

Lemonsoft Oyj

Financial statements and report of the Board of Directors

1 January–31 December 2023

The financial statements shall be kept until 31 December 2033.

Lemonsoft Oyj

Financial statements 1 January–31 December 2023

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Report of the Board of Directors

General information

Lemonsoft is a Finnish software company that designs, develops and sells ERP software solutions to streamline its customers' processes across different business lines and administration. The extensive offering of software solutions and related services enables the company to provide its customers with holistic service. The company's standardized and scalable software solutions are delivered mainly from the cloud and are based on the SaaS model in which customers pay a monthly service fee for the use of the software. The company operates in the ERP software market primarily as a service provider for SMEs. The company's customer base includes customers from especially industrial manufacturing, wholesale and retail, professional services automation, construction and accounting.

The Lemonsoft group is comprised of the parent company Lemonsoft Oyj and its subsidiaries Metsys Oy, Planmill Oy, WorkIn Oy, Logentia Oy, Finazilla Oy, Xfer Finland Oy and Finvoicer Group Oy in which the parent company's holding is 100%, and Lixani Oy of which the parent company's holding is 51%.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. The headquarters of the parent company is Vaasa, and the registered address is Vaasanpuistikko 20 A, 61500 Vaasa.

The year 2023 in brief

- Net sales increased 16.8% and were EUR 26,344 thousand (22,550)
- EBITDA was EUR 8,215 thousand (7,332), 31.2% (32.5) of net sales
- Adjusted EBITDA was EUR 7,951 thousand (7,589), 30.2% (33.7) of net sales
- EBIT was EUR 6,890 thousand (6,594), 26.2% (29.2) of net sales
- Adjusted EBIT was EUR 7,195 thousand (7,054), 27.3% (31.3) of net sales
- Profit of the review period was EUR 5,349 thousand (5,128), 20.3% (22.7) of net sales

Major events during the financial period

Lemonsoft has announced on 11 April 2023 that it has switched to IFRS reporting. 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 year 2023 interim reports and annual financial statement release are compiled according to IFRS standards.

On 1 June 2023, Lemonsoft Oyj acquired the entire share capital of Finvoicer Group Oy, a software company focused on invoice lifecycle management. With the acquisition, Lemonsoft strengthens its offering in invoice lifecycle management by providing its customers with more comprehensive solutions, including invoice delivery, reminders and debt collection, invoice financing and digital financial management. In addition to the parent company Finvoicer Group Oy, Finvoicer Group includes 100-percent owned subsidiaries Finvoicer Rahoitus Oy, specializing in invoice financing, and Billgo Oy, providing invoicing software for small businesses under the brand HelpostiLasku.

Lemonsoft has announced on 2 June 2023 that Jan-Erik Lindfors, who has served as the company's deputy CEO since 2021, has started as Lemonsoft's CEO as of 1.8.2023.

Major events after the financial period

There were no significant events after the review period.

Parent company's management

During the financial year, the members of Lemonsoft Oyj's Board of Directors were Christoffer Häggblom, Kari Joki-Hollanti, Ilkka Hiidenheimo, Saila Miettinen-Lähde and Michael Richter. The Audit Committee was chaired by Saila Miettinen-Lähde, with Michael Richter as a member.

Kari Joki-Hollanti served as the CEO of Lemonsoft Oyj until 31 July 2023. Jan-Erik Lindfors has served as the CEO since 1 August 2023. In 2023, the members of Lemonsoft Oyj's Management Team were Kari Joki-Hollanti, Jan-Erik Lindfors, Mari Erkkilä, Pauli Siirtola and Alpo Luostarinen.

Financial review

January - December 2023

Net sales for the review period were EUR 26,344 thousand (22,550). Net sales increased by EUR 3,794 thousand, 16.8%. Organic growth of the review period was -2.0% due to the challenging market situation. Especially consulting and other income remained at a lower level than in the comparison period. Organic growth of the recurring revenue was positive. Net sales increased due to the acquisitions of Logentia Oy (2022), whose net sales were not included in the comparison period in January - May, Finazilla Oy (2022), whose net sales were not included in the comparison period in January - June, and Duunissa.fi business (2022), whose net sales were not included in the comparison period in January - November, and Finvoicer Group Oy (2023), whose net sales were not included at all in the comparison period.

The share of SaaS income was 72.7% (75.3), the share of transaction income 8.6% (5.2), and consulting and other income 18.7% (19.5).

EBITDA was EUR 8,215 thousand (7,332), 31.2% (32.5) of net sales. Adjusted EBITDA (adjustments specified in the Alternative performance measures section) was EUR 7,951 thousand (7,589), 30.2% (33.7) of net sales.

EBIT was EUR 6,890 thousand (6,594), 26.2% (29.2) of net sales. Adjusted EBIT (adjustments specified in the Alternative performance measures section) was EUR 7,195 thousand (7,054), 27.3% (31.3) of net sales.

Profit for the review period was EUR 5,349 thousand (5,128), 20.3% (22.7) of net sales.

Cash flow from operating activities was EUR 4,286 thousand (6,439).

Balance sheet, financing and investments

The balance sheet total at the end of the review period was EUR 48,885 thousand (38,194 at the end of the year 2022). The acquisition of Finvoicer Group Oy on 1.6.2023 increased the balance sheet total significantly.

The Group has capitalized development expenses of EUR 1,653 thousand during the year 2023. At the end of the review period, the Group's balance sheet included capitalized development expenses totalling EUR 2,352 thousand (849 at the end of the year 2022).

Total equity was EUR 30,422 thousand (26,292 at the end of the year 2022), equity increased EUR 4,129 thousand.

Equity ratio was 61.9% (69.7 at the end of the year 2022) and interest-bearing debt was EUR 8,399 thousand (3,031 at the end of the year 2022). Interest-bearing debt increased with the acquisition of Finvoicer Group Oy.

Cash and cash equivalents at the end of the review period were EUR 7,389 thousand (11,692 at the end of the year 2022).

Personnel

The Group number of employees was 208 (184) on 31 December 2023. We reported our Group personnel as follows:

- R&D 93 employees
- Customer functions 101 employees
- Other functions, a total of 14 employees

Share and shareholders

The company has a single series of shares, with all shares carrying equal rights. At the end of the financial year, Lemonsoft Oyj's share capital consisted of 18,562,005 (18,393,440) shares. The average number of shares during the financial year was 18,527,914 (18,343,559).

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. During the financial year, the highest price of the share was EUR 9.35 and the lowest price was EUR 4.53. The closing price on 31 December 2023 was EUR 6.02. At the closing price for the review period, the company's market capitalization was approximately EUR 111.7 million. The average daily trading volume of the share was 3,956 shares (EUR 26,380) during the financial year.

On 31 December 2023, the company had a total of 2,469 shareholders.

Largest shareholders 31 December 2023

Shareholder	Shares	% of shares
Rite Ventures	7,940,498	42.78%
Kari Joki-Hollanti	4,779,533	25.75%
ODIN Fonder	800,000	4.31%
TIN Fonder	549,915	2.96%
Aeternum Capital AS	522,029	2.82%
Mandatum Life Insurance Company	417,003	2.25%
Danske Invest	413,849	2.23%
Berenberg Funds	385,033	2.07%
Evli Fund Management	283,000	1.52%
Martin Gren (Grenspeialisten)	278,751	1.50%
Mandatum Fund Management	220,951	1.19%
SEB Fonder	200,000	1.08%
Aktia Asset Management	169,204	0.91%
Ilmarinen Mutual Pension Insurance Company	153,800	0.83%
Sp-Fund Management	149,204	0.80%
The Church Pension Fund	110,044	0.59%
S-Pankki Rahastoyhtiö Oy	91,263	0.49%
Kaleva Mutual Insurance Company	86,823	0.47%
Sanofi	70,513	0.38%
Elo Mutual Pension Insurance Company	45,000	0.24%
Other	895,592	4.82%
Shareholder total	18,562,005	100.00%

Shareholders by owner type

Shareholders by owner type	Shares	% of shares
Ulkomaiset instituutiot	10,833,349	58.4%
Kotimaiset yksityishenkilöt	5,504,215	29.7%

Kotimaiset instituutiot	1,758,505	9.5%
Muut	473,199	2.5%

Resolutions of Annual General Meeting

The Annual General Meeting of Lemonsoft Oyj was held in Vaasa on 4 April 2023. The AGM has been organized according to the conventional model, meaning that attending the AGM in person is possible and remote participation is not possible. Shareholders have had the opportunity to vote in advance.

The AGM adopted the company's financial statements for the period 1 January–31 December 2022 and resolved to approve the Board of Directors' proposal for the distribution of profit, and unanimously resolved to discharge the members of the Board of Directors and the CEO from liability for the financial year 2022.

In accordance with the proposal of the Shareholders' Nomination Committee, the Annual General Meeting resolved the number of members of the Board of Directors to be five. Christoffer Häggblom, Kari Joki-Hollanti, Ilkka Hiidenheimo, Saila Miettinen-Lähde and Michael Richter were re-elected as members of the Board of Directors. The Annual General Meeting decided that the remuneration for the Chairman of the Board of Directors is a monthly fee of EUR 3,100 for the ordinary members of the Board a monthly fee of EUR 1,550 and that travel expenses shall be reimbursed in accordance with the company's travel policy. The Annual General Meeting also decided that the remuneration of the Audit Committee remain unchanged, with the Chairman of the Audit Committee paid a fee of EUR 1,000 per meeting and the members of the Audit Committee paid a fee of EUR 500 per meeting.

The Annual General Meeting decided that KPMG Oy Ab, Authorized Public Accountants firm, be elected as the company's auditor. KPMG Oy Ab has advised the company that the auditor-in-charge will be Authorized Public Accountant Kim Järvi.

The AGM resolved, in accordance with the Board of Directors' proposal, to authorize the Board of Directors to decide on the repurchase of the company's own shares, to decide on a share issue and the issuance of options and other special rights entitling to shares.

The AGM resolved, in accordance with the Board of Directors' proposal, to amend article 6 of the company's Articles of Association.

Authorizations of the Board of Directors

Lemonsoft Oyj has decided in its Annual General Meeting on 4 April 2023 to authorize the Board of Directors to decide on the repurchase of the company's own shares on the following terms and conditions:

- By virtue of the authorization, the Board of Directors is authorized to decide on the repurchase of a maximum of 1,800,000 of the company's own shares. The proposed

maximum number of shares to be repurchased corresponds to approximately 9.7% of all the company's shares. The authorization includes the right to accept the company's own shares as a pledge.

The authorization is valid until the 2024 Annual General Meeting, but not beyond 30 June 2024.

The Annual General Meeting authorized the Board to decide on a share issue against payment or a share issue without payment and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments with the following terms and conditions:

- By virtue of the authorization the share issue may be a maximum of 2,000,000 shares. The authorization applies to both issuing new shares and to transferring of treasury shares held by the company. The authorization may be used to fund or complete acquisitions or other business transactions, for implementation of share-based incentive schemes, to develop the company's capital structure, and for other purposes decided by the Board.
- 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 2024, and it replaces the previous authorizations granted regarding a directed share issue and the issuance of special rights entitling to shares.

As part of the completion of the acquisition of Finvoicer Group Oy, Lemonsoft Oyj's Board of Directors decided on a directed share issue, in which a total of 23,986 (EUR 196 thousand) new Lemonsoft Oyj shares were offered for subscription by Finvoicer Group 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 18,562,005 shares.

Significant short-term risk and uncertainties

The deterioration of the economic situation, the impact of inflation 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 growth depend largely on how well we can recruit, motivate, and engage more skilled personnel and develop their 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.

Board of Director's proposal for dividend

At the end of the financial year 2023, the Group's parent company's distributable funds were EUR 28,810 thousand and the net result of the Group's parent company for the financial year was EUR 3,563 thousand. There have been no material changes in the company's financial position since the end of the financial year.

