

EFFECTE PLC -- HALF-YEAR REPORT -- 16 JULY 2021 at 8.30

Effecte Plc's Half-Year Report 1-6/2021 – SaaS +25%, EBITDA margin 5%

4-6/2021:

- SaaS grew by 23% and international SaaS by 37%
- EBITDA was 0.3 million euro (-0.1) and EBIT 0.1 million euro (-0.2)
- EBITDA margin was 6% (-2%)
- Services grew 20% driven by several large deployments and soft comparison period
- New partner in Croatia, first order in Czech Republic

1-6/2021:

- SaaS grew by 25% and international SaaS by 41%
- EBITDA was 0.4 million euro (-0.4) and operating profit 0.2 million euro (-0.6)
- EBITDA margin was 5% (-5%)
- 1.3 million euro operating cash flow (1.1)

New guidance for 2021 (from 13 July 2021):

SaaS net sales is expected to grow 21-24% and EBITDA margin to be 1-6%.

Previous guidance for 2021 (from 25 February 2021 until 13 July 2021):

SaaS net sales is expected to grow 20-24% and EBITDA margin to be 1-4%.

Group key figures

1000 EUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
Net sales	4 474	3 701	8 686	7 393	14 888
EBITDA	256	-69	442	-366	126
EBITA	140	-173	215	-573	-314
Operating profit	136	-178	205	-583	-332
Profit for the period	131	-179	199	-612	-368
Earnings per share, eur	0.02	-0.03	0.03	-0.10	-0.06
Equity per share, eur	0.51	0.27	0.51	0.27	0.33
SaaS MRR	901	747	901	747	808

CEO Niilo Fredrikson:

Our second quarter was marked by several large Effecte deployments going into production, as we continued to help our customers digitalize and automate their work. Customer satisfaction for these projects was at a record level, showcasing the progress we've made towards delivering a five-star experience for each customer and partner. This is an important part of our differentiation as the European Alternative for the global goliaths in our space.

Topline growth across the board

Steady SaaS growth continued at 23% in Q2, and the wave of successful Effecte deployments and a soft comparison period were reflected in the faster-than-usual 20% services growth. Legacy maintenance revenue grew supported by low churn and some pricing adjustments. While costs started to increase in line with our plan, it was more than offset by the strong total net sales growth of 21% during Q2, helping us also deliver another EBIT positive quarter.

Winning with partners

During Q2, we expanded our geographical reach again as we signed a partnership agreement with a Croatian reseller. We got also our first order in the Czech Republic from our partner Solutia. Partnerships in our established markets, especially Germany and Finland, continued to grow. During the first half, we got in total 20 new customers, out of which 10 came through partners.

Investing for long-term growth

Our plan is to increase growth investments during the second half. After two years of growing with flat headcount, we will now also grow the team. Investments in go-to-market, delivery, product development and partner channel will fuel our future growth. We expect Q3 and especially Q4 profitability to be impacted by the planned growth investments. And as mentioned in the Q1 business review, the comparison period for SaaS growth in the second half is an especially strong one. Accordingly, we anticipate SaaS growth towards the end of the year to be slightly lower than during the first half. These factors have been considered in our updated guidance and we are confident about our ability to keep growing also in the future.

We are in this for the long-term, and our priorities are clear: we serve our customers, win new ones across Europe, invest in our product and continue to build the partner channel. As long as we do these things well, we are every day closer to our European Alternative vision. It's an exciting journey and our digital customer event on 15-16 September 2021 will be another key milestone on that path. Any interested analysts, investors and media are also welcome to join (see www.efecte.com for details).

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This release is unaudited. The amounts in this report have been rounded from exact numbers.

