TALENOM
ANNUAL REVIEW 2024

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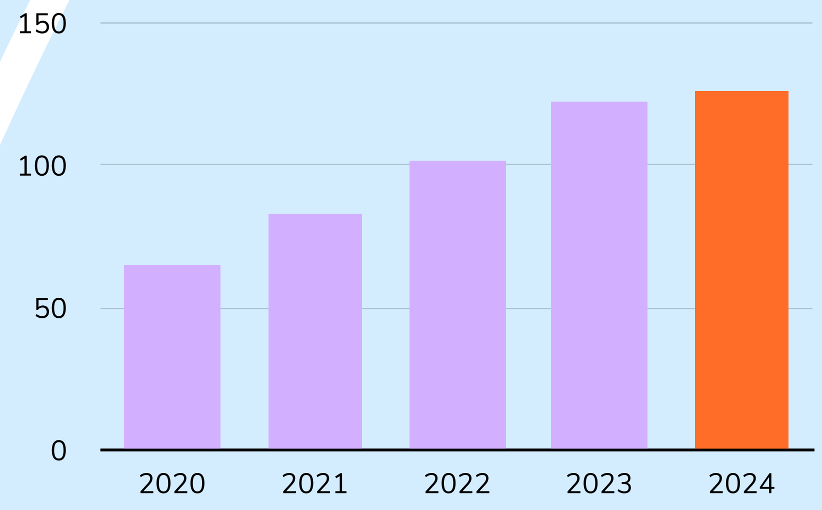
Talenom in Brief

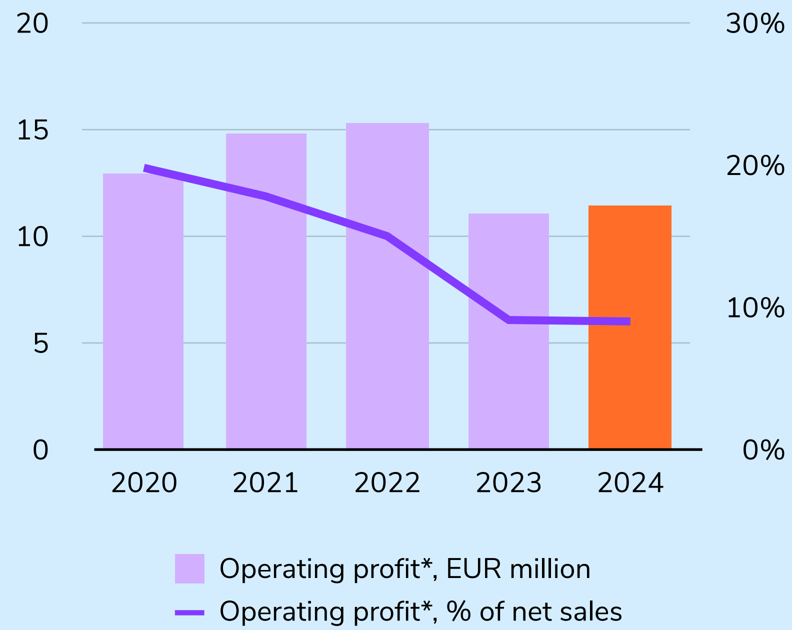
Talenom is an agile and progressive accounting firm established in 1972. Our business idea is to help entrepreneurs succeed by making their daily lives easier with the market's easiest-to-use digital tools and highly automated personal services. In addition to comprehensive accounting services, we support our customers' business with a wide range of expert services and our partners' services. Our vision is to be the preferred partner in financial management.

Talenom's growth history is strong – average annual net sales growth was approximately 16% between 2005 and 2024. In 2024, Talenom's net sales was some EUR 126 million and the company had 1,554 employees in Finland, Sweden, Spain and Italy at the end of the year. Talenom's share is quoted on the Main Market of Nasdaq Helsinki.

Net sales development

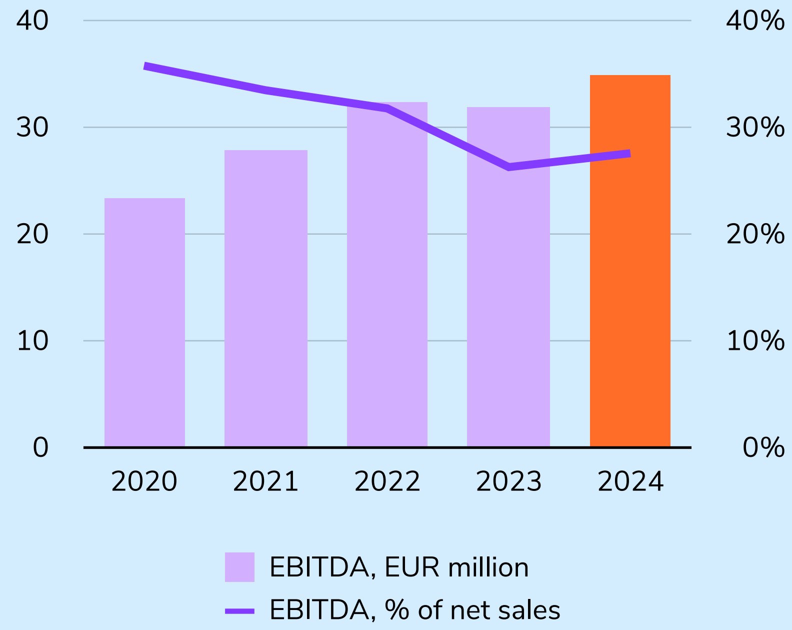


Operating profit* development

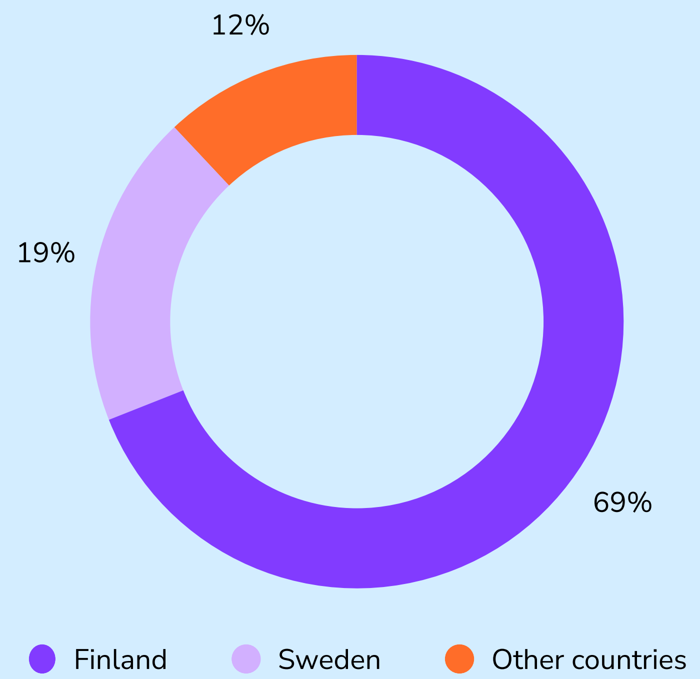


*Comparable operating profit

EBITDA development



Distribution of net sales



From the CEO

We proceeded systematically with our targets, even though the more challenging general economic situation impacted 2024:

- Improving profitability was our main goal. We improved the absolute EBITDA by 9%, i.e. EUR 2.9 million, but we missed our target mainly due to the economic cycle in Finland and Sweden.

- In Sweden, we managed to migrate the remaining targeted 50% of customers to our accounting system during the latter part of the year. Systematic accounting production for these customers will begin in 2025. We expect systems, operating models, processes and One Talenom benefits to be visible in Sweden as improving financial performance during the second half of 2025.

- Our third goal was to accelerate organic growth. Overall, we succeeded in acquiring new customers and generating additional sales to existing customers as targeted. Despite record-high new sales, the economic slowdown significantly impacted net sales development, as the average net sales per customer decreased and customers' business closures reached record levels while other churn remained at a normal level. To develop our long-term scalable growth capability, we began incorporating our own software and offering it to customers outside Talenom's accounting firm clientele.

STRATEGY

Our competitive advantage is based on a comprehensive approach that covers the entire value chain through own software and service. This approach has broadened our expertise over the years, making the entrepreneur's life as easy as possible, automating the accountant's routines, and enabling a conceptualized service that takes care of customers. In the updated strategy, our comprehensive approach remains unchanged.

The software business will form a second strategic pillar going forward and we will start offering our software also to other accountants, accounting firms and their customers. While we will focus clearly on growing our accounting services and software business in the future, we will transfer other service areas outside our core business to our strategic partners, and our customers will receive comprehensive services through our partner ecosystem in the future. With this change, we focus our operations on further improving our profitability. With the updated strategy, we abandoned debt collection services in late 2024 and renewed the cooperation agreement for banking services to correspond with the strategy. In addition, we separated the software business into its own company and conducted related change negotiations.

FINANCIAL PERFORMANCE

Net sales for the full year were EUR 126.2 million (121.7). The growth was 3.7% (19.2), which was subdued compared to history. The market environment was challenging, especially in Finland and Sweden. In Finland, the volume-based decline in net sales levelled off towards the end of the year, and general economic indicators suggest the worst is over. In Spain, the economic cycle has continued to be positive and demand for our services is good. We grew there both organically and through acquisitions in 2024.

We succeeded in improving profitability measured by EBITDA. In 2024, EBITDA was EUR 34.8 million (31.9) and comparable operating profit was EUR 11.4 million (11.1). Most of the EBITDA improvement came from Finland and Spain. Development in Sweden slowed down the improvement in the Group's profitability as net sales in Sweden remained below the comparison period. The Group's comparable operating profit improved slightly, but its development was slowed by increased amortisation of software investments and one-off costs related to the formation of the software business.

The Group's profitability weakened in the last quarter. The one-off cost impact of the change negotiations was estimated to be EUR 0.5 million. Furthermore, the placement of public holidays in December and vacation days reduced the actual number of working days in December. Profitability development was also slowed down by net sales development, especially in Sweden, as well as the ongoing implementation of the company's own software, which kept the cost level higher than normal, especially in the last quarter.

The change negotiations carried out in the last quarter will lower the level of software investments in 2025 by approximately EUR 2.3 million, which will have a positive impact on cash flow and a mitigating effect on the increase in depreciation in 2025. The impact of the new investment level on depreciation will start to be more clearly visible in the coming years. We have invested very determinedly in the development of our systems for a long time. Now our overall system has reached a level that allows us to permanently reduce investments in it.

We look positively to the future. In recent years, we have invested heavily in internationalisation and we believe it will bear fruit in the near future. In 2025, our focus is on improving profitability in Sweden through more systematic implementation of our own software, processes and the best practices of ONE Talenom. In Spain, the entry into force of the e-invoicing Directive enables, in addition to properly leveraged organic and inorganic growth, an increase in software sales. In the software business, we focus on building sales channels and developing SaaS capabilities. The updated strategy focuses our operations. This allows us to focus our energy on our long-built core competencies: growing the accounting firm service and software business. The expectation of the economy turning to growth in Finland and Sweden in 2025 also enables faster growth and profitability development, alongside other factors.

I would like to thank our customers for their trust during the past year, our excellent personnel for their commitment to building Talenom, and our partners for creating joint growth.

Otto-Pekka Huhtala
CEO

Corporate Governance Statement 2024

1. INTRODUCTION

Talenom Plc complies in full with the Finnish Corporate Governance Code 2025 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.

2024 ANNUAL GENERAL MEETING

In 2024, the Annual General Meeting was held on 14 March 2024. 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 2024.

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 2024

At the 2024 Annual General Meeting, Harri Tahkola (Chairman), Olli Hyyppä, Mikko Siuruainen, Sampsa Laine, Johannes Karjula, Elina Tourunen and Erik Tahkola were re-elected to the Board of Directors. 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 15 times in 2024.

Talenom Plc's Board of Directors, 31 Dec. 2024

Name	Education and year of birth	Main occupation	Independent of the company	Independent of significant shareholders	Attendance at Board meetings in 2024
Harri Tahkola (Chairman of the Board)	M.Sc. (Econ.), b. 1972	entrepreneur, investor, Board professional	No	No	15/15
Olli Hyyppä (Board member)	M.Sc. (Tech.), b. 1969	Chief Information Officer, Senior Advisor	Yes	Yes	15/15
Mikko Siuruainen (Board member)	B.B.A., M.B.A., b. 1975	entrepreneur, investor, Board professional	Yes	Yes	15/15
Elina Tourunen (Board member)	M.Sc. (Econ.), CFA, b. 1980	CIO, eQ Asset Management Ltd	Yes	Yes	15/15
Johannes Karjula (Board member)	M.Sc. (Econ.), b. 1988	CEO and founder, Trustmary Group Oy	Yes	Yes	15/15
Sampsa Laine (Board member until 30 November 2024)	M.Sc. (Econ.), b. 1969	entrepreneur, inves-tor and Board profes-sional	Yes	Yes	11/15
Erik Tahkola (Board member)	Graduate in Business Studies, b. 1995	CEO, Omago Oy	Yes	No	15/15

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 and Anfra Oy since 2024. In addition, he has been a Board member of Aitoenergia Oy since 2024, Alfa Finance Oy since 2014, Toivo Group Oyj since 2021, Virta Kasvusijoitus Oy since 2021, Clara Nordic Oy since 2021, Koy Oulun Office Tower Oy since 2024 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 in 2013-2023 with responsibility for global information management. In addition, he has acted as Senior Advisor for European investment funds, as Vice President & Chief Information Officer at ST Ericsson in 2009-2013 and in various IT expert and management roles at Elektrobit Corporation in 1996-2009.

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, as well as Chairman of the Board of eQ Private Equity Oy since 2024. 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. Board membership was terminated on 30 November 2024.

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 has also served as a Board member at Trustmary Group Oy in 2016-2020, Sesonkia Oy since 2015, Molarum Salaojat Oy since 2015, 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 served 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 considered to be independent of the company but not 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 2024

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.

OTHER MANAGEMENT

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.

EXECUTIVE BOARD 2024

In 2024, 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
- 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 until 30 October 2024
- 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
- Valtter Tahkola, Marketing Director, (Graduate in Business Studies, b. 1998), employed by the company since 2022 and on the Executive Board since 2024

All members of the Executive Board are Finnish citizens.

DIRECT AND INDIRECT SHAREHOLDINGS OF BOARD MEMBERS, 31 DEC. 2024

Name	Number of shares held, 31 Dec. 2024	Proportion of total share capital, 31 Dec. 2024
Harri Tahkola (Chairman of the Board)	7,905,863	17.33%
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)	49,520	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 2024.

DIRECT AND INDIRECT SHAREHOLDINGS OF THE CEO AND EXECUTIVE BOARD, 31 DEC. 2024

Name	Number of shares held, 31 Dec. 2024	Number of shares earnable under the option and share-based incentive scheme (maximum)	Proportion of total share capital, 31 Dec. 2024	Shares earnable under the option and share-based incentive scheme as a proportion of the total share capital
Otto-Pekka Huhtala	392,535	195,000	0.86%	0.43%
Antti Aho	144,052	136,000	0.32%	0.30%
Juho Ahosola	25,559	118,000	0.06%	0.26%
Matti Eilonen	100,712	83,000	0.22%	0.18%
Olli Lätti	0	0	0.00%	0.00%
Valtter Tahkola	58,428	1,000	0.13%	0.00%
Marika Aho	2,675	70,000	0.01%	0.15%

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 2025 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 2024

The 2024 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 218,000 in audit fees, of which the share of KPMG Oy Ab was EUR 168,000, EUR 45,000 for certificates and statements and EUR 62,000 for other services in 2024.

Remuneration Report 2024

1. INTRODUCTION

As of 1 January 2025, Talenom Plc complies in full with the 2025 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, 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 is 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

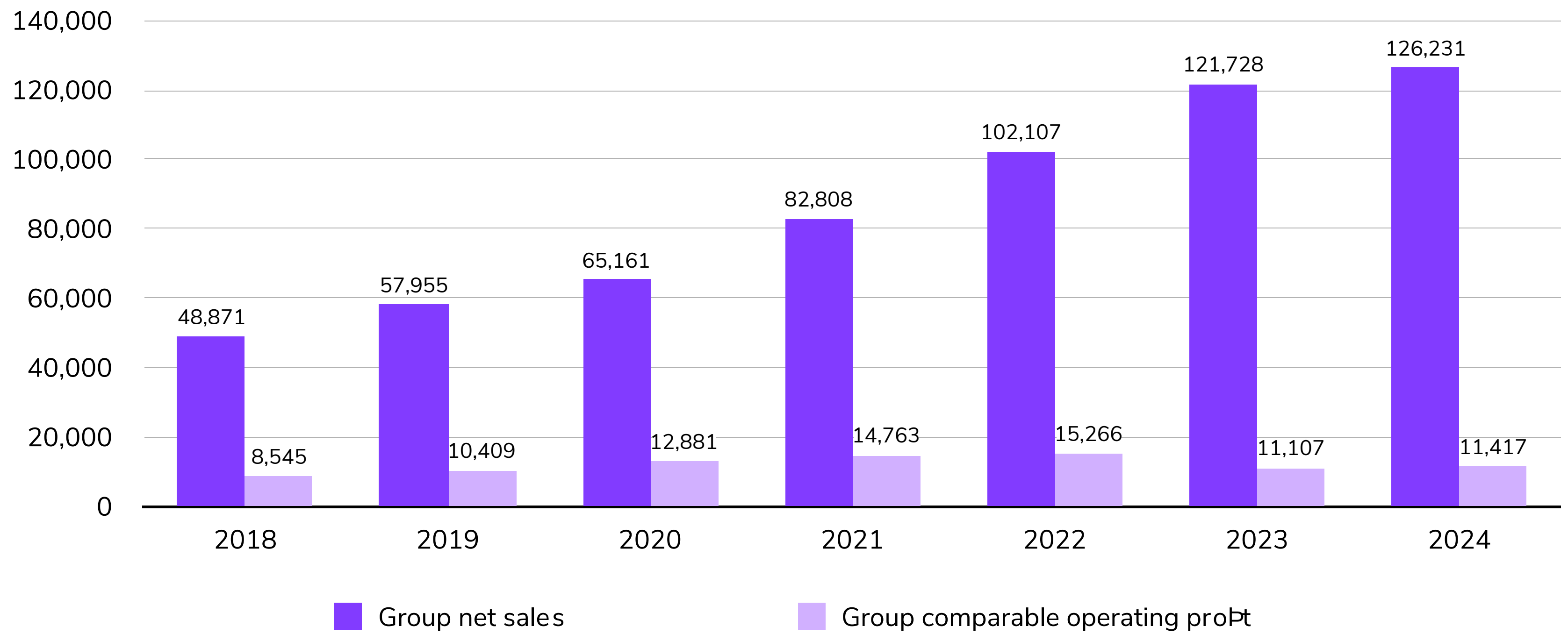
The following table and diagrams present the trend in the remuneration of the Board of Directors and CEO compared to the trend in the average remuneration of Group employees and the financial development of the Group during the past five financial periods. In accordance with Talenom's remuneration policy, 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

EUR 1,000	2018	2019	2020	2021	2022	2023	2024
Annual remuneration of the Board of Directors	134	132	182	192	192	224	228
Annual remuneration of the CEO	212	409	712	231	1,004	317	290
Average salary trend in the Group EUR 1,000 per person *)	37	38	38	39	40	42	42
Change	**1%**	**2%**	**0%**	**4%**	**2%**	**3%**	**1%**
Average salary trend in Finland EUR 1,000 per person *)				39	40	44	45
Change					**2%**	**9%**	**3%**
Average salary trend in Sweden EUR 1,000 per person *)				41	41	40	41
Change					**1%**	**-3%**	**4%**
Average salary trend in Spain EUR 1,000 per person *)				37	39	35	33
Change					**6%**	**-10%**	**-5%**

* The average salary trend at Talenom is calculated by dividing salaries and benefits by the average number of personnel not adjusted for working time during the financial period.

COMPANY'S FINANCIAL DEVELOPMENT
EUR 1,000



TALENOM

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 14 March 2024, the Annual General Meeting of 2024 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.

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 2024, the annual salary including fringe benefits was EUR 231,382.00, 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 net sales, 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 net sales and operating profit as the earning criteria for the CEO's short-term incentive in 2024. Minimum values had to be achieved in both. The weight for both was 50%. In 2024, no short-term performance bonuses based on the 2023 result were paid.

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 and 2024-2025 performance share plan and the 2021, 2022 and 2023 option schemes. Based on the results of 2021-2023, the CEO was paid 10,750 gross shares as share-based incentives in 2024.

REMUNERATION PAID TO BOARD MEMBERS 1 JANUARY 2024 TO 31 DECEMBER 2024

Name	Annual fees	Other financial benefits	Total
Harri Tahkola (Chairman of the Board)	72,000		72,000
Olli Hyyppä (Board member)	26,400		26,400
Mikko Siuruainen (Board member)	26,400		26,400
Elina Tourunen (Board member)	26,400		26,400
Johannes Karjula (Board member)	26,400		26,400
Sampsa Laine (Board member)	24,200		24,200
Erik Tahkola (Board member)	26,400		26,400
Total	**228,200**		**228,200**

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.

Performance Share Plans	PSP 2024-2025	PSP 2021-2023
Maximum number of shares allocated to the CEO	40,000	25,000
Earning criteria (weight)	Group net sales (25%)	Group net sales (50%),
	Operating profit (25%)	Operating profit (30%)
	Strategy execution (50%)	Implementation of strategic projects (20%)
Year of share transfer	2026	2024

Remuneration of the CEO during the financial period

EUR 1,000	Fixed annual salary (including fringe benefits)	Short-term incentive bonus paid	Share-based or option-based bonus	Total remuneration
CEO	231,382	0	58,555	289,937
	80%	0%	20%	

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 in Finland was 5.1% in 2001-2023.

According to Statistics Finland, the Finnish market for accounting and financial reporting services was around EUR 1,413 million (1,310) in 2023. Measured by net sales, Talenom's market share was 6.2% (6.2). The net sales of the accounting and financial reporting industry grew by 7.9% (5.0) in 2023 from the previous year.

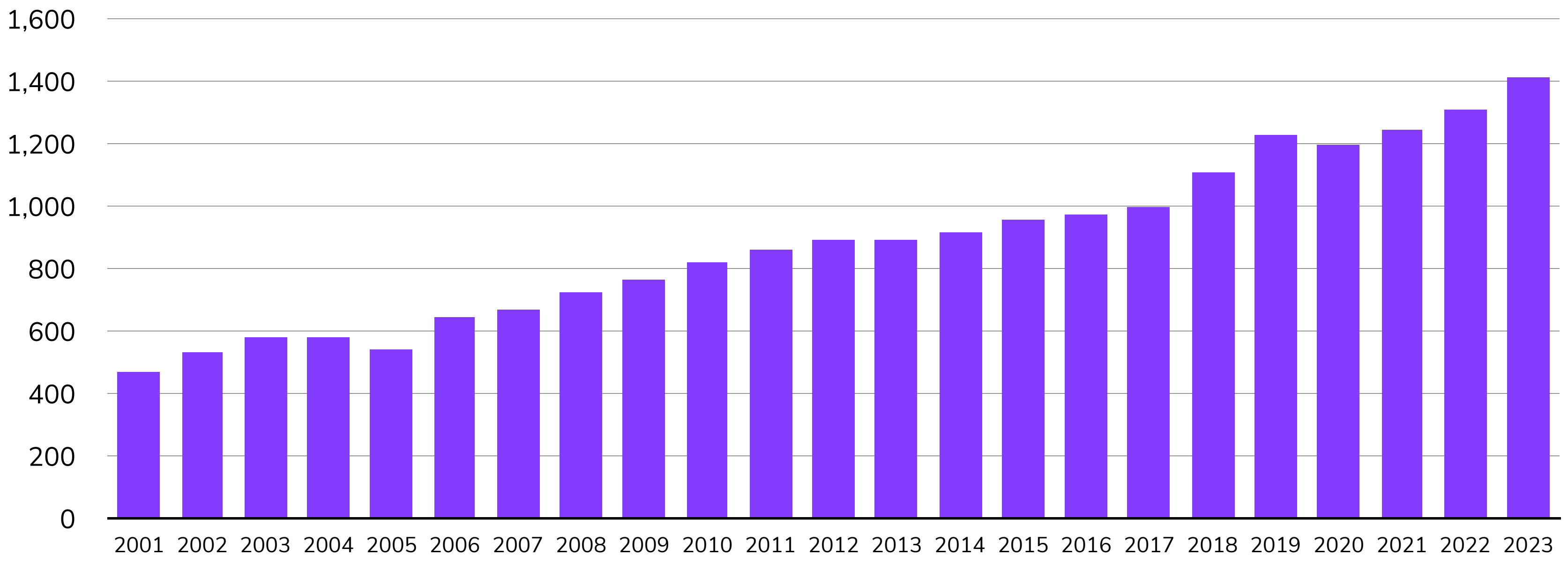
The Finnish accounting firm market is fragmented. According to Statistics Finland, there were 6,261 companies in the sector in 2023 (2022: 6,196), and the average company size was 2.2 (2.1) employees. There are many one-person offices and part-time entrepreneurs in the accounting firm market.

We estimate 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. According to current information, in Spain, companies with net sales of over EUR 8 million have to introduce e-invoicing during 2025 and all companies during 2026 and 2027.

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.

