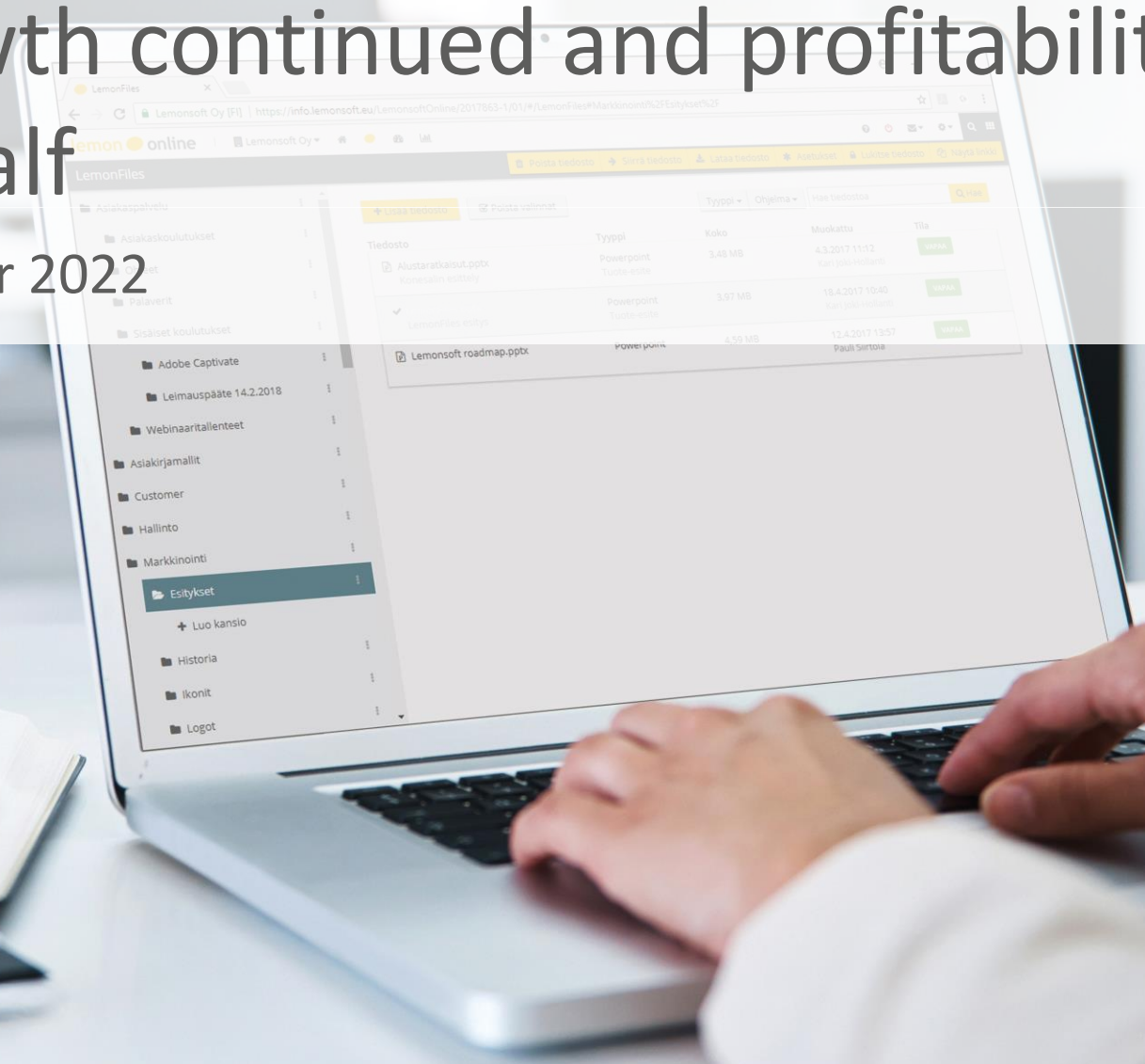


# Lemonsoft Oyj – Growth continued and profitability improved from first half

Interim Report – January-September 2022



# Presenters



**Jan-Erik Lindfors**  
Deputy CEO



**Mari Erkkilä**  
CFO



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Director, M&A and IR

