

Talenom Plc Half-Year Report 2022

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2 August 2022



TALENOM
yrittämisen iloa



PRESENTATION CONTENT

- H1 2022
- STRATEGY PROGRESS DURING THE REVIEW PERIOD
- GROUP FINANCIAL DEVELOPMENT
- COUNTRY-SPECIFIC FINANCIAL DEVELOPMENT
- OUTLOOK



FIRST HALF OF 2022

STRONG GROWTH IN NET SALES

+25%
(+23%)

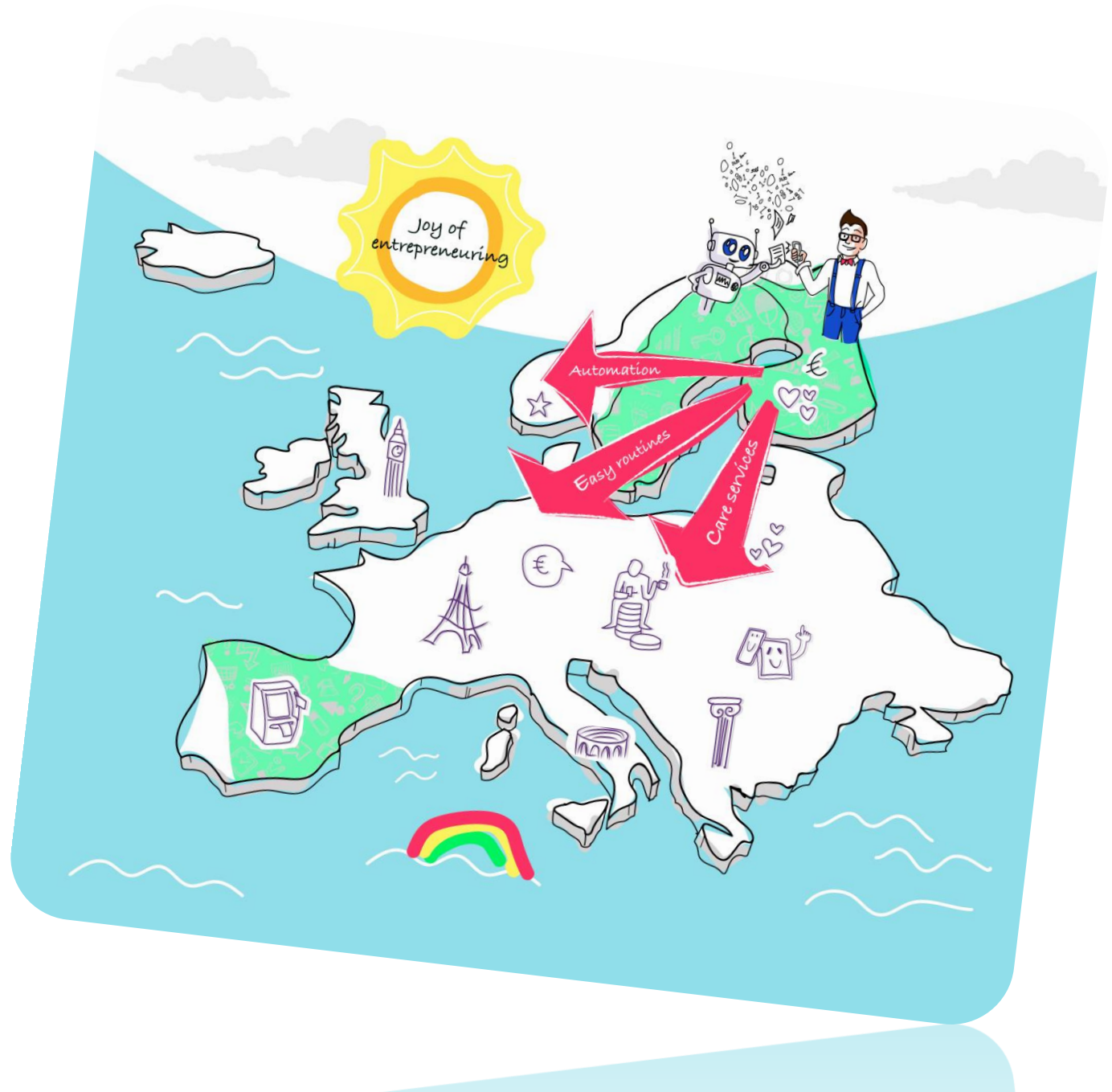
EBIT MARGIN WAS EXCELLENT

19%
(21%)

