

Lemonsoft Oyj
Annual Report
2021

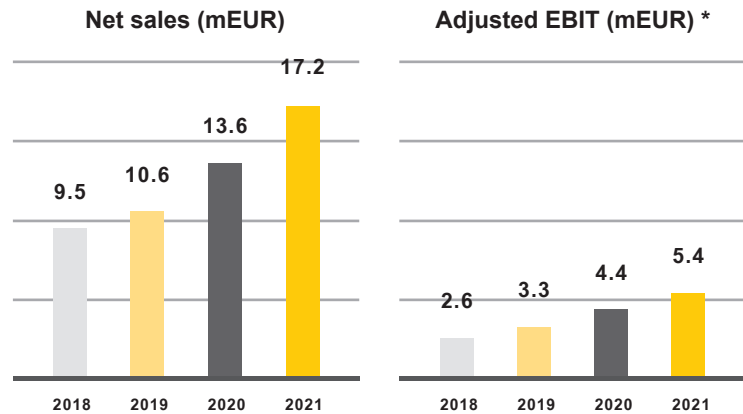


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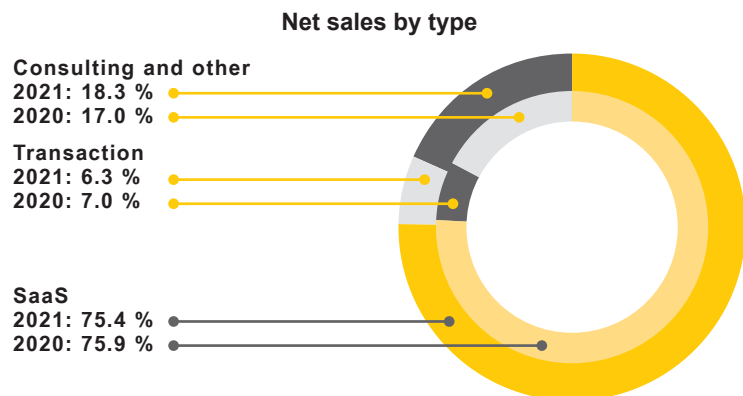
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Lemonsoft 2021



* Adjusted by goodwill amortizations, costs related to the acquisitions and the IPO as well as certain extraordinary items (Covid-19 reduction of pension contribution and Business Finland's aid)



Net sales
€17.2m

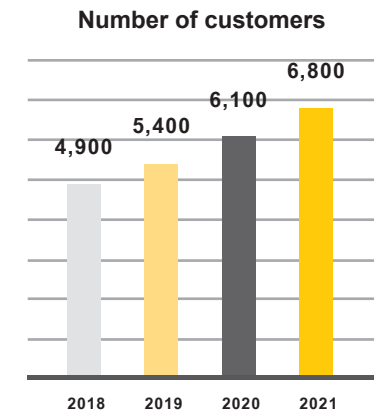
Growth in net sales
26.8 %

Adjusted EBIT
€5.4m

Adjusted EBIT-%
31.4 %

Recurring revenue (SaaS & Transaction)
82 %

Number of employees 31 December 2021
153



Service desk satisfaction
92 %

Revenue Churn
3.1 %

NRR *
108 %

* Net Revenue Retention

Review by the CEO

Steady growth in line with the company's strategy

I founded Lemonsoft in 2006. At the time, my objective was to develop the best possible ERP system for our customers. Now, 16 years later, I am proud to say that we have achieved that goal – and much more. The credit for this belongs to everyone at Lemonsoft. They made this possible.

Lemonsoft's business continued in 2021 on a strong growth trajectory. Net sales increased by nearly 27% compared to 2020, amounting to EUR 17.2 million. Our adjusted EBIT margin was excellent at 31.4%.

The growth of net sales was due to accelerated new customer sales, additional sales to the existing customer base, and acquisitions – we gained new customers in all of our customer segments, especially in industrial manufacturing and the wholesale segment. We made three acquisitions during the year and, in November, we completed a successful IPO on Nasdaq First North. In spite of our significant growth investments, acquisitions and the IPO, our profitability remained at a good level.

The number of customers continued to grow and was approximately 6,800 at the end of 2021, compared to approximately 6,100 at the end of 2020. Revenue churn decreased slightly from the previous year and was 3.1% of net sales, compared to 3.4% in 2020. Net Revenue Retention (NRR) remained at the same level as in 2020, at 108%.

We strengthened our organization by recruiting key personnel

As remote work is part of our normal operating model, the remote work recommendations issued in response to the pandemic did not have a significant impact on our operations, and

we did not need to learn new working methods. This is one of our strengths: remote work makes it possible for us to recruit new personnel regardless of their location.

In 2021, we welcomed nearly 50 new Lemonsoft employees to our ranks, with some of these coming through acquisitions. We gained new leadership experience with Jan-Erik Lindfors starting as Deputy CEO in spring 2021. We have a clear division of responsibilities: the CEO focuses on product and technology, while the Deputy CEO focuses on sales, marketing and customer service. Sales Director Timur Karakan strengthened our organization in April. Our systematic sales management and dynamic approach were reflected in our figures for the latter part of the year, and our outlook for the early part of 2022 is positive. We added acquisitions and investor relations as a new management function in response to our new needs, with Alpo Luostarinen hired as Director, M&A and IR in June to take charge of this area.

As the number of Lemonsoft's personnel grows, we invested in our HR function by recruiting an HR Specialist to assist our HR Director. The HR Specialist focuses on supervisor sparring and employee competence development throughout the organization.

Our employees are important to us. In addition to investing in our HR function, we listen closely to our employees' views and opinions. For example, we conduct annual surveys to measure our performance in areas that are meaningful to our employees and pursue development in the areas highlighted by our personnel. Our systematic efforts have produced good results and we were awarded the Future Workplaces certificate for the third consecutive time in 2021.

Strong growth in the number of customers

Although the Covid-19 pandemic resulted in some postponements in procurement decisions by customers, we made successful in-

vestments in sales to new customers during the year and the number of new customers acquired was 31.8% higher than in 2020. The large number of Lemonsoft customers (over 6,800) is one of our strengths. At the same time, it is also a challenge, as customer focus is one of our core values. As part of our continuous development, we pursued further development not only in our products but also our other functions, including key account management, and we also reorganized our customer service function to improve efficiency. We continuously measure our performance by means of various indicators. For example, the average rate of customer satisfaction with our support services was 92%.

Among our customer segments, the strongest growth was seen in industrial manufacturing and the wholesale segment. We added professional services automation (PSA) as a new segment, one that was significantly strengthened by our acquisition of Planmill. We also strengthened our operations in the construction segment by acquiring Talosofta, and we also continued on our planned growth trajectory in the accounting segment. We are pleased to have the opportunity to provide our products and services to a wide range of customer segments.

Listing on Nasdaq First North

Naturally, the most significant event in 2021 was our public listing. We spent a lot of time on the process, but it enabled us to streamline our internal processes and strengthen our financial administration and communications. I believe that we now have a more credible and transparent foundation for our operations. We have significantly developed our reporting and the Management Team quickly adopted the slightly changed operating practices required of a listed company. I am especially pleased that we now have a large group of new shareholders.

We also added two experienced members to our Board of Directors. Ilkka Hiidenheimo and Saila Miettinen-Lähde both have

a clearly defined role in the work of our Board. This has already been a positive driver in the Board meetings.

Continued investments in product development on multiple fronts

In line with our strategy, we invest heavily in R&D. While this naturally requires resources from our organization, it enables us to respond to the growing needs of our customers and eliminate the creation of technical debt.

One of our major projects was single-sign-in user management, which we completed in late 2021. Single-sign-in user management is a micro service that provides centralized user management functionality and access rights management. The service was initially made available for the Lemonsoft and LemonOnline product lines. In addition to projects, we spent the year under review working on development suggestions and wishes expressed by our customers.

We also released two completely new products: WorkIn is a platform economy service for recruitment and finding employment, and Regista is a solution for companies to define their business processes and integrate them into an ERP system. Regista is an Italian term for a playmaker who operates in front of the defense in soccer.

