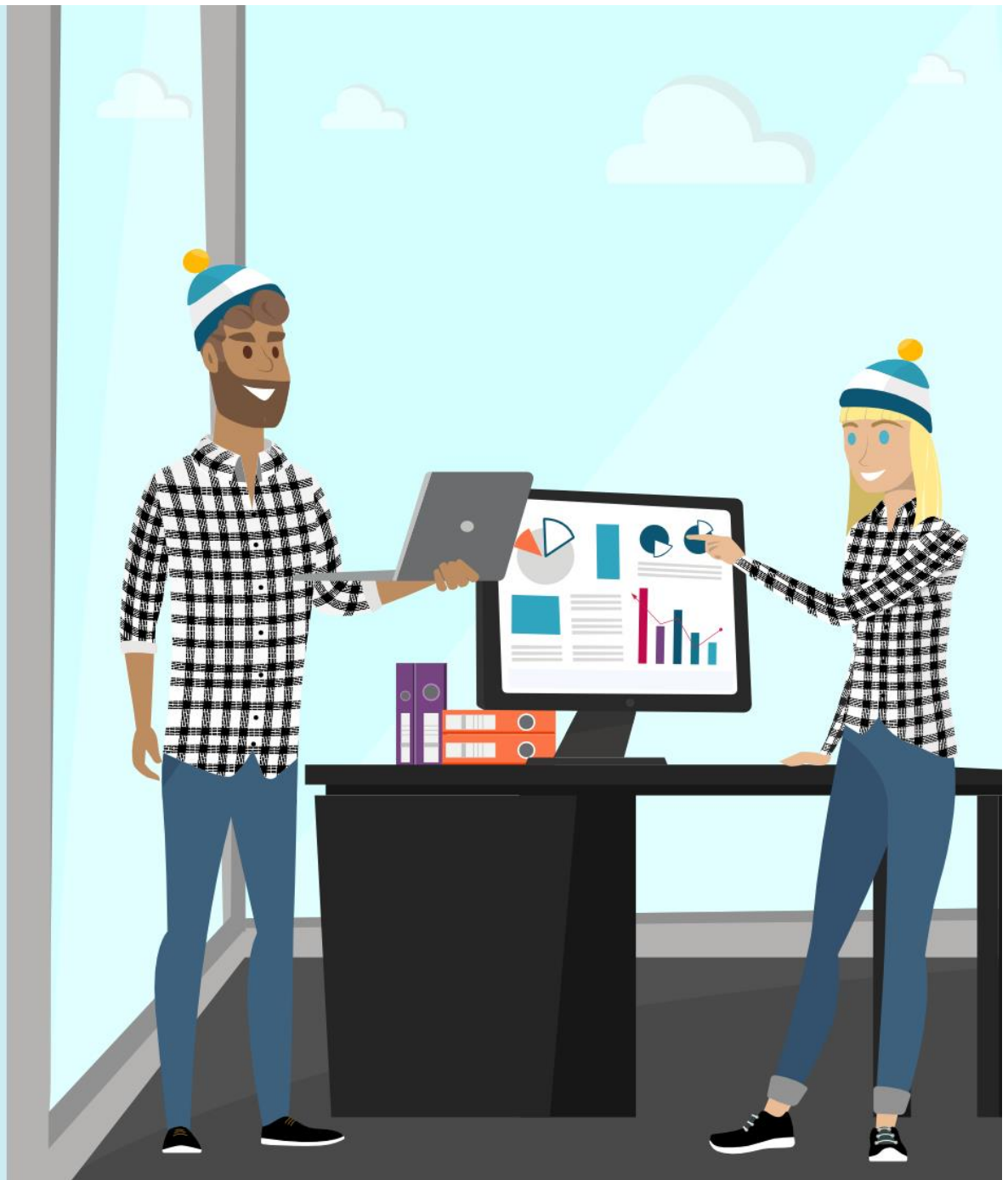


# Efecte H1/2021 results webcast

July 16<sup>th</sup>, 2021



# 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.

# Agenda

## 1. H1 and Q2 results

- Financial performance
- Key developments
- Look ahead

## 2. Q&A

# Efecte – the European Alternative in cloud-based service management

We help service organizations digitalize & automate their work:

