LeadDesk

Extensive report

01/09/2025 08:45

Antti Luiro
+358 50 571 4893
antti.luiro@inderes.fi

Frans-Mikael Rostedt
+358 44 327 0395
frans-mikael.rostedt@inderes.fi

Inderes corporate customer

This report is a summary translation of the report “Kurssiajuriksi vanhaa kunnon kassavirtaa” published on 1/9/2025 at 8:51 am EEST

Good old cash flow as a share price driver

In recent years, LeadDesk's growth has suffered from the maturing of the Nordic market and the economic downturn, as growth investments have geared more toward the growth markets of Continental Europe. The company has also managed to keep up with the AI transformation in its market. With the Zisson acquisition in December, the earnings potential will begin to surface and the earnings-based valuation (EV/EBITA 2025-26: 13-9x) starts to offer stronger share price drivers. We raise our target price to EUR 8.5 (was EUR 8.0) and recommendation to Buy (was Accumulate).

LeadDesk enhances the sales and customer service of European companies with SaaS software

The key value of LeadDesk's customer service and call center software for sales and customer service organizations is increased efficiency by centralizing management of multiple communication channels to one software and enabling communication automation (e.g. chatbots). The solution covers high-volume customer communication from the customer to the company (Inbound sales and customer service) and from the company to the customer (Outbound sales). LeadDesk has grown successfully in Europe throughout its history (2014-2024e organic growth of about 13% p.a., ~65% of recurring order backlog international) mostly profitably. The business is capital-light and relies on recurring income flows.

Cloud transformation supports growth, especially in Continental Europe, but Nordic markets slow down the pace

The European CCaaS market (Contact Center as a Service) is growing due to the cloud transformation (estimated at ~8-16% p.a.). It is challenging to achieve strong sustainable competitive advantages in a large market but we estimate that LeadDesk's product is competitive in the SME segment across Europe, and in the Nordic countries also in the Enterprise segment. In 2022-2024, Group growth was hampered by the maturity of the Nordic countries (esp. Finland) and weak economic activity, as the stronger shift in growth investments to Continental Europe has been gradual. We now see good drivers for stronger growth. LeadDesk consolidates its market with acquisitions that we believe have created value and raised the company to a sufficient size to maintain competitiveness. With the support of acquisitions, it has also kept pace with the AI transformation, which we expect will accelerate market consolidation.

Acquisition quickly transformed LeadDesk to a profit and cash flow machine although the growth path is still long

With the Zisson acquisition, LeadDesk's business takes a step toward a more mature development phase, although the same happens in revenue as the weight of the Group's business grows in the maturer Nordic markets. However, we expect the exceptionally weak revenue growth in 2024 (~2% organically) to pick up slightly organically (2025e: +5%, +32% with the acquisition) and profitability to strengthen (adj. EBIT 2024e: 5.8%, 2025e: 7.6%). As growth investments have shifted to Continental Europe with stronger growth, we expect the company's annual organic growth to pick up to 6-7% in 2026-2028 and profitability to continue strengthening with economies of scale (adj. EBIT 2026-2028: 10-12%). As the business matures, we estimate the EBITA margin to be around 18% in the long run, although the level depends on the size the company achieves in the long run.

Performance improvement brought by Zisson acquisition offers drivers to correct the low valuation

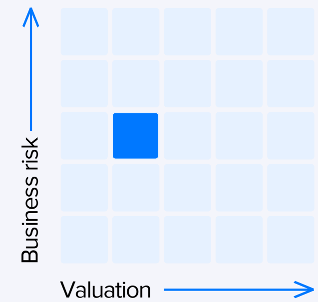
The dilemma of LeadDesk's valuation has been a clear underpricing of the potential (DCF EUR 11.9 per share), but at the same time, weak short-term share price drivers partly due to cyclically low growth and still limited profitability scaling. Supported by profitability strengthened by the Zisson acquisition, the valuation now turns highly attractive also in light of earnings multiples (EV/EBITA 2025-26: 13-9x) and we see this as a buying opportunity.

Recommendation

Buy
(was Accumulate)

EUR 8.50
(was EUR 8.00)

Share price:
5.98



Key figures

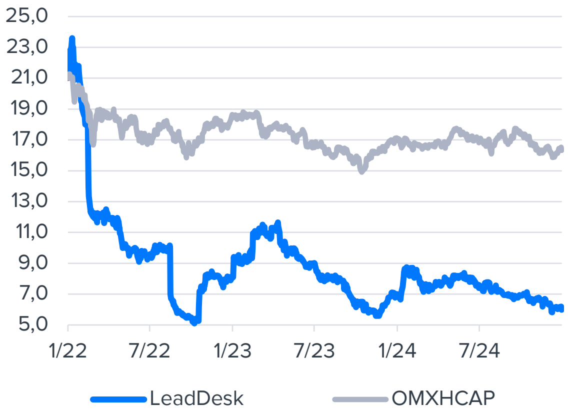
	2023	2024e	2025e	2026e
Revenue	29.4	31.1	41.0	43.4
growth-%	5%	6%	32%	6%
EBIT adj.	1.2	1.8	3.1	4.2
EBIT-% adj.	4.0 %	5.8 %	7.6 %	9.8 %
Net Income	-1.7	0.3	-1.9	-0.8
EPS (adj.)	0.11	0.15	0.32	0.51
P/E (adj.)	67.2	41.1	18.7	11.8
P/B	2.4	2.1	2.1	2.2
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	37.0	20.0	13.2	9.0
EV/EBITDA	11.2	7.8	6.0	4.8
EV/S	1.5	1.2	1.0	0.9

Source: Inderes

Guidance (Unchanged)

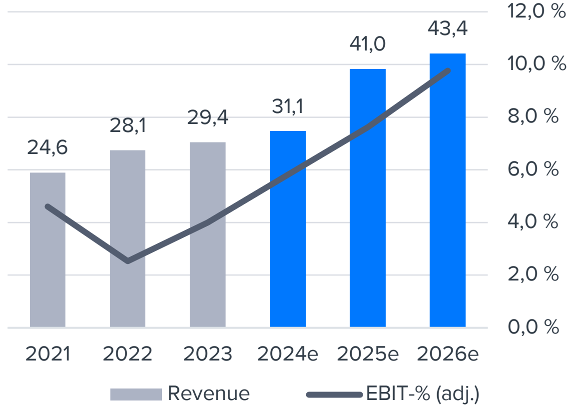
The company's guidance is that annual revenue growth in 2024 will be 5-15% at comparable exchange rates and that the profitability measured with the EBITDA margin will be 10-15%. The guidance does not consider the impact of large acquisitions on revenue or profitability.

Share price



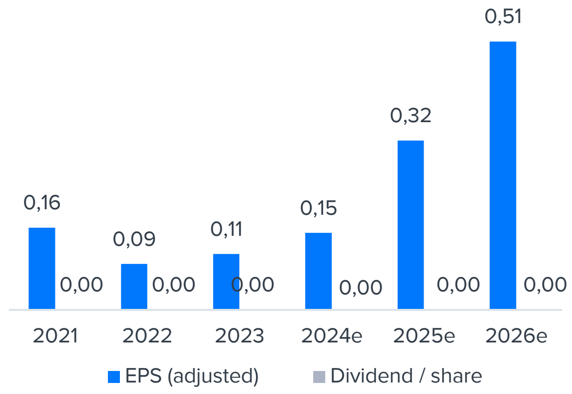
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- A growing target market with the cloud transformation and significant market potential
- Strong competitiveness compared to the smallest and local players in the target market
- Scalable business model and cost structure
- Expanding customer relationships to new solutions and value-added services (e.g. automation with AI)
- Good track record of opening several international markets
- Enterprise customers, acquisitions and new market areas

Risk factors

- Poor visibility of new sales success, continued weakness in growth would weaken the company's value creation
- Changes in the competitive landscape
- Technology, security and regulatory risks
- Acquisitions can divert attention from organic growth
- Opening new markets
- Lagging behind in AI development can result in market share losses

Valuation	2024e	2025e	2026e
Share price	5.98	5.98	5.98
Number of shares, millions	5.83	5.85	5.86
Market cap	35	35	35
EV	36	41	38
P/E (adj.)	41.1	18.7	11.8
P/E	>100	neg.	neg.
P/B	2.1	2.1	2.2
P/S	1.1	0.9	0.8
EV/Sales	1.2	1.0	0.9
EV/EBITDA	7.8	6.0	4.8
EV/EBIT (adj.)	20.0	13.2	9.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Contents

LeadDesk in brief

LeadDesk offers SaaS software solutions for customer service and sales organizations that handle large volumes of contacts. The company has offices in Finland, Sweden, Norway, Denmark, Germany, the Netherlands, Spain, and France.

2010
Operations start

26.9 MEUR
ARR, Q3/2024

+21% 2014-2024e
Average annual revenue growth

+13% 2014-2024e
Average annual organic revenue growth, Inderes' estimate

87%
ARR of revenue, Q3/24 LTM*

203
Headcount at the end of H1'24

~65 %
Share of international revenue (ARR), H1/24

35%
Enterprise customers' share of revenue H1'24

Source: LeadDesk / Inderes
*Last twelve months

2010-2018

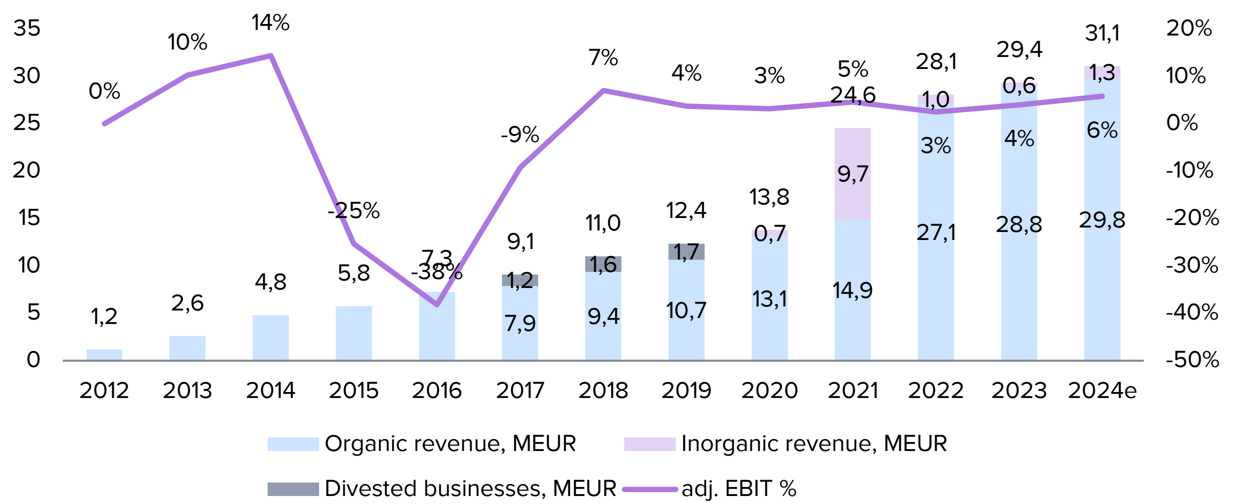
- The company is established in Finland (2010)
- Swedish subsidiary (2013)
- German and Norwegian subsidiaries (2014)
- Capital investment of 5.5 MEUR in the company (2015)
- Dutch subsidiary (2015)
- Danish subsidiary (2016)
- Operational efficiency improves and EBIT turns positive (2017-2018)

2019-2021

- Listing on the First North market, where the company raised net assets of about 5 MEUR (2019)
- Majority of the contact information business (LeadCloud) is sold (2019)
- Spanish subsidiary (2020)
- Nordcom and Capricode acquisitions that aim at developing the technological competitiveness of the platform (2020)
- Loxysoft acquisition raises the company to a new size class, especially in Sweden and Norway (2020, revenue from 2021 onwards)
- Long-term target 100 MEUR in revenue (2021)
- GetJenny acquisition, a specialist in customer service automation (2021)
- The partial exit of revenue from COVID-era customers and Swedish Loxysoft slows down growth (2021)

2022-

- French subsidiary (2022)
- The energy crisis paralyzes sales and the use of LeadDesk's product in the energy sector (2022)
- Sales to large customers slows down (2022-2023)
- OpenAI releases the first version of chatGPT (end of 2022), LeadDesk starts investing faster in AI-enabled features (e.g. AI Dialer, AI Transcriber, AI Voicebot).
- Sales to SME customers slows down in Finland (2023-2024), organic growth weakens to modest levels, but profitability strengthens
- With the Zisson acquisition (2024, revenue from 2025), Norway becomes the company's largest market and the Group's size grows



Company description and business model 1/5

LeadDesk is a European customer communication SaaS software company

LeadDesk offers a cloud-based contact center software with a SaaS model for customer service and sales with large contact volumes. Sellers and customer service personnel use the company's software to, e.g., make sales calls and respond to customer messages or calls. LeadDesk's main market is in Europe, although the company also has global customers.

The company was founded in 2009 and started operations in 2010. The timing of establishment was good, as the technology in LeadDesk's industry began maturing at the turn of the 2010s to the extent that a software shift to the cloud era could start. Since its foundation, the company has operated on a cloud-based SaaS model and been well positioned in the cloud transformation of the market. LeadDesk has successfully internationalized its business in the 2010s and opened its first international subsidiaries in Sweden Norway and Germany already in 2013-2014 .

LeadDesk listed successfully on the First North marketplace in February 2019. The listing was not an exit route for the company owners, but a tool for strategy implementation. The IPO raised net assets of 5 MEUR for the next phase of the growth strategy and provided the company with its own share as a means of payment for potential acquisitions and employee engagement. Since the listing, LeadDesk has been active in M&A transactions and they have become an important tool for business growth. In 2020, the company expanded to Spain and in 2022 to France. Currently LeadDesk is exploring opening new countries (e.g. Italy) but there is room for growth for the company already in the current markets.

The software was developed to manage companies' high-volume customer contacts

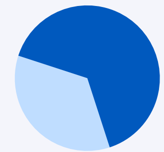
LeadDesk enhances the sales and customer service of European companies with SaaS software. The key value of the product for its user is more efficient customer contact management by centralizing management of multiple communication channels to a single software. The cloud-based design gives customers flexibility, scalability and cost savings. The software includes several basic features required for contact center operations, and the company also develops separate LeadApp added-value apps to complement the offering. LeadDesk also aims to increase the efficiency gains of its customers with AI features and the company has invested more in their development since 2023.

LeadDesk's customers can use the company's software in their own customer service and sales teams, but also for managing outsourced teams. In this case, sub-contractor teams use the same software as the principal, but the principal can monitor and control the subcontractor's activities through the software like an internal team.

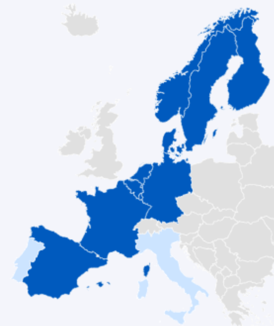
The company's software was originally designed specifically for outbound sales, but the software has been extended to also cover inbound sales and customer service needs. The product covers a wide range of customer communication channels (calls, SMS, WhatsApp, Messenger, Facebook, Instagram, Youtube, email...).

LeadDesk

Geographical distribution of annual recurring revenue (before Zisson acquisition) %, H1/2024



Operating countries, 12/2024, number of personnel



203 employees in total

High-level applications of the solution

Customer service and Inbound sales	**Outbound sales**
Subcontractor and organization management	

Source: LeadDesk, Inderes' estimate

Company description and business model 2/5

As part of the software, LeadDesk's customers also have access to necessary telecom services. In practice, LeadDesk acts as a virtual operator for its customers, and the company is an EU-regulated and registered telecom operator. The service relies on the company-built server network in over 15 global locations (focusing on Europe).

The degree of productization is high in LeadDesk's software, so its implementation and development are scalable. The product also scales to new countries with light changes. LeadDesk Solutions' customer service system aimed at Enterprise customers is, however, typically tailored to their needs.

Acquisitions have resulted in certain overlapping functionalities in the product family (Loxysoft's products Outbound and Inbound user interfaces). We believe that software that is not part of the core product (Loxysoft's overlapping software) will slowly deteriorate as development investments focus on the core product. In this case, customers will gradually need to switch to the main product, although during the transition period maintaining the old solution will have a slight impact on product development resources and probably also cause additional customer churn.

