

Konsolidator lowers expectations for 2023 and 2024

In Q2 2023, the net growth in Annual Recurring Revenue (ARR) only increased by DKK 0.1m reaching an ARR of DKK 18.7m as per June 30, 2023. The net ARR growth is now expected to be 14-20% for 2023 (previous guidance: 20-30%). The net ARR growth is impacted by a high churn for the remainder of 2023 and by a lower-than-normal sales conversion rate which leads to Konsolidator revising the expectations for 2023. Konsolidator now expects an ARR at the end of 2023 in the range of DKK 20-21m (previous guidance: DKK 21-23m). Revenue in 2023 is expected to be in the range of DKK 19-20m (previous guidance: DKK 20-22m) with an expected EBIT loss of DKK 9-11m (previous guidance: loss of DKK 5-8m). Other SaaS metrics are also impacted as net growth in ARR is part of the metric.

During Q2 2023, Konsolidator has experienced a higher termination from customers than expected which impacts the ARR negatively for the remainder of 2023. Furthermore, the sales conversion rate was impacted by changes in the sales department. The lack of sales impacts our guidance for ARR, revenue and EBIT. The revenue and EBIT have been impacted by fewer onboardings and less consultancy work than expected. The development in Q2 2023 has not been satisfactory and several new initiatives have been launched to secure growth.

Churn will be reduced in 2024

Inflation and a stronger cost focus from especially smaller customers have increased churn more than expected. Furthermore, attention to current customers has not been satisfactory during 2022 due to lack of resources. This unfortunately leads to higher churn during 2023.

To break the negative trend new resources have been added in customer success. This is expected to reduce churn during 2024 and increase up-sales.

Sales conversion rate is expected to return to previous levels during H2 2023

During H1 2023 the sales department suffered from less-than-optimal staffing. The number of sales meetings was still at a high level, but the sales conversion rate was lower than in previous periods.

With a strong pipeline and the sales department resources back to normal, the sales conversion rate is expected to return to previous levels during H2 2023

Claus Grove Finderup, CEO at Konsolidator comments:

"A coincidence of unfortunate circumstances means that we have to lower our expectations for 2023. Looking back we have underestimated the impact of downsizing the organization and management time spent on the capital restructuring. However, we remain positive about the future as our pipeline continues to be strong and we are starting to see positive effects from our free trials. Furthermore, we have reasons to believe that the churn will return to an acceptable level as we have hired two new employees to focus on our current customers. We are still a growth company."

Adjusted guidance 2023

Based on higher churn than expected for the remainder of 2023 and the low sales in Q2 2023, the financial expectation for 2023 has been lowered to:

- ARR of DKK 20-21m (prev. DKK 21-23m)
- Revenue of DKK 19-20m (prev. DKK 20-22m)
- EBIT loss of DKK 9-11m (prev. a loss of DKK 5-8m)

Adjusted guidance on other SaaS metrics:

- CAC/net ARR 35-45 months (prev. 25-30)
- Net ARR increase/Cash Burn 0.2-0.3 times (prev. 0.4-0.6)
- Net retention 96-98 (prev. 100-102)

Adjusted guidance 2024

The guidance for revenue remains unchanged for 2024. However, the cost base has been adjusted as the additional capital raised in June 2023 enables us to invest in channel sales and sales to audit firms in 2024 and invest in product development.

- ARR of DKK 24-28m - unchanged
- Revenue of DKK 23-27m – unchanged
- EBIT loss of DKK 0-5m (prev. EBIT profit DKK 0-10m)

Adjusted guidance on other SaaS metrics:

- CAC/net ARR 25-30 months (prev. 20-25)
- Net ARR increase/Cash Burn above 0.5 times (prev. positive cash flow)
- Net retention 99-101 (prev. 102-104)

Half year report

The half year report will be released on August 10, 2023 and an [investor webinar will be held on August 11, 2023](#).

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About Konsolidator

Konsolidator A/S is a financial consolidation software company whose primary objective is to make Group CFOs around the world better through automated financial consolidation and reporting in the cloud. Created by CFOs and auditors and powered by innovative technology, Konsolidator removes the complexity of financial consolidation and enables the CFO to save time and gain actionable insights based on key performance data to become a vital part of strategic decision-making. Konsolidator was listed at Nasdaq First North Growth Market Denmark in 2019. Ticker Code: KONSOL