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## **Momentum intends to list its shares on the Nasdaq First North Growth Market**

**Momentum Software Group AB (publ) ("Momentum" or "the Company"), a SaaS company that offers cloud-based property systems to Swedish property owners, today announces its intention to list the Company's shares on the Nasdaq First North Growth Market (the "Listing"). In connection to the Listing, Momentum intends to carry out a new issue of shares (the "Offer"). The offer is also expected to consist of existing shares in the Company that is offered by certain shareholders. Lannebo Fonder, Enter Fonder, JoFam (an investment company owned by Per Josefsson and family), and Öhman Fonder ("Cornerstone Investors"), have undertaken to acquire shares in the Offer corresponding to a total value of SEK 185 million. Trading in Momentum's shares on the Nasdaq First North Growth Market is expected to begin in 2021.**

Momentum offers cloud-based property management systems for Swedish real estate companies. Property systems are business-critical for real estate companies and modern real estate platforms handle large amounts of data, administrative tasks, tenant communication and business intelligence. The real estate sector has long been lagging in terms of digitalisation compared with many other industries[1]. However, a growing focus on efficiency and sustainability, as well as an increased digital expectation from tenants is now driving the demand for modern platforms and cloud-based solutions with smart decision support, according to Momentum.

Momentum initiated the transition to offering a standardised SaaS solution for property management and energy monitoring in 2016. Since then, this has meant, among other things, a higher share of recurring revenues, a net revenue retention that indicates on a good development of existing customers' subscription revenues and improved profitability. Momentum is the only supplier in its segment that has taken the full step from customized On-premise systems to a standardized web-based SaaS platform[2]. Momentum's platform is easy to use and subscription-based, offering its customers access to the latest functionality, fast upgrades, new technology and the freedom to work from any location. It also offers great integration possibilities with other systems. In 2020, Momentum had approximately 10,000 users with the real estate companies and over one million tenants and housing applicants who used Momentum's solutions.

Momentum identifies several potential venues for continued growth, with a clear strategy for product expansion, new customers, and acquisitions. The Company's Board of Directors, together with the main owner Bas Invest IV AB ("BAS Invest"), therefore considers that the Offering and Listing of the Company's shares is a logical and important step in Momentum's continued development. The Listing is expected to increase awareness of the Company and its operations among current and potential customers, suppliers, and employees, as well as provide access to the Swedish and international capital markets, which is expected to promote the Company's continued growth and development.

#### **CEO Richard Durlow comments:**

*"Our investments in developing a completely new generation of SaaS services for real estate companies has in recent years resulted in a rapidly increasing order intake. In addition, we see great potential in replacing older, complex, and unstable solutions with our open and user-friendly systems developed based on best practice. One of the strongest contributing factors to our growth today is the result of the word of mouth effect, where satisfied customers recommend us to their colleagues in the industry. In combination with our unique culture and our constant drive for innovation, I see great opportunities to continue to grow our business. The listing allows us to complement our strong organic development with a selective acquisition agenda. In addition, it helps to strengthen our profile towards customers, partners and employees."*

#### **Chairman of the Board Paul Rönnberg comments:**

*"Since Bas Invest acquired Momentum in 2016, Momentum has made several bold and strategically successful decisions. A transition from customized, locally operated software ("On-premise") to modern standardized SaaS solutions, which has involved extensive investments in the platform, new products, and a new organization. Momentum has a strong financial position, a modern platform, satisfied customers, and low churn, which makes the Company well-positioned for continued strong growth, both organically and from acquisitions. Bas Invest remains a large and active owner of Momentum and sees it as an attractive long-term investment. We welcome new shareholders to our continued journey. "*

#### **The Offer in brief**

Should the Company proceed with the Listing, the Offering is expected to consist of:

- An offering to the general public in Sweden.
- An offering to the institutional investors in Sweden and abroad.

The Offering to institutional investors will only be directed to certain institutional investors outside the United States pursuant to Regulation S in accordance with the Securities Act of 1933, as amended ("Securities Act").

The Offering is expected to consist of both newly issued shares and existing shares in the Company. With the newly issued shares the Offering is expected to bring gross proceeds of approximately SEK 100 million to the Company, before issue costs related to the Offering. A few existing shareholders, including BAS Invest, are expected to sell a part their existing shares. Further, certain shareholders will undertake to sell existing shares in order to cover potential over-allotment in connection with the Offering, corresponding to not more than 15 per cent of the total number of shares included in the Offering.

Momentum intends to use the net proceeds from the new share issue in the Offering to position the Company for future growth through acquisitions.

Full terms, conditions and instructions for the Offering will be included in the prospectus intended to be published by the Company in connection with the Listing and will then be available at the Company's website [www.momentum.se](http://www.momentum.se) and Skandinaviska Enskilda Banken AB's website [www.seb.se](http://www.seb.se).

Nasdaq Stockholm AB has made the assessment that Momentum fulfils the applicable listing requirements at Nasdaq First North Growth Market. Nasdaq Stockholm AB will approve an application for trading of the Company's shares on Nasdaq First North Growth Market, provided that certain customary conditions are met, including that the Company submits such an application and that the distribution requirement for its shares is met.

### **The Cornerstone Investors**

The Cornerstone Investors have, subject to certain conditions, undertaken to acquire shares amounting to a total of SEK 185 million in the Offering, at a price of up to SEK 61 per share, corresponding to a market value of up to around SEK 915 million for the Company's total outstanding shares prior to the Offering.

