

A man with a beard is shown in profile, looking down at a tablet he is holding. He is wearing a dark blue sweater. The background is a blurred warehouse or industrial setting with yellow and blue equipment.

Lemonsoft Oyj – Growth and profitability remain strong

Financial Statements Bulletin presentation 2022

Presenters



Jan-Erik Lindfors
Deputy CEO



Mari Erkkilä
CFO



Alpo Luostarinen
Director, M&A and IR

Key takeaways in 2022

Successful first year as a listed company

- Net sales growth and profitability remained strong at 31% and 30%, respectively
- High growth in number of customers, accelerated through M&A
- 3 acquisitions with a combined net sales of ca. 3.1 MEUR and adj. EBIT of 0.9 MEUR – expansion into new solutions and services within transport management optimization as well as budgeting and forecasting
- Strengthening corporate governance and transparency by establishing a Shareholders' Nomination Committee, Board's Audit Committee and preparing to move to IFRS reporting

Net sales growth
1-12/2022

30.9%
(26.8%)

Adjusted EBIT
1-12/2022

29.6%
(31.4%)

Customers
31.12.2022

8,200
(6,800)

Personnel
31.12.2022

184
(153)

Acquisitions
in 2022

3
(3)

Q4'22: Net sales growth 30.5%, adjusted EBIT 33.5%

Net sales and profitability

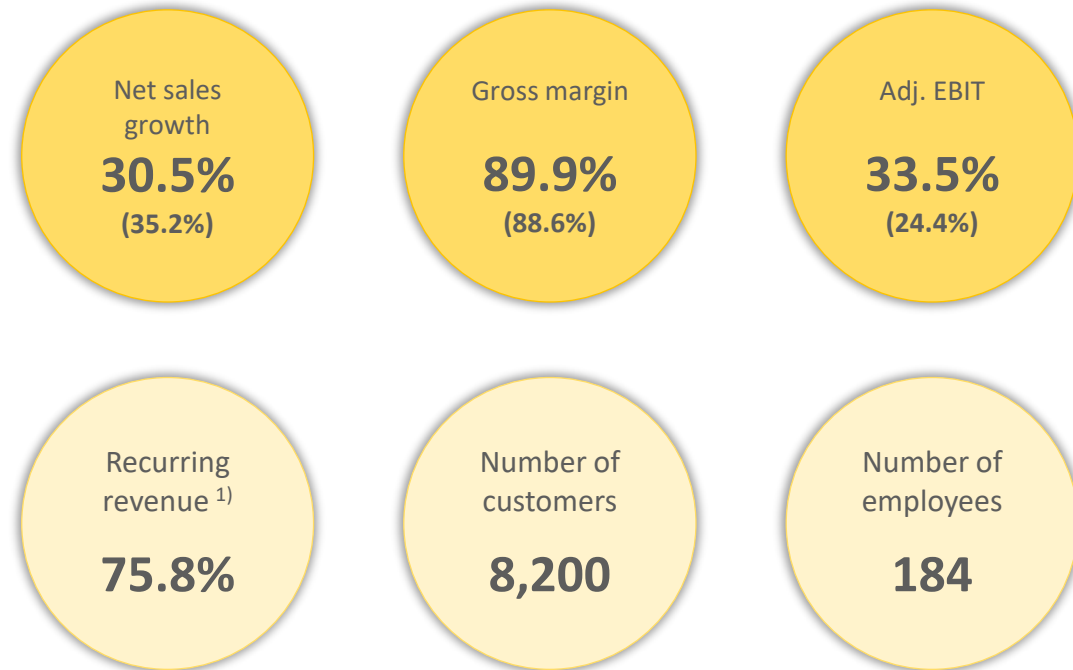
- Net sales growth continued at 30.5%
- SaaS revenue grew 22.4%
- Gross margin remained high at 89.9%
- Adjusted EBIT was 33.5% of net sales

Personnel

- Number of employees at the end of decreased to 184 from 187 at the end of Q3'22
- During Q4'22, Lemonsoft arranged change negotiations with the objective to support a more efficient organization of the company's operations and to eliminate overlaps with acquired businesses

