

Lemonsoft Oyj's Interim Report for 1 January - 30 September 2023



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Actions to improve growth and profitability are ongoing

July-September 2023, IFRS

- Net sales increased 18.1% and were EUR 6,825 thousand (5,781)
- EBITDA was EUR 2,604 thousand (2,069), 38.2% (35.8) of net sales
- Adjusted EBITDA was EUR 2,604 thousand (2,150), 38.2% (37.2) of net sales
- EBIT was EUR 2,218 thousand (1,830), 32.5% (31.7) of net sales
- Adjusted EBIT was EUR 2,394 thousand (2,001), 35.1% (34.6) of net sales
- Profit of the review period was EUR 1,673 thousand (1,410), 24.5% (24.4) of net sales

January-September 2023, IFRS

- Net sales increased 17.4% and were EUR 18,907 thousand (16,101)
- EBITDA was EUR 5,703 thousand (5,044), 30.2% (31.3) of net sales
- Adjusted EBITDA was EUR 5,924 thousand (5,288), 31.3% (32.8) of net sales
- EBIT was EUR 4,771 thousand (4,558), 25.2% (28.3) of net sales
- Adjusted EBIT was EUR 5,385 thousand (4,913), 28.5% (30.5) of net sales
- Profit of the review period was EUR 3,621 thousand (3,534), 19.2% (21.9) of net sales

Key Figures, IFRS

EUR 1,000	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Net sales	6,825	5,781	18.1 %	18,907	16,101	17.4 %	22,550
SaaS	4,929	4,490	9.8 %	14,070	12,408	13.4 %	16,989
Transaction	693	288	141.1 %	1,408	863	63.1 %	1,172
Consulting and other	1,203	1,003	20.0 %	3,429	2,829	21.2 %	4,390
Gross margin	5,953	5,105	16.6 %	16,459	14,184	16.0 %	19,982
Gross margin, % of net sales	87.2 %	88.3 %		87.1 %	88.1 %		88.6 %
EBITDA	2,604	2,069	25.9 %	5,703	5,044	13.1 %	7,332
EBITDA, % of net sales	38.2 %	35.8 %		30.2 %	31.3 %		32.5 %
Adjusted EBITDA	2,604	2,150	21.1 %	5,924	5,288	12.0 %	7,589
Adjusted EBITDA, % of net sales	38.2 %	37.2 %		31.3 %	32.8 %		33.7 %
EBIT	2,218	1,830	21.2 %	4,771	4,558	4.7 %	6,594
EBIT, % of net sales	32.5 %	31.7 %		25.2 %	28.3 %		29.2 %
Adjusted EBIT	2,394	2,001	19.6 %	5,385	4,913	9.6 %	7,054
Adjusted EBIT, % of net sales	35.1 %	34.6 %		28.5 %	30.5 %		31.3 %
Profit (Loss) of the period	1,673	1,410	18.7 %	3,621	3,534	2.5 %	5,128
Profit (Loss) of the period, % of net sales	24.5 %	24.4 %		19.2 %	21.9 %		22.7 %
Equity ratio, %	59.0 %	69.8 %		59.0 %	69.8 %		69.7 %
Net debt	1,883	-7,026	-126.8 %	1,883	-7,026	-126.8 %	-8,661
Gearing, %	6.6 %	-28.4 %		6.6 %	-28.4 %		-32.9 %
Earnings per share (EPS)	0.09	0.08	17.6 %	0.20	0.19	1.4 %	0.28
Return on invested capital, % (ROIC)	6.1 %	6.5 %		12.9 %	16.1 %		22.5 %
Return on equity, % (ROE)	6.1 %	6.0 %		12.9 %	15.1 %		21.2 %
Number of employees at the end of the period	213	187	13.9 %	213	187	13.9 %	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	18,562,005	18,393,440		18,516,551	18,326,932		18,343,559

CEO Jan-Erik Lindfors

The third quarter of 2023 was stable and profitable for Lemonsoft, despite the deteriorating macroeconomic situation in Finland. Group net sales grew with 18.1% and adjusted EBIT was 35.1% of net sales. The main part of our net sales growth came from acquisitions.

