

Lemonsoft Oyj - Annual Report 2022

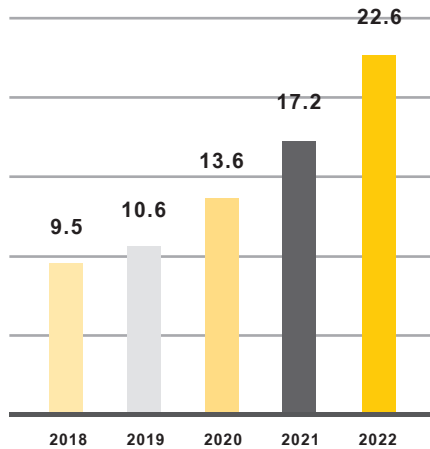


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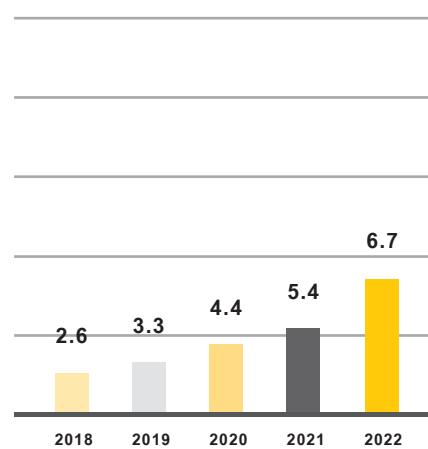
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Lemonsoft 2022

Net sales (mEUR)



Adjusted EBIT (mEUR) *



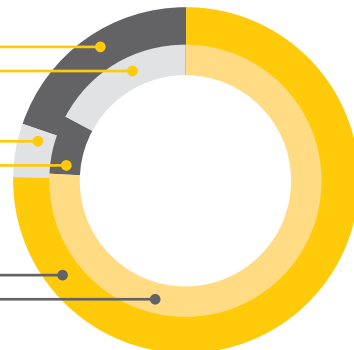
* Adjusted by goodwill amortizations, costs related to the acquisitions and the IPO as well as certain extraordinary items
(Covid-19 reduction of pension contribution and Business Finland's aid)

Net sales by type

Consulting and other
2022: 19.5%
2021: 18.3%

Transaction
2022: 5.2%
2021: 6.3%

SaaS
2022: 75.3%
2021: 75.4%



Net sales
€22.6m

Growth in net sales
30.9%

Adjusted EBIT
€6.7m

Adjusted EBIT-%
29.6%

Recurring revenue *

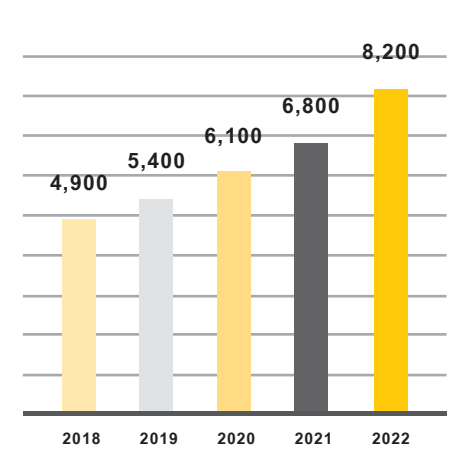
81%

* SaaS & Transaction

Number of employees
31 December 2022

184

Number of customers



Service desk satisfaction

85%

Revenue Churn

3.5%

NRR *

103%

* Net Revenue Retention

Review by the CEO

The targets set for Lemonsoft's first year on the stock exchange were achieved

We have successfully completed our first full year as a listed company. We achieved the financial targets we had set for ourselves and our organization also developed in the right direction.

The year 2022 was a period of strong growth for Lemonsoft. Our net sales grew by nearly 31 percent, to EUR 22.6 million, and our adjusted EBIT was close to 30 percent of net sales. We made three acquisitions during the year: Logentia, Finazilla and Duunissa.fi. The latest of these was a business acquisition carried out in November, in which we acquired the Duunissa.fi business to strengthen our work time monitoring solutions. The fourth quarter was undeniably challenging, and our organic growth, in particular, fell short of our targets. At the same time, the acquisitions we made in 2022 have developed as part of Lemonsoft Group in line with our targets, and we will continue to execute our active acquisition strategy.

The strong growth in the number of customers continued. At the end of the year, we had approximately 8,200 customers. During the year, we gained approximately 1,400 new customers and strengthened our position in all of our key segments. Revenue churn increased slightly from the previous year and was 3.5%. The net revenue retention (NRR) of our current customer base was below our target at 103%.

