

# Lemonsoft Oyj - Profitable Growth Continues

Financial Statements Bulletin presentation 2021



# Presenters



**Jan-Erik Lindfors**  
Deputy CEO



**Mari Erkkilä**  
CFO



**Alpo Luostarinen**  
Director, M&A and IR

# Key takeaways in 2021

## The past year was one of the most significant years in Lemonsoft's history

- Net sales growth remained strong
- Profitability in line with expectations
- Continued growth in number of customers
- Significant investments in recruitments to support growth
- Organization and management reformed – new management team, 2 new Board members
- 3 acquisitions with a total revenue of ca. €3.5m
- Successful IPO on Nasdaq First North – Large number of new shareholders from both institutional investors and the public

Net sales growth  
1-12/2021

**26.8%**  
(27.7%)

Adjusted EBIT  
1-12/2021

**31.4%**  
(32.6%)

Customers  
31.12.2021

**6,800**  
(6,100)

Personnel  
31.12.2021

**153**  
(110)

Acquisitions  
in 2021

**3**  
(3)

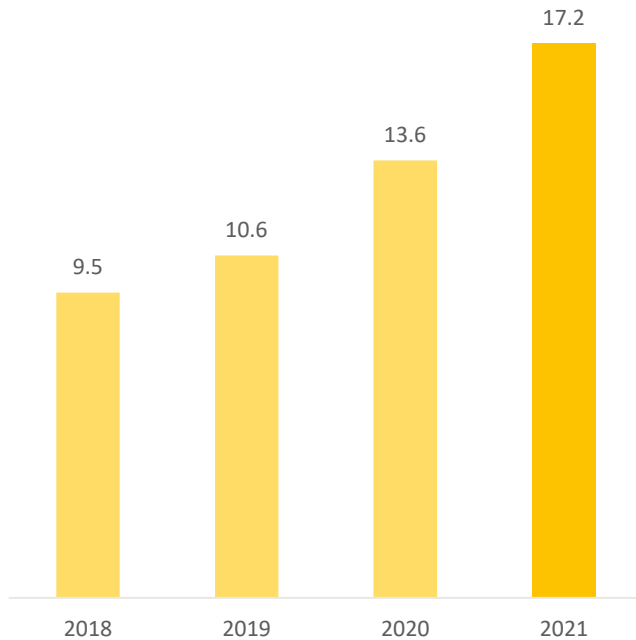
# Q4/21: Net sales growth 35.2%, adjusted EBIT 24.4%

- Q4 net sales growth remained strong at 35.2%, driven by new customer acquisition, the acquisitions of Metsys Oy and Planmill Oy and the asset purchase of Talosofta
- SaaS revenue growth increased to 39.0% from 28.0%
- Gross margin increased to 88.6% from 87.0%
- Q4/21 Adjusted EBIT was 25.7% of net sales, decreased from 33.9% in Q4/20, affected by increased salary costs due to front-loaded recruitments as well as higher other operating costs
- EBIT was EUR -298k, affected by IPO related extraordinary costs

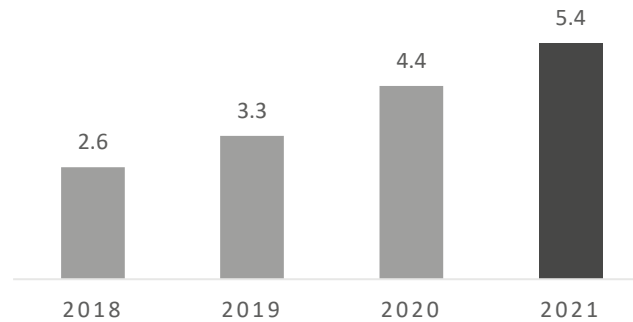
EUR 1,000	10-12/2021	10-12/2020	1-12/2021	1-12/2020
Net sales	4,943	3,656	17,227	13,588
Net sales growth, %	35.2 %	28.0 %	26.8 %	27.7 %
SaaS	3,741	2,691	12,996	10,316
Transaction	298	283	1,084	956
Consulting and other	904	681	3,148	2,316
Gross margin	4,380	3,179	15,335	11,941
Gross margin, % of net sales	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 <sup>1)</sup>	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 <sup>2)</sup>	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

# Key financial trends

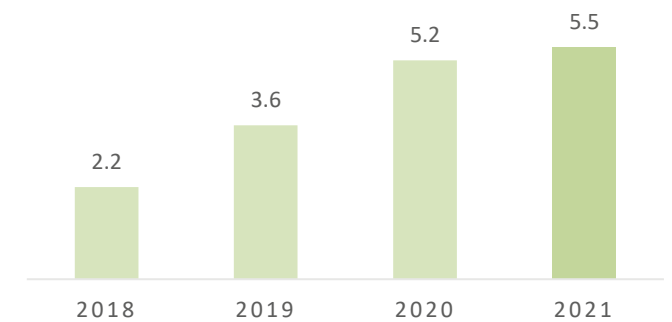
Net sales (mEUR)



