TALENOM

Annual Review 2023

Content

Talenom in brief

The digital transformation of financial management and automation of accounting services are changing the accustomed operating models of the accounting industry. Talenom is a fast and steadily growing pioneer in the industry, combining the development of its own software and accounting services in a unique way. Our business idea is to make daily life easier for entrepreneurs.

In addition to comprehensive accounting services, we support our customers' business with a wide range of expert services, as well as financing, account and payment traffic services. Our vision is to provide superior accounting, account and payment traffic services for SMEs.

Talenom has a strong position in Finland's fragmented accounting services market, as well as being active in the Swedish, Spanish and Italian markets. Talenom was established in 1972, and the share is quoted on the Main Market of Nasdaq Helsinki.

The economies of scale that come through technological development are becoming increasingly important and drive the consolidation process in the industry. Our aim is to further increase our market share in our core market in Finland and to exploit the growth potential of internationalisation in Sweden and elsewhere in Europe.

Net sales 2023

121.7

million EUR
growth 19.2%

Net sales growth (CAGR) 2005-2023

16.7%

Employees

1,560

at year-end 2023

EBITDA 2023

31.9

million EUR
26.2% of net sales

Comparable EBIT 2023

11.1

million EUR
9.1% of net sales

Dividend proposal

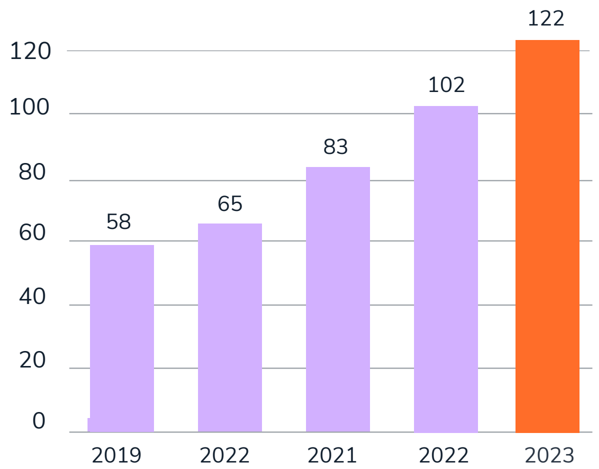
0.19

EUR/share

Talenom in figures

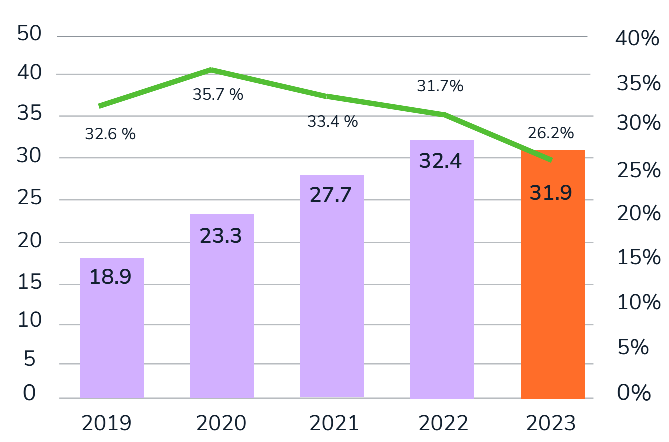
Net sales development

EUR million



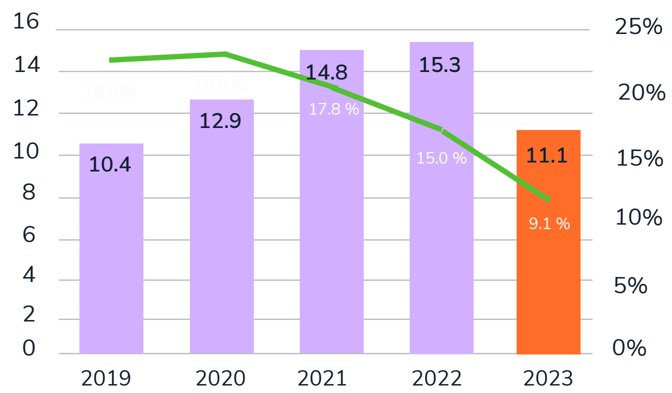
EBITDA development

EUR million

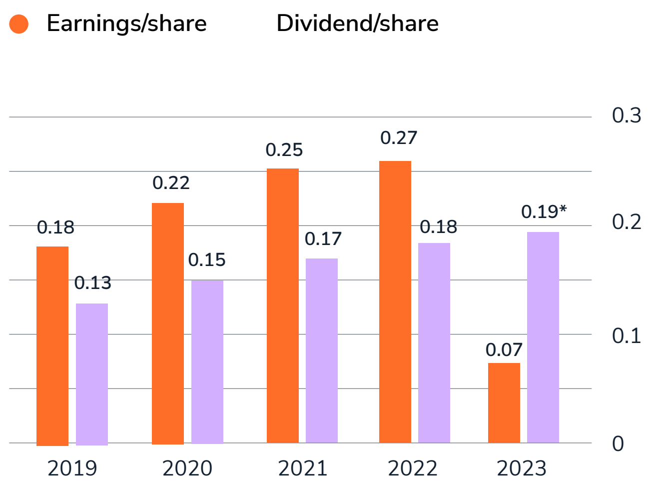


Comparable EBIT

EUR million

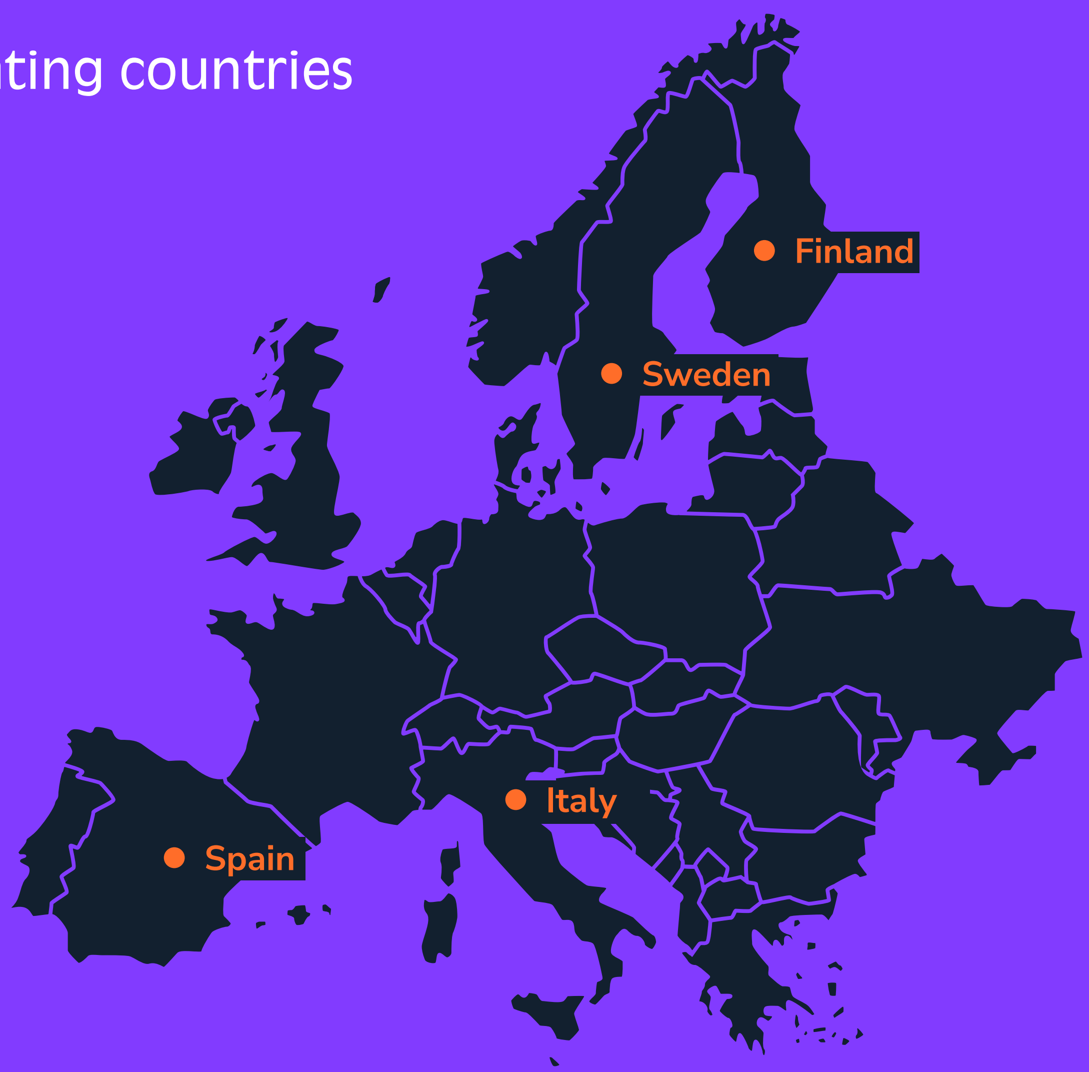


Dividend



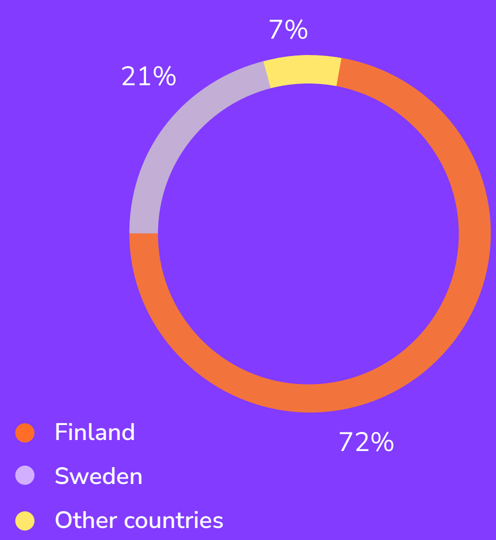
*Board's proposal

Operating countries



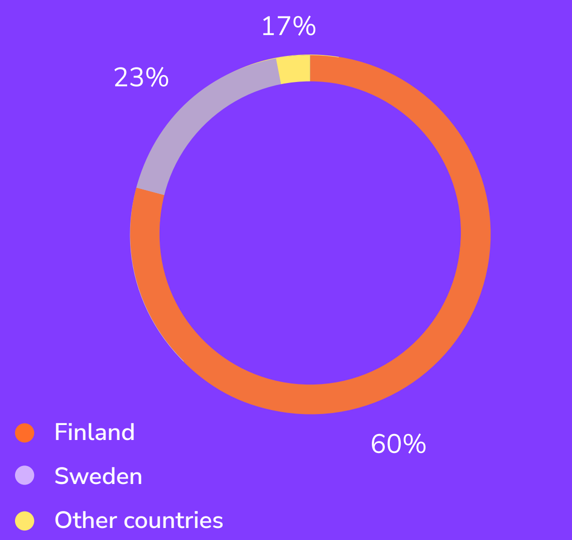
Net sales by country

Market areas



Personnel distribution

Market areas



CEO's review

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.

Otto-Pekka Huhtala,
CEO

Strategy

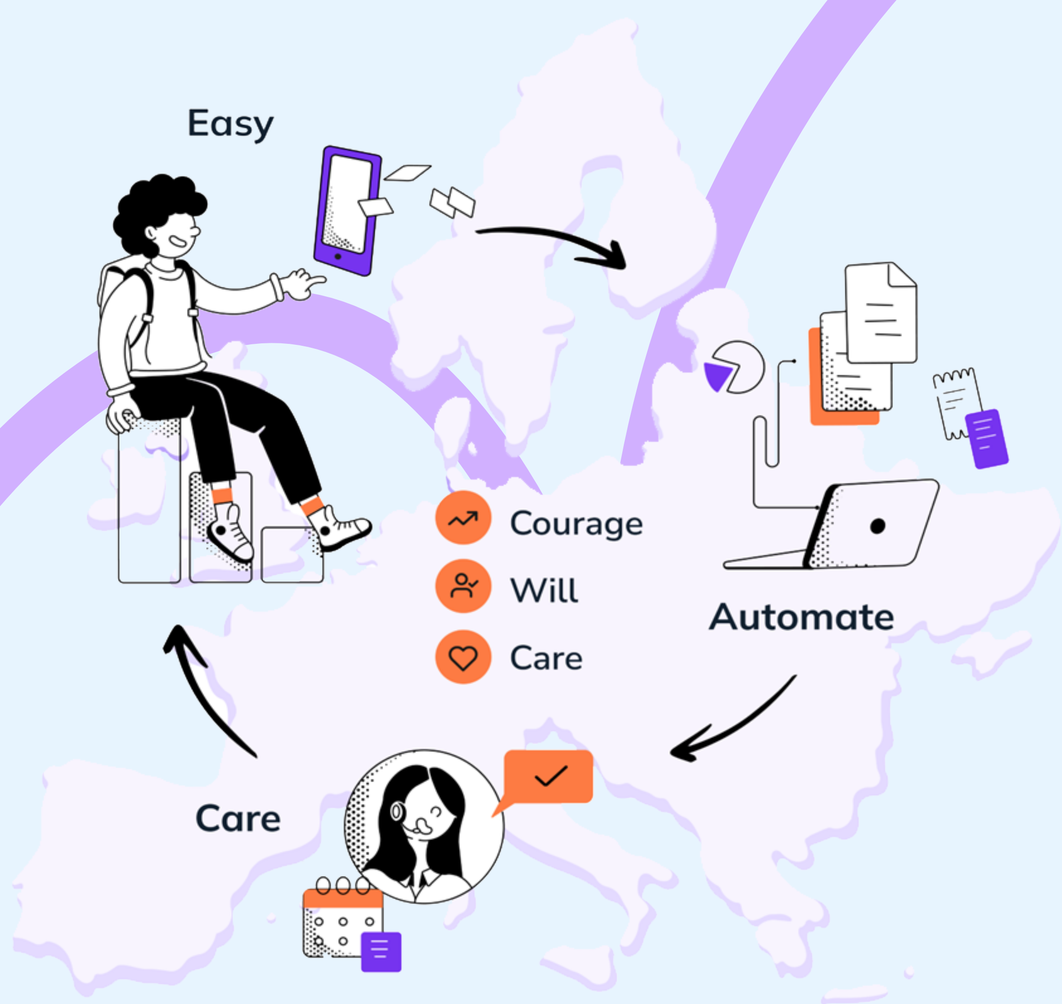
Our vision is to provide superior accounting, account and payment traffic services for SMEs. With the growth strategy, our target market expanded to both medium-sized SMEs and small customers in the SME sector. Our strategic goal is to export our expertise to new markets in Europe and growing through acquisitions.

Automation

For years, we have focused on improving process efficiency. Progress has been made, especially, in simplifying the accounting process, where we have successfully eliminated intermediate stages. In recent years, the focus has been on automation development. Our goal is to raise the automation rate in accounting and payroll to 100%.

Customer experience

We want to stand out as an active player that is on the side of the entrepreneur, that helps its customers not only with accounting services, but also with value-added financial, taxation and administration services. The way to achieve the goal of superior customer experience is, e.g., by investing heavily in developing our expertise and continuous training of our personnel.



New markets

Over the last few years, we have taken decisive steps toward internationalisation. Our aim is to continue growth and expansion in Sweden and Spain, and we are exploring the Italian market. In addition, the other European countries offer opportunities to expand our business into new markets. There are several very interesting countries in Europe, with a huge number of SMEs, traditional financial processes, and fragmented accounting services markets. We are striving for international growth both organically and through acquisitions over the next few years.

In the short term, acquisitions depress relative profitability, but the profitability of the acquisition target will rise to the level of our core business in an estimated three years after the new systems have been implemented.

Corporate Governance Statement 2023

1. INTRODUCTION

Talenom Plc complies in full with the Finnish Corporate Governance Code 2020 issued by the Securities Market Association.

The Corporate Governance Code is available on the site of the Securities Market Association at www.cgfinland.fi.

In addition to the Corporate Governance Code, Talenom Plc complies in its decision-making and corporate governance with the Finnish Limited Liability Companies Act, securities market legislation, other legal provisions concerning listed companies, Talenom Plc's Articles of Association, and the rules and guidelines issued by Nasdaq Helsinki Ltd. This Corporate Governance Statement is also available on the company's website at investors.talenom.com/en/

2. CORPORATE GOVERNANCE

In accordance with the Limited Liability Companies Act and the Articles of Association, the highest responsibility for the governance and operations of Talenom is held by its governing bodies, which are the General Meeting of Shareholders, Board of Directors and CEO. The highest decision-making power is exercised by the shareholders at the General Meetings. The company is managed by the Board of Directors and the CEO. The Executive Board assists the CEO in the management of operations.

GENERAL MEETING

The highest decision-making power at Talenom is exercised by the company's shareholders at the General Meeting where they may exercise their right to speak, ask questions and vote. The decision on convening a General Meeting is made by the Board of Directors.

The Annual General Meeting is held each year on a date set by the Board of Directors within six months of the end of the financial period. Shareholders are entitled to present matters for consideration at the Annual General Meeting and the company follows the procedure recommended in the Corporate Governance Code.

In accordance with the Articles of Association, the Annual General Meeting resolves on adopting the financial statements, the use of the profit shown in the adopted balance sheet, releasing the members of the Board of Directors and CEO from liability, the number of members of the Board, and the remuneration of the members of the Board and the auditors. The Annual General Meeting also elects the members of the Board of Directors and auditors and handles any other matters included in the notice of meeting.

The notice of meeting is published on the company's website no earlier than two months and no later than 21 days before the meeting, however, always at least nine days before the record date of the meeting as specified in the Limited Liability Companies Act. The meeting documents will be available on the company's website at www.investors.talenom.com/en/ for at least five years.

In accordance with the Corporate Governance Code, the Chairman of the Board, the members of the Board and the CEO shall attend the general meetings and virtual general meetings virtually. In addition, the auditor shall attend the Annual General Meeting and the virtual Annual General Meeting virtually. At general meetings where new Board members are elected, the candidates must be present, and virtually present in virtual general meetings.

2023 ANNUAL GENERAL MEETING

In 2023, the Annual General Meeting was held on 15 March 2023. The meeting was held as a teleconference in accordance with Chapter 5, Section 16(3) of the Limited Liability Companies Act. The meeting could also be attended by means of advance voting.

No extraordinary general meetings were held in 2023.

BOARD OF DIRECTORS

According to Talenom's Articles of Association, the Board of Directors may consist of four to eight ordinary members. The General Meeting decides on the members and their number. The Board of Directors elects a chairman amongst its members for a year at a time. The company familiarises new Board members with the operations of the company.

Talenom's Board of Directors is responsible for the company's governance and proper organisation of operations. The Board of Directors has general competence to decide on all matters that are not reserved for the General Meeting of Shareholders or the CEO by law or the Articles of Association. The Board of Directors convenes as often as necessary to fulfil its obligations. The Board of Directors constitutes a quorum when more than half of its members are present.

COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS

The main duties and operating principles of the Board of Directors are defined in a written charter. According to the charter, the Board of Directors decides on the company's strategic policies, confirms the company's operating plan and budget, and supervises the execution of these areas. In addition, the Board of Directors directs and supervises the company management, appoints the CEO, decides on the remuneration to be paid to the CEO and other terms and conditions of the CEO contract. The Board of Directors also ensures that the company has set internal control, as well as a risk management and disclosure policy, and that the company operates as it has specified. In addition, the Board of Directors decides on strategically or financially significant investments, acquisitions and contingent liabilities, approves the company's financial policy and decides on the remuneration and incentive scheme of the company.

As set out in the Corporate Governance Code, the Board of Directors is responsible for assessing the independence of its members. A majority of Board members must be independent of the company. In addition, at least two of the independent members must also be independent of significant shareholders of the company.

The Board of Directors annually performs an internal self-assessment of its activities and working methods. Members of the Board of Directors must have sufficient competence and knowledge of the sector, as well as enough time for Board work. The composition of the Board must be sufficiently diverse. Members must have experience and expertise that complement each other. To ensure diverse composition of the Board of Directors, the company seeks to take the age and gender breakdown and the educational background of Board members into consideration in addition to their experience, expertise and knowledge of the sector when preparing the composition of the Board. The aim has been representation of both genders on the Board, and the Board considers that this target has been met. The Board will continue to evaluate diversity principles and targets.

BOARD OF DIRECTORS IN 2023

At the 2023 Annual General Meeting, Harri Tahkola (Chairman), Olli Hyyppä, Mikko Siuruainen, Sampsa Laine, Johannes Karjula and Elina Tourunen were re-elected to the Board of Directors. Erik Tahkola was elected as a new member. The AGM decided that the number of Board members is seven. The term of office of Board members ends at the conclusion of the next Annual General Meeting following their election. The Board of Directors convened 24 times in 2023.

INFORMATION ON THE BOARD MEMBERS

Name	Education and year of birth	Main occupation	Independent of the company	Independent of significant shareholders	Attendance at Board meetings in 2023
Harri Tahkola (Chairman of the Board)	M.Sc. (Econ.), b. 1972	entrepreneur, investor, Board professional	No	No	24/24
Olli Hyyppä (Board member)	M.Sc. (Tech.), b. 1969	Senior Vice President & Chief Information Officer, NXP Semiconductors	Yes	Yes	24/24
Mikko Siuruainen (Board member)	B.B.A., M.B.A., b. 1975	entrepreneur, investor, Board professional	Yes	Yes	24/24
Elina Tourunen (Board member)	M.Sc. (Tech.), b. 1969	CIO, eQ Asset Management Ltd	Yes	Yes	24/24
Johannes Karjula (Board member)	M.Sc. (Econ.), b. 1988	CEO and founder, Trustmary Group Oy	Yes	Yes	24/24
Sampsa Laine (Board member)	M.Sc. (Econ.), b. 1969	entrepreneur, investor and Board professional	Yes	Yes	24/24
Erik Tahkola (Board member)	Graduate in Business Studies, b. 1995	CEO, Omago Oy	No	Yes	19/24

Talenom Plc's Board of Directors, 31 Dec. 2023

HARRI TAHKOLA, M.SC. (ECON.), B. 1972
Finnish citizen
Chairman of the Board since 2017 and Board member since 1998.

Key work experience
Harri Tahkola worked at Talenom in many different positions in 1994-2016, most recently as Talenom's CEO in 2003-2016.

Key positions of trust
Harri Tahkola has served as the Chairman of the Board of Directors of Hacap Oy since 2016, Ducap Oy since 2011, Omago Oy since 2017, Pitomaalaus Oy since 2020, Matkaparkki.com Oy since 2020, Tukkunet Oy since 2010, as well as Padel Ylivieska Oy, Padel Nivala Oy, Padel Kemi Oy, Padel Ii Oy, and Padel Haapajärvi Oy since 2022. In addition, he has been a Board member of Alfa Finance Oy since 2014, Toivo Group Oyj since 2021, A-Perustus Oy since 2022, Virta Kasvusijoitus Oy since 2021, Clara Nordic Oy since 2021, and Citinvest Oy since 2010.

Independence
Harri Tahkola is not independent of the company based on an overall assessment (more than 10 years on the Board of Directors). In addition, he is not considered independent of significant shareholders, as he owns more than 10% of the shares in the company.

OLLI HYYPPÄ, M.SC. (TECH.), B. 1969
Finnish citizen
Board member since 2015.

Key work experience
Olli Hyyppä has served as Senior Vice President & Chief Information Officer at NXP Semiconductors since 2013 with responsibility for global information management. In addition, he worked as Vice President & Chief Information Officer at ST Ericsson in 2009-2013, in various IT expert and management roles at Elektrobit Corporation in 1996-2009 and as a designer at Rautaruukki Corporation in 1992-1996.

Key positions of trust
Olli Hyyppä has served as Chairman of the Board of Directors of Hyyppä Consulting Oy since 2018.

Independence
Olli Hyyppä is independent of the company and its significant shareholders.

MIKKO SIURUAINEN, B.B.A., M.B.A., B. 1975
Finnish citizen
Board member since 2016, and in 2004-2015.

Key work experience
Mikko Siuruainen has served an entrepreneurial partner and Chairman of the Board of Directors of Virta Growth Partners Oy since 2019 and as a partner and the Chairman of the Board of Directors at, e.g., Virta Kasvusijoitus Oy and Virta Kasvusijoitus II Oy. He has also worked as the CEO of Alfa Finance Oy since 2014 and the CEO of Citinvest Oy since 2010. Siuruainen worked for Talenom Plc in 2000-2016 in many roles, including Corporate Advisor, Consulting Manager, Unit Director, Head of the company's Oulu office and Vice President in 2006-2016. He also worked at Fortum Plc as a Financial Planner in 1999-2000.

Key positions of trust
Mikko Siuruainen has been a Board member at Suuntakivi Oy since 2016, Virta Growth Partners Oy since 2019, as well as Chairman of the Board of Clara Nordic Oy since 2021, Virta Kasvusijoitus Oy since 2021 and Virta Kasvusijoitus II Oy since 2023.

Independence
Mikko Siuruainen is independent of the company and its significant shareholders.

