

# Efecte 2020 results webcast

February 25<sup>th</sup>, 2021

# Agenda

1. How did we do in 2020
2. Our plan for 2021
3. Q&A

# Forward looking statements

Certain sections of this presentation contain forward-looking statements based on the Company's current expectations, estimates, projections and assumptions.

Words such as 'forecasts', 'estimates', 'expects', 'plans', and variations of these words and similar expressions are intended to identify forward-looking statements, which include, but are not limited to, The Company's performance and profitability, market growth and industry developments.

These statements involve certain risks and uncertainties, which are difficult to predict, and therefore actual future results and trends may differ materially from what is forecast in forward-looking statements. The Company undertakes to update such statements with respect to new information and future events only within the limits of its statutory obligation to disclose information.

# What our customers were facing in 2020



# We were well positioned as The European Alternative in cloud-based service management



We help service organizations digitalize & automate their work:

- Be more agile
- Improve experience
- Save costs

# What we promised for 2020

## Long-term financial targets

Efecte aims for over 20% annual organic growth of SaaS net sales on average in 2020 - 2023. Substantial investments in international growth and product development will decrease operating profit in the next few years, but the company aims for a double-digit operating profit percentage by the end of the strategy period.

## Guidance on 2020

In 2020, SaaS net sales is expected to grow between 20-25% and profitability to improve from the comparison period.

## Dividend policy

According to its strategy, the Company will invest substantially in growth in the next few years, due to which it does not aim to pay dividends in 2020-2022.

## Illustration of net sales and profitability development, based on long-term targets \*

	2018	2019	2020	2021	2022	2023
			Illustration of net sales and profitability development, based on long-term targets			
<b>Net sales</b>	12.2 M€	13.8 M€				>20 % CAGR of SaaS in 2020–2023
<b>Profitability</b>	EBITDA -16 %	EBITDA -7 %				Double-digit EBIT-%
			<i>Substantial investments in international growth will decrease operating profit in the next few years</i>			
<b>Financing</b>	IPO 2017	IPO 2017	IPO 2017	Cash flow	Cash flow	Cash flow

\* This illustration shows a hypothetical scenario based on Efecte's Long-term Financial Targets and should not be considered as guidance regarding the expected development of Efecte's business or financials.

