Financial Statement Release 2024

Moderate net sales growth, improving EBITDA and software business separation marked year 2024

1 Jan.–31 Dec. 2024 (unaudited)

Financial Statement Release 2024:

Moderate net sales growth, improving EBITDA and software business separation marked year 2024

January–December 2024 in brief

- Net sales EUR 126.2 (121.7) million, growth 3.7% (19.2)
- EBITDA EUR 34.8 (31.9) million, 27.5% (26.2) of net sales
- Comparable operating profit (EBIT)* EUR 11.4 (11.1) million, 9.0% (9.1) of net sales
- Operating profit (EBIT) EUR 11.4 (7.9) million, 9.0% (6.5) of net sales
- Net profit EUR 6.1 (3.4) million
- Earnings per share EUR 0.13 (0.07)
- 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

October–December 2024 in brief

- Net sales EUR 29.2 (29.7) million, decrease -1.7% (12.8)
- EBITDA EUR 6.1 (7.0) million, 20.7% (23.7) of net sales
- Comparable operating profit (EBIT)* EUR 0.06 (1.6) million, 0.2% (5.4) of net sales
- Operating profit (EBIT) EUR 0.06 (1.6) million, 0.2% (5.4) of net sales
- Net profit EUR 0.1 (0.8) million
- Earnings per share EUR 0.00 (0.02)

Key figures

Group	1–12/2024	1–12/2023	Change, %	10–12/2024	10–12/2023	Change, %
Net sales, EUR 1,000	126,231	121,728	3.7%	29,207	29,716	-1.7%
Net sales, increase %	3.7%	19.2%		-1.7%	12.8%	
EBITDA, EUR 1,000	34,754	31,884	9.0%	6,060	7,029	-13.8%
EBITDA of net sales, %	27.5%	26.2%		20.7%	23.7%	
Operating profit (EBIT), EUR 1,000	11,417	7,948	43.6%	55	1,598	-96.5%
Operating profit (EBIT), as % of net sales	9.0%	6.5%		0.2%	5.4%	
Comparable operating profit, EUR 1,000 *)	11,417	11,107	2.8%	55	1,598	-96.5%
Comparable operating profit, as % of net sales	9.0%	9.1%		0.2%	5.4%	
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%	5,353	9,056	-40.9%
Liquid assets, EUR 1,000	8,669	10,254	-15.5%	8,669	10,254	-15.5%
Earnings per share, EUR	0.13	0.07	80.0%	0.00	0.02	-85.2%
Weighted average number of shares during the period	45,472,919	45,175,668	0.7%	45,477,972	45,410,852	0.1%
Net profit, EUR 1,000	6,090	3,361	81.2%	149	831	-82.0%

*) Operating profit excluding software-related write-downs

Financial guidance for 2025 (published on 13 December 2024)

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

CEO Otto-Pekka Huhtala

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 (121.8). 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.

