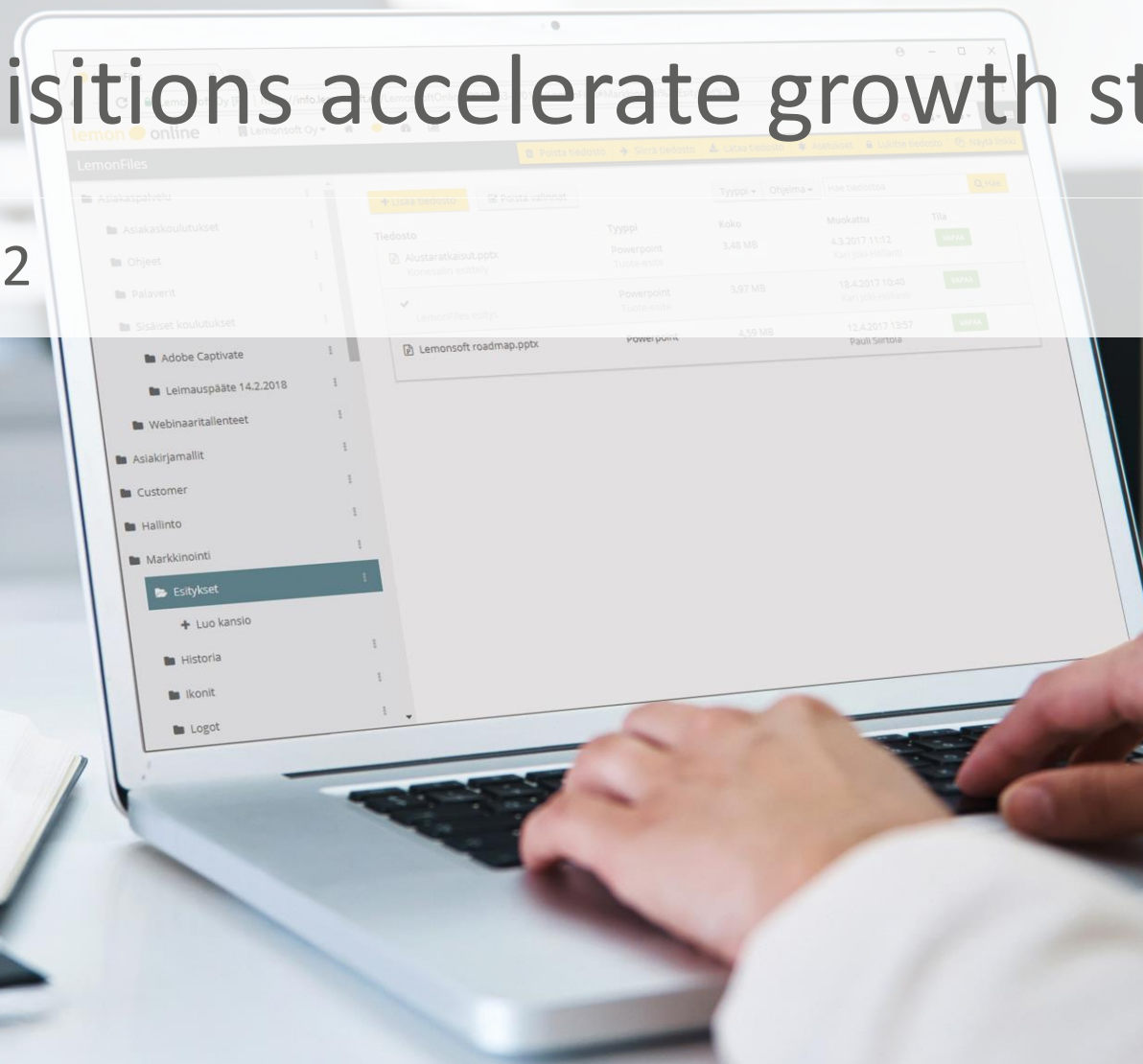


# Lemonsoft Oyj – Acquisitions accelerate growth strategy

Half Year Report – January-June 2022



# Presenters



**Jan-Erik Lindfors**  
Deputy CEO



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CFO



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# Q2/22: Net sales growth 32.7%, adjusted EBIT 24.4%