### **About Momentum**

Momentum is a SaaS company that develops, sells and implements cloud-based systems for property management and energy monitoring in Sweden. In property management, the Company offers the platform Momentum Property, which is a comprehensive system for property owners and property managers with support for, among other things, contract and rental administration, marketing and leasing, inspections and fault reporting. In addition, the My Pages interface is included with extensive functionality aimed to the property owner's customer, the tenant. Via Momentum Energi, Momentum offers a platform for collecting, processing, and analyzing energy data.

Momentum generates revenue via both subscription agreements and service revenue. Momentum uses its own resources for product development, implementation, support, sales and marketing. The company's head office is located in Stockholm, but there are also offices in Falun and Malmö.

Momentum's customers consist of property owners and property managers in Sweden. In 2020, Momentum had approximately 10,000 users at the real estate companies and more than one million tenants and housing applicants who used Momentum's solutions. In 2020, rental notices amounting to more than SEK 20 billion were created in Momentum Property, and more than 100 million square meters of living space were managed in Momentum's products.

In 2016, Momentum began a transition from customized, locally operated software ("On-premise") to modern standardized SaaS solutions. These are developed on the basis of best practice, i.e. analyzes Momentum has made based on experience and feedback from customers. The restructuring, which is still ongoing, has been successful and has meant, among other things, that the Contracted Annual Recurring Revenue ("CARR[3]"), has grown at an annual rate of 19.5 percent during the period 31 December 2018 - 30 June 2021. On a rolling 12-month basis, the Company's revenue per 30/9 2021 amounted to SEK 91.7 million and EBITDA amounted to SEK 30.9 million. At the same time, CARR amounted to SEK 73.8 million.

## Strengths and competitive advantages

- The real estate software market is driven by an increased demand for digital solutions generating efficiencies, automation, and fast, user-friendly communication with tenants
- Momentum is the only supplier in the segment that has fully taken the step from customized On-premise systems to a standardized web-based SaaS platform[4]
- Momentum's open APIs and ecosystems of suppliers create added value
- Easy-to-use and accessible platform for both property owners and end customers
- High customer satisfaction through long-term relationships and growing revenues from existing customers
- Several potential paths for continued growth with a clear plan for organic growth, partnerships, and M&A
- Momentum strives for an attractive financial position in combination with a SaaS shift, which means a high proportion of recurring revenues, a net revenue retention that indicates on a good development of existing customers' subscription revenues and improved profitability

A more comprehensive description of the Company's most important strengths and competitive advantages will be included in the prospectus that is expected to be published by Momentum.

## Financial targets and dividend policy

- Organic revenue growth around 20 percent per year in the medium term and total revenues exceeding SEK 300 million by 2026.
- EBITDA margin exceeding 45 percent in the medium term.
- The company's board intends to primarily use the cash flow generated by the business for continued growth investments, both organically and through acquisitions. Even if growth is prioritised, the board shall evaluate the possibility of a dividend each year, taking into account the development of the business as well as its operating profit and financial position.

## Advisors

Skandinaviska Enskilda Banken AB ("SEB") is acting as Global Coordinator and Bookrunner in connection with the Offering. White & Case is acting as legal advisor to Momentum, and Advokatfirman Hammarösköld & Co AB is acting as legal advisor to SEB. In connection with the Offering, SEB and Avanza Bank AB (publ) are acting as Retail Distributors.

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## Important information

This announcement is not and does not form a part of any offer for sale of securities in Momentum.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, Japan or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures. This announcement does not constitute an offer for sale or purchase of securities in the United States. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"),

and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

The securities described herein have also not been and will not be registered under the applicable securities laws of the United States, Australia, Canada or Japan and, subject to certain exemptions, may not be offered or sold in or into or for the account or benefit of any person having a registered address in, or located or resident in the United States, Australia, Canada or Japan. There will be no public offering of the securities described herein in Australia, Canada or Japan.

Any offering of the securities referred to in this announcement will be made by means of a prospectus. This announcement is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the "Prospectus Regulation"). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden and the United Kingdom, this communication is only addressed to and is only directed at qualified investors in that Member State and the United Kingdom within the meaning of the Prospectus Regulation, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State or the United Kingdom.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

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," "intends," "estimate," "will," "may," "continue," "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. 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 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.

In connection with the offer or sale of securities referred to herein, the financial advisor engaged by the Company may over-allot securities/conduct stabilization or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilization action or over-allotment will be conducted by the financial advisor and/or its subsidiary in accordance with all applicable laws and rules.

[1] Digitalization of buildings in the Nordics & Baltics – Arthur D. Little och Telia, 2021

[2] Based on participation and outcomes in procurements in which the Company has participated in

[3] The value of agreed annual normalized subscription income less contracted annual recurring revenue

[4] Based on participation and outcomes in procurements in which the Company has participated in

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## About Us

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Momentum Software is a SaaS company providing property owners with platforms that digitalize and simplify everyday life for property owners and their tenants. Customers consist of private and municipally owned real estate companies managing both residential and commercial property in Sweden. During 2020 approximately 10 000 users and more than one million tenants and used products developed by Momentum. Read more: [momentum.se](https://momentum.se)

## Attachments

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