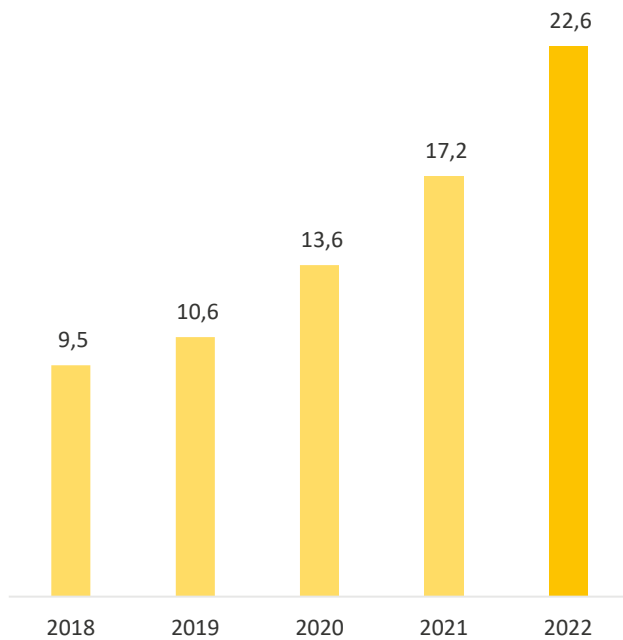
Acquisitions

- Acquisition of Duunissa.fi in November 2022

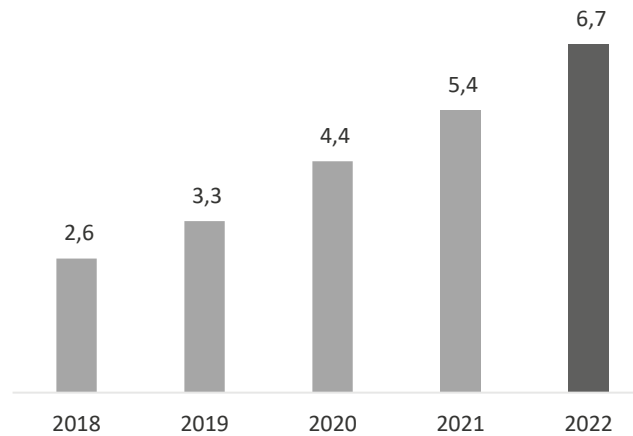


Key financial trends

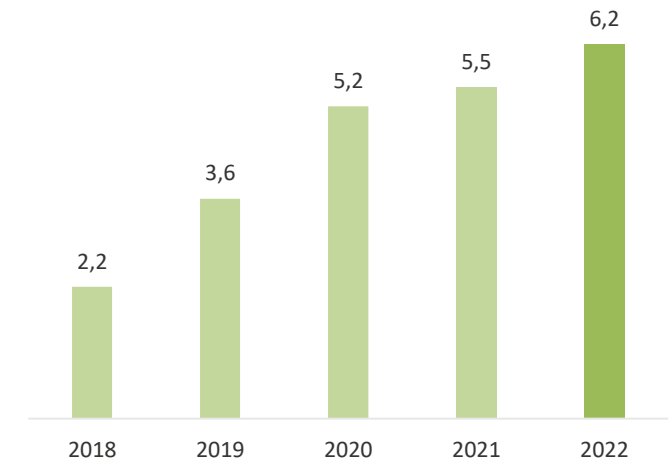
Net sales (MEUR)