We invest in technology

We are developing an ERP system that has no life cycle. We upgrade technology piece by piece and take advantage of common micro-services across different product lines. For customers, this means that their investments do not become obsolete and they continue to derive new benefits from them.

LemonOnline is the most important technological platform that we have been actively developing for several years. In 2023, we



will accelerate our development efforts by means of subcontracting, for example.

Heading into 2023 with confidence

We entered 2023 with an even stronger industry-driven organization. We have assigned a Business Director for each of our customer industries to drive our business forward and take responsibility for the full customer life cycle. Enabling our people

to focus on a single industry improves their expertise and enhances the customer experience.

Developing the competence of our personnel and ensuring that they enjoy their work remains a high priority for us. I want to take this opportunity to thank our personnel for their excellent work during the past year and for their commitment to the company.

Kari Joki-Hollanti

Key figures

EUR 1,000	1-12/2022	1-12/2021
Net sales	22,550	17,227
SaaS	16,989	12,996
Transaction	1,172	1,084
Consulting and other	4,390	3,148
Gross margin	19,982	15,380
Gross margin, % of net sales	88.6%	89.3%
EBITDA	6,848	4,231
EBITDA, % of net sales	30.4%	24.6%
Adjusted EBITDA ¹⁾	6,907	5,635
Adjusted EBITDA, % of net sales	30.6%	32.7%
EBIT	4,665	3,070
EBIT, % of net sales	20.7%	17.8%
Adjusted EBIT ²⁾	6,669	5,411
Adjusted EBIT, % of net sales	29.6%	31.4%
Profit (Loss) of the period/financial year	3,229	2,272
Profit (Loss) of the period/financial year, % of net sales	14.3%	13.2%
Equity ratio, %	70.4%	75.0%
Net debt	-9,292	-15,760
Gearing, %	-38.1%	-71.7%
Earnings per share (EPS) ³⁾	0.18	0.39
Number of employees at the end of the period	184	153
Outstanding shares at the end of the period	18,393,440	18,273,726
Average outstanding shares during the period	18,343,559	5,879,408

1) Adjusted EBITDA is EBITDA adjusted by costs related to the acquisitions and the IPO as well as certain extraordinary items (Business Finland's aid)

2) Adjusted EBIT is EBIT adjusted by goodwill amortizations, costs related to the acquisitions and the IPO as well as certain extraordinary items (Business Finland's aid)

3) The share split has been considered in 2021 figures



Vision and strategy

Our mission is to create software solutions that best benefit your business. Our vision is to provide the best customer experience in the market.

Through our solutions, we enable business growth for our customers. We believe that cooperating with us helps our customers achieve better results and enjoy the best customer experience in our industry. Based on user feedback, we are constantly developing solutions, thereby creating more value for our customers' business.

Our company culture is the foundation for our operations. Our values constitute the core of our culture and guide our day-to-day customer interaction and product development. We are passionate about developing our customers' business and the usability of software.

Our strategic goals are long-term customer relationships, being an excellent workplace and achieving profitable growth that outpaces the market.