Sales seek high scalability

LeadDesk utilizes, in particular, its own sales channels and reaches customers mainly through direct and online sales. The purchase decision is, in simpler use cases, usually made by the manager of the user organization (contact center) and the customer's IT department is rarely involved in the purchase which speeds up the sales and implementation cycle considerably. In Enterprise customers, the customer's purchase process is heavier. The role of partners in sales is small, even though LeadDesk is present in, e.g., Zendesk and Salesforce app stores. On the other hand, in large deployments, the company cooperates with system integrators.

The target customer group for LeadDesk stretches from small to large companies. Originally, the core target group was especially small and medium-sized contact centers, and organizations' internal sales and customer service teams, typically with less than 50 people, dealing with large volumes of sales and customer service contacts. Since 2020, LeadDesk has also invested in large customers (Enterprise), distinguished from smaller customers by a professional purchasing organization. This has also been influenced by the higher share of large customers in Capricode and Loxysoft. Enterprise customers make up ~35% (~H1'24) of the company's revenue.

The implementation of LeadDesk's software is basically fast and does in principle not require tailoring or integration. This makes the company's sales and implementation cycle lighter and faster than for many other business software and competitors. Especially for small customers, software implementation is typically relatively fast and the customer can implement the product themselves. LeadDesk's product can also be integrated with most common CRM, ticketing, or ERP systems via built-in interfaces. More extensive utilization is more typical for Enterprise customers where deployments are often longer.

Main sales channels

- Digital sales and marketing
- Direct sales

Key layers of the product

	Functionality
Communication channels (CPaaS)	• Global platform based on LeadDesk's proprietary technology that enables using communication channels with its software. • Includes, e.g., calls, SMS, email, chats, communication services (e.g. WhatsApp), Facebook and Instagram.
User interface	• **Active development**: Mobile app, telemarketing, multi-channel customer service, chatbot (Jenny) and call center, Solutions • **In maintenance mode:** Loxy Inbound, Loxy Outbound
Operations management and additional features	• **Gamification and coaching** • **Analytics and Reporting:** Reporting, dashboards, interfaces for BI systems. • **AI features** (a large entity, including Conversational AI and support features) • **Quality assurance:** Call recording, remote listening, live whisper, speech analysis • **Managing the customer journey:** Auto dialer, customer flow, queues • **Workforce management:** Calabrio (partner)
Integrations	• Data transmission to other systems: CRM, ERP, ticketing, service management • Forwarding customer information, sales leads, orders, etc. • Applications in ecosystems (Microsoft, Salesforce, Zendesk)

Source: LeadDesk, Inderes

Company description and business model 3/5

The sales cycle for large customers can last up to 18 months including implementation, mainly due to slow decision-making processes in large companies. In deployment, time is spent on the implementation of the new software and decommissioning of the previous one, possible tailoring, and training the personnel to use the new system.

For smaller customers, the sales cycle is typically a few months and the software itself is ready for use on the same day. Time is mainly spent on adapting the customer's processes to using the software. However, with the availability of future orders, the company has rather good visibility into revenue development in the short term. LeadDesk's customer relationship often starts with a faster implementation Outbound sales solution and later expands to customer service systems.

Once the customer has implemented the software, monthly invoiced usage fees based on the number of sites (licenses) and the scope of the solution are applied. Contracts are typically valid for one year at a time. Depending on the contract, the customer is supported by customer service and a customer success team, whose job it is to help the customer succeed in their business operations.

Professional services mainly play a supportive role and are offered to the largest customers. This includes tailoring, programming, and integration of solutions from different suppliers. So a large customer can choose some of the modules in LeadDesk's solution and take part of the solution from a third party. With modular architecture and standardized interfaces, the customer uses the same product modules as other LeadDesk customers so the company's product remains consistent. New functionalities requested by a large customer that are suitable for the product are implemented as product development, so the benefits will be available to all company customers. One-off integration and implementation support are also offered for customers' own environments. This is done with LeadDesk's interfaces and does not change the company's own product or import customer-specifically maintained components. System integrators can support deployments or carry out the deployment for the customer but they are not mandatory.

LeadDesk's customers represent a wide range of industries. The company can also serve mission-critical industries such as energy, healthcare, the public sector, transport and logistics, and the financial sector. LeadDesk's customers typically operate in one language area or one country, which requires the company to be present close to the customers.

LeadDesk's income flow is high-margin and almost fully recurring

The income flow from LeadDesk's business model is divided into three groups: SaaS license income (H1'24: 72% of revenue), telecom services (24%) and professional services (4%). Of the income flow, only services are of project nature, so the company business largely relies on recurring or usage-based income flows. Income flows are also highly diversified and the company does not have significant customer risks. Customers operate in several industries and the company's revenue is not concentrated on customers in a particular industry.

Examples of LeadDesk's customers

SpareBank 1 SR-BANK · Anticimex · HÄNDLERBUND · telenor · TAKSIHELSINKI 0100 0700 · intrum · saleskitchen · OULU · Edenred

>2,000 customer companies

Source: LeadDesk, Inderes

Examples of LeadDesk's customer sectors

- The energy sector
- Telecom operators
- Transport services
- Financial services
- Healthcare
- Public sector

Source: Inderes

Revenue distribution,
H1'24, % of recurring revenue

Finland*	Other countries*
35%	65%

Source: LeadDesk

Company description and business model 4/5

SaaS license income is very high margin income flow that is typically charged in 1- to 12-month periods. License income is based on the number of users. The list price per user is EUR 99-139 per month, depending on the functionalities in use. However, for larger customers with more than 50 users, a customer-specific price can be negotiated. Monthly billing can also be increased by introducing extensions to the product from the LeadApp store, but we estimate that the role of the app store is still small. Certain AI features (e.g. chatbot) reduce the number of customer service providers, and in the future, their role in revenue may become significant.

LeadDesk also sells telecom services such as voice calls and SMSs to its customers, which it purchases from telecom operators as a wholesale service or supplies through its own telecom operator ability. Telecom services comprise both recurring income items (e.g. telephone numbers) and usage-based items. LeadDesk customers need telecom services to use the software and we do not believe their use fluctuates much, except for the seasonally quieter summer months. According to our estimates, telecom services are largely recurring revenue with good margin levels (about 30-50%) for LeadDesk.

To support implementation, LeadDesk also provides professional services. The services mainly include product user training and integration with existing tools. In larger customer relationships, services can also cover product tailoring and programming.

In LeadDesk's business model customer retention and continuity improve with the size class of the customer. It would be more challenging to change software for large companies that use several call centers. On the other hand, these companies receive efficiency gains as several teams can be managed with one software (also outsourced). LeadDesk's solution is also used for business-critical operations (sales and customer service), which increases the threshold for switching software or stopping using it.

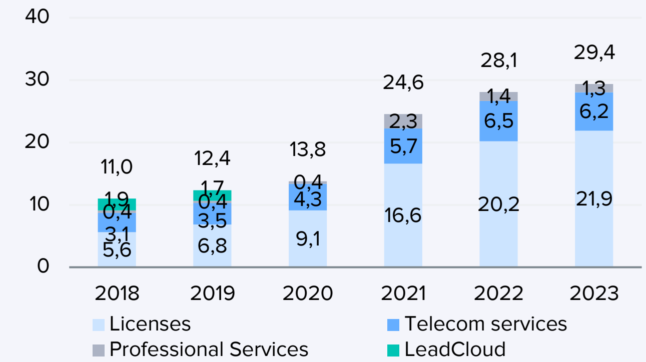
In customer service (approximately half of LeadDesk's revenue), we believe that the need for software is quite similar over cycles. However, in a weaker cycle, the customer can adjust the number of user licenses downwards and selling the solution may become more difficult. Outbound software sales is, in our view, more sensitive to weaker economic cycles. In an extreme example, consumer sales of electricity contracts practically stopped in Europe in the 2022 energy crisis.

Due to this dynamic, we believe that LeadDesk's income flow growth is somewhat cyclical, as the use of the software and, therefore, also invoicing may vary in different economic environments. In a weaker economic cycle, increased availability of workforce in LeadDesk's customers' contact centers can, on the other hand, also increase the use of the software.

LeadDesk's costs and scalability potential mainly come from personnel

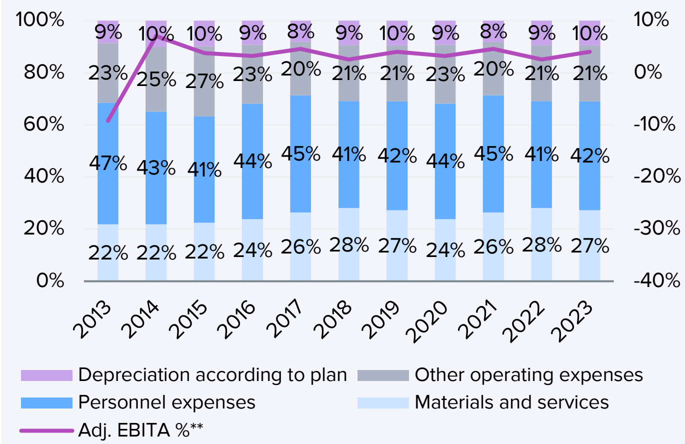
LeadDesk's SaaS business model is fundamentally highly scalable, as is typical of software business. In practice, as revenue increases, the unit costs of most cost items start to decrease in proportion to revenue. In this case, the growth of high-margin

Revenue distribution by type*,
2018-2023, MEUR



Source: Inderes
*LeadCloud business was sold at the end of 2019 The revenue breakdown principle changed after 2021, so figures after this are not fully comparable to history.

Cost distribution,
% of operating costs



Source: Inderes
**Considers depreciation of product development costs, but not goodwill amortization

Company description and business model 5/5

revenue (2023 gross margin %: 74%) will flow clearly to the result line if growth succeeds, allowing the company to either increase its growth efforts or strengthen its profitability.

A considerable share of LeadDesk's costs consists of personnel costs (2023: 43% of operating costs), other operating costs that are partly dependent on personnel (22%), and depreciation and impairment that focus on capitalization of product development costs (8%). Materials and services together with personnel constitute a significant cost item (28%). This is mainly due to wholesale telecom capacity purchases and the infrastructure costs required by the software. Scaling of personnel-related costs is, however, key to the company's profitability.

LeadDesk does not publish the distribution of its personnel. We estimate that personnel focuses on sales and marketing (~30%), and product development (~30% of personnel). We estimate that service and customer personnel (~25%) and management and administration that support all functions (~15%) play a smaller role. We feel that a strong emphasis on sales and marketing, as well as serving customers, is logical considering the development stage of the company's market. It enables utilization of the company's competitive position, which we find good at the time being, and reaching a sufficient scale in Europe that supports competitiveness in the long term. However, due to the company's slow organic growth (especially in the Nordic countries in 2023-2024), the strength of the payback of these investments is unclear at the Group level. Clear investment in product development is also important to maintain the competitiveness of the product.

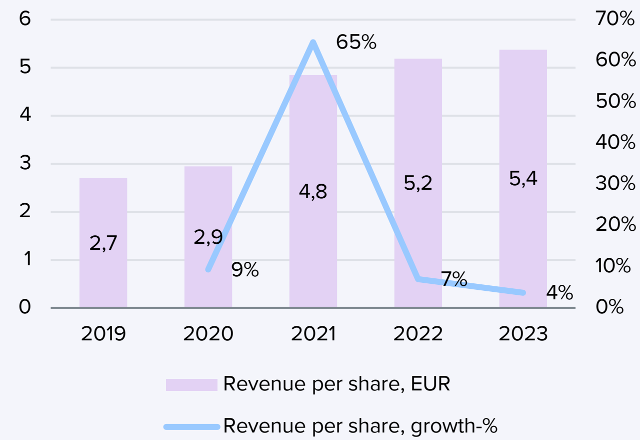
In the short term, scaling of personnel-related costs is slower as LeadDesk builds a presence in different European countries and invests in the development of its product. We believe that the core of LeadDesk's product is quite mature, but the company still sees room for expanding its product. On the other hand, the product is never really finished. For example, we feel the development of features enabled by AI has been the lifeline for maintaining the company's competitiveness since 2023.

In the long term, we estimate that the biggest scaling potential for LeadDesk's personnel lies in sales and marketing, product development, and administration.

LeadDesk's capital allocation is growth-oriented

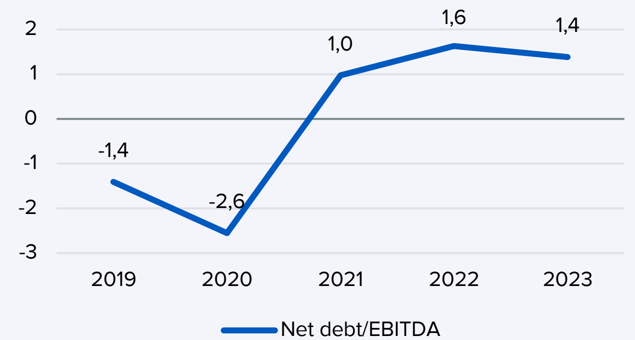
LeadDesk allocates its cash flows to acquisitions, organic growth and strengthening its balance sheet. The company's EPS has increased considerably, where acquisitions made with reasonable valuation multiples (see Strategy section) have played a key role. Part of the growth has been achieved with debt taken to pay for acquisitions, although the company's gearing is still moderate (Net debt/EBITDA 1.4x in 2023). Considering the growth-oriented capital allocation, it hardly makes sense for the company to distribute income to shareholders (dividends or share repurchases) in the short term. We discuss the allocation of the company's capital in more detail in the strategy section of the report.

Revenue per share,
EUR per share and growth %



Source: Inderes

Net debt/EBITDA,
multiple



Source: Inderes

Investment profile

1. **A scalable, SaaS business model based on recurring income, a competitive and mature product**

2. **Strong track record of international growth and value-creating acquisitions**

3. **Good organic growth potential, especially in Continental Europe**

4. **More mature markets in the Nordic countries generate cash flow but clearly slow down Group-level growth**

5. **Valuation is sensitive to changes in growth expectations and acquisitions can also go wrong**

