

Business review Q1 2025

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Talenom Plc 24 April 2025

TALENOM

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- Financial development
- Outlook and guidance
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The separation of the Software business was completed, the Finnish business grew while profitability improved further

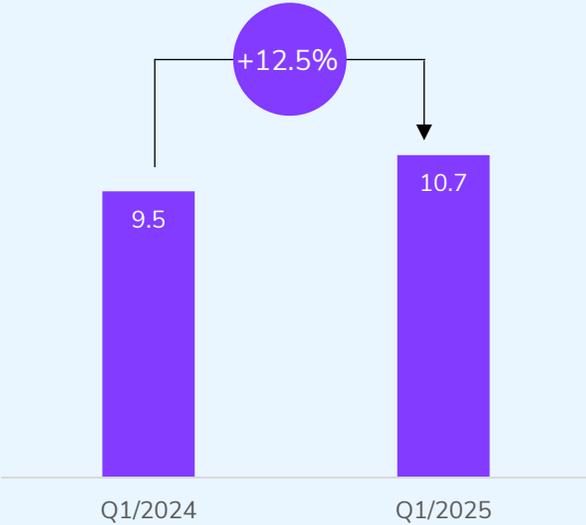
Net sales in Finland developed positively, Group's comparable net sales at year-on-year level

Net sales January-March (EUR million)



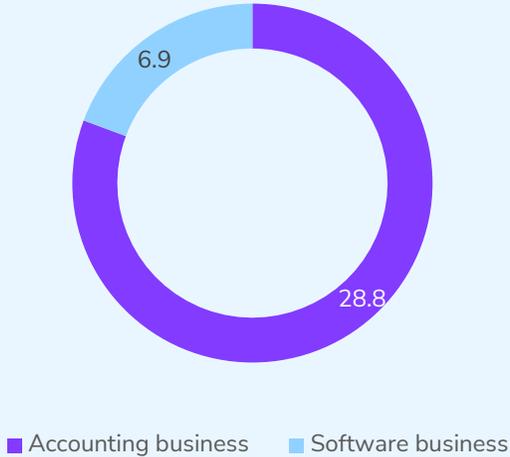
Finland's excellent margin boosted the Group's EBITDA

EBITDA January-March (EUR million)



Business areas from the beginning of 2025: Accounting and Software business

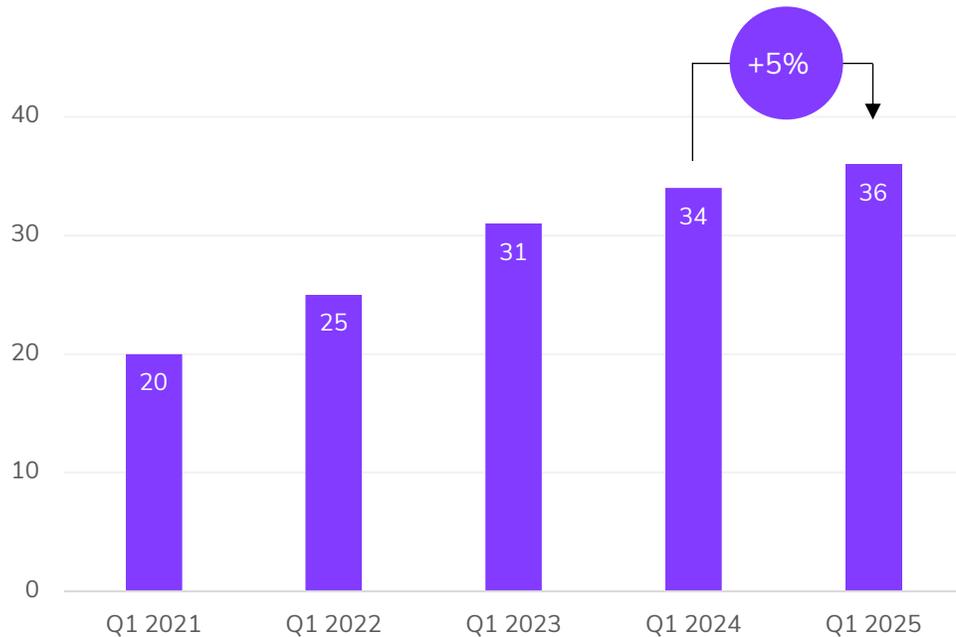
Net sales January-March (EUR million)



Finances

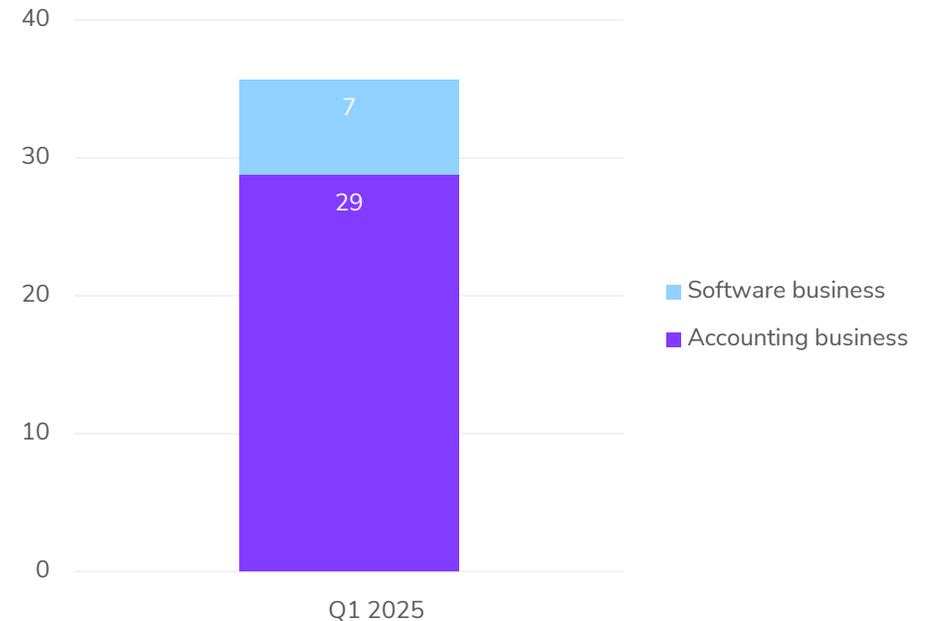
The Group's comparable net sales at the previous year's level

