

Lemonsoft Oyj's Annual Financial Statements Release for 1 January - 31 December 2023



lemonsoft 

Lemonsoft Oyj's Annual Financial Statements Release for 1 January - 31 December 2023 (unaudited)

Business developed steadily despite a challenging year

October - December 2023, IFRS

- Net sales increased 15.3% and were EUR 7,437 thousand (6,449)
- EBITDA was EUR 2,512 thousand (2,287), 33.8% (35.5) of net sales
- Adjusted EBITDA was EUR 2,028 thousand (2,301), 27.3% (35.7) of net sales
- EBIT was EUR 2,119 thousand (2,037), 28.5% (31.6) of net sales
- Adjusted EBIT was EUR 1,811 thousand (2,142), 24.3% (33.2) of net sales
- Profit of the review period was EUR 1,729 thousand (1,594), 23.2% (24.7) of net sales

January - December 2023, IFRS

- Net sales increased 16.8% and were EUR 26,344 thousand (22,550)
- EBITDA was EUR 8,215 thousand (7,332), 31.2% (32.5) of net sales
- Adjusted EBITDA was EUR 7,951 thousand (7,589), 30.2% (33.7) of net sales
- EBIT was EUR 6,890 thousand (6,594), 26.2% (29.2) of net sales
- Adjusted EBIT was EUR 7,195 thousand (7,054), 27.3% (31.3) of net sales
- Profit of the review period was EUR 5,349 thousand (5,128), 20.3% (22.7) of net sales

Key Figures, IFRS

EUR 1,000	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Net sales	7,437	6,449	15.3 %	26,344	22,550	16.8 %
SaaS	5,076	4,581	10.8 %	19,146	16,989	12.7 %
Transaction	857	308	178.0 %	2,265	1,172	93.3 %
Consulting and other	1,503	1,560	-3.7 %	4,933	4,390	12.4 %
Gross margin	6,826	5,798	17.7 %	23,285	19,982	16.5 %
Gross margin, % of net sales	91.8 %	89.9 %		88.4 %	88.6 %	
EBITDA	2,512	2,287	9.8 %	8,215	7,332	12.0 %
EBITDA, % of net sales	33.8 %	35.5 %		31.2 %	32.5 %	
Adjusted EBITDA	2,028	2,301	-11.9 %	7,951	7,589	4.8 %
Adjusted EBITDA, % of net sales	27.3 %	35.7 %		30.2 %	33.7 %	
EBIT	2,119	2,037	4.0 %	6,890	6,594	4.5 %
EBIT, % of net sales	28.5 %	31.6 %		26.2 %	29.2 %	
Adjusted EBIT	1,811	2,142	-15.5 %	7,195	7,054	2.0 %
Adjusted EBIT, % of net sales	24.3 %	33.2 %		27.3 %	31.3 %	
Profit (Loss) of the period	1,729	1,594	8.4 %	5,349	5,128	4.3 %
Profit (Loss) of the period, % of net sales	23.2 %	24.7 %		20.3 %	22.7 %	
Equity ratio, %	61.9 %	69.7 %		61.9 %	69.7 %	
Net debt	1,010	-8,661		1,010	-8,661	
Gearing, %	3.3 %	-32.9 %		3.3 %	-32.9 %	
Earnings per share (EPS)	0.09	0.09	7.4 %	0.29	0.28	3.3 %
Return on invested capital, % (ROIC)	5.7 %	7.0 %		18.1 %	22.5 %	
Return on equity, % (ROE)	6.1 %	6.6 %		18.1 %	21.2 %	
Number of employees at the end of the period	208	184	13.0 %	208	184	13.0 %
Outstanding shares at the end of the period	18,562,005	18,393,440		18,562,005	18,393,440	
Average outstanding shares during the period	18,562,005	18,393,440		18,527,914	18,343,559	

CEO Jan-Erik Lindfors

2023 was a year of market uncertainty and difficult macroeconomic conditions in Finland. At Lemonsoft, we tackled these headwinds by taking actions focused on taking care of our customers as well as making our organization more resilient and efficient. We were again able to deliver good, profitable growth, our net sales grew by 16.8% and our adjusted EBIT margin was 27.3%. Most of the growth came from acquisitions, as our organic growth rate through the year did not develop according to our targets. We made one acquisition during the year, adding Finvoicer Group products to our product/service portfolio. This was our largest acquisition to date and the one with the clearest synergies and upsell/cross-sell potential.

Our customer base expanded even further to 12,600 customers. Revenue churn rate in 2023 was -5.4% (-3.5% in 2022) and Net Revenue Retention rate (NRR) at 101.3% (102.6% in 2022). The long-term potential of this customer base is a significant upsell opportunity and during the year we invested in developing our sales and delivery capability, scaling up for 2024.

