

# Heeros



## Heeros Q1/2024 Result Briefing

18 April 2024

## Safe Harbor Statement

Certain statements in this presentation are forecasts and are based on the views of Heeros and company management at the time of their issuance. For this reason, they involve risks and uncertainties. Forecasts may also change if there are significant changes in the general financial situation or the company's operating environment.

The information in the presentation is not intended as investment advice, offers or solicitation to trade in Heeros investment products or services.

## Presenting today

**Niklas Lahti**  
Chief Executive Officer



- Background from leading B2B IT and Tech companies, as well as in finance, investments and M&A
- Previously M&A Director at Digia, CEO/Entrepreneur at Nord Software and Analyst at Rite Ventures
- M.Sc. (Econ.) in Finance from Aalto University

**Juho Pakkanen**  
Chief Financial Officer



- Versatile work experience in financial management and business control
- Previously at Sita Finland, FCG Finnish Consulting Group, Fonecta and ThreeFiveEight
- M.Sc. (Econ.) from Lappeenranta University of Technology



# Content

## Q1 commentary

Strong growth in profitability despite a challenging environment

## Outlook 2024

Committed to profitable growth

# Key figures Q1 2024

1,000 EUR	Q1 2024	Q1 2023	Change, %	Year 2023
Revenue	2,746	2,807	-2 %	11,296
Recurring revenue <sup>1</sup>	2,605	2,645	-1 %	10,774
Contract revenue	2,144	2,088	3 %	8,578
Transaction revenue	461	556	-17 %	2,195
EBITDA	527	428	23 %	2,478
EBITDA, % of revenue	19 %	15 %		22 %
EBITDA (adjusted) <sup>2</sup>	576	428	35 %	2,654
EBITDA (adj.), % of revenue	21 %	15 %		23 %
Rule of 40, %	17 %	18 %		24 %
Rule of 40, % (adj.) <sup>2</sup>	19 %	18 %		25 %

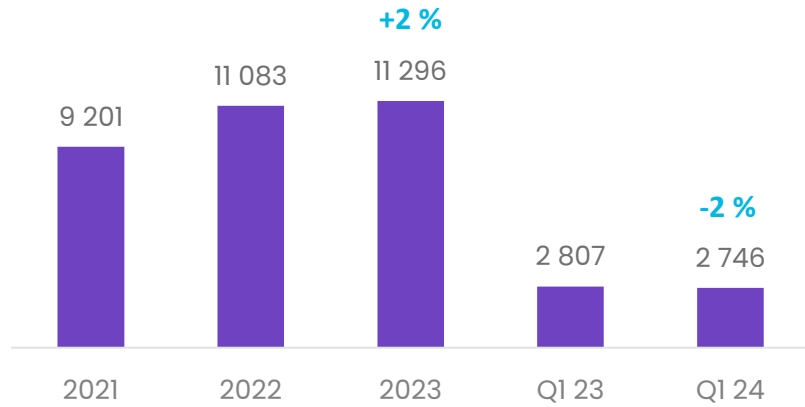
- Revenue decreased by 2 % year-on-year to EUR 2.7 (2.8) million due to decline in transaction volumes (-9 %).
- Transaction revenue declined by 17 % to EUR 0.5 (0.6) million, which weighed in on overall revenue growth during a macroeconomically challenging environment.
- Contract revenue increased by 3 % to EUR 2.1 (2.1) million.
- Adjusted EBITDA increased by 35 % to EUR 0.6 (0.4) million, which was 21 % (15 %) of revenue.

<sup>1</sup>Recurring revenue is divided into two parts: contract revenue (fixed usage fees and service agreements) and transaction revenue.

