



efecte

# Q2 2023 results webcast

11 August 2023



## **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.

# Efecte in brief

- We help European mid-market customers to **digitalize and automate** their work
- Proven **SaaS product**
- Net sales **23.5 million** EUR, growth of +21%
- Adjusted EBITDA margin +1%
- **ARR 16.5 million** EUR and **recurring gross margin 80%**
- 210 employees

Numbers are rolling 12 months based on Efecte 1-6/2023 results





We are building the **Leading European Alternative** to the global goliaths in service management software

efecte

# Strategy and vision



## Leading European Alternative

The undisputed #1 European service management vendor

**By 2025:**

35 MEUR  
EBITDA > 10%

**Eventually:**

100 MEUR  
EBITDA > 25%

# Executing our strategy in Q2



- Total net sales grew by 17%
- SaaS growth 25%
- New customers across direct markets
- Strong 37% international growth



- Next generation of our self-service product and Efecte Chat for Service Management into production use
- Started work on a new ITSM Essentials package



- FTE headcount at 210
- Jenni Mickos (VP Services) joined in June, new interim CFO starting 1<sup>st</sup> September
- Proud of our diverse and talented team



- Pursuing in accordance with our strategy
- New opportunities may arise in the current market, including consolidation of the service management market.

# Performance vs. full year guidance

GUIDANCE	Q1/2023	Q2/2023	Q3/2023	Q4/2023	YEAR TO DATE 01-06/2023
<b>SaaS growth &gt; 20%</b>	28%	25%			26%
<b>Adjusted EBITDA margin &gt; 0%</b>	-3%	1%			-1%

Numbers are based on Efecte 1-6/2023 results.

