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## Efecte Plc's Business review on 1-9/2019 - SaaS grew by 24%

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### Efecte Plc's business review on 1-9/2019 - SaaS grew by 24%

- SaaS grew by 24%, international SaaS by 60%
- Total net sales grew by 15 % to 10,2 (8,8) Million euro
- SaaS was 51%, Services 38% of total net sales
- EBITDA was -0,8 (-1,3) Million euro and operating profit -1,1 (-1,6) Million euro
- Operating profit percentage improved from -18% to -10%

#### Group key figures

MEUR	1-9/2019	1-9/2018	2018
Net sales	10,2	8,8	12,2
EBITDA	-0,8	-1,3	-2,0
Operating profit	-1,1	-1,6	-2,4
SaaS MRR (1000 eur)	602	507	523

CEO Niilo Fredrikson reviews the period 1-9/2019:

During third quarter, we continued carrying out our strategy, and our key figures show that we are heading in the right direction. SaaS growth was solid 24% and international SaaS growth accelerated to 60%. I am also happy with the improving profitability as EBITDA continued improving during the third quarter.

The highlights of early autumn included the presentation of the new Kanban feature to customers in Helsinki, Stockholm and Munich. The feature will create a modern user interface on top of the service process management and automation in Efecte. This will allow our customers to operate in an agile manner in the spirit of agile and lean methodologies. The feature is already in use for pilot customers, and the feedback has been encouraging. Towards the end of the year, the new Kanban feature will be available to all of our customers, and we will put additional focus on marketing based on the agility theme and this new feature.

Germany continued to grow strongly, and we started a Customer Advisory Board consisting of senior IT management of major customers in Germany. In Sweden we continued developing our operation with our prospects looking cautiously positive. The employee count has remained stable in Sweden during the past quarters but within these numbers significant development has taken place in the team. We have also increasingly used the help of subcontractors and the team in Finland in Sweden.

Service providers remained central to our sales activities. Even though the third quarter is sales-wise our slowest quarter of the year, we were able to grow the amount of customers in this segment. We also continued developing our offering to even better cater to service providers.

The ending SaaS monthly recurring revenue in the total amount of approximately 20 thousand euro, discussed in our half year report, took place expectedly and its effects will be fully visible in our SaaS invoicing commencing in Q4.

The employee count at the end of the review period was 107 (102). Of these, 87 were in Finland (78), 8 in Sweden (11), 0 in Denmark (2) and 12 in Germany (11). The average number of employees during the period under review was 105 (102).

Company did not have financial loans at the end of reporting period. The company's cash and liquid assets were 4.3 MEUR (9/2018: 4.8 MEUR).

#### Long-term financial targets

Efecte 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 for the year 2019

In 2019 SaaS net sales is expected to grow by over 20% and profitability to improve from the comparison period.

#### Next earnings release

Efecte will publish the financial statements bulletin 2019 on 23 March 2020.

#### Additional information:

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#### *Efecte Plc*

*Efecte is a Finnish software company offering cloud-based Service Management solutions and related supportive professional services. With Efecte's software, organizations can flexibly manage all internal and external services, for example, an IT, HR or finance department's services, customer service and access rights. Efecte is one of the leading software vendors in its field for medium-sized and public organizations in Finland and the Nordic countries. The company was established in 1998 and is listed on the Nasdaq First North Growth Market Finland marketplace. Efecte operates in Finland, Sweden, Germany, and Denmark.*

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