NET SALES AND PROFIT

Net sales by type

Net sales, 1000 EUR	4-6/2021	4-6/2020	1-6/2021	1-6/2020	2020
SaaS	2 665	2 158	5 195	4 166	8 806
Licenses	7	25	7	44	93
Maintenance	255	230	505	498	1 010
Services	1 547	1 287	2 979	2 685	4 980
Group total	4 474	3 701	8 686	7 393	14 888

Efecte's net sales in 1-6/2021 were 8.7 million euro (7.4), a growth of 18%. The foreign subsidiaries generated 2.1 million euro (1.8) net sales, corresponding to 24% of total net sales (24%).

Software as a Service (SaaS) grew 25% and services net sales increased by 11%. Net sales of perpetual licenses have become insignificant in line with our strategy. Net sales generated by related maintenance has also been on a long-term declining trend, but increased during the period by 1%, supported by low churn and pricing changes implemented for this year. Our total recurring revenue (SaaS and maintenance) amounted to 5.7 million euro (4.7), corresponding to approximately 66% of net sales (63%).

SaaS MRR was 901 thousand euro in the end of June, growing 21% year-over-year. Of that growth, 12 percentage points came from existing customers (net retention rate 112%) and 9 percentage points from new customers since 6/2020. Gross churn amounted to 4.8%. Our recurring gross margin stood at 79% in the end of June (77%). We determine recurring gross margin on a rolling 12 month basis through subtracting the total cost of support, cloud infrastructure, cloud operations and 3rd party licenses from our total recurring revenue and dividing the outcome by total recurring revenue.

Our average customer acquisition cost (CAC) on a rolling 12 months basis was 92 thousand euro, and the average life-time value (LTV) of an acquired new customer was 469 thousand euro. Accordingly, the LTV/CAC ratio was 5.1. This means that the cost of customer acquisition is earned 5.1 times during the lifetime of the customer. We determine customer acquisition cost through multiplying sales and marketing costs by 0.7 divided by number of new customers. The multiplier 0.7 reflects the fact that some of sales & marketing cost goes towards serving existing customers. Life-time value is defined as MRR of new customers divided by gross churn multiplied by recurring gross margin divided by number of new customers.

Services net sales development was strong due to several significant new Efecte deployments and existing customers expanding the usage of Efecte, as well as a relatively soft comparison period. Our strategy is to focus on growing our SaaS business and Services business is there to support adoption with the help of our partner network. SaaS formed already 60% of total net sales (58%).

Efecte's EBITDA was 0.4 million euro (-0.4) and operating profit was 0.2 million euro (-0.6). Profitability improved supported by topline growth and economies of scale.

Taxes corresponding to the profit of the period have been entered as tax expense. Efecte has confirmed tax losses in the taxation for Finland, so there was no income tax expense in Finland.

Net profit for the period was 0.2 million euro (-0.6).

FINANCE AND INVESTMENTS

At the end of the reporting period, the balance sheet for Efecte group totaled 11.2 million euro (8.4). Equity ratio was 46% (33%) and net gearing was -239% (-266%).

At the end of reporting period, the Company's financial loans were 0 euro (0). The company's cash and liquid assets were 7.3 million euro (4.2).

Cash flow from operating activities for the reported period was 1.3 million euro (1.1) and cash flow from investing activities was -0.3 million euro (1.6). Investments in tangible and intangible assets were 0.3 million euro (0.3) and were mainly activated R&D expenses. Cash flow from financing activities was 0.9 million euro (0.0). Cash flow from financing activities consisted of subscriptions relating to stock options.

After the reporting period a total of 148 750 shares of Efecte Plc have been subscribed for with 2018A stock options. The shares have been registered into the trade register on 6 July 2021. The entire subscription price of 0.9 million euro strengthened group's cash position in the end of review period. Subscription price is presented in share issue account in this half-year report and will be recorded in the reserve of invested non-restricted equity after the registration of shares. Company's share capital remains unchanged. After the subscriptions, the number of Efecte's shares will rise to 6 233 873 shares.

BUSINESS DEVELOPMENTS

Customer demand was solid during the review period. We continued to invest long term into our business including sales, partners, marketing and professional services whilst focusing on delivering a five-star customer experience to all our customers. We made strategic investments and increased the size of our customer and partner facing teams to ensure we are well positioned for future growth.

