

# Heeros



## CEO Review

Heeros AGM, 23.3.2024

# 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

# Agenda



**01** Financial summary 2023

**02** Share price development during the year

**03** Board

**04** Outlook & financial guidance 2024

**05** Q&A



# Financial summary 2023



# Key figures 2023 – clearly improving profitability

1,000 EUR	Q4 2023	Q4 2022	Change, %	H2 2023	H2 2022	Change, %	Year 2023	Year 2022	Change, %
Rule of 40, % (adj.) <sup>1</sup>	26 %	38 %		33 %	39 %		25 %	39 %	
Revenue	2,810	2,893	-3 %	5,630	5,534	2 %	11,296	11,083	2 %
Recurring revenue <sup>2</sup>	2,712	2,625	3 %	5,407	5,208	4 %	10,774	10,332	4 %
Contract revenue	2,171	2,001	9 %	4,342	3,971	9 %	8,578	7,854	9 %
EBITDA	781	651	20 %	1,653	1,282	29 %	2,478	1,997	24 %
EBITDA, % of revenue	28 %	23 %		29 %	23 %		22 %	18 %	
EBITDA (adjusted) <sup>3</sup>	799	651	23 %	1,772	1,298	37 %	2,654	2,061	29 %
EBITDA (adj.), % of revenue	28 %	23 %		31 %	23 %		23 %	19 %	
Profit for the period	222	29	662 %	500	59	743 %	177	-405	
Operational cash flow				1,164	923	26 %	2,063	1,642	26 %
Return on Equity (ROE), %							3 %	-9 %	

1) The revenue growth rate for 2022 includes the inorganic growth derived from the Taimer Ltd acquisition. The adjusted figures for 2023 include an adjustment of EUR 176 thousand for non-recurring restructuring costs.

2) Recurring revenue is divided into two parts: contract revenue (fixed usage fees and service agreements) and transaction revenue.

3) The adjusted figures for 2023 include an adjustment of EUR 176 thousand for non-recurring restructuring costs.

# Strong NRR, low churn continues

**~17 000 end-customers**  
~200 international customers

**95% recurring revenue**  
Low churn

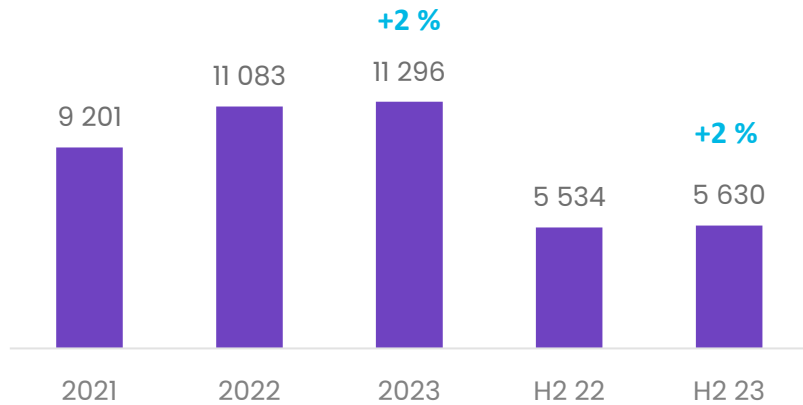
**Net revenue retention (NRR)**  
1-12/23: 106 %

