

**SUPPLEMENT DOCUMENT TO EUROPEAN 24 BIDCO OY'S TENDER OFFER DOCUMENT DATED  
JANUARY 29, 2024, RELATING TO THE VOLUNTARY PUBLIC CASH TENDER OFFER FOR ALL  
ISSUED AND OUTSTANDING SHARES AND STOCK OPTIONS IN EFECTE PLC**

February 19, 2024

**THE TENDER OFFER IS NOT BEING MADE DIRECTLY OR INDIRECTLY IN ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW AND THE TENDER OFFER DOCUMENT, RELATED ACCEPTANCE FORMS AND SUPPLEMENT DOCUMENTS ARE NOT AND MAY NOT BE DISTRIBUTED, FORWARDED OR TRANSMITTED INTO OR FROM ANY JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW BY ANY MEANS WHATSOEVER INCLUDING, WITHOUT LIMITATION, MAIL, FACSIMILE TRANSMISSION, E-MAIL OR TELEPHONE. IN PARTICULAR, THE TENDER OFFER IS NOT MADE IN AND THE TENDER OFFER DOCUMENT AND THIS SUPPLEMENT DOCUMENT MUST UNDER NO CIRCUMSTANCES BE DISTRIBUTED INTO AUSTRALIA, CANADA, THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG"), JAPAN, NEW ZEALAND OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE PROHIBITED BY APPLICABLE LAW. SHAREHOLDERS IN THE UNITED STATES SHOULD ALSO REFER TO THE SECTION TITLED "INFORMATION FOR SHAREHOLDERS AND HOLDERS OF STOCK OPTIONS OF EFECTE IN THE UNITED STATES" BELOW.**

European 24 Bidco Oy (the "**Offeror**") and Efecte Plc ("**Efecte**" or the "**Company**") have on January 18, 2024 entered into a combination agreement pursuant to which the Offeror has made a voluntary recommended public cash tender offer for all the issued and outstanding shares in Efecte that are not held by Efecte or its subsidiaries (the "**Shares**" or, individually, a "**Share**") and for all the issued and outstanding stock options in Efecte that are not held by Efecte or its subsidiaries (the "**Stock Options**" or, individually, a "**Stock Option**") (the "**Tender Offer**"). The Offeror has on January 29, 2024 published a tender offer document concerning the Tender Offer (the "**Tender Offer Document**"). The offer period for the Tender Offer commenced on January 30, 2024 at 9:30 a.m. (Finnish time).

European 24 Bidco Oy is a private limited liability company incorporated and existing under the laws of Finland that is directly wholly owned by Matrix42 Holding GmbH, a corporation incorporated and existing under the laws of Germany, that is owned by funds advised by Corten Advisors UK LLP, a private equity firm, incorporated and existing under the laws of the United Kingdom.

### **Supplements to the Tender Offer Document**

Efecte published on February 15, 2024 its financial statements bulletin for the period from January 1, 2023 to December 31, 2023 as well as the audited consolidated financial statements and the Board of Director's Report for the financial year 2023. The Offeror therefore supplements the Tender Offer Document with the following information included in this document (the "**Supplement Document**") and by adding Efecte's financial statements bulletin for the period from January 1, 2023 to December 31, 2023, published by Efecte on February 15, 2024, as Appendix D to the Tender Offer Document, as well as the audited consolidated financial statements and the Board of Directors' Report for the financial year 2023, published on February 15, 2024, as Appendix E to the Tender Offer Document.

The section "*Presentation of Efecte – Financial Information*" shall be amended by adding the following passages that are underlined and set in bold:

"The company release published by Efecte on January 18, 2024 regarding Efecte's preliminary financial information for the three months ending on December 31, 2023, the unaudited consolidated business review published by Efecte as at and for the nine months ended September 30, 2023, and the unaudited consolidated interim financial report published by Efecte as at and for the six months ended June 30, 2023, are included in this Tender Offer Document in the form published by Efecte (see "*Annex A: Financial Information of Efecte*"). The audited consolidated financial statements of Efecte as at and for the financial year ended December 31, 2022 and the Board of Directors' report as at and for the financial year ended December 31, 2022 are also included in this Tender Offer Document (see "*Annex A: Financial Information of Efecte*") in the form published by Efecte. **In addition, the financial statements bulletin for the period from January 1, 2023 to December 31, 2023 published by Efecte on February 15, 2024, as well as the audited consolidated financial statements of Efecte as at and for the financial year ended December 31, 2023 and the Board of Directors' report as at and for the financial year ended December 31, 2023 are included in this Tender Offer Document (see "*Annex D: Financial statements bulletin published by Efecte for the period from January 1, 2023 to December 31,***

**2023 as well as “Annex E: Board of Directors’ report and the audited consolidated financial statements published by Efecte as at and for the financial year ended December 31, 2023”) in the form published by Efecte.”**

The section “*Presentation of Efecte – Future Prospects Published by Efecte*” shall be amended by replacing the following strikethrough passage with the passage that is underlined and set in bold:

~~“The future prospects and guidance for the year 2024 have been described by Efecte in the company release published on January 18, 2024, on Efecte’s preliminary financial information for the three months ending on December 31, 2023, and in the unaudited consolidated business review published by Efecte as at and for the nine months period ended September 30, 2023 in the form **Board of Directors’ report for the financial year ended December 31, 2023** published by Efecte. See “*Annex A: Financial Information of Efecte Annex E: Board of Directors’ report and the audited consolidated financial statements published by Efecte as at and for the financial year ended December 31, 2023*”.~~”

### **Availability of Documents**

The Finnish language version of the Tender Offer Document is available, and the Finnish language version of this Supplement Document is available as of February 19, 2024, on the internet at <https://efecte.tenderoffer.fi/> and <http://www.danskebank.fi/efecte>. This English language translation of the Tender Offer Document is available, and the English language translation of this Supplement Document is available as of February 19, 2024, on the internet at <https://efecte.tenderoffer.fi/en/> and <http://www.danskebank.fi/efecte-en>.

This Supplement Document has not been reviewed or approved by the Finnish Financial Supervisory Authority in accordance with the regulations of the Finnish Securities Markets Act Act (746/2012, as amended). This is an English language translation of the Finnish language Supplement Document. In the event of any discrepancy between the two language versions of this Supplement Document, the Finnish language version will prevail.

**The Tender Offer is not being made, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand or South Africa and the Tender Offer Document and this Supplement Document and any and all materials related thereto should not be sent in or into Australia, Canada, Hong Kong, Japan, New Zealand or South Africa (including by use of, or by any means or instrumentality, for example, e-mail, post, facsimile transmission, telephone or internet, of interstate or foreign commerce, or any facilities of a national securities exchange), and the Tender Offer cannot be accepted directly or indirectly or by any such use, means or instrumentality, in or from within Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Accordingly, copies of the Tender Offer Document and this Supplement Document and any related materials are not being, and must not be, mailed, forwarded, transmitted or otherwise distributed or sent in or into or from Australia, Canada, Hong Kong, Japan, New Zealand or South Africa or, in their capacities as such, to custodians, trustees, agents or nominees holding Shares for Australian, Canadian, Hong Kong, Japanese, New Zealander or South African persons, and persons receiving any such documents (including custodians, nominees and trustees) must not distribute, forward, mail, transmit or send them in, into or from Australia, Canada, Hong Kong, Japan, New Zealand or South Africa. Any person accepting the Tender Offer shall be deemed to represent to the Offeror such person’s compliance with these restrictions and any purported acceptance of the Tender Offer that is a direct or indirect consequence of a breach or violation of these restrictions shall be null and void.**

### **Information for shareholders and holders of Stock Options of Efecte in the United States**

Shareholders and holders of Stock Options of Efecte in the United States are advised that the Shares or Stock Options are not listed on a U.S. securities exchange and that Efecte is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the “**SEC**”) thereunder.

The Tender Offer is being made for the Shares and Stock Options of Efecte, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is made in the United States pursuant to Section 14(e) of, and Regulation 14E, under the Exchange Act, subject to the exemption provided under Rule 14d-1(d) under the Exchange Act, for a Tier II tender offer and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those applicable under the tender offer procedures and laws of the United States for domestic offers. In particular, the financial information included in the Tender Offer Document and this Supplement Document has been prepared in accordance with applicable accounting standards in Finland, which may not

be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is made to Efecte's shareholders and holders of Stock Options resident in the United States on the same terms and conditions as those made to all other shareholders and holders of Stock Options of Efecte to whom an offer is made. Any informational documents, including the Tender Offer Document and this Supplement Document, are being disseminated to U.S. shareholders and holders of Stock Options on a basis comparable to the method that such documents are provided to Efecte's other shareholders and holders of Stock Options.

As permitted under the Tier II Exemption, the settlement of the Tender Offer is based on the applicable Finnish law provisions, which differ from the settlement procedures customary in the United States, particularly as regards to the time when payment of the consideration is rendered. The Tender Offer, which is subject to Finnish law, is being made to U.S. shareholders and holders of Stock Options in accordance with the applicable U.S. securities laws, and applicable exemptions thereunder, in particular the Tier II Exemption. To the extent the Tender Offer is subject to U.S. securities laws, those laws only apply to U.S. shareholders and holders of Stock Options and will not give rise to claims on the part of any other person. U.S. shareholders and holders of Stock Options should consider that the Share offer price and Stock Option offer price for the Tender Offer is being paid in EUR and that no adjustment will be made based on any changes in the exchange rate.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or its brokers and its brokers' affiliates (acting as agents for the Offeror or its affiliates, as applicable) may from time to time after the date of the Tender Offer Document and this Supplement Document and during the pendency of the Tender Offer, and other than pursuant to the Tender Offer, directly or indirectly purchase or arrange to purchase Shares or any securities that are convertible into, exchangeable for or exercisable for Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, and the consideration in the Tender Offer must be increased to match any such consideration paid outside the Tender Offer. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders and holders of Stock Options of Efecte of such information. In addition, the financial adviser to the Offeror may also engage in ordinary course trading activities in securities of Efecte, which may include purchases or arrangements to purchase such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in relation to the Tender Offer. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. holder of Shares or Stock Options may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of Shares or Stock Options is urged to consult its independent professional advisers immediately regarding the tax and other consequences of accepting the Tender Offer.

