

Lemonsoft Oyj's Annual Financial Statement Release for 1 January - 31 December 2024



Lemonsoft Oyj's Annual Financial Statement Release for 1 January - 31 December 2024 (unaudited)

New sales improved towards the end of the year,
significant changes will continue into early 2025.

October - December 2024, IFRS

- Net sales increased 3.2% and were EUR 7,672 thousand (7,437)
- EBITDA was EUR 1,776 thousand (2,512), 23.2% (33.8) of net sales
- Adjusted EBITDA was EUR 1,777 thousand (2,028), 23.2% (27.3) of net sales
- EBIT was EUR 1,257 thousand (2,119), 16.4% (28.5) of net sales
- Adjusted EBIT was EUR 1,506 thousand (1,811), 19.6% (24.3) of net sales
- Profit of the review period was EUR 943 thousand (1,729), 12.3% (23.2) of net sales

January - December 2024, IFRS

- Net sales increased 9.7% and were EUR 28,911 thousand (26,344)
- EBITDA was EUR 7,329 thousand (8,215), 25.3% (31.2) of net sales
- Adjusted EBITDA was EUR 7,522 thousand (7,951), 26.0% (30.2) of net sales
- EBIT was EUR 5,404 thousand (6,890), 18.7% (26.2) of net sales
- Adjusted EBIT was EUR 6,444 thousand (7,195), 22.3% (27.3) of net sales
- Profit of the review period was EUR 4,031 thousand (5,349), 13.9% (20.3) of net sales

Key Figures, IFRS

EUR 1,000	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Net sales	7,672	7,437	3.2 %	28,911	26,344	9.7 %
SaaS	5,454	5,076	7.5 %	20,774	19,146	8.5 %
Transaction	846	857	-1.3 %	3,299	2,265	45.6 %
Consulting and other	1,372	1,503	-8.7 %	4,838	4,933	-1.9 %
Gross margin*	6,604	6,333	4.3 %	24,973	22,792	9.6 %
Gross margin, % of net sales	86.1 %	85.2 %		86.4 %	86.5 %	
EBITDA	1,776	2,512	-29.3 %	7,329	8,215	-10.8 %
EBITDA, % of net sales	23.2 %	33.8 %		25.3 %	31.2 %	
Adjusted EBITDA	1,777	2,028	-12.4 %	7,522	7,951	-5.4 %
Adjusted EBITDA, % of net sales	23.2 %	27.3 %		26.0 %	30.2 %	
EBIT	1,257	2,119	-40.7 %	5,404	6,890	-21.6 %
EBIT, % of net sales	16.4 %	28.5 %		18.7 %	26.2 %	
Adjusted EBIT	1,506	1,811	-16.8 %	6,444	7,195	-10.4 %
Adjusted EBIT, % of net sales	19.6 %	24.3 %		22.3 %	27.3 %	
Profit (Loss) of the period	943	1,729	-45.4 %	4,031	5,349	-24.6 %
Profit (Loss) of the period, % of net sales	12.3 %	23.2 %		13.9 %	20.3 %	
Equity ratio, %	60.4 %	61.9 %		60.4 %	61.9 %	
Net debt	2,755	1,010	172.9 %	2,755	1,010	172.9 %
Gearing, %	8.5 %	3.3 %		8.5 %	3.3 %	
Earnings per share (EPS)	0.05	0.09	-42.0 %	0.22	0.29	-22.2 %
Return on invested capital, % (ROIC)	3.0 %	5.7 %		13.0 %	18.1 %	
Return on equity, % (ROE)	3.0 %	6.1 %		12.8 %	18.9 %	
Number of employees at the end of the period	228	208	9.6 %	228	208	9.6 %
Outstanding shares at the end of the period	18,656,702	18,562,005		18,656,702	18,562,005	
Average outstanding shares during the period	18,664,000	18,562,005		18,604,133	18,527,914	

* The calculation of key figures has been changed for other operating income and the comparison periods have been changed accordingly.

CEO Alpo Luostarinen

The fourth quarter remained slightly subdued in terms of revenue and profitability. Our revenue amounted to €7.7 million, with a revenue growth of 3.2%. The adjusted operating profit was €1.5 million, and the adjusted operating profit margin was 19.6%. The weak sales in the spring and summer were reflected in both recurring revenue and consulting revenue towards the end of the year. However, our development efforts, particularly in sales, technological transitions, and organizational development, progressed according to plan.