GUIDANCE FOR 2022 UNCHANGED

NET SALES EUR 100-110 MILLION
OPERATING PROFIT EUR 15-18 MILLION

UNBEATABLE ACCOUNTING AND BANKING SERVICES FOR SMES



STRATEGY PROGRESS H1/2022

1 GROWTH

- 1/3 of growth organic, 2/3 from acquisitions
- Organic growth is driven by increased customer volumes and growth in sales of value-added services in Finland
- New customer acquisition has worked well in Sweden
- Nine acquisitions in Finland and Sweden

2 DEVELOPING OUR BUSINESS IN SPAIN

- Promotion of the small customer concept strategy progressed in Spain through the Nomo acquisition
- We strengthened our accounting business by acquiring Acompany

3 EXPLORING NEW MARKET AREAS

- Examination of new accounting service markets continued as planned
- Digital transition is expected in Europe in the coming years
- Utilise the position reached in Finland as a pioneer in the expansion

4 SCALING THE SMALL CUSTOMER CONCEPT

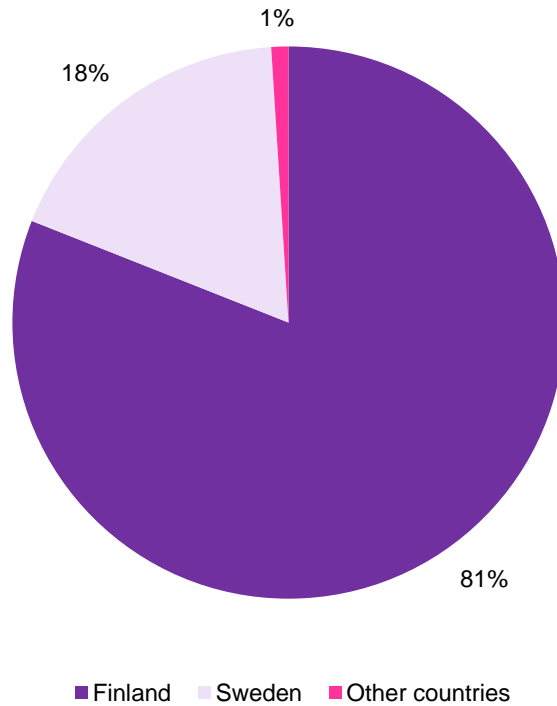
- We promoted our digital sales channel in the small customer segment
- We started digital marketing activities in the segment

5 SOFTWARE IMPLEMENTATION IN SWEDEN

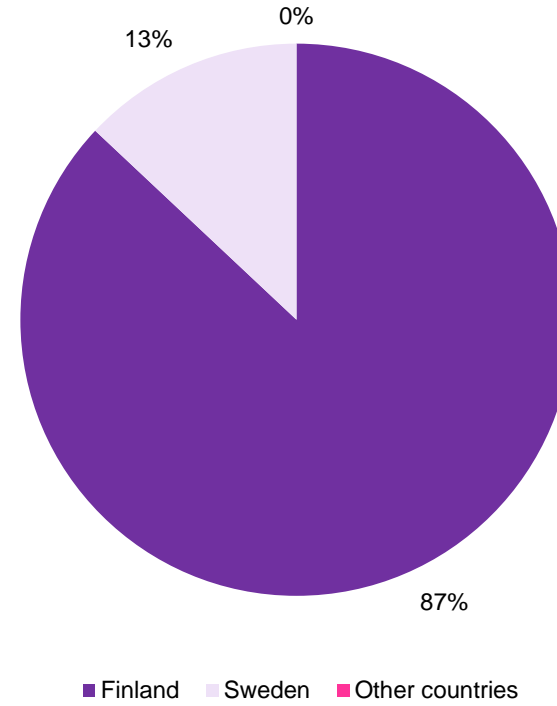
- Investments in introducing own software in Sweden continued
- The project has progressed according to plan, extensive software implementation is aimed for in the autumn of 2022