Potential

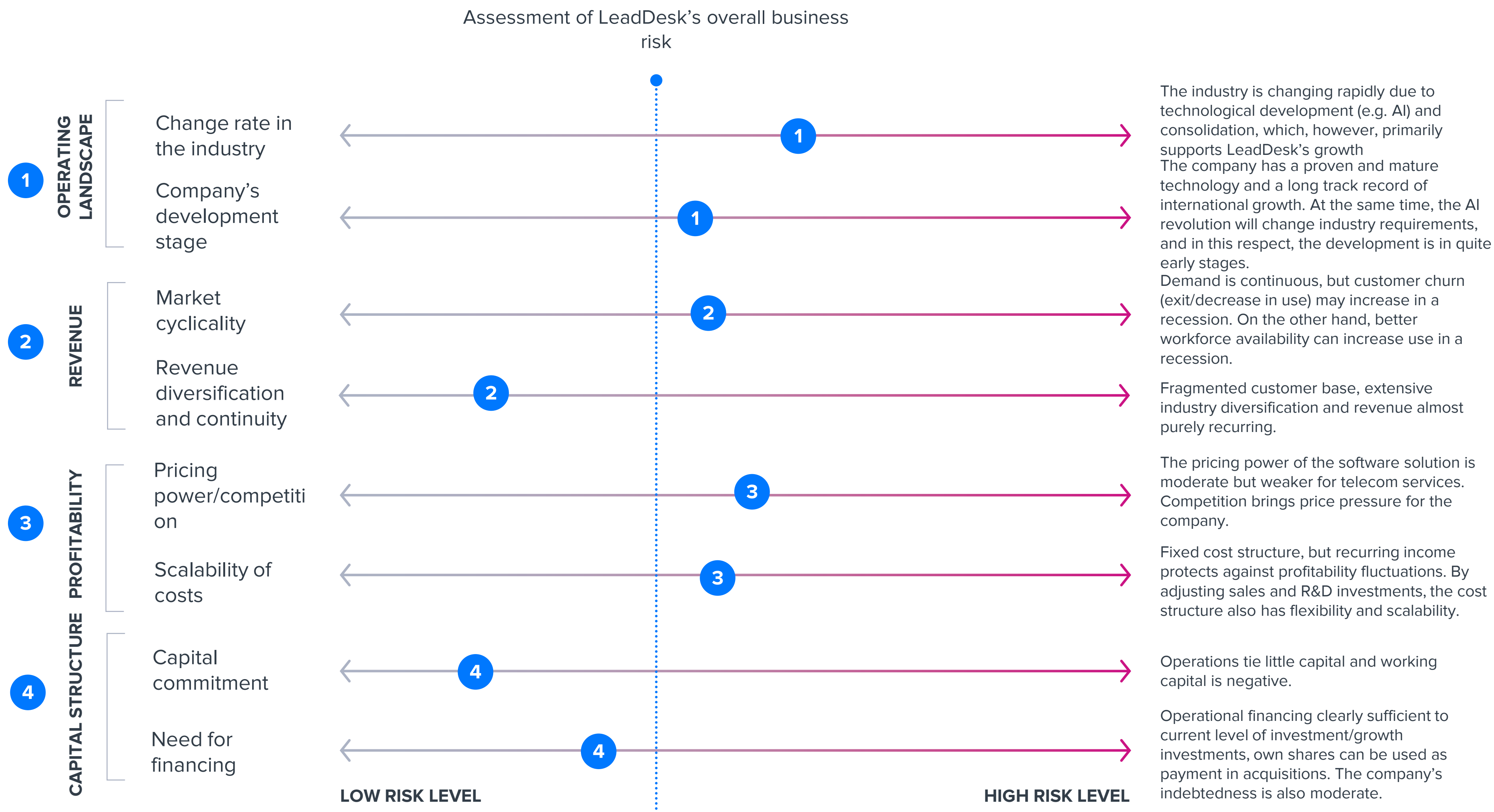
- A growing target market with the cloud transformation and significant market potential
- Strong competitiveness compared to the smallest and local players in the target market
- Scalable business model and cost structure
- Expanding customer relationships to new solutions and value-added services (e.g. automation with AI)
- Good track record of opening several international markets
- Enterprise customers, acquisitions and new market areas

Risks

- Poor visibility of new sales success, continued weakness in growth would weaken the company's value creation
- Changes in the competitive landscape
- Technology, security and regulatory risks
- Acquisitions can divert attention from organic growth
- Opening new markets
- Lagging behind in AI development can result in market share losses

Source: Inderes

Risk profile of the business model



Source: Inderes

Markets and competitive landscape 1/4

LeadDesk operates in a large growth market

According to an estimate by Frost & Sullivan (07/2024), LeadDesk's target market (CCaaS, Contact Center as a Service) in the Nordic countries and Continental Europe is estimated to be around 1 BNEUR. F&S estimates that small and medium-sized enterprises (SMEs) account for 40-45% of the market and large enterprises (Enterprise) for 55-60%. LeadDesk serves both segments. The company's home markets in the Nordic countries form a minority and Continental European markets a clear majority (see graph on the right).

F&S estimates that growth will be stronger in Continental Europe at 16% per year and 8% per year in the Nordic countries in the coming years. Given the growth figures of LeadDesk and its industry peers, we believe that the market growth expectations are surprisingly high, but we find the clearly stronger growth in the Continental European market logical in any case. In our view, the size and growth of the Continental European market will not limit LeadDesk's growth, at least not in the next few years.

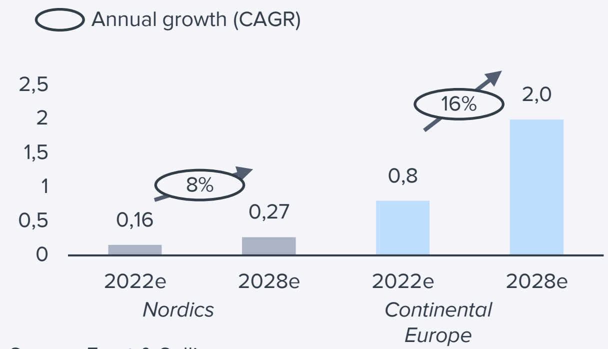
The growth of the market is driven by several factors, of which we believe the transition of software to the cloud is key. According to Frost & Sullivan, 43% of target companies on the market have only locally installed software, but 76% of them plan to move to the cloud. Utilization rates of advanced cloud software are also still clearly growing based on statistics (Eurostat), although the Nordic countries are already very advanced in this respect (66-73% of companies use cloud software) and the impact of the cloud transition is focused on Continental Europe (23-57%).

Customers use increasingly diverse communication ways with businesses (calls, chat, WhatsApp, Messenger, TikTok, email...). In our view, the growing complexity of customer service channels will increase the need for multi-channel customer service software like LeadDesk.

As digital transactions grow, customer service centers must also adapt to manage larger volumes of contacts. This highlights the efficiency gains of software (e.g. self-service portals, work management, chatbots and voicebots). The development of generative AI and language models has been very fast since the end of 2022. This has created significant new opportunities to improve the efficiency of contact work, which we estimate will lead to a decrease in the number of customer service agents needed and clear cost savings in customer service centers. In our view, success in the development of this technology will determine the winners of the CCaaS market to a significant extent. The key pieces of the required AI technology are already widely available, which levels the playing field.

The telemarketing industry, on the other hand, has a relatively weak reputation due to, e.g., poor customer experience. Contact center software is designed to improve sales targeting and customer experience, so the software helps address this issue. On the other hand, a long-term risk for the telemarketing industry is tighter legislation. However, we believe that the impact would be limited and, according to LeadDesk, e.g., stricter regulation in Sweden has not had a significant impact on the market.

Market for Contact Center as a Service software, BNEUR



Source: Frost & Sullivan

Trends on LeadDesk's target market

- Transition to cloud-based solutions
- Diversification of customer communication channels
- Rapid development of AI
- Growth of digital transactions
- Market consolidation

Source: LeadDesk, Inderes

Markets and competitive landscape 2/4

The need for customer service and sales remains regardless of the cycle, and here, software plays a business-critical role. However, customers may reduce the use of the software in a weaker market situation when the amount of customer service or profitable sales decreases. Bankruptcies of sales offices also become more common in a downturn. In addition, the efficiency benefits generated by software are often needed to help manage the growing scale of the business, and companies may not be willing to make purchases in a weaker economic climate.

For example, in 2022-2024, bankruptcies and reduced software usage increased in the LeadDesk's market, while demand for new software weakened markedly, even though workforce availability for telemarketing improved.

LeadDesk competes with a modern product and local presence

More than 150 companies offer contact center software (CCaaS = Contact Center as a Service) in Europe, according to Frost & Sullivan. Target customers are found in almost all industries (especially consumer businesses) and the market is large, so the industry has attracted many competitors. The size of the market enables many companies to achieve economies of scale (cost level, brand recognition...) and sufficient investment capacity. We suspect it is difficult to achieve strong sustainable competitive advantages in the CCaaS market.

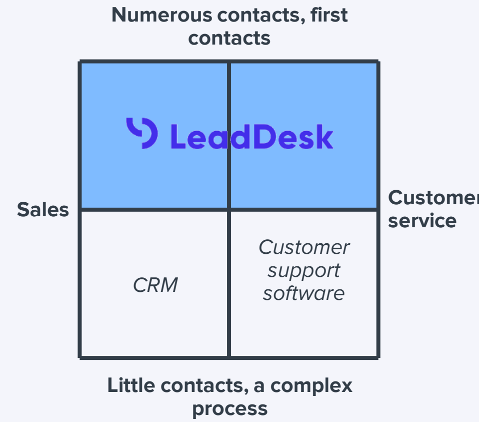
However, there are differences in the competitive landscape in different market pockets. Differences among competitors are reflected, e.g., in the regional focus of the players (local, regional, global), acquisition strategy (integration depth varies), and technology generation. In addition, some competitors focus mainly on SME or Enterprise customers, while others focus solely on call centers and not on multi-channel customer service.

Contact center companies often operate with thin margins and under tough competition, making the software's process efficiency, service reliability, and flexibility critical features. Integrations (e.g. customer support software, CRM, ERP) are also an efficiency driver. The expansion of communication channels, as well as automation and AI development, increase software requirements. We believe that success in this competition requires continuous growth in scale to have sufficient resources to maintain and strengthen the competitiveness of the product. We believe this will drive market consolidation and smaller players will either specialize, be acquired, or withdraw from the industry under the pressure of stronger competitors.

LeadDesk's larger-scale competitors (e.g. Genesys, Five9 and Talkdesk) have local operations in Europe, but it is often fragmented. We believe, the underlying reason is the distribution of the European market into several countries, each requiring presence and customer support in the local language. We expect that large players focus in particular on global customer relationships that are bigger than LeadDesk's target group and have a higher price class. These players would therefore be faced more in competition if LeadDesk expanded to larger customers outside the Nordic countries.

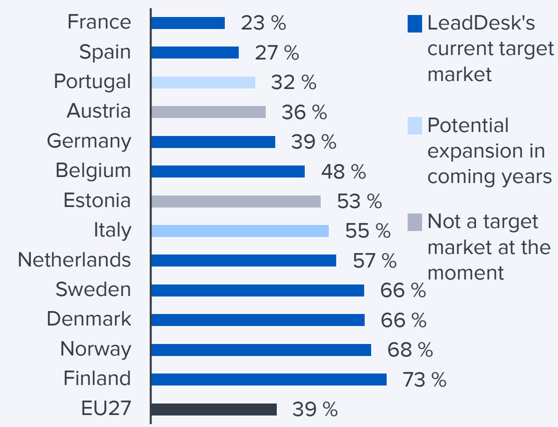
On the other hand, some of the competitors established in Europe (e.g. Talkdesk, Dixa) have sought growth outside the continent in larger markets (especially the US).

LeadDesk's positioning in the customer communication software field



Source: LeadDesk

Utilization rate of advanced* cloud services in EU countries, 2023, % of companies

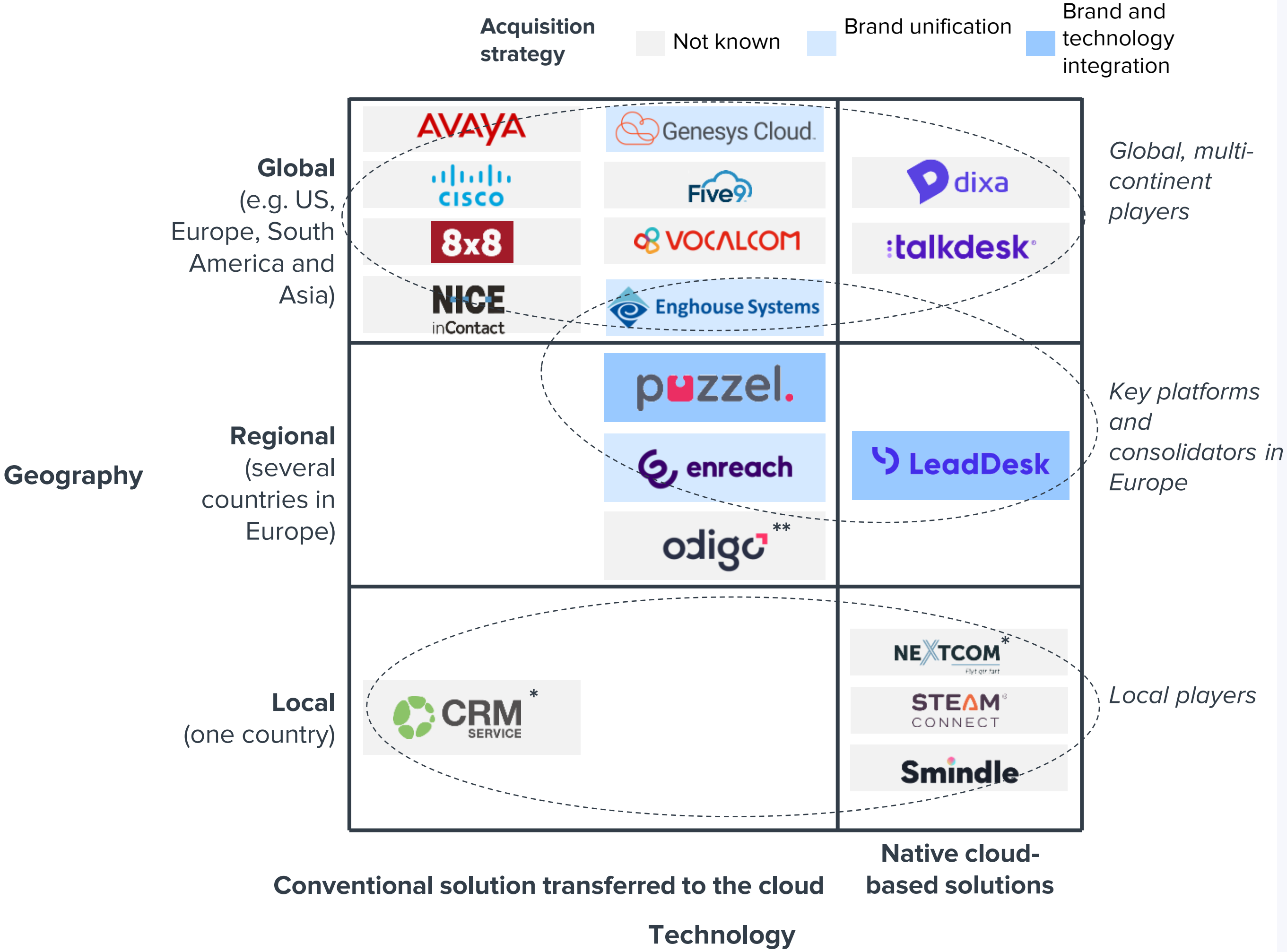


Source: Eurostat, Inderes
* Financial management, CRM, computing capacity, ERP, security and/or software development environments

Markets and competitive landscape 3/4

The competitive field for contact center software (CCaaS) is distinguished by regional focus, acquisition strategy and technology generation

The list is not comprehensive, focus on the SME perspective in LeadDesk's operating countries



Source: LeadDesk, Kempen & Co, company websites, Inderes' estimate. * Main focus on CRM software development
** Partner-oriented sales strategy, no relevant acquisition activity

LeadDesk's competitive factors

- \+ A clean, fast-to-deploy, and scalable modular SaaS solution for different customer requirements
- \+ The solution covers the needs of both large-volume multi-channel customer service and Outbound & Inbound sales
- \+ A more comprehensive, easy-to-use and reliable solution than among local software vendors
- \+ Local presence and support, server infrastructure in Europe and often a lower price point distinguish the company from international competitors
- \+ A long-term acquisition strategy enables efficient product portfolio development
- ± Automation capabilities with AI features (e.g. AI chat and voicebots) are developing rapidly, although it is difficult to estimate how the pace compares to key competitors
- − Clearly smaller R&D and sales resources than for global competitors
- − Relatively low level of recognition in the biggest market areas of CCaaS (e.g. Germany, France, Spain)
- − May not be able to provide the service entities or integration required for the most complex and largest customers

Markets and competitive landscape 4/4

We believe that players who have built business persistently in Europe, like LeadDesk, currently have an advantage in this situation on the SME market (in non-English speaking markets).

In Europe, we see half a dozen players who have more clearly built regional presence (LeadDesk, Puzzel, Enghouse and Enreach, Talkdesk, Odigo). This group (excl. Talkdesk and Odigo) is systematically expanding in Europe through acquisitions. The attention of many competitors seems to be focused on bringing acquisition targets under the same commercial brand without any clear effort to combine product offerings (Enghouse and Enreach). By contrast, LeadDesk combines the product portfolios available for sale at the integration stage. We also estimate that Puzzel does this. This way, product development investments can be directed at developing the product portfolio available for sale and outgoing products can be moved to a lighter maintenance mode, which we believe is a more persistent strategy.

We believe that with its strategy, LeadDesk (and Puzzel) can develop its product portfolio more than its competitors relative to its size, as competitors' product development requires overlapping development of products sold in different countries. On the other hand, large-scale players (Odigo and Talkdesk) focusing on organic growth are also well-positioned from this perspective.

