

LEMONSOFT

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT

A 3D rendering of the word "lemonsoft" in a sans-serif font. The letters "lemon" are light yellow, and "soft" is grey. The letters are mounted on a white wall, casting soft shadows. In the foreground, there are blurred green leaves of a plant.

Toward earnings growth era after transformation phase

We reiterate our Accumulate recommendation and EUR 7.1 target price for Lemonsoft. Last year was a time of major changes for Lemonsoft, both in terms of its organization and its technology platform. The transformation phase is nearing its end, allowing the company now to focus on accelerating sales and product development. While the growth outlook for 2026 remains cautious in our view, expectations are also moderate at the current share valuation (2026e EV/EBIT 12x). Thus, we consider the risk/reward ratio attractive.

SaaS-based provider of enterprise resource planning (ERP) systems for SME companies

Lemonsoft's ERP system scales according to customer needs and is designed to provide all of a company's key functions and industry-specific features in a single, comprehensive solution. The company's core target group consists of SMEs with 10–250 employees, and the most important sectors in terms of strategy are industrial manufacturing, as well as wholesale and retail (over 50% of revenue). Lemonsoft invests heavily in product development and is also expanding its product portfolio through acquisitions. Since December 2019, the company has completed a total of 12 acquisitions.

Strong market position in industrial manufacturing and wholesale

Lemonsoft's market growth and potential are driven by the low level of digitalization in its customer industries, the growing need for productivity-enhancing solutions, and the ongoing transition to SaaS software solutions. Lemonsoft's comprehensive, industry-specific, SaaS-based solution and its strong market position in industrial manufacturing (15% market share) and wholesale (5%) give it a solid foundation for continued competitiveness. We continue to see clear growth potential for Lemonsoft in its current target markets, even though the weak economic environment in recent years and, to some extent, the company's own internal challenges have slowed organic growth.

Profitable growth and good cash flow

Lemonsoft's investment profile combines growth, high profitability and cash flow with good business model continuity, scalability and predictability. The company's revenue has increased by an average of 20% in 2017-2024, and our 2025 estimate for the adjusted EBIT % is 24%. While most of the growth has historically been organic, the role of acquisitions has become more prominent in recent years. The expanded product portfolio and customer base resulting from acquisitions also offer the company clear opportunities for upselling and cross-selling, the full potential of which has yet to be realized. In addition, changes in the organization and technological development in recent years have weakened profitability. However, the foundation for profitable growth is stronger now than before, and the growth upturn should also begin to be reflected in the company's earnings growth. Lemonsoft's financial target is to achieve an average adjusted EBIT growth of 25% in 2026-2028. The company plans to achieve profit growth through (1) increasing market share in its core segments, (2) disciplined cost control, and (3) selective acquisitions. We currently forecast an average adjusted EBIT growth of approximately 13% (organically) during the company's strategy period.

Valuation is moderate in relation to accelerating earnings growth

Based on our forecasts, Lemonsoft's EV/EBIT ratio, adjusted for PPA amortization from acquisitions, is 15x in 2025. While the ratio appears neutral when viewed solely in relation to the lackluster short-term development, we believe that Lemonsoft's medium-term earnings potential is clearly higher than the 2025 level. If the market starts to pick up and the earnings growth that we forecast materializes, the valuation already looks very moderate for the coming years (2026e-2027e EV/EBIT 12x-11x). There is also potential to accelerate earnings growth going forward through successful acquisitions.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 7.10

(was EUR 7.10)

Share price:

EUR 5.76

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	28.9	29.3	29.5	30.9
growth-%	10%	1%	1%	4%
EBIT adj.	6.4	7.0	8.5	9.3
EBIT-% adj.	22.3 %	23.8 %	28.9 %	30.2 %
Net Income	4.1	4.4	5.6	6.5
EPS (adj.)	0.28	0.24	0.37	0.42
P/E (adj.)	20.6	24.0	15.5	13.7
P/B	3.7	3.3	3.6	3.2
Dividend yield-%	2.5 %	2.4 %	2.6 %	2.8 %
EV/EBIT (adj.)	16.9	15.5	12.3	10.8
EV/EBITDA	14.9	11.7	11.3	10.0
EV/S	3.8	3.7	3.5	3.3

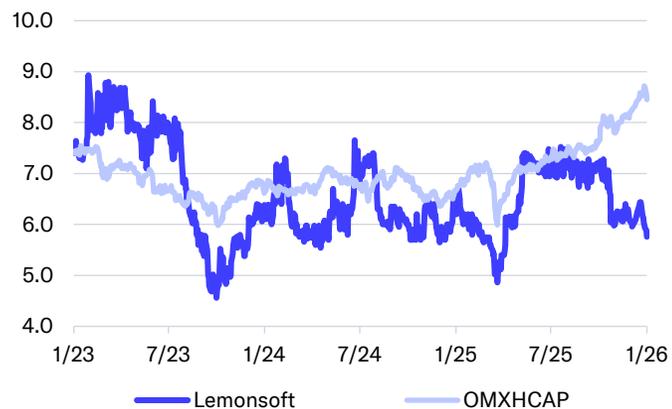
Source: Inderes

Guidance

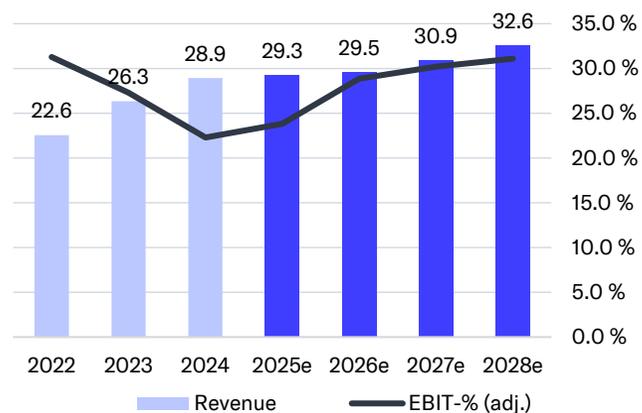
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"Lemonsoft estimates that the net sales for the financial year 2025 will increase by 0-10% and that adjusted EBIT will be 18-24% of net sales."

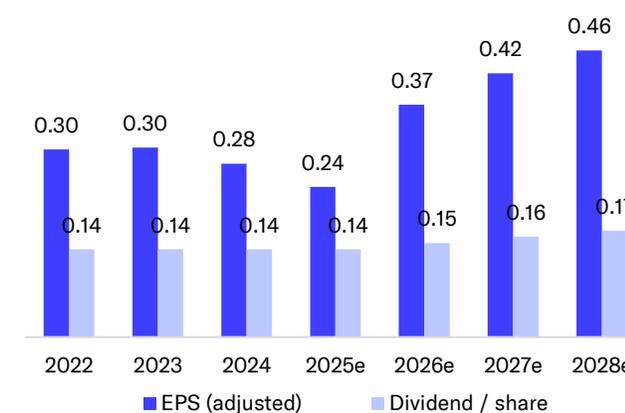
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Growth in current industries by expanding within existing customers and acquiring new customers
- Accelerating growth and value creation through M&A
- Profitability scaling potential with growth
- High customer retention (system is business-critical for customers)

Risk factors

- Weak economic environment creates uncertainty over the organic revenue growth outlook
- Acquisitions and their integration
- Excessive diversification of the product portfolio and loss of focus
- Tightening competition
- Technology and cybersecurity risks

Valuation	2025e	2026e	2027e
Share price	5.76	5.76	5.76
Number of shares, millions	17.8	17.8	17.8
Market cap	103	103	103
EV	108	105	101
P/E (adj.)	24.0	15.5	13.7
P/E	23.5	18.3	15.8
P/B	3.3	3.6	3.2
P/S	3.5	3.5	3.3
EV/Sales	3.7	3.5	3.3
EV/EBITDA	11.7	11.3	10.0
EV/EBIT (adj.)	15.5	12.3	10.8
Payout ratio (%)	57.1 %	47.6 %	43.8 %
Dividend yield-%	2.4 %	2.6 %	2.8 %

Source: Inderes

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Lemonsoft in brief

Lemonsoft is a Finnish SaaS-based provider of enterprise resource planning (ERP) systems for SME companies.

2006

Year of establishment

2021

IPO

28.9 MEUR (+9.7% vs. 2023)

Revenue 2024

+18.6%

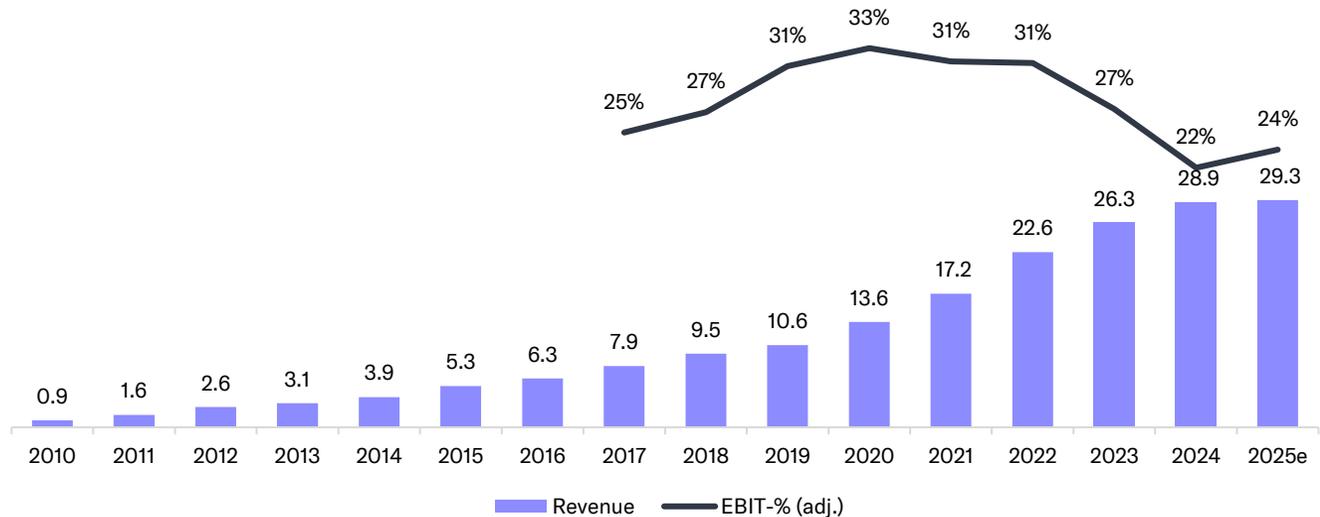
Average revenue growth 2017-2025e

6.4 MEUR (22.3% of revenue)

Adj. EBIT 2024

196

Headcount at the end of Q3'25



Company description and business model 1/6

Company description

Lemonsoft's background and history

Founded in 2006, Lemonsoft is an industry-specific enterprise resource planning (ERP) software provider for SMEs operating on a SaaS model. The company is currently focused on offering its software to the Finnish market.

Before establishing Lemonsoft, company founder Kari Joki-Hollanti developed ERP software called Nova, which was sold to Visma in the early 2000s. Since its inception, Lemonsoft has been a product-driven company, developing its software with a customer-centric approach. Lemonsoft's software strength lies in its most comprehensive offering for SME ERP needs while also considering industry-specific characteristics. Lemonsoft began its transition to the cloud and transformation into a SaaS company well in advance in 2012, which proceeded smoothly for the company, considering its uninterrupted growth figures. This was also an important strategic decision, as the popularity of cloud software took off thereafter. Today, the company's revenue stream is almost entirely SaaS-based.

The ERP system at the core of Lemonsoft's software has been developed with scalability in mind, enabling the product to expand into new industries. Solutions that take into account the specific characteristics of different industries have been developed around the core, and customers can adopt them flexibly. Lemonsoft began by developing software for industrial manufacturing, wholesale, and retail needs, and expanded into the construction sector in 2014. In 2016, Lemonsoft expanded into accounting firms, which also serve as a distribution channel for the software. The company expanded into professional service automation ERP in 2020. Acquisitions that strengthen the product portfolio are part of

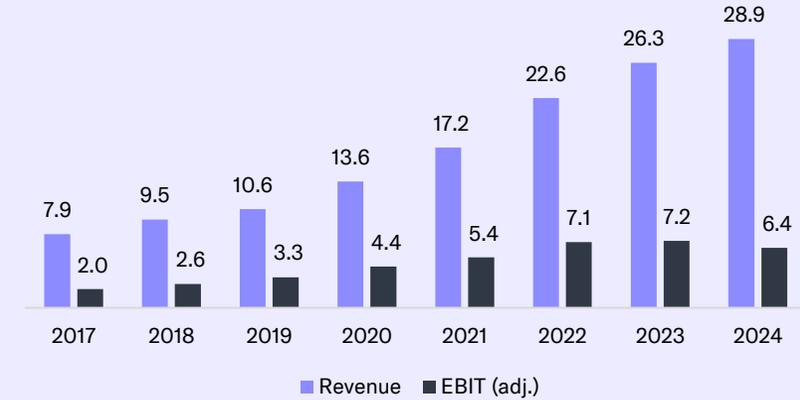
Lemonsoft's strategic toolbox, and the company has completed a total of 12 acquisitions since December 2019.

Lemonsoft today

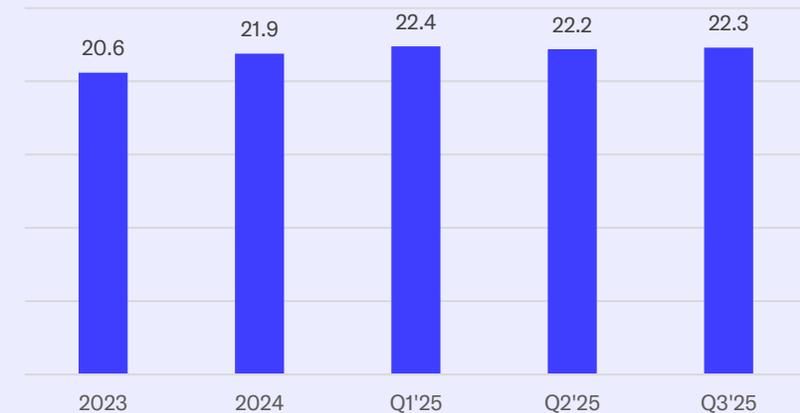
Throughout its history, Lemonsoft has been very successful in commercializing and expanding its software offerings both organically and through acquisitions. This is evident through its average annual revenue growth of around 21% in 2014-2025e. At the same time, in line with the scalable business model, the company's profitability has increased to a good level, although acquisitions and investments in product development, the technology platform, product portfolio integration, and general organizational development have weakened relative profitability in recent years. Lemonsoft's guidance for 2025 is revenue growth of 0-10% and an adjusted EBIT margin of 18-24%.

Lemonsoft's core target group consists of SMEs with 10–250 employees, and the most important sectors in terms of strategy are industrial manufacturing, as well as wholesale and retail (over 50% of revenue). A clear need for comprehensive ERP solutions has emerged in this target group and the software does not require advanced customization. Thus, the target group can be offered scalable, modular, standardized, and automated software solutions at a competitive price. Lemonsoft's customer base is highly diversified, with over 12,600 customers. This figure is boosted by micro-businesses, which account for around 10% of revenue and use a product from Lemonsoft's extensive range. The company has a total of around 700 core customers for industrial manufacturing and wholesale enterprise resource planning.

Revenue and EBIT (MEUR)



ARR development (MEUR)



Company description and business model 2/6

Risks related to individual customers are minimal, and we estimate that the 10 largest customers accounted for less than 10% of revenue in 2024.

Lemonsoft's workforce has grown significantly in recent years, both organically and through acquisitions, reaching 228 employees by the end of 2024. Due to cost savings and efficiency measures implemented in 2025, the number of employees decreased to 196 by the end of Q3'25. The company has offices in eight locations: Vaasa, Helsinki, Joensuu, Jyväskylä, Kouvola, Oulu, Tampere, and Turku.

Lemonsoft was listed on the First North list of Nasdaq Helsinki in fall 2021, raising gross proceeds of 15 MEUR in a share issue. At the same time, the company's main owners, Rite Ventures and Kari Joki-Hollanti, sold shares for a total of around 39 MEUR. Rite Ventures currently owns 43.5%, and Joki-Hollanti owns 26.2%, making them the largest owners of Lemonsoft by far.

Product and business idea

Lemonsoft's ERP system is designed to provide all of a company's key functions and industry-specific features in a single, comprehensive solution. Lemonsoft's ERP system can be tailored to a customer's individual needs, allowing them to include only the functions they require.

The core concept behind Lemonsoft's ERP system is to optimize client company operations and enable financial savings through digitalization and automation. Once information is stored in the software, it moves electronically within the system, enabling real-time visibility into the business. In addition, the software lightens the administrative burden, as the automation of routine tasks frees up time and resources for the company's core

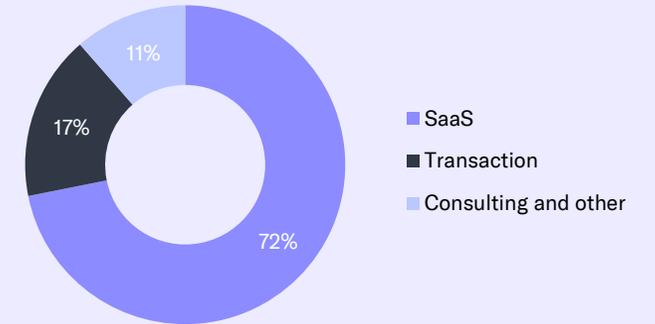
functions. Lemonsoft's cloud-based ERP system enables faster and more cost-effective deployment and maintenance than conventional software solutions, continuous updates and location independence.

Lemonsoft's ERP system includes modules for both administrative (horizontal) and business-specific (vertical) processes. Modules for administrative processes include those used for financial management, payroll administration, information management, business management, customer relationship management, and invoicing processes. The requirements for these modules are quite similar, regardless of the customer's industry or size.

