

# Efecte H1/2020 webcast

A person is sitting in a bright green chair, using a laptop. Their feet are resting on a grey chair, wearing grey sneakers and pink and white patterned socks. The background is a blurred office or home setting with a white wall and a wooden door.

18.8.2020

Niilo Fredrikson

@niilof

# Forward-Looking Statements / *Huomioitavaa*

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.

*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.*

# H1/2020 key elements – Niilo's point of view

1. Solid half-year despite many distractions
  - SaaS growth
  - Improving profitability
2. SaaS transformation accelerated
  - Revenue mix development
  - Role of services
3. Strategy landing key for our long-term success

# What we promised

1. SaaS growth 15-25%

2. Invest in international expansion

3. Improving profitability

# What we delivered

Results 1-6/2020

15-25% SaaS growth



SaaS growth:  
**22%**

International expansion



Int. SaaS growth:  
**65%**

Improving profitability



EBITDA %:  
**-12% → -5%**

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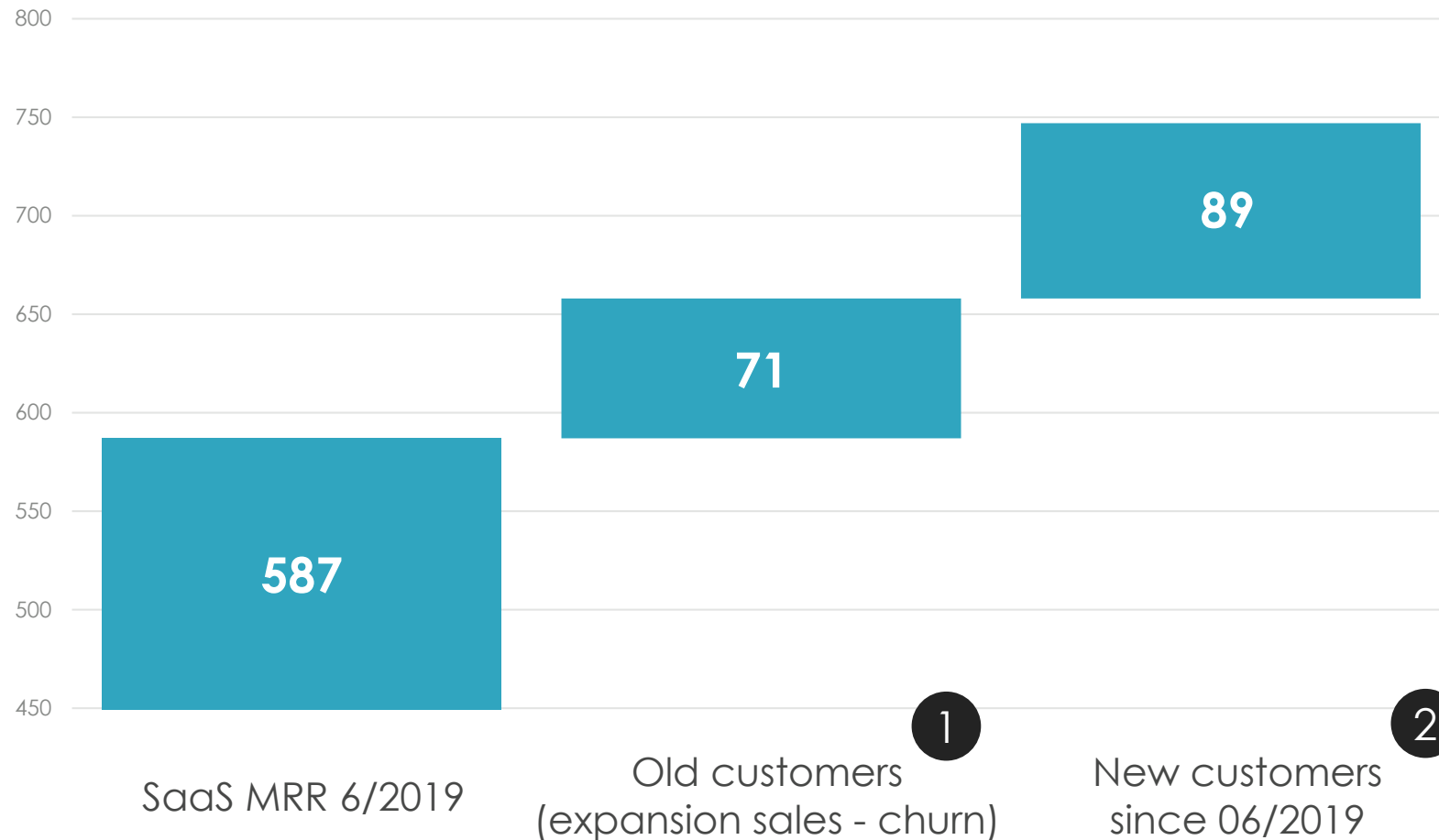