Adjusted EBIT (mEUR)\*\*

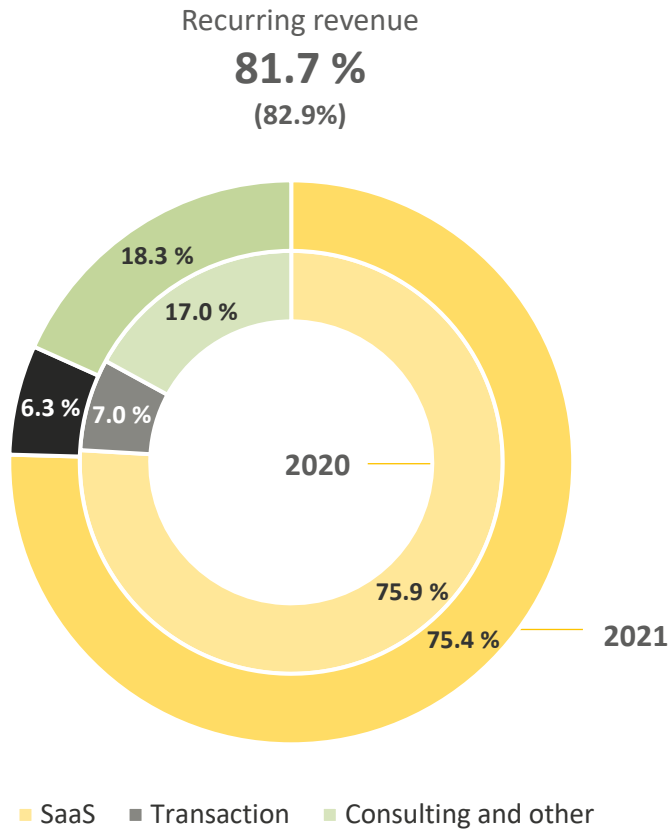


Operating Cash Flow (mEUR)



\*\* Adjusted for one-off items related to Covid-19 pandemic and M&A and the IPO, depreciation related to merged group companies and amortization of goodwill

# Key SaaS metrics remain strong



**3.1%**  
(3.4%)

Revenue  
churn

**108%**  
(108%)

Net Revenue  
Retention (NRR)

# Growth strategy



# Industry vertical solutions

## Vertical specific processes

### Industrial Manufacturing



- Lemonsoft offers industrial companies versatile functionalities, including:
  - production control,
  - product management
  - materials management
- Lemonsoft's production control and production planning support all production methods

### Wholesale & Retail



- Lemonsoft's ERP provides wholesale & retail companies with several benefits:
  - Ensures a high availability and services capability
  - Minimal product defects and flawed deliveries
  - Minimizes the capital tied up in inventory

### Professional Services Automation



- With Lemonsoft's solution, specialist and service companies can easily:
  - Collect and allocate working hours
  - Plan shifts
  - Monitor deliveries or entities on a project basis

### Construction



- Lemonsoft offers special features for the construction industry, such as:
  - Computing
  - Resource management
  - Financial management
  - Production

### Accounting Firms



- Lemonsoft offers accounting firms up-to-date:
  - Financial management
  - Payroll management
  - Personnel management
- With the help of Lemonsoft, the accounting firm can offer its own clients, in addition to individual programs, the entire ERP system