The general market situation in our key industries, manufacturing and wholesale trade, showed cautious recovery towards the end of the year. After more than a year and a half of economic downturn, the market is gradually turning in a positive direction, though strong growth has not yet materialized. The financial situation of our customers is generally stable, but as the weaker economic cycle persists, payment delays increased towards the end of the year.

Regarding new sales, the quarter ended on a promising note. Sales of ERP solutions, particularly in the manufacturing and wholesale trade sectors, reached their highest level of the year. Additionally, we have focused on cross-selling within our extensive product portfolio. A more unified sales approach has resulted in more frequent joint deals, where customers opt for multiple solutions from our selection. Revenue churn, which was slightly elevated at the beginning of the year, showed a downward trend towards the end of the year and stood at 4.4% for the entire year, compared to 5.4% in 2023. The retention of recurring revenue from our existing customer base (Net Revenue Retention, NRR) was 97.6% for the year (101.4%), reflecting a challenging year for our customer companies.

Technological transitions progressed during the fourth quarter. The Azure migration is crucial for the company's future and will continue into the spring. The costs associated with this transition have negatively impacted Lemonsoft's profitability in 2024, and this effect will continue into the first months of 2025. After this, the impact on profitability is expected to be clearly positive. The transition to a new e-invoicing operator was successfully completed well ahead of schedule in the fall, and we are now focusing on improving the overall service quality for our customers.

In recent years, we have made significant investments in the comprehensive development of cybersecurity, data protection, and risk management. Before the turn of the year, Lemonsoft's information security management system was awarded the ISO/IEC 27001 certification. This system aims to further enhance service security and continuous availability

while protecting the data of our customers, partners, and employees in the best possible way. The transition to the Azure platform also strongly supports this goal.

With the system, we aim to further enhance the security and continuous availability of services, as well as protect the data of our customers, partners, and staff in the best possible way.

During the last quarter, we also launched a share buyback program. One of the key objectives of this program is to improve capital efficiency and earnings per share, thereby creating shareholder value.

Lemonsoft's management team and organization have undergone significant changes in 2024. In addition to a change of CEO, the leadership team has been updated, particularly the roles of Chief Technology Officer and Chief Commercial Officer. In addition to developing the sales process, the Chief Commercial Officer aims to enhance the tangible value of our extensive product portfolio for customers. The Chief Product Officer is responsible for improving efficiency and quality in launching new products and further developing the existing product portfolio. At the same time, various initiatives have been implemented within the organization to elevate our operations to a whole new level.

The year 2024 was a period of significant changes for the entire Lemonsoft Group. In 2025, our goal is to return to a profitable growth trajectory, supported by these transformations.



Group Financial Development

Group financial result and profitability

October-December 2024

Net sales for the review period were EUR 7,672 thousand (7,437). Net sales increased by EUR 235 thousand, 3.2%. Organic growth of the review period was -4.1%, but organic growth of the recurring revenue remained positive. Consulting and other income remained at the lower level than in the comparison period. Net sales increased due to the acquisition of Atmotics Oy (2024) and Applirent Oy (2024), whose net sales were not included in the comparison period.

The share of SaaS income was 71.1% (68.3), the share of transaction income 11.0% (11.5), and consulting and other income 17.9% (20.2).

EBITDA was EUR 1,776 thousand (2,512), 23.2% (33.8) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 1,777 thousand (2,028), 23.2% (27.3) of net sales. EBITDA and adjusted EBITDA were lower than the comparison period due to the timing of certain development projects.

EBIT was EUR 1,257 thousand (2,119), 16.4% (28.5) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 1,506 thousand (1,811), 19.6% (24.3) of net sales. EBIT and adjusted EBIT were lower than the comparison period due to the timing of certain development projects.

Profit for the review period was EUR 943 thousand (1,729), 12.3% (23.2) of net sales.

Cash flow from operating activities was EUR 1,973 thousand (2,102).

January - December 2024

Net sales for the review period were EUR 28,911 thousand (26,344). Net sales increased by EUR 2,567 thousand, 9.7%. Organic growth of the review period was -0.8%, but organic growth of the recurring revenue remained positive. Consulting and other income remained at the lower level than in the comparison period. Net sales increased mainly due to the acquisition of Finvoicer Group Oy (2023), whose net sales were not included in the comparison period in January - May and due to the acquisition of Atmotics Oy (2024) and Applirent Oy (2024), whose net sales were not included all in the comparison.

