

Financial statements bulletin 2018

March 2019

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 tähänhetkisistä 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.

Efecte – SaaS company from Finland

- Finnish software company offering cloud-based Service Management solutions and related supportive professional services
- Core business is based on own cloud-based software product
- With approximately 300 customers, Efecte is one of the leading software vendors in its field to medium-sized and public organizations in Finland and the Nordic countries
- Originally established in 1998
- Operates in Finland, Sweden, Germany and Denmark
- Listed in Nasdaq First North Helsinki since December 2017

Net sales 2018

12.2 mill. €

Employees

Approx. **100**

EBITDA 2018

-2.0 mill. €

Customers

Approx. **300**

EBIT 2018

-2.4 mill. €

efecte

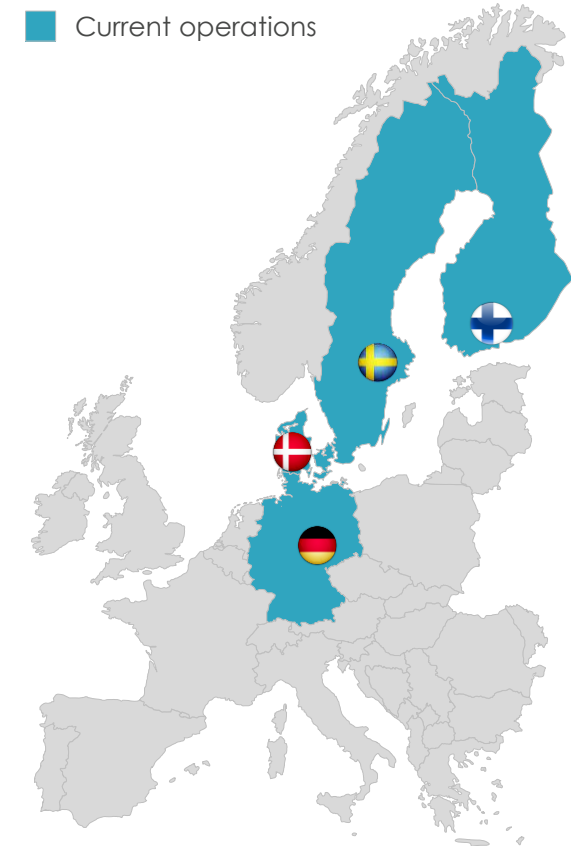
Strategy aims for international growth

Mission

We love services and our mission is to perfect them

Vision

By 2022 Efecte will have industry-leading employee and customer satisfaction. We also want to be the fastest growing European service management company, ranked by analysts as the number one European cloud solution in our field.