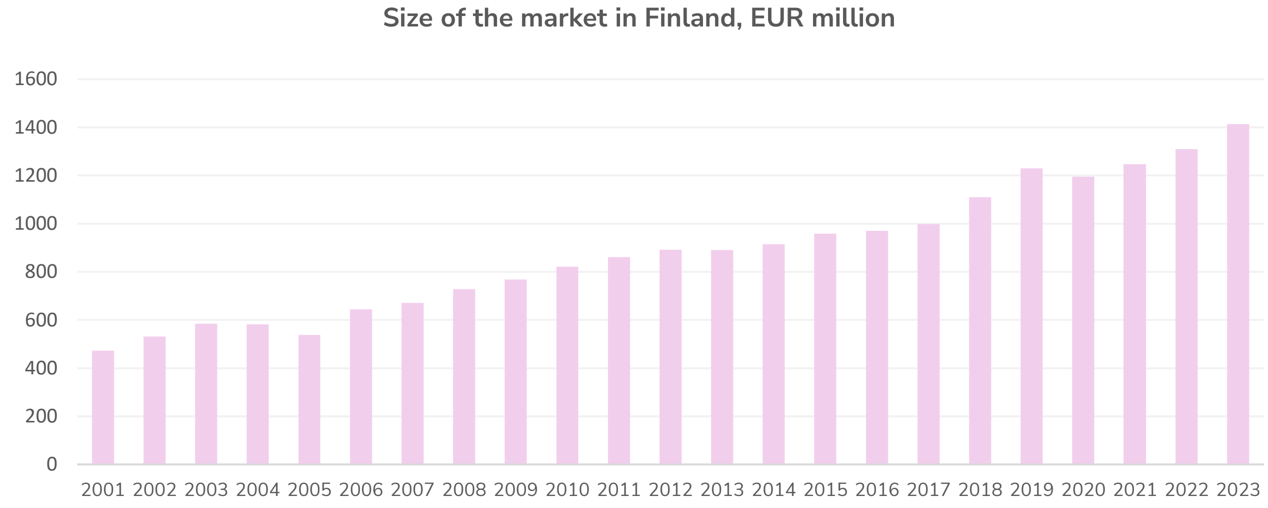
I would like to thank our customers for their trust during the past year, our excellent personnel for their commitment to building Talenom, and our partners for creating joint growth.

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.



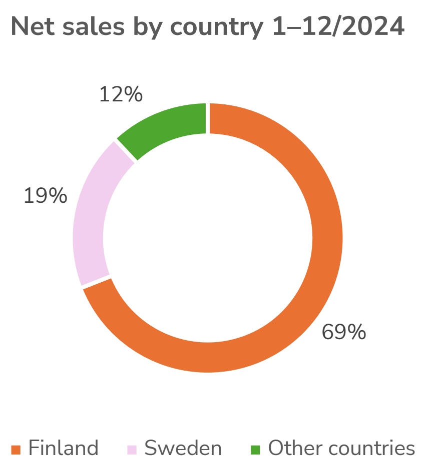
The Finnish accounting firm market is fragmented. According to Statistics Finland, there were 6,261 companies in the sector in 2023 (2022: 6,196), and the average company size was 2.2 (2.1) employees. There are many one-person offices and part-time entrepreneurs in the accounting firm market.

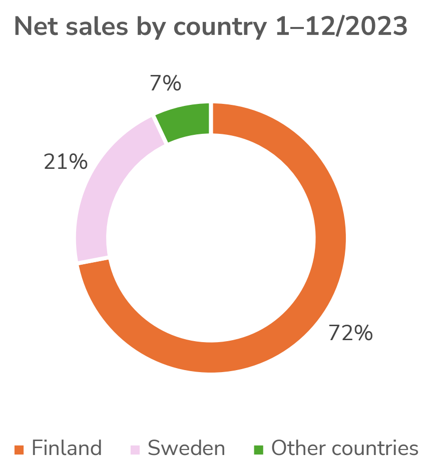
We estimate the size of the Swedish accounting market is around EUR 2 billion, Spain some EUR 10 billion and Italy about EUR 12 billion. Sweden lags behind Finland in the digitalisation of the accounting services industry but is clearly ahead of Spain and Italy.

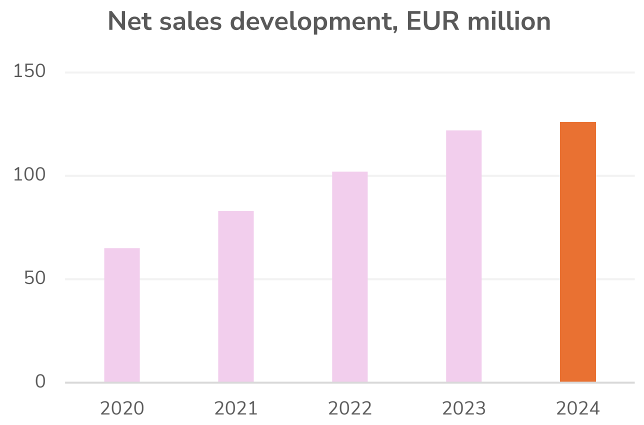
Decisions were taken in Europe in 2022 on the mandatory introduction of the e-invoicing directive in coming years, which is expected to accelerate the digital transformation of the industry. According to current information, in Spain, companies with net sales of over EUR 8 million have to introduce e-invoicing during 2025 and all companies during 2026 and 2027.

