

A person is holding a smartphone, displaying the efecte app interface. The app shows a 'Monitor' section with a list of services and a 'Perfect your services' section with a 'management platform' button. The person is wearing a blue shirt and a watch. The background is a blurred outdoor setting.

2019 Results Investor Briefing

March 2020

efecte

Huomioitavaa / forward looking statements

Eräät tämän esityksen osat sisältävät lausumia tulevaisuudesta perustuen yhtiön nykyisiin odotuksiin, arvioihin, ennusteisiin ja oletuksiin.

Sanat kuten "ennustaa", "arvioida", "odottaa", "suunnittelee", sekä niiden johdannaiset on tarkoitettu osoittamaan tulevaisuudennäkymiä, jotka sisältävät mm. yhtiön toimintaa, kannattavuutta, markkinakasvua ja toimialan kehitysnäkymiä, rajoittumatta kuitenkaan näihin seikkoihin.

Nämä lausunnot sisältävät riskejä ja epävarmuustekijöitä, joiden ennustaminen on vaikeaa, ja siksi toteutuvat tulokset ja kehitystrendit voivat poiketa huomattavasti tämänhetkisistä tulevaisuudennäkymistä. Yhtiö päivittää lausuntojaan uuden informaation ja tulevaisuuden tapahtumien osalta tiedonantovelvollisuuden puitteissa.

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.



Year 2019

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Guidance going into 2019

1. SaaS growth >20%

2. Invest in international expansion → running at a loss

3. Improving profitability starting 2019

Making progress

1-12/2019

1. SaaS growth >20%

SaaS growth

23%

2. International expansion

Intern. SaaS growth

69%

3. Improving profitability

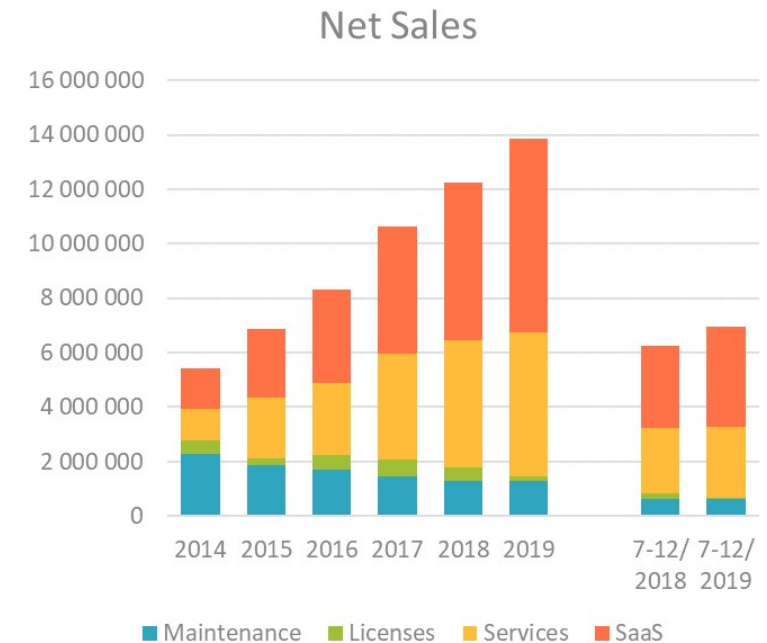
Change in EBIT

-19% → -10%

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Year 2019 in brief

- Main business SaaS grew by 23%
- Services grew by 12%
- Net sales grew by 13% to 13.8 MEUR
- Growth without perpetual licences 16%
- EBITDA improved from -2.0 MEUR to -1.0 MEUR
- Profitability continued to improve in line with our expectations, with investments into international growth continuing



Key figures

1000 eur	7-12/ 2019	7-12/ 2018	2019	2018
Net Sales	6 955	6 240	13 839	12 224
SaaS	3 687	3 024	7 094	5 754
Licenses	38	184	185	487
Maintenance	642	646	1 287	1 292
Services	2 589	2 386	5 272	4 691
Domestic net sales	5 510	5 349	11 275	10 374
International net sales	1 445	891	2 564	1 849
Domestic sales (% of net sales)	79 %	86 %	81 %	85 %
International (% of net sales)	21 %	14 %	19 %	15 %
Recurring revenue	4 328	3 670	8 381	7 045
Recurring revenue (% of net sales)	62 %	59 %	61 %	58 %
SaaS MRR, at the end of the period	640	523	640	523
Net sales growth %	11.5 %	11.9 %	13.2 %	15.2 %

Income statement

(1 000 EUR)	7-12/19	7-12/18	2019	2018
Net sales	6 955	6 240	13 839	12 224
Other operating income	0	2	0	2
Materials and services	-558	-631	-1 206	-1 151
Personnel expenses	-4 565	-4 717	-9 701	-9 356
Other operating expenses	-2 026	-1 844	-3 931	-3 706
EBITDA	-192	-950	-998	-1 987
Other depreciation and amortisation	-209	-183	-378	-351
EBITA	-402	-1 134	-1 377	-2 339
Goodwill amortisation	-9	-9	-19	-19
Group goodwill amortisation	-	-	-	-24
Operating profit	-412	-1 143	-1 396	-2 382
Financial income and expenses	-1	-15	25	-32
Profit before income tax	-413	-1 158	-1 371	-2 414
Income tax	-2	-5	-2	-5
Profit for the period	-415	-1 163	-1 373	-2 419