## Horizontal processes

### Administrative processes

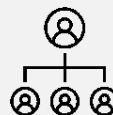
#### HR & Payroll



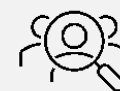
#### Information management



#### Management Tools



#### CRM



#### Financial Management

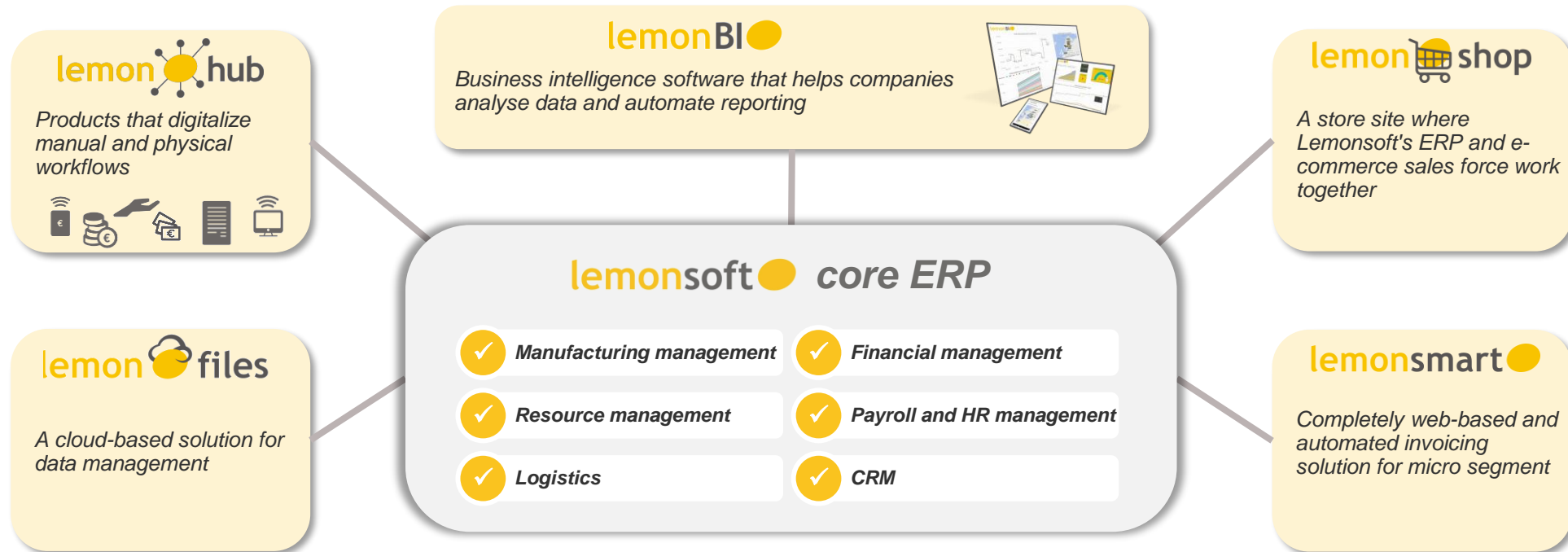


#### E-invoicing & E-Salary

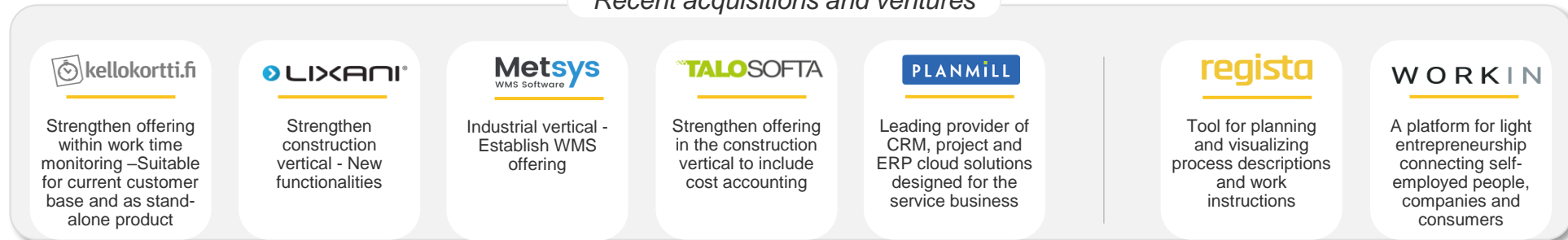




# Comprehensive product portfolio

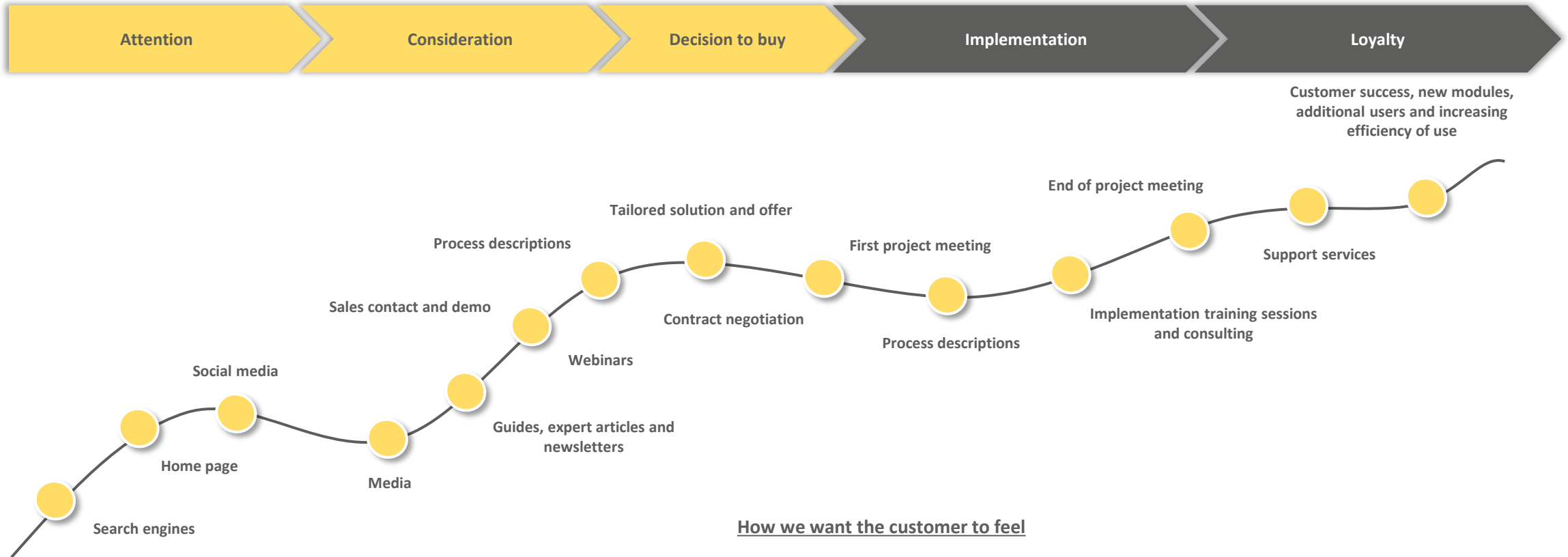


## Recent acquisitions and ventures



# Focus on customer experience

## lemonsoft customer journey



### How we want the customer to feel

*“Overall, information is much easier to access. Lemonsoft has made our daily work much easier and brought us more flexibility.”*

