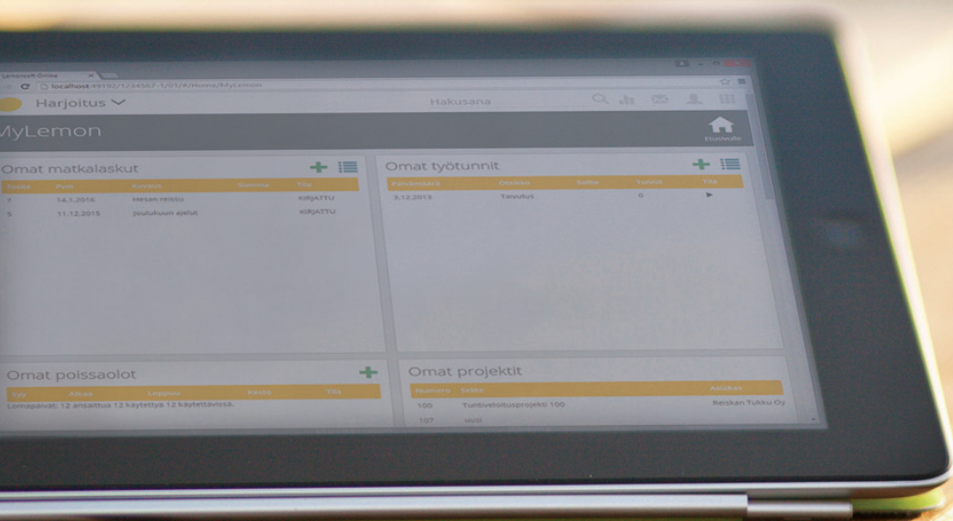


Lemonsoft Oyj's Half Year Report for 1 January - 30 June 2023



Lemonsoft Oyj's Half Year Report for 1 January - 30 June 2023

Strategic acquisitions support growth

April-June 2023, IFRS

- Net sales increased 15.9% and were EUR 6,163 thousand (5,318)
- EBITDA was EUR 1,487 thousand (1,434), 24.1% (27.0) of net sales
- Adjusted EBITDA was EUR 1,701 thousand (1,585), 27.6% (29.8) of net sales
- EBIT was EUR 1,191 thousand (1,296), 19.3% (24.4) of net sales
- Adjusted EBIT was EUR 1,527 thousand (1,469), 24.8% (27.6) of net sales
- Profit of the review period was EUR 998 thousand (969), 16.2% (18.2) of net sales

January-June 2023, IFRS

- Net sales increased 17.1% and were EUR 12,082 thousand (10,320)
- EBITDA was EUR 3,099 thousand (2,976), 25.7% (28.8) of net sales
- Adjusted EBITDA was EUR 3,320 thousand (3,138), 27.5% (30.4) of net sales
- EBIT was EUR 2,552 thousand (2,728), 21.1% (26.4) of net sales
- Adjusted EBIT was EUR 2,991 thousand (2,912), 24.8% (28.2) of net sales
- Profit of the review period was EUR 1,947 thousand (2,124), 16.1% (20.6) of net sales

Key Figures, IFRS

| EUR 1,000 | 4-6/2023 | 4-6/2022 | Change | 1-6/2023 | 1-6/2022 | Change | 1-12/2022 |
|---|------------|------------|----------|------------|------------|----------|------------|
| Net sales | 6,163 | 5,318 | 15.9 % | 12,082 | 10,320 | 17.1 % | 22,550 |
| SaaS | 4,635 | 4,036 | 14.9 % | 9,141 | 7,918 | 15.4 % | 16,989 |
| Transaction | 428 | 298 | 43.7 % | 715 | 576 | 24.1 % | 1,172 |
| Consulting and other | 1,100 | 984 | 11.8 % | 2,226 | 1,827 | 21.9 % | 4,390 |
| Gross margin | 5,342 | 4,631 | 15.4 % | 10,505 | 9,079 | 15.7 % | 19,982 |
| Gross margin, % of net sales | 86.7 % | 87.1 % | | 87.0 % | 88.0 % | | 88.6 % |
| EBITDA | 1,487 | 1,434 | 3.7 % | 3,099 | 2,976 | 4.1 % | 7,332 |
| EBITDA, % of net sales | 24.1 % | 27.0 % | | 25.7 % | 28.8 % | | 32.5 % |
| Adjusted EBITDA | 1,701 | 1,585 | 7.3 % | 3,320 | 3,138 | 5.8 % | 7,589 |
| Adjusted EBITDA, % of net sales | 27.6 % | 29.8 % | | 27.5 % | 30.4 % | | 33.7 % |
| EBIT | 1,191 | 1,296 | -8.1 % | 2,552 | 2,728 | -6.4 % | 6,594 |
| EBIT, % of net sales | 19.3 % | 24.4 % | | 21.1 % | 26.4 % | | 29.2 % |
| Adjusted EBIT | 1,527 | 1,469 | 4.0 % | 2,991 | 2,912 | 2.7 % | 7,054 |
| Adjusted EBIT, % of net sales | 24.8 % | 27.6 % | | 24.8 % | 28.2 % | | 31.3 % |
| Profit (Loss) of the period | 998 | 969 | 2.9 % | 1,947 | 2,124 | -8.3 % | 5,128 |
| Profit (Loss) of the period, % of net sales | 16.2 % | 18.2 % | | 16.1 % | 20.6 % | | 22.7 % |
| Equity ratio, % | 56.1 % | 70.2 % | | 56.1 % | 70.2 % | | 69.7 % |
| Net debt | 1,337 | -10,337 | -112.9 % | 1,337 | -10,337 | -112.9 % | -8,661 |
| Gearing, % | 5.0 % | -44.4 % | | 5.0 % | -44.4 % | | -32.9 % |
| Earnings per share (EPS) | 0.05 | 0.05 | 1.6 % | 0.11 | 0.12 | -9.3 % | 0.28 |
| Return on invested capital, % (ROIC) | 3.3 % | 4.9 % | | 7.1 % | 10.2 % | | 22.5 % |
| Return on equity, % (ROE) | 3.7 % | 4.3 % | | 8.0 % | 9.4 % | | 21.2 % |
| Number of employees at the end of the period | 220 | 169 | 30.2 % | 220 | 169 | 30.2 % | 184 |
| Outstanding shares at the end of the period | 18,562,005 | 18,393,440 | | 18,562,005 | 18,393,440 | | 18,393,440 |
| Average outstanding shares during the period | 18,546,014 | 18,313,631 | | 18,493,824 | 18,293,678 | | 18,343,559 |