We feel LeadDesk currently has sufficient scale to compete from a good market position. However, to maintain a strong enough position, we believe the company's growth must continue, especially in Continental Europe, organically and/or through acquisitions.

The competitive landscape will evolve as consolidation progresses and the market matures.

There is a lot of internal consolidation in the CCaaS market when players like LeadDesk buy either technology that supports their solution or competing players. We believe consolidation is, to some extent, mandatory for SMEs to maintain sufficient scale and the investment ability it enables in the product (incl. AI features). We feel this development is predictable since these acquisitions mainly strengthen companies technically and regionally while increasing their size.

The sector is also expanding into new software categories. For example, one can move from customer support or customer relationship (CRM) software to the CCaaS market (e.g. Zendesk and Hubspot). In addition, in-house communication software (e.g. Zoom), software that connects communication channels (e.g. Twilio, Sinch), and software giants (e.g. Google, Amazon) have shown a desire to expand into the CCaaS market. As a rule, all of these players keep their software interfaces open for players specializing in the CCaaS market, so we do not suspect this will revolutionize the competitive landscape in the market.

Naturally, the emergence and market entry of well-resourced competitors increases competitive pressure. As market growth slows down and the size classes of players increase, we suspect that competition will intensify, which, in principle, will be reflected in increasing price pressure.

Acquisition motives in the cloud communications software market

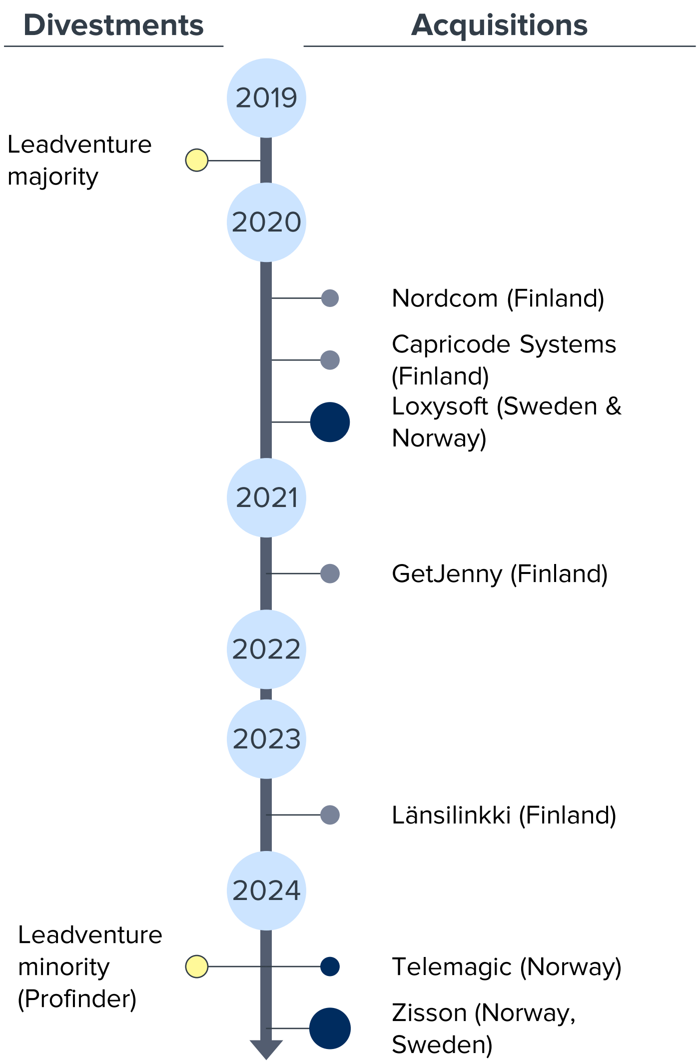
Strengthening technology

Acquiring a competitor

Expansion to new software categories

Source: Inderes, Kempen & Co.

LeadDesk became active in M&A transactions after the 2019 listing



Revenue of the target

- ~0.5 MEUR
- ~20 MEUR

Main industrial logic of transaction

- Technology (product & knowhow)
- Commercial (e.g. expansion of customer base)
- Non-core companies

Acquisition target	Key benefits	Valuation (EV/S[1])
Nordcom (Finland)	+ Mobile app + Teams integration + Virtual SIM	0.6-0.8x
Capricode Systems (Finland)	+ Reliable & business critical technology and knowhow + Tailored systems + Implementation services	1.8x
Loxysoft (Sweden, Norway)	+ Market share & industry expertise + Implementation services and knowhow	2.0-2.2x
GetJenny (Finland)	+ Chatbot functionality + AI expertise	2.7x
Länsilinkki (Finland)	+ Expansion of telecom operator business and supply, economies of scale	0.4-0.6x
Telemagic (Norway)	+ Market share	0.8-1.0x
Zisson (Norway, Sweden)	+ Market share + Public sector user interfaces + More extensive communication channels on social media	1.2x

1 Calculated with the actual figures of the acquisition target
Source: Inderes

Acquisition figures and valuation levels

Acquisition target	Consoli-dated	Purchase price (debt-free)	Earnout	Paid?	Revenue[2]	EBITDA %	Valuation (EV/S)[1], min-max	Price in shares (initial)	Used price per share	LeadDesk's own EV/S[3]	Dilution
Nordcom (Finland)	7/1/2020	0.5	0.2		0.9	2.5%	0.6x-0.8x	60%	10.3	4.4x	0.6%
Capricode Systems (Finland)	10/1/2020	2.4	0		1.3	5%	1.8x	50%	17.15	4.3x	1.5%
Loxysoft (Sweden & Norway)	1/1/2021	13.6	1.5	x	7.0	14%	2.0x-2.2x	64%	17.55	5.1x	10.4%
GetJenny (Finland)	8/1/2021	3.8	0		1.4	20%	2.7x	100%	22.98	4.6x	1.7%
Länsilinkki (Finland)	7/1/2023	0.5	0.25		1.3	-20%	0.6x-0.4x	0%	-	1.7x	0.0%
Telemagic (Norway)	6/1/2024	0.94	0.17		1.16	-2%	0.8x-1.0x	0%	-	1.5x	0.0%
Zisson (Norway, Sweden)	2/1/2025	10.00	0.00		8.6	20%	1.2x	22%	6.43	1.3x	6.1%

1 Calculated with actual figures of the acquisition target, 2 Revenue for the previous year or other comparable ~12-month period, 3 LeadDesk's estimated EV/S of the nearest comparable year (including completed acquisitions) at the time of purchase
Source: Inderes

Strategy 1/2

Strategy: profitable growth and scaling up in Europe

LeadDesk's home market (Finland, Sweden, Norway) is already quite mature, especially for SME customers, so here the company focuses on developing profitability and moderate growth through the Enterprise segment. Correspondingly, the markets in Continental Europe are growing more strongly and the company aims for growth, especially in SME customers.

We believe that this approach is in line with the company's competitive advantages. LeadDesk's significant size in the Nordic countries enables cash flow and competitiveness in large customers, while in growth markets growth is sought in SMEs where global competitors are not active. Based on the figures, it seems the company has achieved good results with this strategy as opened markets (Sweden, Norway, Denmark, Holland, Germany) have turned cash-flow neutral within 0-5 years, based on the Concept fee* figures. LeadDesk does not necessarily open new markets, as there are plenty of investment opportunities in existing ones. Nor does the company actively seek to expand outside Europe.

LeadDesk also complements its growth through acquisitions. The company is particularly interested in both technology-driven, smaller-scale acquisitions that strengthen its product or offering and acquisitions that increase the market share. We consider a technology-focused acquisition strategy sound, as we estimate that acquisitions that complement technology are more likely to create value and prevent the maintenance burden of overlapping products. On the other hand, we believe that the company must also acquire market shares to achieve sufficient scale and growth momentum to maintain its competitiveness, and by acquiring market share, the company can also strengthen its cost efficiency through economies of scale.

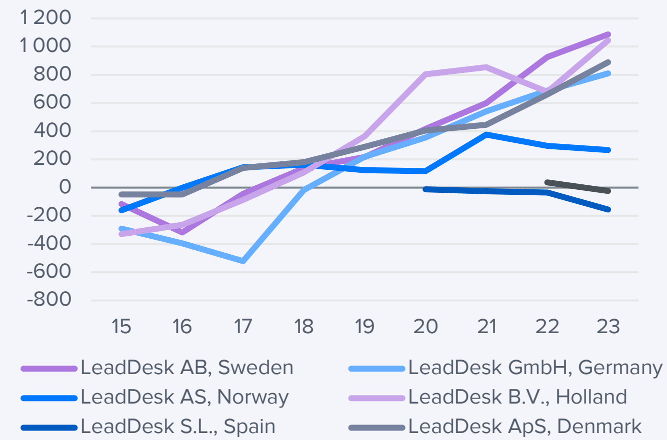
In the acquisition targets, LeadDesk sells the Group's uniform product portfolio. This way, the company avoids developing overlapping products, although the maintenance of solutions outside the core products will utilize some product development resources. However, we believe that the company's scalability will not be significantly affected by acquisitions.

The main focus of the strategy seems reasonable, but there is a long way to go

LeadDesk's strategy focuses first on increasing profitability (~2023-2025) and then on strengthening growth. The company's long-term target of +100 MEUR in revenue and 20% EBITDA-% is based especially on strong growth in Continental Europe and acquisitions (see graph on the right). Furthermore, the company estimates that AI will generate additional potential exceeding the target in the slightly longer term, even though AI features are currently basic requirements for product competitiveness and do not necessarily generate clear separate revenue.

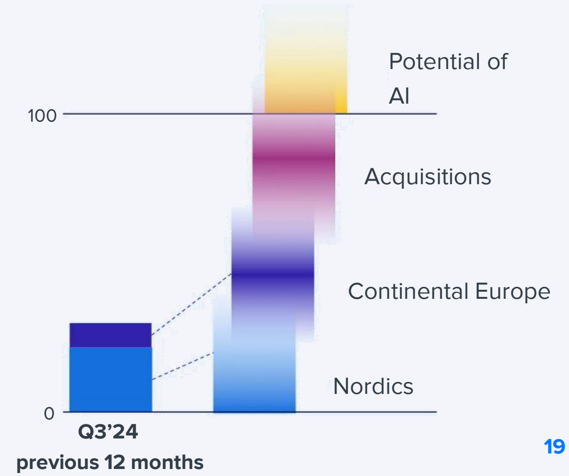
At the top level, we believe the company's pursuit of a larger size class and its priorities (profitability in the Nordic countries, growth in Continental Europe, and acquisitions) are reasonable and justified. On the other hand, we estimate that the payback of the company's growth investments was too weak in 2022-2024 when the shift of emphasis from the Nordic countries to Continental Europe was slow and Group-level organic growth remained weak. However, the track record of growth has been strong, and after the reallocation of growth investments, there are clear conditions for brisker growth.

Concept fees* by country,
2015-2023, TEUR



Source: LeadDesk, Inderes. *Concept fees are payments between LeadDesk's parent company and country organizations. A positive concept fee indicates that the operations of the country organization are turning profitable.

Illustration of +100 MEUR growth target drivers
MEUR



Source: LeadDesk

Strategy 2/2

Target market and LeadDesk's position

Target market of LeadDesk's CCaaS software, 2024 — **1 BNEUR**

Market growth, 2022-2028e — **8-16% CAGR**

Trends behind market development

- Transition to cloud-based solutions
- Diversification of customer communication channels
- Rapid development of AI
- Growth of digital transactions
- Market consolidation

Modern software for large volume customer communication LeadDesk

Strategic focus areas

1. Maintaining and strengthening profitability, especially in the mature domestic market in the Nordic countries
2. Organic growth, especially in the stronger-growing Continental Europe
3. Supporting growth, in particular through acquisitions that strengthen the product
4. Maintaining the competitiveness of the product through closer integration of AI into the product family

Financing strategy with cash flow and using own shares in acquisitions

>100 MEUR

Revenue in the long term

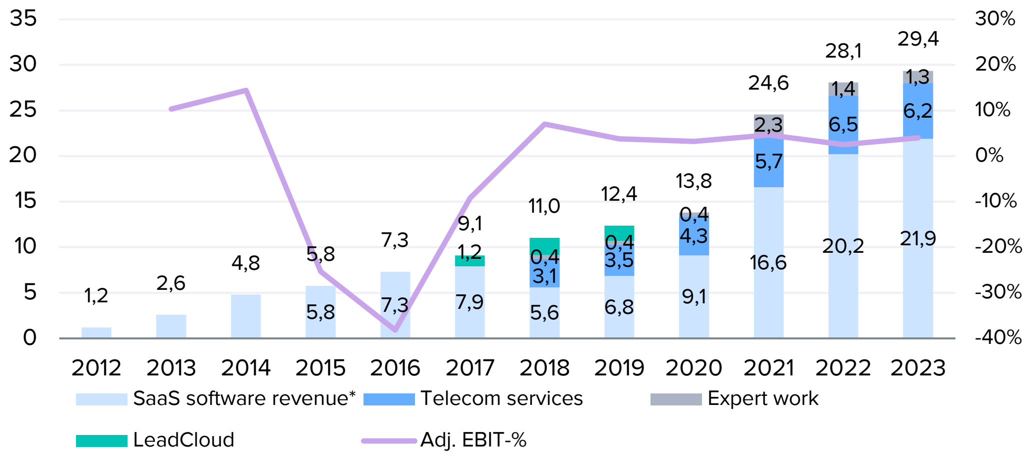
>20%

EBITDA % in the long run

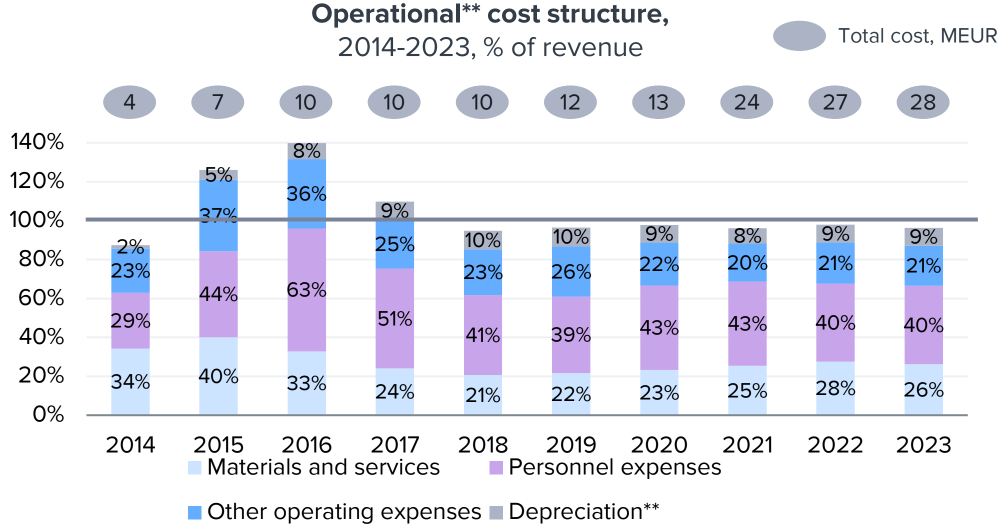
Source: Inderes, LeadDesk, Frost & Sullivan

Financial position 1/2

Revenue breakdown by type* and adj. EBIT-%,
2014-2023, MEUR and % of revenue



Operational cost structure,**
2014-2023, % of revenue



LeadDesk's profitability has scaled to positive with growth, but cash flow is spent on investments

- We estimate that the organic growth rate of LeadDesk's revenue has been about 15% and profitability (adj. EBIT %) has varied between -38% and 7% in 2015-2023.
- Profitability (adj. EBIT-%) has stabilized at an average level of around 4% since the heavy investment phase that continued until 2018.
- In 2020, the company's organic growth was boosted by COVID driving customers to prefer cloud software suitable for telecommuting more strongly than before. In 2018-2023, the sum of LeadDesk's organic growth % and profitability (adj. EBIT %) excluding divested LeadCloud has varied between some 6% and 26%, being on average 18%.
- The large jump in the revenue from professional services sales between 2020 and 2021 was caused by the Capricode and Loxysoft acquisitions, where a bigger share of revenue came from professional services. However, weaker demand in the Enterprise segment decreased the revenue from the area in 2022-23.