ELINA TOURUNEN, M.SC. (ECON.), CFA., B. 1980
Finnish citizen
Board member since 2021.

Key work experience
Elina Tourunen has been CIO of eQ Asset Management Ltd's Private Equity team since 2020. In 2015-2020, she worked for the European Investment Fund (EIF) in Luxembourg as a Senior Portfolio Manager in the Private Equity team. She has previously been Head of Private Equity and Debt at Etera Mutual Pension Insurance Company, before which she worked as a manager in Ernst & Young's Transaction team.

Key positions of trust
Elina Tourunen has been a Board member at Tornator Oyj in 2012-2015 and Futurice Oy in 2012-2014. She has also served on several Boards as a silent observer, incl. Hydroline Oy and Staffpoint Oy.

Independence
Elina Tourunen is independent of the company and its significant shareholders.

SAMPSA LAINE, M.SC. (ECON.), B. 1969
Finnish citizen
Board member since 2020

Key work experience
Sampsa Laine has been CEO of the Manna&Co Group from April 2022 to September 2023. Laine was responsible for the development of digital services for Nordea's corporate customers from summer 2017 to January 2020 and served as the Executive Vice President, Deputy Head of Banking Finland and Head of Business Banking (SMEs) at Nordea Finland in 2014–2017. At Danske Bank, Laine served as the Global Head of Financial & Institutional Clients in 2012–2013 and the Country Head of Danske Markets Finland in 2007–2011. He has been a part-time entrepreneur since 2003.

Key positions of trust
Sampsa Laine has served as the Chairman of the Board of Directors of Fundu Platform Oy since 2020 and as a Board member of Privanet Group Oyj from June 2020 to July 2021. Sampsa Laine has been the founder and Chairman of the Board of Growroad Oy since 2013.

Independence
Sampsa Laine is independent of the company and its significant shareholders.

JOHANNES KARJULA, M.SC. (ECON.), B. 1988
Finnish citizen
Board member since 2017

Key work experience
Johannes Karjula has been an entrepreneur since 2010 and since 2016 he has been the CEO of Turstmary Group Oy, which he founded in 2016.

Key positions of trust
Johannes Karjula has served as the Chairman of the Board of Directors of Eeroplan Oy since 2016 and Chairman of the Board of Satokausi Media Oy in 2018-2022 and a Board member since 2023. He also serves as a Board member at the following companies: Trustmary Group Oy in 2016-2020, Sesonkia Oy since 2015, Molarum Salaojat Oy since 2015, and Trustmary Finland Oy since 2017, a Board member of Markkinointitoimisto WDS Oy since 2017 and Chairman of the Board since 2022, as well as a Board member of Trustmary Finland Oy since 2017. He previously served as a Board member of LeadFlow Oy in 2014-2016.

Independence
Johannes Karjula is independent of the company and its significant shareholders.

ERIK TAHKOLA, GRADUATE IN BUSINESS STUDIES, B. 1995
Finnish citizen
Board member since 2023.

Key work experience
Erik Tahkola has worked as the CEO of Ducap Oy since 2019 and as the CEO of Omago Oy since spring 2022. Erik Tahkola has also worked at Talenom in many different tasks in 2011-2020, for example, in sales invoicing and payroll.

Key positions of trust
Erik Tahkola has worked as a member of the Board at Suomen Padelkeskus Oy since 2020 and at Ducap Oy since 2019. He has also been a member of the Board at six different companies involved in various sports businesses.

Independence
Erik Tahkola is not considered to be independent of the company because he has been employed by the company during the past three years. Erik Tahkola is considered independent of significant shareholders.

CEO
The CEO manages Talenom's daily operations in accordance with the Limited Liability Companies Act and the instructions, rules and authorisations issued by the Board of Directors and ensures that the company's accounts comply with legislation and that its financial management is organised in a reliable manner. The CEO reports to the Board of Directors. The CEO also directs and supervises the operations of Talenom and its business functions, is responsible for day-to-day operational management and implementation of strategy, as well as prepares matters to be handled by the Board of Directors and is responsible for their implementation.

CEO 2023
The company's CEO is Otto-Pekka Huhtala, M.Sc. (Econ), b. 1980. Huhtala has served as CEO since 2019. Huhtala has worked in various positions at Talenom since 2002. Prior to his appointment as CEO, he served the company for a long time as a member of the Executive Board and head of accounting services, with responsibility for accounting service production and development of the bookkeeping production line. He graduated from the University of Vaasa with a Master's degree in economics, majoring in industrial engineering.

EXECUTIVE BOARD 2023
The Executive Board assists the CEO in preparing, among other things, the strategy, operating principles and company-wide issues. The Executive Board is chaired by Talenom's CEO.

In 2023, the members of the Executive Board were:

- Otto-Pekka Huhtala, CEO, (M.Sc. (Econ.), b. 1980), employed by the company since 2002 and on the Executive Board since 2003, CEO since 2019
- Antti Aho, Executive Vice President, (M.Sc. (Econ.), accounting degree, b. 1979), employed by the company since 2003 and on the Executive Board since 2017
- Tuomas Iivanainen, CMO, (M.Sc. (Tech.), b. 1970), employed by the company since 2016 and on the Executive Board in 2019-2023
- Juho Ahosola, CHRO (BBA, M.SC.A. (financial law), b. 1988), employed by the company since 2013 and on the Executive Board since 2019
- Matti Eilonen, CFO (Bachelor's Degree in Accounting and Finance, b. 1976), employed by the company since 2002 and on the Executive Board since 2022
- Olli Lätti, Commercial Director, (M.Sc. (Tech.), b. 1979), employed by the company since 2020 and on the Executive Board since 2022
- Marika Aho, Director in charge of the service business (Graduate in Economics and Management, b. 1976), employed by the company in 2004-2015 and again since 2019 and on the Executive Board since 2023

All members of the Executive Board are Finnish citizens.

DIRECT AND INDIRECT SHAREHOLDINGS OF BOARD MEMBERS, 31 DEC. 2023

Name	Number of shares held, 31 Dec. 2023	Proportion of total share capital, 31 Dec. 2023
Harri Tahkola (Chairman of the Board)	7,905,863	17.34 %
Olli Hyyppä (Board member)	60,000	0.13 %
Mikko Siuruainen (Board member)	604,716	1.33 %
Elina Tourunen (Board member)	125	0.00 %
Johannes Karjula (Board member)	2,812	0.01 %
Sampsa Laine (Board member)	12,000	0.03 %
Erik Tahkola (Board member)	51,000	0.11 %

The Board of Directors can establish committees if the scope of Talenom's business or efficient handling of the Board of Directors' tasks so requires. The Board of Directors did not establish any committees in 2023.

DIRECT AND INDIRECT SHAREHOLDINGS OF THE CEO AND EXECUTIVE BOARD, 31 DEC. 2023

Name	Number of shares held, 31 Dec. 2023	Number of shares earnable under the option and share-based incentive scheme (maximum)	Proportion of total share capital, 31 Dec. 2023	Shares earnable under the option and share-based incentive scheme as a proportion of the total share capital
Otto-Pekka Huhtala	387,160	180,000	0.85 %	0.39 %
Antti Aho	139,107	132,000	0.31 %	0.29 %
Juho Ahosola	20,614	116,000	0.05 %	0.25 %
Matti Eilonen	98,882	66,000	0.22 %	0.14 %
Olli Lätti	0	58,000	0.00 %	0.13 %
Marika Aho	3,600	55,000	0.01 %	0.12 %

3. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

RISK MANAGEMENT

Risk management is part of Talenom's internal control and auditing process. 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 Compliance Officer who reports to the Group's 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. The company presents the key risks identified in the context of the financial statements.

INTERNAL CONTROL AND AUDIT

Together with risk management, internal control ensures that the company operates efficiently, publishes up-to-date and reliable information and complies with the regulations in force. The objective of internal control is to ensure the efficiency and profitability of Talenom's operations, the reliability of information and conformity with applicable legal and operating principles. Internal control aims to improve the realisation of the steering task of the Board of Directors. The Board of Directors and CEO are responsible for organising control.

The Board has primary responsibility for controlling the company's financial position and financial management. The Executive Board and Board of Directors monitor Talenom's financial position monthly and the information is disclosed in accordance with Talenom's disclosure policy. Monthly reports to the Board of Directors comprise a key element of the company's financial control. The monthly report is relatively extensive, ensuring that the Board is continuously informed about the company's performance in terms of operations, financial position and strategic objectives. Reporting supports the development of operational controls and monitors the adequacy and effectiveness of controls.

The basis for financial control is that any deviations are detected in time. In addition, internal control of financial reporting aims to ensure that Talenom's operations are effective and decision-making is based on correct and reliable information, and adequate identification of business risks. Internal control also ensures that financial reporting complies with generally accepted accounting principles and existing legislation and regulations. The Board of Directors is responsible for ensuring that the internal control of accounting and financial management is properly organised. The Board is also responsible for supervising the financial reporting process.

The company applies accounting standards by employing consistent recognition principles and reporting standards through the Group's Financial Management unit. The CFO is responsible for the Financial Management Unit together with the Group Financial Controller and Accounting Manager. Therefore, the CFO, Group Financial Controller and Accounting Manager are also responsible for supervising compliance with legislation and the Group's guidelines. The CFO reports any findings to the CEO and the Board of Directors.

The company has not considered it necessary to establish an audit committee. Furthermore, in view of the scope of operations, the company has not deemed it necessary to establish a separate internal audit organisation. Responsibility for the tasks of the audit committee and internal audit organisation lies with the Board of Directors that also assesses the need for them annually. In connection with annual audit planning, the Board of Directors defines the appropriate key areas for the audit to focus on.

4. OTHER INFORMATION

INSIDERS

In insider matters, Talenom complies with applicable legislation, the Guidelines for Insiders issued by Nasdaq Helsinki Ltd, as well as its own Guidelines for Insiders confirmed by the Board of Directors. Talenom promptly discloses any inside information directly relating to Talenom in accordance with the company's disclosure policy. However, if the company decides to delay the disclosure of inside information, a project-specific insider register is established for the information in question. When postponing the disclosure of inside information, the company complies with the delayed disclosure procedure of the Market Abuse Regulation. Persons with access to inside information on Talenom are immediately entered in the Insider List.

Talenom's managers with a duty of disclosure include the members of the Executive Board and Board of Directors. The persons with a duty of disclosure and their related parties as defined in the Market Abuse Regulation are obligated to report, both to the company and the Financial Supervisory Authority, any transactions they make on their own behalf with shares in the company, debt instruments or related derivatives, or other financial instruments without delay and in any case no later than three business days after the transaction.

In addition to financial instruments issued by the company, such as its shares, the duty of disclosure may concern, for instance, business transactions in an insurance wrapper or fund products when the financial instruments of the company account for more than 20% of the bundled product. In addition to acquisitions and disposals, the transactions to be disclosed may include, for example, pledges, donations or inheritances.

The obligation to disclose arises when the total amount of transactions reaches the EUR 5,000 threshold during a calendar year. Each individual is always responsible for complying with their obligation to disclose, even if they have assigned the management of the financial instruments to another person, such as a portfolio manager.

The company shall publish the transaction reports it has received in a stock exchange release without delay and no later than two working days after receiving the notification.

Talenom complies with the closed window principle prior to the publication of results. During the closed window, persons with managerial responsibilities at Talenom (members of the Board of Directors, the CEO or their deputies and members of the Executive Board) or persons participating in the preparation of financial reports, or persons under their control or supervision, or controlled organisations as defined in Chapter 2, Section 4 of the Securities Markets Act may not trade in the financial instruments issued by the company during a period of 30 days prior to the publication of the company's business reviews, interim reports or financial statement bulletins. The company also recommends that related parties of those subject to the closed window also comply with this trading restriction. In addition, the company recommends that its managers should make long-term investments in securities and other financial instruments issued by the company.

RELATED PARTIES

Talenom complies with the current regulations and the recommendations of the 2020 Corporate Governance Code for listed companies on the supervision and assessment of related-party activities.

Talenom's related-party guidelines are intended to ensure that related-party activities comply with market terms and are in the interests of the company's business in transactions involving related parties of the company. The company assesses and monitors that related-party transactions as a whole are in the interests of the company and that any conflicts of interest are considered appropriately in the company's decision-making. Disqualification regulations and the appropriate decision-making parties must be considered in preparatory work and decision-making concerning related parties, as well as the assessment and approval of individual related-party business transactions. Talenom's Board of Directors decides on significant related-party transactions, i.e., any agreements or other legal actions with related parties that are not part of the company's ordinary business or are not carried out under customary commercial terms. The principles of the related-party guidelines are applied throughout the Group and in decision-making concerning all Group companies. Talenom's related parties include its subsidiaries, key persons in company management, including the Board of Directors, the CEO and the Group's Executive Board, and their family members. Related parties also include companies in which the above persons have control, either on their own or with their related parties.

Talenom maintains an up-to-date related-party list of related-party transactions between the company and its related parties, including the parties involved and key terms and conditions. The information included in the list is collected annually from persons related to the company. The company reports related-party activities regularly in its annual financial statements. The company discloses information as required by law in the Board of Directors' report and notes to the financial statements. In addition, the company discloses related-party transactions as necessary pursuant to the Market Abuse Regulation, Securities Markets Act and the rules of the stock exchange.

COMMUNICATIONS AND INVESTOR RELATIONS

The aim of Talenom's communications is to ensure that all market participants have relevant and sufficient information at their disposal, simultaneously and without delay, to determine the price of Talenom's financial instruments, such as its share. The company's objective is to continuously produce consistent, reliable, sufficient, and up-to-date information to the market to ensure that the parties to the capital markets have the most transparent and clear view of the company that can be used to assess the company's financial situation and the prices of financial instruments. The information provided by the company is published to the capital markets and other key stakeholders simultaneously.

In its communications, Talenom applies the principle of equal access to information under the Securities Markets Act and the Limited Liability Companies Act, as well as the rules of the Nasdaq Helsinki Stock Exchange. Talenom's communication is based on facts: communication gives a truthful picture of the company's operations, operating environment, strategy, objectives, and financial performance. The general principles of communication are transparency, openness, honesty, impartiality, and being active. Talenom consistently communicates on both positive and negative issues simultaneously to all its stakeholders.

Talenom publishes its stock exchange releases through Nasdaq Helsinki to key media in Finnish and English, and if necessary, in other languages. All releases are also published simultaneously on the company's website. In addition to the releases, Talenom's investor site investors.talenom.com/en is the main communication channel for information on the company's operations and finances to communicate up-to-date information to all stakeholders.

AUDIT

According to the Articles of Association, the General Meeting elects one regular auditor, which must be an auditing firm approved by the Central Chamber of Commerce. The term of the auditor ends at the close of the next Annual General Meeting after the election.

The purpose of the audit is to verify that the financial statements provide a true and fair view of the company's performance and financial position in the financial period. The company's auditor provides the company's shareholders with the auditor's report in accordance with legislation in connection with the company's annual financial statements. A report on the audit of the financial period is submitted to the Board of Directors. The auditor and the Board meet at least once a year.

AUDITING IN 2023

The 2023 Annual General Meeting selected the auditing firm KPMG Ltd as the auditor, with Juho Rautio, Authorised Public Accountant, as the principal auditor. The Group paid the auditors a total of EUR 203,400 in audit fees, EUR 17,100 for certificates and statements and EUR 71,914 for other services in 2023.

Remuneration report 2023

1. INTRODUCTION

As of 1 January 2020, Talenom Plc complies in full with the 2020 Finnish Corporate Governance Code issued by the Securities Market Association. The Corporate Governance Code is available on the website of the Securities Market Association at www.cgfinland.fi. In addition to the Corporate Governance Code, Talenom Plc complies in its decision-making and corporate governance with the Finnish Limited Liability Companies Act, securities market legislation, and other legal provisions concerning listed companies, Talenom Plc's Articles of Association, and the rules and guidelines issued by Nasdaq Helsinki Ltd.

This remuneration report is also available on the company's website at investors.talenom.com/en. In accordance with the Limited Liability Companies Act and the Articles of Association, the highest responsibility for the governance and operations of Talenom is held by its governing bodies, which are the General Meeting of Shareholders, Board of Directors and CEO.

The principles and decision-making processes for the remuneration of the Board of Directors and CEO and for the key terms of the service contract are set forth in Talenom Plc's remuneration policy The company's remuneration policy applies to all employees of the company. The key principles of remuneration are its transparency and market orientation, as well as remuneration based on good performance. The company's remuneration policy applies to the company's Board of Directors and CEO. The objective of the company's remuneration policy is to encourage and reward management for work that is in line with its current strategy and for compliance with set rules, as well as motivate them to strive for the success of Talenom Group. Effective and competitive remuneration is an essential tool for hiring competent directors and executives at the company, which in turn contributes to the company's financial success and good governance. Remuneration supports achievement of the company's objectives, implementation of the strategy and long-term performance.

Remuneration in accordance with the remuneration policy consists of the following components:

- Basic salary and employee benefits where Talenom applies local market practices, legislation and regulations
- A short-term incentive scheme whose purpose is to guide the performance of an individual and the organisation and support fast implementation of strategic projects
- A long-term remuneration scheme designed to commit key personnel to the company. Long-term incentives aim to commit management to the company and harmonise their interests with those of shareholders.

Development of remuneration in relation to the financial development of the company

The following table and diagrams present the trend in the remuneration of the Board of Directors and CEO compared to the trend in the average remuneration of Group employees and the financial development of the Group during the past five financial periods. In accordance with Talenom's remuneration policy, part of the remuneration of the CEO consists of short-term and long-term incentives that are linked to the operating result. The CEO's remuneration for 2023 was increased by the first vesting period 2020-2023 of the performance share plan 2020-2024 coming to an end.

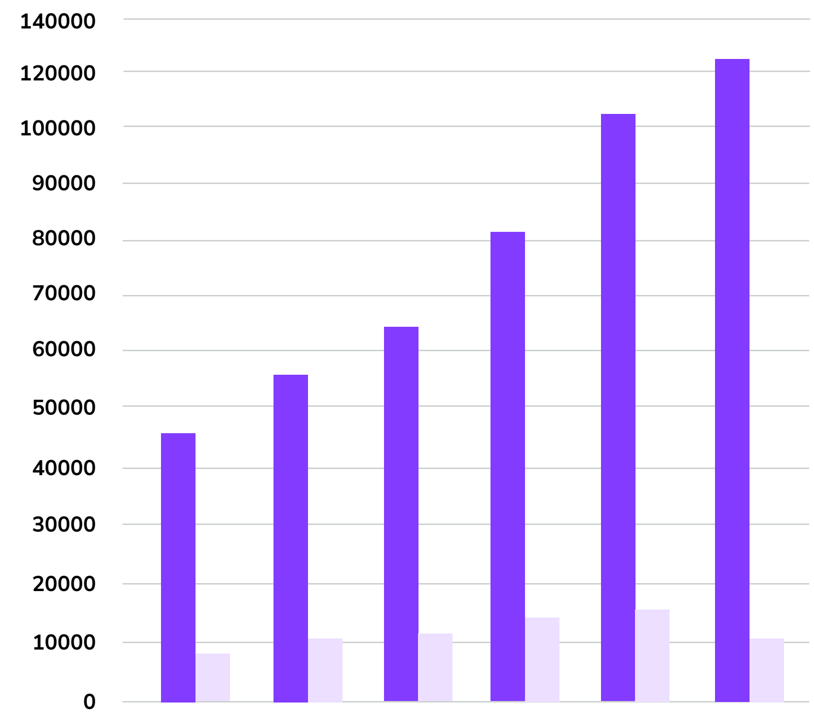
The options granted in 2016 and 2019 and the sharp increase in the company's share price had a positive effect on the value of long-term incentives in 2018-2020 (subscription to 2016A, 2016B and 2016C options) and in 2022 (subscription to 2019 options). The amount paid in remuneration to the Board of Directors rose in 2020 and 2023 as the number of Board members increased by one and remuneration increased.

REMUNERATION TREND

1,000 €	2018	2019	2020	2021	2022	2023
Annual remuneration of the Board of Directors	134	132	182	192	192	224
Annual remuneration of the CEO	212	409	712	231	1004	317
Average salary trend in the Group EUR 1,000 per person *)	37	38	38	39	40	42
Change	**1%**	**2%**	**0%**	**4%**	**2%**	**3%**
Average salary trend in Finland EUR 1,000 per person *)				39	40	44
Change					**2 %**	**9 %**
Average salary trend in Sweden EUR 1,000 per person *)				41	41	40
Change					**1 %**	**-3 %**
Average salary trend in Spain EUR 1,000 per person *)				37	39	35
Change					**6 %**	**-10 %**

* The average salary trend at Talenom is calculated by dividing salaries and benefits by the average number of employees during the financial period.

THE COMPANY'S FINANCIAL DEVELOPMENT



1,000 eur	2018	2019	2020	2021	2022	2023
Consolidated net sales	48,871	57,955	65,161	82,808	102,107	121,728
Consolidated comparable operating profit	8,545	10,409	12,881	14,763	15,266	11,107

2. REMUNERATION OF THE BOARD OF DIRECTORS

The general meeting decides on the remuneration of the Board of Directors for one term of office at a time based on a proposal by the Board of Directors. The decision on the remuneration of the Board of Directors shall be based on the valid remuneration policy presented to the general meeting.

On 15 March 2023, the Annual General Meeting of 2023 approved a monthly fee of EUR 6,000 for the Chairman of the Board of Directors and of EUR 2,200 for the members of the Board of Directors. In addition, it was decided that the members of the Board of Directors will be reimbursed for travel expenses according to the company's travel rules.

REMUNERATION PAID TO BOARD MEMBERS 1 JANUARY 2023 TO 31 DECEMBER 2023

	Annual fees	Other financial benefits	Total
Harri Tahkola (Chairman of the Board)	69,894		69,894
Olli Hyyppä (Board member)	26,000		26,000
Mikko Siuruainen (Board member)	26,000		26,000
Elina Tourunen (Board member)	26,000		26,000
Johannes Karjula (Board member)	26,000		26,000
Sampsa Laine (Board member)	26,000		26,000
Erik Tahkola (Board member)	24,000		24,000
Total	223,894		223,894

The Board members do not participate in the company's share-based incentive schemes, and Board fees are not paid as shares in the company

3. REMUNERATION OF THE CEO

The remuneration of the CEO and the terms of his or her service contract are decided by the Board of Directors within the limits of the valid remuneration policy presented to the general meeting.

The company's CEO is Otto-Pekka Huhtala. In line with the CEO contract, the CEO will work in the task until further notice and the period of notice applied to the contract is two months. A normal pension contribution in accordance with the pension legislation is paid on the CEO's salary. No supplementary pension contributions are paid to the CEO.

Fixed salary component

The fixed salary component of the CEO consists of a monthly salary and fringe benefits. In 2023, the annual salary including fringe benefits was EUR 214,433.62, of which fringe benefits accounted for EUR 240.00.

Short-term incentive scheme

The CEO, like the other members of the Executive Board, is entitled to a performance bonus when predetermined criteria are met.

The criteria consider the company's revenue, EBITDA, EBIT, customer retention, operational efficiency, personnel satisfaction, progress in product development and product group-specific growth. In addition, the Board of Directors separately assesses the performance of the CEO in his or her task and decides on a separate performance bonus to be paid to the CEO.

The Board of Directors set targets for the company's revenue and operating profit as the earning criteria for the CEO's short-term incentive in 2023. Minimum values had to be achieved in both. The weight for both were 50%. In 2023, short-term performance bonuses based on the 2022 result were paid in the amount of EUR 20,000.00.

Long-term incentive schemes

The purpose of the long-term performance bonus is to motivate the CEO to increase shareholder value over the long term and further commit the CEO to the company. CEO Otto-Pekka Huhtala is included in the 2020-2024 performance share plan and the 2021, 2022 and 2023 option schemes.

Performance Share Plan 2020-2024	PSP 2020-2022	PSP 2021-2023
Maximum number of shares allocated to the CEO	54,000	25,000
Earning criteria (weight)	Consolidated operating profit (3/6), Internationalization (1/6), Growth (1/6) and Share of value-added services in revenue (1/6)	The Group's revenue (50%), Operating profit (30%) and Implementation of strategic projects (20%)
Year of share transfer	2023	2024

Remuneration of the CEO during the financial period

	Fixed annual salary (including fringe benefits)	Variable short-term incentive bonus	Share-based or option-based bonus	Total remuneration
Remuneration paid (EUR 1,000)	214.4	20.0	82.5	316.9
Percentage of total remuneration	68%	6%	26%	

Statement of non-financial information

Talenom offers SMEs a wide range of accounting and software services, expert services and other services that support its customers' business. Talenom was founded in 1972, and at the end of 2023 it operated in 31 locations in Finland, 43 in Sweden, 16 in Spain, and 2 in Italy. At the end of 2023, Talenom employed 1,560 persons (1,204). There were 10 independent Franchising entrepreneurs.