Net sales January-March (EUR million)



- Comparable net sales were at the level of the comparison period.
- Net sales in Finland increased, while customer churn in Sweden during 2024 impacted net sales negatively.
- Net sales in Spain remained at the level of the comparison period.

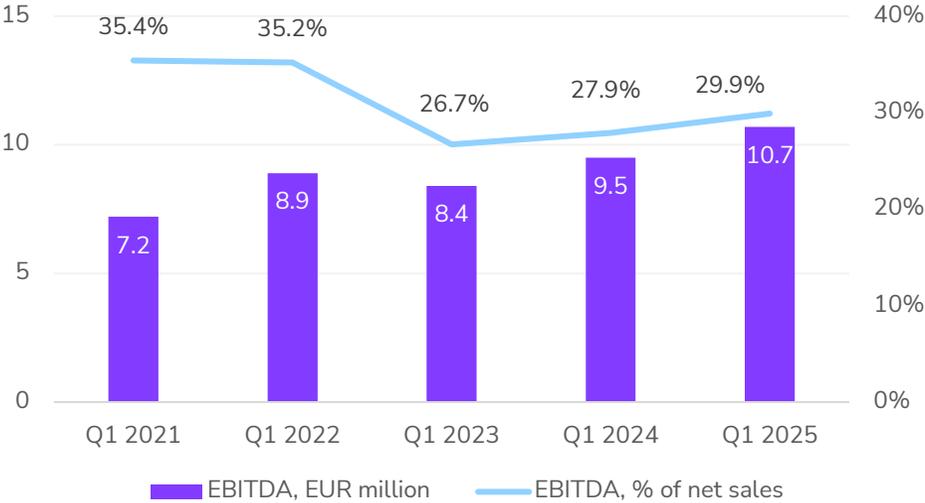
Net sales by business area in January-March (EUR million)



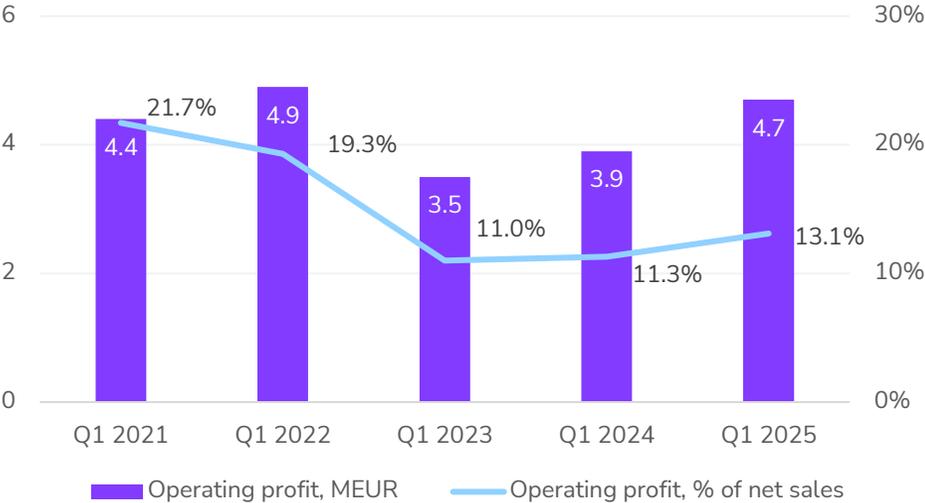
- Due to the income recognition principles of the Software business, net sales were EUR 1.5 million higher than in the comparison period.
- The Group's comparable net sales were EUR 34.2 million.

The Group’s profitability continued to strengthen due to the good development in Finland

EBITDA development January-March



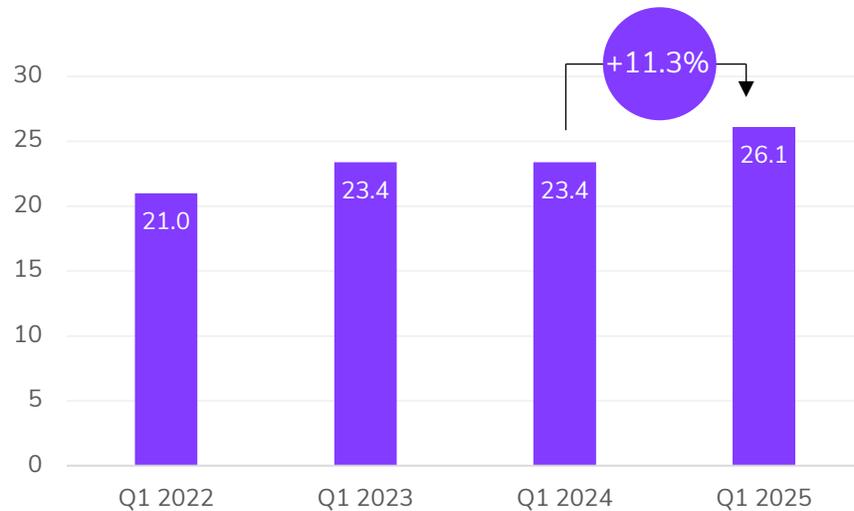
Operating profit development January-March



- Profitability in Finland improved significantly, supported by organic growth and improved efficiency.
- Development in Sweden slowed the improvement in profitability as net sales remained below the comparison period.
- Comparable EBITDA improved by EUR 0.3 million.
- Comparable operating profit was slightly below the comparison period due to the higher level of depreciation.