Lemonsoft Oyj's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.14 (0.14) per share will be paid for the financial year ended 31 December 2023, i.e. a total dividend would be approximately EUR 2.6 million.

Outlook 2024

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. The company estimates that the prevailing economic situation will continue to restrain the growth of new sales and the current customer base.

Profit forecast for 2024

Lemonsoft estimates that the net sales for the financial year 2024 will increase by 10-18 percent compared to the financial year 2023, and that adjusted EBIT will be 23-28 percent of net sales in 2024.

Annual General Meeting 2024

Lemonsoft's Annual General Meeting is scheduled to be held on Tuesday, 9th of April 2024.

Key figures and calculation of key figures

Key figures, IFRS

EUR 1,000	1-12/2023	1-12/2022	Change
Net sales	26 344	22 550	16,8 %
SaaS	19 146	16 989	12,7 %
Transaction	2 265	1 172	93,3 %
Consulting and other	4 933	4 390	12,4 %
Gross margin	23 285	19 982	16,5 %
Gross margin, % of net sales	88,4 %	88,6 %	
EBITDA	8 215	7 332	12,0 %
EBITDA, % of net sales	31,2 %	32,5 %	
Adjusted EBITDA	7 951	7 589	4,8 %
Adjusted EBITDA, % of net sales	30,2 %	33,7 %	
EBIT	6 890	6 594	4,5 %
EBIT, % of net sales	26,2 %	29,2 %	
Adjusted EBIT	7 195	7 054	2,0 %
Adjusted EBIT, % of net sales	27,3 %	31,3 %	
Profit (Loss) of the financial period	5 349	5 128	4,3 %
Profit (Loss) of the financial period, % of net sales	20,3 %	22,7 %	
Equity ratio, %	61,9 %	69,7 %	
Net debt	1 010	-8 661	
Gearing, %	3,3 %	-32,9 %	
Earnings per share (EPS)	0,29	0,27	4,4 %
Return on invested capital, % (ROIC)	18,1 %	22,5 %	
Return on equity, % (ROE)	18,1 %	21,2 %	
Number of employees at the end of the period	208	184	13,0 %
Outstanding shares at the end of the period	18 562 005	18 393 440	
Average outstanding shares during the period	18 527 914	18 343 559	

The first IFRS financial statements and therefore key figures for only two years.

Alternative Performance Measures, IFRS

Lemonsoft uses Alternative Performance Measures (APM), such as adjusted EBIT and adjusted EBITDA, in setting financial targets, forecasting and monitoring the Group's profit performance, as well as in resource allocation as part of the Group's business management process. The Alternative Performance Measures should be examined together with the IFRS-compliant performance measures. Adjusted EBITDA is calculated by adjusting EBITDA for the acquisition-related costs of business combinations and other significant non-recurring items affecting comparability. Adjusted EBIT is calculated by adjusting EBIT for the depreciation of intangible assets related to acquisitions, the acquisition-related costs of business combinations and other significant non-recurring items affecting comparability.

Adjusted EBITDA

EUR 1,000	1-12/2023	1-12/2022
EBITDA	8 215	7 332
EBITDA, % of net sales	31,2 %	32,5 %
<i>M&A expenses</i>	229	257
<i>Recognition of contingent consideration</i>	-493	0
Adjusted EBITDA	7 951	7 589
Adjusted EBITDA, % of net sales	30,2 %	33,7 %

Adjusted EBIT

EUR 1,000	1-12/2023	1-12/2022
EBIT	6 890	6 594
EBIT, % of net sales	26,2 %	29,2 %
<i>M&A expenses</i>	229	257
<i>Recognition of contingent consideration</i>	-493	0
<i>Amortisation of intangible assets related to business combinations</i>	569	203
Adjusted EBIT	7 195	7 054
Adjusted EBIT, % of net sales	27,3 %	31,3 %

Calculation of key figures, IFRS

Gross Margin

Net sales + Other operating income - Materials and services

EBITDA

EBIT+ Depreciation and amortisation

Adjusted EBITDA

EBIT + Depreciation and amortisation + M&A expenses +/- Other significant non-recurring items affecting comparability

EBIT

Net sales + Other operating income - Materials and services - Employee benefit expenses - Other operating expenses - Depreciation and amortisation

Adjusted EBIT

EBIT + Amortisation of intangible assets related to business combinations + M&A expenses +/- Other significant non-recurring items affecting comparability

Equity ratio, %

Equity +/- Non-controlling interests x100 / (Balance sheet total - Advances received)

Net debt

Loans from credit institutions + Lease liabilities - Cash and cash equivalents

Gearing, %

(Loans from credit institutions + Lease liabilities - Cash and cash equivalents) x100 / Equity

Earnings per share (EPS)

Profit (loss) for the period attributable to owners of the parent company / Weighted average number of ordinary shares outstanding during the financial year

Return on invested capital (ROIC), %

(Profit (loss) for the period + Financial expenses + Tax expense) / (Equity + Loans from credit institutions + Lease liabilities)

Return on equity (ROE), %

Profit (loss) for the period / ((Equity at the beginning of the period + Equity at the end of the period) / 2)

Consolidated financial statements, IFRS

Consolidated income statement, IFRS

EUR 1,000	Note	1-12/2023	1-12/2022
NET SALES	1	26 344	22 550
Other operating income	2	493	4
Materials and services	3	-3 552	-2 572
Employee benefit expenses	4	-12 350	-10 564
Depreciation and amortisation		-1 325	-737
Other operating expenses	6	-2 720	-2 086
EBIT		6 890	6 594
Financial income	7	156	10
Financial expenses	7	-327	-70
PROFIT (LOSS) BEFORE TAXES		6 718	6 535
Income taxes	8	-1 369	-1 407
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		5 349	5 128
PROFIT (LOSS) FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO			
Owners of the parent company		5 303	5 030
Non-controlling interests		47	98
Earnings per share (EPS), undiluted		0,29	0,28
Earnings per share (EPS), diluted		0,29	0,27

Consolidated balance sheet, IFRS

EUR 1,000	Note	31.12.2023	31.12.2022	1.1.2022
ASSETS				
NON-CURRENT ASSETS				
Goodwill	11	23 102	15 718	6 424
Intangible assets	11	7 165	3 638	60
Tangible assets	12	1 344	1 382	1 265
Investments	15	3 961	2 878	1 874
Deferred tax assets	13	9	12	85
TOTAL NON-CURRENT ASSETS		35 580	23 627	9 708
CURRENT ASSETS				
Inventory		68	88	52
Trade and other receivables	15, 17	5 847	2 787	1 710
Cash and cash equivalents	15, 18	7 389	11 692	19 060
TOTAL CURRENT ASSETS		13 304	14 567	20 822
TOTAL ASSETS		48 885	38 194	30 530
EQUITY AND LIABILITIES				
EQUITY				
Share capital	20	80	80	80
Reserve for invested unrestricted equity		17 767	16 480	14 980
Retained earnings		12 292	9 603	6 930
Equity of the owners of the parent company		30 139	26 163	21 990
Share of non-controlling owners		283	129	30
TOTAL EQUITY		30 422	26 292	22 021
LIABILITIES				
NON-CURRENT LIABILITIES				
Loans from financial institutions	15, 16	5 942	1 500	2 400
Lease liabilities	15, 16	171	306	475
Deferred tax liabilities	13	1 188	699	4
TOTAL NON-CURRENT LIABILITIES		7 301	2 505	2 879
CURRENT LIABILITIES				
Loans from financial institutions	15, 16, 19	1 872	900	900
Lease liabilities	15, 16, 19	414	325	257
Advances received	15, 16, 19	162	660	535
Trade and other payables	15, 16, 19	8 714	7 512	3 938
TOTAL CURRENT LIABILITIES		11 163	9 397	5 630
TOTAL LIABILITIES		18 463	11 902	8 509
TOTAL EQUITY AND LIABILITIES		48 885	38 194	30 530

Consolidated cash flow statement, IFRS

EUR 1,000	1-12/2023	1-12/2022
Cash flow from operating activities:		
Profit (Loss) for the financial period	5 349	5 128
Adjustments:	2 566	2 476
Depreciation and amortisation	1 325	737
Other income and expenses without payment *	-705	16
Financial income and expenses	171	19
Taxes	1 369	1 407
Other adjustments *	406	297
Cash flow before change in working capital	7 916	7 604
Change in working capital *	-2 202	-55
Cash flow before financial items and taxes	5 713	7 549
Net financial items and taxes	-1 428	-1 110
Net cash flow from operating activities (A)	4 286	6 439
Cash flow from investing activities:		
Acquisition of tangible and intangible assets *	-1 865	-2 796
Other investments	-1 000	-1 000
Acquisition of subsidiary, net of cash acquired	-6 452	-6 310
Net cash flow from investing activities (B)	-9 317	-10 106
Cash flow from financing activities:		
Dividends paid	-2 595	-2 376
Proceeds from non-current loans	6 800	0
Repayments of non-current loans *	-3 168	-1 028
Repayments of lease liabilities	-406	-297
Capitalization of subsidiary	98	0
Net cash flow from financing activities (C)	729	-3 701
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-4 302	-7 368
Cash and cash equivalents at the beginning of the financial period	11 692	19 060
Cash and cash equivalents at the end of the financial period	7 389	11 692
Change in cash	-4 302	-7 368

*The figures for the comparison period have been changed to correspond to the presentation method used for 2023.

Consolidated statement of changes in equity, IFRS

EUR 1,000	Equity of the owners of the parent company			Total	Share of non-controlling owners	Total equity
	Share capital	Invested unrestricted equity reserve	Retained earnings			
Equity 1.1.2022	80	14 980	6 930	21 991	30	22 021
Profit (Loss) for the period			5 030	5 030	98	5 128
Transactions with owners:						
Changes in non-controlling interests			18	18		18
Directed share issue		1 500		1 500		1 500
Dividends paid			-2 376	-2 376		-2 376
Equity 31.12.2022	80	16 480	9 603	26 163	129	26 292
Equity 1.1.2023	80	16 480	9 603	26 163	129	26 292
Profit (Loss) for the period			5 303	5 303	47	5 349
Transactions with owners:						
Changes in non-controlling interests			-19	-19	108	89
Directed share issue		1 286		1 286		1 286
Dividends paid			-2 595	-2 595		-2 595
Equity 31.12.2023	80	17 767	12 292	30 139	283	30 422

* Change in the ownership of the subsidiaries transferred to Retained earnings

Notes to the consolidated financial statement

Accounting principles applied to the consolidated financial statements

General information

Lemonsoft is a Finnish software company that designs, develops and sells ERP software solutions to streamline its customers' processes across different business lines and administration. The extensive offering of software solutions and related services enables the company to provide its customers with holistic service. The company's standardized and scalable software solutions are delivered mainly from the cloud and are based on the SaaS model in which customers pay a monthly service fee for the use of the software. The company operates in the ERP software market primarily as a service provider for SMEs. The company's customer base includes customers from especially industrial manufacturing, wholesale and retail, professional services automation, construction and accounting.

Lemonsoft Group comprises the parent company Lemonsoft Oyj and its subsidiaries Metsys Oy, PlanMill Oy, WorkIn Oy, Logentia Oy, Finazilla Oy, Xfer Finland Oy and Finvoicer Group Oy, in which the parent company's holding is 100%, and Lixani Oy, in which the parent company's holding is 51%. The parent company's domicile is Vaasa and its registered address is Vaasanpuistikko 20 A, 65100 Vaasa.

The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy. 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 18,562,005 (18,393,440) shares.