The development of our e-commerce solution, LemonShop, was also strong. LemonShop saw strong demand due to the Covid-19 pandemic and the general trend of digitalization. We grew our LemonShop team and will continue to build it further in 2022.

Three acquisitions to support different segments

Through acquisitions we aim to strengthen our market position, target new segments or acquire new expertise. In February 2021, we acquired Metsys Oy, which provides us with strong expertise in the development of demanding warehouse management system (WMS) solutions. Metsys creates customized WMS solutions for large international industrial companies. Metsys is also involved in the development of Lemonsoft's upcoming standardized WMS solution. Following the Metsys acquisition, we now have a presence in Jyväskylä.

We made our second acquisition of the year in June by acquiring the Talosofta business from Alma Media. Specifically designed for prefabricated house manufacturers, Talosofta strengthens our position in the construction segment. The acquisition also saw us open a new office in Oulu.

Our last acquisition of the year was PlanMill Oy, acquired in August. With both Finnish and international customers, Plan-Mill specializes in solutions for professional service providers.

Heading into 2022 with confidence

In 2022, we will continue to execute our strategy, which can be summed up in the phrase "for your business". We develop solutions that help companies improve their business. Our aim is to continue to grow and to focus heavily on R&D. Developing the competence of our personnel and ensuring that they enjoy their work will also continue to be a high priority for us. I want to take this opportunity to thank our personnel for their excellent work during the past year. I also wish to thank our new shareholders for their confidence in Lemonsoft.

Kari Joki-Hollanti



Key figures

EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Net sales	4,943	3,656	17,227	13,588
Net sales growth, %	35.2 %	28.0 %	26.8 %	27.7 %
SaaS	3,741	2,691	12,996	10,316
Transaction	298	283	1,084	956
Consulting and other	904	681	3,148	2,316
Gross margin	4,380	3,179	15,335	11,941
Gross margin, % of net sales	88.6 %	87.0 %	89.0 %	87.9 %
EBITDA	52	1,260	4,231	4,794
EBITDA, % of net sales	1.1 %	34.5 %	24.6 %	35.3 %
Adjusted EBITDA ¹⁾	1,269	1,241	5,635	4,683
Adjusted EBITDA, % of net sales	25.7 %	33.9 %	32.7 %	34.5 %
EBIT	-298	1,026	3,070	3,906
EBIT, % of net sales	-6.0 %	28.1 %	17.8 %	28.7 %
Adjusted EBIT ²⁾	1,207	1,213	5,411	4,428
Adjusted EBIT, % of net sales	24.4 %	33.2 %	31.4 %	32.6 %
Profit of the period	-364	742	2,272	2,976
Profit of the period, % of net sales	-7.4 %	20.3 %	13.2 %	21.9 %
Equity ratio, %	75.0 %	61.6 %	75.0 %	61.6 %
Net debt	-15,760	-3,099	-15,760	-3,099
Gearing, %	-71.7 %	-44.3 %	-71.7 %	-44.3 %
Earnings per share (EPS)	-0.02	1,091.32	0.39	4,375.92
Number of employees at end of period	153	110	153	110
Outstanding shares at end of period	18,273,726	680	18,273,726	680
Average outstanding shares during the period	17,849,151	680	5,879,408	680

¹⁾ Adjusted EBITDA is EBITDA adjusted by costs related to the acquisitions and the IPO as well as certain extraordinary items (Covid-19 reduction of pension contribution and Business Finland's aid)

²⁾ Adjusted EBIT is EBIT adjusted by goodwill amortizations, costs related to the acquisitions and the IPO as well as certain extraordinary items (Covid-19 reduction of pension contribution and Business Finland's aid)

Vision and strategy

Our mission is to develop software solutions for improving customers' business performance. Our vision is to provide the best customer experience in the market.

Through our solutions, we enable business growth for our customers. We believe that cooperating with us helps our customers achieve better results and enjoy the best customer experience in our industry. Based on user feedback, we are constantly developing solutions, thereby creating more value for our customers' business.

Our company culture is the foundation for our operations. Our values constitute the core of our culture and guide our day-to-day customer interaction and product development. We are passionate about developing our customers' business and the usability of software.

Our strategic goals are long-term customer relationships, being an excellent workplace and achieving profitable growth that outpaces the market.

Business model

We primarily deliver our software solutions as cloud services with a hybrid strategy based on using both public and private cloud platforms. Pricing is based on a monthly fee that includes the software license and support. We productize our solutions for selected customer segments:



Industrial manufacturing »

Modern production management makes it easier for an industrial manufacturer to react to quick changes. In the manufacturing stage, there are often changes in the production line, and small customer-specific production batches are common. This requires agility from the ERP system. Lemonsoft's production management solutions help manufacturers achieve clear and measurable benefits through the use of digitalization and artificial intelligence.



Wholesale and specialty goods trade »

Managing the entire logistics chain and using a multi-channel approach play key roles in the wholesale and specialty goods businesses. Availability and service capacity must be high, products should not be out of stock and incorrect deliveries must be avoided. At the same time, there is a need to minimize the amount of capital tied up in inventory. Lemonsoft's ERP system helps solve these challenges.



Professional services automation (PSA) »

Lemonsoft's solutions make it easy for professional services companies to manage their payroll and HR functions, invoice their customers and monitor financial indicators. They allow companies to create projects from templates, budget their costs and allocate costs to accounting entries based on project stages.



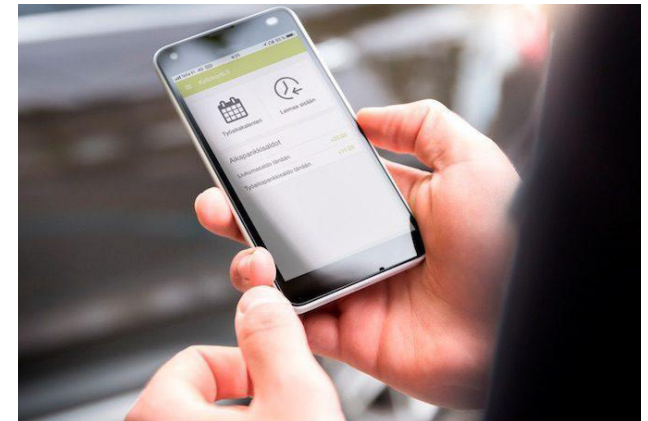
Construction and contracting »

Construction and contracting companies need high-quality tools for managing and monitoring construction sites and projects. Real-time project monitoring enables the effective management and development of customer relationships. Lemonsoft's solution provides tools that deliver clear benefits to companies through the use of digitalization and artificial intelligence.



Accounting firms »

Lemonsoft is the right software for an accounting firm to use as the foundation of its own operations and to provide comprehensive enterprise resource planning for its customers. We offer state-of-the-art financial, payroll and HR management solutions to accounting firms as a cloud service. Lemonsoft enables electronic services that comply with today's requirements. Lemonsoft allows accounting firms to provide their customers with a comprehensive ERP system in addition to individual software.



All customer segments

Most of our solutions are suitable for all companies and organizations regardless of their field. One good example is Kellokortti, an easy-to-use timesheet solution for recording working hours.

Products and services

Limited availability of qualified personnel requires companies to increase the efficiency of their operations. This means they need to allocate the competence and working hours of their employees more effectively towards core activities and less towards data processing. Nevertheless, the data that is generated through work is needed for planning and managing the company's operations, which means that automation and making it easier to process information during work will be a focus area in the development of enterprise resource planning in the coming years.

The conventional approach to enterprise resource planning involves consolidating data from different systems on a software-driven basis. For several years now, we have focused on the transition towards service-driven enterprise resource planning, where the boundaries between the service and the software product needed to produce the service are blurred and, in practice, the organization transitions to using services. While this transition is further along in digital services aimed at consumers, there is good progress among businesses as well. Going forward, we will make our services even easier to purchase and deploy, and we will also improve their scalability in response to increased use and business growth.