We are a SaaS-product company and as such, our wide product portfolio is our competitive advantage. Having a well-integrated product offering covering our customers' business-critical needs drives quicker time to value. Going forward we see excellent opportunities to deliver even more value to customers by helping them with data insights, ESG reporting and automating routine tasks using AI.

In 2023 we at Lemonsoft were able to develop our products, our customer relationships, and our organizational capabilities in the right direction. We have a strong foundation of great products, loyal customers and a dedicated team working together for the purpose of making our customers' business better. Our business is stable, profitable and growing and we intend to scale it even further during 2024.



Group Financial Development

Group financial result and profitability

October - December 2023

Net sales for the review period were EUR 7,437 thousand (6,449). Net sales increased by EUR 988 thousand, 15.3%. Organic growth of the review period was -3.7% 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), whose net sales were not included in the comparison period in October - November, and Finvoicer Group Oy (2023), whose net sales were not included at all in the comparison period.

The share of SaaS income was 68.3% (71.0), the share of transaction income 11.5% (4.8), and consulting and other income 20.2% (24.2). The share of transaction income increased especially due to the acquisition of Finvoicer Group Oy.

EBITDA was EUR 2,512 thousand (2,287), 33.8% (35.5) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 2,028 thousand (2,301), 27.3% (35.7) of net sales.

EBIT was EUR 2,119 thousand (2,037), 28.5% (31.6) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 1,811 thousand (2,142), 24.3% (33.2) of net sales.

Profit for the review period was EUR 1,729 thousand (1,594), 23.2% (24.7) of net sales.

Cash flow from operating activities was EUR 2,214 thousand (2,834).

January - December 2023

Net sales for the review period were EUR 26,344 thousand (22,550). Net sales increased by EUR 3,794 thousand, 16.8%. Organic growth of the review period was -2.0% 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 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), whose net sales were not included in the comparison period in January - November, and Finvoicer Group Oy (2023), whose net sales were not included at all in the comparison period.

The share of SaaS income was 72.7% (75.3), the share of transaction income 8.6% (5.2), and consulting and other income 18.7% (19.5).

EBITDA was EUR 8,215 thousand (7,332), 31.2% (32.5) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 7,951 thousand (7,589), 30.2% (33.7) of net sales.

EBIT was EUR 6,890 thousand (6,594), 26.2% (29.2) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 7,195 thousand (7,054), 27.3% (31.3) of net sales.

Profit for the review period was EUR 5,349 thousand (5,128), 20.3% (22.7) of net sales.

Cash flow from operating activities was EUR 4,286 thousand (6,439).

Balance sheet, financing and investments

The balance sheet total at the end of the review period was EUR 48,885 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 1,653 thousand during the year 2023. At the end of the review period, the Group's balance sheet included capitalized development expenses totalling EUR 2,352 thousand (849 at the end of the year 2022).

Total equity was EUR 30,422 thousand (26,292 at the end of the year 2022), equity increased EUR 4,129 thousand.

Equity ratio was 61.9% (69.7 at the end of the year 2022) and interest-bearing debt was EUR 8,399 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 7,389 thousand (11,692 at the end of the year 2022).

Personnel

The Group number of employees was 208 (184) on 31 December 2023. We reported our Group personnel as follows:

- R&D 93 employees
- Customer functions 101 employees
- Other functions, a total of 14 employees

Shares and shareholders

Share capital and number of shares

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

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 6.14 and the lowest EUR 4.53. The closing price on 31 December 2023 was EUR 6.02. The market value of the company at the closing price of the review period was approximately EUR 111.7 million. Average daily trading volume during the review period was 7,117 shares (EUR 36,544).

On 31 December 2023, the company had a total of 2,469 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.

Board of Director's proposal for dividend

At the end of the financial year 2023, the Group's parent company's distributable funds were EUR 30,833 thousand and the net result of the Group's parent company for the financial year was EUR 3,563 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 2023, 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.

Outlook 2024

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 prevailing economic situation will continue to restrain the growth of new sales and the current customer base.

Profit forecast for 2024

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 and Annual General Meeting in 2024

Lemonsoft Oyj will publish the following financial information in 2024:

- Interim Report January - March 2024 on Thursday, 25 April 2024
- Half-year Report January - June 2024 on Thursday, 8 August 2024
- Interim Report January - September 2024 on Tuesday, 5 November 2024

The company's annual report for the financial year ending 31 December 2023 is scheduled for publication in the week beginning 18 March 2024.

Lemonsoft's Annual General Meeting is scheduled to be held on Tuesday, 9th of April 2024.