Business model

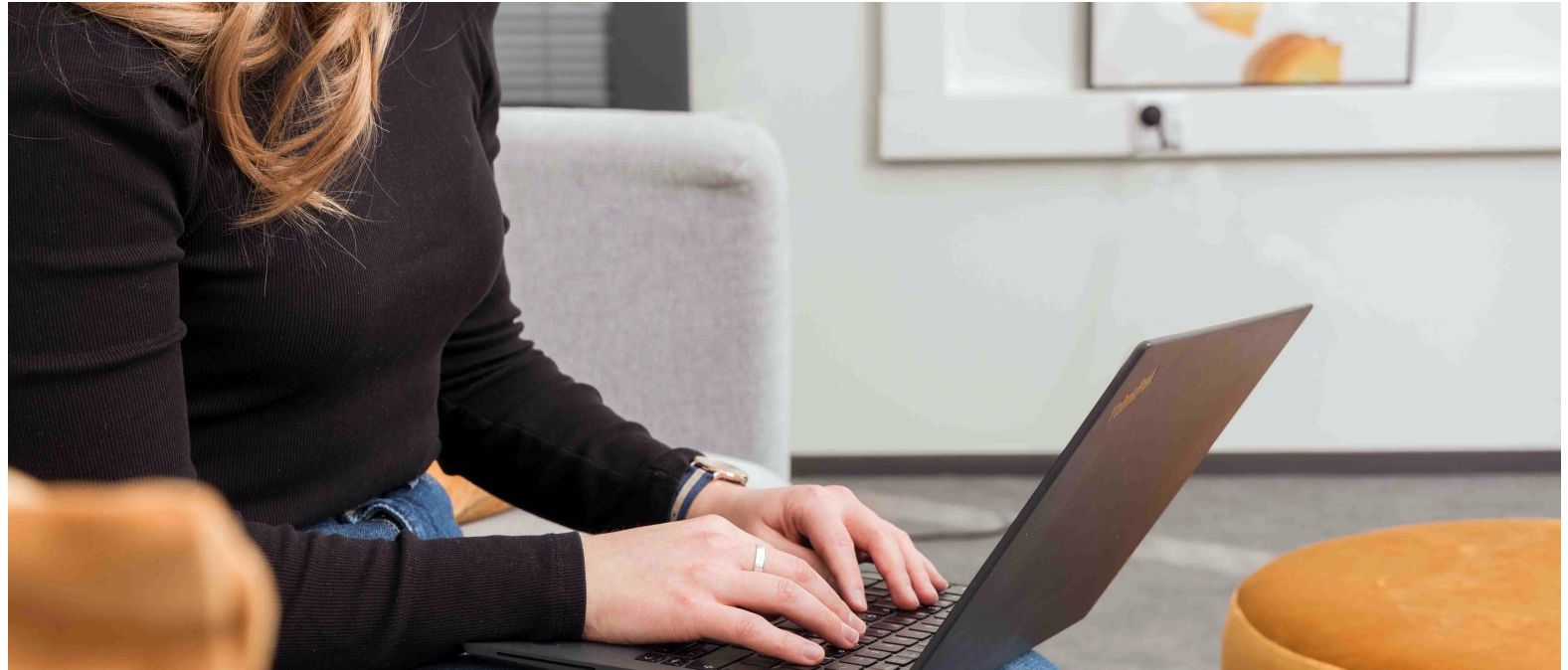
We deliver software solutions as cloud services whose pricing is based on a user-specific monthly fee that covers the use of the software, version updates and user support. We use a hybrid cloud strategy that employs both public and private cloud platforms. We productize our solutions for selected customer segments:

Industrial manufacturing »

Modern production management makes it easier for an industrial manufacturer to react to quick changes. In the manufacturing stage, there are often changes in the production line, and small customer-specific production batches are common. This requires agility from the ERP system. Lemonsoft's production management solutions help manufacturers achieve clear and measurable benefits through the use of digitalization and artificial intelligence.

Wholesale and specialty goods trade »

Managing the entire logistics chain and using a multi-channel approach play key roles in the wholesale and specialty goods businesses. Availability and service capacity must be high, products should not be out of stock and incorrect deliveries must be avoided. At the same time, there is a need to minimize the amount of capital tied up in inventory. Lemonsoft's ERP system helps solve these challenges.



Professional services automation (PSA) »

Lemonsoft's solutions make it easy for professional services companies to manage their payroll and HR functions, invoice their customers and monitor financial indicators. They allow companies to create projects from templates, budget their costs and allocate costs to accounting entries based on project stages.

Construction and contracting »

Construction and contracting companies need high-quality tools for managing and monitoring construction sites and projects. Real-time project monitoring enables the effective management and development of customer relationships. Lemonsoft's solution provides tools that deliver clear benefits to companies through the use of digitalization and artificial intelligence.

All customer segments

Most of our solutions are suitable for all companies and organizations regardless of their field. One good example is Kellokortti, an easy-to-use timesheet solution for recording working hours.

Product offering expanded by acquisitions

Lemonsoft Oyj continued to invest in its core industries also by acquiring companies and assets. The Group's product offering was expanded through the acquisitions of the Logentia, Finazilla and Duunissa.fi services.

Logentia is a software and expert company specialized in managing transports by offering the full benefits of visibility in transport agreements to its customers in the manufacturing and wholesale industries as well as online retailers. Logentia's service optimizes transport selection, eliminates invoicing errors, improves the reliability of delivery, and reduces the time taken to manage transportations. Logentia

has a strong position in the optimization of transport services in Finland and its business is also growing in the other Nordic countries.

Finazilla is an easy-to-deploy cloud software solution for budgeting, reporting and continuous business planning. It is intended for companies of all sizes for which financial planning and its active monitoring are part of decision-making. With Finazilla, companies can build profit and loss, balance sheet and cash flow budgets, in addition to sub-budgets for sales, purchases, personnel and investments.

