

Business Review Q1 2025

The separation of the Software business was completed, the Finnish business grew while profitability improved further

1 Jan. – 31 Mar. 2025 (unaudited)



Business Review Q1 2025:

The separation of the Software business was completed, the Finnish business grew while profitability improved further

January–March 2025 in brief

- Net sales EUR 35.7 million (34.1), growth 4.9% (8.8). Due to the income recognition principles of the Software business, net sales were EUR 1.5 million higher than in the comparison period. Comparable net sales growth was 0.5%.
- EBITDA EUR 10.7 million (9.5), 29.9% (27.9) of net sales
- Operating profit (EBIT) EUR 4.7 million (3.9), 13.1% (11.3) of net sales
- Net profit EUR 2.5 million (2.0)
- Earnings per share EUR 0.06 (0.04)

Key figures

Group	1–3/2025	1–3/2024	Change, %
Net sales, EUR 1,000	35,718	34,053	4.9%
Net sales growth, %	4.9%	8.8%	
EBITDA, EUR 1,000	10,669	9,486	12.5%
EBITDA of net sales, %	29.9%	27.9%	
Operating profit, EUR 1,000	4,673	3,855	21.2%
Operating profit of net sales, %	13.1%	11.3%	
Return on investment (ROI), % (rolling 12 months)	8.1%	6.0%	
Interest-bearing net liabilities, EUR 1,000	91,611	84,697	8.2%
Gearing ratio, %	174%	172%	
Equity ratio, %	29.0%	26.9%	
Net investments, EUR 1,000	4,413	8,039	-45.1%
Liquid assets, EUR 1,000	9,021	12,314	-26.7%
EPS, EUR	0.06	0.04	23.1%
Weighted average number of shares during the period	45,477,972	45,434,562	0.1%
Net profit, EUR 1,000	2,507	2,034	23.2%

Guidance for 2025 unchanged

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

CEO Otto-Pekka Huhtala

The Group's net sales in the first quarter were EUR 35.7 (34.1) million. The growth was 4.9% (8.8). We are now, for the first time, reporting the key figures for the business areas under the updated strategy, Software business and Accounting business. The net sales of the Accounting business were EUR 28.8 million and continuously billed Software business EUR 6.9 million. Due to the income recognition principles of the Software business, net sales were EUR 1.5 million higher than in the comparison period.

A more detailed description of the Software business can be found in the key business figures section of the review.

In Finland, the decline in transaction volumes of our customers has stopped. Thanks to successful new customer acquisition in 2024, Finland's comparable net sales increased by approximately 4.9% (0.1), while net sales still declined in the last quarter of 2024. We estimate that a turning point is at hand in the volumes and growth of the Finnish business.

Sweden's net sales decreased as a result of customer churn in 2024. In Sweden, efforts to turn net sales growth around have progressed, and this is our main priority in the near future. We saw the trend turning for the better in new sales and customer churn. ONE Talenom operating methods, processes and the introduction of our software are progressing systematically. We estimate that the combined effects of the measures will be reflected in financial performance towards the end of the year.

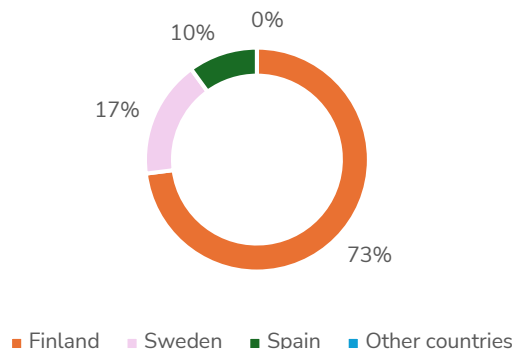
Spain's net sales remained at the level of the comparison period. New customer acquisition has progressed well. We have systematically focused on improving profitability by investing in acquiring recurring and profitable customers. As a result, one-off net sales have decreased while recurring net sales have increased, improving the conditions for profitability and growth in the future. The transition to e-invoicing driven by legislation is the most significant trend driving future customer demand. We have built software capabilities to respond to market change. We also continued to roll out our proprietary software to our customers to facilitate their business and prepare them for the e-invoicing transition.