The number of Lemonsoft customers was 12,500 at the end of September, while a year earlier it was 4,200. The significant increase in the customer base, compared to the previous year, is because of the acquisition of Finvoicer Group Oy in Q2.

From a market demand point of view, we saw an improvement in Q3, with more leads being generated, especially in the industrial manufacturing & PSA verticals. Work time management and project/resource management applications are interesting to customers, but there was no significant change in terms of new customer sales in the quarter with customers still being careful with new investments. There was, however, a good uptake in our order backlog for application integrations. Customer churn through bankruptcies is more visible in Q3 compared to Q2, reflecting the current economic cycle in Finland.

The actions ongoing to improve our organic growth – such as increasing the focus on the current customer base as well as product bundling and pricing – continue as planned. Positive results from these actions are already visible at the end of Q3. As a second growth engine, we keep scanning the market for attractive acquisition targets with good growth and profitability to complement our current product portfolio and customer base.

The penetration of ERP systems varies by industry. Low-penetration industries, such as transportation and logistics, provide us clear greenfield opportunities. In contrast, high-penetration industries are already entering a period of replacing older legacy systems with standard, SaaS-based alternatives. We are well placed to take advantage of both opportunities in our own business, where growth is driven by applications such as manufacturing execution, warehouse management, transport cost optimization, invoice life cycle management and ESG-reporting, as well as application integrations.

Our commitment to providing a great customer experience and being a product leader in the market is clear. Making it as easy as possible to buy, deploy and use our Lemonsoft product suite is critical for customers – this is how they get the lowest total cost of ownership. As for product leadership, it is the key to improving scalability and profitability, continuously delivering more value to all our stakeholders. Our target is to deliver a tightly integrated software suite of Lemonsoft products, covering all critical business processes for customers in our focus verticals. Our business is to improve the efficiency of our customers' business – we deliver operational excellence through software and data.



Group Financial Development

Group financial result and profitability

July-September 2023

Net sales for the review period were EUR 6,825 thousand (5,781). Net sales increased by EUR 1,045 thousand, 18.1%. Organic growth of the review period was -1.0% 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. Net sales increased due to the acquisitions of Duunissa.fi business (2022) and Finvoicer Group Oy (2023), whose net sales were not included in the comparison period.

The share of SaaS income was 72.2% (77.7), the share of transaction income 10.2% (5.0), and consulting and other income 17.6% (17.3). The share of transaction income increased especially due to the acquisition of Finvoicer Group Oy.

EBITDA was EUR 2,604 thousand (2,069), 38.2% (35.8) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 2,604 thousand (2,150), 38.2% (37.2) of net sales.

EBIT was EUR 2,218 thousand (1,830), 32.5% (31.7) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 2,394 thousand (2,001), 35.1% (34.6) of net sales.

Profit for the review period was EUR 1,673 thousand (1,410), 24.5% (24.4) of net sales.

Cash flow from operating activities was EUR 222 thousand (880). Cash flow from operating activities was impacted by a pricing change during the review period, which increased trade receivables temporarily.

January-September 2023

Net sales for the review period were EUR 18,907 thousand (16,101). Net sales increased by EUR 2,806 thousand, 17.4%. Organic growth of the review period was -1.3% 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. Net sales increased due to the acquisitions of Logentia Oy (2022), whose net sales were not included in the comparison period in January-May, Finazilla Oy (2022), whose net sales were not included in the comparison period in January-June, and 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 74.4% (77.1), the share of transaction income 7.4% (5.4), and consulting and other income 18.1% (17.6).

EBITDA was EUR 5,703 thousand (5,044), 30.2% (31.3) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 5,924 thousand (5,288), 31.3% (32.8) of net sales.