SIZE OF THE MARKET IN FINLAND, EUR MILLION



KEY FIGURES

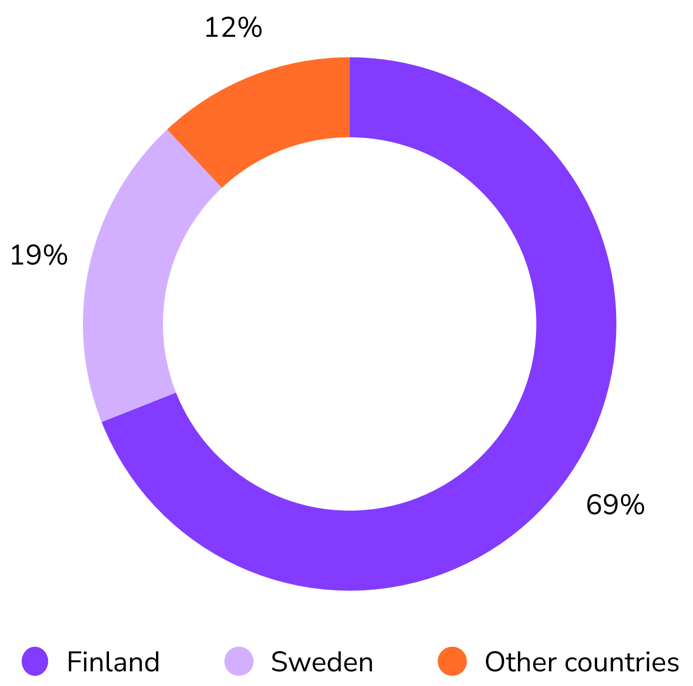
Group	1–12/2024	1–12/2023	Change, %
Net sales, EUR 1,000	126,231	121,728	3.7%
Net sales, increase %	3.7%	19.2%	
EBITDA, EUR 1,000	34,754	31,884	9.0%
EBITDA of net sales, %	27.5%	26.2%	
Operating profit (EBIT), EUR 1,000	11,417	7,948	43.6%
Operating profit (EBIT), as % of net sales	9.0%	6.5%	
Comparable operating profit, EUR 1,000 *)	11,417	11,107	2.8%
Comparable operating profit, as % of net sales	9.0%	9.1%	
Return on investment (ROI), % (rolling 12 months)	7.8%	6.0%	
Cash flow from operations, EUR 1,000	29,225	28,628	2.1%
Interest-bearing net liabilities, EUR 1,000	87,618	75,843	15.5%
Net gearing ratio, %	161.1%	135.9%	
Equity ratio, %	30.6%	31.8%	
Net investments, EUR 1,000	22,724	39,944	-43.1%
Liquid assets, EUR 1,000	8,669	10,254	-15.5%
Earnings per share, EUR	0.13	0.07	80.0%
Weighted average number of shares during the period	45,472,919	45,175,668	0.7%
Net profit, EUR 1,000	6,090	3,361	81.2%

*) Operating profit excluding software-related write-downs

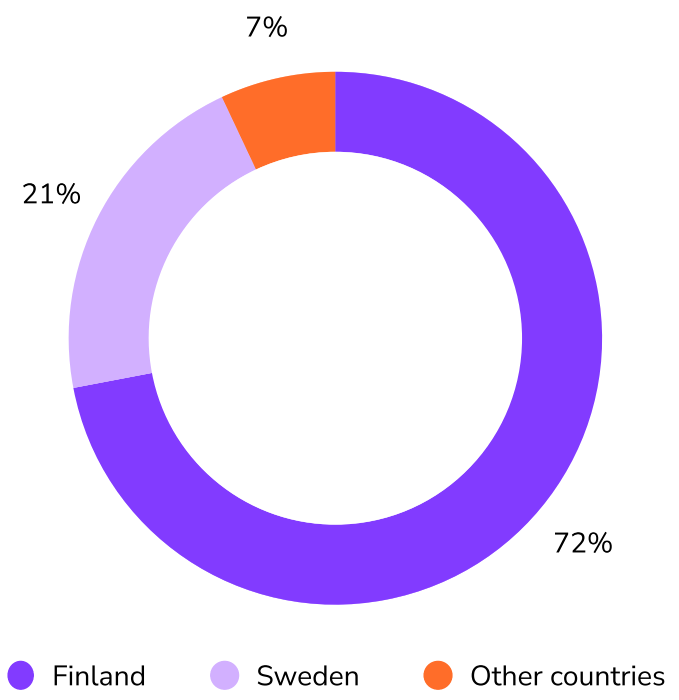
TALENOM

GROUP'S FINANCIAL PERFORMANCE JANUARY-DECEMBER 2024

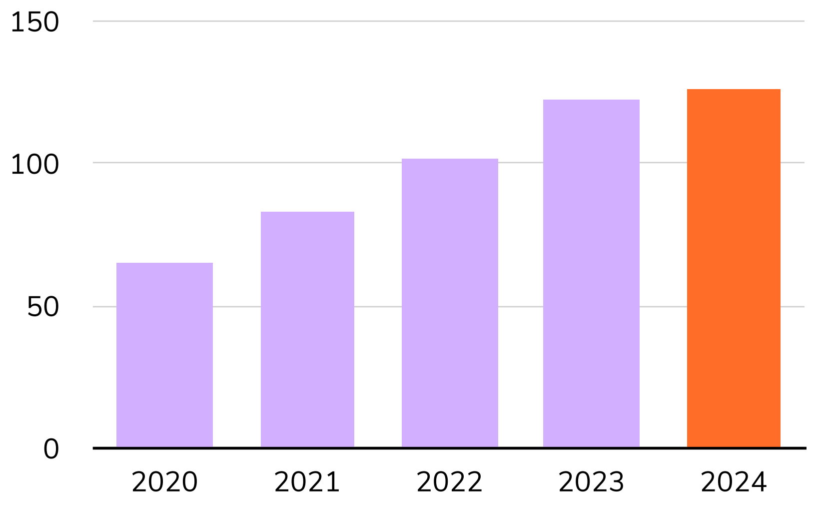
NET SALES BY COUNTRY 1–12/2024



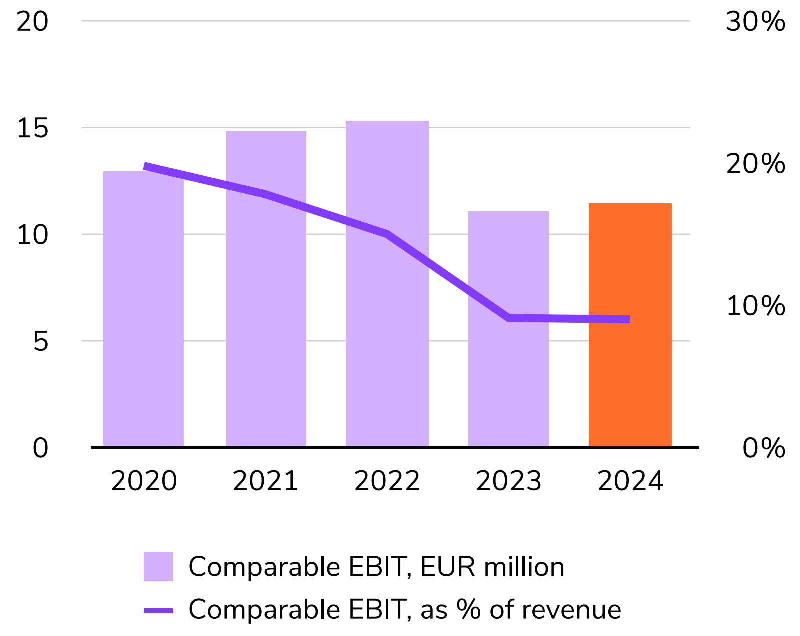
NET SALES BY COUNTRY 1–12/2023



NET SALES DEVELOPMENT, EUR MILLION



COMPARABLE EBIT DEVELOPMENT, EUR MILLION



Net sales increased by 3.7% to EUR 126.2 (121.7) million. The net sales growth was mainly due to acquisitions in Spain. The downturn in Finland and Sweden has slowed down organic growth, in addition to which changes and personnel turnover caused by the implementation of the company's own software have led to increased customer churn in Sweden. The changes may challenge customer retention in Sweden in the short term. In Finland, the volume-based decline in net sales levelled off towards the end of the year, and general economic indicators suggest the worst is over. Talenom estimates that net sales will slowly turn to growth.

Personnel costs amounted to EUR 75.6 (71.9) million, representing 59.9% (59.1) of net sales. Other operating expenses, including materials and services, totalled EUR 18.8 (19.2) million or 14.9% (15.7) of net sales.

EBITDA increased 9.0% and amounted to EUR 34.8 (31.9) million or 27.5% (26,2) of net sales. Most of the EBITDA improvement came from Finland and Spain. The development in Sweden slowed down the profitability improvement, with net sales remaining below the comparison period. Comparable operating profit grew by 2.8% to EUR 11.4 million (11.1) or 9.0% (9.1) of net sales. Comparable operating profit for 2023 does not include the non-recurring write-down of EUR 3.2 million related to software. Operating profit development was slowed down by increased amortisation of software investments. Operating profit increased by 43.6% and amounted to EUR 11.4 million (7.9) or 9.0% (6.5) of net sales.

Net profit grew by 81.2% to EUR 6.1 (3.4) million.

COUNTRY-SPECIFIC FINANCIAL DEVELOPMENT

FINLAND

	1–12/2024	1–12/2023	Change, %
Net sales, EUR 1,000	86,698	87,759	-1.2%
Net sales growth, %	-1.2%	8.3%	
EBITDA, EUR 1000	33,651	31,696	6.2%
EBITDA of net sales, %	38.8%	36.1%	
Depreciation and amortisations, EUR 1,000	-18,391	-20,306	-9.4%
Operating profit, EUR 1,000	15,260	11,390	34.0%
Operating profit of net sales, %	17.6%	13.0%	
Comparable operating profit, EUR 1,000 *)	15,260	14,549	4.9%
Comparable operating profit, as % of net sales	17.6%	16.6%	

*) Operating profit excluding software-related write-downs

January-December 2024

Net sales decreased by -1.2% to EUR 86.7 (87.8) million. Overall economic development has affected growth. There are signs that the volume-based decline in net sales levelled off towards the end of the year, and general economic indicators suggest that the worst is over.

EBITDA was EUR 33.7 (31.7) million or 38.8% (36.1) net sales. Relative profitability improved significantly thanks to the efficiency measures introduced in 2023.

SWEDEN

	1–12/2024	1–12/2023	Change, %
Net sales, EUR 1,000	24,263	25,469	-4.7%
Net sales growth, %	-4.7%	31.2%	
EBITDA, EUR 1,000	-1,103	391	-381.8%
EBITDA of net sales, %	-4.5%	1.5%	
Depreciation and amortisations, EUR 1,000	-2,973	-2,598	14.4%
Operating profit, EUR 1,000	-4,076	-2,207	-84.7%
Operating profit of net sales, %	-16.8%	-8.7%	

January-December 2024

Net sales decreased by -4.7% and amounted to EUR 24.3 (25.5) million. Integration challenges have caused more customer churn than normal in the first acquisitions. Five of the acquisition targets have suffered from a higher churn than normal. In addition, the economic slowdown has considerably impacted net sales development.

Relative EBITDA was -4.5% (1.5) and the operating profit was -16.8% (-8.7) of net sales. Profitability has been burdened by the implementation of the company's own platform, which requires resources to ensure the progress of the project and has kept the cost level higher than under normal circumstances. Efforts have been made to adjust the number of personnel to the level of net sales during the financial year and we expect profitability to improve during 2025.

OTHER COUNTRIES

	1–12/2024	1–12/2023	Change, %
Net sales, EUR 1,000	15,270	8,500	79.6%
Net sales growth, %	79.6%	411.0%	
EBITDA, EUR 1,000	35	-890	104.0%
EBITDA of net sales, %	0.2%	-10.5%	
Depreciation and amortisations, EUR 1,000	-1,973	-1,031	91.3%
Operating profit, EUR 1,000	-1,938	-1,921	-0.9%
Operating profit of net sales, %	-12.7%	-22.6%	

January-December 2024

Net sales increased by 79.6% to EUR 15.3 (8.5) million. Net sales growth was mainly driven by acquisitions in Spain, but also organic.

With the growth in business volume in Spain, profitability has developed very well. Profitability was significantly improved in Spain as the EBITDA increased by over EUR 1 million from the comparison period.

Talenom acquired a bridgehead from Italy in early 2023. Our priority is to grow organically in Italy. Measured by EBITDA, the Italian business is currently slightly loss-making.

UNALLOCATED ITEMS

Unallocated items include income and expense entries from earn-outs related to acquisitions, direct costs arising from change negotiations, and income from divestments.

	1–12/2024	1–12/2023	Change, %
Net sales, EUR 1,000			
Net sales growth, %			
EBITDA, EUR 1,000	2,172	686	216.6%
EBITDA of net sales, %			
Depreciation and amortisations, EUR 1,000			
Operating profit, EUR 1,000	2,172	686	216.6%
Operating profit of net sales, %			

We had exceptionally large revenue recognition during January-December, mainly due to the period of significant earn-outs ending in Sweden. The recognition of earn-outs was related to the financial targets of the acquisition not materialising as expected. The periods of most significant earn-outs have ended and their significance will diminish considerably in the future.

COUNTRY-SPECIFIC COMPARISON DATA FOR 2023

Comparison figures have been adjusted for intersegment items. The 2023 Report of the Board of Directors included also intersegment net sales.

GROUP BALANCE SHEET, FINANCING AND INVESTMENTS

On 31 December 2024, the consolidated balance sheet total was EUR 178.0 million (175.7). The Group's equity ratio was 30.6% (31.8) and net gearing was 161.1% (135.9). On 31 December 2024, interest-bearing financial loans totalled EUR 85.7 million (75.9), excluding installment debts. Other non-current interest-bearing liabilities (installment debts) amounted to EUR 0.5 million (0.4) and other current interest-bearing liabilities (installment debts) were EUR 0.5 million (0.3).

IFRS 16 accordant non-current lease liabilities stood at EUR 5.7 million (5.6) and current lease liabilities at EUR 3.9 million (3.9) on 31 December 2024.

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 22.7 million (39.9) million between 1 January and 31 December 2024.

Investments stemming from new customer contracts amounted to EUR 3.7 million (3.3) in the review period. Investments in software and digital services totalled EUR 15.1 million (14.5) 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.

Talenom acquired two business entities through two share transactions during the review period. The total value of share transactions conducted during the review period was EUR 3.2 million. In acquisitions, part of the purchase price was paid with new Talenom Plc shares subscribed for in directed issues. Acquisitions accounted for EUR 2.7 million (18.8) of net investments. Read more about acquisitions under "Acquisitions in the review period".

Investments	1–12/2024	1–12/2023
New customer agreements, EUR 1,000	3,704	3,279
Software and digital services, EUR 1,000	15,063	14,535
Acquisitions in Finland, EUR 1,000	0	0
Acquisitions abroad, EUR 1,000	2,713	18,768
Other investments	1,243	3,362
Total net investments, EUR 1,000	**22,724**	**39,944**

Liquid assets on 31 December 2024 totalled EUR 8.7 (10.3) million.

ACQUISITIONS DURING THE REVIEW PERIOD

Share transactions in January-December:

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

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	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

In acquisitions, part of the purchase price was paid with new Talenom Plc shares subscribed for in directed issues. A total of 10,577 shares were subscribed for in directed share issues related to acquisitions during the review period.

INTANGIBLE ASSETS

The company's key intangible assets relate to its proprietary software, which are easy to use and efficient for customers. The high level of software automation in the company's service production enables an efficient way to produce the service and increase customer satisfaction, as resources can be allocated to customer service. In addition to software, the company's key intangible assets include our skilled and competent employees, as well as our brand and reputation. Together, these resources enable us to maintain and develop our competitive advantage in the long term.

PERSONNEL AND MANAGEMENT

At the end of 2024, Talenom employed 1,554 (1,560) people. Talenom's average number of employees from 1 January to 31 December 2024 was 1,584 (1,501). 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), Marika Aho (Director in charge of the service business), Olli Lätti (Commercial Director until 30 October 2024), and Valtter Tahkola (Marketing Director as of 1 September 2024).

ANNUAL GENERAL MEETING 2024 AND AUTHORISATIONS OF THE BOARD OF DIRECTORS

The Annual General Meeting of Talenom Plc was held on 14 March 2024. 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 2023, 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 and new Remuneration Policy for the company's governing bodies.

The Annual General Meeting resolved that a dividend of EUR 0.19 per share will be paid for the financial year 1 January–31 December 2023. Undistributed profits shall remain in equity.

The dividend was paid to shareholders who on the dividend record date, 19 March 2024, were registered as shareholders in the company's shareholders' register maintained by Euroclear Finland Ltd. The dividend was paid on 26 March 2024. 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, Erik Tahkola 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. 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 2025. The authorisation replaces the previous authorisation to repurchase own shares granted by the Annual General Meeting on 15 March 2023.

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 the 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 4.8 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 2025. 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 assessed the independence of its members from the company and its significant shareholders. Harri Tahkola is not considered independent of the company based on an overall assessment. He is also not considered independent of significant shareholders, as he owns more than 10% of the shares in the company. Erik Tahkola is considered independent of the company but is not considered independent of significant shareholders. Mikko Siuruainen, Olli Hyyppä, Johannes Karjula, Sampsa Laine and Elina Tourunen are considered independent of the company and its significant shareholders.

STOCK OPTION SCHEMES AND SHARE-BASED INCENTIVE SCHEMES

The Group had 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 2024 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	222,500	82,000	100,200
Options given but not exercised	377,500	418,000	549,800

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	9.09	7.23
Total number of unexercised options	377,500	418,000	549,800
Exercised or Talenom Plc's holding or undistributed	222,500	82,000	100,200
Number of shares on 31 December 2024	45,628,572	45,628,572	45,628,572
Number of shares if all options are converted into new shares	46,006,072	46,046,572	46,178,372
Proportion of holdings and votes if all options are converted into new shares	0.82%	0.91%	1.19%

The total number of shares will rise from 45,628,572 to 46,973,872 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 2.864%, 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

PERFORMANCE SHARE PLAN 2024–2027

Talenom Plc's Board of Directors has decided on a new share-based incentive scheme for the Group's key personnel in 2024-2027. The system is part of the Group's incentive and commitment system for key personnel. The aim is to unify the objectives of the shareholders and key personnel to increase the Company's value in the long term, commit key personnel to the Company and offer them competitive remuneration systems that are based on earning and accumulating Company shares.

The share compensation system 2024-2027 has three vesting periods. The Board decides on the performance criteria for the plan and the targets set for each criterion at the beginning of the vesting period.

The potential reward based on the plan will be paid partly in the Company's shares and partly in cash after the end of a vesting period. 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

Each member of the company's Executive Board is obliged to hold at least 50% of the net number of shares paid to them based on the plan until the value of their shareholding in the company is equal to the value of their gross annual salary. The shares must be held for as long as the person remains a member of the Executive Board.

During the vesting period 2024-2025, the reward is based on the growth of the Group's net sales, the development of operating profit and the implementation of the company's strategy.

The rewards paid for the vesting period correspond at most to the value of 380,000 Talenom Plc shares including the cash component. The target group consists of approximately 120 key personnel, including the members of the company's Executive Board.

SHARE ISSUES AND REGISTRATION OF NEW SHARES UNDER THE TERMS OF THE OPTION SCHEME

On 13 February 2024, The Board of Directors of Talenom Plc decided on a directed share issue based on the stock option plan to employees entitled to share bonuses. The share issue distributed a maximum of 40,519 new Talenom Plc shares free of charge. The shares were registered in the Trade Register on 15 February 2024.

FLAGGING NOTIFICATIONS

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

According to a notification received on 3 June 2024, the number of Talenom shares owned by the investment funds of Sp-Rahastoyhtiö increased above 5% of Talenom Plc's total number of shares as a result of share transactions concluded on 31 May 2024.

According to a notification received on 10 April 2024, the number of Talenom Plc shares owned by Allianz Vie S.A. decreased below 5% of Talenom Plc's total number of shares as a result of share transactions concluded on 9 April 2024.

OTHER SIGNIFICANT EVENTS DURING THE REVIEW PERIOD

Talenom withdrawed its medium-term financial targets
In connection with the strategy renewal process on 9 October 2024, the Board of Directors of Talenom Plc decided to withdraw the medium-term (2023-2025) financial targets set for Talenom in 2022.

Going forward, Talenom's long-term target is annual net sales growth of more than 20% in the software business and more than 10% in the service business.

Talenom lowered its net sales and operating profit guidance and specified its EBITDA guidance for 2024
The prolonged economic downturn especially in Finland has affected Talenom's net sales more than expected, and we have made fewer acquisitions than planned. The downturn is usually seen with a delay in the accounting services industry. These factors have had a negative impact on the company's net sales and profitability.

New guidance for 2024:
Talenom estimates that 2024 net sales will be EUR 126–129 million, EBITDA EUR 34–37 million and operating profit EUR 11–14 million. The new guidance also considers the non-recurring costs of the updated strategy and reorganization.

Updated strategy
As a result of an in-depth and comprehensive review, Talenom decided on 9 October 2024 to update its strategy to accelerate growth and make it more scalable. Our key competitive advantage is to make the daily life of an entrepreneur as easy as possible, automate accounting routines, and our conceptualized operating model that takes care of our customers. We still believe in these. We want to focus on our strengths and also build our future on them.

There are two major changes in the strategy update:

1. We are planning to separate the software business into its own company and start offering our software to other accounting firms and their customers. We will seek an international software business expert to lead the company, and until then the unit will be led by Antti Aho, Executive Vice President of Talenom.
2. We are planning to focus on our core competencies by transferring all non-accounting services and products like debt collection, banking and financial services to our partners.

The competitive advantage of Talenom's software is based on a package developed over more than two decades, which optimally considers the entire value chain, both in terms of ease of use for the end customer and automation for the producer. The software has been developed on efficient processes, as evidenced by Talenom's excellent profitability in Finland. Selling software as a separate product enables scalable growth, of which we already have positive experiences. So far, the growth of the service business has been limited by the close relationship with our system. In the future, we can grow with the support of two independent pillars.

Our software is particularly suitable for SMEs. In addition to our own software, the service business can use commercial software directed at larger customers. The competitive advantages of the service business are a conceptualized and easily purchased product that is efficiently produced with uniform operating models, high quality and expertise, as well as local and industry-specific service teams. Our customer satisfaction is very high based on a personal, caring and consultative approach.

The net sales of Talenom's software business in Finland is estimated to be approximately EUR 15-20 million. The software has undergone a major architectural reform in recent years, which makes it faster to introduce in new countries. The user volume is expected to grow quickly as Talenom is currently introducing the software in Sweden and Spain to existing customers. The software will be sold directly to individual companies and financial departments, as well as accountants and accounting firms.

To respond to the new strategy, we initiated change negotiations regarding the planned separation of the software business.

Summary of the updated strategy:

Vision
We want to be the preferred partner in financial management.

Mission
We help entrepreneurs succeed.

Strategy
In our strategy, we focus on our core competence, that is accounting firm and software businesses. For other services and products, we rely on our partner ecosystem. With the updated strategy, we believe we can grow more scalably through both the conceptualized ONE Talenom accounting service model and the software business. Our business operations focus on the current target countries, Finland, Sweden, Spain and Italy.

Talenom sold its debt collection business to Svea
Talenom Plc agreed on 14 November 2024 to sell its Finnish debt collection business to Svea Bank AB. The divested business was transferred to Svea's Finnish debt collection business on 1 December 2024. The decision to sell the business was based on Talenom's updated strategy

Sampsa Laine stepped down from Talenom's Board of Directors
Sampsa Laine, a member of the Board of Directors of Talenom Plc since 2020, tendered 14 November 2024 his resignation from the Board as of 30 November 2024. Laine resigned from the Board due to his appointment as the CEO of Alisa Bank Plc as of 1 December 2024. Talenom and Alisa Bank have cooperated since 2022, offering banking and financial services to companies using Talenom's financial management services.

Talenom's change negotiations concluded
On 28 November 2024, Talenom announced that it had concluded the change negotiations related to the strategy update. As a result of the reorganization and change negotiations, Talenom expects to achieve savings of approximately EUR 2.3 million in 2025. The savings will mainly affect future software investments and improve cash flow. The change negotiations resulted in the termination of 21 permanent employment contracts. In addition, fixed-term employment contracts will not be renewed, and subcontracting will be gradually reduced during 2025.

One-off costs related to the change negotiations are estimated to total EUR 0.3 million, which will be recognized in the result of the fourth quarter of 2024.

Talenom published its financial guidance for 2025 on 13 December 2024
Talenom estimates its net sales for 2025 to be around EUR 130-140 million and its EBITDA to be around EUR 36-42 million.

EVENTS AFTER THE REVIEW PERIOD

Talenom had no significant events after the reporting period.

FINANCIAL REPORTING AND ANNUAL GENERAL MEETING IN 2025

In 2025, Talenom will publish financial information as follows:

- Business Review for January-March on Thursday, 24 April 2025
- Half-year Report for January-June on Friday, 18 July 2025
- Business Review for January-September on Friday, 17 October 2025

Talenom Plc's Annual General Meeting (AGM) is planned to be held on Wednesday, 19 March 2025.

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.

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 9,071,090.14 is transferred to the retained earnings/loss account. The Board of Directors proposes that a maximum dividend of up to EUR 0.20 (0.19) per share will be paid. The proposal suggests that a maximum dividend of 0.10 euros to be paid on a date decided by the Annual General Meeting. In addition, the Board proposes that the Annual General Meeting authorize the Board of Directors to decide, at its discretion, on the distribution of the remaining maximum dividend (a maximum of 0.10 euros per share) at a later date. The authorization would be valid until the beginning of the next Annual General Meeting.

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, and 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 2025

Talenom estimates that 2025 net sales will be around EUR 130–140 million and EBITDA around EUR 36–42 million.

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

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

SHARES AND SHAREHOLDERS

On 31 December 2024, Talenom Plc had a total of 45,628,572 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 2024. On 31 December 2024, Talenom had a total of 9,937 (10,333) shareholders. The number of shareholders is based on information collected by Modular Finance from various sources, such as Euroclear Finland Oy.

A total of 11,936,749 shares were traded in January-December, and the value of the shares traded was EUR 54,760,734. The highest price of the share was EUR 6.41, and the lowest price was EUR 3.17. The volume-weighted average price was EUR 4.59 and the closing price at the end of the review period was EUR 4.06. In accordance with the closing price, the combined market value of the shares was approximately EUR 185,3 million.

LARGEST SHAREHOLDERS 31 DECEMBER 2024

Name	Shares	Shares, %
Harri Tahkola	7,820,015	17.1
Markus Tahkola	4,815,824	10.6
Danske Invest	3,745,828	8.2
Sp-Rahastoyhtiö	3,185,738	7.0
Allianz France	2,214,320	4.9
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,610,517	3.5
SEB Investment Management	1,575,134	3.5
Keskinäinen Työeläkevakuutusyhtiö Elo	966,000	2.1
Swedbank Robur Fonder	900,000	2.0
Aktia Rahastoyhtiö	875,000	1.9
Ten largest, total	**22,892,552**	**60.7**
Other shareholders	**22,736,020**	**39.3**
Total	**45,628,572**	**100**

SHAREHOLDINGS OF BOARD MEMBERS, CEO AND EXECUTIVE BOARD 31 DECEMBER 2024

	Shares	Shares, %
Board of Directors	8,538,668	18.7
CEO	392,535	0.9
Other Executive Board	276,073	0.6
Total	**9,207,276**	**20.2**

SHAREHOLDERS BY SECTOR 31 DECEMBER 2024

Sector	Shares	% of shares	% of votes	Number of known owners
Corporations	5,352,599	11.7	11.7	369
Financial and insurance institutions	7,274,841	15.9	15.9	34
Public sector institutions	2,907,355	6.4	6.4	5
Households	21,579,516	47.3	47.3	9,468
Foreign countries	70,798	0.2	0.2	15
Non-profit organisations	1,097,301	2.4	2.4	18
Nominee registered	7,346,162	16.1	16.1	9
Total	**45,628,572**	**100.00**	**100.00**	**9,918**

OWNER DISTRIBUTION BY HOLDING 31 DECEMBER 2024

Distribution	Number of shares	% of shares	% of votes	Number of known owners
1-100	164,318	0.4	0.4	3,737
101-500	875,218	1.9	1.9	3,320
501-1000	956,267	2.1	2.1	1,277
1001-5000	2,692,968	5.9	5.9	1,257
5,001-10,000	1,046,752	2.3	2.3	148
10,001-50,000	2,555,614	5.6	5.6	125
50,001-100,000	1,304,594	2.9	2.9	21
100,001-500,000	4,414,643	9.7	9.7	20
500,001-	31,618,198	69.3	69.3	13
Total	**45,628,572**	**100.00**	**100.00**	**9,918**

PER SHARE INDICATORS

	2024	2023	2022
Earnings per share, EUR	0.13	0.07	0.27
Equity per share, EUR	1.20	1.24	1.26
Dividend per share	0.10–0.20*	0.19	0.18
Dividend of profit, %	74.7–149.3%	255.4%	67.9%
Effective dividend yield, %	2.5–4.9%	3.1%	2.0%
P/E	30.31	83.33	34.34
Market cap	185,252,002	282,580,351	408,801,093
Shares traded, EUR	54,760,754	72,391,444	101,896,667
Weighted average number of shares	45,472,919	45,175,668	44,384,390
Number of shares at the end of the financial year	45,628,572	45,577,476	44,923,197
Highest conversion price, EUR	6.41	9.59	12.32
Lowest conversion price, EUR	3.17	4.23	7.75
Volume-weighted average conversion price for the financial year, EUR	4.59	6.51	9.77
Closing price for the financial year, EUR	4.06	6.20	9.10
Stock exchange volume, pcs	11,936,749	11,125,523	10,424,074

*The Board of Directors proposes a maximum dividend of EUR 0.20 (0.19) per share, of which EUR 0.10 per share would be paid after the AGM and a maximum of EUR 0.10 per share at a later date at the discretion of the Board of Directors

GROUP'S KEY FIGURES FOR THE PREVIOUS THREE FINANCIAL YEARS

Group	1–12/2024	1–12/2023	1–12/2022
Net sales, EUR 1,000	126,231	121,728	102,107
Net sales growth, %	3.7%	19.2%	23.3%
EBITDA, EUR 1,000	34,754	31,884	32,394
EBITDA of net sales, %	27.5%	26.2%	31.7%
Operating profit, EUR 1,000	11,417	7,948	15,266
Operating profit of net sales, %	9.0%	6.5%	15.0%
Comparable operating profit, EUR 1,000 *)	11,417	11,107	15,266
Comparable operating profit, as % of net sales	9.0%	9.1%	15.0%
Return on investment (ROI), % (rolling 12 months)	7.8%	6.0%	14.0%
Cash flow from operating activities, EUR 1,000	29,225	28,628	27,448
Interest-bearing net liabilities, EUR 1,000	87,618	75,843	54,404
Gearing ratio, %	161.1%	135.9%	97.1%
Equity ratio, %	30.6%	31.8%	35.9%
Net investments, EUR 1,000	22,724	39,944	40,868
Liquid assets, EUR 1,000	8,669	10,254	15,970
EPS, EUR	0.13	0.07	0.27
Weighted average number of shares during the period	45,472,919	45,175,668	44,384,390
Net profit, EUR 1,000	6,090	3,361	11,801

*) 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

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.