Lemonsoft's work time management offering was also expanded through a business acquisition. Duunissa.fi offers a work time management solution especially for the construction

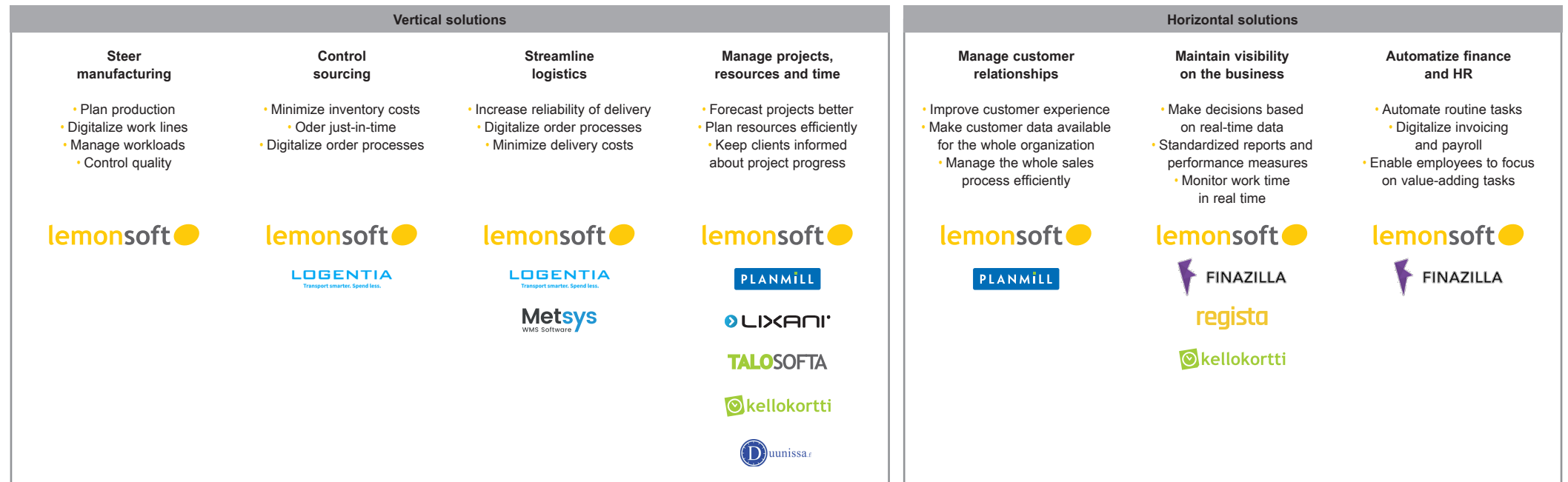
industry, with customers also in the industrial manufacturing, wholesale & retail and service industries. The acquired business will be merged into Lemonsoft's overall work time management offering for various industries and the transaction enables a wider range of products and services to be offered to the customers of Duunissa.fi.

Lemonsoft Oyj's product offering is now one of the broadest in the market. It includes easy-to-deploy solutions for several key industries and other target groups. We will continue to expand our offering in the future by emphasizing the solutions needed by our target groups, which complement our core offering for our key industries.

Going forward, Lemonsoft Oyj will continue to develop service-driven enterprise resource management. The benefits of cloud-based systems observed by the customer base are obvious, especially in challenging times, and the transition to cloud services is still clearly on an upward trend. Making automated functions more easily available will expand their use, which will lead to improved operations and competitiveness for the customer companies.

Our major focus areas for development in the near future are related to increasing synergies through the development of our common and interoperable integration platform and pursuing the technology-driven combination of our strong product lines.

