

Half Year Financial Statement 2020

LeadDesk Oy Half Year Financial Statement 1/1–30/6/2020

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Outstanding H1 for LeadDesk with over 27% growth

Figures in parenthesis refer to the equivalent period in the previous year, unless otherwise stated. This document is an unofficial translation of LeadDesk's unaudited half year financial statement. In case the document differs from the original, the Finnish version prevails.

January–June 2020 Highlights

- Revenue EUR 6,211 (6,122) thousand, growth 1.4%
- Comparable adjusted revenue EUR 6,211 (5,508*) thousand, growth 22.8%
- Comparable adjusted annual recurring billing contract base EUR 9,704 (7,614*) thousand, growth 27.4%
- EBITDA EUR 623 (716) thousand, 10.0% (11.7%) of revenue
- EBIT EUR -9 (105) thousand, -0.1% (1.7%) of revenue
- Profit/loss for the period EUR -104 (-1 115**) thousand
- Cash flow from operating activities EUR 933 (430) thousand
- LeadDesk already serves more than 1,000 customers
- Launch of Spanish subsidiary in January
- Purchase of Nordcom Oy's entire share capital. Nordcom become a part of LeadDesk starting from 1/7/2020.

* Adjusted with the sale of the subsidiary Leadventure Oy.

** Profit/loss for the period includes the non-recurring costs of the IPO.

Outlook for 2020

The company will maintain strong comparable revenue growth and continue operating profitably. The company's mid to long term goal is to pay out dividends.

Key figures, group

EUR thousand	1–6/2020	1–6/2019	2019
Revenue	6,211	6,122	12,355
Revenue growth, %	1.4%	18.7%	12.0%
LeadDesk comparable adjusted revenue*	6,211	5,058	10,670
Comparable adjusted revenue growth, %	22.8%	15.1%	16.8%
Leadventure Oy's revenue*	0	1,064	1,685
LeadDesk annual recurring billing contract base*	9,704	7,614	8,264
LeadDesk annual recurring billing contract base growth, %	27.4%	7.5%	13.4%
EBITDA, % of net sales	10.0%	11.7%	27.7%
EBIT, % net sales	-0.1%	1.7%	17.9%
Return on Equity (ROE), %	-3.2%	-69.6%	18.3%
Return on Investment (ROI), %	0.0%	-2.9%	40.8%
Equity ratio, %	70.9%	65.9%	72.3%
Net gearing, %	-65.8%	-61.6%	-63.9%
Earnings per share	-0.02	-0.26	0.17
Earnings per share (incl. dilutive effect)	-0.02	-0.25	0.16
LeadDesk personnel at the end of the period	90	74	82

*The divested subsidiary Leadventure Oy has been excluded from the reported figures

LeadDesk CEO Olli Nokso-Koivisto:

LeadDesk is the leading SaaS contact center vendor in the Nordics. We have created a thriving business model in Finland and expanded our business successfully to other countries. Our international position is constantly strengthening and revenue from outside of Finland already comprises more than half of our revenue.

During the period, we have strengthened our position as a trusted SaaS partner to larger businesses and public institutions. Our acquisition of Nordcom enables us to deliver even larger and more comprehensive solutions.

Our revenue growth was outstanding in the review period

Comparable revenue growth during the period was outstanding. Revenue grew by more than 22% compared with the previous year. I'm super happy that we managed to grow our revenue and exceed the internal goals we had set for the period despite the Covid-19 pandemic. Our comparable annual recurring billing contract base grew significantly: by 27.4% to EUR 9,704 (7,614) thousand. Our financial position remained strong throughout the period.

Our profitability for H1 was aligned with our goals, when taking into account the strategic investments we made on growing our sales around the turn of the year.

Digitalisation is a strong driver of our international growth

Our growth outlook is good. In our analysis, the rapid increase in remote work caused by the pandemic will accelerate the need to move to cloud-based solutions in all of our key markets. Our industry is transforming and digitalising, as customer experience and communication channels are developing rapidly. Thanks to our SaaS business model, our customers can purchase the LeadDesk service as a scalable, flexible and cost-efficient cloud service instead of paying for a traditional upfront software license.

