

Lemonsoft Oyj

Financial statements and report of the Board of Directors

1 January–31 December 2022

The financial statements shall be kept until 31 December 2032.

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Lemonsoft Oyj
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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), Planmill Oy (2062705-4), Logentia Oy (2310003-9) and Finazilla Oy (2952460-9) 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%. In addition, Lemonsoft Oyj owns 80% of Xfer Finland Oy (3302575-7).

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

Major events during the financial period

On 31 May 2022, Lemonsoft Oyj acquired the shares in Logentia Oy (2310003-9).

On 8 July 2022, Lemonsoft Oyj acquired the shares in Finazilla Oy (2952460-9).

On 1 July 2022, Lemonsoft Oyj established Xfer Finland Oy (3302575-7), in which Lemonsoft Oyj's holding is 80%.

Lemonsoft Oyj acquired the Duunissa.fi business from Korttilinna Oy (2375682-0) on 30 November 2022.

Lemonsoft Oyj has decided in its General Annual Meeting on 5 April 2022 to authorize the Board to decide on an ordinary or bonus issue of shares and the granting of special rights. The maximum total number of shares to be issued by virtue of the authorization is 2,000,000 shares. The authorization applies to both new shares and treasury shares held by the company. The authorization entitles the Board of Directors to resolve on all the conditions of the issuance of shares and the issuance of special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription right.

The authorization is in force until the next Annual General Meeting, however, no longer than until 30 June 2023, and it replaces the previous authorizations granted regarding a directed share issue and issuance of special rights entitling to shares.

As part of the completion of the acquisition of Logentia Oy, Lemonsoft Oyj's Board of Directors decided on a directed share issue, in which a total of 119,714 (EUR 1,500 thousand) new Lemonsoft Oyj shares were offered for subscription by Logentia Oy's shareholders transferring to Lemonsoft Oyj. As a result of the share issue, the total number of Lemonsoft Oyj's outstanding shares increased to 18,393,440 shares.

Major events after the financial period

Lemonsoft Oyj prepares the transition to IFRS reporting during 2023. The company estimates that the transition to IFRS reporting will increase the comparability of financial figures with other companies in the industry and increase

the interest of international investors in the company. The company will announce the possible IFRS transition separately.

Estimate of probable future development

Lemonsoft's goal 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. However, the company 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.

Scope of research and development activities

The Group has capitalized R&D expenses of EUR 307,306.50 during the financial period.

Estimate of the most significant risks and uncertainties associated with operations

The deterioration of the economic situation and events with a global impact, such as the war in Ukraine, may have direct and indirect effects on Lemonsoft's business. These may be reflected in the business operations of Lemonsoft's customer companies, for example, in reduced investments by industrial manufacturing companies and decreased needs of subcontracting chains, as well as business and bankruptcy risks. In turn, customers' business challenges may affect Lemonsoft's new customer acquisition, upsells from existing customers, and customer retention.

In the longer term, the biggest challenge for our industry is the availability of skilled personnel. Success of the Group and opportunities for organic growth depend largely on how well we can recruit, motivate, and engage more skilled personnel and develop our expertise.

In Lemonsoft's cost structure, the single most significant factor is personnel costs, and an increase in the general price level may increase the pressure to increase personnel costs. Lemonsoft constantly monitors the development of the situation from a risk management perspective and strives to ensure the continuation of profitable growth by optimizing its cost structure and pricing.

The ERP market is generally a highly competitive market, and the industry is fragmented. Smaller players are primarily focused in a specific sector of SMEs and larger players do not compete directly for customers in the same market. However, competition in Lemonsoft's operating markets may intensify due to existing competitors or agile new entrants.

Risks related to information security and the IT systems of service providers are a significant factor affecting the security and continuity of the Group's business. Lemonsoft constantly invests in high reliability and high security systems and strives to ensure the high quality of the services it purchases by selecting leading players in the industry as its key partners. European data protection regulations may also bring unexpected risks to Lemonsoft's operating environment.

