



Heeros
H1/2023
13 July 2023

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.

Speaking today

Niklas Lahti



- ✓ Heeros CEO
- ✓ Background from leading B2B IT and tech companies, as well as in finance, investments and M&A
- ✓ M&A Director at Digia, CEO/Entrepreneur at Nord Software, Analyst at Rite Ventures

Juho Pakkanen



- ✓ Heeros CFO
- ✓ Goal-oriented management of operations
- ✓ Versatile work experience in financial management and Business Control
- ✓ Sita Finland, FCG, Fonecta, ThreeFiveEight and Heeros

Content

```
graph LR; Content((Content)) --- H1((H1 2023)); Content --- Outlook((Outlook for 2023));
```

H1 2023: Focus on profitability, increasing contract revenue, but slowing growth
Multitude of changes done internally

Outlook for 2023

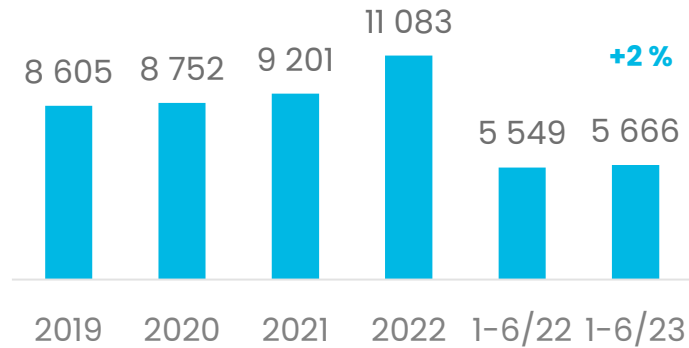
Key Figures H1 2023

1,000 EUR	Q2/ 2023	Q2/ 2022	Change, %	H1/ 2023	H1/ 2022	Change, %	Year 2022
Adjusted Rule of 40, %	17 %	43 %		18 %	39 %		39 %
Revenue	2,859	2,815	2 %	5,666	5,549	2 %	11,083
Recurring Revenue	2,722	2,584	5 %	5,367	5,124	5 %	10,332
Contract Revenue	2,148	1,951	10 %	4,237	3,883	9 %	7,854
Transaction Revenue	574	633	-9 %	1 130	1 240	-9 %	2,478
Adjusted EBITDA	454	483	-6 %	882	764	15 %	2,061
Adjusted EBITDA, % of revenue	16 %	17 %		16 %	14 %		19 %
Operational cash flow	516	475	9 %	898	719	25 %	1,642
Equity ratio, %				58 %	57 %		58 %

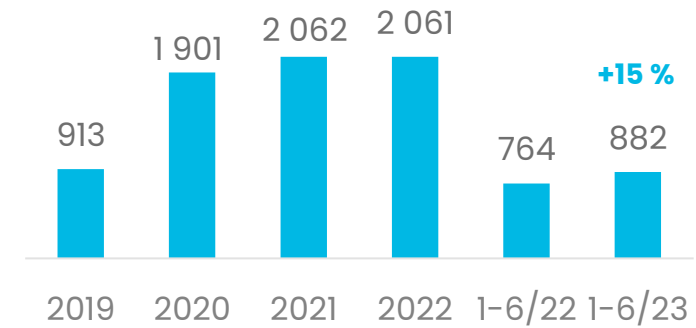
- The combined EBITDA margin and revenue growth percentage (Rule of 40) was 17 % (1-6/2022: 39 %). The revenue growth rate for 2022 includes the inorganic growth derived from the Taimer Ltd acquisition.
- Revenue increased by 2% year-on-year to EUR 5,666 (5,549) thousand. Recurring revenue increased by 5% and contract revenue increased by 9%.
- Transaction revenue declined by 9%. In addition to the fall in transaction volumes (decreased by 3 %), the fall in transaction revenue was also due to the conversion of transaction volumes into contract revenue in connection of contract reform.
- Adjusted EBITDA was EUR 0.88 (0.76) million, increased by 15 %. Despite the acceleration in cost inflation the cost level in the first half of the year is at the same level as in the previous year. In addition, we invested more in our personnel than in previous years, as we extended the Heeros employee fund also to Taimer Ltd's personnel from July 2022.
- Operational cash flow increased by 25% to EUR 898 (719) thousand.