Think globally – act locally principle creates strong competitive advantage

Our clear competitive advantages have supported the strengthening of our position in our key markets in the Nordics. Our competitive advantages are our software's fast, easy and cost-efficient deployment, effective scalability and security as well as competitive pricing model. The software has also been built to take into consideration the various local demands of our target markets.

Our competitive landscape consists of large, global players and numerous, small local software companies. Our competitive advantages against both groups are the same, as we are both a European and local player. We now have offices in seven countries effectively and reliably serving more than 1,000 customer organisations.

LeadDesk is first and foremost a growth company

We are a growth company and with our growing target markets, our profit growth potential is also strong. In the short term, we will make growth investments that are designed to build strong shareholder value.

A good example of this is the Nordcom acquisition we carried out this summer. With this acquisition, we can serve even larger businesses and public institutions in our most advanced markets, i.e. Finland, Sweden and the Netherlands. At the same time, our offering expanded with diverse mobile services, a Microsoft Teams plugin and virtual SIM cards. With the help of our existing infrastructure and service network, we can effectively scale the products we received from the acquisition to global markets.

Our goal is to remain an active player in our industry's ongoing consolidation trend.

We are proactive, multi-cultural and responsible

During the Covid-19 pandemic, we have offered special case phone lines for free to public institutions, such as the city of Oulu. With our scalable and quick to deploy software as well as masterful personnel, we can quickly enable such exceptional services that are a vital part of our social responsibility.

I'm super happy that our personnel have stayed healthy and motivated. During the spring, we have focused on strengthening our culture and building a shared team spirit among our seven countries. For example, we are organizing daily exercise challenges and remote coffee breaks. To improve the flow of information and transparency, the weekly meetings of our management team are now open to our entire staff. These culture-building investments have also supported our recruitment. As a result, the number of staff we employ grew by 20% compared with the previous year.

I want to express my warmest thank you to the entire LeadDesk team for their super proactive and flexible attitude during the pandemic. To our partners and customers: thank you for trusting our expertise. Together, we will come out of this even stronger.

The Impact of the Covid-19 Pandemic and the Actions so far

LeadDesk offers a cloud-based solution for high volume customer services centres and sales. As a modern cloud solution, LeadDesk's software is not tied to any premises but enables remote work from home for example. As the pandemic has evolved, the company has placed even more focus on product features that support remote use.

As a responsible employer, during the spring LeadDesk has encouraged all of its employees in all countries to work remotely, according to the instructions of their respective local authorities. In addition, each key staff member has been assigned two replacements. The company has prepared for the pandemic by securing our 24/7 operations and continuity, so that its customers, which include companies and public organisations vital to the functioning of society, secure their operating capabilities. The health and well-being of its customers, partners and employees are of utmost importance to LeadDesk, and the company takes any measures to prevent the spread of the disease very seriously. The tools at the company's disposal enable flexible and reliable remote work. For example, customer meetings were carried out primarily virtually during the spring. LeadDesk believes that the current preparations guarantee its' operating capabilities even in the event of a second wave of the pandemic.

So far, the impact of the corona crisis on LeadDesk's business have been two-fold. On one hand, the company's sales team has been successful. On the other hand, the company is not fully safe from macroeconomic phenomena and the significant shrinking of entire industries have impacted its customer base. The long-term recurring revenue contracts that the company's business is built on and their growth as measured in euros have guaranteed a steady revenue flow. As a result, the company's business has remained stable despite the negative effect on profitability that the pandemic caused. Some of LeadDesk's customers' operations diminished during the period, which lead to an increase in payment defaults. This also had a decreasing effect on the company's cash flow during the period. LeadDesk's financial position has remained strong throughout the period thanks to the funds secured from the IPO and the sale of Leadventure Oy.

LeadDesk is constantly analysing information about the market and the use of our software. This information is used to update the company's forecasts and plans. The largest risk that the corona pandemic places on LeadDesk's business is the weakening of the general economic situation around Europe, which could hurt its customers' business in the long term. So far, the pandemic has not had any impact on our financial outlook for 2020.