We continued to position ourselves as the European Alternative to the global goliaths in the service management space. New and existing customers appreciated our differentiators of providing an agile cloud-based platform with a great end-user experience and competitive total cost of ownership. We continued to expand our customer base in our cloud offering whilst the long-term trend of customers moving away from legacy license and maintenance model continued. In the review period our legacy maintenance sales grew due to pricing changes implemented for this year.

We added 20 new customers during H1 (8 in 2020 H1) including several new customers in Germany. While the number of new customers grew significantly, the average MRR was smaller than in the comparison period. In addition to our normal mid-market customers, new customers during the period included also subsidiaries of Fortune 500 companies. Customers expect solution providers to have agility to address new business requirements and to provide flexible delivery and commercial models. This is where Efecte is well positioned as we are able to address the needs of European customers and partners.

Our existing customers' desire to expand the usage of Efecte was again an important growth driver. On a rolling 12 months basis, over 60% of MRR growth was driven by our existing customers. We helped our customers to expand the usage of Efecte solutions in IT Service Management, but increasingly also in areas of HR, finance, and customer services. In the space of identity and access management the Identity Governance and Administration (IGA) solution saw good demand from both existing and new customers.

Our focus on strengthening digital go-to-market and partner capabilities continued. Partner recruitment across selected countries in Europe proceeded and we added a new partner in Croatia during Q2 and got our first order in the Czech Republic. We have identified potential partners in multiple European countries and started to explore also the broader EMEA region (Europe, Middle East and Africa) for business opportunities. While we continued business development with all identified potential partners, we are also keeping a high bar on partnerships. We want to ensure five-star customer experience also for customers served by our partner channel.

Our professional services business performed strong during the review period supported by several large customer go-lives and recovery from the pandemic. The 11% growth during H1 is in line with our strategy of focusing on SaaS growth. We improved our delivery model and standardized solution offerings and realized all-time high NPS scores for our professional services engagements.

During the review period, we started also to screen potential opportunities for in-organic growth. We are looking primarily for potential add-on technologies that can be integrated into our SaaS offering, but are exploring also opportunities for strengthening our market presence in selected geographies. We see this effort as a long-term initiative and have a high standard for any potential transaction.

Efecte was recognized by ISG Research as a Rising Star for Enterprise Service Management in Germany in their 2021 ISG Provider Lens™ Quadrant report in April. We were also recognized by Research in Action as a leader in ITSM for the German midmarket.

In May 2021, the Company was granted a total of 0.1 million euro by the Centre for Economic Development, Transport and the Environment (ELY-keskus) that can be used for international expansion of the Company's IGA solution.

EMPLOYEES

The number of full-time equivalent employees at the end of the review period was 109 (100). Of these, 90 (82) were in Finland, 7 (7) in Sweden and 12 (11) in Germany. The average number of employees during Q2 was 109 and during H1 it was 108 (104). Our central team in Finland acts globally supporting customers, partners and sales in international markets and includes the headcount responsible for our new markets operation.

During the review period, we continued to develop our team and organization to support our growth ambitions. This included a growing amount of new employment contracts and building a recruitment pipeline of high-quality talent, that we can leverage as we grow our team. At the same time, we managed to keep the attrition rate at a healthy level and received all-time high employee satisfaction scores.

Santeri Jussila joined Efecte in March as new Chief Product Officer, driving Efecte's product strategy and roadmaps. Santeri has long experience in product leadership and a proven track record to build scalable world-class product management teams and processes.

The company's leadership team composition at the end of the review period was the following: Niilo Fredrikson (CEO), Taru Mäkinen (CFO), Niina Hovi (people and culture), Steffan Schumacher (sales, marketing and services), Topias Marttila (technology) and Santeri Jussila (products).

We moved into new headquarters during the review period. The new premises were set up to support a modern way of working with a mix of remote and office work. Our people and our culture are central to Efecte's success and the new headquarter provides a world-class environment for our team to thrive and grow.