CEO Jan-Erik Lindfors

The second quarter of 2023 was both eventful and challenging for Lemonsoft. Market demand is still affected by the macroeconomic situation in Finland and customers are postponing their investments, resulting in only 15.9% growth in Group net sales. Adjusted EBIT was 24.8% of net sales. Net sales growth came from significant strategic acquisitions.

The number of Lemonsoft customers was 12,500 at the end of June, while a year earlier it was 4,000. The increase in the customer base is as a result of the acquisition of Finvoicer Group Oy, which brought us nearly 7,900 customers, most of whom are small customers using invoicing software.

The market megatrends of digitalization, artificial intelligence and sustainability are still strong and in the long term clearly positive for us. With the growth of digital ERP, applications like manufacturing execution, budgeting & forecasting, invoice management, transport cost optimization, CO2-reporting and application integrations are growth drivers in our business. We will continue to invest in product development to address these customer needs accordingly.

New customer sales at the start of the second quarter were slower than expected. This was partly due to customers postponing buying decisions and partly due to a re-allocation of Lemonsoft's internal resources to serving the current customer base and making sure our recovery from the malware attack at the end of Q1 was handled well. New sales picked up positively at the end of the quarter, especially in the manufacturing industry vertical, and with work time management deals also in other verticals. We did, however, see increased revenue churn during H1, especially in the construction industry vertical. The overall development of Net Revenue Retention (NRR) remained at a lower level than expected due to the challenging market conditions.

We are continuously taking actions to make sure our customers are satisfied and can get the maximum benefit from their software investments. One such action is focused on product bundling and pricing; ensuring that both new and existing customers find our offering easy to understand and easy to buy.

From an M&A perspective, we were delighted to complete the acquisition of Finvoicer Group in June. Our long-time partner Finvoicer brings clear synergies for us, and with the acquisition, we strengthen our offering in invoice lifecycle management by providing our customers with more comprehensive solutions, including invoice delivery, reminders and debt collection, invoice financing and digital financial management. At the same time, we updated our profit forecast, and we estimate that the net sales for the financial year 2023 will increase by 15-20% compared to the financial year 2022, and that adjusted EBIT will be 25-30% of net sales in 2023.

We will continue to ensure that our business grows profitably and are continuously paying attention to our cost structure and ways of working. As part of that process, we conducted change negotiations with our personnel in June 2023. In the changed market situation, we want to be even leaner, faster and more collaborative with the best offering in the market, delivering better productivity and efficiency outcomes for our customers.

Finally, I want to say that I am grateful for the opportunity to step up to the role of CEO of Lemonsoft and especially I want to thank Kari Joki-Hollanti for his previous work as CEO. I look forward to working with customers, employees and all other stakeholders to grow the business. We have a great team, great customers and a good foundation in place and our mission is now to scale that up over the next years. We are updating our strategy and will communicate more on the topic later.



Group Financial Development

Group financial result and profitability

April-June 2023

Net sales for the review period were EUR 6,163 thousand (5,318). Net sales increased by EUR 845 thousand, 15.9%. Organic growth of the review period was -3.9% due to the challenging market situation. Especially consulting and other income remained at a lower level than in the comparison period. Organic growth of the recurring revenue was positive, however. Net sales increased due to the acquisitions of Logentia Oy (2022), whose net sales were not included in the comparison period in April–May, and Finazilla Oy (2022), Duunissa.fi business (2022) and Finvoicer Group Oy (2023), whose net sales were not included at all in the comparison period.

The share of SaaS income was 75.2% (75.9), the share of transaction income 6.9% (5.6), and consulting and other income 17.8% (18.5).

EBITDA was EUR 1,487 thousand (1,434), 24.1% (27.0) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 1,701 thousand (1,585), 27.6% (29.8) of net sales.

EBIT was EUR 1,191 thousand (1,296), 19.3% (24.4) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 1,527 thousand (1,469), 24.8% (27.6) of net sales.

Profit for the review period was EUR 998 thousand (969), 16.2% (18.2) of net sales.

Cash flow from operating activities was EUR 634 thousand (1,310).

January-June 2023

Net sales for the review period were EUR 12,082 thousand (10,320). Net sales increased by EUR 1,761 thousand, 17.1%. Organic growth of the review period was -1.4% due to the challenging market situation. Especially consulting and other income remained at a lower level than in the comparison period. Organic growth of the recurring revenue was positive also in the half year period. Net sales increased due to the acquisitions of Logentia Oy (2022), whose net sales were not included in the comparison period in January–May, and Finazilla Oy (2022), Duunissa.fi business (2022) and Finvoicer Group Oy (2023), whose net sales were not included at all in the comparison period.