INTERNATIONALISATION PROGRESSING AS PLANNED

Net sales distribution 1-6/2022

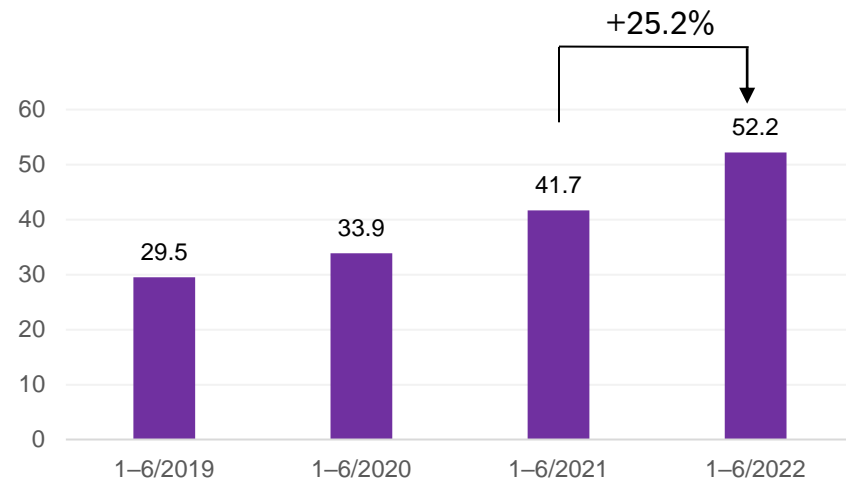


Net sales distribution 1-6/2021



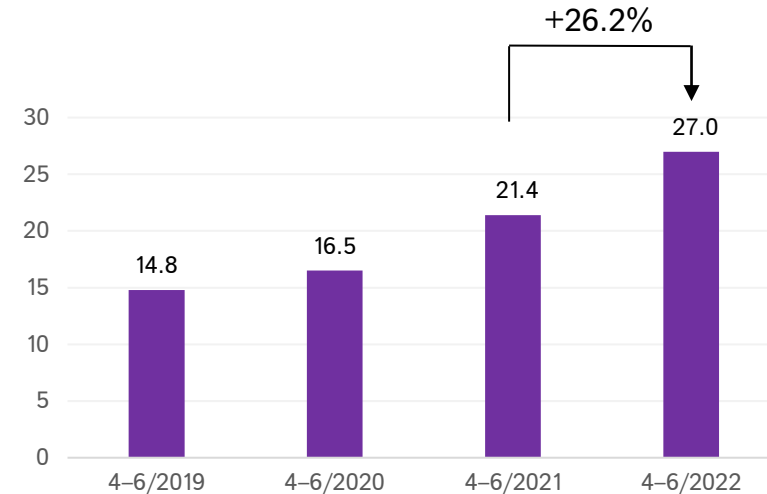
NET SALES GROWTH CONTINUED

Net sales in January-June (EUR million)



- 1/3 of growth organic, 2/3 from acquisitions
- Nine acquisitions in Sweden and Finland
- Organic growth driven by good development in customer volumes and sales of value-added services
- COVID pandemic or the war in Ukraine had no significant impact