# Team Efecte

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# Two engines driving MRR growth

Sources of SaaS MRR growth last 12 months

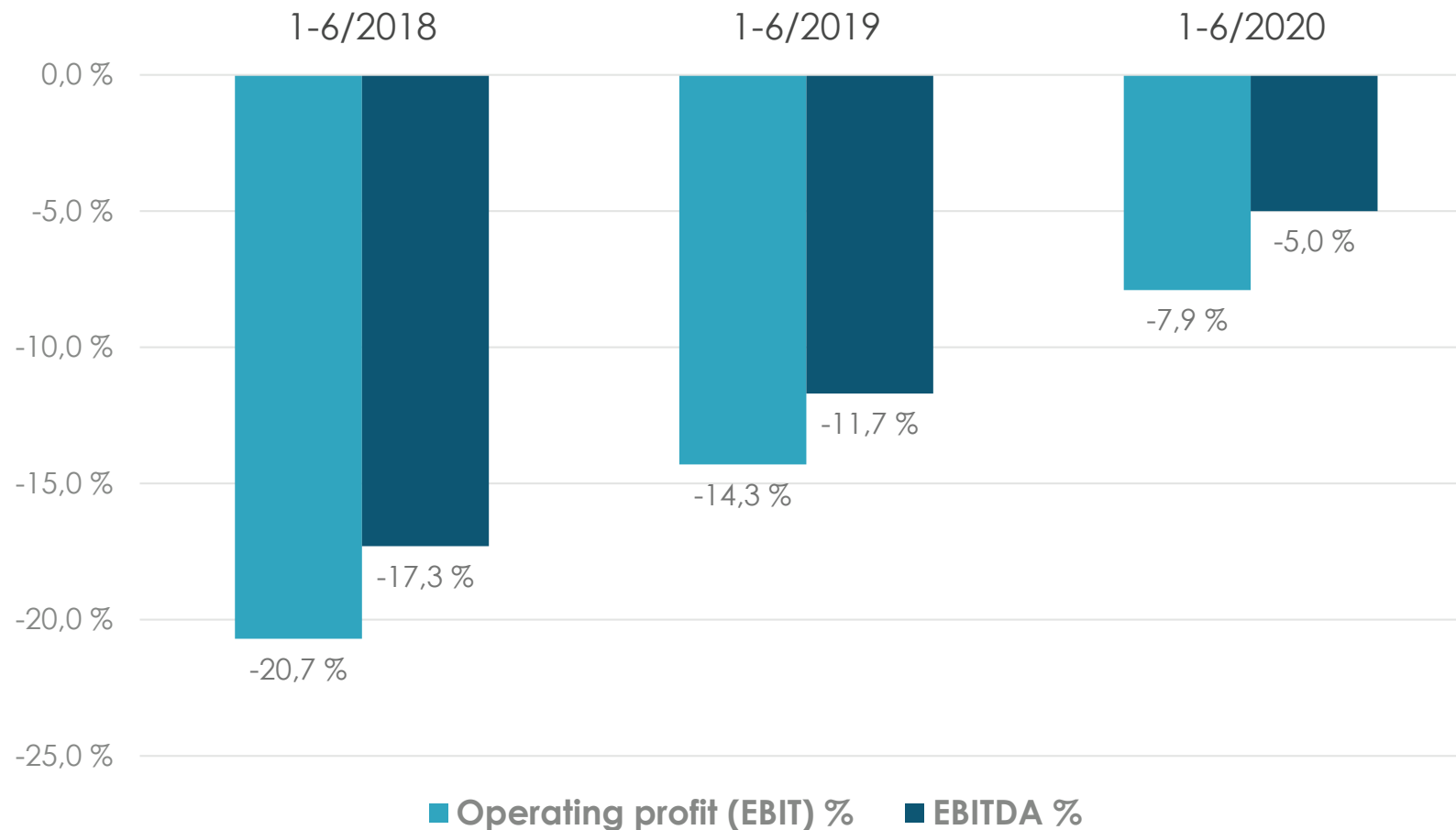


1. Old customers growth heavily based on Finland due to larger install base

2. DACH and Scandinavia contributing already remarkably to new customer growth

**SaaS MRR 6/2020:  
747 kEUR**