Modules for business processes include those used in production, logistics, materials management, resource management, project management, and data collection. These modules' requirements vary according to the customer's industry and address industry-specific needs.

All Lemonsoft modules, including those for administrative and business processes, as well as other software products, integrate into Lemonsoft's ERP system. To the customer, Lemonsoft's entire offering appears as a unified, total solution, and, at best, new modules can be deployed with the push of a button.

Revenue breakdown 2024



SaaS

Income from recurring software services

Transaction income

Transaction volume-based revenue (e.g., invoice financing, invoice lifecycle, e-invoicing, e-payroll, e-receipt, debt collection)

Consulting and other

Implementation consulting and training supporting product sales, as well as other value-added services.

Company description and business model 3/6

Complementary solutions to the core product

Lemonsoft is open software to which third-party solutions can be connected via APIs. Through the LemonHUB service found in the ERP system, customers can interact with third-party services directly. Through LemonHUB, customers can access transaction-based financial management services such as electronic payslips, e-invoicing, factoring, payment monitoring, and sending and receiving orders and confirmations.

Lemonsoft has also developed other solutions that complement its core product, but we estimate their revenue impact to be minor. A browser-based solution for invoicing, purchase invoices, payroll, and reporting is available for micro-businesses with 1-3 employees. Moreover, LemonShop is an online store platform that integrates with the Lemonsoft ERP system. Regista, in turn, is a program that specializes in describing, measuring, and developing processes.

Lemonsoft's product offerings have also expanded due to acquisitions. Through the acquisition of Aacon, the company gained access to the Kellokortti service, which provides solutions for work time tracking, collective agreement interpretation, and vacation planning. Acquisitions of Lixani and Talosofta strengthened Lemonsoft's offerings in the construction industry. Lixani is an online project management, time tracking, and invoicing system. Talosofta, on the other hand, is cost accounting software. The acquisition of Metsys complemented Lemonsoft's inventory management offerings and expertise. Metsys specializes in developing customized inventory management solutions and aims to productize them using the SaaS model.

PlanMill, which was acquired in 2021, is an ERP system specifically designed for professional and service companies (PSA). Changes in the competitive landscape of the PSA

sector in recent years have led Lemonsoft to refrain from actively pursuing growth in this area. PlanMill's revenue (2021: 1.8 MEUR) has, to our understanding, also been declining in recent years.

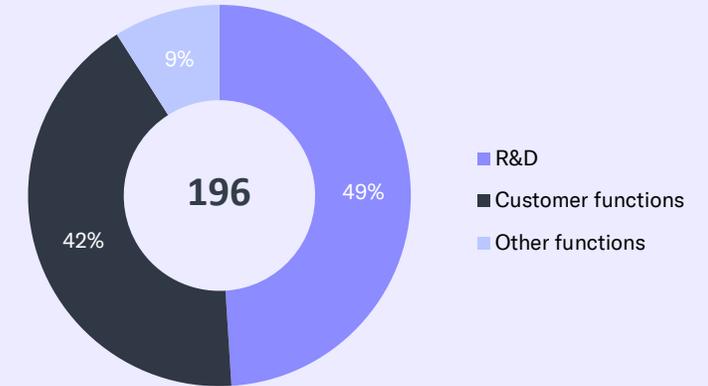
With Logentia (5/22), Lemonsoft strengthened its offerings for industrial manufacturing and wholesale customers in transport service optimization. Through the acquisition of Finazilla (7/22), the company reinforced its financial management solutions offering with Finazilla's cloud-based solution developed for budgeting, reporting, and business planning. Duunissa.fi, purchased in 12/22, reinforced the company's comprehensive solution for working time tracking.

With Finvoicer (6/23), the company expanded its offerings to include invoice lifecycle management software in a slightly larger transaction in terms of size (revenue 3.9 MEUR). Most recently, Lemonsoft's product portfolio was strengthened by the acquisitions of Spotilla (6/24) and Applirent (7/24), which provide software for rental management as well as maintenance and field service management.

Services related to the solution

Lemonsoft is essentially a pure product company, but the solution involves certain essential and value-added services. For example, the company provides software implementation and training as services, because successful implementation is a key priority in achieving the benefits of an ERP system. Consulting services for software use can be purchased also at a later stage in various situations involving change (e.g., streamlining and expanding use, or changes in the customer's business processes). Standard customer support is provided as part of the monthly software SaaS payments. Consulting and other income accounted for 11% of revenue in 2024.

Personnel distribution Q3'25



Number of customers*

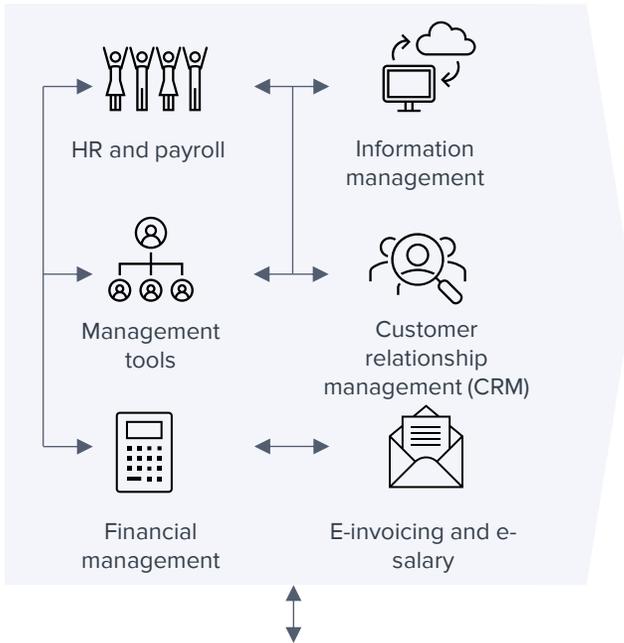


Source: Inderes, Lemonsoft

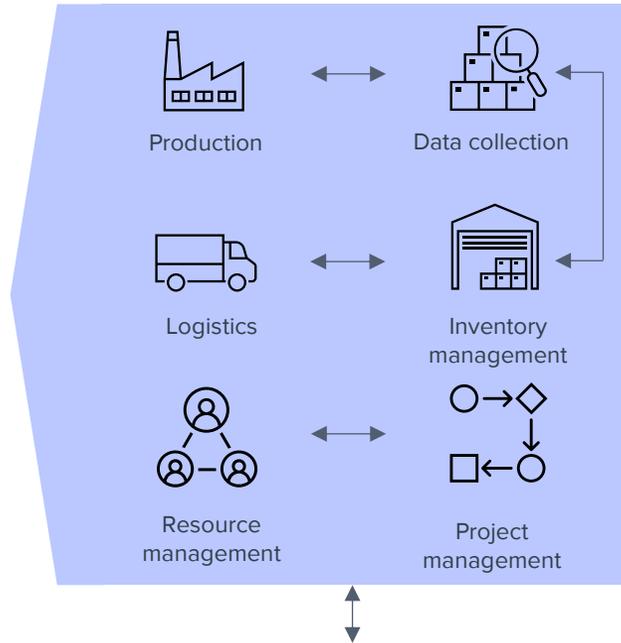
*The reporting method changed in 2023, counting only invoiced customers as customers. For the years 2019-2022, customers using the software were reported. There were around 450 core customers in industrial manufacturing and around 250 in wholesale and retail.

Description of Lemonsoft's solution

Modules for administrative processes



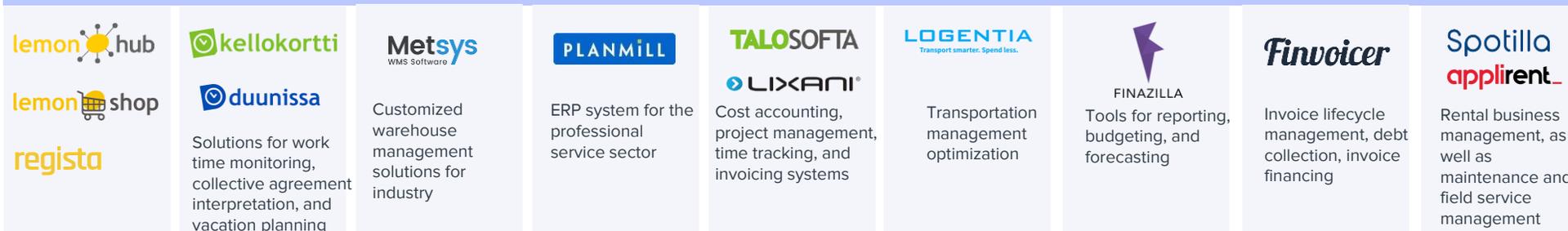
Industry-specific modules



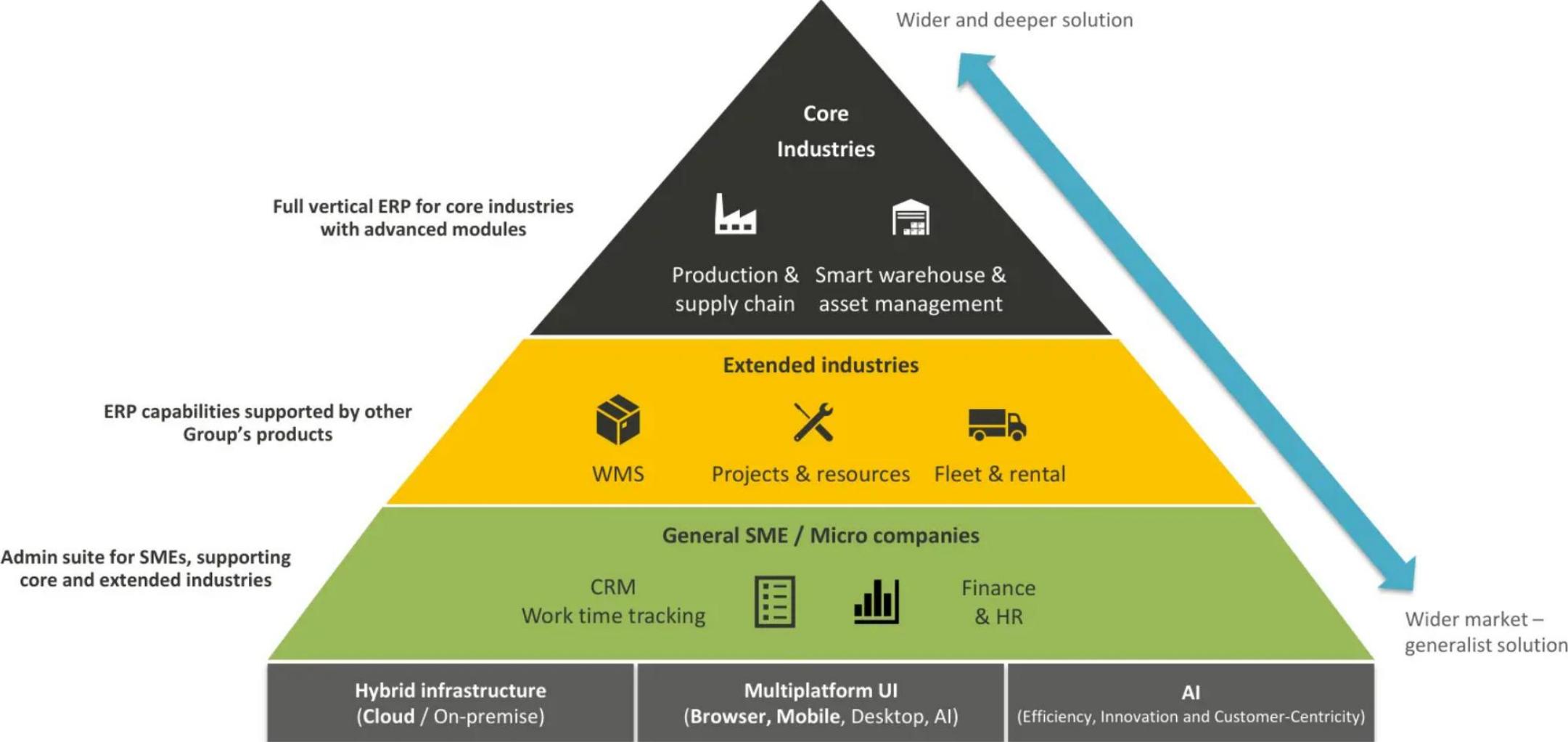
Key functions of the Lemonsoft software:

- All systems needed by SMEs in one modular solution
- Increases productivity and efficiency
- Creates cost savings for the customer
- Allows employees to focus on value-creating tasks
- Provides transparency in different business processes
- Real-time and accurate information flow, automation of routine tasks

Additional modules/services to be integrated into the core product and acquisitions



Positioning of Lemonsoft's software solutions



Company description and business model 4/6

Target groups

The administrative process modules offered by Lemonsoft are suitable for most industries, regardless of the size or location of the customer company. On the other hand, the business process modules have been developed with the specific characteristics of the company's target industries in mind.

Focusing on SMEs with 10-250 employees enables the development of highly standardized, automated software. Lemonsoft develops its software in a customer-oriented way, considering customer-specific customization needs when new features can be replicated extensively to benefit the company's customers.

Lemonsoft currently focuses its ERP software only on selected customer industries in the Finnish market, and internationalization is not relevant in the short term. In the future, the software could expand to new industries through acquisitions, for example. Currently, however, the strategy focuses particularly on industrial manufacturing and wholesale and retail, where the company has the strongest position.

Business model

Sales organization and process

Lemonsoft's product is well standardized for its target groups, and it is quick to take into use. As a result, the product sales process is quite short for an ERP system, and sales do not require high-paid experts or extensive consultation. Sales cycles vary depending on the scope of the system being purchased and typically last a few months. The purchasers of the system are usually the

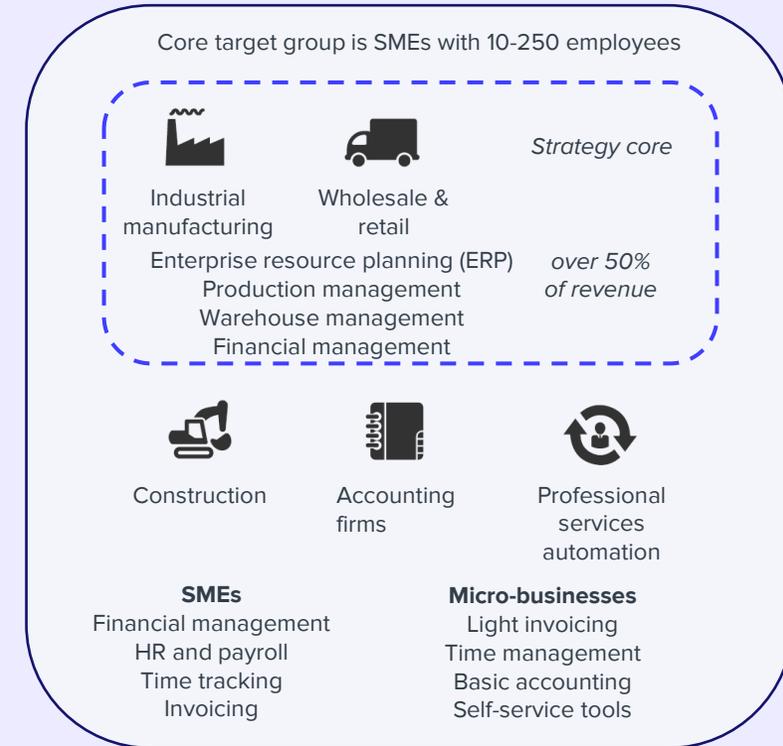
target company's CEO and administration. Lemonsoft's target groups in Finland are clear and well-defined, which facilitates sales.

ERP system sales are consultative sales, so Lemonsoft mainly carries out sales with its own personnel. Lemonsoft also has a partnership model for accounting firms, whereby participating accounting firms guide their own customers to become users of Lemonsoft's software. Thus, accounting firms are both a customer vertical and a sales channel for Lemonsoft. At the end of Q3'25, 42% of Lemonsoft's personnel worked in customer functions.

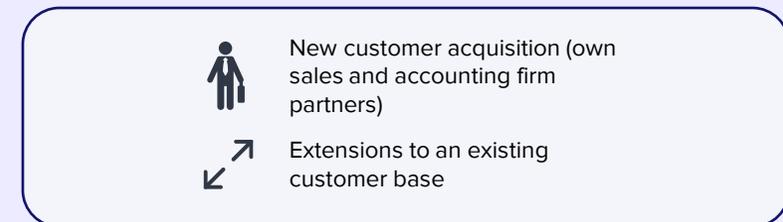
Once an agreement is reached, Lemonsoft's own project team begins the implementation project for the customer. Lemonsoft does not aim for high margins during implementation phases but instead charges based on actual work hours. Once the customer has been taken into production, SaaS payments begin to accrue and include normal customer support for the software.

In 2024, Lemonsoft experienced challenges with implementations due to factors such as high personnel turnover in the implementation team, poor management, and unclear processes. Thanks to changes made, the situation has stabilized, and new customer implementation projects can once again be completed within a few months.

Customer industries



Sales channels



Company description and business model 5/6

Product development and technology

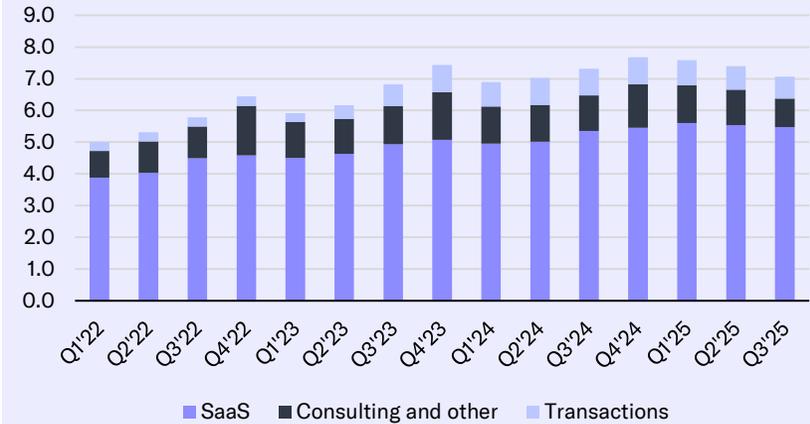
Lemonsoft's ERP system is fundamentally mature, and the role of R&D is primarily to create new products, modules, and features. Another focus is the deeper integration of certain products acquired through M&A in recent years into Lemonsoft's core software. Currently, the emphasis is also on incorporating new AI features into the software to boost customer productivity.