Webcast for investors and media

Lemonsoft will host a live webcast for investors and the media in English on February 15, 2024 at 1:00pm EET. The webcast can be followed online live via this link: <https://lemonsoft.videosync.fi/2023-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	10-12/2023	10-12/2022	1-12/2023	1-12/2022
NET SALES	7,437	6,449	26,344	22,550
Other operating income	493	0	493	4
Materials and services	-1,104	-652	-3,552	-2,572
Employee benefit expenses	-3,555	-2,978	-12,350	-10,564
Depreciation and amortisation	-393	-251	-1,325	-737
Other operating expenses	-759	-532	-2,720	-2,086
EBIT	2,119	2,037	6,890	6,594
Financial income	76	6	156	10
Financial expenses	-148	-11	-327	-70
PROFIT (LOSS) BEFORE TAXES	2,047	2,031	6,718	6,535
Income taxes	-318	-437	-1,369	-1,407
PROFIT (LOSS) FOR THE PERIOD	1,729	1,594	5,349	5,128
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the parent company	1,729	1,519	5,303	5,030
Non-controlling interests	0	75	47	98

Consolidated balance sheet, IFRS

EUR 1,000	31.12.2023	31.12.2022	1.1.2022
ASSETS			
NON-CURRENT ASSETS			
Goodwill	23,102	15,718	6,424
Intangible assets	7,165	3,638	60
Tangible assets	1,344	1,382	1,265
Investments	3,961	2,878	1,874
Deferred tax assets	9	12	85
TOTAL NON-CURRENT ASSETS	35,580	23,627	9,708
CURRENT ASSETS			
Inventory	68	88	52
Trade and other receivables	5,847	2,787	1,710
Cash and cash equivalents	7,389	11,692	19,060
TOTAL CURRENT ASSETS	13,304	14,567	20,822
TOTAL ASSETS	48,885	38,194	30,530
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	80	80
Reserve for invested unrestricted equity	17,767	16,480	14,980
Retained earnings	12,292	9,603	6,930
Equity of the owners of the parent company	30,139	26,163	21,990
Share of non-controlling owners	283	129	30
TOTAL EQUITY	30,422	26,292	22,021
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	5,942	1,500	2,400
Lease liabilities	171	306	475
Deferred tax liabilities	1,188	699	4
TOTAL NON-CURRENT LIABILITIES	7,301	2,505	2,879
CURRENT LIABILITIES			
Loans from financial institutions	1,872	900	900
Lease liabilities	414	325	257
Advances received	162	660	535
Trade and other payables	8,714	7,512	3,938
TOTAL CURRENT LIABILITIES	11,163	9,397	5,630
TOTAL LIABILITIES	18,463	11,902	8,509
TOTAL EQUITY AND LIABILITIES	48,885	38,194	30,530

Consolidated cash flow statement, IFRS

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Cash flow from operating activities:				
Profit (Loss) for the period	1,729	1,594	5,349	5,128
Adjustments:	342	771	2,566	2,476
Depreciation and amortisation	393	251	1,325	737
Other income and expenses without payment	-553	-2	-705	16
Financial income and expenses	72	4	171	19
Taxes	318	437	1,369	1,407
Other adjustments *	112	82	406	297
Cash flow before change in working capital	2,070	2,365	7,916	7,604
Change in working capital	408	702	-2,202	-55
Cash flow before financial items and taxes	2,478	3,067	5,713	7,549
Net financial items and taxes	-264	-233	-1,428	-1,110
Net cash flow from operating activities (A)	2,214	2,834	4,286	6,439
Cash flow from investing activities:				
Acquisition of tangible and intangible assets	-345	-1,194	-1,865	-2,796
Other investments	0	0	-1,000	-1,000
Acquisition of subsidiary, net of cash acquired	-771	0	-6,452	-6,310
Net cash flow from investing activities (B)	-1,116	-1,194	-9,317	-10,106
Cash flow from financing activities:				
Dividends paid	0	0	-2,595	-2,376
Repayments of non-current loans *	-574	-451	-3,168	-1,028
Proceeds from non-current loans	0	0	6,800	0
Repayments of lease liabilities	-112	-82	-406	-297
Proceeds from capitalization by non-controlling interests	0	0	98	0
Net cash flow from financing activities (C)	-686	-533	729	-3,701
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	412	1,108	-4,302	-7,368
Cash and cash equivalents at the beginning of the period	6,978	10,584	11,692	19,060
Cash and cash equivalents at the end of the period	7,389	11,692	7,389	11,692
Change in cash	412	1,108	-4,302	-7,368

* Changes have been made to the comparison periods so that the comparisons correspond to the recording method of the financial year 2023.