## SaaS KPI's at a glance

**SaaS growth:**  
**26%**

**SaaS MRR:**  
**1,377 MEUR**

**LTV/CAC:**  
**5.8**

**Recurring gross  
margin: 80 %**

**Net retention:**  
**109%**

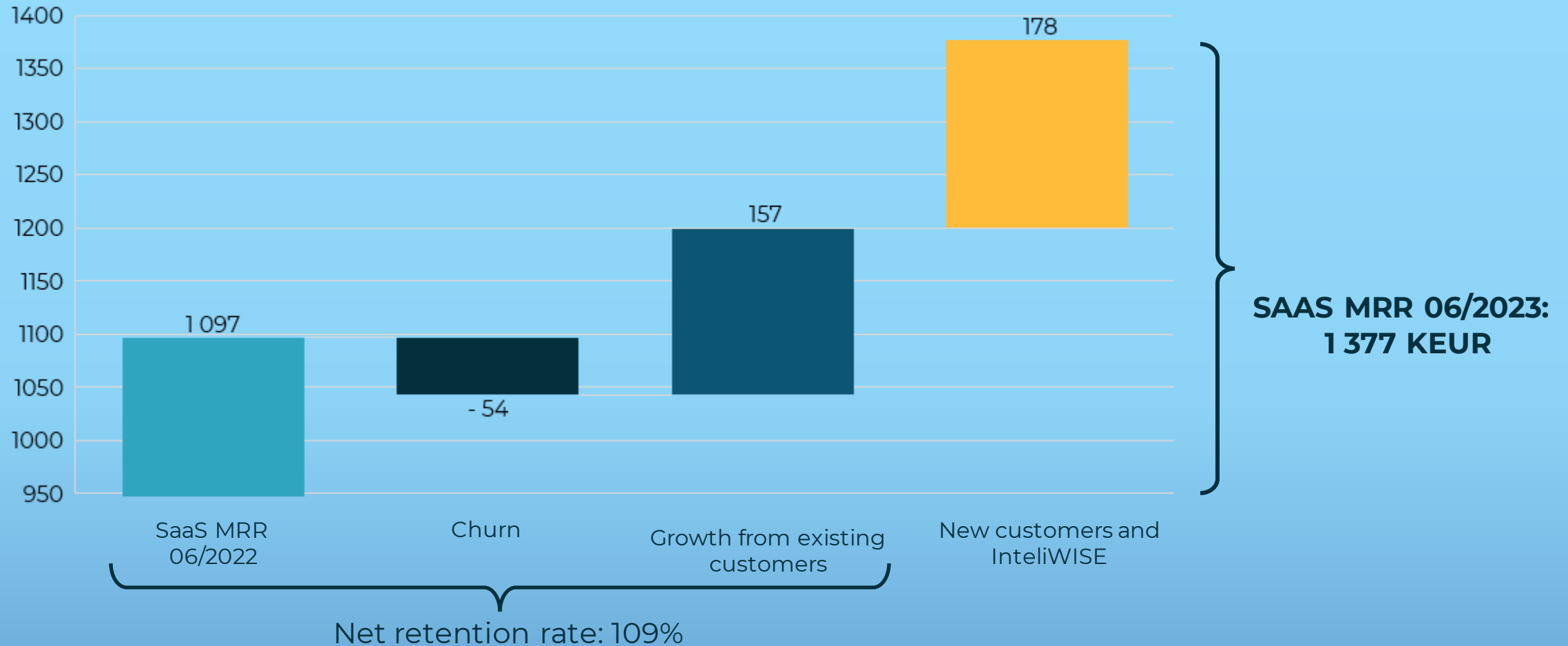
**Gross churn:**  
**4.9%**

Numbers are based on Efecte 1-6/2023 results.



# Growing with existing and new customers

Sources of SaaS MRR growth (rolling 12 months)

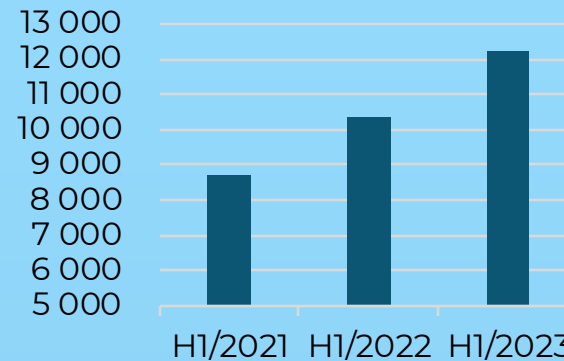


Numbers are based on Efecte 1-6/2023 results.

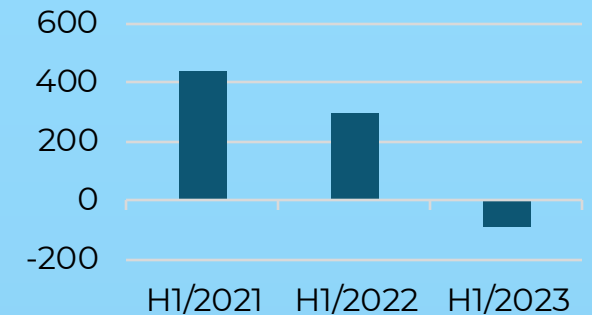
# Financial performance in Q2

- Professional services topline and profitability were throughout the first half lower than expected
- Slower headcount growth and increased productivity to result in an improving bottom line (EBITDA) towards the end of the year

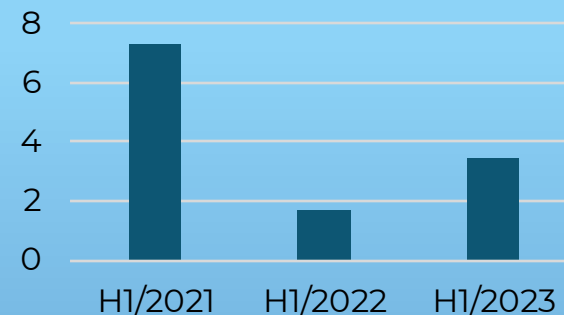
**Net sales (KEUR)**



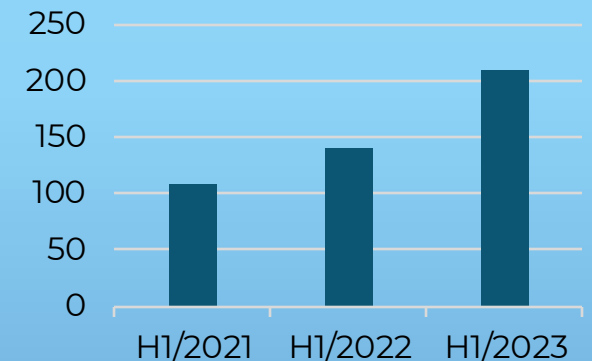
**Adjusted EBITDA (KEUR)**



**Cash and liquid assets (MEUR)**



**FTE**



Numbers are based on Efecte 1-6/2023 results

# Market update

- New customers traction strong in the first half across direct markets
- The growth plan for Scandinavia paid off as we won significant Uppsala public tender
- We were not completely immune to the apparent slowdown in the market
  - Customer buying behavior became more cautious impacting professional services and partner channel
  - We remain confident about our plan