Accounting principles applied to the consolidated financial statements

These are the first consolidated financial statements of Lemonsoft Oyj to be prepared in accordance with the IFRS standards. The Group's IFRS adoption date is 1 January 2022. Comparison figures for previous periods, converted into IFRS-compliant figures, and the relevant changes compared to FAS reporting are presented in the IFRS transition release published on 11 April 2023 and as a note to these financial statements.

The consolidated financial statements have been drawn up on a historical cost basis, except when otherwise indicated. The consolidated financial statements is presented in thousands of Euro, except when otherwise stated. All figures presented have been rounded, and consequently the sum of individual figures may deviate from the presented aggregate figure.

Consolidation

The consolidated financial statements incorporate the financial statements of the parent company Lemonsoft Oyj, and of all those subsidiaries over which the parent company has control at the end of the reporting period. Lemonsoft has control when it is exposed to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power to direct the activities of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when Lemonsoft loses control of the subsidiary.

Acquired entities are accounted for by using the acquisition method. The consideration transferred and the identifiable assets acquired and liabilities assumed in the acquiree are measured at the acquisition-date fair values. The excess is accounted for as goodwill.

The consideration transferred includes the assets transferred, liabilities incurred by Lemonsoft to former owners of the acquiree, and any equity interests issued. Any contingent consideration (additional purchase price) is measured at fair value at the acquisition date, and is classified as either liability or equity. An additional purchase price classified as a liability is remeasured at fair value at each period-end, and resulting changes in fair values are recognised in profit or loss. Goodwill that arose prior to 1 January 2022 remains as stated under FAS at the transition date.

In preparation of consolidated financial statements intragroup transactions, receivables, liabilities and unrealised margins as well as distribution of profits within the Group are eliminated.

Non-controlling interest

Lemonsoft has initially measured non-controlling interests (NCI) at their proportionate share of the acquiree's identifiable net assets at the acquisition date. NCI in the net assets of the subsidiaries consolidated are identified separately from the Group's equity therein. NCI consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of post-combination changes in equity. Total comprehensive income is attributed to the owners of the parent and NCI even if this results in the NCI having a deficit balance. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Segment disclosures

Lemonsoft reports for its business operations as a single entity, i.e. at the Group level. This is based on the Group's business model and the fact that the performance and resources are reviewed as a single unit. Also, the Group's reporting model and management structure are based on this approach. Lemonsoft reports figures for one operating segment in its financial statements.

Foreign currency transactions and balances

The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the parent company and subsidiaries. Foreign currency transactions are translated into Euro using the exchange rates prevailing at the dates of the transactions.

The preparation principles and key uncertainty factors related to the estimates require management judgment

The preparation of the consolidated financial statements requires the management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related notes presented in the financial statements. This particularly applies in instances where the IFRS norms currently in effect have alternative methods of recognition, measurement or presentation. Actual outcomes may differ from the estimates made.

The judgement-based decisions made by Lemonsoft's management in applying the accounting principles of the financial statements and which have the most impact on the figures presented in the consolidated financial statements concern the following areas:

Business combinations: Identification and recognition of intangible assets separately from goodwill.

Leases: Determining the lease term when a lease includes extension or termination options.

Key uncertainties related to estimates

The estimates made in connection with the preparation of the financial statements are based on the management's best knowledge on the balance sheet date. The estimates are based on historical experience and assumptions about the future that are considered the most probable on the balance sheet date. The Group continuously monitors the realization of estimates and assumptions and the underlying factors. Changes in estimates and assumptions are taken into consideration in reporting in the financial period during which the estimate or assumption is adjusted and in all financial periods thereafter.

New and amended standards

New and amended standards applied in the financial year ended 31 December 2023

* = not yet endorsed for use by the European Union as of 31 December 2023

Current status: [Endorsement - EFRAG](#)

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after 1 January 2023)

The amendments clarified the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial years beginning on or after 1 January 2023)

The amendments clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023)

The amendments narrowed the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to

equal and offsetting temporary differences. The amendments have had an impact the presentation of the notes to the financial statements.

International Tax Reform — Pillar Two Model Rules – Amendments to IAS 12 Income Taxes (the temporary mandatory exception is effective immediately upon publication on 28 May 2023; disclosures requirements are effective for annual reporting periods beginning on or after 1 January 2023).

The amendments give relief from accounting for deferred taxes arising from the OECD's (Organisation for Economic Co-operation and Development) international tax reform and require new disclosures to compensate for the potential loss of information resulting from the relief.

The above-mentioned and other new standards and amendments have not had a significant impact on Lemonsoft's consolidated financial statements.

Standards issued but not yet effective

* = not yet endorsed for use by the European Union as of 31 December 2023

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases (effective for financial years beginning on or after 1 January 2024, early application is permitted)

The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

Amendments to IAS 1 Presentation of Financial Statements *: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants (effective for financial years beginning on or after 1 January 2024, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.

The above-mentioned amendments and other published amendments to standards are not expected to have a significant impact on Lemonsoft's consolidated financial statements.

First-time adoption of IFRS standards

These are the first consolidated financial statements of Lemonsoft Oyj to be prepared in accordance with the IFRS standards. The Group's IFRS adoption date is 1 January 2022. Comparison figures for previous periods, converted into IFRS-compliant figures, and the relevant changes compared to FAS reporting are presented in the IFRS transition release published on 11 April 2023 and below.

1. Leases, Lemonsoft as lessee (IFRS 16 Leases)

Lemonsoft has leased office space. In its FAS financial statements, the Group recognised the rental expenses under Other operating expenses for the financial year to which they related. On transition, lease payments are now apportioned between the reduction of lease liability and the interest charge on the lease liability. Furthermore, depreciation of the right-of-use assets is recorded in profit or loss.

On transition, Lemonsoft recognised an adjustment, EUR 731 thousand, both under right-of-use assets and financial liabilities (current and non-current portions). At the end of the financial year 2022, the right-of-use assets totalled EUR 628 thousand and lease liabilities EUR 631 thousand.

Lemonsoft applied certain exemptions as allowed under IFRS 1 on transition. On 1 January 2022, the Group measured the lease liabilities by discounting the future cash flows of the leases using the transition date incremental borrowing rate. The right-of-use assets were recognised at those amounts. Furthermore, Lemonsoft has elected to apply the recognition exemption both to short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and to leases of low value assets (each asset with a value of approximately EUR 5,000 or less when new).

In the financial year 2022, the decrease in other operating expenses was EUR 297 thousand. The depreciation totalling EUR 293 thousand was recognised on the right-of-use assets, in addition to which lease interest expenses increased financial expenses by a total of EUR 7 thousand.

2. Business combinations (IFRS 3 Business Combinations)

On transition, Lemonsoft applied the exemption for the accounting treatment of pre-transition date business combinations, which were not restated in accordance with IFRS 3. On 1 January 2022, the goodwill arisen from those acquisitions totalled EUR 6,424 thousand.

In the FAS financial statements, planned amortisation is recognised on goodwill. Under IFRS, goodwill is not amortised but tested for impairment at least annually. Consequently, the 2022 annual amortisation recognised in accordance with FAS, in total EUR 1,946 thousand, were reversed. Based on the impairment tests performed as at 1 January 2022 and 31 December 2022, the goodwill was not impaired. In addition, for the goodwill amortisation recognised in 2022 deductible for tax purposes, a deferred tax liability was recognised.

In 2022, Lemonsoft acquired the entire share capital of Logentia Oy and Finanzilla Oy. Logentia has been consolidated since June 2022 and Finanzilla since July 2022. Furthermore, the Group acquired the business of Duunissa.fi, which has been consolidated from beginning of December 2022.

In accordance with FAS, Lemonsoft has calculated the consolidation goodwill as the excess of the cost of the shares in question over the equity at the acquisition date. The assets acquired and the liabilities assumed in the post-transition date business combinations are measured at their acquisition-date fair values. The intangible assets identified in the acquisitions at the acquisition dates, which in those deals comprised customer relationships and technology, were separated from goodwill and recognised as separate balance sheet items. In applying IFRS 3, customer relationship related intangible assets totalling EUR 1,621 thousand, technology-related intangible assets totalling EUR 1,372 thousand and deferred tax liabilities in total EUR 598 thousand were recognised in 2022 at the date of acquisition. Of these items, EUR 203 thousand was amortised for the financial year 2022. Correspondingly, these acquisitions increased goodwill by EUR 9,294 thousand.

IFRS also requires acquisition-related costs, such as professional fees and transfer taxes, be expensed but under FAS these costs are usually capitalised. An additional expense of EUR 199 thousand was recognised in other operating expenses for the acquisitions.

3. Capitalisation of product development costs (IAS 38 Intangible Assets)

Under IFRS, development costs resulting from the design of new or significantly improved products are capitalised as intangible assets if the costs of the development phase can be reliably determined, the completion of the product is technically feasible, the Group is able to use the product or sell it, the Group is able to demonstrate how the product will generate probable future economic benefits, and the Group has both the intention and the resources to complete the development work and use the product or sell it. According to FAS, development costs may be capitalised if they are expected to generate income over several financial years.

Balance sheet item Intangible assets increased due to the IFRS transition, as total EUR 437 thousand additional R&D expenses were capitalized.

4. Other IFRS adjustments

Other adjustments comprise the following:

On transition, Lemonsoft Group recognised credit losses using the model based on expected credit losses, i.e. at an amount equal to the lifetime expected credit losses for a trade receivable. The resulting allowance, decreasing trade receivables amounted to EUR 52 thousand on 31 December 2022.

Lemonsoft has capitalised leasehold improvements costs for premises (IAS 16 Property, Plant and Equipment). Under FAS, these capitalised costs are usually accounted for as intangible assets but

under IFRS they are tangible assets due to their nature. The reclassification adjustment totalled EUR 244 thousand.

Deferred tax assets, which are presented as current assets in the FAS financial statements, were reclassified to non-current assets in accordance with IFRS.

Reconciliation of consolidated opening balance sheet 31.12.2022

EUR 1,000	Note	FAS 31 December 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 31 December 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill	2	16,398		-680				-680	15,718
Intangible assets	3	411		2,789	437			3,226	3,638
Right-of-use assets	1,4	757	628				-3	625	1,382
Investments		2,878						0	2,878
Deferred tax assets	1,4	0	1			10	1	12	12
TOTAL NON-CURRENT ASSETS		20,444	629	2,109	437	10	-3	3,183	23,627
CURRENT ASSETS									
Inventory		88						0	88
Trade and other receivables	4	2,839				-52		-52	2,787
Cash and Cash equivalents		11,692						0	11,692
TOTAL CURRENT ASSETS		14,619	0	0	0	-52	0	-52	14,567
TOTAL ASSETS		35,063	629	2,109	437	-42	-3	3,131	38,194
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		16,480						0	16,480
Retained earnings	1,2,3,4	7,802	-2	1,498	350	-42	-3	1,801	9,603
Equity of the owners of the parent company		24 362						0	24 362
Share of non-controlling owners		129						0	129
TOTAL EQUITY		24,491	-2	1,498	350	-42	-3	1,801	24,491
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		1,500						0	1,500
Lease liabilities	1	0	306					306	306
Deferred tax liabilities	2,3	0		611	87			699	699
TOTAL NON-CURRENT LIABILITIES		1,500	306	611	87	0	0	1,005	2,505
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	325					325	325
Advances received		660						0	660
Trade and other payables		7,512						0	7,512
TOTAL CURRENT LIABILITIES		9,072	325	0	0	0	0	325	9,397
TOTAL LIABILITIES		10,572	631	611	87	0	0	1,330	11,902
TOTAL EQUITY AND LIABILITIES		35,063	629	2,109	437	-42	-3	3,131	36,393