# Q3/22: Net sales growth 30.6%, adjusted EBIT 32.7%

## Net sales and profitability

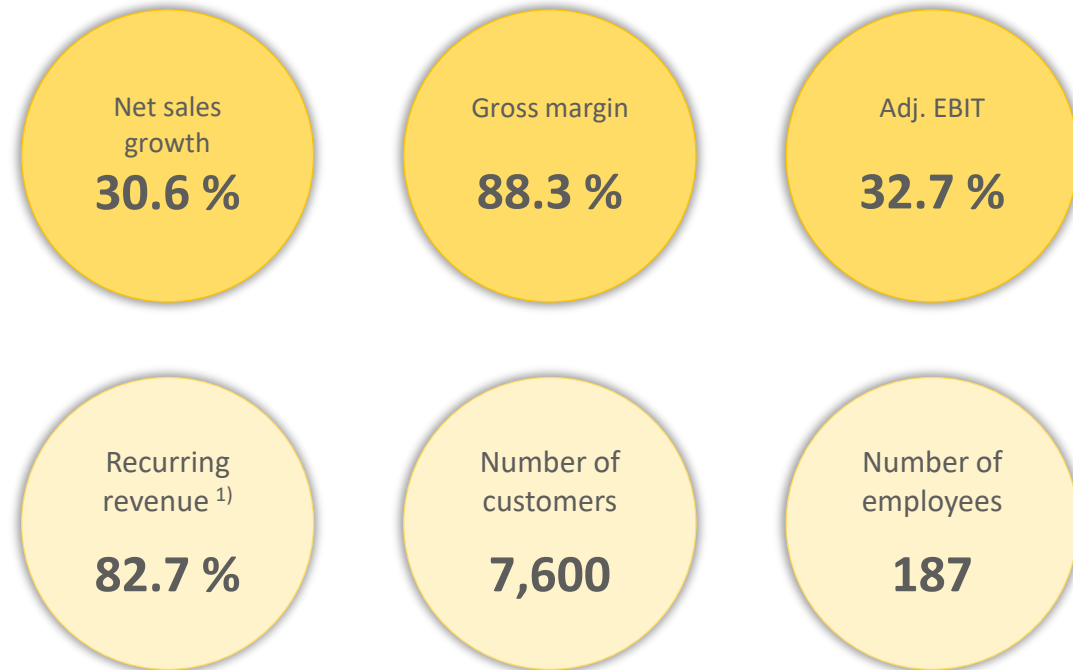
- Net sales growth continued at 30.6%
- SaaS revenue grew 25.6%
- Gross margin remained high at 88.3%
- Adjusted EBIT was 32.7% of net sales, increasing from first half of the year