- Q2 net sales growth remained strong at 32.7%, driven by new customer acquisition, the acquisitions of Logentia Oy (May 2022) and Planmill Oy (August 2021) and the asset purchase of Talosofta (June 2021)
- SaaS revenue growth (39.4%) and gross margin (87.1%) remained high
- Q2/22 adjusted EBIT was 24.4% of net sales. According to expectations, adjusted EBIT was affected by increased salary costs due to recruitments and higher administrative costs in other operating expenses
- Number of employees at the end of Q2/22 increased to 169 from 158 at the end of Q1/22

| EUR 1,000                                    | 4-6/2022   | 4-6/2021 | Change, % | 1-6/2022   | 1-6/2021 | Change, % | 1-12/2021  |
|--|------------|----------|-----------|------------|----------|-----------|------------|
| Net sales                                    | 5,318      | 4,008    | 32.7 %    | 10,320     | 7,857    | 31.3 %    | 17,227     |
| SaaS   | 4,036      | 2,894    | 39.4 %    | 7,918      | 5,681    | 39.4 %    | 12,996     |
| Transaction                                  | 298        | 263      | 13.2 %    | 576        | 512      | 12.4 %    | 1,084      |
| Consulting and other                         | 984        | 850      | 15.7 %    | 1,827      | 1,664    | 9.8 %     | 3,148      |
| Gross margin                                 | 4,631      | 3,559    | 30.1 %    | 9,079      | 7,006    | 29.6 %    | 15,380     |
| Gross margin, % of net sales                 | 87.1 %     | 88.8 %   |           | 88.0 %     | 89.2 %   |           | 89.3 %     |
| EBITDA                                       | 1,338      | 1,264    | 5.8 %     | 2,695      | 2,634    | 2.3 %     | 4,231      |
| EBITDA, % of net sales                       | 25.2 %     | 31.5 %   |           | 26.1 %     | 33.5 %   |           | 24.6 %     |
| Adjusted EBITDA <sup>1)</sup>                | 1,345      | 1,291    | 4.2 %     | 2,715      | 2,659    | 2.1 %     | 5,635      |
| Adjusted EBITDA, % of net sales              | 25.3 %     | 32.2 %   |           | 26.3 %     | 33.8 %   |           | 32.7 %     |
| EBIT   | 922        | 1,024    | -9.9 %    | 1,933      | 2,157    | -10.4 %   | 3,070      |
| EBIT, % of net sales                         | 17.3 %     | 25.6 %   |           | 18.7 %     | 27.5 %   |           | 17.8 %     |
| Adjusted EBIT <sup>2)</sup>                  | 1,296      | 1,233    | 5.1 %     | 2,621      | 2,544    | 3.0 %     | 5,411      |
| Adjusted EBIT, % of net sales                | 24.4 %     | 30.8 %   |           | 25.4 %     | 32.4 %   |           | 31.4 %     |
| Profit of the period                         | 628        | 808      | -22.3 %   | 1,390      | 1,692    | -17.9 %   | 2,272      |
| Profit of the period, % of net sales         | 11.8 %     | 20.2 %   |           | 13.5 %     | 21.5 %   |           | 13.2 %     |
| Equity ratio, %                              | 71.9 %     | 59.4 %   |           | 71.9 %     | 59.4 %   |           | 75.0 %     |
| Net debt                                     | -10,974    | -1,875   | 485.1 %   | -10,974    | -1,875   | 485.1 %   | -15,760    |
| Gearing, %                                   | -48.8 %    | -29.1 %  |           | -48.8 %    | -29.1 %  |           | -71.7 %    |
| Earnings per share (EPS)                     | 0.03       | 0.05     | -27.9 %   | 0.08       | 0.10     | -23.7 %   | 0.13       |
| Number of employees at end of period         | 169        | 121      | 39.7 %    | 169        | 121      | 39.7 %    | 153        |
| Outstanding shares at end of period          | 18,393,440 | 680      |           | 18,393,440 | 680      |           | 18,273,726 |
| Average outstanding shares during the period | 18,313,631 | 680      |           | 18,293,678 | 680      |           | 5,879,408  |