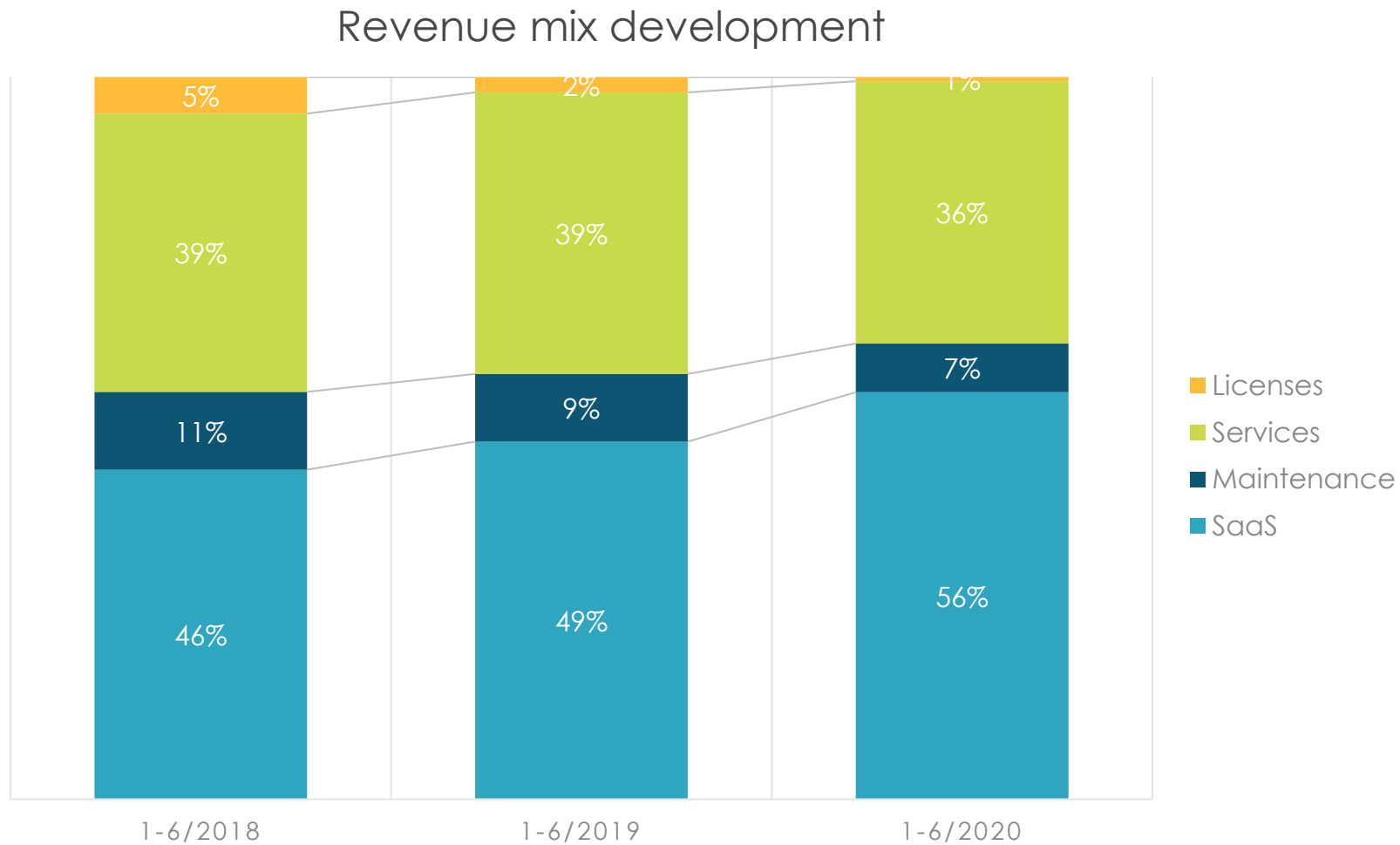
# Improving profitability



- We reacted fast to the pandemic and were successful in driving tight cost control all across
- In services, limiting the damage was important and the team delivered
- We will continue to balance growth investments and improving profitability
- Part of the cost savings in Q2 may turn out to be temporary