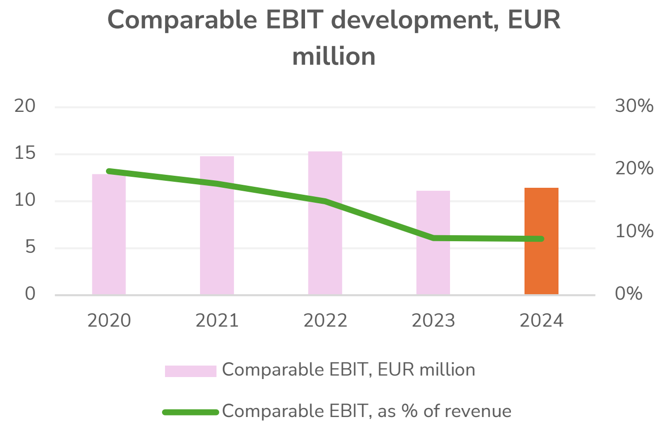
The accounting industry is in a revolution driven by digitalisation, outsourcing, expanding service offering, and increasing importance of consulting, as well as a work revolution and legislative changes. The industry revolution will gradually consolidate the market.

Group’s financial performance January-December 2024









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.

Group's financial performance October-December 2024

Net sales decreased by -1.7% to EUR 29.2 (29.7) million. The economic downturn in Finland and Sweden has slowed organic growth. Furthermore, in Sweden, changes caused by the implementation of own software have increased personnel turnover and led to increased customer churn.

EBITDA decreased by -13.8% and amounted EUR 6.1 (7.0) million or 20.7% (23.7) of net sales. Operating profit fell 96.5% and amounted EUR 0.06 (1.6) million or 0.2% (5.4) of net sales. Profitability weakened due to the one-off cost impact of the change negotiations of an estimated EUR 0.5 million. Furthermore, the placement of public holidays in December reduced the actual number of working days due to vacation time. Profitability development was also slowed down by the development of net sales, especially in Sweden, and the introduction of own software there, which kept the cost level higher than normal.

The change negotiations carried out at the end of the year will reduce the level of software investments in 2025 by approximately EUR 2.3 million, which will have a positive impact on cash flow and a moderating 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.

Net profit decreased by -82.0% to EUR 0.1 million (0.8).

Country-specific financial development

Finland

	1–12/2024	1–12/2023	Change, %	10–12/2024	10–12/2023	Change, %
Net sales, EUR 1,000	86,698	87,759	-1.2%	20,648	20,788	-0.7%
Net sales growth, %	-1.2%	8.3%		-0.7%	4.7%	
EBITDA, EUR 1000	33,651	31,696	6.2%	7,166	7,594	-5.6%
EBITDA of net sales, %	38.8%	36.1%		34.7%	36.5%	
Depreciation and amortisations, EUR 1,000	-18,391	-20,306	-9.4%	-4,793	-4,349	10.2%
Operating profit, EUR 1,000	15,260	11,390	34.0%	2,373	3,245	-26.9%
Operating profit of net sales, %	17.6%	13.0%		11.5%	15.6%	
Comparable operating profit, EUR 1,000 *)	15,260	14,549	4.9%	2,373	3,245	-26.9%
Comparable operating profit, as % of net sales	17.6%	16.6%		11.5%	15.6%	

*) 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.

October-December 2024

Net sales fell -0.7% and amounted to EUR 20.6 (20.8) million. The decline in net sales has slowed toward the end of the year and the economic situation has stabilised compared to the beginning of the year. We estimate that this will have a positive impact on growth in 2025.