FORMULAS

Net sales, increase %	=	net sales - net sales of the preceding year / net sales of the preceding year	× 100
Operating profit	=	net sales + other operating income - materials and services - personnel expenses - depreciations and amortisations - other operating expenses	
Operating profit (EBIT), %	=	operating profit (EBIT) / net sales	× 100
Return on investment (ROI), % (rolling 12 months)	=	operating profit (EBIT) before taxes + interest and other financial expenses / total equity and liabilities - non-interest-bearing liabilities (average of the accounting period)	× 100
Interest-bearing net liabilities	=	interest-bearing liabilities - cash in hand and in banks	
Net gearing ratio, %	=	interest-bearing liabilities - cash in hand and in banks / capital and reserves	× 100
Equity ratio, %	=	capital and reserves / balance sheet total - advances received	× 100
Working capital	=	inventories + non-interest-bearing current receivables - non-interest-bearing current liabilities	
Net investments	=	investments in tangible and intangible assets - sales of assets	
Earnings per share	=	net profit of the review period / Weighted average number of shares outstanding during the review period	
Compound annual growth rate (CAGR)	=	(net sales at the end of the period / net sales in the beginning of the period)1/number of years -1	
EBITDA	=	operating profit + depreciation + amortisation	
EBITDA, %	=	EBITDA / Net sales	× 100
Comparable operating profit	=	operating profit - software-related write-downs	

TALENOM

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General Disclosures (ESRS-2)

Basis for Preparation of the Sustainability Statement (BP-1)

Talenom's sustainability statement has been prepared adhering to the accounting act and European Sustainability Reporting Standards (ESRS). The scope aligns with the company's financial statements, ensuring comprehensive and consistent coverage of all operations. This alignment supports comparability and coherence in corporate reporting, a requirement of ESRS 1.

The sustainability report has been prepared at the group level. The scope of consolidation is the same as in the consolidated financial statements unless stated otherwise. The report primarily focuses on Talenom's internal operations, reflecting the company's minimal reliance on external suppliers for software production and the delivery of digital services. Consequently, the environmental and social impacts are predominantly tied to internal processes, as prescribed by ESRS 2 for value chain reporting.

Only ESRS data points identified as material under the double materiality assessment and mandatory under the ESRS are reported. Voluntary data points according to the ESRS are not included in the report. Furthermore, Talenom follows ESRS recommendations regarding one year phase-in period. These data points will be reported in 2025.

DOUBLE MATERIALITY ANALYSIS

To identify the material impacts, risks, and opportunities relevant to its operations, Talenom conducted a Double Materiality Analysis (DMA) that incorporates both impact materiality and financial materiality perspectives.

Phase I: Mapping Talenom's Business Model and Value Chain

The first step in the analysis was to map out Talenom's business model and value chain. This involved identifying the key activities, resources, and stakeholders across Talenom's operations to establish a framework for the assessment.

Phase II: Identifying Relevant Impacts, Risks, and Opportunities

The analysis focused on identifying impacts, risks, and opportunities across predefined ESRS categories and subcategories. Inputs for this phase were drawn from internal data, insights from external frameworks and benchmarks, and assessments from subject matter experts. Talenom also utilized findings from ongoing processes such as employee engagement surveys, supplier assessments, and internal risk evaluations.

Interviews and discussions were conducted with internal stakeholders, including representatives from Talenom's Executive Management and key business areas. These insights supported the development of comprehensive lists of potential impacts, risks, and opportunities. Once compiled, these lists were reviewed and refined through workshops involving cross-functional teams, ensuring alignment with both operational realities and strategic priorities.

Specialists from within Talenom, such as experts in HR, compliance, information security, and operational management, contributed to the identification and validation phases. For final validation, people with oversight across Talenom's operations, including finance, risk management, legal, and investor relations, participated to ensure that the analysis reflected the full scope of the organization's activities and priorities.

Phase III: Assessing Impacts, Risks, and Opportunities

Talenom used its existing risk management framework to assess material impacts, risks, and opportunities.

Impact Materiality: Impacts were evaluated based on their severity (scale, scope, and irremediability) and likelihood. For positive impacts, irremediability was not considered. For actual impacts, likelihood was not included.

Financial Materiality: Risks and opportunities were assessed for their potential effects on cash flow, performance, development, and financial position. Finance and risk management experts used historical data and future projections to evaluate these effects.

The assessment involved discussions with key stakeholders across the organization to identify and prioritize impacts, risks, and opportunities. These findings were reviewed and validated in workshops with teams from different areas of the company to ensure alignment with Talenom's strategy and operations.

Phase IV: Final Validation and approval by Executive management

The ESG team reviewed and refined the final list of material impacts, risks, and opportunities. After this, the Executive Management Team approved the results, ensuring alignment with Talenom's goals and governance standards.

Based on the double materiality analysis, the key impacts, risks, and opportunities identified, as well as aspects related to the determination of material sustainability matters, are discussed in more detail on pages 26–28 of the sustainability statement.

TALENOM

RISK MANAGEMENT

Workforce-related risks are regularly assessed via surveys, feedback sessions, and direct discussions, with mitigation measures including development of work-related guidelines and improved digital tools. Information security risks are managed through continuous risk assessment, regular audits, and compliance with GDPR regulations.

EMISSIONS REPORTING AND DATA COLLECTION

Talenom calculates its carbon footprint, including Scope 3 emissions, using GHG protocol. Although indirect data introduces minor uncertainties, it is consistent with ESRS requirements for reporting minimal physical production footprints. Efforts to harmonize data collection across acquisitions and countries demonstrate compliance with ESRS's data accuracy and standardization expectations.

The role of the administrative, management and supervisory bodies (GOV-1)

LEADERSHIP COMPOSITION AND DIVERSITY

On December 31st, 2024, Talenom's governance structures consists of six executive members and six non-executive members. While there are no formal mechanisms for direct employee representation in governance bodies, employee perspectives are actively integrated through open communication channels, leadership discussions (for example all Talenom employees' regular one-to-one conversations with their supervisor), and structured engagement programs, ensuring their voices contribute to strategic decisions.

Both among the Executive Board and the Board of Directors, 17% are women, while 83% are men. 83% of Board members classified as independent.

EXPERTISE SUPPORTING STRATEGIC DIRECTION

The Board members have in-depth expertise in corporate governance, financial management services and sustainability issues specific to Talenom (personnel, information security and good governance). In addition, the Board of Directors brings added value to the organisation with its expertise in digitalization change management and risk management. The management team, on the other hand, focuses on strong leadership, improving operational efficiency and developing product innovations.

OVERSIGHT RESPONSIBILITIES AND GOVERNANCE PROCESSES

The Board of Directors is responsible for setting strategic direction, approving major investments, and ensuring that sustainability priorities are embedded into the organization's operations. Day-to-day management is handled by the executive team, which implements strategies and policies.

Formal mandates define the roles and responsibilities of the Board and executive management, ensuring that strategic decisions incorporate thorough risk assessments and sustainability impacts. Governance processes are bolstered by regular evaluations, risk mitigation efforts, and internal and external audits. Leadership initiatives further reinforce ethical conduct and operational integrity.

The Board monitors the execution of initiatives via regular updates from the CEO and executive management. Review by the internal compliance function provides additional assurance, evaluating the effectiveness of risk management and sustainability strategies.

CONTROLS, PROCEDURES, AND PERFORMANCE MONITORING

Control measures and processes are integrated into internal operations to ensure efficiency and consistency. Regular internal and external audits identify and help manage potential risks, while the Compliance function oversees regulatory adherence in collaboration with HR and IT. Systematic information security practices effectively manage data breaches, safeguarding data integrity and ensuring operational continuity. Talenom's management commitment includes regular one-to-one meetings and career development discussions for all employees.

The Board reviews and monitors business risks during strategy meetings twice a year. The Executive Management Team translates strategic objectives into concrete plans, which are integrated into operational activities.

DEVELOPING EXPERTISE IN SUSTAINABILITY

Talenom emphasizes developing skills and expertise in sustainability oversight. Internal workshops and materiality assessments identify knowledge gaps and align capabilities with evolving sustainability priorities. Training programs and certifications in governance, information security, and sustainability reporting ensure that management teams stay informed about industry best practices and regulatory standards.

EXPERTISE IN WORKFORCE AND GOVERNANCE MANAGEMENT

Talenom's administrative, management, and supervisory bodies possess deep expertise in Workforce Management (S1) and Business Conduct (G1), including community-specific identified topic Information Security. Their experience in fostering an inclusive work culture and managing talent ensures a resilient and high-performing team. Specialized teams uphold stringent compliance standards, implement robust information security measures, and proactively address emerging risks. Continuous training and risk assessments involving key stakeholders further enhance these capabilities, ensuring alignment with material sustainability topics and industry developments.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (GOV-2)

STRUCTURED GOVERNANCE PROCESS

Talenom's administrative, management and supervisory bodies are regularly informed of material sustainability-related impacts, risks and opportunities. The Board reviews progress, risks and their trends twice a year. As part of its supervisory responsibilities, the Board reviews the results of the measures taken and approves strategic changes to ensure that they support the company's long-term goals.

The Management Team oversees the implementation and monitoring of sustainability policies. Updates from Compliance provide critical insights into identified risks and the effectiveness of controls. Monthly and bi-monthly reviews of operational performance by the executive management team and other relevant personnel groups, including risk reporting and HR reviews, ensure that sustainability targets are met and enable rapid response to new challenges or opportunities.

INTEGRATION OF SUSTAINABILITY INTO STRATEGIC PLANNING

The Board of Directors and executive management embed sustainability impacts, risks, and opportunities into strategic planning processes. Core priorities include constantly fostering a resilient workforce (S1) and strengthening Business Conduct (G1), including community-specific identified topic Information Security, practices. Decisions are informed by a balance between short-term operational considerations, such as cost increases from leadership development initiatives, and long-term organizational benefits, including enhanced employee satisfaction, reduced turnover, and greater stability.

EVALUATION OF MAJOR TRANSACTIONS

In major transactions such as acquisitions, technology investments, and strategic partnerships, administrative and supervisory bodies conduct analyses of the alignment with strategic objectives, including for example workforce culture and information security readiness. Potential trade-offs are weighed against opportunities for growth and innovation.

MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

Material impacts addressed by the executive management include positive outcomes such as improved employee satisfaction, stronger talent retention, and enhanced work-life balance achieved through initiatives like competitive wages and supportive corporate culture. At the same time, potential negative impacts, such as risks of overwork stemming from flexible working hours, are closely monitored.

Material risks include challenges related to compliance, information security threats, and maintaining market competitiveness. Opportunities involve achieving sustainable growth through workforce development, fostering innovation, and improving operational efficiency via collaboration with suppliers. Upskilling and career advancement programs provide further opportunities to enhance employee contributions and drive organizational success.

Integration of sustainability-related performance in incentive schemes (GOV-3)

Talenom does not currently have incentive schemes or remuneration policies explicitly linked to sustainability matters for members of its administrative, management, or supervisory bodies.

Statement on due diligence (GOV-4)

Talenom does not have a Due Diligence process as defined in the sustainability standards. However, Talenom's operational processes are structured to identify and manage risks relevant to its business, such as workforce-related issues and information security threats. Regular risk analyses ensure that emerging risks are identified and integrated into governance practices. The Board oversees this process, while the Executive Management Team is responsible for implementing risk management measures and aligning operations with identified priorities.

Risk management and internal controls over sustainability reporting (GOV-5)

RISK MANAGEMENT SYSTEM

The Company has a Board-approved risk management policy that supports the achievement of its strategic and business objectives while ensuring operational continuity under all circumstances. The ability to assume and manage risks effectively is central to business success and the creation of shareholder value.

In accordance with this policy, anticipating and identifying risks is a continuous and systematic process, with responsibility resting on the business management. Management is tasked with defining, implementing, and monitoring adequate measures as part of routine operational control.

Risk management is overseen by the Chief Compliance Officer, who reports directly to the Group CEO. At least once a year, the Company presents the Board with a separate overview of risks and uncertainties—distinct from the ongoing risk preparedness—which the Board then uses to determine the measures for managing risks. Additionally, the Company discloses its most significant identified risks in the financial statements.

APPROACH TO RISK ASSESSMENT

Talenom's risk assessment approach aligns with industry standards and EFRAG sustainability reporting requirements. The process begins with a materiality assessment to identify the significance of sustainability matters across operations. Internal workshops, external expert consultations, and material reviews evaluate financial, operational, and reputational impacts. Defined thresholds, such as stakeholder requests, financial scale, and event severity, guide the prioritization of risks.

IDENTIFIED RISKS AND MITIGATION STRATEGIES

Compliance risks, such as workload management, especially in less digitalized markets during peak seasons, are mitigated through policies aligned with local regulations, investments in digital tools to manage workloads, and employee training. Market competitiveness risks, including potential mismatches between wage increases and productivity gains, are addressed by enhancing productivity through continuous training, improved digital tools, and competitive compensation.

Information security threats, including data breaches, are managed through technical and administrative mitigation measures such as encryption, continuous monitoring, and regular audits. Employee training on GDPR compliance and best practices further reduces these risks.

INTEGRATION OF RISK ASSESSMENT FINDINGS

The most significant impacts, risks and opportunities generated by the double materiality analysis (DMA) are partly based on Talenom's previous risk management assessments and partly on the external data and expert views attached to them. All of the risks identified in the materiality analysis are part of Talenom's existing operational risk management. Any new opportunity identified in the materiality analysis will be integrated into Talenom's operational risk management by adding them as Opportunity type risks and addressing them in accordance with Talenom's risk management concept.

Threat and opportunity type risks are recorded in the Talenom's risk management system and the ownership of each country's country management team member and management team member are recorded for them. The probability and impact of the risk are assessed so that the priority related to risk management is properly defined. The risk owner is responsible for planning and implementing mitigation measures for the risk. A review of the risks being mitigated is conducted at least every two months in the country management teams, the Management Team and twice a year in the Board of Directors ensures that the mitigation measures recorded for the risks are implemented as planned and that the negative impacts of the risks are reduced accordingly.

PERIODIC REPORTING TO GOVERNANCE BODIES

Talenom employs a structured process for reporting risk assessment findings and internal control updates to its administrative, management, and supervisory bodies. Reports prepared by the compliance team provides a comprehensive overview of identified risks, their severity, potential impacts, and emerging concerns. These reports also evaluate the effectiveness of current internal controls, highlight improvement areas, and propose corrective actions.

Half-yearly reviews on both risk management and HR issues keep the board of directors informed of key developments, while ad hoc reports address urgent or significant risks that require immediate attention. Each report contains detailed recommendations for improving internal control processes, ensuring that sustainability reporting remains transparent, reliable and aligned with the organisation's objectives.

Strategy, business model and value chain (SBM-1)

PRODUCTS AND SERVICES

Talenom provides accounting and financial management services tailored to small and medium-sized enterprises (SMEs), enhancing their operational efficiency and supporting sustainable growth. Its financial management software delivers user-friendly tools that automate reporting, integrate with banking systems, and provide real-time visibility into financial performance. Complementing these software solutions are comprehensive bookkeeping, financial reporting, tax advisory, labor, and payroll services, all customized to meet client-specific needs while ensuring compliance with local regulations.

Specialized tax advisory services optimize tax planning, helping businesses navigate complex and evolving tax regulations while reducing financial risks. Additional offerings, such as financial and legal consulting, provide strategic guidance to address operational and regulatory challenges, enabling informed decision-making for long-term success.

MARKETS AND CUSTOMER GROUPS

Talenom operates in key European markets, including Finland, Sweden, and Spain. Each market presents unique challenges and opportunities. Finland's highly digitalized environment supports a strong SME client base, while Sweden's growing demand for digital financial solutions drives expansion. In Spain, Talenom adapts its services to local regulations, introducing digital tools to enhance efficiency in a less digitalized setting.

Talenom's customers include entrepreneurs, small businesses, and medium-sized enterprises across various industries, such as retail, manufacturing, and professional services. For smaller businesses, essential accounting and financial services streamline operations, while medium-sized enterprises benefit from advanced financial planning, tax advisory, and strategic consulting tailored to address more complex needs.

REVENUE OVERVIEW

Talenom's revenue for the financial year 2024 is a total of EUR 126,230,833. The revenue is entirely generated from the sale of financial management solutions, and Talenom has no revenue originating from sectors with significant climate impacts.

SUSTAINABILITY GOALS AND STRATEGY

Talenom's sustainability objectives focus on the continuous improvement of employee well-being, maintaining information security, and adhering to good governance practices. The development of a more detailed set of metrics in line with the ESRS has been initiated in all countries where Talenom operates.

On the environmental front, cloud-based digital solutions reduce paper consumption and optimize resource use. By leveraging automation and real-time reporting, Talenom supports its clients in meeting regulatory requirements and reducing their environmental footprint. Since environmental issues are not material to Talenom due to the nature of its business, the company does not have specific sustainability objectives or strategies related to these themes.

VALUE CHAIN AND BUSINESS MODEL

Talenom's value chain is characterized by a high degree of internal control and limited reliance on external providers. Talenom primarily produces its core software solutions and advisory services in-house, leveraging the expertise of its own workforce. This operational model minimizes upstream dependencies, as the company does not significantly rely on external suppliers for the development of its products or services.

Furthermore, Talenom's services are delivered digitally and directly to clients, eliminating the need for physical logistics and reducing environmental impacts related to transportation. There are no other significant providers involved in delivering products or services to Talenom's SME clients, ensuring streamlined operations and enhanced oversight of sustainability impacts within the company's direct control.

Interests and views of stakeholders (SBM-2)

APPROACH TO STAKEHOLDER ENGAGEMENT

Talenom actively collaborates with its key stakeholder groups—customers, employees, investors, and management—on topics that have traditionally been integral to its business model. These include employee well-being, customer experience, risk management, and good governance. Collaboration has taken place through surveys, workshops, and discussions, providing valuable insights into stakeholder priorities and helping align them with Talenom's business objectives. Moving forward, stakeholder collaboration will be further developed in accordance with the ESRS in all countries where Talenom operates.

INTEGRATION OF STAKEHOLDER INSIGHTS

Feedback gathered from stakeholders is systematically integrated into Talenom's operations and strategy. Materiality assessments prioritize ESG topics based on stakeholder input, guiding sustainability reporting and strategic planning. Client feedback on digital solutions has driven innovations in cloud-based platforms, improving service efficiency and reducing paper usage. Employee insights have informed initiatives such as flexible working hours, career development programs, and enhanced communication through regular one-to-one meetings with supervisors.

IMPACT OF ENGAGEMENT ON STRATEGY AND BUSINESS MODEL

Stakeholder engagement has led to tangible improvements across Talenom's operations. For instance, client-driven enhancements to digital platforms have improved service delivery and operational efficiency. Employee feedback has resulted in initiatives to promote work-life balance, align roles with strengths, and foster a supportive work environment. In 2024, the company was recognized as a Great Place to Work across all operating countries.

FUTURE STEPS IN STAKEHOLDER ENGAGEMENT

In 2024, Talenom conducted a customer survey in Finland focused on ESG themes. Other stakeholders were also consulted in Talenom's other operating countries. In the future, Talenom plans to expand ESG surveys and consultations to cover a broader range of stakeholders.

Longer-term goals include enhancing transparency through regular reporting on ESG initiatives, providing stakeholders with clear and measurable insights into sustainability performance. These efforts will strengthen relationships and maintain trust across all stakeholder groups.

WORKFORCE OVERVIEW

Talenom's workforce distribution is as follows:

Gender - Country	Number of employees (head count)
Male - Finland	294
Male - Sweden	63
Male - Spain	97
Female - Finland	651
Female - Sweden	245
Female - Spain	194
Not reported - Finland	0
Not reported - Sweden	0
Not reported - Spain	0
Total	**1,544**

KEY STAKEHOLDERS AND METHODS OF ENGAGEMENT

Talenom's stakeholder engagement is structured to gather actionable feedback from its key groups:

Stakeholder Group	Engagement Method	Purpose
Clients	Surveys, feedback sessions	Improve service delivery and customer satisfaction
Employees	Regular structured discussions. Personnel surveys	Enhance well-being and professional development
Investors	Discussions, financial updates	Ensure transparency
Management	Strategy sessions, reviews	Monitor progress and align operations with stakeholder input

Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3)

MATERIAL IMPACTS IDENTIFIED

Talenom's operations have both positive and negative sustainability impacts, particularly in the areas of workforce and business conduct. In terms of its own workforce, the seasonal fluctuations typical of the industry may lead to increased workload pressures if not managed effectively. However, Talenom actively fosters positive impacts by supporting work-life balance, strengthening employee engagement, and improving decision-making and productivity.

In business conduct, administrative inefficiencies may arise as a challenge. On the other hand, strong governance structures and operational efficiency contribute positively by enhancing compliance, transparency, and trust in the organization.

Additionally, information security is a key part of Talenom's governance, enhancing stakeholder trust in Talenom's business model.

MATERIAL RISKS AND OPPORTUNITIES IDENTIFIED

Possible own workforce related risks for Talenom include managing compliance with labor laws, especially during peak seasons and particularly in less digitalized markets such as Spain. The availability of skilled professionals in general is another identified risk, as a shortage of talent could increase recruitment costs and delay growth plans. Rising wage expectations without proportional productivity gains pose a risk to market competitiveness. In addition, maintaining competitiveness involves the risk of potential changes in diversity, remuneration equality, and incidents or complaints, which is why these developments are closely followed.

Governance risks include non-compliance with regulations such as Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) legislations, which could lead to financial penalties and damage Talenom's reputation. Information Security threats, including data breaches and insider threats, present risks to operational integrity and client trust.

Despite these risks, Talenom identifies opportunities to strengthen its workforce and governance practices. Investments in competitive wages, career development, leadership development, and upskilling programs prepare employees for evolving market demands, boosting retention and productivity. Supplier collaboration on innovative and sustainable practices enhances operational efficiency and value chain resilience.

CURRENT AND ANTICIPATED EFFECTS ON BUSINESS MODEL, STRATEGY, AND DECISION-MAKING

Workforce development is a core priority, and related initiatives, such as flexible working hours and leadership development programs, enhance employee satisfaction and productivity, enabling a stable and engaged workforce critical for delivering high-quality services.

Governance improvements address compliance risks and streamline decision-making, ensuring operational agility and stakeholder trust. Investments in information security protect client data and organizational integrity, reducing the likelihood of breaches and their associated financial consequences. These measures enable Talenom to align its operations with sustainability goals while maintaining resilience in a dynamic business environment.

CONNECTIONS BETWEEN MATERIAL IMPACTS AND BUSINESS MODEL

Talenom's material impacts are intrinsically linked to its strategy and business model. Workforce well-being initiatives, such as remuneration and career development initiatives, directly support the company's ability to attract and retain talent essential for delivering scalable digital financial solutions. Governance and information security measures align with Talenom's commitment to maintaining trust and operational integrity, which are foundational to its business model.

REASONABLY EXPECTED TIME HORIZONS OF MATERIAL IMPACTS

Short-term impacts focus on managing flexible working hours, improving compliance systems, especially during the industry's typical peak seasons, and strengthening information security measures. Over the medium term, scaling digital solutions and enhancing employee training and leadership development will address evolving client needs and market dynamics. Long-term impacts include sustained operational efficiency, innovation, and resilience through investments in workforce development and digital transformation.

The results of the DMA are as follows:

Theme	Negative Impacts	Positive Impacts	Risks	Opportunities
S1 Own workforce	• Seasonal fluctuations in workloads typical for the industry, which can lead to overwork if not managed well	• Work-life balance • Talent attraction and retention • Better decision making • Enhanced productivity • Employee engagement	• Compliance risks • Lack of Market competitiveness	• Sustainable growth • Innovation • Upskilling and reskilling • Career and leadership development
G1 Business conduct	• Governance Bureaucratic Inefficiencies	• Effective Governance	• Anti-Money Laundering and Countering Financing of Terrorism Regulatory Compliance Risk	• Supplier Innovation and Sustainability
Community-specific identified topic: Information Security		• Information Security Trust and Reputation	• Data Breaches and Unauthorized Access to Information • Insider Threats and Misuse of Information	• Digital Expansion for SMEs

CURRENT AND ANTICIPATED FINANCIAL EFFECTS OF RISKS AND OPPORTUNITIES

Current financial effects include increased costs associated with workforce development, governance measures, and information security enhancements. These investments are critical for maintaining operational integrity, employee satisfaction, and client trust. In the short term, rising wage expectations may pressure cash flows, requiring careful cost management and productivity improvements.

Over the medium term, investments in automation and AI-driven solutions are expected to enhance efficiency, drive revenue growth, and attract new clients. Expansion into less digitalized markets may incur additional costs but offers significant growth potential. Long-term financial effects include sustained profitability and resilience through innovation, efficiency improvements, and market leadership.

ADDRESSING ESRS AND ENTITY-SPECIFIC DISCLOSURES

Talenom's material impacts, risks, and opportunities are aligned with ESRS Disclosure Requirements, covering Own Workforce (S1) and Business Conduct (G1), including community-specific identified topic Information Security. Additional disclosures focus on challenges specific to Talenom's business model, such as market competitiveness, employee engagement, and digital transformation strategies.

Processes to identify and assess material impacts, risks and opportunities (IRO-1)

Talenom's identification of material impacts, risks, and opportunities (IROs) follows a double materiality assessment process fully aligned with the ESRS guidance. It ensures that all relevant sustainability matters are systematically identified, assessed, and prioritized for inclusion in strategic decision-making and sustainability reporting.

METHODOLOGIES AND ASSUMPTIONS APPLIED

The double materiality assessment began with a comprehensive screening of ESG topics, considering the sustainability matters covered by the topic-specific ESRS standards. Each topic was analyzed for its relevance to Talenom's operations, stakeholders, and value chain. Topics irrelevant to Talenom's business model, such as high-impact physical environmental risks commonly associated with manufacturing, were excluded with clear justifications.

Assumptions underpinning the analysis include recognizing Talenom's digital B2B service model as inherently low-impact in environmental terms, operating within the EU regulatory framework with robust protections for data privacy, labor standards, and governance. While slight variations exist across key markets—Finland, Sweden and Spain—such as differences in cultural or technological contexts, no material differences in product or service risks were identified.

The assessment incorporates previous materiality work, including an external analysis conducted in 2022, ensuring alignment with evolving regulatory requirements and stakeholder expectations. Entity-specific factors, such as the strategic significance of information security for a technology-driven financial services provider, are integrated to refine the focus areas.

PROCESSES FOR IDENTIFYING AND PRIORITIZING IMPACTS

Stakeholder engagement is central to identifying impacts. Interactions with key stakeholders —employees, clients, investors, and management—were conducted through surveys, in-depth interviews, and regular dialogue.