- Be more agile
- Improve experience
- Save costs



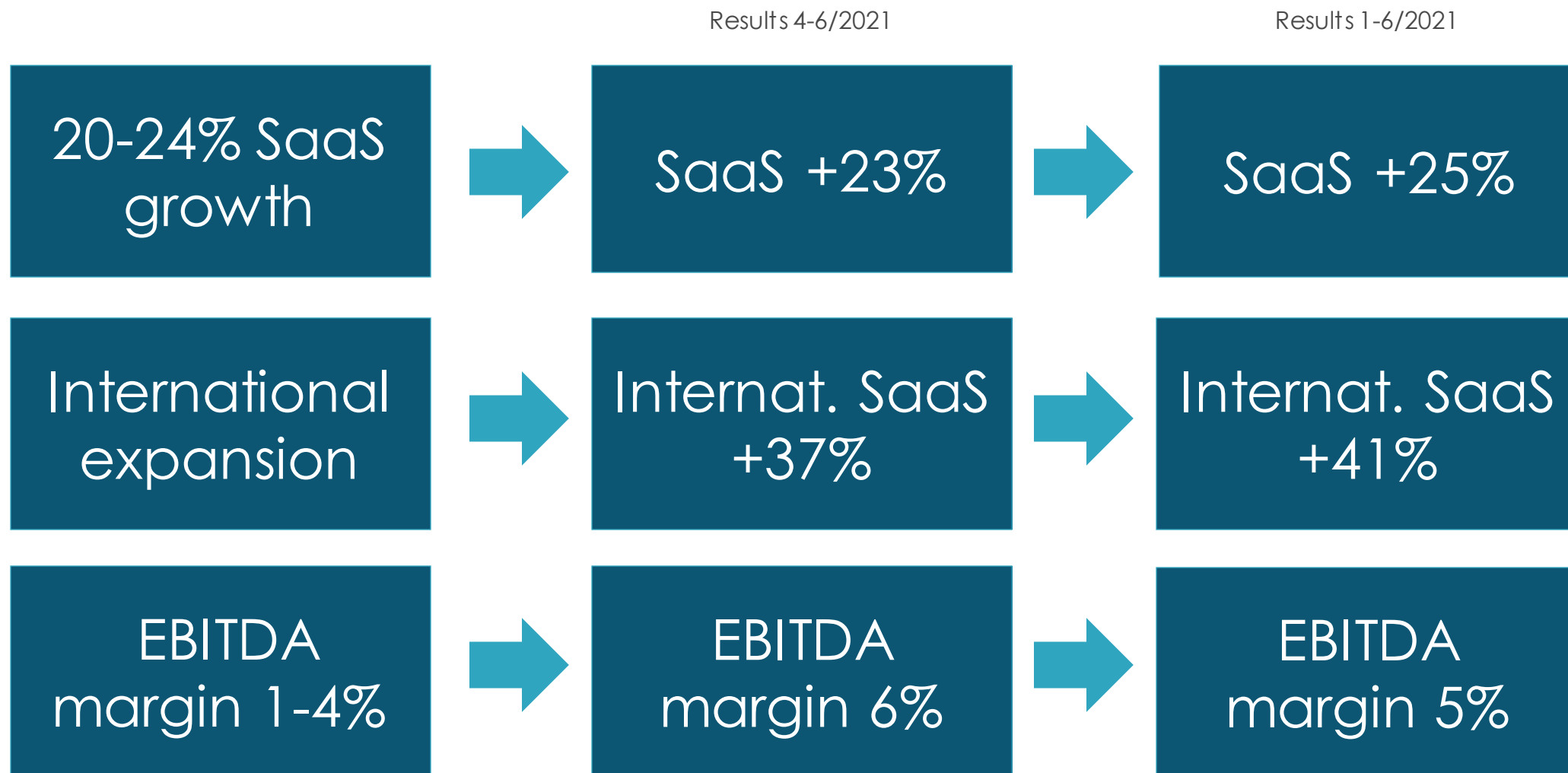
# What we promised

1. SaaS growth 20-24%

2. International expansion