Reconciliation of consolidated opening balance sheet 1.1.2022

EUR 1,000	Note	FAS 1 January 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January 2022
ASSETS									
NON-CURRENT ASSETS									
Goodwill		6,424						0	6,424
Intangible assets		60						0	60
Right-of-use assets	1	533	731					731	1,265
Investments		1,874						0	1,874
Deferred tax assets		85					0	0	85
TOTAL NON-CURRENT ASSETS		8,977	731	0	0	0	0	731	9,708
CURRENT ASSETS									
Inventory		52						0	52
Trade and other receivables		1,710				0		0	1,710
Cash and Cash equivalents		19,060						0	19,060
TOTAL CURRENT ASSETS		20,822						0	20,822
TOTAL ASSETS		29,798	731	0	0	0	0	731	30,530
EQUITY AND LIABILITIES									
EQUITY									
Share capital		80						0	80
Reserve for invested unrestricted equity		14,980						0	14,980
Retained earnings		6,930					0	0	6,930
Equity of the owners of the parent company		21,991						0	21,991
Share of non-controlling owners		30						0	30
TOTAL EQUITY		22,021	0	0	0	0	0	0	22,021
LIABILITIES									
NON-CURRENT LIABILITIES									
Loans from financial institutions		2,400						0	2,400
Lease liabilities	1	0	475					475	475
Deferred tax liabilities		4						0	4
TOTAL NON-CURRENT LIABILITIES		2,404	475	0	0	0	0	475	2,879
CURRENT LIABILITIES									
Loans from financial institutions		900						0	900
Lease liabilities	1	0	257					257	257
Advances received		535						0	535
Trade and other payables		3,938						0	3,938
TOTAL CURRENT LIABILITIES		5,373	257	0	0	0	0	257	5,630
TOTAL LIABILITIES		7,777	731	0	0	0	0	731	8,509
TOTAL EQUITY AND LIABILITIES		29,799	731	0	0	0	0	731	30,530

Reconciliation of consolidated income statement for 1.1.2022-31.12.2022

EUR 1,000	Note	FAS 1 January - 31 December 2022	Lease agreements (IFRS 16)	Business combinations (IFRS 3)	Intangible assets (IAS 38)	Financial instruments (IFRS 9)	Other adjustments	Effects of IFRS transition	IFRS 1 January - 31 December 2022
NET SALES		22,550						0	22,550
Other operating income		4						0	4
Materials and services		-2,572						0	-2,572
Employee benefit expenses	3	-11,001			437			437	-10,564
Depreciation and amortisation	1,2,4	-2,184	-293	1,743			-3	1,446	-737
Other operating expenses	1,2,4	-2,132	297	-199		-52		46	-2,086
EBIT		4,665	4	1,544	437	-52	-3	1,930	6,594
Financial income		10						0	10
Financial expenses	1,2	-30	-7	-33				-40	-70
PROFIT (LOSS) BEFORE TAXES		4,645	-3	1,510	437	-52	-3	1,890	6,535
Income taxes	1,2,3,4	-1,318	1	-13	-87	10	1	-89	-1,407
PROFIT (LOSS) FOR THE PERIOD		3,327	-2	1,498	350	-42	-3	1,801	5,128
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO									
Owners of the parent company		3,229							5,030
Non-controlling interests		98							98

Notes to the consolidated financial statements

1. Net sales

Lemonsoft Group's revenues consist of the following revenue streams: SaaS and transaction services, and consulting and other services. Most of Lemonsoft's net sales consist of SaaS and transaction revenue, which comprises MRR (Monthly Recurring Revenue) and sales of transaction services in connection with SaaS services and separately. Net sales of consulting and other services consist primarily of sales of work and services. SaaS and transaction services are sold together with consulting services. Contracts may contain a performance obligation consisting of a series of distinct services or several performance obligations. The Group recognizes revenues less indirect taxes in an amount that Lemonsoft expects to be entitled to in exchange for the products and/or services transferred.

The majority of the Group's revenue is recognized over time as the customer is considered to benefit from the services as they are transferred. Revenues from SaaS and transaction services for which the customer is invoiced on a fixed monthly basis over the contract term, or monthly based on the actual number of users and transaction volumes, are recognized over time. Revenues from the separate sale of transaction services, primarily in connection with debt collection services, is recognized at a point in time when the company has a contractual right to receive payment for the service produced. Revenues from other services produced by the Group are recognized over time as the services are produced for the customer.

The Group also has fixed-price projects in which the invoicing is based on milestones that are specified in the project plan and which correspond to the progress of the project. Revenue from project deliveries is recognized over time as the work is performed. The projects are related to the deployment of systems and are short-term. If it is likely that the total expenses required to complete a project exceed the revenue received for the business activity, the expected loss is immediately recognized as an expense. Fixed-price projects represent a small share of the Group's total net sales (<5%). Lemonsoft Group has no significant contractual assets or liabilities.

Variable considerations in contracts are estimated and included in net sales only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur subsequently. The amount of the variable consideration is reassessed at the end of each reporting period. The payment terms and conditions for the contracts vary but typically the payment term is 14 days. The Group has no significant financing components in its customer contracts.

EUR 1,000	1-12/2023	1-12/2022
Net sales	26 344	22 550
SaaS	19 146	16 989
Transaction	2 265	1 172
Consulting and other	4 933	4 390

2. Other operating income

Income from activities other than the actual business operations is recognized in other operating income.

Other operating income mainly consists of the recognition of additional purchase prices or other income, such as lease income. Other operating income is recognized when the right to receive it arises.

EUR 1,000	1-12/2023	1-12/2022
Recognition of contingent consideration	493	0
Other income	0	4
Total	493	4

3. Materials and services

External services mainly consist of platform services, operator services and other external services.

EUR 1,000	1-12/2023	1-12/2022
External services and materials	3 552	2 572
Total	3 552	2 572

4. Employee benefits

Short-term employee benefits include salaries, fees and fringe benefits, annual holidays and bonuses. Short-term employee benefits have been paid to the Group's employees, the management team, the CEO and the Board of Directors.

The Group's pension plans are defined contribution plans. In a defined contribution plan, the Group makes fixed contributions into a separate entity, and the Group has no legal or constructive obligation to make further contributions. The contributions made to the defined contribution plans are charged to profit or loss under employee benefit expenses in the period to which the charge applies.

The Group does not have share-based arrangements.

Number of employees

	1-12/2023	1-12/2022
Average number of employees during the financial period	201	172
Number of employees at the end of the financial year	208	184

Employee benefit expenses

EUR 1,000	1-12/2023	1-12/2022
Wages and salaries	10 008	8 658
Social security costs	363	267
Pension costs	1 979	1 639
Share-based payments	0	0
Total	12 350	10 564

Compensation of the Group CEO

EUR 1,000	1-12/2023	1-12/2022
Jan-Erik Lindfors (since 1.8.2023)		
Short-term employee benefits	68	0
Pensions (statutory)	5	0
Share-based payments	0	0
Kari Joki-Hollanti (until 31.7.2023)		
Short-term employee benefits	80	175
Pensions (statutory)	7	15
Share-based payments	0	0
Total	159	190

Compensation of the members of Group management team

EUR 1,000	1-12/2023	1-12/2022
Wages and salaries	484	532
Share-based payments	0	0
Total	484	532

In 2023, the Chairman of the Board of Directors of Lemonsoft Oyj was paid EUR 3,100 per month and the other members of the Board EUR 1,550 per month in meeting fees. In 2022, the meeting fees were EUR 3,000 per month to the Chairman of the Board and EUR 1,500 per month to the other members of the Board. The Chairman of the Audit Committee was paid EUR 1,000 per meeting and the member of the Audit Committee EUR 500 per meeting in both 2023 and 2022.

Compensation of the members of Board of Directors

EUR 1,000	1-12/2023	1-12/2022
Christoffer Häggblom, CB	37	36
Kari Joki-Hollanti, MB	18	18
Michael Richter, MB, MAC	21	21
Saila Miettinen-Lähde, MB, CAC	23	24
Ilkka Hiidenheimo, MB	18	18
Total	118	117

CB = Chairman of the Board

MB = Member of the Board

CAC = Chairman of the Audit Committee

MAC = Member of the Audit Committee

5. Development costs

The development expenditure capitalized during the financial year include expenses categorized as employee benefits as well as external services.

The Group capitalises development costs only if all of the following criteria are met: Lemonsoft is able to demonstrate that the completion of the intangible asset is technically feasible so that the asset is available for use or sale; Lemonsoft has the intention to complete and use or sell the intangible asset and is able to use or sell the intangible asset; Lemonsoft is able to demonstrate how the intangible asset will generate probable future economic benefits; Lemonsoft has resources to complete the development and to use or sell the intangible asset; Lemonsoft is able measure reliably the expenditure attributable to the intangible asset during its development.

EUR 1,000	1-12/2023	1-12/2022
Capitalized development costs	1 653	745
Total	1 653	745

6. Other operating expenses

Other operating expenses mainly consist of other employee expenses, business premises expenses, IT expenses, marketing expenses and other expenses.

EUR 1,000	1-12/2023	1-12/2022
Other personnel expenses	603	446
Premises expenses	208	177
Low-value leases	8	5
IT expenses	613	418
Marketing expenses	361	334
Other expenses	926	707
Total	2 720	2 086

The Group's auditor in 2022 and 2023 was KPMG Oy Ab.

Audit Fees

EUR 1,000	1-12/2023	1-12/2022
Audit services	46	32
Auditor's certificates and statements	2	1
Tax services	0	0
Other services	60	6
Total	108	39

7. Financial income and financial expenses

Financial income and expenses mainly consist of interest expenses and other financial expenses, as well as interest income and other financial income.

Lemonsoft recognises interest income and interest expenses using the effective interest method. The Group has not capitalised borrowing costs.

Financial income

EUR 1,000	1-12/2023	1-12/2022
Income from non-current asset investments	4	0
Interest income and other financial income	151	10
Total	156	10

Financial expenses

EUR 1,000	1-12/2023	1-12/2022
Impairment of non-current assets investments	0	3
Interest expenses from lease liabilities	-6	-7
Interest expenses and other financial expenses	-321	-66
Total	-327	-70

8. Income taxes

The income tax expense in the income statement comprises current tax for the financial year and the change in deferred tax liabilities and deferred tax assets. The current tax charge is determined based on the taxable income using the tax rate enacted (or substantively enacted). This tax is adjusted with any taxes relating to previous financial years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and unused tax losses or unused tax credits.

EUR 1,000	1-12/2023	1-12/2022
Taxes for the period	-1 434	-1 315
Taxes for previous periods	47	-3
Other items	0	0
Deferred tax	19	-89
Total	-1 369	-1 407

Tax rate reconciliation

EUR 1,000	1-12/2023	1-12/2022
Profit before income tax	6 718	6 535
Taxes calculated at the parent company's tax rate 20%	-1 344	-1 307
Tax for previous financial periods	47	-3
Non-deductible expenses	-190	-9
Income not subject to tax	99	0
Other items	20	-88
Total	-1 369	-1 407

9. Earnings per share

Basic earnings per share is determined by dividing the profit (loss) for the financial year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding (during the financial year), excluding any treasury shares held by the company.

	1-12/2023	1-12/2022
Profit attributable to owners of the parent company (EUR 1,000)	5 303	5 030
Profit attributable to non-controlling interests (EUR 1,000)	47	98
Weighted number of shares, undiluted	18 527 914	18 343 559
Weighted number of shares, diluted	18 527 914	18 343 559
Earnings per share (EPS), undiluted	0,29	0,28
Earnings per share (EPS), diluted	0,29	0,27

10. Business combinations

Business acquisitions 2023

Finvoicer Group Oy

On 1 June 2023, Lemonsoft Oyj acquired the entire share capital of Finvoicer Group Oy, a software company focused on invoice lifecycle management. With the acquisition, Lemonsoft strengthens its offering in invoice lifecycle management by providing its customers with more comprehensive solutions, including invoice delivery, reminders and debt collection, invoice financing and digital financial management. In addition to the parent company Finvoicer Group Oy, Finvoicer Group includes 100-percent owned subsidiaries Finvoicer Rahoitus Oy, specializing in invoice financing, and Billgo Oy, providing invoicing software for small businesses under the brand HelpostiLasku.