Talenom continuously develops its customer systems and automated financial management processes with the help of its own software and extensively utilises robotic process automation in its solutions. At the core of the business is supporting the success of customers and making their daily life easier. The general digitalization trend of financial management combined with Talenom's own software development has enabled a highly efficient and automated accounting process in Finland. Similar development is now underway in our new markets in Sweden, Spain and Italy. Our previous experience in Finland gives us better capabilities than our competitors to develop unbeatable automated accounting services also in these new markets, where, like in Finland, we seek strong and profitable growth.

The automation of routine accounting tasks has freed up human resources to higher-skilled advisory services, which has improved Talenom's customer satisfaction and retention. Talenom believes it is well placed in the industry revolution, where the role of traditional accountants is changing, while consulting and value-added services are becoming more important.

Talenom has customers in four different countries. In addition to the geographical dispersion, customers are quite evenly distributed across industries. Therefore, the company is not dependent on the success of a single market, customer or a particular industry. An extensive, diverse, and loyal customer base provides business continuity and transparency, which is one of the company's strengths.

Accounting services are offered with continuing customer contracts. Customer relationships are long and the accumulation of invoicing is highly predictable. An estimated 90% of invoicing is recurring in nature. Services are sold as a monthly billed service entity, the pricing of which depends on the extent of the service package chosen by the customer.

ESSENTIAL ASPECTS OF RESPONSIBILITY AND KEY OPERATING PRINCIPLES WITH RESULTS, AS WELL AS METHODS TO ENSURE DUE DILIGENCE

a) Preparing for the new sustainability legislation
During 2023, Talenom prepared for the European Union's directive on corporate sustainability reporting entering into force. The ESG working group, led by Talenom's CFO, has drawn up and updated sustainability strategies that define the company's commitments to responsible business operations, and has created indicators with which the implementation of responsibility and the organization's impacts on the environment, social issues and governance can be assessed during 2024. The ESG working group monitors EFRAG's (European Financial Reporting Advisory Group) continuously updated guidelines and develops sustainability reporting following the directive and standards.

b) Competence
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.

Sustainbility 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 can 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.

c) Materiality assessment
Talenom's ESG working group examined the rationale of the materiality analysis and concluded that there have been no changes in legislation or Talenom's business model affecting materiality analysis during 2023. The materiality analysis examines various areas of responsibility, such as climate change, human rights, labour issues, as well as 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. The analysis utilised international studies on various aspects, such as the 6th IPCC assessment report on climate change and the World Economic Forum publications on gender development and global risks.

Employee issues are still the key sustainability area. Talenom' business concept consists of 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 ethical operating models and anti-corruption 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 the need of stakeholders, especially the financial sector, need for up-to-date climate work and reporting.

3. SUBAREAS REPORTED ACCORDING TO THE ACCOUNTING ACT (1997/1336)

a) Environmental issues
Based on the above-mentioned materiality analysis, Talenom has no significant environmental impact, as the business consists mainly of operations in office environments and the impact of the subcontracting chain is quite limited.

No operations with significant impacts on biodiversity, waterways, local air emissions or soil emissions were identified in Talenom. Due to the nature of the business, no significant risks related to environmental issues were identified.

Climate change is a global phenomenon and investors' interest in climate risks and opportunities has increased. Talenom identified no climate risks in the materiality analysis that would have a significant economic impact on

Talenom's business. Some of Talenom's offices are located in countries that are expected to warm more than average, but due to the nature of the business and the structure of societies, the impacts on Talenom are expected to be limited.

Climate change is not expected to bring new business opportunities that would be clearly identified as related to climate change, but on the other hand, it is seen that Talenom contributes to the digitalisation of the financial management sector and process efficiency. Digitalisation is estimated to have a significant positive impact on the fight against climate change and, although the contribution of Talenom's products to this is estimated to be small, it can be said that Talenom can contribute to the fight against climate change with its actions and choices. By developing its processes, Talenom aims to further promote the digital transformation of financial management.

b) Social and personnel issues

Talenom seeks to act as a responsible employer in every respect and a good personnel experience is one of the key objectives guiding operations. Talenom has identified the fact that the company may lose its key personnel or fail to recruit, train and retain skilled employees as a key social and human resource related risk for its business.

In particular, for financial management experts or sellers, the risk may result in loss of customers or otherwise prevent the company from operating, developing and successfully expanding its operations. Skilled, committed and prosperous personnel is seen as a key to future success, and Talenom is strongly committed to developing personnel both through internal guidelines and procedures as well as built-in practices.

In 2023, Talenom continued cooperating with The Significant Company using their Siqni survey to further develop its employee understanding. The Siqni survey helps management to gain more information about things that employees find meaningful and new perspectives for more individualised management.

In addition, Talenom conducted an employee satisfaction survey in 2023 and was based on the results awarded the "Great Place to Work" certificate in all four countries where Talenom operates.

The Talenom Academy offers a wide range of training courses ranging from work-life skills to professional competence development. Management training is also a focus area of internal training.

As an employer, Talenom works to ensure the fair and equal treatment of employees. The company's Code of Ethics forbids harassment, inappropriate behaviour and abuse, and it monitors compliance with these guidelines through the means at its disposal. Talenom has a whistle-blower reporting policy that obligates personnel to act when they observe harassment, inappropriate behaviour or abuse.

Talenom emphasizes equality by offering all its employees the same opportunities regardless of their background. Women are represented on the board, in the management team and in middle management. The company focuses on diversity and strives to create a working environment where everyone can succeed.

Talenom pays attention to working conditions to ensure that employees can work in a safe and healthy environment. This includes, for example, ergonomic workspaces and appropriate occupational safety practices.

c) Respecting human rights

Talenom respects human rights and requires its partners to do so as well. The above-mentioned materiality analysis did not identify any significant human rights risks related to business operations, but Talenom continues to assess and identify human rights risks in connection with its growth strategy through the materiality analysis.

The company applies international human rights standards to employee training, instructions and equal treatment of workers and a whistle blower system is also used to report suspected human rights violations.

d) Preventing corruption, money laundering and bribery

As a financial services provider themes related to preventing corruption, money laundering and bribery are important to Talenom. Companies commission Talenom to handle their accounting and it is thus obligated to notify the competent authority in each country of any suspicion of money laundering or terrorist financing under the Act on Preventing Money Laundering and Terrorist Financing.

Talenom has drafted policies against bribery and corruption and the company's HR Guidelines also include instructions on what to do when irregularities are detected. The company has also established procedures to detect any suspicious activities that might indicate money laundering and has guidelines and training for its employees to act appropriately. Talenom has prepared a risk assessment of its operations as required by the Act on Preventing Money Laundering and Terrorist Financing which it updates regularly. There is a prescribed process for reporting suspicious transactions and, as required by the Act on Preventing Money Laundering and Terrorist Financing, a notification is made to the authorities if there is any suspicion of money laundering or terrorist financing.

Due to the nature of the services provided by Talenom, it collects, stores, processes and distributes a large volume of sensitive information such as confidential corporate and personal data on customers, employees and suppliers. Most information is maintained and transferred electronically in the company's IT systems. Preventing abuse of such data is a key aspect of Talenom's risk management. Talenom also has an internal notification procedure, which allows employees to express their suspicions of possible abuse anonymously.

EU TAXONOMY

The background to Talenom's taxonomy reporting is the EU's goal of steering funds towards environmentally sustainable investments. In the first phase, the EU has included sectors with the greatest potential to achieve the EU-level objectives for climate change mitigation in the taxonomy classification system.

Talenom conducted an EU taxonomy review based on existing data. Based on the review, it was found that none of Talenom's businesses or products produced by the company belong to the industries or products defined by EU taxonomy. Thus, Talenom's taxonomic revenue, capex and opex are 0% and 0% of Talenom's revenue, capex and opex are non-taxonomic. Talenom continues monitoring the evolution of taxonomy legislation and assesses any changes annually.

Taxonomy tables according to the model of the European Commission are presented below.

Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	"Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2022 (18)"	Category enabling activity (20)	Category transitional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Talenom does not have taxonomy-aligned activities																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Talenom does not have taxonomy-eligible activities																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		-																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**121,728,185**	**%**																
TOTAL (A+B)		**121,728,185**	100%																

(c)

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00 %	0,00 %
CCA	0,00 %	0,00 %
WTR	0,00 %	0,00 %
CE	0,00 %	0,00 %
PPC	0,00 %	0,00 %
BIO	0,00 %	0,00 %

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
– Climate Change Mitigation: CCM
– Climate Change Adaptation: CCA
– Water and Marine Resources: WTR
– Circular Economy: CE
– Pollution Prevention and Control: PPC
– Biodiversity and ecosystems: BIO
For example, the Activity "Afforestation" would have the Code: CCM 1.1
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.
For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

The same codes should be used in Sections A.1 and A.2 of this template.

(b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below: *Template for activities contributing to several objectives
(c) - see above

(d) The same activity may align with only one or more environmental objectives for which it is eligible.
(e) The same activity may be eligible and not aligned with the relevant environmental objectives.
(f) EL – Taxonomy-eligible activity for the relevant objective
N/EL – Taxonomy-non-eligible activity for the relevant objective
(g) Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.
(h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings. Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: (a) for substantial contribution – Y/N and N/EL codes instead of EL and N/EL; and (b) for DNSH – Y/N codes.

CapEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	"Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022 (18)"	Category enabling activity (20)	Category transitional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Talenom does not have taxonomy-aligned activities																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Talenom does not have taxonomy-aligned activities																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Talenom does not have taxonomy-eligible activities																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		-																	

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy-non-eligible activities	**39,943,730**	**%**
TOTAL (A+B)	**39,943,730**	100%

(c)

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00 %	0,00 %
CCA	0,00 %	0,00 %
WTR	0,00 %	0,00 %
CE	0,00 %	0,00 %
PPC	0,00 %	0,00 %
BIO	0,00 %	0,00 %

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
– Climate Change Mitigation: CCM
– Climate Change Adaptation: CCA
– Water and Marine Resources: WTR
– Circular Economy: CE
– Pollution Prevention and Control: PPC
– Biodiversity and ecosystems: BIO
For example, the Activity "Afforestation" would have the Code: CCM 1.1
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.
For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

The same codes should be used in Sections A.1 and A.2 of this template.

(b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below: *Template for activities contributing to several objectives
(c) - see above

(d) The same activity may align with only one or more environmental objectives for which it is eligible.
(e) The same activity may be eligible and not aligned with the relevant environmental objectives.
(f) EL – Taxonomy-eligible activity for the relevant objective
N/EL – Taxonomy-non-eligible activity for the relevant objective
(g) Activities shall be reported in Section A.2 of this template only if they are not aligning to any environmental objective for which they are eligible. Activities that align to at least one environmental objective shall be reported in Section A.1 of this template.
(h) For an activity to be reported in Section A.1 all DNSH criteria and minimum safeguards shall be met. For activities listed under A2, columns (5) to (17) may be filled in on a voluntary basis by non-financial undertakings. Non-financial undertakings may indicate the substantial contribution and DNSH criteria that they meet or do not meet in Section A.2 by using: (a) for substantial contribution – Y/N and N/EL codes instead of EL and N/EL; and (b) for DNSH – Y/N codes.

OpEx

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**OpEx (3)**	**Proportion of OpEx, 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**"Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2022 (18)"**	**Category enabling activity (20)**	**Category transitional activity (21)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Talenom does not have taxonomy-aligned activities																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Talenom does not have taxonomy-aligned activities																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Talenom does not have taxonomy-eligible activities																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		-																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**91,068,994**	**%**																
TOTAL (A+B)		**91,068,994**	100%																

(c)

	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00 %	0,00 %
CCA	0,00 %	0,00 %
WTR	0,00 %	0,00 %
CE	0,00 %	0,00 %
PPC	0,00 %	0,00 %
BIO	0,00 %	0,00 %

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
– Climate Change Mitigation: CCM
– Climate Change Adaptation: CCA
– Water and Marine Resources: WTR
– Circular Economy: CE
– Pollution Prevention and Control: PPC
– Biodiversity and ecosystems: BIO
For example, the Activity "Afforestation" would have the Code: CCM 1.1
Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.
For example, if the operator reports that the activity "Construction of new buildings" makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

The same codes should be used in Sections A.1 and A.2 of this template.

(b) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective

(c) Where an economic activity contributes substantially to multiple environmental objectives, non-financial undertakings shall indicate, in bold, the most relevant environmental objective for the purpose of computing the KPIs of financial undertakings while avoiding double counting. In their respective KPIs, where the use of proceeds from the financing is not known, financial undertakings shall compute the financing of economic activities contributing to multiple environmental objectives under the most relevant environmental objective that is reported in bold in this template by non-financial undertakings. An environmental objective may only be reported in bold once in one row to avoid double counting of economic activities in the KPIs of financial undertakings. This shall not apply to the computation of Taxonomy-alignment of economic activities for financial products defined in point (12) of Article 2 of Regulation (EU) 2019/2088. Non-financial undertakings shall also report the extent of eligibility and alignment per environmental objective, that includes alignment with each of environmental objectives for activities contributing substantially to several objectives, by using the template below: *Template for activities contributing to several objectives
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Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

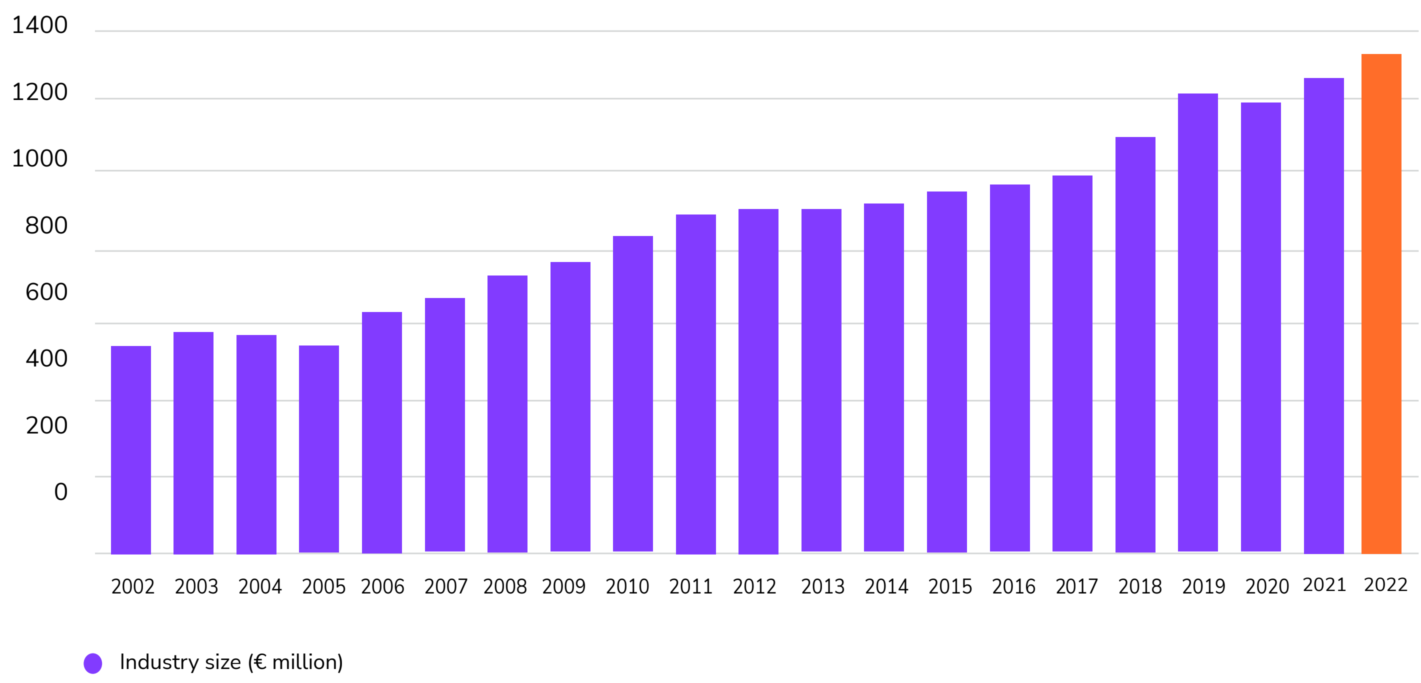
Report of the Board of Directors

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.

Size of the market in Finland, EUR million



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.

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.

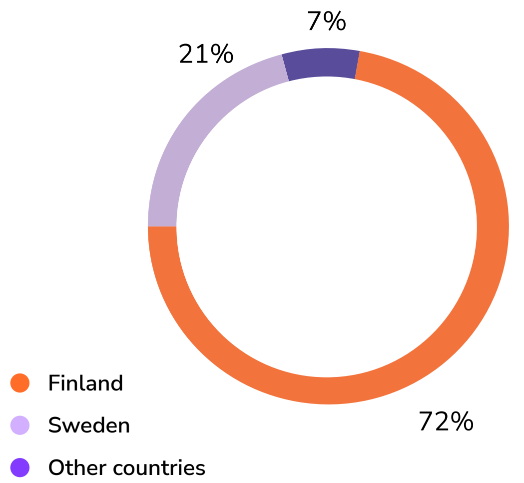
KEY FIGURES

Group	1–12/2023	1–12/2022	Change, %
Net sales, EUR 1,000	121,728	102,107	19.2%
Net sales, increase %	19.2 %	23.3%	
EBITDA, EUR 1,000	31,884	32,394	-1.6%
EBITDA of net sales, %	26.2%	31.7%	
Operating profit (EBIT), EUR 1,000	7,948	15,266	-47.9%
Operating profit (EBIT), as % of net sales	6.5%	15.0%	
Comparable operating profit, EUR 1,000 *)	11,107	15,266	-27.2%
Comparable operating profit, as % of net sales	9.1%	15.0%	
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%
Liquid assets, EUR 1,000	10,254	15,970	-35.8%
Earnings per share, EUR	0.07	0,27	-72.0%
Weighted average number of shares during the period	45,175,668	44,384,390	1.8%
Net profit, EUR 1,000	3,361	11,801	-71.5%

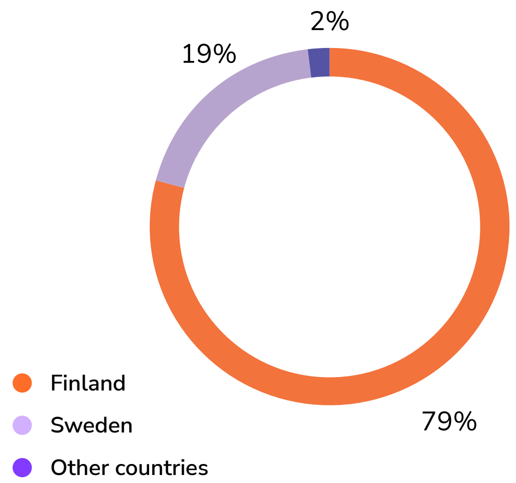
*) Operating profit excluding software-related write-downs

Group's financial performance January-December 2023

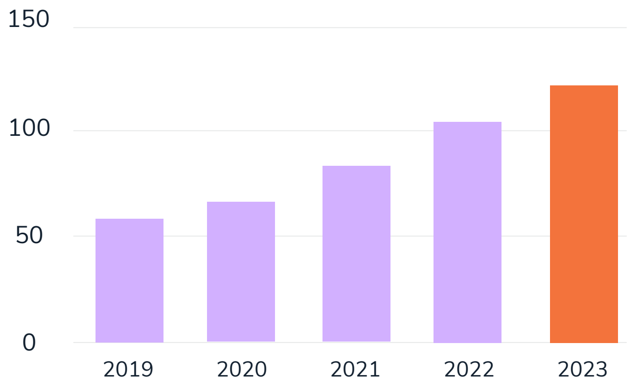
Net sales by country 1-12/2023



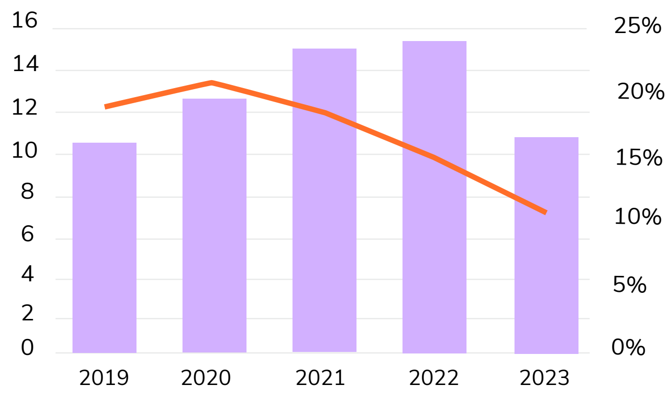
Net sales by country 1-12/2022



Net sales development, EUR million



Comparable EBIT developement, EUR million



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.

EBITDA 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).

Country-specific financial development

FINLAND	1–12/2023	1–12/2022	Change, %
Net sales, EUR 1,000	88,404	81,116	9.0%
Net sales growth, %	9.0%	13.1%	
EBITDA, EUR 1000	31,700	29,731	6.6%
EBITDA of net sales, %	35.9 %	36.7 %	
Depreciation and amortisations, EUR 1,000	-20,306	-15,148	34.1%
Operating profit, EUR 1,000	11,394	14,583	-21.9%
Operating profit of net sales, %	12.9 %	18.0 %	
Comparable operating profit, EUR 1,000 *)	14,553	14,583	-0.2%
Comparable operating profit, as % of net sales	17.3 %	18.0 %	

*) 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.

SWEDEN	1–12/2023	1–12/2022	Change, %
Net sales, EUR 1,000	26,048	19,705	32.2%
Net sales growth, %	32.2%	84.6%	
EBITDA, EUR 1000	388	1,849	-79.0%
EBITDA of net sales, %	1.5%	9.4%	
Depreciation and amortisations, EUR 1,000	-2,598	-1,808	43.7%
Operating profit, EUR 1,000	-2,211	41	-5,472,3%
Operating profit of net sales, %	-8.5%	0.2%	

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.

OTHER COUNTRIES	1–12/2023	1–12/2022	Change, %
Net sales, EUR 1,000	8,829	1,746	405.7%
Net sales growth, %	405.7%	295.8%	
EBITDA, EUR 1000	-890	-396	-124.7%
EBITDA of net sales, %	-10.1%	-22.7%	
Depreciation and amortisations, EUR 1,000	-1,031	-172	499.5%
Operating profit, EUR 1,000	-1,921	-568	-238.2%
Operating profit of net sales, %	-21.8%	-32.5%	

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.

UNALLOCATED ITEMS

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

	1–12/2023	1–12/2022	Change
Net sales, EUR 1,000			
Net sales growth, %			
EBITDA, EUR 1000	686	1,210	-43.3 %
EBITDA of net sales, %			
Depreciation and amortisations, EUR 1,000			
Operating profit, EUR 1,000	686	1,210	-43.3 %
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
Total net investments, EUR 1,000	**39,944**	**40,868**	**-924**

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, Italia

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

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.

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:

Option categories (pcs)	2021	2022	2023
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.

Option categories	2021	2022	2023
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

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	- consolidated operating profit - internationalization - growth as well as - share of net sales from value-added services	- consolidated net sales - operating profit and - implementation of strategic projects
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.

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 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 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 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 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 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 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 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 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 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 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 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 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 with the exception of acquisitions described in the section Business acquisitions 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 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.

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.