# What we delivered in 2020

**SaaS growth 20-25%**



**SaaS growth:**

FY: 24%

Q4: 25%

**International growth**



**Internat. SaaS growth:**

FY: 63%

Q4: 43%

**Improving profitability**

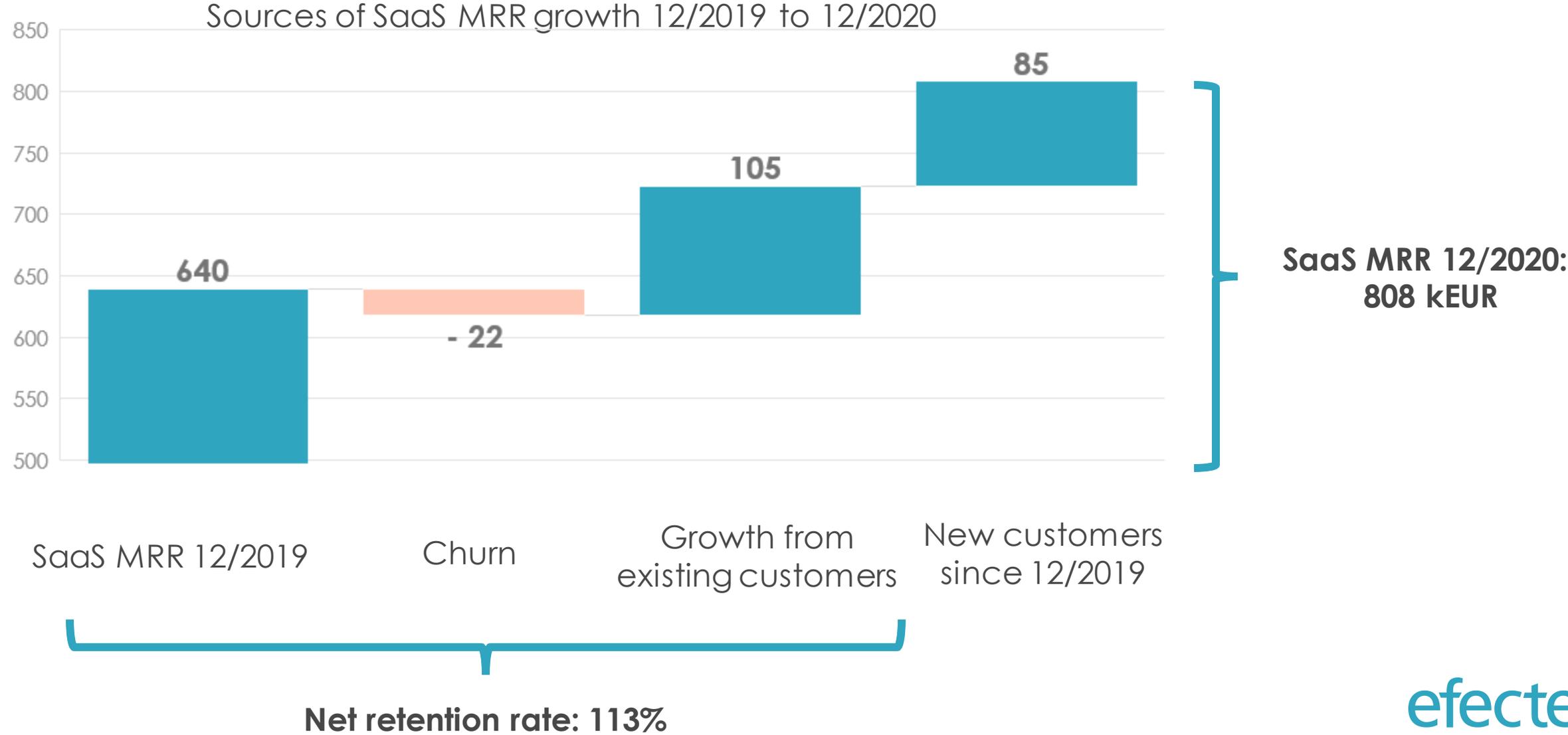


**EBITDA%:**

FY: 1% (-7%)

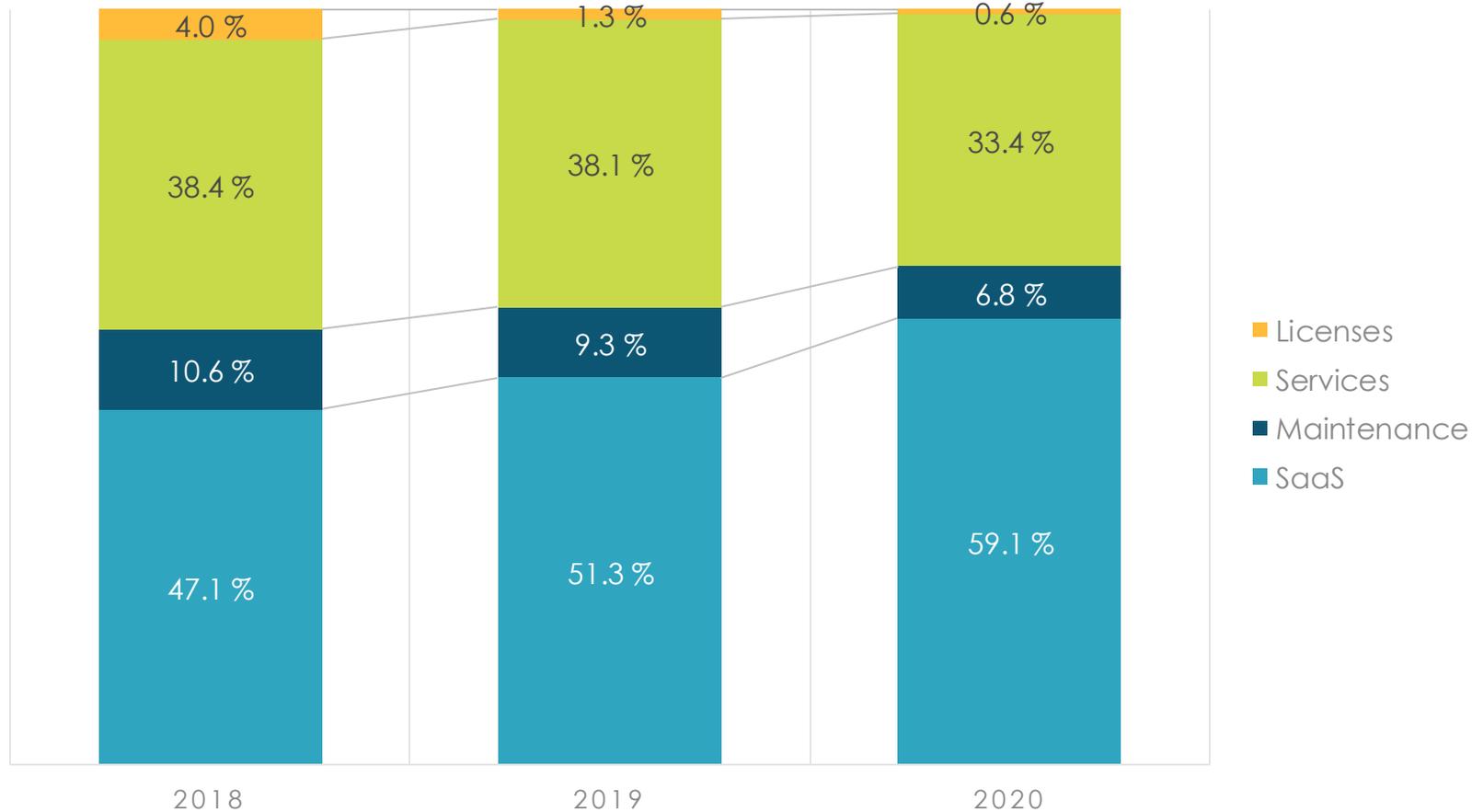
Q4: 4% (-7%)

