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Results Reaction	IT/Technology	Finland	15 August 2024
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Q2: Beat in EBITDA, ARR marginally below

Leaddesk delivered Q2 EBITDA above our estimate with in-line sales. The ARR missed our estimate marginally, but we note that this may owe to the impact of the acquired Telemagic (not disclosed). The strong profitability is thanks to gross margin, which we think likely stems from successful integration of Länsilinkki. Guidance repeated and at first glance we think the margin guidance has upside risk. Neutral to positive reaction justified based on first read.

Outcome: ARR some 1% below, Sales in line, EBITDA above

Leaddesk posted Q2 sales of EUR 7.8m (up 8% y/y in comparable currencies) in line with our estimate of EUR 7.8m. However, profitability came in above our estimate as adjusted EBITDA landed at EUR 1.1m vs. our estimate of EUR 0.8m. The better than expected profitability owes to material and service costs (higher than expected gross margin), which we think is likely thanks to the integration of the Länsilinkki acquisition (acquired summer 2023).

The ARR at the end of the quarter rose to EUR 27.0m (up 10% y/y and 5% q/q) and was slightly below (-1%) our ARR estimate of EUR 27.3m. We had included some EUR 1m ARR from the acquired Telemagic and at first glance the company does not provide the impact of Telemagic in ARR.

The company notes that the positive momentum in the Pan-European business has continued with double-digit sales growth. Also the enterprise customer segment in the Nordics has continued its positive development. However the Finnish SME client segment has remained challenging. From the case perspective we flag the importance of continued momentum in the European business.

Leaddesk Q2/24 deviation table

(EURm)	Q2/24			Deviation SEB		Deviation Cons		Q2/23	
	Actual	SEB	Cons	Abs	Rel (%)	Abs	Rel (%)	Actual	y/y (%)
Sales	7.8	7.8	na	0.0	-0.5	n.a.	n.a.	7.2	7.9
EBITDA, Adj	1.1	0.8	na	0.3	41.9	n.a.	n.a.	0.9	25.6
EBITDA-%	14.6	10.2	na		4.4pp		n.a.	12.5	2.1pp
Other data									
ARR, EURm	27.0	27.3	na	-0.2	-0.9	n.a.	n.a.	24.4	10.6

Source: SEB, Leaddesk

Leaddesk H1/24 deviation table

(EURm)	H1/23			Deviation SEB		Deviation Cons		H2/22	
	Actual	SEB	Cons	Abs	Rel (%)	Abs	Rel (%)	Actual	y/y (%)
Sales	15.5	15.5	na	0.0	-0.3	n.a.	n.a.	14.5	6.9
EBITDA, Adj	2.1	1.7	na	0.3	19.1	n.a.	n.a.	1.8	14.2
EBITDA-%	13.4	11.2	na		2.2pp		n.a.	12.6	0.9pp
EBIT	-0.5	-0.7	na	0.3	39.7	n.a.	n.a.	-0.7	36.2
EBIT-%	-2.9	0.0	na		-2.9pp		n.a.	-4.9	2.0pp
EPS	-0.16	-0.14	na	-0.02	-15.0	n.a.	n.a.	-0.15	-9.2
Other data									
ARR, EURm	27.0	27.3	na	-0.2	-0.9	n.a.	n.a.	24.4	10.6

Source: SEB, LEaddesk

Outlook: Guidance repeated

Leaddesk repeated its guidance and expects its FY 24 sales growth in comparable currencies to be in the range of EUR 5-15% (SEB est. 10%) and EBITDA margin to be in the range of 10-15% (SEB est. 13.2%). Following the margin beat in Q2 we think it is time to look at the upper end of the margin guidance range.

Conference call details: Starts at 11am Finnish time

By registering to the event, you will get a link to the webinar: <https://leaddesk.com/h1-results-2024>.

The presentation material and a video of the event will be available on the company's website <http://investors.leaddesk.com> after the event.

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