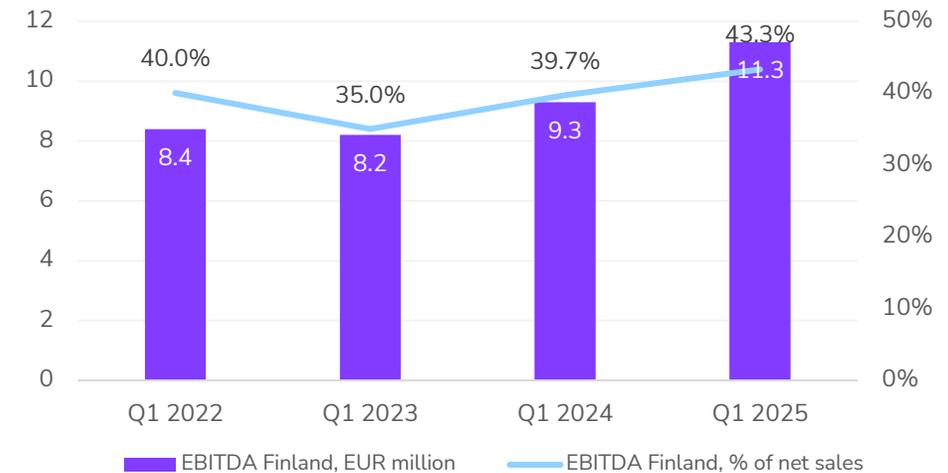
Business development in Finland

Net sales development in January-March (EUR million)



- In Finland, the decline in customers' transaction volumes has stopped. Comparable net sales increased by approximately 4.9% (0.1) thanks to successful new customer acquisition.
- Comparability was affected by the income recognition principles of the Software business, which improved reported net sales by EUR 1.5 million.

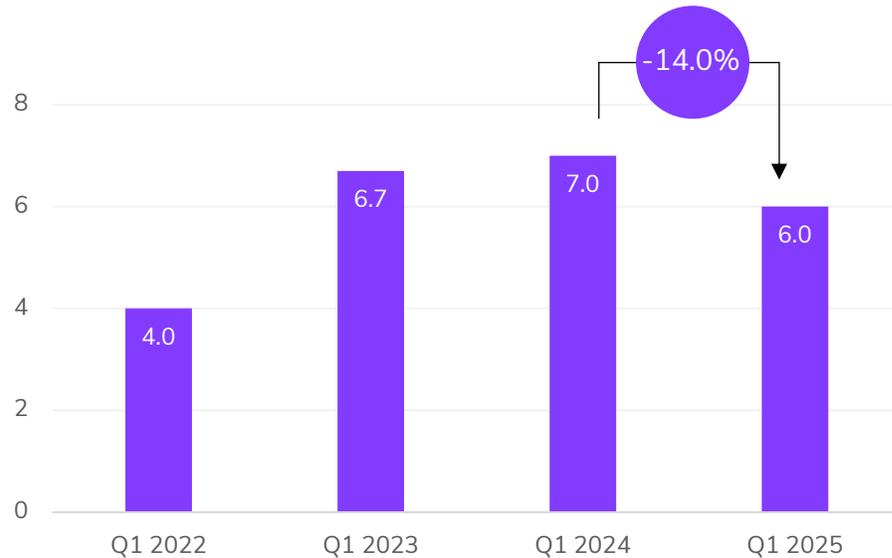
EBITDA development in January-March



- Profitability improved clearly due to organic net sales growth and further improved efficiency.

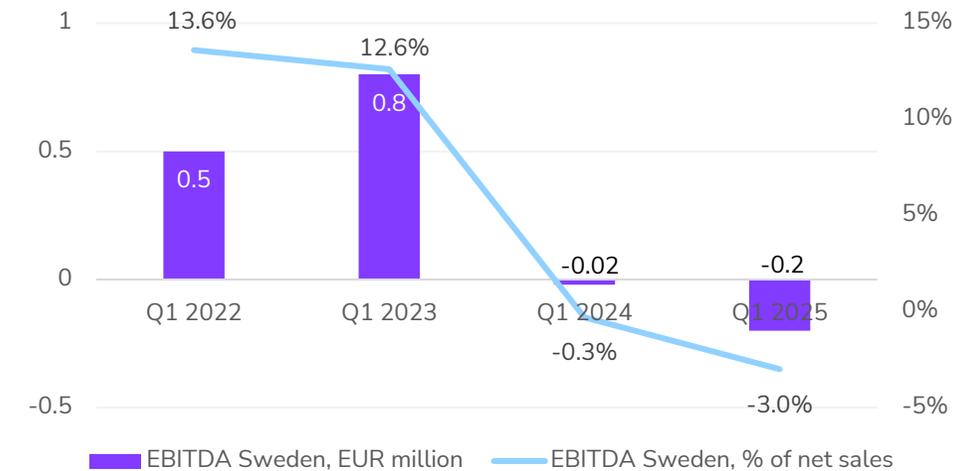
Business development in Sweden

Net sales development in January-March (EUR million)



- In Sweden, net sales decreased as a result of customer churn in 2024.
- We saw the trend turning for the better in new sales and churn, but the 2024 customer churn will negatively impact net sales development in 2025.