The share of SaaS income was 71.9% (72.7), the share of transaction income 11.4% (8.6), and consulting and other income 16.7% (18.7).

EBITDA was EUR 7,329 thousand (8,215), 25.3% (31.2) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 7,522 thousand (7,951), 26.0% (30.2) of net sales.

EBITDA and adjusted EBITDA were lower than the comparison period due to the timing of certain development projects and termination agreement with the CEO.

EBIT was EUR 5,404 thousand (6,890), 18.7% (26.2) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 6,444 thousand (7,195), 22.3% (27.3) of net sales. EBIT and adjusted EBIT were lower than the comparison period due to the timing of certain development projects and termination agreement with the CEO.

Profit for the review period was EUR 4,031 thousand (5,349), 13.9% (20.3) of net sales.

Cash flow from operating activities was EUR 5,353 thousand (3,880).

Balance sheet, financing and investments

The balance sheet total at the end of the review period was EUR 53,862 thousand (48,885 at the end of the year 2023).

The Group has capitalized development expenses of EUR 804 thousand during the year 2024 (1653 thousand during the comparison period 2023). At the end of the review period, the Group's balance sheet included capitalized development expenses totaling EUR 2,734 thousand (2,352 at the end of the year 2023).

Total equity was EUR 32,526 thousand (30,422 at the end of the year 2023), equity increased EUR 2,105 thousand.

Equity ratio was 60.4% (61.9 at the end of the year 2023) and interest-bearing debt was EUR 10,405 thousand (8,399 at the end of the year 2023).

Cash and cash equivalents at the end of the review period were EUR 7,650 thousand (7,389 at the end of the year 2023).

Personnel

The Group's number of employees was 228 (208) on 31 December 2024. We reported our Group personnel as follows:

- R&D 112 employees
- Customer functions 102 employees
- Other functions, a total of 14 employees

Share-based incentive plan

The Board of Directors of Lemonsoft Oyj has established a new share-based incentive plan for the key employees of the company in March 2024. The aim of the new plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term, to encourage the management to personally invest in the company's shares, to retain the target group at the company, and to offer them a competitive incentive plan in which the participants may earn shares as a reward for performance and their personal investment.

The new Performance Matching Share Plan 2024 - 2028 includes three performance periods, covering financial years 2024 - 2026, 2025 - 2027 and 2026 - 2028. The Board will decide annually on the commencement and details of a performance period. The prerequisite for participation in the plan and receiving the reward is that the person allocates freely transferable Lemonsoft Oyj shares held by him or her to the plan or acquires the company's shares in a number determined by the Board.

The rewards from the plan will be paid partly in the company's shares and partly in cash. The rewards will be paid by the end of May in the year following the end of the performance period. The cash proportion is intended for covering taxes and tax-related costs arising from the reward to the participant. In general, no reward will be paid if a participant's employment or service in the group ends before the reward payment.

The performance criterion in the first performance period 2024 - 2026 is the Total Shareholder Return of the company's share (TSR). The achievement of the required TSR levels will determine the proportion out of the maximum reward that will be paid to a participant. The target group of the plan consists of 4 persons (the CEO and three members of the Management Team). The gross rewards from the first performance period 2024 - 2026 correspond to the value of an approximate maximum total of 77,000 Lemonsoft Oyj shares, including the proportion to be paid in cash. The final number of shares depends on the number of shares acquired by participants and the achievement of the TSR levels. The reward to be paid on the basis of Plan will be capped if the limits set by the Board for the payable reward from the performance period 2024 - 2026 are exceeded.

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 18,656,702 (18,562,005) shares. The average number of outstanding shares during the review period October-December was 18,664,000 (18,562,005). At the end of the review period, Lemonsoft Oyj held 14,930 shares.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. During the review period October-December, the highest share price was EUR 6.65 and the lowest EUR 5.35. The closing price on 31 December 2024 was EUR 5.70. The market value of the company at the closing price of the review period was approximately EUR 106.4 million. Average daily trading volume during the review period was 3,620 shares (EUR 21,129).