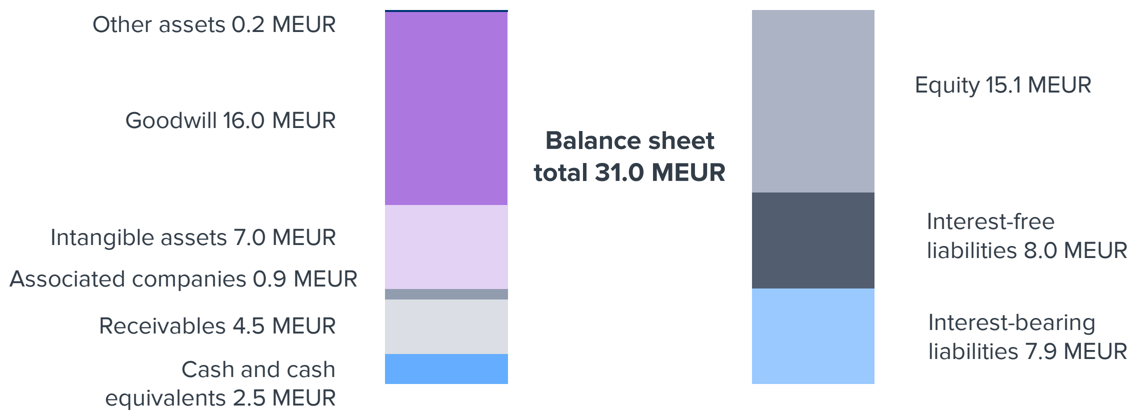
- Materials and services mainly consist of purchases of cloud capacity, purchases required to provide telecom services, and the use of external workforce in implementations of large customers. We see some room for scalability at the current level, as larger purchase volumes typically enable a lower price level.
- Personnel costs are the most significant cost item for LeadDesk, and we feel in particular investments in product development and sales (>50% of employees) should be partly perceived as investments.
- Other operating expenses have been steadily scaled after a strong investment phase. They consist of rents, marketing costs, credit losses, and administrative and accounting costs. They are relatively fixed in nature.
- Depreciation (excluding goodwill amortization) is mainly attributable to capitalization of product development costs. Risk of scaling in a mature development phase.

Source: LeadDesk, Inderes
*SaaS Software revenue includes Telco revenue until 2017 and the LeadCloud business until 2016, the breakdown of revenue changed in 2022. **Does not include goodwill depreciation

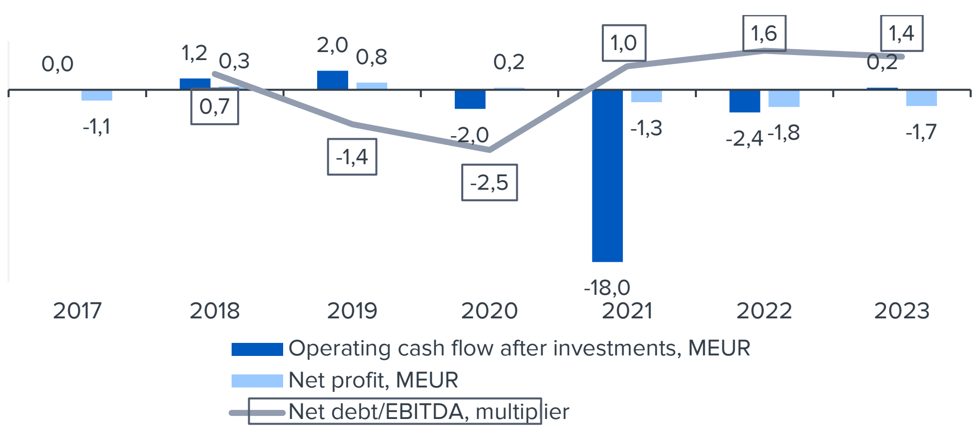
Financial position 2/2

LeadDesk's balance sheet is in pretty good condition, but it is inflated by goodwill from acquisitions

Balance sheet structure, June 30, 2024



Operating cash flow after investments*, net result and net debt/EBITDA, 2017-2023

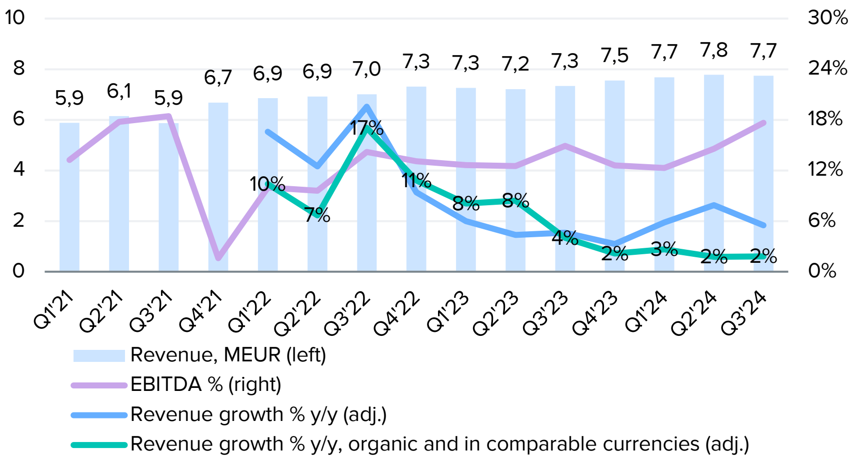


- Acquisition activity is visible in the balance sheet
  - Cash at the end of H1/2024 (2.5 MEUR) provided some powder for acquisitions (2.5 MEUR, + 2.2 MEUR from Profinder divestment). Although net debt (5.4 MEUR) and net gearing (36%) had increased as a result of acquisitions, the company still had a good debt capacity (Q3'24 LTM net debt/EBITDA: 1.2x before the Profinder divestment and some 0.7x after the divestment). However, the subsequent Zisson acquisition (12/2024, debt-free purchase price 10 MEUR) momentarily depleted the debt capacity, so we expect the company will digest the Zisson acquisition in 2025 before any new acquisitions.
  - Goodwill (16.0 MEUR) has grown significantly as a result of the acquisitions, and the company will depreciate it over a 10-year period in line with FAS accounting. Intangible assets (7.0 MEUR) practically consist of capitalized product development costs.
  - Positive operational cash flow and especially the use of own shares as payment, will enable future acquisitions.
- Cash flow is used for growth investments and acquisitions and therefore we do not expect any dividends in the coming years.
  - LeadDesk generates cash flow with a light capital structure.
    - Organic growth investments are mainly carried out in the form of personnel and other operating costs through the income statement.
    - In 2023, capitalization of product development costs (3.0 MEUR) was higher than depreciation (2.7 MEUR), so the company's cash flow from operating activities was slightly lower than the result.
    - In 2021, large investments (Loxysoft and GetJenny acquisitions) turned cash flow strongly negative*. A similar effect was also seen in 2020 (NordCom, Capricode Systems acquisitions) and 2022 (GetJenny).
  - In addition to cash, LeadDesk has also been able to use own shares as payment in acquisitions, which has enabled it to carry out large acquisitions with reasonable net debt increases in 2020-2021.

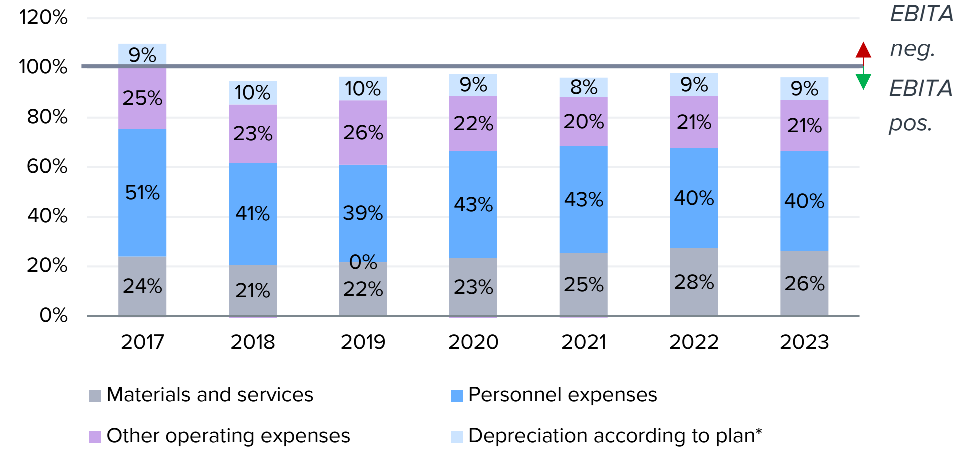
Source: Inderes *Includes the use of own shares in the payment of acquisitions.

Development of key business figures

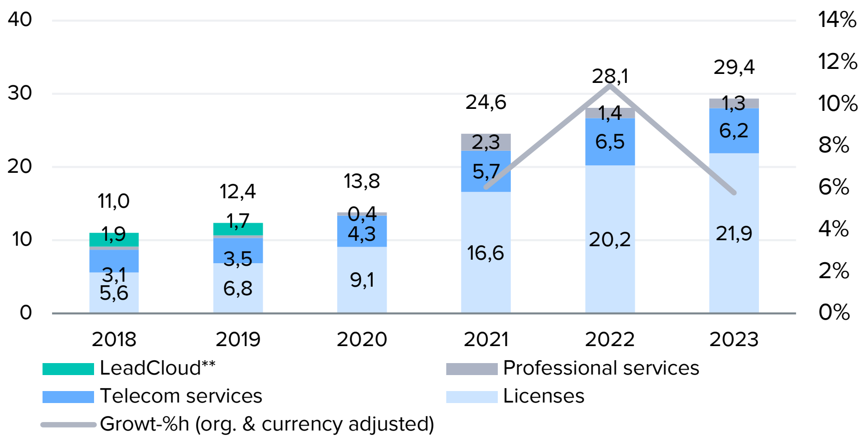
Revenue and EBITDA %,
MEUR, % of revenue, growth-% y/y



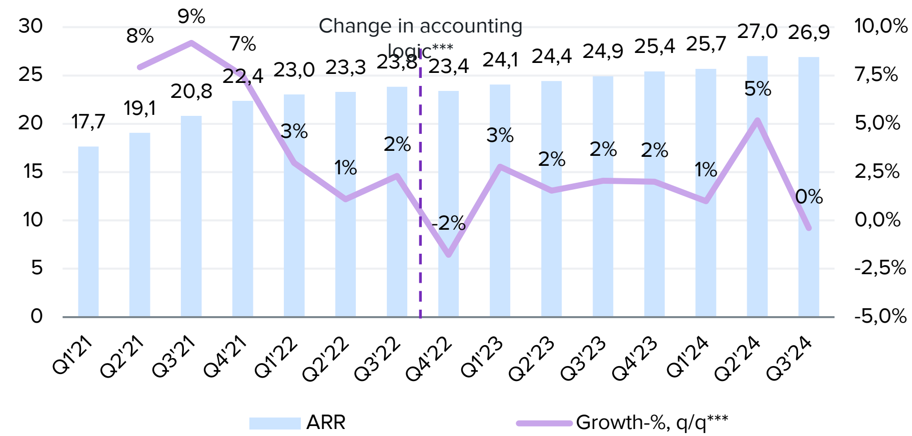
Operational cost structure,
2017-2023, % of revenue



Revenue distribution** and comparable growth**
2018-2023, MEUR and % y/y



ARR* growth,**
MEUR and % at the end of the period



Source: Inderes *Does not include goodwill depreciation. **Divested. ***The company updated its accounting logic for exchange rate changes after contracts were signed, starting from Q4'22 (Q3'23 calculated on assumptions, updated figure not yet published). ****Allocation logic updated from 2022.

Estimates 1/3

Our estimates are based on the SaaS business model

LeadDesk's strategy focuses on increasing SaaS business and the recurring revenue it generates. In our estimate model, we assume that LeadDesk's revenue development is mainly driven by the development of SaaS revenue. We estimate that the growth of other revenue items (telecom services and professional services) is largely linked to the development of SaaS income.

We primarily expect growth in SaaS revenue through new sales, expansion of existing customers and customer churn. In support of this estimate, we expect realistic growth rates in the Nordic countries and the more strongly growing markets in Continental Europe. In principle, we expect that the company can maintain its current market share in the Nordic countries and increase its market share in the SME segment in Continental Europe. The assumption requires that the competitive position of the company's product remains at least unchanged, which requires success from the company, especially in developing new AI features that bring efficiency gains to the customer.

LeadDesk's recurring revenue consists of SaaS license income and certain telecom services. SaaS revenue is invoiced to the customer on a continuous basis, although it is largely linked to the number of users in the system. Telecom services, on the other hand, are partly recurring and partly related to customer use. Telecom services have some seasonal variation in use, especially in the quieter summer months. We expect telecom services to grow slightly slower than license revenue, as we believe that the value of the company's software will rely more heavily on license-based products in the future. The importance of service revenue (H1'24: 4% of revenue) is still relatively small considering the whole, and we estimate that this will continue to be the case, even though large customer deployments may cause minor fluctuations in revenue.

LeadDesk publishes ARR (annual recurring revenue) that includes SaaS orders and the share of continuous contracts in telecom services. In addition, the company sometimes reports the ARR in invoicing. LeadDesk's contract portfolio is transferred to invoicing with a delay of a few months due to the duration of implementation and in larger contracts implementation may take up to 6-12 months. The contract portfolio is a fairly reliable tool for predicting the near future of the company's business, especially in terms of license revenue. However, its use is weakened by revenue distribution (licenses/Telecommunications services/professional services) being reported only every six months. In addition, the reported revenue item corresponding to ARR is not disclosed separately, as it consists of license revenue and recurring revenue from telecom services. Thus, ARR figures play a minor role in our estimates.

In our model, LeadDesk's profitability and earnings growth is determined by the development of fixed costs relative to the growth in high-level revenue (2023: gross margin 74%). We expect the company to be able to improve its gross margin to nearly 80% as its size class grows. We estimate personnel costs (2023: 40% of revenue) and other operating costs (2023: 21%) based on the number of personnel and unit costs. In our estimates, we also consider personnel efficiency figures relative to revenue and revenue growth, which typically strengthen for SaaS companies in the scalable growth stage.

Basic forecast assumptions for 2025-2030

- **Finland and the Nordic countries:** Strengthening profitability and low revenue growth (approximately 2-6%/year)
- **Continental Europe** Keeping profitability neutral and good revenue growth (around 10-15%/year)

Source: Inderes

Estimates 2/3

In terms of profitability, we monitor operating profit adjusted for goodwill depreciation (EBITA or adj. EBIT), which we feel best describes operational profitability.

Visibility into LeadDesk's revenue is relatively good in the short term as the revenue mainly consists of easily predictable recurring income. By contrast, modeling the revenue growth rate and profitability is more difficult because it is highly dependent on the level of the company's growth investments, sales efficiency and market cycle development. We do not include acquisitions in our forecasts in advance as we consider them an option. This option has a positive expected value, as we estimate LeadDesk's previous acquisitions have also generated value.

LeadDesk has active option programs covering some 959,000 shares (~17% of shares) where the subscription period occurs over the next some five years. We account for the dilution of options in our estimate on the number of shares regarding the net effect considering the subscription prices (net dilution around 1%).

Difficult market situation depresses growth rate in 2024-2025

LeadDesk's 2024 guidance is that revenue growth in comparable currencies will be 5-15% and the EBITDA margin will be 10-15%. The guidance does not consider the impact of large acquisitions on revenue or profitability. We expect LeadDesk to grow by 5.9% (organically some 2%) and the EBITDA margin to be 14.9% and the adjusted EBITDA margin 5.8%.