Success in acquisitions and related integration work is a key factor for Lemonsoft's growth. The company has made several acquisitions in recent years and aims to continue to grow through acquisitions. There may be unexpected risks associated with target companies and their integration into Lemonsoft.

Non-financial key figures concerning the personnel

	2022	2021	2020
Average number of Group employees during the financial period	172	129	102
Average number of parent company employees during the financial period	136	110	87
The Group's wages and salaries during the financial period (EUR 1,000)	8 250	6 127	4 684
The parent company's wages and salaries during the financial period (EUR 1,000)	6 566	5 058	3 963

During the financial period, the parent company had 133 full-time employees on average. In addition, the parent company had 3 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		
	2022	2021	2020
Net sales	22,550,223	17,227,376	13,587,990
EBIT	4,357,236	3,069,952	3,905,791
EBIT, % of net sales	19%	18%	29%
Return on equity	14%	16%	44%
Equity ratio	70%	75%	60%

Parent company shares

The company has one series of shares, and all shares have equal rights. At the end of the financial period, Lemonsoft Oyj's share capital consisted of 18,393,440 shares.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy.

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 27,717,028.99, of which profit for the financial period accounts for EUR 4,442,625.77. The Board of Directors proposes to the Annual General Meeting that the distributable funds be distributed as follows:

A divided of EUR 0.14 per share be paid out	2,575,081.60
Carried in shareholders' equity	<u>25,325,881.79</u>
	27,717,028.99

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 2022	27,827,028.99
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	<u>0.00</u>
Equity pursuant to chapter 20, section 23 of the Limited Liability Companies Act	27,827,028.99

Parent company's organization, management and auditors

The Annual General Meeting of Lemonsoft Oyj was held on 5 April 2022. The Annual General Meeting elected five members to the Board of Directors; Christoffer Häggblom, Michael Richter, Kari Joki-Hollanti, Saila Miettinen-Lähde and Ilkka Hiidenheimo. The Board has elected Christoffer Häggblom as Chairman from among its members. The Annual General Meeting decided that the Chairman of the Board be paid EUR 3,000 per month and the ordinary members of the Board EUR 1,500 per month. The Annual General Meeting decided that KPMG will continue as the company's auditor. Kim Järvi, 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.

Consolidated income statement

	1 January-31 December 2022	1 January-31 December 2021
NET SALES €	22,550,222.93	17,227,376.26
Other operating income	4,180.00	45,383.42
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-1,429,156.93	-1,020,406.51
Variation in stocks	35,022.07	25,266.08
External services		
External services	-1,178,316.28	-897,422.18
Materials and services, total	-2,572,451.14	-1,892,562.61
Personnel expenses		
Wages and salaries	-9,094,900.02	-6,744,262.35
Pension expenses	-1,639,257.63	-1,160,489.69
Other social security expenses	-267,152.40	-185,872.72
Personnel expenses, total	-11,001,310.05	-8,090,624.76
Depreciation and amortization		
Depreciation and amortization according to plan	-559,269.53	-462,249.11
Amortization of goodwill on consolidation	-1,624,356.99	-698,736.55
Depreciation and amortization, total	-2,183,626.52	-1,160,985.66
Other operating expenses	-2,132,472.97	-3,058,634.89
EBIT	4,664,542.25	3,069,951.76
Financial income and expenses		
Income from other investments held as non-current assets		
Others	3,787.88	31,725.75
Other interest income and other financial income		
Others	6,611.08	6,686.74
Impairment of investments in non-current assets		
Impairment of shares	3,055.77	0.00
Interest and other financial expenses		
Others	-32,709.44	-22,857.67
Financial income and expenses, total	-19,254.71	15,554.82
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	4,645,287.54	3,085,506.58
Income taxes		
Taxes for the financial year	-1,317,997.03	-778,473.09
Income taxes, total	-1,317,997.03	-778,473.09
Minority share	98,298.96	34,708.37
PROFIT (LOSS) FOR THE FINANCIAL YEAR	3,228,991.55	2,272,325.12