The share of SaaS income was 75.7% (76.7), the share of transaction income 5.9% (5.6), and consulting and other income 18.4% (17.7).

EBITDA was EUR 3,099 thousand (2,976), 25.7% (28.8) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 3,320 thousand (3,138), 27.5% (30.4) of net sales.

EBIT was EUR 2,552 thousand (2,728), 21.1% (26.4) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 2,991 thousand (2,912), 24.8% (28.2) of net sales.

Profit for the review period was EUR 1,947 thousand (2,124), 16.1% (20.6) of net sales.

Cash flow from operating activities was EUR 2,068 thousand (2,309).

Balance sheet, financing and investments

The balance sheet total at the end of the review period was EUR 48,369 thousand (38,194 at the end of the year 2022). The acquisition of Finvoicer Group Oy on 1.6.2023 increased the balance sheet total significantly.

The Group has capitalized development expenses of EUR 973 thousand during the review period. At the end of the review period, the Group's balance sheet included capitalized development expenses totalling EUR 1,792 thousand (849 at the end of the year 2022).

Equity was EUR 26,931 thousand (26,292 at the end of the year 2022), equity increased EUR 638 thousand.

Equity ratio was 56.1% (69.7 at the end of the year 2022) and interest-bearing debt was EUR 9,439 thousand (3,031 at the end of the year 2022). Interest-bearing debt increased with the acquisition of Finvoicer Group Oy.

Cash and cash equivalents at the end of the review period were EUR 8,102 thousand (11,692 at the end of the year 2022).

Personnel, management and administration

The Group number of employees was 220 (169) on 30 June 2023. With the acquisition of Finvoicer Group Oy, the number of personnel increased by 40 people. We report our Group personnel as follows:

- R&D 96 employees
- Customer functions 110 employees
- Other functions, a total of 14 employees

Shares and shareholders

Share capital and number of shares

The company has one series of shares, and all shares have equal rights. At the end of the review period, Lemonsoft Oyj's share capital consisted of 18,562,005 (18,393,440) shares. The average number of shares during the review period was 18,546,014 (18,313,631).

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. During the review period, the highest share price was EUR 8.70 and the lowest EUR 7.00. The closing price on 30 June 2023 was EUR 8.12. The market value of the company at the closing price of the review period was approximately EUR 150.7 million. Average daily trading volume during the review period was 4,979 shares (EUR 42,379).

On 30 June 2023, the company had a total of 2,473 shareholders. The company's largest shareholders can be found on the company's investor website at <https://investors.lemonsoft.fi/osakkeenomistajat/>.

Authorizations of the Board of Directors

Lemonsoft Oyj has decided in its Annual General Meeting on 4 April 2023 to authorize the Board of Directors to decide on the repurchase of the company's own shares on the following terms and conditions:

- By virtue of the authorization, the Board of Directors is authorized to decide on the repurchase of a maximum of 1,800,000 of the company's own shares. The proposed maximum number of shares to be repurchased corresponds to approximately 9.7% of all the company's shares. The authorization includes the right to accept the company's own shares as a pledge.

The authorization is valid until the 2024 Annual General Meeting, but not beyond 30 June 2024.

The Annual General Meeting authorized the Board to decide on a share issue against payment or a share issue without payment and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments with the following terms and conditions:

- By virtue of the authorization the share issue may be a maximum of 2,000,000 shares. The authorization applies to both issuing new shares and to transferring of treasury shares held by the company. The authorization may be used to fund or complete acquisitions or other business transactions, for implementation of share-based incentive schemes, to develop the company's capital structure, and for other purposes decided by the Board.
- The authorization entitles the Board of Directors to resolve on all the conditions of the issuance of shares and the issuance of special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription right.

The authorization is in force until the next Annual General Meeting; however, no longer than until 30 June 2024, and it replaces the previous authorizations granted regarding a directed share issue and the issuance of special rights entitling to shares.

As part of the completion of the acquisition of Finvoicer Group Oy, Lemonsoft Oyj's Board of Directors decided on a directed share issue, in which a total of 23,986 (EUR 196 thousand) new Lemonsoft Oyj shares were offered for subscription by Finvoicer Group Oy's shareholders transferring to Lemonsoft Oyj. As a result of the share issue, the total number of Lemonsoft Oyj's outstanding shares increased to 18,562,005 shares.

Significant short-term risks and uncertainties

The deterioration of the economic situation and events with a global impact, such as the war in Ukraine, may have direct and indirect effects on Lemonsoft's business. These may be reflected in the business operations of Lemonsoft's customer companies, for example, in reduced investments by industrial manufacturing companies and decreased needs of subcontracting chains, as well as business and bankruptcy risks. In turn, customers' business challenges may affect Lemonsoft's new customer acquisition, upsells from existing customers, and customer retention.

In the longer term, the biggest challenge for our industry is the availability of skilled personnel. Success of the Group and opportunities for growth depend largely on how well we can recruit, motivate, and engage more skilled personnel and develop our expertise.

In Lemonsoft's cost structure, the single most significant factor is personnel costs, and an increase in the general price level may increase the pressure to increase personnel costs. Lemonsoft constantly monitors the development of the situation from a risk management perspective and strives to ensure the continuation of profitable growth by optimizing its cost structure and pricing.

The ERP market is generally a highly competitive market, and the industry is fragmented. Smaller players are primarily focused in a specific sector of SMEs and larger players do not compete directly for customers in the same market. However, competition in Lemonsoft's operating markets may intensify due to existing competitors or agile new entrants.