Lemonsoft Oyj's investments in its core customer segments and providing broader support to those segments are producing good results. Acquisitions have enabled Lemonsoft to expand its offering to core customer segments including industrial manufacturing, the wholesale trade, the construction industry and professional services. Our continuous in-house R&D activities also support the development of our offering for our core customer segments.

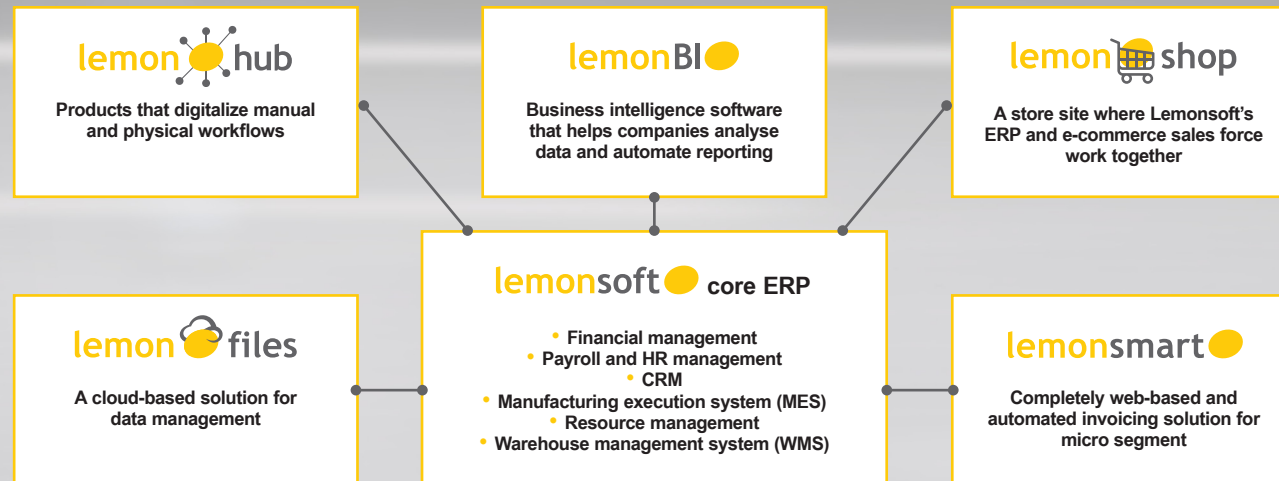
The first pilot users of browser-based production management started truly paperless production with the help of LemonOnline in late 2021. Light, dynamic and genuinely paperless production management enhances the efficiency of manufacturing companies of various sizes by making production management and the flow of information transparent and real-time.

Acquisitions enabled us to add significant industry-specific products to our range of services for construction industry operators and providers of professional services. Talosofta and PlanMill are excellent industry-specific solutions that we can complement with our services related to working time recording and financial management. We successfully expanded our product offering to the customers of the acquired products in the latter part of 2021. The extensive development of Lemonsoft Project Management also provides excellent support to both core segments by offering broader opportunities for the implementation of our comprehensive solution.

The development of our working time management solutions, which suit all customer segments, produced good results in 2021. The products in our Kellokortti line of working time management solutions were successful and found demand among new Lemonsoft Oyj customers as well as our existing customer base. The seamless integration of Kellokortti timesheet functionality into Lemonsoft's various products will make the convenient and user-friendly management of working time accessible to a growing user base in the future.

Pauli Siirtola, Director of Product Management





Recent acquisitions and ventures

<p>Strengthen offering within work time monitoring - Suitable for current customer base and as stand-alone product</p>	<p>Strengthening offering especially in the renovation industry</p>	<p>Creating new WMS solutions requiring new industry-specific competence</p>	<p>Strengthen offering in the construction vertical to include cost accounting</p>	<p>Strengthening the professional services automation (PSA) industry</p>	<p>Tool for planning and visualizing process descriptions and work instructions</p>	<p>A platform for light entrepreneurship connecting self-employed people, companies and consumers</p>
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Personnel and social responsibility

As a responsible employer, we want to be part of Finnish well-being and support the operations of our customers and other stakeholders. Sustainability is one of our core values and an integral part of Lemonsoft's operations. For us, financial success is part of sustainability, as it provides us with the opportunity to pursue strong development now and in the future. In addition to environmental responsibility, we also place a high priority on responsibility for people.

Economic responsibility

Lemonsoft aims to be a profitable and growing Finnish company: a reliable partner that bears responsibility for the continuity and reliability of its operations. For us, economic responsibility means looking after the profitability of our business while observing good corporate governance and risk management practices. We continuously develop our products, services and expertise to ensure our customers' success. We believe that improving the efficiency of our customers' business operations through ERP systems and the success that this brings will create jobs in a wide range of industries and in companies of various sizes, thereby contributing to higher tax revenue.

To fulfill our promise regarding economic responsibility, we focused on providing strong support to our customer companies in 2021, improving their operational efficiency and being receptive to their development needs. We made changes to our organization, introducing dedicated contact persons for our customers and launching a new approach to Key Account Manager (KAM) activities, one that includes the assessment and development of the customer's business processes, for example. These services help our customers develop and enhance the efficiency of their operations, and they have been met with a positive reception.

Social responsibility

Lemonsoft is a responsible employer. We take care of our employer obligations and invest in employee competence, continuous training and a safe work environment. The foundation of well-being at work is the opportunity to engage in meaningful work that allows each employee to put their skills to use in a pleasant and inspiring work environment. We are committed to equal treatment in all circumstances and we do not condone discrimination in any form. We are also happy to employ young professionals in the early stages of their career and support their professional development.

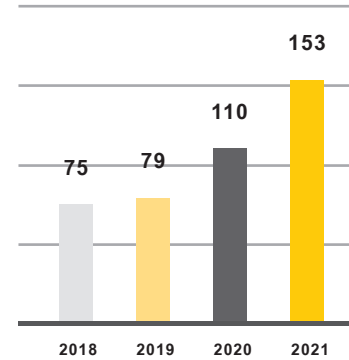
Flexibility and a new approach to operations are reflected in our product development technology and throughout our personnel. We measure employee satisfaction by means of an annual survey. Based on the results of these surveys, we have been awarded the Future Workplaces certificate for three consecutive years now in recognition of our results being among the best in Finland.

We were active in recruitment in 2021. We managed to find the right candidates, which enabled us to quickly build our organization and serve our customers. While remote work presented certain challenges, we were also able to





**Number of employees
(end of the year)**



keep our trainee programs running by providing trainee positions and hourly work.

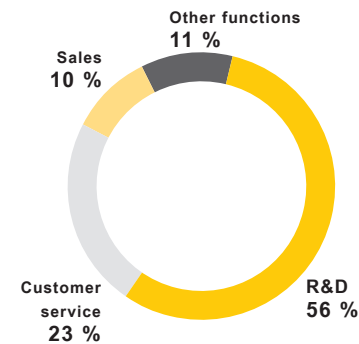
Employee well-being and coping with the demands of the prevailing situation have emerged as important topics during the Covid-19 pandemic. In response to this, we organized a Kipinä (“Spark”) tour that involved visiting all of our offices and listening to our employees. Our employee benefits remained unchanged, with the sports benefit being particularly popular.

Environmental responsibility

The digitalization of systems significantly reduces the environmental impact of our operations and those of our customers. Our software solutions increase the efficiency of our customers’ production and logistics, which helps save raw materials and energy while also reducing emissions. Lemonsoft’s products play a key role in customers transitioning towards a paperless model in financial management.

As our products do not require physical materials, warehousing or transport, we can conserve the environment even by taking small actions. When the pandemic began, business travel decreased further, and meetings and training activities were moved to virtual platforms. This has been a major change. The challenge in the future will be energy consumption, which can be extended to include our remote work locations in addition to our offices.

**Personnel by function
(31 December 2021)**



Governance

The overall responsibility for the company's governance and the appropriate organization of the company's operations lies with the Board of Directors. The Board of Directors guides and oversees the company's executive management, appoints and dismisses the CEO and approves significant decisions concerning the company's strategy, investments, organization, management remuneration and financing. The Board of Directors is comprised of three to eight (3–8) members elected by the Annual General Meeting for a term ending at the conclusion of the next Annual General Meeting following their election.

