

Satisfactory growth with good profitability

Financial Statement Release 2023

27 February 2024

Agenda

- Key takeaways from 2023
- Financials H2/2023
- Strategy progress update
- Market outlook
- Fireside chat and Q&A

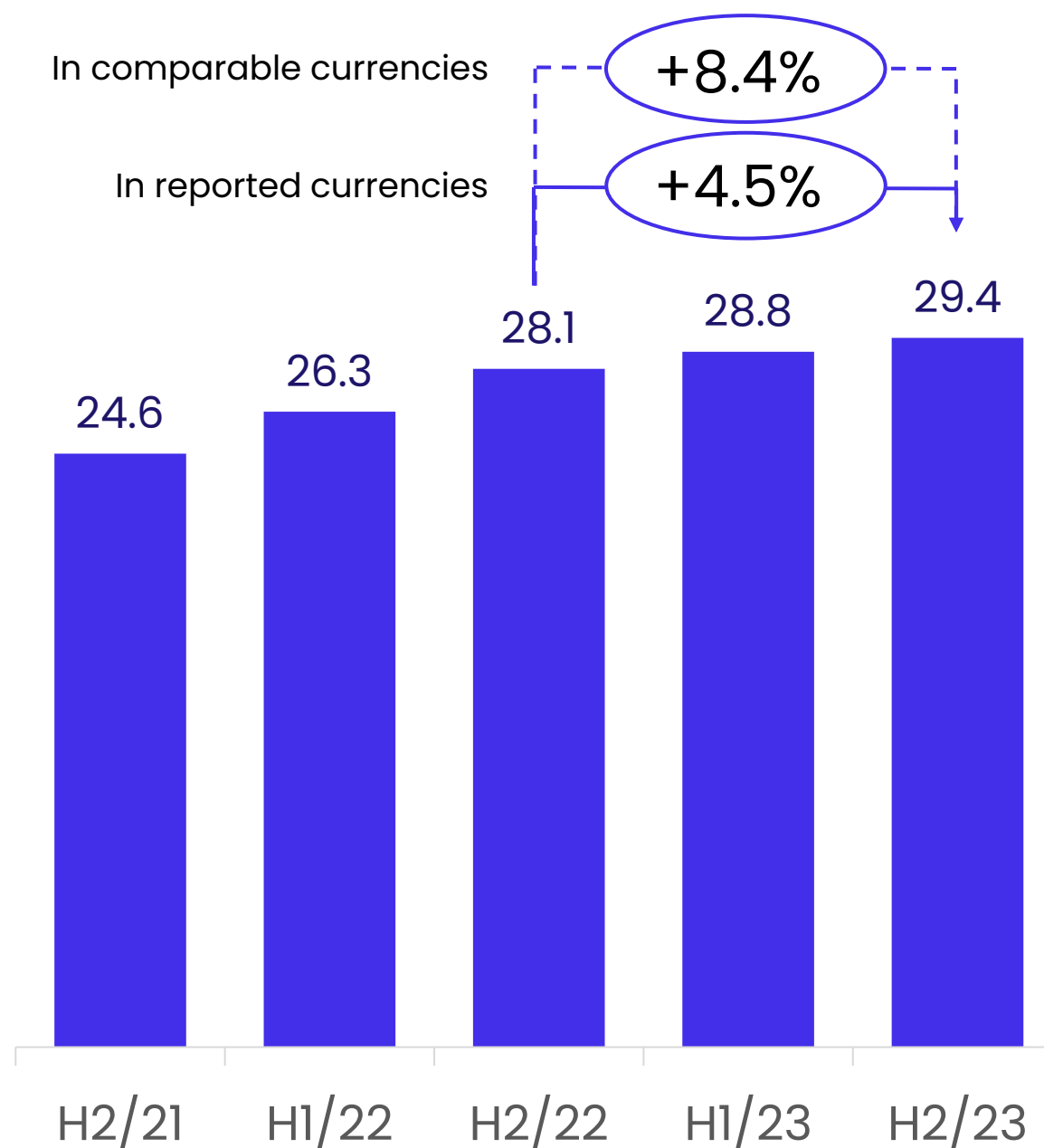
Key takeaways from 2023

- **Satisfactory growth:** Our revenue grew in all operating countries, strongest growth in continental Europe. Absolute growth remained highest in Finland. Sales to Enterprise customers picked up while market demand in the SME segment remained lower in the second half
- **Significant enterprise wins:** Norwegian Directorate of Immigration and a Nordic telecom operator
- **Integration of Länsilinkki Oy** successfully completed
- **Good profitability management:** Our EBITDA margin improved to 13.2% (11.8%) for 2023, supported by our efforts to improve operational efficiency
- **Investments into AI** increased during Q4. Goal is to rapidly introduce new AI applications to our customers
- **Uncertainties remain in the market:** Uneven demand necessitates effective management of our business operations to exploit growth opportunities