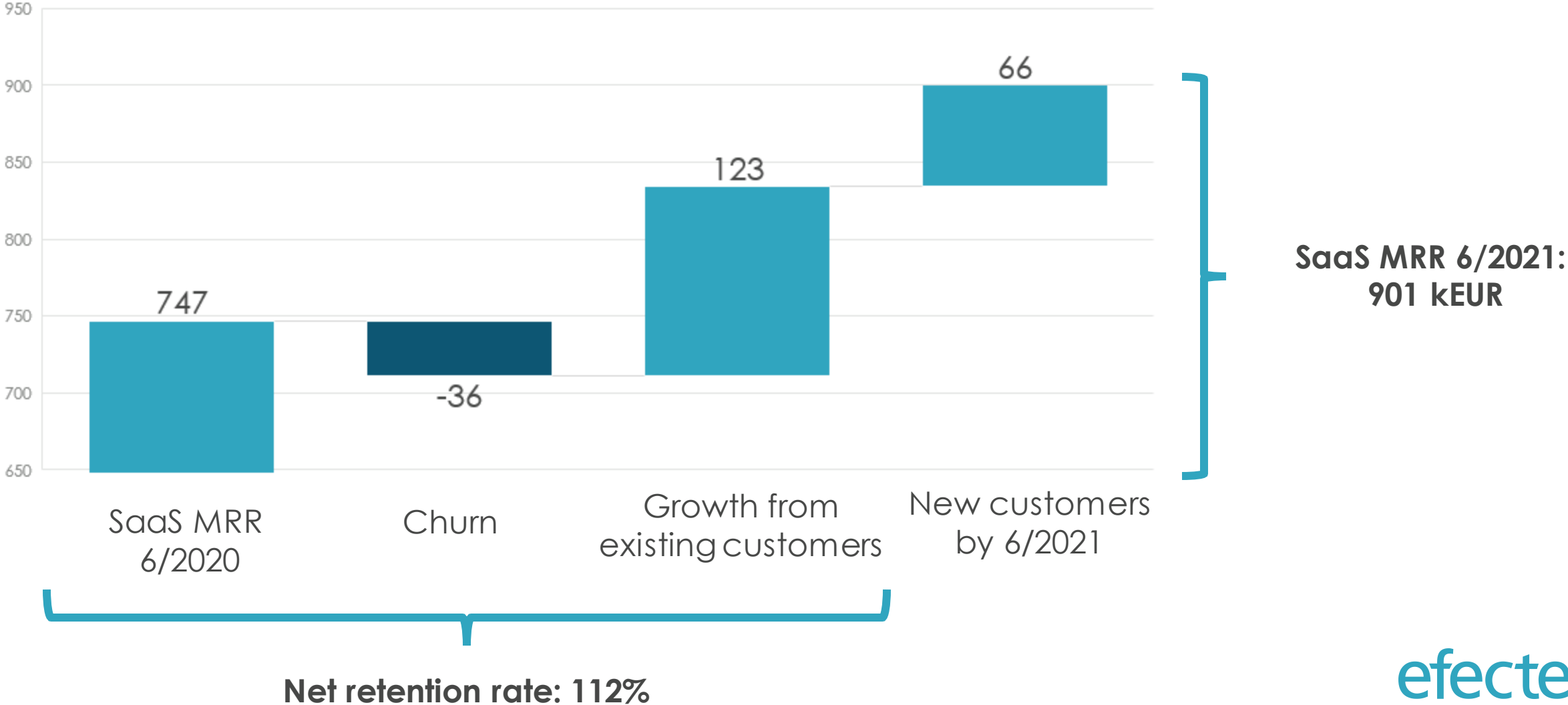
3. EBITDA margin 1-4%

# What we delivered

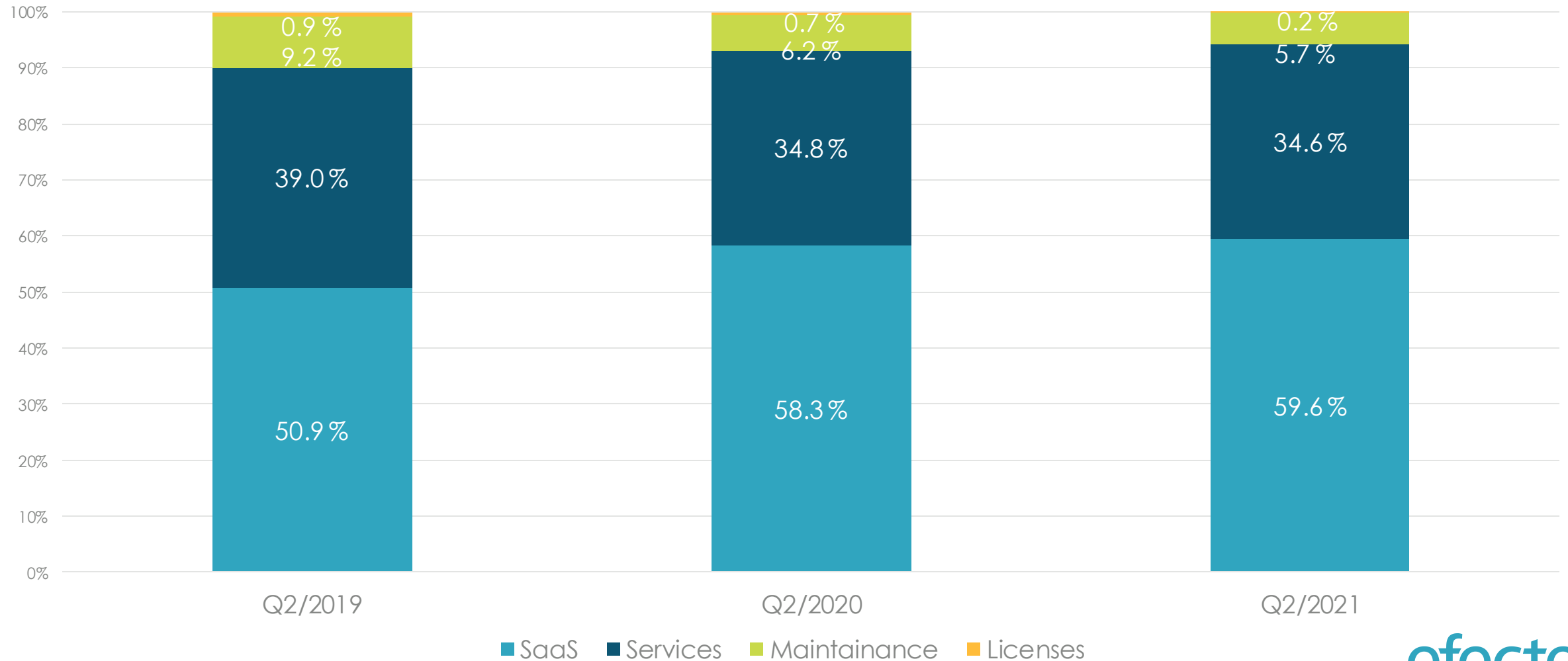


# Growth from both existing and new customers

Sources of SaaS MRR growth (rolling 12 months)