EBITDA fell -5.6% and amounted to EUR 7.2 (7.6) million or 34.7% (36.5) of net sales. Profitability deteriorated slightly mainly due to the one-off cost impact of the change negotiations. Furthermore, the placement of public holidays in December reduced the number of actual working days due to vacations, and the temporary increase in other fixed costs compared to the comparison period slowed down the improvement in profitability. Wage costs in Finland were at the level of the previous year.

Sweden

	1–12/2024	1–12/2023	Change, %	10–12/2024	10–12/2023	Change, %
Net sales, EUR 1,000	24,263	25,469	-4.7%	5,063	5,924	-14.5%
Net sales growth, %	-4.7%	31.2%		-14.5%	2.1%	
EBITDA, EUR 1000	-1,103	391	-381.8%	-1,022	-1,025	0.3%
EBITDA of net sales, %	-4.5%	1.5%		-20.2%	-17.3%	
Depreciation and amortisations, EUR 1,000	-2,973	-2,598	14.4%	-723	-725	-0.3%
Operating profit, EUR 1,000	-4,076	-2,207	-84.7%	-1,745	-1,750	0.3%
Operating profit of net sales, %	-16.8%	-8.7%		-34.5%	-29.5%	

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.

October-December 2024

Net sales fell by -14.5% to EUR 5.1 (5.9) 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. The economic slowdown has also impacted net sales development considerably and the placement of public holidays in December reduced the actual number of working days due to vacation time. Customer retention poses challenges in the short term, but the benefits of the own software, operating methods, and processes create the conditions for growth in Sweden in the long term.

Relative profitability decreased. The EBITDA margin was -20.2% (-17.3) and the EBIT margin was -34.5% (-29.5). Profitability remained at the same level during the seasonally weak quarter. Low profitability is due to net sales development. At the same time, efforts have been made to adjust the number of personnel to the level of net sales.

Other countries

	1–12/2024	1–12/2023	Change, %	10–12/2024	10–12/2023	Change, %
Net sales, EUR 1,000	15,270	8,500	79.6%	3,497	3,004	16.4%
Net sales growth, %	79.6%	411.0%		16.4%	332.6%	
EBITDA, EUR 1000	35	-890	104.0%	-493	-256	-92.9%
EBITDA of net sales, %	0.2%	-10.5%		-14.1%	-8.5%	
Depreciation and amortisations, EUR 1,000	-1,973	-1,031	91.3%	-489	-358	36.7%
Operating profit, EUR 1,000	-1,938	-1,921	-0.9%	-982	-613	-60.1%
Operating profit of net sales, %	-12.7%	-22.6%		-28.1%	-20.4%	

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 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.

October-December 2024

Net sales increased by 16.4% to EUR 3.5 (3.0) million. Net sales growth came mainly from acquisitions in Spain. There was also good evidence of Talenom’s ability to grow organically, although low volumes meant that organic growth accounted for only a small proportion of total growth. Organic growth is expected to strengthen, for example, with the entry into force of the e-invoicing Directive. The e-invoicing Directive requires every business to acquire software to send and receive e-invoices. In light of current information, the Directive will enter into force in stages in 2025-2027 depending on the size of the company. This is expected to increase demand for Talenom’s turnkey solution, which provides the customer with software and service in the same package.

The profitability of the seasonally weak quarter decreased slightly. The placement of public holidays in December reduced the actual number of working days due to vacation time. Despite a slightly weaker quarter, we estimate that profitability will increase in Spain in 2025.

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, %	10–12/2024	10–12/2023	Change, %
Net sales, EUR 1,000						
Net sales growth, %						
EBITDA, EUR 1000	2,172	686	216.6%	409	716	-42.8%
EBITDA of net sales, %						
Depreciation and amortisations, EUR 1,000						
Operating profit, EUR 1,000	2,172	686	216.6%	409	716	-42.8%
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.

The positive result for the October-December period is largely due to the divestment of the debt collection business.

Country-specific comparison data for 2023

Comparison figures have been adjusted for intersegment items. In the 2023 business reviews and half-year report, intersegment items were eliminated, and the net sales in the 2023 financial statement release also included 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.