# Growth strategy and market update

## Growth strategy

### Continued focus on executing growth strategy

- ✓ Product Leadership
  - ✓ Product portfolio roadmap on track with new releases made continuously
  - ✓ Complementing our offering to the manufacturing and wholesale/retail verticals with the acquisition of Logentia
  - ✓ Strengthening our financial management offering with the acquisition of Finazilla
- ✓ Customer experience
  - ✓ Direct sales focused on key segments winning new deals especially in manufacturing Industry and time & workforce management
  - ✓ New partner and pricing model for the accounting vertical
- ✓ Growing the transaction business
  - ✓ In line with plan, 13% growth in Q2/22

## Market

### Q2 – Market demand still on a good level - macroeconomic uncertainty still present

- Lead generation Q2/22 continued on a very good level
  - Sales pipeline development continued favorably during the whole quarter
  - Sales to current customers good in May and June
  - Market demand high in manufacturing industry and wholesale & retail segments, lower demand in construction and professional services
- Good progress in new customer acquisition for the Kellokortti product, winning multiple big deals for time & workforce management
- Consulting & services sales continued at a high level -> still pressure on delivery capacity & capability
- Cross-sell/upsell activities leveraging Logentia acquisition started – potential to increase sales to enterprise accounts
- ↘ Macro-economic uncertainty continues, some customers have postponed buying decisions and implementation schedules
  - ETLA forecasts Finnish GDP to grow by 2.1%, 1% less than in previous forecast, driven by exports and consumer spending
  - Effects of inflation, especially the increases in fuel and energy prices problematic for customers
  - ETLA forecasts investments to grow by 3.5% (1.2% growth in 2021)

# Logentia & Finazilla – Targeted additions to Lemonsoft’s software offering

## Recent acquisitions relative to Lemonsoft’s M&A objectives

- ✓ Strengthen Lemonsoft's existing customer verticals
- ✓ Add value and functionalities to Lemonsoft's existing offering
- ✓ Bring in new talent
- ✓ Expand to new verticals

### Active M&A agenda to be continued



FINAZILLA

July 2022

- ✓ Strengthen Lemonsoft’s offering in financial management and BI solutions
- ✓ New solution for business reporting, budgeting and forecasting

LOGENTIA  
Transport smarter. Spend less.

May 2022

- ✓ Strengthen the wholesale & retail and industrial manufacturing verticals
- ✓ New product for optimizing the management of transports

PLANMILL

August 2021

- ✓ Strengthening the professional services automation vertical

TALOSOFTA

June 2021

- ✓ Strengthen offering in the construction vertical to include cost accounting

Metsys  
WMS Software

April 2021

- ✓ Industrial vertical
- ✓ Establish WMS offering

LIXANI

April 2020

- ✓ Strengthen construction vertical
- ✓ New functionalities

kellokortti.fi

January 2020

- ✓ Strengthen offering within work time monitoring
- ✓ Suitable for current customer base and as stand-alone product

lemonsoft

LIIKETOIMINNALES



# Logentia's software streamlines logistics operations for wholesale & retail and industrial manufacturing companies...



## A software company experienced in streamlining logistics

Logentia's value proposition is to:

- ✓ Reduce transportation costs by 15 % on average, by optimizing sourcing of transportation services and providing an efficient invoice control
- ✓ Improve the reliability of deliveries up to 98%
- ✓ Reduce time needed for managing of transportations by over 40 percent