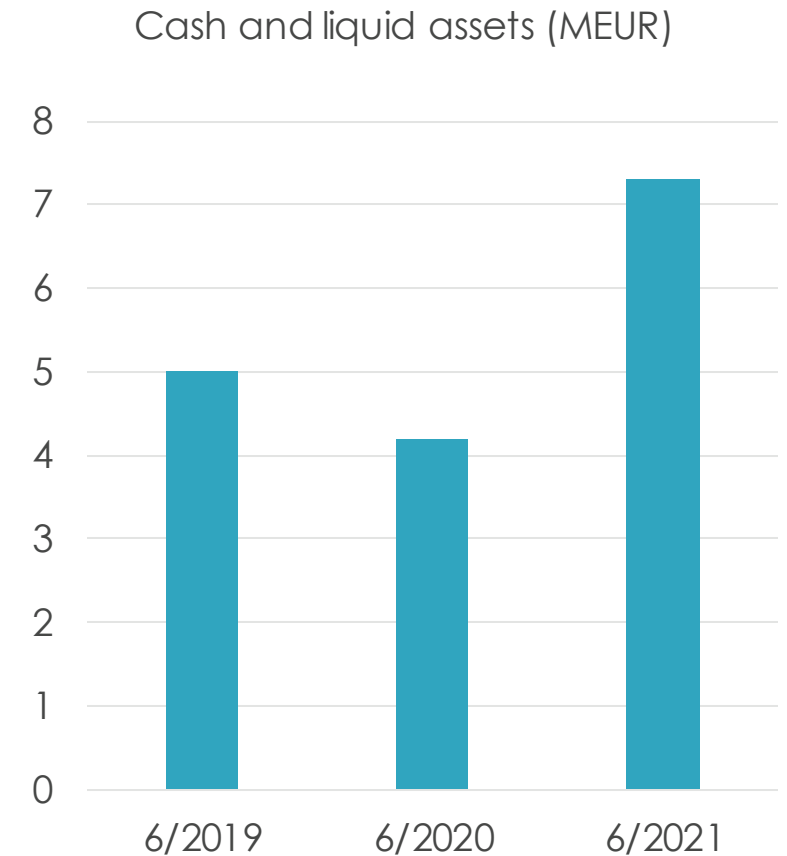
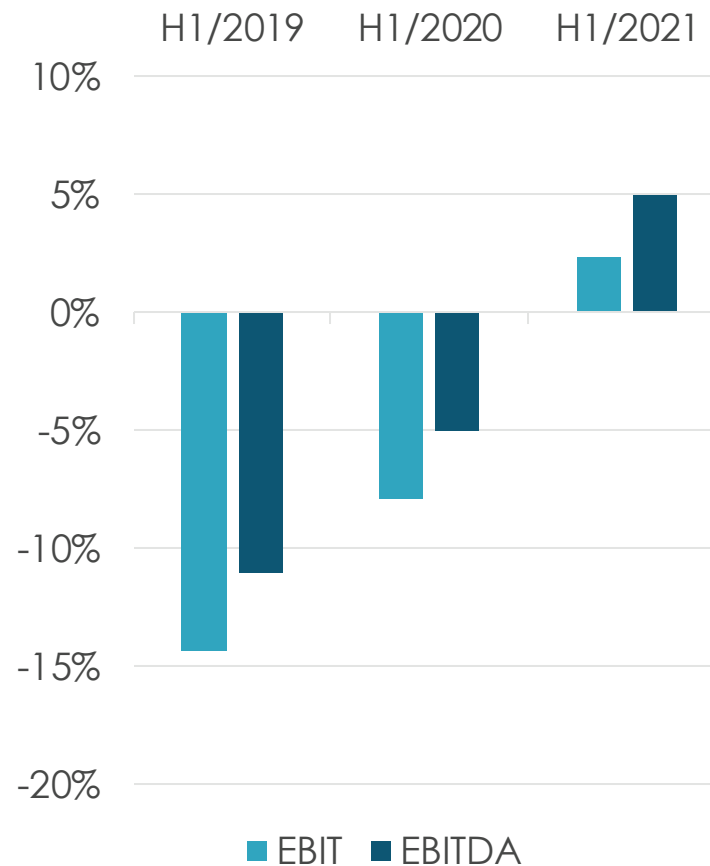
# SaaS grew and sales of perpetual licenses have become insignificant