On 31 December 2024, the company had a total of 2,297 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 9 April 2024 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 the company's shares. The authorization includes the right to accept the company's own shares as a pledge.
- The company's own shares can be repurchased otherwise than in proportion to the existing shareholdings of the company's shareholders (directed repurchase).
- The company's own shares can be repurchased at the Nasdaq First North Growth Market Finland marketplace or outside of the marketplace.
- Own shares can be repurchased at a price formed on First North Growth Market Finland on the date of the repurchase or at a price otherwise determined by the markets.
- The shares shall be repurchased using the company's unrestricted equity.
- The shares shall be repurchased for the purpose of financing or carrying out acquisitions or other arrangements, to implement the company's incentive schemes, to develop the company's capital structure, or for other purposes as decided by the Board of Directors.
- The Board of Directors shall decide on the other conditions related to the repurchase of the company's own shares.

The authorization is valid until the 2025 Annual General Meeting, but not beyond 30 June 2025. The authorization shall replace the authorization granted to the Board of Directors by the Annual General Meeting of 4 April 2023 regarding the repurchase of a maximum of 1,800,000 of the company's own shares.

The Annual General Meeting authorized the Board to decide on an ordinary or bonus issue of shares and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments:

- This issue may total a maximum of 2,000,000 shares corresponding to a maximum of approximately 10.8% of all shares of the company. The authorization applies to both new shares and treasury shares held by the company. The authorization may be used to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes decided by the Board of Directors.
- The authorization entitles the Board of Directors to resolve on all conditions of the issuance of shares and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive right.

The authorization is in force until the next Annual General Meeting; however, no longer than until 30 June 2025, and it replaces the previous authorizations.

Lemonsoft Oyj's Board of Directors has decided on February 15, 2024 directed share issue and deviation from the shareholders' preemptive right based on the authorization given by the Annual General Meeting on 4 April 2023. The share issue is related to the acquisition of Finvoicer Group Oy, which Lemonsoft announced on June 1, 2023. New shares a total of 17,986 (112 thousand euros) were registered in the trade register on April 15, 2024. As a result of the share issue, the total number of Lemonsoft Oyj's outstanding shares increased to 18,579,991 shares.

Lemonsoft Oyj's Board of Directors has decided on June 29, 2024 directed share issue and deviation from the shareholders' preemptive right based on the authorization given by the Annual General Meeting on 9 April 2024. The share issue is related to the acquisition of Applirent Oy, which Lemonsoft announced on July 1, 2024. New shares a total of 91,641 (570 thousand euros) were registered in the trade register on September 3, 2024. As a result of the share issue, the total number of Lemonsoft Oyj's outstanding shares increased to 18,671,632 shares.

Significant short-term risks and uncertainties

The deterioration of the economic situation and geopolitical changes 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.

Board of Director's proposal for dividend

At the end of the financial year 2024, the Group's parent company's distributable funds were EUR 31,148 thousand and the net result of the Group's parent company for the financial year was EUR 3,957 thousand. There have been no material changes in the company's financial position since the end of the financial year.

Lemonsoft Oyj's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.14 (0.14) per share will be paid for the financial year ended 31 December 2024, i.e. a total dividend would be approximately EUR 2.6 million.

Events after the review period

There were no significant events after the review period.

Profit forecast for 2025

Lemonsoft estimates that the net sales for the financial year 2025 will increase by 0-10 percent compared to the financial year 2024, and that adjusted EBIT will be 18-24 percent of net sales in 2025.

Financial information

Lemonsoft Oyj will publish the following financial information in 2025:

- Interim Report January - March 2025 on Friday, 25 April 2025
- Half-year Report January - June 2025 on Thursday, 14 August 2025
- Interim Report January - September 2024 on Friday, 31 October 2025

The company's annual report for the financial year ending 31 December 2024 is scheduled for publication in the week beginning 17 March 2025.

Lemonsoft's Annual General Meeting is scheduled to be held on 9th of April 2025.

