acquisition target Aditio Gestion S.l.

The Board of Directors of Talenom Plc decided on 30 June 2023 on a free directed share issue as part of M&A transactions. Talenom issued 13,280 new shares in a share issue directed at the sellers of the acquisition target Advisoria Advocats I Economistes S.l.p.

The Board of Directors of Talenom Plc decided on 3 July 2023 on a free directed share issue as part of M&A transactions. Talenom issued 18,015 new shares in a share issue directed at the sellers of the acquisition target Acega Asesores S.l.u.

The Board of Directors of Talenom Plc decided on 1 September 2023 on a free directed share issue as part of M&A transactions. Talenom issued 23,950 new shares in a share issue directed at the sellers of the acquisition target VM Redovisning Ab.

The Board of Directors of Talenom Plc decided on 5 October 2023 on a free directed share issue as part of M&A transactions. Talenom issued 118,048 new shares in a share issue directed at the sellers of the acquisition targets Sant Cugat Consulting S.l. and Gesgal Asesores S.l.

The Board of Directors of Talenom Plc decided on 30 November 2023 on a free directed share issue as part of M&A transactions. Talenom issued 8,278 new shares in a share issue directed at the sellers of the acquisition target Novak Digital Solutions S.l.

The Board of Directors of Talenom Plc decided on 21 December 2023 on a free directed share issue as part of M&A transactions. Talenom issued 10,577 new shares in a share issue directed at the sellers of the acquisition target Bujan Y Asociados S.l. The shares were registered in the trade register on January 3, 2024.



## Flagging notifications

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

According to a notification received on 9 January 2023, 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 6 March 2023, the number of Talenom Plc shares owned by Allianz Vie S.A. decreased below the 5% limit of all Talenom Plc shares due to share transactions. Falling below the limit was due to a change in the total number of shares in the target company.

According to a notification received on 7 March 2023, the number of Talenom Plc shares owned by Allianz Vie S.A. rose above the 5% limit of all Talenom Plc shares due to share transactions.

According to a notification received on 16 October 2023, the number of Talenom Plc shares owned by SEB Investment Management Ab decreased below the 5% limit of all Talenom Plc shares due to share transactions.

## Other significant events during the review period

Talenom cuts its guidance for 2023 on 12 October 2023, both in terms of net sales and profitability, due to the effects of the weak economic cycle and a non-recurring write-down.

## Events after the review period

There were no significant events after the review period.

## Financial reporting and Annual General Meeting in 2024

In 2024, Talenom will publish financial information as follows:

- Financial Statements Release for 2023 on Thursday, 1 February 2024
- Annual Review 2023 on week 8
- Business Review for January-March on Thursday, 18 April 2024
- Half-year Report for January-June on Friday, 19 July 2024
- Business Review for January-September on Thursday, 31 October 2024

Talenom Plc's Annual General Meeting (AGM) is planned to be held on Thursday, 14 March 2024.

## Corporate Governance Statement

Talenom compiles a separate Corporate Governance Statement in accordance with the recommendation of the Finnish Corporate Governance Code. The statement is included in the Annual Review but published separately from the Board of Directors' report. The statement is available on Talenom's investor website at [investors.talenom.com/en](https://investors.talenom.com/en) during week 8.

## Board of Director's proposal concerning the result for the period

The Board of Directors proposes that the parent company's profit for the financial year EUR 5,792,434.77 is transferred to the retained earnings/loss account. The Board of Directors proposes that a dividend of EUR 0.19 per share (0.18) will be paid.

The company's financial position has not changed substantially since the end of the fiscal year.

## Risks, uncertainties and risk management

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

The main identified risks are:

- Potential escalation of the geopolitical crisis in Europe as the general economic situation deteriorates, rising interest rate levels and inflation may lead to business contraction or bankruptcy of Talenom's customers, resulting in customer losses or reduced customer relationships.
- Talenom may fail to implement acquisitions, integrate the acquired companies into its business, causing a negative impact on the business of the acquired operations.
- Competition may tighten if competitors introduce new services or start a price war.
- The IT systems and connections provided by the company or its partners may be subject to security breaches, or be affected by deficiencies, failures, or shortcomings in the maintenance and updating of such systems.
- Wide-ranging cost inflation could lead to significant cost increases.
- Failure in recruitment or staff engagement.

The company has a risk management policy, approved by the Board, which supports achieving 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 business success and creating shareholder value.

In accordance with the risk management policy approved by the Board of Directors, risk preparedness and identification are continuous and systematic activities that 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 management.