MARKET OUTLOOK

There were no significant changes in the market outlook during the review period. IT Service Management (ITSM) platforms are an enabler for digital transformation as servicification (everything as a service) becomes

mainstream. Companies across different industries look for cloud-based solutions to digitalize and automate their operations to provide greater agility to the business, improve end-user experiences, and to save costs. More and more organizations are becoming service driven.

We expect the market for cloud based ITSM solutions to continue a strong growth trajectory. The pandemic has had both positive and negative impacts on the market: appetite for cloud solutions in general has increased, and at the same time some customers' decision making has become slower. Accordingly, also the analysts' estimates indicate now a slightly broader spread between lower and upper estimates. The compound annual growth rate (CAGR) estimates for the next five years for cloud ITSM range between 13-21%. In Europe, growth is generally expected to be close to the global average, with Asia growing faster and North America slower. The global market is dominated by American companies, but Efecte is mentioned on various analysts' reports as a challenger, and we will continue to grow as the European Alternative to the global goliaths. The competitive landscape is evolving with a fast pace, and we need to be ready to move fast to keep up in the race.

For the company's second business area, cloud-based identity and access management (IAM), analysts' estimates range between 17% and 26% annually for 2020-2025. As companies' operations are increasingly digitalized, managing identities for both persons as well as physical objects increases in importance, which in turn drives the demand for IAM solutions. The impact of the pandemic has been ambiguous, as it is on one hand increasing demand for solutions enabling remote work, like IAM, but at the same time general economic uncertainty can impact demand in the opposite way.

RESEARCH AND DEVELOPMENT

During the reporting period, Efecte continued to strengthen its offering guided by four strategic portfolio investment themes: User Experience, AI & Automation, Digital Identities and Ecosystem.

A key highlight was the launch of the new Efecte Whistleblower solution. It addresses the new EU-directive mandating companies with over 250 employees to ensure its employees have an anonymous way to report possible misconducts. The Efecte Whistleblower solution creates a secure and simple way for employees to raise issues. It is a fully SaaS-based solution based on our cloud platform, making it a particularly appealing option for existing Efecte customers.

We continued to execute on our User Experience modernization program. We released our first next-generation self-service capabilities to pilot customers. And we introduced number of usability and accessibility improvements to our support agent tools.

Our investments into AI & Automation capabilities continued as well. We released several improvements to our AI-feature Virtual Coach, such as automated machine-suggested ticket categorization and simplified configuration and maintenance capabilities.

The period saw good progress in area of Digital Identities. We completed new cloud-native capabilities that will start to ship as part of all customer deployments from Q3 onwards. This helps Efecte customers to meet the growing needs in identity lifecycle automation and streamlines new customer onboarding.

We continued to strengthen the product Ecosystem. We released for example an updated integration to Office 365 that ensures future-proof use of Microsoft APIs for all Efecte customers. We also progressed with our strategic REST API development, which is planned to reach general availability during second half of the year.

Efecte's total research and development investment during the review period was 1.5 million euro (1.3). Research and development costs amounted to 1.2 million euro (1.1). In addition, 0.3 million euro (0.2) was capitalized, and 0.0 million euro (0.1) was covered through public funding from Business Finland. Research and development actions are performed in Efecte Finland Oy. In addition to own personnel, subcontractors are used to increase flexibility and cost efficiency.

ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting held on 23 March 2021 adopted the financial statements for 1 January - 31 December 2020 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided that no dividend is distributed for the year 2020.

The Annual General Meeting decided that the Chairman of the Board is paid EUR 3 423 per month and the other members of the Board of Directors will be paid EUR 1 795 per month each. Approximately 40% of the remuneration was paid in Efecte Plc's shares and approximately 60% in cash.

Esther Donatz, Pertti Ervi, Brigitte Falk, Turkkä Keskinen, Kari J. Mäkelä and Päivi Rekonen were re-elected as members of the Board of Directors. The organizational meeting of the Board of Directors elected Pertti Ervi as the Chairman of the Board of Directors.