For a little over a year, the company has been engaged in major projects to develop its technology platform (Azure migration and a change of e-invoicing operator partner), which has increased costs and tied up R&D resources. While the e-invoicing operator change was completed in fall 2024, the Azure migration was completed in fall 2025. Now, development efforts can once again shift toward creating new solutions that enhance the software's competitiveness and integration capabilities. Lemonsoft's significant investments in software development are reflected by the fact that, as of the end of Q3'25, 49% of the company's personnel were employed in research and development.

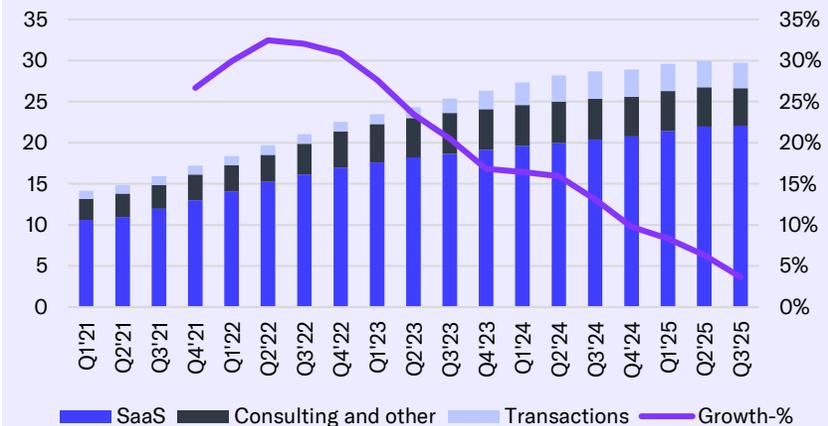
Lemonsoft's technology choices are guided by the principle of using new, market-established technologies. Stability, reliability, and timeliness of software architecture are also essential acquisition criteria. Since the beginning, Lemonsoft's software solutions have been built in layers, separating the database and business logic from the user interface. This has enabled, among other things, the development of mobile and browser applications based on common business logic, allowing users with different profiles to work with the same data in real time.

Lemonsoft develops software according to microservice architecture principles, enabling developed applications to function independently or together as an integrated whole. Overall, R&D aimed at developing standardized, scalable software solutions reduces the need for customer-specific customization, support, and maintenance, enabling business to scale with growth.

Revenue development by quarter (MEUR)



Revenue development (rolling 12 months)



Company description and business model 6/6

SaaS income and pricing model

72% (2024) of Lemonsoft's revenue is recurring SaaS income. SaaS income is based on contracts valid until further notice that are typically invoiced monthly. While we estimate that the average customer generates around EUR 300 per month for Lemonsoft, a large number of micro-businesses makes this figure misleading. Customers who fully utilize the software and its additional modules easily exceed EUR 1,000 in monthly invoicing, and the largest customers can reach up to EUR 10,000. This partly indicates the significant upselling potential of the customer base, which is one of the company's key growth drivers.

In 2020-2021, net revenue retention (NRR) was 108%, indicating a healthy SaaS business. In 2022-2023, the figure decreased to 101-103%, and in 2024, it fell to an unsatisfactory 97.6%. This poor development reflects the weakened economic situation, which has led customer companies to reduce the number of software users. At the same time, upselling and cross-selling have been more difficult than usual, and the company is also dissatisfied with its own performance in recent years. With the changes and additional investments made, the company aims to bring the figure back above 100%. An economic recovery would also certainly help, as the number of software users would begin to increase.

Although Lemonsoft does not have long-term contracts, customer churn is limited by the fact that ERP is a business-critical system for the customer. Lemonsoft is strongly connected to the customer's core processes and replacing the system is a complex project. Thus, customer churn mainly occurs due to natural causes, such as bankruptcies and M&A transactions. Between 2018 and 2022,

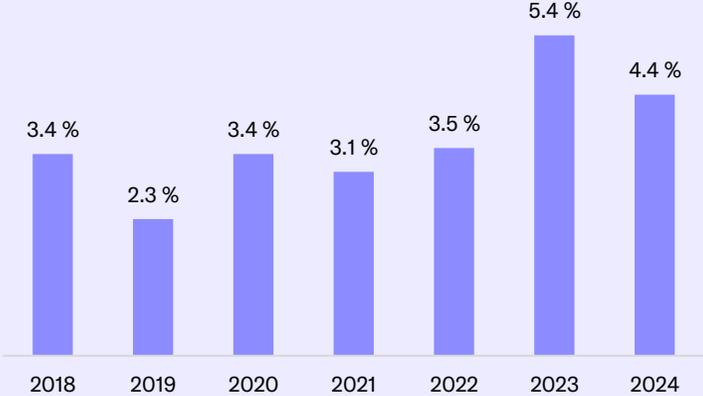
Lemonsoft's customer churn based on recurring billing remained low at 2.3–3.5%. Besides the aforementioned reasons, the low customer churn rate indicates customer satisfaction and the competitiveness of the software among the target group of SMEs. In 2023, customer churn rose to 5.4%, reflecting the weak market situation, with a slight improvement already seen in 2024 (4.4%).

Lemonsoft's ERP system pricing is based on the number of software users and modules in use, which determine the monthly fee. This makes the use of the software flexible and scalable for the customer as needed. For growing companies, monthly payments increase as software use expands within the organization, while in declining companies, they decrease flexibly.

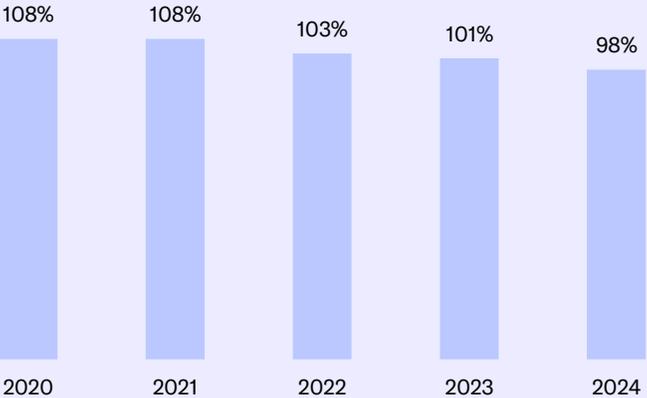
Transaction income

Lemonsoft uses transaction-based invoicing for LemonHUB services, in which the customer pays for the service per transaction. Transaction income consists of a variety of services, such as payroll, invoicing, and payment monitoring services integrated into LemonHUB. These services are billed to the customer monthly in arrears. In 2024, 17% of Lemonsoft's revenue came from transactions, a figure that has increased thanks to Finvoicer's invoice lifecycle management services. Historically, revenue development has been very stable and predictable, meaning transaction-based revenue can be considered recurring. We estimate that transaction income is also high-margin for Lemonsoft in terms of profitability. We estimate that transaction business growth is somewhat linked to growth in new sales of SaaS income but also to the success of Finvoicer's cross-selling, as both new and existing customers utilize LemonHUB and Finvoicer services alike.

Customer churn



Net revenue retention (NRR)



Source: Inderes, Lemonsoft

Market

SME ERP market offers growth potential

Lemonsoft's core target markets consist primarily of ERP software for SMEs, as well as the company's other software for industrial manufacturing and wholesale and retail trade. Lemonsoft has roughly estimated the size of the ERP market in industrial manufacturing and wholesale and retail in Finland to be about 100-120 MEUR. In addition, the combined market potential for the company's vertical and horizontal products in its core industries is estimated to be around 40-80 MEUR. In the industrial manufacturing core customer segment (companies with 10–250 employees), the company has estimated its market share to be around 15%, translating to 450 out of 3,000 potential customers. In wholesale and retail, the corresponding market share is 5%, or 250 customers out of 5,000 potential core customers.

Lemonsoft also has customers outside its core industries. Additionally, many of the company's software products are suitable for use by various SMEs more broadly. Based on the company's rough estimate, the market potential for these other industries and products is around 100 MEUR. Therefore, the company's overall market potential is around 240-300 MEUR.

Beyond the current target market, we estimate there is still significant untapped market potential. The target market will grow in the coming years as more companies adopt ERP systems and, at the same time, as companies expand their use of ERP systems, increasing invoicing per customer. Thus, we believe that Lemonsoft's target markets will grow in the long term. The company's market potential can also be expanded in the future through acquisitions targeting new industries, for example. In the coming years, we do not consider this likely. Instead, the company will try to strengthen its position,

particularly in the industrial manufacturing and wholesale and retail sectors.

Still work to be done despite progress in cloud migration

The rapid advancement of digitalization and the growing use of SaaS software have lowered the barrier to adopting software, particularly among small companies. With the need for efficiency and digitalization, there has been increased interest in adopting new software, automation, and digital services. According to Statistics Finland, 57% of Finnish companies used an ERP system in 2023, compared to 16% in 2009. In small businesses in particular, the proportion has grown significantly over the years. Among companies with 10–19 employees, 43% used ERP in 2023 (2019: 29%). The corresponding figure for companies with 20–49 employees was 63% (2019: 49%).

Consequently, the implementation of ERP systems, particularly in small businesses, supports Lemonsoft's growth. In addition, companies in the industry still use a significant amount of older-generation software. Consequently, the transition to cloud services in Lemonsoft's target markets is still underway. There is a high level of willingness and readiness to adopt cloud services in Finland, and we expect the transition to cloud services that improve flexibility, efficiency, and scalability to continue. However, we no longer view cloud migration as a significant differentiator or growth driver in itself because a significant proportion of market players have transitioned to the SaaS model or were born in the cloud era. Nevertheless, we believe that Lemonsoft and other SaaS providers will gradually erode the remaining market share of traditional software.

A key threat to Lemonsoft's long-term growth outlook is the competitive threat posed by artificial intelligence and the

potential price pressure it may bring. We do not believe industry-specific ERP providers will be the most affected because their software includes many special features tailored to specific industries and the Finnish market. Furthermore, ERPs are deeply integrated into customers' business processes and also handle large amounts of valuable customer data. Besides these factors, existing operators can use artificial intelligence to improve their offerings and remain competitive.

Lemonsoft's customer base reflects economic cycles

Among Lemonsoft's customer industries, industrial manufacturing is a more cyclical sector than average. The outlook for wholesale and retail also follows general economic trends to some extent. The weakening outlook for the Finnish economy in recent years has been reflected in Lemonsoft's customers and, consequently, in the company's decelerated growth rate. In a weak economic environment, software usage decreases and new sales, as well as up- and cross-selling, become more difficult while natural churn (bankruptcies and M&As) increases. However, the worst of the cyclical risks now appears to be behind us. The Finnish economy is expected to recover in the coming years and should provide traction for Lemonsoft's growth once again.

Lemonsoft's market potential

Assessment of Lemonsoft's market potential

ERP market for core industries (industrial manufacturing and wholesale & retail)	100-120 MEUR
Market potential of Lemonsoft's other products for core industries	40-80 MEUR
Other industries and solutions suitable for SMEs in general	~100 MEUR



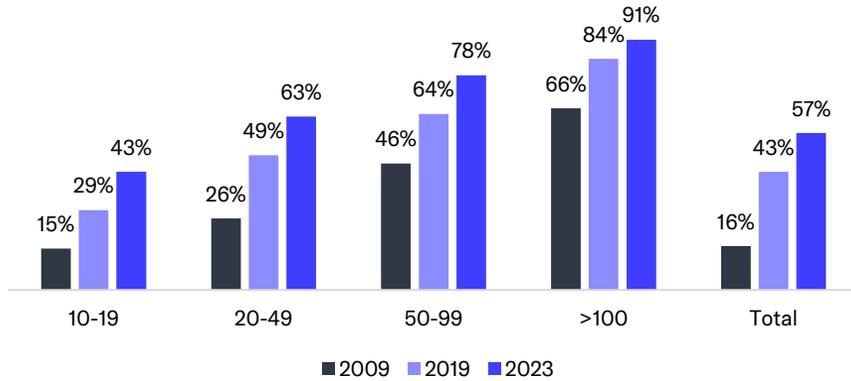
In the core industrial manufacturing target group (companies with 10-250 employees), Lemonsoft has 450 customers out of approximately 3,000 potential customers, representing a 15% market share



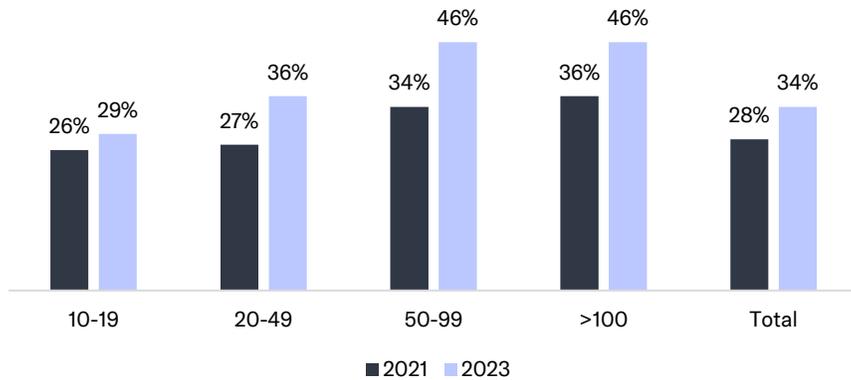
In the core wholesale & retail target group (companies with 10-250 employees), Lemonsoft has 250 customers out of approximately 5,000 potential customers, representing a 5% market share

Market outlook and trends

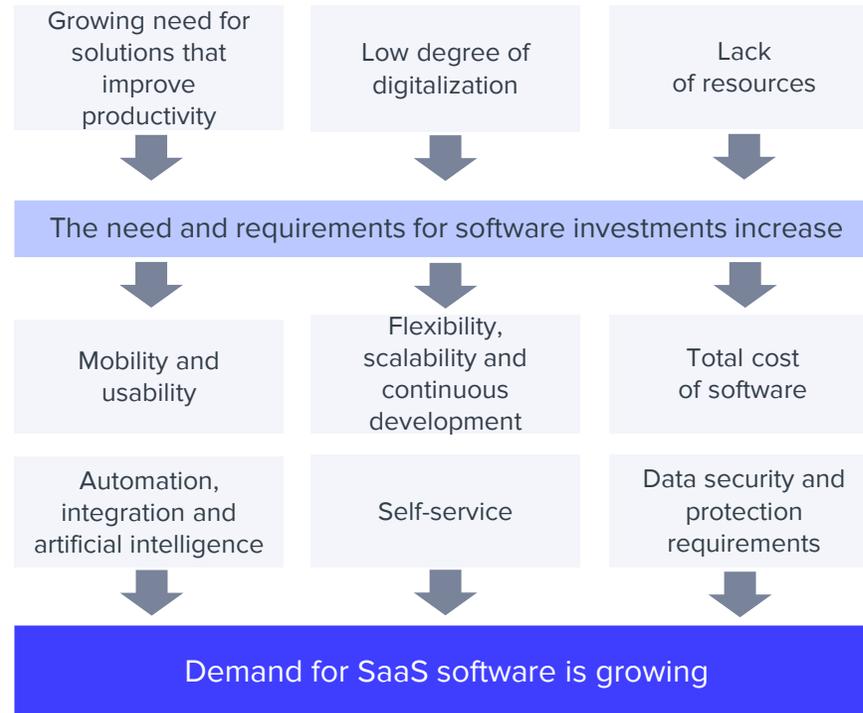
Share of Finnish companies using an ERP system by number of employees



Share of Finnish companies using a cloud-based ERP system by number of employees



Market trends



Competitive landscape 1/2

Competitive factors in the market

The target groups of the market for ERP software can roughly be divided into three categories, depending on the extent required and hence the size of the customer. The biggest companies often need solutions tailored to their own operating practices, while the smallest micro companies are satisfied with the basic features of generic software (e.g. Office, accounting software). Lemonsoft is positioned in between these where customers have a clear need for a comprehensive system, but the service can be provided as a highly replicable and automated solution (no customer-specific customization).

We estimate that large system deliveries represent the largest segment in the ERP software market. This is, however, essentially an uninteresting market for medium-sized and specialized software companies like Lemonsoft. This is because the segment's customers already typically use ERP systems that are highly customized to customer-specific operating models and processes, as well as other tailor-made solutions.

The largest customer volume is in the middle and small parts of the market, which includes SMEs. In this case, customer needs are often quite extensive and mission-critical, but resources, ability and willingness to invest in business development and systems are limited. For this group, the need to increase operational efficiency and automate operations is constantly increasing with growth and digitalization, and these needs can be met with a well-standardized software offering with a wide range of functionalities.

There is also a need for ERP systems or parts thereof in micro companies, but for companies like Lemonsoft that primarily offer extensive software solutions, these are not often the primary target group. It is often essential for this group that ERP-related

issues are carried out as simply and cost-effectively as possible. This can be achieved either with standard "off the shelf" generic software, such as spreadsheet software, and utilizing general accounting and administrative services, or with software solutions with significantly reduced functionalities.

Lemonsoft's competitive field

Depending on the customer segment, Lemonsoft's competitive field consists of 1) smallish software companies specialized in the industry, 2) companies providing general-purpose ERP software, and 3) small and medium-sized software companies providing tailor-made solutions for customers. In our view, solutions offered by accounting firms are not direct competitors to Lemonsoft, as they always need to be accompanied by industry-specific special software. Moreover, companies offering mere sub-solutions are not strong competitors, as they need to be accompanied by a financial management system.