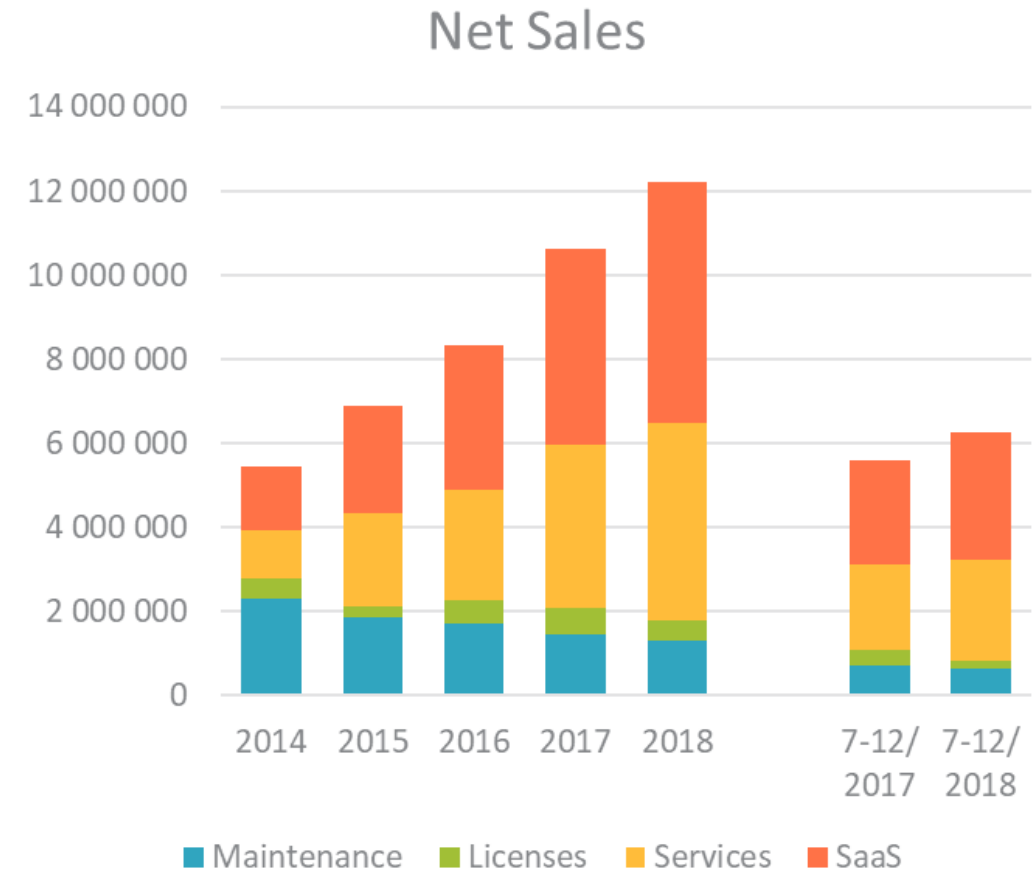
A hand is shown pointing at a tablet screen. The entire image is covered with a semi-transparent blue overlay. The text 'Year 2018' is written in white, bold, sans-serif font across the middle of the image.

Year 2018

efecte

Year 2018 in brief

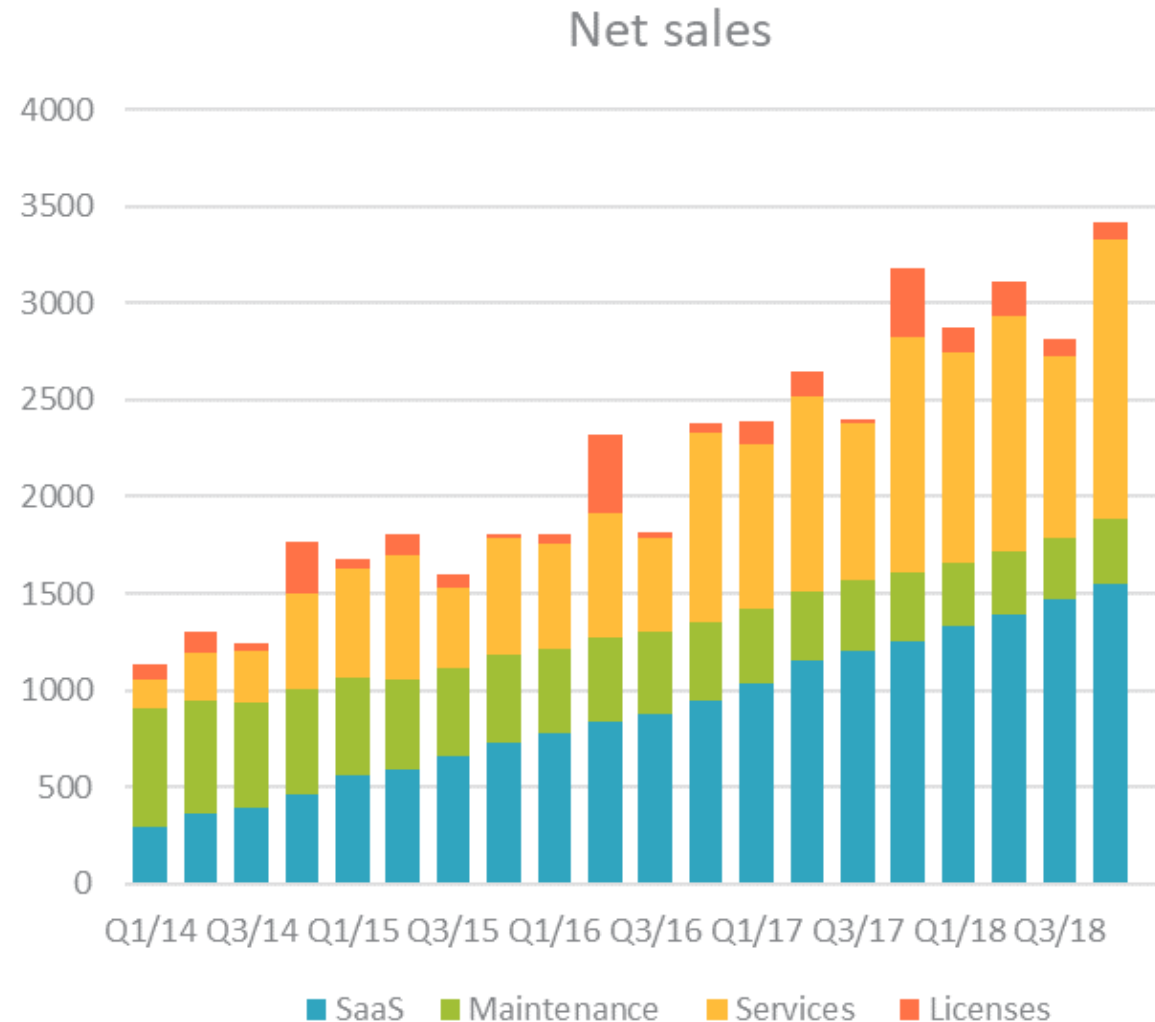
- Net sales grew by 15% to 12.2 M€
- Growth without perpetual licences 17%
- Main business SaaS grew by 24%
- Services grew by 20%
- Growth investments decreased EBITDA to -2.0 M€
- Investments into accelerating international growth especially in Germany
- Order intake 11.4 M€, slight decrease from last year
 - 8.8 M€ of "land" and "expand" orders



