



Financial Statements Summary 2022

LeadDesk Plc Financial Statements Summary 1/1–31/12/2022

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Successful H2 boosts LeadDesk's revenue growth to 14% with a 14 % EBITDA margin

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

July–December 2022

- Revenue EUR 14,320 (12,545) thousand, growth 14.1%
- Comparable pro forma revenue* EUR 14,320 (12,691) thousand, growth 12.8%
- Annual recurring revenue contract base EUR 24,300 (23,228**) thousand, growth 4.0%
- EBITDA EUR 1,953 (1,189) thousand, 13.6% (9.5%) of revenue
- Comparable pro forma EBITDA* EUR 1,953 (1,209) thousand, 13.6% (9.5%) of revenue

January–December 2022

- Revenue EUR 28,084 (24,567) thousand, growth 14.3%
- Comparable pro forma revenue* EUR 28,084 (25,536) thousand, growth 10.0%
- Annual recurring revenue contract base EUR 24,300 (22,370) thousand, growth 8.6%
- EBITDA EUR 3,301 (3,057) thousand, 11.8 % (12.2%) of revenue
- Comparable pro forma EBITDA* EUR 3,301 (2,959) thousand, 11.8% (11.6%) of revenue
- EBIT EUR -1,543 (-990) thousand, -5.5% (-4.0%) of revenue
- Profit/loss for the period EUR -1,782 (-1,285) thousand
- Operating cash flow EUR 1,678 (2,103) thousand
- Earnings per share EUR -0.33 (-0.24)

Outlook for 2023

The company expects 6–14% annual revenue growth for 2023 and 11–16% profitability as measured by EBITDA as a share of revenue. The outlook does not consider the impact of significant acquisitions on revenue or profitability.

Key figures, group

EUR thousand	7–12/2022	7–12/2021	2022	2021
Revenue	14,320	12,545	28,084	24,567
Revenue growth, %	14.1%	65.3%	14.3%	78.0%
Comparable pro form revenue*	14,320	12,691	28,084	25,536
Comparable revenue growth, %	12.8%	14.4%	10.0%	14.8%
Annual recurring revenue contract base	24,300	22,370	24,300	22,370
Annual recurring revenue contract base growth, %	8.6%	86.0%	8.6%	86.0%
EBITDA, % of revenue	13.6%	9.5%	11.8%	12.4%
EBIT, % of revenue	-3.5%	-9.1%	-5.5%	-4.0%
Return on Equity (ROE), %	-6.4%	-16.3%	-9.9%	-9.1%
Return on Investment (ROI), %	-1.4%	-9.6%	-5.4%	-3.5%
Equity ratio, %	56.3%	52.9%	56.3%	52.9%
Net gearing, %	30.9%	15.4%	30.9%	15.4%
Earnings per share, EUR	-0.11	-0.23	-0.33	-0.24
Earnings per share, EUR (incl. dilutive effect)	-0.11	-0.23	-0.33	-0.24
Personnel at the end of the period	170	186	170	186

* Comparable pro forma figures include the revenue of GetJenny Oy, acquired in August 2021, as if the company had been a part of the group during the entire 2021 financial period.

** Comparable period end of June 2022

CEO Olli Nokso-Koivisto's review of 2022:

"LeadDesk is a leader in European cloud-based contact center software. In 2022, our growth story remained strong, and we helped many new customer service and sales teams to work more efficiently. The LeadDesk product improves the efficiency of our customers' operations, helping them provide a better customer experience and increase sales productivity. Examples of our 2022 highlights were the significant new agreements in the healthcare and public sectors, including deals with the Päijät-Häme Joint Authority for Health and Wellbeing and Istekki Oy, co-owned by numerous healthcare and public sector organisations.

An excellent end to the year 2022

The second half of 2022 was successful. Our enterprise business, i.e., our customer segment for large customers, grew well, especially in Finland and Norway. Previously announced implementation projects for enterprise customers have been finalized, and the enterprise segment generated 43% of our total revenue in the fourth quarter. In the second quarter, our growth was slowed down by the energy sector customers' challenges deriving from the geopolitical situation. The situation in the energy sector has since stabilised. In addition, we gained an even stronger foothold in Spain, where we expect to unlock accelerated growth in the future.