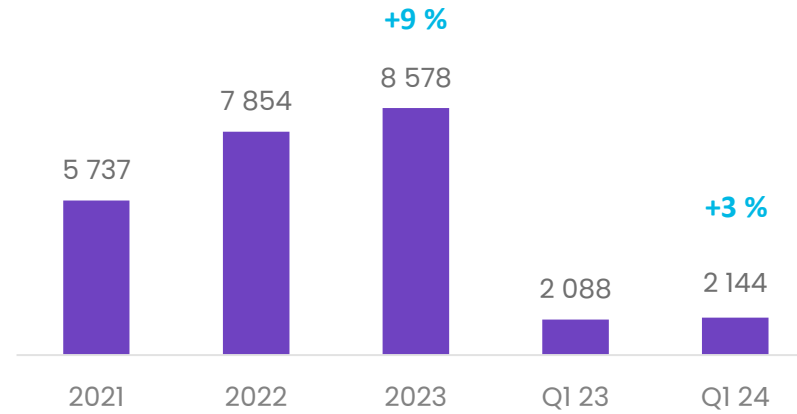
<sup>2</sup>The adjusted figures for Q1/2024 include an adjustment of EUR 49 thousand for non-recurring restructuring costs.

# Revenue & profitability development

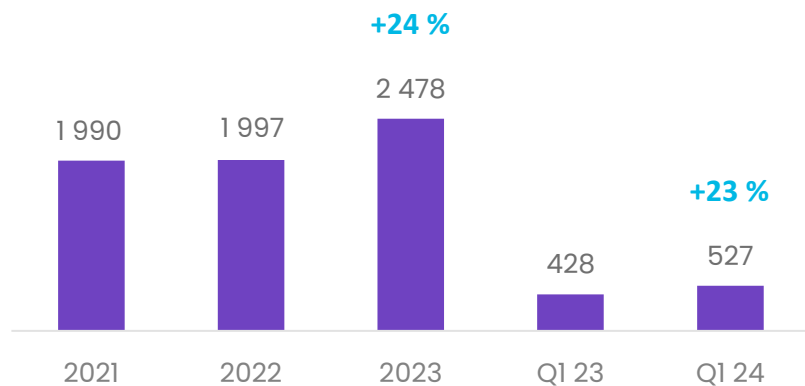
Revenue, EUR 1,000



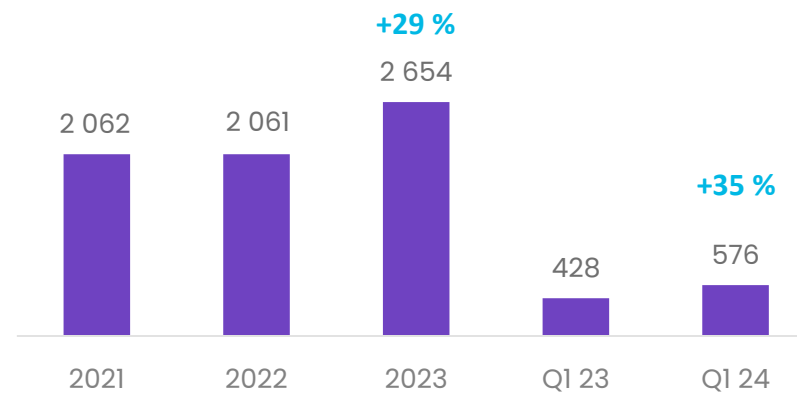
Contract Revenue, EUR 1,000



EBITDA, EUR 1,000



EBITDA (adjusted), EUR 1,000



# SaaS-metrics

## Net revenue retention (NRR)

Q1/24: 105 % (Q1/23: 107 %)

## ARPA, End customer

Q1/24: 55 € (Q1/23: 51 €, +8 %)