Customers include notable Nordic companies with significant logistics operations

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SULZER

ORION

onninen



VOLVO

BAUHAUS

icopal

Logentia's solution brings clear and substantial value to its customers

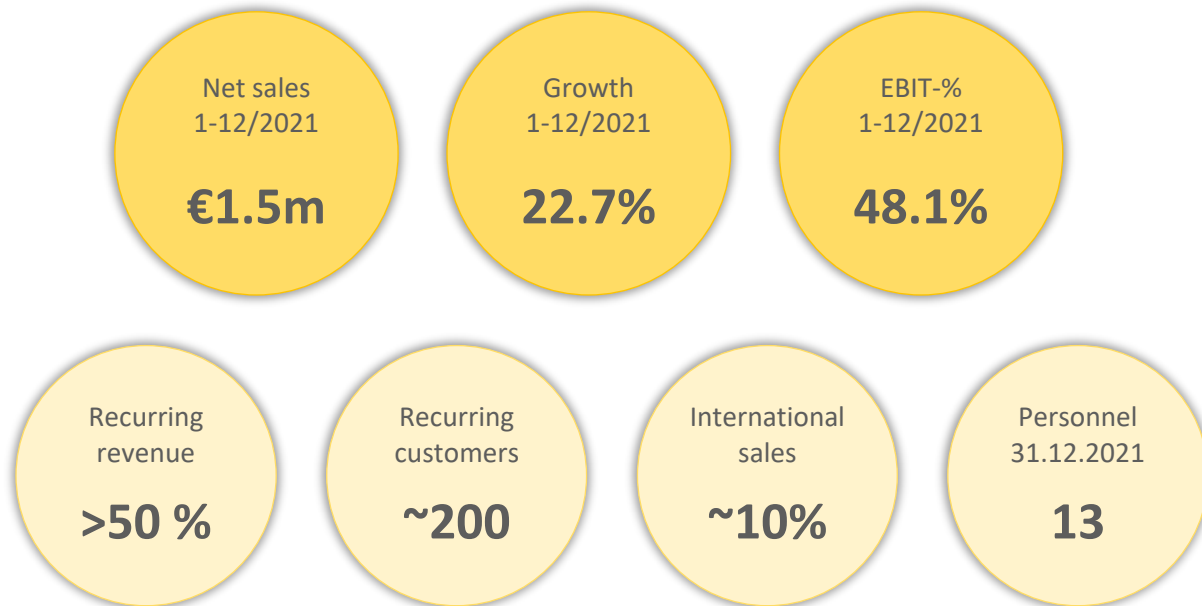
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**“Logentia makes the logistics professionals’ wildest dreams come true by comparing transportation services quickly and easily.”**

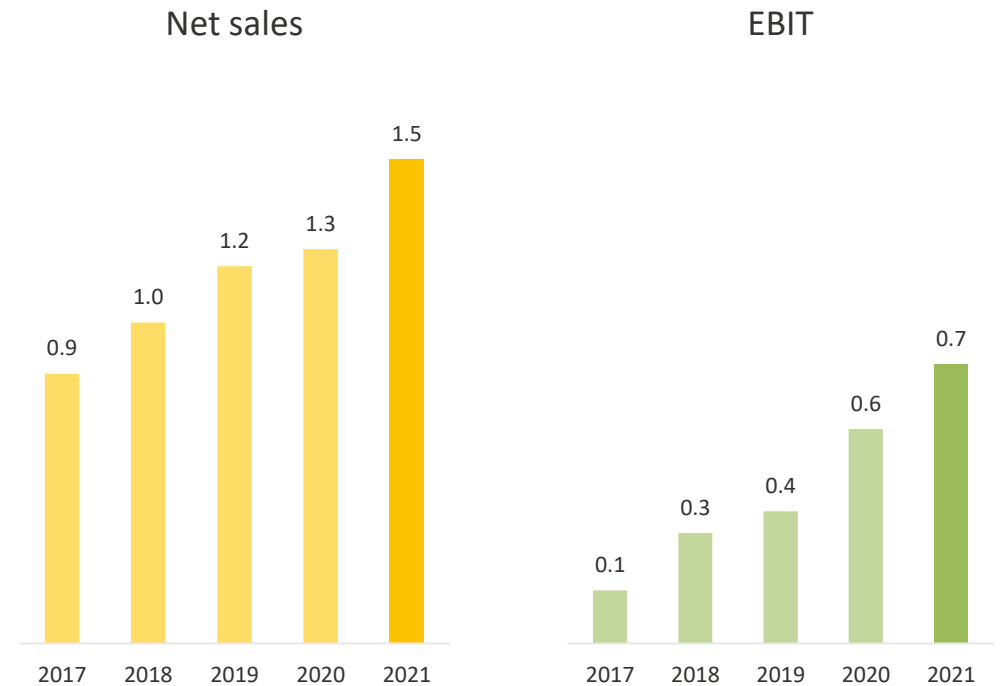
**“When the calculator shows the best transportation options, you can choose from them the most cost-effective service that meets the transport criteria.”**