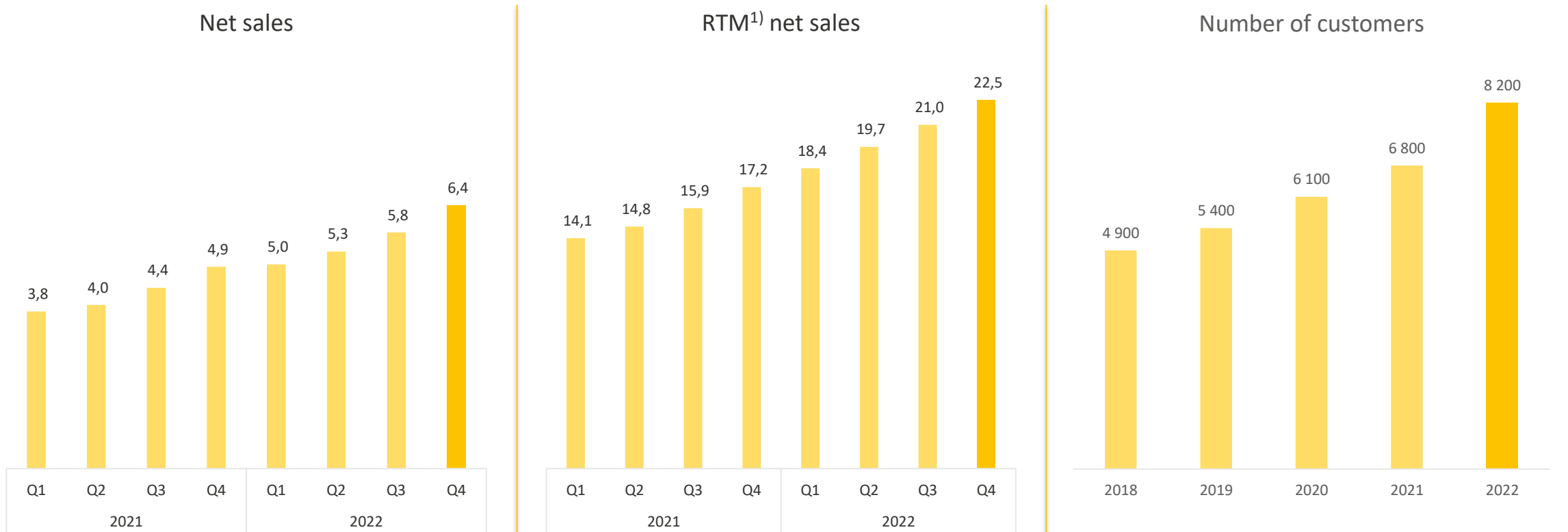
Adjusted EBIT (MEUR)



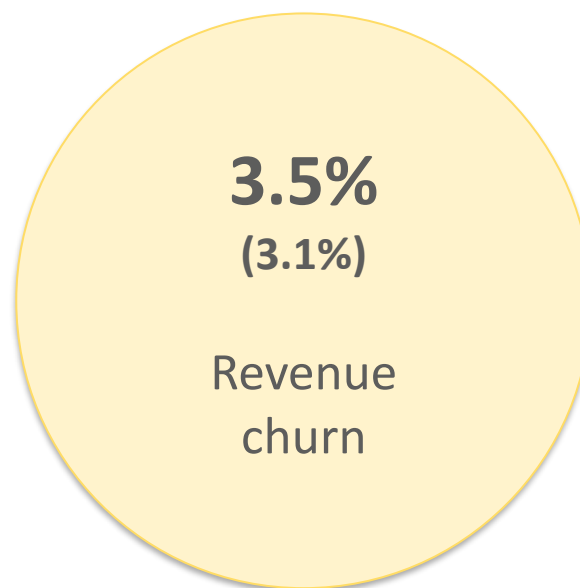
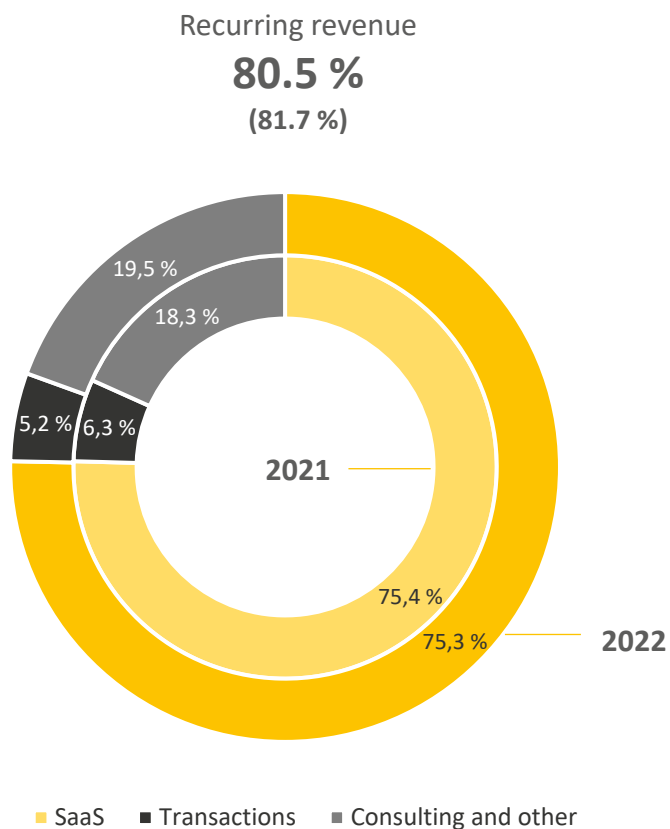
Operating Cash Flow (MEUR)