Risks related to information security and the IT systems of service providers are a significant factor affecting the security and continuity of the Group's business. Lemonsoft constantly invests in high reliability and high security systems and strives to ensure the high quality of the services it purchases by selecting leading players in the industry as its key partners. European data protection regulations may also bring unexpected risks to Lemonsoft's operating environment.

Success in acquisitions and related integration work is a key factor for Lemonsoft's growth. The company has made several acquisitions in recent years and aims to continue to grow through acquisitions. There may be unexpected risks associated with target companies and their integration into Lemonsoft.

Dividends paid

The Annual General Meeting decided on 4 April 2023 that a dividend of EUR 0.14 per share will be paid according to the confirmed balance sheet for the accounting period ending on 31 December 2022. A total dividend of approximately EUR 2.6 million was paid on 17 April 2023.

Events after the review period

Lemonsoft has announced on 2 June 2023 that Jan-Erik Lindfors, who has served as the company's deputy CEO since 2021, has started as Lemonsoft's CEO as of 1.8.2023.

Outlook 2023

Lemonsoft's goal is to continue growth, both by increasing the number of software modules offered to its existing customer base and by expanding its customer base with new customer acquisition. However, the company estimates that the prevailing economic situation will have a weakening effect on new sales and the growth of the existing customer base, especially in the first half of the year.

Profit forecast for 2023

Lemonsoft has updated its profit forecast for 2023 following the acquisition of Finvoicer Group Oy.

Lemonsoft estimates that the net sales for the financial year 2023 will increase by 15-20 percent compared to the financial year 2022, and that adjusted EBIT will be 25-30 percent of net sales in 2023.

Financial information

Lemonsoft Oyj will publish the following financial information in 2023:

- Interim Report January - September 2023 on Thursday, 26 October 2023

Webcast for investors and media

Lemonsoft will host a live webcast for investors and the media in English on August 11, 2023 at 1:00pm EET.

The webcast can be followed online live via this link: <https://lemonsoft.videosync.fi/2023-q2-results>

A recording of the event and the presentation material will be available after the event at <https://investors.lemonsoft.fi/>.

Lemonsoft Oyj
Board of Directors

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About Lemonsoft Oyj

Lemonsoft is a Finnish software company that designs, develops and sells ERP software solutions to streamline its customers' processes across different business lines and administration. The extensive offering of software solutions and related services enables the company to provide its customers with holistic service. The company's standardized and scalable software solutions are delivered mainly from the cloud and are based on the SaaS model in which customers pay a monthly service fee for the use of the software. The company operates in the ERP software market primarily as a service provider for SMEs. The company's customer base includes customers from especially industrial manufacturing, wholesale and retail, professional services automation, construction and accounting.

Get to know us better at www.lemonsoft.fi.

Distribution

Nasdaq Helsinki Oy
Principal media

Tables section

Consolidated income statement, IFRS

| EUR 1,000 | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 |
|---|--------------|--------------|---------------|---------------|---------------|
| NET SALES | 6,163 | 5,318 | 12,082 | 10,320 | 22,550 |
| Other operating income | 0 | 0 | 0 | 1 | 4 |
| Materials and services | -822 | -687 | -1,576 | -1,242 | -2,572 |
| Employee benefit expenses | -3,103 | -2,599 | -6,031 | -5,096 | -10,564 |
| Depreciation and amortisation | -296 | -138 | -547 | -248 | -737 |
| Other operating expenses | -752 | -597 | -1,375 | -1,007 | -2,086 |
| EBIT | 1,191 | 1,296 | 2,552 | 2,728 | 6,594 |
| Financial income | 14 | 2 | 16 | 3 | 10 |
| Financial expenses | -33 | -9 | -43 | -17 | -70 |
| PROFIT (LOSS) BEFORE TAXES | 1,172 | 1,289 | 2,526 | 2,714 | 6,535 |
| Income taxes | -174 | -319 | -578 | -590 | -1,407 |
| PROFIT (LOSS) FOR THE PERIOD | 998 | 969 | 1,947 | 2,124 | 5,128 |
| PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO | | | | | |
| Owners of the parent company | 990 | 960 | 1,919 | 2,109 | 5,030 |
| Non-controlling interests | 8 | 9 | 29 | 15 | 98 |

Consolidated balance sheet, IFRS

| EUR 1,000 | 30.6.2023 | 30.6.2022 | 31.12.2022 | 1.1.2022 |
|---|---------------|---------------|---------------|---------------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Goodwill | 23,103 | 11,786 | 15,718 | 6,424 |
| Intangible assets | 6,963 | 2,436 | 3,638 | 60 |
| Tangible assets | 1,548 | 1,261 | 1,382 | 1,265 |
| Investments | 3,887 | 1,874 | 2,878 | 1,874 |
| Deferred tax assets | 2 | 93 | 12 | 85 |
| TOTAL NON-CURRENT ASSETS | 35,503 | 17,451 | 23,627 | 9,708 |
| CURRENT ASSETS | | | | |
| Inventory | 51 | 41 | 88 | 52 |
| Trade and other receivables | 4,713 | 2,462 | 2,787 | 1,710 |
| Cash and cash equivalents | 8,102 | 13,824 | 11,692 | 19,060 |
| TOTAL CURRENT ASSETS | 12,866 | 16,327 | 14,567 | 20,822 |
| TOTAL ASSETS | 48,369 | 33,778 | 38,194 | 30,530 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | 80 | 80 | 80 | 80 |
| Reserve for invested unrestricted equity | 17,767 | 16,480 | 16,480 | 14,980 |
| Retained earnings | 8,927 | 6,664 | 9,603 | 6,930 |
| Equity of the owners of the parent company | 26,773 | 23,224 | 26,163 | 21,990 |
| Share of non-controlling owners | 157 | 45 | 129 | 30 |
| TOTAL EQUITY | 26,931 | 23,269 | 26,292 | 22,021 |
| LIABILITIES | | | | |
| NON-CURRENT LIABILITIES | | | | |
| Loans from financial institutions | 6,878 | 1,950 | 1,500 | 2,400 |
| Lease liabilities | 278 | 358 | 306 | 475 |
| Deferred tax liabilities | 1,212 | 531 | 699 | 4 |
| TOTAL NON-CURRENT LIABILITIES | 8,368 | 2,839 | 2,505 | 2,879 |
| CURRENT LIABILITIES | | | | |
| Loans from financial institutions | 1,872 | 900 | 900 | 900 |
| Lease liabilities | 411 | 279 | 325 | 257 |
| Advances received | 606 | 676 | 660 | 535 |
| Trade and other payables | 10,181 | 5,814 | 7,512 | 3,938 |
| TOTAL CURRENT LIABILITIES | 13,070 | 7,670 | 9,397 | 5,630 |
| TOTAL LIABILITIES | 21,438 | 10,508 | 11,902 | 8,509 |
| TOTAL EQUITY AND LIABILITIES | 48,369 | 33,778 | 38,194 | 30,530 |

