

Heeros



Heeros Q2/2024 Result Briefing

16 July 2024

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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

Q2 commentary

Outstanding results across all metrics

Outlook 2024

Committed to profitable growth

Key figures Q2 2024

EUR thousand	Q2/2024	Q2/2023	Change %	H1/2024	H1/2023	Change %	2023
Revenue	2,898	2,859	1 %	5,644	5,666	0 %	11,296
Recurring revenue ¹	2,758	2,722	1 %	5,363	5,367	0 %	10,774
Contract revenue	2,269	2,148	6 %	4,413	4,237	4 %	8,578
Transaction revenue	490	574	-15 %	950	1,130	-16 %	2,195
EBITDA	816	397	105 %	1,343	825	63 %	2,478
EBITDA, % of revenue	28 %	14 %		24 %	15 %		22 %
EBITDA (adjusted) ²	878	454	94 %	1 455	882	65 %	2,654
EBITDA (adj.), % of revenue	30 %	16 %		26 %	16 %		23 %
EBIT	334	-151		300	-269		293
EBIT, % of revenue	12 %	-5 %		5 %	-5 %		3 %
EBIT (adjusted) ²	396	-94		411	-212		469
EBIT (adj.), % of revenue	14 %	-3 %		7 %	-4 %		4 %
Profit for the period	291	-170		235	-323		177
Profit for the period, % of revenue	10 %	-6 %		4 %	-6 %		2 %
Rule of 40, %	30 %	15 %		23 %	17 %		24 %
Rule of 40, % (adjusted) ²	32 %	17 %		25 %	18 %		25 %
Operational cash flow	628	516	22 %	1,354	898	51 %	2,016
Equity ratio, %				69 %	58 %		66 %
Return on Equity (ROE), %				3 %	-5 %		3 %

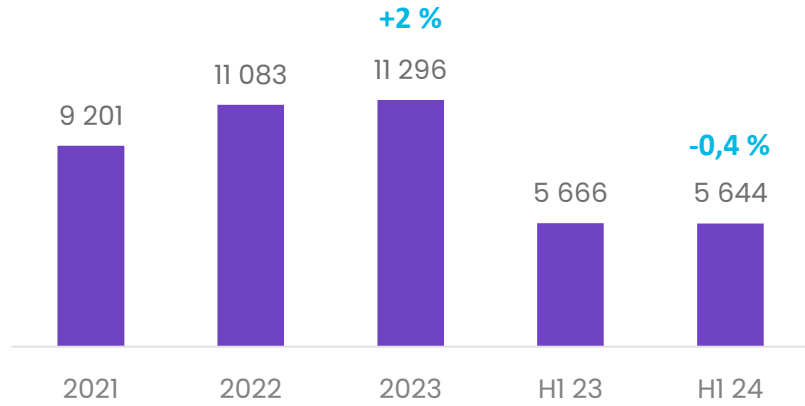
- During the first half of the year contract revenue increased by 4%, adjusted EBITDA by 65% and operational cashflow by 51%.
- During the second quarter both revenue and recurring revenue increased by 1% year-on-year and contract revenue increased by 6% to EUR 2.3 (2.1) million.
- Second quarter EBITDA increased by 105% to EUR 0.8 (0.4) million, which was 28% (14%) of revenue.

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

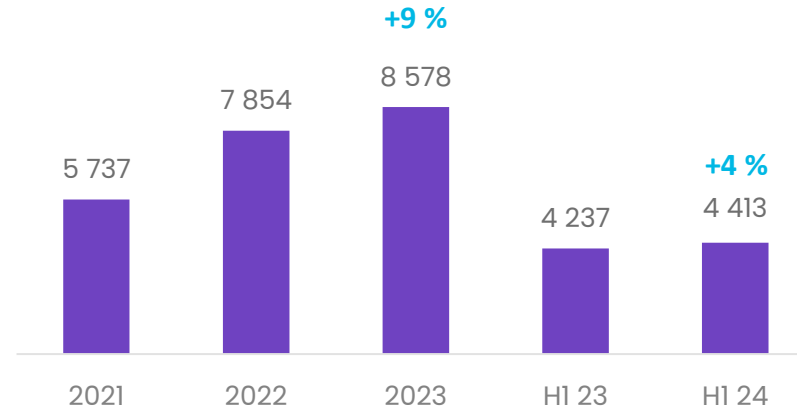
²The adjusted figures for Q2/2024 include an adjustment of EUR 62 thousand and H1/2024 an adjustment of EUR 111 thousand for non-recurring restructuring costs.