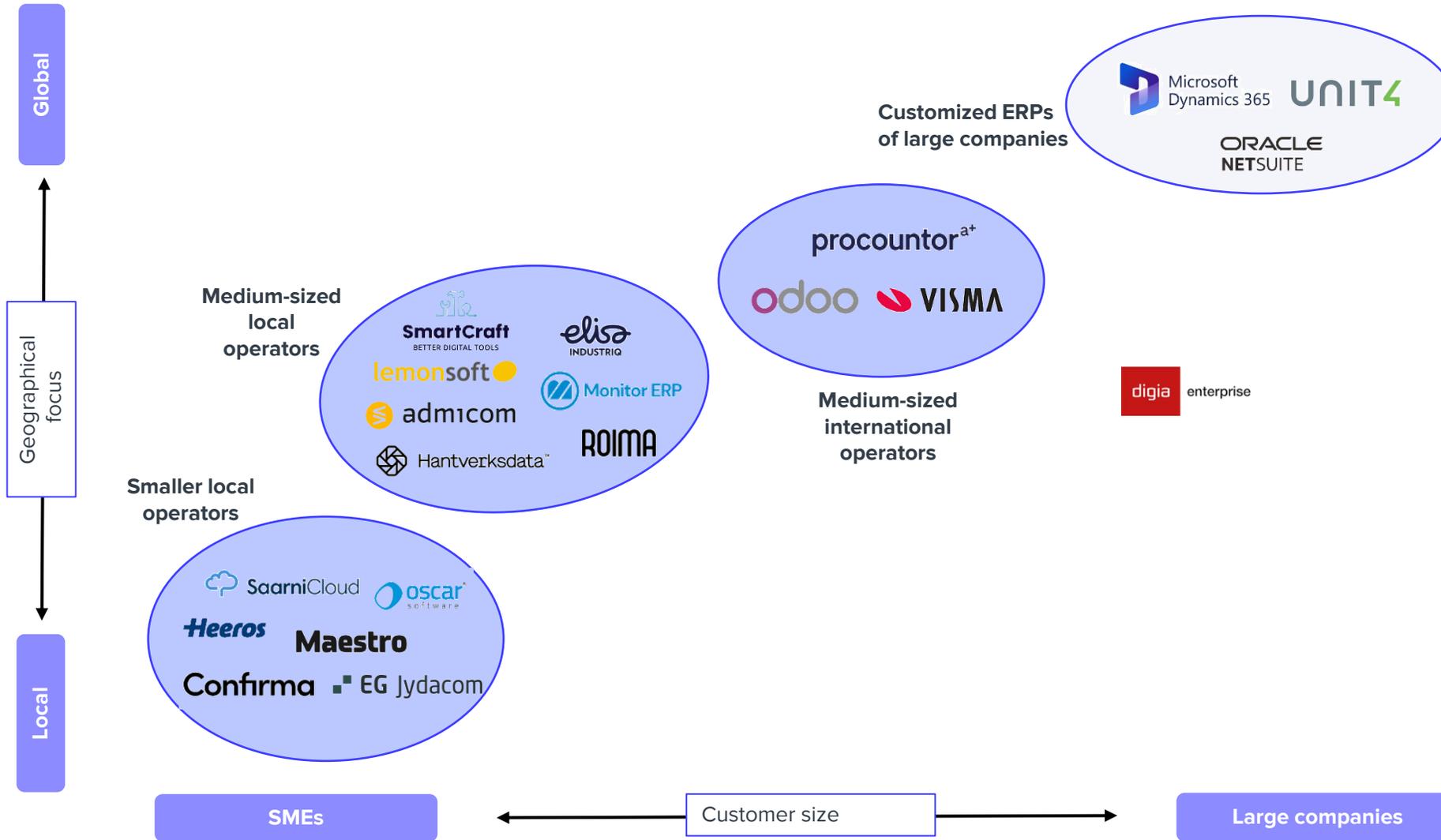
In practice, Lemonsoft's main competitors include ERP systems with integrated, industry-specific solutions that include partial or full financial management solutions. These include traditional large IT operators, such as software owned by Visma; Accountor, which mainly provides financial management software solutions; Odoo, which provides open-source ERP software; Monitor ERP, Oscar Software, Roima Intelligence, and Leanware (now Elisa IndustrIQ), which provide ERP software solutions for the manufacturing industry; Admicom, which provides software solutions for the construction industry; as well as Confirma Software and Saarni Cloud, which offer ERP and HR software, among others, to various industries more broadly. There are also numerous other competitors in the market, and the industry is still very fragmented.

Lemonsoft's market position

In terms of customer volume, Lemonsoft is one of the largest companies in all of its target industries in Finland. The company has the strongest market position in industrial manufacturing and wholesale and retail, where it also has the longest operating history. These industries are also key to the company's strategy, and the ERP software is primarily developed on those terms. Overall, Lemonsoft's strong market position in its core industries is a clear strength for the company.

In addition to SaaS providers, there are competitors on the market whose products and services are mainly based on traditional software solutions. These end-of-life software programs have limited remote access capabilities, automation levels, and flexibility, and no significant investments are being made in their development or growth. Therefore, in our view, the growth of Lemonsoft and other SaaS providers is based more on the growth of ERP penetration in the market as a whole and the replacement of old software solutions than on competition between SaaS providers. However, as Lemonsoft grows in size, competition is becoming increasingly intense and achieving both organic and inorganic growth requires greater effort all the time. Simply offering cloud software is also no longer a selling point, but rather the continuous evolution of the software, the user interface and the excellent customer experience are the key competitive factors.

Lemonsoft's competitive field



Competitive landscape 2/2

Lemonsoft's competitive advantages

In our view, Lemonsoft's competitive advantages include:

- Extensive software solution based on a SaaS model
- Diverse industry-specific features
- Strong market position in industrial manufacturing and wholesale
- Stronger R&D resources than many competitors

Due to the industry transformation, all previous generation product providers have so far not been able to successfully convert to the SaaS model, which has, especially in the past, created a competitive advantage for a SaaS company like Lemonsoft. SaaS software offers features such as remote access, data management, real-time, development, and flexibility that are superior to legacy software. However, there are so many SaaS players in the market today that SaaS software alone is not enough to differentiate them.

In its product development, Lemonsoft has invested heavily in considering the specific features of its target industries and the modular structure, giving it a competitive advantage over companies producing non-industry-specific general-purpose software and special software. With Lemonsoft's comprehensive solution, customer companies can, for example, replace several software solutions with one. Lemonsoft also has more extensive resources than many of its competitors for product development or acquiring technology and expertise through acquisitions.

Lemonsoft's already strong market position, especially in industrial manufacturing and wholesale and retail sectors,

gives the company a competitive advantage. In our estimation, it would require lengthy development work to bring a completely new software solution to market that would meet the specific needs of these industries in such a comprehensive manner, which raises the barrier to entry for new players in the field. The threshold for new, large, international competitors is also high, as the Finnish sector-specific ERP market requires not only a strong product but also a lot of localization and the market is relatively small on a global scale. A strong market position is also important because customers' threshold to change SaaS software is typically high and therefore the first company that manages to create a successful customer relationship often gains a long-lasting market share advantage.

Industry consolidation and international competition are increasing

M&A activity in Lemonsoft's target markets has increased, and Lemonsoft itself is playing an active role in consolidating the industry. In the construction industry, Lemonsoft's strong competitor, Admicom, is constantly scouting acquisition targets and has strengthened its R&D resources and product offerings through several acquisitions over the years.

Today, Lemonsoft also faces competition from Nordic operators that have entered the Finnish market through acquisitions. For example, Smartcraft, a company listed on the Norwegian Stock Exchange supplying software solutions for the construction industry has in recent years been active on the acquisition front in Finland and the Nordic countries. Swedish Confirma Software has also been active in M&A deals in the Nordic countries, and its portfolio includes DL Software, a rival of Lemonsoft.

In 2021, the Danish software company EG acquired Jydacom, an ERP software provider for the construction industry. EG, with a venture capitalist background, has made several acquisitions in the Nordic countries since then. In Finland, the company acquired Easoft, which focuses primarily on construction software, in 2024. At the end of 2023, the Swedish construction software landscape underwent a major restructuring when HVD Group (Hantsverksdata) and Next merged, with private equity investor EQT joining as an investor. Meanwhile, Accountor Software, majority-owned by the private equity firm KKR, made a public takeover bid for Heeros at the end of 2024. The same entity also acquired the ERP operations of the Norwegian company 24SevenOffice at the end of 2024. Among the major players, Visma, which generates around 2.8 BEUR in recurring revenue, is also making rapid acquisitions, some of which also target markets that overlap with Lemonsoft's.

We believe that consolidation in the industry will continue in the future as the Nordic ERP market attracts interest from several investors. Several private equity-led companies are emerging in the market, while listed medium-sized players continue to expand. In our view, Lemonsoft's strong market position in Finland within the industrial manufacturing and wholesale and retail sectors also makes the company an interesting and potential acquisition target in the long term as the market consolidates.

Strategy 1/2

Strategy focus areas

Lemonsoft updated its strategy and financial targets in December 2025. In its strategy, the company prioritizes winning market share in manufacturing and wholesale. This was expected, and in practice, the company has already promoted the focus areas defined in the strategy over the past year, which are as follows:

Market leadership in focus segments

Lemonsoft will prioritize winning market share in Finnish SME manufacturing and wholesale by offering standard, industry-specific workflows, strong localization combined with high-quality implementation and customer support. Horizontal products continue to serve the broader SME base and reinforce competitiveness in the core industries. Participation in extended industries remains selective and driven by proven product-market fit in niche categories.

Category defining solutions

Lemonsoft will provide the most complete web-based ERP for SMEs, allowing customers to assemble the right solution from one family of products. Other group's key products will also be front-runners in their own categories. AI will be embedded in daily workflows to deliver measurable productivity gains – removing manual steps, improving planning and guiding users to work more efficiently.

Organizational excellence

Lemonsoft will operate with clear company-wide goal setting, a consistent approach to resource allocation and a clear two-step model for portfolio management. Talent and further investments will be focused on the areas with the highest impact on growth and profitability, and best practices will be shared across the group to improve quality, speed and customer satisfaction.

Value-driven M&A

The company will pursue acquisitions that close capability or geographic gaps, strengthen positions in chosen categories and meet strict return on invested capital thresholds. Integration will be executed with a standard model focused on commercial synergies, product interoperability and time-to-value.

Financial target to accelerate profit growth

Lemonsoft's new financial target is to achieve an average adjusted EBIT growth of 25% in 2026-2028. The company plans to achieve profit growth through (1) increasing market share in its core segments, (2) disciplined cost control, and (3) selective acquisitions. The balance between growth investments and cost control will be adjusted based on market conditions. We currently forecast an average adjusted EBIT growth of approximately 13% during the company's strategy period. With the cost savings already achieved and the gradual improvement of the market situation in the coming years, we believe this is very achievable. While the size of future acquisitions will contribute to earnings growth in the coming years, we believe our current forecast is fairly well aligned with the company's target on an organic basis. According to the company's rough estimate, acquisitions could contribute 10-15% to annual profit growth during the strategy period. In terms of organic growth, this would mean growth of at least around 5%, preferably exceeding 10%. With good strategy implementation, earnings growth could therefore exceed our forecasts, even without acquisitions. The key risks to the strategy's success are also related to organic growth (new sales development and customer churn) and identifying suitable acquisition targets.

Strategy focus areas

Market leader in manufacturing and wholesale

Category defining solutions

Organizational excellence

Value-driven M&A

Financial target

Growth in adj. EBIT-% (CAGR)
2026-2028

25%

- The impact of acquisitions on profit growth is approximately 10-15% per year
- In terms of organic growth, this would mean growth of at least around 5%, preferably exceeding 10%
- Our current estimate anticipates organic profit growth of around 13% for the strategy period

Strategy 2/2

Lemonsoft aims to pursue an active dividend policy, provided that profit distribution does not hinder the company's ability to reach growth strategy targets or other financial objectives. In recent years, Lemonsoft has paid out around 49-63% of reported EPS as dividends. In absolute terms, the dividend has remained stable at 14 cents per share over the past three years.

Acquisition strategy

Acquisitions are a key tool in Lemonsoft's strategy, and the company has completed a total of 12 strategic acquisitions since December 2019. Today, Lemonsoft focuses its acquisitions particularly on strengthening its market position in current target industries and expanding and complementing its product offering.

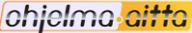
Lemonsoft has a systematic process for integrating acquired companies into the group. Through the integration process, Lemonsoft strives to provide an excellent customer experience, as well as achieve cross-selling and cost synergies. The brand and user interface of acquired companies usually remain unchanged or virtually unchanged after the acquisition. Instead, the underlying software structures are often subject to significant changes. This ensures that the purchased software is technologically compatible with other Lemonsoft products. The extent to which the personnel of acquired companies are integrated is assessed on a case-by-case basis.

As a rule, Lemonsoft aims to acquire already-profitable businesses, and the purchase price is primarily determined by the EV/EBIT multiple. We understand that, in a typical smaller-scale transaction (revenue below 2 MEUR), the targeted EV/EBIT multiple varies between approximately 4-

10x. Due to fierce competition for good targets and high valuations, the company emphasizes long-term value creation and compatibility with its own customer focus, culture, and vision in its arrangements.

To date, Lemonsoft's acquisitions have been relatively small, with revenues generally below 2 MEUR. Finvoicer has been the largest acquisition thus far, with revenue of around 4 MEUR. We believe there are still plenty of similar, smaller targets available on the market. The company is also interested in larger acquisition targets with revenues of around 2-10 MEUR, but valuation levels more often hinder the completion of such deals. In our view, Lemonsoft is well positioned to accelerate its earnings growth and create shareholder value through M&A, provided the company continues to find suitable acquisition targets at moderate valuations.

Lemonsoft's acquisitions

12/2019		<ul style="list-style-type: none">Revenue 0.2 MEURNew expertise
1/2020		<ul style="list-style-type: none">Revenue 1.7 MEUR, EBIT approx. 38%Expanding the offering, can also be sold as a partial solution
4/2020		<ul style="list-style-type: none">Revenue 0.3 MEURStrengthening the construction vertical, new functionalities
4/2021		<ul style="list-style-type: none">Revenue 0.7 MEURWarehouse management solution for industrial use
6/2021		<ul style="list-style-type: none">Revenue 1.0 MEURCost accounting solution for the construction industry
8/2021		<ul style="list-style-type: none">Revenue 1.8 MEUR, EBIT approx. 31%Strengthening the expert services vertical
5/2022		<ul style="list-style-type: none">Revenue 1.5 MEUR, EBIT approx. 48%Optimizing industrial manufacturing and wholesale & retail transportation
7/2022		<ul style="list-style-type: none">Revenue 1.2 MEUR, EBITDA approx. 17%Reinforcing financial management solutions offering (e.g., budgeting and forecasting tools)
11/2022		<ul style="list-style-type: none">Revenue 0.4 MEURWork time tracking solutions, particularly for the construction industry
6/2023		<ul style="list-style-type: none">Revenue 3.9 MEUR, EBITDA 26%Invoice lifecycle management
6/2024		<ul style="list-style-type: none">Revenue 0.8 MEUR, EBIT 7%Maintenance and field service management
7/2024		<ul style="list-style-type: none">Revenue 0.8 MEUR, EBIT 35%ERP for the rental industry and fleet management

Financial position 1/2

Revenue growth continued through acquisitions, but profitability weakened in recent years

Lemonsoft's revenue experienced strong growth throughout the 2010s. Revenue has grown from 3.1 MEUR in 2013 to 28.9 MEUR by 2024 (CAGR 14-24: 22.5%). While growth has largely been organic, in recent years it has increasingly been based on acquisitions. In 2021-2022, organic growth was 13% and 10%. Organic growth has been driven, in particular, by growth in new SaaS sales in the company's target industries.

As the economic outlook weakened in 2023–2024, organic growth (-2% and -1%) turned slightly negative. In 2024, growth slowed due to the modest development of consulting revenue (2024: 4.8 MEUR). This reflected, among other things, the sluggishness of new sales and the resulting impact on implementation projects, which had already been challenging for the company throughout the year. In our view, the service revenue of Logentia, acquired in 2022, has also developed modestly in recent times. In any case, Lemonsoft's strategy began to focus particularly on boosting SaaS revenue in 2024, and consulting is not at the core of its business. Organic growth in annual recurring revenue (ARR) was indeed around 2% for the full year.

Thanks to the scalability of its business, Lemonsoft's result and profitability had already reached a very good level (2019-2022 adj. EBIT 31-33%), but there has since been a decline in profitability (2024: 22%). Increased growth investments and cost inflation, combined with stagnant organic growth, explain part of this. Additionally, acquisitions are estimated to have diluted relative profitability overall. Furthermore, projects related to developing the technology platform (Azure migration and a

change of e-invoicing operator partner) incurred significant costs in 2024. Their negative impact began to ease towards the end of 2025. In the longer term, we believe that Lemonsoft's profitability has the potential to return towards historical levels as organic growth picks up.

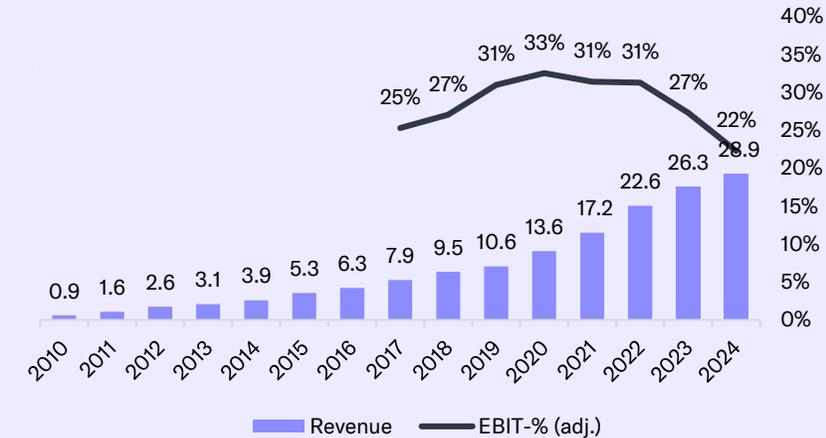
Cost structure

In recent years, Lemonsoft's materials and services cost item has been around 10-14% of revenue. Therefore, the gross margin is already at a very good level, and we see at most slight potential for improvement in the long term. Most of the expenditure relates to server costs and providing transaction services.

