

Lemonsoft Oyj's Interim Report for 1 January - 30 September 2024



Lemonsoft Oyj's Interim Report for 1 January - 30 September 2024 (unaudited) Technology transitions driving long-term efficiency gains

July - September 2024, IFRS

- Net sales increased 7.2% and were EUR 7,315 thousand (6,825)
- EBITDA was EUR 2,576 thousand (2,604), 35.2% (38.2) of net sales
- Adjusted EBITDA was EUR 2,754 thousand (2,604), 37.6% (38.2) of net sales
- EBIT was EUR 2,051 thousand (2,218), 28.0% (32.5) of net sales
- Adjusted EBIT was EUR 2,476 thousand (2,394), 33.9% (35.1) of net sales
- Profit of the review period was EUR 1,752 thousand (1,673), 24.0% (24.5) of net sales

January - September 2024, IFRS

- Net sales increased 12.3% and were EUR 21,239 thousand (18,907)
- EBITDA was EUR 5,552 thousand (5,703), 26.1% (30.2) of net sales
- Adjusted EBITDA was EUR 5,745 thousand (5,924), 27.0% (31.3) of net sales
- EBIT was EUR 4,147 thousand (4,771), 19.5% (25.2) of net sales
- Adjusted EBIT was EUR 4,938 thousand (5,385), 23.2% (28.5) of net sales
- Profit of the review period was EUR 3,088 thousand (3,621), 14.5% (19.2) of net sales

Key Figures, IFRS

EUR 1,000	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Net sales	7,315	6,825	7.2 %	21,239	18,907	12.3 %	26,344
SaaS	5,354	4,929	8.6 %	15,319	14,070	8.9 %	19,146
Transaction	838	693	20.9 %	2,453	1,408	74.2 %	2,265
Consulting and other	1,123	1,203	-6.7 %	3,467	3,429	1.1 %	4,933
Gross margin*	6,391	5,953	7.3 %	18,369	16,459	11.6 %	22,792
Gross margin, % of net sales	87.4 %	87.2 %		86.5 %	87.1 %		86.5 %
EBITDA	2,576	2,604	-1.1 %	5,552	5,703	-2.6 %	8,215
EBITDA, % of net sales	35.2 %	38.2 %		26.1 %	30.2 %		31.2 %
Adjusted EBITDA	2,754	2,604	5.7 %	5,745	5,924	-3.0 %	7,951
Adjusted EBITDA, % of net sales	37.6 %	38.2 %		27.0 %	31.3 %		30.2 %
EBIT	2,051	2,218	-7.5 %	4,147	4,771	-13.1 %	6,890
EBIT, % of net sales	28.0 %	32.5 %		19.5 %	25.2 %		26.2 %
Adjusted EBIT	2,476	2,394	3.4 %	4,938	5,385	-8.3 %	7,195
Adjusted EBIT, % of net sales	33.9 %	35.1 %		23.2 %	28.5 %		27.3 %
Profit (Loss) of the period	1,752	1,673	4.7 %	3,088	3,621	-14.7 %	5,349
Profit (Loss) of the period, % of net sales	24.0 %	24.5 %		14.5 %	19.2 %		20.3 %
Equity ratio, %	59.2 %	59.0 %		59.2 %	59.0 %		61.9 %
Net debt	5,450	1,883	189.3 %	5,450	1,883	189.3 %	1,010
Gearing, %	17.3 %	6.6 %		17.3 %	6.6 %		3.3 %
Earnings per share (EPS)	0.09	0.09	3.6 %	0.17	0.19	-12.7 %	0.29
Return on invested capital, % (ROIC)	5.0 %	6.1 %		10.1 %	12.9 %		18.1 %
Return on equity, % (ROE)	5.7 %	6.1 %		10.0 %	13.2 %		18.9 %
Number of employees at the end of the period	231	213	8.5 %	231	213	8.5 %	208
Outstanding shares at the end of the period	18,671,632	18,562,005		18,671,632	18,562,005		18,562,005
Average outstanding shares during the period	18,610,538	18,562,005		18,584,178	18,516,551		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

During the third quarter of the year, we focused on implementing several major technological development projects and integration of the acquisitions made over the summer. Our net sales were 7.3 M€ and the growth in net sales was 7.2%. Adjusted EBIT was 2.5 M€ and the adjusted EBIT margin was 33.9%.