Revenue & profitability development

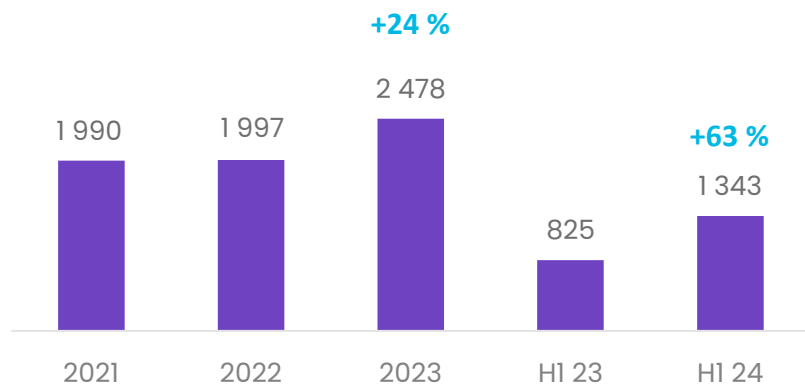
Revenue, EUR 1,000



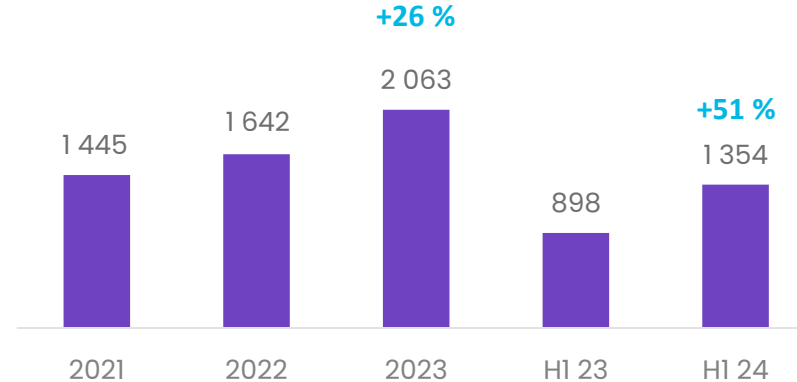
Contract Revenue, EUR 1,000



EBITDA, EUR 1,000

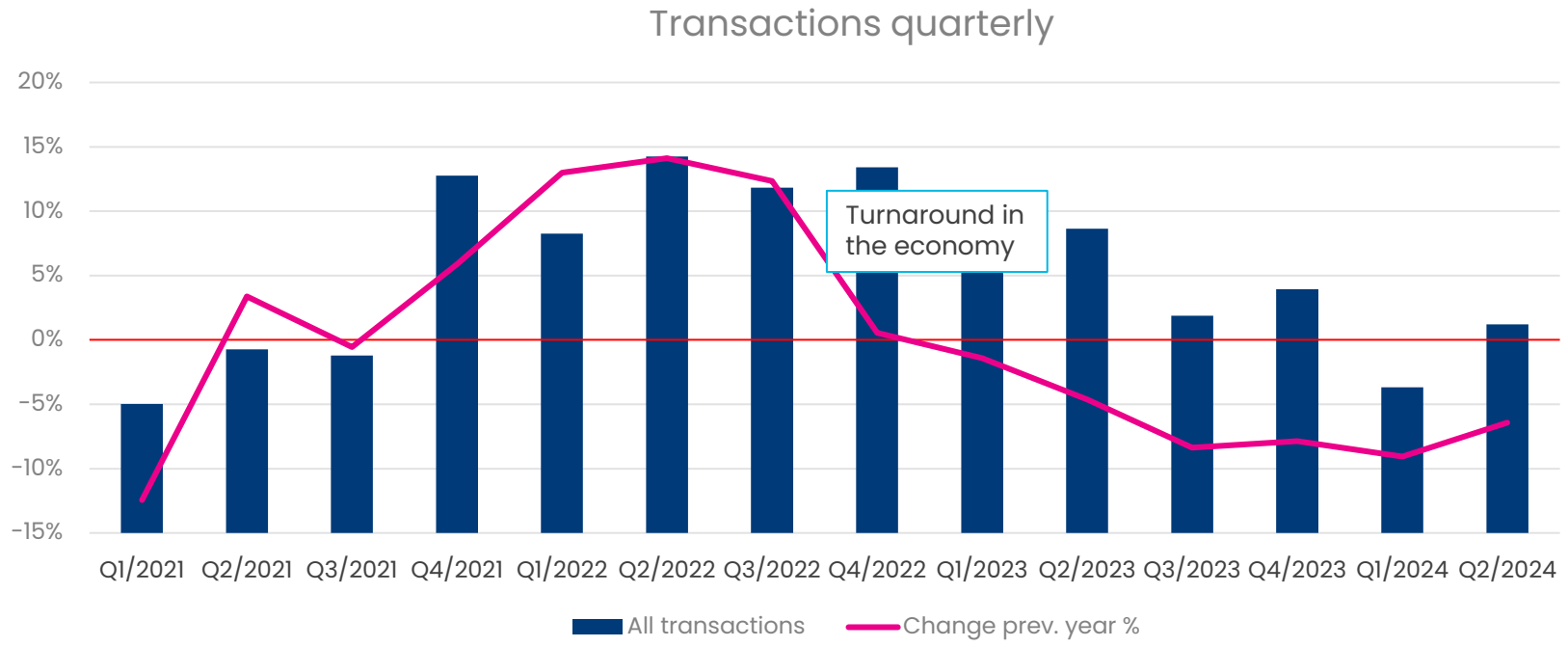