Risk management is coordinated by the Chief Information Security Officer who reports to the Group CEO. The company's Board of Directors is provided, at least once a year, with an analysis of risks and uncertainties separate from ongoing risk management based on which the Board of Directors defines risk management measures.

## Outlook and guidance for 2024

Talenom estimates that 2024 net sales will be about EUR 130–140 million, EBITDA EUR 34–40 million and operating profit EUR 14–17million.

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.

### **Accounting principles of the financial statement**

The Financial Statements Release has been prepared in accordance with IAS 34 Interim Financial Reporting and its accounting policies are presented in the company's financial statement 2023. The financial statement is available during week 8 on Talenom's investor website at [investors.talenom.com](https://investors.talenom.com). The operating segments have been formed based on geographical areas. Segment reporting is based on the operating countries of the Group companies. Countries in the early development phase are reported as one item. The figures in this financial statement release 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 not based on IFRS standards provide notable additional information to company management, investors and other interested parties. Alternative performance measures should not be considered as a substitute for key figures in accordance with IFRS. Alternative performance measures used by the company include operating profit (EBIT), operating profit (EBIT) as % of net sales, comparable operating profit, comparable operating profit as % of net sales, EBITDA, EBITDA as % of net sales, return on investment (ROI) %, interest-bearing net liabilities, net gearing ratio %, equity ratio %, working capital and net investments. The formulas are presented below in the section "Formulas".

## TABLES

### CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR 1,000	2023	2022
<b>Net sales</b>	121,728	102,107
Other operating income	1,225	1,625
Materials and services	-3,884	-3,950
Employee benefit expenses	-71,897	-55,682
Depreciation and amortisations	-23,935	-17,128
Other operating expenses	-15,287	-11,706
<b>Operating profit</b>	<b>7,948</b>	<b>15,266</b>
Financial income	433	466
Financial expenses	-4,122	-1,178
<b>Net financial expenses</b>	<b>-3,689</b>	<b>-712</b>
<b>Profit (loss) before taxes</b>	<b>4,260</b>	<b>14,554</b>
Income taxes	-899	-2,753
<b>Profit (loss) for the financial period</b>	<b>3,361</b>	<b>11,801</b>
<b>Other items of comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss		
Translation differences	-16	57
<b>Total comprehensive income for the financial period</b>	<b>3,345</b>	<b>11,858</b>
<b>Earnings per share calculated on the profit attributable to the shareholders of the parent company</b>		
Undiluted earnings per share (euro)	0.07	0.27
Diluted earnings per share (euro)	0.07	0.27

## CONSOLIDATED BALANCE SHEET

EUR 1,000	31 Dec. 2023	31 Dec. 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	66,648	54,986
Other intangible assets	52,681	45,806
Right-of-use assets	9,401	9,922
Property, plant and equipment	4,685	2,752
Other non-current financial assets	184	254
Deferred tax assets	1,487	443
Capitalised contract costs	11,347	11,694
<b>Total non-current assets</b>	<b>146,434</b>	<b>125,857</b>
<b>Current assets</b>		
Trade and other receivables	16,742	14,178
Current tax assets	2,247	315
Cash and cash equivalents	10,255	15,970
<b>Total current assets</b>	<b>29,243</b>	<b>30,463</b>
<b>Total assets</b>	<b>175,677</b>	<b>156,320</b>
<b>EQUITY</b>		
Share capital	80	80
Reserve for invested unrestricted equity	30,875	26,861
Retained earnings	24,859	29,085
<b>Total equity</b>	<b>55,814</b>	<b>56,026</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities	70,818	50,122
Trade payables and other liabilities	636	2,845
Lease liabilities	5,592	6,256
Deferred tax liabilities	4,326	3,040
<b>Total non-current liabilities</b>	<b>81,372</b>	<b>62,263</b>
<b>Current liabilities</b>		
Financial liabilities	5,101	10,001
Trade payables and other liabilities	28,463	23,724
Lease liabilities	3,944	3,705
Current tax liabilities	983	601
<b>Total current liabilities</b>	<b>38,491</b>	<b>38,032</b>
<b>Total liabilities</b>	<b>119,863</b>	<b>100,295</b>
<b>Total equity and liabilities</b>	<b>175,677</b>	<b>156,320</b>

## CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	31 Dec. 2023	31 Dec. 2022
<b>Cash flow from operating activities</b>		
Profit (loss) before taxes	4,260	14,554
Adjustments:		
Depreciation, and, amortisations	23,935	17,128
Financial, income	-433	-542
Financial, expenses,	4,122	1,254
Other, adjustments	95	266
Changes in working capital:		
Change, in, trade, and, other, receivables	-702	-2,882
Change, in, trade, payables, and, other, liabilities	1,022	2,233
Interest income	141	182
Paid taxes	-3,812	-4,744
<b>Net cash flow from operating activities</b>	<b>28,628</b>	<b>27,448</b>
<b>Cash flow from investing activities</b>		
Revenue from the sale of property, plant and equipment	213	161
Acquisition of property, plant and equipment	-2,820	-779
Capitalisation of contract costs	-3,279	-3,355
Acquisition of intangible assets	-14,649	-12,267
Acquired businesses	-13,593	-16,338
Investments	-31	598
<b>Net cash flow from investing activities</b>	<b>-34,160</b>	<b>-31,980</b>
<b>Cash flow from financing</b>		
Proceeds from share issue	233	2,425
Paid interest	-3,380	-979
Dividends paid	-8,112	-7,431
Change in instalment payment liabilities	353	-33
Repayment of lease liabilities	-4,030	-3,266
Loan withdrawals	15,000	20,000
Loan repayments	-212	-87
<b>Net cash flow from financing</b>	<b>-147</b>	<b>10,629</b>
<b>Change in cash and cash equivalents</b>	<b>-5,679</b>	<b>6,098</b>
Cash and cash equivalents, 1 Jan.	15,970	10,121
Net effect of exchange rate fluctuations on cash and cash equivalents	-36	-248
<b>Cash and cash equivalents</b>	<b>10,255</b>	<b>15,970</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
<b>Total equity 1 January 2023</b>	<b>80</b>	<b>26,861</b>	<b>29,085</b>	<b>56,026</b>
<b>Comprehensive income</b>				
Profit/loss,for,the,financial,period	0	0	3,361	3,361
Average,exchange,rate,difference,and,translation,differences	0	0	-16	-16
<b>Total comprehensive income for the financial period</b>	<b>0</b>	<b>0</b>	<b>3,345</b>	<b>3,345</b>
<b>Transactions with owners</b>				
Dividend,distribution,and,repayment,of,capital	0	0	-8,112	-8,112
Share,issue	0	4,014	0	4 014
Share-based,payments	0	0	755	755
<b>Transactions with owners, total</b>	<b>0</b>	<b>4,014</b>	<b>-7,357</b>	<b>-3,343</b>
<b>Changes and other adjustments for previous accounting periods</b>	<b>0</b>	<b>0</b>	<b>-214</b>	<b>-214</b>
<b>Total equity 31 December 2023</b>	<b>80</b>	<b>30,875</b>	<b>24,859</b>	<b>55,814</b>

EUR 1,000	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
<b>Total equity 1 January 2022</b>	<b>80</b>	<b>21,587</b>	<b>23,051</b>	<b>44,718</b>
<b>Comprehensive income</b>				
Profit/loss,for,the,financial,period	0	0	11,801	11,801
Average,exchange,rate,difference,and,translation,differences	0	0	57	57
<b>Total comprehensive income for the financial period</b>	<b>0</b>	<b>0</b>	<b>11,858</b>	<b>11,858</b>
<b>Transactions with owners</b>				
Dividend,distribution,and,repayment,of,capital	0	0	-7,431	-7,431
Share,issue	0	5,274	0	5,274
Share-based,payments	0	0	1,491	1,491
<b>Transactions with owners, total</b>	<b>0</b>	<b>5,274</b>	<b>-5,940</b>	<b>-666</b>
<b>Changes and other adjustments for previous accounting periods</b>	<b>0</b>	<b>0</b>	<b>116</b>	<b>116</b>
<b>Total equity 31 December 2022</b>	<b>80</b>	<b>26,861</b>	<b>29,085</b>	<b>56,026</b>

## OPERATING SEGMENTS

Segment reporting is based on the operating countries of the Group companies. Countries in the early development phase are reported as a whole. This division allows us to better describe the economic performance of countries at different stages. The CEO, as the chief operational decision maker, assesses segment development monthly. Assessment of segment performance is based on the segment's EBITDA and EBIT. The Group's assets and liabilities are not distributed to the operating segments because the chief operational decision maker does not allocate resources based on segment assets or liabilities or examine the assets or liabilities of the segments. Assets and liabilities are examined at Group level. Financial income and expenses, as well as income taxes are not allocated to segments.