# ...with a highly scalable business model

## Logentia's key figures



## Logentia's financial development 2017-2021



# Finazilla – An excellent addition to Lemonsoft’s financial management solutions offering

## Finazilla’s offering and customers

- Finazilla provides a solution for business reporting, budgeting and forecasting, together with financial process optimization and enhancement services with Finazilla’s software
- Companies can build profit and loss, balance sheet and cash flow budgets in addition to sub-budgets for sales, purchases, personnel and investments
- Finazilla is delivered directly to SME customers and through accounting firms
- Several of Lemonsoft’s SME customers have expressed a need for a wider and more comprehensive solution for budgeting and forecasting. Finazilla’s solution strengthens Lemonsoft’s offering in financial management and BI solutions

## Customers include both SMEs and accounting firms

SIPARILA

ADMINISTER  
CHIEF FINANCIAL FRIEND

showell

BOLT  
★★★★★

KAN •  
SALLIS •  
GAL •  
LERIA

lämpöYkkönen  
Asunisen iloa

polarmatic

Tilaajavastuu

RiinMäen

DOCRATES

## Finazilla’s key figures



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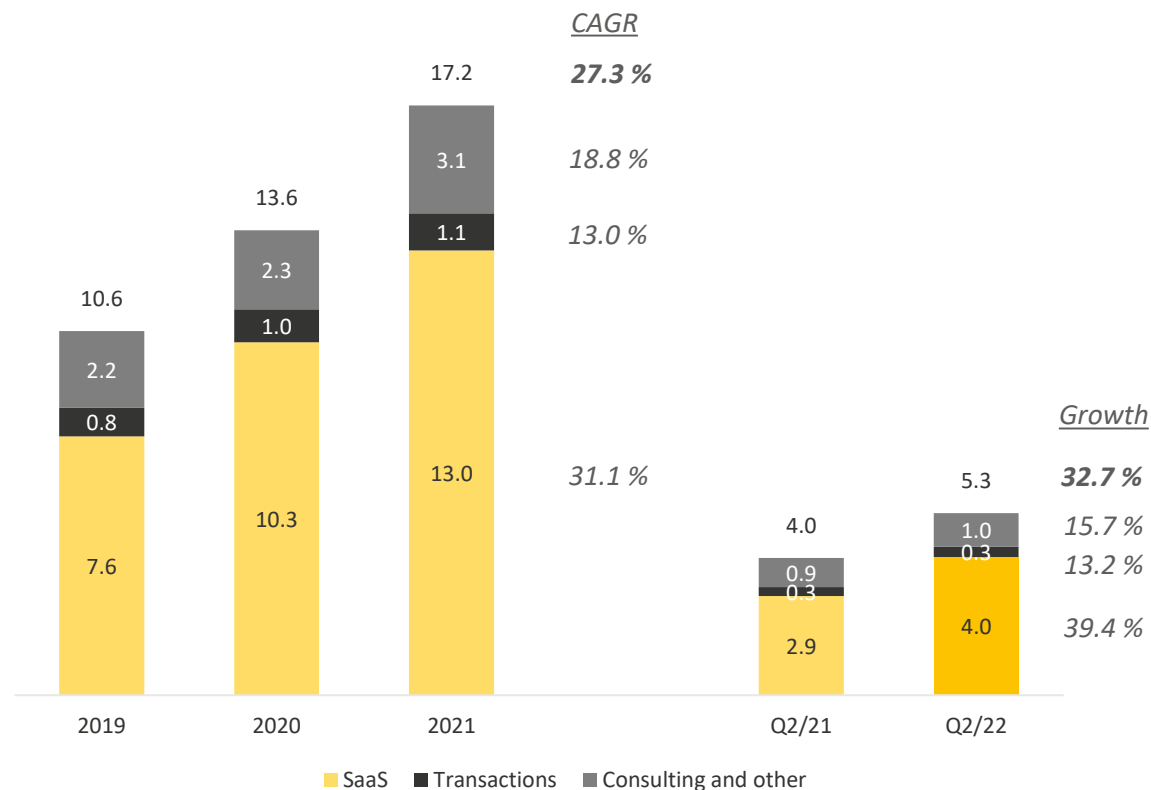
LIIKETOIMINNALLESI