Although there were slight signs of improvement, our customers' business environment has not significantly recovered. This is evident in the moderate growth of new users. However, on the new sales side, the business developed well despite the summer season, especially in reporting and work time management services. Customer churn during the third quarter was slightly lower compared to both the previous quarter and the same period last year.

We have continued working on several extensive development projects aimed at improving our backend technology and architecture. For over a year, we have been preparing for the migration of our physical data center to Azure-cloud based service. This transition will enable us to make significant advancements in enhancing information security, increasing the service's reliability, strengthening monitoring, improving software testing and release process and scaling the service. Additionally, we are changing our e-invoicing operator partner, which will enhance the automation of our invoice forwarding and monitoring processes. Both these transitions will contribute to substantial long-term cost savings. The goal is to complete both transitions by the end of the year.

The acquisitions made at the end of the second quarter complement our product and service portfolio and bring us more expertise, particularly for manufacturing customers. Integration efforts are progressing on schedule, and the integration of Spotilla's maintenance and field service management into the Lemonsoft ERP is progressing well in collaboration with selected mutual customers.

We remain optimistic about the future. We will continue to focus our resources towards SME customers in manufacturing and wholesale, especially with Lemonsoft ERP and Spotilla products. With the acquisition of Spotilla, our market share among key manufacturing customers rose to 15%, and our aim is to remain the first option in this sector moving forward.



Group Financial Development

Group financial result and profitability

July - September 2024

Net sales for the review period were EUR 7,315 thousand (6,825). Net sales increased by EUR 489 thousand, 7.2%. Organic growth of the review period was 1.0%, but organic growth of the recurring revenue was clearly higher than this. Consulting and other income remained at the lower level than in the comparison period. Net sales increased mainly 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 73.2% (72.2), the share of transaction income 11.5% (10.2), and consulting and other income 15.4% (17.6).

EBITDA was EUR 2,576 thousand (2,604), 35.2% (38.2) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 2,754 thousand (2,604), 37.6% (38.2) of net sales. EBITDA and adjusted EBITDA were lower than the comparison period due to the timing of certain development projects.

EBIT was EUR 2,051 thousand (2,218), 28.0% (32.5) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 2,476 thousand (2,394), 33.9% (35.1) 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 1,752 thousand (1,673), 24.0% (24.5) of net sales.

Cash flow from operating activities was EUR 464 thousand (-198).

January - September 2024

Net sales for the review period were EUR 21,239 thousand (18,907). Net sales increased by EUR 2,332 thousand, 12.3%. Organic growth of the review period was 0.5%, but organic growth of the recurring revenue was clearly higher than this. 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 72.1% (74.4), the share of transaction income 11.5% (7.4), and consulting and other income 16.3% (18.1).

EBITDA was EUR 5,552 thousand (5,703), 26.1% (30.2) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 5,745 thousand (5,924), 27.0% (31.3) 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 4,147 thousand (4,771), 19.5% (25.2) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 4,938 thousand (5,385), 23.2% (28.5) 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 3,088 thousand (3,621), 14.5% (19.2) of net sales.

Cash flow from operating activities was EUR 3,144 thousand (2,072).

Balance sheet, financing and investments

The balance sheet total at the end of the review period was EUR 53,143 thousand (48,885 at the end of the year 2023).

The Group has capitalized development expenses of EUR 585 thousand during the year 2024 (1310 thousand during the comparison period 2023). At the end of the review period, the Group's balance sheet included capitalized development expenses totaling EUR 2,620 thousand (2,352 at the end of the year 2023).

Total equity was EUR 31,553 thousand (30,422 at the end of the year 2023), equity increased EUR 1,132 thousand.

Equity ratio was 59.2% (61.9 at the end of the year 2023) and interest-bearing debt was EUR 10,945 thousand (8,399 at the end of the year 2023).