Consolidated cash flow statement, IFRS

| EUR 1,000 | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 |
|--|---------------|---------------|---------------|---------------|----------------|
| Cash flow from operating activities: | | | | | |
| Profit (Loss) for the period | 998 | 969 | 1,947 | 2,124 | 5,128 |
| Adjustments: | 287 | 453 | 921 | 838 | 2,146 |
| Depreciation and amortisation | 296 | 138 | 547 | 248 | 737 |
| Other income and expenses without payment | -70 | -10 | -138 | -11 | -18 |
| Financial income and expenses | 19 | 6 | 27 | 11 | 19 |
| Taxes | 184 | 319 | 588 | 590 | 1,407 |
| Other adjustments | -142 | 0 | -102 | 0 | 0 |
| Cash flow before change in working capital | 1,285 | 1,422 | 2,869 | 2,962 | 7,274 |
| Change in working capital | -301 | 190 | -84 | -109 | 44 |
| Cash flow before financial items and taxes | 984 | 1,613 | 2,785 | 2,853 | 7,318 |
| Net financial items and taxes | -350 | -303 | -717 | -544 | -1,110 |
| Net cash flow from operating activities (A) | 634 | 1,310 | 2,068 | 2,309 | 6,208 |
| Cash flow from investing activities: | | | | | |
| Acquisition of tangible and intangible assets | -826 | -254 | -1,444 | -499 | -2,693 |
| Other investments | -9 | 0 | -1,009 | 0 | -1,000 |
| Acquisition of subsidiary, net of cash acquired | -5,548 | -4,088 | -5,681 | -4,088 | -6,310 |
| Net cash flow from investing activities (B) | -6,383 | -4,342 | -8,134 | -4,587 | -10,003 |
| Cash flow from financing activities: | | | | | |
| Dividends paid | -2,595 | -2,376 | -2,595 | -2,376 | -2,376 |
| Net cash flow from non-current loans | 5,255 | -450 | 5,255 | -450 | -900 |
| Lease liabilities repayment | -95 | -67 | -183 | -133 | -297 |
| Net cash flow from financing activities (C) | 2,564 | -2,893 | 2,477 | -2,959 | -3,573 |
| Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-) | -3,184 | -5,925 | -3,589 | -5,236 | -7,368 |
| Cash and cash equivalents at the beginning of the period | 11,287 | 19,749 | 11,692 | 19,060 | 19,060 |
| Cash and cash equivalents at the end of the period | 8,102 | 13,824 | 8,102 | 13,824 | 11,692 |
| Change in cash | -3,184 | -5,925 | -3,589 | -5,236 | -7,368 |

Consolidated statement of changes in equity, IFRS

| EUR 1,000 | Equity of the owners of the parent company | | | | Share of non-controlling owners | Total equity |
|------------------------------|--|--------------------------------------|-------------------|---------------|---------------------------------|---------------|
| | Share capital | Invested unrestricted equity reserve | Retained earnings | Total | | |
| Equity 1.1.2022 | 80 | 14,980 | 6,930 | 21,991 | 30 | 22,021 |
| Profit (Loss) for the period | | | 2,109 | 2,109 | 15 | 2,124 |
| Directed share issue | | 1,500 | | 1,500 | | 1,500 |
| Dividends paid | | | -2,376 | -2,376 | | -2,376 |
| Equity 30.6.2022 | 80 | 16,480 | 6,664 | 23,224 | 45 | 23,269 |
| Equity 1.1.2023 | 80 | 16,480 | 9,603 | 26,163 | 129 | 26,292 |
| Profit (Loss) for the period | | | 1,919 | 1,919 | 29 | 1,947 |
| Directed share issue | | 1,286 | | 1,286 | | 1,286 |
| Dividends paid | | | -2,595 | -2,595 | | -2,595 |
| Equity 30.6.2023 | 80 | 17,767 | 8,927 | 26,773 | 157 | 26,931 |

Accounting principles

The Group's interim financial report has been prepared in accordance with IAS34 Interim Financial Reporting. The interim financial report is unaudited.

This is an interim report prepared in accordance with IFRS. The company will publish the first consolidated financial statements in accordance with IFRS for the financial year ending 31.12.2023. The Group's date of transition to IFRS is 1 January 2022. Comparative information for previous years converted to IFRS and their changes compared to FAS reporting are presented in the IFRS Transition release 11.4.2023. This interim report of the Group should be reviewed and read together with the IFRS Transition release, which presents the effects of the IFRS transition on Lemonsoft Group.