Key figures

1000 eur	7-12/ 2018	7-12/ 2017	2018	2017
Net Sales	6 240	5 577	12 224	10 615
SaaS	3 024	2 456	5 754	4 645
Licenses	184	367	487	615
Maintenance	646	712	1 292	1 453
Services	2 386	2 041	4 691	3 901
Domestic net sales	5 349	4 813	10 374	9 102
International net sales	891	764	1 849	1 513
Domestic sales (% of net sales)	86 %	86 %	85 %	86 %
International (% of net sales)	14 %	14 %	15 %	14 %
Recurring revenue	3 670	3 169	7 045	6 099
Recurring revenue (% of net sales)	59 %	57 %	58 %	57 %
SaaS MRR, at the end of the period	523	425	523	425
Net sales growth %	11.9 %	-	15.2 %	27.5 %

SaaS on steady growth path



- SaaS 47% of net sales 1-12/2018
- 23% growth y-on-y in SaaS monthly recurring revenue (MRR)
- Services is growing, but varying quarterly
- Perpetual licenses fluctuating
- Maintenance decreasing

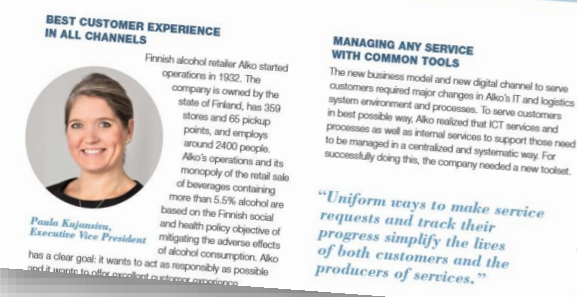
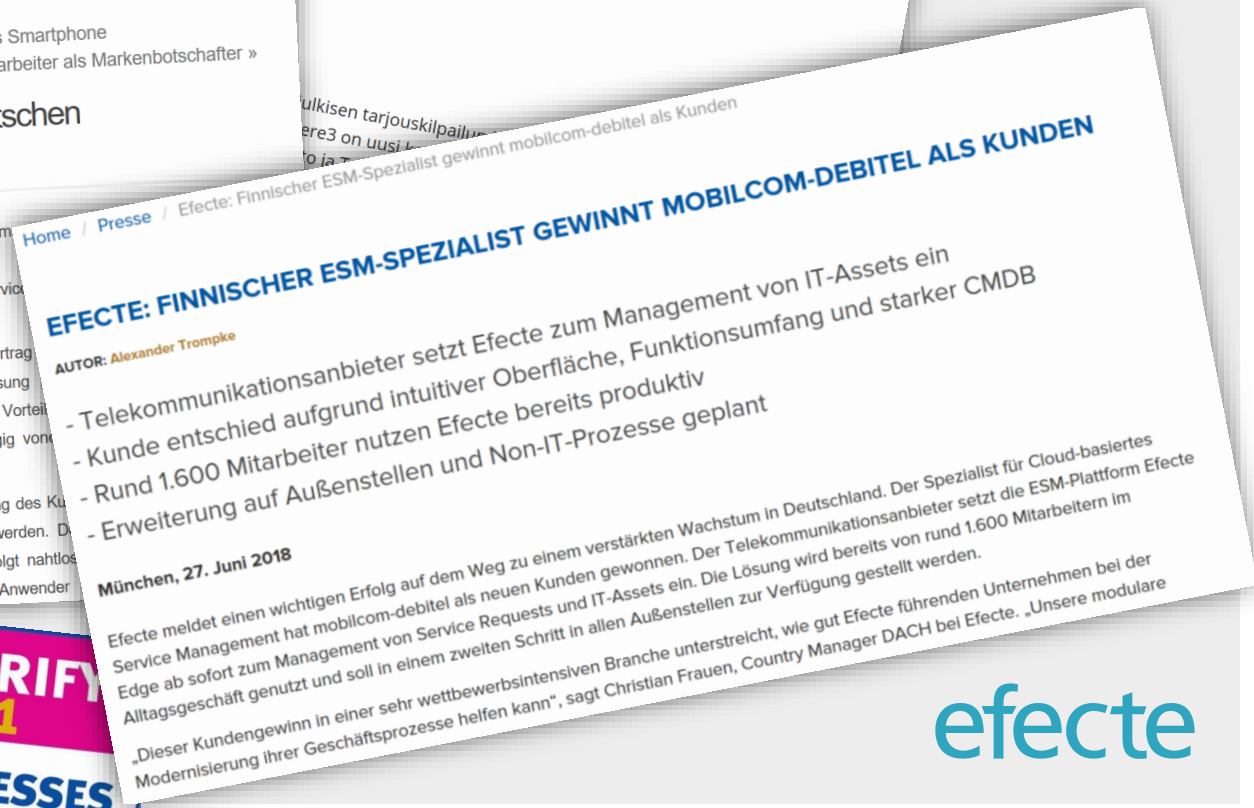
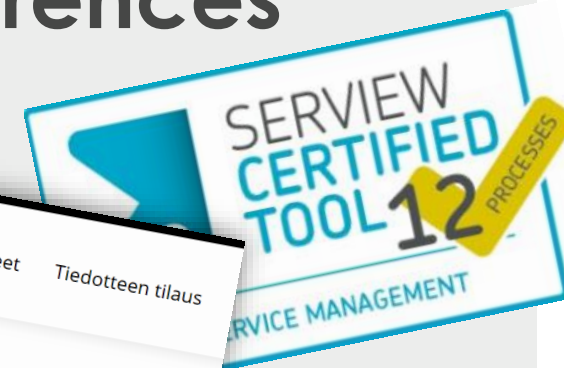
Year 2018 – key points

- SaaS net sales grew steadily
- Finland developed in stable way
- Investments into accelerating international growth continued
 - Developing Germany was the main priority
- Slower than planned international growth pushed profitability down
 - Disappointments in Sweden, Denmark
- Niilo Fredrikson started as the new CEO in late September

