Lemonsoft Oyj:
Transition to IFRS reporting

lemonsoft

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Lemonsoft Oyj (hereafter also ”Lemonsoft”, ”Group”) has converted from Finnish Accounting Standards (“FAS”) to International Financial Reporting Standards (“IFRS”). The company estimates that the transition to IFRS reporting will increase the comparability of financial figures with other companies in the industry and increase the interest of international investors in the company.

Lemonsoft Oyj will prepare its consolidated financial statements and interim reports for the financial year ending 31 December 2023 in accordance with IFRS, including the comparative information for the financial year 2022. The Group’s date of transition to IFRS is 1 January 2022. Lemonsoft will publish its first interim report prepared in accordance with IFRS on 28 April 2023. For periods up to and including the year ended 31 December 2022, Lemonsoft prepared its annual financial statements and interim reports in accordance with Finnish Accounting Standards.

In order to provide its investors with comparative information in accordance with IFRS even before the publication of the interim report, Lemonsoft publishes information on the consolidated income statement, balance sheet and key figures of the Group for the financial year ended 31 December 2022, and for the interim periods ended 30 September 2022, 30 June 2022 and 31 March 2022. In addition, the opening IFRS balance sheet as at the transition date, a summary of the principal impacts resulting from the IFRS transition and significant accounting principles are presented.

Further details on historical financial information prepared in accordance with FAS is available on Lemonsoft’s website at www.lemonsoft.fi

Key figures (IFRS)

EUR 1,000	1-3/2022	4-6/2022	1-6/2022	7-9/2022	1-9/2022	10-12/2022	1-12/2022
Net Sales	5,002	5,318	10,320	5,781	16,101	6,449	22,550
SaaS	3,882	4,036	7,918	4,490	12,408	4,581	16,989
Transactions	278	298	576	288	863	308	1,172
Consulting and other	843	984	1,827	1,003	2,829	1,560	4,390
Gross Margin	4,449	4,631	9,079	5,105	14,184	5,798	19,982
Gross Margin, % of net sales	88.9%	87.1%	88.0%	88.3%	88.1%	89.9%	88.6%
EBITDA	1,542	1,434	2,976	2,069	5,044	2,287	7,332
EBITDA, % of net sales	30.8%	27.0%	28.8%	35.8%	31.3%	35.5%	32.5%
Adjusted EBITDA	1,553	1,584	3,138	2,150	5,288	2,301	7,589
Adjusted EBITDA, % of net sales	31.1%	29.8%	30.4%	37.2%	32.8%	35.7%	33.7%
EBIT	1,432	1,296	2,728	1,830	4,558	2,037	6,594
EBIT, % of net sales	28.6%	24.4%	26.4%	31.7%	28.3%	31.6%	29.2%
Adjusted EBIT	1,443	1,468	2,912	2,001	4,913	2,142	7,055
Adjusted EBIT, % of net sales	28.9%	27.6%	28.2%	34.6%	30.5%	33.2%	31.3%
Profit (loss) of the period	1,154	969	2,124	1,410	3,534	1,594	5,128
Profit (loss) of the period, % of net sales	23.1%	18.2%	20.6%	24.4%	21.9%	24.7%	22.7%
Equity ratio, %	76.4%	70.3%	70.3%	70.1%	70.1%	70.4%	70.4%
Net debt	-15,781	-10,337	-10,337	-7,026	-7,026	-8,661	-8,661
Gearing, %	-68.1%	-44.5%	-44.5%	-28.4%	-28.4%	-32.9%	-32.9%
Earnings per share (EPS)	0.06	0.05	0.12	0.08	0.19	0.08	0.27
Return on invested capital, % (ROIC)	5.3%	4.9%	10.2%	6.5%	16.1%	7.0%	22.5%
Return on equity, % (ROE)	5.1%	4.2%	9.4%	5.9%	15.1%	6.3%	21.2%
Outstanding shares at the end of the period	18,273,726	18,393,440	18,393,440	18,393,440	18,393,440	18,393,440	18,393,440
Average outstanding shares during the period	18,273,726	18,313,631	18,293,678	18,393,440	18,326,932	18,393,440	18,343,559

IFRS-compliant consolidated income statement and balance sheet information and explanations of the principal changes resulting from the transition to IFRS compared to FAS

The financial information presented in this release has been prepared in accordance with IFRS in force on 1 January 2023. On transition, Lemonsoft applied IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The financial information presented in this release is unaudited, except for the consolidated income statement for the financial year 2022 and consolidated balance sheet at 31 December 2022 prepared in accordance with FAS.

When preparing the comparative information, the Group adjusted the financial information drawn up in accordance with FAS. The principal impacts resulting from the IFRS transition on the financial information reported by Lemonsoft arise from the differences in recognition and measurement for leases (IFRS 16), business combinations (IFRS 3), development costs (IAS 38) and financial instruments (IFRS 9). The IFRS adjustments made in the transition are explained below.

Basis of accounting

The consolidated financial statements presented in this release have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union at 1 January 2023. In the EU IFRS are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements have been drawn up on a historical cost basis, except when otherwise indicated.

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. The figures presented in brackets refer to the 2022 comparative period or date, unless otherwise indicated. The financial year of Lemonsoft is the calendar year.

The preparation of IFRS financial statements requires management to make judgments, estimates and assumptions. These affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities at the period-end, as well as the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on historical experience and other justified factors, such as future expectations. Lemonsoft management believes that these are reasonable under the circumstances at the end of the reporting period and the time when they were made. Although the estimates are based on management's best knowledge of the current events and actions at the time of preparing the financial statements, actual results may ultimately differ from those estimates. Lemonsoft recognises such changes in the period in which the estimate or the assumption is revised.