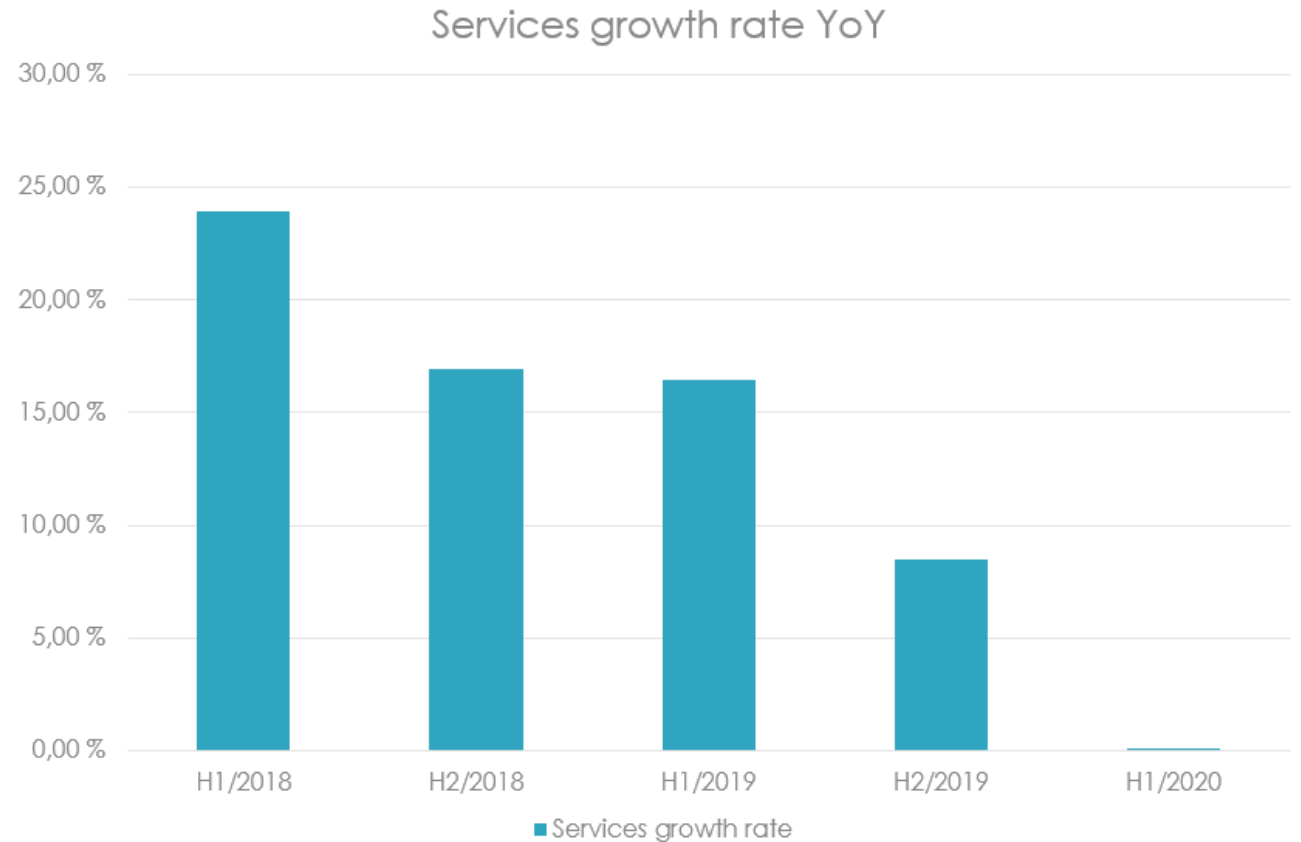


# SaaS transformation accelerated in H1/2020



# Role of services

- As per our strategy, we focus on growing SaaS and the services trend is in line with that (in Q2 accelerated by COVID-19)
- The main role of services is to help customers
  1. Take Efecte into use
  2. Expand their use to new areas
- Most services work is Efecte configuration – and some customers do it themselves
- In addition to our own services, we are building a growing ecosystem of Efecte partners offering services