Ernst & Young Oy acts as the auditor, and Juha Hilmola (KHT) is the auditor in charge.

SHARES AND TRADING

The company has one share series, and all shares carry equal rights. At the end of the review period, Efecte Plc's share capital consisted of 6 085 123 shares. The company owned 16 404 treasury shares, approx. 0.3% of the total amount of the shares.

The company's share has been trading on the Nasdaq First North Growth Market Finland marketplace. During the review period the highest share price was 18.05 euro, the lowest price 10.80 euro and the closing price 15.00 euro. The market value of shares was 91.0 million euro at the end of the period excluding the treasury shares.

SHAREHOLDERS

The company had a total of 2 865 owners on 30 June 2021 (1 279). The list of the largest owners and the distribution of shareholders can be found on the company's web site.

10 largest shareholders as of 30 June 2021:

	Shareholder	Shares	%
1	First Fellow Oy	810 499	13.32
2	Sijoitusrahasto Aktia Nordic Micro Cap	475 530	7.82
3	Oy Fincorp Ab	410 000	6.74
4	Op-Suomi Mikroyhtiöt -Erikoissijoitusrahasto	314 433	5.17
5	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	290 909	4.78
6	Montonen Markku	210 571	3.46
7	Nordea Nordic Small Cap Fund	188 620	3.10
8	Ervi Pertti	88 391	1.45
9	Säästöpankki Pienyhtiöt	80 000	1.32
10	Rausanne Oy	75 000	1.23

The ownership of the Board members, CEO and their controlled entities totaled approximately 3.2% at the end of the reporting period. Additionally, the options held by the CEO entitle him to subscribe shares representing approximately 1.5% of the outstanding shares.

The total proportion of nominee registered shares was approximately 24.61 % of all shares.

THE AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

The Annual General Meeting held on 23 March 2021 authorized the Board of Directors to decide to acquire the company's own shares with distributable funds. A maximum of 450 000 shares may be acquired. The authorization is effective until the next Annual General Meeting, however, at the latest until 30 June 2022.

The Annual General Meeting held on 23 March 2021 authorized the Board of Directors to issue a maximum of 608 000 shares through a share issue and/or by issuing option rights or other special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act. The Board may decide to issue new shares or shares held by the company. The authorization includes the right to issue shares and option rights and/or other special rights entitling to the shares through private offering, in other words, to deviate from the shareholders' pre-emptive right subject to the requirements set forth in the Limited Liability

Companies Act. In addition, the authorization includes a right to issue shares and option rights and/or other special rights entitling to shares with or without payment. Under the authorization, the Board of Directors will be entitled to decide on the terms and conditions of any share issue and the issuance of option rights and other special rights entitling to shares, including the recipients and the remuneration to be paid. The authorization is effective until the next Annual General Meeting, however, at the latest until 30 June 2022.

OPTION PROGRAMS

Option program 2018

Option program 2018 consists of 450 000 options that entitle the holders to subscribe one share per option.

The options are divided to three series: A, B and C series. Series A consists of 170 000 options (of which 163 750 allocated) with subscription price of 5.75 euro/share and subscription period of 2 May 2021 - 31 May 2022; series B of 140 000 options (of which 127 500 allocated) with subscription price of 5.00 euro and subscription period of 2 May 2022 - 31 May 2023; and C series of 140 000 options (of which 115 750 allocated) with subscription price of 4.39 euro and subscription period of 2 May 2023 - 31 May 2024.

In connection with the 2018 option program, the Board of Directors has set a share-ownership requirement for the participants.

Option program 2021

Option program 2021 consists of 450 000 options that entitle the holders to subscribe one share per option.