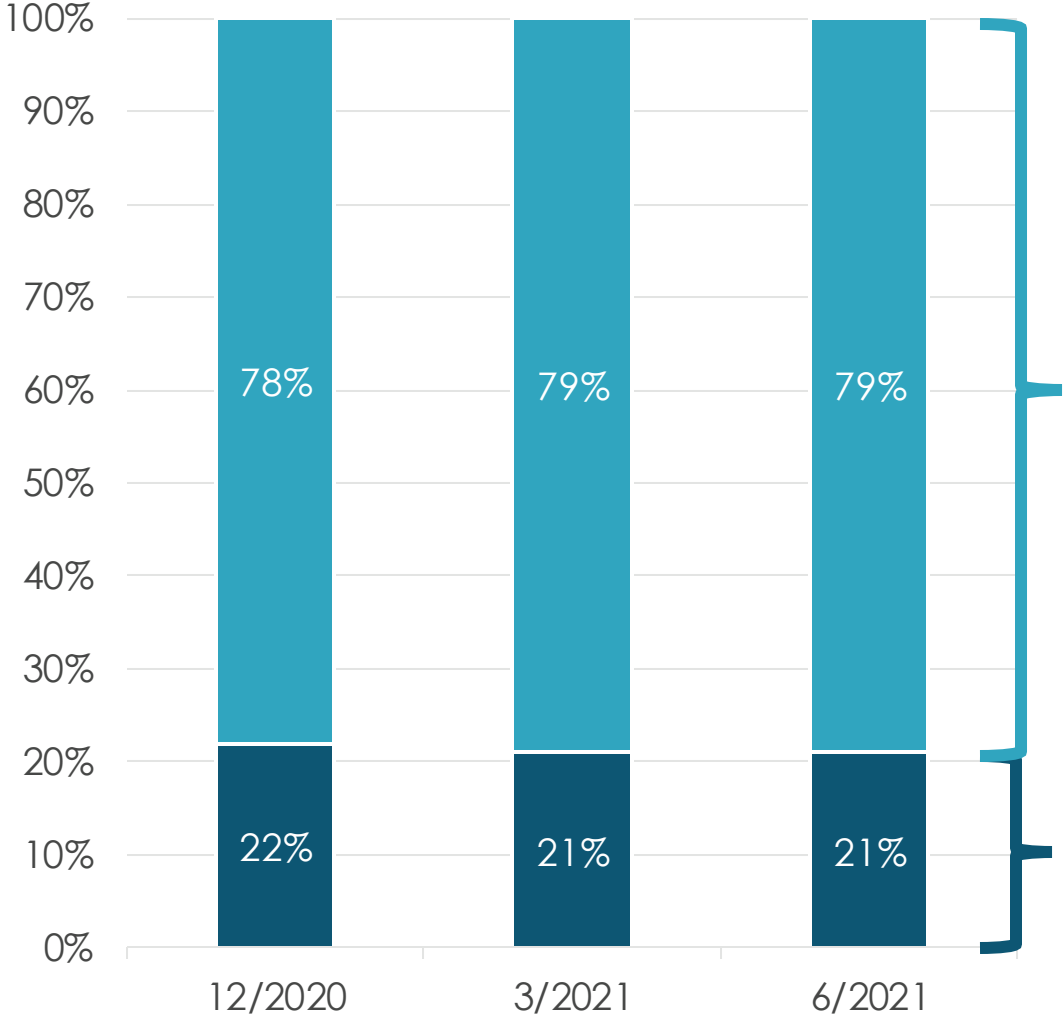
# Profitability and cash flow development on track