Impacts were assessed based on their scale, scope, and irremediability. These were prioritized according to their relative significance for stakeholders and the business. Employee well-being and information security consistently emerged as key focus areas.

Monitoring tools, including personnel surveys (GPTW), and Net Promoter Score (NPS) provide quantitative and qualitative insights, with annual reviews ensuring accountability and timely development targets.

FOCUS ON HIGH-RISK AREAS

Talenom pays special attention to operations and partnerships where the risk of adverse impacts is heightened. For example, managing sensitive financial and personal data requires a strong focus on information security. Risk management measures include advanced security protocols, regular vulnerability assessments, and comprehensive employee training, ensuring the reliability and data security of Talenom's technology-driven business model.

Within its value chain, Talenom carefully evaluates relationships with suppliers, technology partners, and other stakeholders. Compliance with data protection legislation, information security standards and governance practices are monitored to align business relationships with company's principles.

PRIORITIZATION OF IMPACTS AND DETERMINATION OF MATERIAL SUSTAINABILITY MATTERS

Talenom evaluates impact materiality by considering its business model, geographical presence, and ability to influence sustainability matters. The assessment follows ESRS principles, considering:

- Scale: The extent of the impact on people or the environment
- Scope: The reach and distribution of the impact
- Irremediability: Whether the impact can be reversed (only for negative impacts)
- Likelihood: The probability of the impact occurring (only for potential impacts)

Each impact is rated on a scale from 1 to 4, where higher scores indicate greater significance. The assessment prioritizes negative impacts based on severity and likelihood, while positive impacts are ranked based on scale, scope, and likelihood. Final materiality decisions are refined through expert judgment and stakeholder consultation.

Talenom's financial materiality assessment focuses on risks and opportunities that may affect the company's financial position, cash flow, and operational performance. Each risk and opportunity is evaluated based on the magnitude of its impact, likelihood, and potential financial consequences across different time horizons (immediate, short, medium, and long term).

To define material impacts, risks, and opportunities (IROs), Talenom applies clear thresholds:

- Actual negative impacts: Material if severity is rated ≥3
- Potential negative impacts: Material if severity × likelihood ≥2
- Actual positive impacts: Material if average of scale and scope ≥3
- Potential positive impacts: Material if (scale + scope) × likelihood ≥2
- Financial risks and opportunities: Material if impact magnitude and likelihood score ≥2

Assessment of Climate-Related Physical and Transition Risks and Opportunities (IRO-1)

OVERVIEW OF CLIMATE-RELATED IMPACTS ON TALENOM'S OPERATIONS

Talenom's digital-first service model and office-based operations inherently result in limited direct impacts on climate-related matters. As a provider of accounting, payroll, and financial management services, the company does not produce physical products or rely on raw materials that require manufacturing, transportation, or significant resource consumption. Consequently, Talenom's exposure to climate-related physical and transition risks is minimal.

Operating exclusively within the EU, Talenom ensures compliance with EU legislation and standards. The company leverages digital solutions to reduce its environmental footprint and enhance operational efficiency, aligning with Europe's digitalization trend and promoting sustainability.

CLIMATE-RELATED PHYSICAL RISKS

Due to the nature of Talenom's operations, no material climate-related physical risks have been identified in the short-, medium-, or long-term time horizons. The company does not engage in activities vulnerable to physical climate hazards, such as extreme weather events or resource dependencies.

A screening process was conducted to evaluate whether Talenom's assets or business activities might be exposed to climate-related hazards. No exposures were identified, eliminating the need to define specific time horizons or assess sensitivity to such risks. Additionally, no climate-related scenario analysis has been undertaken to evaluate potential physical risks, as this remains irrelevant to the company's business model.

CLIMATE-RELATED TRANSITION RISKS AND OPPORTUNITIES

Talenom's exposure to climate-related transition risks, such as regulatory changes, carbon pricing, or shifts in market demand, is similarly minimal. The company's value chain is centered around IT infrastructure and digital service providers operating within low-emission frameworks. Partners like Microsoft adhere to ambitious climate targets, further reducing potential exposure to transition risks.

Talenom has screened its assets and business activities for potential exposure to transition events and found no significant risks. Consequently, no assessment of sensitivity to transition events has been conducted, and no scenario analysis has been applied.

No assets or business activities have been identified as incompatible with the transition to a climate-neutral economy, nor are significant efforts required to align operations with climate-neutral objectives.

COMMITMENT TO ONGOING MONITORING

While climate-related risks have not been deemed material to Talenom's operations, the company remains committed to proactive monitoring. Regular evaluations of regulatory, market, and stakeholder developments will inform future assessments of climate-related risks and opportunities. Partnerships with low-emission service providers and a commitment to digitalization ensure that Talenom continues to align with sustainability expectations while maintaining operational efficiency and client trust.

Pollution (ESRS E2)

OVERVIEW OF POLLUTION-RELATED IMPACTS

Talenom has not identified any actual or potential pollution-related impacts, risks, or opportunities as part of its operations or value chain. The digital-first nature of the company's business model, focused on accounting, payroll, and financial management services, inherently results in minimal direct or indirect pollution-related impacts.

Talenom's activities do not involve manufacturing, resource-intensive processes, or emissions of pollutants into air, water, or soil. Furthermore, the digital delivery of services eliminates the need for physical logistics, ensuring negligible downstream pollution impacts.

CONSULTATIONS ON POLLUTION

No consultations regarding pollution-related impacts have been conducted, as this area is not relevant to Talenom's business model. Stakeholder engagement has not highlighted pollution as a concern, further supporting its exclusion from materiality considerations.

Screening and Assessment of Water and Marine Resource-Related Impacts, Risks, and Opportunities (IRO-1)

SCREENING FOR WATER AND MARINE RESOURCE IMPACTS

Talenom has not conducted a screening of its assets and activities to identify actual or potential water and marine resources-related impacts, risks, or opportunities. This decision reflects the nature of Talenom's business model as a digital-first provider of accounting, payroll, and financial management services, which inherently lacks operations or dependencies that would significantly affect water or marine resources.

The company's value chain, which focuses on IT infrastructure and digital service delivery, does not involve processes that consume water resources or contribute to marine pollution. As such, water and marine resource considerations are not relevant to Talenom's operations, strategy, or risk management framework.

CONSULTATIONS ON WATER AND MARINE RESOURCES

No consultations have been conducted regarding water and marine resources. This reflects the limited relevance of these topics to Talenom's business model and value chain, as confirmed by internal evaluations and stakeholder engagement.

Assessment of Biodiversity and Ecosystem Impacts, Dependencies, and Risks (IRO-1)

IDENTIFICATION AND ASSESSMENT OF BIODIVERSITY IMPACTS AND DEPENDENCIES

Talenom has not identified or assessed any actual or potential impacts on biodiversity and ecosystems at its site locations or within its value chain. Similarly, no dependencies on biodiversity, ecosystems, or their services have been identified or evaluated. These matters are not relevant to Talenom's business model, which operates as a digital-first provider of accounting, payroll, and financial management services with minimal physical or environmental footprint.

TRANSITION AND PHYSICAL RISKS; AND CONSULTATIONS ON BIODIVERSITY AND ECOSYSTEM IMPACTS

Talenom has not identified or assessed risks, opportunities, or systemic factors related to biodiversity and ecosystems, as these are not relevant to its digital service-based operations or value chain. No consultations with affected communities have been conducted, as Talenom's activities do not impact biodiversity, ecosystems, or local communities.

Assessment of Resource Use and Circular Economy Impacts, Risks, and Opportunities (IRO-1)

SCREENING FOR IMPACTS, RISKS, AND OPPORTUNITIES

Talenom has minimal direct or indirect impacts related to resource use and the circular economy due to its digital-first business model. As a provider of accounting, payroll, and financial management services, Talenom's operations do not involve manufacturing, resource-intensive processes, or activities that result in significant emissions or waste. Similarly, downstream impacts are negligible, as service delivery is digital, with limited reliance on physical logistics.

Given the nature of Talenom's business model, no significant impacts, risks, or opportunities related to resource use and circular economy have been identified within its operations or value chain. The engagement with Stakeholders confirmed the alignment of Talenom's digital operations with sustainability expectations, noting the absence of material concerns related to resource use or waste management.

Assessment of Materiality and Determination of Climate-Related Disclosures (IRO-1)

EXPLANATION OF NEGATIVE MATERIALITY ASSESSMENT FOR CLIMATE CHANGE

Talenom's business model as a digital-first provider of accounting, payroll, and financial management services inherently results in minimal direct environmental impacts. The company does not engage in physical production or manufacturing processes, leading to low greenhouse gas (GHG) emissions and limited resource consumption.

Operations are primarily office-based, with digital service delivery minimizing emissions from transportation and infrastructure. The main environmental impacts stem from energy use in office facilities and IT infrastructure, such as data servers and cloud solutions. However, Talenom partners with external providers, including Microsoft, who maintains ambitious climate targets. This reliance on environmentally conscious suppliers further reduces the carbon intensity of Talenom's operations. Flexible remote work practices also contribute to lower energy consumption across office spaces.

Upstream and downstream environmental impacts are similarly limited. Talenom's supply chain does not include carbon-intensive suppliers, and service delivery avoids resource-heavy processes or physical product distribution.

Stakeholder consultations, which form a critical part of Talenom's materiality assessment, have not identified climate change as a pressing concern. Nevertheless, Talenom remains committed to monitoring energy use in office facilities and IT infrastructure to align with evolving sustainability expectations and to reassess its materiality position as necessary.

DETERMINATION OF MATERIAL INFORMATION FOR DISCLOSURES

Talenom employs a structured process to identify, assess, and determine material impacts, risks, and opportunities across its operations, workforce, and value chain. This process is informed by internal data, regulatory frameworks, external benchmarks, and stakeholder engagement. Feedback is gathered through surveys, interviews, and consultations with key stakeholders, including employees, clients, investors, and management, ensuring a comprehensive understanding of relevant sustainability topics.

Impacts, risks, and opportunities are assessed based on their scale, scope, and likelihood, as well as their positive or negative effects on people, the environment, and Talenom's operations. Financial materiality is analyzed by evaluating potential implications for business performance, revenue, and operational continuity. Time horizons, including immediate, short, medium, and long-term considerations, are factored into the assessment to guide strategic planning and risk management efforts.

The final determination of material topics is a collaborative effort between Talenom's sustainability team and executive management, with oversight from the Board of Directors. This rigorous process ensures that all material sustainability matters are identified and prioritized for reporting and strategic focus.

MATERIAL TOPICS IDENTIFIED

The material topics for Talenom are S1 (own workforce) and G1 (business conduct), along with information security, which has been identified as an entity specific material theme. In contrast, E1 – Climate Change was assessed as non-material due to the minimal environmental impacts associated with Talenom's digital business model.

Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

TOTAL GROSS GHG EMISSIONS (tCO_2e)

- Location-Based: 3,121.11

BREAKDOWN BY SCOPE (tCO_2e):

- Scope 1: 137.76
- Scope 2: Location-Based: 286.49
- Scope 3: 2,696.85

METHODOLOGY AND NOTES

The calculation of GHG emissions aligns with the GHG Protocol Corporate Standard. The total emissions have been measured in tons of CO_2 equivalent (tCO_2e). Scope 1 emissions include direct emissions from Talenom's owned or controlled sources. Scope 2 emissions, calculated using a location-based method, represent indirect emissions from purchased electricity and heating. Scope 3 emissions encompass indirect emissions throughout the value chain, such as business travel, waste management, and other downstream activities.

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	23
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	23
ESRS 2 GOV-4 Statement on due diligence paragraph 30	24
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Not relevant
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Not relevant
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Not relevant
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	Not relevant
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	Not relevant
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Not relevant
ESRS E1-4 GHG emission reduction targets paragraph 34	Not relevant
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Not relevant
ESRS E1-5 Energy consumption and mix paragraph 37	29
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Not relevant
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	29
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Not relevant
ESRS E1-7 GHG removals and carbon credits paragraph 56	Not relevant
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Not relevant
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Not relevant
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	Not relevant
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	Not relevant
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	Not relevant
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Not relevant
ESRS E3-1 Water and marine resources paragraph 9	Not relevant
ESRS E3-1 Dedicated policy paragraph 13	Not relevant
ESRS E3-1 Sustainable oceans and seas paragraph 14	Not relevant
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Not relevant
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Not relevant
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Not relevant
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Not relevant
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Not relevant
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Not relevant
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Not relevant
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Not relevant

Disclosure Requirement and related datapoint	Page
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Not relevant
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Not relevant
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Not relevant
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Not relevant
ESRS S1-1 Human rights policy commitments paragraph 20	Not relevant
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	Not relevant
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Not relevant
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Not relevant
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Not relevant
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Not relevant
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Not relevant
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	41
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	41
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	41
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Not relevant
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Not relevant
ESRS S2-1 Human rights policy commitments paragraph 17	Not relevant
ESRS S2-1 Policies related to value chain workers paragraph 18	Not relevant
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Not relevant
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	Not relevant
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Not relevant
ESRS S3-1 Human rights policy commitments paragraph 16	Not relevant
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Not relevant
ESRS S3-4 Human rights issues and incidents paragraph 36	Not relevant
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Not relevant
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Not relevant
ESRS S4-4 Human rights issues and incidents paragraph 35	Not relevant
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Not relevant
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	38
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Not relevant
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Not relevant

Environmental Information

EU Taxonomy (EU 2020/852, Article 8) and Talenom's Operations

The EU Taxonomy is a classification system for sustainable finance and defines which economic activities can be considered environmentally sustainable. Its objective is to guide investments towards a more sustainable economy and provide clear criteria for environmentally sustainable activities. The taxonomy primarily covers sectors with significant environmental impacts, such as energy, forestry, manufacturing, transportation, and construction.

Talenom has conducted a thorough evaluation of its operations and products in relation to the EU Taxonomy. This review, carried out by the ESG working group, compared Talenom's business model to the sectors defined in the taxonomy and confirmed that the company's activities do not fall under the sectors or products specified in the taxonomy. As a result, Talenom's taxonomy-eligible revenue, capital expenditures (capex), and operating expenses (opex) are 0%.

Talenom actively monitors the development of taxonomy legislation. Annual evaluations ensure that Talenom complies with all applicable regulatory requirements and promotes sustainable development goals within its operations. This approach reflects the company's commitment to responsible business practices and sustainable growth.

TURNOVER

FINANCIAL YEAR 2024	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, 2024 (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, 2023 (18)	Category enabling activity (20)	Category transitional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	0%	0%	0%	0%	0%	0%										
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		0	0%	0%	0%	0%	0%	0%	0%										
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		121,230,833	%																
TOTAL (A+B)		**121,230,833**	**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 2024	2024			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, 2023 (18)	Category enabling activity (20)	Category transitional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	0%	0%	0%	0%	0%	0%										
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		0	0%	0%	0%	0%	0%	0%	0%										
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		22,723,670	%																
TOTAL (A+B)		**22,723,670**	**100%**																

(c)	**Proportion of CapEx / Total CapEx**	
	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 2024	2024			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ("DOES NOT SIGNIFICANTLY HARM")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, 2024 (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, 2023 (18)	Category enabling activity (20)	Category transitional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
		0	0%	0%	0%	0%	0%	0%	0%										
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		0	0%	0%	0%	0%	0%	0%	0%										
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		94,430,966	%																
TOTAL (A+B)		**94,430,966**	**100%**																

(c)	**Proportion of OpEx / Total OpEx**	
	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.

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

Own Workforce (ESRS S1)

Own workforce impacts, risks, and opportunities

The following outlines the impacts, risks, and opportunities associated with Talenom's workforce (S1), and managed through dedicated policies and initiatives detailed in this section. Talenom's workforce refers to all employees in an employment relationship.

POSITIVE IMPACTS

Talenom's business model generates several positive impacts for its workforce, focusing on well-being, productivity, and engagement. Flexible working hours promote work-life balance, resulting in higher job satisfaction, enhanced productivity, and improved employee retention and well-being. Competitive remuneration and a positive corporate culture help attract and retain top talent, reducing turnover and recruitment costs.

Additionally, involving employees in decision-making processes fosters better strategies and strengthens employee alignment with organizational goals. Continuous training and development programs enhance productivity and job satisfaction while boosting overall company performance. A strong corporate culture further drives engagement, contributing to a cohesive and high-performing workforce.

NEGATIVE IMPACTS

The accounting industry is cyclical by nature, with workloads varying significantly by season. While flexible working hours contribute to employee well-being, without clear management and control of working hours, periods of increased workload may lead to reduced well-being and decreased productivity. Talenom recognizes this industry-specific risk and has implemented measures to mitigate it, ensuring that employees can maintain a sustainable work-life balance.

OPPORTUNITIES

Talenom recognizes numerous opportunities to strengthen its workforce and operations. Further investments in fair wages development foster sustainable business growth by building a committed, high-performing workforce. Dialogue with employees encourages innovation, generating creative solutions that benefit the company and its clients.

Upskilling and reskilling initiatives prepare employees for future technological advancements, ensuring workforce readiness. Enabling clear career paths increases employee engagement and reduces turnover. Additionally, Talenom's leadership development training programs strengthen the company culture and ensure that future leaders are equipped to promote long-term growth.

RISKS

Two key risks have been identified related to Talenom's workforce. The first involves issues connected to working time legislation and flexible working hours. The typical seasonality of the accounting industry addresses flexible working hours which, if poorly managed, can lead to productivity challenges or other negative consequences, such as seasonal workload accumulation.

Market competitiveness is key critical risk, where wage increases not matched by productivity gains could hinder Talenom's competitive position. Maintaining market competitiveness also involves the risk of potential changes in diversity, pay equity, and cases or complaints, which is why these developments are closely monitored. Additionally, a possible shortage of qualified professionals can deepen this challenge, increasing recruitment costs and potentially affecting service delivery capacity.

Policies related to own workforce (S1-1)

Talenom has implemented several internal guidelines related to its workforce, which govern the management of material impacts, risks, and opportunities concerning employees. All the HR guidelines listed below have been in effect since the beginning of 2024, except for the Code of Conduct, which was established in November 2024. Talenom has experienced significant growth in recent years in Sweden and Spain through acquisitions, resulting in some variation in the level of implementation between countries and within each country. The common HR guidelines applicable to all Talenom countries are:

Material Impact, Risk or Opportunity	HR-guideline related to the material IRO
Attracting and engaging a skilled and motivated workforce.	Global recruitment process
Supports the adaptation and success of new employees at Talenom.	Global onboarding process
Offering competitive wages helps attract and retain competent employees, which improves market competitiveness, reduces turnover, and associated recruitment costs.	Global compensation & benefits process
Resource planning and talent management support leading workload and competencies today and in the future.	Global personnel planning and talent management process
Maintaining and developing positive corporate culture advances to higher productivity and well-being.	Code of conduct
Measuring employee well-being, including work-life balance, development opportunities, quality of leadership, and engagement.	Personnel surveys

WORKFORCE MANAGEMENT POLICIES: SCOPE, GOVERNANCE, AND IMPLEMENTATION

Global HR guidelines primarily apply to Talenom's workforce in all operating countries. Talenom's global HR guidelines cover key areas such as recruitment, onboarding, compensation, workforce planning, and talent management. The aim of these guidelines is to improve employee well-being, organizational efficiency, and sustainable growth.

All these HR guidelines are being implemented, and the extent of implementation varies by country and guideline. In Finland, the implementation of HR guidelines is the most advanced, with only the personnel planning and talent management processes still in progress. In Sweden, the implementation of all HR guidelines is well underway. In Spain, the implementation has begun for all guidelines.

The Code of Conduct is the newest of the guidelines mentioned above and was published in its current form in all operating countries in November 2024.

The Chief People Officer (CPO) oversees the implementation follow-up of global HR processes across the organization. Local HR directors in each country are responsible for the day-to-day management and implementation of these policies, ensuring alignment with Talenom's global guidelines and the adaptability to local needs.

ALIGNMENT WITH INTERNATIONAL STANDARDS

While Talenom does not currently align its policies with specific third-party standards or initiatives, its practices reflect high-quality HR and sustainability approaches. These include equitable treatment of employees, non-discrimination, and fostering an inclusive and ethical workplace environment.

STAKEHOLDER CONSIDERATIONS IN POLICY DESIGN

Stakeholder feedback is integral to the development of these policies. Personnel surveys and regular individual discussions with employees inform the continuous improvement of practices, ensuring alignment with workforce well-being and organizational goals.

POLICY ACCESSIBILITY AND COMMUNICATION

Talenom ensures open communication of its HR guidelines to all employees during their implementation. In general, the global HR guidelines are introduced either as whole or in phases, and those are incorporated into local guidelines in local languages. These implemented guidelines are available in internal communication channels and, where necessary, in employee onboarding materials.

SUPPORTING ETHICAL AND TRANSPARENT PRACTICES

Talenom's HR guidelines and code of conduct emphasizes its commitment to respecting human rights and fostering a safe and inclusive work environment. An anonymous whistleblowing channel is a place to allow employees to report perceived unethical or illegal activities. The implementation of the Code of Conduct will begin in full in 2025 and it will further deepen the understanding of ethical practices in the organisation.

UNIFIED GLOBAL IMPLEMENTATION

Talenom is implementing its global HR guidelines in a phased approach across all countries of operation. This includes translating policies into local languages and integrating them into local guidelines, ensuring relevance and effectiveness. The integration of these policies enhances equality, operational efficiency, and organizational culture.

Together, these global HR and sustainability guidelines mentioned in this section form a cohesive framework for Talenom's workforce management, promoting positive impacts of work-life balance, recruiting and engaging skilled personnel, better employee involvement, enhancing productivity by supporting education activities, and strengthening a positive organizational culture. They also address potential challenges, such as maintaining market competitiveness and managing increased regulatory requirements, enabling Talenom to achieve sustainable growth and maintain a committed, high-performing workforce.

Talenom's Commitment to Human Rights, Equality, and Workforce Engagement (S1-1)

Human rights and labor rights are part of Talenom's operational and strategic frameworks, ensuring fair treatment, equality, and workplace safety for its employees. This aligns with both employee expectations and international standards.

HUMAN RIGHTS AND LABOR RIGHTS

Talenom's global HR guidelines partly address human rights through structured processes in recruitment, onboarding, compensation, and benefits. Global recruitment guidelines include an expectation of fairness and non-discrimination, supporting the idea that hiring practices are inclusive and ethical. The global onboarding process helps employees understand the company's culture, policies, and expectations, which promotes the achievement of well-being goals.

Global compensation guidelines emphasize Talenom's commitment to fulfilling labor law obligations, including providing competitive compensation for work performed. Adhering to Talenom's compensation guidelines also promotes transparency and fairness in remuneration. Based on employee feedback, Talenom achieved the Great Place to Work certification in all its operating countries in 2024

WORKFORCE ENGAGEMENT

Talenom fosters engagement through structured global HR guidelines that address material impacts, risks, and opportunities (IROs). The global onboarding process facilitates meaningful dialogue with new employees, while the compensation and benefits process include transparent discussions on performance and remuneration. Personnel planning and talent management guidelines include regular career and development discussions.

In addition to regular discussions, Talenom conducts a biannual personnel survey with Great Place to Work tool to measure employee satisfaction and engagement. Additionally, employees have access to a whistleblowing channel, enabling anonymous reporting of concerns, including those related to human rights. These tools and metrics play an important role in monitoring the organization's human rights impacts.

ALIGNMENT WITH STANDARDS AND REGULATIONS

Talenom's policies are designed to comply with industry standards and EU regulations. The Code of Conduct serves as a guiding document, covering key topics such as human rights, well-being, and ethical behavior. The Code of Conduct guidelines in its current form was published in November 2024.

WORKPLACE SAFETY AND ANTI-DISCRIMINATION

Talenom ensures workplace safety through tailored occupational safety and health guidelines. In Finland, the action plan includes procedures to prevent accidents and promote a safe work environment. Sweden has a common framework for working systematically with the work environment by organizing, investigating and following up the work in order to create a good, safe work environment. In Spain, annual occupational safety training and testing are mandatory and conducted by an external consulting company.

Discrimination and harassment are addressed through Talenom's Code of Conduct, which promotes a respectful and inclusive work environment. The guideline addresses possible grounds for discrimination: gender, age, ethnicity, disability, religion, and sexual orientation. It emphasizes ethical behavior and encourages reporting violations through the Talenom's internal anonymous whistleblowing system.

PROMOTING INCLUSION AND DIVERSITY

Talenom is committed to inclusion and positive action within its workforce. This is reinforced through the Code of Conduct and for example guidelines that emphasize fair compensation and wage equality. Any possible recognized wage gaps are analyzed and adjusted annually. Inclusion is further supported by HR processes that advance diversity, including leadership development opportunities.

This commitment is documented in HR guidelines that address fair compensation and pay equity. The global remuneration guideline instructs addressing any observed pay gaps annually. HR guidelines promoting diversity include leadership training opportunities.

POLICY IMPLEMENTATION AND MEASURES

Talenom implements its policies through both global and local HR guidelines, ensuring their effectiveness across all operational contexts. Local HR managers are responsible for overseeing the local implementation of the guidelines.

The internal anonymous whistleblowing system and regular employee discussions allow continuous monitoring and immediate action on potential misconduct, fostering an ethical, inclusive, and safe workplace. These policies and practices underscore Talenom's commitment to respecting human rights and labor rights while building a productive, engaged, and diverse workforce.

Processes for engaging with own workers and workers' representatives about impacts (S1-2)

EMPLOYEE ENGAGEMENT PRACTICES

Talenom engages its workforce through structured processes designed to address material impacts such as job satisfaction, and employee retention. Employee surveys are conducted twice a year in all operating countries through the Great Place to Work tool. The surveys provide insights into employee well-being and key employee experiences. One of these surveys is more comprehensive and covers themes such as work-life balance and career development opportunities.

Management collaborates with employees to review personnel survey results and create team-specific action plans aimed at enhancing employee well-being and engagement. These plans are aligned with Talenom's key opportunities, such as training possibilities and career advancement, ensuring that workforce development remains a strategic priority.

Regular discussions complement survey feedback. Individual discussions are held 1–4 times a month, providing consistent opportunities for dialogue. Annual development and career discussions, combined with performance and salary reviews, focus on aligning employee goals with company objectives. These regular discussions also address risks, such as workload during peak seasons, and reinforce Talenom's commitment to promoting sustainable growth, innovation, and employee retention.

INTEGRATION OF EMPLOYEE FEEDBACK INTO DECISION-MAKING

Insights from workforce engagement directly inform Talenom's HR processes. Flexible working hours and competitive wages are planned to meet employee needs. Similarly, Talenom's focus on workforce training prepares employees for future roles and technological advancements, enhancing both productivity and retention.

The personnel surveys also act as a signal for potential risks, such as market competitiveness challenges or challenges that may arise from changes and increases in regulation. Employee input supports proactive decision-making to mitigate these risks while driving opportunities for improved workforce satisfaction and operational efficiency.

ROLES AND ACCOUNTABILITY IN WORKFORCE ENGAGEMENT

Talenom's global HR organization supports the effective implementation of employee engagement. It provides tools for supervisors to facilitate meaningful discussions and implement feedback-based improvements. Supervisors, in turn, are responsible for conducting regular individual discussions and guiding their teams in addressing feedback related to engagement.

The personnel survey results are leveraged by HR by training managers, ensuring alignment between employee feedback and organizational priorities. These collaborative efforts underpin Talenom's management development possibilities to provide quality leadership to every employee.