Cash and cash equivalents at the end of the review period were EUR 5,495 thousand (7,389 at the end of the year 2023).

Personnel

The Group's number of employees was 231 (213) on 30 September 2024. We reported our Group personnel as follows:

- R&D 112 employees
- Customer functions 105 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 18,671,632 (18,562,005) shares. The average number of outstanding shares during the review period July - September was 18,610,538 (18,562,005).

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. During the review period July - September, the highest share price was EUR 7.80 and the lowest EUR 5.55. The closing price on 30 September 2024 was EUR 6.05. The market value of the company at the closing price of the review period was approximately EUR 113.0 million. Average daily trading volume during the review period was 7,523 shares (EUR 49,581).

On 30 September 2024, the company had a total of 2,367 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) are being registered in the trade register. 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.

Events after the review period

Lemonsoft Oyj announced on October 4, 2024, that it will start a share buyback programme based on the authorization granted by the Annual General Meeting on April 9, 2024. The maximum number of shares to be repurchased is 300,000, which corresponds to approximately 1.6% of the company's shares. However, the amount used for repurchasing shares will be at most EUR 2,000,000.

Profit forecast for 2024 (unchanged)

Lemonsoft estimates that the net sales for the financial year 2024 will increase by 10-18 percent compared to the financial year 2023, and that adjusted EBIT will be 23-28 percent of net sales in 2024.

Financial information

Lemonsoft Oyj will publish the financial calendar for 2025 later this year.

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

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Tables section

Consolidated income statement, IFRS

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
NET SALES	7,315	6,825	21,239	18,907	26,344
Other operating income	0	0	45	0	493
Materials and services	-924	-872	-2,870	-2,448	-3,552
Employee benefit expenses	-3,093	-2,764	-10,376	-8,795	-12,350
Depreciation and amortisation	-525	-386	-1,406	-933	-1,325
Other operating expenses	-722	-585	-2,486	-1,960	-2,720
EBIT	2,051	2,218	4,147	4,771	6,890
Financial income	63	63	136	80	156
Financial expenses	-165	-136	-421	-179	-327
PROFIT (LOSS) BEFORE TAXES	1,950	2,146	3,862	4,671	6,718
Income taxes	-198	-472	-774	-1,051	-1,369
PROFIT (LOSS) FOR THE PERIOD	1,752	1,673	3,088	3,621	5,349
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO					
Owners of the parent company	1,724	1,660	3,136	3,579	5,303
Non-controlling interests	29	14	-47	42	47

Consolidated balance sheet, IFRS

EUR 1,000	30.9.2024	30.9.2023	31.12.2023
ASSETS			
NON-CURRENT ASSETS			
Goodwill	28,056	23,102	23,102
Intangible assets	8,261	7,051	7,165
Tangible assets	1,175	1,405	1,344
Investments	3,235	3,920	3,961
Deferred tax assets	8	4	9
TOTAL NON-CURRENT ASSETS	40,735	35,483	35,580
CURRENT ASSETS			
Inventory	102	90	68
Trade and other receivables	6,811	5,879	5,847
Cash and cash equivalents	5,495	6,978	7,389
TOTAL CURRENT ASSETS	12,408	12,946	13,304
TOTAL ASSETS	53,143	48,429	48,885
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	80	80
Reserve for invested unrestricted equity	18,337	17,767	17,767
Retained earnings	12,852	10,586	12,292
Equity of the owners of the parent company	31,269	28,433	30,139
Share of non-controlling owners	284	269	283
TOTAL EQUITY	31,553	28,702	30,422
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	7,970	6,392	5,942
Lease liabilities	235	189	171
Deferred tax liabilities	1,425	1,200	1,188
TOTAL NON-CURRENT LIABILITIES	9,630	7,781	7,301
CURRENT LIABILITIES			
Loans from financial institutions	2,422	1,872	1,872
Lease liabilities	318	408	414
Advances received	284	237	162
Trade and other payables	8,936	9,429	8,714
TOTAL CURRENT LIABILITIES	11,960	11,947	11,163
TOTAL LIABILITIES	21,590	19,727	18,463
TOTAL EQUITY AND LIABILITIES	53,143	48,429	48,885