By unanimous decision of the shareholders on 30 August 2021, Lemonsoft Oyj elected five members to the Board of Directors:



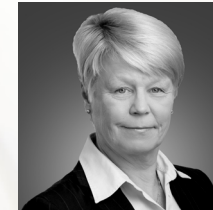
Christoffer Häggblom
Member of the Board since 2016,
Chairman of the Board since 2020.



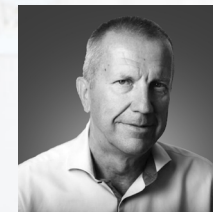
Michael Richter
Member of the Board since 2017.



Kari Joki-Hollanti
CEO,
member of the Board since 2006.



Salla Miettinen-Lähde
Member of the Board since 2021.



Ilkka Hiidenheimo
Member of the Board since 2021.



Lemonsoft Oyj's Management Team

Lemonsoft Oyj's Management Team was updated in 2021. The current members of the Management Team are as follows:

Pauli Siirtola
Product Management Director

Mari Erkkilä
CFO

Timur Karakan
Sales Director

Kari Joki-Hollanti
CEO, Board member

Jan-Erik Lindfors
Deputy CEO

Janika Vilponen
Customer Experience Director

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Report of the Board of Directors

Lemonsoft group

The Lemonsoft group is comprised of the parent company Lemonsoft Oyj and its subsidiaries Metsys Oy (0920514-1) and Planmill Oy (2062705-4), in which the parent company's holding is 100%, as well as Lixani Oy (2624244-6) and WorkIn Oy (3165937-7), in which the parent company's holding is 51%.

The group's main business is software design and production.

Major events during the financial period

On 1 February 2021, Lemonsoft Oyj acquired the shares in Metsys Oy (0920514-1).

Aacon Oy (2299480-0), acquired by Lemonsoft in January 2020, was merged into Lemonsoft Oyj on 31 March 2021.

Lemonsoft Oyj acquired the Talosofta business from Alma Mediapartners Oy on 30 June 2021.

On 1 August 2021, Lemonsoft Oyj acquired the shares in Planmill Oy (2062705-4).

The shareholders resolved unanimously on 30 August 2021 to change the form of the Company to a public limited company and increase the Company's share capital through an increase from reserves under the Limited Liability Companies Act to achieve the threshold of EUR 80,000 required for public limited companies. The shareholders also unanimously resolved on 30 August 2021 to split the shares so that 24,999 new shares were issued for each existing share.

Lemonsoft Oyj was listed on Nasdaq First North on 17 November 2021.

The current Covid-19 pandemic has had a minor impact on the group's operations.

Major events after the financial period

No major events have taken place after the end of the financial period.

Estimate of probable future development

Lemonsoft aims to continue steady growth by increasing the number of software modules offered to the current customer base and by increasing the customer base by acquiring new customers.

Lemonsoft estimates that the net sales for the 2022 financial period will increase by 23–28 per cent compared to 2021, and that adjusted EBIT will be 30–35 per cent of net sales in 2022.

Scope of research and development activities

All product development expenses incurred in 2021 were recognized directly through profit or loss.

Estimate of the most significant risks and uncertainties associated with operations

The biggest challenge affecting our industry is the availability of skilled employees. Following strong growth, Lemonsoft invests strongly in recruiting new talent. The company's success and opportunities for organic growth are largely dependent on how well we can procure more competent personnel in our company, motivate and commit them and maintain and develop the competence we have.

Any weakening of the business of Lemonsoft's customer companies could translate into e.g. decreased investments by manufacturing companies and lower need for subcontracting chains. This would also have a negative impact on the demand for ERP systems, which can slow down the development of sales to new customers and add-on sales from the existing customer base.

The risks associated with data security and service providers' IT systems are a significant factor affecting the delivery reliability and continuity of the company's business. Lemonsoft continuously invests in high operational reliability and systems with high data security, aiming to ensure the high quality of the services it acquires by choosing industry-leading vendors as its most significant partners. European data protection regulations may also result in unexpected risks in Lemonsoft's operating environment.

Success in acquisitions and related integration work is significant for Lemonsoft's growth. The company has completed several acquisitions in recent years and also aims to grow through M&As going forward. The acquired companies and their integration into Lemonsoft can involve unexpected risks.

Non-financial key figures concerning the personnel

	2021	2020	2019
Average number of Group employees during the financial period	129	102	-
Average number of parent company employees during the financial period	110	87	78
The Group's wages and salaries during the financial period (EUR 1,000)	6,127	4,684	-
The parent company's wages and salaries during the financial period (EUR 1,000)	5,058	3,963	3,577

During the financial period, the parent company had 107 full-time employees on average. In addition, the parent company had part-time employees on average during the financial period. As a rule, employment relationships are valid until further notice.

Financial key figures

The Group's earnings and financial position are illustrated by the following key figures:

	Group 2021	2020
Net sales	17,227,376	13,587,990
EBIT	3,069,952	3,905,791
EBIT, % of net sales	18%	29%
Return on equity	16%	44%
Equity ratio	75%	60%

Parent company shares

The parent company had 18,273,726 shares at the end of the financial period. Each share confers one vote at general meetings of shareholders. All shares confer equal rights to dividend and the company's assets.

Related party loans and liabilities

No loans have been granted to the Group's related parties, and no collateral or other guarantees have been pledged on their behalf.

Proposal of the Board of Directors for measures warranted by the parent company's profit

The parent company's distributable funds amount to EUR 24,119,971.12, of which profit for the financial period accounts for EUR 4,155,209.06. The Board of Directors proposes to the Annual General Meeting that the distributable funds be distributed as follows:

A dividend of EUR 0.13 per share be paid out	2,375,584.38
Carried in shareholders' equity	21,744,386.74
	24,119,971.12

No essential changes have taken place in the parent company's financial position after the end of the financial period. The company's liquidity is good, and the Board of Directors estimates that the proposed distribution of profits will not compromise the company's solvency.

Account of the adequacy of the parent company's shareholders' equity

Equity 31 December 2021	24,259,971.18
Cumulative accelerated depreciation	0.00
Capital loan	0.00
Difference between the book value and fair value of subsidiary shares	0.00
Difference between the book value and fair value of building	0.00
Equity pursuant to chapter 20, section 23 of the Limited Liability Companies Act	24,259,971.18

Parent company's organization, management and auditors

The Annual General Meeting of Lemonsoft Oyj was held on 11 March 2021. The Annual General Meeting elected four members to the Board of Directors; Christoffer Häggblom, Michael Richter, Kari Joki-Hollanti and Jani Tyyni. The Board elected Christoffer Häggblom as Chairman from among its members. Jani Tyyni resigned from the Board of Directors in May 2021. The Annual General Meeting decided that the Chairman of the Board be paid EUR 1,500 per month and the ordinary members of the Board EUR 1,000 per month. The Annual General Meeting decided that KPMG will continue as the company's auditor. Mari Kaasalainen, Authorized Public Accountant, will continue as the responsible auditor appointed by the audit firm. It was decided to pay the auditor a fee in accordance with the agreement.

The shareholders of Lemonsoft Oyj unanimously resolved on 30 August 2021 to supplement the company's Board of Directors. Ilkka Hiidenheimo and Salla Miettinen-Lähde were elected as new members of the company's Board of Directors. Christoffer Häggblom (Chairman), Kari Joki-Hollanti and Michael Richter will continue as old members of the Board. At the same time, the remuneration paid to the members of the Board of Directors was increased as follows: the remuneration paid to the Chairman of the Board is EUR 3,000 per month (previously EUR 1,500 per month) and the remuneration paid to the other members of the Board of Directors is EUR 1,500 per month each (previously EUR 1,000 per month). In addition, it was noted that the company's auditor KPMG Oy Ab has announced that Lemonsoft's principal auditor will change and that the new principal auditor will be Authorized Public Accountant Kim Järvi.