Webcast for investors and media

Lemonsoft will host a live webcast for investors and the media in English on February 20, 2025 at 1:00pm EET. The webcast can be followed online live via this link: <https://player.videosync.fi/lemonsoft/2024-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	10-12/2024	10-12/2023	1-12/2024	1-12/2023
NET SALES	7,672	7,437	28,911	26,344
Other operating income	0	493	45	493
Materials and services	-1,068	-1,104	-3,938	-3,552
Employee benefit expenses	-3,796	-3,555	-14,171	-12,350
Depreciation and amortisation	-519	-393	-1,925	-1,325
Other operating expenses	-1,033	-759	-3,519	-2,720
EBIT	1,257	2,119	5,404	6,890
Financial income	33	76	169	156
Financial expenses	-233	-148	-654	-327
PROFIT (LOSS) BEFORE TAXES	1,057	2,047	4,919	6,718
Income taxes	-114	-318	-887	-1,369
PROFIT (LOSS) FOR THE PERIOD	943	1,729	4,031	5,349
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the parent company	1,008	1,729	4,144	5,303
Non-controlling interests	-65	0	-113	47

Consolidated balance sheet, IFRS

EUR 1,000	31.12.2024	31.12.2023
ASSETS		
NON-CURRENT ASSETS		
Goodwill	28,055	23,102
Intangible assets	8,123	7,165
Tangible assets	1,034	1,344
Investments	2,157	3,961
Deferred tax assets	22	9
TOTAL NON-CURRENT ASSETS	39,392	35,580
CURRENT ASSETS		
Inventory	88	68
Trade and other receivables	6,732	5,847
Cash and cash equivalents	7,650	7,389
TOTAL CURRENT ASSETS	14,470	13,304
TOTAL ASSETS	53,862	48,885
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	80
Reserve for invested unrestricted equity	18,448	17,767
Retained earnings	13,779	12,292
Equity of the owners of the parent company	32,307	30,139
Share of non-controlling owners	219	283
TOTAL EQUITY	32,526	30,422
LIABILITIES		
NON-CURRENT LIABILITIES		
Loans from financial institutions	7,770	5,942
Lease liabilities	158	171
Deferred tax liabilities	1,399	1,188
TOTAL NON-CURRENT LIABILITIES	9,326	7,301
CURRENT LIABILITIES		
Loans from financial institutions	2,172	1,872
Lease liabilities	306	414
Advances received	354	162
Trade and other payables	9,178	8,714
TOTAL CURRENT LIABILITIES	12,009	11,163
TOTAL LIABILITIES	21,336	18,463
TOTAL EQUITY AND LIABILITIES	53,862	48,885

Consolidated cash flow statement, IFRS

EUR 1,000	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Cash flow from operating activities:				
Profit (Loss) for the period	943	1,729	4,031	5,349
Adjustments:	1 104	230	3 763	2 160
Depreciation and amortisation	519	393	1,925	1,325
Other income and expenses without payment	319	-553	466	-705
Financial income and expenses	153	72	485	171
Taxes	114	318	887	1,369
Other adjustments *	0	0	0	0
Cash flow before change in working capital	2,047	1,958	7,795	7,510
Change in working capital *	327	367	-586	-2,243
Cash flow before financial items and taxes	2,374	2,325	7,209	5,267
Net financial items and taxes *	-401	-223	-1,856	-1,387
Net cash flow from operating activities (A)	1,973	2,102	5,353	3,880
Cash flow from investing activities:				
Acquisition of tangible and intangible assets	-219	-345	-812	-1,865
Other investments	0	0	-283	-1 000
Proceeds from sale of investments	1,078	-771	2,134	0
Acquisition of subsidiary, net of cash acquired	0	0	-5,100	-6,452
Net cash flow from investing activities (B)	859	-1,116	-4,060	-9,317
Cash flow from financing activities:				
Dividends paid	0	0	-2,599	-2,595
Repayments of non-current loans *	-476	-462	-1,949	-2,762
Proceeds from non-current loans	0	0	4,000	6,800
Acquisition of treasury shares	-89	0	-89	0
Repayments of lease liabilities	-111	-112	-444	-406
Proceeds from capitalization by non-controlling interests	0	0	49	98
Net cash flow from financing activities (C)	-677	-574	-1,032	1,135
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	2,155	412	261	-4,302
Cash and cash equivalents at the beginning of the period	5,495	6,978	7,389	11,692
Cash and cash equivalents at the end of the period	7,650	7,389	7,650	7,389
Change in cash	2,155	412	261	-4,302

* Changes have been made to the comparison periods so that the comparisons correspond to the recording method of the financial year 2024.