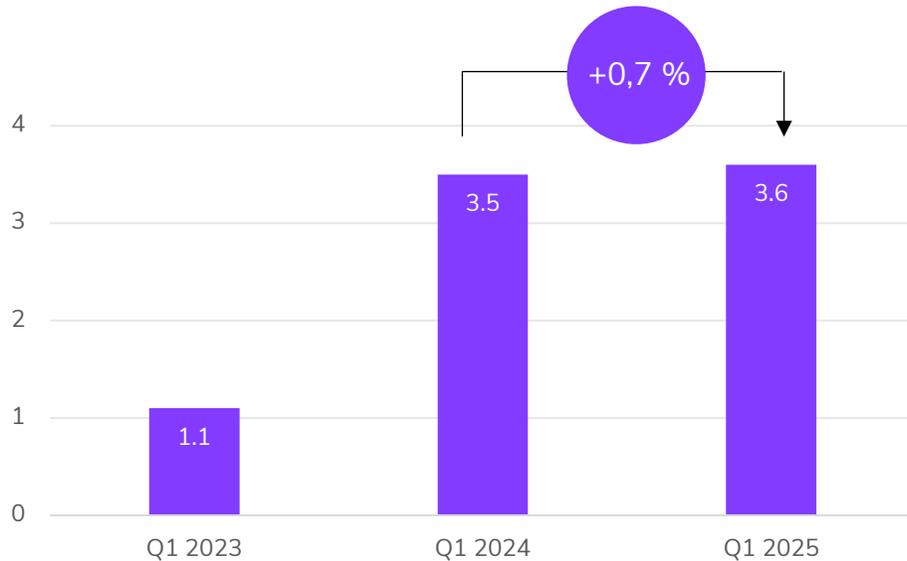
EBITDA development in January-March



- Profitability was burdened by the decrease in net sales, and the aim is to scale the number of employees to correspond to net sales. Cost scaling has not been possible at the same pace as the decline in net sales, as we have aimed to secure growth preconditions.
- Profitability has also been burdened by the implementation of our own platform, which requires resources to ensure the progress of the project and has kept the cost level higher than under normal circumstances.

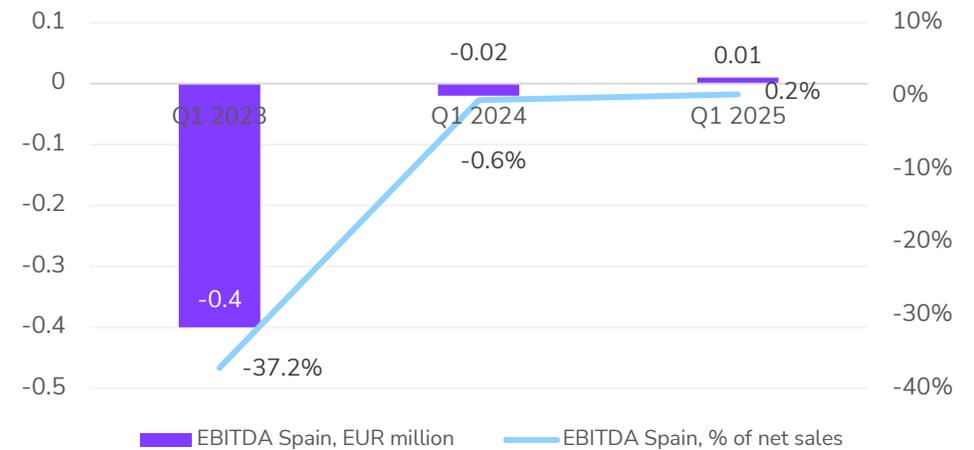
Business development in Spain

Net sales development in January-March (EUR million)



- The focus of new customer acquisition was on acquiring customers with recurring invoicing, which resulted in a decrease in non-recurring net sales.
- Organic growth is expected to strengthen with well-functioning new customer acquisition and the entry into force of the e-invoicing Directive.

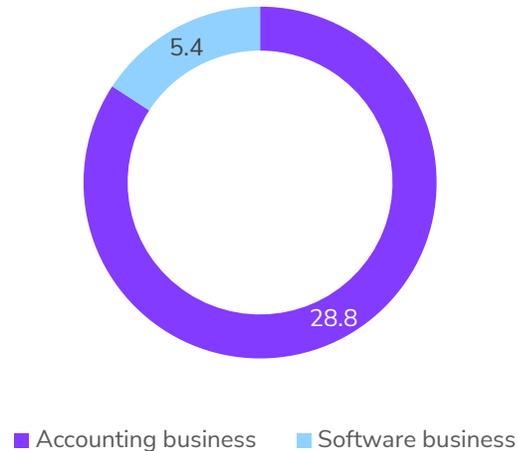
EBITDA development in January-March (EUR million)



- We focused on improving profitability by streamlining the process and investing in acquiring recurring and profitable customers.