# Landing our strategy

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# Efecte strategy

2023

Happiest and  
fastest growing

Make it  
happen

Respect

Challenge

Trust

**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**

We love services,  
and our mission is to perfect them

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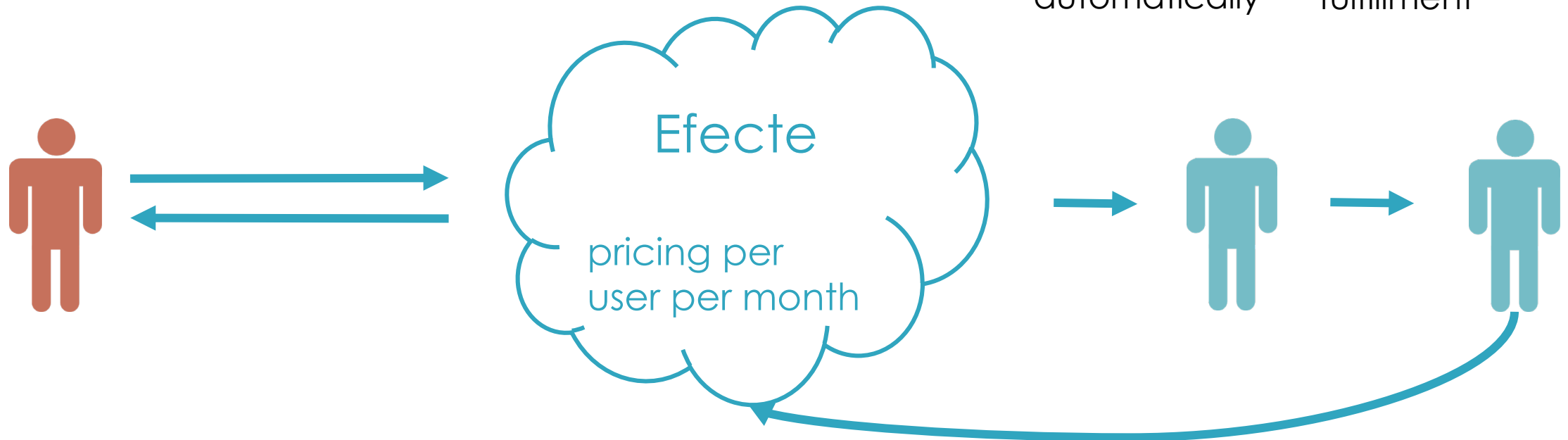
# With Efecte, service organizations can increase productivity and improve customer experience