Largest shareholders 31 Dec. 2023

Name	Shares	Shares, %
Harri Tahkola	7,820,015	17.16
Markus Tahkola	4,815,824	10.57
Danske Invest	3,103,349	6.81
Allianz France	2,261,961	4.96
SEB Fonder	1,767,076	3.88
Ilmarinen Mutual Pension Insurance Company	1,610,517	3.53
Swedbank Robur Fonder	1,440,000	3.16
Sp-Fund Management Company	1,275,181	2.80
Elo Mutual Pension Insurance Company	1,106,000	2.43
Evli Fund Management Company	1,047,303	2.30
Ten largest, total	**26,247,226**	**57.59**
Other shareholders	**19,330,250**	**42.41**
Total	**45,577,476**	**100**

Shareholdings of Board members, CEO and Executive Board, 31 Dec. 2023

	Shares	Shares, %
Board of Directors	8,636,516	19.01
CEO	387,160	0.85
Other Executive Board	262,313	0.58
Total	**9,285,989**	**20.44**

Shareholders by sector, 31 Dec. 2023

Sector	Shares	% of shares	% of votes	Number of known owners
Households	20,899,587	45.86	45.86	9,828
Fund management companies	16,036,394	35.18	35.18	31
Pension & insurance	4,112,899	9.02	9.02	21
Other	1,979,651	4.34	4.34	417
Non-profit organisations	791,561	1.74	1.74	5
Treasury shares	150,600	0.33	0.33	1
Public corporations	37,446	0.08	0.08	3
Investment company	0	0.00	0.00	0
Unknown	1,569,338	3.44	3.44	-
Total	**45,577,476**	**100,00**	**100,00**	**10,332**

Owner distribution by holding, 31 Dec. 2023

Distribution	Number of shares	% of shares	% of votes	Number of known owners
1 - 100	184,212	0.4	0.4	4,138
101 - 500	953,650	2.09	2.09	3,639
501 - 1,000	871,778	1.91	1.91	1,187
1,001 - 5,000	2,187,872	4.80	4.80	1,044
5,001 - 10,000	1,096,982	2.41	2.41	155
10,001 - 50,000	2,127,862	4.67	4.67	105
50,001 - 100,000	2,037,870	4.47	4.47	29
100,001 - 500,000	4,858,047	10.66	10.66	20
500,001 - 1,000,000	3,442,639	7.55	7.55	5
1,000,001 -	26,247,226	57.59	57.59	10
Unknown	1,569,338	3.44	3.44	-
Total	**45,577,476**	**100,00**	**100,00**	**10,332**

Per share indicators

	2023	2022	2021
Earnings per share, EUR	0.07	0.27	0.25
Equity per share, EUR	1.24	1.26	1.03
Dividend per share	0.19*	0.18	0.17
Dividend of profit, %	255.4%	67.9%	68.5%
Effective dividend yield, %	3.1%	2.0%	1.5%
P/E	83.33	34.34	47.16
Market cap	282,580,351	408,801,093	512,345,948
Shares traded, EUR	72,391,444	101,896,667	163,766,030
Weighted average number of shares	45,175,668	44,384,390	43,462,583
Number of shares at the end of the financial year	45,577,476	44,923,197	43,790,252
Highest conversion price, EUR	9.59	12.32	17.04
Lowest conversion price, EUR	4.23	7.75	10.60
Average conversion price for the financial year, EUR	6.51	9.77	12.88
Closing price for the financial year, EUR	6.20	9.10	11.70
Stock exchange volume, pcs	11,125,523	10,424,074	12,715,979

*Board of Directors' proposal

GROUP'S KEY FIGURES FOR THE PREVIOUS THREE FINANCIAL YEARS

Group	1–12/2023	1–12/2022	1–12/2021
Net sales, EUR 1,000	121,728	102,107	82,808
Net sales growth, %	19.2 %	23.3 %	27.1 %
EBITDA, EUR 1,000	31,884	32,394	27,662
EBITDA of net sales, %	26.2 %	31.7 %	33.4 %
Operating profit, EUR 1,000	7,948	15,266	14,763
Operating profit of net sales, %	6.5 %	15.0 %	17.8 %
Comparable operating profit, EUR 1,000 *)	11,107	15,266	14,763
Comparable operating profit, as % of net sales	9.1 %	15.0 %	17.8 %
Return on investment (ROI), % (rolling 12 months)	6.0 %	14.0 %	17.7 %
Cash flow from operating activities, EUR 1,000	28,628	27,448	25,582
Interest-bearing net liabilities, EUR 1,000	75,843	54,404	39,240
Gearing ratio, %	135,9 %	97,1 %	87.8 %
Equity ratio, %	31.8 %	35.9 %	38.1 %
Net investments, EUR 1,000	39,944	40,868	37,957
Liquid assets, EUR 1,000	10,254	15,970	10,121
EPS, EUR	0,07	0,27	0,25
Weighted average number of shares during the period	45,175,668	44,384,390	43,462,583
Net profit, EUR 1,000	3,361	11,801	10,794

* Operating profit excluding software-related write-downs

ALTERNATIVE PERFORMANCE MEASURES

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".

Formulas

$$\text{Net sales growth, \%} = \frac{\text{net sales - net sales of the preceding year}}{\text{net sales of the preceding year}} \times 100$$

$$\text{Operating profit} = \text{net sales + other operating income - materials and services - personnel expenses - depreciations and amortisations - other operating expenses}$$

$$\text{Operating profit (EBIT), \%} = \frac{\text{EBIT}}{\text{net sales}} \times 100$$

$$\text{Return on investment (ROI), \% (rolling 12 months)} = \frac{\text{operating profit (EBIT) before taxes + interest and other financial expenses}}{\text{total equity and liabilities - non-interest-bearing liabilities (average of the accounting period)}} \times 100$$

$$\text{Interest-bearing net liabilities} = \text{interest-bearing liabilities - cash in hand and in banks}$$

$$\text{Gearing ratio, \%} = \frac{\text{interest-bearing liabilities - cash in hand and in banks}}{\text{capital and reserves}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{capital and reserves}}{\text{balance sheet total - advances received}} \times 100$$

$$\text{Working capital} = \text{inventories + non-interest-bearing current receivables - non-interest-bearing current liabilities}$$

$$\text{Net investments} = \text{investments in tangible and intangible assets - sales of assets}$$

$$\text{Earnings per share} = \frac{\text{net profit of the review period}}{\text{Weighted average number of shares outstanding during the review period}} \times 100$$

$$\text{Compound annual growth rate (CAGR)} = (\text{net sales at the end of the period / net sales in the beginning of the period})^{1/\text{number of years}} - 1$$

$$\text{EBITDA} = \text{operating profit + depreciation + amortisation}$$

$$\text{EBITDA, \%} = \frac{\text{EBITDA}}{\text{net sales}} \times 100$$

$$\text{Comparable operating profit} = \text{operating profit - software-related write-downs}$$

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.

Financial statements 2023

Consolidated comprehensive income statement

EUR 1,000	Note	2023	2022
Net sales	6	121,728	102,107
Other operating income	7	1,225	1,625
Materials and services	8	-3,884	-3,950
Employee benefit expenses	9, 21	-71,897	-55,682
Depreciation and impairment	10	-23,935	-17,128
Other operating expenses	11	-15,287	-11,706
Operating profit		7,948	15,266
Financial income	12	433	466
Financial expenses	12	-4,122	-1,178
Net financial expenses		**-3,689**	**-712**
Profit (loss) before taxes		**4,260**	**14,554**
Income taxes	13	-899	-2,753
Profit (loss) for the financial period		**3,361**	**11,801**
Other items of comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences		-16	57
Other comprehensive income items after tax during the financial period			
Total comprehensive income for the financial period		**3,345**	**11,858**
Earnings per share calculated on the profit attributable to owners of the parent company			
Undiluted earnings per share (EUR)	14	0,07	0,27
Diluted earnings per share (EUR)	14	0,07	0,27

Consolidated balance sheet

EUR 1,000	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	16	66,648	54,986
Other intangible assets	16	52,681	45,806
Right-of-use assets	15	9,401	9,922
Property, plant and equipment	15	4,685	2,752
Other non-current financial assets	17	184	254
Deferred tax assets	13	1,487	443
Capitalised contract costs	6	11,347	11,694
Total non-current assets		**146,434**	**125,857**
Current assets			
Trade and other receivables	18	16,742	14,178
Current tax assets		2,247	315
Cash and cash equivalents	19	10,255	15,970
Total current assets		**29,243**	**30,463**
Total assets		**175,677**	**156,320**
CAPITAL AND RESERVES			
Share capital	20	80	80
Reserve for invested unrestricted equity	20	30,875	26,861
Retained earnings	20, 21	24,859	29,085
Total equity		**55,814**	**56,026**
LIABILITIES			
Non-current liabilities			
Financial liabilities	23	70,818	50,122
Accounts payable and other liabilities	25	636	2,845
Lease liabilities	24	5,592	6,256
Deferred tax liabilities	13	4,326	3,040
Total non-current liabilities		**81,372**	**62,263**
Current liabilities			
Financial liabilities	23	5,101	10,001
Accounts payable and other liabilities	25	28,463	23,724
Lease liabilities	24	3,944	3,705
Current tax liabilities	25	983	601
Total current liabilities		**38,491**	**38,032**
Total liabilities		**119,864**	**100,295**
Total equity and liabilities		**175,677**	**156,320**

Consolidated cash flow statement

EUR 1,000	Note	2023	2022
Cash flow from operating activities			
Profit (loss) before taxes		4,260	14,554
Adjustments:			
Depreciation and impairment	10	23,935	17,128
Financial income	12	-433	-542
Financial expenses	12	4,122	1,254
Other adjustments		95	266
Changes in working capital:			
Change in trade and other receivables	18	-702	-2,882
Change in accounts and other payables	25	1,022	2,233
Interest income		141	182
Paid taxes		-3,812	-4,744
Net cash flow from operating activities		**28,628**	**27,448**
Cash flow from investments			
Revenue from the sale of property, plant and equipment	15	213	161
Acquisition of property, plant and equipment	15	-2,820	-779
Capitalisation of contract costs	6	-3,279	-3,355
Acquisitions of intangible assets	16	-14,649	-12,267
Acquired operations	5	-13,593	-16,338
Investments		-31	598
Net cash flow from investments		**-34,160**	**-31,980**
Cash flow from financing			
Proceeds from share issue		233	2,425
Paid interest		-3,380	-979
Dividends paid		-8,112	-7,431
Change in instalment debts	23	353	-33
Repayment of lease liabilities	24	-4,030	-3,266
Loan withdrawals	23	15,000	20,000
Loan repayments	23	-212	-87
Net cash flow from financing		**-147**	**10,629**
Change in cash and cash equivalents		**-5,679**	**6,098**
Cash and cash equivalents, 1 Jan.		15,970	10,121
Net effect of changes in exchange rates on cash equivalents		-36	-248
Cash and cash equivalents, 31 Dec.	**19**	**10,255**	**15,970**

Consolidated statement of changes in equity

		Equity attributable to owners of the parent company			
EUR 1,000	Note	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Total equity, 1 Jan. 2023	**20**	**80**	**26,861**	**29,085**	**56,026**
Changes and other adjustments for previous accounting periods				-214	-214
Comprehensive income					
Profit/loss for the period				3,361	3,361
Average exchange rate difference and translation differences				-16	-16
Total comprehensive income for the financial period		0	0	3,345	3,345
Transactions with owners					
Dividend distribution and repayment of capital				-8,112	-8,112
Share issue			4,014		4,014
Share-based payments	21			755	755
Transactions with owners, total		0	4,014	-7,357	-3,343
Total equity, 31 Dec. 2023		**80**	**30,875**	**24,859**	**55,814**

		Equity attributable to owners of the parent company			
EUR 1,000	Note	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total
Total equity, 1 Jan. 2022	**20**	**80**	**21,587**	**23,051**	**44,718**
Changes and other adjustments for previous accounting periods				116	116
Comprehensive income					
Profit/loss for the period				11,801	11,801
Average exchange rate difference and translation differences				57	57
Total comprehensive income for the financial period		0	0	11,858	11,858
Transactions with owners					
Dividend distribution and repayment of capital				-7,431	-7,431
Share issue			5,274		5,274
Share-based payments	21			1491	1491
Transactions with owners, total		0	5,274	-5,940	-666
Total equity, 31 Dec. 2022		**80**	**26,861**	**29,085**	**56,026**

NOTE 1

General information on the Group

Talenom is a service company that provides its growing clientele a comprehensive range of accounting services and other services to support their business. The company uses systems developed by its in-house software development unit to provide services and offers electronic financial management tools to its customers.

When these financial statements are released, the company has a total of some 90 offices in Finland, Sweden, Spain, and Italy.

The company employed an average of 1501 employees during the financial year. The Group's parent company Talenom Plc (Business ID FI25514542), is a Finnish public listed company operating under Finnish legislation. The parent company is domiciled in Oulu and its registered address is Yrttipellontie 2, 90230 Oulu. A copy of the financial statements is available at investors.talenom.com/en or from the headquarter of the Group's parent company.

The company's Board of Directors approved the consolidated financial statements for publication at its meeting on 21 February 2024.

NOTE 2

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the IAS and IFRS standards and SIC and IFRIC interpretations in force on 31 December 2023 that have been approved for application in the EU.

International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in EU regulation (EC) No. 1606/2002 and embodied in Finnish accounting legislation and the decrees enacted under it. The notes to the consolidated financial statements also comply with complementary Finnish Accounting Standards based on Finnish accounting legislation and Community legislation. The consolidated financial statements for the 2023 financial period include the financial statements of the parent company and its subsidiaries (which together comprise "the Group"). In addition to the parent company, the Group includes 47 subsidiaries. The subsidiary Talenom Yritystilit Oy owns 100% of Talenom Audit Oy. In Sweden, the subsidiary Talenom Stenungsund och Kungälv AB owns 100% of one subsidiary, and the subsidiary Talenom Nyköping AB owns 100% of one subsidiary. In Spain, the subsidiary Aditio Gestion SL owns the shares of five subsidiaries. The parent company Talenom Plc owns 100% of all other subsidiaries. The Group has 100% control of all its subsidiaries. The subsidiaries are listed in Note 5.

The consolidated financial statements are drafted for the entire calendar year, which is the financial period of the Group's parent company and other Group companies. Financial statement information is presented in thousands of euros. As a result, the sums of the individual figures may differ from the total sum presented. The consolidated financial statements have been prepared based on original acquisition cost, with the exception of financial assets recognized at fair value through profit or loss.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT DISCRETION AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that have an impact on the application of the accounting principles, the reporting of assets and liabilities, and the amounts of income and expenses. These estimates are based on the management's current best judgement, which may differ from the actual results. The Group's management has exercised judgement in the capitalisation of contract costs.

In the view of the management, the salary costs of employees performing start-up work for customers and deployment, and other costs incurred in start-up and deployment, are direct costs without which the Group cannot fulfil its contractual obligations. Management exercises judgement in specifying the amortization period and method of these costs. The Group regularly monitors the realisation of estimates and assumptions, as well as changes in the underlying factors. Changes in estimates and assumptions are entered in the accounts for the financial period in which the estimate or assumption is adjusted and for all periods thereafter. Forward-looking assumptions and key sources of uncertainty related to estimates made on the balance sheet date that involve a significant risk of changes to book values during the next financial period concern the impairment testing of development projects in progress and goodwill, in which the key assumptions requires use of estimates. Business acquisitions carry contingent considerations tied to financial and operational objectives, and these considerations are recognized as liabilities in the amount that the management considers likely to arise. Estimates are also involved in the recognition and valuation of assets arising from business acquisitions, incomplete software projects and the recognition and valuation of deferred tax assets recognized as losses.

Potential escalation of the geopolitical crisis in Europe, deterioration of the general economic situation, rising interest rate levels and inflation create uncertainty in the company's financial forecasts. They may lead to business contraction or bankruptcy of Talenom's customers, resulting in customer losses or reduced customer relationships.

NOTE 3

Summary of significant accounting policies

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of the parent company Talenom Plc and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to its variable returns or is entitled to its variable returns through exercising its power over the entity. The financial statements of subsidiaries included in the consolidated financial statements have been drafted using the same reporting period. The accounting principles applied in the financial statements of subsidiaries have been amended as necessary to conform with the accounting principles used in the consolidated financial statements. All subsidiaries included in the consolidated financial statements are fully owned, so the Group does not have any non-controlling interests. Acquisitions of businesses are accounted for using the acquisition method. Goodwill is not depreciated. Instead, it is tested for impairment annually and whenever there is any indication of impairment.

BUSINESS COMBINATIONS

Goodwill arising from business combinations is recognized at the amount by which the consideration transferred, the share of non-controlling interests in the acquired entity and the earlier holding together exceed the fair value of the acquired net assets. Typically, part of the fair value is recognized as allocatable as the value of customer relationships in business combinations. Costs related to the acquisition, excluding the costs incurred in issuing debt or equity securities, are recognized as expenses.

For impairment testing, goodwill is allocated to the Group's cash-generating units, or a group of cash-generating units that are expected to benefit from the business combination. Talenom Group allocates goodwill to its Finnish accounting services, Sweden, Spain and Italy. These cash-generating units are tested for impairment either annually or more frequently if there is any indication of impairment. If the recoverable amount of the cash-generating unit is less than its book value, the impairment loss is first recognized to reduce the goodwill allocated to the unit and then to other assets of the unit pro rata based on the book value of each asset in the unit Impairment of goodwill is recognized through profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent financial periods.

The recoverable amount is the fair value of the asset item less the cost of disposal or the value in use, whichever is greater. The value in use refers to the estimated net future cash flows from the asset or cash-generating unit that are discounted to their current value.

CONVERSION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

Figures for the performance and financial position of the Group's units are determined in the main currency of the unit's operating environment ("functional currency"). The consolidated financial statements are presented in euros, the parent company's functional and reporting currency. Subsidiaries' transactions in foreign currencies are converted into local functional currencies using the average exchange rates of the reporting period. Assets and liabilities in foreign currencies in the balance sheet are converted into functional currencies based on the exchange rates at the end of the reporting period. Operational foreign exchange gains and losses and foreign exchange gains and losses on loans denominated in foreign currencies are included in financial income and expenses.

INTANGIBLE ASSETS

Intangible assets are only recognized in the balance sheet if their acquisition cost can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will benefit the Group. Intangible assets are recognized in the balance sheet at original acquisition cost. Acquisition cost includes the costs incurred directly from acquiring the intangible asset.

Intangible assets are depreciated on a straight-line basis through profit or loss within their known or estimated useful life and tested for impairment if there are any indications of potential impairment. The residual value, useful life and depreciation method of intangible assets are reviewed at least at the end of each financial period. The useful life of each intangible asset is determined separately. The Group has no intangible assets with an indefinite useful life.

For intangible assets, the Group applies the following estimated useful lives:

Software	5 years
Customised software	5 years
Customer relationships	10 years
Other intangible rights	5 years

Development costs are capitalised in the balance sheet only if they meet the requirements for the capitalisation of development costs in IAS 38. Customised software includes development costs capitalised by the Group related to financial management tools for customers to handle daily financial management routines and for developing the quality and efficiency of the company's own service provision. Development costs that do not meet the capitalisation criteria and all research expenses are recognized through profit or loss in the period they incurred. Costs previously recognized as expenses are not subsequently capitalised.

Capital gains and losses from the decommissioning and disposal of intangible assets are calculated as the difference between the consideration received for the sold assets and the remaining acquisition cost and are recognized through profit or loss in the period in which they incurred.

The accounting treatment of cloud-based arrangements is dependent on whether the cloud-based software is classified as an intangible asset or a service contract. Arrangements where Talenom does not control the software in question are treated as service contracts that give the Group the right to use the software of the cloud service provider during the contract period. The continuing license fees for the software, as well as the configuration or customization costs related to the software, are recognized as Other operating expenses when the services are received. The capitalised development costs apply to the company's own software, and the company holds full rights of title and control over this software. Some of the software is installed in an external service provider's cloud computing environment, but the service provider only offers server capacity, performance, and backup services. The software was developed by the company, and it can be transferred to a different cloud computing service or to the company's own server environment.

PROPERTY, PLANT AND EQUIPMENT

The Group's tangible assets consist mainly of IT equipment, cars and office furnishings.

The estimated useful lives are as follows:

Office furnishings	10 years
IT equipment	4 years
Cars	3 years
O ther property, plant and equipment	5 years

Talenom reviews the estimated useful lives and residual values of the asset items at least at the end of each financial period and they are adjusted if necessary to reflect changes in the expected economic benefits.

CONTRACT COSTS

Sales commissions paid to salespeople and customer managers are capitalised in the balance sheet as additional costs of acquiring a new customer contract. The capitalised amounts are based on information from the company's ERP system. These sales commissions would not have been paid if a new customer contract had not been signed.

The direct costs of service deployment and other service start-up tasks are capitalised as contract fulfilment costs. These costs arise based on individual contracts, and they are related to the fulfilment of future contractual obligations arising from the contract and are expected to generate the corresponding sum in cash. The cost of the deployment of services for a new customer and the related start-up tasks is sourced from the hours logged in the ERP system. The hours logged in the ERP system are contract- and customer-specific and can be directly allocated to the new customer contract. The amount capitalised is derived by multiplying the number of hours spent on start-up work by the average hourly cost of deployment.

Capitalised expenditure is allocated as costs based on the provision of services at an even rate over the expected duration of the contract. During the duration of the contract, the expected date of contract renewal is considered in addition to the actual duration of the contract. Based on prior experience, the management estimates that the average length of a customer relationship in Talenom Group is 10 years.

The impairment of capitalised contract costs is assessed in each reporting period. The asset item in the balance sheet is compared with the amount of consideration expected to be received from the services, less the expenditure on these services that has not as yet been expensed. If the asset item in the balance sheet is greater in value, an impairment loss is recognized. The impairment loss is reversed if the situation or conditions improve later.

Capitalised contract costs are then tested as part of the accounting services cash-generating unit in accordance with IAS 36.

IMPAIRMENT TESTING OF NON-FINANCIAL ASSETS

On each reporting date, the Group assesses whether there are any indications that a non-financial asset item has been impaired. If there are any such indications, the recoverable amount of said asset item is estimated. Intangible assets in progress and goodwill are tested for impairment at least annually and whenever there are indications of impairment. The recoverable amount is the fair value of the asset item less the cost of disposal or the value in use, whichever is greater. The value in use refers to the estimated net future cash flows from the asset or cash-generating unit that are discounted to their current value.

The discount rate used is the pre-tax interest rate, which reflects the markets' position on the time value of money and special risks related to the asset. For the purpose of impairment testing, goodwill is allocated to cash-generating units, i.e., to the lowest unit level that is primarily independent of other units and for which there are distinguishable cash flows that are largely independent of the cash flows of other similar units. An impairment loss is recognized if the book value of the asset or cash-generating unit exceeds its recoverable amount. The impairment loss is recognized through profit or loss. Impairment losses allocated to cash-generating units are first recognized to reduce the goodwill allocated to the unit and then by reducing the unit's other assets proportionately. Impairment losses recognized for goodwill are not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

FINANCIAL INSTRUMENTS
FINANCIAL ASSETS

The Group's financial assets are classified into the following categories: financial assets recognized at fair value through profit or loss and financial assets recognized at amortized cost. The classification is based on the purpose of the acquisition of financial assets (business model) upon initial acquisition. Transaction costs are included in the original book value of financial asset items that are not measured at fair value through profit or loss. All acquisitions and disposals of financial assets are recognized on the day of the transaction. The items recognized at fair value through profit or loss are shares and holdings. Trade receivables are recognized at amortized cost.

FINANCIAL LIABILITIES

Financial liabilities are initially entered in the accounts at fair value less the direct transaction costs of acquiring or issuing said item. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are included in non-current and current liabilities and may be either interest-bearing or interest-free. Contingent consideration recognized in connection with a business combination is classified as financial assets recognized at fair value through profit and loss. The fair value measurement of contingent considerations is based on the management's view and changes in fair value are recognized as other operating income or other operating expenses.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses the need to recognize a deduction for expected credit losses on trade receivables measured at amortized cost when it becomes the contractual party to said financial assets. The assessment is based on the Group's experience of actual credit losses, considering the prevailing economic conditions, and it is recognized in an amount corresponding to the expected credit losses over the entire period of validity The amount to be recognized is estimated by group. The amount to be recognized later is also estimated by group unless there are indications that the credit risk associated with an individual item has increased substantially. Credit risk is estimated to have increased significantly if the receivable is more than 30 days overdue. If the recognized deduction for expected credit losses proves to be unnecessary in a later period because the credit risk has decreased, the deduction is reversed in this respect.

EQUITY

The Group's classification of capital and reserves includes financial instruments that it issues without a contractual obligation to transfer money or other financial assets to another entity or exchange financial assets or liabilities with another entity under conditions that are unfavourable to the issuer, where such instruments confer the entitlement to a share of the Group's assets after all its liabilities are deducted.

Expenditure related to issuing or acquiring the Group's own equity instruments is presented as a deduction in equity. If the Group buys back equity instruments, the acquisition cost is deducted from equity. The share capital consists of ordinary shares.

The reserve for invested unrestricted equity includes other equity-type investments and share subscription prices to the extent that they are not based on a separate agreement included in the share capital.

Translation differences include translation differences resulting from the translation of the financial statements of foreign units.

TREASURY SHARES AND DIVIDENDS

The direct costs of acquiring Talenom Plc's own shares are recognized as a deduction to equity. Dividends proposed by the Board of Directors are not deducted from distributable equity prior to approval from the AGM.

EMPLOYEE BENEFITS

Pension plans are classified either as defined-contribution or defined-benefit plans. In defined-benefit plans, the Group makes fixed contributions to a separate unit, and the Group has no legal and constructive obligation to pay further contributions. Contributions to defined-contribution plans are recognized through profit or loss as employee benefit costs in the financial period to which they relate. All of the Group's employee benefits are defined-contribution plans.

SHARE-BASED PAYMENTS

Talenom Plc has incentive schemes in which payments are made in the form of either equity instruments or cash. The benefits granted under these schemes are measured at fair value when they are granted and recognized in equity and as corresponding expenses in the income statement evenly during the transition period. The impact of the schemes on profit and loss is presented in the income statement as costs arising from employee benefits.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognized when the Group incurs a legal or actual obligation as a consequence of a prior event, a payment obligation is likely to arise, and the amount of the obligation can be reliably determined. Changes in provisions are entered in the income statement in the same item in which the provision was originally recorded. Contingent liabilities are possible obligations resulting from previous events, the existence of which will only be ascertained once an uncertain event that is beyond the Group's control materialises. Existing obligations that are not likely to require the fulfilment of a payment obligation or the amount of which cannot be reliably determined are also deemed to constitute contingent liabilities.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average of the number of shares in circulation during the financial period, with the exception of treasury shares acquired by Talenom Plc. Diluted earnings per share were calculated assuming that all subscription rights and options were exercised at the beginning of the financial period. In addition to the weighted average of shares in circulation, the denominator also includes shares assumed to have been granted based on subscription rights and options exercised. The subscription rights and options assumed to have been exercised are not considered in earnings per share if their actual price exceeds their average price during the financial period.

