



TRAINERS' HOUSE GROUP INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2023

January-September 2023 in brief

- net sales EUR 6.5 million (EUR 7.3 million), change of -10.2 % compared to the corresponding period of the previous year
- operating result EUR 0.1 million (EUR 0.5 million), 1.0 % of net sales (6.8 %)
- cash flow from operations EUR 0.1 million (EUR 0.5 million)
- earnings per share EUR 0.04 (EUR 0.23)

July-September 2023 in brief

- net sales EUR 1.6 million (EUR 1.8 million), change of -10.4 % compared to the corresponding period of the previous year
- operating result EUR -0.1 million (EUR -0.2 million), -6.7 % of net sales (-14.0 %)
- cash flow from operations EUR -0.2 million (EUR -0.2 million)
- earnings per share EUR -0.05 (EUR -0.12)

Key figures at the end of the third quarter of 2023

- cash and cash equivalents EUR 1.5 million (EUR 2.2 million)
- interest-bearing liabilities of EUR 0.3 million (EUR 0.5 million) and interest-bearing net debt of EUR -1.3 million (EUR -1.7 million).
- equity ratio 65.3 % (67.8 %)

OUTLOOK FOR 2023

The company estimates the operating profit for 2023 to be between EUR -0.4 and 0.4 million.

CEO ARTO HEIMONEN

In the third quarter, the market situation remained unchanged.

Due to the holiday season, the third quarter of Trainers' House is actually two months long.

Acquiring new orders was still more difficult than usual during the review period.

The company has adapted its operations to the current market situation. During the current year, the company has gone through two change negotiations. In addition, other significant cost savings have been implemented.

At the same time, the company has moved forward. The new Johtajan kasvupolku training program - which offers ideas and motivation for management work, personal support, and supported self-examination - started during the fall. In addition, the company invests in the growth of the encounter marketing business with a recruitment campaign.

Improving cash flow and profitability are the most important goals of the company.

The purpose of Trainers' House is to help people forward. This is possible by touching people, electrifying management and producing verifiable results.

Thank you to customers and employees.

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OPERATIONAL REVIEW

During the review period, the company focused on serving its customers.

After the review period, the company carried out change negotiations to achieve cost savings and reorganize operations.

FINANCIAL PERFORMANCE

Net sales for the reporting period were EUR 6.5 million (EUR 7.3 million). Operating result was EUR 0.1 million, 1.0 % of net sales (EUR 0.5 million, 6.8 %). The result for the period was EUR 0.1 million, 1.2 % of net sales (EUR 0.5 million, 6.8 %).

The breakdown of the Group's figures (unit thousand euros) is presented in the following table:

(kEUR)	1-9/2023	1-9/2022
Net sales	6 541	7 284
Other operating income	0	6
Expenses:		
Expenses arising from employee benefits	-4 339	-4 546
Other expenses	-1 729	-1 902
EBITDA	473	842
Depreciation and impairment losses	-405	-344
EBIT	68	498
EBIT, % of net sales	1.0	6.8
Financial income and expenses	8	-10
Result before taxes	76	488
Income taxes	4	5
Result of the period	80	493
Result, % of net sales	1.2	6.8

LONG-TERM OBJECTIVES

The company's long-term goal is profitable growth.

FINANCING, INVESTMENTS AND SOLVENCY

Cash flow and key financing figures (unit million euros)

	1-9/2023	1-9/2022
Cash flow from operations before financial items	0.1	0.5
Cash flow from operations	0.1	0.5
Cash flow from investments	0.1	-0.1
Cash flow from financing	-0.9	-1.6
Total cash flow	-0.7	-1.2
	9/2023	9/2022
Cash	1.5	2.2
Interest-bearing debt	0.3	0.5
Equity ratio %	65.3	67.8



MAJOR RISKS AND UNCERTAINTIES

Trainers' House's business is sensitive to economic fluctuations.

The general economic situation internationally and in Finland contains significant risks. The war in Europe, the tense world political situation and the possible expansion of the crisis can cause rapid changes in the operating environment.

Changes in the openness of Europe, the freedom of world trade and the world political situation affect the exports of Finnish companies, which is reflected in the demand of the domestic market.

High inflation and the resulting increase in interest rates have a negative effect on economic activity.

The constant competition for the best employees affects recruitment and the commitment of key personnel.