Financials and operational highlights

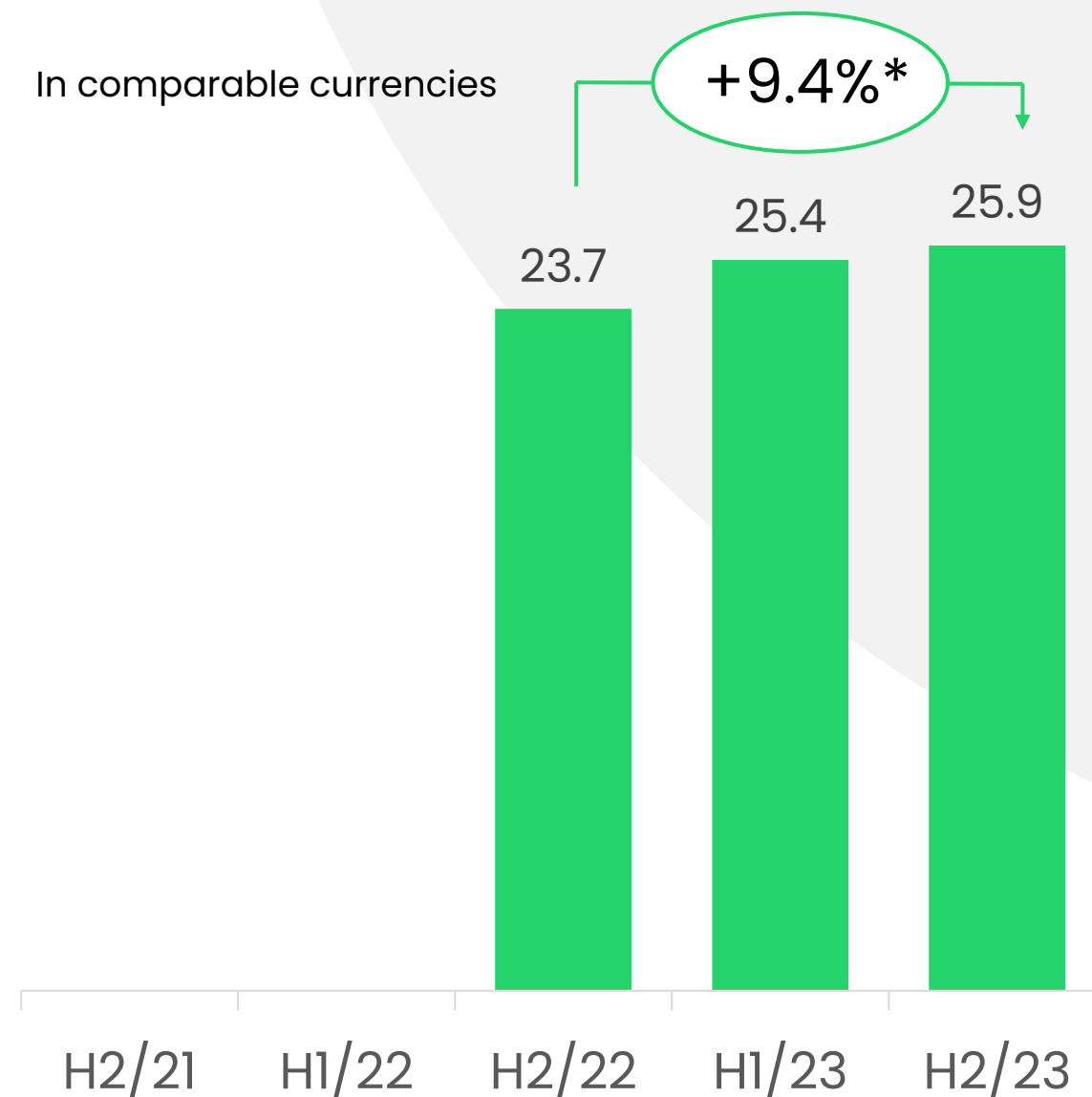
Steadily increasing recurring revenue

Revenue, LTM, EUR m



- ✓ In 2023, revenue was EUR 29,358 thousand. Revenue increased by 4.5% from the previous year, and by 8.4% on a comparable currency basis
- ✓ Revenue increased in all countries. Relative growth in revenue was strongest in Spain and Germany. Absolute growth was strongest in Norway, Finland, and Spain. (in local currencies)