Net sales and customer base continue to grow



Strong key SaaS metrics in 2022 despite slight market headwind



Growth strategy and market update

Growth strategy

Continued focus on executing growth strategy

✓ Product Leadership

- ✓ Execution of current product development roadmap continued as planned
- ✓ Acquisition of Duunissa.fi business to increase market share in work time management
- ✓ Product bundling to make buying easier and deliver more value to customers

✓ Customer experience

- ✓ Increased resources available for sales and deliveries for the Industrial manufacturing, PSA and Construction verticals
- ✓ New sales: Industrial Manufacturing, Construction focus
- ✓ Expansion sales as well as cross-sell/upsell: PSA focus
- ✓ Channel sales: expanding partnership network

Market

Q4 – Longer sales cycles in new customer acquisition, stable demand for expansion and consulting sales

- Lead generation Q4/22 continued at a good level
 - Sales pipeline continued to grow during the quarter – especially in the Industrial manufacturing vertical
- ➔ Direct sales
 - new customer acquisition taking longer as customers are postponing decisions resulting in longer sales cycles for complex ERP solutions
 - Successful expansion sales to current customers during Q4 – especially in PSA vertical
 - Consulting & services sales continued at a good level -> customers are looking for ways to be more productive and cost-efficient
- ➔ Channel sales - new customer acquisition on a stable level through accounting partners
- Logentia offering very attractive to customers – transport cost optimization and Co2-footprint analysis
- Market conditions are still challenging for customers – increased churn in the Construction vertical during Q4
- Macro-economic uncertainty continues in 2023, difficult to predict market situation long term
 - ETLA forecasts Finnish economy into a slight recession with 0% GDP growth in 2023, inflation projected at 4% and investments at 0.8% in 2023 (3.1% in 2022)
- ➔ Manufacturing, machinery, metals growing well in 2022, softening in 2023

Continued M&A strategy – 3 new acquisitions in 2022

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



November 2022

- ✓ Increase customer base and provide cross-sell opportunities
- ✓ Increase lead generation