Option program 2021 consists of 450 000 options that entitle the holders to subscribe one share per option. The options are divided to three series: A series of 150 000 options with subscription price of 15.55 eur/share and subscription period of 2.5.2024 - 31.5.2026; B series of 150 000 options with subscription price of 20-day volume weighted average price after Q1/2022 results and subscription period of 2.5.2025 - 31.5.2027; and C series of 150 000 options with subscription price of 20-day volume weighted average price after Q1/2023 results and subscription period of 2.5.2025 - 31.5.2027. A series options are intended to be allocated in 2021, B series in 2022 and C series in 2023.

In connection with the 2021 option program, the Board of Directors has set a share-ownership requirement for the participants.

ASSESSMENT OF RISKS AND UNCERTAINTIES

The company configures its products to operate with the customer's existing systems. Delays or unexpected warranty work related to customer projects may create costs and liabilities. Although most of the projects are time and materials based, there are also fixed price projects. Potential customer dissatisfaction could result in compensation claims, negative publicity, and loss of future business.

Malfunctioning of the software or failures in operating the company's own services or the outsourced computing capacity and network connections may cause disruptions in the service that may lead to reimbursement liabilities, reputational harm and to a decrease in customer satisfaction. This could lead to decreases in net sales and profitability.

Risks to data security such as non-intentional or intentional data breaches, such as ransomware attacks may cause reimbursement liabilities to customers or other third parties as well as significant reputational harm.

Investments in international growth such as forward-looking recruitments and ongoing investments in the partner program increase fixed costs. The costs may decrease profitability, if achieving growth turns out to be harder or slower than expected.

The company is facing increasing competition for skillful personnel. If the company is unable to recruit and retain skillful employees, the quality of its products and services may decrease, which can lead to decrease in net sales and profitability. Part of the research and development and service delivery are provided through subcontractors. If the operations of the subcontractors are disrupted, the effect is equivalent to lack of skillful personnel.

Risks relating to intellectual property rights (IPRs) such as the loss/leaking of own IPRs to others, and breaches of third-party IPR by Efecte are significant for Efecte. Efecte seeks to minimize the risk with strict control of customer agreements and with careful evaluation of third-party software components taken into use.

Efecte has entered into agreements with its customers concerning the processing of personal data. A failure to comply with contractual obligations in these agreements, or the requirements of the General Data Protection Regulation more broadly, may lead to significant liabilities or reputational harm.

Efecte operates in several jurisdictions and has customers and other business partners also in additional jurisdictions outside these. Exposure to different legal and tax frameworks heighten the risk of perceived or real non-compliance.

The company's equity stands at a sufficient level if the profitability development continues the planned trajectory. If changes in the operating environment or other factors would weaken the company's profitability, the company may have to strengthen its equity on terms that are not favorable to the company.

Some customer agreements especially in the public sector limit the Company's pricing power in case of rise in the costs of production. The Company might not be able to pass on increasing production costs in case of rapid increase in the company's production costs.

While the risks relating to COVID-19 have decreased notably, an upsurge in the pandemic could cause delays in customers' and prospective customers' decision making, delays in purchases and cancellation of subscriptions. A prolonged economic downturn could also affect Efecte's customers', partners', subcontractors' and other vendors' ability to honor their contractual commitments towards Efecte, for example due to insolvency.

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 FOR THE YEAR 2021 (FROM 13 JULY 2021)

SaaS net sales is expected to grow 21-24% and EBITDA margin to be 1-6%.

NEXT EARNINGS RELEASE

Efecte will publish a business review for 1-9/2021 on 27 October 2021.

Efecte Plc
Board of Directors

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An online briefing for analysts, investors and media will be arranged on Friday 16 July 2021 at 15:00 Finnish time. All participants can register to the webcast online at <https://www2.efecte.com/efecte-H1-2021-results>. The webcast will be held in English and questions can be presented in written form in the webcast portal. A recording of the webcast and presentation materials will be made available afterwards on the company's investor pages at investors.efecte.com.