ARR, EUR m

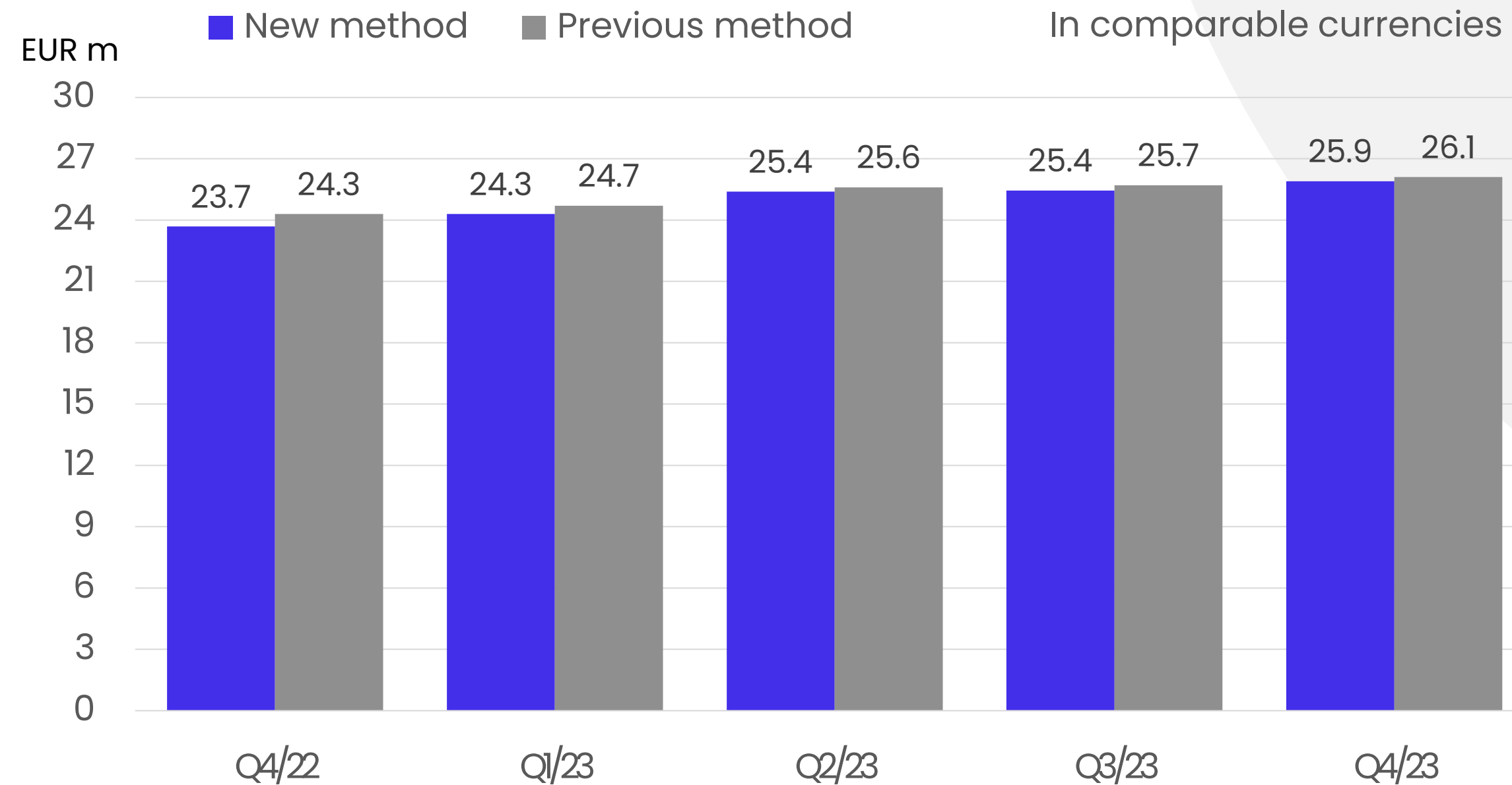


- ✓ In 2023, annual recurring revenue (ARR) was EUR 25,905 thousand. Contract base increased by 9.4% on a comparable currency basis
- ✓ As of 1 January 2024, the company has transitioned to a new methodology for calculating ARR and has retrospectively adjusted previously published data up to Q4/22 accordingly.