# Growth from both existing and new customers



# SaaS transformation accelerated during 2020

Revenue mix development



# International highlights

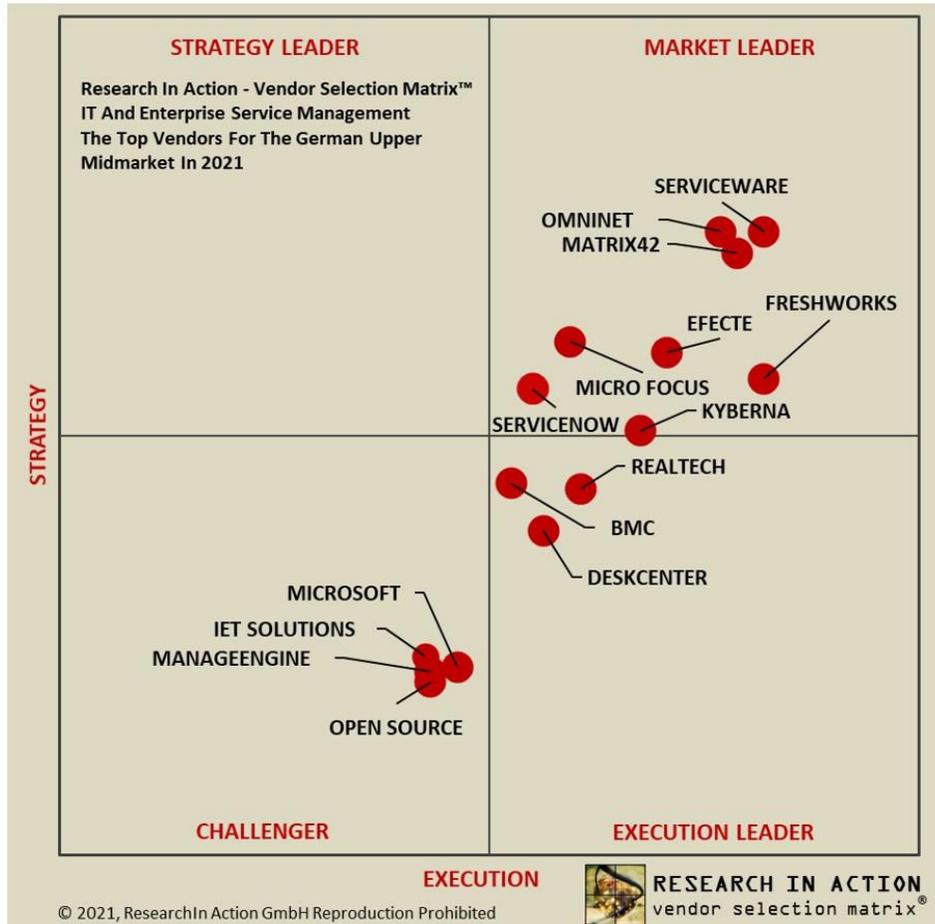
## First phase: Existing markets

- German operation continued strong growth with significant new deals and go-lives including
- Expanding partnership with multiple Bechtle subsidiaries
- First customer live in Switzerland based on deal signed in 2019
- In Sweden, several go-lives and new deals including a ServiceNow replacement deal signed in Q4

## Second phase started: New markets

- Started research and expansion into new markets based on digital go-to-market and local partners
- Established digital sales and marketing capabilities plus a new partner program to support this
- First new markets partner signed in Poland, and in the beginning of 2021 another one in Czech Republic

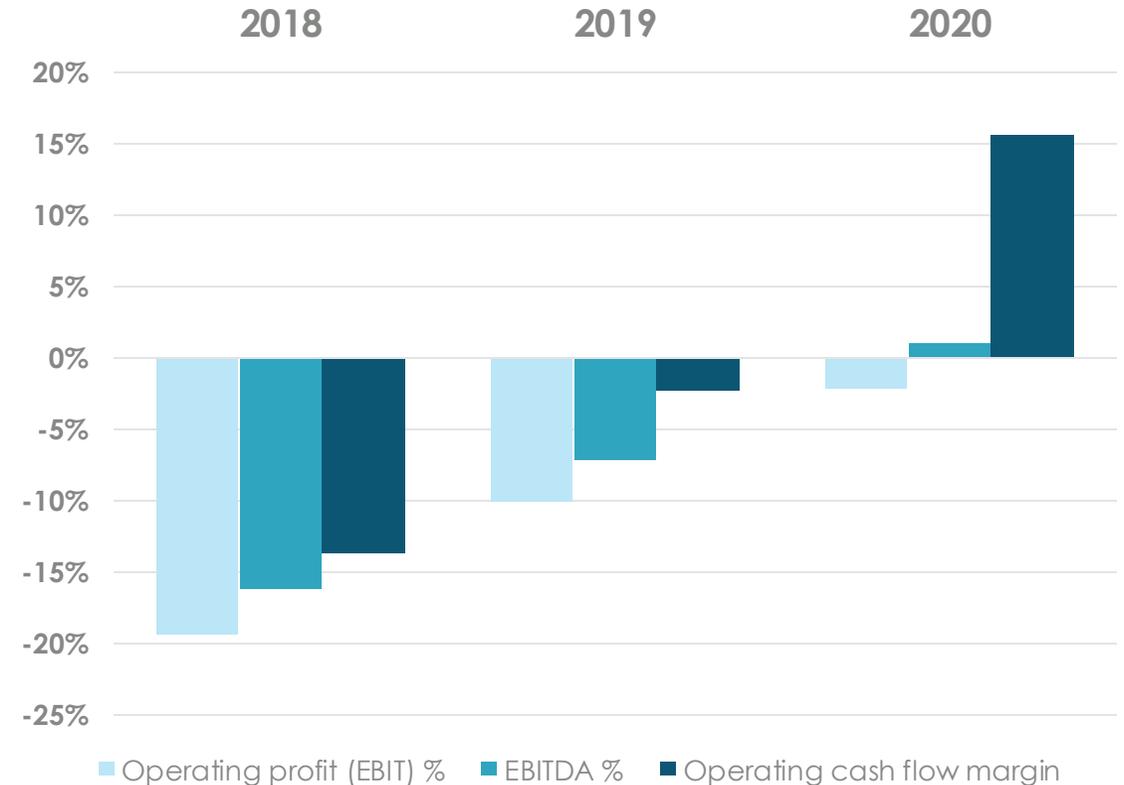
# Analyst recognition for our progress in Germany