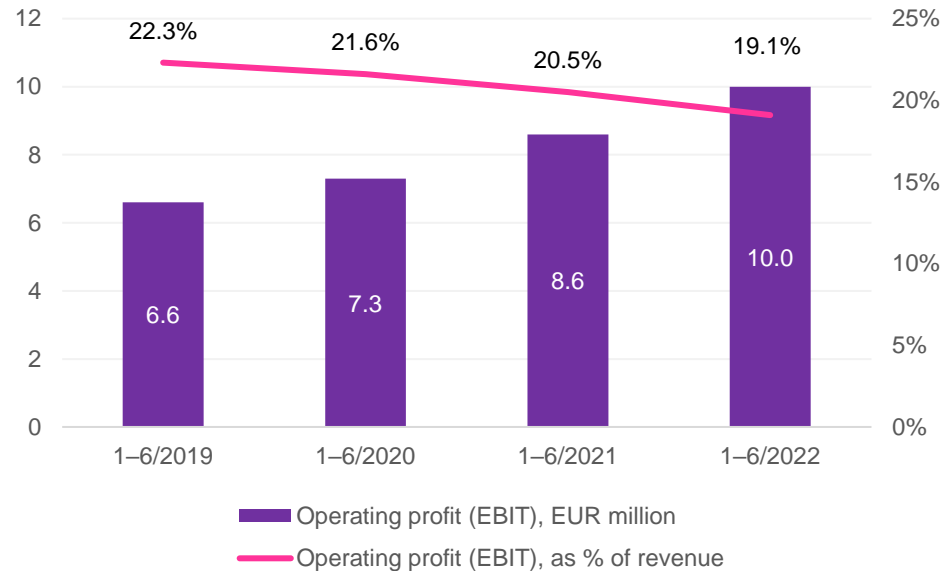
Net sales in April-June (EUR million)



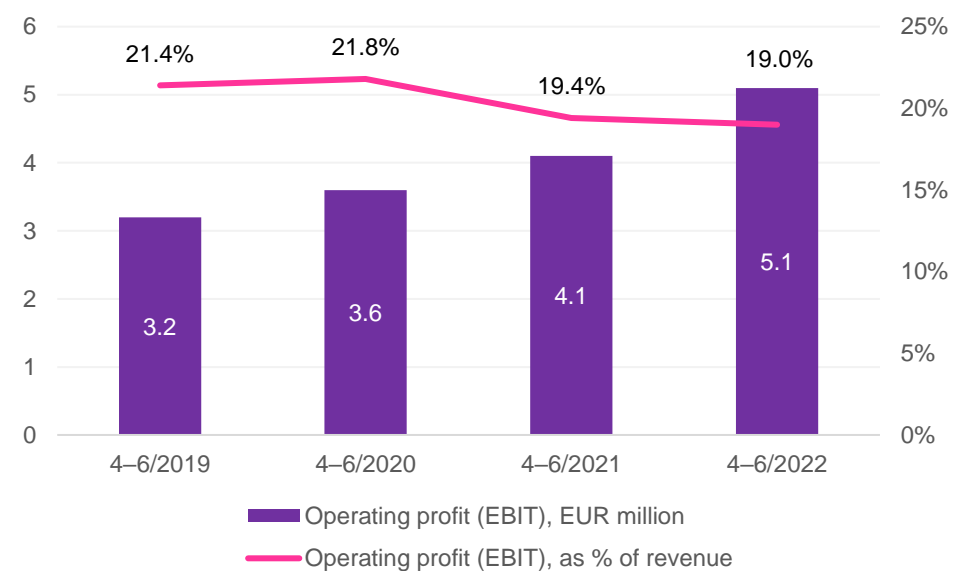
- Slightly over one-half of growth came from acquisitions and close on one-half was organic
- Four acquisitions in Sweden and Finland