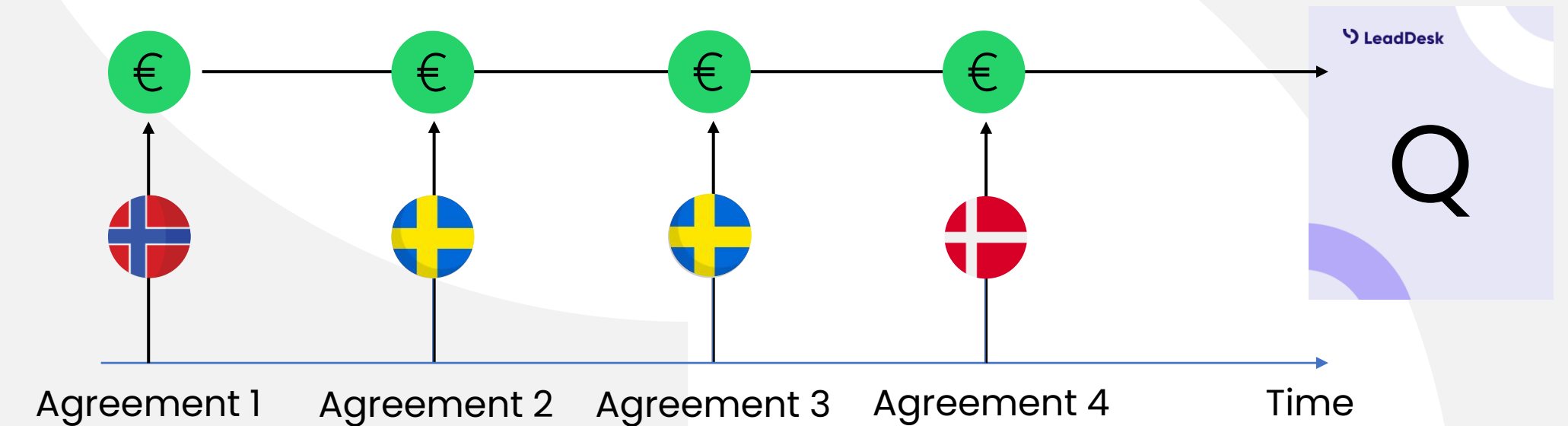
New calculation method for ARR

Annual recurring revenue (ARR), EUR m

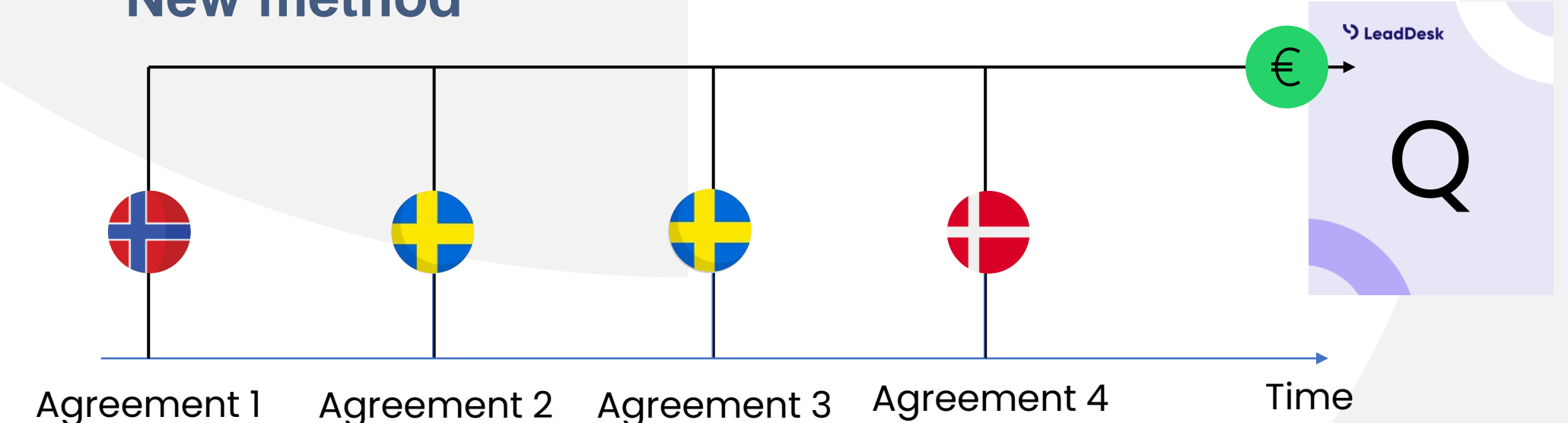


- ✓ Using the previous calculation method, the annual recurring revenue contract base as of 31 December 2023, amounted to EUR 26,085 (24,300) thousand, and the annual recurring revenue contract base growth was 7.3% (8.6%).
- ✓ With the new calculation method, the annual recurring revenue contract base as of 31 December 2023, amounted to EUR 25,424 (23,402) thousand, representing a growth of 8.6%. Calculated on a comparable currency basis the ARR amounted to 25,905 thousand and growth was 9.4 %.