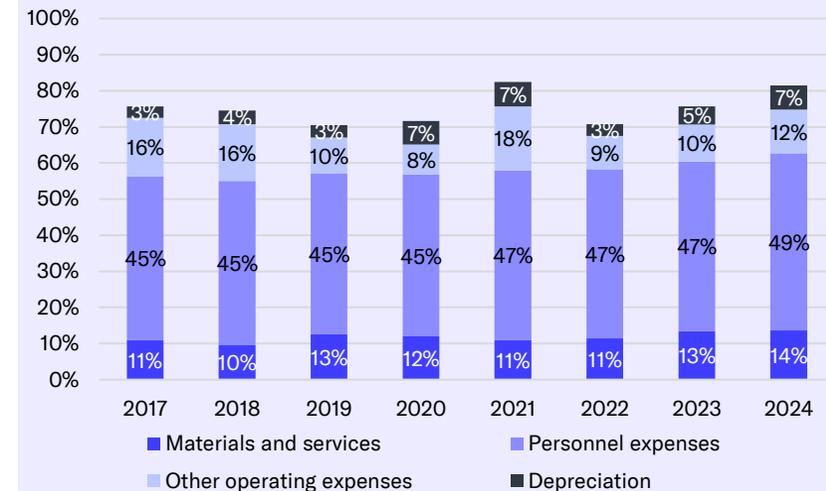
A majority of Lemonsoft's cost structure consists of personnel costs, as is typical for a software company. These accounted for around 49% of revenue in 2024, which is higher than historical levels (45-47%). With the cost savings and efficiency measures implemented in 2025, the relative share of costs will decrease again. We continue to see the greatest potential for scaling in personnel costs, where the key is to achieve greater efficiency in both R&D and sales in the medium term.

Lemonsoft's other operating expenses accounted for approximately 12% of revenue in 2024. The relative share of expenses has increased from previous years due to ongoing technology projects. Thus, there should be some scaling potential in this expenditure item in the coming years. However, this expense item's relative share is already quite low in relation to revenue, and many related expenses are largely linked to employee numbers and revenue growth.

Revenue and profitability



Cost structure, % of revenue



Financial position 2/2

Lemonsoft's depreciation (2024: 1.9 MEUR) consisted primarily of PPA depreciation from acquisitions (0.85 MEUR), depreciation of capitalized development costs, and depreciation related to IFRS 16 leases. Lemonsoft's capitalized R&D investments (2024: 0.8 MEUR vs. 2023: 1.7 MEUR) decreased significantly in 2024, negatively contributing to the profitability shown on the income statement. Also, during the first nine months of 2025, the company capitalized product development costs (0.54 MEUR) very moderately.

Strong balance sheet and good cash flow profile

Lemonsoft's balance sheet total at the end of Q3'25 was 47.3 MEUR. Its balance sheet assets consisted primarily of goodwill from acquisitions, intangible assets, accounts receivable, and cash. Investments (2.2 MEUR) reflect ownership of office premises in Vaasa and Joensuu.

The liabilities side consisted mainly of equity, interest-bearing debt, and non-interest-bearing debt. Interest-bearing debt totaled 10.9 MEUR, of which IFRS 16 lease liabilities amounted to around 0.4 MEUR. Lemonsoft's working capital is clearly negative, so growth does not tie up capital.

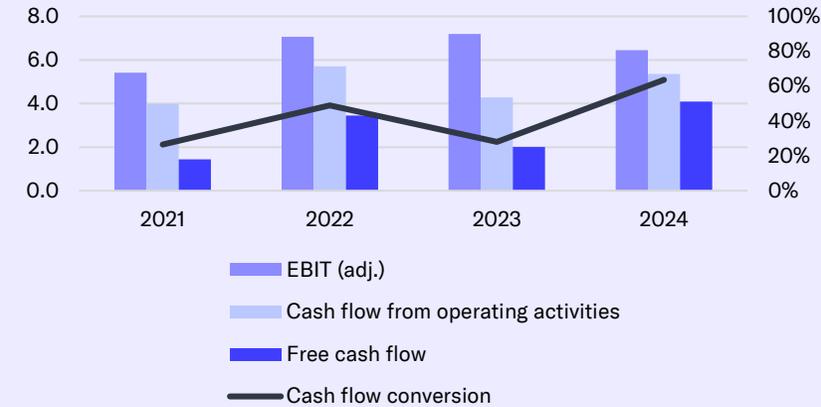
At the end of Q3'25, Lemonsoft had an equity ratio of 61% and net gearing of 22%. Net debt was a moderate 6.4 MEUR, and the balance sheet is in good overall condition. Based on the last 12 months' figures, net debt/EBITDA was 0.7x.

Lemonsoft's business generates good cash flow (2024: 5.4 MEUR), and due to low investment needs, the company is able to maintain a relatively high dividend payout ratio if it so wishes, depending, however, on the pace of acquisitions. With a good cash flow profile, it makes sense to use debt to finance acquisitions. According to our calculations, Lemonsoft generated free cash flow (before acquisitions) of

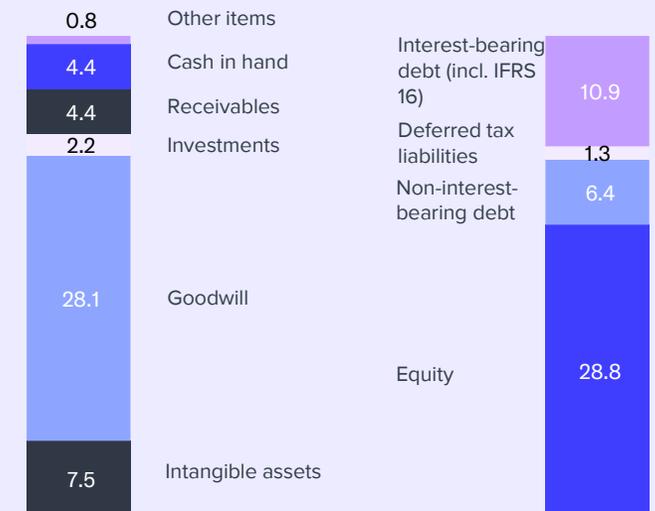
approximately 4.1 MEUR in 2024, which represents a 64% conversion rate from adjusted EBIT. Prior to this, cash flow conversion remained weaker for a few years, but we estimate that 2024 reflects a more normal level, which should still offer some room for improvement. For the first nine months of 2025, free cash flow (4.5 MEUR) represents a solid 84% conversion rate from adjusted EBIT.

Reflecting its healthy balance sheet and cash flow, Lemonsoft launched a share buyback program in fall 2024, acquiring 1.6% of its share capital. In Q2'25, the company acquired its own shares for approximately 2.5 MEUR (2.2% of the share capital) through a reverse tender offer. In addition, the company subsequently launched a new share buyback program to acquire around 1.6% of the share capital. We consider share repurchases to be sensible capital allocation, and, given the share's mostly moderate valuation in recent years, these purchases are well justified.

Cash flow development



Balance sheet at end of Q3'25



Estimates 1/3

Basis for the estimates

We assess the development of Lemonsoft's revenue through three revenue items:

- SaaS income
- Transaction income
- Training and consulting services

The most important both in terms of Lemonsoft's business model and value creation is sales development of SaaS services because without a software service agreement, the company does not sell transaction, training, or consulting services to any significant extent either.

Our estimates are based solely on organic growth and acquisitions that have already been made, because modeling future transactions without information on their size or purchase price is not meaningful. However, acquisitions are likely to be made also in the future, which is worth bearing in mind when looking at estimates. In terms of organic growth, we expect revenue to come from current target markets. In our view, our growth forecasts for the coming years are not particularly demanding and should be achievable, even with a slight upturn in the market.

In practice, Lemonsoft's profitability is determined by the gross margin and level of fixed costs (OPEX %). Due to acquisitions, organizational changes, technology platform development, and other investments in recent years, we believe that Lemonsoft's operating expenses are currently high relative to its revenue. We therefore expect the cost structure to begin scaling and profitability to gradually improve after 2025, supported by our forecast of moderate organic growth. We also expect the gross margin to gradually increase in the coming years as the new platform is adopted

into daily routines. The conditions for improved profitability are favorable in any case, as the benefits of the technology projects and organizational changes implemented will become apparent in the coming years.

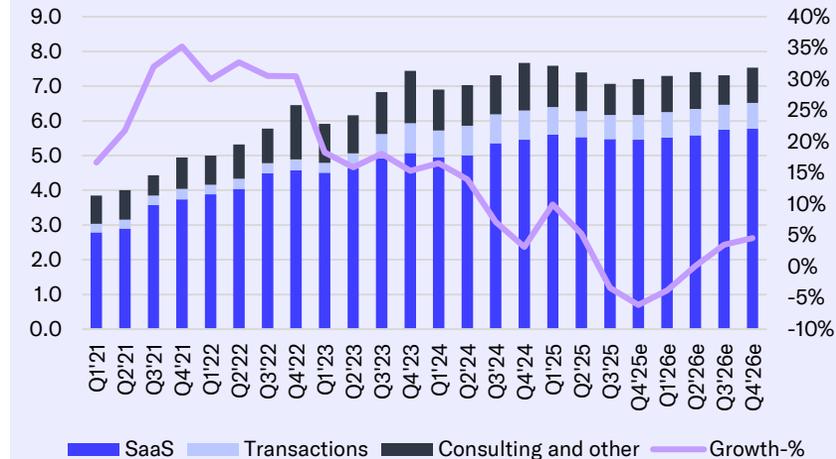
In general, the visibility of Lemonsoft's revenue and profitability development is relatively good in the short and medium term, as over 87% of revenue is based on continuous SaaS and transaction income. We also expect future growth to come mainly from SaaS income and transactions, while consulting will continue to decline slightly in the coming years. Finland's weak economic situation has slowed Lemonsoft's organic growth in recent years, but the worst seems to be over in this respect, and the outlook is slowly improving. Consequently, factors that have hindered growth in recent years may become tailwinds in the coming years as new sales pick up, customers increase their use of software, and customer churn due to bankruptcies decreases. We also believe that Lemonsoft will be able to support its organic growth each year with price increases.

Long-term estimates are weakened by the visibility into the success of Lemonsoft's sales investments and the development of its competitive position. Visibility is also weakened to some extent by the large economic fluctuations typical of Lemonsoft's customer industries (particularly industrial manufacturing), although the next move appears to be upward. Long-term growth prospects are supported by ongoing digitalization in the company's target industries, which will certainly lead to an increased use of software to improve operational efficiency in the future.

Revenue by income type and growth, %



Revenue development by quarter (MEUR)



Estimates 2/3

Estimates for 2025

Lemonsoft's guidance for 2025 is revenue growth of 0-10% and an adjusted EBIT margin of 18-24%. Based on the company's comments in its Q3 report, the market situation will remain challenging in the short term, though there have been some positive signs, such as in the industrial manufacturing sector. The company has also completed the majority of its changes to the organization and technology platform, and the situation in this regard is starting to calm down. We understand that the company made some hires toward the end of the year, so the number of employees may increase slightly again in the coming quarters. Reflecting this, we have slightly increased our cost structure assumptions for the remainder of the year.

We estimate that Lemonsoft's revenue in 2025 will grow by 1%, with organic revenue declining by 2.2%. In our estimates, growth is driven by SaaS income (+6%), while we expect consulting revenue (-13%) and transaction income (-11%) to continue their downward trend for the full year. We estimate that the adjusted EBIT margin will rise to 23.8%, which is at the upper end of Lemonsoft's guidance range. For Q4, this performance would mean a 6% decrease in revenue and an adjusted EBIT of 21.5%.

Estimates for 2026-2028

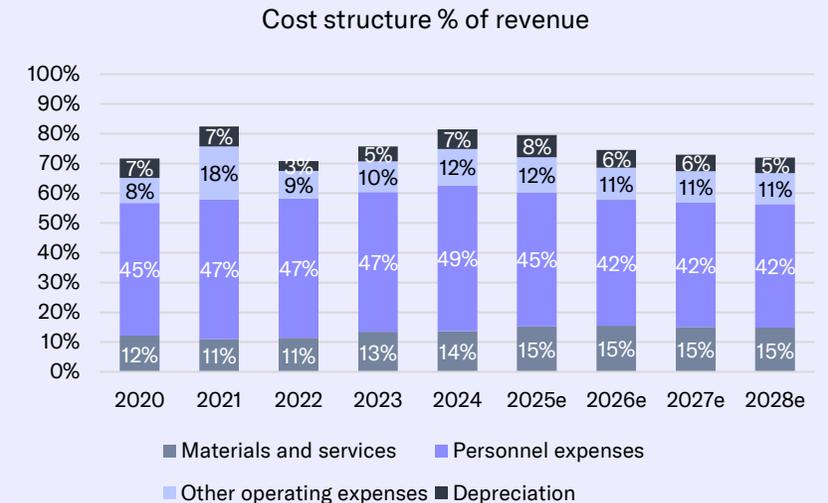
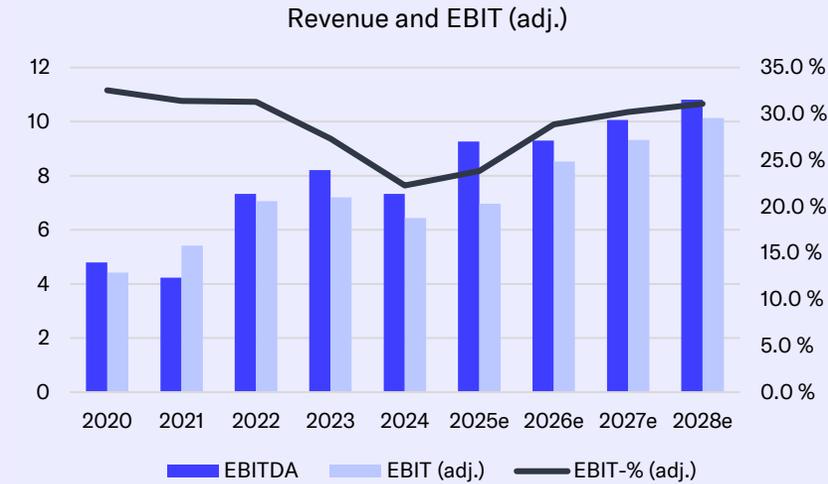
With Lemonsoft's reorganized sales team and new Chief Sales Officer leading the way, sales efforts will be able to move forward with renewed energy. However, based on the developments seen in Q3'25, sales in 2025 have been rather subdued. Our forecast shows that the current slow sales will lead to slow growth for Lemonsoft in H1'26. We expect the situation to begin improving slightly in H2'26,

but growth for the whole year (1%) will remain modest. Nevertheless, due to cost savings, we anticipate that the adjusted EBIT margin will improve to 28.9%. Growth in 2026 will likely be boosted by new acquisitions.

For 2027–2028, we estimate that Lemonsoft's organic growth will pick up to 4.5–5.6%, and that adjusted EBIT will improve to 30–31%. We expect growth to come mainly from SaaS income and transactions, while consulting will continue to decline slightly. We believe that the estimates are not particularly demanding if the market situation starts to improve. In an improving market, accelerating growth should be very achievable through improved new sales, price increases, and better utilization of additional and cross-selling opportunities. With an improving market situation and excellent strategy execution, we believe double-digit organic growth is possible in the medium term as well. This is also Lemonsoft's goal.

Overall, we expect Lemonsoft's adjusted EBIT to grow by an average of around 13% per year between 2026-2028. Additionally, the company is likely to make acquisitions that will accelerate growth. Conversely, some older acquisitions are likely to continue bleeding money, which will impede growth.

Starting in 2026, we predict that the company will increase its dividend by one cent annually (2025e: EUR 0.14), which would result in a dividend payout ratio of 42–48%, calculated from reported EPS.

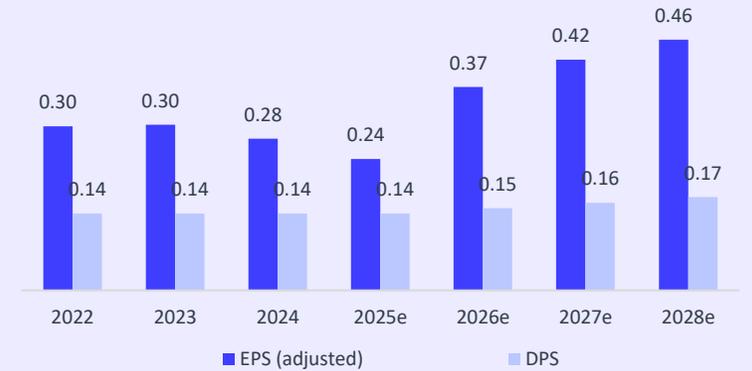


Estimates 3/3

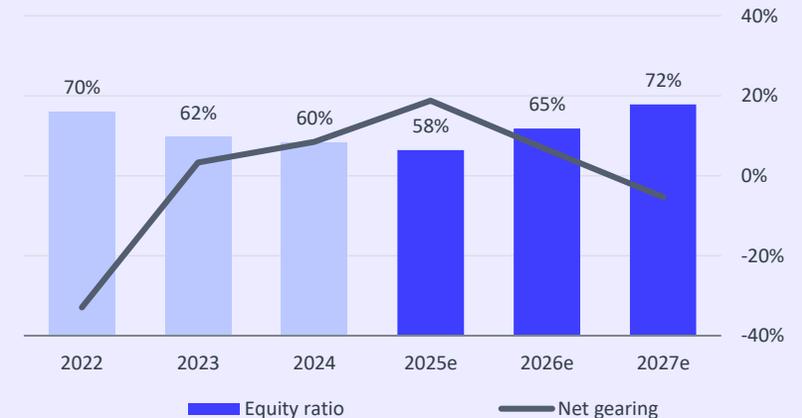
Long-term estimates

In 2029-2032, we forecast revenue growth to continue at a rate of around 5%. After that, we expect the pace to slow to 2.5% by 2034, which is also our terminal growth assumption. In the long term, our forecast anticipates slower growth due to saturation in the current main industries, resulting in slower growth in new sales, increased natural customer attrition, and slower expansion of existing customer relationships. We expect profitability to continue on a gradually upward trajectory, with reported EBIT reaching 29% by the end of the decade. At adjusted EBIT level, this represents a margin of about 32%. In the terminal assumption, we have set the EBIT margin at 30.5%.