The information in the interim report is presented in thousands of Euro, except when otherwise stated. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure.

Notes

Distribution of net sales

| EUR 1,000 | 4-6/2023 | 4-6/2022 | Change | 1-6/2023 | 1-6/2022 | Change | 1-12/2022 |
|----------------------|----------|----------|--------|----------|----------|--------|-----------|
| Net sales | 6,163 | 5,318 | 15.9 % | 12,082 | 10,320 | 17.1 % | 22,550 |
| SaaS | 4,635 | 4,036 | 14.9 % | 9,141 | 7,918 | 15.4 % | 16,989 |
| Transaction | 428 | 298 | 43.7 % | 715 | 576 | 24.1 % | 1,172 |
| Consulting and other | 1,100 | 984 | 11.8 % | 2,226 | 1,827 | 21.9 % | 4,390 |

Goodwill and intangible assets

| EUR 1,000 | 6/2023 | 6/2022 | 12/2022 |
|---|---------------|---------------|---------------|
| Acquisition cost 1.1. | 22,826 | 9,688 | 8,748 |
| Additions | 10,988 | 7,776 | 13,031 |
| Deductions | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 |
| Acquisition cost at the end of the period | 33,814 | 17,464 | 21,779 |
| Accumulated depreciation and amortisation 1.1. | 3,471 | 3,205 | 2,158 |
| Accumulated depreciation and amortisation on deductions and transfers | 0 | 0 | 0 |
| Depreciation and amortisation for the period | 277 | 37 | 266 |
| Accumulated depreciation and amortisation at the end of the period | 3,748 | 3,241 | 2,424 |
| Book value at the end of the period | 30,066 | 14,223 | 19,356 |

Tangible assets

| EUR 1,000 | 6/2023 | 6/2022 | 12/2022 |
|---|--------------|--------------|--------------|
| Acquisition cost 1.1. | 2,659 | 1,339 | 1,339 |
| Additions | 435 | 939 | 1,320 |
| Deductions | 0 | 1 | 0 |
| Reclassifications | 0 | 0 | 0 |
| Acquisition cost at the end of the period | 3,094 | 2,277 | 2,659 |
| Accumulated depreciation and amortisation 1.1. | 1,277 | 805 | 805 |
| Accumulated depreciation and amortisation on deductions and transfers | 0 | 0 | 0 |
| Depreciation and amortisation for the period | 270 | 211 | 471 |
| Accumulated depreciation and amortisation at the end of the period | 1,546 | 1,017 | 1,277 |
| Book value at the end of the period | 1,548 | 1,261 | 1,382 |

Financial assets and liabilities

| EUR 1,000 | Level | Fair value through profit or loss | Amortised cost | Carrying amount | Fair value 30.6.2023 |
|--|-------|-----------------------------------|----------------|-----------------|----------------------|
| Non-current financial assets | | | | | |
| Equity investments | 3 | 1,874 | 0 | 1,874 | 1,874 |
| Investments | 2 | 0 | 2,012 | 2,012 | 2,012 |
| Total non-current financial assets | | 1,874 | 2,012 | 3,887 | 3,887 |
| Current financial assets | | | | | |
| Trade receivables | | 0 | 3,894 | 3,894 | 3,894 |
| Other receivables | | 0 | 819 | 819 | 819 |
| Cash and cash equivalents | | 0 | 8,102 | 8,102 | 8,102 |
| Total current financial assets | | 0 | 12,815 | 12,815 | 12,815 |
| Non-current financial liabilities | | | | | |
| Loans from financial institutions | 2 | 0 | 6,878 | 6,878 | 6,878 |
| Lease liabilities | | 0 | 278 | 278 | 278 |
| Total non-current financial liabilities | | 0 | 7,156 | 7,156 | 7,156 |
| Current financial liabilities | | | | | |
| Loans from financial institutions | 2 | 0 | 1,872 | 1,872 | 1,872 |
| Lease liabilities | | 0 | 411 | 411 | 411 |
| Advances received | | 0 | 606 | 606 | 606 |
| Trade payables | | 0 | 1,144 | 1,144 | 1,144 |
| Contingent consideration | 3 | 4,757 | 0 | 4,757 | 4,757 |
| Other payables | | 0 | 4,281 | 4,281 | 4,281 |
| Total current financial liabilities | | 4,757 | 8,314 | 13,070 | 13,070 |

Group's commitments

| EUR 1,000 | 6/2023 | 6/2022 | 12/2022 |
|---|---------------|--------------|--------------|
| Collateral securities | | | |
| Cash pledges (movable object, security) * | 1,073 | 1,073 | 1,073 |
| Business mortgage, parent company | 15,000 | 2,000 | 2,000 |
| Total collateral securities | 16,073 | 3,073 | 3,073 |

* The value of cash pledges corresponds to the purchase price of the pledged real estate shares

Business acquisitions 2023

Finvoicer Group Oy

On 1 June 2023, Lemonsoft Oyj acquired the entire share capital of Finvoicer Group Oy, a software company focused on invoice lifecycle management. With the acquisition, Lemonsoft strengthens its offering in invoice lifecycle management by providing its customers with more comprehensive solutions, including invoice delivery, reminders and debt collection, invoice financing and digital financial management. In addition to the parent company Finvoicer Group Oy, Finvoicer Group includes 100-percent owned subsidiaries Finvoicer Rahoitus Oy, specializing in invoice financing, and Billgo Oy, providing invoicing software for small businesses under the brand HelpostiLasku.