It may be difficult for Efecte's shareholders or holders of Stock Options to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since the Offeror and Efecte are located in non-U.S. jurisdictions and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. Efecte's shareholders or holders of Stock Options may not be able to sue the Offeror or Efecte or their respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel the Offeror and Efecte and their respective affiliates to subject themselves to a U.S. court's judgment.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY U.S. STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE TENDER OFFER, PASSED ANY COMMENTS UPON THE MERITS OR FAIRNESS OF THE TENDER OFFER, PASSED ANY COMMENT UPON THE ADEQUACY OR COMPLETENESS OF THE TENDER OFFER DOCUMENT OR THIS SUPPLEMENT DOCUMENT OR PASSED ANY COMMENT ON WHETHER THE CONTENT IN THE TENDER OFFER DOCUMENT OR THIS SUPPLEMENT DOCUMENT IS CORRECT OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

### **Forward-looking Statements**

This Supplement Document contains statements that, to the extent they are not historical facts, constitute "forward-looking statements". Forward-looking statements include statements concerning plans, expectations, projections,

objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, business strategy and the trends in the industries and the political and legal environment and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms “believes”, “intends”, “may”, “will” or “should” or, in each case, their negative or variations on comparable terminology. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, investors are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of the Supplement Document and the Offeror undertakes no obligation to update or revise any forward-looking statements.

**ANNEX D**

**FINANCIAL STATEMENTS BULLETIN PUBLISHED BY EFECTE FOR THE PERIOD FROM JANUARY  
1, 2023 TO DECEMBER 31, 2023**

EFFECTE PLC -- COMPANY ANNOUNCEMENT -- 15 FEBRUARY 2024 at 8.30

### Effecte Plc's Financial Statements Bulletin 2023 – SaaS +22%, adjusted EBITDA margin +3%

10-12/2023:

Total net sales grew by 11% and was 6.5 million euro (5.9)  
 SaaS grew by 18% and international SaaS by 16%  
 EBITDA was 0.1 million euro (-0.2) and EBIT -0.3 million euro (-0.5)  
 Adjusted EBITDA<sup>1</sup> was 0.5 million euro (-0.0)  
 EBITDA margin was 1% (-3%) and adjusted EBITDA<sup>1</sup> margin was 8% (-1%)  
 Public sector success continued with winning the BG Kliniken public tender in Germany

1-12/2023:

Total net sales grew by 13% and was 24.7 million euro (21.6)  
 SaaS grew by 22% and international SaaS by 26%  
 EBITDA was 0.2 million euro (-0.0) and EBIT -1.4 million euro (-0.9)  
 Adjusted EBITDA<sup>1</sup> was 0.8 million euro (0.5)  
 EBITDA margin was 1% (-0%) and adjusted EBITDA<sup>1</sup> margin was 3% (2%)

#### Guidance for 2024:

In 2024, Effecte's net sales are expected to be approximately EUR 25 – 30 MEUR, SaaS net sales is expected to grow over 15% and adjusted EBITDA margin is expected to be 3 – 9%.

#### Group key figures

1 000 EUR	10-12/2023	10-12/2022	7-12/2023	7-12/2022	2023	2022
Net sales	6 536	5 910	12 441	11 251	24 688	21 607
EBITDA	97	-184	402	-92	168	-13
Adjusted EBITDA <sup>1</sup>	532	-42	894	221	802	519
EBITA	-118	-346	-28	-404	-628	-581
EBIT	-271	-488	-327	-682	-1 211	-864
Profit for the period	-345	-510	-443	-745	-1 362	-287
Earnings per share, EUR	-0.05	-0.08	-0.07	-0.12	-0.21	-0.05
Equity per share, EUR	0.53	0.69	0.53	0.69	0.53	0.69
SaaS MRR	1 490	1 270	1 490	1 270	1 490	1 270

<sup>1</sup> Excludes following costs related to inorganic activities and other non-recurring costs: 0.4 million in 10-12/2023, 0.1 million euro in 10-12/2022, 0.6 million euro in 2023, and 0.5 million euro in 2022.

**CEO Niilo Fredrikson:**

Efecte turned 25 years in December, and we honored the milestone by closing another year of significant progress towards our vision: building the Leading European Alternative in service management software. We helped our customers to digitalize and automate their work, made the Efecte platform better than ever, and delivered all the financial results we had promised. I want to use the opportunity to thank everyone in the Efecte community – employees, customers, partners and shareholders – for having been part of the journey so far. It has been an absolute privilege to work with you.

**Improving profitability and slower SaaS growth**

During Q4, SaaS growth was 18%. This was somewhat slower than earlier in the year but faster than market growth and in line with our expectations. While growth in Finland was solid, international SaaS growth was slower than usual at 16%.

We saw profitability starting to turn around already Q3, and adjusted EBITDA continued to improve in Q4. This was driven by continued growth while at the same time making sure our costs were at the right level. Improving our professional services operation also supported the bottom line. Thanks to a new organization and focus on operational excellence, professional services delivered better gross profit than earlier in the year.

**Public sector success continued**

At the end of the year, we won another significant public tender, BG Kliniken in Germany. The win was another proof point for our offering being especially competitive in the public sector, also outside Finland. Earlier in the year we gained several wins in Sweden. This is a good foundation to build on also in the new year.