## Personnel

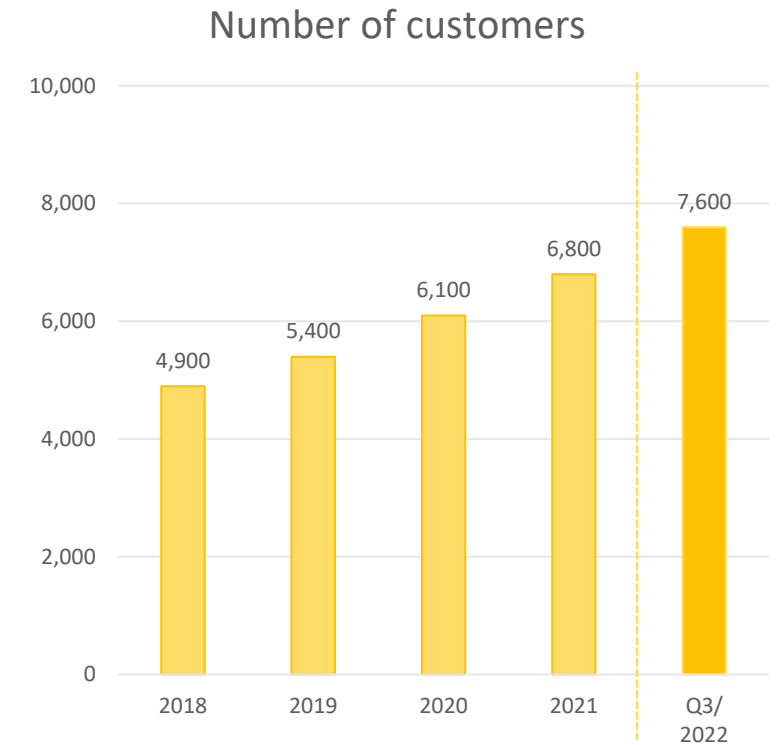
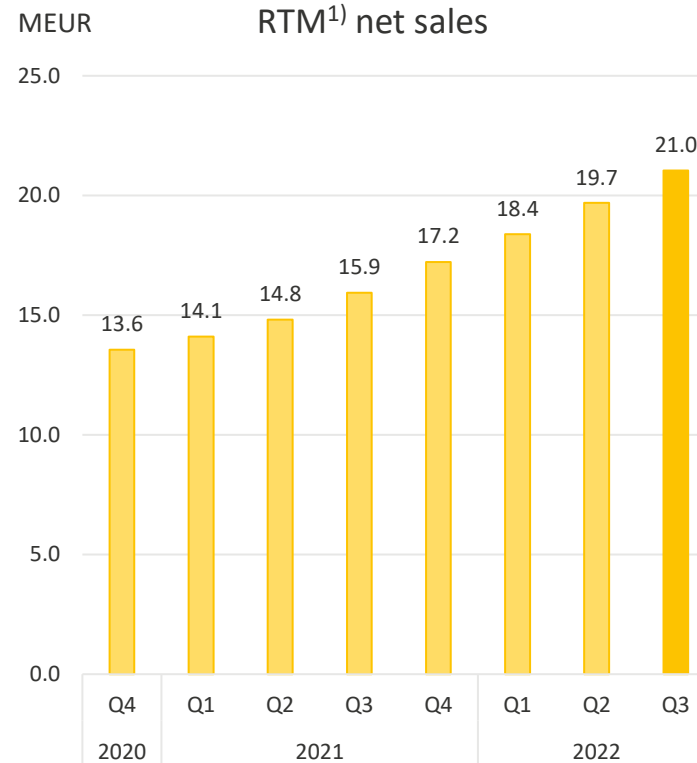
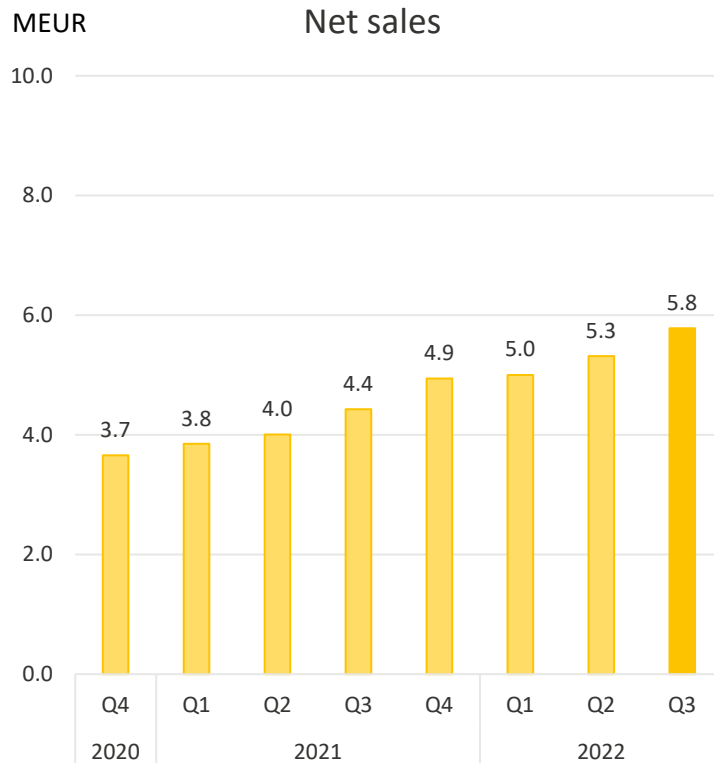
- Number of employees at the end of increased to 187 from 169 at the end of Q2/22
- Growth mainly through the acquisition of Finazilla

## Acquisitions

- Acquisition of Finazilla Oy in July 2022, integration on-going
- Logentia (acquired in May 2022) business developing as planned



# Net sales and customer base continue to grow



# Growth strategy and market update

## Growth strategy

### Continued focus on executing growth strategy

- ✓ Product Leadership
  - ✓ Execution current product development roadmap continued as planned
  - ✓ Integration of Finazilla and Logentia into the product portfolio ongoing
- ✓ Customer experience
  - ✓ Expansion sales to current customers in manufacturing, forestry and PSA segments
  - ✓ Investment in customer success team to enable growth in Net Revenue Retention rate and prevent churn
  - ✓ Cross-sales and up-sales of Finazilla and Logentia products ongoing