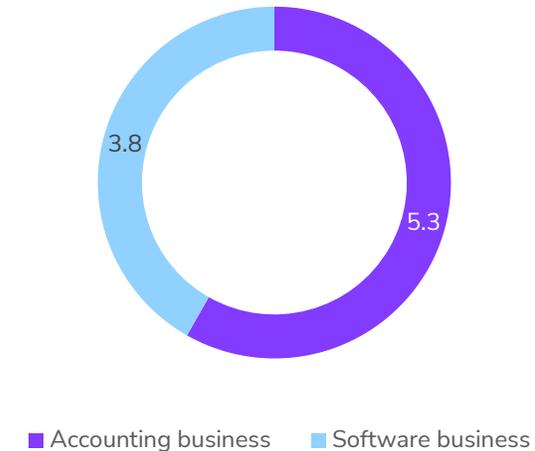
Business areas

Comparable net sales January-March 2025 (EUR million)



- The net sales of the Accounting business were approximately EUR 28.8 million.
- The net sales of the Software business were approximately EUR 5.4 million. The higher net sales for the first quarter were affected by a change in the net sales recognition principle for the Software business, which improved reported net sales by EUR 1.5 million (reported net sales of EUR 6.9 million).

Comparable EBITDA January-March 2025 (EUR million)



- The Accounting business' EBITDA margin was EUR 5.3 million, or 18.5%.
- The recurring Software business' profitability, measured by EBITDA and adjusted for the recognition principle, was EUR 3.8 million, or 70.3%.

Outlook and guidance

Outlook and guidance for 2025

Guidance unchanged (published 13 December 2024)

- Net sales around EUR 130-140 million
- EBITDA around EUR 36-42 million

Background for the guidance

Talenom expects demand in the accounting services market to remain stable in all of the company's operating countries in 2025. Market conditions affecting the company are estimated to remain unchanged in Finland and Sweden in the first half of 2025 and to pick up during the second half of the year.

In addition to organic growth, the guidance includes an estimate of possible acquisitions to be completed during 2025. In addition, consolidation in the industry is expected to continue, driven by, for instance, the digital revolution and tightening legislation in electronic financial management. Expansion into new market areas has enabled long-term growth for the company. Acquisitions are focused on strategically significant targets. Talenom expects profitability to improve driven by uniform processes and automation.



Strategy progress

Target state

Growth.

We want to focus on our core competencies and promote scalable growth.



A man with a beard and glasses, wearing large blue headphones, is focused on his work in a workshop. He is wearing a blue denim shirt and is positioned in front of a piece of machinery. The background shows wooden shelves and various tools, creating a professional and industrial atmosphere.

Key market trends accelerating growth

01.

Legislation and market trends are driving digitalization (PSD2, e-invoicing, e-receipts, EU Green Transition).

02.

Customer behavior is changing towards digital platforms.

03.

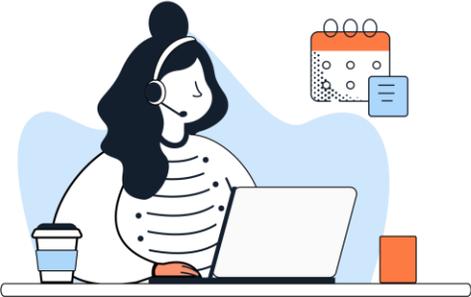
Digitalization is happening now – particularly in Spain and Italy: choices between platforms are being made and the barrier to switch is proven to be high.

Updated strategy is focused on the core expertise



"We help entrepreneurs succeed"

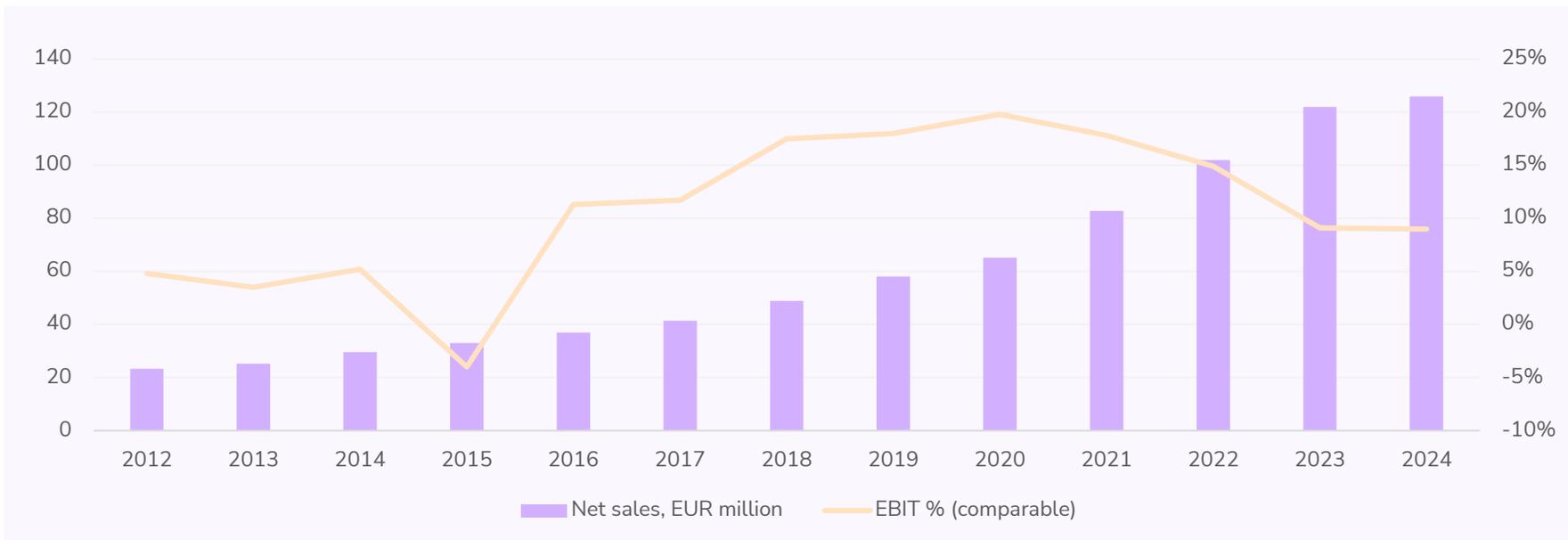
Care



Our values

-  Courage
-  Will
-  Care

Proven strategy and strong historical track record – high investment phase is over



- Capabilities for profitable growth created in Sweden
- Well-positioned in Spain to benefit from the e-invoicing reform
- Focusing on core business
- Software business becomes a second pillar alongside the service business

Strategic priorities for 2025

01.