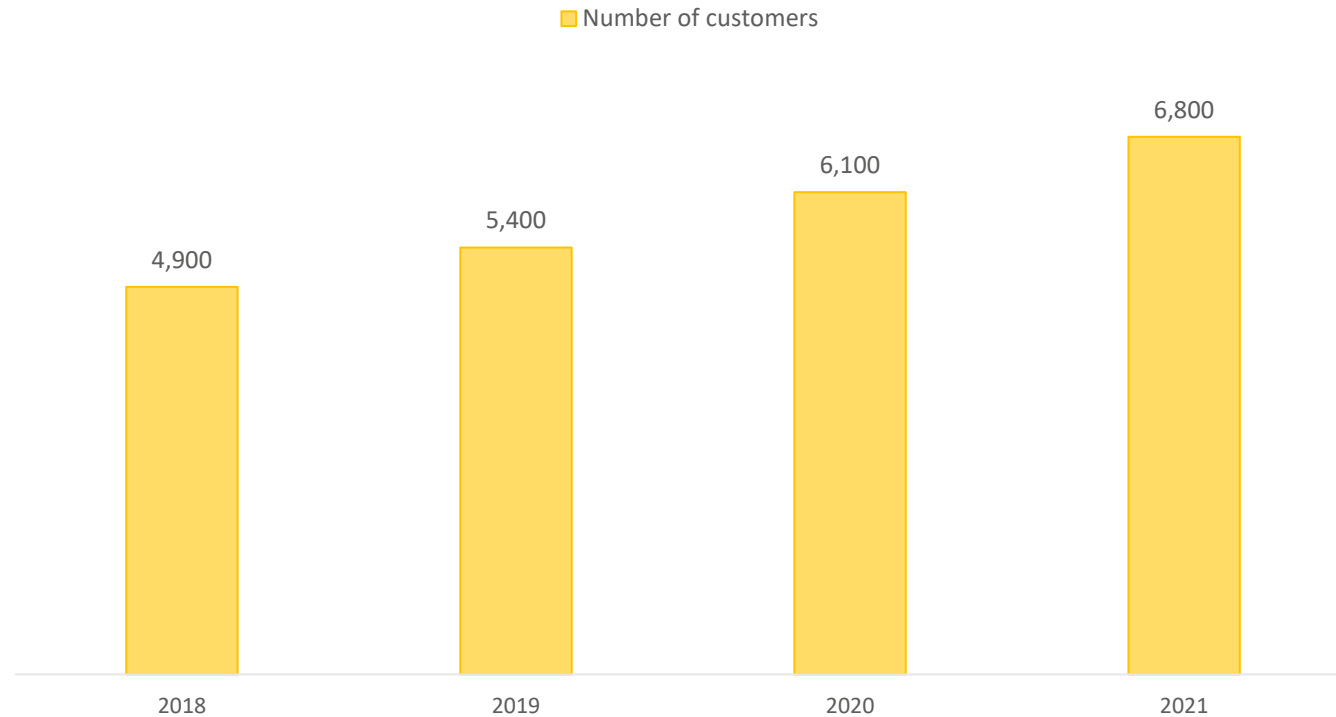
*“With Lemonsoft, we have found ready-made solutions from which the main user can freely choose from. The system guides us enough but at the same time is flexible where it is required. The system bends to its users’ needs, not the other way around.”*

*“For us, the most valuable modules within Lemonsoft are the management tools. Following receivables, payables and cash reserves has become a daily habit”*

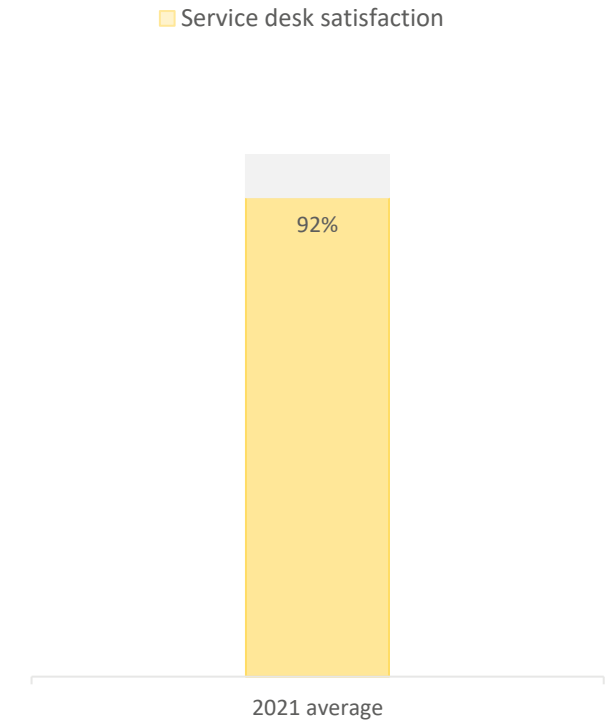
*“We were able to make our whole logistics chain more efficient”*