PROFITABILITY WAS EXCELLENT

Operating profit January-June



Operating profit April-June

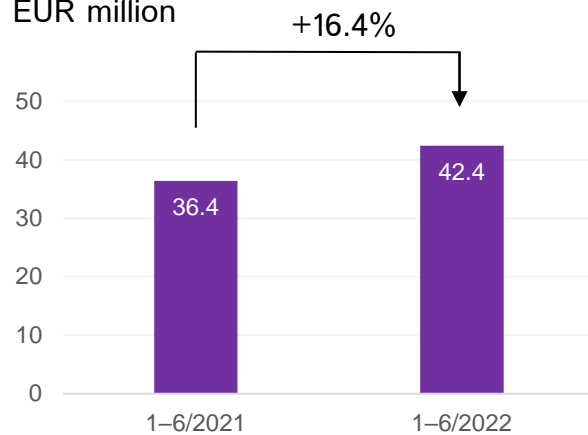


- Operating profit increased by 16.9% and amounted to 19.1% of net sales
- Relative profitability was depressed by lower profitability of the acquired businesses compared to other units, integration costs of acquisitions, increased personnel cost level, and higher depreciation
- In Finland, it takes about three years to increase the profitability of the acquisition targets to the level of the core business

BUSINESS DEVELOPMENT IN FINLAND

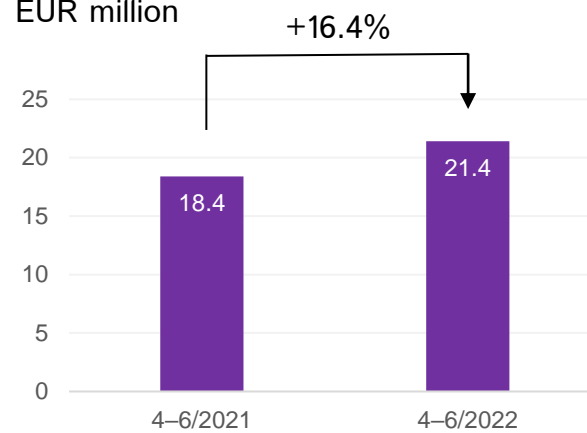
Net sales development 1-6/2022

EUR million

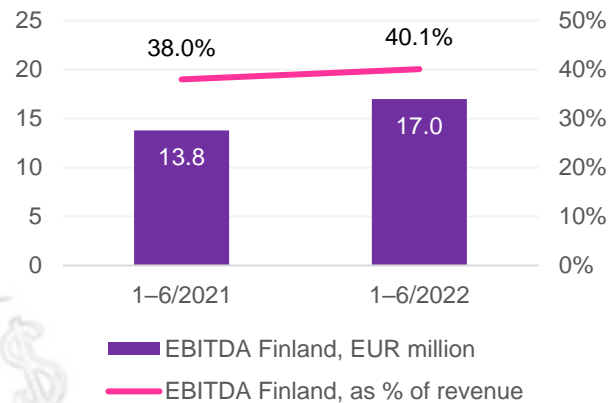


Net sales development 4-6/2022

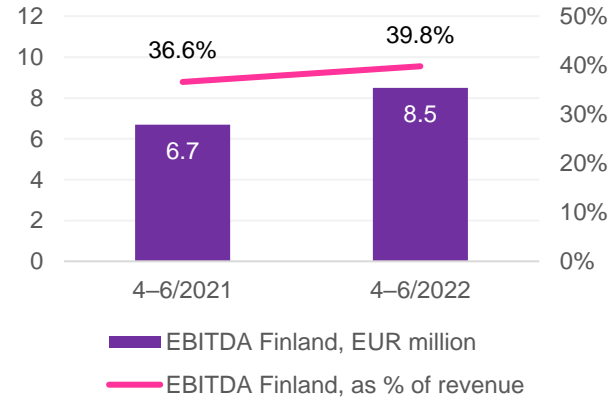
EUR million



EBITDA development 1-6/2022



EBITDA development 4-6/2022



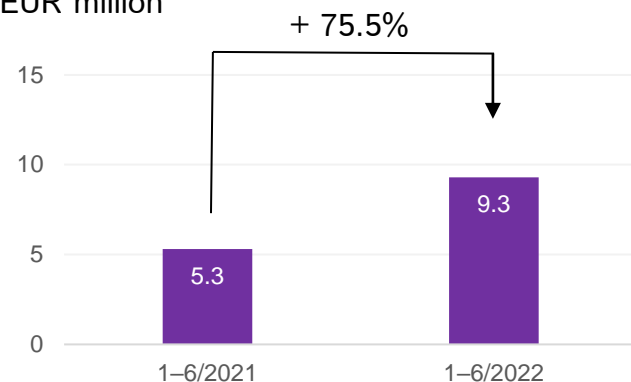
- Growth in net sales 2/3 organic, 1/3 from acquisitions
- Organic growth was driven by increased customer volumes and sales of value-added services