Numbers are based on Efecte 1-6/2023 results

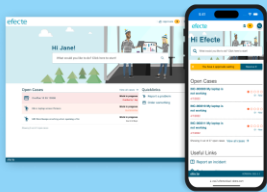


# Product highlights Q2

Easier to use

Work Smarter with AI

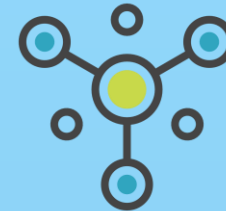
Faster to start & maintain



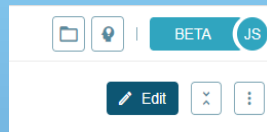
**First customers in production & ability to support more processes by new Self-service**



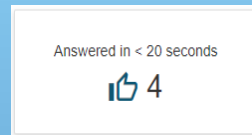
**New GPT-powered Chat creating excitement among customers**



**New productized connectors for IGA**



**Early access beta for new Agent UI\***



**New insights module for Efecte Chat**



**Enhanced security with brute force detection and clickjack prevention**

\* selected functionalities

# D&A | Digitalize & Automate 2023 show

- **The #1 ITSM virtual event in Europe** is held by Efecte again
- This year, we plan to **inspire** and **showcase how GPT, AI** and other 'intelligent' technologies **can add superpowers** to IT Management
- **4 European cities**, hundreds of IT decision makers invited:
  - Helsinki – main local and virtual (broadcast) event
  - Frankfurt, Stockholm, Warsaw – local events for the 1st time



DIGITALIZE AND AUTOMATE 2023 | SEPTEMBER 19th

## Building organizations' superpowers in the time of AI revolution

Let's harness the power of AI together. Join us for one of the largest Service Management events of the year to start your AI-driven organizational transformation. Stay tuned for keynote speaker announcements.

Dr. Daniel Susskind

Päivi Rekonen

Niilo Fredrikson

- **World-class experts as keynotes**
  - Dr. Daniel Susskind, Oxford & King's College
  - Päivi Rekonen, Wipro Board of Directors
  - Amane Dannouni, BCG

# Financial targets, 2023 guidance, dividend policy

## Long-term financial targets

By 2025, grow organically to 35 MEUR total net sales, maintain an average SaaS growth of over 20% and reach double-digit EBITDA margin.

Through organic growth and acquisitions, become eventually the largest European service management vendor with total net sales over 100 MEUR and EBITDA margin exceeding 25%.

## Guidance for 2023

SaaS net sales is expected to grow over 20% and adjusted EBITDA to be positive.

## Dividend policy

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

Organic growth scenario	2020	2021	2022	2023	2024	2025
<b>Net sales</b>	14.9 M€	17.8 M€	21.6 M€			>35 MEUR
<b>Profitability</b>	EBITDA 1 %	EBITDA 5 %	Adjusted EBITDA 2 %			Double-digit EBITDA margin
<b>Financing</b>	Cash flow	Cash flow	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