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



August 2021

- ✓ Strengthening the professional services automation vertical



June 2021

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



Metsys

WMS Software

April 2021

- ✓ Industrial vertical
- ✓ Establish WMS offering



April 2020

- ✓ Strengthen construction vertical
- ✓ New functionalities



January 2020

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

lemonsoft

LIIKETOIMINNALES

Acquisitions in 2022 – Strengthened offering and increased customer base

Targeted acquisitions expanding product offering and customer base

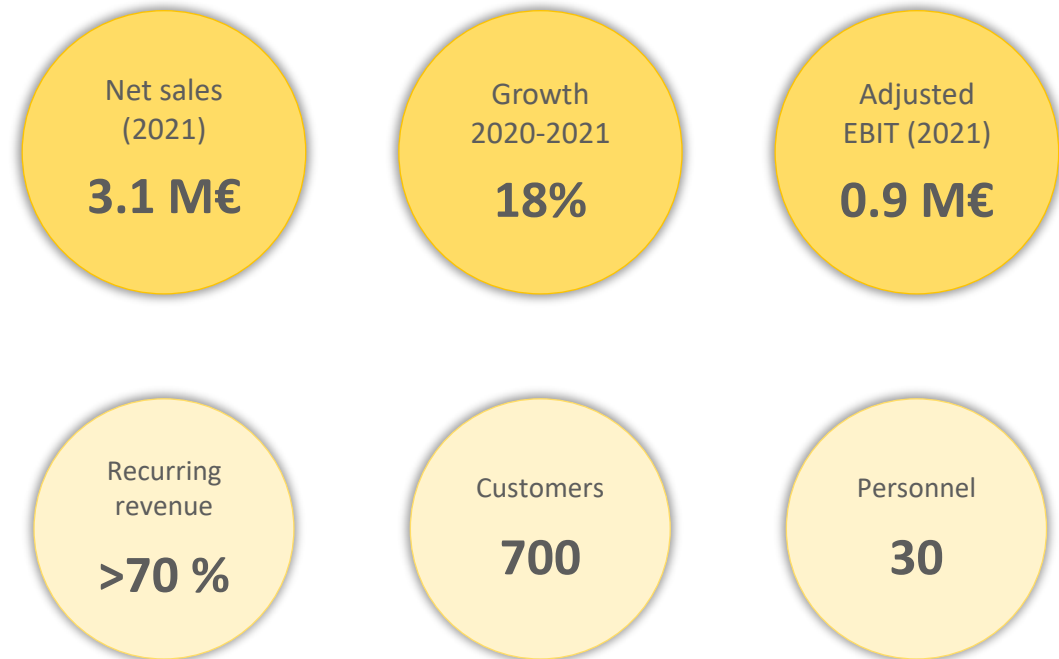
- Lemonsoft completed 3 acquisitions in 2022, expanding its customer base with 700 new customers and personnel with 30 employees
- Offering expanded into 1) transport management optimization 2) budgeting and forecasting
- Initiatives to develop both a deeper integration as well as new product areas underway
- Positive development in 2022, both net sales growth and profitability increased from 2021