- Relative profitability remained on an excellent level
- The development of automation had a positive and acquisitions a negative impact on profitability

BUSINESS DEVELOPMENT IN SWEDEN

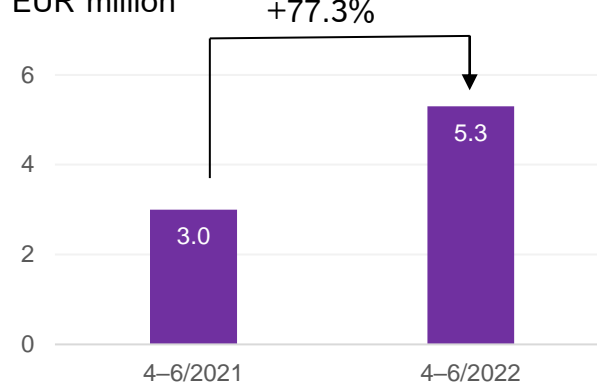
Net sales development 1-6/2022

EUR million



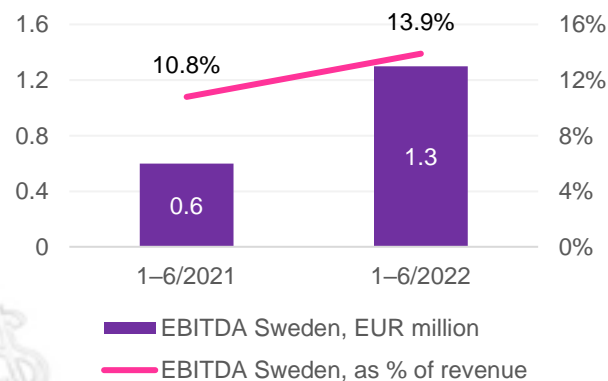
Net sales development 4-6/2022

EUR million

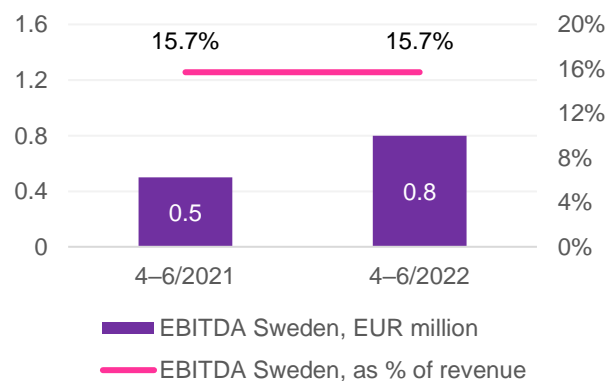


- Net sales growth came mainly from acquisitions
- New customer sales developed better than expected, efforts to accelerate it continued

EBITDA development 1-6/2022



EBITDA development 4-6/2022



- In Sweden, we continued to prepare for the large-scale implementation of our own software, which is planned to take place in the autumn.
- Profitability has partly been depressed by our investments in sales, building support functions and developing management structures.

BUSINESS DEVELOPMENT IN SPAIN

- Talenom expanded to the Spanish accounting business market through an acquisition in July 2021 and started operating there on 1 August 2021. After the deal, we have analysed Spanish accounting processes in more detail.
- Highlights related to the Spanish market occurred after the review period:
 - On 30 June 2022 we announced that we will acquire a platform business called Nomo. The acquisition of Nomo provides us access to six million micro-SMEs and self-employed people on the Spanish market, which have traditionally been underserved by digital solutions. The acquired company will be transferred to Talenom from 1 October 2022.
 - On 7 July 2022, we announced that we will acquire the accounting business of the Spanish ACompany Asesoraria Y Gestion de Empresas SL. The acquisition will strengthen our position among SMEs in the Barcelona region. The company employs 12 people who will continue to work for Talenom. The acquired company will be transferred to Talenom from 1 August 2022.