- Vendor Selection Matrix IT and Enterprise Service Management: The Top Vendors for the German Upper Midmarket in 2021
- All-time best position for Efecte
- Efecte mentioned as
  - The vendor with best customer satisfaction
  - The leading European Cloud alternative for the German upper midmarket

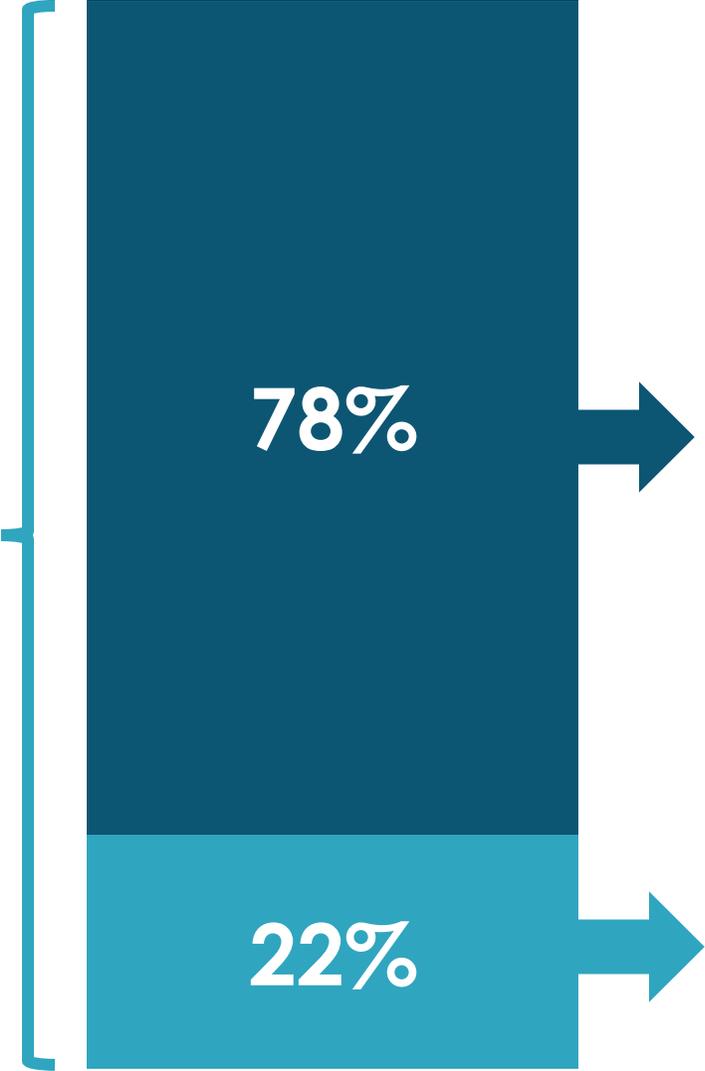
# Profitability and cash flow developed ahead of plan

- Full-year EBITDA break-even and strong operating cashflow
- EBIT positive Q3 and Q4
- Growth brought economies of scale, foreign net losses shrank and cost saving measures helped keep costs down
- COVID-19 impact overall neutral to slightly positive
- Growth investments prioritized over short-term profitability



# Recurring business provides a healthy margin

SaaS +  
Maintenance  
revenue  
2020:  
**9.6 MEUR**



Recurring gross margin

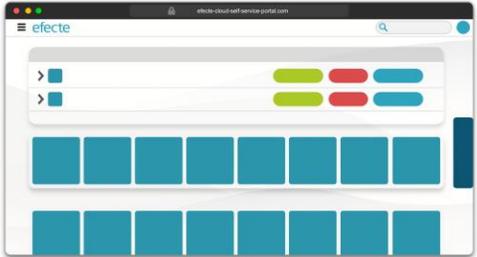
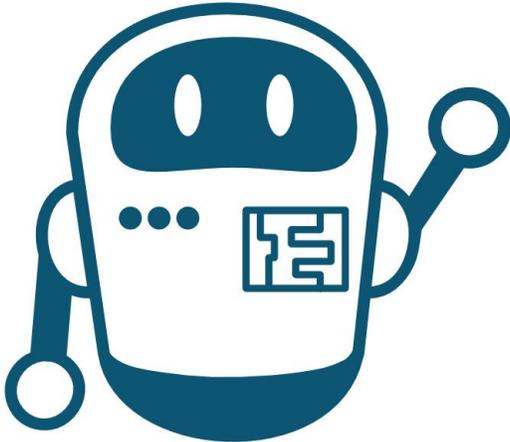
- Costs of:
- support
  - cloud infrastructure,
  - cloud operations, and
  - third party licenses