Accounting policies requiring management judgement

Judgments that Lemonsoft management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, relate to the following areas:

- Business combinations: Identification and recognition of intangible assets separately from goodwill.
- Leases: Determination of the lease term when a lease includes extension or termination options.

Estimates and assumptions

The assumptions and major estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to determination of the key assumptions used in calculating recoverable amounts underlying goodwill impairment testing.

Significant accounting principles

Consolidation

The consolidated financial statements incorporate the financial statements of the parent company Lemonsoft Oyj, and of all those subsidiaries over which the parent company has control at the end of the reporting period. Lemonsoft has control when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when Lemonsoft loses control of the subsidiary.

Acquired entities are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquiree are measured at the acquisition-date fair values. The excess is accounted for as goodwill.

The consideration transferred includes the assets transferred, liabilities incurred by Lemonsoft to former owners of the acquiree, and any equity interests issued. Any contingent consideration (additional purchase price) is measured at fair value at the acquisition date, and is classified as either liability or equity. An additional purchase price classified as a liability is remeasured at fair value at each period-end, and resulting changes in fair values are recognised in profit or loss. Goodwill that arose prior to 1 January 2022 remains as stated under FAS at the transition date.

In preparation of consolidated financial statements intragroup transactions, receivables, liabilities and unrealised margins as well as distribution of profits within the Group are eliminated.

Lemonsoft has initially measured non-controlling interests (NCI) at their proportionate share of the acquiree’s identifiable net assets at the acquisition date. NCI in the net assets of the subsidiaries consolidated are identified separately from the Group’s equity therein. NCI consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder’s share of post-combination changes in equity. Total comprehensive income is attributed to the owners of the parent and NCI even if this results in the NCI having a deficit balance. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Revenue recognition

The five-step model of IFRS 15 *Revenue from Contracts with Customers* is applied in recognition of revenue. The model identifies the customer contract, the performance obligations of the contract, determines the transaction prices, allocates the transaction price to the performance obligations, and recognises the revenue. The Group recognises revenues less indirect taxes in an amount that Lemonsoft expects to be entitled in exchange for the products and/or services transferred.

Lemonsoft Group's revenues consist of the following revenue streams: SaaS, Transaction services as well as Consulting and other services. Contracts may contain a performance obligation consisting of a series of distinct services or several performance obligations.

The majority of the Group's revenue is recognised over time as the customer is considered to benefit from the services as they are transferred. Revenues from SaaS and Transaction services are recognised over time. A customer is invoiced on a fixed monthly basis over the contract term, or monthly based on the actual number of users and transaction volumes. Revenues from Other services provided by the Group are recognised as the service is transferred to the customer.

The Group also has fixed-price projects in which invoicing is based on the milestones specified in the project plan, aligned with the measure of progress of the project. In recognising project revenues the measure of progress is followed up throughout the project. If it is likely that the total costs of completion will exceed the revenues from the transaction, the expected loss is recognised as an expense immediately.

Variable considerations in contracts are estimated and included in net sales only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur subsequently. The amount of the variable consideration is reassessed at the end of each reporting period. The payment terms and conditions for the contracts vary but typically the payment term is 14 days. The Group has no significant financing components in its customer contracts.

Segment disclosures

Lemonsoft reports for its business operations as a single entity, i.e. at the Group level. This is based on the Group's business model and the fact that the performance and resources are reviewed as a single unit. Also, the Group's reporting model and management structure are based on this approach.

Foreign currency transactions and balances

The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the parent company and subsidiaries. Foreign currency transactions are translated into Euro using the exchange rates prevailing at the dates of the transactions.

EBIT

EBIT is the net amount attained when net sales are added by other operating income, less material and service expenses adjusted with change in inventories, employee benefit expenses, depreciation, amortisation and impairment losses, and other operating expenses. All other items in the income statement are presented below EBIT.

Employee benefits

Short-term employee benefits include wages, salaries, fringe benefits, annual leave and bonuses. They are recognised in the period in which the employees perform the work.

The Group's pension plans are defined contribution plans. In a defined contribution plan, the Group makes fixed contributions into a separate entity, and the Group has no legal or constructive obligation to make further contributions. The contributions made to the defined contribution plans are charged to profit or loss under employee benefit expenses in the period to which the charge applies.

Financial income and financial expenses

Lemonsoft recognises interest income and interest expenses using the effective interest method. The Group has not capitalised borrowing costs.

Income taxes

The income tax expense in the income statement comprises current tax for the financial year and the change in deferred tax liabilities and deferred tax assets. The current tax charge is determined based on the taxable income using the tax rate enacted (or substantively enacted). This tax is adjusted with any taxes relating to previous financial years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses or unused tax credits.

Deferred tax liabilities are usually recognised in full. However, deferred tax liability is not accounted for, if it arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax assets is recognised for deductible temporary differences only to the extent that it is probable that taxable income will be generated in the future against which Lemonsoft can utilise the temporary difference. The Group reviews the amount of deferred tax assets recognised and their recoverability at each period-end.

Earnings per share (EPS)

Basic earnings per share is determined by dividing the profit (loss) for the financial year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding (during the financial year), excluding any treasury shares held by the company.