1. "I need service"

2. A service request ("ticket") is created

3. Service request routed automatically

4. Workflow based fulfillment



6. Inform end user and give opportunity to react

5. Service request fulfilled

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# Strategy execution proceeded according to plan

**European alternative**  
strategy landing

New **digital go-to-**  
**market** capabilities  
and **partner program**

**R&D investments**  
continued with new  
solution portfolio and  
UX & AI focus

- New COO and org increased our ability to execute internationally
- Development of our partner program and digital go-to-market capabilities have been key investments to enable further scaling across Europe
- R&D efforts aimed at strengthening our three main differentiators: agility, experience & lower TCO

# 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

In 2020, SaaS net sales is expected to grow between 20-25% 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 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					
<b>Net sales</b>	12.2 M€	13.8 M€				>20 % CAGR of SaaS in 2020–2023
<b>Profitability</b>	EBITDA -16 %	EBITDA -7 %	 Substantial investments in international growth will decrease operating profit in the next few years			Double-digit EBIT-%
<b>Financing</b>	IPO 2017	IPO 2017	IPO 2017	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

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# Key figures H1 /2020

1000 eur	1-6/ 2020	1-6/ 2019	2019	2018
<b>Net Sales</b>	7 393	6 884	13 839	12 224
<b>SaaS</b>	4 166	3 408	7 094	5 754
<b>Licenses</b>	44	147	185	487
<b>Maintenance</b>	498	646	1 287	1 292
<b>Services</b>	2 685	2 684	5 272	4 691
<b>Domestic net sales</b>	5 640	5 765	11 275	10 374
<b>International net sales</b>	1 752	1 118	2 564	1 849
<b>Domestic sales (% of net sales)</b>	76 %	84 %	81 %	85 %
<b>International (% of net sales)</b>	24 %	16 %	19 %	15 %
<b>Recurring revenue</b>	4 664	4 053	8 381	7 045
<b>Recurring revenue (% of net sales)</b>	63 %	59 %	61 %	58 %
<b>SaaS MRR, at the end of the period</b>	747	587	640	523
<b>Net sales growth %</b>	7.4 %	15.0 %	13.2 %	15.2 %

# Income statement

(1 000 EUR)	1-6/2020	1-6/2019	2019
<b>Net sales</b>	<b>7 393</b>	<b>6 884</b>	<b>13 839</b>
Other operating income	4	0	0
Materials and services	-622	-648	-1 206
Personnel expenses	-5 280	-5 139	-9 701
Other operating expenses	-1 862	-1 902	-3 931
<b>EBITDA</b>	<b>-366</b>	<b>-806</b>	<b>-998</b>
Other depreciation and amortisation	-207	-169	-378
EBITA	-573	-975	-1 377
Goodwill amortisation	-9	-9	-19
<b>Operating profit</b>	<b>-583</b>	<b>-984</b>	<b>-1 396</b>
Financial income and expenses	-27	26	25
Profit before income tax	-610	-958	-1 371
Income tax	-2	-	-2
Profit for the period	-612	-958	-1 373