The Group's EBITDA was EUR 10.7 million (9.5) and operating profit was EUR 4.7 million (3.9). The Accounting business' EBITDA was EUR 5.3 million and the Software business' EBITDA adjusted for the income recognition principle was EUR 3.8 million. The change in the net sales recognition principle in the Software business, together with unallocated one-off items, has a net positive impact of approximately EUR 0.9 million compared to the reference period. Finland's excellent profitability impacted profitability positively, while the profitability of other countries remained low. Operating profit development was further hampered by increased depreciation. The level of investment in proprietary software decreased by approximately EUR 0.8 million compared to the reference period. The impact of the lower investment level is visible as improved cash flow.

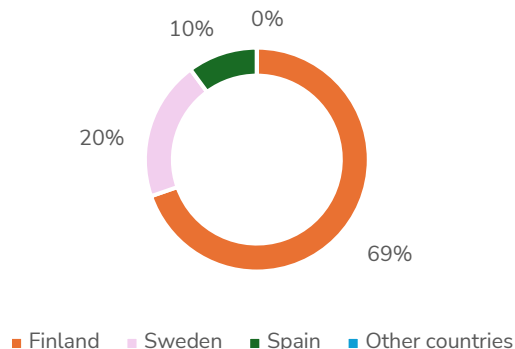
Our outlook has brightened as the strategy update has progressed. We have put the updated strategy into practice, and we are already seeing clear positive signs. By focusing on our core businesses, we will achieve results faster. We move forward with two solid pillars, software and accounting services, leveraging our expertise in the market's digital transformation. Our vision is to be the most preferred partner in financial management.

Group's financial development in January-March 2025

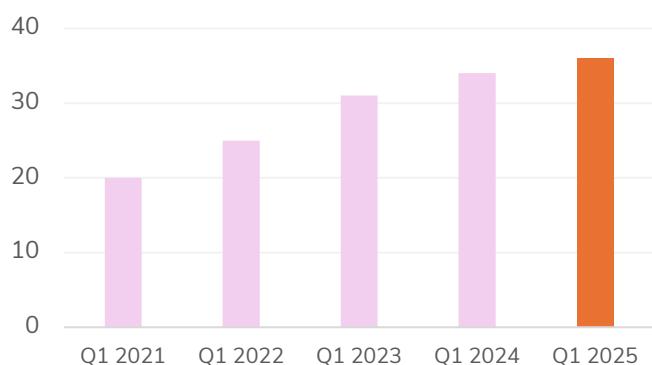
Net sales by country 1–3/2025



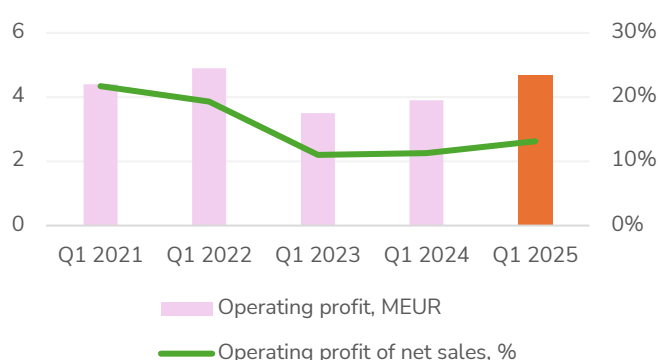
Net sales by country 1–3/2024



Net sales development, EUR million



Operating profit development



Net sales increased by 4.9% to EUR 35.7 million (34.1). The Software business started as a separate business, and the basis for determining net sales changed at the same time. As of 1 January 2025, sales income from the Software business has been recognized separately based on software usage. Previously, according to the accounting principles, software charges were considered part of the monthly accounting service package, and sales income from software charges was recorded monthly, together with other sales income included in the accounting service package. Due to a change in accounting policy, net sales recognition was brought forward, which meant a one-off increase in net sales of approximately EUR 1.5 million for the first quarter. Comparable net sales growth was thus approximately EUR 0.2 million, or 0.5%.

Personnel costs amounted to EUR 19.7 million (20.0), representing 55.2% (58.8) of net sales. Other operating expenses, including materials and services, totalled EUR 5.4 million (5.0) or 15.1% (14.8) of net sales.