EPS and dividend



Taseen avainlukujen kehitys



Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	26.3	6.9	7.0	7.3	7.7	28.9	7.6	7.4	7.1	7.2	29.3	29.5	30.9	32.6
Saas	19.1	5.0	5.0	5.4	5.5	20.8	5.6	5.5	5.5	5.5	22.1	22.6	24.0	25.7
Consulting and other	4.9	1.2	1.2	1.1	1.4	4.8	1.2	1.1	0.9	1.0	4.2	4.0	3.8	3.7
Transaction	2.3	0.8	0.8	0.8	0.8	3.3	0.8	0.7	0.7	0.7	2.9	2.9	3.0	3.2
EBITDA	8.2	1.4	1.6	2.6	1.8	7.3	2.9	1.6	2.9	1.8	9.3	9.3	10.1	10.8
Depreciation	-1.3	-0.5	-0.4	-0.5	-0.5	-1.9	-0.5	-0.7	-0.5	-0.5	-2.2	-1.8	-1.7	-1.7
EBIT (excl. NRI)	7.2	1.1	1.3	2.5	1.5	6.4	1.8	1.2	2.5	1.5	7.0	8.5	9.3	10.1
EBIT	6.9	0.9	1.2	2.1	1.3	5.4	2.4	0.9	2.4	1.3	7.1	7.5	8.3	9.1
Net financial items	-0.2	-0.1	-0.1	-0.1	-0.2	-0.5	-1.2	-0.2	-0.2	-0.2	-1.7	-0.4	-0.3	-0.3
PTP	6.7	0.9	1.0	2.0	1.1	4.9	1.3	0.7	2.3	1.2	5.4	7.1	8.0	8.8
Taxes	-1.4	-0.3	-0.3	-0.2	-0.1	-0.9	-0.3	-0.2	-0.5	-0.2	-1.2	-1.5	-1.5	-1.7
Minority interest	-0.05	0.06	0.02	-0.03	0.07	0.1	0.03	0.03	0.01	0.01	0.1	0.0	0.0	0.0
Net earnings	5.3	0.7	0.8	1.7	1.0	4.1	1.0	0.5	1.8	0.9	4.2	5.6	6.5	7.2
EPS (adj.)	0.30	0.04	0.05	0.11	0.07	0.28	0.02	0.04	0.10	0.07	0.23	0.37	0.42	0.46
EPS (rep.)	0.29	0.04	0.04	0.09	0.05	0.22	0.06	0.03	0.10	0.05	0.25	0.32	0.37	0.40

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	16.8 %	16.5 %	14.0 %	7.2 %	3.2 %	9.7 %	10.0 %	5.3 %	-3.4 %	-6.1 %	1.2 %	1.0 %	4.5 %	5.6 %
Adjusted EBIT growth-%	2.0 %	-23.5 %	-12.1 %	3.4 %	-16.8 %	-10.5 %	56.3 %	-11.5 %	0.1 %	2.8 %	8.1 %	22.4 %	9.4 %	8.6 %
EBITDA-%	31.2 %	20.3 %	22.4 %	35.2 %	23.2 %	25.3 %	38.8 %	21.9 %	41.0 %	25.0 %	31.7 %	31.5 %	32.6 %	33.2 %
Adjusted EBIT-%	27.3 %	16.2 %	19.1 %	33.8 %	19.6 %	22.3 %	23.1 %	16.0 %	35.1 %	21.5 %	23.8 %	28.9 %	30.2 %	31.1 %
Net earnings-%	20.1 %	9.5 %	10.8 %	23.6 %	13.2 %	14.3 %	13.0 %	7.3 %	25.3 %	12.8 %	14.5 %	19.0 %	21.1 %	22.0 %

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	29.3	29.3	0%	29.5	29.5	0%	30.9	30.9	0%
EBITDA	9.5	9.3	-3%	9.3	9.3	0%	10.1	10.1	0%
EBIT (exc. NRIs)	7.3	7.0	-4%	8.5	8.5	0%	9.3	9.3	0%
EBIT	7.4	7.1	-4%	7.5	7.5	0%	8.3	8.3	0%
PTP	5.7	5.4	-5%	7.1	7.1	0%	8.0	8.0	0%
EPS (excl. NRIs)	0.24	0.23	-5%	0.37	0.37	0%	0.42	0.42	0%
DPS	0.14	0.14	0%	0.15	0.15	0%	0.16	0.16	0%

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	35.6	39.4	38.5	38.2	37.8
Goodwill	23.1	28.1	28.1	28.1	28.1
Intangible assets	7.2	8.1	7.5	7.0	6.6
Tangible assets	1.3	1.0	0.8	0.9	1.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	4.0	2.2	2.2	2.2	2.2
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	13.3	14.5	11.5	11.5	12.0
Inventories	0.1	0.1	0.1	0.1	0.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	5.8	6.7	6.1	6.1	6.4
Cash and equivalents	7.4	7.7	5.3	5.3	5.6
Balance sheet total	48.9	53.9	50.0	49.7	49.9

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	30.4	32.5	28.8	31.9	35.8
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	12.3	13.8	15.5	18.7	22.5
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	17.8	18.4	12.9	12.9	12.9
Minorities	0.3	0.2	0.2	0.2	0.2
Non-current liabilities	7.3	9.3	9.9	7.3	4.3
Deferred tax liabilities	1.2	1.4	1.4	1.4	1.4
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	6.1	7.9	8.5	5.9	2.9
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	11.2	12.0	11.3	10.4	9.8
Interest bearing debt	2.3	2.5	2.1	1.5	0.7
Payables	8.7	9.2	8.8	8.6	8.6
Other current liabilities	0.2	0.4	0.4	0.4	0.4
Balance sheet total	48.9	53.9	50.0	49.7	49.9

Investment profile

- 1 Changes and investments made have laid the foundation for accelerating organic growth
- 2 Scalable business model based on recurring invoicing
- 3 Broad and competitive product portfolio for SME ERP
- 4 Healthy balance sheet and good cash flow enable acquisitions
- 5 Strong market position in selected target industries

Potential

- Growth in current business areas through both expansion of existing customer base and acquisition of new customers
- Accelerating growth and creating value through M&A
- Profitability has the potential to scale with growth
- High customer retention (business-critical system for customers)

Risks

- Weak economic environment creates uncertainty for the organic growth outlook
- Acquisitions and their integration
- Excessive diversification of the product portfolio and loss of focus
- Tighter competition
- Technology and security risks

Valuation 1/4

Valuation methods

Given the stable and mature phase of Lemonsoft's business, we prefer earnings-based valuation multiples in our valuation analysis, such as EV/EBIT. Due to stable and relatively predictable cash flows, the DCF model is also a useful valuation method for Lemonsoft.

Investment view and fair value

There are many factors in Lemonsoft's business model and investment profile that support a relatively high valuation for the share. The company has a good track record of profitable growth and, consequently, shareholder value creation. Thanks to the economies of scale, the company's profitability is already at a good level, but there is still potential for improvement. The cash flow profile of the business is also good, enabling a steady annual dividend stream and share repurchases, depending on how aggressively the company allocates its capital to acquisitions. In addition, Lemonsoft's long-term growth outlook remains good and the overall risk profile is moderate. The company's business is mostly recurring, many of its solutions are business-critical for customers, and it offers a broad and competitive product portfolio for its target industries.

Since 2023, Lemonsoft's organic growth rate has turned out modest, partly due to the weak market situation. However, to turn the situation around, the company must also work on its own operations, and with the new CEO, several corrective measures were implemented in 2025. In our estimation, weak organic growth is currently weighing on the share price, but the company has the means to accelerate growth, in addition to which the market situation will also turn for the better at some point.

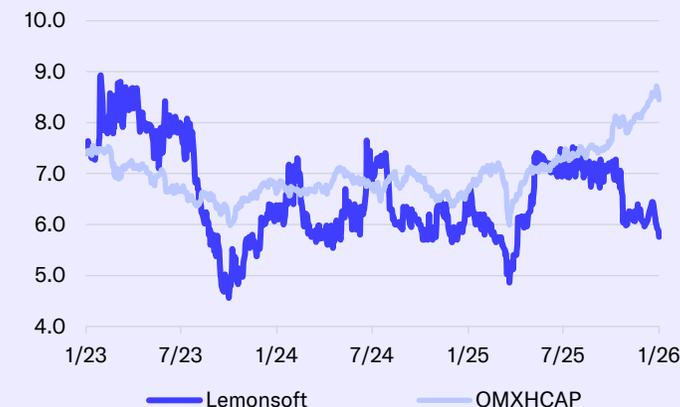
Based on our forecasts, Lemonsoft's EV/EBIT ratio, adjusted for PPA amortization from acquisitions, is 15x in 2025. While the ratio appears neutral when viewed solely in relation to the lackluster short-term development, we believe that Lemonsoft's medium-term earnings potential is clearly higher than the 2025 level. Based on our 2026 forecast, the valuation (EV/EBIT 12x) already appears moderate, and thus the short-term subdued growth outlook has already been priced into the share. If the market starts to pick up and the earnings growth that we forecast materializes, the medium-term valuation looks attractive (2027e-2028e EV/EBIT 11x-10x). Earnings growth may also be accelerated in the future by successful acquisitions, which the company is very likely to make within the next 12 months.

Using various valuation methods, we estimate Lemonsoft's current fair value to be approximately EUR 6.5–8.0. This would correspond to an EV/EBIT ratio of approximately 14x-17x, based on the 2026 earnings level. With earnings growth in the coming years, we believe that the fair value could still have some upside. At our target price (EUR 7.1), the share would be priced at approximately 19x-15x EV/EBIT, based on our earnings forecasts for 2025-2026.

Valuation	2025e	2026e	2027e
Share price	5.76	5.76	5.76
Number of shares, millions	17.8	17.8	17.8
Market cap	103	103	103
EV	108	105	101
P/E (adj.)	24.0	15.5	13.7
P/E	23.5	18.3	15.8
P/B	3.3	3.6	3.2
P/S	3.5	3.5	3.3
EV/Sales	3.7	3.5	3.3
EV/EBITDA	11.7	11.3	10.0
EV/EBIT (adj.)	15.5	12.3	10.8
Payout ratio (%)	57.1 %	47.6 %	43.8 %
Dividend yield-%	2.4 %	2.6 %	2.8 %

Source: Inderes

Share price development



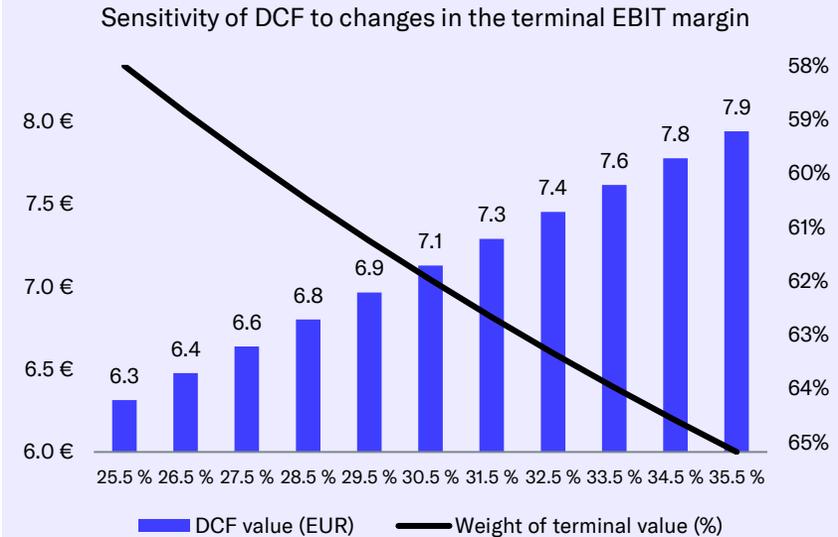
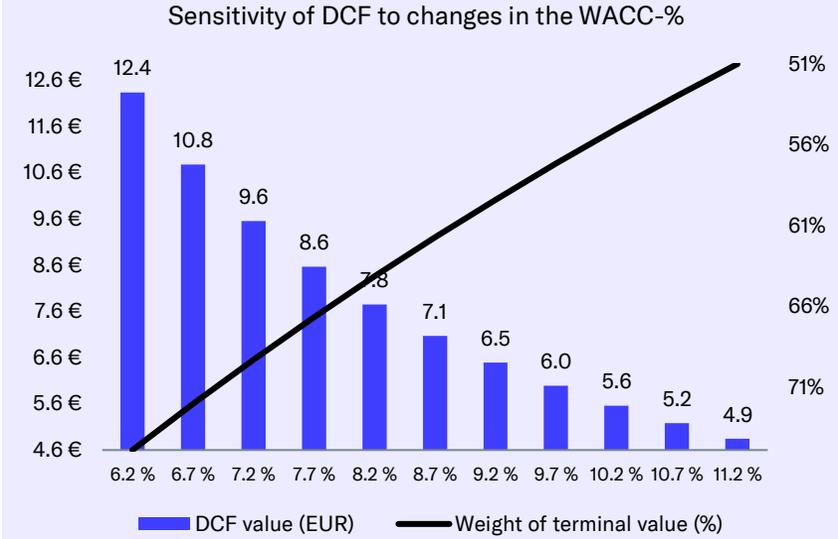
Source: Millstream Market Data AB

Valuation 2/4

DCF model

Our discounted cash flow (DCF) model gives Lemonsoft a share value of around EUR 7.2 based on our current estimates. We have set the terminal (2034-) growth rate to 2.5% and the EBIT margin to 30.5%. The terminal period accounts for 62% of the DCF calculation, indicating that a significant portion of Lemonsoft's value is derived from cash flows generated far in the future.

In the calculation, we have used an 8.7% required return as the average cost of equity (WACC), which based on the assumed debt leverage means a 9.3% return on equity. We feel the required return level is reasonable and well justified by the rather low risk profile of Lemonsoft's business. The adjacent graphs illustrate the sensitivity of the DCF model to changes in the required return and terminal profitability. The model is particularly sensitive to the required rate of return used.



Valuation 3/4

Relative valuation appears moderate

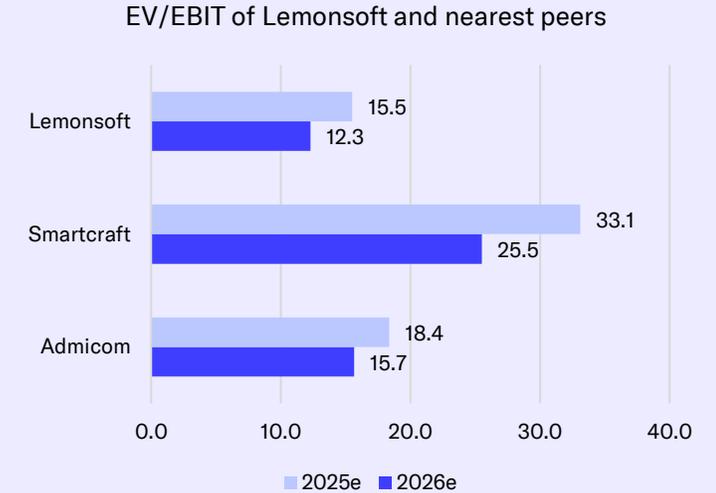
We compare Lemonsoft's relative valuation to a peer group consisting of Nordic software companies. We especially compare the valuation to the company's closest SaaS peers, Admicom and Smartcraft, which are also the company's competitors in certain target industries (particularly construction). In addition, the companies' size, growth and profitability profiles are quite similar to Lemonsoft.

When measured by EV/EBIT ratios relative to its closest peers, Lemonsoft is trading at a discount to moderately valued Admicom (2026e EV/EBIT 16x). Admicom's organic growth profile is currently somewhat better than Lemonsoft's, and more cash flow converts from the company's EBIT as well, which is a good thing to consider when comparing multiples.

Compared to the highly valued Smartcraft (2026e 26x), Lemonsoft's valuation is at a significant discount. Smartcraft's estimated earnings growth rate for the coming years is also clearly stronger than Lemonsoft's, which partly justifies the company's higher valuation. Overall, the valuation of the Norwegian peer is at a very different level than what investors are currently willing to pay for Finnish companies. In our view, the valuation gap will probably narrow through an increase in Finnish company valuations and/or a decrease in Smartcraft's valuation level.