Lemonsoft offering

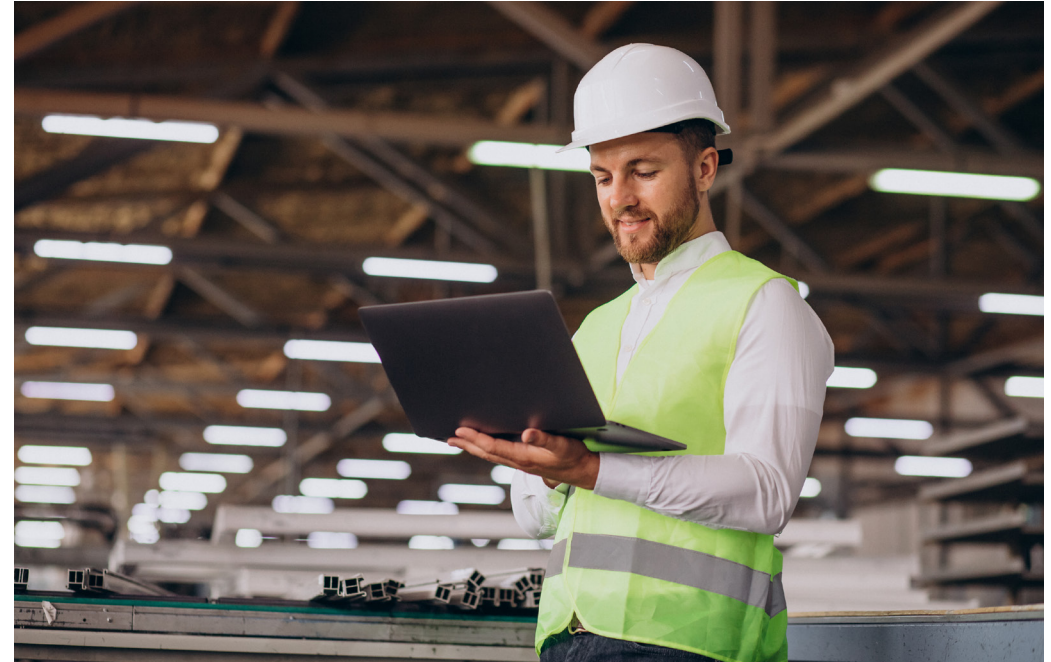
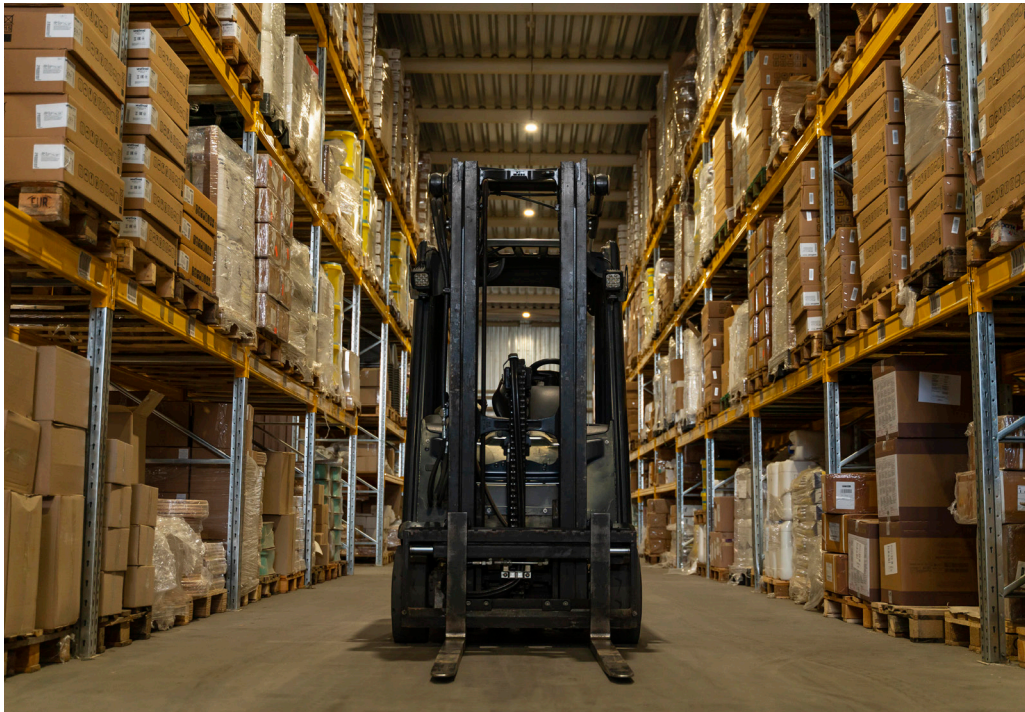


Industrial manufacturing and wholesale

Business Director Jakke Vyyryläinen

The market situation in industrial manufacturing and wholesale has remained fairly stable over the past few years, both in terms of the number of companies and the competitive landscape. According to Statistics Finland, approximately 72% of manufacturing enterprises and 69% of wholesale companies have some kind of ERP solution in use, while the corresponding figures are 45% for retail and 28% for transport and warehousing. As such, the rate of digitalization remains fairly low. This presents a significant opportunity for increasing the level of digitalization through ERP solutions.