Revenue & profitability development

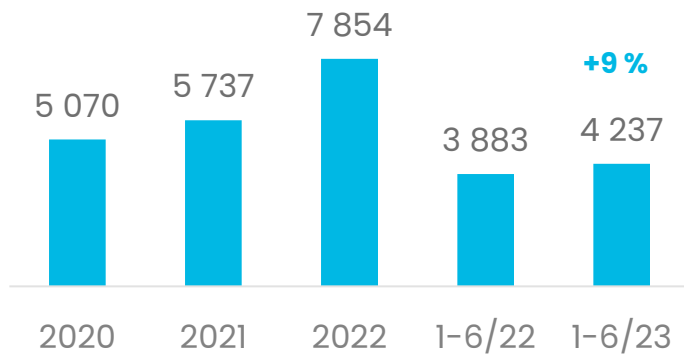
Revenue, 1000 eur



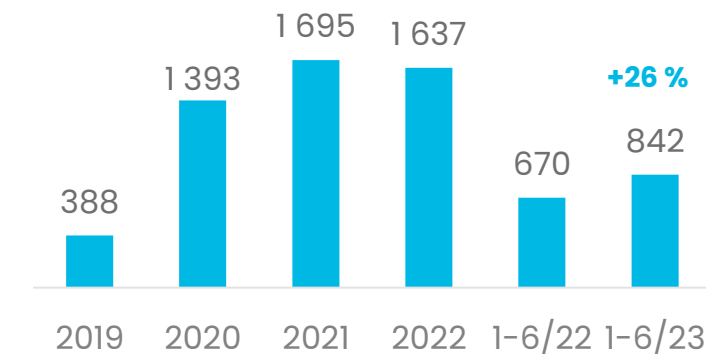
Adjusted EBITDA, 1000 eur



Contract revenue, 1000 eur



Operational cashflow (adj.), 1000 eur



SaaS Metrics

Net revenue retention (NRR)

H1/23: 107 % (H1/22: 109 %)

ARPA, End customer

H1/23: 54 € (+10 %)

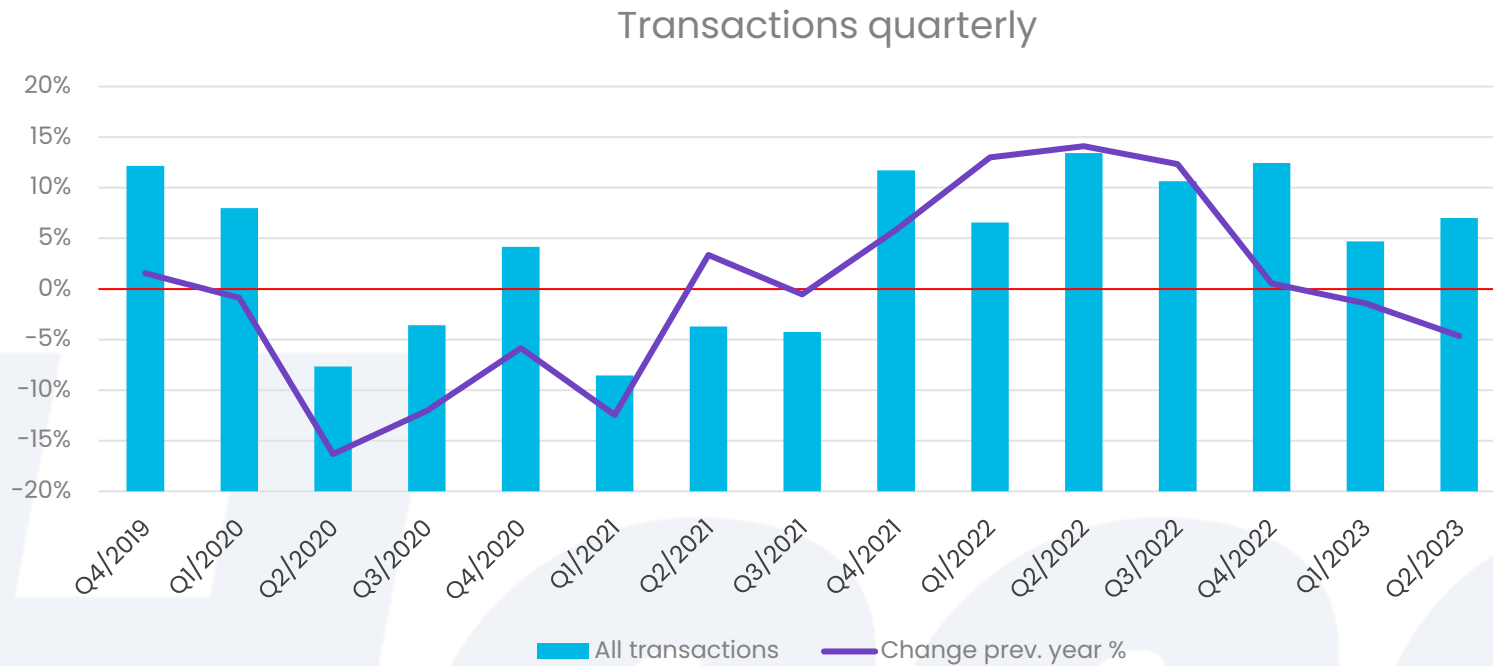
Order intake, ARR

H1/23: 360k EUR (530k EUR)