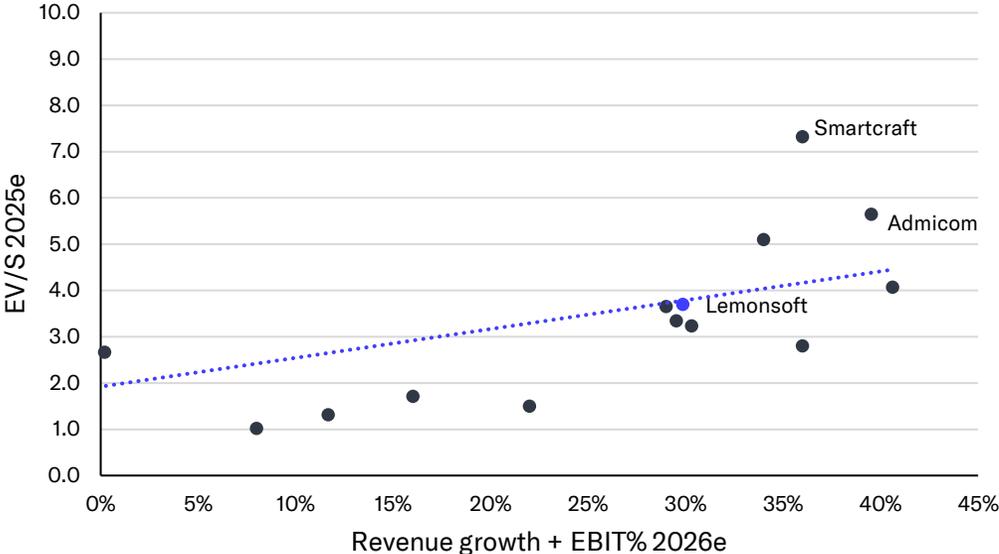
Compared to the median of the entire peer group (2025e-2026e EV/EBIT 19x-15x), Lemonsoft's valuation is also at a clear discount. However, there are significant differences between companies in the peer group in terms of growth and profitability profiles, as well as valuation levels. Overall, Lemonsoft's valuation currently appears moderate to us when viewed through relative valuation.

On an EV/Sales basis, Lemonsoft (2025e 3.7x) is trading at a discount to both Admicom (5.6x) and Smartcraft (7.3x). In our view, this is largely explained by the currently estimated weaker combination of growth and profitability. Compared to the entire peer group, Lemonsoft's revenue multiple relative to the combination of growth and profitability is at a moderate level (see the next page).

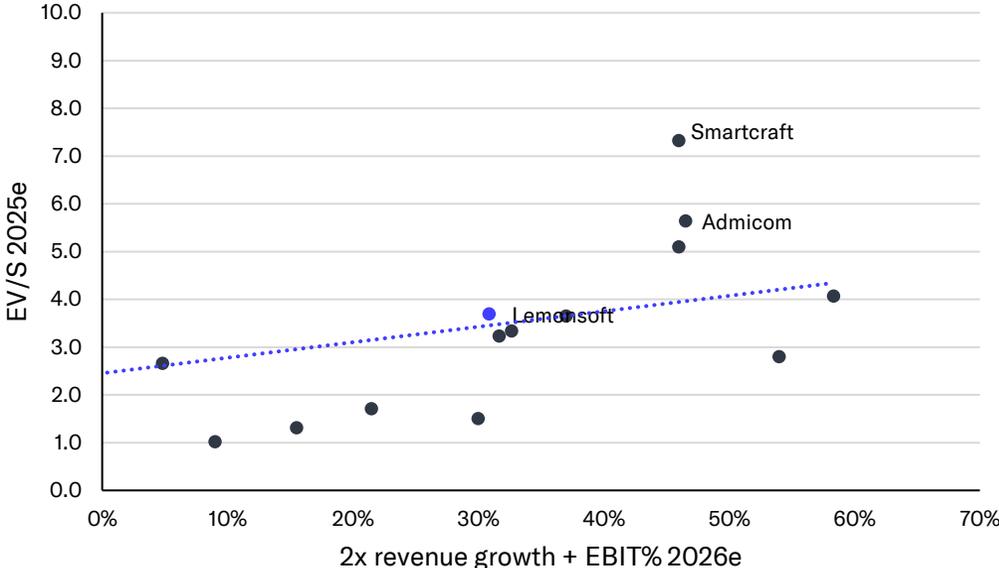


Revenue-based valuation compared to the peers

Peer group valuation relative to a combination of growth and profitability (Rule of 40)



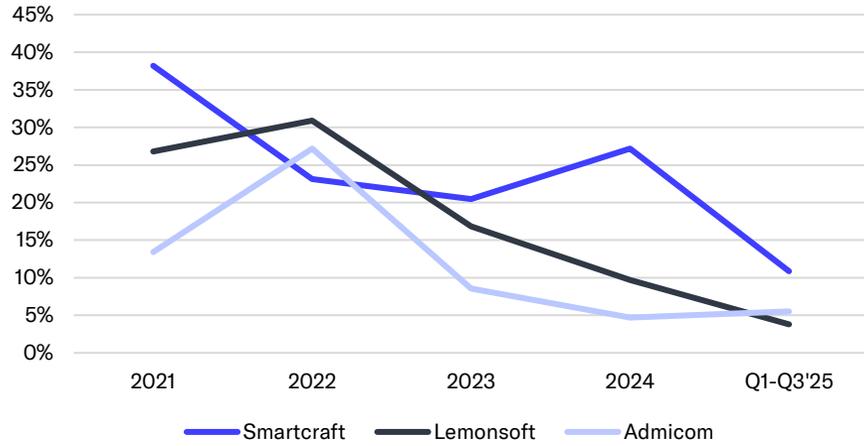
Peer group valuation relative to a combination of growth and profitability (Rule of X)



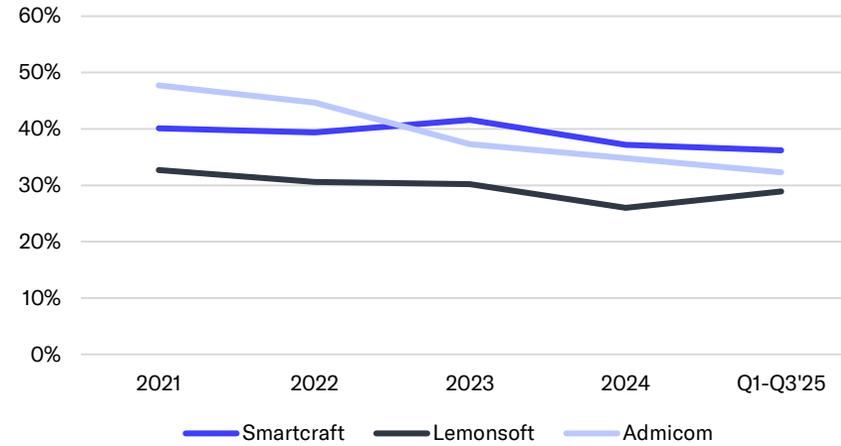
Source: Inderes, Refinitiv

Key figures of Lemonsoft and peers

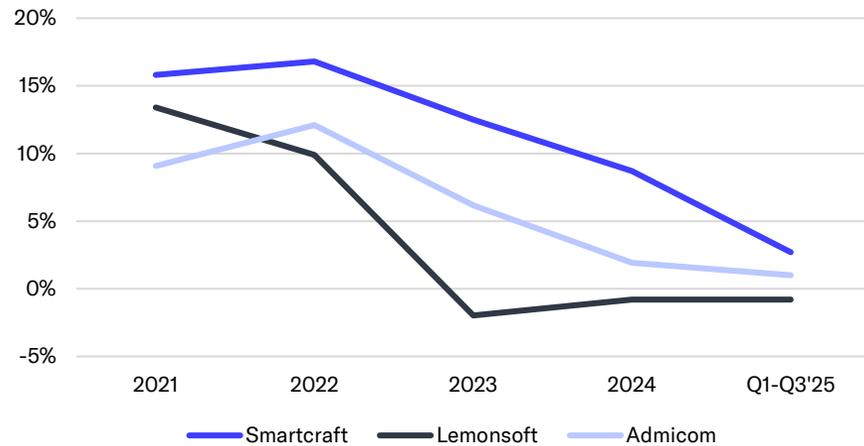
Revenue growth-%



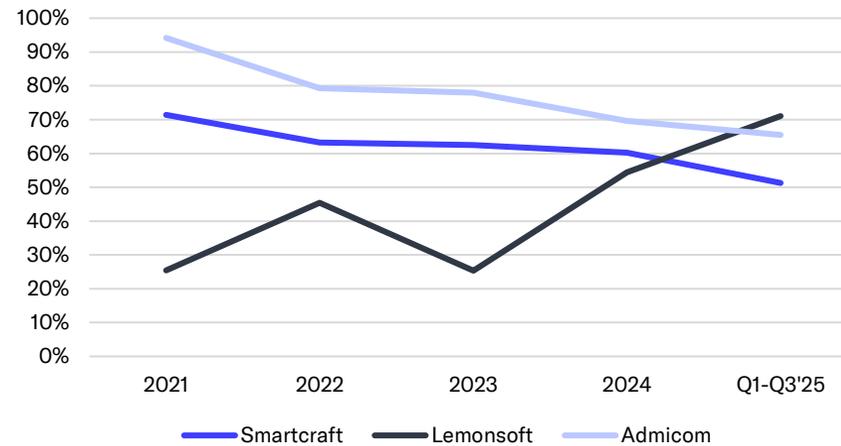
EBITDA-% (adj.)



Organic revenue growth-%



Cash conversion (FCF/adj. EBITDA)



Valuation 4/4

Scenario analysis

We examine the expected returns for Lemonsoft's share in three different scenarios based on different assumptions of the company's growth rate and business scalability looking into 2028.

Based on our current estimates, we expect Lemonsoft's revenue to grow by an average of 4% and profitability (adjusted EBIT-%) to improve to 31% by 2028. We assume that the company would then be priced at a 15x EV/EBIT ratio. In our view, Lemonsoft's growth outlook remains reasonably good even after this, meaning that relatively high valuation multiples would still be justified, given the company's current combination of growth and profitability. With these assumptions, Lemonsoft's EV would be 140 MEUR in 2028. By adding the estimated 2028 net cash to this, as well as the dividends received in the next few years, the value of the entire stock is

some 154 MEUR or EUR 8.7 per share. This implies an expected annual return of around 15%, which we consider reasonably attractive, given the fairly cautious forecasts and reasonable valuation parameters. Additionally, the company has the opportunity to strengthen its expected return through successful acquisitions.

In a pessimistic scenario, we assume revenue will stagnate in the coming years, with profitability remaining at roughly the current level of 25%. In this scenario, the value of the entire stock with the assumed 12x EV/EBIT multiple is 98 MEUR or EUR 5.5 per share. The pessimistic scenario reflects the moderate growth expectations currently associated with the stock. Even if revenue and profitability remained stagnant, the share price would not have much downside under these assumptions. Nevertheless, in this scenario, the outcome would still be a clear disappointment for investors.

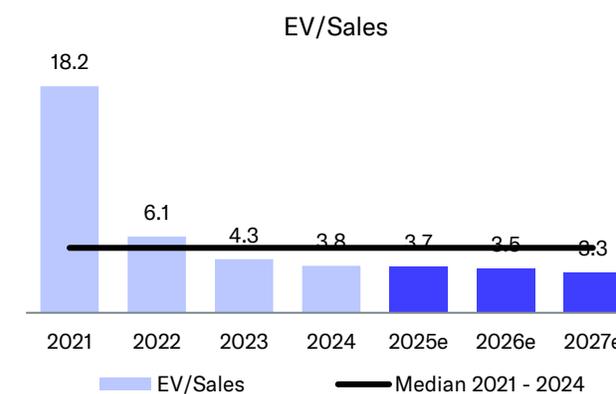
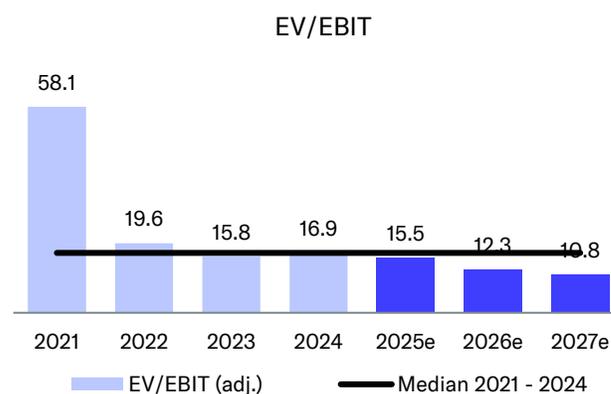
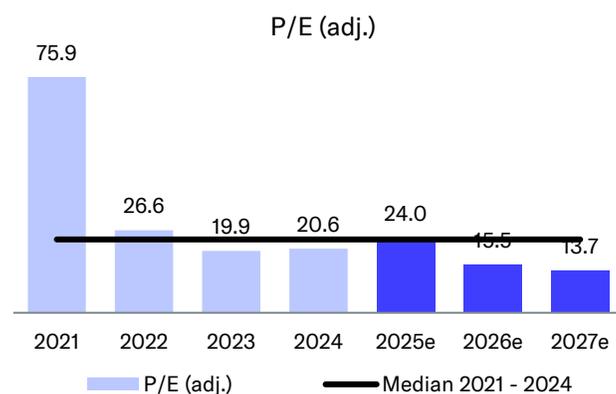
In the optimistic scenario, we assume that Lemonsoft's revenue will grow by 9% p.a. and the adjusted EBIT margin rises to 33%. Due to the better growth and profitability profile, we apply a 17x EV/EBIT ratio in this scenario. With these assumptions the value of the entire stock is 226 MEUR or EUR 12.7 per share, which would mean annual expected return of 31%. This scenario would require the company's strategy to be extremely successful in the coming years, a significant improvement in the market situation, and rapid and clear acceleration in organic growth as a result. In this scenario, the expected return would also be substantial.

Scenarios by 2028	Pessimistic	Current estimates	Optimistic
Revenue	29.3	32.6	37.5
Revenue growth-% (CAGR 26-28)	0%	4%	9%
EBIT-% (adj.)	25%	31%	33%
EBIT (adj.)	7.3	9.3	12.4
x valuation multiple (EV/EBIT)	12.0	15.0	17.0
= EV 2028e (MEUR)	88	140	210
Net cash + dividends 2026-2028	10	14	16
= Value of share capital (MEUR)	98	154	226
Per share (EUR)	5.5	8.7	12.7
Potential	-4%	50%	120%
Annual expected return	-2%	15%	31%

Valuation table

Valuation	2021	2022	2023	2024	2025e	2026e	2027e	2028e	2029e
Share price	18.0	7.96	6.02	5.70	5.76	5.76	5.76	5.76	5.76
Number of shares, millions	18.3	18.3	18.6	18.6	17.8	17.8	17.8	17.8	17.8
Market cap	329	146	112	106	103	103	103	103	103
EV	314	138	114	109	108	105	101	96	91
P/E (adj.)	75.9	26.6	19.9	20.6	24.0	15.5	13.7	12.6	11.5
P/E	>100	29.0	21.1	25.6	23.5	18.3	15.8	14.3	12.9
P/B	0.0	15.0	5.6	3.7	3.3	3.6	3.2	2.9	2.6
P/S	19.1	6.5	4.2	3.7	3.5	3.5	3.3	3.2	3.0
EV/Sales	18.2	6.1	4.3	3.8	3.7	3.5	3.3	3.0	2.7
EV/EBITDA	74.3	18.9	13.9	14.9	11.7	11.3	10.0	8.9	7.8
EV/EBIT (adj.)	58.1	19.6	15.8	16.9	15.5	12.3	10.8	9.5	8.3
Payout ratio (%)	104.5 %	51.2 %	49.0 %	63.0 %	57.1 %	47.6 %	43.8 %	42.3 %	40.4 %
Dividend yield-%	0.7 %	1.8 %	2.3 %	2.5 %	2.4 %	2.6 %	2.8 %	3.0 %	3.1 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		Lv:n kasvu-%		EBIT-%		Rule of 40
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2026e
Admicom	222	212	18.4	15.7	18.0	15.0	5.6	5.1	6%	7%	31%	33%	40%
Smartcraft	362	351	33.1	25.5	20.4	17.1	7.3	6.6	9%	10%	22%	26%	36%
LeadDesk	42	52	19.2	15.5	8.2	6.6	1.3	1.2	25%	4%	7%	8%	12%
Talenom	128	222	21.3	15.5	6.6	5.7	1.7	1.6	3%	5%	8%	11%	16%
Qt Group	768	870	18.8	14.4	17.0	12.5	4.1	3.3	2%	18%	22%	23%	41%
F-Secure	326	474	11.1	10.5	9.2	8.7	3.2	3.1	0%	1%	29%	29%	30%
Enento	364	510	12.9	12.1	11.4	10.1	3.3	3.2	2%	3%	26%	26%	30%
QPR Software	17	17			62.5	45.5	2.7	2.6	-6%	5%	-10%	-4%	0%
Upsales Technology	46	44	15.8	13.5	11.3	10.1	2.8	2.4	11%	18%	18%	18%	36%
Lime Technologies	339	352	25.7	21.2	16.7	14.5	5.1	4.6	8%	12%	20%	22%	34%
FormPipe Software	121	119	56.9	37.7	29.8	25.6	4.0	4.9	-39%	-19%	7%	13%	-6%
Vitec Software	1019	1227	19.0	16.4	9.8	8.9	3.7	3.4	11%	8%	19%	21%	29%
Sinch	2076	2611	31.1	14.7	8.1	7.7	1.0	1.0	-4%	1%	3%	7%	8%
Zalaris	165	191	11.6	10.1	7.8	6.9	1.5	1.4	13%	8%	13%	14%	22%
Lemonsoft (Inderes)	103	108	15.5	12.3	11.7	11.3	3.7	3.5	1%	1%	24%	29%	30%
Average			22.7	17.1	16.9	13.9	3.4	3.2	3%	6%	15%	18%	
Median			19.0	15.5	11.3	10.1	3.3	3.1	4%	6%	19%	20%	
Diff-% to median			-18%	-20%	3%	12%	12%	13%					