Improving profitability in Sweden.

Systematic implementation of the software, processes and the ONE Talenom operating model.

02.

Leveraging the entry into force of the Spanish e-invoicing directive.

The mandatory introduction of e-invoicing forces companies to receive and send e-invoices. Customers must acquire software for this purpose, which creates a rare demand spike for software and accounting services.

03.

Building sales channels and developing SaaS capabilities in the software business.

Strategy progress Q1/2025

01.

Improving profitability in Sweden.

02.

Capitalizing on the entry into force of the Spanish e-invoicing directive

03.

Building sales channels and developing SaaS capabilities in the Software business.

- We systematically implemented ONE Talenom operating methods and processes, as well as our proprietary software.
- We invested in turning net sales onto a growth track. We saw the trend turning for the better in new sales and customer churn.

Strategy progress Q1/2025

01.

Improving profitability in Sweden.

02.

Capitalizing on the entry into force of the Spanish e-invoicing directive

03.

Building sales channels and developing SaaS capabilities in the Software business.

- The transition to e-invoicing driven by legislation is the most significant trend driving future customer demand.
- We have built these software capabilities to respond to market change.
- We also continued to roll out our proprietary software to our customers to facilitate their business and prepare them for the e-invoicing transition.

Strategy progress Q1/2025

01.

Improving profitability in Sweden.

02.

Capitalizing on the entry into force of the Spanish e-invoicing directive

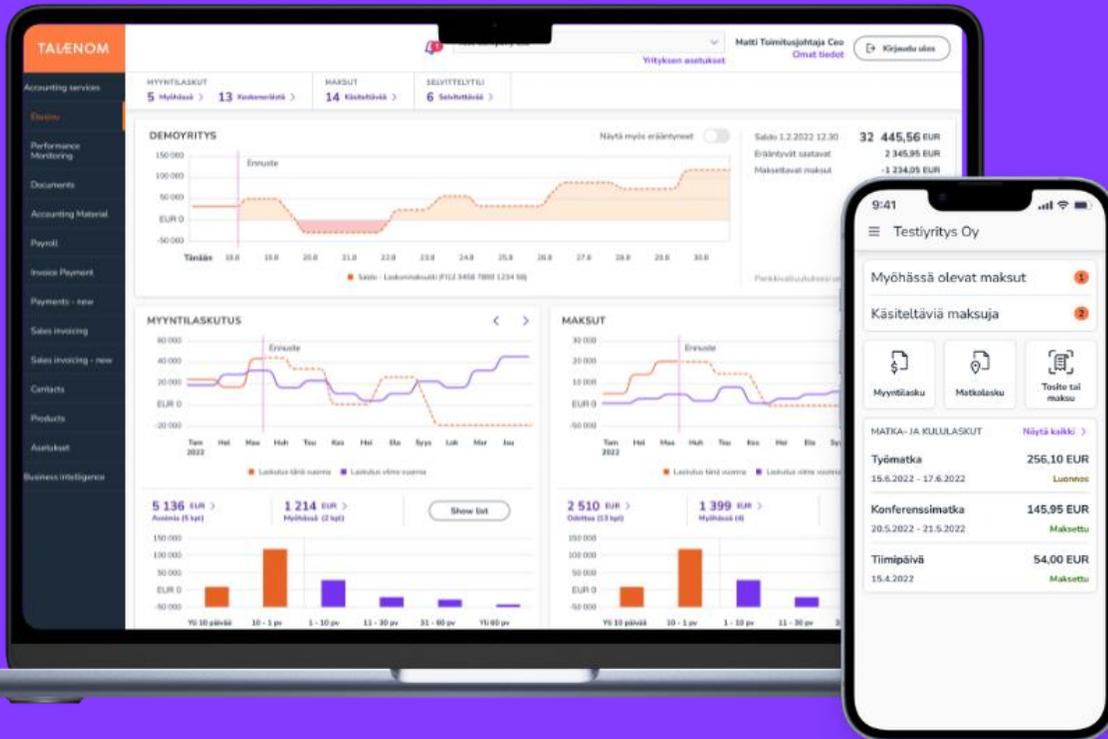
03.

Building sales channels and developing SaaS capabilities in the Software business.