Previous method



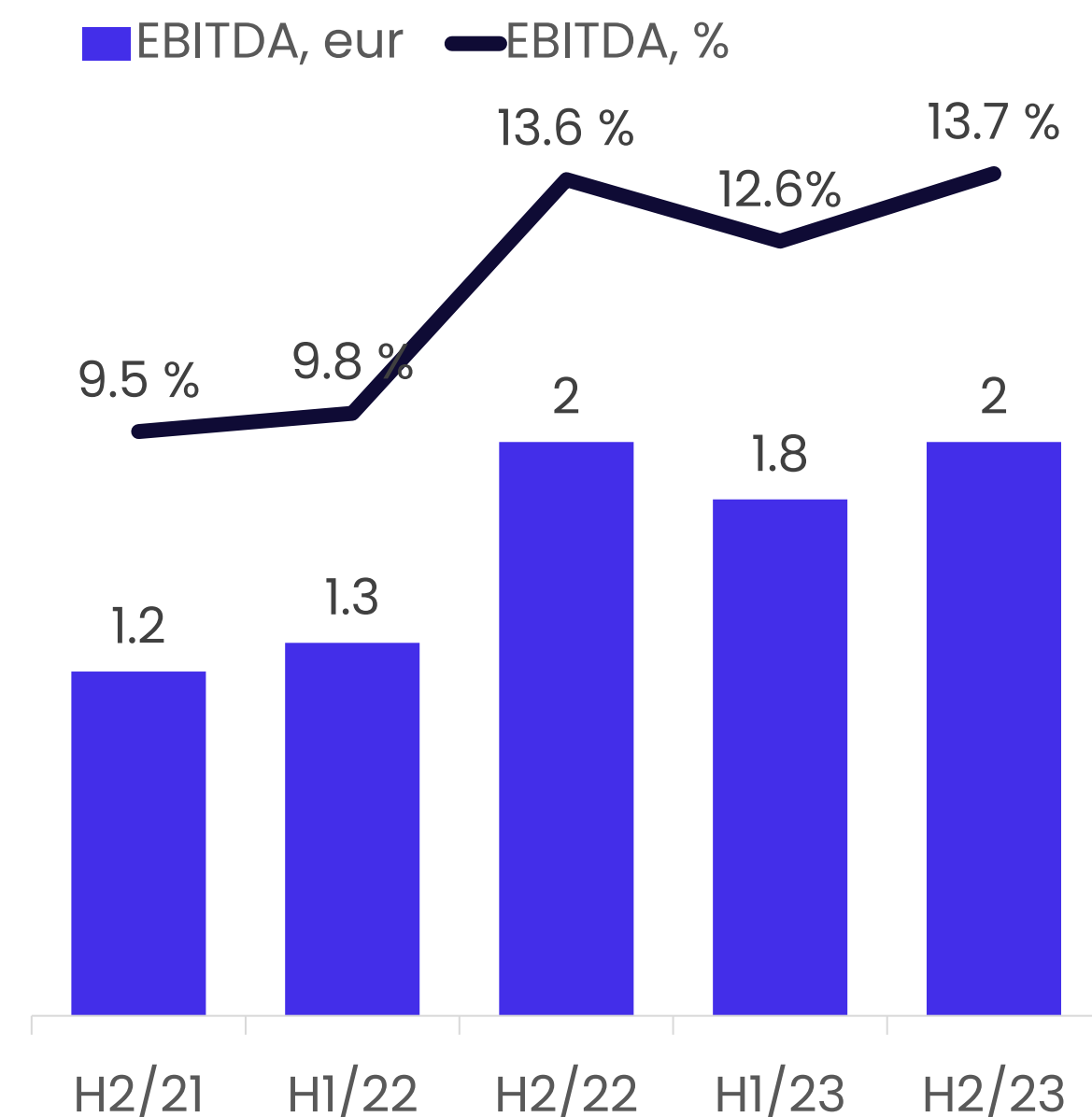
New method



- ✓ According to the company's previous calculation method, the value of the annual recurring revenue contract base was calculated by converting contracts in currencies other than euros into euros at the exchange rate **of the month when the contract was added** to the contract base or when existing contracts were modified.
- ✓ The company has decided to change the calculation method so that the entire contract base value is converted into euros using the currency exchange rates **at the reporting date**.