LEASE AGREEMENTS

The Group's lease agreements mainly relate to the offices used to run the business. Some of the agreements are fixed-term leases with periods ranging from 6 months to 10 years, while others are indefinite leases. When applying IFRS 16, the Group recognizes most of the agreements in the balance sheet as a right-of-use asset and a lease liability. At the inception of the lease agreement, the Group differentiates the office rental expenditure from the non-rental components. The right-of-use asset is valued at acquisition cost and includes the following elements: lease liability, direct initial costs, advance payments minus incentives received, and the estimated costs of terminating the lease or returning to the original state. Right-of-use assets are depreciated evenly over the lease period.

At the inception of the lease agreement, the Group measures the present value of the future payments under the lease liability, including the following fees: fixed fees less the available incentives related to the lease agreement, variable rents tied to an index or the interest rate, sums that the tenant is expected to pay based on residual value guarantees, the price of exercising the buy option if it is reasonably certain that the tenant will exercise this option, and the fees for ending the lease if it is reasonably certain that the lease will end.

The lease fees are discounted at the internal interest rate of the lease agreement. In general, this rate cannot be determined directly. In such cases, the Group uses the interest rate for additional credit, i.e., the interest rate that the tenant would pay on the inception date of the lease to take out a loan to purchase an equivalent asset.

The Group applies optional reliefs and chooses not to recognize short-term leases (with a lease period of 12 months or less) or low-value leases (where the asset item is valued at approximately USD 5,000 or less) in the balance sheet. Such agreements are recognized as an expense evenly over the lease period.

In the case of fixed-term leases, the lease period is determined based on the period during which the lease cannot be cancelled and the management's assessment of future lease periods when it is reasonably certain that the extension option will be exercised or the termination option will not be exercised.

SALES REVENUE FROM CONTRACTS WITH CUSTOMERS

Talenom provides its customers with accounting services, which include financial management software and financial process outsourcing and care services. The company also provides expert services, including legal, taxation and financial advice. Other services include administration and support services for customer service, personnel service and the maintenance of workstations and software, as well as ERP and reporting solutions. In addition, Talenom has made numerous partnership agreements intended to expand the range of services offered to customer companies.

Accounting services comprise monthly service packages whose scope varies by customer. The service package may include accounting, sales invoicing, payment of invoices, payroll service, performance monitoring, care services, and financial management software solutions. Accounting services are provided on the basis of ongoing customer contracts but on average, customer relationships are long. In accounting services, each monthly service package comprises a separate agreement. If the customer does not terminate an indefinite agreement, a new agreement arises for the following month. The transaction price of a monthly service package is the amount of consideration that the Group expects to be entitled to in return for services rendered. The price of a monthly service package depends on the services it includes. Fixed prices have been set for different services in the contract. Some services are charged on unit-based and hourly-based variable considerations. Sales income from accounting services is recognized when the Group provides monthly services to the customer and the customer receives control of these services.

Administrative and support services for customer service, personnel service and maintenance of workstations and software, as well as ERP and reporting solutions, are recognized as income over time, as customers receive the benefits of these services as they are provided.

The implementation and invoicing of legal, taxation and financial advisory services are agreed upon in advance. Invoicing is based on an hourly rate or a fixed price. Advisory services are recognized as income in one instalment when the service has been rendered and control has been transferred to the customer. Control is deemed to have been transferred when the Group is entitled to receive payment for services rendered, the risks and rewards of the service have been transferred to the customer, and the customer has approved the service.

As a financial services provider, Talenom acts as an agent, so the commission is recognized in net sales. In other partnership agreements, however, Talenom usually acts as the principal, so the sale is recognized on a gross basis.

OPERTING PROFIT

Talenom Group has defined operating profit as the net sum when other operating revenue is added to net sales, and the following items are deducted:

- external services
- employee benefit expenses
- depreciation and impairment
- other operating costs.

All other income statement items other than those mentioned above are presented under operating profit.

INCOME TAXES

The tax expense in the income statement consists of the tax based on the taxable income for the period and deferred tax. Taxes are recognized through profit or loss unless they are related to business combinations or items recognized directly in equity or other items of comprehensive income.

Deferred tax is calculated from the temporary differences between the book value and the taxable value. Deferred tax is calculated at the tax rates in force at the end of the reporting period or the tax rates approved by that date.

A deferred tax liability is recognized for all temporary differences between the book value and the taxable value, except for investments made in subsidiaries where the Group can determine the date when the temporary difference will dissolve and the temporary difference is unlikely to dissolve in the foreseeable future. The most significant items of deferred tax liability relate to items allocated to other intangible assets in the context of a business combination. The deferred tax liability arising from a business combination is recognized in equity. The change in deferred tax liability related to the depreciation of items allocated to intangible assets is recognized in profit or loss.

A deferred tax asset is recognized for all deductible temporary differences and deductible losses in taxation. The most significant items of the deferred tax asset relate to unused tax losses of subsidiaries.

A deferred tax asset is recognized up to the amount corresponding to the likely taxable income arising in the future against which the temporary difference can be offset. The recognition criteria for a deferred tax asset are always assessed at the end of each reporting period.

No deferred tax asset is recognized if it is caused by initial recognition of an asset or liability when it does not concern a business combination and the transaction does not affect the accounting result or taxable income when it is executed.

Leases are typically transactions in which, the initial recognition of an asset and liability gives rise to a taxable and deductible difference of an equal amount. Talenom recognizes the tax expense or income arising from this difference in profit or loss and presents the item in deferred tax assets in the balance sheet.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS TO BE APPLIED IN FUTURE PERIODS

No new or revised published IFRS standards, amendments to standards, or interpretations are expected to have a significant impact on the Group's future financial statements.

NOTE 4

Operating segments

REPORTING SEGMENTS

Talenom's segment reporting is based on the company's operating countries. The company has three operating segments: Finland, Sweden and Other countries. The Other countries segment includes Spanish and Italian operations because countries in an early development phase are reported as one item. The sales revenue of all segments consists of accounting services provided to customers, as well as other legal, taxation and financial services.

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. Financial income and expenses, as well as income taxes are not allocated to segments.

Sales revenue from services is allocated to individual countries based on the country in which the subsidiary providing the service is located. The Group does not have customers whose net sales amount to at least 10% of consolidated net sales in the 2022 and 2023 financial periods.

Information on the performance of the reporting segments is presented below.

OPERATING SEGMENTS 2023

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
External net sales	87,759	25,469	8500	0	121,728
Inter-segment net sales	645	579	329	0	1,553
Total net sales	88,404	26,048	8,829	0	123,281
Other income	80	218	29	897	1,225
Operating expenses	-55,876	-25,436	-9,546	-211	-91,069
Inter-segment costs	-908	-443	-202	0	-1,553
EBITDA	**31,700**	**388**	**-890**	**686**	**31,884**
Depreciation	-15,361	-2,598	-1031	0	-18,991
Impairment	-4,945	0	0	0	-4,945
Operating profit	**11,394**	**-2,211**	**-1,921**	**686**	**7,948**

OPERATING SEGMENTS 2022

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
External net sales	81,037	19,406	1664	0	102,107
Inter-segment net sales	79	298	82	0	459
Net sales	81,116	19,705	1,746	0	102,567
Other income	82	121	16	1,406	1,625
Operating expenses	-51,087	-17,898	-2,158	-196	-71,339
Inter-segment costs	-380	-79	0	0	-459
EBITDA	**29,731**	**1,848**	**-396**	**1,210**	**32,393**
Depreciation	-13,467	-1,774	-163	0	-15,403
Impairment	-1,681	-34	-9	0	-1,724
Operating profit	**14,584**	**40**	**-568**	**1,210**	**15,266**

NON-CURRENT ASSETS AND GOODWILL 2023

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
Goodwill	24,396	26,862	15,390	0	66,648
Deferred tax assets	129	643	715	0	1,487
Other non-current assets	53,735	13,423	11,141	0	78,299

NON-CURRENT ASSETS AND GOODWILL 2022

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
Goodwill	25,639	22,732	6,615	0	54,986
Deferred tax assets	111	168	164	0	443
Other non-current assets	55,211	12,221	2,997	0	70,428

NOTE 5

Group structure and acquisitions

The consolidated financial statements include the following companies:

Subsidiary name:	Domicile	Holding %
Talenom Plc	Oulu	Parent company
Talenom Taloushallinto Oy	Oulu	100 %
Talenom Talouspalvelu Oy	Kalajoki	100 %
Talenom Consulting Oy	Helsinki	100 %
Talenom Yritystilit Oy	Tampere	100 %
Talenom Audit Oy	Tampere	100 %
Talenom Talousosastopalvelut Oy	Oulu	100 %
Talenom Konsultointipalvelut Oy	Oulu	100 %
Talenom Software Oy	Oulu	100 %
Talenom Balance Oy	Oulu	100 %
Talenom Kevytyrittäjä Oy	Oulu	100 %
Talenom Finance Oy	Oulu	100 %
Talenom Balance-Team Oy	Helsinki	100 %
Talenom Redovisning Ab	Tukholma	100 %
Talenom Järfälla AB	Tukholma	100 %
Talenom Nyköping AB	Nyköping	100 %
YOUnited Professionals Sweden AB	Nyköping	100 %
Talenom Stenungsund och Kungälv AB	Stenungsund	100 %
MH Konsult i Kungälv AB	Kungälv	100 %
Talenom Ulricehamn Borås AB	Ulricehamn	100 %
Lindgren&Lindgren Ekonomi AB	Norrköping	100 %
Talenom Redovisning Växjö AB	Växjö	100 %
Talenom Öckerö Torslanda AB	Öckerö	100 %
Talenom Consulting AB	Malmö	100 %
Talenom Helsingborg AB	Helsingborg	100 %
Alcea Redovisning AB	Åkersberga	100 %
MTE Göteborg AB	Stenungsund	100 %
Easycount AB	Norrköping	100 %
R2 Redovisning AB	Göteborg	100 %
Talenom Redovisning i Strängnäs AB	Strängnäs	100 %
Talenom Blekinge AB	Karlskrona	100 %
Talenom SL	Barcelona	100 %
BKF Asesores SL	Madrid	100 %
BV Coruña SL	Coruña	100 %
Consultoria Granadina SL	Granada	100 %
Grupo CG Consultores 2012 SL	Barcelona	100 %
Acega Asesores SL	Pontevedra	100 %
Aditio Gestion SL	Barcelona	100 %
Aditio Arroyoges SLU	Barcelona	100 %
Asesores Felivan SL	Guadalajara	100 %
Asintesa SLU	Asturias	100 %
Asesoria Joycar 2000 SLU	Asturias	100 %
Adiley Servicios Juridicos SLP	Asturias	100 %
Advisoria Advocate i Economistes SLP	Barcelona	100 %
Gescal Asesores SL	Soria	100 %
Sant Cugat Consulting SL	Barcelona	100 %
Novak Digital Solutions SL	Vitoria	100 %
Talenom S.R.L.	Milano	100 %

BUSINESS ACQUISITIONS IN 2023

During the financial year, the Group made several business acquisitions in Sweden and Spain and one acquisition in Italy. Business acquisitions do not include any significant individual acquisitions, but the combined individual acquisitions constitute a significant entity.

Business acquisitions do not directly and immediately generate economies of scale at the time of acquisition, and the profitability of the acquisition targets initially decreases due to support functions and integration costs. With sufficient net sales volume, centralized support functions and uniform business processes start to generate synergy and economies of scale in the target country. The biggest benefits of acquisitions come with the introduction of own software and their processes. With the introduction of own software, profitability can be improved by an estimated 2-4 times, as Finland's profitability development with the introduction of own software shows. If the profitability target is met, the benefits from acquisitions will significantly reduce the original market-based valuation multiples and increase the return from the acquisition and the earning capacity of goodwill.

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	1.1,2023	Business acquisition	Cash	440	170
MTE Göteborg AB	16.1,2023	Share transaction	Cash and shares	460	225
R2 Redovisning AB	1.2,2023	Share transaction	Cash and shares	967	324
BKF Asesores SL	1.2,2023	Share transaction	Cash and shares	1,686	300
Easycount AB	1.3,2023	Share transaction	Cash	575	270
BV Coruña Asesoria de Empresas SL	1.3,2023	Share transaction	Cash and shares	1,700	300

EUR 1,000	Time of acquisition	Transaction type	Method of payment	Acquisition cost	Maximum contingent consideration
Consultoria Granadina SL + Grupo CG Consultores	1.3.2023	Share transaction	Cash and shares	1,600	540
LR Redovisning i Strängnäs AB	1.6.2023	Share transaction	Cash and shares	1,861	901
Adition Gestion SL	27.6.2023	Share transaction	Cash and shares	1,285	0
Advisoria Advocats i Economistes SLP	30.6.2023	Share transaction	Cash and shares	2,600	0
Acega Asesores SL	3.7.2023	Share transaction	Cash and shares	265	135
VM Redovisning AB	21.8.2023	Share transaction	Cash and shares	1,263	901
Sant Cugat Consulting SL	26.9.2023	Share transaction	Cash and shares	1,650	100
Gesgal Asesories SL	28.9.2023	Share transaction	Cash and shares	365	0
Novak Digital Solutions SL	23.11.2023	Share transaction	Cash and shares	720	270
				17,436	4,438

The total contingent consideration recognized as a liability from the transactions is EUR 3,392,000. The recognized 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 goodwill generated in business acquisitions typically consists of the value of the acquired personnel and the future potential returns of the acquisition target. The costs arising from acquisitions are recognized in profit or loss. If the acquisitions had taken place at the beginning of the financial year 2023, they would have increased the operating profit for the accounting period by an estimated EUR 897,000 and net sales by around EUR 5,497,000. The value of the acquired assets and liabilities on the day of acquisition were:

SHARE TRANSACTIONS

EUR 1,000	MTE Göteborg	BKF Asesores	R2 Redovisning	BV Coruna	Consultoria Granadina
Intangible assets	0	0	2	0	8
Property, plant and equipment	4	0	1	23	76
Other non-current assets	136	608	490	837	421
Customer relationships	27	0	0	830	97
Right-of-use assets	93	189	174	20	276
Current assets	**260**	**797**	**668**	**1,710**	**877**
Trade payables and other liabilities	23	85	88	18	349
Lease liabilities	27	0	0	830	97
Deferred tax liability	28	152	101	209	105
Total liabilities	**78**	**237**	**189**	**1,057**	**551**
Net assets	**182**	**560**	**478**	**652**	**326**
Paid in cash	172	1,186	348	800	960
Paid in Talenom Plc shares	111	200	264	600	640
Contingent consideration recognized	177	300	353	300	0
Consideration transferred	461	1,686	965	1,700	1,600
Net assets of acquisition target	-182	-560	-478	-652	-326
Goodwill	**279**	**1,126**	**487**	**1,048**	**1,274**

EUR 1,000	Easycount	LR Redovisning	Adition Gestion SL	Advisoria Advocats i Economistes SLP	Acega Asesores SL
Intangible assets	0	0	170	11	0
Property, plant and equipment	2	749	20	40	11
Customer relationships	209	55	507	1,141	159
Right-of-use assets	44	293	79	146	53
Current assets	146	1,096	337	673	237
Total assets	**401**	**494**	**1,114**	**2,011**	**460**
Trade payables and other liabilities	122	149	1,025	641	212
Lease liabilities	44	55	79	146	53
Deferred tax liability	43	154	127	285	40
Total liabilities	**209**	**358**	**1,231**	**1,072**	**305**
Net assets	**192**	**738**	**-117**	**939**	**155**
Paid in cash	305	744	643	2,500	133
Paid in Talenom Plc shares	0	258	643	100	133
Contingent consideration recognized	270	859	0	0	0
Consideration transferred	575	1,861	1,285	2,600	265
Net assets of acquisition target	-192	-738	117	-939	-155
Goodwill	**384**	**1,123**	**1,402**	**1,661**	**110**

EUR 1,000	VM Redovisning AB	Sant Cugat Consulting SL	Gescal Asesores SL	Novak Digital Solutions SL	Share transactions, total
Intangible assets	0	7	1	19	219
Property, plant and equipment	0	22	7	197	403
Other non-current assets	469	703	224	212	6,863
Customer relationships	36	192	29	0	1,585
Right-of-use assets	225	277	150	55	3,146
Current assets	**730**	**1,241**	**411**	**492**	**12,266**
Trade payables and other liabilities	180	380	88	171	3,533
Lease liabilities	36	192	29	0	1,585
Deferred tax liability	97	176	56	53	1,625
Total liabilities	**312**	**747**	**172**	**225**	**6,744**
Net assets	**417**	**494**	**239**	**267**	**5,522**
Paid in cash	486	1,155	219	405	10,056
Paid in Talenom Plc shares	147	495	146	45	3,781
Contingent consideration recognized	630	0	0	270	3,159
Consideration transferred	1,263	1,650	365	720	16,996
Net assets of acquisition target	-417	-494	-239	-267	-5,522
Goodwill	**846**	**1,156**	**126**	**453**	**11,474**

BUSINESS ACQUISITIONS, TOTAL

EUR 1,000	Gavazzi	Business acquisitions, total
Intangible assets	0	0
Property, plant and equipment	20	20
Other non-current assets	0	0
Customer relationships	0	0
Right-of-use assets	0	0
Current assets	20	20
Trade payables and other liabilities		
Lease liabilities		
Deferred tax liability		
Total liabilities	**0**	**0**
Net assets	**20**	**20**
Paid in cash	270	270
Paid in Talenom Plc shares	0	0
Contingent consideration recognized	170	170
Consideration transferred	440	440
Net assets of acquisition target	-20	-20
Goodwill	**420**	**420**

BUSINESS ACQUISITIONS IN 2022

During the financial period, the Group made several business acquisitions in Finland, Sweden and Spain.

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	13.1.2022	Share transaction	Cash and shares	2,172	584
Kjell Wengbrand Redovisnings AB	13.1.2022	Share transaction	Cash and shares	909	270
Saarijärven Tilipalvelu Oy	3.1.2022	Business acquisition	Cash	80	0
Accodome Oy	1.2.2022	Business acquisition	Cash	24	8
Kuopion Tili-Consults Oy	1.2.2022	Business acquisition	Cash	178	38
Lindgren&Lindgren Ekonomi AB	4.4.2022	Share transaction	Cash and shares	658	180
Confido Redovisning AB	4.4.2022	Share transaction	Cash and shares	1,710	719
Redovisningsbyrån Öckerö AB	4.4.2022	Share transaction	Cash and shares	1,651	719
PJ Yrityspalvelu Oy	1.5.2022	Business acquisition	Cash and shares	120	0
Acompany Asesoria y Gestion de Empresas SL	1.8.2022	Business acquisition	Cash and shares	652	0
Tilipalvelu Elisa Ruinu Oy	1.9.2022	Business acquisition	Cash	455	70
Mazars Redovisning AB	1.9.2022	Share transaction	Cash	8,984	6,833
Gestoria Teruel SL	1.9.2022	Share transaction	Cash and shares	1,500	0
Baran Redovisning AB	1.10.2022	Share transaction	Cash	901	190
Nomo Management Solution SL	1.10.2022	Business acquisition	Cash	2,550	0
Alcea Redovisning AB	1.11.2022	Share transaction	Cash and shares	1,184	270
				23,728	9,882

The total contingent consideration recognized as a liability from the transactions is EUR 5,715,000. The recognized 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 costs arising from acquisitions are recognized in profit or loss. If the acquisitions had taken place at the beginning of the financial year 2022, they would have increased the operating profit for the accounting period by an estimated EUR 296,000and net sales by around EUR 7,470,000.

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

SHARE TRANSACTIONS

EUR 1,000	MH Konsults Väst AB	Kjell Wengbrand Redovisnings AB	Confido Redovisning AB	Lindgren&Lindgren AB	Redovisningbyrån Öckerö AB
Intangible assets	0	0	0	0	0
Property, plant and equipment	11	17	1	7	18
Customer relationships	218	49	177	0	120
Right-of-use assets	122	13	56	42	216
Current assets	610	252	351	272	204
Total assets	**961**	**331**	**585**	**322**	**558**
Trade payables and other liabilities	474	177	189	98	348
Lease liabilities	122	13	56	42	216
Deferred tax liability	45	10	37	0	25
Total liabilities	**641**	**201**	**282**	**141**	**588**
Net assets	**320**	**131**	**303**	**181**	**-31**
Paid in cash	836	443	549	377	490
Paid in Talenom Plc shares	704	175	387	87	387
Contingent consideration recognized	631	291	774	194	774
Consideration transferred	2,172	909	1,710	658	1,651
Net assets of acquisition target	-320	-131	-303	-181	31
Goodwill	**1,851**	**778**	**1,407**	**477**	**1,682**

EUR 1,000	Mazars Redovisning AB	Gestoria Teruel SL	Baran Redovisning AB	Alcea Redovisning AB	Share transactions, total
Intangible assets	0	10	0	0	10
Property, plant and equipment	72	4	6	14	150
Customer relationships	2,863	321	732	382	4,863
Right-of-use assets	192	0	54	46	741
Current assets	240	159	186	260	2,534
Total assets	**3,368**	**494**	**978**	**702**	**8,298**
Trade payables and other liabilities	309	85	102	174	1,956
Lease liabilities	192	0	54	46	741
Deferred tax liability	590	80	151	79	1,016
Total liabilities	**1,092**	**165**	**306**	**298**	**3,713**
Net assets	**2,276**	**329**	**672**	**403**	**4,585**
Paid in cash	4,701	1,050	717	494	9,657
Paid in Talenom Plc shares	0	450	0	414	2,604
Contingent consideration recognized	4,282	0	184	276	7,407
Consideration transferred	8,984	1,500	901	1,184	19,668
Net assets of acquisition target	-2,276	-329	-672	-403	-4,585
Goodwill	**6,708**	**1,171**	**229**	**781**	**15,083**

BUSINESS ACQUISITIONS, TOTAL

EUR 1,000	Acompany	Nomo	Business acquisitions in Finland	Business acquisitions, total
Intangible assets	0	544	0	544
Property, plant and equipment	0	0	0	0
Customer relationships	233	0	857	1,090
Right-of-use assets	0	0	27	27
Current assets	0	0	0	0
Total assets	**233**	544	**884**	**1,661**
Trade payables and other liabilities	0	80	0	80
Lease liabilities	0	0	27	27
Deferred tax liability	58	136	0	194
Total liabilities	**58**	**216**	**27**	**301**
Net assets	**175**	**328**	**857**	**1,360**
Paid in cash	456	2,470	741	3,667
Paid in Talenom Plc shares	196	0	0	196
Contingent consideration recognized	0	0	116	116
Consideration transferred	652	2,470	857	3,979
Net assets of acquisition target	-175	-328	-857	-1,360
Goodwill	**477**	**2,142**	**0**	**2,619**

CONTINGENT CONSIDERATIONS

Business acquisitions carry contingent considerations tied to financial and operational objectives, and these are Recognized as liabilities in the amount that the management considers likely to arise. A total of EUR 897,000 (1,406,000 in 2022) in contingent considerations have been recorded in other operating income during the financial period. A total of EUR 255,000 (196,000 in 2022) in realised contingent considerations exceeding the estimate have been recorded in other operating expenses.

At the time of the financial statements on 31 December 2023, EUR 5,197,000 (31 Dec. 2022 EUR 6,844,000) was recorded as liabilities on contingent considerations .

The maximum amount in outstanding contingent considerations according to the relevant agreements is EUR 10,783,000 (31 Dec. 2022 EUR 11,043,000).

NOTE 6

Revenue from contracts with customers

CUSTOMER CONTRACTS

All of the Group's sales revenue is generated by customer contracts. Customer contracts are, by nature, mainly ongoing service agreements without any significant assets or liabilities to recognise in the balance sheet.

The amount of liabilities recognised in the balance sheet for customer contracts is presented in Note 25 under Advances received on customer contracts. Assets recognised in the balance sheet are shown in the table below.

EUR 1,000	2023	2022
Current assets based on contracts (amortised sales)	717	799

The Group applies practical expedients and chooses not to present information on the transaction price allocated to the outstanding performance obligations, i.e., order book details. The Group's performance obligations are fulfilled as the service is provided and the customer receives benefits of the service.

Billing is monthly and the invoice falls due within 1-2 weeks. The amounts of consideration are fixed and have no separate financing components. Furthermore, the service does not involve specific return or refund obligations or warranties.

Distribution of the Group's sales revenue	2023	2022
Revenue from indefinite customer contracts	118,796	99,144
Revenue from one-off assignments	2,932	2,963
	121,728	102,107

Indefinite customer contracts consist of accounting services, including advisory services with a financial management specialist. One-off assignments include advisory and HR service assignments subject to separate agreements.