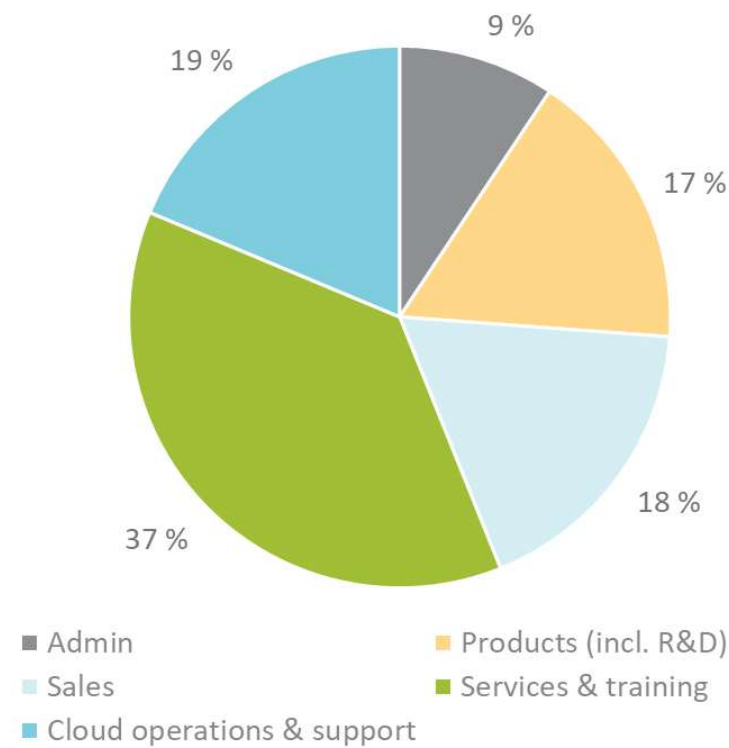
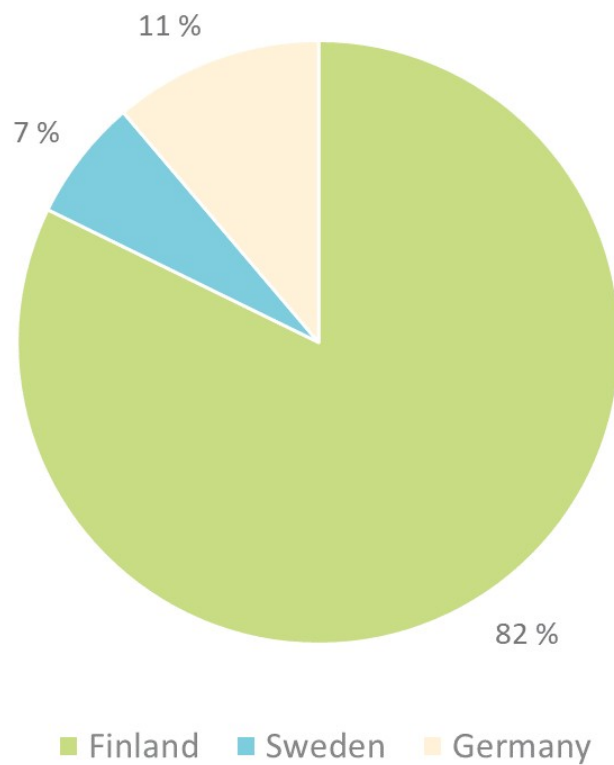
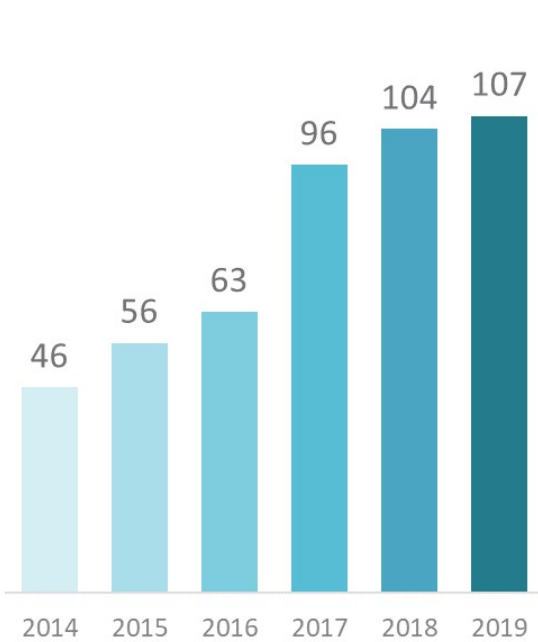
- Net sales 13.8 M€
- EBITDA -1.0 M€
- EBIT -1.4 M€