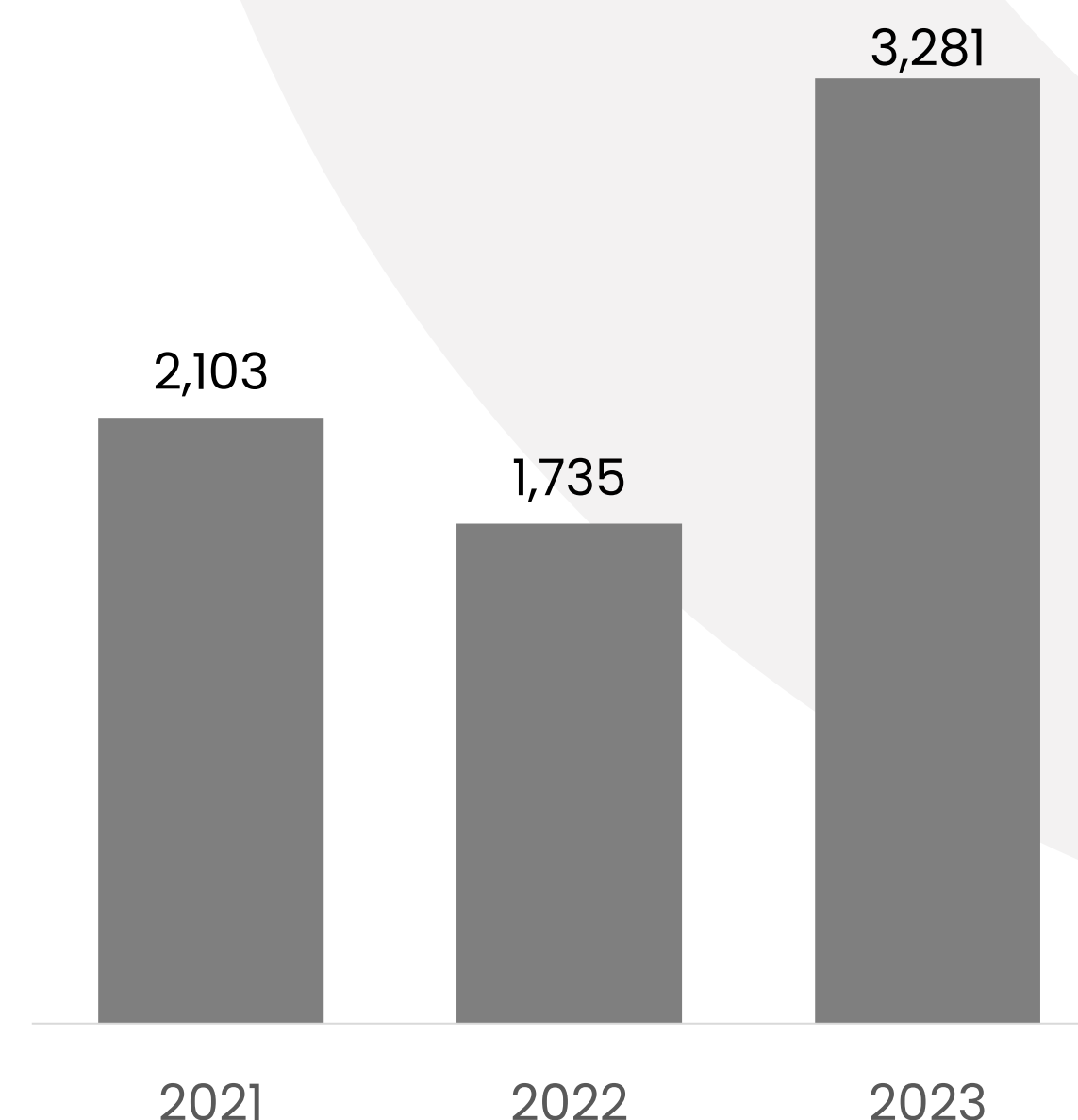
Successful profitability improvement in 2023

EBITDA, EUR m / % of revenue



- ✓ In 2023, group EBITDA was EUR 3,865 (3,301) thousand, representing 13.2% (11.8%) of revenue.
- ✓ EBITDA improved not only due to revenue growth but also as a result of profitability-enhancing measures.

Cash flow from operations, EUR m



- ✓ In 2023, operating cash flow after interest and direct taxes was EUR 3,281 (1,678) thousand.
- ✓ The increase in operating cash flow compared to the previous year was influenced by the improvement in EBITDA and ordinary fluctuation in working capital



Guidance for 2024

- 5–15% annual revenue growth on a comparable currency basis
- 10–15% profitability as measured by EBITDA margin.

The outlook does not consider the impact of significant acquisitions on revenue or profitability.

Strategic progress in 2023

Strategic goals for 2023



Focus on
organic
growth



Maintain and
improve
profitability

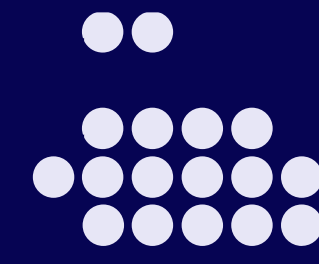


Tighter integration
of AI in our
offering



Non-organic
growth

Focus areas for growth



NORDIC CORE

- › Maintain and strengthen position in the Nordic Home Market
- › Focus on both Enterprise and SME customers

CONTINENTAL EUROPE

- › Leverage our strong product to drive growth
- › Focus on core SME segments for faster growth

EFFICIENCY

- › Continue to focus on **driving performance** and **operational efficiency** to enable targeted growth investments