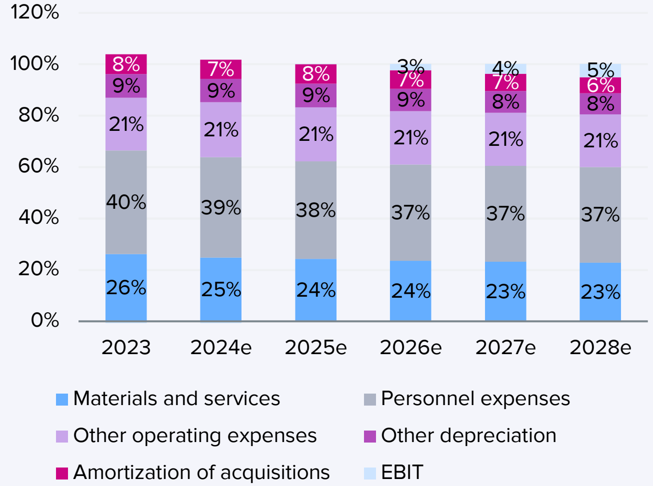
In 2024, revenue growth has been weakened especially by the weak market situation in Finland, which has made new sales more difficult, especially in the SME market, and driven customers to save costs by reducing the number of licenses. At the same time, SME sales in Continental Europe has grown more strongly (H1'24: >10% y/y). In addition, revenue for the year is reduced by the removal of a direct invoicing item (0.5 MEUR or about 1.5% of revenue) due to a change in telecom operator legislation, which has no impact on earnings. We estimate that the company's growth situation will remain quite unchanged throughout Q4'24.

In 2025, we expect revenue growth to pick up slightly organically but rise to high levels as a whole thanks to the Zisson transaction (in figures from 2/1/2025) (31.7% or 4.6% organically). We expect profitability to strengthen as cost discipline continues and a stronger profitable Zisson is included in Group figures (EBITDA % 16.8%, adj. EBIT % 7.6%). We do not expect Finland to provide a particular boost to growth in 2025, even though we expect that most of customer cost savings were realized in 2024. LeadDesk has gradually shifted its sales investments toward the market in Continental Europe that is growing more strongly, which should be reflected as a small pick-up in the company's Group-level growth. In line with its strategy, LeadDesk prioritizes short-term profitability, so we expect additional growth investments to be moderate in 2025.

We expect brisk and scalable growth in the next couple of years in the market tailwind

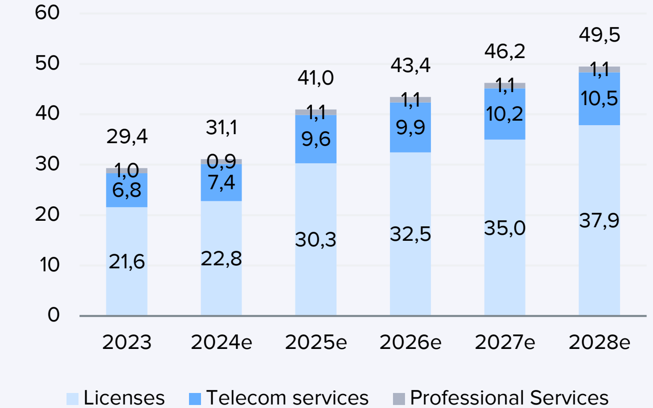
The growth of LeadDesk's CCaaS target market is expected to be strong (~8-16% per year over the next few years), with efficiency gains from the cloud transformation and customer communication software and increased system requirements.

Cost structure estimate,
2023-2028e, % of revenue



Source: Inderes

Revenue estimates by type,
2023-2028e, MEUR



Source: Inderes

Estimates 3/3

We assume that the strongest market growth will also be concentrated in the Enterprise segment in Continental Europe, where the company is not currently active. In recent years, LeadDesk has also faced constant negative surprises (energy crisis and the exit of COVID customers, decreased project sales, customers' cost optimization, especially in Finland). In the company's current size class, we believe some challenges are here to stay, so it's reasonable to maintain a small safety margin in the forecasts.

We expect LeadDesk's organic growth to pick up in 2026-2028, rising to around 6-7% annually. Our forecast is based on the assumption that the market situation in Europe will improve slightly and that LeadDesk will increase its growth investments somewhat, as the company has indicated in its strategy. On the other hand, the weight of revenue in the more mature Nordic markets holds back Group-level growth. In SME customers, we expect LeadDesk to continue making growth investments, especially in Continental Europe. There is still room for growth in Enterprise customers in the Nordic countries, but we expect better customer acquisition returns and the company's growth investments to focus on faster cloud transition markets in Continental Europe.

We expect growth to continue to scale in 2026-2028, but slower than in 2024-2025 due to additional recruitments for growth. We expect EBIT adjusted for goodwill depreciation to strengthen gradually and reach 10-12% in 2026-2028. With these factors, we expect LeadDesk's sum of growth and profitability (adj. EBIT %) (Rule of 40) to be 16-18% in 2026-2028. The level is low for a software product company, but considering the weak starting level (6-7% in 2023-24), already assumes a clear improvement.

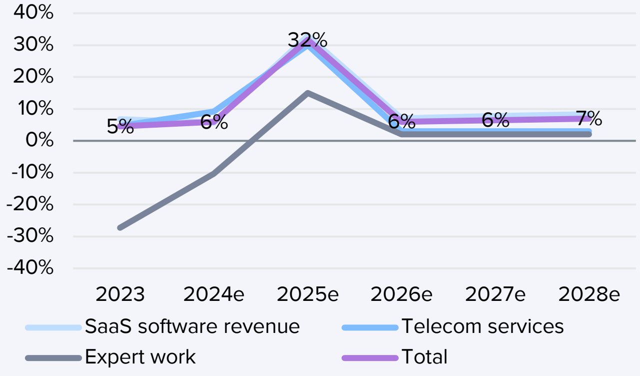
In the long term, we expect growth to slow down as the cloud transition moves to after-heat

The growth of the CCaaS market is expected to slow down as cloud software utilization rates increase toward the 2030s. There are several growth-hungry players on the market, so when the growth space decreases, we expect LeadDesk to face key competitors more often. These have a strong investment capacity, so customer requirements regarding the product's efficiency benefits will also increase. LeadDesk is also likely to face stronger competition from industry giants as it expands to Enterprise customers in Continental Europe. We also expect US Goliaths to continue to aim more strongly to the big European markets.

We estimate that LeadDesk's revenue will grow by 7-3% in 2029-2035 with a slowing trend and will be 69 MEUR in 2035 (long-term target: 100 MEUR incl. acquisitions). In terms of market growth the company could grow even faster and into a larger size class. However, considering the company's current growth rate, we do not see any grounds to expect much stronger long-term growth than this unless the company reaches a significantly larger size class. Our terminal revenue growth is 2%.

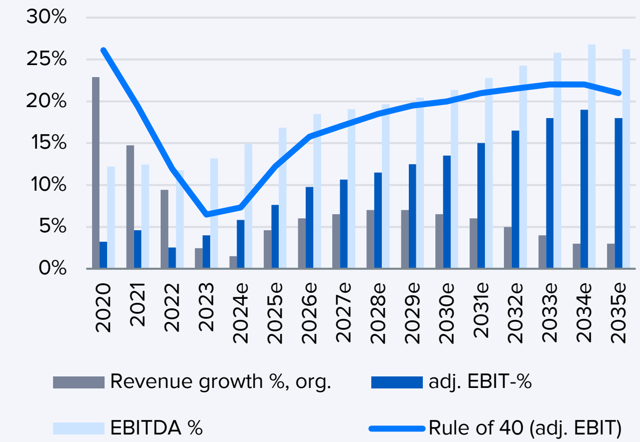
We expect LeadDesk's EBIT margin adjusted for goodwill depreciation to rise gradually from 13% to some 19% in 2029-2035 as growth investments slow down. As the market matures, we expect price competition to increase and the operating margin (EBIT %) to reach 18% in the terminal year 2036. The level corresponds to an EBITDA margin of approximately 26%, which exceeds LeadDesk's target of >20%, which we consider low in the mature phase, as the company has almost reached this level (2024e ~15%).

Revenue growth by type,
2023-2028e, % growth on the previous year's revenue



Source: Inderes

Combination of growth and profitability* (Rule of 40),
2020-2035e



Source: Inderes
*EBIT margin adjusted for amortization of acquisitions that have no cash flow effect.

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**28.1**	**7.26**	**7.22**	**7.34**	**7.55**	**29.4**	**7.69**	**7.78**	**7.74**	**7.89**	**31.1**	**41.0**	**43.4**	**46.2**
EBITDA	**3.3**	**0.9**	**0.9**	**1.1**	**1.0**	**3.9**	**0.9**	**1.1**	**1.4**	**1.2**	**4.6**	**6.9**	**8.0**	**8.8**
Depreciation	-4.8	-1.3	-1.3	-1.3	-1.2	-5.0	-1.2	-1.3	-1.3	-1.3	-5.2	-7.5	-7.6	-7.7
EBIT (excl. NRI)	**0.7**	**0.2**	**0.2**	**0.3**	**0.4**	**1.2**	**0.3**	**0.4**	**0.7**	**0.5**	**1.8**	**3.1**	**4.2**	**4.9**
EBIT	**-1.5**	**-0.3**	**-0.4**	**-0.2**	**-0.2**	**-1.1**	**-0.3**	**-0.2**	**0.1**	**-0.1**	**-0.5**	**-0.6**	**0.4**	**1.1**
Net financial items	-0.2	0.0	0.0	-0.2	-0.2	-0.4	-0.1	-0.2	-0.2	2.0	1.5	-0.8	-0.5	-0.3
PTP	**-1.7**	**-0.4**	**-0.4**	**-0.4**	**-0.4**	**-1.5**	**-0.4**	**-0.4**	**-0.1**	**1.9**	**1.0**	**-1.4**	**-0.1**	**0.8**
Taxes	-0.1	0.0	0.0	0.0	-0.1	-0.1	0.0	-0.1	-0.1	-0.5	-0.7	-0.5	-0.7	-0.9
Net earnings	**-1.8**	**-0.4**	**-0.4**	**-0.4**	**-0.5**	**-1.7**	**-0.4**	**-0.4**	**-0.2**	**1.4**	**0.3**	**-1.9**	**-0.8**	**-0.1**
EPS (adj.)	**0.09**	**0.03**	**0.03**	**0.03**	**0.01**	**0.11**	**0.03**	**0.03**	**0.07**	**0.04**	**0.15**	**0.32**	**0.51**	**0.63**
EPS (rep.)	**-0.33**	**-0.07**	**-0.07**	**-0.07**	**-0.09**	**-0.31**	**-0.08**	**-0.08**	**-0.04**	**0.25**	**0.05**	**-0.32**	**-0.14**	**-0.02**

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	14.3 %	6.0 %	4.4 %	4.6 %	3.3 %	4.5 %	5.9 %	7.9 %	5.5 %	4.6 %	5.9 %	31.7 %	6.0 %	6.5 %
Adjusted EBIT growth-%	-37.1 %	322.3 %	500.6 %	-4.9 %	55.4 %	65.0 %	31.8 %	105.4 %	87.3 %	12.7 %	54.1 %	72.7 %	35.8 %	16.3 %
EBITDA-%	11.8 %	12.6 %	12.5 %	14.3 %	13.2 %	13.2 %	12.3 %	14.5 %	17.6 %	15.1 %	14.9 %	16.8 %	18.5 %	19.1 %
Adjusted EBIT-%	2.5 %	3.1 %	2.7 %	4.7 %	5.4 %	4.0 %	3.8 %	5.2 %	8.4 %	5.8 %	5.8 %	7.6 %	9.8 %	10.7 %
Net earnings-%	-6.3 %	-5.4 %	-5.7 %	-5.3 %	-6.6 %	-5.7 %	-5.5 %	-5.6 %	-3.0 %	17.4 %	0.9 %	-4.6 %	-2.0 %	-0.3 %

Source: Inderes

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	31.1	31.1	0%	32.9	41.0	24%	35.0	43.4	24%
EBITDA	4.6	4.6	0%	5.3	6.9	31%	6.3	8.0	26%
EBIT (exc. NRIs)	1.8	1.8	0%	2.3	3.1	38%	2.9	4.2	45%
EBIT	-0.5	-0.5	0%	-0.1	-0.6	-507%	0.7	0.4	-39%
PTP	-1.2	1.0	179%	-0.6	-1.4	-119%	0.3	-0.1	-131%
EPS (excl. NRIs)	0.16	0.15	-4%	0.25	0.32	29%	0.46	0.51	10%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

We added Exit returns and the Zisson deal to our forecasts

- We added the capital gains from the ProFinder minority shareholding to the 2024 financial income (adjusted from EPS).
- We also added the Zisson deal to our forecasts: We raised our profitability estimates but lowered our organic revenue growth estimates for the entire Group, as with Zisson, LeadDesk's revenue will be more focused on low-growth markets in the Nordic countries.
- We also made other smaller forecast revisions.

Valuation and recommendation 1/3

Valuation is driven by growth and profitability development

LeadDesk's value creation is currently based on three basic pillars: 1) cash flow on mature markets in the Nordic countries, 2) organic growth with low profitability in Continental European growth markets, and 3) inorganic growth from acquisitions. These pillars are difficult to value with one method, so we approach the valuation from several perspectives.

In SaaS companies, investments in growth (especially customer acquisition and product development) are almost exclusively carried out in a front-loaded manner in the income statement. This means that the high-margin income from serving current customers is consumed by growth investments and profitability is correspondingly lower. However, due to slower growth, earnings multiples already give a reasonable picture of the company's value.

On the other hand, it is still logical to examine the company based on revenue multiples, as they help to compare the company's valuation to other companies in the sector at different stages of development.
We examine revenue multiples relative to the peers' organic growth and the sum of growth and profitability commonly used in the software industry (Rule of 40), but also putting more weight on growth, which is clearly more important for value creation in scalable SaaS business (2x vs. EBITA %, Rule of X). The indicator works well for a SaaS company as it considers companies' balancing between growth investments and profitability. We use the Rule of 40 indicator calculated with EBIT adjusted for goodwill depreciation to determine LeadDesk's valuation level.

The above-mentioned perspectives only include organic development, but not future acquisitions. LeadDesk has made acquisitions on average annually in recent years, but not with the systematic approach of a serial acquirer, which would allow their value creation to be considered in advance. Thus, acquisitions, which we believe have been value-creating so far, are currently a positive and probable option in our valuation.

Absolute valuation multiples are low

LeadDesk's business generates cash flow with a light capital structure and negative working capital, so the company's goodwill-adjusted result provides a good benchmark for estimating cash flow. In the mature development phase, a 7-9% annual cash flow return, which we feel would be well justified, considering a business that relies heavily on recurring and predictable revenue flows, would correspond to an adjusted P/E ratio of 10-14x for the company. With neutral net cash, this would correspond to an EV/EBITA ratio of 8-11x, which we believe can be considered fair for a company in a low-growth phase.

LeadDesk's earnings-based valuation multiples (EV/EBITA) for 2025-26 are 13x-9x. The multiples are slightly above the fair levels for a mature phase company, but we consider them attractive in absolute terms considering the company's strong earnings growth outlook, which, with a scalable business model only requires moderate revenue growth. With our estimates, the multiples quickly fall to very low levels (2027-2028: 7-5x).