## Market

### Q3 – Market demand still present but macroeconomic factors affecting customers

- Lead generation Q3/22 continued at a good level
  - ➔ Sales pipeline continued to grow during the quarter, but amount of leads lower than Q1 and Q2
  - Direct sales - new customer acquisition taking longer as customers are postponing decisions resulting in longer sales cycles for complex ERP solutions
  - Channel sales - new customer acquisition softened slightly – less new customers from accounting partners
  - Successful expansion sales to current customers in September and October
- Consulting & services sales continued at a good level -> no more bottlenecks in delivery capability
- Finazilla and Logentia positive additions to product portfolio, clear growth and shorter sales cycles
- Market conditions are challenging for customers – some bankruptcies in the construction and manufacturing verticals
- Macro-economic uncertainty continues
  - ETLA forecasts Finnish economy into a slight recession with 0% GDP growth in 2023 and inflation projected at 4% and investments at 0.8% in 2023 (3,1% in 2022)
  - ➔ Increases in material, fuel and energy prices problematic for customers

# Finazilla – Integration continuing according to plan

## Finazilla complementing Lemonsoft's offering

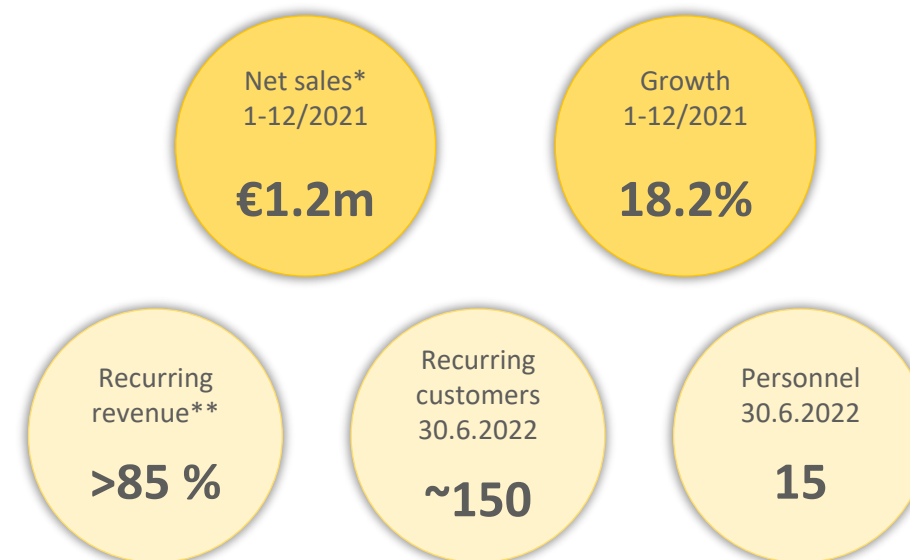
- Lemonsoft acquired Finazilla in July 2022
- Easy forecasting, budgeting and visualization of data from different sources enables SMEs to get comprehensive insight into their businesses
- Cross-sales between Lemonsoft and Finazilla customers on-going
  - Sales teams trained for both solutions
  - First cross-sell deals closed during the autumn
- Integration to fully complement Lemonsoft's software offering on-going
- Additionally, CFO-as-a-service offering complements the overall offering well and provides a deeper insight into the customers' operations

## Clear value for customers through increased visibility to the business

**“Finazilla has streamlined our budgeting process significantly. It's great that we can manage budgeting and reporting in the same system.”**

**“Large data volumes have caused challenges for other reporting tools. This has not, however, affected Finazilla's performance at all.”**