- Domestic and international SaaS growth was solid during Q2
- Services grew 20%, faster than usually, driven by several large deployments and soft comparison period
- Investments in long-term growth expected to impact Q3 and especially Q4 profitability
- In addition to strong operational cash flow, share subscriptions with stock options contributed 0.9 million euro to our cash position



# Recurring business provided a healthy margin

**SaaS +  
Maintenance  
revenue in H1:  
5.7 MEUR**



Recurring gross margin  
(rolling 12 months)

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

# Customer life-time value (LTV) and acquisition cost (CAC)

- LTV/CAC ratio was 5.1
- Average customer acquisition cost (CAC) on a rolling 12 months basis was 92 kEUR
- Average life-time value (LTV) of an acquired new customer was 469 kEUR



1) We determine customer acquisition cost through multiplying sales and marketing costs by 0.7 divided by number of new customers. The multiplier 0.7 reflects the fact that some of sales & marketing cost goes towards serving existing customers.

2) Life-time value is defined as MRR of new customers divided by gross churn multiplied by recurring gross margin divided by number of new customers.

# Product highlights

First customer wins for new **Efecte Whistleblower** solution

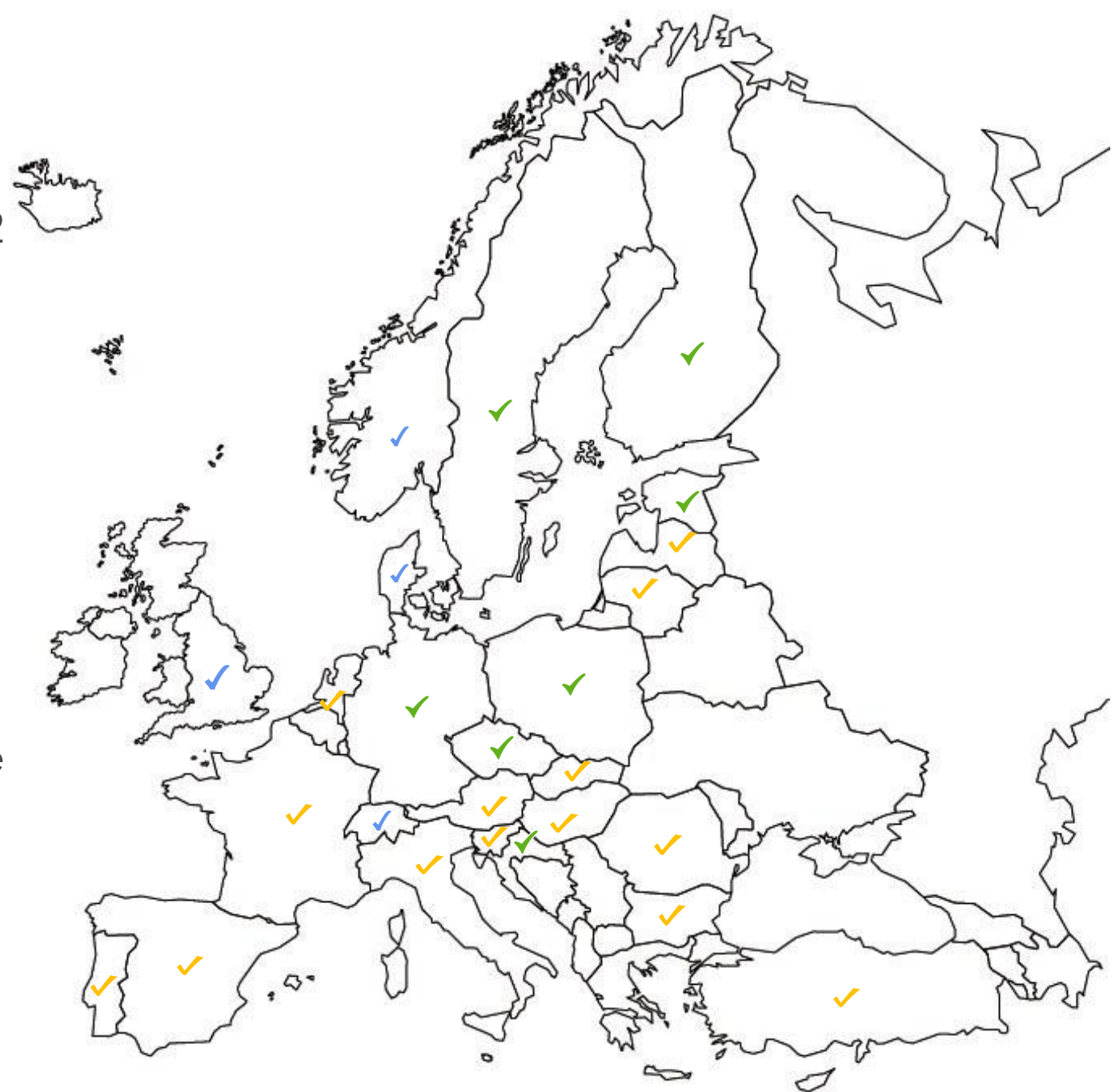
Major configurability & operability improvements for **AI feature Virtual Coach**