The purchase price for the share capital of Finvoicer Group Oy was EUR 6.2 million and the net debt-free enterprise value was EUR 7.6 million. 97% of the purchase price was paid in cash and 3% in shares at closing.

In addition, the parties agreed on a contingent consideration based on Finvoicer's financial results for 2023-2025. The contingent additional purchase price amounts to a maximum of EUR 3.3 million, and if realized, will be paid primarily in cash.

Identifiable assets acquired and liabilities assumed are valued at their fair values at the date of acquisition. Acquired assets include intangible assets recognized separately from goodwill, consisting of customer relationships and technology. The goodwill is based on the expected synergy benefits from the acquisition of Finvoicer Group Oy, as well as on utilizing the growth of the joint sales and marketing network and expanding customer relationships within the Group. Goodwill is not deductible in taxation. Acquisition-related costs of EUR 214 thousand are included in the Other operating expenses item in the consolidated income statement.

Lemonsoft Group's net sales in 1.1.2023-31.12.2023 would have been approximately EUR 28 million and profit for the period approximately EUR 5.5 million if the businesses acquired during the period had been consolidated from the beginning of 2023.

The following table shows the total fair values of the assets and liabilities acquired.

Business acquisitions 2023

EUR 1,000	Finvoicer Group Oy (2023)
Consideration transferred	
In cash	5 963
In shares	195
Contingent consideration	3 250
Total consideration transferred	9 408
Assets acquired and liabilities assumed at the date of acquisition	
Customer relationships	1 421
Technology	1 132
Other intangible assets	0
Right-of-use assets	147
Other tangible assets	37
Trade and other receivables	2 477
Cash and cash equivalents	415
Total assets	5 629
Lease liabilities	147
Trade and other payables	2 952
Deferred tax liabilities	511
Total liabilities	3 610
Total acquired net assets	2 019
Total consideration transferred	9 408
Goodwill	7 389
Cash flow impact of acquisitions	
Consideration paid in cash	5 963
Cash and cash equivalents transferred	-415
Net cash flow on acquisition	5 548

Business acquisitions 2022

Logentia Oy

On 31 May 2022, Lemonsoft Oyj acquired the entire share capital of Logentia Oy. With the acquisition, Lemonsoft strengthens its offering in industrial manufacturing and wholesale businesses and will offer its customers more possibilities to streamline their business processes by optimizing the use of transportation services.

The purchase price of Logentia Oy's share capital was EUR 7.9 million. The purchase price consisted of a debt-free enterprise value of EUR 6.0 million and a net cash of EUR 1.9 million.

75% of the purchase price was paid in cash and 25% in new shares issued by Lemonsoft Oyj. The subscription price of the new shares transferred as consideration was EUR 12.53, based on the volume-weighted average price of the Lemonsoft Oyj's share on 30-day period preceding the signing of the share purchase agreement.

In addition, the parties agreed on a contingent consideration based on Logentia Oy's financial results for 2022-2023. The contingent additional purchase price amounts to a maximum of EUR 1.0 million, and if realized, will be paid entirely as share consideration by the end of February 2024. The shares have been transferred during 2023.

Identifiable assets acquired and liabilities assumed are valued at their fair values at the date of acquisition. Acquired assets include intangible assets recognized separately from goodwill, consisting of customer relationships and technology. The goodwill is based on the expected synergy benefits from the acquisition of Logentia Oy, as well as on utilising the growth of the joint sales and marketing network and expanding customer relationships within the Group. Goodwill is not deductible in taxation. Acquisition-related costs of EUR 173 thousand are included in the Other operating expenses item in the consolidated income statement.

Finazilla Oy

On 8 July 2022, Lemonsoft Oyj acquired the entire share capital of Finazilla Oy, a software company specializing in business reporting, budgeting and forecasting. In connection with the transaction, Finazilla Oy acquired the business of Finazilla Oy's parent company, Taloushallintaan.fi Oy, which offers financial process optimization and enhancement services with Finazilla's software. With the acquisition, Lemonsoft strengthens its offering in financial management solutions by offering its customers more comprehensive tools for managing the business information from ERP systems and for financial forecasting.

The total purchase price of the acquired businesses was EUR 2.8 million. The purchase price consisted of a debt-free enterprise value of EUR 2.6 million and a net cash of EUR 0.2 million. The total purchase price was paid in cash at signing.

In addition, the parties agreed on a contingent consideration based on Finazilla Oy's net sales for 2022-2025. The contingent additional purchase price amounts to a maximum of EUR 1.5 million, and if realized, 50% of the additional purchase price will be paid in cash and 50% in new shares issued by Lemonsoft Oyj. The contingent consideration has been paid during 2023.

Identifiable assets acquired and liabilities assumed are valued at their fair values at the date of acquisition. Acquired assets include intangible assets recognized separately from goodwill, consisting of customer relationships and technology. The goodwill is based on the expected synergy benefits from the acquisition of Finazilla Oy, as well as on utilising the growth of the joint sales and marketing network and expanding customer relationships within the Group. Goodwill is not deductible in taxation. Acquisition-related costs

of EUR 54 thousand are included in the Other operating expenses item in the consolidated income statement.

Duunissa.fi business

On 30 November 2022, Lemonsoft Oyj acquired the work time monitoring business of Duunissa.fi. Duunissa.fi is a working time monitoring software solution developed by Korttilinna Oy, which enables logging work time via mobile or terminal stamping, working hours to be easily assigned in electronic working time monitoring, and allowances and expenses attached to work shifts to be transferred to work time accounting.

The purchase price of Duunissa.fi business was negligible, so the acquisition is not specified in the following table.

Logentia Oy's net sales were EUR 1,159 thousand and the result for the financial year was EUR 545 thousand from the date of acquisition until 31.12.2022. Finazilla Oy's net sales were EUR 780 thousand and the result for the financial year was EUR -57 thousand from the date of acquisition until 31.12.2022. Lemonsoft Group's net sales in 2022 would have been EUR 23,886 thousand and profit for the financial year EUR 5,436 thousand if the businesses acquired during the financial year had been consolidated in the consolidated financial statements from the beginning of 2022.

The following table shows the total fair values of the assets and liabilities acquired.

Business acquisitions 2022

EUR 1,000	Logentia Oy (2022)	Finazilla Oy (2022)
Consideration transferred		
In cash	6 422	2 804
In shares	1 500	0
Contingent consideration	1 000	1 500
Total consideration transferred	8 922	4 304
Assets acquired and liabilities assumed at the date of acquisition		
Customer relationships	1 370	183
Technology	717	598
Other intangible assets	0	107
Right-of-use assets	32	152
Trade and other receivables	736	113
Cash and cash equivalents	2 317	233
Total assets	5 172	1 386
Lease liabilities	32	152
Trade and other payables	1 164	90
Deferred tax liabilities	417	156
Total liabilities	1 613	398
Total acquired net assets	3 559	988
Total consideration transferred	8 922	4 304
Goodwill	5 363	3 316
Cash flow impact of acquisitions		
Consideration paid in cash	6 422	2 804
Cash and cash equivalents transferred	-2 317	-233
Net cash flow on acquisition	4 105	2 571

11. Goodwill and Intangible assets

Goodwill is recognised at the excess of the consideration transferred, amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired. Goodwill reflects future synergies expected from acquisitions, among others. Goodwill is carried at historical cost less accumulated impairment losses and is not subject to amortisation but is tested at least annually for impairment. Impairment losses on goodwill are recorded in profit or loss and may not be reversed.

The Group's intangible assets mainly comprise intangible assets identified and recognised in business combinations and relate to customer relationships and technology. They are initially recognised at fair value. Lemonsoft recognises an intangible asset only if the item meets the definition of an intangible asset, it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. All other expenditure is expensed as incurred. Separately acquired intangible assets are

initially measured at cost. Subsequently, all intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill

EUR 1,000	2023	2022
Acquisition cost 1.1.	17 571	8 276
Additions	7 386	9 294
Deductions	0	0
Acquisition cost at the end of the period	24 956	17 571
Accumulated depreciation and amortisation 1.1.	1 853	1 853
Depreciation and amortisation for the period	2	0
Accumulated depreciation and amortisation at the end of the period	1 855	1 853
Book value at the end of the period	23 102	15 718

Development costs

EUR 1,000	2023	2022
Acquisition cost 1.1.	1 202	457
Additions	1 653	745
Deductions	0	0
Acquisition cost at the end of the period	2 855	1 202
Accumulated depreciation and amortisation 1.1.	353	290
Depreciation and amortisation for the period	149	63
Accumulated depreciation and amortisation at the end of the period	503	353
Book value at the end of the period	2 352	849

Intangible rights

EUR 1,000	2023	2022
Acquisition cost 1.1.	15	15
Additions	51	0
Deductions	0	0
Acquisition cost at the end of the period	66	15
Accumulated depreciation and amortisation 1.1.	15	15
Depreciation and amortisation for the period	11	0
Accumulated depreciation and amortisation at the end of the period	26	15
Book value at the end of the period	40	0

Customer relationships

EUR 1,000	2023	2022
Acquisition cost 1.1.	1 621	0
Additions	1 421	1 621
Deductions	0	0
Acquisition cost at the end of the period	3 041	1 621
Accumulated depreciation and amortisation 1.1.	112	0
Depreciation and amortisation for the period	311	112
Accumulated depreciation and amortisation at the end of the period	424	112
Book value at the end of the period	2 618	1 508

Teknology

EUR 1,000	2023	2022
Acquisition cost 1.1.	1 372	0
Additions	1 132	1 372
Deductions	0	0
Acquisition cost at the end of the period	2 503	1 372
Accumulated depreciation and amortisation 1.1.	91	0
Depreciation and amortisation for the period	258	91
Accumulated depreciation and amortisation at the end of the period	349	91
Book value at the end of the period	2 155	1 281

Impairment testing of goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the business combination in which the goodwill arose.

Goodwill was tested on the Group level, i.e. at the level of Lemonsoft's cash-generating unit. An impairment loss is recognised when the carrying amount of a cash-generating unit exceeds its recoverable amount.

Lemonsoft determines recoverable amounts based on value-in-use calculations prepared using discounted net cash flow forecasts. The cash flow projections are based on the most recent long-term budgets and forecasts approved by management covering a five-year period. The cash flow forecasts are based on the current business structure of the Lemonsoft Group at the testing date, and management's best estimates of future net sales, cost development, general market conditions and the applicable discount rate. For the period beyond the five-year time horizon, the cash flows are calculated using the terminal value method. Lemonsoft defines the discount rate as the weighted average cost of capital (WACC). It reflects the total cost of equity and debt, while considering the asset-specific risks

	2023	2022
Growth in the net sales during the projection period	11,1 %	13,9 %
Terminal growth assumption	2,0 %	2,0 %
Discount rate (WACC)	12,5 %	9,8 %

Impairment testing 2023

Lemonsoft's impairment testing for the year 2023 was carried out on 31 December 2023.

The impairment testing did not indicate a need to recognize impairment losses on 31 December 2023. When estimating the recoverable amounts of cash-generating units, the management determined that no reasonably possible change in any of the key assumptions used would lead to a situation where the recoverable amount of the unit would fall below its carrying amount.

A sensitivity analysis was also conducted on the date of the impairment testing, which indicated that if WACC were to increase by 4.5 percentage points from 12.5% and profitability were to simultaneously decline by 12 percentage points, and the terminal growth rate were to decline by two percentage points, the situation would still not give rise to a need to recognize impairment losses.

Impairment testing 2022

For 2022, Lemonsoft Group conducted two rounds of impairment testing: the first on the IFRS transition date of 1 January 2022 and the second on the financial statements date of 31 December 2022.