Consolidated income statement

	1 January- 31 December 2021	1 January- 31 December 2020
NET SALES €	17,227,376.26	13,587,989.74
Other operating income	45,383.42	55,810.18
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-1,020,406.51	-942,625.39
Variation in stocks	25,266.08	-9,435.62
External services		
External services	-897,422.18	-695,389.07
Materials and services, total	-1,892,562.61	-1,647,450.08
Personnel expenses		
Wages and salaries	-6,744,262.35	-5,150,130.18
Pension expenses	-1,160,489.69	-783,805.87
Other social security expenses	-185,872.72	-130,633.38
Personnel expenses, total	-8,090,624.76	-6,064,569.43
Depreciation, amortization and impairment		
Depreciation and amortization according to plan	-462,249.11	-425,440.34
Amortization of goodwill on consolidation	-698,736.55	-463,137.98
Depreciation, amortization and impairment, total	-1,160,985.66	-888,578.32
Other operating expenses	-3,058,634.89	-1,137,410.84
OPERATING PROFIT (LOSS)	3,069,951.76	3,905,791.25

	1 January- 31 December 2021	1 January- 31 December 2020
Financial income and expenses		
Income from other investments held as non-current assets		
Others	31,725.75	5,657.59
Other interest income and other financial income		
Others	6,686.74	0.00
Interest and other financial expenses		
Others	-22,857.67	-19,063.02
Financial income and expenses, total	15,554.82	-13,405.43
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	3,085,506.58	3,892,385.52
Income taxes		
Taxes for the financial year	-778,473.09	-916,761.31
Income taxes, total	-778,473.09	-916,761.31
Minority interest	34,708.37	0.00
PROFIT (LOSS) FOR THE FINANCIAL YEAR	2,272,325.12	2,975,624.51

Consolidated balance sheet

ASSETS €	31 December 2021	31 December 2020
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	946,033.84	391,103.69
Goodwill on consolidation	5,477,516.19	3,207,227.69
Development expenditure	60,000.06	109,999.98
Intangible assets, total	6,483,550.09	3,708,331.36
Tangible assets		
Buildings	248,954.60	259,327.76
Machinery and equipment	251,880.80	246,645.84
Works of art	0.00	1,500.00
Other tangible assets	32,404.22	117,262.76
Tangible assets, total	533,239.62	624,736.36
Investments		
Holdings in group undertakings	0.00	1,020.00
Other investments	1,874,461.88	1,493,838.96
Investments, total	1,874,461.88	1,494,858.96
NON-CURRENT ASSETS, total	8,891,251.60	5,827,926.68

ASSETS €	31 December 2021	31 December 2020
CURRENT ASSETS		
Inventories		
Raw materials and consumables	52,096.46	26,830.38
Inventories, total	52,096.46	26,830.38
Receivables		
Current		
Trade debtors	1,218,200.83	823,408.67
Other receivables	39,865.49	0.00
Prepayments and accrued income	537,184.28	46,385.54
Current, total	1,795,250.60	869,794.21
Cash at bank and on hand	19,059,875.45	5,098,775.69
CURRENT ASSETS, total	20,907,222.51	5,995,400.28
Total assets	29,798,474.11	11,823,326.96

EQUITY AND LIABILITIES €	31 December 2021	31 December 2020
EQUITY		
Share capital	80,000.00	8,000.00
Reserve for invested non-restricted equity	14,980,105.84	41,065.64
Retained earnings (losses)	4,658,093.83	3,763,560.86
Profit (loss) for the financial year	2,272,325.12	2,975,624.51
Capital loans	0.00	200,000.00
EQUITY, total	21,990,524.79	6,988,251.01
Minority interest	30,492.32	0.00
LIABILITIES	251,880.80	246,645.84
Non-current	0.00	1,500.00
Loans from credit institutions	2,400,000.00	1,500,000.00
Non-current, total	2,400,000.00	1,500,000.00
Current		
Loans from credit institutions	900,000.00	500,000.00
Advances received	535,385.58	469,706.37
Trade creditors	1,071,584.71	443,541.87
Other creditors	780,737.48	678,661.43
Accruals and deferred income	2,089,749.24	1,243,166.28
Current, total	5,377,457.01	3,335,075.95
LIABILITIES, total	7,777,457.01	4,835,075.95
Total equity and liabilities	29,798,474.11	11,823,326.96

Consolidated cash flow statement

Indirect cash flow statement

	Group 12_2021	Group 12_2020
Cash flow from operating activities:		
Profit (loss) before appropriations and taxes	3,085,506.58	3,892,385.82
Adjustments:		
Depreciation and amortization according to plan	1,160,985.66	888,578.32
Unrealized exchange rate gains and losses		
Other non-cash income and expenses	36,273.62	16,774.74
Financial income and expenses	-15,554.82	13,405.43
Cash flow before change in working capital	4,267,211.04	4,811,144.31
Change in working capital:		
Increase(-)/decrease(+) in current non-interest-bearing receivables	-702,578.20	109,795.49
Increase(-)/decrease(+) in inventories	-25,266.08	9,435.62
Increase(+)/decrease(-) in current interest-bearing liabilities	1,055,752.83	367,090.85
Cash flow from operating activities before financial items and taxes	4,595,119.59	5,297,466.27
Interest paid and payments for other financial operating expenses	-22,857.67	-19,063.02
Interest received from business operations	6,686.74	5,657.59
Direct taxes paid	-554,008.68	-828,656.14
Net cash from operating activities (A)	3,993,536.87	4,455,404.70

	Group 12_2021	Group 12_2020
Cash flow from investing activities:		
Acquisition of intangible and tangible assets	-2,559,937.37	-239,025.41
Proceeds from sale of tangible and intangible assets	106,887.30	57,000.00
Acquisition of other investments	-379,147.01	0.00
Acquired shares in subsidiaries	-1,236,313.03	-3,420,283.73
Net cash used in investing activities (B)	-4,068,510.12	-3,602,309.14
Cash flow from financing activities:		
Dividends paid	-2,210,000.00	-1,530,000.00
Proceeds from and repayment of non-current loans	1,300,000.00	2,000,000.00
Share issue against payment	14,944,540.20	0.00
Net cash from financing activities (C)	14,034,540.20	470,000.00
Change in cash at hand and in banks (A + B + C) increase (+) / decrease (-)	13,959,566.95	1,323,095.56
Cash at hand and in banks at 1 January	5,100,308.50	3,775,680.13
Cash at hand and in banks at 31 December	19,059,875.45	5,098,775.69
	13,959,566.95	1,323,095.56

Parent company income statement

	1 January- 31 December 2021	1 January- 31 December 2020
NET SALES €	14,824,604.25	11,630,764.49
Other operating income	45,383.42	55,796.58
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-900,143.59	-728,963.60
Variation in stocks	9,017.78	0.00
External services		
External services	-812,102.52	-598,699.73
Materials and services, total	-1,703,228.33	-1,327,663.33
Personnel expenses		
Wages and salaries	-5,577,798.52	-4,429,010.99
Pension expenses	-929,912.96	-676,403.40
Other social security expenses	-164,975.95	-108,670.96
Personnel expenses, total	-6,672,687.43	-5,214,085.35
Depreciation, amortization and impairment		
Depreciation and amortization according to plan	-788,980.36	-421,945.72
Depreciation, amortization and impairment, total	-788,980.36	-421,945.72
Other operating expenses	-2,892,588.29	-933,856.79
OPERATING PROFIT (LOSS)	2,812,503.26	3,789,009.88

	1 January- 31 December 2021	1 January- 31 December 2020
Financial income and expenses		
Income from group undertakings		
Dividend income from group undertakings	2,000,000.00	400,000.00
Income from other investments held as non-current assets		
Others	28,533.84	0.00
Other interest income and other financial income		
Others	6,274.69	5,216.51
Interest and other financial expenses		
Others	-21,105.47	-18,471.33
Financial income and expenses, total	2,013,703.06	386,745.18
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	4,826,206.32	4,175,755.06
Income taxes		
Taxes for the financial year	-670,997.26	-788,241.20
Income taxes, total	-670,997.26	-788,241.20
PROFIT (LOSS) FOR THE FINANCIAL YEAR	4,155,209.06	3,387,513.86