Germany – success toward the year-end

- Marketing & sales efforts during the year to build brand awareness and sales pipeline
- Net sales tripled in 2018 to approx 0.4 M€
- Total order intake exceeded one million euro, which will contribute to net sales from 2019 onward
 - Orders from various customer segments

Year 2018: Noticeable wins and customer references from all market areas



Income statement

(1 000 EUR)

	7-12/18	7-12/17	2018	2017
Net sales	6 240	5 577	12 224	10 615
Other operating income	2	0	2	0
Materials and services	-631	-462	-1 151	-1 043
Personnel expenses	-4 717	-3 335	-9 356	-6 502
Other operating expenses	-1 844	-1 572	-3 706	-2 766
EBITDA	-950	208	-1 987	305
Other depreciation and amortisation	-183	-141	-351	-263
EBITA	-1 134	68	-2 339	41
Goodwill amortisation	-9	-6	-19	-6
Group goodwill amortisation	0	-73	-24	-145
Operating profit	-1 143	-11	-2 382	-110
Financial income and expenses	-15	-719	-32	-731
Profit before income tax	- 1 158	-730	-2 414	-841
Income tax	-5	0	-5	0
Profit for the period	-1 163	-730	-2 419	-841
Profit for the period, adjusted for IPO cost	-1 163	-11	-2 419	-122