Consolidated balance sheet

	31 December 2022	31 December 2021
Assets €		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	2,141,345.63	946,033.84
Goodwill on consolidation	14,256,749.95	5,477,516.19
Development expenditure	411,353.12	60,000.06
Intangible assets, total	16,809,448.71	6,483,550.09
Tangible assets		
Buildings	238,996.40	248,954.60
Machinery and equipment	274,141.98	251,880.80
Other tangible assets	244,193.97	32,404.22
Tangible assets, total	757,332.35	533,239.62
Investments		
Other investments	2,877,517.65	1,874,461.88
Investments, total	2,877,517.65	1,874,461.88
NON-CURRENT ASSETS, total	20,444,298.71	8,891,251.60
CURRENT ASSETS		
Inventories		
Raw materials and consumables	87,938.53	52,096.46
Inventories, total	87,938.53	52,096.46
Current receivables		
Trade debtors	2,388,571.75	1,218,200.83
Other receivables	9,180.47	39,865.49
Prepayments and accrued income	441,222.88	537,184.28
Current receivables, total	2,838,975.10	1,795,250.60
Cash at bank and in hand	11,691,710.65	19,059,875.45
CURRENT ASSETS, total	14,618,624.28	20,907,222.51
Total assets	35,062,922.99	29,798,474.11
Equity and liabilities €		
EQUITY		
Share capital	80,000.00	80,000.00
Reserve for invested non-restricted equity	16,480,122.26	14,980,105.84
Retained earnings (losses)	4,573,002.64	4,658,093.83
Profit (loss) for the financial year	3,228,991.55	2,272,325.12
EQUITY, total	24,362,116.45	21,990,524.79
Minority interest	128,791.28	30,492.32
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1,500,000.00	2,400,000.00
Non-current liabilities, total	1,500,000.00	2,400,000.00
Current liabilities		
Loans from credit institutions	900,000.00	900,000.00
Advances received	659,664.78	535,385.58
Trade creditors	1,246,068.06	1,071,584.71
Other creditors	1,214,503.13	780,737.48
Accruals and deferred income	5,051,779.29	2,089,749.24
Current liabilities, total	9,072,015.26	5,377,457.01
LIABILITIES, total	10,572,015.26	7,777,457.01
Total equity and liabilities	35,062,922.99	29,798,474.11

Consolidated cash flow statement

Indirect cash flow statement	1 January-31 December 2022	1 January-31 December 2021
Cash flow from operating activities:		
Profit (loss) before appropriations and taxes	4,645,287.54	3,085,506.58
Adjustments:		
Depreciation and amortization according to plan	2,183,626.42	1,160,985.66
Other non-cash income and expenses	-17,551.29	36,273.62
Financial income and expenses	19,254.71	-15,554.82
Other adjustments	0.00	0.00
Cash flow before change in working capital	6,830,617.38	4,267,211.04
Change in working capital:		
Increase(-)/decrease(+) in current non-interest-bearing receivables	-176,658.71	-702,578.20
Increase(-)/decrease(+) in inventories	-35,842.07	-25,266.08
Increase(+)/decrease(-) in current non-interest-bearing liabilities	204,182.85	1,055,752.83
Cash flow from operating activities before financial items and taxes	6,822,299.45	4,595,119.59
Interest paid and payments for other financial operating expenses	-32,709.44	-22,857.67
Dividends received from business operations	0.00	0.00
Interest received from business operations	4,814.05	6,686.74
Direct taxes paid	-1,088,801.23	-585,411.79
Net cash from operating activities (A)	5,705,602.83	3,993,536.87
Cash flow from investing activities:		
Acquisition of tangible and intangible assets	-2,256,172.95	-2,559,937.37
Proceeds from sale of tangible and intangible assets	0.00	106,887.30
Other investments	-1,000,000.00	-379,147.01
Acquired shares in subsidiaries	-6,542,010.30	-1,236,313.03
Net cash used in investing activities (B)	-9,798,183.25	-4,068,510.12
Cash flow from financing activities:		
Dividends paid	-2,375,584.38	-2,210,000.00
Net cash flow from non-current loans	-900,000.00	1,300,000.00
Share issue	0.00	14,944,540.20
Net cash from financing activities (C)	-3,275,584.38	14,034,540.20
Change in cash at bank and in hand (A + B + C) increase (+) / decrease (-)	-7,368,164.80	13,959,566.95
Cash at bank and in hand at the beginning of the financial year	19,059,875.45	5,100,308.50
Cash at bank and in hand at the end of the financial year	11,691,710.65	19,059,875.45
Change in cash	-7,368,164.80	13,959,566.95