EBIT was EUR 4,771 thousand (4,558), 25.2% (28.3) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 5,385 thousand (4,913), 28.5% (30.5) of net sales.

Profit for the review period was EUR 3,621 thousand (3,534), 19.2% (21.9) of net sales.

Cash flow from operating activities was EUR 2,290 thousand (3,454). Cash flow from operating activities was impacted by a pricing change at the end of the review period, which increased trade receivables temporarily.

Balance sheet, financing and investments

The balance sheet total at the end of the review period was EUR 48,429 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 1,310 thousand during the year 2023. At the end of the review period, the Group's balance sheet included capitalized development expenses totalling EUR 2,059 thousand (849 at the end of the year 2022).

Equity was EUR 28,702 thousand (26,292 at the end of the year 2022), equity increased EUR 2,410 thousand.

Equity ratio was 59.0% (69.7 at the end of the year 2022) and interest-bearing debt was EUR 8,861 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 6,978 thousand (11,692 at the end of the year 2022).

Personnel, management and administration

The Group number of employees was 213 (187) on 30 September 2023. We report our Group personnel as follows:

- R&D 93 employees
- Customer functions 105 employees
- Other functions, a total of 15 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 18,562,005 (18,326,932).

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 8.14 and the lowest EUR 5.36. The closing price on 30 September 2023 was EUR 5.66. The market value of the company at the closing price of the review period was approximately EUR 105.1 million. Average daily trading volume during the review period was 1,812 shares (EUR 11,731).

On 30 September 2023, the company had a total of 2,485 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, the impact of inflation 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.

Events after the review period

There were no significant events after the review period.

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. The company estimates that the weakening effect of the prevailing economic situation on new sales and the growth of the existing customer base will continue.

Profit forecast for 2023

Lemonsoft will keep the profit forecast updated on 1 June 2023 unchanged in connection with 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 financial calendar for 2024 later this year.

Webcast for investors and media

Lemonsoft will host a live webcast for investors and the media in English on October 26, 2023 at 1:00pm EET. The webcast can be followed online live via this link: <https://lemonsoft.videosync.fi/results-q3-2023>.

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

Lemonsoft Oyj
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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	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
NET SALES	6,825	5,781	18,907	16,101	22,550
Other operating income	0	3	0	4	4
Materials and services	-872	-679	-2,448	-1,921	-2,572
Employee benefit expenses	-2,764	-2,490	-8,795	-7,586	-10,564
Depreciation and amortisation	-386	-239	-933	-487	-737
Other operating expenses	-585	-547	-1,960	-1,554	-2,086
EBIT	2,218	1,830	4,771	4,558	6,594
Financial income	63	2	80	5	10
Financial expenses	-136	-41	-179	-59	-70
PROFIT (LOSS) BEFORE TAXES	2,146	1,790	4,671	4,504	6,535
Income taxes	-472	-380	-1,051	-970	-1,407
PROFIT (LOSS) FOR THE PERIOD	1,673	1,410	3,621	3,534	5,128
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE					
Owners of the parent company	1,660	1,402	3,579	3,511	5,030
Non-controlling interests	14	8	42	23	98