Talenom software business

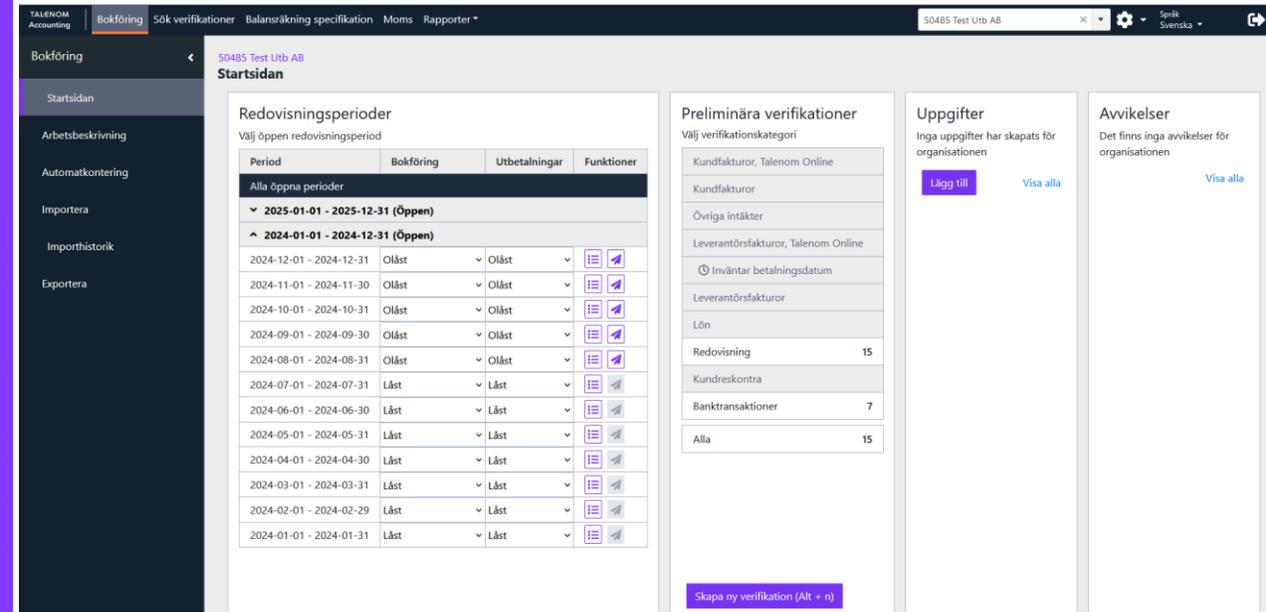
Talenom Online ja App

In our opinion, the easiest to use software on the market for SMEs



Talenom Accounting

In our opinion, most efficient software on the market for accounting professionals