The purchase price for the share capital of Finvoicer Group Oy was EUR 6.2 million and the net debt-free enterprise value was EUR 7.6 million. 97% of the purchase price was paid in cash and 3% in shares at closing.

In addition, the parties agreed on a contingent consideration based on Finvoicer's financial results for 2023-2025. The contingent additional purchase price amounts to a maximum of EUR 3.3 million, and if realized, will be paid primarily in cash.

Identifiable assets acquired and liabilities assumed as assets are valued at their fair values at the date of acquisition. Acquired assets include intangible assets recognized separately from goodwill, consisting of customer relationships and technology. The goodwill is based on the expected synergy benefits from the acquisition of Finvoicer Group Oy, as well as on utilizing the growth of the joint sales and marketing network and expanding customer relationships within the Group. Goodwill is not deductible in taxation. Acquisition-related costs of EUR 214 thousand are included in the Other operating expenses item in the consolidated income statement.

Lemonsoft Group's net sales in 1.1.2023-30.6.2023 would have been approximately EUR 14 million and profit for the period approximately EUR 2.5 million if the businesses acquired during the period had been consolidated from the beginning of 2023.

The following table shows the total fair values of the assets and liabilities acquired.

| EUR 1,000 | Finvoicer Group Oy (2023) |
|---|---------------------------|
| Consideration transferred | |
| In cash | 5,963 |
| In shares | 195 |
| Contingent consideration | 3,250 |
| Total consideration transferred | 9,408 |
| Assets acquired and liabilities assumed at the date of acquisition | |
| Customer relationships | 1,421 |
| Technology | 1,132 |
| Other intangible assets | 0 |
| Right-of-use assets | 147 |
| Other tangible assets | 37 |
| Trade and other receivables | 2,477 |
| Cash and cash equivalents | 415 |
| Total assets | 5,629 |
| Lease liabilities | 147 |
| Trade and other payables | 2,952 |
| Deferred tax liabilities | 511 |
| Total liabilities | 3,610 |
| Total acquired net assets | 2,019 |
| Total consideration transferred | 9,408 |
| Goodwill | 7,389 |
| Cash flow impact of acquisitions | |
| Consideration paid in cash | 5,963 |
| Cash and cash equivalents transferred | -415 |
| Net cash flow on acquisition | 5,548 |

Business acquisitions 2022

Logentia Oy

On 31 May 2022, Lemonsoft Oyj acquired the entire share capital of Logentia Oy. With the acquisition, Lemonsoft strengthens its offering in industrial manufacturing and wholesale businesses and will offer its customers more possibilities to streamline their business processes by optimizing the use of transportation services.

The purchase price of Logentia Oy's share capital was EUR 7.9 million. The purchase price consisted of a debt-free enterprise value of EUR 6.0 million and a net cash of EUR 1.9 million. 75% of the purchase price was paid in cash and 25% in new shares issued by Lemonsoft Oyj. The subscription price of the new shares transferred as consideration was EUR 12.53, based on the volume-weighted average price of the Lemonsoft Oyj's share on 30-day period preceding the signing of the share purchase agreement.

In addition, the parties agreed on a contingent consideration based on Logentia Oy's financial results for 2022-2023. The contingent additional purchase price amounts to a maximum of EUR 1.0 million, and if realized, will be paid entirely as share consideration by the end of February 2024.

Identifiable assets acquired and liabilities assumed as assets are valued at their fair values at the date of acquisition. Acquired assets include intangible assets recognized separately from goodwill, consisting of customer relationships and technology. The goodwill is based on the expected synergy benefits from the acquisition of Logentia Oy, as well as on utilising the growth of the joint sales and marketing network and expanding customer relationships within the Group. Goodwill is not deductible in taxation. Acquisition-related costs of EUR 173 thousand are included in the Other operating expenses item in the consolidated income statement.

Finazilla Oy

On 8 July 2022, Lemonsoft Oyj acquired the entire share capital of Finazilla Oy, a software company specializing in business reporting, budgeting and forecasting. In connection with the transaction, Finazilla Oy acquired the business of Finazilla Oy's parent company, Taloushallintaa.fi Oy, which offers financial process optimization and enhancement services with Finazilla's software. With the acquisition, Lemonsoft strengthens its offering in financial management solutions by offering its customers more comprehensive tools for managing the business information from ERP systems and for financial forecasting.

The total purchase price of the acquired businesses was EUR 2.8 million. The purchase price consisted of a debt-free enterprise value of EUR 2.6 million and a net cash of EUR 0.2 million. The total purchase price was paid in cash at signing.

In addition, the parties agreed on a contingent consideration based on Finazilla Oy's net sales for 2022-2025. The contingent additional purchase price amounts to a maximum of EUR 1.5 million, and if realized, 50% of the additional purchase price will be paid in cash and 50% in new shares issued by Lemonsoft Oyj.

Identifiable assets acquired and liabilities assumed as assets are valued at their fair values at the date of acquisition. Acquired assets include intangible assets recognized separately from goodwill, consisting of customer relationships and technology. The goodwill is based on the expected synergy benefits from the acquisition of Finazilla Oy, as well as on utilising the growth of the joint sales and marketing network and expanding customer relationships within the Group. Goodwill is not deductible in taxation. Acquisition-related costs of EUR 54 thousand are included in the Other operating expenses item in the consolidated income statement.

Duunissa.fi business

On 30 November 2022, Lemonsoft Oyj acquired the work time monitoring business of Duunissa.fi. Duunissa.fi is a working time monitoring software solution developed by Korttilinna Oy, which enables logging work time via mobile or terminal stamping, working hours to be easily assigned in electronic working time monitoring, and allowances and expenses attached to work shifts to be transferred to work time accounting.