Consolidated balance sheet, IFRS

EUR 1,000	30.9.2023	30.9.2022	31.12.2022	1.1.2022
ASSETS				
NON-CURRENT ASSETS				
Goodwill	23,102	15,101	15,718	6,424
Intangible assets	7,051	3,341	3,638	60
Tangible assets	1,405	1,403	1,382	1,265
Investments	3,920	2,874	2,878	1,874
Deferred tax assets	4	12	12	85
TOTAL NON-CURRENT ASSETS	35,483	22,732	23,627	9,708
CURRENT ASSETS				
Inventory	90	58	88	52
Trade and other receivables	5,879	2,562	2,787	1,710
Cash and cash equivalents	6,978	10,584	11,692	19,060
TOTAL CURRENT ASSETS	12,946	13,204	14,567	20,822
TOTAL ASSETS	48,429	35,936	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	10,586	8,084	9,603	6,930
Equity of the owners of the parent company	28,433	24,644	26,163	21,990
Share of non-controlling owners	269	54	129	30
TOTAL EQUITY	28,702	24,698	26,292	22,021
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans from financial institutions	6,392	1,950	1,500	2,400
Lease liabilities	189	386	306	475
Deferred tax liabilities	1,200	678	699	4
TOTAL NON-CURRENT LIABILITIES	7,781	3,014	2,505	2,879
CURRENT LIABILITIES				
Loans from financial institutions	1,872	900	900	900
Lease liabilities	408	323	325	257
Advances received	237	621	660	535
Trade and other payables	9,429	6,381	7,512	3,938
TOTAL CURRENT LIABILITIES	11,947	8,225	9,397	5,630
TOTAL LIABILITIES	19,727	11,239	11,902	8,509
TOTAL EQUITY AND LIABILITIES	48,429	35,936	38,194	30,530

Consolidated cash flow statement, IFRS

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Cash flow from operating activities:					
Profit (Loss) for the period	1,673	1,410	3,621	3,534	5,128
Adjustments:	1,276	618	2,198	1,457	2,146
Depreciation and amortisation	386	239	933	487	737
Other income and expenses without payment	-14	-5	-152	-15	-18
Financial income and expenses	73	5	99	15	19
Taxes	470	380	1,058	970	1,407
Other adjustments	361	0	260	0	0
Cash flow before change in working capital	2,950	2,029	5,819	4,991	7,274
Change in working capital	-2,310	-757	-2,394	-666	44
Cash flow before financial items and taxes	640	1,272	3,424	4,325	7,318
Net financial items and taxes	-417	-392	-1,134	-871	-1,110
Net cash flow from operating activities (A)	222	880	2,290	3,454	6,208
Cash flow from investing activities:					
Acquisition of tangible and intangible assets	-331	-1,080	-1,775	-1,579	-2,693
Other investments	-33	-1,000	-1,042	-1,000	-1,000
Acquisition of subsidiary, net of cash acquired	-133	-1,957	-5,813	-6,310	-6,310
Net cash flow from investing activities (B)	-496	-4,037	-8,631	-8,889	-10,003
Cash flow from financing activities:					
Dividends paid	0	0	-2,595	-2,376	-2,376
Net cash flow from non-current loans	-838	0	4,417	-450	-900
Lease liabilities repayment	-111	-82	-294	-215	-297
Proceeds from capitalization by non-controlling interests	98	0	98	0	0
Net cash flow from financing activities (C)	-851	-82	1,626	-3,040	-3,573
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-1,125	-3,240	-4,714	-8,476	-7,368
Cash and cash equivalents at the beginning of the period	8,102	13,824	11,692	19,060	19,060
Cash and cash equivalents at the end of the period	6,978	10,584	6,978	10,584	11,692
Change in cash	-1,125	-3,240	-4,714	-8,476	-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			3,511	3,511	23	3,534
Changes in non-controlling interests			18	18		18
Directed share issue		1,500		1,500		1,500
Dividends paid			-2,376	-2,376		-2,376
Equity 30.9.2022	80	16,480	8,084	24,644	54	24,698
Equity 1.1.2023	80	16,480	9,603	26,163	129	26,292
Profit (Loss) for the period			3,579	3,579	42	3,621
Changes in non-controlling interests				0	98	98
Directed share issue		1,286		1,286		1,286
Dividends paid			-2,595	-2,595		-2,595
Equity 30.9.2023	80	17,767	10,586	28,433	269	28,702

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	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	1-12/2022
Net sales	6,825	5,781	18.1 %	18,907	16,101	17.4 %	22,550
SaaS	4,929	4,490	9.8 %	14,070	12,408	13.4 %	16,989
Transaction	693	288	141.1 %	1,408	863	63.1 %	1,172
Consulting and other	1,203	1,003	20.0 %	3,429	2,829	21.2 %	4,390