**ARPA, End customer**  
1-12/23: 52 €

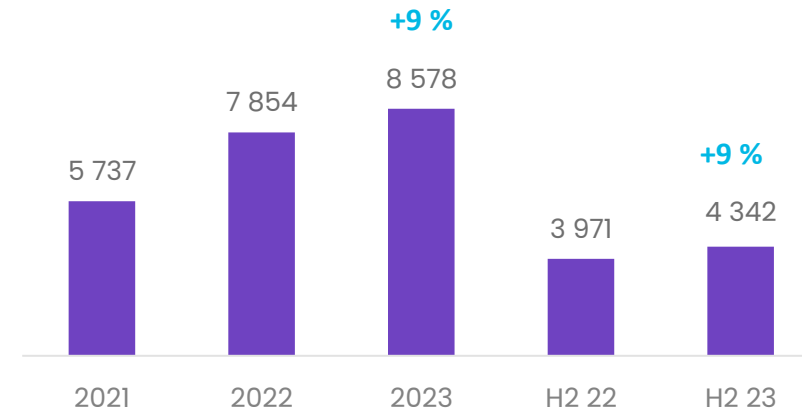


# Revenue & profitability development

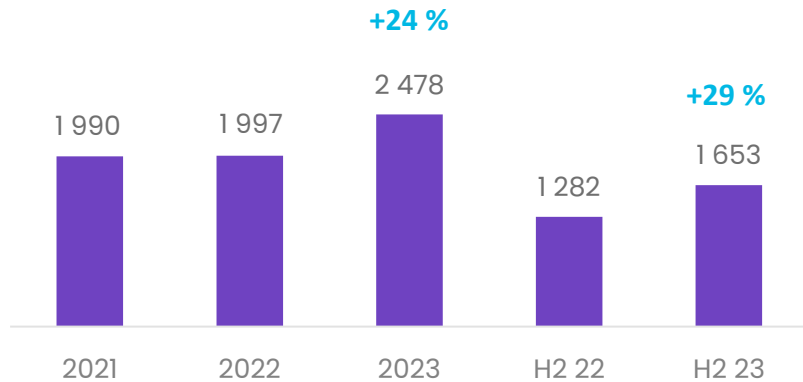
Revenue, EUR 1,000



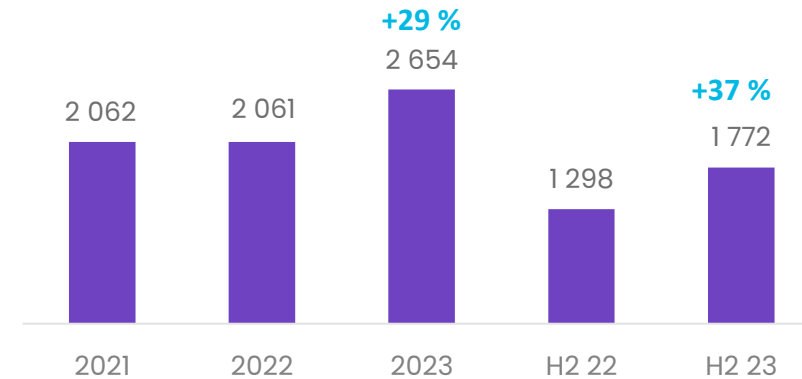
Contract Revenue, EUR 1,000



EBITDA, EUR 1,000



EBITDA (adjusted), EUR 1,000



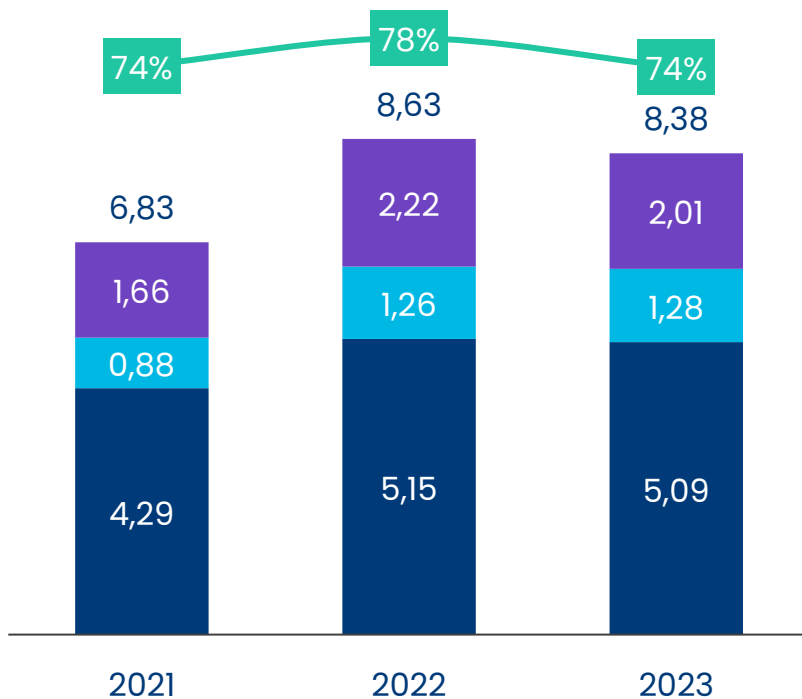
# Commentary for the year

- In general, steady performance during the year
  - Contract revenue grew by 9% – transactional and one-off revenues declined
  - Good net revenue retention at 106%, low churn in all key product areas
  - Headcount reduced by 10 FTEs (to 83 at end of year) with negligible operational impact, OPEX base clearly lower
- Constant increases in profitability throughout the year
  - EBITDA (adjusted) grew by 29% during the year compared to 2022, and by 37% in H2 23 compared to H1 22
  - Happy to see Heeros reach profitability on net result level for FY2023
- Challenging environment for new sales
  - New ARR intake too low given S&M spend – changes implemented already and continued during Q1/24
- Positive developments in automating Invoice-to-Cash
  - Good momentum in clarifying story of Heeros – both internally and externally – reflected in sales wins as well
- Year of changes for Heeros: New owners, new CEO, new ways of working
  - Change negotiations and cost reductions during year
  - Re-prioritization of R&D efforts to Accounts Payable and Accounts Receivable