It is a continuing trend in industrial manufacturing that companies focus on their core competencies and use subcontractors for other activities. Complete transparency is required between the client and the subcontractors. Industrial manufacturing and production models continue to shift towards a batch size of one, which means that the manufactured products are increasingly made to order, with customer-specific or order-specific variations. This means that manufacturing can be increasingly viewed as project production. At the same time, companies seek to reduce the amount of capital tied up in work in progress.



In the wholesale sector, multi-channel approaches and managing the logistics chain play a key role. Digital marketplaces are practically essential for most companies in addition to traditional sales models. Companies seek to maintain a high service level while keeping inventories low. This creates pressure with regard to logistics management and in-house logistics. Companies want to keep inventory turnover high while minimizing the amount of capital tied up in inventory.

The role of after sales services is growing in both industries. In addition to merely selling equipment or products, companies seek to provide service solutions, maintenance services and other value-added services that generate stable cash flow and deepen customer relationships.

The digitalization of the value chain will continue to be a key focus area in both the manufacturing industry and the wholesale sector. Strong development will continue with regard to solutions for core functions, namely production management, logistics and in-house logistics. The development focus for both Lemonsoft and the market as a whole will remain substantially on browser-based solutions and functions.

Construction

Business Director Sami Eromäki

The construction industry is undergoing its largest-ever change in culture and operating environment. Productivity requirements force companies to develop their management and digitalize their activities. The younger generations present new challenges to management, and traditional hierarchical leadership is no longer effective. In the next few years, the construction industry will be characterized by a mentoring approach to leadership that encourages self-direction, as well as cooperation, transparency and digitalization.

According to Statistics Finland, well under half (38%) of all construction companies in Finland had an ERP solution in use in 2021. The benefits of digitalization for construction sites include transparency, improved flow of information, and digital collaboration environments. Development also reduces delays and waste. Climate change and the green transition will involve increased regulation, which will lead to a growing need for detailed data collection. Digitalization will also be reflected in the competencies of people who work in construction.

The digitalization of the traditional construction industry presents tremendous potential for Lemonsoft's software products. Approximately 4,000 new companies are established each year in the construction industry on average. The relatively high volume of new construction – even in a declining market – and the stable growth of the renovation business provide a solid foundation for the software business. The Lixani software provides the market's first solution for achieving a change in culture in the construction industry. With Lixani, we can provide all construction stakeholders with a platform that enables smooth cooperation and seamless flow of information, providing supervisors with transparency on construction site operations. Lixani enables lean construction.



PSA

Business Director Timur Karakan

Our market position among providers of professional services and accounting firms has improved over the past few years. This is particularly due to the acquisitions made by Lemonsoft as well as new customer acquisition. The market situation in the industry in general is promising. Companies are actively looking for efficient and cost-effective ERP systems to replace their old systems, and digitality is a high priority. According to Statistics Finland, approximately 50% of the companies in the industry have some kind of ERP solution in use.

The trend continues to be that companies seek precise solutions for the needs of the industry, and financial functions are mainly handled by accounting firms. Transparency throughout the organization is critical for both customer relationships and projects. In financial functions, the real-time monitoring of reporting is an unconditional requirement for management. Various contract invoicing needs have also grown in significance, as contracts characterized by continuous revenue include various services, and sometimes also software and hardware.

The focus of Lemonsoft's PSA industry is on new customer acquisition while ensuring the satisfaction of the existing customers, helping them make better use of the existing functionality of our systems, and expand their use. The significance of integrations is also emphasized, and we are constantly implementing integrations with common third-party financial and payroll systems. Various partial solutions, such as work shift planning, will also become even easier to deploy in the future.



Personnel and social responsibility

The significance of responsibility is emphasized in times of internal and external changes.

At Lemonsoft, responsibility is at the heart of our core values and the principles that guide our work, and it extends to everything we do.

During the year under review, responsibility emerged as an even more important issue than before – particularly with regard to responsibility for personnel. When our values and resilience are tested by external factors, it is vital to try to maintain internal balance and the ability to focus on work.

In addition to the impacts of external factors, there were also many internal changes during the year. The most significant of these concerned the restructuring of operations to create an industry-driven organization, the related change negotiations, and the placement of the personnel in the new organization. The change itself was viewed positively by the personnel, and it opened new opportunities to many employees through new roles. From an HR perspective, the downside of the changes was that there were some redundancies involved.

Although remote work is a normal operating practice at Lemonsoft, the abatement of the pandemic and the subsequent partial return to in-office work created the need for new workplace practices and highlighted people's individuality and independence. We invested in the comfort of our business premises with an eye on the return to in-office work, and we will continue these efforts in 2023.