# Thank you!

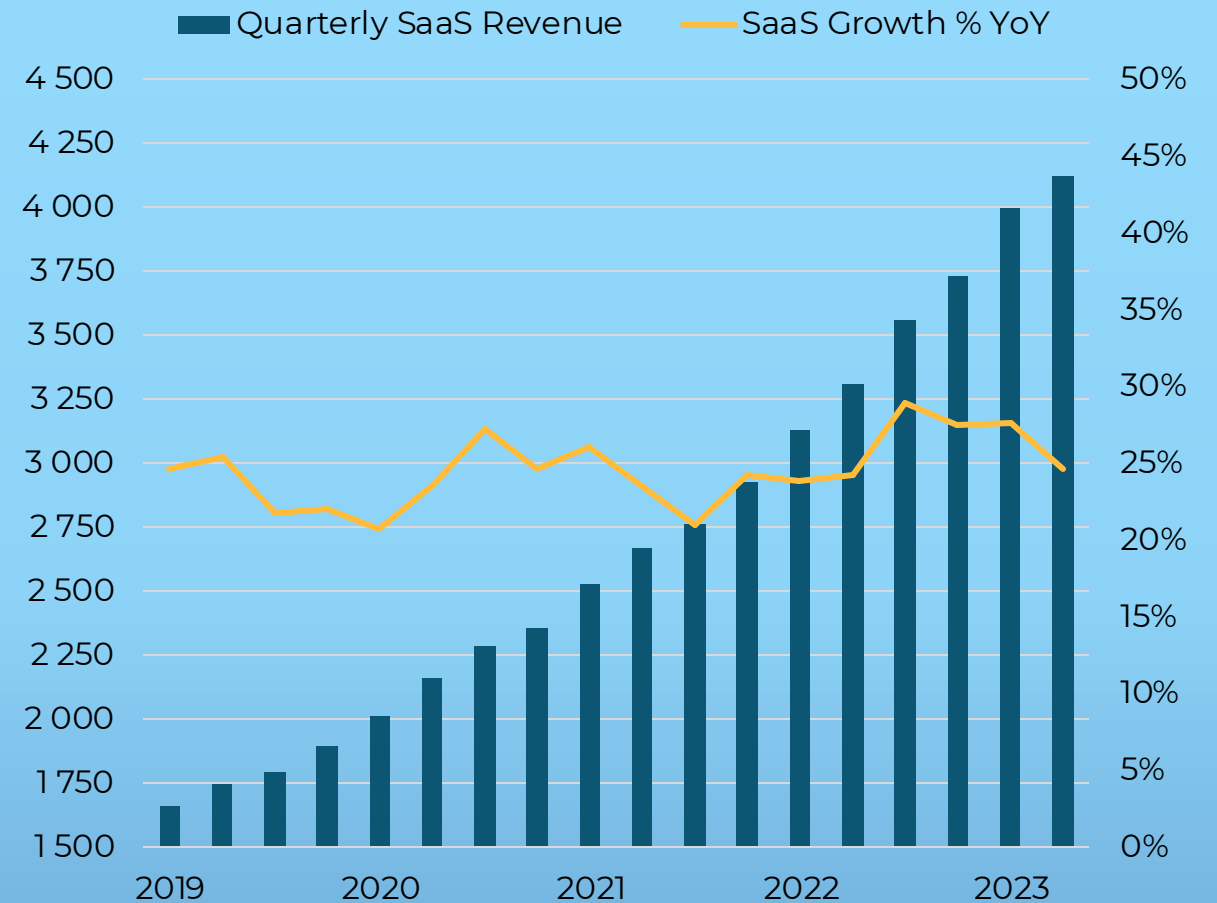




# Appendix

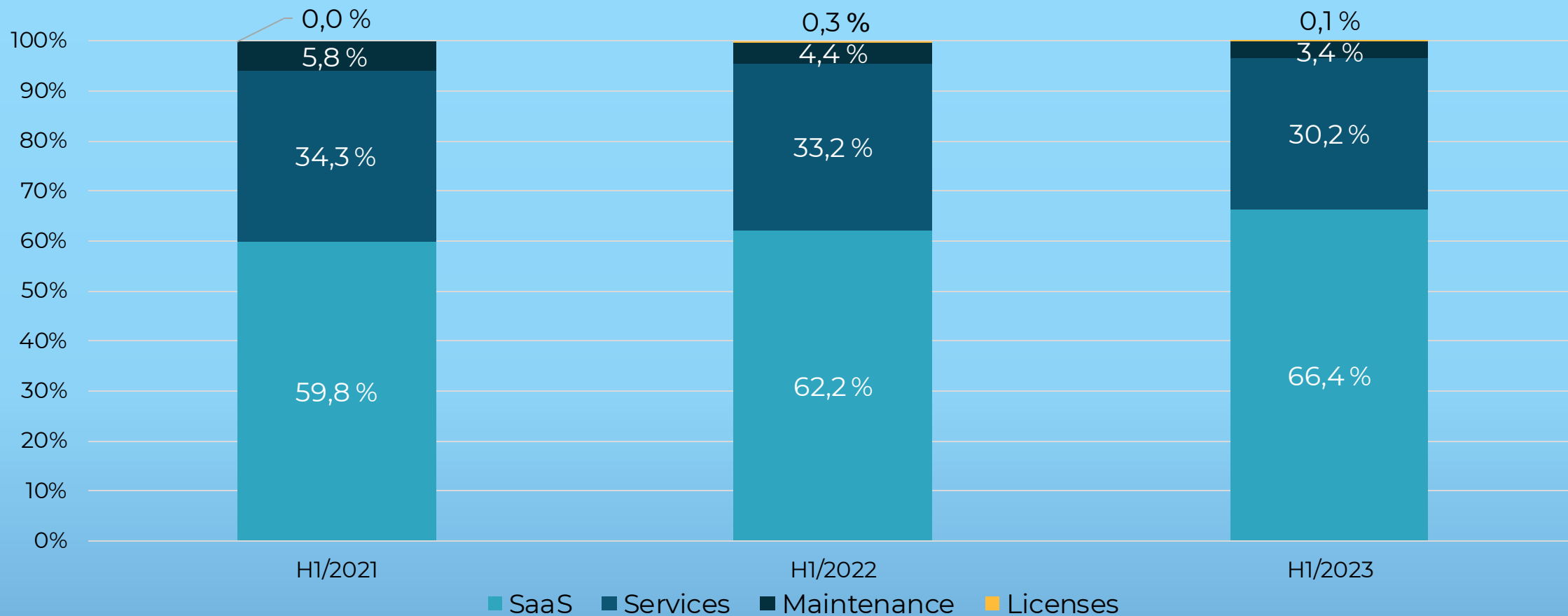
# Compounding steady SaaS growth

- SaaS growth over 20% for 23 quarters, each quarter as listed company