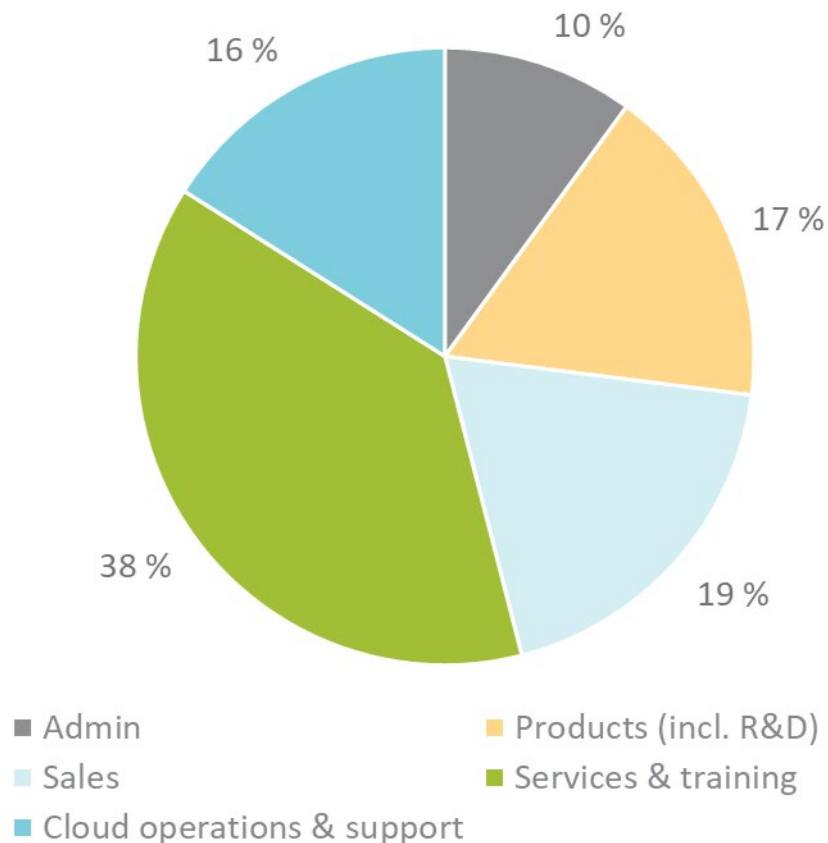
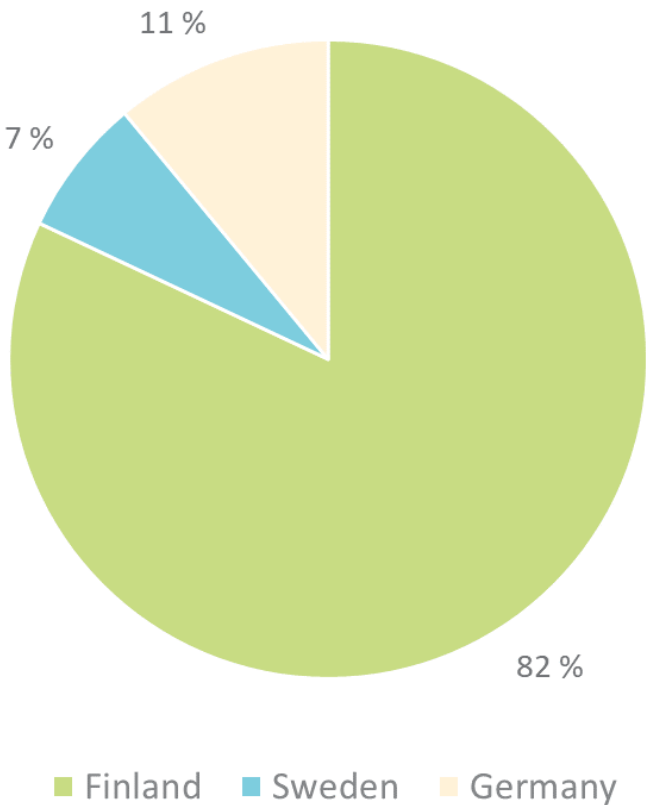
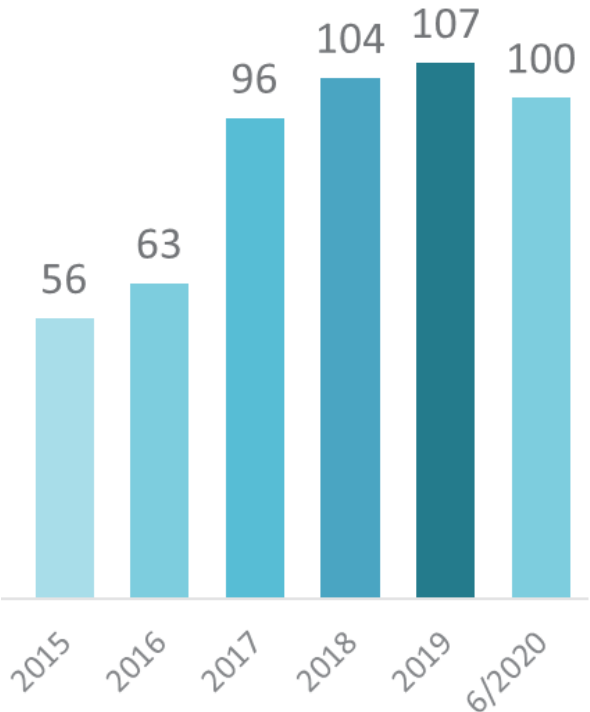
- Net sales 7.4 M€
- EBITDA -0.4 M€
- EBIT -0,6 M€