- Net sales 12.2 M€

- EBITDA -2.0 M€

- EBIT -2.4 M€

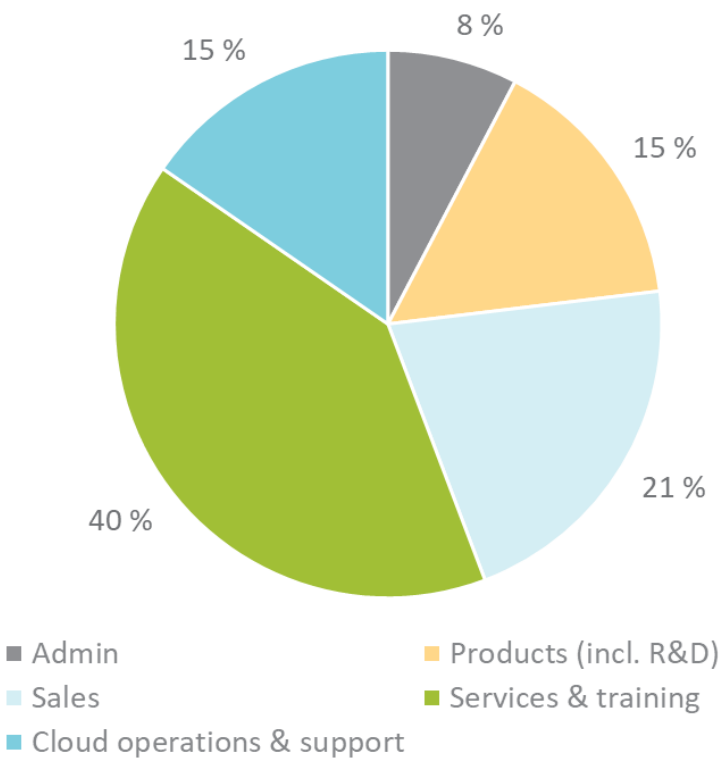
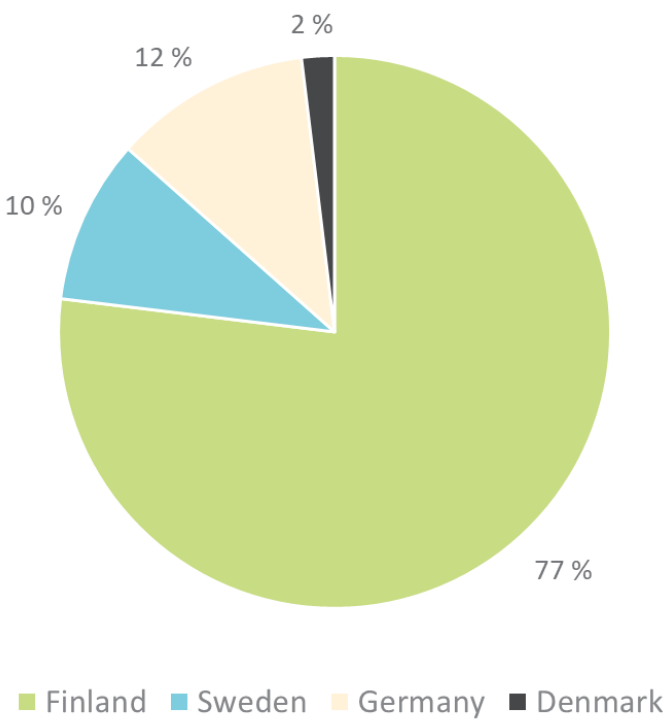
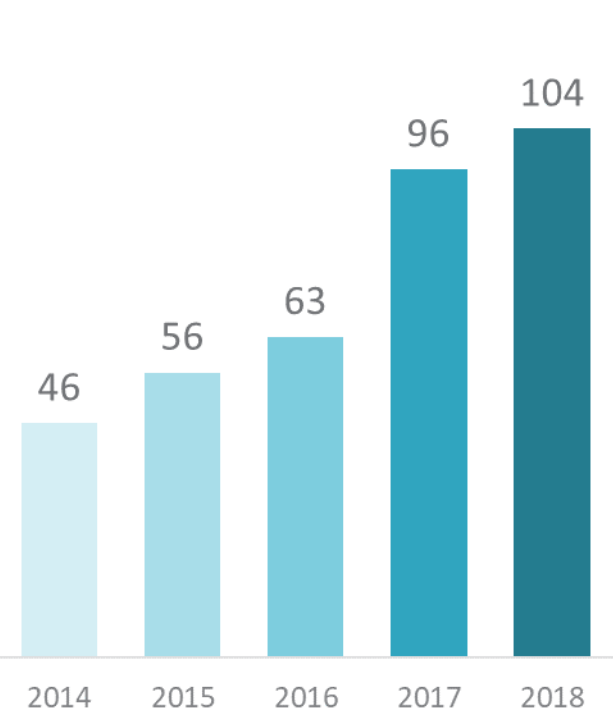
- 7-12/18 EBIT includes 0.2 M€ costs related to new CEO and change of country manager in Sweden

Balance sheet

(1 000 EUR)	12/2018	12/2017
Non-current assets		
Development expenses	991	925
Other intangible assets	11	13
Goodwill	61	79
Group goodwill	0	24
Machinery and equipment	39	36
Current assets		
Inventories, work in progress	2	95
Trade and other receivables (long-term)	53	46
Trade and other receivables short-term)	2 276	2 027
Short-term investments	2 182	3 000
Cash and cash equivalents	2 027	3 098
Total assets	7 643	9 344
Share capital	80	80
Reserve of invested non-restricted equity	10 588	10 356
Retained earnings	-7 249	-4 822
Total equity	3 419	5 614
Current liabilities		
Received advances	1 858	1 435
Trade payables	467	410
Other payables	750	673
Accruals	1 150	1 211
Total liabilities	4 224	3 729
Equity and liabilities	7 643	9 344

- Capitalized R&D cost approx. 1.0 M€
- Goodwill approx. 0.1 M€
- No financial loans
- Net debt -4.2 M€ (=net cash)

Employees



12/2018

Largest shareholders 31.12.2018

	Shareholder	Shares	%
1	First Fellow Oy	1 010 499	17,4
2	Oy Fincorp Ab	722 332	12,4
3	Stadigh Kari	334 546	5,8
4	Innovestor Kasvurahasto I Ky	298 992	5,1
5	Ilmarinen pension insurance	290 909	5,0
6	Montonen Markku	263 571	4,5
7	Aktia Nordic Micro Cap mutual fund	184 545	3,2
8	Sarkkinen Jussi-Pekka	183 015	3,1
9	OP-Suomi Mikroyhtiöt	154 433	2,7
10	Havacment Oy	121 107	2,1