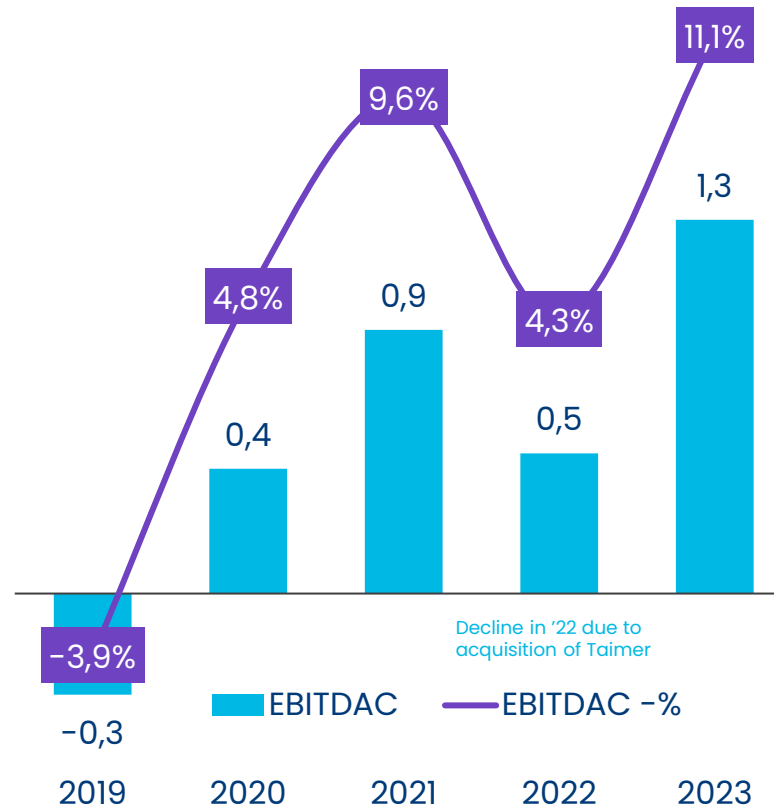
# Operational efficiency improvements during 2023-24 starting to decrease fixed costs and improve profitability for the long term

Fixed cost base development EURm



- Other fixed costs
- Capitalised development expense
- Personnel expenses
- Fixed cost % of sales

Adj. EBITDA-Cash development EURm



- Fixed cost base increased in 2022 mainly due to the acquisition of Heeros PSA (Taimer) in late 2021
- Refocusing actions started to decrease fixed costs mainly during the second half of 2023
- Run-rate profitability significantly above the level achieved in 2023
- Additional cost savings to improve profitability completed in early 2024
- Cost savings not impacting operations or churn in a major way

# Share price development



# Low turnover & low liquidity especially in H2 2023

	H2/ 2023	H2/ 2022	Year 2023	Year 2022
Total volume	95 048	2 355 408	484 393	2 932 757
Turnover, eur	336 999	10 714 711	2 646 402	13 318 691
High price	4,95	6,24	6,24	6,46
Low price	2,64	3,73	2,64	3,00
Average price	3,55	4,55	5,46	4,54
Closing price	3,85	6,14	3,85	6,14
Market Cap, eur	20 437 713	32 093 762	20 437 713	32 093 762
Number of shareholders, closing	1 021	1 135	1 021	1 135
Number of shares, closing	5 308 497	5 226 997	5 308 497	5 226 997
Number of shares, average	5 292 138	5 226 274	5 261 775	5 222 929
Earnings per share, eur	0,09	0,01	0,03	-0,08
Diluted Earnings per share	0,09	0,01	0,03	-0,07

# Board



# Heeros board in 2023

## Board consisted of:

- Jostein Vik Chairman of the Board Born 1973 Joined the board in 2023
  - Shareholdings in company: 0 shares
- Juho Nikkola Board member Born 1963 Joined the board in 2020
  - Shareholdings in company: 31 485 shares
- Taru Mäkinen Board member Born 1975 Joined the board in 2022
  - Shareholdings in company: 80 shares
- Paavo Pakkanen Board member Born 1981 Joined the board in 2023
  - Shareholdings in company: 0 shares
- Niklas Lahti Board member Born 1987 Joined the board in 2023
  - Shareholdings in company: 47 619 shares