- Steady growth % translates to exponential growth in absolute numbers



Numbers are based on Efecte 1-6/2023 results

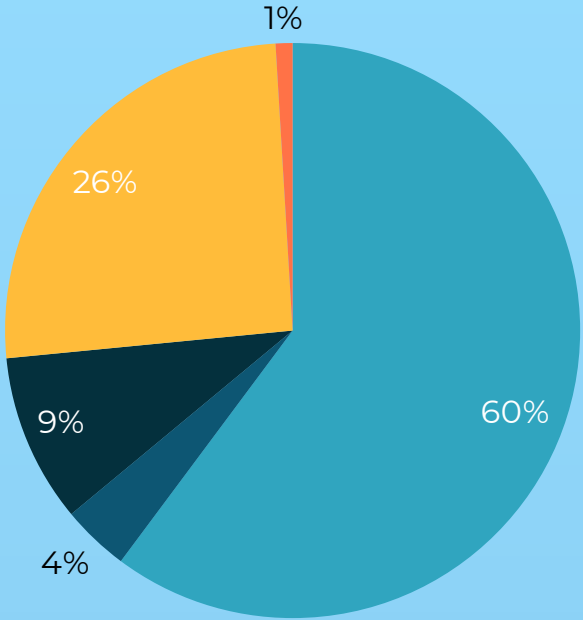
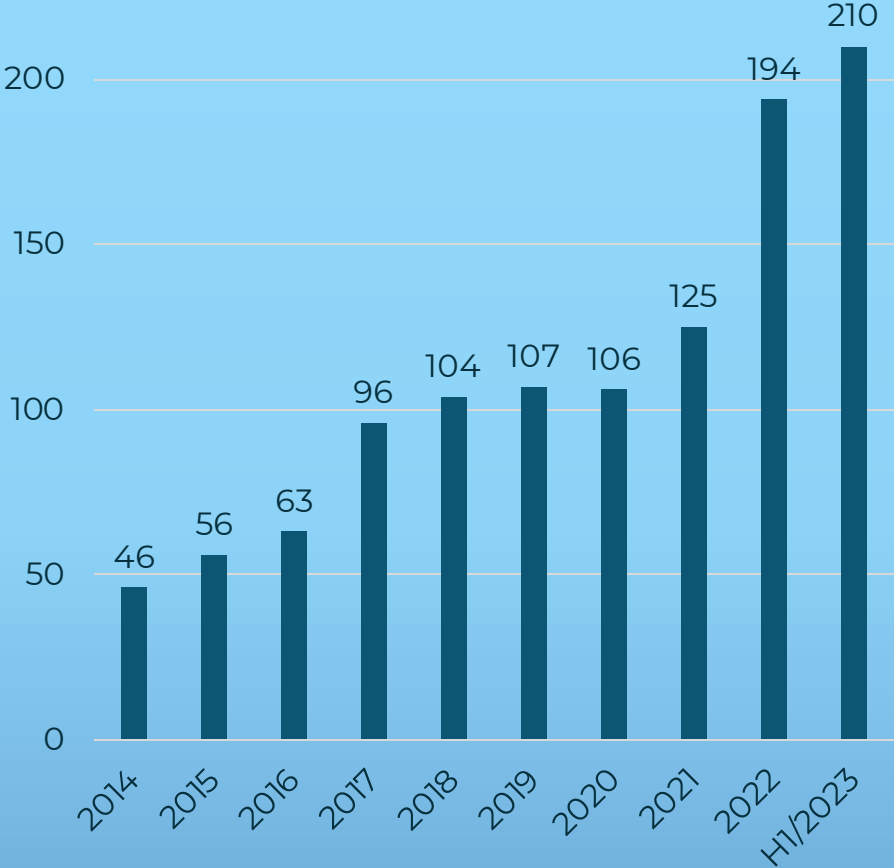
# Share of SaaS continued to increase