Goodwill

Goodwill is recognised at the excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired. Goodwill reflects future synergies expected from acquisitions, among others. Goodwill is carried at historical cost less accumulated impairment losses and is not subject to amortisation but is tested at least annually for impairment. Impairment losses on goodwill are recorded in profit or loss and may not be reversed.

Intangible assets

The Group's intangible assets mainly comprise intangible assets identified and recognised in business combinations and relate to customer relationships and technology. They are initially recognised at fair value. Lemonsoft recognises an intangible asset only if the item meets the definition of an intangible asset, it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred. Separately acquired intangible assets are initially measured at cost. Subsequently, all intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Group capitalises development costs only if all of the following criteria are met: Lemonsoft is able to demonstrate that the completion of the intangible asset is technically feasible so that the asset is available for use or sale; Lemonsoft has the intention to complete and use or sell the intangible asset and is able to use or sell the intangible asset; Lemonsoft is able to demonstrate how the intangible asset will generate probable future economic benefits; Lemonsoft has resources to complete the development and to use or sell the intangible asset; Lemonsoft is able measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation is recorded on a straight-line basis over the following estimated useful lives of the assets:

Development costs	5 years
Customer relationships	5 - 8 years
Technology	5 - 8 years
Intangible rights	5 years

Lemonsoft reviews the amortisation periods applied at least at each financial year-end. If the estimated useful life of an asset differs significantly from previous estimates, the remaining useful life is adjusted prospectively. The changes may arise from, for example, restructuring actions or changes in the competitive landscape or demand.

In addition, Lemonsoft assesses at each period-end whether there is an indication that an intangible asset may be impaired. If any indication exists, Lemonsoft estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference, i.e. an impairment loss, is recognised in profit or loss.

Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the business combination in which the goodwill arose. Goodwill was tested on the Group level, i.e. at the level of Lemonsoft's cash-generating unit. An impairment loss is recognised when the carrying amount of a cash-generating unit exceeds its recoverable amount.

Lemonsoft determines recoverable amounts based on value-in-use calculations prepared using discounted net cash flow forecasts. The cash flow projections are based on the most recent long-term budgets and forecasts approved by management covering a five-year period. The cash flow forecasts are based on the current business structure of the Lemonsoft Group at the testing date, and management's best estimates of future net sales, cost development, general market conditions and the applicable discount rate. For the period beyond the five-year time horizon, the cash flows are calculated using the terminal value method. Lemonsoft defines the discount rate as the weighted average cost of capital (WACC). It reflects the total cost of equity and debt, while considering the asset-specific risks.

Tangible assets

The cost comprises directly attributable incremental costs incurred in acquisition and installation, as applicable. Subsequently, tangible assets are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Tangible assets are depreciated on a straight-line basis in profit or loss using the following estimated useful lives:

Machinery and equipment	5 years
Other tangible assets	5 years

Lemonsoft reviews the estimated useful lives and residual values at least at each financial year-end. If they differ significantly from previous estimates, the depreciation period is adjusted for prospectively. The Group assesses at each period-end whether there are internal or external indications that a tangible asset may be impaired. If indications exist, Lemonsoft estimates the asset's recoverable amount. If the carrying amount of an asset exceeds its recoverable amount, the Group recognises an impairment loss.

Leases

Lemonsoft has leased office space for its business. Lemonsoft as a lessee recognises a right-of-use asset and corresponding lease liability when the lessor makes the asset available for use by the Group. The Group recognises leases on the balance sheet, except for short-term leases and leases of low-value assets.

Initially, right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs incurred, and any lease payments made at or before the commencement date, less any lease incentives provided by lessor.

Subsequently, right-of-use assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. It is adjusted for certain remeasurements of the lease liability. The Group depreciates a right-of-use asset on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset. Contracts with no fixed term and any extension options have been accounted for on a company-by-company basis, relying on the company's strategy and management's best estimate. The depreciation periods applied by the Group range between 1.5 - 3.5 years.

Lease payments included in the measurement of the lease liability comprise the following items: fixed payments, variable lease payments that depend on an index or a rate, and the payments for the periods covered by purchase, extension or termination options, if it is reasonably certain that the Group will exercise the option. If the lease liability is remeasured, for example due to changes in future lease payments, the right-of-use asset is adjusted to reflect the change in the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in in future lease payments arising from change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or the adjustment is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease term is the non-cancellable period for which Lemonsoft has the right to use the underlying asset.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Financial assets and financial liabilities

Lemonsoft classifies the Group's financial assets and financial liabilities as either financial assets and liabilities recognised at amortised cost or financial assets and liabilities measured at fair value through profit or loss.

Classification of financial assets is made based on their purpose of use upon initial acquisition. The classification is based on the objectives of Lemonsoft's business model and the contractual cash flows of financial assets, or by applying the fair value option upon initial acquisition.

All purchases and sales of financial assets are recognised on the trade date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognised when the Group loses the rights to receive the contractual cash flows on the financial assets, or it has transferred substantially all the risks and rewards of ownership outside the Group.

In general, financial liabilities are classified as non-current or current based on their maturity. However, a financial liability is classified as current if Lemonsoft does not have an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

A financial liability (or part of the liability) is derecognised only when the liability has ceased to exist, i.e., when the contractual obligation is fulfilled, cancelled or is no longer effective.

Financial assets measured at amortised cost
The Group's financial assets measured at amortised cost mainly comprise trade receivables, deposits and cash and cash equivalents. Assets classified in this category are measured at amortised cost using the effective interest method. In the Group's business model, trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows that are solely payments of principal and interest. Trade receivable are current assets. The carrying amount of trade receivables is considered to substantially equal to their fair value. The Group's cash and cash equivalents consist of cash on hand and bank accounts. Items qualifying as cash equivalent have a maturity of three months or less from the date of acquisition.