COSTS OF OBTAINING OR FULFILLING A CUSTOMER CONTRACT

Recognised asset items

EUR 1,000	2023	2022
Opening balance	11,694	11,805
Costs of obtaining customer contracts	2,145	2,208
Implementation costs	1,134	1,138
	14,973	15,151
Depreciation for the financial period	-1,806	-1,741
Impairment	-1,820	-1,715
Capitalised contract costs in the balance sheet	**11,347**	**11,694**

Expenditure is amortised over 10 years based on the average duration of customer contracts. The costs of obtaining customer contracts include the bonuses for the Group's own sales organisation, as well as the bonuses payable to franchisees for establishing customer relationships.

NOTE 7

Other operating income

EUR 1,000	2023	2022
Capital gains from disposal of fixed assets	13	23
Unrealised contingent considerations from business acquisitions	897	1,406
Subsidies and grants received	56	28
Other items	259	167
Total	**1,225**	**1,625**

NOTE 8

Materials and services

EUR 1,000	2023	2022
Materials and services		
External services	-3,884	-3,950
Total	**-3,884**	**-3,950**

NOTE 9

Employee benefit expenses

EUR 1,000	2023	2022
Salaries	53,614	40,809
Options and share bonuses implemented and paid as shares	872	1,491
Indirect employee costs		
Pension costs – defined contribution plans	6,892	5,937
Other personnel expenses	10,519	7,445
Total	**71,897**	**55,682**

Average number of Group personnel in the financial period:	2023	2022
Salaried employees	1,501	1,204
Total	**1,501**	**1,204**
Number of personnel at the end of the period	**1,560**	**1,336**

Information on the employee benefits for senior management is given in Note 29 Related party transactions.

NOTE 10

Depreciation and impairment

DEPRECIATION AND IMPAIRMENT BY ASSET CATEGORY

Intangible assets

EUR 1,000	2023	2022
Depreciation of intangible rights	276	254
Depreciation of other intangible assets	11,585	9,261
Impairment of other intangible assets	3,159	0
Total	**15,019**	**9,515**

Capitalised contract costs

EUR 1,000	2023	2022
Depreciation of capitalised contract costs	1,806	1,741
Impairment	1,820	1,724
Total	**3,626**	**3,466**

Property, plant and equipment

EUR 1,000	2023	2022
Depreciation of plant and equipment	1,097	780
Depreciation of right-of-use assets	4,115	3,301
Depreciation of other tangible assets	78	66
Total	**5,290**	**4,147**
Total depreciation and impairment	**23,935**	**17,128**

NOTE 11

Other operating expenses

EUR 1,000	2023	2022
Office expenses	2,574	1,974
Machinery and equipment costs	7,160	6,009
Expenses recorded on contingent considerations	255	196
Other expense items (marketing, administration and other expenses)	5,299	3,527
Total	**15,287**	**11,706**

Auditor's fees

EUR 1,000	2023	2022
Audit		
KPMG	203	184
Auditor's statements and certificates		
KPMG	17	12
Tax advice		
KPMG	0	11
Other services		
KPMG	72	31
Total	**292**	**238**

The fees charged by KPMG Oy AB are as follows: Auditing EUR 159,000, statutory statements EUR 17,000, non-auditing services EUR 68,000.

NOTE 12

Financial income and expenses

RECOGNIZED IN THE INCOME STATEMENT THROUGH PROFIT OR LOSS

Financial income

EUR 1,000	2023	2022
Other financial income	433	466
Total	**433**	**466**

Financial expenses

EUR 1,000	2023	2022
Interest expenses		
Liabilities measured at amortised cost	-3,369	-822
Lease liabilities	-255	-215
Other financial expenses	-498	-141
Total	**-4,122**	**-1,178**
Net financial expenses	**-3,689**	**-712**

NOTE 13

Income taxes

RECOGNIZED IN THE INCOME STATEMENT THROUGH PROFIT OR LOSS

Tax based on the taxable income for the financial period

EUR 1,000	2023	2022
Tax based on the taxable income for the financial period	2,276	3,304
Taxes for previous fiscal periods	-22	3
Total	**2,254**	**3,307**

Changes in deferred taxes

EUR 1,000	2023	2022
Change in deferred tax assets	-1,017	-353
Change in deferred tax liabilities	-339	-201
Total	**-1,356**	**-554**
Total tax expense in the income statement	**899**	**2,753**

Reconciliation between the tax expense in the income statement and taxes calculated

EUR 1,000	2023	2022
Profit before tax	**4,260**	**14,554**
Taxes calculated with the tax rate applicable in Finland (20%)	-852	-2,911
Previously unrecognized tax losses used to reduce the taxes for the period	0	36
Unrecognized deferred tax assets from tax losses	-9	0
Tax-exempt income and non-deductible expenditure	-63	-3
Taxes from previous fiscal periods	14	-3
Difference in tax rates between different countries	93	28
Employee share and option schemes	-151	-298
Changes in contingent considerations related to business acquisitions	128	242
Other differences	-59	157
Taxes in the income statement	**-899**	**-2,753**

CHANGES IN DEFERRED TAXES 2023

EUR 1,000	1.1.2023	Recognized in profit or loss	Recognized in equity	Exchange differences and other differences	31.12.2023
Deferred tax assets					
Lease liabilities	2,027				1,943
Right-of-use assets	-1,984				-1,880
Total leases	43				62
Unused losses for tax purposes	301	888	0	4	1,194
Other temporary differences	99	109	22	0	230
Total deferred tax assets	**443**	**1,017**	**22**	**4**	**1,487**
Deferred tax liabilities					
Acquisitions of subsidiaries and businesses	-2,926	418	-1,625	0	-4,133
Property, plant and equipment	-69	-9	0	0	-78
Other temporary differences	-45	-71	0	0	-115
Total deferred tax liabilities	**-3,040**	**339**	**-1,625**	**0**	**-4,326**

CHANGES IN DEFERRED TAXES 2022

EUR 1,000	1.1.2023	Recognized in profit or loss	Recognized in equity	Exchange differences and other differences	31.12.2023
Deferred tax assets					
Lease liabilities	1,767	225	0	36	2,027
Right-of-use assets	-1,725	-259	0	0	-1,984
Total leases	41	-34	0	36	43
Unused losses for tax purposes	0	301	0	0	301
Other temporary differences	49	50	0	0	99
Total deferred tax assets	**90**	**317**	**0**	**36**	**443**
Deferred tax liabilities					
Acquisitions of subsidiaries and businesses	-1921	205	-1210	0	-2,926
Property, plant and equipment	-71	2	0	0	-69
Other temporary differences	-39	-6	0	0	-45
Total deferred tax liabilities	**-2,030**	**201**	**-1,210**	**0**	**-3,040**

NOTE 14

Earnings per share

The figure for undiluted earnings per share is calculated by dividing the profit for the financial period attributable to the shareholders of the parent company by the weighted average number of outstanding shares during the financial period. The company's treasury shares are deducted from the total number of outstanding shares when calculating the weighted average number of outstanding shares.

	2023	2022
Profit for the financial period attributable to owners of the parent company (EUR 1,000)	3,361	11,801
Weighted average number of shares during the period (1,000)*	45,176	44,384
Effect of share options	0	70
Weighted average number of shares for calculating diluted earnings per share (1,000)	45,176	44,454
Undiluted earnings per share (EUR/share)	0.07	0.27
Diluted earnings per share (EUR/share)	0.07	0.27

In calculating the diluted earnings per share, the dilutive effect of all potentially dilutive ordinary shares is considered in the weighted average number of shares.

NOTE 15
Right-of-use assets and property, plant and equipment

EUR 1,000	RIGHT-OF-USE ASSETS 2023	PROPERTY, PLANT AND EQUIPMENT 2023 Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan. 2023	20,005	8,284	778	9,062
Increases	1,605	2,689	128	2,816
Acquisitions via business combinations	1,989	423	0	423
Decreases		-540		-540
Exchange rate differences				0
Acquisition cost, 31 Dec. 2023	**23,599**	**10,856**	**905**	**11,761**
Accumulated depreciation and impairment, 1 Jan. 2023	-10,083	-5,673	-636	-6,310
Depreciation for the period	-4,115	-1,010	-84	-1,094
Accumulated depreciation on deductions		328	0	328
Accumulated depreciation and impairment, 31 Dec. 2023	**-14,198**	**-6,356**	**-721**	**-7,076**
Book value, 1 Jan. 2023	**9,922**	**2,611**	**142**	**2,752**
Book value, 31 Dec. 2023	**9,401**	**4,501**	**185**	**4,685**

EUR 1,000	RIGHT-OF-USE ASSETS 2022	PROPERTY, PLANT AND EQUIPMENT 2022 Machinery and equipment	Other tangible assets	Total
Acquisition cost, Jan. 1, 2022	15,408	7,721	785	8,506
Increases	3,807	786	-7	779
Acquisitions via business combinations	790	156	0	156
Decreases	0	-373	0	-373
Exchange rate differences	0	-6	0	-6
Acquisition cost, Dec. 31, 2022	**20,005**	**8,284**	**778**	**9,062**
Accumulated depreciation and impairment, 1 Jan. 2022	-6,782	-5,159	-563	-5,721
Depreciation for the period	-3,301	-726	-74	-800
Accumulated depreciation on deductions	0	212	0	212
Accumulated depreciation and impairment, 31 Dec. 2022	**-10,083**	**-5,673**	**-636**	**-6,310**
Book value, Jan. 1, 2022	**8,626**	**2,562**	**222**	**2,784**
Book value, Dec. 31, 2022	**9,922**	**2,611**	**142**	**2,752**

NOTE 16
Intangible assets

INTANGIBLE ASSETS 2023

EUR 1,000	Goodwill	Intangible rights	Software development	Customer relationships	Total
Acquisition cost, 1 Jan. 2023	54,986	2,543	57,141	19,176	133,846
Increases	0	115	14,536	0	14,651
Acquisitions via business combinations	11,662	219	0	6,863	18,743
Acquisition cost, 31 Dec. 2023	**66,648**	**2,876**	**71,677**	**26,039**	**167,240**
Accumulated depreciation and impairment, 1 Jan. 2023	0	-2,031	-27,728	-3,588	-33.347
Depreciation for the financial period	0	-264	-9,353	-2,324	-11,941
Impairment *)					
Accumulated depreciation and impairment, 31 Dec. 2023	**0**	**-2,295**	**-40,240**	**-5,912**	**-48,447**
Book value, 1 Jan. 2023	**54,986**	**512**	**29,413**	**15,588**	**100,499**
Book value, 31 Dec. 2023	**66,648**	**581**	**31,437**	**20,127**	**118,793**

*) The architecture of Talenom's own software platform has been renewed to meet internationalization needs. As a result, old software used in Finland will be decommissioned. Impairment consists of write-downs related to software.

INTANGIBLE ASSETS 2022

EUR 1,000	Goodwill	Intangible rights	Software development	Customer relationships	Total
Acquisition cost, Jan. 1, 2022	37,284	2,302	44,570	13,223	97,380
Increases	0	154	12,114	0	12,267
Acquisitions via business combinations	17,702	87	457	5,953	24,198
Acquisition cost, Dec. 31, 2022	**54,986**	**2,543**	**57,141**	**19,176**	**133,846**
Accumulated depreciation and impairment, 1 Jan. 2022	0	-1,786	-19,961	-2,027	-23,773
Depreciation for the financial period	0	-245	-7,768	-1,561	-9,574
Accumulated depreciation and impairment, 31 Dec. 2022	**0**	**-2,031**	**-27,728**	**-3,588**	**-33,347**
Book value, Jan. 1, 2022	**37,284**	**517**	**24,610**	**11,197**	**73,607**
Book value, 31 Dec. 2022	**54,986**	**512**	**29,413**	**15,588**	**100,499**

NOTE 16

IMPAIRMENT TESTING

The Group evaluates the recoverable amount of goodwill annually, regardless of whether there are indications of impairment. Impairment is tested at the level of cash-generating units. For goodwill impairment testing, goodwill is allocated to the cash-generating units according to the table below:

EUR 1,000	2023	2022
Accounting services Finland - book value	65,879	65,153
Sweden - book value	41,842	33,104
Spain - book value	21,895	8,236
Total	**129,616**	**106,493**

EUR 1,000	2023	2022
Goodwill Finland	24,396	24,221
Goodwill Sweden	26,862	23,976
Goodwill Spain	13,235	6,789
Total	**64,493**	**54,986**

The Group's goodwill impairment testing is carried out annually based on book values at the end of September. In the financial year 2023, the company made three business acquisitions in Spain after impairment testing, related to which EUR 1,735,000 has been recorded as goodwill. The book value of the acquisitions at the time of acquisition was EUR 2,735,00. For these acquisitions, goodwill impairment testing has been carried out in connection with the acquisition based on market-based valuation of the acquired businesses.

Cash-generating unit

The recoverable amount of a cash-generating unit is determined based on its value in use. The recoverable cash value is calculated by discounting future cash flows from the continuous use of the cash-generating unit.

Accounting services Finland

The recoverable cash value of the cash-generating unit was estimated to exceed the book value by EUR 201 million (2022: EUR 199 million).

The key variables used to calculate the recoverable amount are presented below:

Percent	2023	2022
Growth rate in the residual value period	1.7%	1.7%
Discount rate before tax (WACC)	10.4%	10.4%
revenue (average annual growth rate, 3 years)	6.7%	10.8%
Estimated EBITDA (average, 3 years)	40.2%	38.4%

In these calculations, the growth rate for the residual value period and discount rate (WACC) are based on market data from external information sources. Projections concerning net sales and the trend in profitability are based on previous performance and management's views on probable future development over the next three years. The management assesses that there are no possible changes in key variables that would result in the recoverable cash value of the unit being less than its book value.

Sweden

The recoverable cash value of the cash-generating unit was estimated to exceed the book value by EUR 5,313,000 (2022: EUR 4,131,000).

The key variables used to calculate the recoverable amount are presented below:

Percent	2023	2022
Growth rate in the residual value period	1.7%	1.7%
Discount rate before tax (WACC)	14,2%	17.5%
Net sales (average annual growth rate, 3-4 years)	14.5%	26.4%
Estimated EBITDA (average, 3-4 years)	16.7%	13.7%

The forecast period was changed in 2023 from three to four years because, according to management's assessment, the most significant changes in forecasts will take place within four years. In these calculations, the growth rate for the residual value period and discount rate (WACC) are based on market data from external information sources. Several acquisitions have been made in Sweden in 2020-2023. Since a relatively short time has passed since the acquisitions projections for the development of net sales and profitability are clearly below the management's target level.

The sensitivity analysis below shows how each of the following changes would affect the unit's book value corresponding to the recoverable amount in cash if all other factors remained unchanged:

Percentage points	2023	2022
Net sales (average annual growth rate, 3 - 4 years)	-3.2%	-6.0%
Estimated EBITDA (average, 3 - 4 years)	-5.8%	-5.4%
Residual value growth rate	-2.1%	-2.2%
Discount rate (WACC)	1.4%	1.9%

Spain

The recoverable cash value of the cash-generating unit was estimated to exceed the book value by EUR 1,554,000 (2022: EUR 550,000).

The key variables used to calculate the recoverable amount are presented below:

Percent	2023	2022
Growth rate in the residual value period	1.7%	1.7%
Discount rate before tax (WACC)	16.2%	19.3%
Net sales (average annual growth rate, 5 years)	36.4%	77.1%
Budgeted EBITDA (average, 5 years)	12.7%	6.4%

In these calculations, the growth rate for the residual value period and discount rate (WACC) are based on market data from external information sources. The acquisitions in Spain took place in 2021-2023. Since a relatively short time has passed since the acquisitions projections for the development of net sales and profitability are clearly below the management's target level.

The sensitivity analysis below shows how each of the following changes would affect the unit's book value corresponding to the recoverable amount in cash if all other factors remained unchanged:

Percentage points	2023	2022
Net sales (average annual growth rate, 5 years)	-1.1%	-3.2%
Budgeted EBITDA (average, 5 years)	-1.2%	-2.2%
Residual value growth rate	-1.2%	-1.8%
Discount rate (WACC)	0.7%	1.2%

Italy

The impairment testing of Italian goodwill has been carried out using the book values at the end of November. The recoverable amount has been determined using market-based fair value multiplier methods. Based on the management's assessment, the market-based valuation is normal and the market multiples of similar accounting firms are equal.

	2023
Goodwill EUR 1,000	420
Book value - Italy EUR 1,000	452

The market-based testing method indicated that the estimated amount of cash flow that a profit-generating unit could generate was at least equal to its book value.

Other financial assets

FINANCIAL ASSETS RECOGNIZED AT FAIR VALUE THROUGH PROFIT OR LOSS:

EUR 1,000	2023	2022
Other investments	184	254
Total	**184**	**254**
Current	-	-
Non-current	**184**	**254**

The Group's other financial assets consist of investments in shares and corporate loan receivables. These financial assets are measured at fair value through profit or loss and are classified as recognized at fair value through profit or loss. Unquoted securities for which no quoted price in an active market is available are measured at the probable disposal price estimated by management.

Information on fair value measurement is presented in Note 22.

NOTE 18

Trade and other receivables

EUR 1,000	2023	2022
Trade receivables	12,033	9,448
Other receivables	4,708	4,730
Total	**16,742**	**14,178**
Current	**16,742**	**14,178**
Non-current	**0**	**0**

Other material items of receivables, advances paid, prepayments and accrued income

EUR 1,000	2023	2022
Advances paid	2,471	2,067
Lease collateral	652	582
Other accrued income	1,586	2,081
Total	**4,708**	**4,730**

The book value of trade receivables and other receivables is a reasonable estimate of their fair value. The Group recognized a total of EUR 841,000 in provisions for expected credit losses in 2023 (EUR 490,000 in 2022). The book values of trade receivables and other receivables best corres-pond to the maximum amount of the Group's credit risks

Age distribution of trade receivables and expected credit losses

EUR 1,000	2023	Expected credit loss		Net 2023
Not overdue	9,128	-57	1%	9,071
Overdue				
1-30 days	1,920	-97	5%	1,823
31-60 days	319	-63	20%	256
61-90 days	217	-77	35%	140
91-120 days	346	-121	35%	226
over 120 days	943	-426	45%	517
Overdue, total	3,746	-784		2,962
Total	**12,874**	**-841**		**12,033**

EUR 1,000	2022	Expected credit loss		Net 2022
Not overdue	7,751	-122	2%	7,629
Overdue				
1-30 days	1,082	-28	3%	1,054
31-60 days	247	-25	10%	223
61-90 days	141	-29	21%	112
91-120 days	85	-27	31%	58
over 120 days	631	-259	41%	372
Overdue, total	2,187	-367		1,819
Total	**9,938**	**-490**		**9,448**

Note 26 describes the Group's exposure to credit and market risks and how the Group assesses and manages the risk of credit losses related to trade receivables.

The company recognises expected credit losses based on experience and the age distribution of the receivables.

NOTE 19

Cash and cash equivalents

EUR 1,000	2023	2022
Cash in hand and at banks	10,254	15,970
Cash and cash equivalents in the balance sheet	**10,254**	**15,970**
Cash and cash equivalents in the cash flow statement	**10,254**	**15,970**

NOTE 20

Notes on equity

EUR 1,000	Number of shares 1,000	Share capital	Reserve for invested unrestricted equity	Translation differences	Total
1.1.2022	43,790	80	21,587	3	21,670
Share issue - options and share bonuses	866		2,474		2,474
Share issue - business acquisitions	267		2,800		2,800
Changes in translation differences				57	57
31.12.2022	44,923	80	26,861	60	27,001
1.1.2023	44,923	80	26,861	60	27,001
Share issue - options and share bonuses	141		233		233
Share issue - business acquisitions	513		3,781		3,781
Changes in translation differences				-16	-16
31.12.2023	45,577	80	30,875	44	30,999

SHARE CAPITAL

The share capital consists of a one series of shares, with each share conferring one vote. The shares do not have a nominal value.

On 31 December 2023, the Group held 150,600 own shares.

When shares are issued, the subscription price that the company receives is recognized under share capital unless the share issue decision calls for the subscription price to be recognized in the reserve for invested unrestricted equity.

DIVIDENDS

The Board of Directors proposes that a dividend of EUR 0.19 per share be paid. A dividend of EUR 0.18 per share was paid in 2022.

RESERVE FOR INVESTED UNRESTRICTED EQUITY

The reserve for invested unrestricted equity includes other equity-like investments and the subscription price of shares unless a specific decision is made to recognise the subscription price in the share capital.

Share-based payments

OPTION-BASED INCENTIVE SCHEMES

The Group has option-based incentive and commitment schemes directed at key Group personnel. The option rights encourage key personnel to work long-term in order to increase shareholder value and seek to commit key employees to the employer.

The Group has three valid option schemes in effect on the closing date. Under the authorisation granted by the Annual General Meeting of 3 March 2021, the Board of Directors decided on the 2021 option scheme, under the authorisation granted by the Annual General Meeting of 3 March 2022, the Board of Directors decided on the 2022 option scheme, and under the authorisation granted by the Annual General Meeting of 15 March 2023, the Board of Directors decided on the 2023 option scheme. All option schemes carry an additional condition concerning ownership of shares, whereby the stock option owner must use 20% of the gross earnings received from the stock options to acquire the company's shares 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 arrangements are covered by IFRS 2.

Various stock option-based incentive schemes are targeted at key Group employees. Under the terms of the incentive schemes, stock options are issued without consideration and all arrangements are conditional. The subscription period for the shares subscribed for with the 2021 option rights is between 1 March 2026 and 28 February 2027, with the 2022 option rights between 1 March 2025 and 28 February 2026, and with the 2023 option rights between 1 March 2026 and 28 February 2027. The option rights 2016A and 2016B, 2016C as well as 2018 and 2019 have been exercised or cancelled.

The total number of shares to be subscribed for under the 2021 option terms is 600,000 shares, the total number of shares to be subscribed for under the 2022 option terms is 500,000 shares, and the total number of shares to be subscribed for under the 2023 option terms is 650,000 shares.

The maximum total number of option rights, adjusted for share issues and including the rights already executed, in accordance with the option schemes is 5,410,000, and these are granted free of charge. The option rights entitle or have entitled their holders to subscribe for a maximum of 5,410,000 new shares or shares held by the company. A total of 2,248,380 new shares were subscribed for with stock options, and 1,411,620 stock options were cancelled.

The subscription price, adjusted for share issues, was EUR 13.44 when the 2021 stock options were issued, EUR 9.46 with 2022 option rights, and EUR 7.42 with 2023 option rights.The proceeds from share subscriptions are recognized in the reserve for invested unrestricted equity.

If the employment relationship of the option rights owner with the Group ends, they immediately forfeit the stock options allocated to them if the share subscription period had not begun at the end of the employment relationship. Recipients of stock options are not entitled to receive any compensation related to the stock options, whether during their employment or thereafter.

If the company distributes a dividend or returns capital from the reserve for unrestricted equity, the subscription price of shares that can be subscribed for with stock options is reduced by a decision of the Board of Directors for 2022 option rights from 21 March 2022 and for 2023 option rights from 20 April 2023 with the dividend per share decided before the share subscription and capital paid out from the reserve for unrestricted equity on the reconciliation date of the dividend distribution or return of capital. A corresponding procedure applies if the company reduces its share capital by distributing it to shareholders.

With regard to the 2021 stock options, the subscription price per share will not be reduced, except in the case of additional dividends, which require the Board of Directors to make a separate decision concerning the option scheme. If the company reduces its share capital by distributing it to shareholders, the subscription price of shares that can be subscribed for with stock options is reduced by a special decision from the Board of Directors with the amount of capital returns per share decided before the share subscription on the reconciliation date of the capital distribution.

The key terms of the schemes are presented in the following table.

KEY TERMS OF VALID OPTION SCHEMES (ADJUSTED FOR SHARE ISSUES)

Scheme	2021	2022	2023
Nature of the scheme	Stock option	Stock option	Stock option
Date granted	20.5.2021	21.3.2022	20.4.2023
Vesting period	20 May 2019 to 28 Feb. 2026	21 Mar. 2022 to 28 Feb. 2025	20 Apr. 2023 to 28 Feb. 2026
Subscription period	1 Mar. 2026 to 28 Feb. 2027	1 Mar. 2025 to 28 Feb. 2026	1 Mar. 2026 to 28 Feb. 2027
Vesting condition	Employment condition	Employment condition	Employment condition
Maximum number of options	600,000	500,000	650,000
Current subscription price (EUR)	13.44	9.46	7.42
Share price at time of granting	13.44	9.46	7.42
Implementation	As shares	As shares	As shares

	2021	2022	2023	Total
Options held by the company	197,000	51,000	39,900	287,900

KEY ASSUMPTIONS USED IN THE BLACK-SCHOLES VALUATION MODEL (ADJUSTED FOR SHARE ISSUES)

Scheme	2021	2022	2023
Date granted	**20.5.2021**	**21.3.2022**	**20.04.2023**
Volatility, %	35.35%	39.17%	37.39%
Period of validity (years)	5.78	3.95	3.85
Risk-free rate, %	-0.45	0.01	2.39
Price at the time of granting	13.44	9.46	7.42
Value of option at the time of granting	2.38	2.90	2.33

The table below shows the changes in the number of options outstanding during the financial period.