Parent company income statement

	1 January-31 December 2022	1 January-31 December 2021
NET SALES €	17,365,457.83	14,824,604.25
Other operating income	1,180.00	45,383.42
Materials and services		
Raw materials and consumables		
Purchases during the financial year	-1,237,412.90	-900,143.59
Variation in stocks	7,564.67	9,017.78
External services		
External services	-926,497.48	-812,102.52
Materials and services, total	-2,156,345.71	-1,703,228.33
Personnel expenses		
Wages and salaries	-7,224,644.56	-5,577,798.52
Pension expenses	-1,270,565.43	-929,912.96
Other social security expenses	-217,461.25	-164,975.95
Personnel expenses, total	-8,712,671.24	-6,672,687.43
Depreciation and amortization		
Depreciation and amortization according to plan	-864,889.80	-788,980.36
Depreciation and amortization, total	-864,889.80	-788,980.36
Other operating expenses	-1,756,812.50	-2,892,588.29
EBIT	3,875,918.58	2,812,503.26
Financial income and expenses		
Income from group undertakings		
Dividend income from group undertakings	1,500,000.00	2,000,000.00
Income from other investments held as non-current assets		
Others	0.00	28,533.84
Other interest income and other financial income		
Others	6,257.46	6,274.69
Impairment of investments in non-current assets		
Impairment of shares	3,055.77	0.00
Interest and other financial expenses		
Others	-30,519.60	-21,105.47
Financial income and expenses, total	1,478,793.63	2,013,703.06
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	5,354,712.21	4,826,206.32
Income taxes		
Taxes for the financial year	-912,086.44	-670,997.26
Income taxes, total	-912,086.44	-670,997.26
PROFIT (LOSS) FOR THE FINANCIAL YEAR	4,442,625.77	4,155,209.06

Parent company balance sheet

	31 December 2022	31 December 2021
Assets €		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	3,755,161.28	3,698,684.57
Development expenditure	30,000.00	60,000.06
Intangible assets, total	3,785,161.28	3,758,684.63
Tangible assets		
Buildings	238,996.40	248,954.60
Machinery and equipment	273,646.49	251,620.19
Other tangible assets	244,193.97	32,404.22
Tangible assets, total	757,136.86	532,979.01
Investments		
Holdings in group undertakings	18,719,039.40	6,058,989.00
Amounts owed by group undertakings	1,080,000.00	200,000.00
Other investments	2,876,041.74	1,872,985.97
Investments, total	22,674,081.14	8,131,974.97
NON-CURRENT ASSETS, total	27,217,379.28	12,423,638.61
CURRENT ASSETS		
Inventories		
Raw materials and consumables	60,481.13	52,096.46
Inventories, total	60,481.13	52,096.46
Non-current receivables		
Non-current receivables	20,000.00	20,000.00
Non-current receivables, total	20,000.00	20,000.00
Current receivables		
Trade debtors	1,161,313.49	891,590.75
Amounts owed by group undertakings	70.55	6,344.05
Other receivables	0.00	33,623.82
Prepayments and accrued income	413,944.60	530,100.46
Current receivables, total	1,575,328.64	1,461,659.08
Cash at bank and in hand	7,658,148.56	17,640,282.22
CURRENT ASSETS, total	9,313,958.33	19,174,037.76
Total assets	36,531,337.61	31,597,676.37