Efecte Plc

Efecte helps service organizations digitalize and automate their work. Customers across Europe leverage our cloud service to operate with greater agility, to improve the experience of end-users, and to save costs. The use cases for our solutions range from IT service management and ticketing to improving employee experiences, business workflows, and customer service. We are the European Alternative to global players in our space. Our headquarters is located in Finland and we have regional hubs in Germany and Sweden. Efecte is listed on the Nasdaq First North Growth Market Finland marketplace.

www.efecte.com

Financial information:

1. Consolidated income statement, balance sheet, cash flow statement and statement of changes in equity
2. Notes
3. Key figures

1. Consolidated income statement, balance sheet, cash flow statement and statement of changes in equity

CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	1-6/2021	1-6/2020	2020
Net sales	8 686	7 393	14 888
Other operating income	30	4	292
Materials and services	-922	-622	-1 263
Personnel expenses	-5 650	-5 280	-10 126
Other operating expenses	-1 703	-1 862	-3 665
EBITDA	442	-366	126
Other depreciation and amortisation	-227	-207	-439
EBITA	215	-573	-314
Goodwill amortisation	-9	-9	-19
Operating profit	205	-583	-332
Financial income and expenses	-4	-27	-31
Profit before income tax	201	-610	-363
Income tax	-2	-2	-4
Profit for the period	199	-612	-368

CONSOLIDATED BALANCE SHEET

(1 000 EUR)	6/2021	6/2020	12/2020
Non-current assets			
Development expenses	1 207	1 147	1 131
Other intangible assets	183	225	211
Goodwill	14	33	24
Machinery and equipment	21	18	17
Current assets			
Trade and other receivables (long-term)	55	52	53
Trade and other receivables (short-term)	2 401	2 714	1 885
Cash and cash equivalents	7 318	4 235	5 391
Total assets	11 199	8 422	8 712
Equity attributable to owners of the parent Company			
Share capital	80	80	80
Share issue	855	-	-
Reserve of invested non-restricted equity	10 912	10 749	10 895
Retained earnings	-8 780	-9 236	-8 976
Total equity	3 067	1 593	1 999
Current liabilities			
Received advances	4 584	3 637	2 943
Trade payables	301	326	401
Other payables	763	1 197	835
Accruals	2 484	1 669	2 534
Total liabilities	8 132	6 829	6 713
Equity and liabilities	11 199	8 422	8 712

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

(1 000 EUR)	1-6/2021	1-6/2020	2020
Cash flows from operating activities			
Profit before income tax	201	-610	-362
Adjustments to profit for the period	241	243	503
Change in working capital	897	1 486	2 197
Interest and other financial cost paid	-4	-4	-7
Income taxes paid	-2	-2	-4
Net cash from operating activities	1 332	1 113	2 325
Cash flows from investing activities			
Acquisition of tangible and intangible assets	-277	-343	-546
Proceeds from short-term investments	-	1 950	1 950
Net cash from investing activities	-277	1 607	1 404
Cash flows from financing activities			
Share issues	872	41	187
Net cash from financing activities	872	41	187
(Decrease)/increase in cash and cash equivalents	1 927	2 760	3 916
Cash and cash equivalents at the beginning of the period	5 391	1 475	1 475
Cash and cash equivalents at the end of the period	7 318	4 235	5 391

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1000 eur	30.6.2021	30.6.2020
Permanent equity		
Share capital 1.1.	80	80
Share capital 30.6	80	80
Permanent equity in total	<u>80</u>	<u>80</u>
Distributable equity		
Share issue 1.1	-	-
Share issue 30.6	855	-
Reserve of invested non-restricted equity 1.1.	10 895	10 708
Share issue	17	41
Reserve of invested non-restricted equity 30.6	<u>10 912</u>	<u>10 749</u>
Retained earnings 1.1.	-8 976	-8 623
Translation differences	-3	-1
Retained earnings 30.6	-8 979	-8 624
Profit (loss) for the period	199	-612
Distributable equity	<u>2 987</u>	<u>1 513</u>
Total equity	<u>3 067</u>	<u>1 593</u>

2. Notes

2.1 Basis of preparation

This interim report has been prepared in accordance with the FAS recognition and measurement principles.