In the second half of the year, we paid special attention to our profitability. During H2, our EBITDA grew to 14%. We want to maintain good profitability in the future as well, as it improves our ability to react to changes in the market and creates a strong backbone for growing our business even during times of uncertainty.

For 2023, we expect our annual revenue to grow by 6–14% and our profitability, measured by EBITDA margin, to reach 11–16%. Despite the macroeconomic uncertainties, we have not had to change our profitable growth strategy, and we plan to continue on that path in 2023. However, the depreciation of the Swedish krona and Norwegian krone compared to the euro in the beginning of 2023 creates minor downward pressure to our revenue growth, as approximately 38% of our 2022 revenue came from those countries.

The recruitments we made at the beginning of 2023 will enable profitable growth to continue. Our latest recruitment is VP of Sales Kai Leppänen, who will oversee our small and medium-sized customers, i.e., the SME segment. Kai is a true SaaS sales professional, and his task is to raise our SME sales to a new level. Our new CFO, Kaisa Rönkkö, will add her long experience in business-driven financial leadership and finance to our team. The handover will be smooth as our interim CFO Paul Stenbäck will continue in the management team and will be responsible for corporate development, focusing primarily on mergers and acquisitions.

Our product development team did superb work in 2022. In the spring, we launched a more efficient user interface for our customers' sales teams. In line with our strategy, we integrated more tightly with popular ecosystems like Salesforce and Zendesk. The LeadDesk Talk application we launched at the Salesforce CRM system's marketplace has gained positive attention and resulted in the first significant pilot project.

Ready to succeed in a transforming market

The European contact center cloud services market is expected to keep growing in the coming years as the customers' transition towards cloud services is still ongoing. LeadDesk's potential for success in this market is strong, as our reliable, global infrastructure gives us a clear competitive advantage in our core markets.

LeadDesk's competitive advantage is based on our local presence and ability to adapt to local needs. The ever-changing, country-specific regulation impacts our customers' business and creates demand for new cloud services. Regulation acts as a barrier to entry between us and our competitors, as regulation varies significantly from one European country to the next. Large, often North American, system providers find it slow and expensive to adapt their products to comply with each market's regulations and distinct characteristics. At the same time, LeadDesk's small, local competitors struggle to find the resources to develop their products to fit new markets.

As an agile player, we are well-positioned to grow LeadDesk's sales in a changing regulatory environment. For example, in 2022, we developed our product to comply with the updated phone number regulation in France and the change in Finnish law regarding the written confirmation of sales transactions.

The rapid development of artificial intelligence provides opportunities to improve customer service efficiency significantly. The race between OpenAI and Google accelerates the evolution of AI. However, customer service and sales will also require seamless collaboration between technology and humans in the future. We believe that in the mid to long term, AI will complement our product and provide scintillating product development opportunities. The development required for the wider adoption of AI in our products is ongoing. All calls made through LeadDesk are available in text format, which enables the use of AI technologies. Our chatbot itself is an AI-based product, and the technological leaps taken by the industry will, among others, significantly speed up its implementation.

Customer satisfaction is critical to the success of a SaaS business. Our growth depends on our existing customer's satisfaction with LeadDesk's system and service. According to our customer satisfaction survey during Q4, our customers rated us 4/5. Both our customer service and sales systems were appreciated for their broad feature base.

We want to exceed our customers' expectations. That is why we will continue to invest in the product development of our core solutions. As an example, we have made key recruitments that will enable us to develop the artificial intelligence capabilities of our product. We offer a solution that helps different customer service and sales organisations to work more efficiently. LeadDesk is already used by various healthcare providers, the telecoms sector, public administration, taxi centres, banks, and outsourced contact center companies.

A committed team leads to victory

I'm super grateful for the highly committed work of the LeadDesk team in 2022! The commitment is also reflected in the popularity of our staff stock option program organised in the autumn. Our team had the opportunity to purchase shares in the company and receive additional stock options in exchange. Thanks to the program, numerous employees and board members became new co-owners of our company. A large thank you also to our customers, investors, and partners. With a strong team spirit, we will make 2023 even more successful!