Equity and liabilities €	31 December 2022	31 December 2021
EQUITY		
Share capital	80,000.00	80,000.00
Reserve for invested non-restricted equity	16,444,556.62	14,944,540.20
Retained earnings (losses)	6,859,846.60	5,080,221.92
Profit (loss) for the financial year	4,442,625.77	4,155,209.06
EQUITY, total	27,827,028.99	24,259,971.18
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	1,500,000.00	2,400,000.00
Non-current liabilities, total	1,500,000.00	2,400,000.00
Current liabilities		
Loans from credit institutions	900,000.00	900,000.00
Advances received	650,738.11	535,125.58
Trade creditors	647,896.86	1,034,817.77
Amounts owed to group undertakings	0.00	11,160.00
Other creditors	886,506.31	623,808.52
Accruals and deferred income	4,119,167.34	1,832,793.32
Current liabilities, total	7,204,308.62	4,937,705.19
LIABILITIES, total	8,704,308.62	7,337,705.19
Total equity and liabilities	36,531,337.61	31,597,676.37

Parent company cash flow statement

Indirect cash flow statement	1 January-31 December 2022	1 January-31 December 2021
Cash flow from operating activities:		
Profit (loss) before appropriations and taxes	5,354,712.21	4,826,206.32
Adjustments:		
Depreciation and amortization according to plan	864,889.80	788,980.36
Other non-cash income and expenses	15,501.08	33,508.72
Financial income and expenses	-21,206.37	-24,205.24
Other adjustments	0.00	0.00
Cash flow before change in working capital	6,213,896.72	5,624,490.16
Change in working capital:		
Increase(-)/decrease(+) in current non-interest-bearing receivables	-129,170.64	-614,377.09
Increase(-)/decrease(+) in inventories	-8,384.67	-9,017.78
Increase(+)/decrease(-) in current non-interest-bearing liabilities	-1,811,223.40	1,174,404.46
Cash flow from operating activities before financial items and taxes	4,265,118.01	6,175,499.75
Interest paid and payments for other financial operating expenses	-30,519.60	-7,439.75
Dividends received from business operations	0.00	0.00
Interest received from business operations	6,257.46	0.00
Direct taxes paid	-874,276.03	-475,140.14
Net cash from operating activities (A)	3,366,579.84	5,692,919.86
Cash flow from investing activities:		
Acquisition of tangible and intangible assets	-1,115,524.30	-1,100,755.76
Proceeds from sale of tangible and intangible assets	42,412.74	28,533.84
Other investments	-1,000,000.00	-379,147.01
Acquired shares in subsidiaries	-9,500,033.98	-4,920,972.38
Net cash used in investing activities (B)	-11,573,145.54	-6,372,341.31
Cash flow from financing activities:		
Dividends paid	-2,375,584.38	-2,210,000.00
Net cash flow from non-current loans	-900,000.00	1,300,000.00
Share issue	1,500,016.42	14,944,540.20
Net cash from financing activities (C)	-1,775,567.96	14,034,540.20
Change in cash at bank and in hand (A + B + C) increase (+) / decrease	-9,982,133.66	13,355,118.75
Cash at bank and in hand at the beginning of the financial year	17,640,282.22	4,285,163.47
Cash at bank and in hand at the end of the financial year	7,658,148.56	17,640,282.22
Change in cash	-9,982,133.66	13,355,118.75

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 recognized in the 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 is the building, which is 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
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%
Logentia Oy	100%
Finazilla Oy	100%
Xfer Finland Oy	80%

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

On 31 May 2022, Lemonsoft Oyj acquired the shares in Logentia Oy (2310003-9).

On 8 July 2022, Lemonsoft Oyj acquired the shares in Finazilla Oy (2952460-9).

On 1 July 2022, Lemonsoft Oyj established Xfer Finland Oy (3302575-7), in which Lemonsoft Oyj's holding is 80%.

Lemonsoft Oyj acquired the Duunissa.fi business from Korttilinna Oy (2375682-0) on 30 November 2022.

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 rental revenue.

Personnel

	2022	2021
Personnel of the Group on average during the financial period	172	129
Personnel of the parent company on average during the financial period	136	110

Personnel expenses

In personnel expenses, the grouping of social expenses of accruals has been changed compared to the comparison year.