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).

Sustainability

Talenom will publish its sustainability report in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) in its Board of Directors' Report during week 9.

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.

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.

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:

- Financial Statements Release for 2024 on Thursday, 30 January 2025
- Annual Review 2024 on week 9

- 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. The statement is available on Talenom's investor website at investors.talenom.com/en during week 9.

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.

Accounting principles of the financial statement

The Financial Statements Release has been prepared in accordance with IAS 34 Interim Financial Reporting and its accounting policies are presented in the company's financial statement 2023. The financial statement is available during week 9 on Talenom's investor website at investors.talenom.com The operating segments have been formed based on geographical areas. Segment reporting is based on the operating countries of the Group companies. Countries in the early development phase are reported as one item. The figures in this financial statement release are unaudited. The company reports commonly applied alternative performance measures to reflect the underlying business performance and enhance comparability between financial periods. Alternative performance measures not based on IFRS standards provide notable additional information to company management, investors and other interested parties. Alternative performance measures should not be considered as a substitute for key figures in accordance with IFRS. Alternative performance measures used by the company include operating profit (EBIT). operating profit (EBIT) as % of net sales, comparable operating profit, comparable operating profit as % of net sales, EBITDA, EBITDA as % of net sales, return on investment (ROI) %, interest-bearing net liabilities, net gearing ratio %, equity ratio %, working capital and net investments. The formulas are presented below in the section "Formulas".

TABLES

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

EUR 1,000	2024	2023
Net sales	126,231	121,728
Other operating income	2,955	1,225
Materials and services	-3,532	-3,884
Employee benefit expenses	-75,640	-71,897
Depreciation and amortisations	-23,337	-23,935
Other operating expenses	-15,259	-15,287
Operating profit	**11,417**	**7,948**
Financial income	284	433
Financial expenses	-4,786	-4,122
Net financial expenses	**-4,502**	**-3,689**
Profit (loss) before taxes	**6,915**	**4,260**
Income taxes	-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 the shareholders of the parent company		
Undiluted earnings per share (euro)	0.13	0.07
Diluted earnings per share (euro)	0.13	0.07

CONSOLIDATED BALANCE SHEET

EUR 1,000		31 Dec. 2024	31 Dec. 2023
ASSETS			
	Non-current assets		
	Goodwill	68,643	66,648
	Other intangible assets	54,310	52,681
	Right-of-use assets	9,382	9,401
	Property, plant and equipment	4,737	4,685
	Other non-current financial assets	186	184
	Deferred tax assets	2,603	1,487
	Capitalised contract costs	11,764	11,347
	Total non-current assets	**151,624**	**146,434**
	Current assets		
	Trade and other receivables	16,733	16,742
	Current tax assets	952	2,247
	Cash and cash equivalents	8,669	10,255
	Total current assets	**26,353**	**29,243**
Total assets		**177 978**	**175,677**
EQUITY			
	Share capital	80	80
	Reserve for invested unrestricted equity	30,935	30,875
	Fair value reserve	-95	0
	Retained earnings	23,458	24,859
	Total equity	**54,377**	**55,814**
LIABILITIES			
	Non-current liabilities		
	Financial liabilities	86,157	70,818
	Trade payables and other liabilities	650	636
	Lease liabilities	5,714	5,592
	Deferred tax liabilities	4,291	4,326
	Total non-current liabilities	**96,812**	**81,372**
	Current liabilities		
	Financial liabilities	549	5,101
	Trade payables and other liabilities	22,259	28,463
	Lease liabilities	3,866	3,944
	Current tax liabilities	115	983
	Total current liabilities	**26,789**	**38,491**
Total liabilities		**123,601**	**119,863**
Total equity and liabilities		**177,978**	**175,677**