Parent company balance sheet

ASSETS €	31 December 2021	31 December 2020
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	3,698,684.57	391,103.69
Development expenditure	60,000.06	109,999.98
Intangible assets, total	3,758,684.63	501,103.67
Tangible assets		
Buildings	248,954.60	259,327.76
Machinery and equipment	251,620.19	235,966.58
Works of art	0.00	1,500.00
Other tangible assets	32,404.22	117,262.76
Tangible assets, total	532,979.01	614,057.10
Investments		
Holdings in group undertakings	6,058,989.00	3,999,589.60
Amounts owed by group undertakings	200,000.00	200,000.00
Other investments	1,872,985.97	1,393,838.96
Investments, total	8,131,974.97	5,593,428.56
NON-CURRENT ASSETS, total	12,423,638.61	6,708,589.33

ASSETS €	31 December 2021	31 December 2020
CURRENT ASSETS		
Inventories		
Raw materials and consumables	52,096.46	0.00
Receivables	52,096.46	0.00
Non-current		
Non-current receivables	20,000.00	0.00
Non-current, total	20,000.00	0.00
Current		
Trade debtors	891,590.75	768,326.19
Amounts owed by group undertakings	6,344.05	33,374.78
Other receivables	33,623.82	0.00
Prepayments and accrued income	530,100.46	44,507.00
Current, total	1,461,659.08	846,207.97
Cash at bank and on hand	17,640,282.22	4,285,163.47
CURRENT ASSETS, total	19,174,037.76	5,131,371.44
Total assets	31,597,676.37	11,839,960.77

EQUITY AND LIABILITIES €	31 December 2021	31 December 2020
EQUITY		
Share capital, cooperative capital or corresponding capital	80,000.00	8,000.00
Reserve for invested non-restricted equity	14,944,540.20	0.00
Retained earnings (loss)	5,080,221.92	3,974,708.06
Profit (loss) for the financial year	4,155,209.06	3,387,513.86
EQUITY, total	24,259,971.18	7,370,221.92
LIABILITIES	248,954.60	259,327.76
Non-current	251,620.19	235,966.58
Loans from credit institutions	2,400,000.00	1,500,000.00
Non-current, total	2,400,000.00	1,500,000.00
Current	532,979.01	614,057.10
Loans from credit institutions	900,000.00	500,000.00
Advances received	535,125.58	469,706.37
Trade creditors	1,034,817.77	411,240.06
Amounts owed to group undertakings	11,160.00	0.00
Other creditors	623,808.52	561,721.45
Accruals and deferred income	1,832,793.32	1,027,070.97
Current, total	4,937,705.19	2,969,738.85
LIABILITIES, total	7,337,705.19	4,469,738.85
Total equity and liabilities	31,597,676.37	11,839,960.77

Parent company cash flow statement

Indirect cash flow statement

	2021	2020
Cash flow from operating activities:		
Profit (loss) before extraordinary items	4,826,206.32	4,175,755.06
Adjustments:		
Depreciation and amortization according to plan	788,980.36	421,945.72
Unrealized exchange rate gains and losses		
Other non-cash income and expenses	33,508.72	11,521.18
Financial income and expenses	-24,205.24	13,254.82
Other adjustments	-2,000,000.00	-400,000.00
Cash flow before change in working capital	3,624,490.16	4,222,476.78
Change in working capital:		
Increase(-)/decrease(+) in current non-interest-bearing receivables	-614,377.09	19,036.49
Increase(-)/decrease(+) in inventories	-9,017.78	0.00
Increase(+)/decrease(-) in current interest-bearing liabilities	1,174,404.46	412,880.15
Cash flow from operating activities before financial items and taxes	4,175,499.75	4,654,393.42
Interest paid and payments for other financial operating expenses	-7,439.75	0.00
Dividends received from business operations	2,000,000.00	400,000.00
Direct taxes paid	-475,140.14	-788,241.20
Net cash from operating activities (A)	5,692,919.86	4,266,152.22

	2021	2020
Cash flow from investing activities:		
Acquisition of intangible and tangible assets	-1,100,755.76	-239,025.41
Proceeds from sale of tangible and intangible assets	28,533.84	0.00
Acquisition of other investments	-379,147.01	0.00
Acquired shares in subsidiaries	-4,920,972.38	-3,969,589.60
Net cash used in investing activities (B)	-6,372,341.31	-4,208,615.01
Cash flow from financing activities:		
Dividends paid	-2,210,000.00	-1,530,000.00
Proceeds from and repayment of non-current loans	1,300,000.00	1,981,946.33
Share issue against payment	14,944,540.20	0.00
Net cash from financing activities (C)	14,034,540.20	451,946.33
Change in cash at hand and in banks (A + B + C) increase (+) / decrease (-)	13,355,118.75	509,483.34
Cash at hand and in banks at 1 January	4,285,163.47	3,775,680.13
Cash at hand and in banks at 31 December	17,640,282.22	4,285,163.47
	13,355,118.75	509,483.34

Notes

Accounting principles applied to the parent company's financial statements

The financial statements have been prepared in accordance with the Finnish Accounting Act and Decree.

Measurement of non-current assets

Non-current assets are recognized at original cost less depreciation and amortization according to plan. The direct expenses incurred due to the acquisition of the balance sheet item are capitalized as acquisition cost. Depreciation and amortization according to plan is calculated using the straight-line method based on the estimated economic useful lives of the non-current assets. An exception to this are buildings, which are depreciated by 4 per cent using the declining balance method pursuant to the Act on the Taxation of Business Income.

Depreciation periods:

Development expenditure	5 years
Intangible rights	3 years
Goodwill	5–8 years
Other tangible assets	5 years
Machinery and equipment	5 years

Inventories

Inventories are recognized at cost.

Measurement of receivables, financial securities and liabilities

The trade, loan, accrued income and other receivables recognized in receivables are measured at the lower of nominal value or probable value in accordance with chapter 5, section 2, subsection 1 of the Accounting Act. Financial securities and other similar financial assets are measured at the lower of cost or probable fair market price. Liabilities are measured at the higher of nominal value or benchmark value.

Accounting principles applied to the consolidated financial statements

Scope of the consolidated financial statements

The Group undertakings below are consolidated in the consolidated financial statements.

Company	Holding
Lemonsoft Oyj	parent company
Lixani Oy	51%
WorkIn Oy	51%
Metsys Oy	100%
Planmill Oy	100%

Accounting principles applied to the consolidated financial statements

Intra-Group shareholding is taken into consideration through the cost method. The difference between the cost of subsidiaries and equity corresponding to the acquired holding is disclosed as goodwill on consolidation. Goodwill on consolidation is amortized over 5–8 years.

Intra-Group transactions, receivables, liabilities and internal distribution of profit have been eliminated.

Major events during the financial period

Lemonsoft Oyj was listed on Nasdaq First North in November 2021. In connection with the IPO, the company raised gross funds of approximately EUR 15 million and got 5,200 new shareholders. The non-recurring expenses connected to the listing were EUR 1.4 million.

Notes concerning the income statement

Net sales

Net sales are comprised of SaaS, Transactions and Consulting and other net sales, which are disclosed using the accrual basis.

Other operating income

Other operating income includes development financing from Business Finland and rental revenue.

Personnel

	Group		Parent company	
	2021	2020	2021	2020
Personnel on average during the financial year	129	102	110	87

Wages and salaries of management

	Group		Parent company	
	2021	2020	2021	2020
CEO	312,420.81	198,096.88	182,892.44	158,456.88
Board members	66,500.00	64,000.00	66,500.00	64,000.00

Notes concerning the balance sheet assets

Statement of the amortization period and method of capitalized development costs

The development expenditure of the LemonOnline software developed in 2016 and 2017 will be amortized over 5 years using the straight-line method. The development expenditure of the Angular 6 project carried out in 2018 is EUR 150,000.00, which will be amortized over 5 years using the straight-line method.