Intense product development continued during Q4, focusing on AI features with local deployment options and enhanced user interfaces both for self-service and agent users. These developments will support our momentum in the public sector, but also improve our competitiveness in the private sector. ITSM Essentials, our fast-to-start entry-level offering launched in Q3, gained traction with the first wins.

**Looking ahead**

Efecte is positioned well for 2024. Last year, we invested in our product and team, developed our way of operating and streamlined our organization. We are now well set up to grow and improve profitability in line with our guidance. We plan to keep winning in the market and keep building the Leading European Alternative in service management software.

Matrix42, a portfolio company of Corten Capital, acting through European 24 Bidco Oy, have made a voluntary recommended public cash tender offer for all the outstanding shares and stock options in Efecte Plc. The Efecte Board has unanimously recommended that the shareholders and holders of stock options of Efecte accept the tender offer. If the tender offer is successful, we have the possibility to accelerate the achievement of our vision of becoming the leading European provider of service management software, creating an even better future for our customers, partners and employees. I look forward to the next phase of Efecte with confidence and excitement.

Additional information:

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CEO Niilo Fredrikson, +358 50 356 7177

Certified adviser: Evli Oyj, tel. +358 40 579 6210

The amounts in this report have been rounded from exact numbers.

## NET SALES AND PROFIT

Net sales by type

Net sales, 1 000 EUR	10-12/2023	10-12/2022	7-12/2023	7-12/2022	2023	2022
SaaS	4 422	3 734	8 686	7 318	16 812	13 760
Licenses	13	33	13	33	22	48
Maintenance	210	219	414	442	826	901
Services	1 891	1 924	3 328	3 458	7 029	6 899
<b>Group total</b>	<b>6 536</b>	<b>5 910</b>	<b>12 441</b>	<b>11 251</b>	<b>24 688</b>	<b>21 607</b>

Efecte's net sales in 1-12/2023 were 24.7 million euro (21.6), a growth of 14%. Net sales for customers outside Finland were 5.7 million euro (5.3), corresponding to 23% of total net sales (25%).

Software as a Service (SaaS) grew 22% (26%) and services net sales increased by 2% (19%). Net sales of perpetual licenses continued to be insignificant in line with our strategy. Net sales generated by maintenance related to perpetual licenses continued its declining trend. Our total recurring revenue (SaaS and maintenance) amounted to 17.6 million euro (14.7), corresponding to approximately 71% of net sales (68%).

SaaS MRR was 1 490 thousand euro in the end of December, growing 17% year-over-year. Of that growth, 10 percentage points came from existing customers (net retention rate of 110%) and 8 percentage points from new customers since 12/2022 and from customers of acquired Requeste. Gross churn amounted to 4.5% (2.3%). Our recurring gross margin stood at 77% at the end of December (80%). Recurring gross margin includes now the former InteliWISE business. This was the main driver for the decrease from the comparison period. At the end of the period, the share of SaaS MRR attributable to enhanced support packages that include administrator services for customers was 6 (3) thousand euro.

Our average customer acquisition cost (CAC) on a rolling 12-month basis was 86 thousand euro (98), and the average lifetime value (LTV) of an acquired new customer was 392 thousand euro (994). Accordingly, the LTV/CAC ratio was 4.6 (10.2). This means that the cost of customer acquisition is earned 4.6 times during the lifetime of the customer. The significant drop in LTV is for the most part attributable to gross churn returning to normal levels from the exceptionally low levels last year.

Net retention, gross churn, recurring gross margin, CAC and LTV were calculated based on Efecte and former InteliWISE numbers excluding Requeste customers.

Services net sales grew 2%. Our strategy is to focus on growing our SaaS business and the Services business is there to support adoption with the help of our partner network. SaaS formed already 68% of total net sales (64%).

EBITDA was 0.2 million euro (-0.0), and operating profit was -1.2 million euro (-0.9). EBITDA was impacted by inorganic activities and other non-recurring restructuring costs.

Adjusted EBITDA was 0.8 million euro (0.5). Adjusted EBITDA is calculated from EBITDA by deducting the costs affecting comparability. During the review period, these items included costs related to inorganic activities and non-recurring restructuring costs amounting to 0.6 million euros (0.5).

Income tax expenses were 0.0 million euro (0.6). The comparison period was affected by the positive effect of the recognition of deferred tax assets from unused tax losses in Finnish taxation.

Net profit for the period was -1.3 million euro (-0.3). In addition to the difference in income tax expenses, the largest contributor to the decline compared to the previous year were goodwill depreciations originating from the InteliWISE and Requeste acquisitions.



## FINANCE AND INVESTMENTS

At the end of the review period, the balance sheet for the Efecte group totaled 15.6 million euro (15.4). Equity ratio was 31% (39%) and net gearing was -16% (-28%).

At the end of the review period, the Company's financial loans were 1.6 million euro (1.9). The company's cash and liquid assets were 2.1 million euro (3.1).

Cash flow from operating activities for the reported period was 0.6 million euro (0.5) and cash flow from investing activities was -1.6 million euro (-7.2). Investments in tangible and intangible assets were 1.5 million euro (1.4) and were mainly activated R&D expenses. Cash flow from financing activities was 0.0 million euro (3.3). Cash flow from financing activities consisted of subscriptions relating to stock options and loan repayments.