The above-mentioned risks, when realized alone or together, have a significant impact on the company's operations.

The company divides the risk factors affecting business, earnings, and market capitalization into five main categories: market and business risks, personnel-related risks, technology and information security risks, financial risks, and legal risks.

Trainers' House has sought to hedge against the adverse effects of other risks with comprehensive insurance policies. These include statutory insurance, liability and property insurance and legal expenses insurance. Insurance coverage, insurance values and deductibles are reviewed annually together with the insurance company.

The Management Team reports to the Board on a monthly basis on key business-related risks and, where necessary, risk management measures.

The Group has the reporting systems required for effective business monitoring. Internal control is linked to the company's vision, strategic goals and the business goals set on the basis of them.

The realization of business objectives and the Group's financial development are monitored on a monthly basis through the Group's corporate governance system. As an essential part of the control system, actual data and up-to-date forecasts are reviewed monthly by the Group Management Team. The control system includes, among other things, sales reporting, an income statement, a rolling revenue and profit forecast, and key figures that are important to operations.

Trainers' House is an expert organization. The magnitude of market and business risks is difficult to determine. Typical risks in this area are related to, for example, general economic development, customer distribution, technology choices, the development of competition and the management of personnel costs.

Risks are managed through the planning and regular monitoring of sales, human resources, and operating expenses, which enables rapid action when circumstances change. The risks of trade receivables have been taken into account by the recognition of

expenses based on the age of the receivables and individual risk analyzes.

The goal of Trainers' House's financial risk management is to secure the availability of equity and debt financing on competitive terms and to reduce the impact of adverse market movements on the company's operations.

Financial risks are divided into four categories, which are liquidity, interest rate risks, currency risks and credit risks. Each risk is monitored separately. Liquidity and interest rate risks are reduced with sufficient cash resources and efficient collection of receivables. Currency risks are low as Trainers' House operates primarily in the euro market. In financial risk management, the focus is on liquidity.

The success of Trainers' House as an expert organization depends on its ability to attract and retain skilled staff. In addition to a competitive salary, personnel risks are managed through incentive schemes and investments in personnel training, career opportunities and general well-being.

Technology is a key part of Trainers' House's business. Technology risks include, but are not limited to, supplier risk, risks related to internal systems, challenges posed by technological change, and security risks. Risks are protected against long-term cooperation with technology suppliers, appropriate security systems, staff training and regular security audits.

Trainers' House's legal risks are mainly focused on the contractual relationship between the company and customers or service providers. At their most typical, they relate to delivery responsibility and the management of intellectual property rights. In order to manage the risks related to contracts and intellectual property rights, the company has internal guidelines for contractual procedures. In the company's view, the contractual risks are not unusual.

At the end of the review period, goodwill and other intangible assets recognized in the balance sheet have been tested in the normal way. The test did not reveal any need for impairment.

The consolidated balance sheet of Trainers' House has goodwill of EUR 2.1 million. The balance sheet value of other intangible assets is EUR 1.0 million. If the Group's profitability does not develop as forecasted or other external factors independent of the Group's operations, such as interest rates, change significantly, it is possible that goodwill and other intangible assets will have to be written off. Recognition of an impairment loss would have no effect on the Group's cash flow.

Due to the project nature of the operations, the order backlog is short, and predictability is therefore challenging.

The description of potential risks is not comprehensive. Trainers' House conducts continuous risk assessment in connection with its operations and strives to hedge against identified risks.

Investors have also been informed about the risks in the company's annual review and on the website at www.trainershouse.fi.



PERSONNEL

At the end of the review period, the Group had 111 (146) employees. As before, the company reports the number of employees converted to full-time employees.

DECISIONS REACHED AT THE ANNUAL GENERAL MEETING

The annual general meeting of Trainers' House Plc was held on 29 March 2023 in Helsinki.

The annual general meeting confirmed the financial statements and discharged CEO and the members of the Board of Directors from liability for the fiscal year 1 January - 31 December 2022.

The annual general meeting decided, in accordance with the board's proposal, that the company will distribute a dividend of EUR 0.47 per each company share. The dividend will be paid in two installments so that EUR 0.26 will be paid on 26 April 2023 (dividend payment record date 19 April 2023) and EUR 0.21 will be paid on 21 December 2023 (dividend payment record date 14 December 2023). The dividend is paid to the shareholder who is entered in the company's shareholder register on the record date of the dividend payment.