Account of the depreciation period and method of other capitalized long-term expenditure

Basic improvement expenses of office premises were capitalized in other capitalized long-term expenditure in 2017 and 2018, which will be depreciated over 5 years using the straight-line method.

Capital loans granted and their primary terms and conditions

Lemonsoft Oyj granted a capital loan of EUR 20,000.00 to WorkIn Oy during the financial year. The principal and interest may only be paid after all other debts if the company falls into liquidation or bankruptcy. Otherwise, principal may be repaid and interest paid only to the extent that the amount of the company's non-restricted equity and all capital loans at the time of payment exceeds the loss shown on the balance sheet of the financial statements adopted for the most recently ended financial year of the company or newer. If not restricted by the terms and conditions above, the capital loan will be repaid by EUR 5,000 per year on each 1st of December, starting on 1 December 2021.

No interest was accrued on the loan in accordance with the interest terms and conditions of the agreement.

Major items included in prepayments and accrued income

	Group	Parent company
Wage and salary receivables asaatavat	1,076.84	1,076.84
Rent receivables	49,482.76	42,600.76
Tax receivables	85,289.52	85,289.52
Prepaid expenses	401,335.16	401,133.34
Prepayments and accrued income, total	537,184.28	530,100.46

Group's intangible assets

	Goodwill	Goodwill on consolidation	Other intangible assets	Total
Acquisition cost 1 January 2021	928,598.97	3,670,365.67	350,000.00	1,293,459.66
Additions	3,861,572.98	2,916,317.17	0.00	3,861,572.98
Deductions	2,752,650.73	0.00	0.00	2,752,650.73
Reclassifications	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2021	2,037,521.22	6,586,682.84	350,000.00	7,907,683.37
Accumulated depreciation, amortization and impairment 1 January 2021	537,495.28	646,917.54	240,000.02	792,355.99
Accumulated depreciation and amortization on deductions and transfers		0.00	0.00	0.00
Depreciation and amortization for the financial year	553,992.10	462,249.11	49,999.92	603,992.02
Impairment	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2021	1,091,487.38	1,109,166.65	289,999.94	1,396,348.01
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2021	946,033.84	5,477,516.19	60,000.06	6,483,550.09
Book value 31 December 2020	391,103.69	3,207,227.69	109,999.98	3,708,331.36

Group's tangible assets

	Buildings	Machinery and equipment	Works of art	Other tangible assets	Total
Acquisition cost 1 January 2021	331,300.00	484,469.23	1,500.00	424,292.52	1,241,561.75
Additions	0.00	105,683.47	0.00	0.00	105,683.47
Deductions	0.00	7,105.93	1,500.00	0.00	8,605.93
Reclassifications	0.00	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2021	331,300.00	597,258.63	0.00	424,292.52	1,352,851.15
Accumulated depreciation, amortization and impairment 1 January 2021	71,972.24	238,096.61	0.00	307,029.76	617,098.61
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00	0.00	0.00
Depreciation and amortization for the financial year	10,373.16	93,144.53	0.00	84,858.54	188,376.23
Impairment	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2021	82,345.40	331,241.14	0.00	391,888.30	805,474.84
Increases in value	0.00	0.00	0.00	0.00	0.00
Book value 31 December 2021	248,954.60	251,880.80	0.00	32,404.22	533,239.62
Book value 31 December 2020	259,327.76	246,645.84	1,500.00	117,262.76	624,736.36

Group's investments

	In group undertakings	Other investments	Total
Acquisition cost 1 January 2021	1,020.00	1,493,838.96	1,494,858.96
Additions	0.00	480,622.92	480,622.92
Interest expenses included in acquisition cost	0.00	0.00	0.00
Deductions	1,020.00	100,000.00	101,020.00
Reclassifications	0.00	0.00	0.00
Acquisition cost 31 December 2021	0.00	1,874,461.88	1,874,461.88
Accumulated depreciation, amortization and impairment 1 January 2021	0.00	0.00	0.00
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00
Depreciation and amortization for the financial year	0.00	0.00	0.00
Impairment	0.00	0.00	0.00
Reversals of impairments	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2021	0.00	0.00	0.00
Increases in value	0.00	0.00	0.00
Book value 31 December 2021	0.00	1,874,461.88	1,874,461.88
Book value 31 December 2020	1,020.00	1,493,838.96	1,494,858.96

Parent company intangible assets

	Intangible rights	Goodwill	Other intangible assets	Total
Acquisition cost 1 January 2021	14,860.69	928,598.97	350,000.00	1,293,459.66
Additions	0.00	3,861,572.98	0.00	3,861,572.98
Deductions	0.00	0.00	0.00	0.00
Reclassifications	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2021	14,860.69	4,790,171.95	350,000.00	5,155,032.64
Accumulated depreciation, amortization and impairment 1 January 2021	14,860.69	537,495.28	240,000.02	792,355.99
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00	0.00
Depreciation and amortization for the financial year	0.00	553,992.10	49,999.92	603,992.02
Impairment	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2021	14,860.69	1,091,487.38	289,999.94	1,396,348.01
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2021	0.00	3,698,684.57	60,000.06	3,758,684.63
Book value 31 December 2020	0.00	391,103.69	109,999.98	501,103.67

Parent company's tangible assets

	Buildings	Machinery and equipment	Works of art	Other tangible assets	Total
Acquisition cost 1 January 2021	331,300.00	438,968.80	1,500.00	424,292.52	1,196,061.32
Additions	0.00	0.00	0.00	0.00	0.00
Deductions	0.00	0.00	1,500.00	0.00	1,500.00
Reclassifications	0.00	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2021	331,300.00	544,379.05	0.00	424,292.52	1,299,971.57
Accumulated depreciation, amortization and impairment 1 January 2021	71,972.24	203,002.22	0.00	307,029.76	582,004.22
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00	0.00	0.00
Depreciation and amortization for the financial year	10,373.16	89,756.64	0.00	84,858.54	184,988.34
Impairment	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2021	82,345.40	292,758.86	0.00	391,888.30	766,992.56
Increases in value	0.00	0.00	0.00	0.00	0.00
Book value 31 December 2021	248,954.60	251,620.19	0.00	32,404.22	532,979.01
Book value 31 December 2020	259,327.76	235,966.58	1,500.00	117,262.76	614,057.10

Parent company's investments

	In group undertakings	Amounts owed by group undertakings	Other shares and similar rights of ownership	Total
Acquisition cost 1 January 2021	3,999,589.60	200,000.00	1,393,838.96	5,593,428.56
Additions	5,862,084.20	0.00	479,147.01	6,341,231.21
Interest expenses included in acquisition cost	0.00	0.00	0.00	0.00
Deductions	145,084.80	0.00	0.00	145,084.80
Reclassifications	3,657,600.00	0.00	0.00	3,657,600.00
Acquisition cost 31 December 2021	6,058,989.00	200,000.00	1,872,985.97	8,131,974.97
Accumulated depreciation, amortization and impairment 1 January 2021	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00	0.00
Depreciation and amortization for the financial year	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00
Reversals of impairments	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2021	0.00	0.00	0.00	0.00
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2021	6,058,989.00	200,000.00	1,872,985.97	8,131,974.97
Book value 31 December 2020	3,999,589.60	200,000.00	1,393,838.96	5,593,428.56

Itemization of receivables from Group undertakings

Parent company balance sheet	
Non-current receivables	
Capital loans to Group undertakings	200,000.00
Current receivables	
Trade receivables from Group undertakings	6,344.05
	206,344.05

Notes concerning the balance sheet equity and liabilities**Itemization of liabilities to Group undertakings**

Parent company balance sheet	
Current receivables	
Accounts payable to group undertakings	11,160.00
	11,160.00