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	31 Dec. 2024	31 Dec. 2023
Cash flow from operating activities		
Profit (loss) before taxes	6,915	4,260
Adjustments:		
Depreciation and amortisations	23,337	23,935
Financial income	-284	-433
Financial expenses	4,786	4,122
Other adjustments	-830	95
Changes in working capital:		
Change in trade and other receivables	586	-702
Change in trade payables and other liabilities	-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 investing activities		
Revenue from the sale of property, plant and equipment	210	213
Acquisition of property, plant and equipment	-1,424	-2,820
Capitalisation of contract costs	-3,704	-3,279
Acquisition of intangible assets	-15,007	-14,649
Acquired businesses	-3,118	-13,593
Investments	-2	-31
Net cash flow from investing activities	**-23,044**	**-34,160**
Cash flow from financing		
Proceeds from share issue	0	233
Paid interest	-4,809	-3,380
Dividends paid	-8,639	-8,112
Change in instalment payment liabilities	341	353
Repayment of lease liabilities	-4,300	-4,030
Loan withdrawals	15,000	15,000
Loan repayments	-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 exchange rate fluctuations on cash and cash equivalents	-164	-36
Cash and cash equivalents	**8,669**	**10,255**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 1,000	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total
Total equity 1 January 2024	**80**	**30,875**	**0**	**24,859**	**55,814**
Changes and other adjustments for previous accounting periods	**0**	**0**	**0**	**-107**	**-107**
Comprehensive income					
Profit/loss for the financial period				6,090	6,090
Average exchange rate difference and translation differences				-58	-58
Cash flow hedging			-95	0	-95
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				1,312	1,312
Transactions with owners, total	**0**	**60**	**0**	**-7,327**	**-7,267**
Total equity 31 December 2024	**80**	**30,935**	**-95**	**23,458**	**54,377**

EUR 1,000	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Retained earnings	Total
Total equity 1 January 2023	**80**	**26,861**	**0**	**29,085**	**56,026**
Changes and other adjustments for previous accounting periods	**0**	**0**	**0**	**-214**	**-214**
Comprehensive income					
Profit/loss for the financial period				3,361	3,361
Average exchange rate difference and translation differences				-16	-16
Cash flow hedging				0	0
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		0	4,014
Share-based payments				755	755
Transactions with owners, total	**0**	**4,014**	**0**	**-7,357**	**-3,343**
Total equity 31 December 2023	**80**	**30,875**	**0**	**24,859**	**55,814**

OPERATING SEGMENTS

Segment reporting is based on the operating countries of the Group companies. Countries in the early development phase are reported as a whole. This division allows us to better describe the economic performance of countries at different stages. The CEO, as the chief operational decision maker, assesses segment development monthly. Assessment of segment performance is based on the segment's EBITDA and EBIT.

The Group's assets and liabilities are not distributed to the operating segments because the chief operational decision maker does not allocate resources based on segment assets or liabilities or examine the assets or liabilities of the segments. Assets and liabilities are examined at Group level.

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

Operating segments 1 Jan - 31 Dec 2024

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
Net sales, external	86,698	24,263	15,270	0	126,231
Net sales between segments	1,092	580	247	0	1,919
Net sales total	**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
Expenses between segments	-825	-659	-436	0	-1,919
EBITDA	**33,651**	**-1,103**	**35**	**2,172**	**34,754**
Depreciation	-17,052	-2,931	-1,973	0	-21,956
Impairment	-1 339	-42	0	0	-1,381
Operating profit	**15,260**	**-4,076**	**-1,938**	**2,172**	**11,417**

Operating segments 1 Jan - 31 Dec 2023

EUR 1,000	Finland	Sweden	Other countries	Unallocated items	Group total
Net sales, external	87,759	25,469	8500	0	121,728
Net sales between segments	645	579	329	0	1,553
Net sales total	**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
Expenses between segments	-908	-443	-202	0	-1,553
EBITDA	**31,700**	**388**	**-890**	**686**	**31,884**
Depreciation	-15,361	-2,598	-1,031	0	-18,991
Impairment	-4 945	0	0	0	-4,945
Operating profit	**11,394**	**-2,211**	**-1,921**	**686**	**7,948**

Business acquisitions in 2024

During the review period, the Group acquired two business entities as share transactions in Spain. The transactions are detailed in the table below.

