

Financial Statements 2021

LeadDesk Plc FINANCIAL STATEMENTS 1/1–31/12/2021

Unofficial translation of press release 24 February 2022, 9:00 am. In case the document differs from the original, the Finnish version prevails.

LeadDesk continues growing with two acquisitions and new enterprise customers

Figures in parenthesis refer to the equivalent period in the previous year, unless otherwise stated. Figures presented in this press release are unaudited.

July–December 2021

- Revenue EUR 12,545 (7,588) thousand, growth 65.3%
- Comparable pro forma revenue* EUR 14,110 (12,339*) thousand, growth 14.4%
- Annual recurring revenue contract base EUR 22,370 (19,059**) thousand, growth 17.4%
- EBITDA 1,189 (1,604) thousand, 9.5% (14.0%) of revenue
- Comparable pro forma EBITDA* 1,190 (1,862) thousand, 8.4% (15.1%) of revenue

January–December 2021

- Revenue EUR 24,567 (13,799) thousand, growth 78.0%
- Comparable pro forma revenue* 27,474 (23,940*) thousand, growth 14.8%
- Annual recurring revenue contract base EUR 22,370 (12,027*) thousand, growth 86.0%
- EBITDA EUR 3,057 (1,687) thousand, 12.2% (12.1%) of revenue
- Comparable pro forma EBITDA* EUR 2,937 (3,180) thousand, 10.7% (13.3%) of revenue
- EBIT EUR -990 (301) thousand, -4.0% (2.2%) of revenue
- Profit/loss for the period EUR -1,285 (204) thousand
- Operating cash flow EUR 2,015 (2,418) thousand
- Earnings per share EUR -0.24 (0.04) per share

Outlook for 2022

The company expects 13–23% annual revenue growth for 2022 and expects positive profitability as measured by EBITDA and operating cash flow. The outlook does not consider the impact of significant acquisitions on revenue or profitability.

Key figures, group

EUR thousand	7-12/2021	7-12/2020	2021	2020
Revenue	12,545	7,588	24,567	13,799
Revenue growth, %	65.3%	21.7%	78.0%	11.7%
Comparable revenue*	14,110	12,339	27,474	23,940
Comparable revenue growth, %	14.4%	n.a.	14.8%	n.a.
Annual recurring revenue contract base*	22,370	12,027	22,370	12,027
Annual recurring revenue contract base growth, %	86.0%	45.5%	86.0%	45.5%
EBITDA, % of revenue	9.5%	14.0%	12.4%	12.2%
EBIT, % of revenue	-9.1%	4.1%	-4.0%	2.2%
Return on Equity (ROE), %	-16.3%	7.3%	-9.1%	2.4%
Return on Investment (ROI), %	-9.6%	7.3%	-3.5%	3.3%
Equity ratio, %	52.9%	71.6%	52.9%	71.6%
Net gearing, %	15.4%	-47.2%	15.4%	-47.2%
Earnings per share	-0.23	0.07	-0.24	0.04
Earnings per share (incl. dilutive effect)	-0.23	0.06	-0.24	0.04
Personnel at the end of the period*	186	116	186	116

** Comparable pro forma figures are adjusted a) for a change in revenue recognition principles in the group's service number business b) to include Nordcom Oy, LeadDesk Solutions Oy (formerly Capricode Systems Ltd), LeadDesk Solutions AB (formerly Loxyssoft AB), LeadDesk Solutions AS (formerly Loxyssoft AS) and GetJenny Oy as if the companies had been a part of the group for the entire reporting period and the comparable period 2020–2021.

** Comparable period 6/2021

CEO Olli Nokso-Koivisto's review of 2021:

"LeadDesk is a leader in European SaaS contact center software. In 2021 we further strengthened our position. I'm proud of my team's performance in the Covid-19 pandemic influenced business environment. We reached all our key goals; we succeeded in acquisitions, accelerated the growth of our Enterprise business and continued with our internationalisation in Europe.