Balance sheet

(1 000 EUR)	12/2019	12/2018
Non-current assets		
Development expenses	1 063	991
Other intangible assets	167	11
Goodwill	42	61
Machinery and equipment	23	39
Current assets		
Inventories, work in progress	1	2
Trade and other receivables (long-term)	60	53
Trade and other receivables (short-term)	2 659	2 276
Short-term investments	1 973	2 182
Cash and cash equivalents	1 475	2 027
Total assets	7 464	7 643
Share capital	80	80
Reserve of invested non-restricted equity	10 708	10 588
Retained earnings	-8 623	-7 249
Total equity	2 165	3 419
Current liabilities		
Received advances	2 316	1 858
Trade payables	450	467
Other payables	1 050	750
Accruals	1 483	1 150
Total liabilities	5 299	4 224
Equity and liabilities	7 464	7 643

- Capitalized R&D cost approx. 1.1 M€
- No financial loans
- Net cash 3.4 M€

Employees



Largest shareholders 31.12.2019

	Shareholder	Shares	%
1	First Fellow Oy	1 010 499	17.0
2	Oy Fincorp Ab	770 569	12.9
3	Aktia Nordic Micro Cap mutual fund	325 530	5.5
4	Mandatum life insurance company	310 649	5.2
5	Innovestor Kasvurahasto I Ky	298 992	5.0
6	Ilmarinen pension insurance	290 909	4.9
7	Montonen Markku	263 571	4.4
8	OP-Suomi Mikroyhtiöt	205 000	3.4
9	Havacment Oy	121 107	2.0
10	Kosonen Jukka	120 000	2.0

- 1 364 shareholders as of 31.12.2019
- 5 957 488 shares in total
 - Efecte owns 36 133 treasury shares
- 337 550 shares (5.7%) in nominee register

Financial targets, guidance on 2020, 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 on 2020

Due to the Coronavirus situation, Efecte will issue guidance for year 2020 later

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			
Net sales	12.2 M€	13.8 M€				>20 % CAGR of SaaS in 2020-2023
Profitability	EBITDA -16 %	EBITDA -7 %				Double-digit EBIT-%
			Substantial investments in international growth will decrease operating profit in the next few years			
Financing	IPO 2017	IPO 2017	IPO 2017	Cash flow	Cash flow	Cash flow

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Annual General Meeting 22.4.2020

Proposals for the general meeting:

- A total of six members for the Board:
 - Pertti Ervi
 - Kari J. Mäkelä
 - Turkka Keskinen
 - Päivi Rekonen
 - Brigitte Falk (NEW)
 - Esther Donatz (NEW)
- Remuneration for the Board members increased by 3% to EUR 3090 for chair and EUR 1545 for members
- No dividend to be paid
- Similar authorizations for the board as last year

Efecte and COVID-19

- Efecte Cloud does not mind the pandemic and is running as usual
- Project work continues with remote work as the default option
- Effect to the recurring SaaS revenue is at the moment mainly limited to new sales and implementations
- However, the epidemic is blurring outlook especially for services revenue and creates uncertainty in Efecte's operating environment
- Due to the blurred outlook, no guidance for 2020 is given at this stage

Summary: Strategy execution proceeding according to plan

SaaS revenue
grew

23%

International SaaS
revenue grew

69%

Operating loss
margin shrank over

9% points

- SaaS was 51% and Services 38% of total net sales
- EBITDA was -1.0 Million euro and operating profit -1.4 Million euro
- Operating profit percentage improved from -19.5% to -10.1%
- Coronavirus blurs future outlook

A close-up photograph of a person's hands typing on a silver laptop keyboard. The person is wearing a dark blue long-sleeved shirt and a gold ring on their left ring finger. The laptop is open, and the keyboard is visible. In the background, there is a white desk with a pen and some papers. The text "Landing our strategy" is overlaid in a large, white, sans-serif font across the center of the image.

Landing our strategy

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In a services-driven world...

*that's increasingly **digital**, **intelligent** and **automated**,
where employee & customer **experience** rules,
local is the new global,
and **compliance** is non-negotiable...*

Efecte strategy



We love services,
and our mission is to perfect them

- 1. Help service organizations digitalize and automate their work**
- 2. Grow in Europe as The European Alternative to global players**
- 3. Differentiate through better agility, experience and total cost of ownership**
- 4. Focus on customer success to grow our user base and SaaS business**



2023

Happiest and
fastest growing

efecte

Efecte: Automate and Digitalize Your Work

The European Alternative
to global players

Cloud solution for
ticketing, asset, contract,
identity & access mgmt,
and more

Ideal for European
businesses, public sector
& local service providers



Run Your IT



Serve
Your
Employees



Run
Your Business



Delight
Your
Customers

Offices in Finland,
Sweden, and Germany

International expansion
accelerated, 69% SaaS
growth YoY

Upfront investments
impact profitability, but
already on a trajectory of
improving profitability



SaaS growth
2019

23%



SaaS ARR
(12/2019)

7.7 M€



Net sales
2019

13.8 M€



Employees
12/2019

107



New customer
adds 2019

33

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**#WE
LOVE
SERVICES**

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Thank You!

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