## BUSINESS DEVELOPMENTS

We continued to focus on helping European mid-sized organizations to digitalize and automate their work. Customers use our cloud-based platform to digitalize and automate processes in three key areas: Enterprise Service Management (ESM), Identity Governance and Administration (IGA) and Conversational AI.

During the review period, our SaaS growth was 22%, which was in line with our expectations. We signed a total of 57 new customers in Finland, Scandinavia, DACH, Spain and Poland, of which over half came from outside Finland. Of the new customers during the period, 10 came through partners. Through the former InteliWISE business, we signed 14 new customers during the review period. In addition to the new customers, we also helped our existing customers to expand the usage of Efecte in ITSM and ESM. On a rolling 12-month basis, existing customers accounted for 56% of the SaaS MRR growth. The interest in the newly launched Effie AI product family continued strong and we signed the first pilot customers for the new features in the product family.

All our existing direct markets continued to win customers despite the weakened macroeconomic climate. Especially our core markets Finland and Scandinavia exceeded our expectations as we continued our good traction in the public sector. In Spain and New Markets, we laid out a new growth plan and expect to see more results during 2024.

In professional services, we were able to get back on a profitable growth track after a challenging first half. More importantly we saw good execution in identified focus areas which also had a positive impact on the bottom line. The main drivers were the demand from new customers, expansion opportunities in existing customers and driving overall operational excellence.

In September 2023, we acquired the Requeste business from Sysart Oy. Requeste is a ticketing, customer service and ITSM solution with strong footprint in Finnish midmarket customers. Requeste business has four employees in Oulu, Finland and its net sales in 2022 were approximately 500 thousand euros, over half of which SaaS.

## EMPLOYEES

The number of full-time equivalent employees at the end of the review period was 199 (194). Of these, 121 (125) were in Finland, 50 (44) in Poland, 18 (19) in Germany, 8 (6) in Sweden and 3 (1) in Spain. The average number of employees during Q4 was 203 (138) and during 2023 it was 204 (161). 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 year, we welcomed four new Efectians through the acquisition of Requeste business from Sysart. We also held change negotiations as communicated on 1 November 2023 to streamline operations and ensure the successful execution of our strategy. The negotiations resulted in the termination of eight employees. In addition, we adopted organizational and role changes as well as implemented other cost savings measures across all our group companies.

The company's leadership team composition at the end of the period was the following: Niilo Fredrikson (CEO), Tommi Mäkinen (Interim CFO), Niina Hovi (people and culture), Juha Westerlund (sales and

revenue), Topias Marttila (technology), Marcin Strzalkowski (marketing and country manager Poland), Santeri Jussila (products) and Jenni Mickos (services).

## MARKET OUTLOOK

Our solution offering consisting of Enterprise Service Management, IGA and Conversational AI is an enabler for the megatrends of digitalization and servitization (everything as a service). Companies across different industries still 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. With our Conversational AI offering we are well set to compete against the global goliaths as AI solutions emerge in the Service Management space.

The move from on-premises software to cloud will also continue. While cloud adoption amongst enterprises in the Nordics is over 70%, cloud adoption in the rest of Europe is still below 50%. Service management solutions are extremely sticky, with replacement cycles often being five years or longer.

Our estimate of the total current cloud ITSM and ESM market size in Europe is 1.5 billion euro, the IGA market 1.6 billion euro and the Conversational AI market 1.6 billion euro. Analyst estimates for compound annual growth for the next five years are still generally in the double digits for all these markets. Especially in service management, the market is today being divided by a few strong global players and a larger number of smaller local vendors.

We continue to see European customers prioritize privacy, security and data location more than before, especially in the public sector. With our competitive solution offering combined with flexible cloud deployment models, we have a significant opportunity to meet that demand and serve those customers.

While the macroeconomic environment pushes organizations to save costs, digitalization is still on top of their agenda. With a compelling total cost of ownership Efecte can help organizations to digitalize and automate their business processes in a cost-efficient manner.

## RESEARCH AND DEVELOPMENT

During the second half, we continued to evolve our product guided by our long-term vision and the three strategic themes set for the year: Work Smarter with AI, Easier to Use and Faster to Start & Maintain.

In the AI space, the year was truly transformational for us. With the launch of Effie AI, we introduced new innovative AI capabilities at the heart of the Efecte platform to enable our customers to work smarter. Support organizations face increased workloads and complexity, and their existing tools have not been able to keep up. As a result, the average cost per contact has been increasing. This is where Effie AI helps: it is a personal assistant that knows the IT domain and helps end-users to resolve more situations independently and agents to manage their tasks more efficiently. We ended the year with Effie AI Email successfully piloted and a new Efecte-hosted language model (Efecte GenAI) released for piloting.

With Easier to Use, our goal is to help customers improve their employees' experience and NPS (Net Promoter Score) by providing modern, intuitive, and easy-to-use user interfaces for both the end-users consuming services and the agents supporting them. During the second half, we continued to systematically progress on both of our main product initiatives: New self-service and renewed Agent UI. On new self-service, we integrated AI capabilities, expanded the search, introduced an easy-to-use admin panel and brought numerous enhancements to the end-user presentation layer. We have seen a steady increase in customers who have started to test the new self-service, with the first in production use already since the first half. With the renewed Agent UI agents can already take care of basic daily support tasks. With numerous tangible usability improvements, integrated AI and updated look and feel, including also a dark theme, we are starting to see the vision for a modern and cool Efecte user interface turn into reality.