EBITDA increased by 12.5% to EUR 10.7 million (9.5) or 29.9% (27.9) of net sales. Most of the EBITDA improvement came from Finland. The development in Sweden slowed down the profitability improvement, with net sales remaining below the comparison period. Operating profit increased by 21.2% and amounted to EUR 4.7 million (3.9) or 13.1% (11.3) of net sales. The change in the net sales recognition principle in the Software business, together with unallocated one-off items, has a net positive impact of approximately EUR 0.9 million compared to the reference period, and the impact is visible both in EBITDA and operating profit.

Net profit grew by 23.2% to EUR 2.5 million (2.0). Net financial expenses stood at EUR 1.0 million (1.0).

The Group's comparable key figures

	Reported key figures			Comparable key figures		
	1-3/2025	1-3/2024	Change	1-3/2025	1-3/2024	Change
Net sales, EUR 1,000	35,718	34,053	4.9%	34,218	34,053	0.5%
Net sales growth, %	4.9%	8.8%		0.5%	8.8%	
EBITDA, EUR 1,000	10,669	9,486	12.5%	9,492	9,218	3.0%
EBITDA of net sales, %	29.9%	27.9%		27.7%	27.1%	
Operating profit, EUR 1,000	4,673	3,855	21.2%	3,496	3,587	-2.6%
Operating profit of net sales, %	13.1%	11.3%		10.2%	10.5%	

The comparison key figures exclude a one-off increase of EUR 1.5 million in the reporting period's net sales due to a change in the net sales recognition policy. A EUR 0.3 million expense related to additional purchase prices from acquisitions in the reporting period and a EUR 0.3 million income recognition in the comparison period have also been deducted from EBITDA and operating profit.

Country-specific financial development

Finland

	1-3/2025	1-3/2024	Change, %
Net sales, EUR 1,000	26,053	23,409	11.3%
Net sales growth, %	11.3%	0.1%	
EBITDA, EUR 1,000	11,283	9,297	21.4%
EBITDA of net sales, %	43.3%	39.7%	
Depreciation and amortisations, EUR 1,000	-4,764	-4,425	7.7%
Operating profit, EUR 1,000	6,519	4,872	33.8%
Operating profit of net sales, %	25.0%	20.8%	

January-March 2025

Net sales increased by 11.3% to EUR 26.1 million (23.4). In Finland, the decline in transaction volumes of our customers has stopped. Thanks to successful new customer acquisition in 2024, Finland's comparable net sales turned to growth. Comparable net sales increased by approximately 4.9% (0.1) thanks to successful new customer acquisition. Comparability was affected by the change in the net sales recognition principle in the Software business, which improved reported net sales by EUR 1.5 million.

EBITDA was EUR 11.3 million (9.3), representing 43.3% (39.7) of net sales. Profitability improved clearly due to net sales growth and efficiency measures.

Sweden

	1-3/2025	1-3/2024	Change, %
Net sales, EUR 1,000	5,983	6,956	-14.0%
Net sales growth, %	-14.0%	3.4%	
EBITDA, EUR 1,000	-179	-22	-718.2%
EBITDA of net sales, %	-3.0%	-0.3%	
Depreciation and amortisations, EUR 1,000	-706	-716	-1.4%
Operating profit, EUR 1,000	-884	-737	-19.9%
Operating profit of net sales, %	-14.8%	-10.6%	

January-March 2025

Net sales decreased by -14.0% to EUR 6.0 million (7.0). In Sweden, net sales decreased as a result of customer churn in 2024. Integration challenges have caused more customer churn than normal in the first acquisitions. We saw the trend turning for the better in new sales and churn, but the 2024 customer churn will negatively impact net sales development in 2025.

EBITDA was EUR -0.2 million (0.0), representing -3.0% (-0.3) of net sales. Profitability was burdened by the decrease in net sales, and the aim is to scale the number of employees to correspond to net sales. Cost scaling has not been possible at the same pace as the decline in net sales, as we have aimed to secure growth preconditions. Profitability has also been burdened by the implementation of our own platform, which requires resources to ensure the progress of the project and has kept the cost level higher than under normal circumstances.