EUR 1,000	Time of acquisition	Transaction type	Method of payment	Acquisition cost	Maximum contingent consideration
Bujan Y Asociados S.L.	1 Jan 2024	Business acquisition	Cash and shares	596	0
Assessoria del Bages S.L.	1 Jan 2024	Business acquisition	Cash	2,600	0
				3,196	

Business acquisitions made during the financial year do not involve contingent considerations. The goodwill generated in business acquisitions typically consists of the acquired personnel's value and the acquisition target's future return potential.

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:

EUR 1,000	Share transactions
Intangible assets	66
Property, plant and equipment	22
Customer relationships	1,455
Right-of-use assets	0
Current assets	1,614
Total assets	**3,158**
Trade and other payables	1,608
Lease liabilities	0
Deferred tax liability	374
Total liabilities	**1,982**
Net assets	**1,176**
Consideration transferred	3,196
Net assets of acquisition target	-1,176
Goodwill	**2,020**

Business acquisitions in 2023

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

EUR 1,000	Time of acquisition	Transaction type	Method of payment	Acquisition cost	Maximum contingent consideration
Gavazzi	1 Jan 2023	Business acquisition	Cash	440	170
MTE Göteborg AB	16 Jan 2023	Share transaction	Cash and shares	460	225
R2 Redovisning AB	1 Feb 2023	Share transaction	Cash and shares	967	324
BKF Asesores SL	1 Feb 2023	Share transaction	Cash and shares	1,686	300
Easycount AB	1 Mar 2023	Share transaction	Cash	575	270
BV Coruña 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 Aug2023	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 Nov2023	Share transaction	Cash and shares	720	270

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

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

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

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

COLLATERAL AND CONTINGENT LIABILITIES

Liabilities secured by an enterprise mortgage	31 Dec. 2024	31 Dec. 2023
Loans from financial institutions	85 000	75 000
Enterprise mortgages provided as security	110 100	95 100
Other deposits and contingent liabilities		
Other *)	21 768	16 479

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

FORMULAS

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

Operating profit = net sales + other operating income - materials and services - personnel expenses - depreciations and amortisations - other operating expenses

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

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

Interest-bearing net liabilities = interest-bearing liabilities - cash in hand and in banks

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

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

Working capital = inventories + non-interest-bearing current receivables - non-interestbearing current liabilities

Net investments = investments in tangible and intangible assets - sales of assets

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

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

EBITDA = operating profit + depreciation + amortisation

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

Comparable operating profit = operating profit - software-related write-downs

Operating profit (EBIT) measures Talenom's ability to generate a profit in its business operations. Operating profit is a key metric of the company's profitability and financial performance, and indicates the profit generated from business operations.

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

Return on investment, meanwhile, measures operating result in relation to invested equity. It describes Talenom's relative profitability, in other words how effectively the company is able to generate profit for capital invested in the company

Interest-bearing net liabilities is the net sum of Talenom's debt financing. The metric provides information on the company's indebtedness and capital structure.

Net gearing ratio is the ratio between Talenom's equity and interest-bearing liabilities. It describes the level of risk associated with the company's financing and is a useful metric for tracking the company's debt to equity ratio.

Equity ratio is a financial structure metric that shows what proportion of the company's balance sheet is financed by its own equity. Equity ratio provides information on the level of risk associated with financing and the level of equity used in business operations and describes the company's solvency and tolerance against loss in the long term.

Working capital measures the amount of financing committed in Talenom's business operations and describes the efficiency of capital use.

Net investments measure the amount of investments minus the sale of fixed assets. The metric offers additional information on the cash flow needs of business operations.

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

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

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

TALENOM PLC
Board of Directors

ADDITIONAL INFORMATION:

Otto-Pekka Huhtala
CEO, Talenom Plc
+358 40 703 8554
otto-pekka.huhtala@talenom.fi