With Faster to Start & Maintain, we want to systematically improve our platform for faster time-to-value and reduced operational costs. During the second half, we had a landmark milestone with the launch of ITSM Essentials. It is a new entry-level product that allows organizations to get going quickly and cost effectively with a set of essential ITIL-compliant IT processes. With ITSM Essentials, customers don't need to spend time defining requirements, but instead can enjoy a best-practice solution that reduces cost, risk and adoption time. We also continued to improve our IGA packages, guided by our vision to simplify a process that is

inherently complex for many organizations. During the second half, we saw this work bear results, with several new IGA customer wins and new IGA packages delivered more efficiently than before.

Efecte's total research and development investment during the review period was 5.5 million euro (4.4). Research and development costs amounted to 3.8 million euro (3.1). In addition, 1.3 million euro (1.3) was capitalized, and 0.3 million euro (0.0) was covered through public funding (comparison period amounts excluding InteliWISE).

Research and development actions are performed in Efecte Finland Oy, InteliWISE S.A and its subsidiaries in Poland. In addition to our own personnel, subcontractors were used to increase flexibility and cost efficiency.

Group's research and development investment level in 2021-2023:

	2023	2022	2021
Research and development investment (million euro)	5.5	4.4	3.1
Research and development investment (% of net sales)	22%	21%	18%

## ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting held on 22 March 2023 adopted the financial statements for 1 January - 31 December 2022 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 2022.

The Annual General Meeting decided that the annual remuneration remains unchanged and is EUR 45,000 for the Chair of the Board and for the other members of the Board of Directors EUR 25,000 each. Approximately 40% of the remuneration was paid in Efecte Plc's shares and approximately 60% in cash.

Esther Donatz, Pertti Ervi, Turkka Keskinen and Eric Gustavsson were re-elected as members of the Board of Directors, and Panu Hanula was elected as a new member of the Board of Directors. The organizational meeting of the Board of Directors elected Pertti Ervi as the Chair of the Board of Directors.

BDO Oy was elected as the auditor, with Taneli Mustonen as the auditor in charge.

The meeting decided that Article 9 of the articles of association of the Company is amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting in addition to the Company's domicile Espoo or in Helsinki as currently provided in the articles of association.

As announced simultaneously with this Financial Statements Bulletin, the Annual General Meeting 2024 is planned for 16 May 2024.

## SHARES AND TRADING

The company has a one share series, and all shares carry equal rights. At the end of the review period, Efecte Plc's share capital consisted of 6 452 424 shares. The company owned 5 882 treasury shares, approx. 0.1% 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 11.90 euro, the lowest price 6.70 euro and the closing price 8.20 euro. The market value of shares was 52.9 million euro at the end of the period excluding the treasury shares.

## SHAREHOLDERS

The company had a total of 2 713 owners on 31 December 2023 (2 657). 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 31 December 2023:

	Shareholder	Shares	%
1	First Fellow Oy	810 499	12.56
2	Oy Fincorp Ab	487 405	7.55
3	Sijoitusrahasto Aktia Nordic Micro Cap	469 269	7.27
4	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	290 909	4.51
5	Montonen Markku	210 571	3.26
6	Op Fin Small Cap	190 727	2.96
7	Nordea Nordic Small Cap Fund	116 662	1.81
8	Ervi Pertti	91 657	1.42
9	Säästöpankki Pienyhtiöt	80 000	1.24
10	Urpalainen Jörgen	73 119	1.13

The ownership of the Board members, CEO and their controlled entities totaled approximately 2.3% at the end of the reporting period. Additionally, the options held by the CEO entitle him to subscribe shares representing approximately 2.7% of the outstanding shares.

The total proportion of nominee registered shares was approximately 26.1 % of all shares.

## THE AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

The Annual General Meeting held on 22 March 2023 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 2024.

The Annual General Meeting held on 22 March 2023 authorized the Board of Directors to issue a maximum of 620 000 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 2024.

## 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 and all of which subscribed) 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 134 325 allocated and 56 500 subscribed) with subscription price of 5.00 euro/share and subscription period of 2 May 2022 - 31 May 2024; and C series of 140 000 options (of which 140 000 allocated and 42 750 subscribed) with subscription price of 4.39 euro/share and subscription period of 2 May 2023 - 31 May 2025.

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. During the reporting period, the Board of Directors resolved to amend the terms and conditions of the stock

option plan 2021 so that the stock options held by Efecte Plc from the stock option series 2021A will be transferred to a new stock option series 2021A1 and the stock options held by Efecte Plc from the stock option series 2021B will be transferred to a new stock option series 2021B1.