Goodwill and intangible assets

EUR 1,000	9/2023	9/2022	12/2022
Acquisition cost 1.1.	21,779	9,688	8,748
Additions	11,300	12,109	13,031
Deductions	0	0	0
Reclassifications	0	0	0
Acquisition cost at the end of the period	33,079	21,797	21,779
Accumulated depreciation and amortisation 1.1.	2,424	3,205	2,158
Accumulated depreciation and amortisation on deductions and transfers	0	0	0
Depreciation and amortisation for the period	502	150	266
Accumulated depreciation and amortisation at the end of the period	2,926	3,355	2,424
Book value at the end of the period	30,154	18,442	19,356

Tangible assets

EUR 1,000	9/2023	9/2022	12/2022
Acquisition cost 1.1.	2,659	1,339	1,339
Additions	454	1,207	1,320
Deductions	0	1	0
Reclassifications	0	0	0
Acquisition cost at the end of the period	3,113	2,545	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	431	336	471
Accumulated depreciation and amortisation at the end of the period	1,707	1,142	1,277
Book value at the end of the period	1,405	1,403	1,382

Financial assets and liabilities

EUR 1,000	Level	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value 30.9.2023
Non-current financial assets					
Equity investments	3	1,874	0	1,874	1,874
Investments	2	0	2,045	2,045	2,045
Total non-current financial assets		1,874	2,045	3,920	3,920
Current financial assets					
Trade receivables		0	5,356	5,356	5,356
Other receivables		0	523	523	523
Cash and cash equivalents		0	6,978	6,978	6,978
Total current financial assets		0	12,857	12,857	12,857
Non-current financial liabilities					
Loans from financial institutions	2	0	6,392	6,392	6,392
Lease liabilities		0	189	189	189
Total non-current financial liabilities		0	6,581	6,581	6,581
Current financial liabilities					
Loans from financial institutions	2	0	1,872	1,872	1,872
Lease liabilities		0	408	408	408
Advances received		0	237	237	237
Trade payables		0	1,264	1,264	1,264
Contingent consideration	3	4,705	0	4,705	4,705
Other payables		0	3,461	3,461	3,461
Total current financial liabilities		4,705	7,242	11,947	11,947

Group's commitments

EUR 1,000	9/2023	9/2022	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 1.1.2023-30.9.2023 would have been approximately EUR 21 million and profit for the period approximately EUR 3.9 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, Taloushallinta.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

There were no significant events after the review period.

Key figures

Alternative performance measures

Adjusted EBITDA

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
EBITDA	2,604	2,069	5,703	5,044	7,332
EBITDA, % of net sales	38.2 %	35.8 %	30.2 %	31.3 %	32.5 %
<i>M&A expenses</i>	0	82	220	244	257
Adjusted EBITDA	2,604	2,150	5,924	5,288	7,589
Adjusted EBITDA, % of net sales	38.2 %	37.2 %	31.3 %	32.8 %	33.7 %

Adjusted EBIT

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
EBIT	2,218	1,830	4,771	4,558	6,594
EBIT, % of net sales	32.5 %	31.7 %	25.2 %	28.3 %	29.2 %
<i>M&A expenses</i>	0	82	220	244	257
<i>Amortisation of intangible assets related to business combinations</i>	176	90	394	111	203
Adjusted EBIT	2,394	2,001	5,385	4,913	7,054
Adjusted EBIT, % of net sales	35.1 %	34.6 %	28.5 %	30.5 %	31.3 %

Organic growth of net sales

EUR 1,000	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Net sales	6,825	5,781	18,907	16,101	22,550
<i>Impact of acquisitions</i>	-1,101	-896	-3,008	-2,542	-3,625
Net sales of comparison period	5,781	4,427	16,101	12,284	17,227
Organic growth of net sales, %	-1.0 %	10.3 %	-1.3 %	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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