Spain

	1-3/2025	1-3/2024	Change, %
Net sales, EUR 1,000	3,563	3,537	0.7%
Net sales growth, %	0.7%	232.0%	
EBITDA, EUR 1,000	8	-20	141.5%
EBITDA of net sales, %	0.2%	-0.6%	
Depreciation and amortisations, EUR 1,000	-522	-490	6.4%
Operating profit, EUR 1,000	-514	-510	-0.8%
Operating profit of net sales, %	-14.4%	-14.4%	

January-March 2025

Net sales were at the level of the comparison period at EUR 3.6 (3.5) million. The focus of new customer acquisition was on acquiring customers with recurring invoicing, which resulted in a decrease in non-recurring net sales. Organic growth is expected to strengthen with well-functioning new customer acquisition and the entry into force of the e-invoicing Directive. 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 relative EBITDA was 0.2% (-0.6%). We focused on improving profitability by streamlining processes and investing in acquiring recurring and profitable customers.

Other countries (Italy)

	1-3/2025	1-3/2024	Change, %
Net sales, EUR 1,000	119	151	-20.8%
Net sales growth, %	-20.8%	6.8%	
EBITDA, EUR 1,000	-120	-39	-210.9%
EBITDA of net sales, %	-100.8%	-25.7%	
Depreciation and amortisations, EUR 1,000	-5	-1	550.0%
Operating profit, EUR 1,000	-126	-40	-217.7%
Operating profit of net sales, %	-105.1%	-26.2%	

Talenom acquired a bridgehead from Italy in early 2023. Our priority is to grow organically in Italy. The Italian business model has changed, and responsible accountants produce some of the services through outsourcing. Therefore, net sales have decreased. Measured by EBITDA, the Italian business is currently loss-making, which is caused by investments in the Software business and the pilot being launched in Italy.

Unallocated items

Unallocated items include net sales and cost recognition of additional purchase prices related to acquisitions. The impact of these was EUR 0.6 million negative compared to the reference period.

	1-3/2025	1-3/2024	Change, %
Net sales, EUR 1,000			
Net sales growth, %			
EBITDA, EUR 1,000	-323	268	-220.4%
EBITDA of net sales, %			
Depreciation and amortisations, EUR 1,000			
Operating profit, EUR 1,000	-323	268	-220.4%
Operating profit of net sales, %			

Comparison figures according to the changed segment reporting by operating country

From the beginning of 2025, the Spanish business will be reported separately, while other countries will comprise the Italian business.

Spain	Q1'2023	Q2'2023	Q3'2023	Q4'2023	Q1'2024	Q2'2024	Q3'2024	Q4'2024
Net sales, EUR 1,000	1,065	1,679	2,361	2,811	3,537	4,017	3,763	3,297
EBITDA, EUR 1,000	-397	-149	-98	-253	-20	428	250	-476
EBITDA, % of net sales	-37.2%	-8.9%	-4.1%	-9.0%	-0.6%	10.7%	6.6%	-14.4%
Depreciation and amortisations, EUR 1,000	-167	-219	-284	-356	-490	-498	-494	-484
Operating profit, EUR 1,000	-563	-368	-381	-609	-510	-70	-244	-960

Other countries (Italy)	Q1'2023	Q2'2023	Q3'2023	Q4'2023	Q1'2024	Q2'2024	Q3'2024	Q4'2024
Net sales, EUR 1,000	141	99	150	193	151	144	162	200
EBITDA, EUR 1,000	18	-42	33	-3	-39	-56	-36	-17
EBITDA, % of net sales	12.9%	-42.7%	21.7%	-1.3%	-25.7%	-38.7%	-22.1%	-8.6%
Depreciation and amortisations, EUR 1,000	-1	-1	-2	-2	-1	1	-2	-5
Operating profit, EUR 1,000	17	-44	31	-5	-40	-55	-38	-22

Key business figures January-March 2025

From the beginning of 2025, Talenom reports key figures for two business areas: Software business and Accounting business. Comparable key figures for the business areas are not available for 2024.