Examined with revenue multiples, an annual cash flow yield of 7-9% would correspond to EV/S ratios of approximately 1.6-2.9x, assuming a mature-phase

Valuation multiples

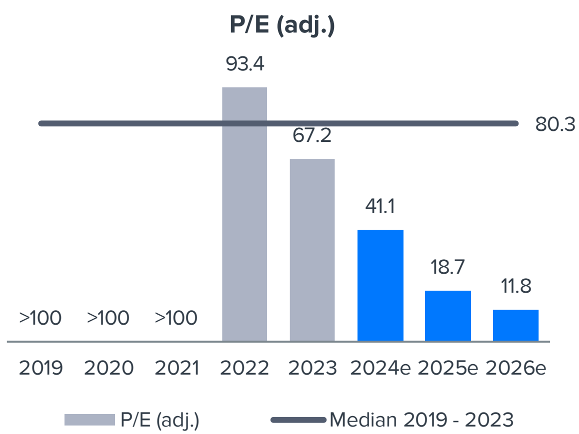
Valuation	2024e	2025e	2026e
Share price	5.98	5.98	5.98
Number of shares, millions	5.83	5.85	5.86
Market cap	35	35	35
EV	36	41	38
P/E (adj.)	41.1	18.7	11.8
P/E	>100	neg.	neg.
P/B	2.1	2.1	2.2
P/S	1.1	0.9	0.8
EV/Sales	1.2	1.0	0.9
EV/EBITDA	7.8	6.0	4.8
EV/EBIT (adj.)	20.0	13.2	9.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

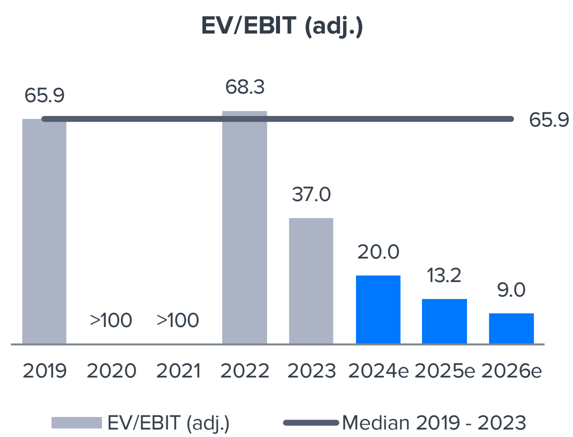
Source: Inderes

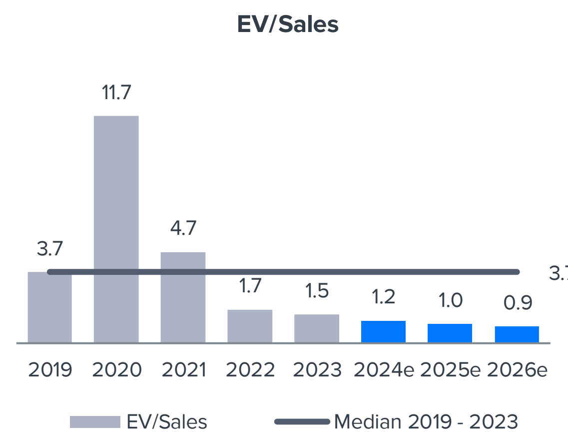
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	11.0	35.0	21.0	8.10	7.10	**5.98**	**5.98**	**5.98**	**5.98**
Number of shares, millions	4.43	4.67	5.39	5.44	5.48	**5.83**	**5.85**	**5.86**	**5.88**
Market cap	51	166	113	44	39	**35**	**35**	**35**	**35**
EV	45	161	115	49	43	**36**	**41**	**38**	**35**
P/E (adj.)	>100	>100	>100	93.4	67.2	**41.1**	**18.7**	**11.8**	**9.6**
P/E	64.3	>100	neg.	neg.	neg.	**>100**	**neg.**	**neg.**	**neg.**
P/B	6.7	17.9	6.0	2.5	2.4	**2.1**	**2.1**	**2.2**	**2.3**
P/S	4.1	12.0	4.6	1.6	1.3	**1.1**	**0.9**	**0.8**	**0.8**
EV/Sales	3.7	11.7	4.7	1.7	1.5	**1.2**	**1.0**	**0.9**	**0.7**
EV/EBITDA	25.6	94.0	37.7	14.7	11.2	**7.8**	**6.0**	**4.8**	**3.9**
EV/EBIT (adj.)	65.9	>100	>100	68.3	37.0	**20.0**	**13.2**	**9.0**	**7.0**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**

Source: Inderes







Valuation and recommendation 2/3

profitability (EBITA %) of 15-25%. LeadDesk's EV/S multiples for 2025-2026 are 1.0x and 0.9x, well below this level. In absolute terms, the multiples are very attractive considering the company's current cash flow generating capacity, good market position and significant room for growth, especially in Continental Europe. LeadDesk's 12-month forward-looking revenue multiples (see graph on the right) are also at the lowest levels in the company's stock exchange history. Low organic growth, on the other hand, favors a somewhat lower valuation, as it slows down the scaling of profitability. Despite this, we consider the multiples remarkably low, as we believe that LeadDesk's growth has also been exceptionally weak cyclically in 2023-24 and we do not expect growth to remain this low. On the other hand, even in a weak growth scenario, the company could achieve economies of scale and higher profitability through acquisitions.

The peer group acts as a short-term curb on valuation

Our peer group consists mainly of European SaaS companies, whose business nature and target markets are similar to LeadDesk's. We have also included global companies involved in the CCaaS/CPaaS market that have operations in Europe in the peer group. The global peers are significantly larger than LeadDesk, but we feel they already serve as good comparisons, as LeadDesk has grown to a significant size in the context of its competition field through acquisitions.

Compared to the revenue multiples of the peers (2025e median: 2.9x), LeadDesk is priced at a clear 65% discount (see next page). However, when the multiples are compared to the sum of growth and profitability (2025e), the discount is justified and the valuation is in line with the peers. The situation does not change even if we emphasize growth, which is clearly more important for the value creation of the scalable SaaS business (2x vs. EBITA %).

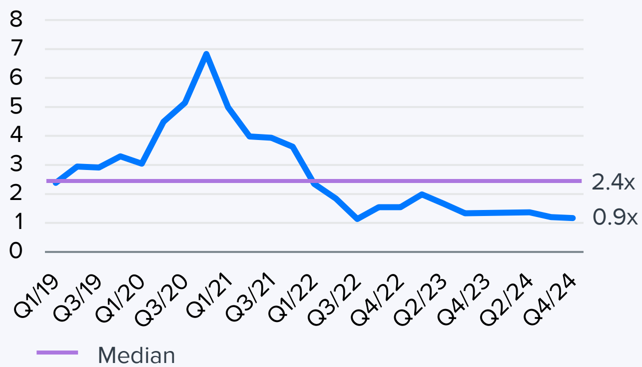
We believe the valuation levels of the peer group are generally quite attractive, as expectations of growth in the sector are quite reasonable. On the other hand, we also estimate that valuations are depressed by concerns about the change in competitive dynamics brought about by generative AI, but we do not consider this a significant risk for players of sufficient size (including LeadDesk).

The DCF valuation and scenarios indicate a clear undervaluation

The debt-free value (EV) of our DCF model in line with current estimates is approximately 84 MEUR for LeadDesk, which corresponds to a value of EUR 11.9 per share. Relative to the long-term potential of the DCF model, the company is thus valued at a glaring 50% discount. Our terminal assumption in the DCF model from 2036 onwards is that EBIT % is 18% and growth 2%. The weight of long-term (>10 years away) cash flows in the valuation is still significant at 65%, which indicates that the value still relies on strong long-term growth expectations.

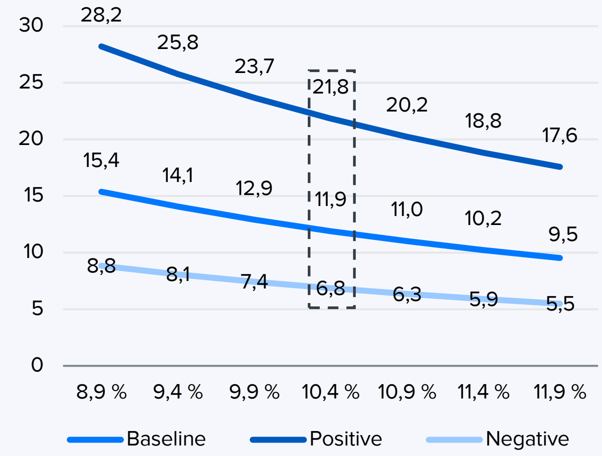
We have set the weighted average cost of capital (WACC) in the DCF model at 10.4%. The justified level is raised by the weak predictability of the company's growth, although in the long term, we see prerequisites for the required return to decrease toward a level of 7-8%. To account for goodwill amortizations we use a longer 13-year estimate period in our DCF model than the conventional 10 years.

NTM* EV/S,
Q1/2019-



Source: Inderes
*NTM=Next Twelve months, 12-month forward looking

Sensitivity of the DCF value to the required return,
EUR per share, WACC-%

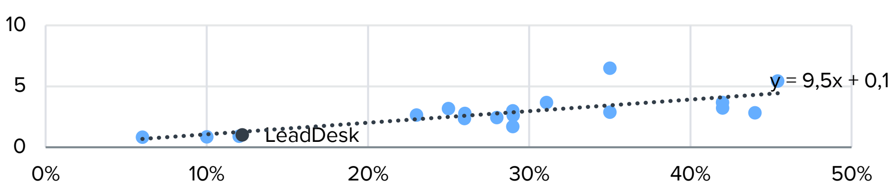


Peer group valuation

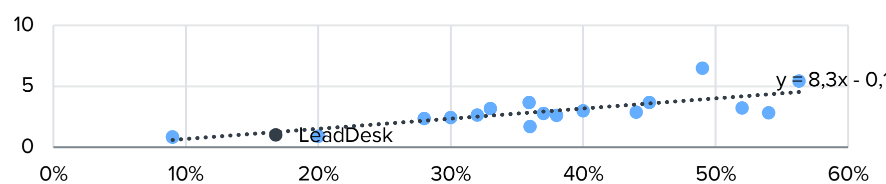
Peer group valuation	Market cap	EV	EV/EBITDA		EV/EBIT		EV/S		Revenue growth-%		EBIT-%		Rule of 40
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2025e
Admicom Oyj	226	221	17.8	15.5	18.2	15.8	6.2	5.4	3%	11%	34%	35%	45%
Teneo AI AB	14	34	neg.	neg.	neg.	neg.	4.8	3.1	31%	56%	-74%	-20%	36%
Briox AB	39	38	neg.	neg.	neg.	neg.	25.8	19.9	42%	29%	-118%	-73%	-44%
dotDigital Group PLC	318	271	9.3	8.5	14.8	13.4	2.9	2.6	15%	9%	19%	20%	29%
FormPipe Software AB	133	133	13.6	10.3	38.7	19.4	2.9	2.7	0%	9%	7%	14%	23%
Fortnox AB	3839	3796	41.2	32.1	50.5	38.5	21.3	17.5	25%	22%	42%	45%	67%
IAR Systems Group AB	138	128	8.5	7.2	12.7	10.9	3.1	2.9	4%	9%	25%	26%	35%
Irisity AB (publ)	11	12	neg.	35.1	neg.	neg.	0.9	0.8	2%	10%	-83%	-67%	
Lime Technologies AB (publ)	412	430	24.4	21.3	38.2	31.0	7.4	6.5	15%	14%	20%	21%	35%
Lemonsoft Oyj	111	114	14.9	12.8	16.6	14.0	3.9	3.7	10%	5%	24%	26%	31%
NFON AG	81	86	7.8	6.5	46.0	22.2	1.0	0.9	3%	8%	2%	4%	12%
Sinch AB (publ)	1532	2095	7.3	7.0	neg.	30.1	0.9	0.8	-1%	3%	-16%	3%	6%
TeamViewer AG	1632	2069	7.4	6.7	9.3	8.4	3.1	2.8	6%	10%	33%	34%	44%
Upsales Technology AB	47	44	14.5	12.0	19.5	16.9	3.3	3.0	-1%	11%	17%	18%	29%
8x8 Inc	334	603	5.1	6.0	6.8	8.1	0.9	0.9	-2%	-1%	13%	11%	10%
Enghouse Systems Ltd	997	819	8.3	8.1	12.5	9.7	2.4	2.3	12%	2%	19%	24%	26%
Five9 Inc	2839	3050	16.7	14.3	21.8	18.3	3.1	2.8	13%	11%	14%	15%	26%
Nice Ltd	10344	9314	9.9	9.0	11.4	10.1	3.5	3.2	15%	10%	31%	32%	42%
RingCentral Inc	2952	4225	7.4	6.6	8.7	7.8	1.8	1.7	9%	7%	21%	22%	29%
Twilio Inc	16239	14595	17.6	15.6	21.5	18.9	3.4	3.2	7%	8%	16%	17%	25%
Verint Systems Inc	1532	2161	9.1	8.4	10.2	9.4	2.5	2.4	1%	2%	24%	26%	28%
Zoom Video Communications Inc	23867	16433	9.3	8.8	9.8	9.4	3.8	3.7	3%	3%	39%	39%	42%
LeadDesk (Inderes)*	**35**	**36**	**7.8**	**6.0**	**20.0**	**13.2**	**1.2**	**1.0**	**2%**	**5%**	**6%**	**8%**	**12%**
Average**	**3074**	**2758**	**13.2**	**12.6**	**20.4**	**16.4**	**4.9**	**4.2**	**8%**	**10%**	**4%**	**11%**	**24%**
Median**	**373**	**516**	**9.3**	**8.9**	**15.7**	**14.0**	**3.1**	**2.9**	**4%**	**9%**	**17%**	**18%**	**29%**
Diff-% to median	***-91%***	***-93%***	***-16%***	***-33%***	***27%***	***-6%***	***-63%***	***-65%***	***-62%***	***-49%***	***-66%***	***-58%***	***-57%***

Source: Refinitiv / Inderes *Growth and EBIT adjusted for acqusition impacts

EV/S (2025e) **of the peer group relative to the sum of revenue growth % and EBIT %** (2025e)



EV/S (2025e) **of the peer group relative to 2x sum of revenue growth % and EBIT %** (2025e)



Valuation and recommendation 3/3

LeadDesk's DCF calculation and valuation are very sensitive to the required return we use, so changes in, e.g., the interest environment can cause severe fluctuations in valuation levels. The valuation is also very sensitive to changes in the company's growth expectations. We have also built DCF scenarios that illustrate this sensitivity.

In the pessimistic scenario, the company's organic growth would remain at only 2-3% annually, clearly below market growth and about half the growth rate of the baseline scenario, in which case an EBITA margin of approximately 15% is achieved due to lower scaling. The scenario would require LeadDesk to lose competitiveness, as well as a possible failure to integrate the Zisson acquisition, combined with long-standing deep economic difficulties in Europe. In the negative DCF scenario, the value per share is EUR 6.8

In an optimistic scenario, the company's organic growth would be one-third stronger than in the neutral scenario (~5-10% per year for the next decade) and EBITA profitability would scale to a stronger level of 25% with growth. In the scenario, market growth in the Nordic countries would have to pick up substantially and the company would also have to succeed in breaking into the Enterprise customer segment in Continental Europe. In the positive DCF scenario, the value per share is EUR 21.8.

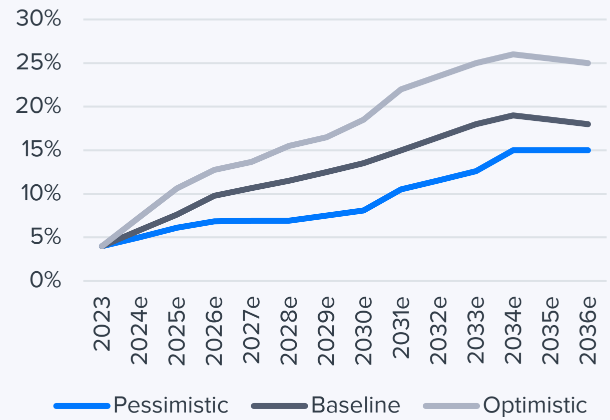
We expect the share's risk/reward ratio to become very attractive, supported by cash flow

The majority of our valuation methods suggest that LeadDesk's share valuation is at a very attractive level. The only clear exception is the peer valuation, which indicates that the valuation is neutral in the short term. Based on the overall picture of our valuation methods, we estimate that LeadDesk's fair value is EUR 9.4-11.9 (was 7.9-10.6) per share, which depicts the high uncertainty of the company's value. The upper end of the range is based on the baseline scenario of our DCF model, which increased due to the revenue from the ProFinder divestment and the impact of the Zisson acquisition, which we assume to be positive. We use the average of the neutral and pessimistic scenarios as the lower limit. The share is priced (EUR 5.98 per share) clearly (-36%) below the lower end of our fair value range.

For a while now, the dilemma with LeadDesk's valuation has been the clear undervaluation of the company's potential, but at the same time, the weak short-term share price drivers are partly due to cyclically low organic growth and still limited profitability scaling. However, with the support of the improved profitability from the Zisson acquisition, the valuation of the share receives clearer support from the strengthening cash flow. Thus, we believe that the stock now has sufficient visible drivers for strengthening valuation and we see this as a buying opportunity. However, we still set our target price below the current fair value range, as we believe a large deviation from the peer group is difficult to justify over a one-year horizon. We raise our target price to EUR 8.5 (was EUR 8.0) and our recommendation to Buy (was Accumulate).