Financial assets measured at fair value through profit or loss
The Group's financial assets measured at fair value through profit or loss comprise investments in interest rate funds, whose fair values are based on market data.

Financial liabilities measured at amortised cost
In the Group, this item primarily includes loans from credit institutions, lease liabilities and trade payables. These other financial liabilities are initially recognised at fair value. Transaction costs are included in the initial carrying amount of the financial liability. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated by considering any discount or premium on acquisition as well as fees or costs that are an integral part of the effective interest rate.

Financial liabilities measured at fair value through profit or loss
A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Such financial liabilities are measured at fair value both at initial recognition and thereafter and resulting fair value changes are recognised in profit or loss.

Lemonsoft Group had no financial liabilities measured at fair value through profit or loss at the end of the reporting period.

Adoption of new and amended standards in future financial years

The Group has not yet adopted the amended standards and interpretations already issued by the IASB applicable for annual financial periods beginning on or after 1 January 2024. Lemonsoft will adopt these pronouncements as of the effective date of each of the pronouncements, or if the effective date is not the first day of the financial year, as of the beginning of the next financial year following the effective date, provided they have been endorsed for use in the EU. Currently, Lemonsoft believes that these pronouncements will not have a significant effect on the future consolidated financial statements.

Impacts of IFRS transition

Consolidated income statement 1 January – 31 December 2022

EUR 1,000	Note	FAS 1 January - 31 December 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January - 31 December 2022
NET SALES		**22,550**						**0**	**22,550**
Other operating income		4						0	4
Materials and services		-2,572						0	-2,572
Employee benefit expenses	3	-11,001			437			437	-10,564
Depreciation and amortisation	1,2,4	-2,184	-293	1,743			-3	1,446	-737
Other operating expenses	1,2,4	-2,132	297	-199		-52		46	-2,086
EBIT		**4,665**	**4**	**1,544**	**437**	**-52**	**-3**	**1,930**	**6,594**
Financial income		10						0	10
Financial expenses	1,2	-30	-7	-33				-40	-70
PROFIT (LOSS) BEFORE TAXES		**4,645**	**-3**	**1,510**	**437**	**-52**	**-3**	**1,890**	**6,535**
Income taxes	1,2,3,4	-1,318	1	-13	-87	10	1	-89	-1,407
PROFIT (LOSS) FOR THE PERIOD		**3,327**	**-2**	**1,498**	**350**	**-42**	**-3**	**1,801**	**5,128**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		3,229							5,030
Non-controlling interests		98							98

Consolidated income statement 1 October – 31 December 2022

EUR 1,000	Note	FAS 1 October - 31 December 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 October - 31 December 2022
NET SALES		**6,449**						**0**	**6,449**
Other operating income		0						0	0
Materials and services		-652						0	-652
Employee benefit expenses	3	-2,958			-20			-20	-2,978
Depreciation and amortisation	1,2,4	-725	-81	556			-1	475	-251
Other operating expenses	1,4	-617	82			3		85	-532
EBIT		**1,497**	**1**	**556**	**-20**	**3**	**-1**	**540**	**2,037**
Financial income		6						0	6
Financial expenses	1	-9	-2					-2	-11
PROFIT (LOSS) BEFORE TAXES		**1,493**	**-1**	**556**	**-20**	**3**	**-1**	**538**	**2,031**
Income taxes	1,2,3,4	-441	0	0	4	-1	0	4	-437
PROFIT (LOSS) FOR THE PERIOD		**1,052**	**0**	**557**	**-16**	**2**	**-1**	**542**	**1,594**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		977							1,519
Non-controlling interests		75							75

Consolidated balance sheet 31 December 2022

EUR 1,000	Note	FAS 31 December 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 31 December 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill	2	16,398		-680				-680	15,718
Intangible assets	2,3	411		2,789	437			3,226	3,638
Right-of-use assets	1,4	757	628				-3	625	1,382
Investments		2,878						0	2,878
Deferred tax assets	1,4	0	1			10	1	12	12
TOTAL NON-CURRENT ASSETS		**20,444**	**629**	**2,109**	**437**	**10**	**-3**	**3,183**	**23,627**
CURRENT ASSETS									
Inventory		88						0	88
Trade and other receivables	4	2,839				-52		-52	2,787
Cash and Cash equivalents		11,692						0	11,692
TOTAL CURRENT ASSETS		**14,619**	**0**	**0**	**0**	**-52**	**0**	**-52**	**14,567**
TOTAL ASSETS		**35,063**	**629**	**2,109**	**437**	**-42**	**-3**	**3,131**	**38,194**
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		16,480						0	16,480
Retained earnings	1,2,3,4	7,802	-2	1,498	350	-42	-3	1,801	9,603
Equity of the owners of the parent company		0						0	0
Share of non-controlling owners		129						0	129
TOTAL EQUITY		**24,491**	**-2**	**1,498**	**350**	**-42**	**-3**	**1,801**	**26,292**
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		1,500						0	1,500
Lease liabilities	1	0	306					306	306
Deferred tax liabilities	2,3	0		611	87			699	699
TOTAL NON-CURRENT LIABILITIES		**1,500**	**306**	**611**	**87**	**0**	**0**	**1,005**	**2,505**
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	325					325	325
Advances received		660						0	660
Trade and other payables		7,512						0	7,512
TOTAL CURRENT LIABILITIES		**9,072**	**325**	**0**	**0**	**0**	**0**	**325**	**9,397**
TOTAL LIABILITIES		**10,572**	**631**	**611**	**87**	**0**	**0**	**1,330**	**11,902**
TOTAL EQUITY AND LIABILITIES		**35,063**	**629**	**2,109**	**437**	**-42**	**-3**	**3,131**	**38,194**