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 1.1.2023	80	16,480	9,603	26,163	129	26,292
Profit (Loss) for the period			5,303	5,303	47	5,349
Transactions with owners:						
Changes in non-controlling interests *			-19	-19	108	89
Directed share issue		1,286		1,286		1,286
Share based payments						
Dividends paid			-2,595	-2,595		-2,595
Equity 31.12.2023	80	17,767	12,292	30,139	283	30,422
Equity 1.1.2024	80	17,767	12,292	30,139	283	30,422
Profit (Loss) for the period			4,144	4,144	-113	4,031
Transactions with owners:						
Changes in non-controlling interests					49	49
Directed share issue		682		682		682
Share based payments			31	31		31
Dividends paid			-2,599	-2,599		-2,599
Acquisition of treasury shares			-89	-89		-89
Equity 31.12.2024	80	18,448	13,779	32,307	219	32,526

* Change in the ownership of the subsidiaries transferred to Retained earnings.

Accounting principles

The Group's annual financial statements release has been prepared in accordance with IAS34 Interim Financial Reporting. The annual financial statements release is unaudited.

The information in the annual financial statements release 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	10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Net sales	7,672	7,437	3.2 %	28,911	26,344	9.7 %
SaaS	5,454	5,076	7.5 %	20,774	19,146	8.5 %
Transaction	846	857	-1.3 %	3,299	2,265	45.6 %
Consulting and other	1,372	1,503	-8.7 %	4,838	4,933	-1.9 %

Goodwill and intangible assets

EUR 1,000	12/2024	12/2023
Acquisition cost 1.1.	33,422	21,779
Additions	7,199	11,643
Deductions	0	0
Reclassifications	0	0
Acquisition cost at the end of the period	40,621	33,422
Accumulated depreciation and amortisation 1.1.	3,156	2,424
Accumulated depreciation and amortisation on deductions and transfers	0	0
Depreciation and amortisation for the period	1,287	732
Accumulated depreciation and amortisation at the end of the period	4,443	3,156
Book value at the end of the period	36,178	30,267

Tangible assets

EUR 1,000	12/2024	12/2023
Acquisition cost 1.1.	3,214	2,659
Additions	438	591
Deductions	-110	-36
Reclassifications	0	0
Acquisition cost at the end of the period	3,542	3,214
Accumulated depreciation and amortisation 1.1.	1,870	1,277
Accumulated depreciation and amortisation on deductions and transfers	0	0
Depreciation and amortisation for the period	638	593
Accumulated depreciation and amortisation at the end of the period	2,507	1,870
Book value at the end of the period	1,034	1,344

Financial assets and liabilities

EUR 1,000	Level	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value 31.12.2024
Non-current financial assets					
Equity investments	3	2,157	0	2,157	2,157
Investments	2	0	0	0	0
Total non-current financial assets		2,157	0	2,157	2,157
Current financial assets					
Trade receivables		0	3,004	3,004	3,004
Financial receivables		0	2,353	2,353	2,353
Other receivables		0	1,376	1,376	1,376
Cash and cash equivalents		0	7,650	7,650	7,650
Total current financial assets		0	14,382	14,382	14,382
Non-current financial liabilities					
Loans from financial institutions	2	0	7,770	7,770	7,770
Lease liabilities		0	158	158	158
Total non-current financial liabilities		0	7,928	7,928	7,928
Current financial liabilities					
Loans from financial institutions	2	0	2,172	2,172	2,172
Lease liabilities		0	306	306	306
Advances received		0	354	354	354
Trade payables		0	1,220	1,220	1,220
Contingent consideration	3	3,893	0	3,893	3,893
Other payables		0	4,065	4,065	4,065
Total current financial liabilities		3,893	8,117	12,009	12,009

Group's commitments

EUR 1,000	12/2024	12/2023
Collateral securities		
Cash pledges (movable object, security) *	1,073	1,073
Business mortgage, parent company	15,000	15,000
Total collateral securities	16 073	16 073

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

Business acquisitions 2024

Atmotics Oy

On 1 July, 2024, Lemonsoft Oyj acquired the entire share capital of Atmotics Oy, a software company focused on maintenance and field service management. With the acquisition, Lemonsoft strengthens its offering for industrial manufacturing customers and will offer more possibilities to streamline their business processes.

The purchase price for the share capital of Atmotics Oy is EUR 2.2 million and the net debt-free enterprise value is EUR 2.0 million. The purchase price was paid fully in cash at closing and will be financed with a bank loan.