CHANGES IN THE NUMBER OF OPTIONS OUTSTANDING (ADJUSTED FOR SHARE ISSUES)

Number	2023	2022
At beginning of period	**1,028,565**	**1,434,000**
Granted during the period	650,000	481,000
Returned	-136,900	-42,000
Executed	-79,565	-844,435
Lapsed		
At end of period	1,462,100	1,028,565
Available for execution	0	79,565

The subscription price of these options is presented above.

SHARE-BASED INCENTIVE PLANS

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
The Performance Share Plan 2020-2024 consists of three performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. The Board decides on the performance criteria for the plan and the targets set for each criterion at the beginning of the 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.

Any potential rewards based on the plan will be paid partly in the company's shares and partly in cash after the end of each performance period. The first rewards were paid in 2023. The cash proportion is intended to cover taxes and tax-related expenses arising from the reward to a participant. If a participant's employment ends before the reward is paid, the reward is not usually paid

	Performance period 2020–2022	Performance period 2021–2023
Basis for the reward	· Consolidated operating profit · Internationalisation and growth and · Share of value-added services in net sales	· Consolidated net sales · Operating profit and · Implementation of strategic projects
Rewards to be paid for the performance period	The rewards correspond at most to the value of some 326,000 Talenom Plc shares including the cash component.	The rewards correspond at most to the value of 239,900 Talenom Plc shares including the cash component.
Target group	Around 50 people including the company's Executive Board	Around 85 people including the company's Executive Board
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 relationship and continuity of employment or service during the vesting period and other possible terms imposed by the Board of Directors.

The rewards to be granted based on the Restricted Share Plan 2021-2025 currently correspond to the value of a maximum of 160,000 Talenom Plc shares, including the cash component. The reward is paid partly in the company's shares and partly in cash after the end of a 12–60-month vesting period.

EFFECT OF OPTION AND SHARE-BASED PAYMENTS ON THE PROFIT FOR THE PERIOD

EUR 1,000	2023	2022
Share-based payments	-872	-1,491
Total	**-872**	**-1,491**

The expenses for the share-based incentive scheme are recognized during the performance period and presented under costs arising from employee benefits and in retained earnings in equity.

Classification of financial assets and liabilities

CLASSIFICATION AND FAIR VALUES

The table shows the book values and fair values of financial assets and liabilities, as well as their level in the fair value hierarchy. The table does not show the fair values of financial assets and liabilities that are not measured at fair value if their book value is a reasonable estimate of their fair value. Financial assets and liabilities have been classified in accordance with IFRS 9.

31.12.2023

BOOK VALUE						FAIR VALUE			
EUR 1,000	**Note**	**Financial assets and liabilities at fair value through profit or loss**	**Financial assets and liabilities covered by hedge accounting**	**Financial assets and liabilities measured at amortised cost using the effective interest method**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets									
Financial assets measured at fair value									
Equity investments	17	184			184			184	184
Total		**184**	**-**	**-**	**184**				**184**
Financial assets that are not regularly measured at fair value									
Trade and other receivables	18			16,742	16,742				
Cash and cash equivalents	19			10,254	10,254				
Total		**-**	**-**	**26,996**	**26,996**				
Financial liabilities measured at fair value									
Contingent considerations from business acquisitions	25	5,196							5,196
Total		**5,196**							**5,196**
Financial liabilities that are not regularly measured at fair value									
Bank loans	23			75,919	75,919		75,919		75,919
Trade payables	25			4,263	4,263				
Total				**80,182**	**80,182**		**75,919**		**75,919**

NOTE 22

31.12.2022

BOOK VALUE						FAIR VALUE			
EUR 1,000	**Note**	**Financial assets and liabilities at fair value through profit or loss**	**Financial assets and liabilities covered by hedge accounting**	**Financial assets and liabilities measured at amortised cost using the effective interest method**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value									
Equity investments	17	237			237			237	237
Total		**237**			**237**	**-**	**-**	**237**	**237**
Financial assets that are not regularly measured at fair value									
Trade and other receivables	18			14,195	14,195				0
Cash and cash equivalents	19			15,970	15,970				0
Total				**30,165**	**30,165**		0		0
Financial liabilities measured at fair value									
Contingent considerations from business acquisitions	25	6,844			6,844				
Total		**6,844**			**6,844**				
Financial liabilities that are not regularly measured at fair value									
Bank loans	23			60,124	60,124		60,124		60,124
Trade payables	25			3,386	3,386				
Total				**63,510**	**63,510**	**-**	**60,124**	**-**	**60,124**

FAIR VALUE MEASUREMENT

The fair value of financial assets and liabilities is the price that would be obtained from the sale of the asset or paid for the transfer of the liability between market participants in an ordinary transaction on the measurement date.

The company's management assesses that the book values of financial assets, trade receivables, and accounts payables are not materially different from their fair value, taking into account the short maturities of these instruments.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Derivative instruments
The fair values of derivative instruments are determined on the basis of derivative agreement confirmations from banks.

Publicly traded securities
The fair values of publicly traded securities are based on quoted prices at the balance sheet date.

Unquoted securities
Unquoted securities for which no quoted price in an active market is available are measured at the probable disposal price estimated by management.

Financial instruments that are not measured at fair value
Discounted cash flows: The current pricing model assesses the present value of future cash flows using a risk-adjusted interest rate.

Definitions of levels
Level 1 = quoted (unadjusted) fair values in active markets for the same assets or liabilities.
Level 2 = quoted prices that are not included in level 1 and that can be verified for the asset or liability in question either directly (such as prices) or indirectly (derived prices or using price components available from the market).
Level 3 = not based on verifiable market data.

Transfers between levels
There were no transfers between levels in the fair value hierarchy in the 2023 or 2022 financial periods.

Financial liabilities

This note concerns the contractual terms of the Group's interest-bearing liabilities measured at amortised cost. Additional information on the Group's exposure to interest rate and credit risks is presented in Note 26.

CONTRACTUAL TERMS AND REPAYMENT PROGRAMME

Non-current liabilities measured at amortised cost			**Book value**	
EUR 1,000	**Interest rate**	**Maturity date**	**2023**	**2022**
Financial liabilities	5,1 % - 5,3 %	30.09.2026	70,818	50,122
Instalment payment liabilities			366	98
Total			**71,184**	**50,221**

Jaksotettuun hankintamenoon arvostettavat lyhytaikaiset velat			**Book value**	
EUR 1,000	**Interest rate**	**Maturity date**	**2023**	**2022**
Financial liabilities	5,40 %	23.9.2024	5,101	10,001
Instalment payment liabilities			276	191
Total			**5,377**	**10,193**
Total interest-bearing liabilities			**76,561**	**60,413**

In August 2023, Talenom made an agreement with Danske Bank A/S Finland branch for a secured loan of EUR 10 million. The loan period is three years, and the credit agreement allows the loan period to be extended twice by one year at a time, for a maximum maturity date of 30 May 2028. The loan is tied to the six-month Euribor plus a margin. At the same time, it was agreed to extend the loan period of previous loans worth EUR 60 million so that the maturity date for all loans is 30 September 2026 and the loan period can be extended twice by one year at a time, for a maximum maturity date of 30 September 2028. The company also agreed on a EUR 20 million credit facility, from which a EUR 5 million loan was drawn in September, which matures on 23 September 2024.

Cash flows from financing operations and changes that do not affect cash flow

		Cash flows	**Changes that do not affect cash flow**			
	2022		**New lease agreements**	**Increases**	**Changes in fair value**	**2022**
Non-current liabilities	40,424	9,796				50,221
Current liabilities	101	10,092				10,193
Contingent considerations on acquired businesses	4,648	-3,389		5,584		6,844
Lease liabilities	8,835	-3,266	4,391			9,961
Total liabilities from financing operations	**54,009**	**13,233**	**4,391**	**5,584**	**0**	**77,217**

		Cash flows	**Changes that do not affect cash flow**			
	2023		**New lease agreements**	**Increases**	**Changes in fair value**	**2023**
Non-current liabilities	50,221	20,963				71,184
Current liabilities	10,193	-4,815				5,377
Contingent considerations on acquired businesses	6,844	-4,060		2,413		5,196
Lease liabilities	9,961	-4,030	3,605			9,536
Total liabilities from financing operations	**77,217**	**8,058**	**3,605**	**2,413**	**0**	**91,294**

NOTE 24

Lease liabilities and other non-current financial liabilities

EUR 1,000	2023	2022
Lease liabilities		
Non-current lease liabilities	5,592	6,256
Current lease liabilities	3,944	3,705
Total lease liabilities	**9,536**	**9,961**

The maturities of lease liabilities are presented in Note 26.

There are no derivative instruments.

NOTE 25

Trade payables and other liabilities

EUR 1,000	2023	2022
Instalment payment liabilities	642	289
Trade payables	3,621	3,096
Advances received on customer contracts	381	374
Accrued expenses and deferred income	19,259	15,966
Contingent considerations from business acquisitions	5,196	6,844
Total	**29,099**	**26,570**
Total current	**28,463**	**23,724**
Total non-current	**636**	**2,845**

The book values of accounts payables and other liabilities correspond to their fair values. The key items of accrued expenses and deferred income are presented in the table below.

The maturity analysis of financial liabilities is presented in Note 26.

Additional information on the Group's exposure to liquidity risk is presented in Note 26.

KEY ITEMS OF ACCRUED EXPENSES AND DEFERRED INCOME

EUR 1,000	2023	2022
Costs arising employee benefit	13,134	10,761
Interest payable	576	218
VAT liability	4,331	4,247
Other accrued expenses and deferred income	1,217	740
Total	**19,259**	**15,966**

Financial risk management

FINANCIAL RISK MANAGEMENT AND GENERAL PRINCIPLES

The aim of the Group's risk management is to identify and analyse the risks affecting the Group, set appropriate risk levels and controls, and monitor the realisation of risks in relation to the risk levels. Risk management principles and methods are reviewed on a regular basis to reflect market conditions and the Group's operating models.

The Group and its businesses are exposed to financial risks. The primary financial risks are interest rate risk and liquidity risk.

The management is responsible for monitoring the financial risks related to operations. Financial risk management seeks to reduce the volatility associated with earnings, the balance sheet and cash flows, while ensuring efficient and competitive financing for the Group.

Interest rate risk comprises the negative impact on the company's earnings due to changes in market rates. At Talenom, the main sources of interest rate risk are variable-rate bank loans, and the Group may use interest rate swaps with normal terms and conditions in its risk management. As a rule, hedging is applied to individual loans. The terms and conditions of hedging instruments mainly follow the terms and conditions of hedged debt (nominal amount, period of validity, reference rate, and interest determination dates).

INTEREST RATE RISK

Interest-bearing liabilities expose the Group to interest rate risk, i.e. risk of repricing and price risk caused by changes in interest rates. The CFO is responsible for managing the interest rate risk. The aim of interest rate risk management is to reduce the impact of interest rate changes on profits for different financial periods, enabling a more stable net profit. The Group may use forward rate agreements and interest rate swaps to hedge against interest rate risks.

The degree of interest rate hedging is reviewed regularly, considering any changes in the interest rate.

The following tables describe the Group's sensitivity to changes in market rates.

The following assumptions were used in the sensitivity analyses:
- The interest rate change is assumed to be +/- 0.50 percentage points from the interest rate quoted on the balance sheet date for the individual instruments.
- The analysis includes instruments with an interest determination date within the next 12 months.
- If a variable-rate instrument were fully repaid within the next 12 months, it is assumed that the instrument would be repurchased at the new interest rate.

Interest rate risk position
The following table shows the Group's exposure to interest rate risks from interest-bearing financial liabilities.

	Nominal value	
EUR 1,000	**2023**	**2022**
Variable-rate instruments		
Bank loans	75,919	60,124
Open position	**75,919**	**60,124**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not have any fixed-rate financial assets or liabilities measured at fair value through profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A 0.5 percentage point change in interest rates on the balance sheet date would have increased or weakened the consolidated result as shown in the tables below. The sensitivity analyses assume that all other variables remain unchanged.

Sensitivity analysis 31 Dec. 2023, interest rates rise/fall by 0.5 percentage points compared to levels prevailing on 31 Dec. 2023

	Impact on income statement	
EUR 1,000	**+0.5%**	**-0.5%**
Liability	-380	380
Impact before taxes		

Sensitivity analysis 31 Dec. 2022, interest rates rise/fall by 0.5 percentage point compared with 31 Dec. 2022

	Impact on income statement	
EUR 1,000	**+0.5%**	**-0.5%**
Liability	-300	300
Impact before taxes		

CREDIT RISK

Credit risk consists of financial losses to the Group if a customer or counterparty related to financial instruments is unable to fulfil its contractual obligations The Group's credit risk primarily comprises credit risk associated with trade receivables.

Commercial trade receivables expose the Group to credit risk. The Group's guidelines define the creditworthiness requirements and investment principles applying to customers, investments and derivative instrument counterparties. The Group has no significant credit risk concentrations apart from trade receivables because it has a large customer base. The creditworthiness and credit limits of borrowers are monitored regularly.

The age distribution of trade receivables is presented in Note 18 Trade and other receivables.

LIQUIDITY RISK

Liquidity risk refers to a risk where the Group encounters challenges in meeting its obligations related to financial liabilities where obligations are fulfilled by transferring cash or other financial assets. The Group manages liquidity risks to ensure that it continuously has enough financial resources to meet its obligations related to financial liabilities as far as possible under various economic conditions to meet its obligations related to financial liabilities as far as possible under various economic conditions without incurring unreasonable financial losses or reputational damage.

The Group seeks to continuously assess and monitor the amount of financing required by its business operations to ensure that it has sufficient liquid funds to finance operations and investments and to repay loans as they fall due.

At the end of the 2023 financial period, the Group had financial covenants attached to its financial liabilities. Further details on the limitations related to the Group's assets and M&A transactions are presented in Note 28 Contingent liabilities.

The cash flows in the tables below include the fair value of interest rate derivatives on the balance sheet date, loan repayments, and estimated interest on the balance sheet date, as well as accounts payables and other liabilities. Lease liabilities include rent increases known on the balance sheet date.

MATURITY ANALYSIS OF FINANCIAL LIABILITIES 2023

EUR 1,000	Balance sheet value	Cash flow	2024	2025	2026	2027	2028	2029	2030 -
Financial liabilities									
Bank loans	**75,919**	**84,755**	9,178	3,710	71,635	87	64	43	38
Trade payables and other liabilities	**29,099**	**4,263**	3,897	183	183				
Lease liabilities	9,536	10,152	2,750	3,012	1,624	854	665	375	872
Total	**114,554**	**99,171**	**15,825**	**6,906**	**73,442**	**941**	**729**	**418**	**910**

MATURITY ANALYSIS OF FINANCIAL LIABILITIES 2022

EUR 1,000	Balance sheet value	Cash flow	2023	2024	2025	2026	2027	2028	2029
Financial liabilities									
Bank loans	60,124	64,895	12,072	1,990	50,834	0	0	0	0
Trade payables and other liabilities	26,570	3,386	3,287	49	49	0	0	0	0
Lease liabilities	9,961	10,394	3,834	2,650	2,291	1,055	342	223	0
Total	**96,654**	**78,675**	**19,192**	**4,688**	**53,174**	**1,055**	**342**	**223**	**0**

CAPITAL MANAGEMENT

The aim of the Group's capital management is to ensure normal operating capacity under all circumstances and enable optimal capital costs.

The table below shows the Group's interest-bearing net liabilities, equity and net gearing.

Management of capital structure

EUR 1,000	2023	2022
Interest-bearing financial liabilities	75,919	60,124
Lease liabilities	9,536	9,961
Instalment payment liabilities	642	289
Cash and cash equivalents	10,255	15,970
Net liabilities	**75,842**	**54,404**
Total equity	**55,814**	**56,026**
Net gearing ratio, %	**136%**	**97%**

NOTE 27

Lease agreements (Group as lessee)

Items recorded in the income statement	2023	2022
EUR 1,000		
Interest expenses on lease liabilities	255	215
Expenses related to short-term leases	294	237
Expenses related to low-value leases	0	0

The total cash flow from leases in 2023 was EUR 4,580,000 (2022: EUR 3,800,000).

Rental income from subletting is presented in Note 7.

NOTE 28

Contingent liabilities

COLLATERAL AND CONTINGENT LIABILITIES

EUR 1,000	2023	2022
Liabilities secured by an enterprise mortgage		
Loans from financial institutions	75,000	60,000
Mortgages	95,100	60,100
Other pledges and contingent liabilities		
Other*	16,479	852

*Other contingent liabilities are related to the issued, undrawn credit facility, bank guarantee limit, and commitments for installment payment and lease agreements.

Covenants
The credit agreement with Danske Bank is subject to ordinary financial covenants, such as net debt to EBITDA and equity ratio. The Group fulfilled both the covenants of the financing agreement on 31 Dec. 2023. The covenants are reviewed at six-month intervals.

Legal proceedings
The Group did not have any significant pending legal proceedings on 31 Dec. 2023.

Other lease agreements
For information on leases that have not been recognized in the balance sheet, see Note 27.

NOTE 29

Related party transactions

The Group's related parties include its parent company Talenom Plc and its subsidiaries. A list of subsidiaries is presented in Note 5. In addition, the related parties include Talenom Group's key management personnel, including the Board of Directors, the CEO, the Group's Executive Board, and their family members. Related parties also include companies in which the above persons have control or significant influence.

BUSINESS TRANSACTIONS WITH RELATED-PARTY COMPANIES KEY MANAGEMENT PERSONNEL:

EUR 1,000	2023	2022
Selling of services	280	215
Purchases of services	6	0
Total	**286**	**215**

Lhe terms and conditions of transactions with related parties correspond to the terms and conditions used in transactions between independent parties.

BENEFITS FOR MANAGERS

During the financial period, the CEO and Group management were paid the following salaries and bonuses, including fringe benefits:

EUR 1,000	2023	2022
Salaries and other short-term employee benefits	1,008	884
Post-employment benefits	168	158
Share-based benefits	362	515
Total	**1,538**	**1,557**

The amounts shown in the table correspond to the expenses recognized as costs during the financial period.

The total amount of compensation received by key personnel in the Group's management consists of the salary, non-monetary benefits, and pension expenses for defined-contribution plans. The pension liabilities for the Executive Board are arranged with statutory pension insurance, as well as a supplementary defined-contribution plan for which the company's Board of Directors decides on annual contributions to be paid into the supplementary pension insurance. No supplementary pension contributions were paid in 2022 and 2023.

The Group's management does not have defined-benefit pension plans.

The CEO is entitled to a statutory pension, and the retirement age is within the range permitted by the statutory employee pension system.
The CEO's statutory pension cost in 2023 was EUR 39,000 (EUR 39,000 in 2022).

Remuneration paid to the Board of Directors and CEO and recognized as costs by person

EUR 1,000		2023	2022
	Otto-Pekka Huhtala, CEO	234	216
Board of Directors			
	Harri Tahkola, Chairman of the Board	70	72
	Olli Hyyppä, member of the Board	26	24
	Mikko Siuruainen, member of the Board	26	24
	Johannes Karjula, member of the Board	26	24
	Sampsa Laine, member of the Board	26	24
	Elina Tourunen, member of the Board	26	24
	Erik Tahkola, member of the Board (starting from 15 March 2023)	24	0
Total		**458**	**408**

NOTE 30

Events after the end of the reporting period

Business acquisitions

Talenom Plc acquired the entire share capital of Bujan Y Asociados SL, operating in Pontevedra, in the Galicia region in Spain. The acquired company became part of the Group as of 1 January 2024. The acquisition cost of the target was EUR 596,000 and it was paid in cash and shares. The 10,577 new shares subscribed for in the directed share issue related to the acquisition were registered in the Trade Register on 3 January 2024. After the registration of the new shares the total number of shares in Talenom Plc is 45,588,053 shares.

Talenom Plc acquired the shares of Assessoria del Bages SL and Assessoria del Bages Juridic SLP, based in Barcelona, Spain. The acquired entity became part of the Group as of 1 January 2024. The acquisition cost of the target was EUR 2,600,000 and it will be paid in cash.

The purchase prices, maximum contingent considerations, and net sales and operating profit of the acquired objects at the time of purchase are shown in the table below.

EUR 1,000	Share transactions
Total purchase prices	3,196
Maximum contingent consideration	0
Total net sales of last 12 months at the time of purchase	2,318
Total operating profit of last 12 months at the time of purchase	591

The preliminary estimates of the combined values of acquired assets and liabilities at the time of acquisition are as follows:

EUR 1,000, pro forma	
Intangible assets	66
Property, plant and equipment	22
Customer relationships	1,455
Other long-term investments	0
Right-of-use assets	0
Current assets	1,614
Total assets	**3,158**
Trade payables and other liabilities	1,619
Lease liabilities	0
Deferred tax liability	364
Total liabilities	**1,982**
Net assets	1,176
Consideration transferred	3,196
Net assets of acquisition targets	-1,176
Goodwill	**2,020**

Other events

No other significant events took place after the review period.

Parent company's income statement

Currency: EUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
NET SALES	51,743,586.84	42,790,921.72
Other operating income	1,212,378.48	1,209,535.83
Materials and services		
External services	-20,714,400.74	-18,420,969.50
Total materials and services	-20,714,400.74	-18,420,969.50
Personnel costs		
Salaries and benefits	-4,902,144.72	-3,608,572.70
Indirect employee costs		
Pension costs	-811,589.68	-650,693.54
Other indirect employee costs	-121,849.35	-38,414.72
Total personnel costs	-5,835,583.75	-4,297,680.96
Depreciation and impairment		
Depreciation according to plan	-12,844,528.34	-11,124,520.46
Impairment on non-current assets	-4,820,681.20	-1,473,854.42
Total depreciation and impairment	-17,665,209.54	-12,598,374.88
Other operating expenses	-7,074,243.29	-4,663,473.36
OPERATING PROFIT (LOSS)	1,666,528.00	4,019,958.85
Financial income and expenses		
Other interest and financial income		
From Group companies	687,789.66	78,360.54
From others	1,146,194.26	389,536.77
Interest expenses and other financial expenses		
To others	-4,473,475.36	-922,709.62
Total financial income and expenses	-2,639,491.44	-454,812.31
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-972,963.44	3,565,146.54
Appropriations		
Increase (-) or decrease (+) in depreciation difference	32,575.35	52,419.33
Group contribution	8,530,000.00	10,360,000.00
Total appropriations	8,562,575.35	10,412,419.33
Income taxes	-1,797,177.14	-3,077,743.17
PROFIT (LOSS) FOR THE PERIOD	5,792,434.77	10,899,822.70

Parent company's balance sheet

Currency: EUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	29,779,665.64	28,688,908.76
Intangible rights	139,906.19	282,978.16
Goodwill	5,366,033.75	6,786,680.47
Other intangible assets	10,332,759.05	10,260,965.06
Advance payments	535,950.00	292,888.00
Total intangible assets	46,154,314.63	46,312,420.45
Tangible assets		
Machinery and equipment	1,762,600.18	1,430,791.55
Total tangible assets	1,762,600.18	1,430,791.55
Investments		
Shares in group companies	62,835,702.10	46,714,520.65
Receivables from group companies	4,272,206.20	2,936,013.92
Total investments	67,107,908.30	49,650,534.57
TOTAL NON-CURRENT ASSETS	115,024,823.11	97,393,746.57
CURRENT ASSETS		
Receivables		
Non-current receivables		
Receivables from group companies	7,376,740.12	1,546,962.04
Total non-current receivables	7,376,740.12	1,546,962.04
Current receivables		
Trade receivables	3,670,406.01	3,180,613.25
Receivables from group companies	22,447,033.82	23,682,716.54
Loan receivables	0.00	-4,350.72
Other receivables	10,000.03	353,569.25
Accrued income	2,509,266.32	1,118,158.69
Total current receivables	28,636,706.18	28,330,707.01
Total receivables	36,013,446.30	29,877,669.05
Cash in hand and in banks	7,133,522.65	13,302,091.00
TOTAL CURRENT ASSETS	43,146,968.95	43,179,760.05
TOTAL ASSETS	158,171,792.06	140,573,506.62

Currency: EUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
LIABILITIES		
CAPITAL AND RESERVES		
Share capital		
Share capital	80,000.00	80,000.00
Total share capital	80,000.00	80,000.00
Other reserves		
Reserve for invested unrestricted equity	31,281,381.90	27,267,226.59
Other funds, total	31,281,381.90	27,267,226.59
Retained earnings (loss)	9,874,259.50	7,086,068.04
Profit (loss) for the financial period	5,792,434.77	10,899,822.70
TOTAL EQUITY	47,028,076.17	45,333,117.33
ACCRUED APPROPRIATIONS		
Depreciation in excess of plan	62,521.60	95,096.95
TOTAL ACCUMULATED APPROPRIATIONS	62,521.60	95,096.95
LIABILITIES		
Non-current		
Loans from financial institutions	70,000,000.00	50,000,000.00
Accounts payable	25,961.79	15,851.01
Other liabilities	270,000.00	2,746,958.67
Total non-current	70,295,961.79	52,762,809.68
Current		
Loans from financial institutions	5,000,000.00	10,000,000.00
Advances received	140,088.30	146,304.65
Accounts payable	971,291.73	1,023,052.84
Liabilities to group companies	27,589,456.48	24,777,644.99
Other liabilities	5,095,844.16	4,538,696.52
Accrued expenses and deferred income	1,988,551.83	1,896,783.66
Total current	40,785,232.50	42,382,482.66
TOTAL LIABILITIES	111,081,194.29	95,145,292.34
TOTAL LIABILITIES	158,171,792.06	140,573,506.62

Parent company's cash flow statement

Currency: EUR	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Cash flow from operating activities		
Profit (loss) before appropriations and taxes	-972,963.44	3,565,146.54
Adjustments:		
Depreciation according to plan	17,665,209.54	12,598,374.88
Financial income and expenses	2,639,491.44	454,812.31
Gains from the sale of tangible assets	0.00	-1,715.93
Losses from the sale of tangible assets	2,230.79	5,511.89
Other adjustments	-204.60	20,708.96
Change in working capital:		
Inc. (-)/dec. (+) in current receivables	922,692.11	-3,606,659.90
Inc. (-)/dec. (+) in non-current receivables	0.00	613,000.00
Inc. (+)/dec. (-) in current liabilities	-1,505,700.38	3,696,806.22
Operating cash flow before financing items and taxes	18,750,755.46	17,345,984.97
Interest income	498,878.14	99,900.29
Paid interest and payments from other operational financing costs	-3,068,768.06	-691,644.85
Direct tax paid	-3,497,997.27	-3,908,312.51
Cash flow from operating activities	**12,682,868.27**	**12,845,927.90**
Cash flow from investments		
Acquisition of shares in subsidiaries	-14,630,117.26	-13,560,867.52
Acquired businesses *)	0.00	-1,100,850.00
Divested businesses *)	0.00	644,450.00
Investments in software	-13,510,012.05	-11,900,225.63
Capitalisation of contract costs	-3,104,761.55	-3,245,797.88
Investments in other intangible assets	-97,610.36	-3,800.00
Acquisition of property, plant and equipment	-917,877.18	-506,017.61
Sale of property, plant and equipment	34,410.79	63,095.96
Cash flow from investments	**-32,225,967.61**	**-29,610,012.68**
Financial cash flow		
Withdrawal of long-term loans	10,000,00000	10,000,000.00
Repayment of long-term loans	0.00	0.00
New short-term loans	5,000,000.00	10,000,000.00
Inc. (+)/dec. (-) in instalment payment liabilities	-5,084.84	-49,274.85
Paid share issue	233,125.45	2,474,194.55
Dividends paid	-8,111,631.24	-7,431,032.01
Group contributions received	10,360,000.00	13,100,000.00
Change in Group financing	-4,101,878.38	-7,059,196.38
Cash flow from financing	**13,374,530.99**	**21,034,691.31**
Increase (+)/decrease (-) in cash and cash equivalents	**-6,168,568.35**	**4,270,606.53**
Liquid assets at the beginning of fiscal period	**13,302,091.00**	**9,031,484.47**
Liquid assets at end of fiscal period	7,133,522.65	13,302,091.00

*) The businesses acquired during the financial period have been transferred to subsidiaries by means of internal transactions

NOTE 1

Notes to the parent company's financial statements

VALUATION AND ACCRUAL PRINCIPLES AND METHODS

Talenom Plc's financial statements are prepared in accordance with the Finnish Account Act and Decrees and other regulations applying to the preparation of financial statements (Finnish Accounting Standards, FAS).