The impairment testing did not indicate a need to recognize impairment losses on 1 January 2022 or 31 December 2022. When estimating the recoverable amounts of cash-generating units, the management determined that no reasonably possible change in any of the key assumptions used would lead to a situation where the recoverable amount of the unit would fall below its carrying amount.

A sensitivity analysis was also conducted on the date of the impairment testing, which indicated that if WACC were to increase by 4.5 percentage points from 9.8% and profitability were to simultaneously decline by 12 percentage points, and the terminal growth rate were to decline by two percentage points, the situation would still not give rise to a need to recognize impairment losses.

EUR 1,000	2023	2022
Goodwill	23 102	15 718
Test value subject to testing	23 102	15 718

Depreciation periods for intangible assets

Amortisation is recorded on a straight-line basis over the following estimated useful lives of the assets:

Development costs 5 years

Customer relationships 5 - 8 years

Technology 5 - 8 years

Intangible rights 5 years

Lemonsoft reviews the amortisation periods applied at least at each financial year-end. If the estimated useful life of an asset differs significantly from previous estimates, the remaining useful life is adjusted prospectively. The changes may arise from, for example, restructuring actions or changes in the competitive landscape or demand.

In addition, Lemonsoft assesses at each period-end whether there is an indication that an intangible asset may be impaired. If any indication exists, Lemonsoft estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the difference, i.e. an impairment loss, is recognised in profit or loss.

12. Tangible assets

The cost comprises directly attributable incremental costs incurred in acquisition and installation, as applicable. Subsequently, tangible assets are carried at cost, less any accumulated depreciation and any accumulated impairment losses.

Buildings and structures

EUR 1,000	2023	2022
Acquisition cost 1.1.	331	331
Additions	0	0
Deductions	0	0
Acquisition cost at the end of the period	331	331
Accumulated depreciation and amortisation 1.1.	96	82
Depreciation and amortisation for the period	13	13
Accumulated depreciation and amortisation at the end of the period	109	96
Book value at the end of the period	222	236

Right-of-use assets, buildings

EUR 1,000	2023	2022
Acquisition cost 1.1.	1 621	424
Additions	409	1 196
Deductions	-36	0
Acquisition cost at the end of the period	1 993	1 621
Accumulated depreciation and amortisation 1.1.	748	392
Depreciation and amortisation for the period	460	356
Accumulated depreciation and amortisation at the end of the period	1 208	748
Book value at the end of the period	785	873

Machinery and equipment

EUR 1,000	2023	2022
Acquisition cost 1.1.	707	583
Additions	182	124
Deductions	0	0
Acquisition cost at the end of the period	889	707
Accumulated depreciation and amortisation 1.1.	433	331
Depreciation and amortisation for the period	120	102
Impairments	0	0
Accumulated depreciation and amortisation at the end of the period	553	433
Book value at the end of the period	336	274

Leases

Lemonsoft has leased office space for its business. Lemonsoft as a lessee recognises a right-of-use asset and corresponding lease liability when the lessor makes the asset available for use by the Group. The Group recognizes leases on the balance sheet, except for short-term leases and leases of low-value assets, which are recognized as expenses when they arise. Rental expenses recognized on short-term leases and leases of low-value assets are presented in more detail in note 6 Other operating expenses.

Initially, right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs incurred, and any lease payments made at or before the commencement date, less any lease incentives provided by lessor.

Subsequently, right-of-use assets are carried at cost less any accumulated depreciation and any accumulated impairment losses. It is adjusted for certain remeasurements of the lease liability. The Group depreciates a right-of-use asset on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset. Contracts with no fixed term and any extension

options have been accounted for on a company-by-company basis, relying on the company's strategy and management's best estimate. The depreciation periods applied by the Group range between 1.5 - 3.5 years.

Lease payments included in the measurement of the lease liability comprise the following items: fixed payments, variable lease payments that depend on an index or a rate, and the payments for the periods covered by purchase, extension or termination options, if it is reasonably certain that the Group will exercise the option. If the lease liability is remeasured, for example due to changes in future lease payments, the right-of-use asset is adjusted to reflect the change in the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in in future lease payments arising from change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or the adjustment is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease term is the non-cancellable period for which Lemonsoft has the right to use the underlying asset.

Depreciation periods of property, plant and equipment

Tangible assets are depreciated on a straight-line basis in profit or loss using the following estimated useful lives:

Buildings and structures	25 years
Machinery and equipment	5 years
Other tangible assets	5 years

The residual value, useful life and depreciation method of assets are reviewed, at a minimum, at the end of each financial year and, if necessary, adjusted to reflect changes in the expectations of economic benefit. The Group assesses at each period-end whether there are internal or external indications that a tangible asset may be impaired. If such indications are observed, Lemonsoft estimates the asset's recoverable amount. If the carrying amount of an asset exceeds its recoverable amount, the Group recognizes an impairment loss.

13. Deferred tax assets and liabilities

Deferred tax liabilities are usually recognized in full. However, a deferred tax liability is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

A deferred tax asset is recognized for deductible temporary differences only to the extent that it is probable that taxable income will be generated in the future against which Lemonsoft can utilize the temporary difference. The Group reviews the amount of deferred tax assets recognized and their recoverability at each period-end.

Changes in deferred tax during 2023

EUR 1,000	1.1.2023	Recognized in profit or loss	Business acquisitions	31.12.2023
Deferred tax assets:				
Right-of-use assets	60	82	0	142
Expected credit losses	10	-4	0	7
Other items	1	1	0	1
Set-off of tax				
Total	12	-3	0	9
Deferred tax liabilities:				
Right-of-use assets	-59	-81	0	-141
Allocation of fair value of acquisitions	571	-61	511	1 020
Goodwill	40	40	0	80
Other items	87	0	0	87
Set-off of tax	59	81	0	141
Total	699	-21	511	1 188

Changes in deferred tax during 2022

EUR 1,000	1.1.2022	Recognized in profit or loss	Business acquisitions	31.12.2022
Deferred tax assets:				
Leases	0	60	0	60
Expected credit losses	0	10	0	10
Other items	0	1	0	1
Set-off of tax	0	-59	0	-59
Total	0	12	0	12
Deferred tax liabilities:				
Leases	0	-59	0	-59
Allocation of fair value of acquisitions	0	-27	598	571
Goodwill	0	40	0	40
Intangible assets	0	87	0	87
Set-off of tax	0	59	0	59
Total	0	100	598	699

14. Financial risk management

Lemonsoft Group is exposed to certain financial risks in the course of its normal business operations. The Group's management regularly monitors the financial risks related to business operations. The objective of the Group's risk management is to minimize the adverse impacts of financial risks on the consolidated result and balance sheet. Financial risks mainly arise from counterparty credit risk, liquidity risk and market risk.

Market risk

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate due to changes in market prices or market conditions.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include financing loans and deposits.

The Group has floating rate bank loans, as a result of which the Group is exposed to interest rate risk due to changes in market interest rates. On the balance sheet date in 2023, the Group had bank loans totaling EUR 7,814 thousand (EUR 2,400 thousand).

In other respects, the Group's income and operating cash flows are mainly independent of fluctuations in market interest rates. The fair values of financial liabilities are presented in the notes to the financial statements in table 15 *Financial assets and liabilities*.

Lemonsoft Oyj is not exposed to currency risk because a significant proportion of the Group's purchases and sales are denominated in euros. The currency of the Group companies is the euro.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a contract with a customer, resulting in a financial loss. Lemonsoft's credit risk exposure mainly concerns trade receivables, bank balances and short-term investments.

As regards credit risk, Lemonsoft is exposed to counterparty risk, which is managed alongside credit risk by identifying the customer before carrying out transactions.

Trade receivables are monitored and actively collected. A credit loss is recognized on a trade receivable if there is objective evidence that the trade receivable will not be paid in accordance with the original terms of the agreement. Lemonsoft's trade receivables do not include significant customer-specific credit risk concentrations.

According to the management’s assessment, the risk of credit losses is low. On the balance sheet date of 31 December 2023, the expected credit loss provision amounted to EUR 34 thousand (EUR 52 thousand).

The age distribution of trade receivables is presented in the note *Age distribution of trade receivables*.

The maximum amount of credit risk at the end of the financial year is the carrying amount of financial assets. The Group has not recognized significant impairment losses during the financial years 2023 and 2022.

Liquidity risk

Liquidity risk relates to maintaining the adequacy and sustainability of financing required for the Group’s working capital, debt repayment and investment expenditure. The objective of liquidity risk management is to continuously maintain an adequate level of liquidity. The management assesses business forecasts and the related future cash flows to maintain liquidity.

The Group’s management estimates that the Group’s liquidity is at a good level.

The Group has three long-term bank loans with a loan period of 5–10 years. The loan agreements include typical covenants, such as the equity ratio and the ratio of interest-bearing net debt to EBITDA. The management monitors the fulfilment of the covenant terms on a regular basis.

Lemonsoft met the covenant terms on 31 December 2023.

Net debt/EBITDA

EUR 1,000	2023	2022
Net debt	1 010	-8 661
EBITDA	8 215	7 332
Net debt/EBITDA	0,12	-1,18

The management has not identified excessive concentration risk in the Group’s operations. To reduce the concentration risk of Lemonsoft’s liquidity position, the Group’s financial assets are diversified between solvent financial institutions with a low risk of default.

Lemonsoft’s objective is to maintain a balance between the continuity and flexibility of financing by means of liquid funds and, if necessary, bank loans. The maturity distribution of financial liabilities is presented in the note *Maturity of liabilities*.

A summary of the liquid assets available to Lemonsoft is presented in the table below.

Liquid funds

EUR 1,000	2023	2022
Investments	2 087	1 005
Cash and cash equivalents	7 389	11 692
Total	9 476	12 696

15. Financial assets and financial liabilities

Lemonsoft classifies the Group's financial assets and financial liabilities as either financial assets and liabilities recognised at amortised cost or financial assets and liabilities measured at fair value through profit or loss.

Classification of financial assets is made based on their purpose of use upon initial acquisition. The classification is based on the objectives of Lemonsoft's business model and the contractual cash flows of financial assets, or by applying the fair value option upon initial acquisition.

All purchases and sales of financial assets are recognised on the trade date. For financial assets not carried at fair value through profit or loss, transaction costs are included in the initial carrying amount. Financial assets are derecognized when the Group loses the rights to receive the contractual cash flows on the financial assets, or it has transferred substantially all the risks and rewards of ownership outside the Group.

Financial liabilities are classified as non-current or current based on their maturity. However, a financial liability is classified as current if Lemonsoft does not have an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

A financial liability (or part of the liability) is derecognised only when the liability has ceased to exist, i.e., when the contractual obligation is fulfilled, cancelled or is no longer effective.

Fair values estimation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows, based on the lowest level of input data that is significant to the measurement of fair value as a whole:

Level 1

The fair values of these assets or liabilities are based on the quoted prices of identical assets or liabilities in active markets.

Level 2

The fair values of these assets or liabilities are based, to a significant degree, on input data other than quoted prices, but nevertheless on input data that is directly or indirectly observable for the asset or liability in question.

Level 3

The fair values of these assets or liabilities are based on input data other than observable market data that is significant for the determination of fair value. The valuation methods used for this input data requires the management's judgement under the generally accepted measurement models.

No transfers between the levels took place during the financial year.

Financial assets measured at amortised cost

The Group's financial assets measured at amortised cost mainly comprise trade receivables, deposits and cash and cash equivalents. Assets classified in this category are measured at amortised cost using the effective interest method. In the Group's business model, trade receivables are held within a business model whose objective is to collect the contractual cash flows, and those cash flows that are solely payments of principal and interest. Trade receivable are current assets. The carrying amount of trade receivables is considered to substantially equal to their fair value. The Group's cash and cash equivalents consist of cash on hand and bank accounts. Items qualifying as cash equivalent have a maturity of three months or less from the date of acquisition.