# Key figures

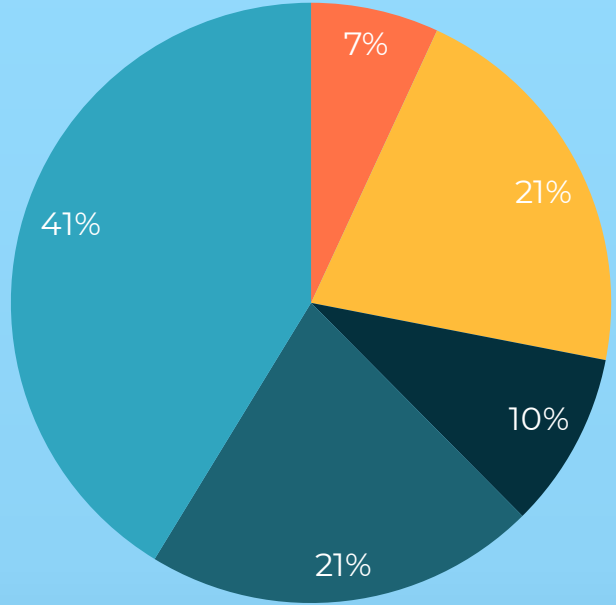
1000 EUR	H1/2023	H1/2022	2022
<b>Net sales</b>	12 247	10 356	21 607
<b>EBITDA</b>	-234	79	-13
<b>Adjusted EBITDA</b>	-92	299	519
<b>EBIT</b>	-884	-182	-864
<b>SaaS MRR</b>	1 377	1 097	1 270

# Team in numbers



■ Finland
 ■ Sweden
 ■ Germany
 ■ Poland
 ■ Spain

Our central team in Finland acts globally supporting customers, partners and sales in all markets and includes the headcount responsible for our New Markets operation.



■ Admin
 ■ Sales & marketing
 ■ Cloud operations & support
 ■ Products (incl. R&D)
 ■ Services & training

# Summary: Efecte as an investment

## 01 GROWING MARKET

European Alternative to global players in a cloud ITSM/ESM, CIA and IGA market growing double digits

## 02 SAAS BUSINESS MODEL

Scalability and predictability through recurring revenue and solid unit economics

## RUN YOUR IT



## 03 PROVEN PRODUCT

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

## 04 INTERNATIONAL GROWTH

Expanding presence across EMEA through opening new direct and partner-led markets

SaaS growth  
H1/2023  
**26%**

International SaaS  
growth H1/2023  
**37%**

Net sales  
07/2022-06/2023  
**23.5 M€**

SaaS ARR  
(06/2023)  
**16.5 M€**

Employees  
06/2023  
**210**