EFFECTIVENESS ASSESSMENT AND INSIGHTS FROM VULNERABLE GROUPS

Talenom evaluates the effectiveness of its engagement practices using a combination of quantitative and qualitative tools, including regular individual discussions and monitoring personnel survey results. The personnel surveys assess the overall state of employee engagement, offering actionable insights into areas requiring attention in future.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

APPROACH TO REMEDYING MATERIAL NEGATIVE IMPACTS

When Talenom identifies potential or actual material negative impacts on the well-being of its workforce, specifically the need to manage workload, Talenom develops and implements targeted action plans. These may include changes to operational processes, redistribution of responsibilities, or other tailored measures to immediately address the workload.

HR Key Performance Indicators (KPIs) play an important role in tracking the effectiveness of these mitigation measures. Such regularly monitored metrics are personnel surveys. Manager-employee discussions further provide qualitative insights into the success of implemented remedies, ensuring continuous improvement and alignment with employee needs.

CHANNELS FOR RAISING CONCERNS

Talenom has established a range of accessible and confidential channels for employees to voice concerns. The primary grievance mechanism is a whistleblowing channel, which allows employees to anonymously report unethical behavior, compliance violations, or workplace grievances. The channel is designed to protect the identity of the whistleblower while ensuring the concerns are addressed promptly and confidentially.

Additionally, employees can report potential or actual conflicts of interest and perceived unethical behavior directly to local HR Director, or if needed, to Chief People Officer, who oversees investigation and resolution of such issues. Regular employee discussions with supervisors serve as another critical engagement point, offering employees a platform to discuss their concerns, needs, and aspirations in a supportive setting.

The personnel surveys, conducted twice annually across all Talenom countries, further provide an avenue for employees to share their feedback anonymously. These surveys are integral to capturing workforce sentiments on job satisfaction, engagement, and organizational culture.

GRIEVANCE HANDLING MECHANISMS AND MONITORING

All reported concerns are carefully tracked and monitored through secure systems. Complaints submitted through the whistleblowing channel are logged and reviewed by the relevant authorities within the company, ensuring anonymity and confidentiality throughout the process, whenever it is possible to arrange due to the nature of reported issue. Complaints reported directly to the relevant authorities undergo an initial assessment, and if necessary, a formal investigation is conducted to address the issue comprehensively.

Concerns raised in individual meetings are documented, and supervisors monitor their resolution. HR oversees case-specific documentation and the prompt handling of complaints. Feedback obtained through employee surveys is analyzed to identify trends, and based on this, current areas for improvement are identified.

Efficiency is also assessed through employee surveys that measure the effectiveness and accessibility of complaint mechanisms. Regular reviews help identify opportunities for improvement to ensure the channels meet employees' needs.

BUILDING TRUST IN THE USE OF COMPLAINT CHANNELS

Talenom actively works to build trust in its grievance mechanisms through transparent communication and culture development. Employees are educated about the availability and purpose of these channels during onboarding and through regular workshops. Leadership emphasizes the importance of using these mechanisms and actively engages with employees through individual and team discussions, and open forums.

The company conducts surveys to assess employee trust in and awareness of the grievance channels, with feedback used to improve communication and accessibility. Managers are trained to create a safe and supportive environment.

PROTECTION AGAINST RETALIATION

Talenom enforces a strict non-retaliation policy to protect employees who use the grievance channels. This policy is clearly outlined in the company's Code of Conduct and reinforced through training and internal communications. Potential retaliation are treated as serious violations and addressed swiftly to maintain a culture of trust and accountability.

Action plans and resources to manage its material impacts, risks, and opportunities related to its own workforce (ESRS 2 – MDR-A)

Talenom has established comprehensive Code of Conduct and global HR guidelines to manage material impacts, risks, and opportunities related to own workforce. The focus areas of these measures include compliance with obligations, managing employee workload, engaging employees, and talent management.

In addition to the Code of Conduct, key actions include establishing global HR guidelines in recruitment, onboarding, personnel planning, talent management, and remuneration. These initiatives aim to promote work-life balance, improve employee retention and attract high-level talent, as well as enhance sustainable employee well-being. To support these goals, Talenom has allocated resources to HR functions in all its operating countries to ensure the effective implementation.

SCOPE AND IMPLEMENTATION OF HR GUIDELINES

Talenom's global HR guidelines cover key own workforce related areas. They are designed primarily to cover all Talenom employees at all its locations. Together, these guidelines create a unified framework for managing significant impacts, risks, and opportunities related to workforce.

The global recruitment process enables fair recruitment practices, and the global onboarding process integrates employees into Talenom's culture and operational principles. Guidelines for personnel planning and talent management support the development of skills and leadership, career path creation, and performance management, aligning employee goals with organizational objectives. Global remuneration guidelines ensure competitive and transparent reward practices.

In practice, the implementation of HR guidelines is still ongoing due to Talenom's rapid growth. Local HR organizations are responsible for the local implementation of the guidelines. The phased implementation of the guidelines is expected to be completed during 2025–2026 in those locations where the implementation is not yet complete for all employees.

RESOURCE ALLOCATION AND MONITORING

Talenom allocates resources to managing employee-related information by supporting and developing HR systems, leadership training programs, and practices. The local HR organizations in each country monitor the implementation of existing practices and the adoption of new guidelines. Digital tools are employed to track employee feedback, performance metrics, and progress on career development plans, ensuring that actions remain targeted and effective.

IMPLEMENTATION TIMELINE AND PROGRESS TRACKING

The phased implementation of global HR guidelines is expected to be completed during 2025–2026 in countries and offices where the implementation is not yet complete for all employees. The progress of the HR guidelines implementation is monitored through regular reporting and, to some extent, by utilizing regular personnel surveys. The aim of these actions is to deepen a comprehensive and sustainable framework that effectively addresses Talenom's essential impacts, risks, and opportunities.

SUSTAINED INVESTMENT IN WORKFORCE

Resource allocation ensures that identified issues are promptly addressed and possibilities are leveraged effectively. Workforce-related guidelines support the development of various areas. For example, the global remuneration guidelines enhance transparency and trust, while the onboarding program improves employee retention and engagement. Talenom's investments in developing digital HR systems, local HR organizations, and leadership development ensure the effective implementation of guidelines, promoting a sustainable and committed workforce.

Measures to prevent and manage negative impacts on own workforce (S1-4)

Talenom has implemented measures to prevent and manage negative impacts on own workforce. The most important are regular individual discussions between the employee and the supervisor. In these discussions, the workload is monitored and measures are defined to manage it if necessary. In addition to the discussions, employees have the option of flexible working hours. Working hours and employee satisfaction are regularly monitored through surveys and other feedback mechanisms.

When significant negative impacts are identified, Talenom develops and implements targeted action plans. These measures, integrated into daily operations, include adjusting workloads or reallocating resources to effectively address challenges. For example, flexible working arrangements and well-being initiatives help manage workload-related risks and ensure compliance with labor laws.

Employee feedback is a key part of this process. Challenges are identified through regular personnel surveys, individual discussions, and an anonymous Whistleblower channel. Root cause analysis is conducted for key concerns, enabling targeted actions to address underlying factors. Monitoring and considering the results of employee surveys ensures the effectiveness and continuous improvement of these actions.

Measures to leverage opportunities and strengthen positive impacts (S1-4)

Talenom positively impacts employee well-being by developing sustainable HR guidelines that support well-being. These guidelines strengthen fair compensation, employee retention, development opportunities, and workplace well-being. Opportunities related to skill development enhance employees' ability to adapt to future technological changes in the workplace. Leadership development initiatives strengthen internal expertise management and deepen a quality leadership culture.

Strengthening intrinsic motivation supported by HR guidelines enhances employee well-being. An innovation culture encourages employees to share their ideas and collaborate, creating a culture of creativity and continuous improvement. The results of personnel surveys are utilized in implementing employee-related initiatives that improve employee satisfaction and meet their individual needs.

Talenom monitors the effectiveness of its employee initiatives using a combination of quantitative and qualitative tools. Monitoring the results of personnel surveys provides measurable insights into well-being and development outcomes. Qualitative feedback is collected through regular individual discussions and structured individual discussions, enabling real-time development of initiatives.

Adequate resource allocation is ensured by directing financial investments to programs that support well-being and skill development, such as skill development projects and leadership training.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (MDR-T: S1-5)

Talenom is committed to promoting employee satisfaction, well-being, and engagement, as well as managing seasonal workload fluctuations. Additionally, efforts are made to manage potential risks such as compliance with labour legislation and market competitiveness. Opportunities, such as deepening investments in salary development and enhancing the skills of workforce and management, support sustainable business growth and build a committed and high-performing workforce.

Based on this, Talenom's key objective is a developing employee experience. A developing employee experience refers to anonymous feedback received from employees about working at Talenom as a whole, collected through annual personnel surveys. The personnel survey is conducted annually following the Great Place to Work organization's Trust Index survey model. The survey questions are standardized, and responses are compared to external benchmarks. This approach ensures consistency and comparability over time.

The employee survey results cover questions on following themes: credibility, respect, fairness, pride, and camaraderie. The questions included in these themes describe the state of impacts, risks, and opportunities related to workforce from the employees' perspective by measuring them either directly or indirectly. Work-life balance, remuneration, opportunities for participation, quality of leadership, and development opportunities are present in the questions. Overall, the survey holistically covers the impacts, risks, and opportunities affecting the workforce.

The results of the employee survey are systematically reviewed to identify areas for improvement. Team workshops and individual discussions with supervisors provide employees with the opportunity to reflect on the results and give concrete, actionable feedback. This process strengthens a culture of openness and collaboration and ensures that employee perspectives are central to actions aimed at maintaining or improving survey results.

Based on the Trust Index -survey results, Talenom achieved the "Great Place to Work" certificates awarded by the Great Place to Work organization in all its operating countries in 2024. The responses to the survey questions form an average, which is considered the measure of employee experience at Talenom. In 2024, the average of all questions in the annual Trust Index employee survey was 73%. Talenom's goal for 2025 is to develop the employee experience so that the 2024 level exceeds 73%.

Characteristics of employees (S1-6)

Number of employees

FINLAND

Employee Type	Gender	End of Reporting Period (Headcount)
Permanent Employees	Male	259
Permanent Employees	Female	600
Temporary Employees	Male	7
Temporary Employees	Female	11
Non-Guaranteed Hours Employees	Male	28
Non-Guaranteed Hours Employees	Female	40
Total		**945**

SWEDEN

Employee Type	Gender	End of Reporting Period (Headcount)
Permanent Employees	Male	65
Permanent Employees	Female	237
Temporary Employees	Male	0
Temporary Employees	Female	3
Non-Guaranteed Hours Employees	Male	0
Non-Guaranteed Hours Employees	Female	3
Total		**308**

SPAIN

Employee Type	Gender	End of Reporting Period (Headcount)
Permanent Employees	Male	96
Permanent Employees	Female	195
Temporary Employees	Male	1
Temporary Employees	Female	0
Non-Guaranteed Hours Employees	Male	0
Non-Guaranteed Hours Employees	Female	0
Total		**292**

Employee Turnover

Region	Total exits	Number of employees	Turnover rate (%)
Finland	134	947	14.15
Sweden	89	330	26.97
Spain	30	298	10.07

Calculation principles related to our own workforce data

Workforce data covers all active employees during the reporting period at all Talenom locations. Countries with at least 50 employees or where the workforce represents at least 10% of the total are reported separately.

The number of employees includes all those working under a valid employment contract, excluding those on long-term leave, at the end of the reporting period, regardless of working hours, type of employment, or contract duration. This includes full-time, part-time, and temporary employees. Employees with non-guaranteed working hour agreements are also included in the report if they were active during the reporting period. At Talenom, the reasons for temporary employment include internships, covering for long-term absences, and project work.

Gender data is classified as male and female, based on the statutory definitions in Talenom's operating countries (Finland, Sweden, Spain). Other gender classifications are not officially recognized in these countries and are therefore not reported.

The turnover rate is calculated by dividing the total number of employees who left the company during the reporting period by the average number of employees and expressing the result as a percentage. Departures include voluntary exits, such as resignations and retirements, as well as involuntary exits, such as dismissals.

The provided data is primarily based on Talenom's HR's systems, which maintain employee employment information. All figures are checked against historical data to identify and explain significant changes.

CONSISTENCY BETWEEN OWN WORKFORCE REPORTING AND FINANCIAL INDICATORS: CROSS-REFERENCE WITH THE FINANCIAL STATEMENTS

The average number of employees in the entire Talenom group, as shown in the financial statements, is 1,554 employees. This figure and the number of employees at the end of the financial year correspond to the methods used in sustainability reporting, except for nine employees. This difference of nine employees is due to the fact that the financial statements also include employees working for Talenom in Italy, who do not exceed the materiality thresholds for sustainability reporting and are therefore not otherwise considered in this report.

Diversity metrics

At Talenom, the Board of Directors and the Executive Management Board play pivotal roles in governance, strategy, and operational leadership.

BOARD OF DIRECTORS

The Board of Directors, comprising six members, is the highest governing body responsible for strategic oversight, decision-making, and ensuring robust governance across the organization. Of its members, five are men (83%), and one is a woman (17%).

EXECUTIVE MANAGEMENT BOARD

The Executive Management Board, consisting of six members, leads the execution of Talenom's strategy, oversees daily operations, and manages critical business functions. Of its members, five are men (83%), and one is a woman (17%).

EMPLOYEE DEMOGRAPHICS AND GENDER DISTRIBUTION

The demographics and gender distribution in own workforce is as follows:

Country	Age Group	Gender	Headcount (Number)	Percentage (%)
Finland	**Under 30 years old**	Male	91	9.63
		Female	118	12.49
	30–50 years old	Male	171	18.10
		Female	411	43.49
	Over 50 years old	Male	32	3.39
		Female	122	12.91
Sweden	**Under 30 years old**	Male	8	2.60
		Female	23	7.47
	30–50 years old	Male	43	13.96
		Female	149	48.38
	Over 50 years old	Male	12	3.90
		Female	73	23.70
Spain	**Under 30 years old**	Male	23	7.88
		Female	29	9.93
	30–50 years old	Male	54	18.49
		Female	133	45.55
	Over 50 years old	Male	24	8.22
		Female	29	9.93

Remuneration metrics (S1-10, S1-16)

When calculating the gender pay gap, the calculation is done by taking the average salary of men, subtracting the average salary of women, and dividing by the average salary of men *100. Information on gender pay gaps is reported regularly and is used to support Talenom's commitment to promoting pay equality and fair compensation. Talenom's salary structure is reviewed regularly to ensure transparency and consistency in salaries and benefits.

Country	Gender Pay Gap (%)
Finland	14.61
Sweden	12.64
Spain	17.15

Country	Annual total remuneration ratio (%)
Finland	593.91
Sweden	257.07
Spain	413.21

Incidents, complaints and severe human rights impacts (S1-17)

Number of incidents of discrimination and their handling

Country	Type of Incident	Number of Incidents	Resolved	Pending	Closed
Finland	Discrimination	0	0	0	0
Finland	Harassment	5	1	0	4
Sweden	Discrimination	0	0	0	0
Sweden	Harassment	2	2	0	0
Spain	Discrimination	0	0	0	0
Spain	Harassment	0	0	0	0

EXPLANATION OF COLUMNS:

1. Number of Incidents: The total number of reported cases for each incident type.
2. Resolved: Number of incidents resolved during the reporting period.
3. Pending: Number of incidents still under investigation or not resolved.
4. Closed: Number of incidents closed without further action (e.g., insufficient evidence).

CONCERNS RELATED TO WORKFORCE AND CORRECTIVE ACTIONS

During the reporting period, seven complaints were filed through Talenom's internal channels for workforce concerns. These complaints were thoroughly investigated in accordance with Talenom's operating procedures. Appropriate actions were taken to resolve the matters raised, ensuring fairness and transparency throughout the process.

No complaints were filed to National Contact Points for OECD Multinational Enterprises, and no instances of discrimination or harassment resulted in fines, penalties, or compensation for damages. The total monetary amount attributed to such violations remains at zero euros.

Talenom confirms that there have been no severe human rights issues or incidents connected to its own workforce. Additionally, there were no cases of non-respect for the UN Guiding Principles or OECD Guidelines for Multinational Enterprises within the organization. The company has not incurred any fines, penalties, or compensation for severe human rights violations, with the total monetary impact being zero euros.

Talenom's proactive approach to addressing potential concerns includes robust policies, regular training, and accessible reporting mechanisms. This ensures alignment with international standards, reinforces the company's commitment to respecting human rights, and maintains a safe and inclusive workplace.

Business Conduct (ESRS G1)

Policies and Guidelines for Managing Material Impacts, Risks and Opportunities of Business Ethics, Corporate Culture and Information Security (G1-1)

Talenom has established key policies and frameworks to effectively manage the above summarized material impacts, risks, and opportunities related to business conduct, corporate culture, and information security:

Material Impact, Risk or Opportunity	Relevant guideline or policy
Supplier Innovation and Sustainability	Procurement Policy
Digital Expansion for SMEs	Information Security Policy and Risk Management Framework
Governance Bureaucratic Inefficiencies	Code of Conduct Procurement Policy
Effective Governance Efficiency	Code of Conduct Procurement Policy
Anti-Money Laundering and Countering Financing of Terrorism Regulatory Compliance Risk	Code of Conduct Anti-Money Laundering Instructions
Community-specific identified topic Information Security: Information Security Trust and Reputation	Code of Conduct Information Security Policy and Risk Management Framework
Community-specific identified topic Information Security: Data Breaches and Unauthorized Access to Information	Code of Conduct Information Security Policy and Risk Management Framework
Community-specific identified topic Information Security: Insider Threats and Misuse of Information	Code of Conduct Information Security Policy and Risk Management Framework

Code of Conduct: Scope, Accountability, and Stakeholder Alignment

Talenom's Code of Conduct serves as a key principle in managing the material impacts, risks and opportunities related to Governance Bureaucratic Inefficiencies, Effective Governance Efficiency, Information Security Trust and Reputation, Anti-Money Laundering and Countering Financing of Terrorism Regulatory Compliance and Data Breaches and Unauthorized Access to Information and Internal Threats and Misuse of Information (IRO). The Code of Conduct defines clear behavioural expectations for employees and management, ensuring that all decisions and stakeholder interactions are in line with Talenom's values, industry standards and legal requirements. This key document reflects the company's commitment to ethical business conduct, transparency and integrity.

The Code mandates employees to act with honesty, integrity, and transparency, avoiding conflicts of interest and ensuring fair competition. It emphasizes strict adherence to laws, confidentiality in safeguarding sensitive information, and fostering a respectful, inclusive, and diverse work environment. Additionally, the Code encourages employees to consider environmental responsibility in their business decisions and to report violations promptly, with whistleblower protections in place.

The Code of Conduct applies to all employees in all Talenom countries and locations, with no exclusions. It guides daily operations and decision-making across the organization. While it does not cover every possible situation, employees are encouraged to exercise judgment and seek guidance from supervisors, HR, or local management when needed.

The CEO holds ultimate accountability for implementing the Code of Conduct. However, the responsibility for compliance is distributed across all levels of the organization, with supervisors, directors, and employees playing critical roles. This ensures that the Code of Conduct applies to the entire Talenom organization and permeates all aspects of its operations.

Talenom's Code is aligned with internationally recognized standards, such as the United Nations Global Compact (UNGC), and incorporates best practices in financial management services. It is shaped by the needs and expectations of stakeholders, including clients, employees, investors, and the community, and ensures compliance with local laws and regulations across Talenom's operating countries.

Employee engagement is central to the Code's effectiveness. Employees will be actively involved in discussions about its application in future, providing feedback through supervisor interactions and annual questionnaires.

The Code is made accessible to all employees through the onboarding process. It is also available on Talenom's intranet, ensuring that employees can consult it whenever needed. To enforce compliance, Talenom monitors adherence through internal audits and supervision. Employees are encouraged to report violations through a confidential whistleblowing system, which protects their anonymity and fosters a culture of accountability.

Talenom's Procurement Policy: Scope, Accountability, and Stakeholder Alignment

Talenom's procurement practices are guided by its Procurement Policy, which serves as a critical framework for managing promoting innovation through supplier cooperation and greater operational efficiency IROs related to the company's supply chain operations. The policy ensures ethical standards, sustainability, and risk mitigation while fostering trust and compliance with sustainability objectives.

The Procurement Policy outlines Talenom's philosophy and procedures for responsible sourcing, emphasizing long-term, transparent relationships with suppliers. It provides detailed guidance on procurement activities, including defining requirements for goods and services, selecting suppliers based on economic efficiency, equity, expediency, accountability, and conducting data protection impact assessments to ensure compliance with privacy laws. The policy also manages contracts through clear protocols for requisition, negotiation, signing, storage, and invoice review.

The policy applies to various contract types, such as supplies, services, leases, consulting, and licenses, ensuring consistency and compliance across procurement categories. While employment contracts are excluded, the policy covers data-sensitive procurement processes, reflecting Talenom's commitment to protecting information and adhering to privacy regulations.

The Chief Financial Officer (CFO) is the most senior executive responsible for implementing and overseeing the Procurement Policy. The CFO ensures procurement activities align with Talenom's budgetary, ethical, and sustainability goals while maintaining transparency and operational efficiency.

The Procurement Policy aligns with industry best practices and global procurement standards, emphasizing transparency, cost-effectiveness, and data protection. Compliance with local and international legal requirements ensures that procurement practices meet regulatory expectations. Data protection measures, including mandatory impact assessments, further demonstrate alignment with global privacy requirements.

To ensure accessibility and ease of implementation, the Procurement Policy is available on Talenom's intranet and shared drives. New employees in procurement receive the policy during onboarding, while updates are communicated promptly to all relevant staff. For significant investments requiring group-level approval, the policy outlines a clear, structured process to guide decision-making and compliance.

By adhering to this Procurement Policy, Talenom addresses key IROs, mitigating supply chain risks, promoting innovation through supplier collaboration, and enhancing operational efficiencies. This proactive approach supports Talenom's commitment to ethical business conduct and sustainable growth.

Framework for Safeguarding Data and Managing Risks: Talenom's Information Security Policy and Risk Management Concept

Talenom's Information Security Policy and the Risk Management Concept and Process Framework are key tools in managing the material impacts, risks and opportunities (IRO) related to Digital Expansion for SMEs, Information Security Trust and Reputation, Data Breaches and Unauthorized Access to Information and Insider Threats and Misuse of Information. The policies reflect Talenom's commitment to strong data protection and stakeholder trust, while supporting seizing opportunities of digitalization.

The Information Security Policy establishes a comprehensive framework for protecting sensitive data and preventing unauthorized access. It directly addresses risks such as data breaches, phishing, risks related to digital work environment etc. Mandatory for all employees and operations, the policy includes requirements for technical safeguards like encryption, firewalls, and multi-factor authentication, as well as procedural mechanisms for safe software development practices, incident reporting and management, event logging and data classification and secure processing. The operation of the information security management system is systematically measured by monitoring KPI indicators and making operational and strategic decisions based on them.

Employees are trained to recognize information security threats and follow security protocols, fostering a culture of accountability. By mitigating risks and enhancing resilience, the policy strengthens Talenom's reputation as a trusted partner for SMEs, aligning with opportunities to expand digital offerings and improve information security solutions.

The Risk Management Concept and Process provides a structured methodology for identifying, assessing, and mitigating risks impacting Talenom's workforce, clients, and operations. It supports strategic goals by addressing critical risks, such as failure to comply with regulatory requirements and potential operational disruptions from evolving threats. The framework also integrates risk mitigation into strategic planning, allowing Talenom to proactively address challenges and capitalize on opportunities related to digital transformation and innovation.

Both the Information Security Policy and Risk Management Concept apply across all employees, departments, and locations, ensuring consistency and effectiveness. These policies address key IROs, protecting sensitive information, maintaining operational continuity, and fostering stakeholder trust. They contribute to positive impacts, including enhanced trust and reputation through robust information security measures, and improved operational efficiency by streamlining governance practices.

The Chief Compliance Officer (CCO) holds ultimate accountability for implementing these policies. The CCO ensures alignment with Talenom's strategic objectives, oversees regular evaluations, and guides updates to address emerging risks and opportunities. This leadership ensures the policies remain relevant, effective, and aligned with stakeholder expectations.

The Information Security Policy is designed to comply with international information security standards and regulative requirements, including the General Data Protection Regulation (GDPR) and derived national data protection legislations. This compliance reflects Talenom's commitment to comply with regulation and stakeholder protection. The Risk Management Concept aligns with industry best practices.

Talenom integrates feedback from employees, clients, and regulatory authorities to refine its policies and address gaps. Insights are gathered through employee surveys, client input, and whistleblower reports, ensuring responsiveness to evolving needs and expectations.

Both policies are accessible via Talenom's internal platforms, including the company intranet and shared drives. New employees are introduced to these frameworks during onboarding, while existing employees participate in regular training sessions that reinforce adherence and address real-world applications. Policy updates are promptly communicated to ensure all stakeholders remain informed of their responsibilities.

Training programs focus on practical applications, equipping employees to handle information security threats, comply with regulations, and address operational risks effectively. Employees are encouraged to report incidents or vulnerabilities through secure channels, fostering a proactive approach to risk management and continuous improvement.

Talenom's Anti-Money Laundering Prevention Concept: A Framework for Preventing Money Laundering and Countering the Financing of Terrorism

Talenom's Anti-money laundering management concept and guidelines are key tools in managing the essential impacts, risks and opportunities (IRO) related to compliance with regulations related to the prevention of money laundering and countering the financing of terrorism. These guidelines and the organization's operations reflect Talenom's commitment to strong regulatory compliance.

The principles of anti-money laundering provide a comprehensive framework for preventing money laundering and terrorist financing. They deal directly with risks such as suspicious transactions, customer due diligence and determining the origin of funds. The policy is mandatory for all employees and functions. It includes requirements such as customer due diligence (KYC), risk-based assessment and suspicious transaction reporting obligation. Employees are trained to identify risks of money laundering and terrorist financing and to follow regulatory practices. By reducing the risks of money laundering and strengthening the company's adaptability, the Anti-Money Laundering Principles enhance Talenom's reputation as a reliable partner for SMEs and support the development of both business and regulatory practices.

Talenom uses a risk-based approach to identify, assess and mitigate money laundering and terrorist financing risks. This includes regular risk assessment of customers, business and transactions. Clients are classified into risk categories based on indicators such as the client's industry, political influence, use of cash, use of cryptocurrencies, and connections to high-risk countries.

The AML Prevention Principles cover all employees, departments and locations, ensuring consistency and efficiency. The principles deal with key IROs, such as knowing customers, maintaining operational continuity and strengthening stakeholder trust. They support positive effects such as improved reputation and operational efficiency by providing strong regulatory compliance and streamlining governance practices.

The preparation and updating of the general risk assessment of money laundering prevention and the preparation of practical instructions are the responsibility of the AML Officer in each country. He ensures that the general risk assessment and instructions for employees comply with the country-specific legislation and official requirements in force at any given time. The Country Manager reviews the country-specific general risk assessment and approves it regularly, or when material changes are made to it. The Executive Management and the Board of Directors review the overall status of Talenom's anti-money laundering activities as part of the Compliance reporting. Clear definitions of responsibilities ensure that policies remain relevant, effective and in line with stakeholder expectations.

The principles for preventing money laundering have been designed to meet international legal requirements, such as EU money laundering directives and national anti-money laundering legislation. The content, details and possible common practices of the principles are coordinated through regular exchange of information between anti-money laundering liaison officers in different countries.

The general risk assessment of money laundering prevention and documentation related to the principles and guidelines for preventing money laundering are available on Talenom's intranet. New employees are introduced to these policies during onboarding, and employees attend regular trainings to strengthen compliance with guidelines and regulations and support their practical application. Updates are communicated promptly to keep all stakeholders aware of their responsibilities.

Each employee is obliged to participate in the annual anti-money laundering prevention training. In Finland, the training is carried out through an electronic training platform and in other countries as live training or by watching its recording. The training programs focus on practical applications, preparing employees for managing money laundering and terrorist financing risks, regulatory compliance and dealing with operational risks. Employees are encouraged to report suspicious transactions or transactions of customers promptly to the anti-money laundering contact person in each country.