# Balance sheet

(1 000 EUR)	6/2020	6/2019	12/2019
<b>Non-current assets</b>			
Development expenses	1 147	1 023	1 063
Other intangible assets	225	26	167
Goodwill	33	52	42
Machinery and equipment	18	29	23
<b>Current assets</b>			
Inventories, work in progress	-	15	1
Trade and other receivables (long-term)	52	55	60
Trade and other receivables (short-term)	2 714	1 987	2 659
Short-term investments	-	3 023	1 973
Cash and cash equivalents	4 235	1 952	1 475
<b>Total assets</b>	<b>8 422</b>	<b>8 163</b>	<b>7 464</b>
Share capital	80	80	80
Reserve of invested non-restricted equity	10 749	10 686	10 708
Retained earnings	-9 236	-8 211	-8 623
<b>Total equity</b>	<b>1 593</b>	<b>2 554</b>	<b>2 165</b>
<b>Current liabilities</b>			
Received advances	3 637	2 904	2 316
Trade payables	326	429	450
Other payables	1 197	681	1 050
Accruals	1 669	1 593	1 483
<b>Total liabilities</b>	<b>6 829</b>	<b>5 608</b>	<b>5 299</b>
<b>Equity and liabilities</b>	<b>8 422</b>	<b>8 163</b>	<b>7 464</b>

- Capitalized R&D cost approx. 1.1 M€
- No financial loans
- Net cash 4.2 M€ (

# Employees (6/2020)

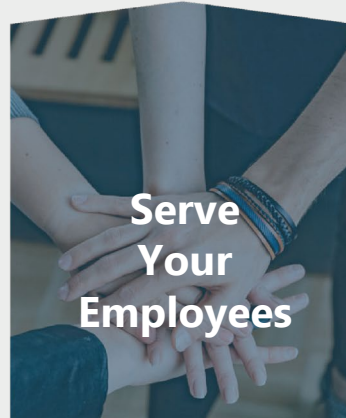


# Efecte: Digitalize and Automate Your Work

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



Offices in Finland,  
Sweden, and Germany

International expansion  
accelerated, 65% SaaS  
growth YoY in 1-6/2020

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



SaaS growth  
H1/2020

**22%**



SaaS MRR  
(6/2020)

**0.75 M€**



Net sales  
2019

**13.8 M€**



Employees  
6/2020

**100**



New customer  
adds 2019

**33**

**#WE  
LOVE  
SERVICES**

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