Aarne Aktan, Jarmo Hyökyvaara, Elma Palsila and Jari Sarasvuo were re-elected as members, and Emilia Tauriainen as a new member to the Board of Directors. In the board meeting held after the annual general meeting, the Board of Directors elected Jari Sarasvuo as the chairperson of the board.

The annual general meeting decided that the board member's remuneration shall be EUR 2,500 per month and the chairperson's remuneration will be EUR 4,500 per month.

Ernst & Young Oy was re-elected as the company's auditor. The remuneration to the auditor is paid according to the auditor's reasonable invoice.

The annual general meeting decided on amending Article 12 of the Articles of Association so that the general meeting can be held without a physical meeting place as a remote meeting. A new paragraph will be added to Article 12 of the Articles of Association, which will read in its entirety as follows:

"The board can decide that the general meeting is held without a meeting place whereby the shareholders shall exercise their power of decision in full in real-time during the meeting using telecommunication connection and technical means (remote meeting)."

SHARES AND SHARE CAPITAL

The company's share is listed on Nasdaq Helsinki Ltd under the name Trainers' House Plc (TRH1V).

At the end of the reporting period, Trainers' House Plc had 2,147,826 shares and a registered share capital of EUR 880,743.59. The company does not hold any of its own shares. There have been no changes in the share capital during the period.

Share performance and trading

During the period under review, a total of 214 thousand shares, or 10.0 % of the average number of all company shares (540 thousand shares, 25.2 %), were traded on Nasdaq Helsinki for a value of EUR 1.0 million (EUR 3.9 million). The period's highest share quotation was EUR 6.12 (EUR 9.80), the lowest EUR 3.38 (EUR 5.00) and the closing price EUR 3.73 (EUR 5.82). The weighted average price was EUR 4.74 (EUR 7.25). At the closing price on 30 September 2023, the company's market capitalization was EUR 8.0 million (EUR 12.5 million).



SUMMARY OF FINANCIAL STATEMENTS AND NOTES

The report has been prepared in accordance with IAS 34 standard. The report has been prepared in accordance with IFRS standards and interpretations that have been approved for application in the EU and are in force on 1 January 2023.

In this interim report Trainers' House has followed the same accounting policies and calculation methods as in the 2022 annual financial statements.

The figures given in the interim report are unaudited.

INCOME STATEMENT IFRS

(kEUR)

	1-9/2023	1-9/2022	1-12/2022
NET SALES	6 541	7 284	9 753
Other operating income	0	6	6
Expenses:			
Materials and services	-308	-362	-484
Personnel-related expenses	-4 339	-4 546	-6 146
Depreciation and impairment losses	-405	-344	-491
Other operating expenses	-1 420	-1 540	-2 064
Total expenses	-6 473	-6 792	-9 185
Operating result	68	498	574
Financial income and expenses	8	-10	-15
Result before taxes	76	488	559
Income taxes	4	5	22
RESULT OF THE PERIOD	80	493	581
Result attributable to owners of the parent company	80	493	581
Earnings per share, EUR	0.04	0.23	0.27
Earnings per share attributable to owners of the parent company, EUR	0.04	0.23	0.27

**BALANCE SHEET IFRS**

(kEUR)

ASSETS	9/2023	9/2022	12/2022
Non-current assets			
Tangible assets	430	683	730
Goodwill	2 129	2 129	2 129
Other intangible assets	1 025	1 110	1 089
Long-term receivables			
Other receivables, long-term	138	172	172
Deferred tax receivables	204	200	208
Total long-term receivables	342	372	380
Total non-current assets	3 926	4 294	4 328
Current assets			
Account receivables and other receivables	942	1 151	1 183
Cash and cash equivalents	1 533	2 197	2 247
Total current assets	2 475	3 347	3 430
TOTAL ASSETS	6 400	7 641	7 758

(kEUR)