During the reporting period, 90% of employees completed anti-money laundering training in Finland. This figure includes all employees who have passed the test on the electronic training platform and who were employed by Talenom at the end of 2024, excluding employees on long absences. Similar statistics are not yet available for Sweden or Spain.

Corporate culture and business conduct policies (G1-1)

CORPORATE CULTURE AND VALUES

Talenom's corporate culture is built on its core values—care, courage, and will—which guide the company's strategic vision, ethical decision-making, and daily operations. These values are integrated into organizational processes, including global HR practices in recruitment, onboarding, and compensation, ensuring consistency across all Talenom locations. Leadership accountability and structured employee engagement initiatives, such as Culture Workshops and team-building activities, reinforce these values, fostering a cohesive and ethical work environment. Tools like the annual Great Place to Work (GPTW) survey, exit interviews, and internal performance reviews are used to assess and enhance cultural alignment.

MECHANISMS FOR REPORTING AND ADDRESSING CONCERNS

To ensure transparency and ethical behavior, Talenom has implemented mechanisms for identifying, reporting, and addressing concerns about unlawful or unethical behavior. The Code of Conduct provides clear principles for ethical behavior and compliance, guiding employees in their actions and decisions through structured questions. Reporting mechanisms include direct channels such as supervisors, HR, and management, as well as an anonymous whistleblowing system, which ensures confidentiality and offers protection from retaliation.

All concerns are investigated through an independent and objective process, beginning with an initial assessment and followed by evidence collection, interviews, and documentation. Corrective actions, including training or disciplinary measures, are implemented as necessary to resolve issues and uphold accountability.

PROTECTION AGAINST RETALIATION

Talenom provides robust safeguards for employees who report concerns, ensuring they are protected from retaliation. The company enforces a strict non-retaliation policy that shields employees from adverse consequences when reporting concerns in good faith. Confidentiality is maintained throughout the reporting and investigation process, with the whistleblowing system offering an option for anonymous reporting. Reported irregularities are handled through a structured investigation process that includes documentation of findings and implementation of corrective actions.

TRAINING AND AWARENESS ON BUSINESS CONDUCT

Training on business conduct is a cornerstone of Talenom's ethical framework. Structured onboarding programs introduce new employees to the Code of Conduct, Information Security Policy, and Anti-Money Laundering (AML) Guidelines, ensuring immediate awareness of the company's ethical principles. To ensure continuous adherence to information security and anti-money laundering practices, Talenom trains its personnel regularly in accordance with an annual training program. Beginning in 2025, Talenom will implement similar comprehensive annual training program for the Code of Conduct to reinforce these principles and ensure ongoing engagement with ethical practices.

Specialized training modules will focus on key risk areas, such as AML, data protection, and information security. Leadership training will equip managers to model ethical behavior and promote a culture of integrity. Culture Workshops will further embed Talenom's values by engaging employees in discussions about their practical significance.

MITIGATION OF RISKS IN KEY FUNCTIONS

While Talenom's historical risk of corruption and bribery is low, the company closely monitors specific functions that are more exposed to potential vulnerabilities. Procurement and Vendor Management ensure transparency and fairness in supplier relationships through strict procurement policies designed to avoid conflicts of interest or favoritism. Internal and external audits safeguard financial reporting accuracy and reliability.

The compliance function provides continuous monitoring and training on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) practices to uphold full regulatory compliance. These measures ensure transparency, integrity, and trust across Talenom's operations, reinforcing its corporate culture and positioning it as a reliable partner in the financial services sector.

Relations with suppliers (G1-2)

Talenom is committed to maintaining fair, transparent, and timely practices in its relationships with suppliers, with special emphasis on supporting Small and Medium-sized Enterprises (SMEs). Recognizing the critical importance of predictable cash flows for SMEs, Talenom prioritizes punctual payments through well-defined and structured payment processes. Talenom does not impose its own payment terms but respects and adheres to the agreed terms established by its suppliers, fostering trust and collaborative relationships.

The company's procurement policy outlines clear contractual terms. Payments are directly linked to the successful fulfillment of goods or services, minimizing ambiguities and ensuring predictability for suppliers. Effective budgeting and annual procurement planning are integral to Talenom's approach, aligning key procurement activities with budget allocations. Any procurement outside the approved budget requires additional authorization, providing a structured process to reduce risks of delayed payments.

Talenom's approach to supplier relationships emphasizes fairness, transparency, and alignment with its corporate values. The company adheres to principles of economy, expediency, and equity in all procurement decisions. The principle of economy ensures the selection of suppliers offering the best value or lowest price while meeting requirements. Expediency guarantees procurement activities are planned, budgeted, and executed consistently. Equity ensures that all suppliers are treated fairly and competitively, fostering an environment of trust and mutual respect.

Social and environmental considerations are progressively integrated into supplier selection processes. Talenom encourages its suppliers to adopt eco-friendly practices and offer sustainable products and services. These criteria include promoting the use of durable, reusable, and eco-labeled goods, as well as low-emission and energy-efficient solutions. By incorporating environmental responsibility into its procurement decisions, Talenom actively contributes to sustainability objectives across its supply chain.

Data protection compliance is another critical factor in supplier evaluations. Suppliers must adhere to the General Data Protection Regulation, derivative national data protection legislation and provide guarantees to safeguard both personal and corporate data. This requirement reflects Talenom's commitment to maintaining the high standards of information security and data protection in its operations and supply chain.

Payment practices (G1-6)

The majority of Talenom's suppliers use a 30-day net payment term, and invoices are generally paid on the due date. Talenom has no ongoing legal proceedings related to late payments. This reflects the company's efficiency in payment practices and its proactive approach to managing supplier relationships.

The company's commitment to timely payments is supported by a clear invoice review and approval process. Each invoice is checked for accuracy, compliance with contractual terms, and confirmation of successful delivery before payment is processed. This system minimizes errors and ensures a seamless payment process.

Objectives related to the management of the material impacts, risks and opportunities of the Business Conduct (MDR-T G1)

UPDATING POLICIES AND GUIDELINES

In order to ensure that the Code of Conduct is up-to-date in the future, Talenom updates and reviews the Code of Conduct at least once a year, or when circumstances change substantially. The responsibility for updating the policy and coordinating reviews lies with the Chief Compliance Officer, and the review and approval of changes to the document is carried out by Talenom's Board of Directors.

OBJECTIVES RELATED TO STAFF TRAINING

Understanding the content and meaning of the Code of Conduct is essential for employees' ability to apply and comply with documented rules in their day-to-day operations. For this reason, 2025-2026 onwards, employees are required to participate in annual online training and tests of the Code of Conduct. These assess their understanding and competence, ensuring the continuous application and internalisation of the Code of Conduct as part of Talenom's culture. The goal is more than 90% training coverage across all functions and locations.

Regarding mandatory training related to the prevention of money laundering and the countering the financing of terrorism, there are plans to introduce similar functionalities of the current electronic training platform used in Finland in 2025–2026 to cover also Swedish and Spanish functions, so that reporting related to these trainings can be harmonised throughout all functions and locations. The goal is to achieve 90% training coverage for mentioned trainings in all operating countries.

Community-specific identified material topic Information Security: implementation, maintenance and development of an information security management system in accordance with the ISO27001 standard

INTRODUCTION

Talenom is committed to protecting its information systems and data assets throughout their life cycle, from their creation to their final destruction. Protecting customer data is of paramount importance at Talenom. The implementation, maintenance and development of information security is based on an information security management system (ISMS) in accordance with the ISO 27001 standard. Talenom's information security management system has been certified in accordance with ISO27001 for its Finnish operations.

COMPATIBILITY WITH IROS

Talenom's information security management system essential for managing material impacts, risks and opportunities (IROs) related to Digital Expansion for SMEs, Information Security Trust and Reputation, Data Breaches and Unauthorized Access to Information and Insider Threats and Misuse of Information.

Currently, the security practices described in this section are well established in Finland and are being translated and adapted for implementation in Sweden and Spain. This extension is part of Talenom's broader strategy to integrate and align information security best practices across all functions and operating countries.

ROLES AND RESPONSIBILITIES

The leadership and responsibilities related to the implementation of information security are clearly defined at Talenom. The management team is responsible for the general guidelines of the information security management system, setting goals and the resources needed to implement them. The Information Security Management Group, which consists of representatives from different parts of organization, supervises the operation and implementation of the information security management system. The Chief Information Security Officer and the Head of Information Security are responsible for maintaining the information security policy and management system, organising training and managing information security risks. The IT support team manages access, backup, and supports the security manager in investigating security breaches. Supervisors are responsible for complying with the information security policy in their own teams, and employees follow the instructions given and participate in regular training. The information security team follows the announcements of authorities and other information security organizations and implements the necessary changes to prevent information security threats. Any suspicion, finding, or suggestion for improvement related to security and data protection breaches will be reported to the information security team, which will be responsible for investigating them and initiating appropriate action.

COMPLIANCE WITH INTERNATIONAL STANDARDS

Talenom's information security management system complies with international legislation and information security standards, such as the EU General Data Protection Regulation (GDPR) and ISO 27001. By complying with legislation and standards, Talenom ensures that the practices of its information security management system are appropriate, transparent and in line with best practices. This compliance not only protects the company's information systems and data, but also builds trust among customers and stakeholders.

DESCRIPTIONS OF THE ESSENTIAL ELEMENTS OF THE INFORMATION SECURITY MANAGEMENT SYSTEM

Our information security policy covers all data, storage formats, systems, applications and infrastructures owned and controlled by Talenom and used to process and store data. In addition, it applies to all Talenom employees and subcontractors who process Talenom's data. Our information security policy ensures that information is protected from unauthorized access, the confidentiality of information is maintained, and business continuity is safeguarded. The organization of information security includes clearly defined roles and responsibilities that cover the tasks of management, supervisors and those involved in the implementation of information security.

Personnel security is an integral part of our information security policy. Pre-employment background checks are performed and non-disclosure agreements are signed to ensure new employees are trustworthy and committed to security practices. During employment, employees attend regular security trainings to keep them up-to-date on the latest security threats and practices. This ensures that all employees understand the importance of information security and know how to act correctly in possible information security situations. Upon termination of employment, compliance with data security obligations, such as removal of access rights and restoration of company assets, is ensured to prevent unauthorized access or leakage of data.

Asset management includes an up-to-date inventory of assets and clearly defined owners for the most important information-related assets. This ensures that listed assets have a responsible person who ensures their proper use and protection. The inventory is updated regularly to keep it up-to-date and cover new and deprecated assets. This ensures that data and devices are protected and that their use can be effectively monitored.

Access control is based on a documented access policy that ensures that users only have access to the resources they need to perform their work tasks. The Access Policy clearly defines how access rights are granted, changed, and removed and ensures that access requests are handled appropriately. Regularly reviewing the riskiest permissions ensures that they are up-to-date and reflect the current duties and responsibilities of employees.

Cryptographic controls and key management are key to ensuring data security. Cryptographic controls protect data with encryption, preventing unauthorized access to data. Key management ensures that cryptographic keys are protected and closely controlled. This includes creating, distributing, storing, and destroying keys to ensure their security throughout their life cycle.

Physical and environmental security covers the protection of safety zones and equipment from environmental risks. This means that all critical data and devices are located in secure facilities, access to which is restricted only to authorized persons. Physical security measures such as locking systems, security cameras and access control ensure that no unauthorized persons enter the premises. In addition, there are protective measures in place against environmental risks such as fires, water damage, and power outages to protect equipment and data from damage.

Operational security includes documented operational procedures, anti-malware, and backup policies. Talenom has comprehensive processes to detect, block and recover from malware. This means having effective tools and methods in place to identify and remove malware, as well as processes that prevent the spread of malware on systems. Anti-malware also involves regular training and awareness-raising among employees so that they know how to identify and avoid potential threats.

Backup policies ensure that all important data is backed up regularly and that backups are tested to ensure functionality. This ensures that data can be recovered quickly and efficiently in the event of a potential security breach or other incident. Backup processes are documented and strictly followed to ensure that data is always available and protected.

In addition, operational security covers the collection, storage and monitoring of log data in order to detect and respond quickly to security incidents. Log data management is a key part of information security, as it enables real-time monitoring of system operations and security events. Log data is analyzed regularly to identify and deal with potential anomalies and threats in time.

There are clear procedures in place for data breaches to ensure that all incidents are properly reported and addressed. The security breach management process includes step-by-step instructions for incident identification, reporting and corrective actions. This process ensures that all data breaches are dealt with quickly and efficiently, minimizing potential damage and maintaining stakeholder trust.

Talenom also has clear instructions and procedures for actions after data breaches, such as restoring data and restoring systems to normal operation. This ensures that business continuity can be secured and potential disruptions minimized. All data breaches are documented and analyzed to learn from them and prevent similar incidents from happening again in the future.

The information security of supplier relationships is ensured through contract technology and supplier supervision. Talenom sets clear data security requirements in supplier contracts. Suppliers' information security practices are reviewed on a risk-based basis, and audits are carried out on key suppliers to ensure the implementation of information security. Supplier relationship management also covers continuous improvement of information security. Talenom ensures that suppliers understand and comply with data security requirements and that their data security practices are in line with Talenom's. This ensures that all external services and products meet adequate security standards and that customer data is safe even when handled by suppliers.

Information communication security ensures that data transfer takes place securely and that network management processes are in order. This means that all data transfers over the public network are protected by appropriate encryption methods and other security controls. Network management processes also include regular scans and updates to detect and fix potential vulnerabilities in a timely manner. In addition, Talenom has clear policies and procedures in place regarding data transfer, which ensure that all employees and subcontractors adhere to the same safety standards.

System acquisition, development and maintenance include defining information security requirements for new and upgraded systems and secure development policies. This means that every new system or update undergoes a security assessment before deployment. A secure software development policy ensures that security is taken into account during software development, and that development teams receive the necessary training and guidance to comply with security policies. In addition, system maintenance includes regular scans and updates to keep them up to date with the latest security requirements.

Business continuity management ensures that security is included in continuity plans and that the plans are reviewed regularly. This means that Talenom has documented plans and procedures in place to ensure business continuity in various incidents, such as data breaches or natural disasters. In addition, continuity plans are updated regularly to reflect changing business environments and security threats.

Compliance with legislation and agreements covers all legal and contractual obligations as well as the protection of personal data. Talenom ensures that all its operations are in line with current legislation and regulation, especially in accordance with the requirements of the European Union's

General Data Protection Regulation (GDPR) and national legislations. This also includes compliance with contractual obligations, which means that all contracts with suppliers and customers contain clear data security requirements. The protection of personal data is a key part of our data security policy, and Talenom ensures that all personal data is properly processed and protected throughout its life cycle. This also includes regular checks and audits to ensure compliance with legislation and contractual obligations.

CONTINUOUS IMPROVEMENT

Talenom effectively develops and maintains an information security management system in accordance with ISO 27001 requirements. The management system ensures that information security processes, policies and instructions are created, approved, implemented, updated and reviewed regularly. The efficiency and effectiveness of the information security management system is monitored by arranging annual internal and external audits of the management system and annual management review as required by the standard. Observations and suggestions for improvement related to the development of information security and data protection are reported to the information security team, which updates the information security management system based on them. This ensures that the information security management system is up-to-date in a constantly changing information security threat environment.

METRICS

During the reporting period Talenom did not file any reports regarding serious data breaches to national data protection authorities in any of Talenom locations.

During the reporting period, 90% of employees in Finland completed information security training. This figure includes all employees who have passed the test on the electronic training platform and who were employed by Talenom at the end of 2024, excluding employees on long absences. Similar statistics are not yet available for Sweden or Spain.

Objectives related to the management of material impacts, risks and opportunities of Information Security

OBJECTIVES RELATED TO STAFF TRAINING

Regarding mandatory training related to information security and data protection, there are plans to introduce similar functionalities of the current electronic training platform used in Finland in 2025–2026 to cover also Swedish and Spanish functions, which will allow the reporting related to these training to be harmonised throughout all functions and operating countries. The goal is to achieve 90% educational coverage in all operating countries.

Assurance Report on the Sustainability Report

To the Annual General Meeting of Talenom Oyj

We have performed a limited assurance engagement on the group sustainability report of Talenom Oyj (2551454-2) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

OPINION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Talenom Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

BASIS FOR OPINION

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*

Our responsibilities under this standard are further described in the *Responsibilities of the Authorized Group Sustainability Auditor* section of our report.

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

OTHER MATTER

We draw attention to the fact that the group sustainability report of Talenom Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

AUTHORIZED GROUP SUSTAINABILITY AUDITOR'S INDEPENDENCE AND QUALITY MANAGEMENT

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 engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director of Talenom Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

INHERENT LIMITATIONS IN THE PREPARATION OF A SUSTAINABILITY REPORT

Preparation of the sustainability report requires Company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential future events and describe Company´s possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

RESPONSIBILITIES OF THE AUTHORIZED GROUP SUSTAINABILITY AUDITOR

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. 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 decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance 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.

- Design and perform assurance procedures responsive to those risks to obtain 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.

DESCRIPTION OF THE PROCEDURES THAT HAVE BEEN PERFORMED

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We interviewed Company´s management and persons responsible for the preparation and gathering of the sustainability information.

- We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.

- We got acquainted with the relevant guidances and policies related to the sustainability information disclosed in the sustainability report.

- We acquainted ourselves to the background documentation and other records prepared by the Company, as appropriate and assessed how they support the information included in the sustainability report.

- In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.

- In relation to the EU taxonomy information we interviewed the management of the company and persons with key roles in reporting taxonomy information to understand if the Company has any taxonomy eligible or taxonomy aligned activities and we obtained evidence supporting the interviews

- We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information.

Oulu 26 February 2025

KPMG OY AB
Authorized Sustainability Audit Firm

Juho Rautio
Authorized Sustainability Auditor, KRT

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Consolidated comprehensive income statement

EUR 1,000	Note	2024	2023
Net sales	6	**126,231**	**121,728**
Other operating income	7	2,955	1,225
Materials and services	8	-3,532	-3,884
Costs arising employee benefit	9, 21	-75,640	-71,897
Depreciation and impairment	10	-23,337	-23,935
Other operating expenses	11	-15,259	-15,287
Operating profit		**11,417**	**7,948**
Financial income	12	284	433
Financing expenses	12	-4,786	-4,122
Net financing expenses		**-4,502**	**-3,689**
Profit (loss) before taxes		**6,915**	**4,260**
Income taxes	13	-825	-899
Profit (loss) for the financial period		**6,090**	**3,361**
Other items of comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences		-58	-16
Cash flow hedging		-119	0
Taxes on items that may be reclassified subsequently to profit or loss		24	0
Total comprehensive income for the financial period		**5,937**	**3,345**
Earnings per share calculated on the profit attributable to owners of the parent company			
Undiluted earnings per share (EUR)	14	0.13	0.07
Diluted earnings per share (EUR)	14	0.13	0.07

Consolidated balance sheet

EUR 1,000	Note	31 Dec. 2024	31 Dec. 2023
ASSETS			
Non-current assets			
Goodwill	16	68,643	66,648
Other intangible assets	16	54,310	52,681
Right-of-use assets	15	9,382	9,401
Property, plant and equipment	15	4,737	4,685
Other non-current financial assets	17	186	184
Deferred tax assets	13	2,603	1,487
Capitalised contract costs	6	11,764	11,347
Total non-current assets		**151,624**	**146,434**
Current assets			
Trade and other receivables	18	16,733	16,742
Current tax assets		952	2,247
Cash and cash equivalents	19	8,669	10,255
Total current assets		**26,353**	**29,243**
Total assets		177,978	175,677
EQUITY			
Equity	20	80	80
Reserve for invested unrestricted equity	20	30,935	30,875
Fair value reserve		-95	0
Retained earnings	20, 21	23,458	24,859
Total equity		**54,377**	**55,814**
LIABILITIES			
Non-current liabilities			
Financial liabilities	23	86,157	70,818
Trade payables and other liabilities	25	650	636
Lease liabilities	24	5,714	5,592
Deferred tax liabilities	13	4,291	4,326
Total non-current liabilities		**96,812**	**81,372**
Current liabilities			
Financial liabilities	23	549	5,101
Trade payables and other liabilities	25	22,259	28,463
Lease liabilities	24	3,866	3,944
Current tax liabilities	25	115	983
Total current liabilities		**26,789**	**38,491**
Total liabilities		**123,601**	**119,864**
Total equity and liabilities		**177,978**	**175,677**

Consolidated cash flow statement

EUR 1,000	Note	2024	2023
Cash flow from operating activities			
Profit (loss) before taxes		6,915	4,260
Adjustments:			
Depreciation and impairment	10	23,337	23,935
Financial income	12	-284	-433
Financing expenses	12	4,786	4,122
Other adjustments		-830	95
Changes in working capital:			
Change in trade and other receivables	18	586	-702
Change in accounts and other payables	25	-3,633	1,022
Interest income		218	141
Paid taxes		-1,870	-3,812
Net cash flow from operating activities		**29,225**	**28,628**
Cash flow from investments			
Revenue from the sale of property, plant and equipment	15	210	213
Acquisition of property, plant and equipment	15	-1,424	-2,820
Capitalisation of contract costs	6	-3,704	-3,279
Acquisitions of intangible assets	16	-15,007	-14,649
Acquired operations	5	-3,118	-13,593
Investments		-2	-31
Net cash flow from investments		**-23,044**	**-34,160**
Financial cash flow			
Proceeds from share issue		0	233
Paid interest		-4,809	-3,380
Dividends paid		-8,639	-8,112
Change in instalment debts	23	341	353
Repayment of lease liabilities	24	-4,300	-4,030
Loan withdrawals	23	15,000	15,000
Loan repayments	23	-5,196	-212
Net cash flow from financing		**-7,603**	**-147**
Change in cash and cash equivalents		**-1,422**	**-5,679**
Cash and cash equivalents, 1 Jan.		10,255	15,970
Net effect of changes in exchange rates on cash equivalents		-164	-36
Cash and cash equivalents, 31 Dec.	19	**8,669**	**10,255**

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**	**Fair value reserve**	**Retained earnings**	**Total**
Total equity, 1 Jan. 2024	20	**80**	**30,875**	**0**	**24,859**	**55,814**
Changes and other adjustments for previous accounting periods		**-**	**-**	**-**	**-107**	**-107**
Comprehensive income						
Profit/loss for the period		-	-	-	6,090	6,090
Translation differences		-	-	-	-58	-58
Cash flow hedging		**-**	**-**	**-119**	**-**	**-119**
Taxes on items that may be classified subsequently to profit or loss		-	-	24	-	24
Total comprehensive income for the financial period		**0**	**0**	**-95**	**6,032**	**5,937**
Transactions with owners						
Dividend distribution and repayment of capital		-	-	-	-8,639	-8,639
Share issue		-	60	-	-	60
Share-based payments	21	-	-	-	1,312	1,312
Transactions with owners, total		**0**	**60**	**0**	**-7,327**	**-7,267**
Total equity, 31 Dec. 2024		**80**	**30,935**	**-95**	**23,458**	**54,377**

		Equity attributable to owners of the parent company				
EUR 1,000	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Fair value reserve**	**Retained earnings**	**Total**
Total equity 1 Jan. 2023	20	**80**	**26,861**	**0**	**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
Translation differences		-	-	-	-16	-16
Cash flow hedging		**-**	**-**	**-**	**-**	**-**
Taxes on items that may be classified subsequently to profit or loss		-	-	-	-	-
Total comprehensive income for the financial period		**0**	**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**	**0**	**-7,357**	**-3,343**
Total equity, 31 Dec. 2023	**20**	**80**	**30,875**	**0**	**24,859**	**55,814**

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 92 offices in Finland, Sweden, Spain, and Italy.

The company employed an average of 1,584 employees during the financial year.

The Group's parent company Talenom Plc (Business ID FI2551454-2), is a Finnish public listed company operating under the law of the State of Finland. The parent company is domiciled in Oulu, Finland 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 these consolidated financial statements for publication at its meeting on 26 February 2025.

NOTE 2
Basis of preparing the financial statements

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 2024 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 2024 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 22 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 recognised at fair value through profit or loss.

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, and 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.

DECISIONS BASED ON MANAGEMENT DISCRETION

Target	Note	Management discretion
Contract costs	6	Timing and method of expense accrual

KEY UNCERTAINTIES RELATED TO ESTIMATES AND ASSUMPTIONS

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. Key uncertainties that pose a risk of a material change in the carrying amounts during the following financial years:

Target	Note	Estimates and assumptions
Goodwill	16	Key assumptions used in impairment testing
Business acquisitions	5	The amount of contingent considerations related to business acquisitions
Business acquisitions	5	Valuation and accrual period of assets generated in business acquisitions
Deferred tax assets	13	Amount and accrual period of deferred tax assets recognised from losses
Right-of-use assets	27	Duration of currently valid lease agreements
Software development expenditure	16	Useful life of software and accrual period of development costs

NOTE 3
Accounting principles of consolidated financial statements

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of the parent company Talenom Plc and its subsidiaries. All subsidiaries included in the consolidated financial statements are wholly 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 an indication of impairment.

BUSINESS COMBINATIONS

Goodwill arising from business combinations is recognised 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 recognised 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 recognised as an expense. 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. The cash-generating units concerned are tested for impairment annually, or more frequently, if there are indications of impairment. If the recoverable amount of a cash-generating unit is lower than its book value, an impairment is recognised first for goodwill and then for other assets of the cash-generating unit in proportion to their book values. Impairment of goodwill is recognised through profit or loss. An impairment loss recognised 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 future net cash flows from the asset or cash-generating unit that are discounted to their present value.

CONVERSION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

Figures for the performance and financial position of the Group's units are measured in the main currency of the unit's business environment ("operational 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 using the exchange rates of the reporting date. 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 recognised 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 recognised 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 recognised through profit or loss in the period in which they are born. Costs previously recognised 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 recognised 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 customisation costs related to the software, are recognised 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 hardware	4 years
Cars	3 years
Other property, plant and equipment	5 years

Talenom reviews the estimated useful lives and residual values of its assets at least at the end of each financial year and adjusts them, if necessary, to reflect changes in the expected economic benefits.

CONTRACT COSTS

Sales commissions paid to salespeople and franchisees 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 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 recognised. 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 future net 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 recognised if the book value of the asset or cash-generating unit exceeds its recoverable amount. The impairment loss is recognised through profit or loss. Impairment losses allocated to cash-generating units are first recognised to reduce the goodwill allocated to the unit and then by reducing the unit's other assets proportionately. Impairment losses recognised for goodwill are not reversed. In respect of other assets, impairment losses recognised 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 recognised.

FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The Group's financial assets are classified into the following categories: financial assets recognised at fair value through profit or loss and financial assets recognised at amortised 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 recognised on the day of the transaction. The items recognised at fair value through profit or loss are shares and holdings. Trade receivables are recognised at amortised 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, excluding derivative liabilities, are measured at amortised acquisition 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 recognised in connection with a business combination is classified as financial assets recognised 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 recognised as other operating income or other operating expenses.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses the need to recognise a deduction for expected credit losses on trade receivables measured at amortised 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 recognised in an amount corresponding to the expected credit losses over the entire period of validity. The amount to be recognised is estimated by group. The amount to be recognised 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 recognised 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.

