



Half Year Review 2022

## LeadDesk Plc Half Year Review 1/1-30/6/2022

LeadDesk Plc Unofficial Translation of Company Release 25/8/2022 at 9.45 am. In case the document differs from the original, the Finnish version prevails.

### LeadDesk's growth continues despite a challenging market situation

Figures in parenthesis refer to the equivalent period in the previous year unless otherwise stated. (Unaudited)

#### January–June 2022

- Revenue EUR 13,764 (12,022) thousand, growth 14.5%
- Comparable revenue 13,764 (12,845\*) thousand, growth 7.2%
- Annual recurring revenue contract base 23,228 (19,059) thousand, growth 21.9%
- EBITDA 1,348 (1,868) thousand, 9.8 (15.5) % of revenue
- Comparable EBITDA EUR 1,348 (1,749\*) thousand, 9.8 (13.6) % of revenue
- EBIT EUR -1,041 (188) thousand, -7.6 (1.6) % of revenue
- Result for the period EUR -1,197 (-53) thousand
- Cash flow from operations EUR 29 (78) thousand

\* Pro Forma figures for 1/1–30/6/2021 including GetJenny Oy as if the company had been a part of the group during the period in question..

#### Outlook for 2022 (specified)

In the outlook published on February 24, 2022 with the 2021 financial statements, the company expected 13–23% annual revenue growth and positive profitability measured by EBITDA and operating cash flow. The outlook does not consider the impact of significant acquisitions on revenue or profitability.

The company maintains the same outlook. However, annual revenue growth is expected to remain in the lower half of the forecast (13–18%) due to the reduced use of the system in the energy sector and the slower-than-expected implementation projects of new Enterprise customers.

#### LeadDesk Group Key figures

EUR thousand	1-6/2022	1-6/2021	2021
Revenue	13,764	12,022	24,567
Revenue growth, %	14.5%	93.6%	78.0%
Comparable pro forma revenue*	13 764	12 845	25 536
Comparable revenue growth, %*	7.2%	n.a.	n.a.
Annual recurring revenue contract base	23,228	19,059	22,370
Annual recurring revenue contract base growth, %	21.9%	96,4 %	86.0%
EBITDA, % of revenue	9.8%	15,5 %	12.4%
EBIT, % of revenue	-7.6%	1,6 %	-4.0%
Return on Equity (ROE), %	-13.2%	-0.8 %	-9.1%
Return on Investment (ROI), %	-7.6%	3.3 %	-3.5%
Equity ratio, %	55.1%	56.5%	52.9%
Net gearing, %	30.4%	9.9%	15.4%
Earnings per share	-0.22	-0.01	-0.24
Earnings per share (incl. dilutive effect)	-0.22	-0.01	-0.24
Personnel at the end of the period	185	173	186

\* Pro Forma figures for 1/1–30/6/2021 including GetJenny Oy as if the company had been a part of the group during the period in question.

## CEO Olli Nokso-Koivisto:

"LeadDesk is a European SaaS contact center software vendor. We have created a high-performing business model and expanded successfully in Europe. Today, more than 20,000 customer service and sales professionals work using LeadDesk products.

### **Our growth continues and profitability remains on a good level**

The situation of the global economy during the first half of 2022 was exceptional and challenging. Even so, we were able to grow our revenue by 14.5% compared with H1/2021. The growth is in line with our strategic goals. Based on the current prospects, we predict that our annual revenue growth will remain in the lower half (13–18%) of our published outlook for 2022 due to the reduced use of the system in the energy sector and the slower-than-expected implementations of new Enterprise customers. However, we do expect to exceed our profitability goal. In the long term, we are still aiming toward a €100 million revenue goal as the leader in European customer service and sales solutions.

During the first half of the year, we strengthened our product leadership by releasing an updated user interface of our sales solution. A more efficient and user-friendly version of our spearhead product is already used by thousands of European agents. In the same period, we also published our user interface in the global marketplace of the Zendesk ticketing system. This autumn we will also release an equivalent user interface in the marketplace of Salesforce, the global market leader in CRM systems. Collaboration with the marketplaces increases awareness of our brand and products.

### **Enterprise system implementations are progressing**

Enterprise customers are an essential part of our growth strategy. Many new customer deals published at the turn of the year are still in the implementation phase. At the beginning of July, 40% of their expected annual recurring revenue was ready for billing. At the beginning of August, the figure was 47%. As a business-critical system, the implementation for enterprise customers can typically take up to a year. We are constantly developing new ways to shorten the implementation process.

Our enterprise sales teams are doing fantastic work. A good example is the agreement with the Päijät-Häme Joint Authority for Health and Wellbeing published in June.

### **We maintain cost control**

The volatile economic situation in Europe hurts some of our customers. For example, volatility in the European energy sector has, at least temporarily, decreased our customers' and their contact center subcontractors' use of the LeadDesk system. On an annual level, the negative impact on revenue is approximately EUR 400 thousand. Some of our customers are also struggling with labour shortages.