Financial assets measured at fair value through profit or loss

The Group's financial assets measured at fair value through profit or loss comprise investments in interest rate funds, whose fair values are based on market data. In addition, Lemonsoft has classified investments in equity instruments as measured at fair value through profit or loss. These consist of investments in unlisted companies.

Financial liabilities measured at amortised cost

In the Group, this item primarily includes loans from credit institutions, lease liabilities and trade payables. These other financial liabilities are initially recognised at fair value. Transaction costs are included in the initial carrying amount of the financial liability. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated by considering any discount or premium on acquisition as well as fees or costs that are an integral part of the effective interest rate.

Financial liabilities measured at fair value through profit or loss

A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Such financial liabilities

are measured at fair value both at initial recognition and thereafter and resulting fair value changes are recognised in profit or loss.

Lemonsoft Group's financial liabilities measured at fair value consist of contingent considerations related to acquisitions.

Financial assets and liabilities 2023

EUR 1,000	Level	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value 31.12.2023
Non-current financial assets					
equity investments	3	1 874		1 874	1 874
investments	2	2 087		2 087	2 087
total non-current financial assets		3 961	0	3 961	3 961
Current financial assets					
trade receivables			2 805	2 805	2 805
other receivables			3 042	3 042	3 042
cash and cash equivalents			7 389	7 389	7 389
total current financial assets		0	13 236	13 236	13 236
Non-current financial liabilities					
loans from financial institutions	2		5 942	5 942	5 942
lease liabilities			171	171	171
total non-current financial liabilities		0	6 113	6 113	6 113
Current financial liabilities					
loans from financial institutions	2		1 872	1 872	1 872
lease liabilities			414	414	414
advances received			162	162	162
trade payables			1 567	1 567	1 567
contingent consideration	3	3 450		3 450	3 450
other payables			3 697	3 697	3 697
total current financial liabilities		3 450	7 713	11 163	11 163

Financial assets and liabilities 2022

EUR 1,000	Level	Fair value through profit or loss	Amortised cost	Carrying amount	Fair value 31.12.2022
Non-current financial assets					
equity investments	3	1 873		1 873	1 873
investments	2	1 005		1 005	1 005
total non-current financial assets		2 878	0	2 878	2 878
Current financial assets					
trade receivables			2 337	2 337	2 337
other receivables			450	450	450
cash and cash equivalents			11 692	11 692	11 692
total current financial assets		0	14 479	14 479	14 479
Non-current financial liabilities					
loans from financial institutions	2		1 500	1 500	1 500
lease liabilities			306	306	306
total non-current financial liabilities		0	1 806	1 806	1 806
Current financial liabilities					
loans from financial institutions	2		900	900	900
lease liabilities			325	325	325
advances received			660	660	660
trade payables			1 246	1 246	1 246
contingent consideration	3	2 740		2 740	2 740
other payables			3 526	3 526	3 526
total current financial liabilities		2 740	6 657	9 397	9 397

16. Maturity of liabilities

2023

EUR 1,000	2024	2025	2026	2027 ->	Total
Loans from financial institutions	1 872	1 372	1 172	3 398	7 814
Lease liabilities	438	147	0	0	585
Advances received	162	0	0	0	162
Trade payables	1 567	0	0	0	1 567
Contingent consideration	3 450	0	0	0	3 450
Other payables	3 697	0	0	0	3 697
Total	11 186	1 519	1 172	3 398	17 275

2022

EUR 1,000	2023	2024	2025	2026 ->	Total
Loans from financial institutions	900	900	400	200	2 400
Lease liabilities	325	262	44	0	631
Advances received	660	0	0	0	660
Trade payables	1 246	0	0	0	1 246
Contingent consideration	2 540	200	0	0	2 740
Other payables	3 526	0	0	0	3 526
Total	9 197	1 362	444	200	11 203

17. Trade and other receivables

A credit loss provision of EUR 34 thousand (52) is recognized on trade receivables in the 2023 financial statements.

EUR 1,000	2023	2022
Trade receivables	2 805	2 337
Lease security deposits	32	32
Accrued income	475	409
VAT receivable	7	0
Other receivables	2 528	9
Total	5 847	2 787

Age distribution of trade receivables

EUR 1,000	2023	2022
Undue trade receivables	1 950	1 831
Trade receivables 1-30 days overdue	559	434
Trade receivables 31-60 days overdue	137	36
Trade receivables over 60 days overdue	193	88
Total	2 839	2 389
Provision for expected credit losses	-34	-52
Total trade receivables	2 805	2 337

18. Cash and equivalents

Cash and cash equivalents consist of cash and short-term bank deposits.

EUR 1,000	2023	2022
Cash	0	0
Bank accounts	7 389	11 692
Total	7 389	11 692

19. Trade payables and other current liabilities

The carrying amount of trade payables and other current liabilities represents a reasonable estimate of their fair value. The payment terms of trade payables are in line with the ordinary payment terms of companies. Lease liabilities are described in more detail in note 11 Goodwill and intangible assets. Accruals and deferred income mainly consist of accruals of salary expenses and other personnel expenses, as well as accruals of income taxes. The contingent consideration liability is related to the acquisitions of Duunissa.fi and Finvoicer Group Oy. Personnel expense liabilities and VAT liabilities have been recognized in other liabilities.

EUR 1,000	2023	2022
Loans from financial institutions	1 872	900
Lease liabilities	414	325
Advances received	162	660
Trade payables	1 567	1 246
Contingent consideration	3 450	2 740
Accrued expenses	2 557	2 312
Other payables	1 140	1 215
Total	11 163	9 397

20. Notes to shareholders' equity

Expenses related to the issuance or purchase of equity instruments are presented as deductions to equity. Repurchases and transfers of the company's own shares are presented as adjustments to equity. The Board of Directors' proposal on the distribution of dividend is not recognized in the financial statements until the shareholders have approved it in the Annual General Meeting.

Equity consists of share capital, the reserve for invested unrestricted equity and retained earnings, excluding treasury shares. The reserve for invested unrestricted equity includes other equity-related investments and the subscription prices of shares to the extent that they are not intended to be included in share capital.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.14 per share be paid for the financial year ended 31 December 2023. On the date of the dividend distribution proposal, the number of shares carrying a right to a dividend was 18,562,005, which corresponds to a total proposed dividend of EUR 2,598 thousand. The dividend distribution liability arising from this proposal is not recognized in these financial statements. The company distributed a dividend of EUR 0.14 per share for its result for 2022, corresponding to a total of EUR 2,575 thousand.

The company has a single series of shares, with all shares carrying equal rights. At the end of the financial year, Lemonsoft Oyj's share capital consisted of 18,562,005 (18,393,440) shares. The company's share is traded on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy.

	Number of shares	Share capital (EUR 1,000)
1.1.2022	18 273 726	80 000
31.12.2022	18 393 440	80 000
1.1.2023	18 393 440	80 000
Share issue	168 565	
31.12.2023	18 562 005	80 000

Lemonsoft's capital management includes issued capital and all other equity reserves attributable to the parent company's shareholders. The primary objective of the Group's capital management is to ensure the continuity of operations and create shareholder value.

The Group manages and adjusts its capital structure with consideration for the economic conditions and the requirements associated with the execution of strategy and the terms of financing. To maintain and develop its capital structure, the Group may change its dividend distribution practices, repurchase its shares or issue new shares.

21. Group's commitments

The value of the cash pledges corresponds to the purchase price of the pledged real estate shares.

EUR 1,000	2023	2022
Substantive law collateral		
Cash pledges (movable object, security)	1 073	1 073
Business mortgage, parent company	15 000	2 000
Total	16 073	3 073

22. Related parties

The Group's related parties include the parent company and subsidiaries. The related parties also include the members of the parent company's Board of Directors and the Group Management Team, including the CEO, and persons and entities over which members of the Management Team or Board of Directors exercise control or significant influence. The Group's related parties also include the shareholders who are considered to exercise significant control in Lemonsoft Oyj: Kari Joki-Hollanti (direct shareholding 25.75%, member of the Board of Directors of Lemonsoft Oyj) and Rite Ventures (42.78%), in which control is exercised by Christoffer Häggblom (the Chairman of the Board of Directors of Lemonsoft Oyj) and Michael Richter (member of the Board of Directors of Lemonsoft Oyj).

The salaries and fees paid to the members of the Board of Directors, the CEO and the Management Team are described in note 4 Employee benefits.

Lemonsoft Group comprises the parent company Lemonsoft Oyj and its subsidiaries Metsys Oy, PlanMill Oy, WorkIn Oy, Logentia Oy, Finazilla Oy, Xfer Finland Oy and Finvoicer Group Oy, in which the parent company's holding is 100%, and Lixani Oy, in which the parent company's holding is 51%.

Related party transactions that are not eliminated in the consolidated financial statements are presented as transactions with related parties. Lemonsoft did not have related party sales, purchases, receivables or liabilities during the financial year.

Major events after the financial period

There were no significant events after the review period.

Financial statement of the parent company, FAS

Parent company income statement, FAS

EUR 1,000	Note	1-12/2023	1-12/2022
NET SALES	1	17 711 215	17 365 458
Other operating income	2	0	1 180
Materials and services	3	-2 726 611	-2 156 346
Employee benefit expenses	4	-8 258 454	-8 712 671
Depreciation and amortisation		-926 245	-864 890
Other operating expenses	6	-2 079 594	-1 756 813
EBIT		3 720 311	3 875 919
Financial income	7	931 653	1 506 257
Financial expenses	7	-278 214	-27 464
PROFIT (LOSS) BEFORE TAXES		4 373 749	5 354 712
Income taxes	8	-810 818	-912 086
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		3 562 932	4 442 626

Parent company balance sheet, FAS

EUR 1,000	Note	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	11	4 262 308	3 785 161
Tangible assets	12	734 036	757 137
Holdings in group undertakings		27 786 450	18 719 039
Amounts owed by group undertakings		1 190 051	1 080 000
Other investments	11	3 959 727	2 876 042
TOTAL NON-CURRENT ASSETS		37 932 573	27 217 379
CURRENT ASSETS			
Inventory		38 722	60 481
Non-current receivables		20 000	20 000
Trade debtors	17	1 019 155	1 161 313
Amounts owed by group undertakings	17	2 299 130	71
Other receivables	17	0	0
Prepayments and accrued income	17	404 439	413 945
Cash at bank and in hand	18	5 458 392	7 658 149
TOTAL CURRENT ASSETS		9 239 838	9 313 958
TOTAL ASSETS		47 172 411	36 531 338
EQUITY AND LIABILITIES			
EQUITY			
Share capital		80 000	80 000
Reserve for invested unrestricted equity		17 730 966	16 444 557
Retained earnings		8 707 150	6 859 847
Profit for the financial year		3 562 932	4 442 626
TOTAL EQUITY		30 081 048	27 827 029
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	16	5 942 000	1 500 000
TOTAL NON-CURRENT LIABILITIES		5 942 000	1 500 000
CURRENT LIABILITIES			
Loans from financial institutions	16	1 872 000	900 000
Advances received	16	161 801	650 738
Trade creditors	16, 19	947 331	647 897
Amounts owed to group undertakings	16, 19	2 594 571	0
Other creditors	16, 19	678 583	886 506
Accruals and deferred income	16, 19	4 895 078	4 119 167
TOTAL CURRENT LIABILITIES		11 149 363	7 204 309
TOTAL LIABILITIES		17 091 363	8 704 309
TOTAL EQUITY AND LIABILITIES		47 172 411	36 531 338