Operational cashflow, EUR 1,000



Macroeconomic uncertainty

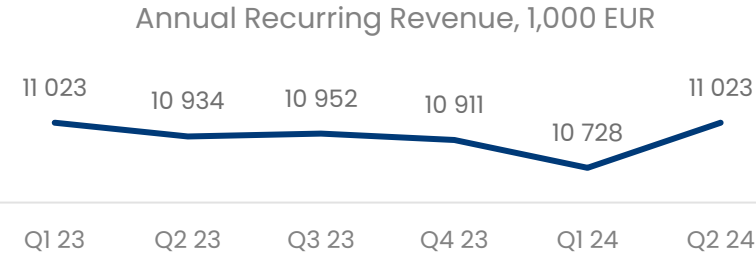
Transactions trend



SaaS metrics

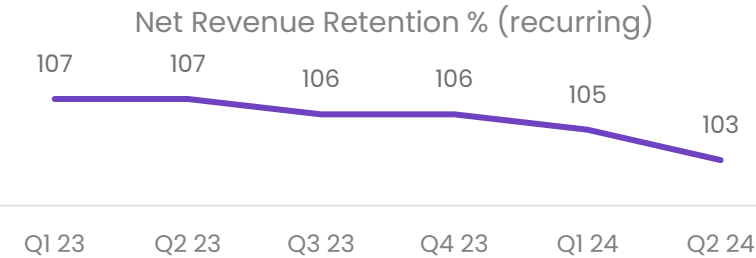
Annual recurring revenue (ARR)

Q2/24: 11.023k EUR (Q2/23: 10.934k EUR)