In line with our strategy, acquisitions supported our organic growth. Our annual recurring revenue (ARR) contract base grew by 86% compared with the previous year. In December, our recognized recurring revenue was EUR 1,786 thousand (77% of total revenue). During Q3, our revenue development was slightly behind our expectations. This was caused by the reduction in contact center software use of those customers, who had adopted the software during the pandemic in 2020, and the poor development of the Loxyssoft AB acquisition in Sweden (EUR -450 thousand impact on the financial period compared with 2020). The temporary deviation in organic growth also impacted our profitability during the second half. Growth hastened again in Q4 and we are well on our way to building a successful 2022 in both the SME and Enterprise segments.

Cloud disruption and the best products on the market support our international growth

The European cloud disruption and our super strong LeadDesk software products support our strategic growth. During 2021, we have taken determined steps towards our EUR 100 million revenue goal. As aligned in our strategy, we are an even stronger European leader and a trusted partner for customer service and sales organisations. We are a product leader in our industry, which helps us win new customers and expand geographically. We are actively expanding our offering with acquisitions and active product development. Solution sales to our enterprise customers is a central part of our sales strategy. Our talent and company culture are key to our plans to dominate the market.

Customer satisfaction is one of the most important drivers of a SaaS business. Only happy customers remain paying customers and enable the growth of ARR. The illustration below shows our customer retention in cohorts according to when the customer started using the LeadDesk software. The retention of customers who adopted our solution before 2020 is excellent. In 2020, new business sales reached outstanding levels thanks to the remote work trend caused by the pandemic. However, some of these customers have now decreased their use of the LeadDesk software as they have returned to more normal operating processes in 2021. There's no indication of this trend in customers who adopted the solution in 2021 or before 2020. Based on early estimates from 2022, the decline in in ARR from the 2020 cohort has turned.

Annual recurring revenue in cohorts per quarter (organic growth excluding the revenue from acquisitions)

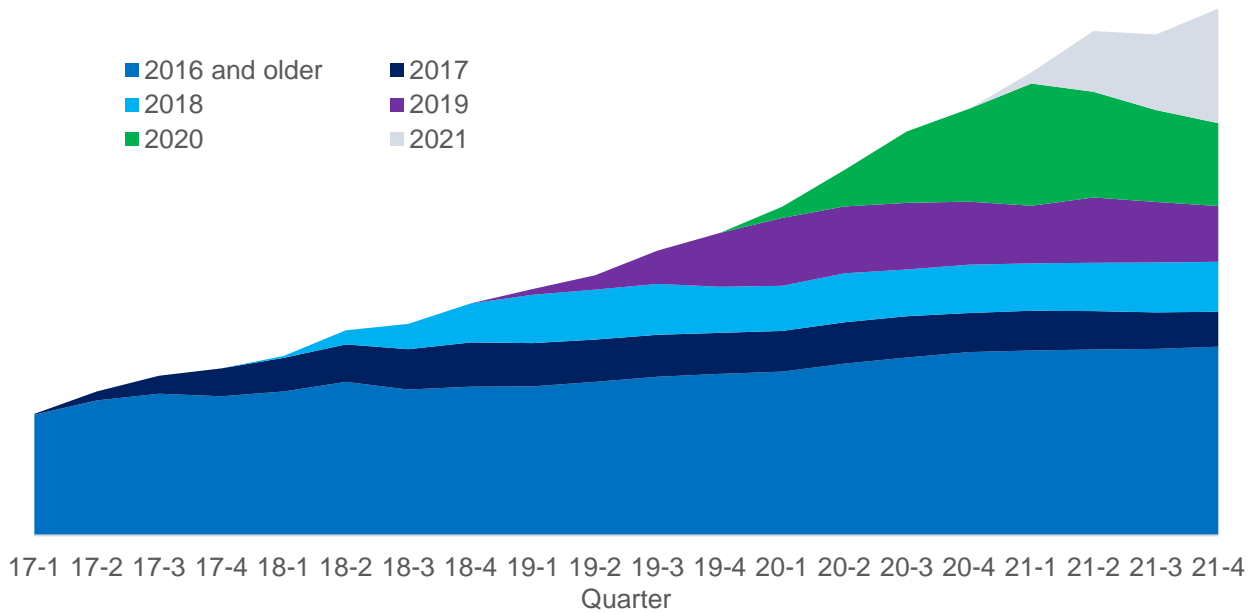


Chart 1: For example, the light blue colour indicates the recurring revenue of customers who adopted the solution in 2018 excluding the impact of acquisitions. The figure is meant for illustrative purposes only and its inclusion in the financial statement is an exception. The point of the figure is to demonstrate the revenue development of the 2020 cohort and the good customer retention of other cohorts.