In addition, the parties have agreed on an additional purchase price for 2025 - 2027, which will be based on the company's Rule of 40 (revenue growth-% + EBIT-%) figure for each fiscal year. The additional purchase price amounts to a maximum of EUR 1.25 million, and if realized, will be paid fully in cash.

Identifiable assets acquired and liabilities assumed 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 91 thousand are included in the Other operating expenses item in the consolidated income statement.

Applirent Oy

On 1 July, 2024, Lemonsoft Oyj acquired the entire share capital of Applirent Oy, a software company specializing in rental industry and fleet management ERP solutions. Through this acquisition, Lemonsoft expands its offering to meet the needs of the rental business and will offer more possibilities to streamline their business processes.

The purchase price for the share capital of Applirent Oy is approximately EUR 2.3 million, and the net debt-free enterprise value is EUR 2.0 million. The purchase price was paid 75% in cash and 25% in shares at closing.

In addition, the parties have agreed on an additional purchase price based on Applirent Oy's EBIT for the years 2024 - 2026. The additional purchase price amounts to a maximum of EUR 0.8 million, and if realized, will be paid fully in cash.

Identifiable assets acquired and liabilities assumed 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 86 thousand are included in the Other operating expenses item in the consolidated income statement.

Lemonsoft Group's net sales in 1.1.2024 – 31.12.2024 would have been approximately EUR 29.8 million and profit for the period approximately EUR 4.3 million if the businesses acquired during the period had been consolidated from the beginning of 2024.

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

EUR 1,000	Atmotics Oy (2024)	Applirent Oy (2024)
Consideration transferred		
In cash	2,185	1,729
In shares	0	570
Contingent consideration	1,250	800
Total consideration transferred	3,435	3,099
Assets acquired and liabilities assumed at the date of acquisition		
Customer relationships	245	422
Technology	401	369
Other intangible assets	0	0
Right-of-use assets	17	27
Other tangible assets	1	0
Trade and other receivables	43	40
Cash and cash equivalents	344	536
Total assets	1,051	1,394
Lease liabilities	17	27
Trade and other payables	280	257
Deferred tax liabilities	129	158
Total liabilities	426	442
Total acquired net assets	625	952
Total consideration transferred	3,435	3,099
Goodwill	2,810	2,147
Cash flow impact of acquisitions		
Consideration paid in cash	2,185	1,729
Cash and cash equivalents transferred	-344	-536
Net cash flow on acquisition	1,841	1,193

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 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 - 31.12.2023 would have been approximately EUR 28 million and profit for the period approximately EUR 5.5 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

Events after the review period

There were no significant events after the review period.

Key figures

Alternative performance measures

Adjusted EBITDA

EUR 1,000	10-12/2024	10-12/2023	1-12/2024	1-12/2023
EBITDA	1,776	2,512	7,329	8,215
EBITDA, % of net sales	23.2 %	33.8 %	25.3 %	31.2 %
<i>M&A expenses</i>	1	9	194	229
<i>Recognition of contingent consideration</i>	0	-493	0	-493
Adjusted EBITDA	1,777	2,028	7,522	7,951
Adjusted EBITDA, % of net sales	23.2 %	27.3 %	26.0 %	30.2 %

Adjusted EBIT

EUR 1,000	10-12/2024	10-12/2023	1-12/2024	1-12/2023
EBIT	1,257	2,119	5,404	6,890
EBIT, % of net sales	16.4 %	28.5 %	18.7 %	26.2 %
<i>M&A expenses</i>	1	9	194	229
<i>Recognition of contingent consideration</i>	0	-493	0	-493
<i>Amortisation of intangible assets related to business combinations</i>	247	176	846	569
Adjusted EBIT	1,506	1,811	6,444	7,195
Adjusted EBIT, % of net sales	19.6 %	24.3 %	22.3 %	27.3 %

Organic growth of net sales

EUR 1,000	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Net sales	7,672	7,437	28,911	26,344
<i>Impact of acquisitions</i>	-539	-1,227	-2,784	-4,235
Net sales of comparison period	7,437	6,449	26,344	22,550
Organic growth of net sales, %	-4.1 %	-3.7 %	-0.8 %	-2.0 %

Calculation of key figures

Gross Margin

Net sales - 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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