The impact of the economic situation on LeadDesk's business is less dramatic. Our system is business-critical, so customers cannot continue their normal operations without a system like LeadDesk. We can also transfer some of the rising costs to our pricing. Additionally, in an economic recession, more workers are usually available for customer service and sales roles. A recession could increase some of our customers' use of the LeadDesk system.

During the year's second half, we will maintain a lean organisation and focus on maintaining a competitive cost structure. Our focus will remain on our existing markets and on the implementations of larger projects. Our product development and sales teams will concentrate on our spearhead products. These actions enable us to stay on the path of profitable growth.

### **Confident about the end of the year**

I feel privileged to work with our super smart people. They have developed and launched the high-quality LeadDesk products that our wonderful customers always praise. After a long break, we've finally been able to invite our new team members to onboarding events in Helsinki and to meet customers face to face. A warm thank you to everyone for a successful first half of the year!

## Financial review 1/1–30/6/2022

### Group financial performance and profitability

Revenue of the LeadDesk group during the period in question was EUR 13,764 (12,022) thousand. Revenue grew by 14.5 (93.6) %. The revenue growth was driven by the GetJenny acquisition in August 2021 and organic growth, especially in Finland, Norway, and Spain. In June, the company's recurring revenue was EUR 1,845 (1,471) thousand.

The comparable (pro forma) revenue during the period was EUR 13,764 (12,845) thousand. Comparable revenue grew by 7.2%. The pro forma revenue includes the revenue of the GetJenny acquisition for the period 1/1–30/6/2021.

On 30/6/2022, the annual recurring revenue contract base was EUR 23,228 (19,059) thousand. ARR grew by 21.9%. Besides the GetJenny acquisition, growth was positively impacted by the new enterprise customer agreements signed and published near the end of 2021.

Group EBITDA for the period was EUR 1,348 (1,868) thousand, i.e., 9.8 (15.5) % of revenue. Comparable (pro forma) EBITDA was EUR 1,348 (1,749) thousand, i.e., 9.8 (13.6) % of revenue. Comparable EBITDA includes the EBITDA of the GetJenny acquisition from the period 1/1–30/6/2021. The decrease in comparable EBITDA was caused by a decrease in sales margins compared with the previous period and investments into headcount. In addition, costs in H1/2022 included EUR 100 thousand in one-off personnel costs.

Group EBIT was EUR -1,041 (188) thousand, i.e., -7.6 (1.6) % of revenue. The decrease in EBIT was driven by reduced EBITDA as well as increases in depreciation of goodwill and development costs resulting from the GetJenny acquisition, in total EUR 505 thousand.

Group result before appropriations and taxes was EUR -1,159 (8) thousand, and the loss for the period was EUR -1,197 (-53) thousand.

Group earnings per share were EUR -0.22 (-0.01). Taking share dilution into account, the earnings per share were -EUR -0.22 (-0.01).

### Balance sheet, financing, and investments

The group balance sheet total on 30/6/2022 was EUR 34,854 (33,785) thousand. Group goodwill of EUR 19,206 (18,296) thousand increased due to the GetJenny Oy acquisition in August 2021. At the end of the period, group equity was EUR 17,997 (18,142) thousand and net debt was EUR 5,472 (1,794) thousand. Net gearing was 30.4 (9.9) % and equity ratio was 55.1 (56.5) %. The increase in net debt was driven by the earn-out paid for the Loxyssoft acquisition (EUR 1,479 thousand).

Cash reserves at the end of the period were EUR 3,148 (3,331) thousand, and cash flow during the period was EUR -3,187 (-1,514) thousand.

Operating cash flow after interest and direct taxes was EUR 29 (78) thousand. Operating cash flows have typically been higher during the year's second half. Investments in tangible and intangible assets amounted to EUR 1,396 (1,391) thousand. Investments consisted primarily of product development of the LeadDesk product. An earn-out of EUR 1,479 thousand for the Loxyssoft acquisition was also paid during the review period. Cash flow from financing activities was EUR -342 (3,118) thousand. The comparable period was impacted by the EUR 4,800 thousand loans drawn in early 2021.

Equity per share on 30/6/2022 was EUR 3.33 (3.43). Taking share dilution into account, equity per share was EUR 3.19 (3.21).



LeadDesk Plc  
Board of Directors

**Additional information**

Olli Nokso-Koivisto, CEO, LeadDesk Plc  
+358 44 066 5765  
olli.nokso-koivisto@leaddesk.com

Certified advisor:  
Oaklins Merasco Oy, tel. +358 9 6129 670

Distribution:  
Nasdaq Helsinki  
Relevant media  
www.leaddesk.com

**LeadDesk Oyj in brief**

LeadDesk is a fast growing and international software company, operating in the cloud-based software market in Europe. 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 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 eight European countries. The LeadDesk cloud service is used by ca. 1500 customers around the world. [www.leaddesk.com](http://www.leaddesk.com)