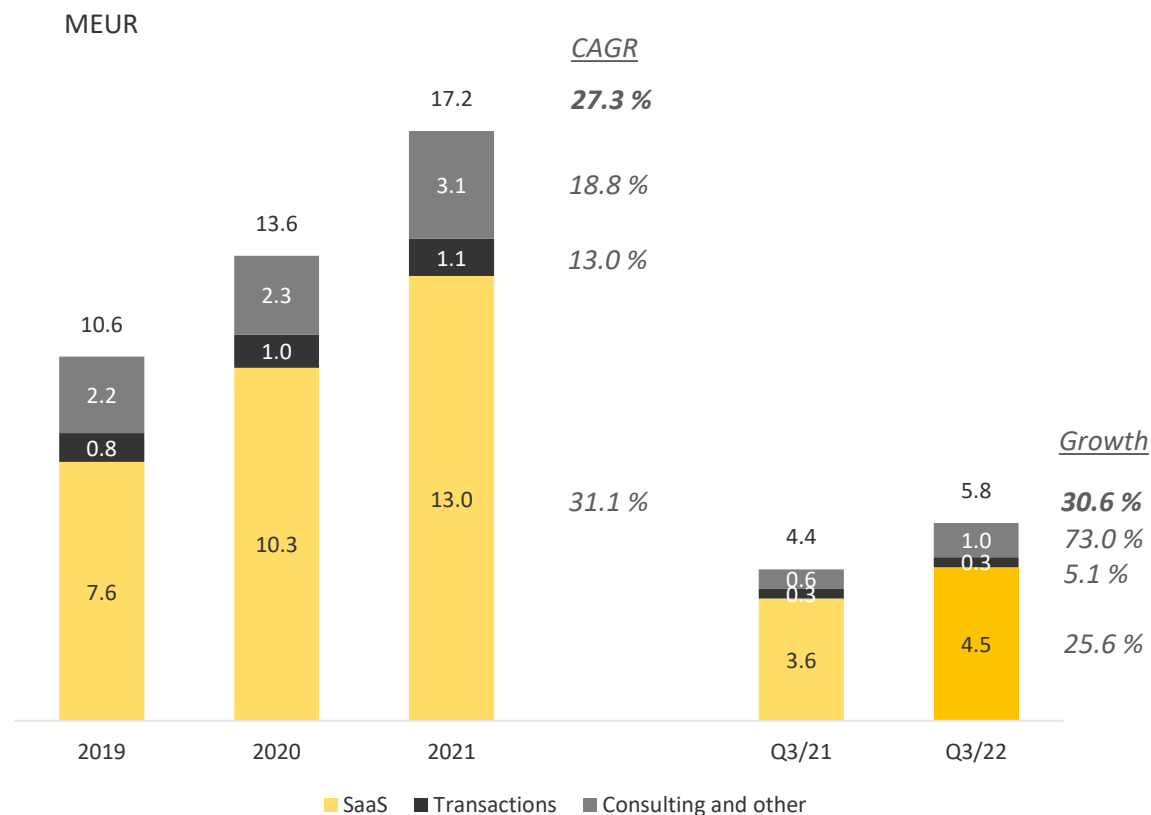
## Finazilla's key figures



## Key customer references



# SaaS expansion continuing as main driver in net sales growth

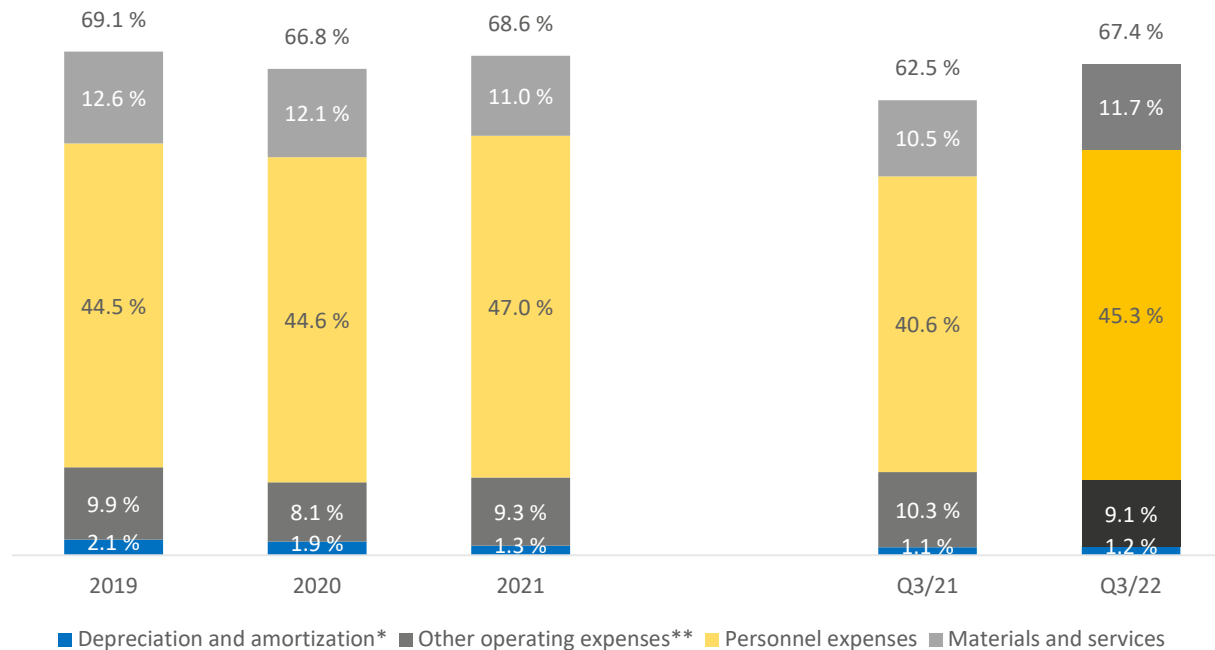


## Net sales growth

- Net sales grew mainly due to new customer acquisition and the acquisitions of Finazilla Oy (July 2022) and Logentia Oy (May 2022)
- SaaS growth remains strong at 25.6 %
- Transaction net sales grew by 5.1 %
- Organic growth 10.3% in Q/2022.
  - New sales slightly slower than expected in Q3
  - Organic growth lower than expected for businesses acquired before 2022

# Cost structure – M&A increasing personnel costs

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 11.7 % of net sales
- Personnel expenses increasing through the acquisitions of Finazilla and Logentia
- Other operating expenses in line with plan, comparison exceptionally high due to IPO
- Low depreciations driven by Lemonsoft's history of low level of capitalized costs

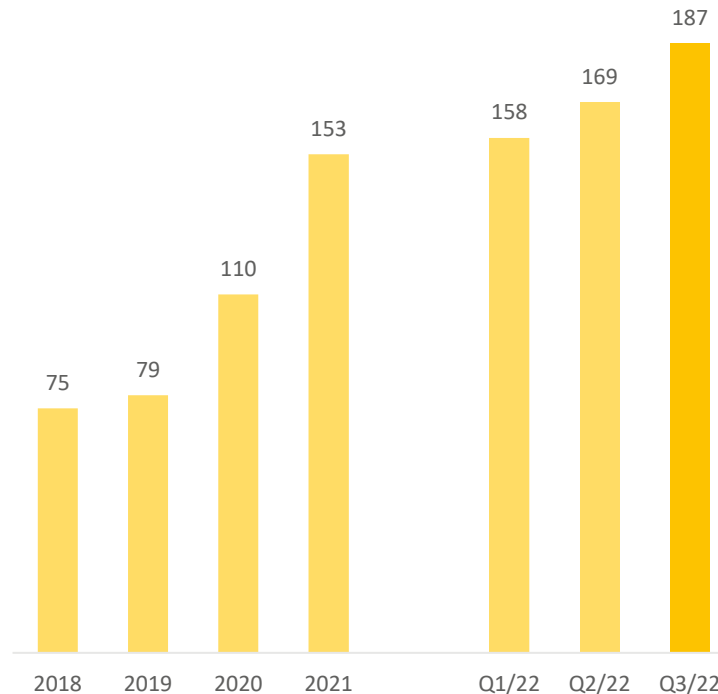


# Personnel growing mainly through acquisitions

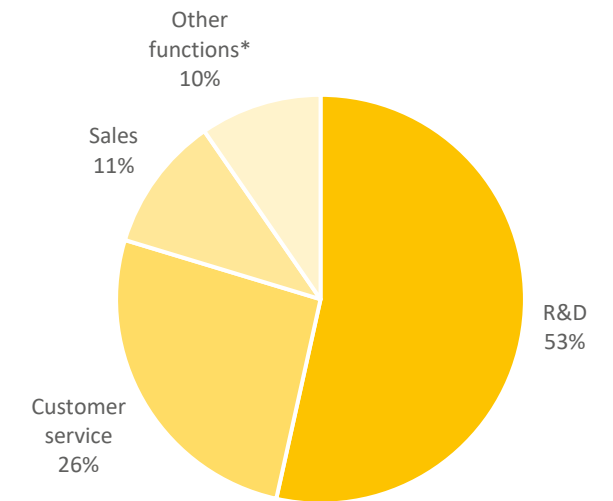
## Targeted recruitments to ensure efficiency

- During Q3, Lemonsoft's personnel has increased mainly through the acquisition of Finazilla
- After growing the team significantly through acquisitions, Lemonsoft has slowed down recruitments towards the end of 2022
- Share of sales and customer service teams growing compared to the R&D team

Number of employees



Personnel by function



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

# Outlook for 2022

Lemonsoft will keep the profit forecast unchanged (updated on 8 July 2022 in connection with the acquisition of Finazilla Oy):

## 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
- A significant deterioration in the general economic situation could have a negative impact on customer retention through bankruptcies of customer companies as well as the pace of new sales

# More information

## Upcoming events

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- Lemonsoft will publish the financial calendar for 2023 later this year

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