# Product release highlights

Improved **multilanguage support** for international organizations

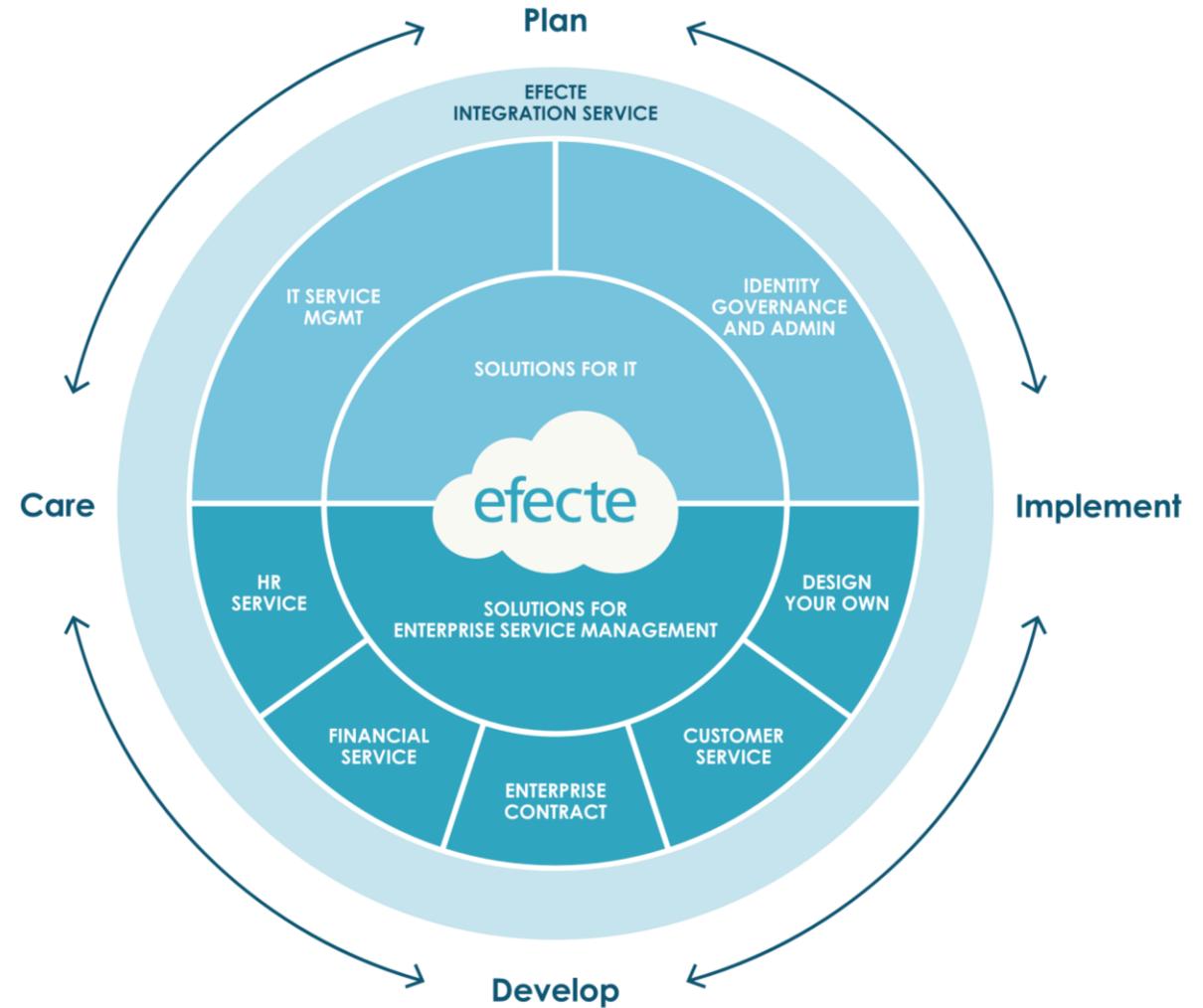
AI powered agent assistance with **Virtual Coach**

**User experience (UX) improvements** for all cloud customers



# Execution highlights

- Solid demand for Efecte solutions across ITSM, ESM and IGA use cases
- Developed fully remote delivery capability, proven in multiple projects
- Try Efecte for free as a new entry point, supporting also field sales
- Focus on customer success resulted in improved customer satisfaction
- Overall improved organization and processes resulting in productivity gains and better outcomes