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			5,030	5,030	98	5,128
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 31.12.2022	80	16,480	9,603	26,163	129	26,292
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
Changes in non-controlling interests *			-19	-19	108	89
Directed share issue		1,286		1,286		1,286
Dividends paid			-2,595	-2,595		-2,595
Equity 31.12.2023	80	17,767	12,292	30,139	283	30,422

* 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 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 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 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	10-12/2023	10-12/2022	Change	1-12/2023	1-12/2022	Change
Net sales	7,437	6,449	15.3 %	26,344	22,550	16.8 %
SaaS	5,076	4,581	10.8 %	19,146	16,989	12.7 %
Transaction	857	308	178.0 %	2,265	1,172	93.3 %
Consulting and other	1,503	1,560	-3.7 %	4,933	4,390	12.4 %

Goodwill and intangible assets

EUR 1,000	12/2023	12/2022
Acquisition cost 1.1.	21,779	8,748
Additions	11,643	13,031
Deductions	0	0
Reclassifications	0	0
Acquisition cost at the end of the period	33,422	21,779
Accumulated depreciation and amortisation 1.1.	2,424	2,158
Accumulated depreciation and amortisation on deductions and transfers	0	0
Depreciation and amortisation for the period	732	266
Accumulated depreciation and amortisation at the end of the period	3,156	2,424
Book value at the end of the period	30,267	19,356

Tangible assets

EUR 1,000	12/2023	12/2022
Acquisition cost 1.1.	2,659	1,339
Additions	591	1,320
Deductions	-36	0
Reclassifications	0	0
Acquisition cost at the end of the period	3,214	2,659
Accumulated depreciation and amortisation 1.1.	1,277	805
Accumulated depreciation and amortisation on deductions and transfers	0	0
Depreciation and amortisation for the period	593	471
Accumulated depreciation and amortisation at the end of the period	1,870	1,277
Book value at the end of the period	1,344	1,382

Financial assets and liabilities

EUR 1,000	Level	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value 31.12.2023
Non-current financial assets					
Equity investments	3	1,874	0	1,874	1,874
Investments	2	2,087	0	2,087	2,087
Total non-current financial assets		3,961	0	3,961	3,961
Current financial assets					
Trade receivables		0	2,805	2,805	2,805
Other receivables		0	3,042	3,042	3,042
Cash and cash equivalents		0	7,389	7,389	7,389
Total current financial assets		0	13,236	13,236	13,236
Non-current financial liabilities					
Loans from financial institutions	2	0	5,942	5,942	5,942
Lease liabilities		0	171	171	171
Total non-current financial liabilities		0	6,113	6,113	6,113
Current financial liabilities					
Loans from financial institutions	2	0	1,872	1,872	1,872
Lease liabilities		0	414	414	414
Advances received		0	162	162	162
Trade payables		0	1,567	1,567	1,567
Contingent consideration	3	3,450	0	3,450	3,450
Other payables		0	3,697	3,697	3,697
Total current financial liabilities		3,450	7,713	11,163	11,163

Group's commitments

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

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. The shares have been transferred during 2023.

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 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, Taloushallintaan.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. The contingent consideration has been paid during 2023.

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 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 following table.

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	10-12/2023	10-12/2022	1-12/2023	1-12/2022
EBITDA	2,512	2,287	8,215	7,332
EBITDA, % of net sales	33.8 %	35.5 %	31.2 %	32.5 %
<i>M&A expenses</i>	9	14	229	257
<i>Recognition of contingent consideration</i>	-493	0	-493	0
Adjusted EBITDA	2,028	2,301	7,951	7,589
Adjusted EBITDA, % of net sales	27.3 %	35.7 %	30.2 %	33.7 %

Adjusted EBIT

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
EBIT	2,119	2,037	6,890	6,594
EBIT, % of net sales	28.5 %	31.6 %	26.2 %	29.2 %
<i>M&A expenses</i>	9	14	229	257
<i>Recognition of contingent consideration</i>	-493	0	-493	0
<i>Amortisation of intangible assets related to business combinations</i>	176	92	569	203
Adjusted EBIT	1,811	2,142	7,195	7,054
Adjusted EBIT, % of net sales	24.3 %	33.2 %	27.3 %	31.3 %

Organic growth of net sales

EUR 1,000	10-12/2023	10-12/2022	1-12/2023	1-12/2022
Net sales	7,437	6,449	26,344	22,550
<i>Impact of acquisitions</i>	-1,227	-1,083	-4,235	-3,625
Net sales of comparison period	6,449	4,943	22,550	17,227
Organic growth of net sales, %	-3.7 %	8.6 %	-2.0 %	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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