- NRR in solid levels
- End-customer ARPA increasing as expected
- Order intake ARR not on par with expectations, relates to changes made



Macroeconomic uncertainty continues Transactions-trend





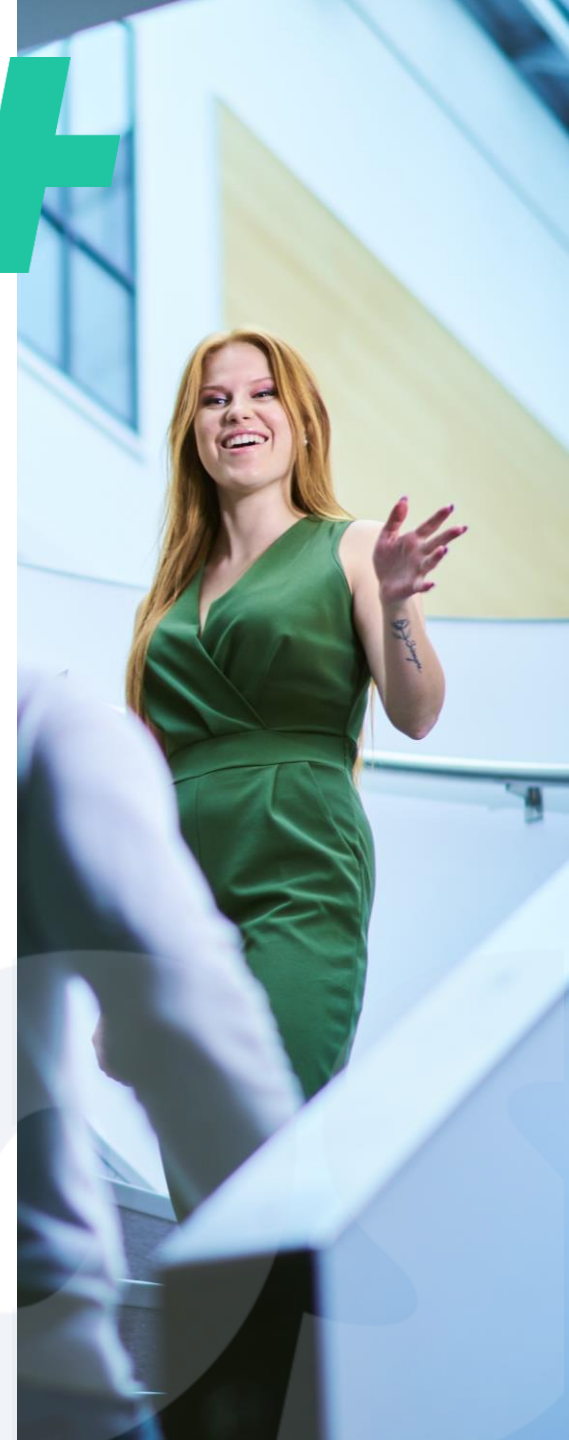
Key Message of H1/2023

- **Positives**

- Good contract revenue increase, strong NRR, lower than expected churn
- Strong internal performance amidst a multitude of changes
- Profitability improving after cost cuts made – will be seen in Q3 and Q4 figures
- Combination of PSA+new sales invoices product looking promising on Finnish companies going international, supported by Enable Banking agreement
- New ways of working in how we approach customers: updated segmentation model

- **To improve**

- Changes made in sales & marketing organization affected ARR intake in short term, should improve in H2 2023
- Slowed down decision making amidst customers pushed many potential deals into H2 2023 even if sales pipeline was relatively strong
- Poor transaction and one-off revenue