### Operating segments 1 Jan - 31 Dec 2023

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
Net sales, external	87,759	25,469	8,500	0	121,728
Net sales between segments	645	579	329	0	1,553
<b>Net sales total</b>	<b>88,404</b>	<b>26,048</b>	<b>8,829</b>	<b>0</b>	<b>123,281</b>
Other income	80	218	29	897	1,225
Operating expenses	-55,876	-25,436	-9,546	-211	-91,069
Expenses between segments	-908	-443	-202	0	-1,553
<b>EBITDA</b>	<b>31,700</b>	<b>388</b>	<b>-890</b>	<b>686</b>	<b>31,884</b>
Depreciation	-15,361	-2,598	-1,031	0	-18,991
Impairment	-4,945	0	0	0	-4,945
<b>Operating profit</b>	<b>11,394</b>	<b>-2,211</b>	<b>-1,921</b>	<b>686</b>	<b>7,948</b>

### Operating segments 1 Jan - 31 Dec 2022

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
Net sales, external	81,037	19,406	1,664	0	102,107
Net sales between segments	79	298	82	0	459
<b>Net sales total</b>	<b>81,116</b>	<b>19,705</b>	<b>1,746</b>	<b>0</b>	<b>102,567</b>
Other income	82	121	16	1,406	1,625
Operating expenses	-51,087	-17,898	-2,158	-196	-71,339
Expenses between segments	-380	-79	0	0	-459
<b>EBITDA</b>	<b>29,731</b>	<b>1,848</b>	<b>-396</b>	<b>1,210</b>	<b>32,393</b>
Depreciation	-13,467	-1,774	-163	0	-15,403
Impairment	-1,681	-34	-9	0	-1,724
<b>Operating profit</b>	<b>14,584</b>	<b>40</b>	<b>-568</b>	<b>1,210</b>	<b>15,266</b>



## COLLATERAL AND CONTINGENT LIABILITIES

	31 Dec. 2023	31 Dec. 2022
<b>Liabilities secured by an enterprise mortgage</b>		
Loans from financial institutions	75,000	60,000
Enterprise mortgages provided as security	95,100	60,100
<b>Other deposits and contingent liabilities</b>		
Other *)	16,479	852

\*) Other contingent liabilities are related to the issued, undrawn loan limit, bank guarantee limit, and commitments for instalment payment liabilities and leasing liabilities.

## BUSINESS ACQUISITIONS IN 2023

During the review period, the Group acquired 14 business entities as share transactions in Sweden and Spain and one as asset purchase in Italy.

The transactions are detailed in the table below.

EUR 1,000	Time of acquisition	Transaction type	Method of payment	Acquisition cost	Maximum contingent consideration
Gavazzi	1 Jan 2023	Business acquisition	Cash	440	170
MTE Göteborg AB	16 Jan 2023	Share transaction	Cash and shares	460	225
R2 Redovisning AB	1 Feb 2023	Share transaction	Cash and shares	967	324
BKF Asesores SL	1 Feb 2023	Share transaction	Cash and shares	1,686	300
Easycount AB	1 Mar 2023	Share transaction	Cash	575	270
BV Coruña Asesoría de Empresas SL	1 Mar 2023	Share transaction	Cash and shares	1,700	300
Consultoria Granadina SL + Grupo CG Consultores 2012 SL	1 Mar 2023	Share transaction	Cash and shares	1,600	540
LR Redovisning i Strängnäs AB	1 Jun 2023	Share transaction	Cash and shares	1,861	901
Adition Gestion SL	27 Jun 2023	Share transaction	Cash and shares	1,285	0
Advisoria Advocats i Economistes SLP	30 Jun 2023	Share transaction	Cash and shares	2,600	0
Acega Asesores SL	3 Jul 2023	Share transaction	Cash and shares	265	135
VM Redovisning AB	21 Aug 2023	Share transaction	Cash and shares	1,263	901
Sant Cugat Consulting SL	26 Sep 2023	Share transaction	Cash and shares	1,650	100
Gesgal Asesorías SL	28 Sep 2023	Share transaction	Cash and shares	365	0
Novak Digital Solutions SL	23 Nov 2023	Share transaction	Cash and shares	720	270
<b>Total</b>				<b>17,436</b>	<b>4,438</b>

The contingent acquisition cost recorded from the transaction is based on the management's assessment of the likely outcome of the contingent purchase price.

The value of the acquired assets and liabilities on the day of acquisition were:

EUR 1,000	Share transactions	Business acquisitions
Intangible assets	219	0
Property, plant and equipment	403	20
Other non-current assets	50	0
Customer relationships	6,863	0
Right-of-use assets	1,585	0
Current assets	3,146	0
<b>Total assets</b>	<b>12,266</b>	<b>20</b>
Trade and other payables	3,533	0
Lease liabilities	1,585	0
Deferred tax liability	1,625	0
<b>Total liabilities</b>	<b>6,744</b>	<b>0</b>
<b>Net assets</b>	<b>5,522</b>	<b>20</b>
Consideration transferred	16,996	440
Net assets of acquisition target	-5,522	-20
<b>Goodwill</b>	<b>11,474</b>	<b>420</b>

The costs arising from acquisitions are recognised in other expenses in the income statement. If the acquisitions had taken place at the beginning of the financial year 2023, they would have increased the EBIT for the accounting period by an estimated EUR 897,000 and net sales by around EUR 5,497,000.