# Execution of growth strategy on the right path

## 1) Number of customers increasing\*



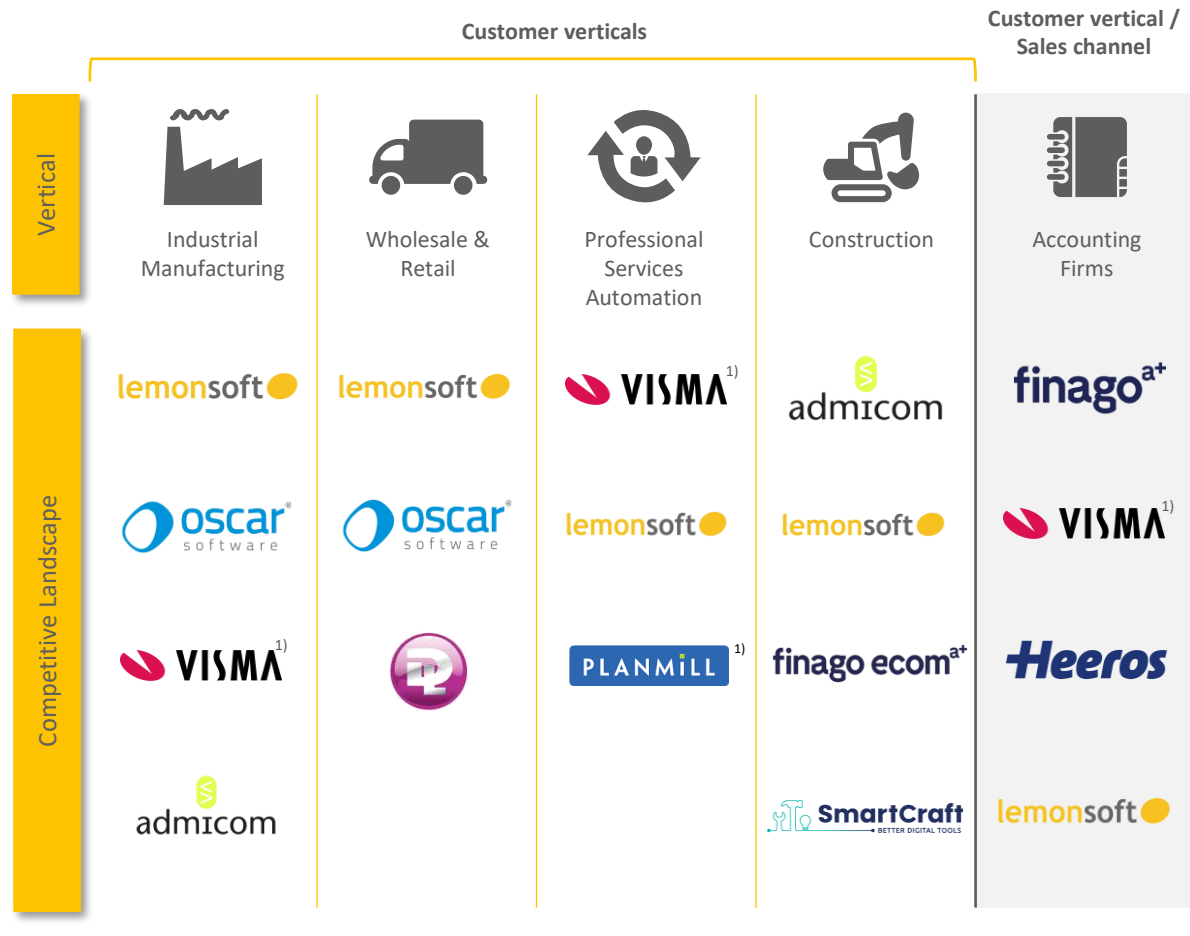
## 3) High customer service satisfaction



\*Several new larger customer accounts won in the manufacturing, construction and PSA verticals

# Market Overview

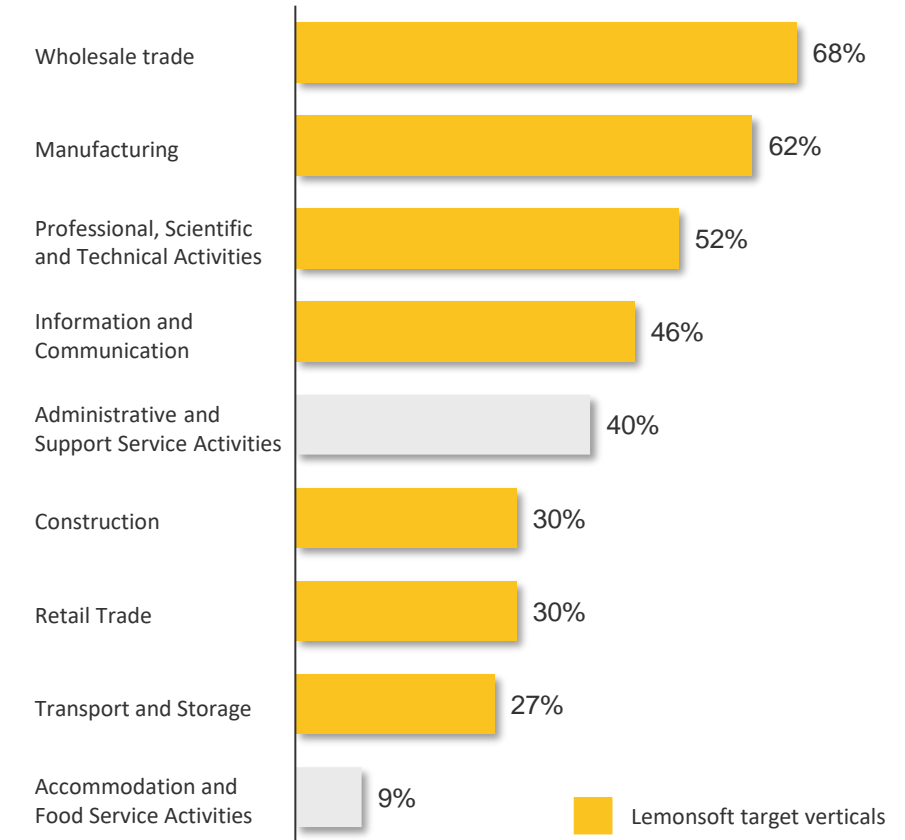
## Overview of competitive landscape



<sup>1)</sup> Planmill was acquired by Lemonsoft in 8/2021

## Opportunity to increase penetration in key verticals

Proportion of Finnish companies in different sectors using an ERP system in 2019<sup>1)</sup>



# Market overview - Reflections from 2021

## Macroeconomic

### Opportunities and challenges

- Finnish economy rebounded in 2021 – growth in 3 successive quarters (Q1-Q3)\*
- Continuing Covid-19 pandemic – uncertainty and slowing growth in Q4\*
- ➔ Inflation and price increases – an uncertain economic climate for 2022\*
- ➔ Bankruptcies at a normal level\*
- High levels of activity across all Lemonsoft focus verticals, especially in the retail and wholesale sector (14% growth YoY\*)
- High demand for ERP solutions continuing:
  - Lemonsoft lead generation at all-time high
  - New customer acquisition picked up significantly in Q4/21

## Industry Verticals

### Industrial Manufacturing

- Demand in industrial manufacturing continued high in 2021 – companies investing in the digitalization of their business processes in a systematic way

### Retail & Wholesale

- Demand in retail & wholesale continued high powered by growth in the consumer retail sector
- Customers handling a growing number of transactions and scaling their order-delivery processes digitally

### Professional Services Automation

- ➔ Demand in the PSA sector was stable throughout the year, with certain subsectors such as the Information technology sector clearly showing increased activity driven by the megatrend of digitalization.