Consolidated income statement 1 January – 30 September 2022

EUR 1,000	Note	FAS 1 January - 30 September 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January - 30 September 2022
NET SALES		**16,101**						**0**	**16,101**
Other operating income		4						0	4
Materials and services		-1,921						0	-1,921
Employee benefit expenses	3	-8,043			457			457	-7,586
Depreciation and amortisation	1,2,4	-1,458	-212	1,186			-2	972	-487
Other operating expenses	1,2,4	-1,515	215	-199		-55		-39	-1,554
EBIT		**3,167**	**3**	**987**	**457**	**-55**	**-2**	**1,390**	**4,558**
Financial income		5						0	5
Financial expenses	1,2	-20	-5	-33				-38	-59
PROFIT (LOSS) BEFORE TAXES		**3,152**	**-2**	**954**	**457**	**-55**	**-2**	**1,352**	**4,504**
Income taxes	1,2,3,4	-877	0	-13	-91	11	0	-93	-970
PROFIT (LOSS) FOR THE PERIOD		**2,275**	**-2**	**941**	**366**	**-44**	**-2**	**1,259**	**3,534**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		2,252							3,511
Non-controlling interests		23							23

Consolidated income statement 1 July – 30 September 2022

EUR 1,000	Note	FAS 1 July - 30 September 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 July - 30 September 2022
NET SALES		**5,781**						**0**	**5,781**
Other operating income		3						0	3
Materials and services		-679						0	-679
Employee benefit expenses	3	-2,621			131			131	-2,490
Depreciation and amortisation	1,2,4	-696	-81	539			-1	457	-239
Other operating expenses	1,2,4	-554	82	-56		-19		7	-547
EBIT		**1,234**	**1**	**483**	**131**	**-19**	**-1**	**595**	**1,830**
Financial income		2						0	2
Financial expenses	1,2	-6	-2	-33				-35	-41
PROFIT (LOSS) BEFORE TAXES		**1,230**	**-1**	**450**	**131**	**-19**	**-1**	**560**	**1,790**
Income taxes	1,2,3,4	-360	0	3	-26	4	0	-20	-380
PROFIT (LOSS) FOR THE PERIOD		**870**	**-1**	**452**	**105**	**-15**	**-1**	**541**	**1,410**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		861							1,402
Non-controlling interests		8							8

Consolidated balance sheet 30 September 2022

EUR 1,000	Note	FAS 30 September 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 30 September 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill	2	16,330		-1,228				-1,228	15,101
Intangible assets	2,3	128		2,756	457			3,213	3,341
Right-of-use assets	1,4	700	706				-2	703	1,403
Investments		2,874						0	2,874
Deferred tax assets	1,4	0	0			11		12	12
TOTAL NON-CURRENT ASSETS		**20,032**	**706**	**1,528**	**457**	**11**	**-2**	**2,700**	**22,732**
CURRENT ASSETS									
Inventory		58						0	58
Trade and other receivables	4	2,617				-55		-55	2,562
Cash and Cash equivalents		10,584						0	10,584
TOTAL CURRENT ASSETS		**13,259**	**0**	**0**	**0**	**-55**	**0**	**-55**	**13,204**
TOTAL ASSETS		**33,291**	**706**	**1,528**	**457**	**-43**	**-2**	**2,645**	**35,936**
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		16,480						0	16,480
Retained earnings	1,2,3,4	6,825	-2	941	366	-44	-2	1,259	8,084
Equity of the owners of the parent company		0						0	0
Share of non-controlling owners		54						0	54
TOTAL EQUITY		**23,438**	**-2**	**941**	**366**	**-44**	**-2**	**1,259**	**24,698**
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		1,950						0	1,950
Lease liabilities	1	0	386					386	386
Deferred tax liabilities	2,3	0		586	91			678	678
TOTAL NON-CURRENT LIABILITIES		**1,950**	**386**	**586**	**91**	**0**	**0**	**1,064**	**3,014**
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	323					323	323
Advances received		621						0	621
Trade and other payables		6,381						0	6,381
TOTAL CURRENT LIABILITIES		**7,903**	**323**	**0**	**0**	**0**	**0**	**323**	**8,225**
TOTAL LIABILITIES		**9,853**	**708**	**586**	**91**	**0**	**0**	**1,386**	**11,239**
TOTAL EQUITY AND LIABILITIES		**33,291**	**706**	**1,528**	**457**	**-44**	**-2**	**2,645**	**35,936**

Consolidated income statement 1 January – 30 June 2022

EUR 1,000	Note	FAS 1 January - 30 June 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January - 30 June 2022
NET SALES		**10,320**						**0**	**10,320**
Other operating income		1						0	1
Materials and services		-1,242						0	-1,242
Employee benefit expenses	3	-5,423			326			326	-5,096
Depreciation and amortisation	1,2,4	-763	-131	648			-2	515	-248
Other operating expenses	1,2,4	-961	133	-143		-36		-46	-1,007
EBIT		**1,933**	**2**	**505**	**326**	**-36**	**-2**	**795**	**2,728**
Financial income		3						0	3
Financial expenses	1	-14	-3					-3	-17
PROFIT (LOSS) BEFORE TAXES		**1,922**	**-1**	**505**	**326**	**-36**	**-2**	**792**	**2,714**
Income taxes	1,2,3,4	-517	0	-16	-65	7	0	-73	-590
PROFIT (LOSS) FOR THE PERIOD		**1,405**	**-1**	**489**	**261**	**-29**	**-1**	**719**	**2,124**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		1,390							2,109
Non-controlling interests		15							15