Consolidated cash flow statement, IFRS

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Cash flow from operating activities:					
Profit (Loss) for the period	1,752	1,673	3,088	3,621	5,349
Adjustments:	798	1,019	2,696	2,225	2,566
Depreciation and amortisation	525	386	1,406	933	1,325
Other income and expenses without payment *	-143	-14	-101	-152	-705
Financial income and expenses	101	64	285	99	171
Taxes	198	472	774	1,051	1,369
Other adjustments *	118	111	333	294	406
Cash flow before change in working capital	2,551	2,692	5,785	5,846	7,916
Change in working capital *	-1,697	-2,440	-1,157	-2,610	-2,202
Cash flow before financial items and taxes	854	252	4,628	3,235	5,713
Net financial items and taxes	-390	-450	-1,484	-1,164	-1,428
Net cash flow from operating activities (A)	464	-198	3,144	2,072	4,286
Cash flow from investing activities:					
Acquisition of tangible and intangible assets*	-159	-314	-594	-1,520	-1,865
Other investments	0	9	-283	-1,000	-1 000
Proceeds from sale of investments	0	0	1,057	0	0
Acquisition of subsidiary, net of cash acquired	-3,034	0	-4,530	-5,681	-6,452
Net cash flow from investing activities (B)	-3,193	-305	-4,349	-8,201	-9,317
Cash flow from financing activities:					
Dividends paid	0	0	-2,599	-2,595	-2,595
Repayments of non-current loans *	-1,080	-609	-1,805	-2,594	-3,168
Proceeds from non-current loans	4,000	0	4,000	6,800	6,800
Repayments of lease liabilities	-118	-111	-333	-294	-406
Proceeds from capitalization by non-controlling interests	49	98	49	98	98
Net cash flow from financing activities (C)	2,852	-622	-688	1,415	729
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	123	-1,125	-1,894	-4,714	-4,302
Cash and cash equivalents at the beginning of the period	5,372	8,102	7,389	11,692	11,692
Cash and cash equivalents at the end of the period	5,495	6,978	5,495	6,978	7,389
Change in cash	123	-1,125	-1,894	-4,714	-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			3,579	3,579	42	3,621
Transactions with owners:						
Changes in non-controlling interests *				0	98	98
Directed share issue		1,286		1,286		1,286
Share based payments						
Dividends paid			-2,595	-2,595		-2,595
Equity 30.9.2023	80	17,767	10,586	28,433	269	28,702
Equity 1.1.2024	80	17,767	12,292	30,139	283	30,422
Profit (Loss) for the period			3,136	3,136	-47	3,088
Transactions with owners:						
Changes in non-controlling interests					49	49
Directed share issue		570		570		570
Share based payments			23	23		23
Dividends paid			-2,599	-2,599		-2,599
Equity 30.9.2024	80	18,337	12,852	31,269	284	31,553

* 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

Consolidated statement of changes in equity, IFRS

EUR 1,000	7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Net sales	7,315	6,825	7.2 %	21,239	18,907	12.3 %	26,344
SaaS	5,354	4,929	8.6 %	15,319	14,070	8.9 %	19,146
Transaction	838	693	20.9 %	2,453	1,408	74.2 %	2,265
Consulting and other	1,123	1,203	-6.7 %	3,467	3,429	1.1 %	4,933

Goodwill and intangible assets

EUR 1,000	9/2024	9/2023	12/2023
Acquisition cost 1.1.	33,422	21,779	21,779
Additions	6,980	11,300	11,643
Deductions	0	0	0
Reclassifications	0	0	0
Acquisition cost at the end of the period	40,402	33,079	33,422
Accumulated depreciation and amortisation 1.1.	3,156	2,424	2,424
Accumulated depreciation and amortisation on deductions and transfers	0	0	0
Depreciation and amortisation for the period	929	502	732
Accumulated depreciation and amortisation at the end of the period	4,085	2,926	3,156
Book value at the end of the period	36,317	30,154	30,267