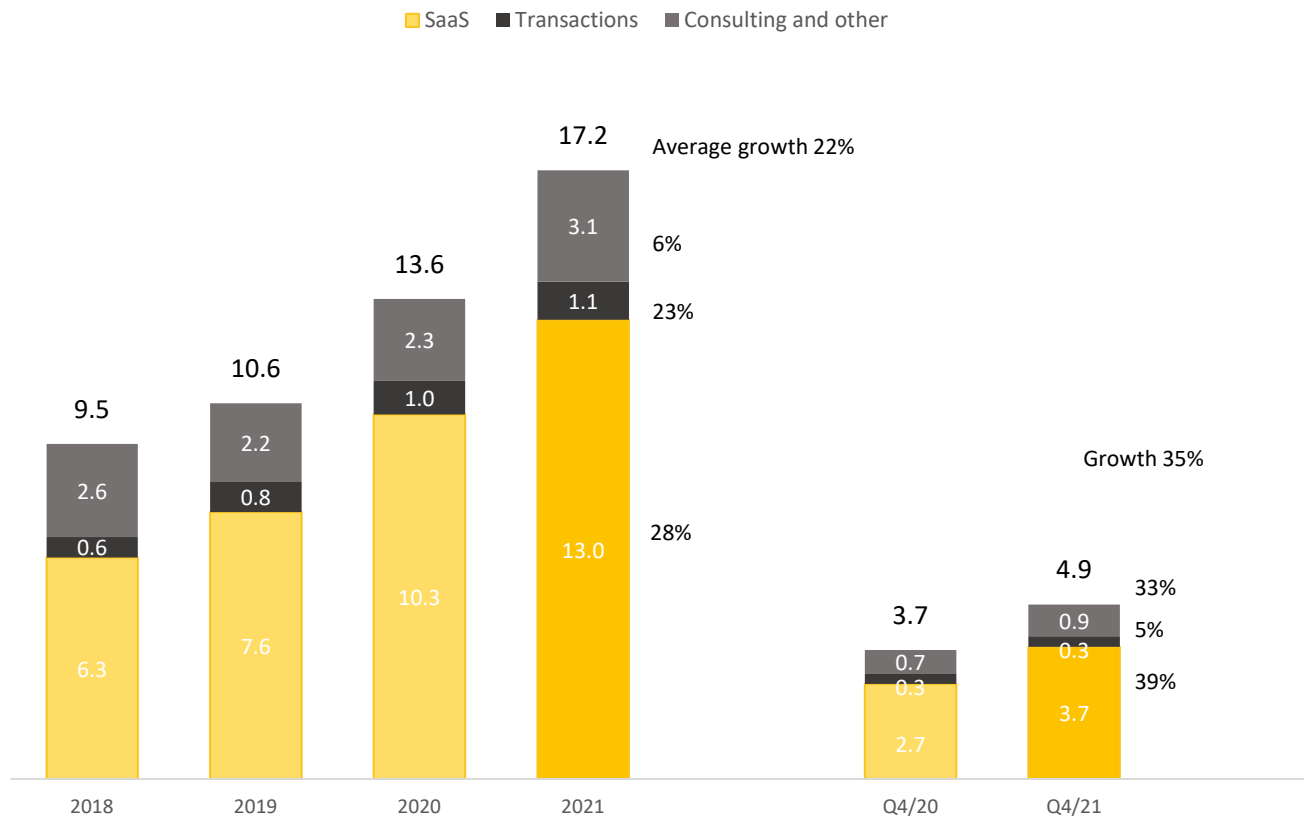
### Construction

- Demand in construction showed signs of overall weakening – companies postponed larger investment decisions due to uncertainty
- Some subsectors showed increased demand, e.g. private housing sector

### Accounting Firms

- ➔ Accounting industry is experiencing consolidation. Large players are actively acquiring smaller players and expanding their footprint. Small players are looking for differentiation through digitalization, large players for more efficiency.