Supervisors have a lot of responsibility when it comes to employee wellbeing, and we as a company are responsible for supporting the supervisors. With this in mind, we increased our cooperation with our occupational health partner near the end of the year. We also conducted a personnel survey that will help us focus our activities on the highlighted issues and come up with innovative new ways to support employee wellbeing and job satisfaction. For example, we decided to replace the traditional pre-Christmas Party with a Christmas lunch followed by an afternoon off work. This decision was very well received by our personnel.

Finding and retaining highly competent personnel remains challenging. There are many applicants for vacancies, but their skills do not always match our needs. People also change jobs frequently. This creates new challenges with regard to employee retention, and we strive to continuously develop our operations in that respect.

Inclusion and equal treatment are our cornerstones with regard to employee satisfaction, and we are committed to developing a corporate culture where everyone has the right to meaningful work and the experience of success. We support our employees' well-being and coping with the demands of work by providing full sport and cultural benefits to all of our employees.

Economic responsibility

Lemonsoft aims to be a profitable and growing Finnish company: a reliable partner that bears responsibility for the continuity and reliability of its operations. For us, economic responsibility means looking after the profitability of our business while observing good corporate governance and risk management practices. We continuously develop our products, services and expertise to ensure our customers' success. We believe that improving the efficiency of our customers' business operations through ERP systems and the success that this brings will create jobs in a wide range of industries and in companies of various sizes, thereby contributing to higher tax revenue.

Social responsibility

Lemonsoft is a responsible employer. We take care of our employer obligations and invest in employee competence, continuous training and a safe work environment. The foundation of well-being at work is the opportunity to engage in meaningful work that allows each employee to put their skills to use in a pleasant and inspiring work environment. We are committed to equal treatment in all circumstances and we do not condone discrimination in any form. We are also happy to employ young professionals in the early stages of their career and support their professional development.

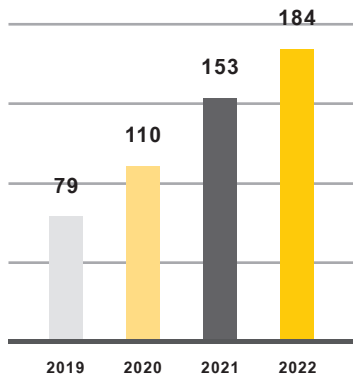
Flexibility and a new approach to operations are reflected in our product development technology and throughout our personnel. We measure employee satisfaction by means of an annual survey. We have achieved excellent results in these surveys for several consecutive years.

Environmental responsibility

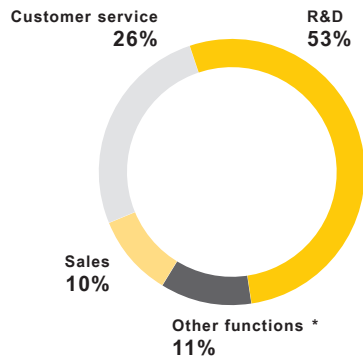
The digitalization of systems significantly reduces the environmental impact of our operations and those of our customers. Our software solutions increase the efficiency of our customers' production and logistics, which helps save raw materials and energy while also reducing emissions. Lemonsoft's products play a key role in customers transitioning towards a paperless model in financial management.

As our products do not require physical materials, warehousing or transport, we can conserve the environment even by taking small actions. When the pandemic began, business travel decreased further, and meetings and training activities were moved to virtual platforms. This has been a major change. The challenge in the near future will be energy consumption, which can be extended to include our remote work locations in addition to our offices.

**Number of employees
(end of the year)**



**Personnel by function
(31 December 2022)**



* Other includes financial administration, HR, information management and business development.



Governance

The overall responsibility for the company's governance and the appropriate organization of the company's operations lies with the Board of Directors. The Board of Directors guides and oversees the company's executive management, appoints and dismisses the CEO and approves significant decisions concerning the company's strategy, investments, organization, management remuneration and financing. The Board of Directors is comprised of three to eight (3–8) members elected by the Annual General Meeting for a term ending at the conclusion of the next Annual General Meeting following their election.

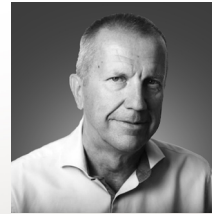
The General Meeting of Shareholders elected five members to Lemonsoft Oyj's Board of Directors for the year 2022:



Christoffer Häggblom
Member of the Board
since 2016,
Chairman of the Board
since 2020.



Michael Richter
Member of the Board
since 2017.



Ilkka Hiidenheimo
Member of the Board
since 2021.



Kari Joki-Hollanti
CEO,
member of the Board
since 2006.