OUTLOOK AND GUIDANCE

OUTLOOK AND GUIDANCE FOR 2022 UNCHANGED (PUBLISHED 16 DECEMBER 2021)

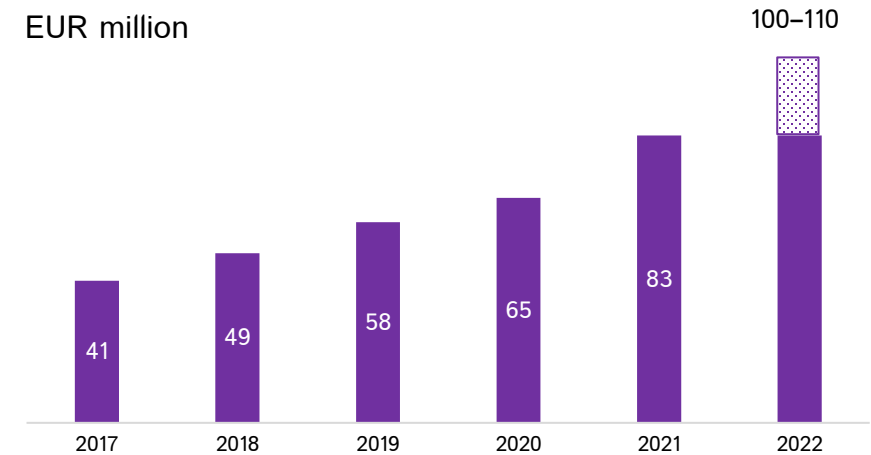
Talenom expects 2022 net sales to be EUR 100-110 million and operating profit (EBIT) to be EUR 15-18 million.

ASSUMPTIONS

- Talenom expects the accounting services market to grow in all of the company's operating countries in 2022 and demand to remain stable
- The majority of total net sales growth in 2022 is expected to come from acquisitions in Finland and Europe
- The guidance includes an estimation of possible acquisitions during 2022, which are subject to significant uncertainty
- Acquisitions will have a negative impact on relative profitability in the short term
- Talenom's investments in automation, customer-friendly user interfaces and the small customer segment in recent years will increase the depreciation level relative to net sales, but operational profitability measured by EBITDA will improve

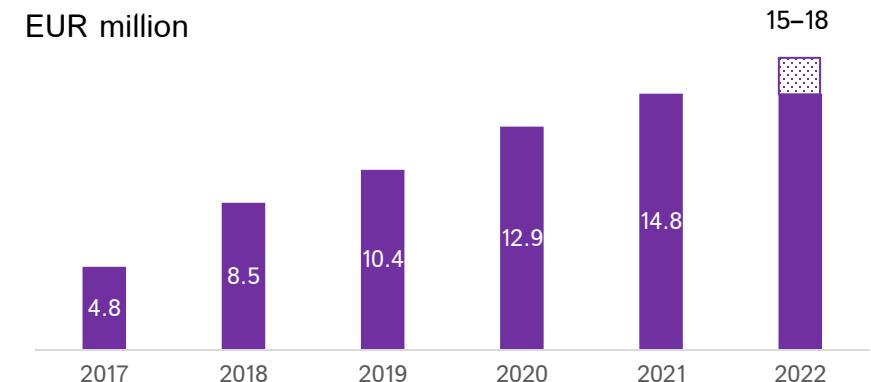
NET SALES

EUR million



OPERATING PROFIT

EUR million



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DISCLAIMER

Certain statements in this presentation contain declarations on the future and are based on the company's and management's views at the time of their issue. They therefore involve risks and uncertainties. Future development may also change if there are significant changes in the general economic situation or in the company's operating environment.