Tangible and intangible assets recognised in the company's current assets have been measured at cost less depreciation according to plan. Depreciation according to plan is calculated on a straight-line basis based on the useful lives of tangible and intangible assets. The depreciations are made starting from the month when the asset is implemented.

The company capitalises the direct costs of obtaining a new customer contract and service deployment. Capitalised costs of obtaining customer contracts and deployment are recognised in intangible assets in the balance sheet. The depreciation period for capitalised expenditure is 10 years, based on the average duration of customer relationships. The income expectations for capitalised expenditure are estimated each financial period, and an impairment loss is recognised if the customer is no longer with Talenom or the expected income is not enough to cover the capitalised amount.

The company also capitalises the costs of its in-house software development. Software development costs are treated as investments, and they are capitalised in the balance sheet under development expenditure. Capitalised software development expenditure is depreciated over five years.

The valuation of subsidiary shares is based on the financial performance of the subsidiaries over the longer term. The balance sheet values of subsidiary shares are reviewed annually as part of the Group's impairment testing. In addition, the development of the subsidiaries' result and balance sheet position is assessed annually based on the actual performance and balance sheet position at company level.

BASIS FOR AND CHANGES IN DEPRECIATION ACCORDING TO PLAN, 31 DEC. 2023

Asset category	Estimated service life	Residual value	Depreciation method
Intangible assets			
Software (ready-made)	5 years	0	Straight-line depreciation
Merged goodwill	15 years	0	Straight-line depreciation
Costs of renovating leased premises	5 years	0	Straight-line depreciation
Own software development expenditure	5 years	0	Straight-line depreciation
Other intangible assets (capitalised customer contracts)	10 years	0	Straight-line depreciation
Tangible assets			
Office furnishings	10 years	0	Straight-line depreciation
IT hardware	4 years	0	Straight-line depreciation
Cars	3 years	50%	Straight-line depreciation

The depreciation period for merged goodwill is based on the useful life estimated by the management.

NOTE 2

Notes to the income statement

OTHER OPERATING INCOME

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
License fees from subsidiaries	1,200,000.00	1,200,000.00
Gains on the disposal of fixed assets	0.00	1,715.93
Other income	12,378.48	7,819.90
Total	**1,212,378.48**	**1,209,535.83**

INCOME STATEMENT CAPITALISATION

The following costs of in-house software development and production, costs of obtaining customer contracts, and costs of service deployment were capitalised during the financial period:

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Own software		
External services	13,510,012.06	11,762,789.00
Personnel costs	0.00	122,749.39
Other operating expenses	0.00	0.00
	13,510,012.06	**11,885,538.39**
Customer contract expenses		
External services	1,032,576.37	1,095,245.10
Personnel costs	1,225,293.39	1,451,003.71
Other operating expenses	846,891.65	718,889.19
	3,104,761.41	**3,265,138.00**

FINANCIAL INCOME AND EXPENSES

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Interest income from group companies	687,789.66	78,360.54
Interest income from others	67,174.18	52,487.75
Interest expenses to group companies	0.00	0.00
Interest expenses to others	-3,318,419.36	-790,021.04
Exchange rate differences	31,897.50	244,137.12
Other financial income and expenses	-107,933.42	-39,776.68
	-2,639,491.44	**-454,812.31**

NOTES ON INCOME TAXES

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Income taxes on ordinary activities	-1,797,177.14	-3,077,743.17
Deferred taxes	0.00	0.00
	-1,797,177.14	**-3,077,743.17**

NOTE 3

Notes on assets in the balance sheet

Changes in non-current assets 1 Jan. 2023 - 31 Dec. 2023

	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Machinery and equipment
Acquisition cost at the beginning of the period	55,826,035.47	1,491,389.55	18,627,844.01	21,027,537.66	5,132,135.93
Increases during the financial period	13,510,011.93	8,639.52		3,193,732.39	917,877.18
Decreases during the financial period	0.00				-34,410.79
Acquisition cost at the end of the period	69,336,047.40	1,500,029.07	18,627,844.01	24,221,270.05	6,015,602.32
Accumulated depreciation and impairment at the beginning of the period	-27,137,126.71	-1,208,411.39	-11,841,163.54	-10,766,572.60	-3,701,344.38
Depreciation according to plan during financial period	-9,260,417.05	-151,711.49	-1,420,646.72	-1,460,095.32	-551,657.76
Impairment	-3,158,838.00			-1,661,843.08	
Accumulated depreciation and impairment at the end the of the period	-39,556,381.76	-1,360,122.88	-13,261,810.26	-13,888,511.00	-4,253,002.14
Accumulated depreciation difference at the beginning of the period	0.00	0.00	0.00	0.00	95,096.95
Depreciation difference for the financial period	0.00	0.00	0.00	0.00	-32,575.35
Accumulated depreciation difference at the end of the period	0.00	0.00	0.00	0.00	62,521.60
Acquisition cost at the end of the period	69,336,047.40	1,500,029.07	18,627,844.01	24,221,270.05	6,015,602.32
Accumulated depreciation at the end of the period	-39,556,381.76	-1,360,122.88	-13,261,810.26	-13,888,511.00	-4,253,002.14
Residue of initial outlay at end of the period	29,779,665.64	139,906.19	5,366,033.75	10,332,759.05	1,762,600.18
Accumulated depreciation difference at the end of the period	0.00	0.00	0.00	0.00	62,521.60
Residue of initial outlay after full depreciation	29,779,665.64	139,906.19	5,366,033.75	10,332,759.05	1,700,078.58

Changes in non-current assets 1 Jan. 2022 - 31 Dec. 2022

	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Machinery and equipment
Acquisition cost at the beginning of the period	43,925,809.84	1,487,589.55	18,627,844.01	17,781,739.78	4,752,310.27
Increases during the financial period	11,900,225.63	3,800.00	0.00	3,245,797.88	506,017.61
Decreases during the financial period					-126,191.95
Acquisition cost at the end of the period	55,826,035.47	1,491,389.55	18,627,844.01	21,027,537.66	5,132,135.93
Accumulated depreciation and impairment at the beginning of the period	-19,436,732.90	-1,011,623.23	-10,420,516.88	-7,946,547.94	-3,303,918.80
Depreciation according to plan during financial period	-7,700,393.81	-196,788.16	-1,420,646.66	-2,820,024.66	-460,521.57
Accumulated depreciation on deductions					63,095.99
Accumulated depreciation and impairment at the end of the period	-27,137,126.71	-1,208,411.39	-11,841,163.54	-10,766,572.60	-3,701,344.38
Accumulated depreciation difference at the beginning of the period	0.00	0.00	0.00	0.00	147,516.28
Depreciation difference for the financial period	0.00	0.00	0.00	0.00	-52,419.33
Accumulated depreciation difference at the end of the period	0.00	0.00	0.00	0.00	95,096.95
Acquisition cost at end of the period	55,826,035.47	1,491,389.55	18,627,844.01	21,027,537.66	5,132,135.93
Accumulated depreciation at the end of the period	-27,137,126.71	-1,208,411.39	-11,841,163.54	-10,766,572.60	-3,701,344.38
Residue of initial outlay at end of the period	28,688,908.76	282,978.16	6,786,680.47	10,260,965.06	1,430,791.55
Accumulated depreciation difference at the end of the period	0.00	0.00	0.00	0.00	95,096.95
Residue of initial outlay after full depreciation	28,688,908.76	282,978.16	6,786,680.47	10,260,965.06	1,335,694.60

Depreciation and impairment of non-current assets and other long-term expenditure:

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2023 - 31 Dec. 2023
Development expenditure	9,260,417.05	7,700,393.81
Intangible rights	151,711.49	196,788.18
Goodwill	1,420,646.72	1,420,646.66
Other intangible assets	1,460,095.32	1,346,170.22
Machinery and equipment	551,657.76	460,521.59
Impairment of development expenditure	3,158,838.12	0.00
Impairment of other intangible assets	1,661,843.08	1,473,854.42
Total depreciation	17,665,209.54	12,598,374.88

Receivables from Group companies:

	31.12.2023	31.12.2022
Non-current		
Capital loans granted	4,272,206.20	2,936,013.92
Group loan receivables	7,376,740.12	1,546,962.04
	11,648,946.32	4,482,975.96
Current		
Group trade receivables	1,719,852.93	1,649,114.35
Other Group receivables	19,440,380.82	20,904,029.29
Group prepayments and accrued income	1,286,800.07	1,129,572.90
	22,447,033.82	23,682,716.54
Total receivables from Group companies	34,095,980.14	28,165,692.50

Prepayments and accrued income

	31.12.2023	31.12.2022
Lease collateral paid	40,046.84	60,906.85
Tax receivables	1,084,605.82	0.00
Other expense advances	1,384,613.66	1,057,251.84
	2,509,266.32	1,118,158.69

NOTE 4

Notes to balance sheet liabilities

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Equity		
Share capital at the beginning of the period	80,000.00	80,000.00
Change during period	0.00	0,00
Share capital at the end of the period	80,000.00	80,000.00
Total restricted equity	**80,000.00**	**80,000.00**
Reserve for invested unrestricted equity at the start of the period	27,267,226.59	21,993,200.21
Share issue	4,014,155.31	5,274,026.38
Reserve for invested unrestricted equity at the end of the period	31,281,381.90	27,267,226.59
Retained earnings at beginning of period	7,086,068.04	4,402,807.50
Retained earnings	10,899,822.70	10,514,330.71
Adjustment of the result for the previous financial year		-400,038.16
Dividends paid	-8,111,631.24	-7,431,032.01
Retained earnings at end of period	9,874,259.50	7,086,068.04
Profit/loss for the period	5,792,434.77	10,899,822.70
Total unrestricted equity	**46,948,076.17**	**45,253,117.33**
Total equity	**47,028,076.17**	**45,333,117.33**

Calculation of distributable assets	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Retained earnings at the beginning of period	17,985,890.74	14,917,138.21
Profit/loss for the period	5,792,434.77	10,899,822.70
Dividends paid	-8,111,631.24	-7,431,032.01
Reserve for invested unrestricted equity	31,281,381.90	27,267,226.59
Capitalized development costs	-29,779,665.64	-28,688,908.76
Total distributable assets	17,168,410.53	16,964,246.73

LOANS FROM FINANCIAL INSTITUTIONS

Liabilities due after five years

	31.12.2023	31.12.2022
Loans from financial institutions	0.00	0.00

Liabilities to Group companies:

Current	31.12.2023	31.12.2022
Trade payables	7,069,239.41	8,723,638.47
Other liabilities	20,520,217.07	16,054,006.52
	27,589,456.48	24,777,644.99

Accrued expenses and deferred income

	31.12.2023	31.12.2022
Holiday pay liabilities	664,292.59	591,071.75
Social security expenses for holiday pay	143,361.15	125,188.99
Interest liabilities	576,069.72	218,485.00
Deferred tax liabilities	0.00	616,214.31
Other accrued expenses and deferred income	604,828.37	345,823.61
	1,988,551.83	1,896,783.66

NOTE 5

Guarantees and commitments

Liabilities secured by an enterprise mortgage	31.12.2023	31.12.2022
Loans from financial institutions	75,000,000	60,000,000
Enterprise mortgages provided as security	95,100,000	60,100,000
Other deposits and enterprise mortgages		
Deposits	0	0
Enterprise mortgages	95,100,000	60,100,000

Instalment payment commitments	31.12.2023	31.12.2022
Total instalment payment liabilities	64,715.09	59,630.25
Book value of assets held as collateral	151,832.50	90,194.65

Off-balance sheet leasing liabilities	31.12.2023	31.12.2022
	4,344,942.81	5,830,361.00

NOTE 6

Financial covenants

The credit agreement with Danske Bank A/S Finland branch is subject to ordinary financial covenants, such as net debt to EBITDA and equity ratio as well as equity-based financial covenants. The company fulfilled both the covenants of the financing agreement as per 31 Dec. 2023.

NOTE 7

Notes on the remuneration of the auditor

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Audit	113 976.53	116 173.00
Assignments as referred to in section 1(1)(2) of the Auditing Act	0.00	0.00
Certificates and statements	16 300.00	11 800.00
Tax advice	0.00	11 100.00
Other services	68 054.90	30 673.00
	198 331.43	**169 746.00**

NOTE 8

Notes on related party transactions

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
Sales of services	63,849.00	39,085.00

The terms and conditions of related-party transactions correspond to those used in transactions with independent parties.

NOTE 9

Notes on personnel and members of governing bodies

Number of personnel	31.12.2023	31.12.2022
Average number of employees at the company	95	86

Salaries and bonuses of senior managers

	1 Jan. 2023 - 31 Dec. 2023	1 Jan. 2022 - 31 Dec. 2022
CEO	316,891.62	1,003,544.00
Board of Directors	223,894.00	192,000.00

The pension liabilities for the Management Team are arranged with statutory pension insurance, as well as a supplementary pension scheme for which the company's Board of Directors decides upon the contributions to be paid into the supplementary pension insurance annually. No supplementary pension contributions were paid in 2023 and 2022. The CEO's remuneration for 2023 includes EUR 82,458 in share-based benefits (2022: EUR 787,398).

NOTE 10

Holdings in other companies

Holdings of companies in which the company owns more than one-fifth, 31 Dec. 2023

Company name	domicile	Holding, %
Talenom Taloushallinto Oy	Oulu	100%
Talenom Talouspalvelu Oy	Kalajoki	100%
Talenom Consulting Oy	Helsinki	100%
Talenom Yritystilit Oy	Tampere	100%
Talenom Talousosastopalvelut Oy	Oulu	100%
Talenom Konsultointipalvelut Oy	Oulu	100%
Talenom Software Oy	Oulu	100%
Talenom Balance Oy	Oulu	100%
Talenom Kevytyrittäjä Oy	Oulu	100%
Talenom Finance Oy	Oulu	100%
Talenom Balance-Team Oy	Helsinki	100%
Talenom Redovisning Ab	Tukholma	100%
Talenom Järfälla AB	Tukholma	100%
Talenom Nyköping AB	Nyköping	100%
YOUnited Professionals Sweden AB	Nyköping	100%
Talenom Stenungsund och Kungälv AB	Stenungsund	100%
MH Konsult i Kungälv AB	Kungälv	100%
Talenom Ulricehamn Borås AB	Ulricehamn	100%
Lindgren&Lindgren Ekonomi AB	Norrköping	100%
Talenom Redovisning Växjö AB	Växjö	100%
Talenom Öckerö Torslanda AB	Öckerö	100%
Talenom Consulting AB	Malmö	100%
Talenom Helsingborg AB	Helsingborg	100%
Alcea Redovisning AB	Åkersberga	100%
MTE Göteborg AB	Stenungsund	100%
Easycount AB	Norrköping	100%
R2 Redovisning AB	Göteborg	100%
Talenom Redovisning i Strängnäs AB	Strängnäs	100%
Talenom Blekinge AB	Karlskrona	100%
Talenom SL	Barcelona	100%
BKF Asesores SL	Madrid	100%
BV Coruña SL	Coruña	100%
Consultoria Granadina SL	Granada	100%
Grupo CG Consultores 2012 SL	Barcelona	100%
Acega Asesores SL	Pontevedra	100%
Aditio Gestion SL	Barcelona	100%
Advisoria Advocate i Economistes SLP	Barcelona	100%
Gescal Asesores SL	Soria	100%
Sant Cugat Consulting SL	Barcelona	100%
Novak Digital Solutions SL	Vitoria	100%
Bujan y Asociados SL	Pontevedra	100%
Talenom S.R.L	Milano	100%

NOTE 11

Other notes as specified in the limited liability companies act

The company's share classes:

Share class	number
Shares	44,577,476 of which the company holds 150,600

Talenom group

Oulu, 21 February 2024

Signatures to the annual report and financial statements

Harri Tahkola   Johannes Karjula   Olli Hyyppä

Elina Tourunen   Mikko Siuruainen   Sampsa Laine

Otto-Pekka Huhtala   Erik Tahkola

AUDITOR'S NOTE

A report has today been issued on the audit performed.

Oulu, 21 February 2024

KPMG Oy Ab

Juho Rautio, KHT

Auditor's Report To the Annual General Meeting of Talenom Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Talenom Oyj (business identity code 2551454-2) for the year ended 31 December 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 11 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of goodwill and acquired customer relationships (Basis of Preparation for the consolidated financial statements as well as Notes 5 and 16 to the consolidated financial statements)	
• Goodwill in the consolidated financial statements amounts to EUR 66.6 million, the balance of goodwill is significant in proportion to consolidated equity. No depreciation is recorded on the consolidated goodwill, but the goodwill asset is tested for impairment at one-year interval or more frequently. • For purposes of impairment testing, goodwill has been allocated to cash-generating units, comprising 'Accounting Services – Finland', 'Sweden', 'Spain' and 'Italy'. The recoverable amount for cash-generating units is determined based on value in use, which is derived from projected discounted cash flows. The method employed in goodwill impairment testing involves management judgment and an element of uncertainty is present in the estimation of future cash flows. • At the end of the financial year, the book value of the intangible assets stated in the consolidated balance sheet includes an asset in the amount of EUR 20.1 million comprised of acquired customer relationships originating from corporate acquisitions, the useful economic life of which is limited. The valuation of acquired customer relationships originating from corporate acquisitions involves an element of management judgment as regards, for example, the projected future cash flows and estimated useful economic lives. • Considering the estimation uncertainty present both in the impairment testing of goodwill and in the valuation of acquired customer relationships originating from corporate acquisitions, as well as the significance of the stated book value of said items, they are perceived as key audit matters.	Our audit procedures included, among others: • We have assessed critically the foundations and management assumptions underlying the future cash flow forecast. We have assessed the essential projections applied in the impairment testing of goodwill and in the valuation of acquired customer relationships originating from corporate acquisitions, such as net sales growth rate, profitability of operations and discount rate. As regards impairment testing calculations, we have also assessed the long-term growth rate factor employed. • We have involved KPMG's valuation specialists for the testing of technical integrity of the calculations and for the comparison of assumptions used with market- and sector-based information. • As regards the acquired customer relationships, we have also assessed the appropriateness of economic life projections employed in the depreciation calculations. • We have assessed the goodwill stated in the consolidated accounts and the appropriateness of notes concerning impairment testing.
Correctness and valuation of software development costs (Basis of Preparation for the consolidated and parent company financial statements as well as Note 16 to the consolidated financial statements and Notes 2 and 3 to the parent company financial statements)	
• The development of proprietary software tailored to meet the needs of customers is an essential part of the business model of Talenom Group. Development costs of software are capitalized in the consolidated financial statements and parent company financial statements providing that they meet the conditions of relevant financial reporting framework and economic benefit is expected from the costs. • During the financial year, a total of EUR 14.5 million of software-related development costs have been capitalized in the consolidated balance sheet and EUR 13.5 million in the parent company balance sheet. The balance of the capitalized software development costs in the consolidated balance sheet amounted to EUR 31.4 million or 56 % in proportion to consolidated equity at the end of the financial year, while the balance of capitalized software development costs stated in the parent company's financial statement totaled EUR 29.8 million or 63 % in proportion to parent company equity. • Capitalized software development costs are expensed on a straight-line basis over five years of useful life, and, as a result, capitalized costs have a significant effect on the company's operating profit. • Capitalized software development cost is tested for impairment in case indications of potential impairment emerge. The estimate of future economic benefit to be collected can be subject to adjustments over short periods of time owing to e.g., technological development. • Consequently, the correctness of capitalized software development costs and the valuation of the asset are perceived as a key audit matter.	Our audit procedures included, among others: • We have assessed the functionality of the process of recording capitalized software development costs and conditions for the capitalization of the software development costs during the financial year considering the requirements of the applicable laws and regulations governing the preparation of financial statements. • We have performed sample tests and analytical audit measures aimed at verifying the correctness of capitalization transactions of software development costs in the bookkeeping records. • We have assessed the correctness of valuation of software development cost by reviewing the projections related to the accountancy business same as realized and projected capacity for cash flow generation. • We have assessed the appropriateness of the notes to the consolidated financial statements and parent company´s financial statements concerning software development costs.

Talenom Oyj - Auditor's Report for the year ended 31 December 2023

Valuation of shareholdings in subsidiaries and long-term receivables from subsidiaries in the parent company financial statements (Basis of Preparation for the parent company financial statements)	
• Investments in subsidiaries committed by the parent company including long-term receivables, total EUR 67.1 million, comprise a significant balance sheet item and consequently possible impairment would influence the balance of distributable funds. The valuation of the investments and long-term receivables is based on the subsidiaries' performance in the longer term. • The book value of the investments in subsidiaries stated in the balance sheet is evaluated as part of the Group's goodwill impairment testing, where projections of cash flows have been prepared for the Group's cash-generating units based on value in use calculations. Additionally, the development in the subsidiaries' result of operations and financial position is evaluated on the basis of the realized development in the entity's result of operations and financial position. • Resulting from elements of management judgment present in the projected cash flows and the significance of the book value of investments in subsidiaries, the valuation of investments in subsidiaries is perceived as a key audit matter.	Our audit procedures included, among others: • We have assessed the essential assumptions applied in the impairment calculations, such as net sales growth rate, profitability of operations, discount rate and long-term growth rate factor. We have assessed critically the foundations and management assumptions underlying the future cash flow forecast. • We analyzed the valuation of investments in subsidiaries based on the realized development in the subsidiaries' result of operations and financial position.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 4 July 2013, and our appointment represents a total period of uninterrupted engagement of 11 years. Talenom Oyj became a public interest entity on 15 June 2017. We have been the company´s auditors since it became a public interest entity.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Oulu, Finland, 21 February 2024

KPMG OY AB

Juho Rautio
Authorised Public Accountant, KHT

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