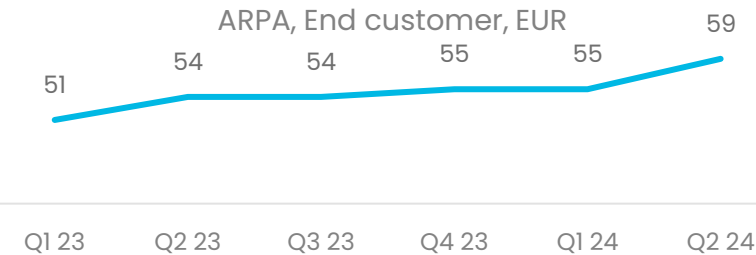
Net revenue retention (NRR)

Q2/24: 103 % (Q2/23: 107 %)



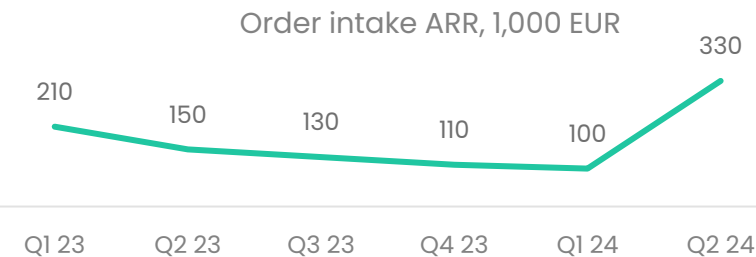
ARPA, End customer

Q2/24: 59 EUR (Q2/23: 54 EUR, +9 %)



Order intake, ARR

Q2/24: 330k EUR (Q2/23: 150k EUR)

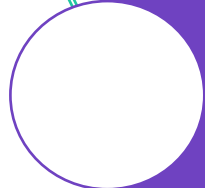


Key message of Q2/24

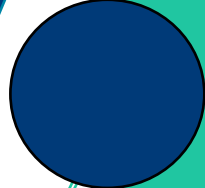
- Second quarter delivered outstanding results across all metrics
 - EBITDA (adj.) grew by 94% compared to Q1 23, representing 30% (16%) of revenue, contract revenue grew by 6%
 - EBITDA-Cash* increased by more than 430%, reaching EUR 612 (115) thousand
 - Profitability improved due to different measures implemented over past 15 months, aimed at enhancing operational efficiency as well as achieved cost savings across all areas of the company
- New ARR intake bounced back to 330 KEUR (+120% y-o-y), with a decline in customer hesitation when making decisions
 - As commented in Q1, change negotiations aimed not only to decrease costs but also to address challenges in sales
 - Happily surprised to see that Q2 sales results were as strong as they were – changes do not happen overnight in our business
 - What is most important is that sales & marketing teams are “on track”, with SQLs and new opportunities increasing substantially
 - Growth driven by mid-market customers ERP changes being more active, several end-of-lives for competitor software
- Low transaction volumes, driven by still-low economic activity meant that overall development of revenue was still muted
 - Lag from “sold case” to “started invoicing” means that Q3 revenue won’t grow much, Q4 2024 and 2025 on track
 - Currently at almost exactly 11 MEUR of ARR (Annual Recurring Revenue)
- Changes in ownership communicated flagged to market as well
 - Main owner Rite Ventures + Ville Skogberg (33.5%), followed by Viking Venture (19.0%)

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

Content



Q2 commentary
Outstanding results across all metrics



Outlook 2024
Committed to profitable growth

Outlook for 2024

- Q1 is cyclically worst quarter – nevertheless provided good results. Q2 went better than expected
 - We expect profitability to increase gradually during 2024
- Having served as CEO for just over a year, I am pleased to see the positive changes in Heeros
 - From the outset, we focused on profitability, operational efficiency, and demonstrating Heeros' commitment to growth without compromising on profitability
 - These goals have been met, and Heeros' financial profile has markedly improved over the year
- Optimistic about 2024 – especially given great strides made in improving sales & marketing efficiency
 - If trend continues, we expect positive sales momentum to carry on into H2 after several challenging quarters

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 environment. On the left, a woman with long blonde hair, wearing a red top, is seen from the side, laughing. In the center, a man with glasses and a beard, wearing a blue shirt, is also laughing. On the right, a woman with short dark hair, wearing 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 overall atmosphere is bright and positive.

Heeros

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www.heeros.com

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