The purchase price of Duunissa.fi business was negligible, so the acquisition is not specified in the table below.

Logentia Oy's net sales were EUR 1,159 thousand and the result for the financial year was EUR 545 thousand from the date of acquisition until 31.12.2022. Finazilla Oy's net sales were EUR 780 thousand and the result for the financial year was EUR -57 thousand from the date of acquisition until 31.12.2022. Lemonsoft Group's net sales in 2022 would have been EUR 23,886 thousand and profit for the financial year EUR 5,436 thousand if the businesses acquired during the financial year had been consolidated in the consolidated financial statements from the beginning of 2022.

The following table shows the total fair values of the assets and liabilities acquired.

| EUR 1,000 | Logentia Oy (2022) | Finazilla Oy (2022) |
|---|--------------------|---------------------|
| Consideration transferred | | |
| In cash | 6,422 | 2,804 |
| In shares | 1,500 | 0 |
| Contingent consideration | 1,000 | 1,500 |
| Total consideration transferred | 8,922 | 4,304 |
| Assets acquired and liabilities assumed at the date of acquisition | | |
| Customer relationships | 1,370 | 183 |
| Technology | 717 | 598 |
| Other intangible assets | 0 | 107 |
| Right-of-use assets | 32 | 152 |
| Trade and other receivables | 736 | 113 |
| Cash and cash equivalents | 2,317 | 233 |
| Total assets | 5,172 | 1,386 |
| Lease liabilities | 32 | 152 |
| Trade and other payables | 1,164 | 90 |
| Deferred tax liabilities | 417 | 156 |
| Total liabilities | 1,613 | 398 |
| Total acquired net assets | 3,559 | 988 |
| Total consideration transferred | 8,922 | 4,304 |
| Goodwill | 5,363 | 3,316 |
| Cash flow impact of acquisitions | | |
| Consideration paid in cash | 6,422 | 2,804 |
| Cash and cash equivalents transferred | -2,317 | -233 |
| Net cash flow on acquisition | 4,105 | 2,571 |

Events after the review period

Lemonsoft has announced on 2 June 2023 that Jan-Erik Lindfors, who has served as the company's deputy CEO since 2021, has started as Lemonsoft's CEO as of 1.8.2023.

Key figures

Alternative performance measures

Adjusted EBITDA

| EUR 1,000 | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 |
|---------------------------------|----------|----------|----------|----------|-----------|
| EBITDA | 1,487 | 1,434 | 3,099 | 2,976 | 7,332 |
| EBITDA, % of net sales | 24.1 % | 27.0 % | 25.7 % | 28.8 % | 32.5 % |
| <i>M&A expenses</i> | 214 | 151 | 221 | 162 | 257 |
| Adjusted EBITDA | 1,701 | 1,585 | 3,320 | 3,138 | 7,589 |
| Adjusted EBITDA, % of net sales | 27.6 % | 29.8 % | 27.5 % | 30.4 % | 33.7 % |

Adjusted EBIT

| EUR 1,000 | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 |
|---|----------|----------|----------|----------|-----------|
| EBIT | 1,191 | 1,296 | 2,552 | 2,728 | 6,594 |
| EBIT, % of net sales | 19.3 % | 24.4 % | 21.1 % | 26.4 % | 29.2 % |
| <i>M&A expenses</i> | 214 | 151 | 221 | 162 | 257 |
| <i>Amortisation of intangible assets related to business combinations</i> | 122 | 22 | 218 | 22 | 203 |
| Adjusted EBIT | 1,527 | 1,469 | 2,991 | 2,912 | 7,054 |
| Adjusted EBIT, % of net sales | 24.8 % | 27.6 % | 24.8 % | 28.2 % | 31.3 % |

Organic growth of net sales

| EUR 1,000 | 4-6/2023 | 4-6/2022 | 1-6/2023 | 1-6/2022 | 1-12/2022 |
|--------------------------------|----------|----------|----------|----------|-----------|
| Net sales | 6,163 | 5,318 | 12,082 | 10,320 | 22,550 |
| <i>Impact of acquisitions</i> | -1,051 | -843 | -1,907 | -1,646 | -3,625 |
| Net sales of comparison period | 5,318 | 4,008 | 10,320 | 7,857 | 17,227 |
| Organic growth of net sales, % | -3.9 % | 11.7 % | -1.4 % | 10.4 % | 9.9 % |

Calculation of key figures

Gross Margin

Net sales + Other operating income - Materials and services

EBITDA

EBIT+ Depreciation and amortisation

Adjusted EBITDA

EBIT + Depreciation and amortisation + M&A expenses +/- Other significant non-recurring items affecting comparability

EBIT

Net sales + Other operating income - Materials and services - Employee benefit expenses - Other operating expenses - Depreciation and amortisation

Adjusted EBIT

EBIT + Amortisation of intangible assets related to business combinations + M&A expenses +/- Other significant non-recurring items affecting comparability

Equity ratio, %

Equity +/- Non-controlling interests x100 / (Balance sheet total - Advances received)

Net debt

Loans from credit institutions + Lease liabilities - Cash and cash equivalents

Gearing, %

(Loans from credit institutions + Lease liabilities - Cash and cash equivalents) x100 / Equity

Earnings per share (EPS)

Profit (loss) for the period attributable to owners of the parent company / Weighted average number of ordinary shares outstanding during the financial year

Return on invested capital (ROIC), %

(Profit (loss) for the period + Financial expenses + Tax expense) / (Equity + Loans from credit institutions + Lease liabilities)

Return on equity (ROE), %

Profit (loss) for the period / ((Equity at the beginning of the period + Equity at the end of the period) / 2)



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