A scalable enterprise-level solution for SMEs

Enterprises

SME

Customer
benefits

Customer
benefits

 **LeadDesk**

Customer conversations made easy

High
requirements

Improved
efficiency

Improved
service and
sales

Localized &
culture sensitive

Easy to integrate

15-minute
onboarding

Professional
& capable

Simple and
efficient

Enterprise
quality

Standard
product

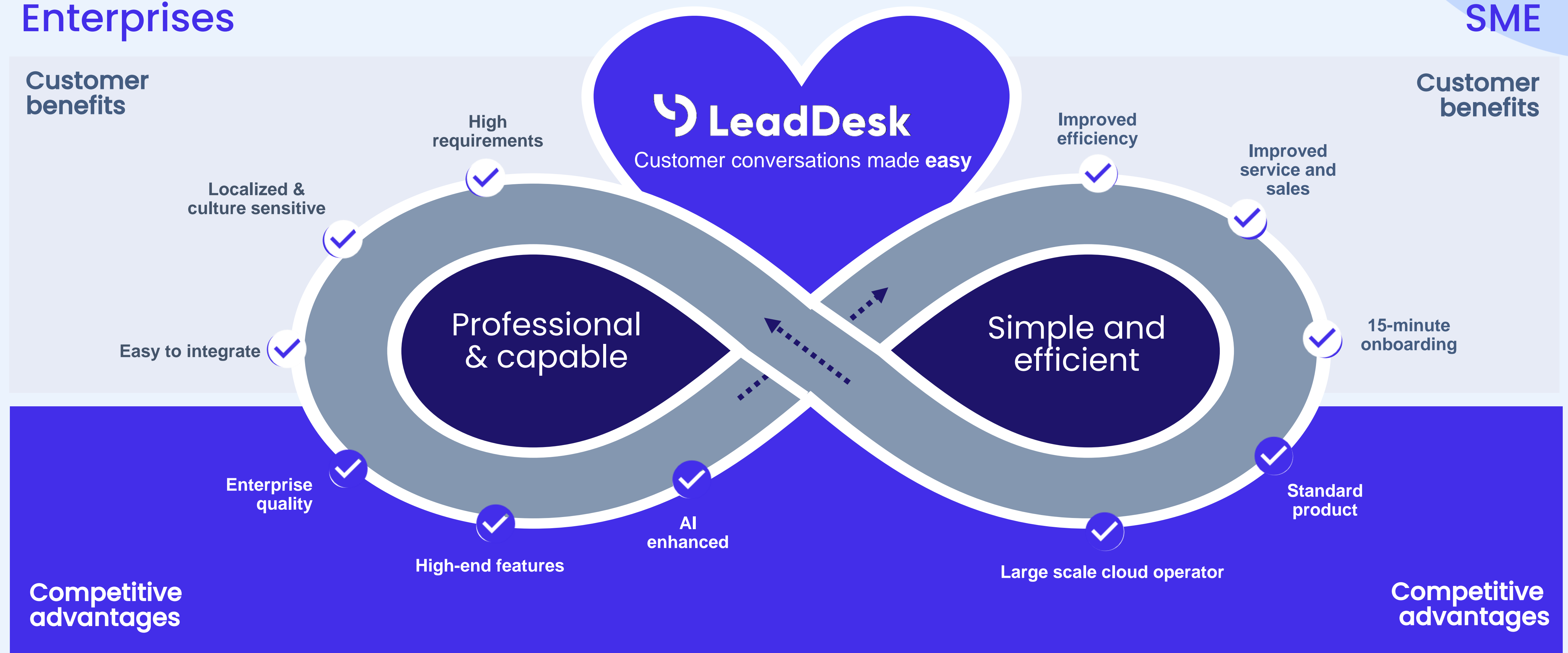
High-end features

AI
enhanced

Large scale cloud operator

Competitive
advantages

Competitive
advantages



AI adoption will be critical for competitiveness

Increasing importance of AI

- ✓ The **emergence of generative AI** in clearly accelerated the R&D race
- ✓ Customer communication will become digitalized and **textualized** to enable AI led efficiency gains
- ✓ Leveraging AI in Contact Centers requires **vertical-specific** solutions, data and understanding
- ✓ CCaaS providers need to have the **resources** and be **agile** to implement new capabilities. They also need a deep understanding of **local cultures and languages**.



Those who fail to integrate new capabilities will go extinct. LeadDesk is well-positioned to lead the transformation.

Milestones

H1
23

LeadDesk decides to **invest heavily** into new AI

First **pilots** launched

Q3
23

First **solutions validated** with customers

Q4
23

Decision to **increase AI investments** into further

FEB
24

20% of all call data transcribed into text format (up from 0% in Q3)