Financial review 1/1–31/12/2022

Group financial performance and profitability

The revenue of the LeadDesk group during the financial period was EUR 28,084 (24,567) thousand. Revenue grew by EUR 3,517 thousand, i.e., 14.3%. Revenue for the reporting period was EUR 14,320 (12,545) thousand. Comparable (pro forma) revenue during the financial period was EUR 28,084 (25,536) thousand. Pro forma revenue includes the revenue of GetJenny Oy, acquired in August 2021, as if the company had been a part of the group during the entire 2021 financial period. Comparable revenue grew due to organic growth, especially in Finland, Norway, and Spain.

The annual recurring revenue contract base on 31/12/2022 was EUR 24,300 (22,370) thousand. Annual recurring revenue contract base growth was 8.6% (86.0%), including acquisitions. The group's recurring revenue in December 2022 was EUR 1,915 (1,786) thousand.

Group EBITDA for the entire financial period was EUR 3,301 (3,057) thousand, i.e., 11.8% (12.4%) of revenue. EBITDA increased driven by revenue growth. EBITDA for the reporting period was EUR 1,953 (1,189) thousand. The increase in EBITDA compared with the comparable period was driven by scaling revenue and an uneven distribution of costs between the first and second halves of 2021. Comparable pro forma EBITDA for the financial period was EUR 3,301 (2,959) thousand.

Group EBIT was EUR -1,543 (-990) thousand, i.e., -5.5 (-4.0) % of revenue. The decrease in EBIT was driven by increased depreciation of capitalized product development costs.

Group result before appropriations and taxes was EUR -1,713 (-1,236) thousand, and the profit/loss for the period was EUR -1,782 (-1,285) thousand.

Group earnings per share were EUR -0.33 (-0.24). Taking share dilution into account, the earnings per share were EUR -0.33 (-0.24).

Balance sheet, financing, and investments

The group balance sheet total on 31/12/2022 was EUR 32,761 (37,521) thousand. Group goodwill amounted to EUR 18,079 (20,333) thousand at the end of the year. At the end of the period, group equity was EUR 17,370 (18,927) thousand, and net debt was EUR 5,376 (2,915) thousand. Growth in net debt was impacted in January 2022 by the additional purchase price of the Loxyssoft acquisition, a total of EUR 1,479 thousand, and the negative investment cash flow of the financial period. Net gearing was 30.9% (15.4%), and the equity ratio was 56.3% (52.9%). The company has a EUR 1,000 thousand account limit, of which EUR 16 thousand was in use on 31/12/2022.

Cash reserves at the end of the financial period on 31/12/2022 were EUR 2,583 (6,382). At the end of the financial period, the group had receivables of EUR 2,892 (2,173) thousand and payables of EUR 931 (1,472) thousand.

Equity per share on 31/12/2022 was EUR 3.20 (3.59). Considering share dilution, equity per share was EUR 2.85 (3.35).

Operating cash flow after interest and direct taxes was EUR 1,678 (2,103) thousand. The decrease in operating cash flow compared to the previous year was due to ordinary fluctuation in working capital (increase in receivables and decrease in purchase invoices). Group investments in tangible and intangible assets amounted to EUR 2,822 (2,938) thousand. Investments consisted primarily of product development of the LeadDesk cloud service. Investment cash flow was also affected by the EUR 1,479 thousand additional purchase price paid in January 2022 for the Loxyssoft acquisition. Cash flow from financing activities during the financial period amounted to EUR -1,035 (7,827) thousand.

Additional information

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LeadDesk Plc in brief

LeadDesk is a fast-growing and international software company operating in the European cloud-based software market. The company offers the LeadDesk cloud product for sales and customer service and has grown to become a leading cloud service vendor in sales and customer service in the Nordics. In 2022, LeadDesk group revenue was €28.1 million. The international revenue share was approximately 58%. The group has offices in eight European countries. The LeadDesk cloud service is used by ca. 1,900 customers around the world. LeadDesk Plc's shares are traded in the Nasdaq First North Finland market under the ticker LEADD. www.leaddesk.com