The stock options 2021 are divided to five series: A, A1, B, B1 and C. Series A consists of 118 650 options (of which 118 650 allocated) with subscription price of 15.55 euro/share and subscription period of 2.5.2024 - 31.5.2026; series A1 consists of 31 150 options (of which 24 000 allocated) with subscription price of 15.55 euro/share and subscription period of 2.5.2026 - 31.5.2028, B series of 130 145 options (of which 128 145 allocated) with subscription price 11.23 euro/share and subscription period of 2.5.2025 - 31.5.2027; B1 series of 19 855 options (of which 19 500 allocated) with subscription price 11.23 euro/share and subscription period of 2.5.2026 - 31.5.2028; and C series of 150 000 options (of which 141 000 allocated, for part of which the final allocation decision is pending fulfilment of share ownership requirement) with subscription price 10.31 euro/share and subscription period of 2.5.2026 - 31.5.2028.

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

## EVENTS AFTER PERIOD-END

On 18 January 2024, Matrix42, a portfolio company of Corten Capital, acting through European 24 Bidco Oy, announced a voluntary recommended public cash tender offer for all the outstanding shares and stock options in Efecte Plc. In connection with the announcement of the tender offer, the Board of Directors of Efecte provided preliminary information on its key figures for 10-12/2023 and financial guidance for the full year 2024 to ensure equal access to information for all shareholders in connection with the public tender.

On 29 January 2024, the Board of Directors of Efecte issued its statement regarding the voluntary recommended public cash tender offer announced on 18 January 2024, concluding that the tender offer is under the prevailing circumstances fair to Efecte's shareholders and holders of stock options and recommended unanimously that the shareholders and holders of stock options accept the tender offer.

Simultaneously with this Financial Statements Bulletin, the Company announced that in deviation to the initially scheduled date of 14 March 2024, the Annual General Meeting 2024 of the Company will be organized on 16 May 2024.

## ASSESSMENT OF RISKS AND UNCERTAINTIES

Efecte manages the risks and uncertainties facing its operations and all material risks are reviewed quarterly in the leadership team and at least annually with the Board of Directors. The key risks identified include:

Risks to data security such as non-intentional or intentional data breaches, including software vulnerabilities, denial of service attacks as well as phishing and ransomware attacks may cause reimbursement liabilities to customers or other third parties as well as financial losses or significant reputational harm. Tightening geopolitical situation may increase this risk

Uncertainties in the macroeconomic and geopolitical environment, including an increase in energy costs, supply chain issues, and slowdown in cross-border trade could result in a prolonged recession in Efecte's key markets. A recession could slow down customer decision-making and reduce customer demand.

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 services 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.

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.

The rate of inflation has increased substantially over the past years. While most of our customer agreements allow Efecte to increase pricing, some customer agreements especially in the public sector limit our pricing power. Inflation and higher interest rates also increase costs and may limit our capacity to acquire funding for M&A or other growth investments on terms favorable to Efecte.

If the company is unable to recruit and retain key employees, the quality of its products and services may decrease, which can decrease revenue 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 a lack of skilled personnel.

The company is pursuing mergers and acquisitions (M&A) as part of its strategy and concluded two acquisitions in 2022-23. Risks relating to M&A include failure in the integration of the acquired business, failure to retain key personnel, failure to meet forecasted financial performance as well as claims, disputes and litigation relating to the transaction.

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.

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 material 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 and cashflow are 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 outlook, the company may have to take measures on terms that are not favorable to the company.

## **PROFIT DISTRIBUTION PROPOSAL**

The net profit of the parent company was -371 105.68 euro for the period and the distributable equity of the parent company was 8 604 747.86 euro. The Board of Directors proposes that no dividend is distributed from the financial period of 2023 and the profit is left in equity.

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.

## **LONG-TERM FINANCIAL TARGETS**

By 2025, grow organically to 35 MEUR total net sales, maintain an average SaaS growth of over 20% and reach a 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 2024:**

In 2024, Efecte's net sales are expected to be approximately EUR 25 – 30 MEUR, SaaS net sales is expected to grow over 15% and adjusted EBITDA margin is expected to be 3 – 9 %.

## **NEXT EARNINGS RELEASE**

Efecte will publish a business review for 1-3/2024 on 7 May 2024.

Efecte Plc  
Board of Directors

Additional information:

Interim CFO Tommi Mäkinen, +358 40 042 1659  
CEO Niilo Fredrikson, +358 50 356 7177

Certified adviser: Evli Oyj, tel. +358 40 579 6210

The Company will publish the Report of the Board of Directors and the complete Financial Statements for 2023 simultaneously with this announcement as a separate release. They are also available on the Company's website at <https://investors.efecte.com/>.

A webcast for analysts, investors and media will be arranged on Thursday 15 February 2024 at 11:30 Finnish time. Everyone interested can follow the webcast online at <https://efecte.videosync.fi/q4-2023>. The webcast will be held in English and written questions can be presented 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](https://investors.efecte.com).

