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Lemonsoft is planning an initial public offering and a listing on the Nasdaq First North Growth Market Finland

Lemonsoft Oyj ("Lemonsoft" or the "Company") today announces its intention to launch an initial public offering (the "IPO" or the "Offering") and to list its shares on the Nasdaq First North Growth Market ("First North").

Lemonsoft is a Finnish SaaS company that designs, develops and sells ERP software solutions. The Company focuses on offering solutions mainly for small and medium sized enterprises (SMEs). The Company's software solutions and services enable improved efficiency of customers' business processes as well as cost savings through automation and digitalisation.

The objective of the IPO is to enable the Company's First North listing and thus enable the growth and business expansion outlined by the Company's strategy. The Company expects that the First North listing allows Lemonsoft to access a new channel for equity financing both from domestic and foreign investors, create liquidity for the Company's shares and strengthen Lemonsoft's recognition and brand awareness among customers, employees and investors. In addition, the Offering aims to broaden the Company's ownership base with both domestic and foreign investors. The listing of the shares and increased liquidity would also help in using Lemonsoft's shares more effectively as a means of consideration in potential acquisitions and in incentive programs for personnel.

The contemplated IPO is expected to consist of a share issue by the Company of approximately EUR 15 million (gross proceeds) and of a share sale by certain existing shareholders. The proceeds from the share issue are intended to be used to support Lemonsoft's growth strategy including financing of acquisitions.

Ilmarinen Mutual Pension Insurance Company, Mandatum Asset Management Ltd, TIN Fonder, Aeternum Capital, Handelsbanken Fonder, ODIN Fonder, certain funds managed by Evli Fund Management Company Ltd, certain funds managed by entities owned by Aktia Bank Plc, Grenspecialisten, SEB Investment Management AB and certain funds managed by SP-Fund Management Company Ltd (together "**Cornerstone Investors**") have, subject to certain ordinary conditions, committed to subscribing shares in the Offering, provided that the combined value of the Company's shares before IPO proceeds does not exceed €201 million. Commitments by the Cornerstone Investors amount to €42.5 million in total.

Christoffer Häggblom, Chairman of the Board comments:

"Lemonsoft's growth has been fast and its profitability excellent. Still, we find that the company has a wide array of completely new opportunities ahead of it. We expect that the market will grow significantly, and we want our growth to exceed the growth of the market. Therefore, now is the right time for Lemonsoft's listing.

Lemonsoft's strategy is to continuously invest in product development and new technologies to maintain its strong position compared to the competition and offer the best products and customer experience in the market. Acquisitions are also a central piece of the growth strategy. We firmly believe that the planned listing would further increase Lemonsoft's abilities to make investments and achieve the long-term financial targets set by the Board of Directors."

Kari Joki-Hollanti, CEO comments:

"We have already been able to succeed on multiple fronts during our history: fast and profitable growth, satisfied employees and a large amount of long-term customers from different industries. I believe that the planned listing increases Lemonsoft's recognition and brand awareness and makes the Company even more attractive as an employer. As a listed company, we would also be able to use stock-based incentives to increase employee engagement and commitment.

At the core of all our operations is the desire to develop our products and services together with our customers. Our solutions enable our customers to have more time and resources to focus on their core business. We believe that efficiency is the prerequisite for growth. We are thrilled to be able to share this journey with new shareholders."

About Lemonsoft

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 standardised 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. As of the date of this press release, the Company's customer base consists of over 6,600 customer companies using the Company's software solutions, including customers from especially industrial manufacturing, wholesale and retail, professional services automation, construction and accounting.

Due to the extensive software offering and modern technology, the Company has succeeded in maintaining strong growth while simultaneously increasing its profitability. The average annual growth rate (CAGR) of the Company's net sales was 20 percent between the financial years ended 31 December 2018 and 31 December 2020. At the same time, the Company's adjusted EBIT margin increased from 27.1 percent to 32.6 percent between the financial years ended 31 December 2018 and 31 December 2020. Lemonsoft's net sales was 13.6 million euros, adjusted EBIT 4.4 million euros and EBIT 3.9 million euros in the financial year ended 31 December 2020. Lemonsoft's pro forma net sales was 17.4 million euros and pro forma adjusted EBIT 5.6 million euros (32.3 percent of net sales) in the financial year ended 31 December 2020.