# SaaS expansion main driver in net sales growth

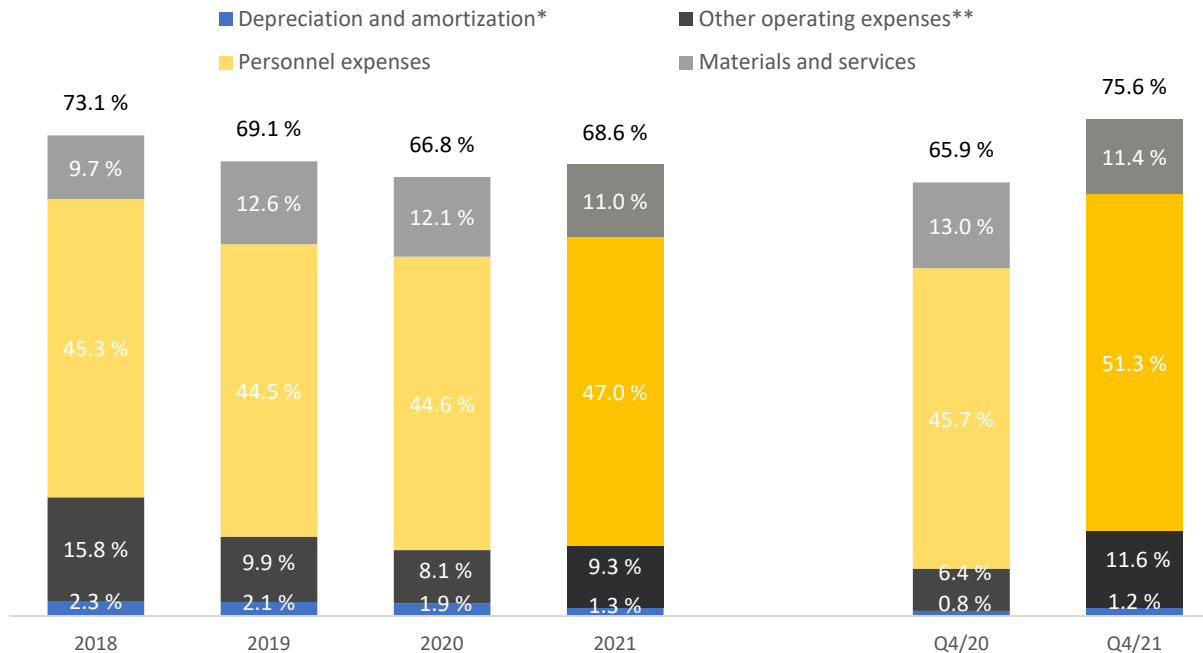


## Cost structure

- Growth mainly driven by SaaS revenue growth
- Transaction sales includes fees from a wide variety of different transactions
- Consulting and other net sales comprises:
  - Implementation and consulting revenue
  - Metsys revenue
  - Various smaller revenue items
- Organic growth 13.4% in 2021

# Cost structure – Investments in recruitments

Costs as % of net sales



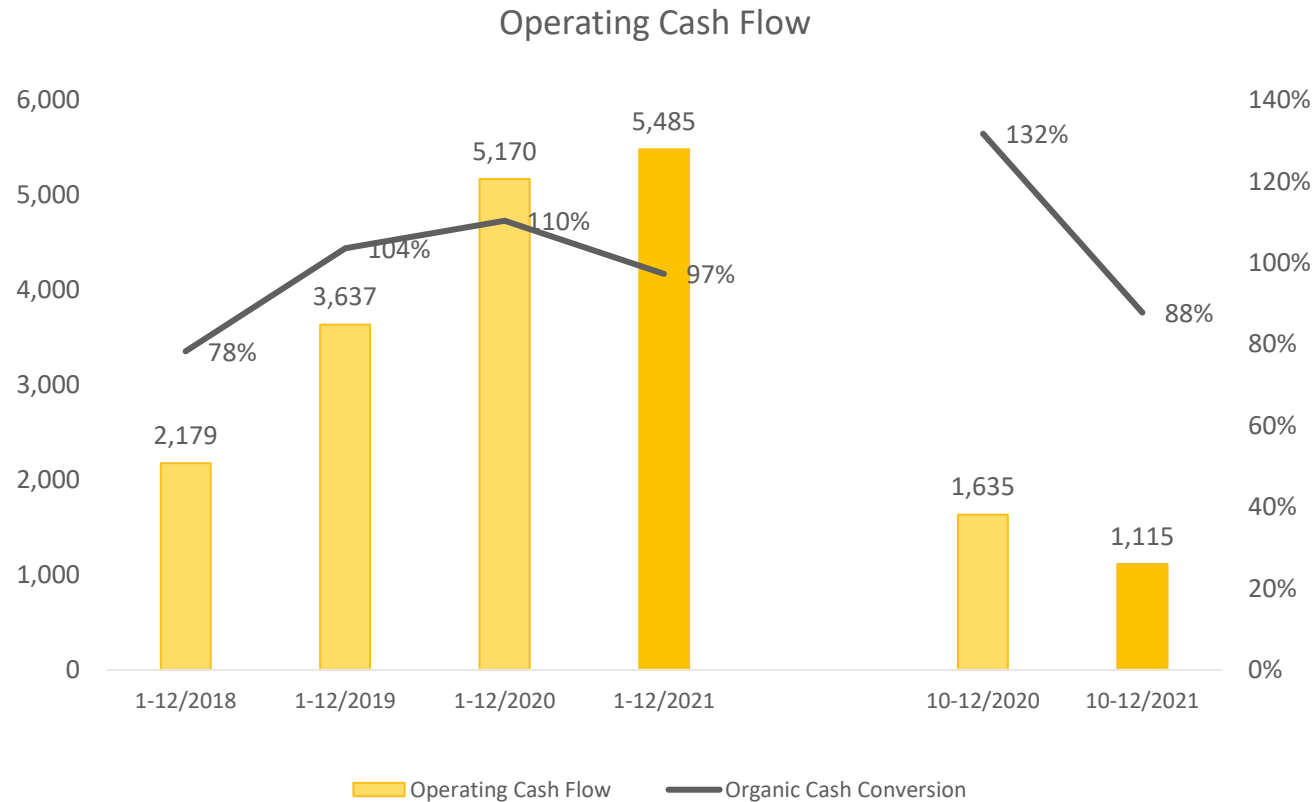
\* adjusted to exclude depreciation related to merged group companies and amortization of goodwill