Comparable Software business net sales were approximately EUR 5.4 million. The higher net sales in the first quarter were affected by a change in the net sales recognition principle of the Software business, which improved reported net sales by EUR 1.5 million, amounting to EUR 6.9 million. The profitability of the recurring software business, measured by EBITDA and adjusted for the recognition principle, was EUR 3.8 million, or 70.3%.

Net sales of the Accounting business were about EUR 28.8 million. Profitability measured by EBITDA was EUR 5.3 million, or 18.5%.

	Software business	Accounting business	Group
Net sales, EUR 1,000	6,884	28,834	35,718
EBITDA, EUR 1,000	5,333	5,336	10,669
EBITDA of net sales, %	77.5%	18.5%	29.9%
Operating profit, EUR 1,000	2,651	2,022	4,673
Operating profit of net sales, %	38.5%	7.0%	13.1%

A more detailed description of the Software business

Talenom's Software business in figures

- Over 12,000 customer companies
- Over 60,000 software users
- Over 9.5 million invoice transactions per year
- Over 200,000 logins per month
- Operates in four countries
- 140 professionals
- Over EUR 20 million in recurring net sales, consisting of Finland
- Over 40 partner accounting firms in Finland and the total market size is 4,500 accounting firms

Roadmap for launching Software business distribution

Q3/2024

- The strategy update focuses on starting software sales to other accounting firms as well

Q4/2024

- Separated into its own company, invoicing separately for software and services in Finland
- Management and responsibilities of the software and service business reorganized

Q1/2025

- Figures for the Software business reported separately
- Recruitment of business leads in Spain and Sweden
- Brand launch on 28 May 2025

2026

- Growth in 2025–2026 will mainly come from converting Swedish and Spanish customers to the software

2027

- Aiming to have over 50% of the platform business growth through Partner agencies

Investments and business acquisitions during the review period

Net investments during the review period totalled EUR 4.4 (8.0) million. Investments in proprietary software decreased by approximately EUR 0.8 million compared to the reference period.

Investments	Q1'2025	Q1'2024
New customer agreements, EUR 1,000	907	909
Software and digital services, EUR 1,000	3,149	3,901
Acquisitions in Finland, EUR 1,000	0	0
Acquisitions abroad, EUR 1,000	0	2,713
Other investments	357	517
Total net investments, EUR 1,000	4,413	8,039

Business acquisitions after the review period

On 10 March 2025, Talenom Plc agreed to acquire the entire share capital of the Spanish company Querol & Querol Assessors S.L. The acquired business was transferred to Talenom on 1 April 2025.

Purchase prices, net sales and operating profit of the acquisition targets acquired after the review period:

EUR 1,000	Share transactions	Business acquisitions
Total purchase prices	1,750	0
Maximum contingent consideration	50	0
Net sales, previous 12 months at time of purchase, total	1,421	0
Operating profit, previous 12 months at time of purchase, total	248	0

Principles for preparing the business review

This Business Review is not an Interim Financial Report prepared in accordance with the IAS 34 standard. The Company prepares its interim financial reporting in accordance with the Securities Market Act, in addition to which the Company releases Business Reviews for the first three and nine months of the year. The Business Reviews contain key information regarding the financial position and development of the Group. 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 of the Business Review 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, operating profit 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	1 Jan. – 31 Mar. 2025	1 Jan. – 31 Mar. 2024	2024
Net sales	35,718	34,053	126,231
Other operating income	28	493	2,955
Materials and services	-877	-918	-3,532
Costs arising from employee benefits	-19,699	-20,017	-75,640
Depreciation and amortisations	-5,996	-5,631	-23,337
Other operating expenses	-4,502	-4,124	-15,259
Operating profit (EBIT)	4,673	3,855	11,417
Financial income	70	95	284
Financial expenses	-1,088	-1,125	-4,786
Net financial expenses	-1,018	-1,030	-4,502
Profit (loss) before taxes	3,655	2,825	6,915
Income taxes	-1,149	-790	-825
Profit (loss) for the financial year	2,506	2,034	6,090
Other items of comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences	-36	-17	-58
Cash flow hedging	-36	0	-119
Taxes on items that may be reclassified subsequently to profit or loss	7	0	24
Total comprehensive income for the financial year	2,441	2,018	5,937

