



## **Business review 7–9/2022**

## LeadDesk Plc Business Review 1/7–30/9/2022

LeadDesk Plc Press Release 27/10/2022 at 9.35

### Q3/2022: Strong revenue growth 20% and EBITDA margin 14%

Unofficial translation of company release 27/10/2022, 9:30 am. In case the document differs from the original, the Finnish version prevails.

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

#### July–September 2022

- Revenue EUR 7,012 (5,865) thousand, growth 19.6%
- Comparable revenue EUR 7,012 (6,010\*) thousand, growth 16.7%
- Annual recurring revenue contract base EUR 23,825 (20,810) thousand, growth 14.5%
- EBITDA EUR 996 (1,081) thousand, 14.2% (18.4) of revenue
- Comparable EBITDA EUR 996 (1,081\*) thousand, 14.2% (18.0) of revenue

#### January–September 2022

- Revenue EUR 20,776 (17,887) thousand, growth 16.2%
- Comparable revenue EUR 20,776 (18,854\*) thousand, growth 10.2%
- Annual recurring revenue contract base EUR 23,825 (20,810) thousand, growth 14.5%
- EBITDA EUR 2,344 (2,949) thousand, 11.3% (16.5) of revenue
- Comparable EBITDA EUR 2,344 (2,829\*) thousand, 11.3% (15.0) of revenue

\* Pro Forma figures for 1/1–31/7/2021, including GetJenny Oy as if the company had been a part of the group during the period in question.

#### Outlook for 2022 (unchanged)

In the outlook published on 24/2/2022 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 repeats the specification published on 25/8/2022 in the Half-Year Review: 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.

#### CEO Olli Nokso-Koivisto's comments on the third quarter of 2022:

"LeadDesk is an industry-leading company in Europe, and our growth story continues. We produce cloud-based contact center software that helps our customers' customer service and sales teams work more efficiently, offer better customer service, and achieve better business results. Our products are used weekly by more than 20,000 customer service and sales professionals in Europe. The outstanding LeadDesk cloud software enables our growth.

#### Once again, we proved capable of continuous growth

Our revenue increased by 19.6% compared with the same period last year. Compared with the previous quarter, our revenue increased by 1.4% (Q3/2022: -4.6%) despite the seasonality that is characteristic of our business and usually affects the July–August revenue negatively. Due to the summer holidays, our customers use the system less, which decreases the revenue of usage-based services compared to other months.

Our outlook for the rest of the year remains unchanged and in line with our previous specification. The war in Ukraine has changed the economic situation, especially in Central Europe, and made it difficult for our energy sector customers to operate. The use of the LeadDesk system in the energy sector decreased especially during the second quarter of the year. In addition, our enterprise customers have implemented the system slightly slower than we expected.

The good news is that the energy sector's situation has stabilised from LeadDesk's point of view. Our energy sector customers' use of the LeadDesk system is more stable compared to Q2.

We are also progressing well with our enterprise customers. The LeadDesk software is business critical for enterprise customers, which is why it typically takes up to a year to implement the system. Many of our previously published enterprise customers are still in the implementation phase, and we expect all but one energy sector project to finish during the early days of next year's first quarter. As measured by license invoicing, the implementations were 69% ready at the beginning of October (47 % in early August). However, the uncertain economic situation is visible in new business sales to enterprise customers, as they seem to be more cautious in making decisions to launch new projects.

### **A growing market supports our future growth**

Our long-term goal is to reach EUR 100 million in revenue and improve our EBITDA margin above 20%.

The market's continuing transition towards cloud services supports our goal. Dental clinics, taxi centres, and public institutions all around Europe are switching their customer service and switchboard systems to cloud-based solutions. The European contact center as a service market is expected to grow 17.2% annually and reach a total value of EUR 2.38 billion in 2026.

The contact center software market is fragmented between several local players. As a reliable pan-European company, we are in a great position to grow with the market and increase our market share.

### **A winning product is vital to our growth**

Continuous development of the LeadDesk system guarantees our future success. During the quarter, we prepared for the launch of our application in the Salesforce CRM system's marketplace. By using our application, Salesforce customers will be able to make high-quality calls directly within Salesforce. The application has garnered strong attention and has already resulted in a promising pilot project for a significant global player. Being accepted in the marketplace increases our brand awareness and supports the work of our SME and enterprise sales teams. We expect the launch to take place during the last quarter of the year.

In the past, we have accelerated LeadDesk's growth with acquisitions. The integrations are complete and the acquired companies are now a part of LeadDesk. Visibility into new acquisitions has improved slightly compared with last spring, but we are highly selective in choosing potential acquisition targets. We are interested in companies with leading expertise in AI, omnichannel, workforce management, and automation.

### **Our profitability is improving**

During the last few years, we have expanded to the enterprise segment and opened new offices in Spain and France. Investments come with costs, but as revenue grows, profitability in the markets improves. We have also been able to realize further cost synergies from the previous acquisitions. As a result, we have been able to reallocate resources needed for growth without immediate needs for new recruitment. Our EBITDA has now improved for three quarters in a row.

In our 2021 Financials Statements, we announced that we are investigating a transition to IFRS reporting by the 2022 Financial Statements. Due to the uncertainty of the macroeconomic and financial environment we have decided to postpone the transition and will not report IFRS figures in the upcoming financial statements. We will specify the timetable regarding the IFRS transition later on.

I'm super proud of the LeadDesk team. In the retention program launched in September dozens of employees and board members became new owners of the company and even more committed team members. LeadDesk's future is full of potential: we are continuing to modernise the European contact center market together with our customers!

**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.

**[www.leaddesk.com](http://www.leaddesk.com)**

\* Frost&Sullivan, Frost Radar™: European Contact Center as a Service (CCaaS) Market, 2021