LOGENTIA

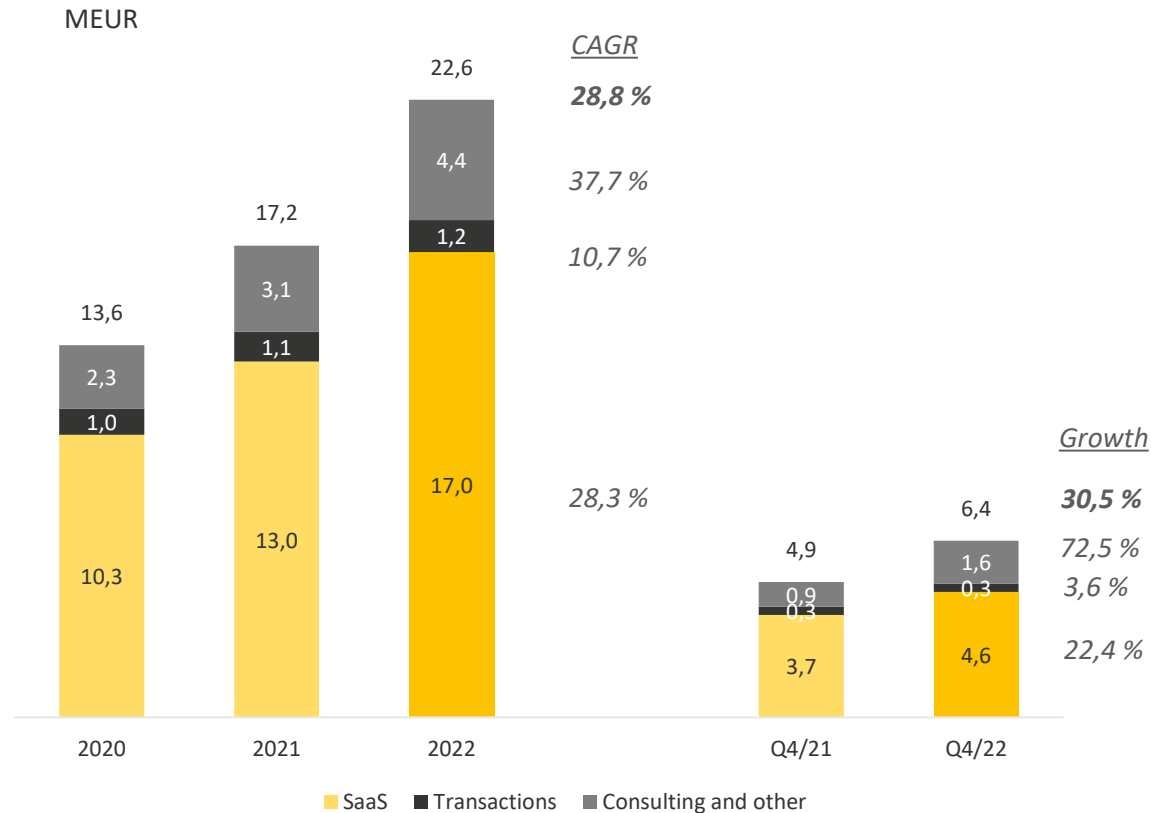
FINAZILLA

Duunissa.fi

Acquisitions in 2022 combined



Q4'22 net sales driven by growth in SaaS and consulting & other

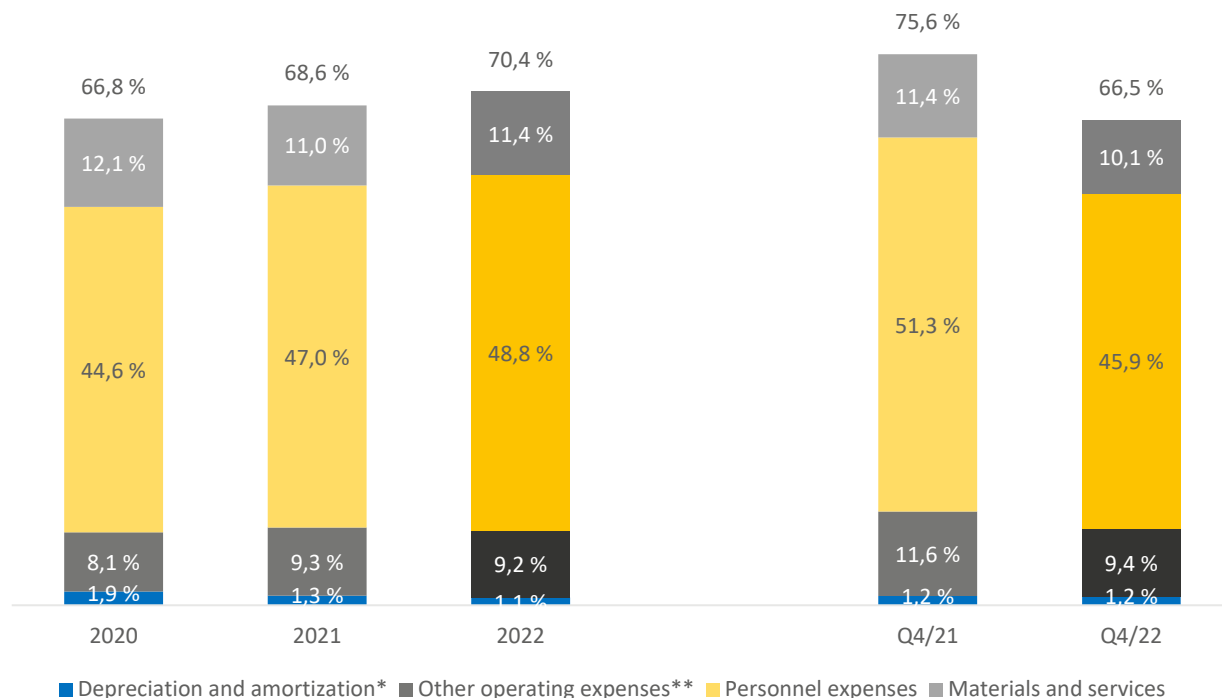


Net sales growth Q4'22

- Net sales grew mainly due to new customer acquisition and the acquisitions of Finazilla Oy (July 2022) and Logentia Oy (May 2022)
- SaaS net sales growth remains strong at 22.4 %
- Transaction net sales growth modest at 3.6 %
- Organic growth 8.6% in Q4'22 due to slower NRR development