Wages and salaries of management

	Parent company	
	2022	2021
CEO	174,840.00	182,892.44
Board members	116,550.00	66,500.00

Notes concerning the balance sheet assets

Account of the amortization period and method of capitalized development expenses

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.

Finazilla Oy's development expenditure for 2018, 2019 and 2021 will be amortized over 5 years using the straight-line method.

The development expenditure of Lixani Oy and Metsys Oy capitalized in the financial year 2022 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, 2018 and 2022, 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 2021. 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.

Major items included in prepayments and accrued income

	Group	Parent company
Wage and salary receivables	757.00	757.00
Rent receivables	32,302.76	25,420.76
Tax receivables	93,573.38	83,803.82
Prepaid expenses	314,589.74	303,963.02
Prepayments and accrued income, total	441,222.88	413,944.60

Group's intangible assets

	Goodwill	Goodwill on consolidation	Other intangible assets	Total
Acquisition cost 1 January 2022	4,790,171.95	6,586,682.84	457,196.32	5,262,228.96
Additions	1,516,622.52	10,370,248.51	307,306.50	1,823,929.02
Deductions	2,347,149.00	0.00	0.00	2,347,149.00
Reclassifications	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2022	3,959,645.47	16,956,931.35	764,502.82	9,433,306.98
Accumulated depreciation and amortization 1 January 2022	1,091,487.38	1,075,824.41	289,999.94	1,396,348.01
Accumulated depreciation and amortization on deductions and transfers		0.00	0.00	0.00
Depreciation and amortization for the financial year	726,812.46	1,624,356.99	63,149.76	789,962.22
Impairment	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2022	1,818,299.84	2,700,181.40	353,149.70	2,186,310.23
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2022	2,141,345.63	14,256,749.95	411,353.12	16,809,448.71
Book value 31 December 2021	3,698,684.57	5,510,858.43	60,000.06	9,269,543.06

Group's tangible assets

	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 January 2022	331,300.00	582,773.55	424,292.52	1,339,866.07
Additions	0.00	124,323.10	274,851.90	399,175.00
Deductions	0.00	0.00	0.00	1,500.00
Reclassifications	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2022	331,300.00	707,096.65	699,144.42	1,737,541.07
Accumulated depreciation and amortization 1 January 2022	82,345.40	331,241.14	391,888.30	805,474.84
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00	0.00
Depreciation and amortization for the financial year	9,958.20	101,769.90	63,062.15	174,790.25
Impairment	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2022	92,303.60	433,011.04	454,950.45	980,265.09
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2022	238,996.40	274,141.98	244,193.97	757,332.35
Book value 31 December 2021	248,954.60	251,880.80	32,404.22	533,239.62

Group's investments

	Other investments	Total
Acquisition cost 1 January 2022	1,874,461.88	1,874,461.88
Additions	1,003,055.77	1,003,055.77
Interest expenses included in acquisition cost	0.00	0.00
Deductions	0.00	0.00
Reclassifications	0.00	0.00
Acquisition cost 31 December 2022	2,877,517.65	2,877,517.65
Accumulated depreciation and amortization 1 January 2022	0.00	0.00
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00
Depreciation and amortization for the financial year	0.00	0.00
Impairment	0.00	0.00
Reversals of impairments	0.00	0.00
Accumulated depreciation and amortization 31 December 2022	0.00	0.00
Increases in value	0.00	0.00
Book value 31 December 2022	2,877,517.65	2,877,517.65
Book value 31 December 2021	1,874,461.88	1,874,461.88

Parent company intangible assets

	Goodwill	Other intangible assets	Total
Acquisition cost 1 January 2022	4,790,171.95	350,000.00	5,155,032.64
Additions	716,622.52	0.00	716,622.52
Deductions	0.00	0.00	0.00
Reclassifications	0.00	0.00	0.00
Acquisition cost 31 December 2022	5,506,794.47	350,000.00	5,871,655.16
Accumulated depreciation and amortization 1 January 2022	1,091,487.38	289,999.94	1,396,348.01
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00
Depreciation and amortization for the financial year	660,145.81	30,000.06	690,145.87
Impairment	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2022	1,751,633.19	320,000.00	2,086,493.88
Increases in value	0.00	0.00	0.00
Book value 31 December 2022	3,755,161.28	30,000.00	3,785,161.28
Book value 31 December 2021	3,698,684.57	60,000.06	3,758,684.63