Consolidated income statement 1 April – 30 June 2022

EUR 1,000	Note	FAS 1 April - 30 June 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 April - 30 June 2022
NET SALES		**5,318**						**0**	**5,318**
Other operating income		0						0	0
Materials and services		-687						0	-687
Employee benefit expenses	3	-2,790			190			190	-2,599
Depreciation and amortisation	1,2,4	-415	-66	345			-1	277	-138
Other operating expenses	1,2,4	-503	67	-143		-19		-94	-597
EBIT		**922**	**1**	**202**	**190**	**-19**	**-1**	**374**	**1,296**
Financial income		2						0	2
Financial expenses	1	-8	-2					-2	-9
PROFIT (LOSS) BEFORE TAXES		**917**	**-1**	**202**	**190**	**-19**	**-1**	**372**	**1,289**
Income taxes	1,2,3,4	-280	0	-6	-38	4	0	-40	-319
PROFIT (LOSS) FOR THE PERIOD		**637**	**-1**	**196**	**152**	**-15**	**-1**	**332**	**969**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		628							960
Non-controlling interests		9							9

Consolidated balance sheet 30 June 2022

EUR 1,000	Note	FAS 30 June 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 30 June 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill	2	12,929		-1,143				-1,143	11,786
Intangible assets	2,3	45		2,065	326			2,391	2,436
Right-of-use assets	1,4	627	635				-2	633	1,261
Investments		1,874						0	1,874
Deferred tax assets	1,4	85	0			7	0	8	93
TOTAL NON-CURRENT ASSETS		**15,561**	**635**	**922**	**326**	**7**	**-1**	**1,890**	**17,451**
CURRENT ASSETS									
Inventory		41						0	41
Trade and other receivables	4	2,498				-36		-36	2,462
Cash and Cash equivalents		13,824						0	13,824
TOTAL CURRENT ASSETS		**16,363**	**0**	**0**	**0**	**-36**	**0**	**-36**	**16,327**
TOTAL ASSETS		**31,924**	**635**	**922**	**326**	**-29**	**-1**	**1,854**	**33,778**
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		16,480						0	16,480
Retained earnings	1,2,3,4	5,945	-1	489	261	-29	-1	719	6,664
Equity of the owners of the parent company		0						0	0
Share of non-controlling owners		45						0	45
TOTAL EQUITY		**22,550**	**-1**	**489**	**261**	**-29**	**-1**	**719**	**23,269**
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		1,950						0	1,950
Lease liabilities	1	0	358					358	358
Deferred tax liabilities	2,3,4	33		433	65	0		498	531
TOTAL NON-CURRENT LIABILITIES		**1,983**	**358**	**433**	**65**	**0**	**0**	**856**	**2,839**
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	279					279	279
Advances received		676						0	676
Trade and other payables		5,814						0	5,814
TOTAL CURRENT LIABILITIES		**7,391**	**279**	**0**	**0**	**0**	**0**	**279**	**7,670**
TOTAL LIABILITIES		**9,374**	**637**	**433**	**65**	**0**	**0**	**1,135**	**10,508**
TOTAL EQUITY AND LIABILITIES		**31,924**	**635**	**922**	**326**	**-29**	**-1**	**1,854**	**33,778**

Consolidated income statement 1 January – 31 March 2022

EUR 1,000	Note	FAS 1 January - 31 March 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January - 31 March 2022
NET SALES		**5,002**						**0**	**5,002**
Other operating income		1						0	1
Materials and services		-555						0	-555
Employee benefit expenses	3	-2,633			136			136	-2,497
Depreciation and amortisation	1,2,4	-347	-65	303			-1	237	-110
Other operating expenses	1,4	-458	66			-18		48	-410
EBIT		**1,010**	**1**	**303**	**136**	**-18**	**-1**	**422**	**1,432**
Financial income		2						0	2
Financial expenses	1	-6	-2					-2	-8
PROFIT (LOSS) BEFORE TAXES		**1,006**	**-1**	**303**	**136**	**-18**	**-1**	**420**	**1,425**
Income taxes	1,2,3,4	-238	0	-10	-27	4	0	-33	-271
PROFIT (LOSS) FOR THE PERIOD		**768**	**-1**	**293**	**109**	**-14**	**-1**	**386**	**1,154**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		762							1,149
Non-controlling interests		6							6