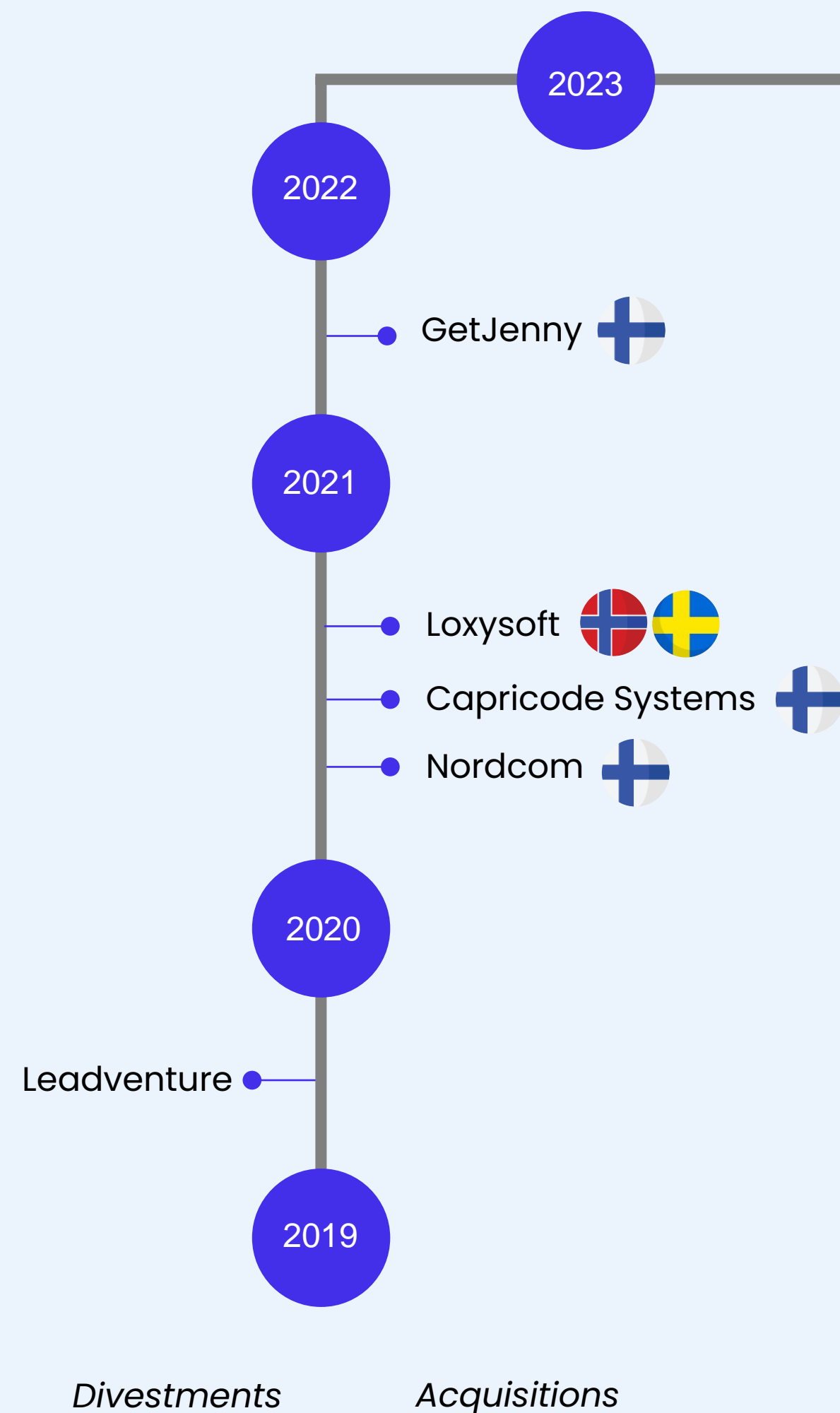
Our target

AI functionalities will be integrated across our products

LeadAI	
Outbound	New data products
Chatbot	▪ AI Transcriber ▪ AI Writer
Customer service	▪

New AI functionalities enable our customers to improve their efficiency, increasing our solution's value

Targeting acquisitions at fair valuation



Timeline

- ✓ **Länsilinkki Oy** acquisition announced (6/2023)
- ✓ **Teams and process** integrated (08/2023)
- ✓ **Leveraging knowhow & offering** (as of 10/2023)
- ✓ **Cost savings realized** (12/2023)

Länsilinkki: Benefits for LeadDesk

- ✓ **Improved offering and quality**
 - ✓ Providing broader in-house product offerings for customers
 - ✓ Improved quality as LeadDesk no longer needs an external partners for Finnish traffic
- ✓ **Improved competitiveness & cost-efficiency**
 - ✓ Leveraging Länsilinkki infrastructure to achieve savings from the operator and hosting purchases
 - ✓ Focus on profitable operator service business
- ✓ **Technical expertise and technology**
 - ✓ Utilize Länsilinkki's unique skills and technology to expand LeadDesk's CPaaS platform

Market outlook for 2024

Short-term market outlook

Tailwinds

- Enterprise "investment debt"
- Need for operational efficiency
- AI adoption in Contact Centers

Headwinds

- Economic uncertainty slowing down investments
- Customers seek to curb costs
- Impacts of increasing regulation on customer communication

Thank you!

Appendix: Growth driven by scalable license business

Revenue, by product, % of total