Content

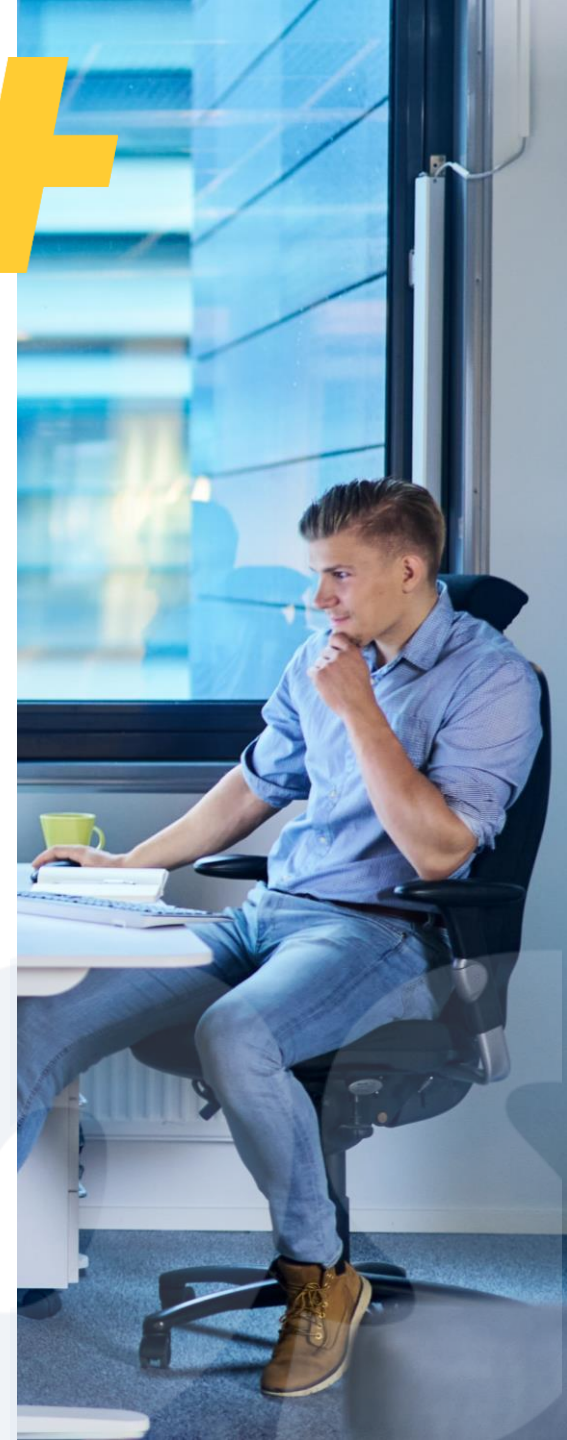
```
graph LR; Content((Content)) --- H1((H1 2023)); Content --- Outlook((Outlook for 2023));
```

H1 2023: Focus on profitability, increasing contract revenue, but slowing growth
Multitude of changes done internally

Outlook for 2023

Outlook for H2/2023

- Focus on profitability continues, supported by cost cuts made
- Slight re-alignment of strategy: Focus on less, not more
 - As a whole strategy remains the same
- On product development side:
 - Continue to develop new HSI solution, aiming for larger launch in H1 2024
 - Gradual streamlining of product suite, as first step outsourcing scanning services to Posti



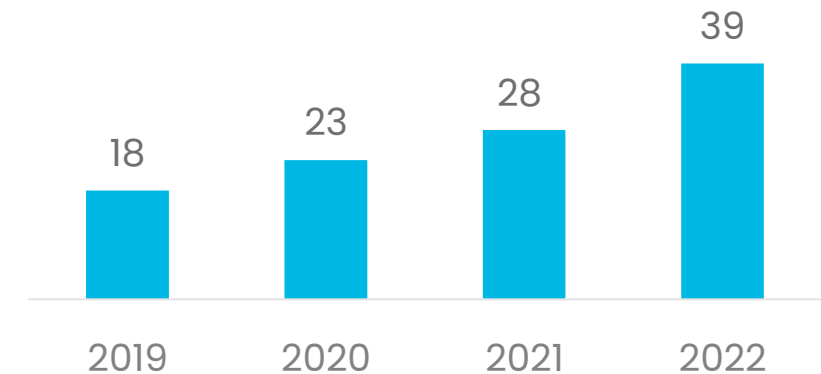
Heeros

Financial outlook 2023

Financial outlook for the full year 2023 remains unchanged: Heeros estimates that its combined EBITDA margin (EBITDA, % of revenue) and revenue growth percentage (Rule of 40) will be at the level of 30% during the 2023 financial period.

In addition, Heeros provides more detail regarding the outlook for the second half of the financial year, as follows: We will focus on securing profitable growth during 2023, and we expect the EBITDA margin to increase in the second half of 2023 compared to the second half of 2022.

Rule of 40 (adj), %





www.heeros.com

Q&A