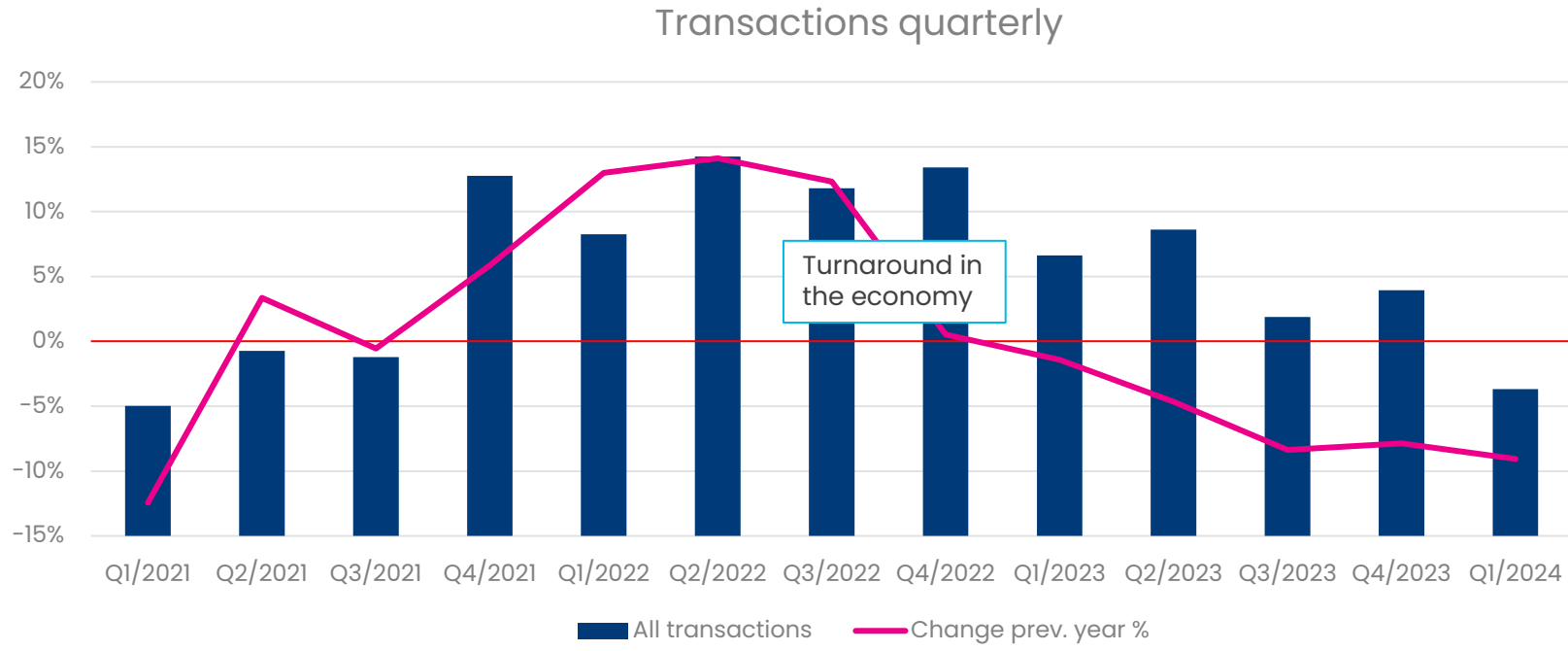
## Order intake, ARR

Q1/24: 102k EUR (Q1/23: 210k EUR)