## With two board observers:

- Eirik Hjelmeland Born 1991
- Axel Medefelt-Westphalen Born 1991

# Outlook 2024

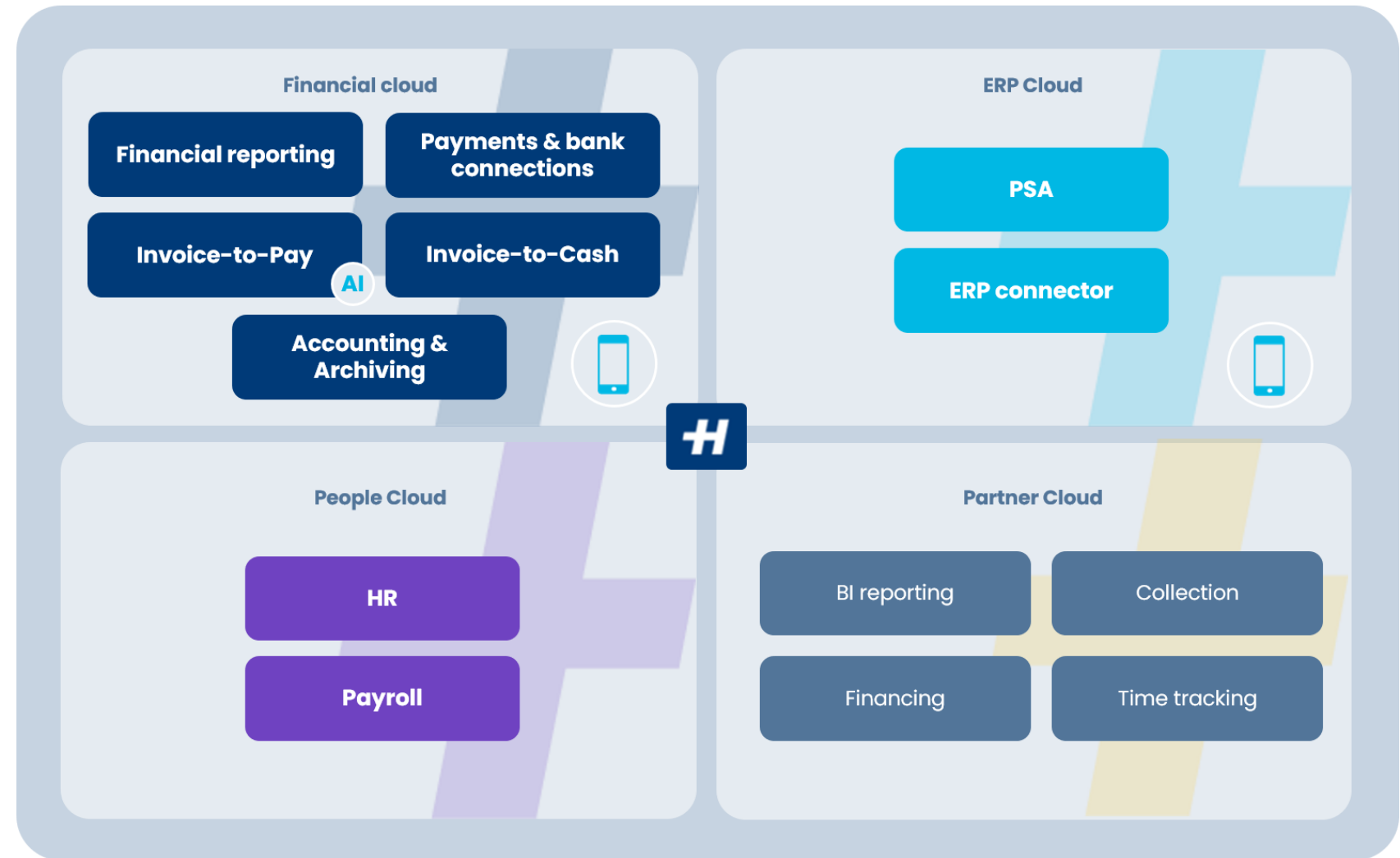


# Financial outlook 2024

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

# Heeros Business Management Cloud

Heeros is expanding solution offering to meet changing customer needs





# Q&A

Thank you!

A photograph of three people in a modern office environment. 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 at a table in front of a window with a perforated metal screen. The scene is lit with warm, blue-toned light.

# Heeros

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[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