Parent company's tangible assets

	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 January 2022	331,300.00	544,379.05	424,292.52	1,299,971.57
Additions	0.00	124,049.88	274,851.90	398,901.78
Deductions	0.00	0.00	0.00	0.00
Reclassifications	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2022	331,300.00	668,428.93	699,144.42	1,698,873.35
Accumulated depreciation and amortization 1 January 2022	82,345.40	292,758.86	391,888.30	766,992.56
Accumulated depreciation and amortization on deductions and transfers	0.00	0.00	0.00	0.00
Depreciation and amortization for the financial year	9,958.20	101,723.58	63,062.15	174,743.93
Impairment	0.00	0.00	0.00	0.00
Accumulated depreciation and amortization 31 December 2022	92,303.60	394,482.44	454,950.45	941,736.49
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2022	238,996.40	273,946.49	244,193.97	757,136.86
Book value 31 December 2021	248,954.60	251,620.19	32,404.22	532,979.01

Parent company's investments

	In group undertakings	Amounts owed by group undertakings	Other shares and similar rights of ownership	Total
Acquisition cost 1 January 2022	6,058,989.00	200,000.00	1,872,985.97	8,131,974.97
Additions	12,664,282.46	880,000.00	1,003,055.77	14,547,338.23
Interest expenses included in acquisition cost	0.00	0.00	0.00	0.00
Deductions	4,232.06	0.00	0.00	4,232.06
Reclassifications	0.00	0.00	0.00	0.00
Acquisition cost 31 December 2022	18,719,039.40	1,080,000.00	2,876,041.74	22,675,081.14
Accumulated depreciation and amortization 1 January 2022	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 2022	0.00	0.00	0.00	0.00
Increases in value	0.00	0.00	0.00	0.00
Book value 31 December 2022	18,719,039.40	1,080,000.00	2,876,041.74	22,675,081.14
Book value 31 December 2021	6,058,989.00	200,000.00	1,872,985.97	8,131,974.97

Itemization of receivables from Group undertakings

Parent company balance sheet

Non-current receivables

Capital loans to Group undertakings	20,000.00
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Current receivables

Trade receivables from Group undertakings	70.55
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20,070.55

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

0.00

0.00

Changes in equity

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
EQUITY				
Restricted equity				
Share capital 1 January	80,000.00	8,000.00	80,000.00	8,000.00
Increase of share capital	0.00	72,000.00	0.00	72,000.00
Share capital 31 December	80,000.00	80,000.00	80,000.00	80,000.00
Restricted equity, total 31 December	80,000.00	80,000.00	80,000.00	80,000.00
Free equity				
Invested unrestricted equity reserve 1 January	14,980,105.84	35,565.65	14,944,540.20	0.00
Directed share issue/IPO	1,500,016.42	14,944,540.20	1,500,016.42	14,944,540.20
Invested unrestricted equity reserve 31 December	16,480,122.26	14,980,105.84	16,444,556.62	14,944,540.20
Invested unrestricted equity reserve, total	16,480,122.26	14,980,105.84	16,444,556.62	14,944,540.20
Retained earnings 1 January *	6,948,587.02	6,934,897.78	9,235,430.98	7,362,221.92
Dividends distributed	-2,375,584.38	-2,210,000.00	-2,375,584.38	-2,210,000.00
Increase of share capital	0.00	-72,000.00	0.00	-72,000.00
Retained earnings 31 December	4,573,002.64	4,652,897.78	6,859,846.60	5,080,221.92
Profit (loss) for the financial year	3,228,991.55	2,272,352.12	4,442,625.77	4,155,209.06
Free equity, total 31 December	24,282,116.45	21,905,328.74	27,747,028.99	24,179,971.18
Capital loans				
Capital loans 1 January	0.00	200,000.00	0.00	0.00
Transfer of capital loan	0.00	-200,000.00	0.00	0.00
Capital loans 31 December	0.00	0.00	0.00	0.00
Capital loans, total 31 December	0.00	0.00	0.00	0.00
TOTAL EQUITY	24,362,116.45	21,985,328.74	27,827,028.99	24,259,971.18