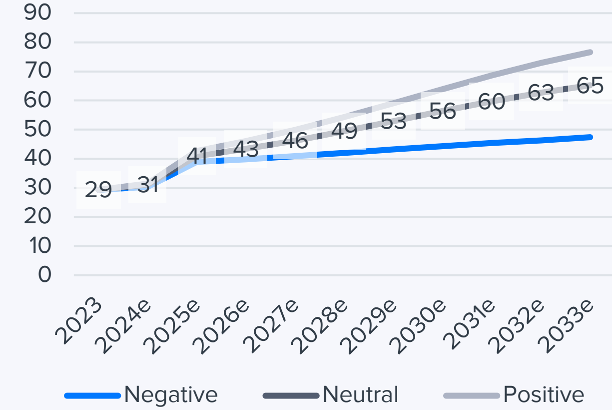
With the support of a low absolute valuation and cash flow, we consider the risks of a decrease in the valuation level at the current price as limited. However, negative surprises, e.g., in the integration of the Zisson acquisition, market growth, or LeadDesk's competitive position, can still cause some headaches and at least weaken the positive share price drivers we see.

Profitability development in different scenarios (EBITA %), 2023-2036e, % of revenue



Source: Inderes

Revenue development in different scenarios,
2023-2033e, MEUR



Source: Inderes

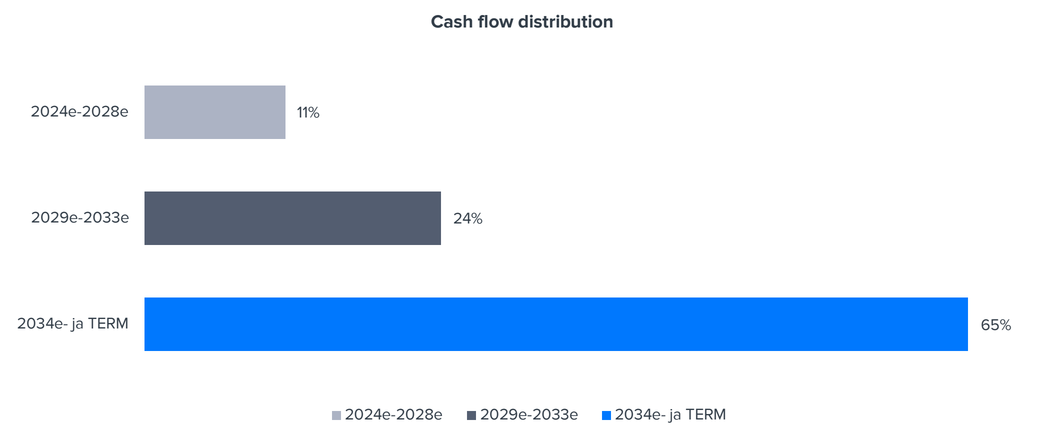
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	2036e	TERM
Revenue growth-%	4.5 %	5.9 %	31.7 %	6.0 %	6.5 %	7.0 %	7.0 %	6.5 %	6.0 %	5.0 %	4.0 %	3.0 %	2.5 %	2.0 %	
EBIT-%	-3.7 %	-1.7 %	-1.5 %	1.0 %	2.4 %	5.8 %	7.2 %	9.0 %	14.0 %	15.5 %	17.0 %	18.1 %	18.0 %	18.0 %	
EBIT (operating profit)	**-1.1**	**-0.5**	**-0.6**	**0.4**	**1.1**	**2.9**	**3.8**	**5.1**	**8.3**	**9.7**	**11.1**	**12.1**	**12.4**	**12.6**	
+ Depreciation	5.0	5.2	7.5	7.6	7.7	6.9	7.0	6.9	5.3	5.5	5.7	5.9	5.3	5.4	
- Paid taxes	-0.3	-0.7	-0.5	-0.7	-0.9	-1.1	-1.3	-1.5	-1.8	-2.1	-2.3	-2.6	-2.5	-2.5	
- Tax, financial expenses	0.0	-0.1	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-0.1	0.3	1.1	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	
Operating cash flow	**3.5**	**4.5**	**7.4**	**7.6**	**8.2**	**8.9**	**9.9**	**10.9**	**12.2**	**13.5**	**14.8**	**15.7**	**15.4**	**15.6**	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-3.3	-3.4	-13.8	-4.0	-4.2	-4.5	-4.7	-5.0	-5.2	-5.4	-5.4	-5.4	-5.5	-5.5	
Free operating cash flow	**0.2**	**1.1**	**-6.5**	**3.5**	**3.9**	**4.4**	**5.1**	**5.9**	**6.9**	**8.0**	**9.3**	**10.2**	**10.0**	**10.2**	
+/- Other	0.2	2.2	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	0.4	3.3	-4.3	3.5	3.9	4.4	5.1	5.9	6.9	8.0	9.3	10.2	10.0	10.2	0.0
Discounted FCFF		**3.3**	**-3.9**	**2.9**	**2.9**	**3.0**	**3.1**	**3.3**	**3.5**	**3.7**	**3.8**	**3.8**	**3.4**	**3.1**	**38.0**
Sum of FCFF present value		73.9	70.6	74.4	71.5	68.6	65.6	62.5	59.2	55.8	52.1	48.3	44.5	41.1	38.0

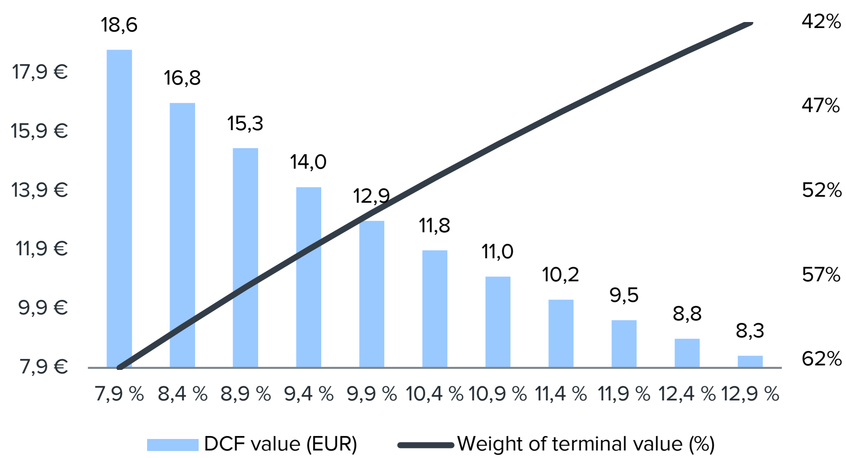
Enterprise value DCF	**73.9**
- Interest bearing debt	-7.6
+ Cash and cash equivalents	2.2
-Minorities	0.9
-Dividend/capital return	0.0
Equity value DCF	**69.4**
Equity value DCF per share	**11.9**

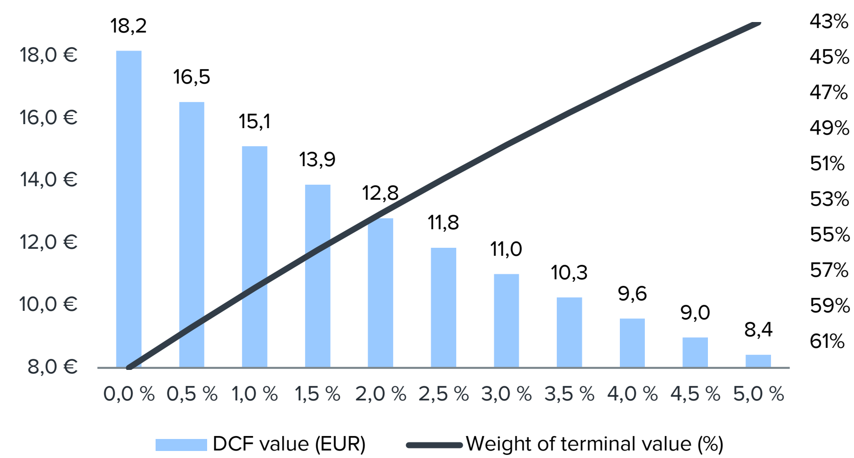
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	5.0 %
Cost of debt	6.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	**10.7 %**
Weighted average cost of capital (WACC)	**10.4 %**

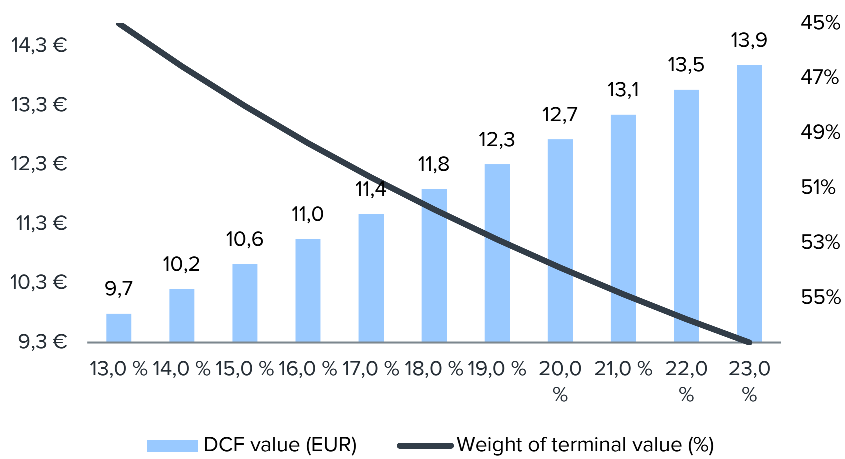
Source: Inderes

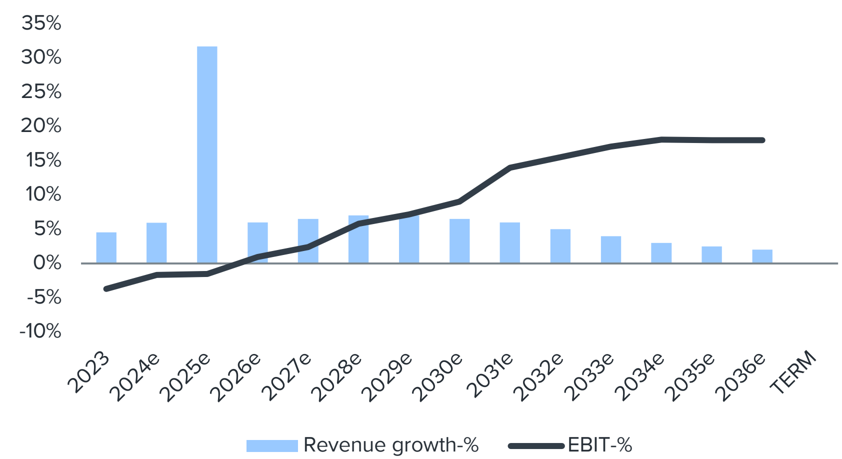


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**10.3**	**28.0**	**25.5**	**25.4**	**23.3**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	9.3	26.9	25.2	25.1	23.0
Tangible assets	0.1	0.2	0.2	0.3	0.3
Associated companies	0.9	0.9	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**7.3**	**8.1**	**8.3**	**10.6**	**11.0**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.1	0.1	0.1	0.1	0.1
Receivables	4.6	5.8	5.9	7.5	7.7
Cash and equivalents	2.6	2.2	2.3	3.1	3.3
Balance sheet total	**32.8**	**31.9**	**29.6**	**38.2**	**35.0**

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**17.4**	**16.0**	**16.3**	**16.6**	**15.8**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-7.0	-8.7	-8.5	-10.3	-11.2
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	24.3	24.7	24.7	26.9	26.9
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**6.1**	**5.5**	**2.9**	**1.0**	**0.0**
Deferred tax liabilities	0.2	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	5.9	5.4	2.9	1.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**9.3**	**10.5**	**10.3**	**20.5**	**19.2**
Interest bearing debt	2.1	2.1	1.6	9.2	7.2
Payables	7.2	8.3	8.7	11.4	11.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**32.8**	**31.9**	**29.6**	**38.2**	**35.0**

Summary

Income statement	2021	2022	2023	2024e	2025e
Revenue	24.6	28.1	29.4	**31.1**	**41.0**
EBITDA	3.1	3.3	3.9	**4.6**	**6.9**
EBIT	-1.0	-1.5	-1.1	**-0.5**	**-0.6**
PTP	-1.2	-1.7	-1.5	**1.0**	**-1.4**
Net Income	-1.3	-1.8	-1.7	**0.3**	**-1.9**
Extraordinary items	-2.1	-2.3	-2.3	**-2.3**	**-3.8**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	37.5	32.8	31.9	**29.6**	**38.2**
Equity capital	18.9	17.4	16.0	**16.3**	**16.6**
Goodwill	0.0	0.0	0.0	**0.0**	**0.0**
Net debt	3.0	5.4	5.3	**2.2**	**7.1**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	3.1	3.3	3.9	**4.6**	**6.9**
Change in working capital	3.5	-2.9	-0.1	**0.3**	**1.1**
Operating cash flow	6.6	0.5	3.5	**4.5**	**7.4**
CAPEX	-24.6	-2.8	-3.3	**-3.4**	**-13.8**
Free cash flow	-14.9	-0.8	0.4	**3.3**	**-4.3**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	4.7	1.7	1.5	**1.2**	**1.0**
EV/EBITDA	37.7	14.7	11.2	**7.8**	**6.0**
EV/EBIT (adj.)	>100	68.3	37.0	**20.0**	**13.2**
P/E (adj.)	>100	93.4	67.2	**41.1**	**18.7**
P/B	6.0	2.5	2.4	**2.1**	**2.1**
Dividend-%	0.0 %	0.0 %	0.0 %	**0.0 %**	**0.0 %**

Source: Inderes

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	-0.24	-0.33	-0.31	**0.05**	**-0.32**
EPS (adj.)	0.16	0.09	0.11	**0.15**	**0.32**
OCF / share	1.22	0.09	0.64	**0.78**	**1.26**
FCF / share	-2.77	-0.15	0.08	**0.56**	**-0.73**
Book value / share	3.51	3.19	2.92	**2.79**	**2.84**
Dividend / share	0.00	0.00	0.00	**0.00**	**0.00**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	78%	14%	5%	**6%**	**32%**
EBITDA growth-%	78%	8%	17%	**20%**	**49%**
EBIT (adj.) growth-%	155%	-37%	65%	**54%**	**73%**
EPS (adj.) growth-%	129%	-44%	22%	**38%**	**120%**
EBITDA-%	12.4 %	11.8 %	13.2 %	**14.9 %**	**16.8 %**
EBIT (adj.)-%	4.6 %	2.5 %	4.0 %	**5.8 %**	**7.6 %**
EBIT-%	-4.0 %	-5.5 %	-3.7 %	**-1.7 %**	**-1.5 %**
ROE-%	-9.1 %	-9.8 %	-10.1 %	**1.8 %**	**-11.4 %**
ROI-%	-5.2 %	-5.8 %	-4.5 %	**7.5 %**	**-2.7 %**
Equity ratio	50.4 %	53.0 %	50.1 %	**55.1 %**	**43.5 %**
Gearing	15.7 %	30.9 %	33.4 %	**13.5 %**	**42.8 %**

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy The 12-month risk-adjusted expected shareholder return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/24/2023	Buy	12.50 €	9.98 €
4/25/2023	Accumulate	12.50 €	11.00 €
6/30/2023	Buy	12.00 €	8.70 €
8/8/2023	Buy	11.50 €	7.94 €
9/21/2023	Buy	10.00 €	7.20 €
10/26/2023	Accumulate	8.00 €	6.50 €
12/7/2023	Buy	8.00 €	5.98 €
2/28/2024	Accumulate	9.20 €	8.10 €
4/24/2024	Accumulate	9.50 €	8.08 €
8/16/2024	Accumulate	9.00 €	7.56 €
10/27/2024	Accumulate	8.00 €	6.90 €
1/9/2025	Buy	8.50 €	5.98 €

inde
res.

Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at **inderes.fi**

STARMINE ANALYST AWARDS FROM REFINITIV

THOMSON REUTERS ANALYST AWARDS

Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020

Mikael Rautanen
2014, 2016, 2017, 2019

Sauli Vilén
2012, 2016, 2018, 2019, 2020

Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020

Olli Koponen
2020

Joni Grönqvist
2019, 2020

Erkki Vesola
2018, 2020

Petri Gostowski
2020

Atte Riikola
2020

Connecting investors and listed companies.