\* Combined net sales of the acquired businesses Finazilla Oy and the business of Taloushallintaan fi Oy

\*\* SaaS revenue 47 % and other recurring revenue 38 % in 2021



# SaaS expansion continuing as main driver in net sales growth

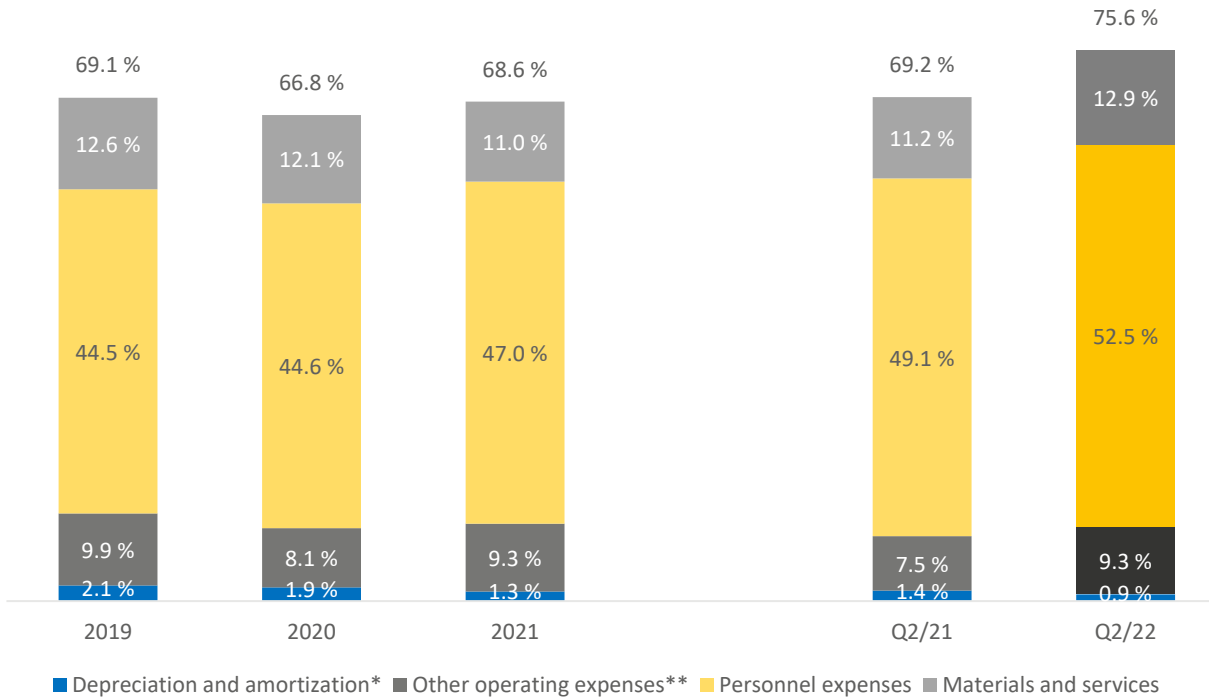


## Net sales growth

- Net sales grew due to new customer acquisition and the acquisitions of Logentia Oy (2022) and PlanMill Oy (2021), as well as the asset purchase of Talosofta (2021). Logentia Oy's net sales have been included in the review period in June 2022
- SaaS growth remains strong at 39.4 %
- Transaction revenue grew by 13.2 %
- Organic growth 11.7% in Q2/2022