Talenom software business in figures

SME clients
+12,000

ARR (net sales FIN)
+20 MEUR

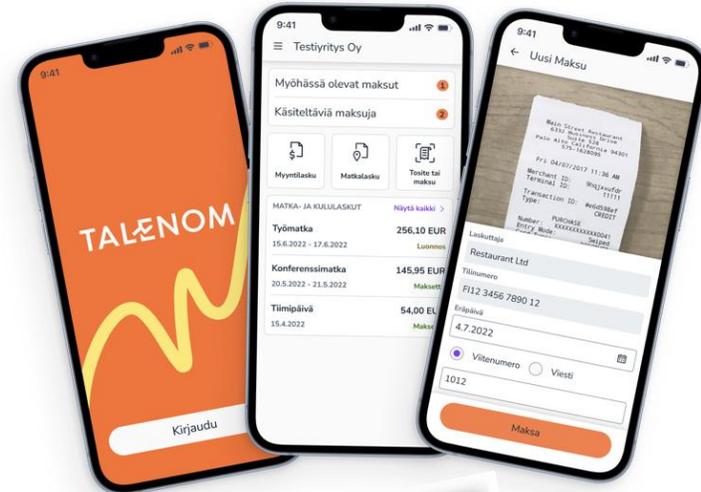
Software end-users
+60,000

Transactions annually
+9.5 million

In four countries
140 FTE

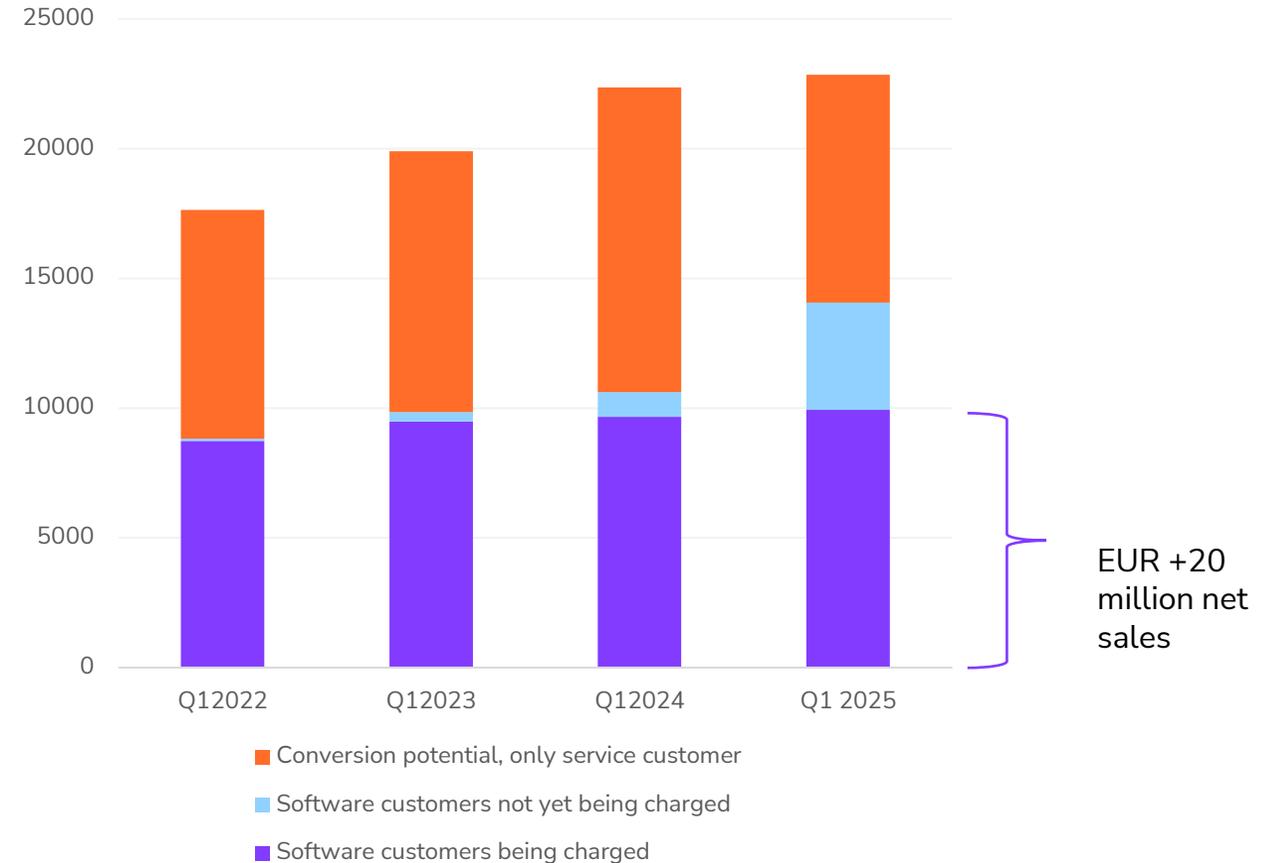
Logins per month
+200,000

Partnef offices in Finland already
+40 (approx. 4,500 accounting firms in Finland)

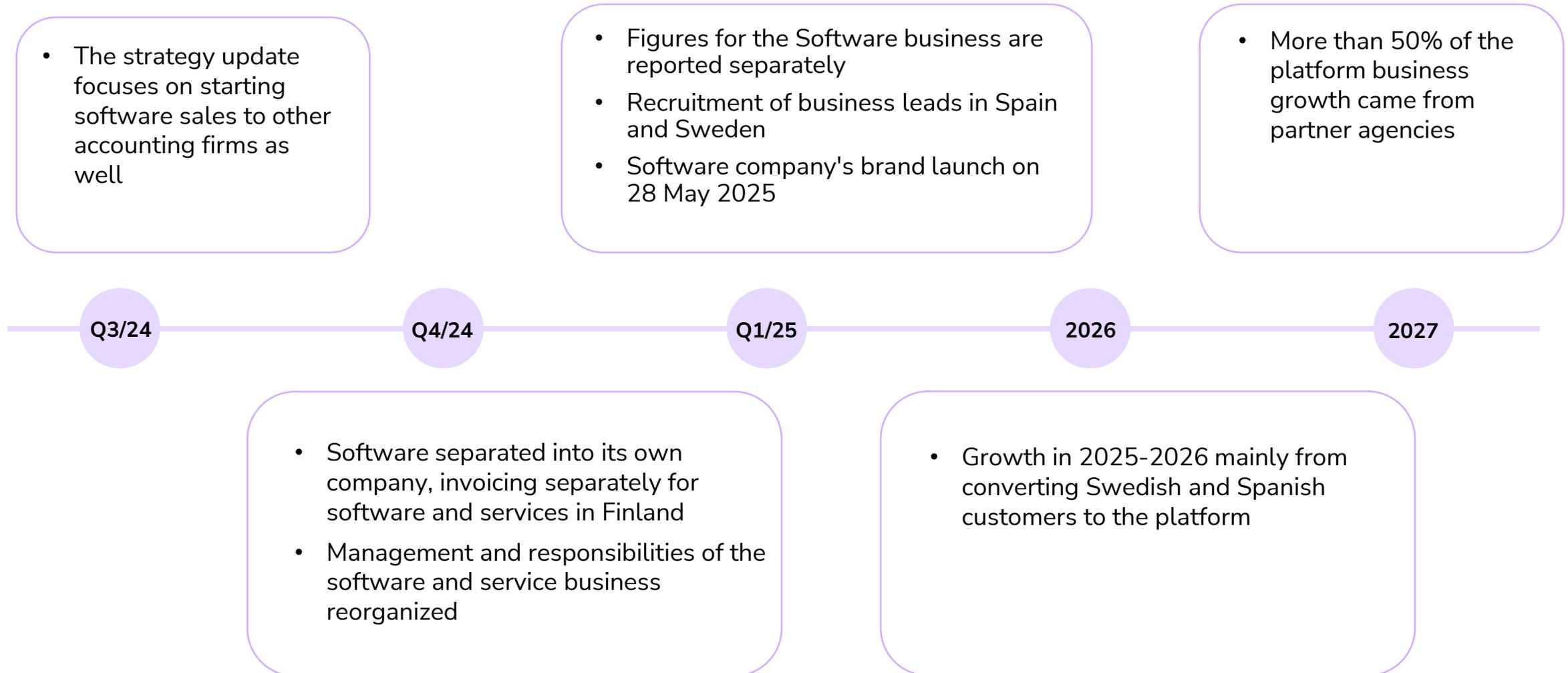


Development of the number of customers

- In Finland, software charges and service charges are separated and generate separated revenue from Q1 2025.
- In Sweden and Spain, software fees are not charged separately. Software fees will be separated later.
- We estimate the average revenue per customer to land about half or less the price compared to the Finnish price level.



Roadmap for launching Software business distribution



TALENOM

Thank you

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