Source: Refinitiv / Inderes

DCF-calculation

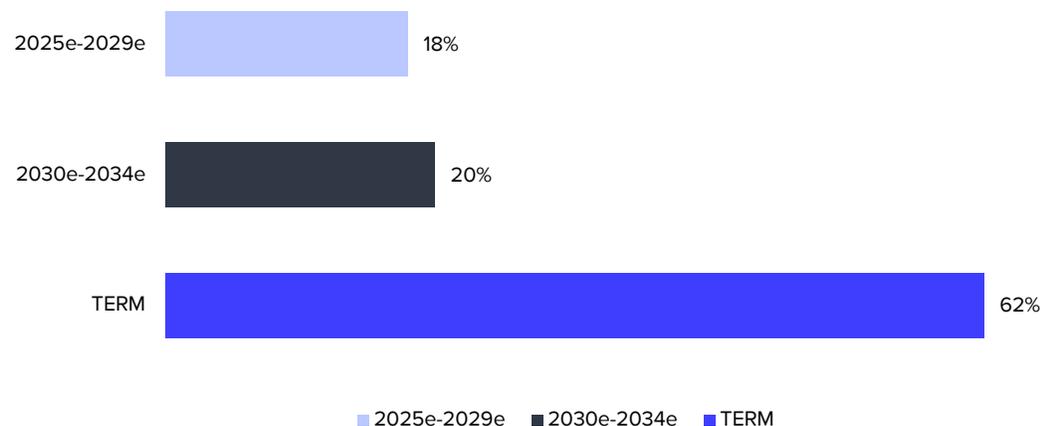
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	9.7 %	1.2 %	1.0 %	4.5 %	5.6 %	5.5 %	5.5 %	5.3 %	5.0 %	3.5 %	2.5 %	2.5 %
EBIT-%	18.7 %	24.1 %	25.5 %	27.0 %	28.1 %	29.1 %	29.3 %	29.5 %	29.8 %	30.0 %	30.5 %	30.5 %
EBIT (operating profit)	5.4	7.1	7.5	8.3	9.1	10.0	10.6	11.3	11.9	12.4	13.0	
+ Depreciation	1.9	2.2	1.8	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	
- Paid taxes	-0.7	-1.2	-1.5	-1.5	-1.7	-1.9	-2.0	-2.0	-2.1	-2.2	-2.3	
- Tax, financial expenses	-0.1	-0.4	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-0.2	0.2	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	6.3	7.9	7.5	8.3	9.1	9.8	10.2	10.8	11.4	11.8	12.2	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-5.7	-1.4	-1.4	-1.4	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.7	
Free operating cash flow	0.6	6.6	6.1	6.9	7.6	8.3	8.7	9.2	9.8	10.2	10.5	
+/- Other	0.0	-4.5	-0.7	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	0.6	2.1	5.4	6.3	7.6	8.3	8.7	9.2	9.8	10.2	10.5	174
Discounted FCFF		2.1	5.0	5.4	6.0	6.0	5.8	5.6	5.5	5.3	5.0	82.5
Sum of FCFF present value		134	132	127	122	116	110	104	98.2	92.7	87.5	82.5
Enterprise value DCF		134										
- Interest bearing debt		-10.4										
+ Cash and cash equivalents		7.7										
-Minorities		0.0										
-Dividend/capital return		-2.6										
Equity value DCF		129										
Equity value DCF per share		7.2										

WACC

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.0 %
Equity Beta	0.95
Market risk premium	4.75%
Liquidity premium	2.30%
Risk free interest rate	2.5 %
Cost of equity	9.3 %
Weighted average cost of capital (WACC)	8.7 %

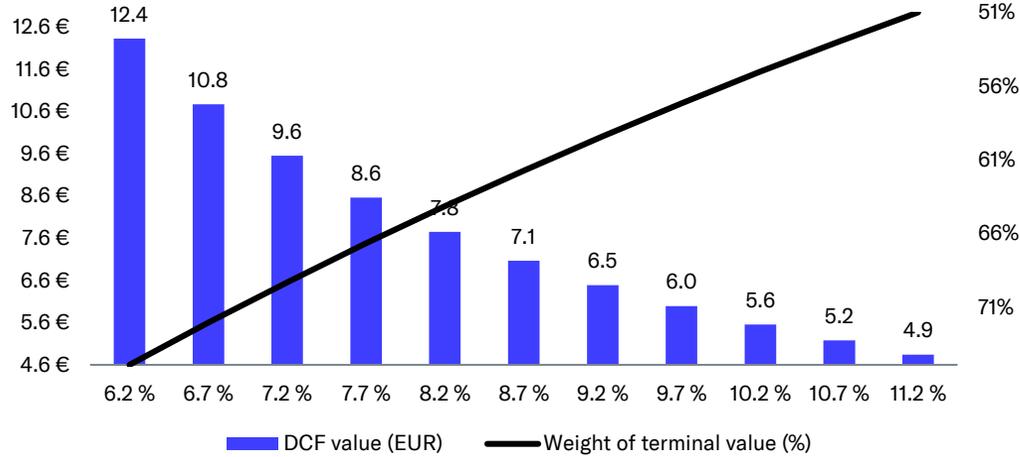
Source: Inderes

Cash flow distribution

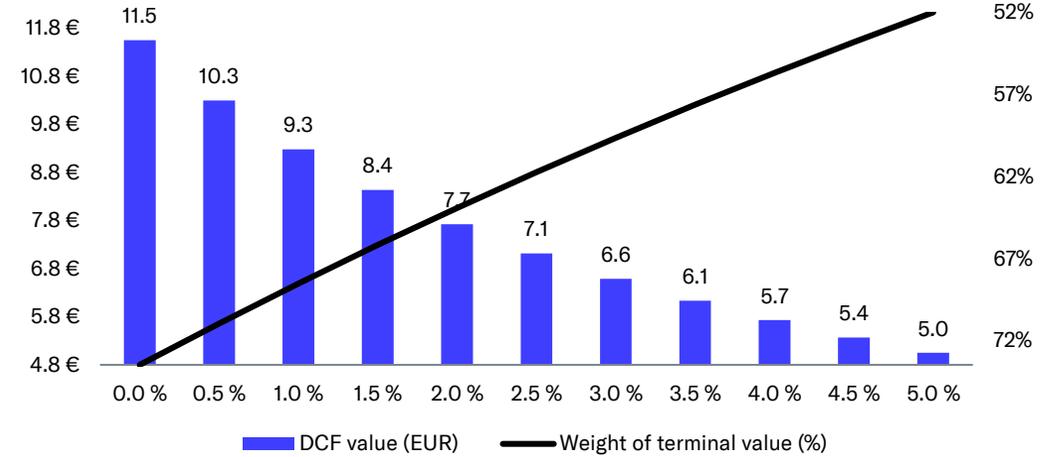


DCF sensitivity calculations and key assumptions in graphs

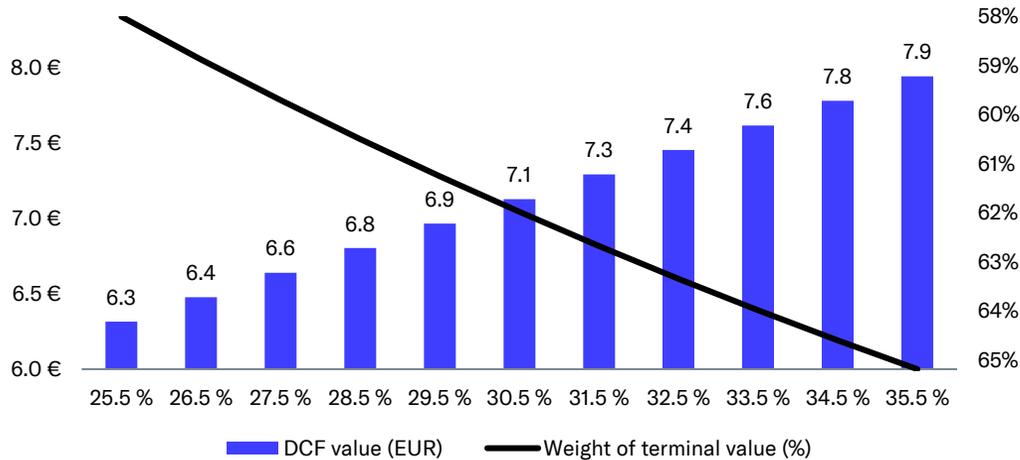
Sensitivity of DCF to changes in the WACC-%



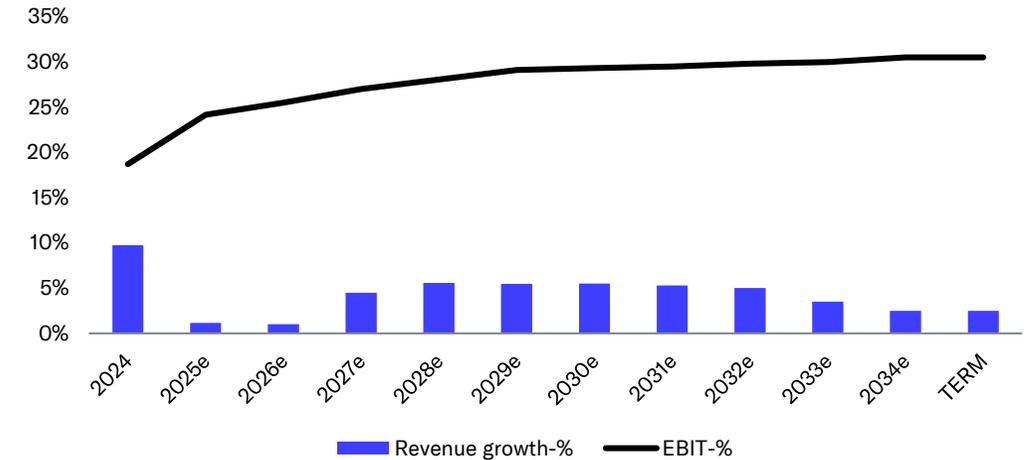
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	22.6	26.3	28.9	29.3	29.5	EPS (reported)	0.27	0.29	0.22	0.25	0.32
EBITDA	7.3	8.2	7.3	9.3	9.3	EPS (adj.)	0.30	0.30	0.28	0.24	0.37
EBIT	6.6	6.9	5.4	7.1	7.5	OCF / share	0.51	0.27	0.34	0.45	0.42
PTP	6.5	6.7	4.9	5.5	7.1	OFCF / share	-0.30	-0.45	0.03	0.12	0.30
Net Income	5.0	5.3	4.1	4.4	5.6	Book value / share	1.43	1.62	1.74	1.60	1.78
Extraordinary items	-0.5	-0.3	-1.0	0.1	-1.0	Dividend / share	0.14	0.14	0.14	0.14	0.15
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	38.2	48.9	53.9	50.0	49.7	Revenue growth-%	31%	17%	10%	1%	1%
Equity capital	26.3	30.4	32.5	28.8	31.9	EBITDA growth-%	73%	12%	-11%	26%	0%
Goodwill	15.7	23.1	28.1	28.1	28.1	EBIT (adj.) growth-%	30%	2%	-10%	8%	22%
Net debt	-8.7	1.0	2.8	5.4	2.1	EPS (adj.) growth-%	26%	1%	-8%	-13%	55%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	32.5 %	31.2 %	25.3 %	31.7 %	31.5 %
EBITDA	7.3	8.2	7.3	9.3	9.3	EBIT (adj.)-%	31.3 %	27.3 %	22.3 %	23.8 %	28.9 %
Change in working capital	2.6	-2.3	-0.2	0.2	-0.2	EBIT-%	29.2 %	26.2 %	18.7 %	24.1 %	25.5 %
Operating cash flow	9.3	5.0	6.3	7.9	7.5	ROE-%	20.9 %	18.8 %	13.3 %	14.4 %	18.7 %
CAPEX	-14.7	-13.3	-5.7	-1.4	-1.4	ROI-%	23.8 %	20.2 %	13.2 %	17.1 %	19.1 %
Free cash flow	-5.5	-8.3	0.6	2.1	5.4	Equity ratio	70.0 %	62.2 %	60.4 %	58.0 %	64.7 %
						Gearing	-32.9 %	3.3 %	8.5 %	18.8 %	6.6 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	6.1	4.3	3.8	3.7	3.5						
EV/EBITDA	18.9	13.9	14.9	11.7	11.3						
EV/EBIT (adj.)	19.6	15.8	16.9	15.5	12.3						
P/E (adj.)	26.6	19.9	20.6	24.0	15.5						
P/B	5.6	3.7	3.3	3.6	3.2						
Dividend-%	1.8 %	2.3 %	2.5 %	2.4 %	2.6 %						

Source: Inderes

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Recommendation history (>12 mo)

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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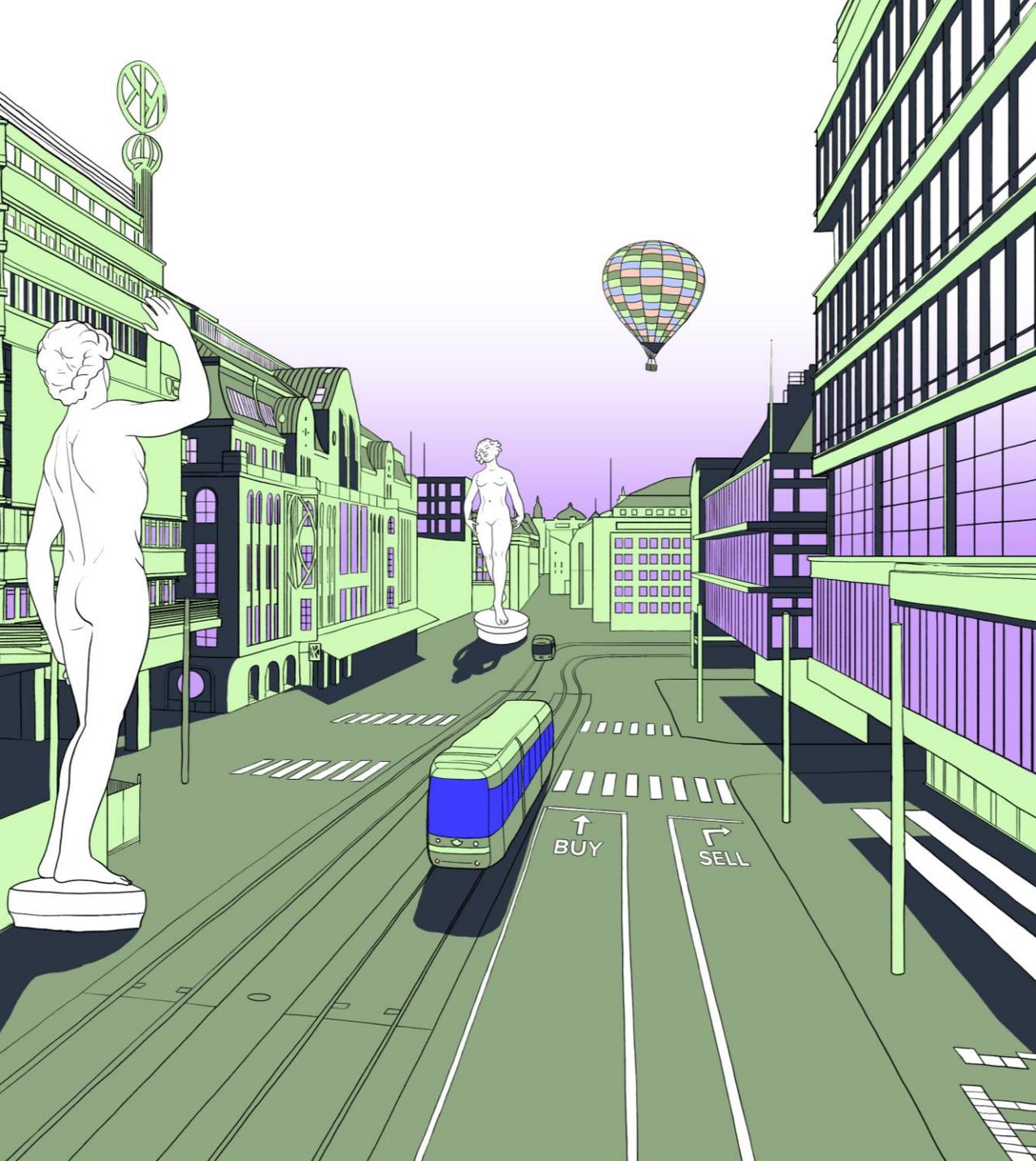
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Date	Recommendation	Target	Share price
12/27/2021	Sell	15.00 €	17.85 €
1/18/2022	Reduce	14.50 €	14.50 €
2/17/2022	Reduce	13.00 €	13.25 €
4/28/2022	Reduce	13.00 €	13.26 €
5/9/2022	Reduce	12.50 €	11.70 €
7/25/2022	Reduce	11.80 €	13.14 €
10/31/2022	Reduce	9.70 €	11.48 €
12/14/2022	Accumulate	8.80 €	7.83 €
2/20/2023	Reduce	8.80 €	8.93 €
3/3/2023	Accumulate	8.80 €	7.79 €
4/24/2023	Accumulate	8.80 €	8.28 €
5/2/2023	Reduce	7.70 €	8.54 €
6/2/2023	Reduce	7.70 €	7.56 €
8/14/2023	Reduce	7.50 €	7.82 €
9/28/2023	Accumulate	6.40 €	5.50 €
10/27/2023	Accumulate	6.40 €	5.16 €
2/16/2024	Reduce	6.40 €	6.82 €
4/26/2024	Reduce	6.00 €	5.66 €
7/17/2024	Reduce	6.40 €	6.95 €
8/9/2024	Reduce	6.40 €	7.20 €
10/29/2024	Accumulate	6.50 €	5.90 €
11/6/2024	Accumulate	6.50 €	5.90 €
12/12/2024	Accumulate	6.70 €	6.20 €
2/21/2025	Accumulate	6.50 €	5.80 €
4/28/2025	Accumulate	6.70 €	6.14 €
6/12/2025	Reduce	7.00 €	7.34 €
8/15/2025	Reduce	7.00 €	7.28 €
11/3/2025	Reduce	7.10 €	7.00 €
11/17/2025	Accumulate	7.10 €	6.06 €
1/21/2026	Accumulate	7.10 €	5.76 €



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