During the second of 2021, the stock price performance of especially large North American players in the contact center has been decreasing. LeadDesk, however, has performed above the industry average during the last year. I'm satisfied with our position in the market. It must be said though, that the uncertain equity market situation complicates acquisitions as the valuation factors of privately held companies decline slower than the valuations of public companies.

Powering growth with international enterprise customers

We've been determined in our efforts to carry out acquisitions. In line with our strategy, our organic growth comes exceedingly from enterprise customers in Northern Europe. We've succeeded in expanding our customer base from small and midsize European organisations to larger enterprise customers. I'm very proud of our team, who in 2021 managed to land significant new deals with a Finnish energy utility company, with the Norwegian SpareBank 1 Samspar and – in partnership with CrossPoint Technologies – a global enterprise customer. In enterprise solutions, we provide our customers with a complete package, where the key tools of customer service are seamlessly integrated together.

We've built more growth power by expanding geographically. Successful examples include our subsidiary in Spain (110% revenue growth) and our business in France, where we have already won customers and are setting up a local team.

Strong process and integration knowhow in acquisitions

We are supporting our growth strategy in the rapidly consolidating market with acquisitions. Currently, we are interested in companies with leading expertise in artificial intelligence, omnichannel, workforce management and work automation. During the second half of 2021, we expanded our offering with the acquisition of the GetJenny AI solution. The acquisition adds an intelligent chatbot to our offering. Our acquisition process is carefully outlined and proceeds in three phases. In the first phase, we secure the undisrupted continuation of business and existing revenue. In the second phase, we dig deep into synergies to create a platform for profitability growth. In the third phase, we focus on growing the business together.

Out of the acquisitions made so far, Loxyssoft Norway, Capricode Systems and Nordcom are in phase three. We have faced challenges in Loxyssoft Sweden, where revenue development in the second half of 2021 remained far behind our expectations. The development of Loxyssoft Sweden turned towards the end of the year and we expect revenue to keep growing in 2022. Loxyssoft Norway on the other hand has performed outstandingly well. We've also been extremely successful in GetJenny's integration process, which is moving towards phase three.

A strong team with the right people in the right places

We have a spectacular team – one that plays well together. Our culture supports succeeding as individuals and as teams, where the right people are in the right positions. They have the support they need to develop in their work and reach their dreams. We've developed our culture further and have created a Culture Playbook together with our staff. We've also made strides in data-driven decision-making.

We are fostering our strategic progress in terms of growth, geographic expansion, and strong product development. I'm proud that despite the challenging recruiting situation in our industry, we've managed to expand our team 2021.

As the company develops and grows, we are also developing our corporate governance processes and investor relations reporting. For the 2022 financial period, we are refining our outlook and are publishing brief quarterly results reports starting from Q1. In addition, the board recommends that the Annual General Meeting establishes a Nomination Board and the company will investigate a transition to IFRS financial reporting by the 2022 financial statements.

I would like to thank the entire LeadDesk team for their excellent work and attitude in 2021! A warm thank you to our customers, investors, and partners as well! Let's make 2022 just as successful!"

More information

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LeadDesk in brief

LeadDesk is a fast growing and internationalizing software company, operating in the cloud-based software market in Europe. The company offers the LeadDesk cloud service for sales and customer service and has grown to a leading cloud service vendor in sales and customer service in the Nordics. In 2021, the company's revenue was €24.6 million. The international revenue share was approximately 61%. LeadDesk's shares are traded in the Nasdaq First North Finland market under the ticker LEADD. The company has offices in seven European countries. The LeadDesk cloud service is used by ca. 1500 customers around the world.

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