- 1504 shareholders as of 31.12.2018
- 5 813 988 shares in total
 - Efecte owns 4 753 treasury shares
- 285 427 shares (4.9%) in nominee register

Financial targets, guidance on 2019, dividend policy

Long-term financial targets

Effecte aims for over 20% annual organic growth of SaaS net sales on average in 2019 - 2022. 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 2019

In 2019 SaaS net sales is expected to grow by over 20% 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 2018–2020.

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

	2017	2018	2018	2019	2020	2021	2022
			Illustration of net sales and profitability development, based on long-term targets				
Net sales	10.6 M€	12.2 M€					>20 % CAGR of SaaS in 2019–2022
Profitability	EBITDA 3 %	EBITDA -16 %					Double-digit EBIT-%
			Substantial investments in international growth will decrease operating profit in the next few years				
Financing	Cash flow	IPO 2017	IPO 2017	IPO 2017	Cash flow	Cash flow	Cash flow

Annual General Meeting 4.4.2019

Proposals for the general meeting:

- Same board members to be re-elected
- Unchanged fees for the board members
- No dividend
- Similar authorizations for the board as last year

A large group of people, likely employees, are gathered in a room with brick walls and large windows. Many are wearing blue and white beanies with the 'efecte' logo. They are all smiling and giving thumbs up or peace signs. The atmosphere is celebratory. In the foreground, a woman is wearing a green jacket with 'efecte' and 'ATTAINING SUCCESS' printed on it. The text 'Strategy update 2019' is overlaid in large white letters across the bottom half of the image.

Strategy update 2019

efecte

In a services-driven world...

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

We love services,

and our mission is to perfect them.

We offer **cloud-based service management software**,
Nordic at heart, and optimized for:

- *European businesses & public sector*
- *Local service providers*

With Efecte, you can:

Manage any service...

- *Design and automate data & processes to streamline services*

AGILITY

effectively and effortlessly...

- *Enable magical user, employee & customer experiences*

PRODUCTIVITY, TCO

including reporting & governance

- *Lead with data, based on best-in-class reporting*
- *Have all data in the cloud, inside EU / your country*