Salla Miettinen-Lähde
Member of the Board
since 2021.



Lemonsoft Oyj's Management Team

Lemonsoft Oyj's Management Team was updated in 2022. The current members of the Management Team are as follows:

Kari Joki-Hollanti
CEO 2018-
member of the Board 2006-

Jan-Erik Lindfors
Deputy CEO

Mari Erkkilä
CFO

Pauli Siirtola
Product Management Director

Alpo Luostarinen
Director, M&A and IR



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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	25,325,881.79
	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	0.00
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, Salla 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

€	1 January- 31 December 2022	1 January- 31 December 2021
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

Assets €	31 December 2022	31 December 2021
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 €	31 December 2022	31 December 2021
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

	1 January- 31 December 2022	1 January- 31 December 2021
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

€	1 January- 31 December 2022	1 January- 31 December 2021
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

Assets €	31 December 2022	31 December 2021
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

Assets €	31 December 2022	31 December 2021
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

	1 January- 31 December 2022	1 January- 31 December 2021
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
Current receivables	
Trade receivables from Group undertakings	70.55
	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 unordinary 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 Report

To the Annual General Meeting of Lemonsoft Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lemonsoft Oyj (business identity code 2017863-1) for the year ended 31 December, 2022. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Vaasa, 15 March 2023

KPMG OY AB

KIM JÄRVI
Authorised Public Accountant, KHT

Share and shareholders

The company has one series of shares, and all shares have equal rights. At the end of the review period, Lemonsoft Oyj's share capital consisted of 18,393,440 (18,273,726) shares. The average number of shares during the review period was 18,343,559 (5,879,408).

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. During the review period, the highest share price was EUR 18.00 and the lowest EUR 7.00. The closing price on 31 December 2022 was EUR 7.96. The market value of the company at the closing price of the review period was approximately EUR 146.4 million.

On 31 December 2022, the company had a total of 2,431 shareholders.

Shareholders by owner type

Owner type	Shares	% of shares
Foreign institutional owners	8,225,741	44.72%
Finnish private individuals	5,439,826	29.57%
Finnish institutional owners	4,726,623	25.70%
Other	1,250	0.01%

Largest shareholders 31 December 2022

Shareholder	Shares	% of shares
Rite Ventures	7,940,498	43.17%
Kari Joki-Hollanti	4,779,533	25.98%
Skandinaviska Enskilda Banken AB	2,660,992	14.47%
Mandatum henkivakuutusosakeyhtiö	626,170	3.40%
Danske Invest Finnish Equity Fund	307,170	1.67%
Evli Funds	283,000	1.54%
Nordnet Bank Ab	281,254	1.53%
Erikoissijoitusrahasto Aktia	169,204	0.92%
Keskinäinen eläkevakuutusyhtiö Ilmarinen	153,800	0.84%
Sijoitusrahasto säästöpankki pienyhtiöt	149,204	0.81%
Keskinäinen vakuutusyhtiö Kaleva	118,668	0.65%
Kirkon eläkerahasto	105,044	0.57%
Keskinäinen työeläkevakuutusyhtiö Elo	45,000	0.24%
Ilkka Hiidenheimo	42,618	0.23%
Tapio Teppo	29,857	0.16%
Timo Kettula	26,877	0.15%
Tero Kujala	25,971	0.14%
Piia Luikka	25,917	0.14%
Pauli Siirtola	25,120	0.14%
Majja Aarnio	25,000	0.14%
Muut	572,543	3.11%
Osakkeenomistajat yhteensä	18,393,440	100.00%

Information for shareholders



Upcoming events in 2023

- Lemonsoft's Annual General Meeting is scheduled to be held on Tuesday, 4 April 2023
- Interim Report January-March 2023 on Friday, 28 April 2023
- Half-year Report January-June 2023 on Friday, 11 August 2023
- Interim Report January-September 2023 on Thursday, 26 October 2023

Dividend

Lemonsoft Oyj's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.14 (0.13) per share be paid for the financial year ended 31 December 2022, i.e. a total dividend of approximately EUR 2.6 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.

For further information, please contact:

Kari Joki-Hollanti
CEO

kari.joki-hollanti@lemonsoft.fi
+358 447 309 271

Alpo Luostarinen
Director, M&A and IR

alpo.luostarinen@lemonsoft.fi
+358 509 113 507





Vaasa | Helsinki | Joensuu | Jyväskylä | Kouvola | Oulu | Tampere | Turku | info@lemonsoft.fi | www.lemonsoft.fi