Consolidated balance sheet 31 March 2022

EUR 1,000	Note	FAS 31 March 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 31 March 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill	2	6,121		303				303	6,424
Intangible assets	3	53			136			136	189
Right-of-use assets	1	606	667				-1	666	1,271
Investments		1,874						0	1,874
Deferred tax assets	4	92				4	0	4	96
TOTAL NON-CURRENT ASSETS		**8,745**	**667**	**303**	**136**	**4**	**-1**	**1,109**	**9,854**
CURRENT ASSETS									
Inventory		36						0	36
Trade and other receivables	4	1,458				-18		-18	1,440
Cash and Cash equivalents		19,749						0	19,749
TOTAL CURRENT ASSETS		**21,242**	**0**	**0**	**0**	**-18**	**0**	**-18**	**21,225**
TOTAL ASSETS		**29,988**	**667**	**303**	**136**	**-14**	**-1**	**1,091**	**31,079**
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		14,980						0	14,980
Retained earnings	1,2,3,4	7,693	-1	293	109	-14	-1	386	8,079
Equity of the owners of the parent company		0						0	0
Share of non-controlling owners		36						0	36
TOTAL EQUITY		**22,789**	**-1**	**293**	**109**	**-14**	**-1**	**386**	**23,175**
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		2,400						0	2,400
Lease liabilities	1	0	410					410	410
Deferred tax liabilities	2,3	23		10	27			37	61
TOTAL NON-CURRENT LIABILITIES		**2,423**	**410**	**10**	**27**	**0**	**0**	**447**	**2,871**
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	257					257	257
Advances received		684						0	684
Trade and other payables		3,191						0	3,191
TOTAL CURRENT LIABILITIES		**4,775**	**257**	**0**	**0**	**0**	**0**	**257**	**5,032**
TOTAL LIABILITIES		**7,199**	**667**	**10**	**27**	**0**	**0**	**705**	**7,903**
TOTAL EQUITY AND LIABILITIES		**29,988**	**667**	**303**	**136**	**-14**	**-1**	**1,091**	**31,079**

Consolidated opening balance sheet 1 January 2022

EUR 1,000	Note	FAS 1 January 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill		6,424						0	6,424
Intangible assets		60						0	60
Right-of-use assets	1	533	731					731	1,265
Investments		1,874						0	1,874
Deferred tax assets		85					0	0	85
TOTAL NON-CURRENT ASSETS		**8,977**	**731**	**0**	**0**	**0**	**0**	**731**	**9,708**
CURRENT ASSETS									
Inventory		52						0	52
Trade and other receivables		1,710				0		0	1,710
Cash and Cash equivalents		19,060						0	19,060
TOTAL CURRENT ASSETS		**20,822**						**0**	**20,822**
TOTAL ASSETS		**29,798**	**731**	**0**	**0**	**0**	**0**	**731**	**30,530**
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		14,980						0	14,980
Retained earnings		6,930					0	0	6,930
Equity of the owners of the parent company		0						0	0
Share of non-controlling owners		30						0	30
TOTAL EQUITY		**22,021**	**0**	**0**	**0**	**0**	**0**	**0**	**22,021**
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		2,400						**0**	2,400
Lease liabilities	1	0	475					475	475
Deferred tax liabilities		4						0	4
TOTAL NON-CURRENT LIABILITIES		**2,404**	**475**	**0**	**0**	**0**	**0**	**475**	**2,879**
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	257					257	257
Advances received		535						0	535
Trade and other payables		3,938						0	3,938
TOTAL CURRENT LIABILITIES		**5,373**	**257**	**0**	**0**	**0**	**0**	**257**	**5,630**
TOTAL LIABILITIES		**7,777**	**731**	**0**	**0**	**0**	**0**	**731**	**8,509**
TOTAL EQUITY AND LIABILITIES		**29,798**	**731**	**0**	**0**	**0**	**0**	**731**	**30,530**

The IFRS adjustments made to the income statement and balance sheet items are explained below.
The references in the tables relate to the explanations below. Basically, deferred taxes have been recorded on all adjustments.
The Group has no items of other comprehensive income.

1. Leases, Lemonsoft as lessee *(IFRS 16 Leases)*

Lemonsoft has leased office space. In its FAS financial statements, the Group recognised the rental expenses under *Other operating expenses* for the financial year to which they related. On transition, lease payments are now apportioned between the reduction of lease liability and the interest charge on the lease liability. Furthermore, depreciation of the right-of-use assets is recorded in profit or loss.

On transition, Lemonsoft recognised an adjustment, EUR 731 thousand, both under right-of-use assets and financial liabilities (current and non-current portions). At the end of the financial year 2022, the right-of-use assets totalled EUR 628 thousand and lease liabilities EUR 631 thousand.

Lemonsoft applied certain exemptions as allowed under IFRS 1 on transition. On 1 January 2022, the Group measured the lease liabilities by discounting the future cash flows of the leases using the transition date incremental borrowing rate. The right-of-use assets were recognised at those amounts. Furthermore, Lemonsoft has elected to apply the recognition exemption both to short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and to leases of low value assets (each asset with a value of approximately EUR 5,000 or less when new).

In the financial year 2022, the decrease in other operating expenses was EUR 297 thousand. The depreciation totalling EUR 293 thousand was recognised on the right-of-use assets, in addition to which lease interest expenses increased financial expenses by a total of EUR 7 thousand.

2. Business combinations *(IFRS 3 Business Combinations)*

On transition, Lemonsoft applied the exemption for the accounting treatment of pre-transition date business combinations, which were not restated in accordance with IFRS 3. On 1 January 2022, the goodwill arisen from those acquisitions totalled EUR 6,424 thousand.

In the FAS financial statements, planned amortisation is recognised on goodwill. Under IFRS, goodwill is not amortised but tested for impairment at least annually. Consequently, the 2022 annual amortisation recognised in accordance with FAS, in total EUR 1,946 thousand, were reversed. Based on the impairment tests performed as at 1 January 2022 and 31 December 2022, the goodwill was not impaired. In addition, for the goodwill amortisation recognised in 2022 deductible for tax purposes, a deferred tax liability was recognised.