SHAREHOLDERS' EQUITY AND LIABILITIES	9/2023	9/2022	12/2022
Equity attributable to the owners of the parent company			
Share capital	881	881	881
Distributable non-restricted equity fund	37	37	37
Retained earnings	3 111	3 540	3 540
Result of the period	80	493	581
Total shareholders' equity	4 109	4 950	5 039
Long-term liabilities			
Deferred tax liabilities	205	223	213
Long-term financial liabilities	58	228	180
Total long-term liabilities	263	451	394
Short-term liabilities			
Short-term financial liabilities	216	259	337
Accounts payable and other liabilities	1 812	1 982	1 989
Total short-term liabilities	2 028	2 240	2 326
Total liabilities	2 291	2 691	2 719
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6 400	7 641	7 758



CASH FLOW STATEMENT IFRS

(kEUR)	1-9/2023	1-9/2022	1-12/2022
Result of the period	80	493	581
Adjustments	435	356	490
Changes in working capital	-398	-347	-74
Cash flow from operations before financial items and taxes	117	501	997
Financial items and taxes paid	-13	-10	-16
CASH FLOW FROM OPERATIONS	104	491	982
Investments in tangible and intangible assets	-12	-108	-163
Granted loans	0	0	-122
Repayment of loan receivables	42	0	0
Interests received	21	0	0
CASH FLOW FROM INVESTMENTS	51	-108	-285
Repayment of lease liabilities	-272	-239	-326
Dividends paid*	-597	-1 326	-1 503
CASH FLOW FROM FINANCING	-869	-1 565	-1 828
TOTAL CASH FLOW	-714	-1 182	-1 131
Opening balance of cash and cash equivalents	2 247	3 378	3 378
Closing balance of cash and cash equivalents	1 533	2 197	2 247
CHANGE IN CASH AND CASH EQUIVALENTS	-714	-1 182	-1 131

* The comparative figures 1-9/2022 for dividends paid have been adjusted -38 kEUR related to withholding taxes paid during 1-9/2022. The corresponding change is reflected in the change in working capital.

CHANGE IN SHAREHOLDERS' EQUITY

Equity attributable to owners of the parent company

(kEUR)	Share capital	Distributable non-restricted equity fund	Retained earnings	Total
Equity 1 January 2022	881	37	5 043	5 961
Other comprehensive income			493	493
Dividends			-1 503	-1 503
Equity 30 September 2022	881	37	4 032	4 950
Equity 1 January 2023	881	37	4 121	5 039
Other comprehensive income			80	80
Dividends			-1 009	-1 009
Equity 30 September 2023	881	37	3 191	4 109

RELATED PARTY TRANSACTIONS

During the period under review, Trainers' House had transactions with Causa Prima Ltd, a company controlled by Jari Sarasvuo, the Chairperson of the Board of Directors, and Pro Vividus Ltd and Anorin Liekki Ltd, which are related to the company.

The following transactions took place with related parties:

	1-9/2023	1-9/2022	1-12/2022
Purchases during the period	131	190	245
Liabilities at the end of the period	31	3	53



PERSONNEL	1-9/2023	1-9/2022	1-12/2022
Average number of personnel	115	125	128
Personnel at the end of the period	111	146	131
COMMITMENTS AND CONTINGENT LIABILITIES	9/2023	9/2022	12/2022
Collaterals and contingent liabilities given for own commitments	120	141	140
OTHER KEY FIGURES	9/2023	9/2022	12/2022
Equity ratio (%)	65.3	67.8	68.9
Shareholders' equity/share (EUR)	1.91	2.30	2.35

Calculation formulas for key figures

Earnings per share =
$$\frac{\text{Result of the period attributable to owners of the parent company}}{\text{Average number of shares adjusted for share issue in financial period}}$$

Interest-bearing net debt = Interest-bearing liabilities – cash and cash equivalents

Equity ratio (%) =
$$\frac{\text{Equity} \times 100}{\text{Balance sheet total} - \text{advances received}}$$

Equity / Share =
$$\frac{\text{Equity}}{\text{Number of shares adjusted for share issue at the end of financial period}}$$

Items affecting the calculation of key figures

	9/2023	9/2022	12/2022
Advances received (kEUR)	107	335	449
Interest-bearing liabilities (kEUR)	274	487	517
Average number of shares adjusted for share issue in financial period (unit thousand shares)	2 148	2 148	2 148
Number of shares adjusted for share issue at the end of the financial period (unit thousand shares)	2 148	2 148	2 148

In Helsinki 26 October 2023

TRAINERS' HOUSE PLC

BOARD OF DIRECTORS

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DISTRIBUTION

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