LOCAL + COMPLIANT

Strategy summary



We love services,
and our mission is to perfect them



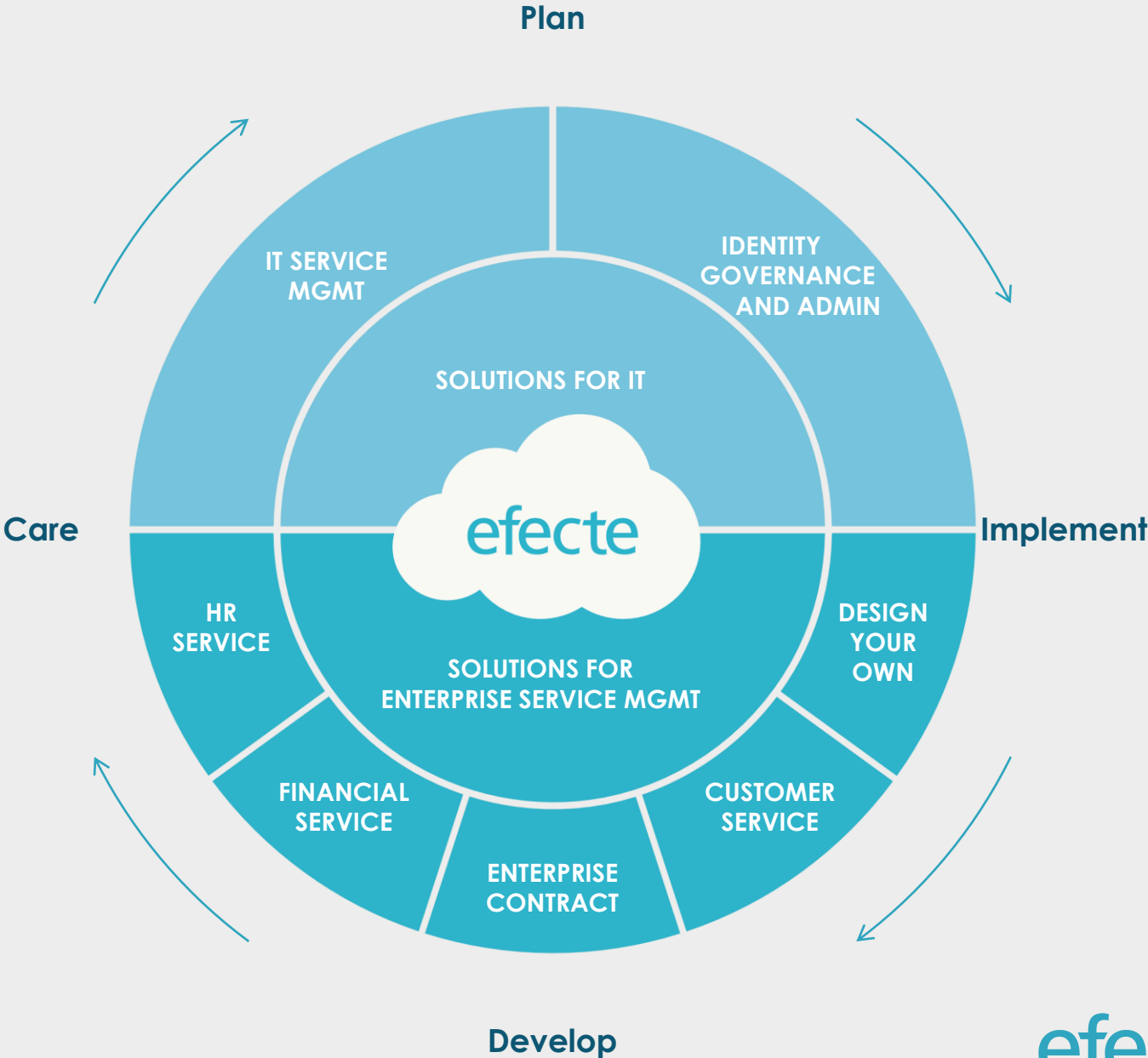
2022

*Happiest and
fastest growing*

1. **Provide cloud-based service management software that helps customers perfect any service**
(with greater agility, user experience and total cost of ownership)
2. **Target midmarket & local service providers**
3. **Expand in Europe, as the European option**
4. **Focus on making our customers successful, and through that grow our SaaS business**

efecte

Our Solutions and Customer Success Offering



Our #1 goal

*make our customers successful with Efecte,
and through that grow our SaaS business.*



How do we land our strategy in 2019

efecte

Be One Efecte

efecte



Industrialize Cloud & Processes



Differentiate Where It Matters

efecte

A man in a dark long-sleeved shirt and a blue lanyard stands on a stage, holding a smartphone in his right hand and waving with his left. He is smiling and looking towards the camera. Behind him, a large audience of people is seated in red chairs, many with their hands raised in the air, cheering. The stage is lit with blue and white lights, and there are stage lights and rigging visible in the background. The text "Win With Customers" is overlaid in large white letters on the left side of the image.

Win With Customers

efecte

Summary

A photograph of two men walking on a modern, curved staircase. The man on the left is wearing a light blue button-down shirt and dark shorts, holding a tablet. The man on the right is wearing a striped t-shirt, glasses, and a yellow backpack, carrying a laptop. The background features a white perforated wall and large windows. The entire image has a blue tint.

efecte

Summary

- 2018 was year of organizational stabilization after strong growth in headcount
- Strategy work has confirmed our belief in our long-term prospects
- In 2019 we expect
 - Finland to continue growth based on customer base
 - To get order intake in Sweden back on growth track
 - Germany to maintain momentum with new customers

**#WE
LOVE
SERVICES**

efecte