Tangible assets

EUR 1,000	9/2024	9/2023	12/2023
Acquisition cost 1.1.	3,214	2,659	2,659
Additions	414	454	591
Deductions	-107	0	-36
Reclassifications	0	0	0
Acquisition cost at the end of the period	3,521	3,113	3,214
Accumulated depreciation and amortisation 1.1.	1,870	1,277	1,277
Accumulated depreciation and amortisation on deductions and transfers	0	0	0
Depreciation and amortisation for the period	476	431	593
Accumulated depreciation and amortisation at the end of the period	2,346	1,707	1,870
Book value at the end of the period	1,175	1,405	1,344

Financial assets and liabilities

EUR 1,000	Level	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value 30.9.2024
Non-current financial assets					
Equity investments	3	2,157	0	2,157	2,157
Investments	2	1,078	0	1,078	1,078
Total non-current financial assets		3,235	0	3,235	3,235
Current financial assets					
Trade receivables		0	2,741	2,741	2,741
Other receivables		0	4,070	4,070	4,070
Cash and cash equivalents		0	5,495	5,495	5,495
Total current financial assets		0	12,306	12,306	12,306
Non-current financial liabilities					
Loans from financial institutions	2	0	7,970	7,970	7,970
Lease liabilities		0	235	235	235
Total non-current financial liabilities		0	8,205	8,205	8,205
Current financial liabilities					
Loans from financial institutions	2	0	2,422	2,422	2,422
Lease liabilities		0	318	318	318
Advances received		0	284	284	284
Trade payables		0	1,078	1,078	1,078
Contingent consideration	3	4,004	0	4,004	4,004
Other payables		0	3,854	3,854	3,854
Total current financial liabilities		4,004	7,956	11,960	11,960

Group's commitments

EUR 1,000	9/2024	9/2023	12/2023
Collateral securities			
Cash pledges (movable object, security) *	1,073	1,073	1,073
Business mortgage, parent company	15,000	15,000	15,000
Total collateral securities	16,073	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 - 30.9.2024 would have been approximately EUR 22 million and profit for the period approximately EUR 3.3 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

Lemonsoft Oyj announced on October 4, 2024, that it will start a share buyback programme based on the authorization granted by the Annual General Meeting on April 9, 2024. The maximum number of shares to be repurchased is 300,000, which corresponds to approximately 1.6% of the company's shares. However, the amount used for repurchasing shares will be at most EUR 2,000,000.

Key figures

Alternative performance measures

Adjusted EBITDA

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
EBITDA	2,576	2,604	5,552	5,703	8,215
EBITDA, % of net sales	35.2 %	38.2 %	26.1 %	30.2 %	31.2 %
<i>M&A expenses</i>	177	0	193	220	229
<i>Recognition of contingent consideration</i>	0	0	0	0	-493
Adjusted EBITDA	2,754	2,604	5,745	5,924	7,951
Adjusted EBITDA, % of net sales	37.6 %	38.2 %	27.0 %	31.3 %	30.2 %

Adjusted EBIT

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
EBIT	2,051	2,218	4,147	4,771	6,890
EBIT, % of net sales	28.0 %	32.5 %	19.5 %	25.2 %	26.2 %
<i>M&A expenses</i>	177	0	193	220	229
<i>Recognition of contingent consideration</i>	0	0	0	0	-493
<i>Amortisation of intangible assets related to business combinations</i>	247	176	599	394	569
Adjusted EBIT	2,476	2,394	4,938	5,385	7,195
Adjusted EBIT, % of net sales	33.9 %	35.1 %	23.2 %	28.5 %	27.3 %

Organic growth of net sales

EUR 1,000	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Net sales	7,315	6,825	21,239	18,907	26,344
<i>Impact of acquisitions</i>	-422	-1,101	-2,245	-3,008	-4,235
Net sales of comparison period	6,825	5,781	18,907	16,101	22,550
Organic growth of net sales, %	1.0 %	-1.0 %	0.5 %	-1.3 %	-2.0 %

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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