Changes in equity

€	GROUP		PARENT COMPANY	
	2021	2020	2021	2020
EQUITY				
Restricted equity				
Share capital 1 January	8,000.00	8,000.00	8,000.00	8,000.00
Share capital increase 31 August	72,000.00	0.00	72,000.00	0.00
Share capital 31 December	80,000.00	8,000.00	80,000.00	8,000.00
Restricted equity, total 31 December	80,000.00	8,000.00	80,000.00	8,000.00
Non-restricted equity				
Reserve for invested non-restricted equity 1 January	35,565.64	0.00	0.00	0.00
IPO 16 November	14,944,540.20	0.00	14,944,540.20	0.00
Reserve for invested non-restricted equity 31 December	14,980,105.84	41,065.64	14,944,540.20	0.00
Retained earnings 1 January	6,934,897.78,*	5,293,560.86	7,362,221.92	5,504,708.06
Dividends distributed	-2,210,000.00	-1,530,000.00	-2,210,000.00	-1,530,000.00
Share capital increase 31 August	-72,000.00	0.00	-72,000.00	0.00
Retained earnings/losses 31 December	4,652,897.78	3,763,560.86	5,080,221.92	3,974,708.06
Profit/loss for the financial year	2,272,325.12	2,975,624.51	4,155,209.06	3,387,513.86
Non-restricted equity, total 31 December	21,905,328.74	6,780,251.01	24,179,971.18	7,362,221.92
Capital loans				
Capital loans 1 January	200,000.00	0.00	0.00	0.00
Transfer of capital loan	-200,000.00	0.00	0.00	0.00
Capital loans 31 December	0.00	200,000.00	0.00	0.00
EQUITY, TOTAL	21,985,328.74	6,988,251.01	24,259,971.18	7,370,221.92

* Return of profit from subsidiary mergers to retained earnings on 31 December 2021, total EUR 195,712.41.

Statement of the parent company's distributable non-restricted equity

	2021	2020
Reserve for invested non-restricted equity	14,944,540.20	0.00
Retained earnings	5,080,221.92	3,974,708.06
Profit for the financial year	4,155,209.06	3,387,513.86
Non-restricted equity, total 31 December	24,179,971.18	7,362,221.92
Capitalized development expenditure	-60,000.06	-109,999.98
Distributable equity, total	24,119,971.12	7,252,221.94

Share information

The parent company has 18,273,726 shares, with each share conferring one vote at general meetings of shareholders. All shares confer equal rights to dividend and the company's assets.

Number of shares outstanding at the end of the financial year	18,273,726
Average number of shares outstanding during the financial year	17,849,151

Non-current liabilities maturing later than within five years

The parent company does not have non-current liabilities maturing later than within five years. The covenants of the loans from financial institutions are connected to the equity ratio, which must be a minimum of 35%. Based on the financial statements of 31 December 2021, the covenant terms are met.

Major items included in accruals and deferred income

	Group	Parent company
Holiday pay liabilities including social security expenses	1,070,011.03	871,766.74
Tax liabilities	21,487.12	0.00
Other accruals and deferred income	998,241.09	961,026.58
Accruals and deferred income, total	2,089,739.24	1,832,793.32

Collateral and contingent liabilities**Substantive law collateral**

Type of collateral	Parent company
Cash pledge (moveable property or security)	1,072,586.96
Business mortgage parent company	2,000,000.00
Total	3,072,586.96

Rent and lease liabilities

	Group		Parent company	
	2021	2020	2021	2020
Rent liabilities < 1 year	200,092.55	39,760.71	147,156.41	32,262.96
Rent liabilities > 1 year	4,702.72	258.00	0.00	258.00
Lease liabilities < 1 year	1,181.06	12,274.36	1,181.06	10,765.68
Lease liabilities > 1 year	0.00	0.00	0.00	0.00
Residual value liability for lease rents	0.00	68,580.63	0.00	68,580.63

Other financial liabilities

The company is liable to review the value added tax deductions of the real estate investments completed in 2017-2018 if the taxable use of the property decreases during the period under review. The last year of reviewing the liability is 2028. The residual liability on 31 December 2021 is EUR 32,404.22.

Auditor's fees

	Group		Parent company	
	2021	2020	2021	2020
Audit	21,030.00	15,059.50	14,650.00	10,774.50
Actions referred to in chapter 1, section 1, subsection 2 of the Auditing Act	73,818.00	203.00	73,818.00	203.00
Tax counsel	0.00	0.00	0.00	0.00
Other services	42,185.50	0.00	42,185.50	0.00
Total	139,054.50	15,262.50	130,653.50	10,977.50

Notes concerning related parties

Members of the company's Board of Directors or Management Team or persons or entities included in their related parties do not have material business relationships with the company. No unordinary transactions were carried out with the related parties. The employment benefits of the management are at the level of the comparison period.

Signatures to the financial statements and report of the Board of Directors

Vaasa, 22 February 2022

Christoffer Häggblom

Kari Joki-Hollanti

Michael Richter

Saila Miettinen-Lähde

Ilkka Hiidenheimo

Auditor's Report

To the Annual General Meeting of Lemonsoft Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lemonsoft Oyj (business identity code 2017863-1) for the year ended 31 December, 2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes

considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Vaasa, 23 February 2022

KPMG OY AB

KIM JÄRVI
Authorised Public Accountant, KHT

Share and shareholders

The company has a single series of shares, with all shares carrying equal rights. At the end of the financial year, Lemonsoft Oyj's share capital consisted of 18,273,726 (680) shares. The average number of shares during the financial year was 5,879,408 (680). The share split carried out as a directed share issue without consideration has been taken into account in the number of shares.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. In 2021, the highest price of the share was EUR 20.00 and the lowest price was EUR 14.05. The closing price on 30 December 2021 was EUR 18.00. At the closing price for the review period, the company's market capitalization was approximately EUR 328.9 million.

On 31 December 2021, the company had a total of 2,870 shareholders.

Shareholders by sector 31 December 2021

Owner type	Shares	% of shares
Fund management companies	2,600,291	14.2 %
Investment & PE	8,344,775	45.7 %
Pension & Insurance	1,093,835	6.0 %
Foundations	2,500	0.0 %
Private individuals	5,432,685	29.7 %
Other	288,951	1.6 %
Anonymous ownership	510,689	2.8 %

Shareholders by owner type

Owner type	Shares	% of shares
Foreign institutional owners	10,352,108	56.7 %
Finnish private individuals	5,432,685	29.7 %
Finnish institutional owners	1,689,293	9.2 %
Other	288,951	1.6 %
Anonymous ownership	510,689	2.8 %

Largest shareholders 31 December 2021

Shareholder	Shares	% of shares
Rite Ventures	7,940,498	43.5 %
Kari Joki-Hollanti	4,779,533	26.2 %
ODIN Funds	587,340	3.2 %
TIN Funds	549,915	3.0 %
Ilmarinen Mutual Pension Insurance Company	449,915	2.5 %
Mandatum Life Insurance Company	437,102	2.4 %
Aeternum Capital AS	355,075	1.9 %
Handelsbanken Funds	338,409	1.9 %
Evli Funds	210,807	1.2 %
Lannebo Funds	208,270	1.1 %
SEB Funds	200,000	1.1 %
Martin Gren (Grenspeialisten)	169,205	0.9 %
Aktia Asset Management	169,204	0.9 %
Säästöpankki Funds	149,204	0.8 %
Kaleva Mutual Insurance Company	113,668	0.6 %
DNCA Finance S.A	107,000	0.6 %
Anavio Capital Partners	49,202	0.3 %
Elo Mutual Pension Insurance Company	45,000	0.2 %
The Church Pension Fund	43,000	0.2 %
Ilkka Hiidenheimo	42,618	0.2 %
Others	1,328,761	7.3 %
Shareholders total	18,273,726	100.0 %

Information for shareholders

Upcoming events in 2022

- Lemonsoft's Annual General Meeting is scheduled to be held on Tuesday, 5 April 2022
- Interim Report January-March 2022 on Wednesday 27 April 2022
- Half-year Report January-June 2022 on Friday, 22 July 2022
- Interim Report January-September 2022 on Friday, 28 October 2022

For further information,
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Dividend

Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.13 per share be paid for the financial year ended 31 December 2021, i.e. a total dividend of EUR 2.4 million.

Lemonsoft aims to carry out an active dividend policy, provided that any profit distribution does not undermine the targets set out in the company's growth strategy, or other financial targets.





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