\*\* adjusted to exclude one-off items related to M&A and the IPO

## Cost structure

- Gross margin remains high with materials and services only 11 % of net sales
- During Q4/2021, Lemonsoft made significant investments on recruitments to support growth – 13 new employees started at Lemonsoft during the review period
- Other operating costs increased compared to Q4/21 – a new office was established in Oulu and administrative costs increased along with operating as a listed company
- Low depreciations driven by Lemonsoft's history of low level of capitalized costs

# Strong cash flow



## Factors supporting strong cash flow

- Lemonsoft continued to generate a strong cash flow based on a profitable business model and high cash conversion
- Typical organic cash conversion for Lemonsoft's business is very high due to low organic capex and no capitalized R&D development costs
- Q4/2021 cash conversion lower than usual due to the purchase of an additional floor in Lemonsoft's headquarters in Vaasa

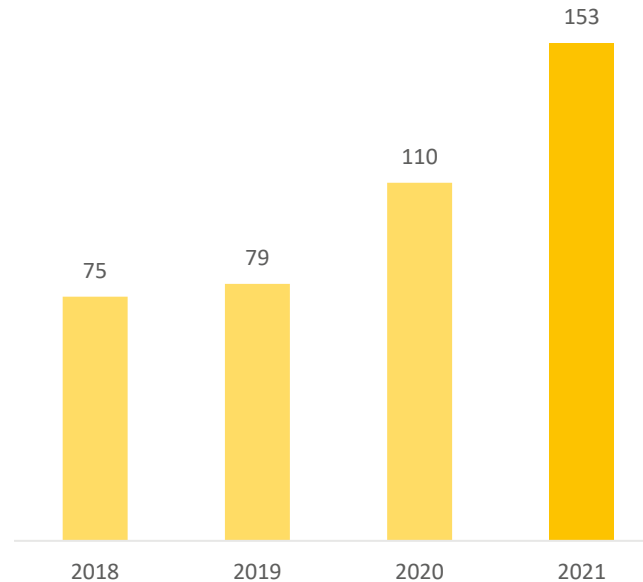


# Significant year in developing the organization

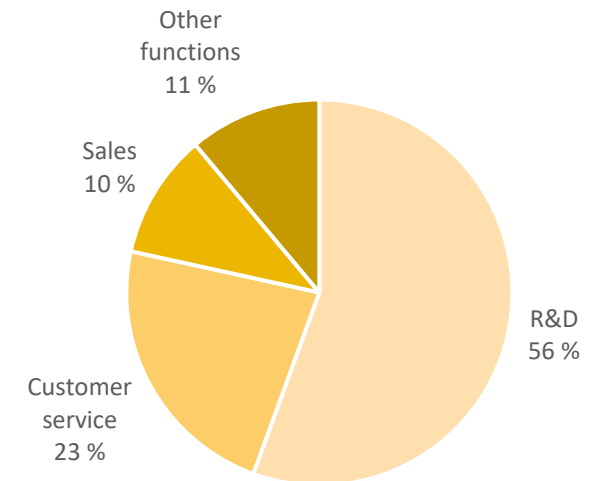
## Investments in recruitment

- Significant investments into growing our team – almost 50 new employees during 2021, of which 24 through acquisitions
- Key recruitments in all functions – management, sales, R&D and administration
- Strong focus both on R&D and the customers, with 56% of employees in R&D and 33% in sales and customer service
- During 2021, employee turnover has been 13.3 % (14.9%)

Number of employees



Personnel by function



\*Other functions include financial administration, HR, information management and business development

# Product launches and roadmap

## Examples of development planned in 2022

### lemonsmart ●

Completely digital and automated financial management solution for micro segment. Target market accounting firms with great number of micro companies as customers.

### lemon ● online

The wide functionality of Lemonsoft MES in a new form for lighter use in SME manufacturing. Completely paper free manufacturing processes. Target market smaller manufacturing companies with the need to fully digitalize their manufacturing processes.

### kellokortti

A shift planning system for Kellokortti and Lemonsoft customers. Next generation shift planning will be compatible also with several other work time monitoring systems. Target market all SME companies using a compatible work time monitoring system.

### lemonsoft ●

A complete Warehouse Management System for SME companies. Target market all SME companies with large warehouses and huge number of items.

# Acquisitions in 2021 – Integration as planned



# Dividend for 2021

Board's dividend proposal for 2021

**EUR 0.13 per share**  
(0.13)

Proposed dividend distribution in total:  
EUR 2.4 million (EUR 2.2 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*

# Outlook for 2022

## Growth

Net sales

**23-28%**

growth compared to 2021

## Profitability

Adjusted EBIT

**30-35%**

of net sales

## Key trends

---

- We aim to continue strong and stable growth through 1) increasing to serve our existing customer base and provide a larger number of modules 2) expanding our customer base through investing in new sales
- Positive development in digitalization and ERP penetration expected to continue especially in construction as well as in industrial manufacturing and logistics
- Customer retention is expected to remain high as ERP is a critical part of the continuation of our customers' business
- Recruitments made in the second half of 2021 will weaken relative profitability in the first half of 2022 compared to the second half

# More information

## Upcoming events in 2022

---

- Publication of 2021 Annual Report in the week beginning 14 March 2022
- Virtual AGM on 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

## Investor Relations contact

---

### **Alpo Luostarinen**

Director, M&A and IR  
alpo.luostarinen@lemonsoft.fi  
+358 50 911 3507

### **Kari Joki-Hollanti**

CEO  
kari.joki-hollanti@lemonsoft.fi  
+358 44 730 9271

## Links

---

Visit our investor website:

[investors.lemonsoft.fi](https://investors.lemonsoft.fi)





lemonsoft ●