DERIVATIVE INSTRUMENTS

The Group uses interest rate swaps to hedge against the risks arising from fluctuations in loan interest. They are originally recorded at fair value on the day the Group becomes a contracting party and are subsequently measured at fair value. Derivative instruments are presented as assets in the balance sheet if the fair value at the reporting date is positive and, correspondingly, as liabilities if the fair value is negative. The Group uses interest rate derivatives for hedging purposes and applies cash flow hedge accounting in accordance with IFRS 9. The effective portion of the change in the fair value of the hedging derivative instrument is recognised in equity in the fair value reserve and the ineffective portion is recognised in profit or loss. Interest income and expenses from derivatives are allocated to profit or loss. Derivative instruments that do not meet hedge accounting requirements are classified as financial assets and liabilities at fair value through profit or loss. Items belonging to the group are measured at fair value and positive fair values of derivative instruments are presented in non-current or current assets and negative fair values in non-current or current liabilities on the balance sheet. Both unrealised and realised profits and losses resulting from changes in fair value are recognised through profit or loss in the financial period in which they arise.

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 recognised 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 recognised 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 recognised 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.

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 are 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 recognises 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. Lease payments are discounted using the interest rate for additional credit, i.e., the interest rate that the lessee would pay on a loan at the start of the lease to acquire a corresponding asset. The Group applies optional reliefs and chooses not to recognise 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 recognised 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 process outsourcing, care services and financial management software. Customers are also provided with expert services, including legal, taxation and financial advice. Other services offered include administrative and support services for personnel services 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 a unit based and hourly based variable considerations. Sales income from accounting services is recognised 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 recognised 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 recognised 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 recognised in net sales. In other partnership agreements, however, Talenom usually acts as the principal, so the sale is recognised on a gross basis.

OPERATING 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 recognised through profit or loss unless they are related to business combinations or items recognised 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 in practice approved by that date. A deferred tax liability is recognised 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 recognised in equity. The change in deferred tax liability related to the depreciation of items allocated to intangible assets is recognised in profit or loss. A deferred tax asset is recognised 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 recognised 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 recognised 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 recognises 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

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 per cent of consolidated net sales in the 2023 and 2024 financial periods.

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

OPERATING SEGMENTS 2024

EUR 1,000	Finland	Sweden	Rest of World	Unallocated items	Group total
External net sales	86,698	24,263	15,270	-	126,231
Inter-segment net sales	1,092	580	247	-	1,919
Total net sales	**87,789**	**24,843**	**15,517**	**0**	**128,150**
Other income	336	53	21	2,544	2,955
Operating expenses	-53,650	-25,341	-15,068	-372	-94,431
Inter-segment costs	-825	-659	-436	-	-1,919
EBITDA	**33,651**	**-1,103**	**35**	**2,172**	**34,754**
Depreciation	-17,052	-2,931	-1,973	-	-21,956
Impairment	-1,339	-42	-	-	-1,381
Operating profit	**15,260**	**-4,076**	**-1,938**	**2,172**	**11,417**

OPERATING SEGMENTS 2023

EUR 1,000	Finland	Sweden	Rest of World	Unallocated items	Group total
External net sales	87,759	25,469	8,500	-	121,728
Inter-segment net sales	645	579	329	-	1,553
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	-	-1,553
EBITDA	**31,700**	**388**	**-890**	**686**	**31,884**
Depreciation	-15,361	-2,598	-1,031	-	-18,991
Impairment	-4,945	-	-	-	-4,945
Operating profit	**11,394**	**-2,211**	**-1,921**	**686**	**7,948**

NON-CURRENT ASSETS AND GOODWILL 2024

EUR 1,000	Finland	Sweden	Rest of World	Unallocated items	Group total
Goodwill	24,396	26,862	17,384	-	68,643
Deferred tax assets	107	1,355	1,141	-	2,603
Other non-current assets	55,637	13,108	11,634	-	80,379

NON-CURRENT ASSETS AND GOODWILL 2023

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

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	Stockholm	100%
Talenom Consulting AB	Malmö	100%
Talenom Helsingborg AB	Helsingborg	100%
Talenom Norrköping EC AB	Norrköping	100%
Talenom Redovisning i Strängnäs AB	Strängnäs	100%
Talenom Blekinge AB	Karlskrona	100%
Talenom SL	Barcelona	100%
Talenom Precentaciones SL	Barcelona	100%
Asintesa SLU	Asturias	100%
Talenom S.R.L.	Milan	100%

BUSINESS ACQUISITIONS IN 2024

During the financial year, the Group made two business acquisitions in Spain.

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, centralised 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
Bujan Y Asociados S.L.	1 Jan. 2024	Share transaction	Cash and shares	596	0
Assessoria del Bages S.L.	1 Jan. 2024	Share transaction	Cash	2,600	0
				3,196	0

Business acquisitions made during the financial year do not involve contingent considerations. 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 recognised in profit or loss.

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

SHARE TRANSACTIONS

EUR 1,000	Bujan Y Asociados S.L.	Assessoria del Bages S.L.	Share transactions, total
Intangible assets	66	-	66
Property, plant and equipment	12	10	22
Other non-current assets	-	-	-
Customer relationships	220	1,234	1,455
Right-of-use assets	-	-	-
Current assets	159	1,455	1,614
Total assets	**458**	**2,700**	**3,158**
Trade payables and other liabilities	161	1,448	1,608
Lease liabilities	-	-	-
Deferred tax liability	55	319	374
Total liabilities	**216**	**1,767**	**1,982**
Net assets	**242**	**933**	**1,176**
Paid in cash	536	2,600	3,136
Paid in Talenom Plc shares	60	-	60
Consideration transferred	596	2,600	3,196
Net assets of acquisition target	-242	-933	-1,176
Goodwill	**353**	**1,667**	**2,020**

BUSINESS ACQUISITIONS IN 2023

During the financial year, the Group made several business acquisitions in Sweden and Spain and one acquisition in Italy.

The transactions are detailed in the table below.

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

The total contingent consideration recognised as a liability from the transactions is EUR 3,392,000.

The costs arising from acquisitions are recognised 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	Easycount	LR Redovisning
Intangible assets	-	-	2	-	8	-	-
Property, plant and equipment	4	-	1	23	76	2	-
Other non-current assets	-	-	-	-	-	-	-
Customer relationships	136	608	490	837	421	209	749
Right-of-use assets	27		0	830	97	44	55
Current assets	93	189	174	20	276	146	293
Total assets	**260**	**797**	**668**	**1,710**	**877**	**401**	**1,096**
Trade payables and other liabilities	23	85	88	18	349	122	149
Lease liabilities	27	-	0	830	97	44	55
Deferred tax liability	28	152	101	209	105	43	154
Total liabilities	**78**	**237**	**189**	**1,057**	**551**	**209**	**358**
Net assets	**182**	**560**	**478**	**652**	**326**	**192**	**738**
Paid in cash	172	1,186	348	800	960	305	744
Paid in Talenom Plc shares	111	200	264	600	640	-	258
Contingent consideration recognised	177	300	353	300	-	270	859
Consideration transferred	461	1,686	965	1,700	1,600	575	1,861
Net assets of acquisition target	-182	-560	-478	-652	-326	-192	-738
Goodwill	**279**	**1,126**	**487**	**1,048**	**1,274**	**384**	**1,123**

EUR 1,000	Adition Gestion SL	Advisoria Advocats i Economistes SLP	Acega Asesores SL	VM Redovisning AB	Sant Cugat Consulting SL	Gescal Asesores SL	Novak Digital Solutions SL	Share transactions, total
Intangible assets	170	11	-	-	7	1	19	219
Property, plant and equipment	20	40	11	-	22	7	197	403
Other non-current assets	-	-	-	-	41	-	9	50
Customer relationships	507	1,141	159	469	703	224	212	6,863
Right-of-use assets	79	146	53	36	192	29	-	1,585
Current assets	337	673	237	225	277	150	55	3,146
Total assets	**1,114**	**2,011**	**460**	**730**	**1,241**	**411**	**492**	**5,808**
Trade payables and other liabilities	1,025	641	212	180	380	88	171	3,533
Lease liabilities	79	146	53	36	192	29	-	1,585
Deferred tax liability	127	285	40	97	176	56	53	1,625
Total liabilities	**1,231**	**1,072**	**305**	**312**	**747**	**172**	**225**	**2,680**
Net assets	**-117**	**939**	**155**	**417**	**494**	**239**	**267**	**3,128**
Paid in cash	643	2,500	133	486	1,155	219	405	10,056
Paid in Talenom Plc shares	643	100	133	147	495	146	45	3,781
Contingent consideration recognised	-	-	-	630	-	-	270	3,159
Consideration transferred	1,285	2,600	265	1,263	1,650	365	720	16,996
Net assets of acquisition target	117	-939	-155	-417	-494	-239	-267	-5,522
Goodwill	**1,402**	**1,661**	**110**	**846**	**1,156**	**126**	**453**	**5,719**

BUSINESS ACQUISITIONS, TOTAL

EUR 1,000	Gavazzi	Business acquisitions, total
Intangible assets	-	-
Property, plant and equipment	20	20
Customer relationships	-	-
Right-of-use assets	-	-
Current assets	-	-
Total 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	-	-
Contingent consideration recognised	170	170
Consideration transferred	440	440
Net assets of the acquisition target	-20	-20
Goodwill	**420**	**420**

CONTINGENT CONSIDERATIONS

Business acquisitions carry contingent considerations tied to financial and operational objectives, and these are recognised as liabilities in the amount that the management considers likely to arise.

A total of EUR 2,144,000 (897,000 in 2023) in contingent considerations have been recorded in other operating income during the financial period. A total of EUR 103,000 (255,000 in 2023) in realised additional deal prices that exceed the estimate have been recorded in other operating expenses.

At the time of the financial statements on 31 December 2024, EUR 270,000 (31 Dec. 2023 EUR 5,197,000) was recorded as liabilities on contingent considerations. The maximum amount in outstanding contingent considerations according to the relevant agreements is EUR 1,910,000 (31 Dec. 2023 EUR 10,783,000).

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.

	2024	2023
Current assets based on contracts (amortised sales)	299	717

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	2024	2023
Revenue from indefinite customer contracts	123,525	118,796
Revenue from one-off assignments	2,705	2,932
	126,231	121,728

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

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 amortisation period and method of these costs.

RECOGNISED ASSET ITEMS

EUR 1,000	2024	2023
Opening balance	11,347	11,694
Costs of obtaining customer contracts	2,287	2,145
Implementation costs	1,417	1,134
	15,051	14,973
Depreciation for the period	-1,906	-1,806
Impairment	-1,381	-1,820
Capitalised contract costs in the balance sheet	**11,764**	**11,347**

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	2024	2023
Capital gains from disposal of fixed assets	20	13
Unrealised contingent considerations from business acquisitions	2,144	897
Subsidies and grants received	248	56
Other items *)	543	259
Total	**2,955**	**1,225**

*) Other items in 2024 include revenue from the sale of the debt collection business.

NOTE 8

Materials and services

EUR 1,000	2024	2023
Materials and services		
External services	-3,532	-3,884
Total	**-3,532**	**-3,884**

NOTE 9

Employee benefit expenses

EUR 1,000	2024	2023
Salaries and wages	56,401	53,614
Options and share bonuses implemented and paid as shares	1,532	872
Indirect employee costs		
Pension costs – defined contribution plans	6,889	6,892
Other personnel expenses	10,818	10,519
Total	**75,640**	**71,897**

Average number of Group personnel in the financial period:	2024	2023
Salaried employees	1,584	1,501
Total	**1,584**	**1,501**
Number of personnel at the end of the period	**1,554**	**1,560**

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	2024	2023
Depreciation of intangible rights	218	276
Depreciation of other intangible assets	14,178	11,585
Impairment of other intangible assets	0	3,159
Total	**14,396**	**15,019**

Capitalised contract costs

EUR 1,000	2024	2023
Depreciation of capitalised contract costs	1,906	1,806
Impairment	1,381	1,820
Total	**3,287**	**3,626**

Property, plant and equipment

EUR 1,000	2024	2023
Depreciation of plant and equipment	1,119	1,097
Depreciation of right-of-use assets	4,471	4,115
Depreciation of other tangible assets	65	78
Total	**5,655**	**5,290**
Total depreciation and impairment	**23,337**	**23,935**

NOTE 11
Other operating expenses

EUR 1,000	2024	2023
Office expenses	2,806	2,574
Machinery and equipment costs	8,497	7,160
Expenses recorded on contingent considerations	103	255
Other expense items (marketing, administration and other expenses)	3,852	5,299
Total	**15,259**	**15,287**

AUDITOR'S FEES

EUR 1,000	2024	2023
Audit	218	203
Auditor's statements and certificates	45	17
Tax advice	30	0
Other services	32	72
Total	**325**	**292**

The fees charged by KPMG Oy AB are as follows: Auditing EUR 168,000, statutory statements EUR 45,000, non-auditing services EUR 62,000.

NOTE 12
Financial income and expenses

RECOGNISED IN THE INCOME STATEMENT THROUGH PROFIT OR LOSS

Financial income

EUR 1,000	2024	2023
Other financial income	284	433
Total	**284**	**433**

Financing expenses

EUR 1,000	2024	2023
Interest expenses		
Liabilities measured at amortised cost	-4,259	-3,369
Lease liabilities	-318	-255
Other financial expenses	-209	-498
Total	**-4,786**	**-4,122**
Net financing expenses	**-4,502**	**-3,689**

NOTE 13
Income taxes

RECOGNISED IN THE INCOME STATEMENT THROUGH PROFIT OR LOSS

Tax based on the taxable income for the financial period

EUR 1,000	2024	2023
Tax based on the taxable income for the financial period	2,339	2,276
Taxes for previous fiscal periods	-15	-22
Total	**2,324**	**2,254**

Changes in deferred taxes

EUR 1,000	2024	2023
Change in deferred tax assets	-1,092	-1,017
Change in deferred tax liabilities	-408	-339
Total	**-1,500**	**-1,356**
Total tax expense in the income statement	**825**	**899**

Reconciliation between the tax expense in the income statement and taxes calculated at the tax rate applied in Finland

EUR 1,000	2024	2023
Profit before tax	**6,915**	**4,260**
Taxes calculated with the tax rate applicable in Finland (20%)	-1,383	-852
Previously unrecognised tax losses used to reduce the taxes for the period	0	0
Unrecognised deferred tax assets from tax losses	0	-9
Tax-exempt income and non-deductible expenditure	-77	-63
Taxes from previous fiscal periods	15	14
Difference in tax rates between different countries	97	93
Employee share and option schemes	-262	-151
Changes in contingent considerations related to business acquisitions	408	128
Other differences	378	-59
Taxes in the income statement	**-825**	**-899**

CHANGES IN DEFERRED TAXES

2024

EUR 1,000	1 Jan. 2024	Recognised in profit or loss	Recognised in equity	Exchange differences and other differences	31 Dec. 2024
Deferred tax assets					
Lease liabilities	1,943	11	-	0	1,953
Right-of-use assets	-1,880	4	-	0	-1,876
Total leases	62	14	-	0	77
Unused losses for tax purposes *)	1,194	976	-	0	2,170
Other temporary differences	230	101	24	0	356
Total deferred tax assets	**1,487**	**1,092**	**24**	**0**	**2,603**
Deferred tax liabilities					
Acquisitions of subsidiaries and businesses	-4,133	475	-372	0	-4,031
Property, plant and equipment	-78	-13	-	0	-91
Other temporary differences	-115	-54	-	0	-169
Total deferred tax liabilities	**-4,326**	**408**	**-372**	**0**	**-4,291**

*) According to management's estimate, the accrued tax receivables of the loss-making subsidiaries are expected to be utilised in taxation within the time limits for utilising the losses.

2023

EUR 1,000	1 Jan. 2023	Recognised in profit or loss	Recognised in equity	Exchange differences and other differences	31 Dec. 2023
Deferred tax assets					
Lease liabilities	2,027	-85	0	0	1,943
Right-of-use assets	-1,984	104	0	0	-1,880
Total leases	43	19	0	0	62
Unused losses for tax purposes	301	888	-	4	1,194
Other temporary differences	99	109	22	0	230
Total deferred tax assets	**90**	**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	-78
Other temporary differences	-45	-71	-	0	-115
Total deferred tax liabilities	**-2,030**	**339**	**-1,625**	**0**	**-4,326**

NOTE 14

Notes to 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.

	2024	2023
Profit for the financial period attributable to owners of the parent company (EUR 1,000)	6,090	3,361
Weighted average number of shares during the period (1,000)*	45,624	45,176
Effect of share options	0	0
Weighted average number of shares for calculating diluted earnings per share (1,000)	45,478	45,176
Undiluted earnings per share (EUR/share)	0.13	0.07
Diluted earnings per share (EUR/share)	0.13	0.07

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 2024 Leasing Agreements	PROPERTY, PLANT AND EQUIPMENT 2024 Machinery and equipment	Other tangible assets	Total
Acquisition cost, 1 Jan. 2024.	**23,599**	**10,856**	**905**	**11,761**
Increases	4,444	1,395	29	1,424
Acquisitions via business combinations	-	22	0	22
Decreases	-	-370	0	-370
Exchange rate differences	9	0	0	0
Acquisition cost, 31 Dec. 2024	**28,051**	**11,903**	**934**	**12,837**
Accumulated depreciation and impairment, 1 Jan. 2024	-14,198	-6,356	-721	-7,076
Depreciation for the period	-4,471	-1,106	-83	-1,189
Accumulated depreciation on deductions	-	165	0	165
Accumulated depreciation and impairment, 31 Dec. 2024	**-18,669**	**-7,297**	**-804**	**-8,100**
Book value, 1 Jan. 2024	**9,401**	**4,501**	**185**	**4,685**
Book value, 31 Dec. 2024	**9,382**	**4,607**	**130**	**4,737**

EUR 1,000	RIGHT-OF-USE ASSETS 2023 Leasing Agreements	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	0	-540
Exchange rate differences	-	0	0	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**	**2,753**
Book value, 31 Dec. 2023	**9,401**	**4,501**	**185**	**4,685**

NOTE 16
Intangible assets and goodwill

INTANGIBLE ASSETS AND GOODWILL 2024

EUR 1,000	Goodwill	Intangible rights	Software development expenditure	Customer relationships	Total
Acquisition cost, 1 Jan. 2024	**66,648**	**2,876**	**71,677**	**26,039**	**167,240**
Increases	-	-51	-	-	-51
Increases - internal development	-		15,062	-	15,062
Acquisitions via business combinations	1,995	66	-	1,488	3,548
Acquisition cost, 31 Dec. 2024	**68,643**	**2,891**	**86,739**	**27,526**	**185,799**
Accumulated depreciation and impairment, 1 Jan. 2024	0	-2,295	-40,240	-5,912	-48,447
Depreciation for the financial period	-	-131	-11,522	-2,748	-14,400
Impairment	-	-	-	-	-
Accumulated depreciation and impairment, 31 Dec. 2024	**0**	**-2,426**	**-51,762**	**-8,659**	**-62,847**
Book value, 1 Jan. 2024	**66,648**	**581**	**31,437**	**20,127**	**118,793**
Book value, 31 Dec. 2024	**68,643**	**465**	**34,977**	**18,867**	**122,952**

INTANGIBLE ASSETS AND GOODWILL 2023

EUR 1,000	Goodwill	Intangible rights	Software development expenditure	Customer relationships	Total
Acquisition cost, 1 Jan. 2023	**54,986**	**2,543**	**57,141**	**19,176**	**133,846**
Increases	-	115	-	-	115
Increases - internal development	-	-	14,536	-	14,536
Acquisitions via business combinations	11,662	219	-	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	-	-264	-9,353	-2,324	-11,941
Impairment *)	-	-	-3,159	-	-3,159
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 internationalisation needs. As a result, old software used in Finland will be decommissioned. Impairment consists of write-downs related to software.

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	2024	2023
Accounting services Finland - book value	74,881	65,879
Sweden - book value	39,907	41,842
Spain - book value	30,735	21,895
Total	**145,524**	**129,616**

EUR 1,000	2024	2023
Goodwill Finland	24,396	24,396
Goodwill Sweden	26,862	26,862
Goodwill Spain	16,965	13,235
Total goodwill	**68,223**	**64,493**

The Group's goodwill impairment testing is carried out annually based on book values at the end of September.

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 214 million (2023: EUR 201 million).

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

Percent	2024	2023
Growth rate in the residual value period	1.7%	1.7%
Discount rate before tax (WACC)	8.6%	10.4%
Net sales (average annual growth rate, 3 years)	7.7%	6.7%
Estimated EBITDA (average, 3 years)	39.4%	40.2%

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 10,021,000 (2023: EUR 5,313,000).

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

Percent	2024	2023
Growth rate in the residual value period	1.7%	1.7%
Discount rate before tax (WACC)	12.1%	14.2%
Net sales (average annual growth rate, 4 years)	11.0%	14.5%
Estimated EBITDA (average, 4 years)	17.3%	16.7%

In these calculations, the growth rate for the residual value period and discount rate (WACC) are based on market data from external information sources. Profitability in Sweden is forecast to improve significantly from current levels during the forecast period as proprietary software is fully implemented. In addition, the number of personnel will be adjusted to correspond to net sales.

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	2024	2023
Net sales (average annual growth rate, 4 years)	-5.0%	-3.2%
Estimated EBITDA (average, 4 years)	-10.6%	-5.8%
Residual value growth rate	-3.4%	-2.1%
Discount rate (WACC)	2.6%	1.4%

SPAIN

The recoverable cash value of the cash-generating unit was estimated to exceed the book value by EUR 1,970,000 (2023: EUR 1,554,000).

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

Percent	2024	2023
Growth rate in the residual value period	1.7%	1.7%
Discount rate before tax (WACC)	17.2%	16.2%
Net sales (average annual growth rate, 5 years)	13.4%	36.4%
Budgeted EBITDA (average, 5 years)	27.2%	12.7%

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 2021-2024. Since a relatively short time has passed since the acquisitions profitability is expected to improve as business volume and process efficiency increase.

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	2024	2023
Net sales (average annual growth rate, 5 years)	-1.2%	-1.1%
Budgeted EBITDA (average, 5 years)	-3.0%	-1.2%
Residual value growth rate	-1.4%	-1.2%
Discount rate (WACC)	0.8%	0.7%

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.

	2024	2023
Goodwill EUR 1,000	420	420
Book value - Italy EUR 1,000	524	452

Using a market-based testing method, the recoverable amount of the cash-generating unit was estimated to be at least equal to its book value.

NOTE 17

Other financial assets

FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS:

EUR 1,000	2024	2023
Other investments	**186**	**184**
Total	**186**	**184**
Current	**-**	**-**
Non-current	**186**	**184**

The Group's other financial assets consist of investments in shares. These financial assets are classified as recognised 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	2024	2023
Trade receivables	11,150	12,033
Other receivables	5,582	4,708
Total	**16,733**	**16,742**
Current	**16,733**	**16,742**
Non-current	**0**	**0**

OTHER MATERIAL ITEMS OF RECEIVABLES, ADVANCES PAID, PREPAYMENTS AND ACCRUED INCOME

EUR 1,000	2024	2023
Advances paid	2,170	2,471
Lease collateral	689	652
Other accrued income	2,723	1,586
Total	**5,582**	**4,708**

The book value of trade receivables and other receivables is a reasonable estimate of their fair value. The Group recognised a total of EUR 1,115,000 in provisions for expected credit losses in 2024 (EUR 841,000 in 2023). The book values of trade receivables and other receivables best correspond to the maximum amount of the Group's credit risks.

AGE DISTRIBUTION OF TRADE RECEIVABLES AND EXPECTED CREDIT LOSSES

EUR 1,000	2024	Expected credit loss		Net 2024
Not overdue	7,830	-50	1%	7,780
Overdue				
1-30 days	1,610	-83	5%	1,527
31-60 days	344	-65	19%	279
61-90 days	253	-85	33%	169
91-120 days	291	-101	35%	190
over 120 days	1,938	-732	38%	1,206
Overdue, total	**4,436**	**-1,065**		**3,371**
Total	**12,266**	**-1,115**		**11,150**

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**

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	2024	2023
Cash in hand and at banks	8,669	10,254
Cash and cash equivalents in the balance sheet	**8,669**	**10,254**
Cash and cash equivalents in the cash flow statement	**8,669**	**10,254**

TALENOM

NOTE 20

Notes on equity

EUR 1,000	Number of shares 1,000	Equity	Fair value reserve	Reserve for invested unrestricted equity	Translation differences	Total
1 Jan. 2023	44,923	80	0	26,861	60	27,001
Share issue - options and share bonuses	141			233		233
Share issue - business acquisitions	513			3,781		3,781
Cash flow hedging						
Changes in translation differences					-16	-16
31 Dec. 2023	45,577	80	0	30,875	44	30,999
1 Jan. 2024	45,577	80	0	30,875	44	30,999
Share issue - options and share bonuses	41					0
Share issue - business acquisitions	11			60		60
Cash flow hedging			-95			
Changes in translation differences					-5	-5
31 Dec. 2024	45,629	80	-95	30,935	39	30,959

EQUITY

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 2024, the Group held 150,600 own shares.

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

DIVIDENDS

The Board of Directors proposes that a maximum dividend of EUR 0.20 per share be paid. A dividend of EUR 0.19 per share was paid in 2024.

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.

FAIR VALUE RESERVE

The fair value reserve includes the accumulated effective portions of changes in fair values of derivative instruments used for cash flow hedging.

NOTE 21
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 2024 and 28 February 2025, with the 2022 option rights between 1 March 2025 and 20 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 9.09 with 2022 option rights, and EUR 7.23 with 2023 option rights. The proceeds from share subscriptions are recognised 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 May 2021	21 Mar. 2022	20 Apr. 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. 2023 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	9.09	7.23
Share price at time of granting	13.44	9.46	7.42
Implementation	As shares	As shares	As shares

Options held or undistributed by Talenom Plc are presented in the table below.

	2021	2022	2023	Total
Options held by the company	222,500	82,000	100,200	404,700

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

Scheme	2021	2022	2023
Date granted	20 May 2021	21 Mar. 2022	20 Apr. 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	2024	2023
At beginning of period	1,462,100	1,028,565
Granted during the period	0	650,000
Returned	-116,800	-136,900
Executed	0	-79,565
Lapsed	0	0
At end of period	**1,345,300**	**1,462,100**
Available for execution	**0**	**0**

The subscription price of these options is presented above.

SHARE-BASED INCENTIVE PLANS

Performance Share Plan 2024-2027

Talenom's Board of Directors decided on March 14, 2024, on a performance share plan for 2024-2027 for the Group's key personnel. The system is part of the Group's incentive and commitment system for key personnel. The aim is to unify the objectives of the shareholders and key personnel to increase the Company's value in the long term, commit key personnel to the Company and offer them competitive remuneration systems that are based on earning and accumulating Company shares. The Performance Share Plan consists of three vesting periods: 2024-2025, 2025-2026 and 2026-2027. The Board decides on the performance criteria for the plan and the targets set for each criterion at the beginning of the vesting period. For the 2024-2025 vesting period, these were decided on 14 March 2024.

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 vesting period. The first rewards will be paid in 2026.

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

	Vesting period 2024–2025
Basis for the reward	• consolidated net sales • consolidated operating profit and • strategy implementation
Rewards to be paid for the performance period	The rewards correspond at most to the value of some 332,000 Talenom Plc shares including the cash component.
Target group	Around 130 people including the company's Executive Board
Payment of the rewards	No later than April 2026

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

EUR 1,000	2024	2023
Share-based payments	-1,532	-872
Total	**-1,532**	**-872**

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

NOTE 22

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 Dec. 2024		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	186			186		186		186
Total		**186**	**-**	**-**	**186**	**-**	**186**	**-**	**186**
Financial assets that are not regularly measured at fair value									
Trade and other receivables	18			16,733	16,733				0
Cash and cash equivalents	19			8,669	8,669				0
Total		**-**	**-**	**25,401**	**25,401**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value									
Interest rate swaps	24		119		119		119		119
Contingent considerations from business acquisitions	25			270	270				0
Total		**0**	**119**	**270**	**389**	**-**	**-**	**-**	**0**
Financial liabilities that are not regularly measured at fair value									
Bank loans	23		40,000	46,157	86,157				0
Trade payables	25			2,011	2,011				0
Total		**-**	**-**	**48,168**	**88,168**	**-**	**-**	**-**	**0**

31 Dec. 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**	**-**	**184**
Financial assets that are not regularly measured at fair value									
Trade and other receivables	18			16,742	16,742				0
Cash and cash equivalents	19			10,254	10,254				0
Total		**-**	**-**	**26,996**	**26,996**	**-**	**0**	**-**	**0**
Financial liabilities measured at fair value									
Contingent considerations from business acquisitions	25	5,196			5,196				0
Total		**5,196**	**-**	**-**	**5,196**	**-**	**-**	**-**	**0**
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**

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 2024 or 2023 financial periods.