# Our priorities for 2021

1. Five star customer experience

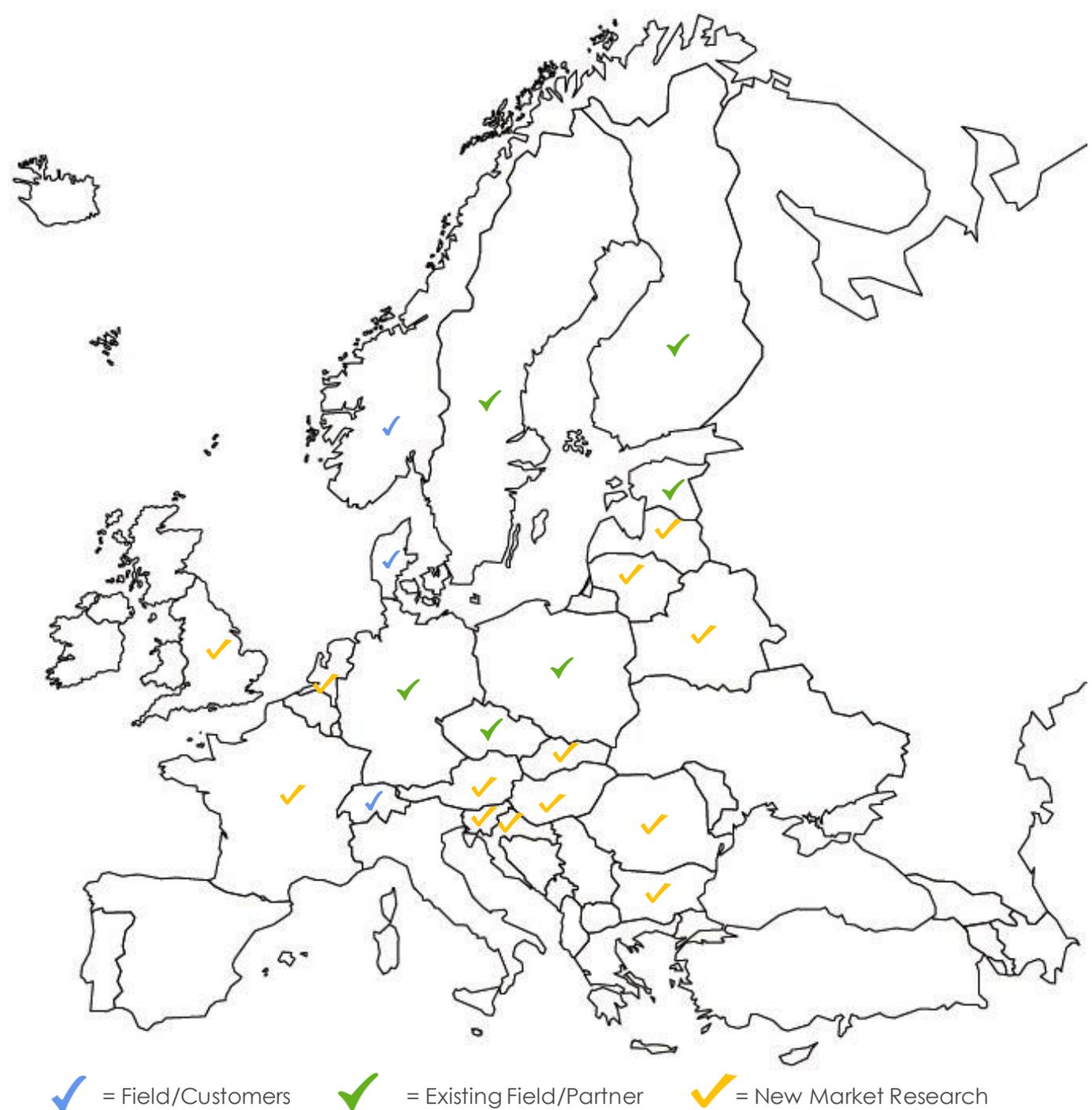
2. Win new customers across Europe

3. Excite with product innovation

4. Grow partner channel

# Go-To-Market in Europe

- Regional field-based sales teams covering Finland, Scandinavia and DACH
  - Expand through MSPs and new solution partners
- Partner-led go-to-market in rest of Europe
  - Focus on Eastern Europe
  - Supported by digital marketing and sales
- Active market research ongoing in multiple countries
  - Targeting partners that have existing customer base, ITSM and ESM skills, brand recognition and high customer satisfaction



# Partnership Engagement Model

Market Entrance Process

## Partner Recruitment

## Go-To-Market: Joint selling and marketing



# The view ahead

## Long-term financial targets

Efecte aims for over 20% annual organic growth of SaaS net sales on average in 2020 - 2023. Substantial investments in international growth and product development will decrease operating profit in the next few years, but the company aims for a double-digit operating profit percentage by the end of the strategy period.

## Guidance for 2021

SaaS net sales is expected to grow 20-24% and EBITDA margin to be 1-4%.

## Dividend policy

According to its strategy, the Company will invest substantially in growth in the next few years, due to which it does not aim to pay dividends in the foreseeable future.