The Lemonsoft Group consists of the parent company Lemonsoft Oyj and its subsidiaries Lixani Oy, Metsys Oy, PlanMill Oy and WorkIn Oy. The Company's average head count was 123 employees in the nine month period ended 30 September 2021. The Company has operations in nine cities: Vaasa, Helsinki, Joensuu, Jyväskylä, Kouvola, Oulu, Tampere, Turku and Vantaa. From these offices, the Company caters to its customers all over Finland.

Strengths

The Company's management estimates that particularly the following factors are the Company's strengths:

- SaaS company having grown quickly during its history with very strong key metrics across the board
- Strong market position in the sizeable ERP market for SMEs
- Comprehensive software solution for managing SMEs' business critical processes
- Strong growth prospects by increasing ARPC, acquiring new customers and releasing new products
- Potential to continue the successful acquisition strategy

Strategy

The main goal of Lemonsoft's strategy is to increase market share and penetration

- by increasing the revenue from the Company's current customer base;
- by winning new customers;
- by optimising pricing;
- by growing the transaction business; and
- by releasing new modules and solutions.

The strategic focus points are:

- **Product leadership** - The Company will seek to be a product leader in the market of industry-specific ERP systems through continuous investment in product development and new technology to stay ahead of its competitors.
- **Customer experience leadership** - The Company will seek to offer the best user experience in its market. By offering the best customer experience in the market, the Company will seek to keep its customers loyal and to generate growth from the Company's current and new customers.

Financial targets and dividend policy

Lemonsoft's target is to increase its net sales organically to EUR 40 million by the financial year ending 31 December 2025. This target excludes potential acquisitions, as acquisitions are difficult to predict. The Company aims to continue executing its active acquisition strategy. In addition, Lemonsoft's target is to increase its adjusted EBIT margin to 40 percent by the financial year ending 31 December 2025. The Company will seek to carry out an active dividend policy, provided that profit distribution will not weaken the Company's ability to achieve its targets set out in the Company's growth strategy or other financial targets.

Lemonsoft's key figures

During the financial year ended 31 December 2020, Lemonsoft's net sales was 13.6 million euros and adjusted EBIT 4.4 million euros representing adjusted EBIT margin of 32.6 percent. The Company's pro forma net sales was 17.4 million euros and pro forma adjusted EBIT 5.6 million euros.

The following table sets forth the key figures of Lemonsoft:

	For the nine months ended 30 September		For the year ended 31 December		
	2021	2020	2020 (*)	2019	2018
(EUR in thousands unless otherwise indicated)	(Unaudited unless otherwise indicated)				
Net sales	12,284	9,938	13,588 (****)	10,639 (****)	9,484 (****)
Net sales growth, %	23.6 %	27.7 %	27.7 %	12.2 %	19.8 %
SaaS	9,269	7,628	10,316	7,559	6,268
Transactions	786	673	956	848	586
Consulting and other	2,230	1,637	2,316	2,232	2,631
Gross Margin	10,955	8,754	11,941	9,300	8,565
Gross Margin-%	89.2 %	88.1 %	87.9 %	87.4 %	90.3 %
EBITDA	4,179	3,511	4,794	3,504	2,782
EBITDA-%	34.0 %	35.3 %	35.3 %	32.9 %	29.3 %

Adjusted EBITDA (**)	4,368	3,419	4,683	3,511	2,782
Adjusted EBITDA, % of net sales	35.6 %	34.4 %	34.5 %	33.0 %	29.3 %
Operating profit (EBIT)	3,366	2,860	3,906 (****)	3,139 (****)	2,428 (****)
Operating profit (EBIT), % of net sales	27.4 %	28.8 %	28.7 %	29.5 %	25.6 %
Adjusted EBIT (***)	4,205	3,228	4,428	3,283	2,566
Adjusted EBIT, % of net sales	34.2 %	32.5 %	32.6 %	30.9 %	27.1 %
Profit for the period	2,656	2,215	2,976 (****)	2,484 (****)	1,912 (****)
Attributable to parent shareholders	2,635	2,211	2,976 (****)	2,484 (****)	1,912 (****)
Minority share	22	4	0	0	0
Profit for the period, % of net sales	21.6 %	22.3 %	21.9 %	23.3 %	20.2 %
Attributable to parent shareholders, % of net sales	21.4 %	22.3 %	21.9 %	23.3 %	20.2 %
Minority share, % of net sales	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %
Equity ratio, %	51.9 %	59.9 %	61.6 %	77.9 %	67.4 %
Net debt	-787	-1,857	-3,099	-3,776	-2,251
Gearing, %	-10.7 %	-30.0 %	-44.3 %	-68.5 %	-52.9 %
Earnings per share (EPS), EUR (****)	1.39	3,251.79	4,375.92	3,652.58	2,811.21
Average personnel, end of period	121	104	110	79	75