Cost structure – Costs in line with plan

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

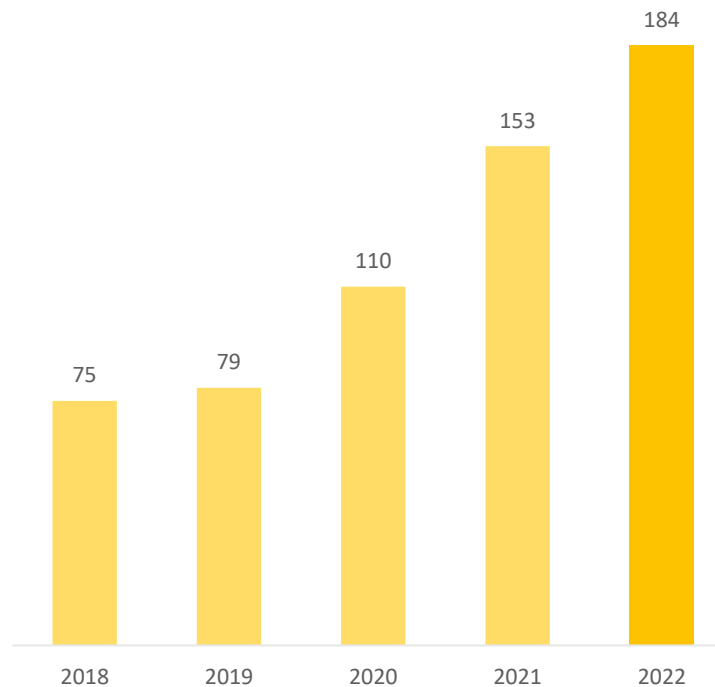
- Gross margin high with materials and services 10.1 % of net sales in Q4'22
- Personnel expenses and materials and services affected in total by 307 KEUR of capitalized R&D costs in Lixani and Metsys
- Other operating expenses in line with plan, comparison period high due to IPO

Personnel growing mainly through acquisitions in 2022

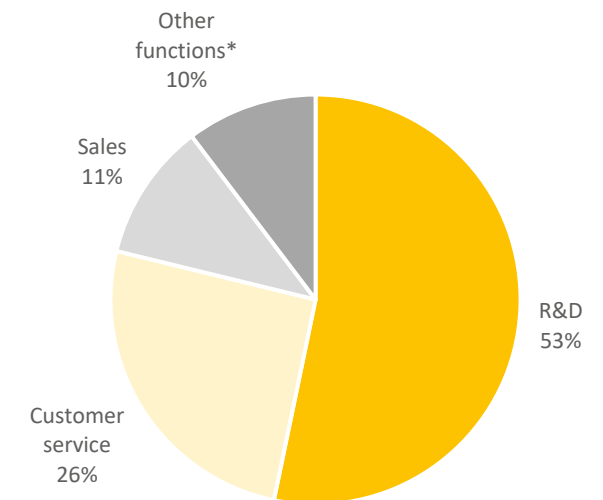
Development stable in Q4'22

- The number of employees decreased to 184 at the end of the year, from 187 at the end of Q3'22
- During Q4, Lemonsoft arranged change negotiations with the objective to support a more efficient organization of the company's operations and to eliminate overlaps with acquired businesses

Number of employees



Personnel by function



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

Board's dividend proposal for 2022

Board's dividend proposal for 2022

EUR 0.14 per share
(0.13)

Proposed dividend distribution in total:
EUR 2.6 million (EUR 2.4 million)

Lemonsoft's dividend policy

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 2023

Lemonsoft's profit forecast for 2023:

Growth

Net sales growth*

10-20%

compared to 2022

Profitability

Adjusted EBIT

25-30%

of net sales

Comments

- Lemonsoft's objective is to continue growth both by increasing the number of software modules offered to its existing customer base and by expanding its customer base with new customer acquisition
- Lemonsoft estimates that the prevailing economic situation will have a weakening effect on new sales and the growth of the existing customer base, especially in the first half of the year

More information

Upcoming events in 2023

- Publication of 2022 Annual Report during week 11
- AGM on 4 April 2023
- Interim Report January – March 2023 on 28 April 2023
- Half-year Report January-June 2023 on 11 August 2023
- Interim Report January – September 2023 on 26 October 2023

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