2.2 Net sales by type

(1 000 EUR)	1-6/2021	1-6/2020	2020
SaaS	5 195	4 166	8 806
Perpetual licenses	7	44	93
Maintenance	505	498	1 010
Services	2 979	2 685	4 980
Group total	8 686	7 393	14 888

2.3 Development of number of shares

	Number of shares
1.1.2020	5 957 488
Exercise of share options	16 002
30.6.2020	5 973 490
Exercise of share options	83 133
31.12.2020	6 056 623
Exercise of share options	28 500
30.6.2021	6 085 123

On 30 June 2021 Efecte Plc owns 16 404 treasury shares, approx. 0.3% of the total amount of the shares.

2.4 Commitments

The following tables present the company's commitments not in the balance sheet on 30 June 2021, 30 June 2020 and 31 December 2020

Guarantees given (thousand euro)	30.6.2021	30.6.2020	31.12.2020
Office lease agreements	51	48	49
Liabilities secured by mortgage	1 000	1 000	1 000
Total	1 051	1 048	1 049

Lease commitment amounts (thousand euro)	30.6.2021	30.6.2020	31.12.2020
During next 12 months	70	110	92
Later	28	80	59
Total	98	191	151

Lease agreements for computer equipment are mainly three-year lease agreements, and the equipment can be purchased at the end of the period with approx. 2-5% remainder value.

Other commitments

Efecte Plc has a new three-year office lease agreement which rent period started on 1 April 2021. The company's lease liability from this contract is approx. 560 thousand euro.

(thousand euro)	30.6.2021	30.6.2020	31.12.2020
Payable during the next 12 months	165	211	212
Payable later	420	560	420
Total	585	771	632

3. Key figures

1000 eur	1-6/2021	1-6/2020	2020	2019
Net Sales	8 686	7 393	14 888	13 839
SaaS	5 195	4 166	8 806	7 094
Licenses	7	44	93	185
Maintenance	505	498	1 010	1 287
Services	2 979	2 685	4 980	5 272
Domestic net sales	6 598	5 640	11 314	11 275
International net sales	2 088	1 752	3 574	2 564
Domestic sales (% of net sales)	76 %	76 %	76 %	81 %
International (% of net sales)	24 %	24 %	24 %	19 %
Recurring revenue	5 700	4 664	9 815	8 381
Recurring revenue (% of net sales)	66 %	63 %	66 %	61 %
SaaS MRR, monthly net sales at the end of the period	901	747	808	640
Net sales growth%	17.5 %	7.4 %	7.6 %	13.2 %
EBITDA	442	-366	126	-998
EBITDA%	5.1 %	-5.0 %	0.8 %	-7.2 %
EBITA	215	-573	-314	-1 377
EBITA%	2.5 %	-7.8 %	-2.1 %	-9.9 %
Operating profit (EBIT)	205	-583	-332	-1 396
Operating profit (EBIT)%	2.4 %	-7.9 %	-2.2 %	-10.1 %
Earnings for the period	199	-612	-368	-1 373
Earnings/share (EPS), eur	0.03	-0.10	-0.06	-0.23
Equity/share, eur	0.51	0.27	0.33	0.37
Balance sheet total	11 199	8 422	8 712	7 464
Equity	3 067	1 593	1 999	2 165
Net debt	-7 318	-4 235	-5 391	-3 447
Return on invested capital (ROI)%	16 %	-62 %	-16 %	-49 %
Equity ratio%	46%	33%	35 %	42 %
Net gearing%	-239 %	-266 %	-270 %	-159 %
Research and development cost	1 242	1 062	2 203	2 039
Research and development cost,% of net sales	14%	14 %	15 %	15 %
Number of employees on average during the period	107	104	103	106
Number of employees at the end of the period	109	100	106	107
Number of shares (on average during period, excluding treasury shares)	6 056 240	5 932 545	5 955 842	5 864 987
Number of shares at the end of the period (excluding treasury shares)	6 068 719	5 949 201	6 032 334	5 921 375