In 2022, Lemonsoft acquired the entire share capital of Logentia Oy and Finanzilla Oy. Logentia has been consolidated since June 2022 and Finanzilla since July 2022. Furthermore, the Group acquired the business of Duunissa.fi, which has been consolidated from beginning of December 2022.

In accordance with FAS, Lemonsoft has calculated the consolidation goodwill as the excess of the cost of the shares in question over the equity at the acquisition date. The assets acquired and the liabilities assumed in the post-transition date business combinations are measured at their acquisition-date fair values. The intangible assets identified in the acquisitions at the acquisition dates, which in those deals comprised customer relationships and technology, were separated from goodwill and recognised as separate balance sheet items. In applying IFRS 3, customer relationship-related intangible assets totalling EUR 1,621 thousand, technology-related intangible assets totalling EUR 1,372 thousand and deferred tax liabilities in total EUR 598 thousand were recognised in 2022 at the date of acquisition. Of these items, EUR 203 thousand was amortised for the financial year 2022. Correspondingly, these acquisitions increased goodwill by EUR 9,294 thousand.

IFRS also requires acquisition-related costs, such as professional fees and transfer taxes, be expensed but under FAS these costs are usually capitalised. An additional expense of EUR 199 thousand was recognised in other operating expenses for the acquisitions.

3. Capitalisation of product development costs *(IAS 38 Intangible Assets)*

Under IFRS, development costs resulting from the design of new or significantly improved products are capitalised as intangible assets if the costs of the development phase can be reliably determined, the completion of the product is technically feasible, the Group is able to use the product or sell it, the Group is able to demonstrate how the product will generate probable future economic benefits, and the Group has both the intention and the resources to complete the development work and use the product or sell it. According to FAS, development costs may be capitalised if they are expected to generate income over several financial years.

Balance sheet item *Intangible assets* increased due to the IFRS transition, as total EUR 437 thousand additional R&D expenses were capitalized.

4. Other IFRS adjustments

Other adjustments comprise the following:
On transition, Lemonsoft Group recognised credit losses using the model based on expected credit losses, i.e. at an amount equal to the lifetime expected credit losses for a trade receivable. The resulting allowance, decreasing trade receivables amounted to EUR 52 thousand on 31 December 2022.

Lemonsoft has capitalised leasehold improvements costs for premises *(IAS 16 Property, Plant and Equipment)*. Under FAS, these capitalised costs are usually accounted for as intangible assets but under IFRS they are tangible assets due to their nature. The reclassification adjustment totalled EUR 244 thousand.

Deferred tax assets, which are presented as current assets in the FAS financial statements, were reclassified to non-current assets in accordance with IFRS.

Summary of impacts of IFRS transition on Lemonsoft Group's equity and cash flows

EUR 1,000	1-3/2022	1-6/2022	1-9/2022	1-12/2022
Profit (loss) of the year / Equity FAS	**22,789**	**22,550**	**23,438**	**24,491**
Leases	-1	-1	-2	-2
Business combinations	293	489	941	1,498
Financial instruments	-14	-29	-44	-42
Intangible assets	109	261	366	350
Other adjustments	-1	-2	-2	-3
Total adjustments	**386**	**718**	**1,259**	**1,801**
Profit (loss) of the year / Equity IFRS	**23,175**	**23,269**	**24,698**	**26,292**

The impact on interim results is consistent with the impact on equity.

The most significant impacts of the IFRS transition on the cash flow statement result in from lease accounting. Repayments of lease liabilities are presented within financing activities in the IFRS cash flow statement. In the FAS cash flow statement, lease charges are presented within operating activities.

Alternative performance measures (APMs)

Lemonsoft uses alternative performance measures (APMs), such as adjusted EBIT and adjusted EBITDA, in financial goal setting, forecasting and monitoring of the Group's profit development as well as in resource allocation as part of the Group's business management process. In accordance with ESMA's guidelines on alternative performance measures *(Guidelines on Alternative Performance Measures)*, an alternative performance measure (APM) is considered to be a financial performance indicator that describes past or future results, financial position or cash flows, and which is other than the financial performance indicator defined or named in the applicable accounting standards.

Reconciliations of alternative performance measures

Reconciliation of items affecting adjusted EBIT

EUR 1,000	1-3/2022	4-6/2022	1-6/2022	7-9/2022	1-9/2022	10-12/2022	1-12/2022
Adjusted EBIT	**1,443**	**1,468**	**2,912**	**2,001**	**4,913**	**2,142**	**7,055**
Amortisation of intangible assets related to business combinations		-22	-22	-90	-111	-92	-203
M&A expenses	-11	-150	-162	-82	-244	-14	-257
Total items affecting comparability	-11	-172	-184	-171	-355	-105	-460
EBIT	**1,432**	**1,296**	**2,728**	**1,830**	**4,558**	**2,037**	**6,594**

Reconciliation of items affecting adjusted EBITDA

EUR 1,000	1-3/2022	4-6/2022	1-6/2022	7-9/2022	1-9/2022	10-12/2022	1-12/2022
Adjusted EBITDA	**1,553**	**1,584**	**3,138**	**2,150**	**5,288**	**2,301**	**7,589**
M&A expenses	**-11**	**-150**	**-162**	**-82**	**-244**	**-14**	**-257**
EBITDA	1,542	1,434	2,976	2,069	5,044	2,287	7,332
- Depreciation and amortisation	-110	-138	-248	-239	-487	-251	-737
EBIT	**1,432**	**1,296**	**2,728**	**1,830**	**4,558**	**2,037**	**6,594**

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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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.

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