## Illustration of net sales and profitability development, based on long-term targets \*

	2018	2019	2020	2021	2022	2023
<b>Net sales</b>	12.2 M€	13.8 M€	14.9 M€			>20 % CAGR of SaaS in 2020–2023
<b>Profitability</b>	EBITDA -16 %	EBITDA -7 %	EBITDA 1 %			Double-digit EBIT-%
<b>Financing</b>	IPO 2017	IPO 2017	Cash flow	Cash flow	Cash flow	Cash flow

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Q&A

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# Appendix

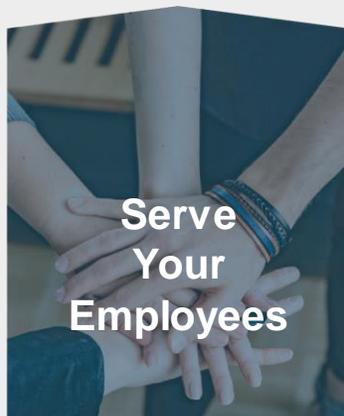
# Summary: Efecte as an investment

## 1. Growing market

European Alternative to global players in a cloud ITSM and ESM market growing double digits

## 2. SaaS business model

Scalability and predictability through recurring revenue and solid unit economics



## 3. Proven product

Low churn and ability to win new deals in different markets including Germany have shown competitiveness

## 4. International growth

Confidence through success in first phase of international strategy



SaaS growth  
1-12/2020

**24%**



International SaaS  
growth 1-12/2020

**63%**



Net sales  
2020

**14.9 M€**

SaaS share of net  
sales 2020

**59%**



Employees  
12/2020

**106**

# Efecte strategy



We love services,  
and our mission is to perfect them



2022

Happiest and  
fastest growing

- 1. Digitalize and automate service processes with cloud-based service management software**  
(focusing on agility, user experience and total cost of ownership)
- 2. Expand in Europe, as the friendly European alternative, based on European values**
- 3. Target mid-size organizations & local service providers**
- 4. Focus on making our customers successful, and through that grow our SaaS business**

# Key figures

1000 eur	7-12/ 2020	7-12/ 2019	2020	2019
<b>Net Sales</b>	7 495	6 955	14 888	13 839
<b>SaaS</b>	4 640	3 687	8 806	7 094
<b>Licenses</b>	49	38	93	185
<b>Maintenance</b>	512	642	1 010	1 287
<b>Services</b>	2 295	2 589	4 980	5 272
<b>Domestic net sales</b>	5 674	5 510	11 314	11 275
<b>International net sales</b>	1 821	1 446	3 574	2 564
<b>Domestic sales (% of net sales)</b>	76 %	79 %	76 %	81 %
<b>International (% of net sales)</b>	24 %	21 %	24 %	19 %
<b>Recurring revenue</b>	5 152	4 328	9 815	8 381
<b>Recurring revenue (% of net sales)</b>	69 %	62 %	66 %	61 %
<b>SaaS MRR, at the end of the period</b>	808	640	808	640
<b>Net sales growth %</b>	7.8 %	11.5 %	7.6 %	13.2 %

# Income statement

(1 000 EUR)	7-12/2020	7-12/2019	2020	2019
<b>Net sales</b>	<b>7 495</b>	<b>6 955</b>	<b>14 888</b>	<b>13 839</b>
Other operating income	287	0	292	0
Materials and services	-642	-558	-1 263	-1 206
Personnel expenses	-4 846	-4 565	-10 126	-9 701
Other operating expenses	-1 803	-2 026	-3 665	-3 931
<b>EBITDA</b>	<b>492</b>	<b>-192</b>	<b>126</b>	<b>-998</b>
Other depreciation and amortisation	-232	-209	-439	-378
EBITA	260	-402	-314	-1 377
Goodwill amortisation	-9	-9	-19	-19
<b>Operating profit</b>	<b>250</b>	<b>-412</b>	<b>-332</b>	<b>-1 396</b>
Financial income and expenses	-3	-1	-31	25
Profit before income tax	247	-413	-363	-1 371
Income tax	-2	-2	-4	-2
Profit for the period	245	-415	-368	-1 373