* Earnings from subsidiary mergers transferred to Retained earnings in 2021

* Change in the additional purchase price paid to the subsidiary transferred to Retained earnings in 2022

Statement of the parent company's distributable unrestricted equity

	2022	2021
Invested unrestricted equity reserve	16,444,556.62	14,944,540.20
Retained earnings	6,859,846.60	5,080,221.92
Profit for the financial year	4,442,625.77	4,155,209.06
Unrestricted equity, total 31 December	27,747,028.99	24,179,971.18
Capitalized development expenditure	-30,000.00	-60,000.06
Distributable equity, total	27,717,028.99	24,119,971.12

Share information

The parent company has 18,393,440 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	18,393,440
Average number of shares outstanding during the financial year	18,343,559

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 2022, the covenant terms are met.

Major items included in accruals and deferred income

	Group	Parent company
Holiday pay liabilities including social security expenses	1,412,638.61	1,051,716.63
Tax liabilities	365,539.65	121,614.23
Other accruals and deferred income	3,273,601.03	2,945,836.48
Accruals and deferred income, total	5,051,779.29	4,119,167.34

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	
	2022	2021	2022	2021
Rental obligations				
Rental obligations < 1 y	267,998.78	200,092.55	156,187.44	147,156.41
Rental obligations > 1 y	109,368.00	4,702.72	0.00	0.00
Total rental obligations	377,366.78	204,795.27	156,187.44	147,156.41
Lease obligations				
Lease obligations < 1 y	1,337.30	1,181.06	1,337.30	1,181.06
Lease obligations > 1 y	0.00	0.00	0.00	0.00
Total lease obligations	1,337.30	1,181.06	1,337.30	1,181.06

Other financial liabilities

The company is liable to review the value added tax deductions of the real estate investments completed in 2017–2018 and 2022 if the taxable use of the property decreases during the period under review. The last year of reviewing the liability is 2032. The residual liability on 31 December 2022 is EUR 244,193.97.

Auditor's fees

	Group		Parent company	
	2022	2021	2022	2021
Audit	19,322.12	21,030.00	12,360.87	14,650.00
Actions referred to in chapter 1, section 1, subsection 2 of the Auditing Act	1,230.00	73,818.00	1,230.00	73,818.00
Tax counsel	0.00	0.00	0.00	0.00
Other services	6,050.00	42,185.50	6,050.00	42,185.50
Total	26,602.12	139,054.50	19,640.87	130,653.50

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 extraordinary 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, 14 March 2023

Christoffer Häggblom

Kari Joki-Hollanti

Michael Richter

Saila Miettinen-Lähde

Ilkka Hiidenheimo

Auditor's note

A statement on the audit conducted has been issued today.

Vaasa, 15 March 2023

KPMG Oy Ab

Kim Järvi

Authorized Public Accountant

List of ledgers and materials

Accounts and voucher types and their storage method

Financial statements

- Financial statements and balance sheet specifications

Account scheme and ledgers

- Account-specific income statement
- Account-specific balance sheet
- Account scheme

Ledgers

- General ledgers
- Accounts receivable ledger
- Accounts payable
- Payroll accounting

Voucher types

Type	Specification	Vouchers
2	YP accrual	71
3	Sales	28
4	Purchases	24
5	Payrolls	13
6	Account statements	187
8	Opening balances	1
9	Memo vouchers	351
99	VAT entry	12

Storage of vouchers

Vouchers for the financial year, correspondence concerning transactions and other accounting materials shall be stored for a minimum of six years after the year during which the financial year ended (Accounting Act, 2:10:2).