NOTE 23

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**	**2024**	**2023**
Financial liabilities	4.58 - 5.04%	30 Sep. 2026	85,641	70,818
Instalment payment liabilities	3.86 - 5.12%		517	366
Total			**86,157**	**71,184**

Current liabilities measured at amortised cost

			Book value	
EUR 1,000	**Interest rate**	**Maturity date**	**2024**	**2023**
Financial liabilities			80	5,101
Instalment payment liabilities	3.86 - 5.12%		467	276
Total			**547**	**5,377**
Total interest-bearing liabilities			**86,704**	**76,561**

In June 2024, Talenom made an agreement with Danske Bank A/S Finland branch for a secured loan of EUR 15 million, which was used to pay off the short-term EUR 5 million and EUR 10 million credit facility loans. The loan matures on 30 September 2026 and based on the credit agreement the loan period can be extended twice by one year at a time for a maximum maturity date of 30 September 2028. The loan is tied to the six-month Euribor plus a margin.

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

		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**

		Cash flows	Changes that do not affect cash flow			
	2024		**New lease agreements**	**Increases**	**Changes in fair value**	**2024**
Non-current liabilities	71,184	14,973				86,157
Current liabilities	5,377	-4,828				549
Contingent considerations on acquired businesses	5,196	-2,937			-1,989	270
Lease liabilities	9,536	-4,300	4,345			9,580
Total liabilities from financing operations	**91,294**	**2,908**	**4,345**	**0**	**-1,989**	**96,557**

NOTE 24

Lease liabilities and other non-current financial liabilities

EUR 1,000	**2024**	**2023**
Lease liabilities		
Non-current lease liabilities	5,714	5,592
Current lease liabilities	3,866	3,944
Total lease liabilities	**9,580**	**9,536**

The maturities of lease liabilities are presented in Note 26.

EUR 1,000	**2024**	**2023**
Derivative instruments - hedge accounting		
Interest rate swaps - fair value	119	0
Nominal value	40,000	0
Current	**0**	**0**
Non-current	**119**	**0**

Other non-current financial liabilities measured at fair value through profit or loss consist of derivative instruments to which hedge accounting is applied. The balance sheet values of derivative liabilities reflect negative fair values of interest rate swaps at the end of the financial year. Cash flow hedge accounting is applied to derivative contracts included within the scope of hedge accounting. Changes in the fair value of these are recorded in equity in the fair value reserve to the extent that the hedges are effective. These hedging derivative instruments are used to reduce risks arising from fluctuations in lendingt rates. The fair values of derivative instruments are determined on the basis of derivative agreement confirmations from banks.

Information on fair value measurement is presented in Note 22.

NOTE 25
Trade and other payables

EUR 1,000	2024	2023
Instalment payment liabilities	0	642
Trade payables	2,011	3,621
Advances received on customer contracts	392	381
Accrued expenses	20,235	19,259
Contingent considerations from business acquisitions	270	5,196
Debts from business acquisitions	1,300	
Total	**24,208**	**29,099**
Total current	**22,259**	**28,463**
Total non-current	**650**	**636**

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	2024	2023
Costs arising employee benefit	12,378	13,134
Interest payable	426	576
VAT liability	5,468	4,331
Other accrued expenses and deferred income	1,962	1,217
Total	**20,235**	**19,259**

NOTE 26
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.

EUR 1,000	Nominal value 2024	2023
Variable-rate instruments		
Bank loans	85,641	75,919
Impact of interest rate swaps	40,000	0
Open position	**45,641**	**75,919**

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. 2024, INTEREST RATES RISE/FALL BY 0.5 PERCENTAGE POINTS COMPARED TO LEVELS PREVAILING ON 31 DEC. 2024

EUR 1,000	Impact on income statement +0.5%	-0.5%
Interest rate effect, variable rate loans	-225	225
Impact before taxes		

EUR 1,000	Impact on equity +0.5%	-0.5%
Interest rate swaps - fair value	2	-2
Impact before taxes		

SENSITIVITY ANALYSIS 31 DEC. 2023, INTEREST RATES RISE/FALL BY 0.5 PERCENTAGE POINTS COMPARED TO LEVELS PREVAILING ON 31 DEC. 2023

EUR 1,000	Impact on income statement +0.5%	-0.5%
Interest rate effect, variable rate loans	-380	380
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. 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 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 2024 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 2024

EUR 1,000	Balance sheet value	Cash flow	2025	2026	2027	2028	2029	2030	2031 -
Financial liabilities									
Bank loans	**85,721**	**93,032**	4,456	88,260	93	69	48	43	63
Trade payables and other liabilities	**984**	**1,057**	506	282	270	0	0	0	0
Lease liabilities	**9,580**	**9,736**	4,046	2,191	1,345	971	751	356	76
Total	**96,284**	**103,825**	**9,008**	**90,733**	**1,708**	**1,040**	**799**	**398**	**139**

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**

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	2024	2023
Interest-bearing financial liabilities	85,722	75,919
Lease liabilities	9,580	9,536
Instalment payment liabilities	984	642
Cash and cash equivalents	8,669	10,255
Net liabilities	**87,618**	**75,842**
Total equity	**54,377**	**55,814**
Net gearing ratio, %	**161%**	**136%**

NOTE 27
Lease agreements (Group as lessee)

Items recorded in the income statement	2024	2023
EUR 1,000		
Interest expenses on lease liabilities	318	255
Expenses related to short-term leases	386	294
Expenses related to low-value leases	0	0

The total cash flow from leases in 2024 was EUR 5,005,000 (2023: EUR 4,580,000).

Rental income from subletting is presented in Note 7.

NOTE 28
Contingent liabilities

COLLATERAL AND CONTINGENT LIABILITIES

EUR 1,000	2024	2023
Liabilities secured by an enterprise mortgage		
Loans from financial institutions	85,000	75,000
Mortgages	110,100	95,100
Other pledges and contingent liabilities		
Other*	21,768	16,479

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

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. 2024. The covenants are reviewed at six-month intervals.

LEGAL PROCEEDINGS

The Group did not have any significant pending legal proceedings on 31 Dec. 2024.

OTHER LEASE AGREEMENTS

For information on leases that have not been recognised 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	2024	2023
Selling of services	280	280
Purchases of services	135	6
Total	**414**	**286**

The 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	2024	2023
Salaries and other short-term employee benefits	1,117	1,008
Post-employment benefits	191	168
Share-based benefits	215	362
Total	**1,523**	**1,538**

The amounts shown in the table correspond to the expenses recognised 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 2023 and 2024.

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 2024 was EUR 40,000 (EUR 39,000 in 2023).

REMUNERATION PAID TO THE BOARD OF DIRECTORS AND CEO AND RECOGNISED AS COSTS BY PERSON

EUR 1,000		2024	2023
	Otto-Pekka Huhtala, CEO	290	234
Board of Directors			
	Harri Tahkola, Chairman of the Board	72	70
	Olli Hyyppä, member of the Board	26	26
	Mikko Siuruainen, member of the Board	26	26
	Johannes Karjula, member of the Board	26	26
	Sampsa Laine, member of the Board	24	26
	Elina Tourunen, member of the Board	26	26
	Erik Tahkola, member of the Board	26	24
Total		**518**	**458**

NOTE 30
Events after the end of the reporting period

Talenom Plc has agreed with its subsidiary Talenom Solutions Oy (formerly Talenom Finance Oy) on a business transfer in which Talenom Plc will transfer the assets belonging to its software business and the liabilities allocated to the transferred assets to Talenom Solutions Oy. Talenom Solutions Oy will continue the software business transferred to it on February 1, 2025, and in return for the contribution given as subscription in kind , Talenom Plc will receive new shares in Talenom Solutions Oy.

Parent company's income statement

EUR	1 Jan. 2024 - 31. Dec 2024	1 Jan. 2023 - 31. Dec 2023
REVENUE	**54,874,163.68**	**51,743,586.84**
Other operating income	1,896,851.56	1,212,378.48
Materials and services		
External services	-24,521,183.67	-20,714,400.74
Total materials and services	-24,521,183.67	-20,714,400.74
Personnel expenses		
Wages and salaries	-4,745,461.40	-4,902,144.72
Indirect employee costs		
Pension costs	-782,041.90	-811,589.68
Other indirect employee costs	-48,300.68	-121,849.35
Total personnel costs	-5,575,803.98	-5,835,583.75
Depreciation and impairment		
Depreciation according to plan	-14,367,033.22	-12,844,528.34
Impairment on non-current assets	-1,275,928.23	-4,820,681.20
Total depreciation and impairment	-15,642,961.45	-17,665,209.54
Other operating expenses	-6,330,768.83	-7,074,243.29
OPERATING PROFIT (LOSS)	**4,700,297.31**	**1,666,528.00**
Financial income and expenses		
Other interest and financial income		
From Group companies	754,227.39	687,789.66
From others	856,240.93	1,146,194.26
Interest expenses and other financial expenses		
To others	-5,045,181.37	-4,473,475.36
Total financial income and expenses	-3,434,713.05	-2,639,491.44
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**1,265,584.26**	**-972,963.44**
Appropriations		
Increase (-) or decrease (+) in depreciation difference	-23,612.82	32,575.35
Group contribution	10,160,000.00	8,530,000.00
Total appropriations	10,136,387.18	8,562,575.35
Income taxes	-2,330,881.30	-1,797,177.14
PROFIT (LOSS) FOR THE PERIOD	**9,071,090.14**	**5,792,434.77**

Parent company's balance sheet

EUR	31 Dec. 2024	31 Dec. 2023
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development costs	32,400,488.54	29,779,665.64
Intangible rights	69,636.96	139,906.19
Goodwill	4,117,239.24	5,366,033.75
Other intangible assets	10,872,211.32	10,332,759.05
Advance payments	0.00	535,950.00
Total intangible assets	47,459,576.06	46,154,314.63
Tangible assets		
Machinery and equipment	1,921,426.62	1,762,600.18
Total tangible assets	1,921,426.62	1,762,600.18
Investments		
Shares in group companies	68,530,844.28	62,835,702.10
Receivables from group companies	2,650,000.00	4,272,206.20
Total investments	71,180,844.28	67,107,908.30
TOTAL NON-CURRENT ASSETS	**120,561,846.96**	**115,024,823.11**
CURRENT ASSETS		
Receivables		
Non-current receivables		
Receivables from group companies	8,340,382.21	7,376,740.12
Total non-current receivables	8,340,382.21	7,376,740.12
Current receivables		
Trade receivables	3,836,707.62	3,670,406.01
Receivables from group companies	25,604,861.15	22,447,033.82
Other receivables	787,623.70	10,000.03
Accrued income	2,168,144.25	2,509,266.32
Total current receivables	32,397,336.72	28,636,706.18
Total receivables	40,737,718.93	36,013,446.30
Cash in hand and in banks	6,739,882.24	7,133,522.65
TOTAL CURRENT ASSETS	**47,477,601.17**	**43,146,968.95**
TOTAL ASSETS	**168,039,448.13**	**158,171,792.06**

EUR	31 Dec. 2024	31 Dec. 2023
EQUITY AND LIABILITIES		
EQUITY		
Equity		
Equity	80,000.00	80,000.00
Total share capital	80,000.00	80,000.00
Other reserves		
Reserve for invested unrestricted equity	31,340,931.90	31,281,381.90
Other funds, total	31,340,931.90	31,281,381.90
Retained earnings (loss)	7,027,889.22	9,874,259.50
Profit (loss) for the financial period	9,071,090.14	5,792,434.77
TOTAL EQUITY	**47,519,911.26**	**47,028,076.17**
ACCRUED APPROPRIATIONS		
Depreciation in excess of plan	86,134.42	62,521.60
TOTAL ACCUMULATED APPROPRIATIONS	**86,134.42**	**62,521.60**
LIABILITIES		
Non-current		
Loans from financial institutions	85,151,415.85	70,000,000.00
Trade payables	0.00	25,961.79
Other liabilities	650,000.00	270,000.00
Total non-current	85,801,415.85	70,295,961.79
Current		
Loans from financial institutions	105,441.74	5,000,000.00
Advances received	166,362.68	140,088.30
Trade payables	872,241.75	971,291.73
Liabilities to Group companies	29,996,017.36	27,589,456.48
Other liabilities	1,711,192.65	5,095,844.16
Accrued expenses	1,780,730.42	1,988,551.83
Total current	34,631,986.60	40,785,232.50
TOTAL LIABILITIES	**120,433,402.45**	**111,081,194.29**
TOTAL EQUITY AND LIABILITIES	**168,039,448.13**	**158,171,792.06**

Parent company's cash flow statement

EUR	1 Jan. 2024 - 31. Dec 2024	1 Jan. 2023 - 31. Dec 2023
Cash flow from operating activities		
Profit (loss) before appropriations and taxes	1,265,584.26	-972,963.44
Adjustments:		
Depreciation and impairment	15,642,961.45	17,665,209.54
Financial income and expenses	3,434,713.05	2,639,491.44
Gains from the sale of tangible assets	-13,836.01	0.00
Losses from the sale of tangible assets	0.00	2,230.79
Other adjustments	1,533.53	-204.60
Change in working capital:		
Inc. (-)/dec. (+) in current receivables	-1,621,208.07	922,692.11
Inc. (-)/dec. (+) in non-current receivables	0.00	0.00
Inc. (+)/dec. (-) in current liabilities	3,581,556.60	-1,505,700.38
Operating cash flow before financing items and taxes	22,291,304.81	18,750,755.46
Interest income	530,243.26	498,878.14
Paid interest and payments from other operational financing costs	-4,416,369.30	-3,068,768.06
Direct tax paid	-1,904,960.72	-3,497,997.27
Cash flow from operating activities	**16,500,218.05**	**12,682,868.27**
Cash flow from investments		
Acquisition of shares in subsidiaries	-4,065,462.30	-14,630,117.26
Investments in software	-13,471,775.04	-13,510,012.05
Capitalisation of contract costs	-3,391,466.95	-3,104,761.55
Investments in other intangible assets	-18,943.63	-97,610.36
Acquisition of property, plant and equipment	-826,652.68	-917,877.18
Sale of property, plant and equipment	65,838.99	34,410.79
Cash flow from investment activities	**-21,708,461.61**	**-32,225,967.61**
Financial cash flow		
Withdrawal of long-term loans	15,000,000.00	10,000,000.00
Repayment of long-term loans	-5,000,000.00	0.00
New short-term loans	0.00	5,000,000.00
Inc. (+)/dec. (-) in instalment payment liabilities	192,142.50	-5,084.84
Paid share issue	0.00	233,125.45
Dividends paid	-8,638,805.05	-8,111,631.24
Group contributions received	8,530,000.00	10,360,000.00
Change in Group financing	-5,268,734.30	-4,101,878.38
Financial cash flow	**4,814,603.15**	**13,374,530.99**
Increase (+)/decrease (-) in cash and cash equivalents	**-393,640.41**	**-6,168,568.35**
Liquid assets at beginning of fiscal period	**7,133,522.65**	**13,302,091.00**
Liquid assets at end of fiscal period	6,739,882.24	7,133,522.65

Notes to accounting principles

VALUATION AND ACCRUAL PRINCIPLES AND METHODS

Talenom Plc's financial statements have been prepared in accordance with the Finnish Accounting standards (FAS).

Tangible and intangible assets recognized 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 recognized 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 the shares in subsidiaries is based on the subsidiaries' financial performance over a longer period. The balance sheet values of the shares in subsidiaries are reviewed annually as part of the Group's impairment testing. In addition, the development of the subsidiaries' earnings and balance sheet position is assessed annually based on the realized earnings development and balance sheet at the Group level.

The company uses an interest rate swap to manage interest rate risk, where the interest income or interest expense is used to adjust the interest on the hedged item.

Notes to the income statement

OTHER OPERATING INCOME

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
License fees from subsidiaries	1,200,000.00	1,200,000.00
Gains on the disposal of fixed assets	13,836.01	0.00
Grants and subsidies received	247,592.00	8,618.00
Other income	435,423.55	3,760.48
	1,896,851.56	**1,212,378.48**

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:

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Own software		
External services	13,481,243.03	13,510,012.06
Personnel expenses	0.00	0.00
Other operating expenses	0.00	0.00
	13,481,243.03	**13,510,012.06**
Customer contract expenses		
External services	1,146,906.35	1,032,576.37
Personnel expenses	1,409,056.06	1,225,293.39
Other operating expenses	835,504.84	846,891.65
	3,391,467.25	**3,104,761.41**

BASIS FOR AND CHANGES IN DEPRECIATION ACCORDING TO PLAN, 31 DEC. 2024

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.

FINANCIAL INCOME AND EXPENSES

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Interest income from group companies	754,227.39	687,789.66
Interest income from others	158,465.42	67,174.18
Interest expenses to group companies	0.00	0.00
Interest expenses to others	-4,193,921.52	-3,318,419.36
Exchange rate differences	-80,777.22	31,897.50
Other financial income and expenses	-72,707.12	-107,933.42
	-3,434,713.05	-2,639,491.44

NOTES ON INCOME TAXES

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Income taxes on ordinary activities	-2,330,881.30	-1,797,177.14
Deferred taxes	0.00	0.00
	-2,330,881.30	-1,797,177.14

Notes on assets in the balance sheet

CHANGES IN NON-CURRENT ASSETS 1 JAN. 2024 - 31 DEC. 2024

EUR	Development costs	Intangible rights	Goodwill	Other intangible assets	Machinery and equipment
Acquisition cost at beginning of period	69,336,047.40	1,500,029.07	18,627,844.01	24,221,270.05	6,015,602.32
Increases during the financial period	13,471,775.04	18,943.65		3,391,466.95	826,652.68
Decreases during the financial period					-130,172.89
Acquisition cost at end of period	82,807,822.44	1,518,972.72	18,627,844.01	27,612,737.00	6,712,082.11
Accumulated depreciation and impairment at the beginning of period	-39,556,381.76	-1,360,122.88	-13,261,810.26	-13,888,511.00	-4,253,002.14
Depreciation according to plan during financial period	-10,850,952.14	-89,212.86	-1,248,794.52	-1,576,086.45	-601,987.25
Depreciation accumulated in decreases					64,333.90
Impairment				-1,275,928.23	
Accumulated depreciation and impairment at the end of period	-50,407,333.90	-1,449,335.74	-14,510,604.78	-16,740,525.68	-4,790,655.49
Accumulated depreciation difference at the beginning of period	0.00	0.00	0.00	0.00	62,521.60
Depreciation difference for the financial period	0.00	0.00	0.00	0.00	23,612.82
Accumulated depreciation difference at the end of period	0.00	0.00	0.00	0.00	86,134.42
Acquisition cost at end of period	82,807,822.44	1,518,972.72	18,627,844.01	27,612,737.00	6,712,082.11
Accumulated depreciation at the end of period	-50,407,333.90	-1,449,335.74	-14,510,604.78	-16,740,525.68	-4,790,655.49
Residue of initial outlay at end of period	32,400,488.54	69,636.98	4,117,239.23	10,872,211.32	1,921,426.62
Accumulated depreciation difference at the end of period	0.00	0.00	0.00	0.00	86,134.42
Residue of initial outlay after full depreciation	32,400,488.54	69,636.98	4,117,239.23	10,872,211.32	1,835,292.20

TALENOM

CHANGES IN NON-CURRENT ASSETS 1 JAN. 2023 - 31 DEC. 2023

EUR	Development costs	Intangible rights	Goodwill	Other intangible assets	Machinery and equipment
Acquisition cost at beginning of 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 end of 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 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 of 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 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 period	0.00	0.00	0.00	0.00	62,521.60
Acquisition cost at end of 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 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 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 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

DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS AND OTHER LONG-TERM EXPENDITURE:

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Development costs	10,850,952.14	9,260,417.05
Intangible rights	89,212.86	151,711.49
Goodwill	1,248,794.52	1,420,646.72
Other intangible assets	1,576,086.45	1,460,095.32
Machinery and equipment	601,987.25	551,657.76
Impairment of development expenditure	0.00	3,158,838.12
Impairment of other intangible assets	1,275,928.23	1,661,843.08
Total depreciation	15,642,961.45	17,665,209.54

RECEIVABLES FROM GROUP COMPANIES:

EUR	31 Dec. 2024	31 Dec. 2023
Non-current		
Capital loans granted	2,650,000.00	4,272,206.20
Group loan receivables	8,340,382.21	7,376,740.12
	10,990,382.21	11,648,946.32
Current		
Group trade receivables	2,705,798.18	1,719,852.93
Other Group receivables	21,471,883.99	19,440,380.82
Group prepayments and accrued income	1,427,178.98	1,286,800.07
	25,604,861.15	22,447,033.82
Total receivables from Group companies	36,595,243.36	34,095,980.14

Accrued income

EUR	31 Dec. 2024	31 Dec. 2023
Lease collateral paid	34,853.22	40,046.84
Tax receivables	579,690.48	1,084,605.82
Other expense advances	1,474,605.79	1,384,613.66
	2,089,149.49	2,509,266.32

Notes to balance sheet liabilities

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
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	31,281,381.90	27,267,226.59
Share issue	59,550.00	4,014,155.31
Reserve for invested unrestricted equity at the end of the period	31,340,931.90	31,281,381.90
Retained earnings at beginning of period	9,874,259.50	7,086,068.04
Retained earnings	5,792,434.77	10,899,822.70
Dividends paid	-8,638,805.05	-8,111,631.24
Retained earnings at end of period	7,027,889.22	9,874,259.50
Profit/loss for the period	9,071,090.14	5,792,434.77
Total unrestricted equity	**47,439,911.26**	**46,948,076.17**
Total equity	**47,519,911.26**	**47,028,076.17**

Calculation of distributable assets

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Retained earnings at the beginning of period	17,168,410.53	17,985,890.74
Profit/loss for the period	9,071,090.14	5,792,434.77
Dividends paid	-8,638,805.05	-8,111,631.24
Reserve for invested unrestricted equity	31,340,931.90	31,281,381.90
Capitalized development costs	-32,400,488.54	-29,779,665.64
Total distributable assets	16,541,138.98	17,168,410.53

LOANS FROM FINANCIAL INSTITUTIONS

Liabilities due after five years

EUR	31 Dec. 2024	31 Dec. 2023
Loans from financial institutions	0.00	0.00

LIABILITIES TO GROUP COMPANIES:

EUR Current	31 Dec. 2024	31 Dec. 2023
Trade payables	10,361,184.58	7,069,239.41
Other liabilities	19,634,832.78	20,520,217.07
	29,996,017.36	27,589,456.48

Accrued expenses

EUR	31 Dec. 2024	31 Dec. 2023
Holiday pay liabilities	704,629.48	664,292.59
Social security expenses for holiday pay	142,813.33	143,361.15
Interest liabilities	426,329.06	576,069.72
Deferred tax liabilities	0.00	0.00
Other accrued expenses and deferred income	506,958.55	604,828.37
	1,780,730.42	1,988,551.83

Guarantees and commitments

Liabilities secured by an enterprise mortgage

EUR	31 Dec. 2024	31 Dec. 2023
Loans from financial institutions	85,000,000	75,000,000
Enterprise mortgages provided as security	110,100,000	95,100,000
Other deposits and enterprise mortgages		
Enterprise mortgages	110,100,000	95,100,000

Instalment payment commitments

EUR	31 Dec. 2024	31 Dec. 2023
Total instalment payment liabilities	256,857.59	64,715.09
Book value of assets held as collateral	347,025.30	151,832.50

Off-balance sheet leasing liabilities

EUR	31 Dec. 2024	31 Dec. 2023
	2,910,593.26	4,344,942.81

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.

Notes on the remuneration of the auditor

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Audit	119,450.00	113,976.53
Assignments as referred to in section 1(1)(2) of the Auditing Act	45,200.00	16,300.00
Tax advice	29,878.13	0.00
Other services	31,848.75	68,054.90
	226,376.88	**198,331.43**

Notes on related party transactions

Subsidiaries

EUR	31 Dec. 2024	31 Dec. 2023
Loans granted to subsidiaries	10,990,382.21	7,376,740.12

The loans have been granted to strengthen the subsidiaries' equity and secure liquidity. The interest rate on the loans is 6-month Euribor + 1.2%.

Other related parties

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
Sales of services	70,144.00	63,849.00
Purchases of services	1,990.00	0.00

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

Notes on personnel and members of governing bodies

Number of personnel

	31 Dec. 2024	31 Dec. 2023
Average number of employees at the company	98	95

Salaries and bonuses of senior managers

EUR	1 Jan. 2024 - 31 Dec. 2024	1 Jan. 2023 - 31 Dec. 2023
CEO	289,937.20	316,891.62
Board of Directors	228,200.00	223,894.00

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 2024 and 2023. The CEO's remuneration for 2024 includes EUR 58,555 in share-based benefits (2023: EUR 82,458).

Holdings in other companies

Holdings of companies in which the company owns more than one-fifth, 31 Dec. 2024

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 Freelancer Oy	Oulu	100%
Talenom Finance Oy	Oulu	100%
Talenom Balance-Team Oy	Helsinki	100%
Talenom Redovisning Ab	Stockholm	100%
Talenom Consulting AB	Malmö	100%
Talenom Helsingborg AB	Helsingborg	100%
Talenom Norrköping EC AB	Norrköping	100%
Talenom Redovisning i Strängnäs AB	Strängnäs	100%
Talenom Blekinge AB	Karlskrona	100%
Talenom SL	Barcelona	100%
Asintesa SL	Barcelona	100%
Talenom S.R.L	Milan	100%

Other notes as specified in the limited liability companies act

The company's share classes:

Share class	number	
Shares	45,628,572	of which the company holds 150,600

TALENOM

STATEMENTS BY THE BOARD OF DIRECTORS AND THE CEO

We confirm that:

- the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the EU, and the parent company's financial statements, prepared in accordance with the financial reporting regulations in force in Finland, give a true and fair view of the assets, liabilities, financial position, and profit or loss of both the company and the entities included in its consolidated financial statements

- the annual report includes a true and fair view of the development and performance of the business of the company and the companies included in the consolidated financial statements, as well as a description of the most significant risks and uncertainties and other information on the state of the company; and

- the sustainability report included in the annual report has been prepared in accordance with the sustainability reporting standards referred to in Chapter 7 of the Accounting Act and Article 8 of the Taxonomy Regulation

Oulu, 26 February 2025

ANNUAL REPORT AND FINANCIAL STATEMENTS SIGNED BY THE BOARD OF DIRECTORS AND THE CEO:

Harri Tahkola
Chairman of the Board

Mikko Siuruainen
Member of the Board

Olli Hyyppä
Member of the Board

Johannes Karjula
Member of the Board

Elina Tourunen
Member of the Board

Erik Tahkola
Member of the Board

Otto-Pekka Huhtala
CEO

AUDITOR'S NOTE

A report has today been issued on the audit performed.

Oulu, 26 February 2025

KPMG Oy Ab

Juho Rautio
APA

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 (2551454-2) for the year ended 31 December, 2024. 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 68.6 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 18.9 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 15.1 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 35.0 million or 64 % 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 32.4 million or 68 % 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.

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 79.5 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 12 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 compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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 compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

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, 26 February 2025

KPMG OY AB

Juho Rautio
Authorised Public Accountant, KHT

TALENOM