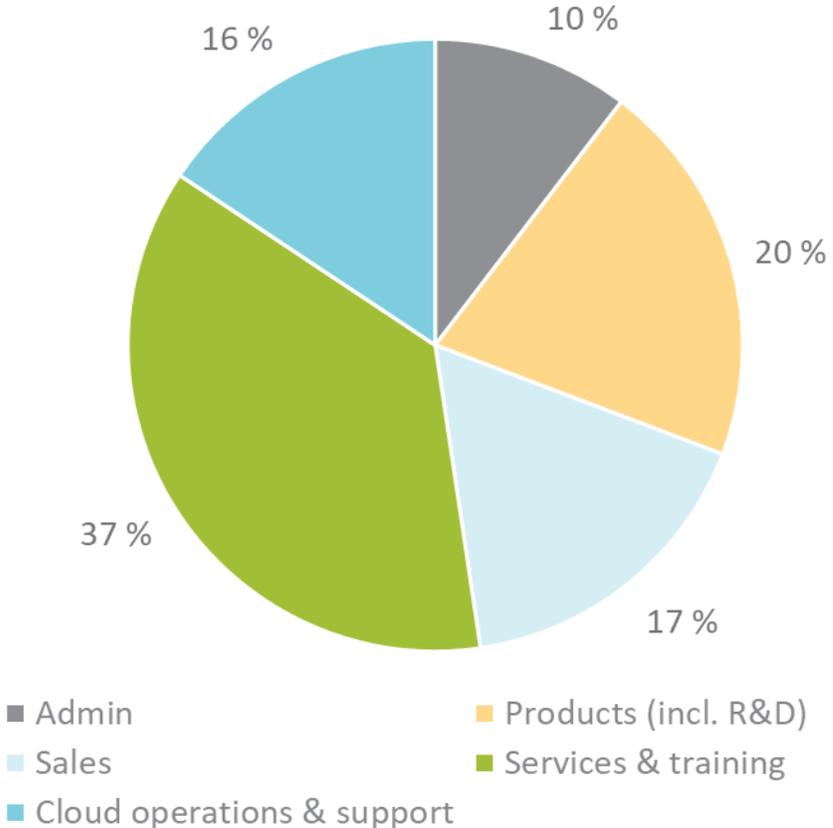
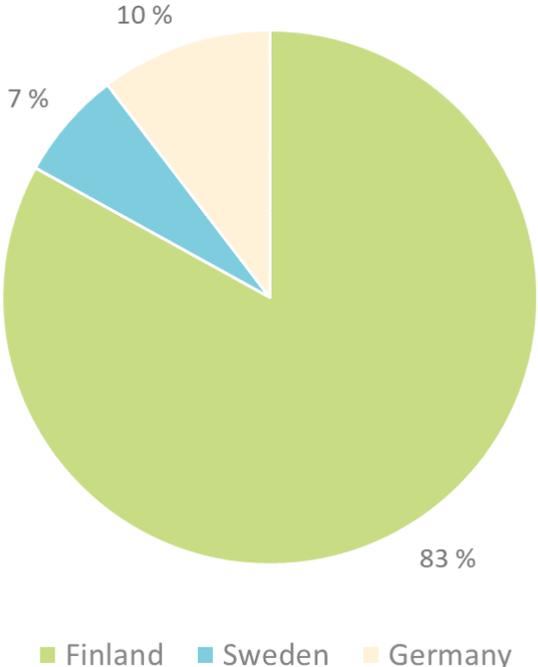
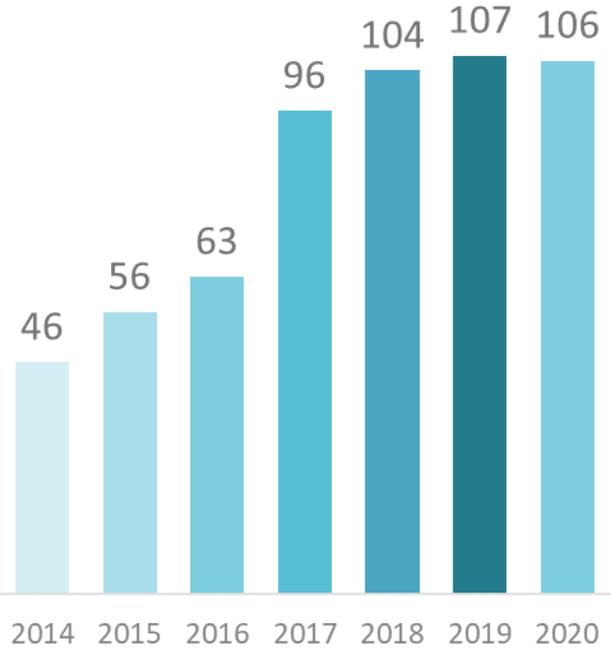
- Net sales 14.9 M€
- EBITDA 0.1 M€
- EBIT -0.3 M€

# Balance sheet

(1 000 EUR)	12/2020	12/2019
<b>Non-current assets</b>		
Development expenses	1 131	1 063
Other intangible assets	211	167
Goodwill	24	42
Machinery and equipment	17	23
<b>Current assets</b>		
Inventories, work in progress	-	1
Trade and other receivables (long-term)	53	60
Trade and other receivables (short-term)	1 885	2 659
Short-term investments	-	1 973
Cash and cash equivalents	5 391	1 475
<b>Total assets</b>	<b>8 712</b>	<b>7 464</b>
Share capital	80	80
Reserve of invested non-restricted equity	10 895	10 708
Retained earnings	-8 976	-8 623
<b>Total equity</b>	<b>1 999</b>	<b>2 165</b>
<b>Current liabilities</b>		
Received advances	2 943	2 316
Trade payables	401	450
Other payables	835	678
Accruals	2 534	1 854
<b>Total liabilities</b>	<b>6 713</b>	<b>5 299</b>
<b>Equity and liabilities</b>	<b>8 712</b>	<b>7 464</b>

- Capitalized R&D cost approx. 1.1 M€
- No financial loans
- Net cash 5.4 M€

# Employees



# Largest shareholders 31.12.2020

	Shareholder	Shares	%
1	First Fellow Oy	1 010 499	16.7
2	Oy Fincorp Ab	678 500	11.2
3	Sijoitusrahasto Aktia Nordic Micro Cap	475 530	7.9
4	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	290 909	4.8
5	OP-Suomi Mikroyhtiöt	264 516	4.4
6	Montonen Markku	263 571	4.4
7	Stadigh Kari	250 053	4.1
8	Havacemnt Oy	89 407	1.4
9	Erv iPertti	87 401	1.4
10	Rausanne Oy	75 000	1.2

- 2 376 shareholders as of 31.12.2020
- 6 056 623 shares in total
- 838 825 shares (13.85%) in nominee registered or non-Finnish holders

**#WE  
LOVE  
SERVICES**

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A close-up photograph of tall, golden-brown grasses against a clear blue sky at sunset. The grasses are in sharp focus in the foreground, while the background is softly blurred. The text 'Thank You!' is centered in a white, elegant serif font.

*Thank You!*

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