Shares outstanding, end of period	17,000,000	680	680	680	680
Average shares outstanding during the period	1,889,493	680	680	680	680

(* The Group and the requirement for consolidated accounts was formed during the financial year 2020.

(** Adjusted EBITDA is the period's EBITDA adjusted for costs associated with acquisitions and the listing

(*** Adjusted EBIT is the EBIT of the period adjusted for depreciations and amortizations of merged companies, goodwill amortisation and costs associated with acquisitions and the listing

(**** Audited

(***** Earnings per share (EPS) has been calculated using the 1,889,493 shares outstanding figure for the period ending 30 September 2021 and using 680 shares outstanding figure for other stated periods.

Information on the IPO

The contemplated IPO is expected to consist of a share issue by the Company of approximately EUR 15 million (gross proceeds) and a share sale, in which shareholders Rite Internet Ventures Holding AB and Kari Joki-Hollanti ("**Selling Shareholders**") would sell their shares. Lemonsoft, Selling Shareholders, members of Lemonsoft's Board of Directors and management, and subscribers participating in the contemplated personnel offering will commit to customary lock-up arrangements. The contemplated IPO is expected to include a personnel offering to employees of Lemonsoft and its group companies, that are employed at the time of the subscription period, and members of the Board of Directors and the management team.

Ilmarinen Mutual Pension Insurance Company, Mandatum Asset Management Ltd, TIN Fonder, Aeternum Capital, Handelsbanken Fonder, ODIN Fonder, certain funds managed by Evli Fund Management Company Ltd, certain funds managed by entities owned by Aktia Bank Plc, Grenspecialisten, SEB Investment Management AB and certain funds managed by SP-Fund Management Company Ltd (together "**Cornerstone Investors**") have, subject to certain ordinary terms and conditions, committed to subscribing shares in the Offering, provided that the combined value of the Company's shares before IPO proceeds does not exceed €201 million. Commitments by the Cornerstone Investors amount to €42.5 million in total.

Danske Bank A/S, Finland branch ("**Sole Global Coordinator**") has been appointed to act as the Sole Global Coordinator in the contemplated IPO. Castrén & Snellman Attorneys Ltd is acting as legal adviser to the Company. Roschier, Attorneys Ltd. is acting as legal adviser to the Sole Global Coordinator. Miltton is acting as communications adviser to the Company. As of the contemplated listing, Danske Bank A/S, Finland branch will act as Lemonsoft's certified adviser in accordance with the Nasdaq First North Growth Market Rulebook.

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The issue, purchase or sale of securities in the Offering are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company and the Sole Global Coordinator assume no responsibility in the event of a violation of such restrictions, by any person.

This announcement is not an offer to sell or a solicitation of any offer to buy any securities issued by the Company in any jurisdiction where such offer or sale would be unlawful. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

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The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. The information in this announcement is subject to change.

This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, or form the basis for a decision, to invest in any securities of the Company. The Sole Global Coordinator is acting exclusively for the Company and the Selling Shareholders and no one else in connection with the Offering. The Sole Global Coordinator will not regard any other party or person as its client in relation to the Offering and will not be responsible to anyone other party or person for providing the protections afforded to its clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

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Forward-looking statements

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialise or prove to be correct. Because these forward-looking statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. The Company does not guarantee that the assumptions underlying the forward-looking statements in this announcement are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this announcement or any obligation to update or revise the statements in this announcement to reflect subsequent events or circumstances. Undue reliance should not be placed on the forward-looking statements in this announcement. The

information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this announcement.

Attachments

[Lemonsoft is planning an initial public offering and a listing on the Nasdaq First North Growth Market Finland](#)