# Macroeconomic uncertainty

## Transactions trend





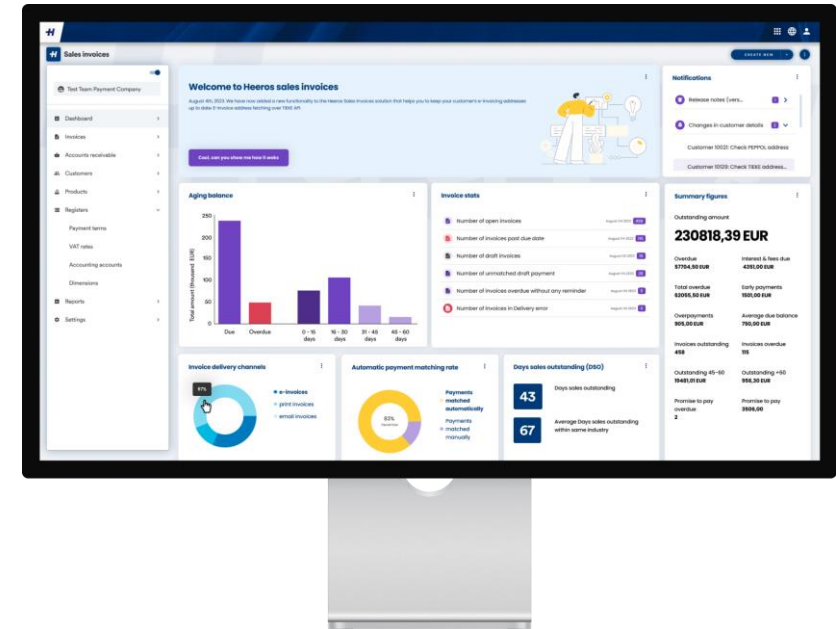
# Key message of Q1/24

- Excellent developments in profitability and cash flow, clearly cash flow positive now and repaying a large part of net debt during year
  - EBITDA (adj.) grew by 35% compared to Q1 23, contract revenue grew by 3%
  - EBITDA-Cash\* increased by more than 450%, reaching EUR 240 (43) thousand
  - Operational cash flow improved by 90% to EUR 726 (382) thousand
- Journey towards a more focused Heeros continued, headcount at 74 employees at end of period (83 at year end 2023, 96 a year ago)
  - Change negotiations aimed not only to decrease costs but also to address challenges in sales.
  - After completion of extensive software development projects, it was logical to allocate organizational resources elsewhere
- Seasonality and low transaction volumes affected negative development of revenue
  - Still soft ARR intake, though clearly improved in April already
  - Change negotiations during quarter certainly affected team performance in February and March, pipeline looking better now
- Good progress in product development, both in key focus area of Accounts Payable / Receivable as well as in PSA
  - Positive progress in AP/AR software development continues, clearly increased product development velocity
  - PSA reporting update, enabling e.g. more dynamic handling of reports, & saving personal reports moved to customer piloting stage

\*Adjusted EBITDA, where investments in tangible and intangible assets have been deducted from EBITDA

# Positive momentum in New Heeros Sales Invoices

We **reached key milestones** in both product development and go-to-market of our new **Invoice-to-Cash** solution that will benefit both our key target segments: accounting offices & direct mid-segment customers



## Heeros Invoice to Pay & Invoice to Cash



- ✓ Multi-country compliance
- ✓ Easy ERP connectors & fast implementation
- ✓ Easy & mobile user experience

**Because every international SME deserves 100% invoice-to-cash visibility**

*Heeros Sales Invoices with infinite integration capabilities powers up your ERP in just a few days.*



# Content



## Q1 commentary

Strong growth in profitability despite a challenging environment



## Outlook 2024

Committed to profitable growth

# Outlook for 2024

- As highlighted also in Q4 2023 report – Q1 is cyclically worst quarter, so happy to see we had a good result here
  - We expect profitability to increase gradually during 2024
- Even after cost cuts in February still investing strongly in forward-looking R&D: ~2 MEUR of investments projected in 2024
  - Key focus of investments made during 2024 in Accounts Payable (AP) and Accounts Receivable (AR) automation, with products Heeros Sales Invoices and Heeros Purchase Invoices
  - Investments made via own R&D/Products personnel, not via outside consultants
- Outlook and strategy for 2024 emphasizes continuity
  - Profitability and our current customers are at the core of our strategy
  - Many changes have been made during past 12 months, ours is a slow-moving business – time to wait & trust that the changes made have been for the better (I do believe they have)

# Financial outlook 2024

Heeros expects that both revenue and EBITDA for 2024 financial period improve from the 2023 financial period.

# Q&A

Thank you!

A photograph of three people in a modern office setting. A woman with long blonde hair in a red top is on the left, looking towards the other two. In the center, a man with glasses and a beard in a blue shirt is laughing. On the right, a woman with short dark hair in a white top and blue jeans is laughing heartily while holding a yellow mug. They are sitting on a brown sofa in front of a window with a perforated metal screen. The scene is lit with a cool blue light.

# Heeros

Join the growth ride

[www.heeros.com](http://www.heeros.com)

The company's shares are listed on Nasdaq First North Growth Market Finland, under the trading ID HEEROS