# 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

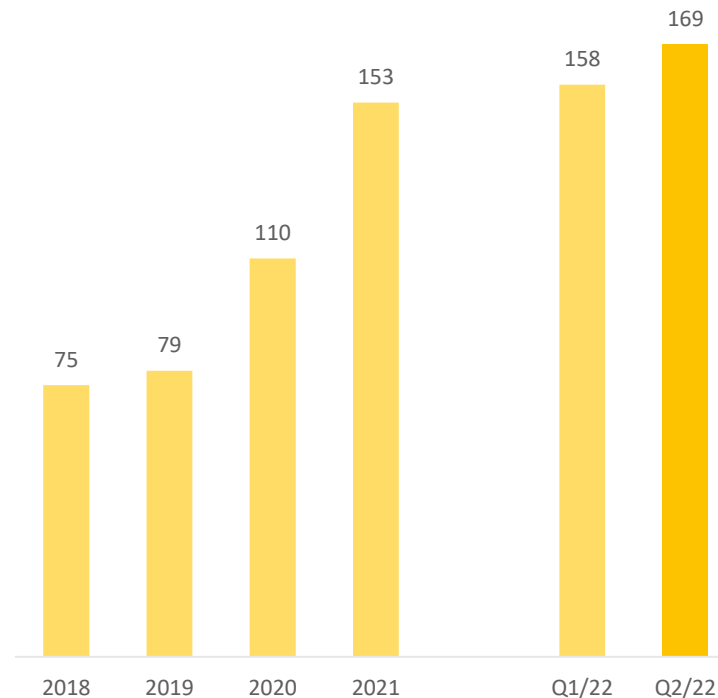
- Gross margin remains high with materials and services 12.9 % of net sales
- Cost base consists primarily of personnel expenses
- Recruitments made in the second half of 2021 and Q1 2022 show as increased personnel costs especially during H1 2022
- Higher other operating expenses mainly due to IPO related new continuous expenses
- Low depreciations driven by Lemonsoft's history of low level of capitalized costs

# Personnel growing mainly through acquisitions

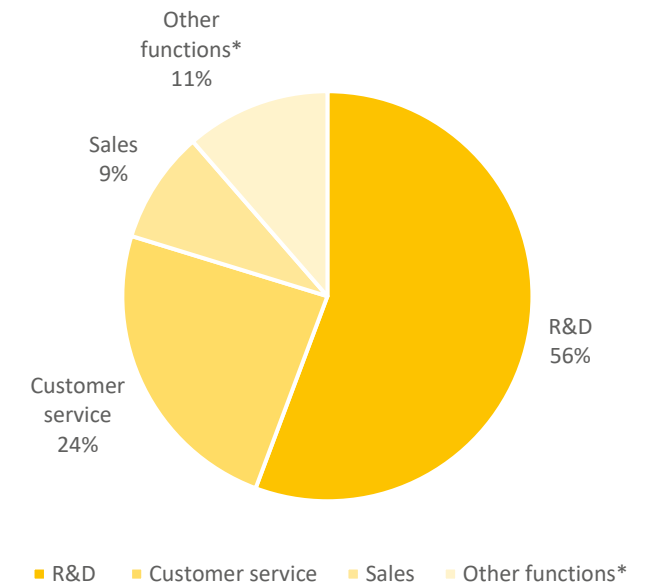
## Targeted recruitments to ensure efficiency

- During Q2, Lemonsoft's personnel has increased mainly through the acquisition of Logentia
- Following significant investments into growing the team during the second half of 2021, Lemonsoft has slowed down recruitments during the first half of 2022
- Recruitments of the review period have focused on strengthening the R&D and customer service functions to ensure the efficiency of the implementation process

Number of employees



Personnel by function



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

# Outlook for 2022

Along with the acquisition Finazilla Oy on 8 July, Lemonsoft has decided to update its profit forecast for 2022:

## Growth

Net sales

**30-36%**

growth compared to 2021

## Profitability

Adjusted EBIT

**28-33%**

of net sales

## Key trends

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- 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 weaken relative profitability in the first half of 2022 compared to the second half

# More information

## Upcoming events in 2022

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- Interim Report January – September 2022 on Friday, 28 October 2022

## Investor Relations contact

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## Links

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