New cloud-native **Identity Management** starting to ship to all new cloud deployments

Good progress with **User Experience** renewal programs

# Go-to-market update

- International SaaS growth of 37% in Q2 driven by DACH & Scandinavia
- Continued to develop new markets model based on digital go-to-market and local partners
- Signed a new partner in Croatia
- Continued building new markets sales pipeline and received first order in the Czech Republic
- Identified potential partners in multiple European countries and started to explore also the broader EMEA region



✓ = Field/Customers    ✓ = Existing Field/Partner    ✓ = New Market Research

# Financial targets, 2021 guidance, dividend policy

## 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 (updated 13 July 2021)

SaaS net sales is expected to grow 21-24% and EBITDA margin to be 1-6%.

## 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 %	 Substantial investments in international growth will decrease operating profit		Double-digit EBIT-%
<b>Financing</b>	IPO 2017	IPO 2017	Cash flow	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.





Q&A

efecte





# Appendix

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# Efecte strategy



We love services,  
and our mission is to perfect them



2022

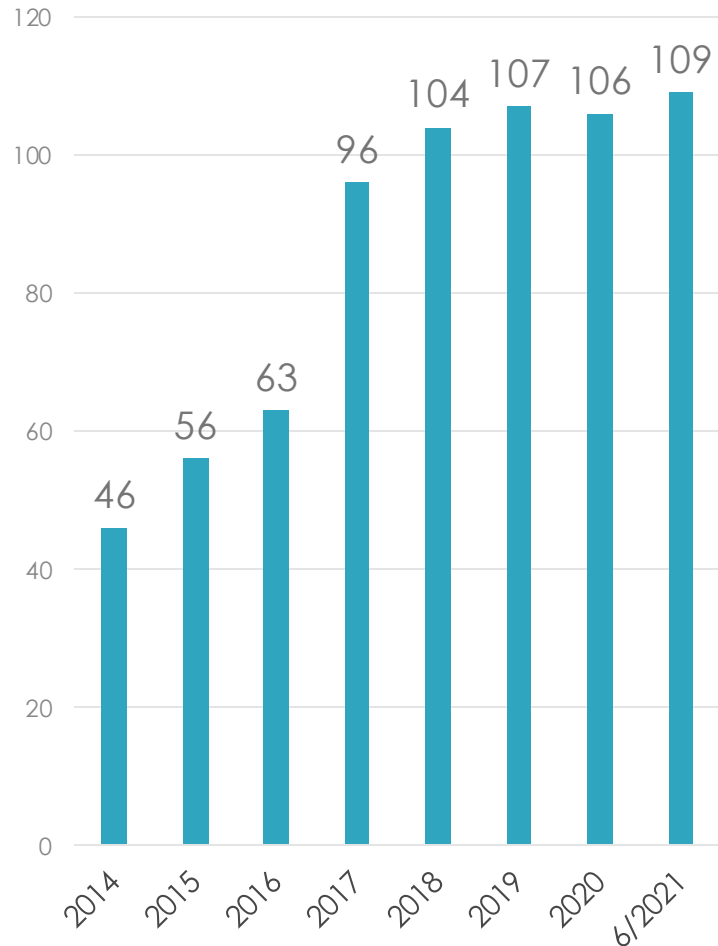
Happiest and  