Consolidated balance sheet

EUR 1,000		31 Mar. 2025	31 Mar. 2024	31 Dec. 2024
ASSETS				
	Non-current assets			
	Goodwill	68,643	68,643	68,643
	Other intangible assets	55,061	54,335	54,310
	Right-of-use assets	8,611	10,428	9,382
	Property, plant and equipment	4,760	4,687	4,737
	Other non-current financial assets	209	203	186
	Deferred tax assets	2,673	1,520	2,603
	Capitalised contract costs	11,862	11,437	11,764
	Total non-current assets	151,819	151,253	151,624
	Current assets			
	Trade and other receivables	20,275	19,023	16,733
	Current tax assets	1,222	1,199	952
	Cash and cash equivalents	9,021	12,314	8,669
	Total current assets	30,518	32,536	26,353
Total assets		182,338	183,789	177,978
EQUITY				
	Equity	80	80	80
	Reserve for invested unrestricted equity	30,935	30,935	30,935
	Fair value reserve	-124	0	-95
	Retained earnings	21,832	18,366	23,458
Total equity		52,722	49,380	54,377
LIABILITIES				
	Non-current liabilities			
	Financial liabilities	91,159	70,730	86,157
	Accounts payable and other liabilities	0	2,015	650
	Lease liabilities	5,193	6,388	5,714
	Deferred tax liabilities	4,181	4,604	4,291
	Total non-current liabilities	100,533	83,737	96,812
	Current liabilities			
	Financial liabilities	465	15,044	549
	Accounts payable and other liabilities	23,599	30,017	22,259
	Lease liabilities	3,815	4,093	3,866
	Current tax liabilities	1,204	1,518	115
	Total current liabilities	29,083	50,672	26,789
Total liabilities		129,616	134,409	123,601
Total equity and liabilities		182,338	183,789	177,978

FORMULAS

Net sales growth, %	=	$\frac{\text{net sales} - \text{net sales of the preceding year}}{\text{net sales of the preceding year}} \times 100$
Operating profit (EBIT)	=	net sales + other operating income - materials and services - personnel expenses - depreciations and amortisations - other operating expenses
Operating profit (EBIT), %	=	$\frac{\text{EBIT}}{\text{net sales}} \times 100$
Return on investment (ROI), % (rolling 12 months)	=	$\frac{\text{operating profit (EBIT) before taxes} + \text{interest and other financial expenses}}{\text{total equity and liabilities} - \text{non-interest-bearing liabilities (average of the accounting period)}} \times 100$
Interest-bearing net liabilities	=	interest-bearing liabilities - cash in hand and in banks
Gearing ratio, %	=	$\frac{\text{interest-bearing liabilities} - \text{cash in hand and in banks}}{\text{capital and reserves}} \times 100$
Equity ratio, %	=	$\frac{\text{capital and reserves}}{\text{balance sheet total} - \text{advances received}} \times 100$
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	=	$\frac{\text{net profit of the review period}}{\text{Weighted average number of shares outstanding during the review period}}$
Compound annual growth rate (CAGR)	=	$\left(\frac{\text{liikevaihto jakson lopussa}}{\text{liikevaihto jakson alussa}} \right)^{\frac{1}{\text{vuosien määrä}}} - 1$
EBITDA	=	operating profit + depreciation + amortisation
EBITDA, %	=	$\frac{\text{EBITDA}}{\text{net sales}} \times 100$
Comparable EBITDA	=	EBITDA - one-off increase due to change in the recognition principle for net sales - expenses and income recognition related to additional purchase prices from acquisitions
Comparable operating profit	=	operating profit - one-off increase due to change in the recognition principle for net sales - expenses and income recognition related to additional purchase prices from acquisitions

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 to net sales and improve comparability of operating profit over reporting periods.

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

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

Net gearing 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 financing 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 key figure provides 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, amortisations and financial items.

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

Comparable EBITDA describes EBITDA without one-off income statement impacts from changes in accounting principles and recognitions and expenses arising from additional purchase prices related to acquisitions.

Comparable operating profit describes operating profit without one-off income statement impacts from changes in accounting principles and recognitions and expenses arising from additional purchase prices related to acquisitions.

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