Parent company cash flow statement, FAS

EUR 1,000	1-12/2023	1-12/2022
Cash flow from operating activities:		
Profit (Loss) for the financial period	4 373 749	5 354 712
Adjustments:	375 751	-640 815
Depreciation and amortisation according to plan	926 245	864 890
Other income and expenses without payment	109 648	15 501
Financial income and expenses *	-653 439	-1 521 206
Other adjustments	-6 703	0
Cash flow before change in working capital	4 749 500	4 713 897
Change in working capital	-1 555 624	-1 948 779
Cash flow before financial items and taxes	3 193 876	2 765 118
Net financial items and taxes *	-294 247	601 462
Net cash flow from operating activities (A)	2 899 630	3 366 580
Cash flow from investing activities:		
Acquisition of tangible and intangible assets	-1 380 291	-1 115 524
Proceeds from sale of tangible and intangible assets	0	42 413
Other investments	-1 000 000	-1 000 000
Acquired shares in subsidiaries	-6 824 182	-9 500 034
Net cash flow from investing activities (B)	-9 204 473	-11 573 146
Cash flow from financing activities:		
Dividends paid	-2 595 323	-2 375 584
Proceeds from non-current loans	6 800 000	0
Repayments of non-current loans	-1 386 000	-900 000
Share issue	1 286 409	1 500 016
Net cash flow from financing activities (C)	4 105 087	-1 775 568
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	-2 199 757	-9 982 134
Cash and cash equivalents at the beginning of the financial period	7 658 149	17 640 282
Cash and cash equivalents at the end of the financial period	5 458 392	7 658 149
Change in cash	-2 199 757	-9 982 134

* The figures for the comparison year have been changed to match the presentation of 2023

Notes to the parent company's financial statements

Accounting principles applied to the parent company's financial statements

The parent company financial statements have been prepared in accordance with Finnish accounting legislation (FAS, Finnish Accounting Standards). The financial statements are based on initial acquisition costs. Unless otherwise stated, the financial statements are presented in euros.

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.

Loans and investments granted, and their primary terms and conditions

Lemonsoft Oyj granted a capital loan of EUR 20,000 to WorkIn Oy in 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 1 December each year, starting on 1 December 2021.

Lemonsoft Oyj made an investment of EUR 80,000 in Xfer Finland Oy in July 2022. This investment is recognized in the reserve for invested non-restricted equity.

Notes concerning the parent company income statement

1. Net Sales

EUR 1,000	1-12/2023	1-12/2022
Net sales	17 711	17 365
SaaS	14 342	13 567
Transaction	1 135	1 172
Consulting and other	2 234	2 626

2. Other operating income

EUR 1,000	1-12/2023	1-12/2022
Recognition of contingent consideration	0	0
Other income	0	1
Total	0	1

3. Materials and services

EUR 1,000	1-12/2023	1-12/2022
External services and materials	2 727	2 156
Total	2 727	2 156

4. Personnel

Number of employees

	1-12/2023	1-12/2022
Average number of employees during the financial period	132	136
Number of employees at the end of the financial year	125	125

Employee benefit expenses

EUR 1,000	1-12/2023	1-12/2022
Wages and salaries	6 707	7 225
Social security costs	261	217
Pension costs	1 291	1 271
Share-based payments	0	0
Total	8 258	8 713

6. Other operating expenses

EUR 1,000	1-12/2023	1-12/2022
Other personnel expenses	463	370
Premises expenses	361	343
IT expenses	351	328
Marketing expenses	281	299
Other expenses	623	418
Total	2 080	1 757

Audit fees

EUR 1,000	1-12/2023	1-12/2022
Audit services	34	25
Auditor's certificates and statements	2	1
Tax services	0	0
Other services	60	6
Total	96	32

7. Financial income and expenses

Financial income

EUR 1,000	1-12/2023	1-12/2022
	800	1 500
Income from non-current asset investments	4	0
Interest income and other financial income	128	6
Total	932	1 506

Financial expenses

EUR 1,000	1-12/2023	1-12/2022
Impairment of non-current assets investments	0	3
Interest expenses and other financial expenses	-278	-31
Total	-278	-27

Notes concerning the parent company balance sheet

11. Goodwill and intangible assets

Intangible rights

EUR 1,000	2023	2022
Acquisition cost 1.1.	15	15
Additions	33	0
Deductions	0	0
Acquisition cost at the end of the period	47	15
Accumulated depreciation and amortisation 1.1.	15	15
Depreciation and amortisation for the period	7	0
Accumulated depreciation and amortisation at the end of the period	22	15
Book value at the end of the period	25	0

Goodwill

EUR 1,000	2023	2022
Acquisition cost 1.1.	5 507	4 790
Additions	0	717
Deductions	0	0
Acquisition cost at the end of the period	5 507	5 507
Accumulated depreciation and amortisation 1.1.	1 752	1 091
Depreciation and amortisation for the period	709	660
Accumulated depreciation and amortisation at the end of the period	2 460	1 752
Book value at the end of the period	3 046	3 755

Other intangible assets

EUR 1,000	2023	2022
Acquisition cost 1.1.	350	350
Additions	1 191	0
Deductions	0	0
Acquisition cost at the end of the period	1 541	350
Accumulated depreciation and amortisation 1.1.	320	290
Depreciation and amortisation for the period	30	30
Accumulated depreciation and amortisation at the end of the period	350	320
Book value at the end of the period	1 191	30

Investments in group undertakings

EUR 1,000	2023	2022
Acquisition cost 1.1.	18 719	6 059
Additions	9 560	12 664
Deductions	-493	4
Acquisition cost at the end of the period	27 786	18 719

Amounts owed by group undertakings

EUR 1,000	2023	2022
Acquisition cost 1.1.	1 080	200
Additions	110	880
Deductions	0	0
Acquisition cost at the end of the period	1 190	1 080

Other shares and participations

EUR 1,000	2023	2022
Acquisition cost 1.1.	2 876	1 873
Additions	1 084	1 003
Deductions	0	0
Acquisition cost at the end of the period	3 960	2 876

12. Tangible assets

Buildings and structures

EUR 1,000	2023	2022
Acquisition cost 1.1.	331	331
Additions	0	0
Deductions	0	0
Acquisition cost at the end of the period	331	331
Accumulated depreciation and amortisation 1.1.	92	82
Depreciation and amortisation for the period	10	10
Accumulated depreciation and amortisation at the end of the period	102	92
Book value at the end of the period	229	239

Machinery and equipment

EUR 1,000	2023	2022
Acquisition cost 1.1.	668	544
Additions	138	124
Deductions	0	0
Acquisition cost at the end of the period	807	668
Accumulated depreciation and amortisation 1.1.	394	293
Depreciation and amortisation for the period	113	102
Accumulated depreciation and amortisation at the end of the period	507	394
Book value at the end of the period	299	274

Other tangible assets

EUR 1,000	2023	2022
Acquisition cost 1.1.	699	424
Additions	19	275
Deductions	0	0
Acquisition cost at the end of the period	718	699
Accumulated depreciation and amortisation 1.1.	455	392
Depreciation and amortisation for the period	58	63
Accumulated depreciation and amortisation at the end of the period	513	455
Book value at the end of the period	205	244

17. Trade and other receivables

EUR 1,000	2023	2022
Trade receivables	1 052	1 161
Lease security deposits	25	25
Accrued income	372	389
VAT receivable	0	0
Other receivables	2 293	0
Total	3 743	1 575

Age distribution of trade receivables

EUR 1,000	2023	2022
Undue trade receivables	740	845
Trade receivables 1-30 days overdue	239	205
Trade receivables 31-60 days overdue	88	28
Trade receivables over 60 days overdue	19	84
Total	1 086	1 161
Provision for expected credit losses	-34	0
Total trade receivables	1 052	1 161

Specification of prepaid expenses and accrued income

EUR 1,000	2023	2022
Wage and salary receivables	0	1
Rent receivables	25	25
Tax receivables	48	84
Prepaid expenses	175	156
Accrued income	120	143
Other	29	5
Total	398	414

Specification of group receivables

EUR 1,000	2023	2022
Non-current receivables		
Capital loans to group companies	20	20
Current receivables		
Trade receivables from group companies	33	0
Other receivables from group companies	2 266	0
Total	2 319	20

18. Cash and cash equivalents

EUR 1,000	2023	2022
Cash	0	0
Bank accounts	5 458	7 658
Total	5 458	7 658

Changes in equity

EUR 1,000	2023	2022
Restricted equity		
Share capital 1 January	80	80
Share capital 31 December	80	80
Restricted equity, total 31 December	80	80
Free equity		
Invested unrestricted equity reserve 1 January	16 445	14 945
Directed share issue	1 286	1 500
Invested unrestricted equity reserve 31 December	17 731	16 445
Invested unrestricted equity reserve, total	17 731	16 445
Retained earnings 1 January	11 302	9 235
Dividends distributed	-2 595	-2 376
Retained earnings, total 31 December	8 707	6 860
Profit for the financial year	3 563	4 443
Free equity, total 31 December	30 001	27 747
Distributable equity, total	30 081	27 827

Statement of the parent company's distributable unrestricted equity

EUR 1,000	2023	2022
Invested unrestricted equity reserve	17 731	16 445
Retained earnings	8 707	6 860
Profit for the financial year	3 563	4 443
Unrestricted equity, total 31 December	30 001	27 747
Capitalized development expenditure	-1 191	-30
Distributable equity, total	28 810	27 717

19. Trade payables and other current liabilities

EUR 1,000	2023	2022
Loans from financial institutions	1 872	900
Lease liabilities	0	0
Advances received	162	651
Trade payables	949	648
Contingent consideration	3 450	2 740
Accrued expenses	1 445	1 379
Other payables	3 271	887
Total	11 149	7 204

Specification of accruals and deferred income

EUR 1,000	2023	2022
Holiday pay liabilities including social security expenses	1 121	1 052
Tax liabilities	1	122
Other accruals and deferred income	3 772	2 946
Total	4 895	4 119

Specification of group liabilities

EUR 1,000	2023	2022
Current liabilities		
Trade payables to group companies	2	0
Other payables to group companies	2 593	0
Total	2 595	0

16. Maturity of liabilities

2023

EUR 1,000	2024	2025	2026	2027 ->	Total
Loans from financial institutions	1 872	1 372	1 172	3 398	7 814
Lease liabilities	0	0	0	0	0
Advances received	162	0	0	0	162
Trade payables	949	0	0	0	949
Contingent consideration	3 450	0	0	0	3 450
Other payables	4 716	0	0	0	4 716
Total	11 149	1 372	1 172	3 398	17 091

2022

EUR 1,000	2023	2024	2025	2026 ->	Total
Loans from financial institutions	900	900	400	200	2 600
Lease liabilities	0	0	0	0	0
Advances received	651	0	0	0	651
Trade payables	648	0	0	0	648
Contingent consideration	2 540	200	0	0	2 740
Other payables	2 266	0	0	0	2 266
Total	7 004	1 100	400	200	8 704

Other notes concerning the parent company

Substantive law collateral

EUR 1,000	2023	2022
Substantive law collateral		
Cash pledges (movable object, security)	1 073	1 073
Business mortgage, parent company	15 000	2 000
Total	16 073	3 073

The value of the cash pledges corresponds to the purchase price of the pledged real estate shares.

Rent and lease liabilities

EUR 1,000	2023	2022
Rental obligations		
Current	139	156
Non-current	0	0
Total	139	156
Lease obligations		
Current	2	1
Non-current	0	0
Total	2	1

The company is liable to review the value added tax deductions of the real estate investments completed in 2017–2018 if the taxable use of the property decreases during the review periods. The last year of reviewing the liability is 2032. The residual liability on 31 December 2023 amounted to EUR 205 thousand.

Signatures to the financial statements and report of the Board of Directors

Vaasa, 20 March 2024

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, 21 March 2024

KPMG Oy Ab

Kim Järvi

KHT