fastest growing

- 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**

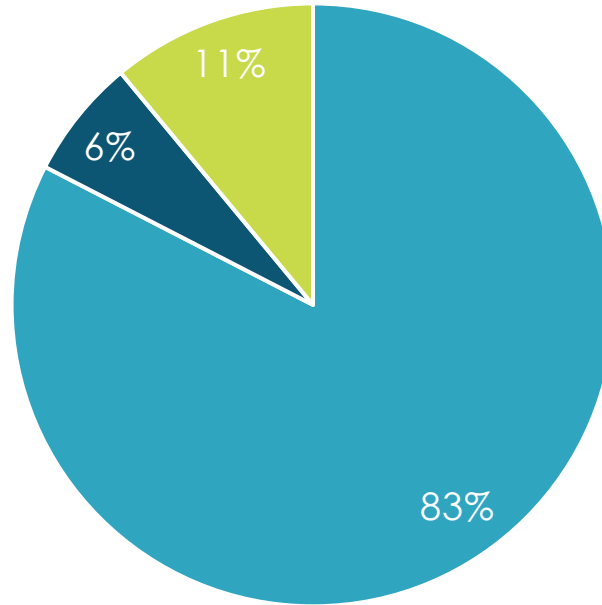
# Key figures

1000 EUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020	
Net sales	4 474	3 701	8 686	7 393	14 888	
EBITDA	256	-69	442	-366	126	
EBITA	140	-173	215	-573	-314	
Operating profit	136	-178	205	-583	-332	
Profit for the period	131	-179	199	-612	-368	
Earnings share, eur	per	0.02	-0.03	0.03	-0.10	-0.06
Equity share, eur	per	0.51	0.27	0.51	0.27	0.33
SaaS MRR	901	747	901	747	808	

# Employees

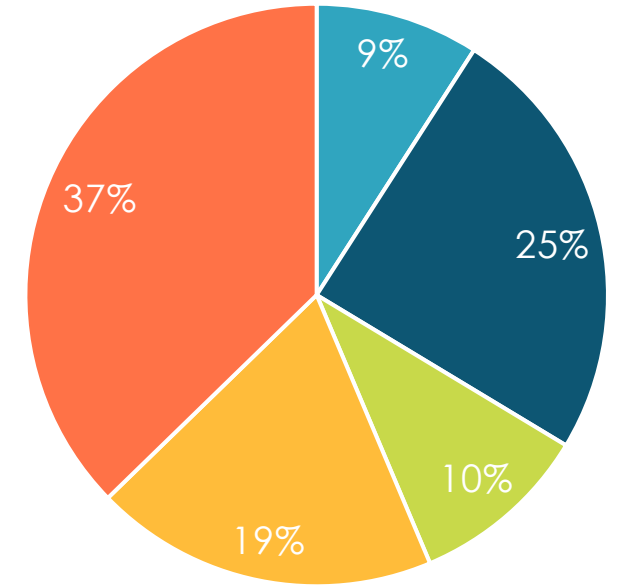


The number of full-time equivalent employees at the end of the review period



- Finland
- Sweden
- Germany

(1) During the review period, marketing was moved from admin to a new category called sales & marketing. Previously sales was reported separately and marketing was part of admin



- Admin
- Sales & marketing (1)
- Cloud operations & support
- Products (incl. R&D)
- Services & Training

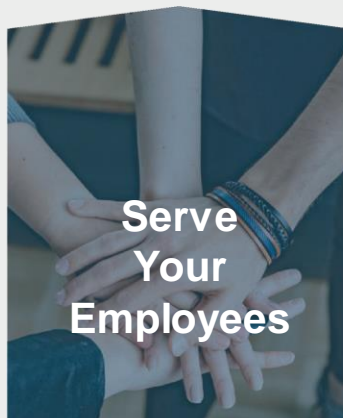
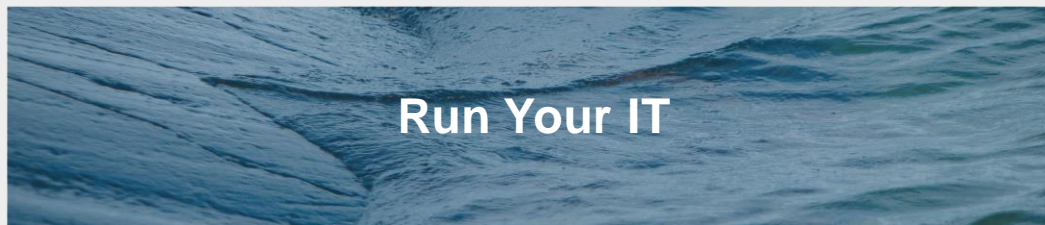
# Summary: Efecte as an investment

## 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  
1-6/2021

**25%**



International SaaS  
growth 1-6/2021

**41%**



Net sales  
1-6/2021

**8.7 M€**

SaaS ARR  
(6/2021)

**10.8 M€**



Employees  
6/2021

**109**



*Thank You!*

efecte