## BUSINESS ACQUISITIONS IN 2022

During the review period, the Group made several business acquisitions in Finland and Sweden. The transactions are detailed in the table below.

EUR 1,000	Time of acquisition	Transaction type	Method of payment	Acquisition cost	Maximum contingent consideration
MH Konsult Väst AB	13 Jan 2022	Share transaction	Cash and shares	2,172	584
Kjell Wengbrand Redovisnings AB	13 Jan 2022	Share transaction	Cash and shares	909	270
Saarijärven Tilipalvelu Oy	3 Jan 2022	Business acquisition	Cash	80	0
Accodome Oy	1 Feb 2022	Business acquisition	Cash	24	8
Kuopion Tili-Consults Oy	1 Feb 2022	Business acquisition	Cash	178	38
Lindgren&Lindgren Ekonomi AB	4 Apr 2022	Share transaction	Cash and shares	658	180
Confido Redovisning AB	4 Apr 2022	Share transaction	Cash and shares	1,710	719
Redovisningsbyrå Öckerö AB	4 Apr 2022	Share transaction	Cash and shares	1,651	719
PJ Yrityspalvelu Oy	1 May 2022	Business acquisition	Cash and shares	120	0
Acompany Asesoría y Gestión de Empresas SL	1 Aug 2022	Business acquisition	Cash and shares	652	0
Tilipalvelu Elisa Ruinu Oy	1 Sep 2022	Business acquisition	Cash	455	70
Mazars Redovisning AB	1 Sep 2022	Share transaction	Cash	8,984	6,833
Gestoria Teruel SL	1 Sep 2022	Share transaction	Cash and shares	1,500	0
Baran Redovisning AB	1 Oct 2022	Share transaction	Cash	901	190
Nomo Management Solution SL	1 Oct 2022	Share transaction	Cash	2,550	0
Alcea Redovisning AB	1 Nov 2022	Share transaction	Cash and shares	1,184	270
<b>Total</b>				<b>23,728</b>	<b>9,882</b>

The total contingent consideration recognised as a liability from the transactions is EUR 5,715,000. The recognised contingent consideration is based on the management's assessment of the likely outcome of the financial and operational targets agreed separately in the transaction.

The value of the acquired assets and liabilities on the day of acquisition were:

<b>EUR 1,000</b>	<b>Share transactions</b>	<b>Business acquisitions</b>
Intangible rights	10	544
Property, plant and equipment	150	0
Customer relationships	4,863	1,090
Right-of-use assets	762	27
Current assets	2,534	0
<b>Total assets</b>	<b>8,319</b>	<b>1,661</b>
Trade and other payables	1,956	80
Lease liabilities	762	27
Deferred tax liability	1,016	194
<b>Total liabilities</b>	<b>3,734</b>	<b>301</b>
<b>Net assets</b>	<b>4,585</b>	<b>1,360</b>
Consideration transferred	19,668	3,979
Net assets of acquisition target	-4,585	-1,360
<b>Goodwill</b>	<b>15,083</b>	<b>2,619</b>

The costs arising from acquisitions are recognised in other expenses in the income statement. If the acquisitions had taken place at the beginning of the financial year 2022, they would have increased the EBIT for the accounting period by an estimated EUR 296,000 and net sales by around EUR 7,470,000.

## 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	=	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-interestbearing current liabilities
Net investments	=	investments in tangible and intangible assets - sales of assets
Earnings per share	=	$\frac{\text{net profit of the review period}}{\text{Weighted average number of shares outstanding during the review} \times 100 \text{ period}} \times 100$
Compound annual growth rate (CAGR)	=	$\left( \frac{\text{net sales at the end of the period}}{\text{net sales in the beginning of the period}} \right)^{\frac{1}{\text{number of years}}} - 1$
EBITDA	=	operating profit + depreciation + amortisation
EBITDA, %	=	$\frac{\text{EBITDA}}{\text{Net sales}} \times 100$
Comparable operating profit	=	operating profit - software-related write-downs

**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 financial 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.

**EBITDA** is an important key figure that measures Talenom's ability to generate profit in business before depreciation, impairment and financial items.

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

**Comparable operating profit** is operating profit excluding software-related write-downs.

**TALENOM PLC**

Board of Directors

**ADDITIONAL INFORMATION:**

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