Efecte Plc

*Efecte helps people to 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 the global goliaths in our space. Our headquarters is located in Finland and we have regional hubs in Germany, Poland, Spain and Sweden. Efecte is listed on the Nasdaq First North Growth Market Finland marketplace.*

[www.efecte.com](http://www.efecte.com)

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**FINANCIAL INFORMATION:**

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



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

### CONSOLIDATED INCOME STATEMENT

(1 000 EUR)	7-12/2023	7-12/2022	2023	2022
Net sales	12 441	11 251	24 688	21 607
Other operating income	179	84	375	115
Materials and services	-1 412	-1 281	-2 847	-2 339
Personnel expenses	-7 823	-6 995	-16 017	-13 697
Other operating expenses	-2 983	-3 151	-6 032	-5 699
EBITDA	402	-92	168	-13
Other depreciation and amortization	-431	-312	-796	-568
EBITA	-28	-404	-628	-581
Goodwill amortization	-299	-278	-583	-283
EBIT	-327	-682	-1 211	-864
Financial income and expenses	-105	-54	-151	-71
Profit before income tax	-432	-708	-1 362	-935
Income tax	-11	-12	37	646
Minority	0	2	0	2
Profit for the period	-443	-745	-1 324	-287

**CONSOLIDATED BALANCE SHEET**

(1 000 EUR)	12/2023	12/2022
<b>Non-current assets</b>		
Development expenses	2 736	2 059
Other intangible assets	48	102
Goodwill	202	-
Consolidated goodwill	4 842	5 404
Other long-term expenses	9	5
Machinery and equipment	184	125
<b>Current assets</b>		
Trade and other receivables (long-term)	812	776
Trade and other receivables (short-term)	4 622	3 830
Short-term investments	1	1
Cash and cash equivalents	2 110	3 080
<b>Total assets</b>	<b>15 564</b>	<b>15 380</b>
<b>Equity attributable to owners of the parent Company</b>		
Share capital	80	80
Share issue	0	5
Reserve of invested non-restricted equity	13 534	13 211
Retained earnings	-10 199	-8 899
<b>Total equity</b>	<b>3 415</b>	<b>4 397</b>
<b>Non-current liabilities</b>		
Financial loans	1 286	1 571
Other payables	1	1
<b>Current liabilities</b>		
Financial loans	288	290
Advances received	4 635	4 005
Trade payables	1 539	1 023
Other payables	1 326	1 069
Accruals	3 074	3 023
<b>Total liabilities</b>	<b>12 149</b>	<b>10 983</b>
<b>Equity and liabilities</b>	<b>15 564</b>	<b>15 380</b>

**SUMMARY CONSOLIDATED CASH FLOW STATEMENT**

(1 000 EUR)	2023	2022
Cash flows from operating activities		
Profit before income tax	-1 362	-935
Adjustments to profit for the period	1 530	922
Change in working capital	613	643
Interest and other financial cost paid	-151	-71
Income taxes paid	-13	-12
<b>Net cash from operating activities</b>	<b>617</b>	<b>547</b>
Cash flows from investing activities		
Acquisition of tangible and intangible assets	-1 488	-1 367
Acquisition of subsidiaries, net of cash acquired	-130	-5 880
<b>Net cash from investing activities</b>	<b>-1 618</b>	<b>-7 248</b>
Cash flows from financing activities		
Share issues	318	1 415
Withdrawal of non-current financial loans	0	2 000
Repayment of non-current financial loans	-287	-141
<b>Net cash from financing activities</b>	<b>30</b>	<b>3 274</b>
(Decrease)/increase in cash and cash equivalents	-970	-3 427
Cash and cash equivalents at the beginning of the period	3 080	6 508
<b>Cash and cash equivalents at the end of the period</b>	<b>2 110</b>	<b>3 080</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(1000 EUR)	31.12.2023	31.12.2022
Permanent equity		
Share capital 1.1.	80	80
Share capital 31.12	80	80
Permanent equity in total	<u>80</u>	<u>80</u>
Distributable equity		
Share issue 1.1.	5	23
Share issue 31.12.	-	5
Reserve of invested non-restricted equity 1.1.		
	13 211	11 779
Share issue	323	1 433
Reserve of invested non-restricted equity 31.12.	<u>13 534</u>	<u>13 211</u>
Retained earnings 1.1.		
	-8 899	- 8 573
Translation differences	25	-39
Retained earnings 31.12.	-8 874	-8 612
Profit (loss) for the period		
	<u>-1 324</u>	<u>-287</u>
Distributable equity	3 335	4 317
<b>Total equity</b>	<b><u>3 415</u></b>	<b><u>4 397</u></b>

## 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)	7-12/2023	7-12/2022	2023	2022
SaaS	8 686	7 318	16 812	13 760
Perpetual licenses	13	33	22	48
Maintenance	414	442	826	901
Services	3 328	3 458	7 029	6 899
<b>Group total</b>	<b>12 441</b>	<b>11 251</b>	<b>24 668</b>	<b>21 607</b>

## 2.3 Development of number of shares

	<u>Number of shares</u>
1.1.2022	6 235 873
Exercise of share options	7 000
30.6.2022	6 242 873
Exercise of share options	28 916
Directed share issue	111 801
31.12.2022	6 383 590
Exercise of share options	3 584
30.6.2023	6 387 174
Exercise of share options	65 250
31.12.2023	6 452 424

On 31 December 2023 Efecte Plc owns 5 882 treasury shares, approx. 0.1% of the total amount of the shares.

## 2.4 Commitments

The following tables present the company's commitments not in the balance sheet on 31 December 2023 and 31 December 2022.

	<u>31.12.2023</u>	<u>31.12.2022</u>
Guarantees given (thousand euro)		
Office lease agreements	97	102
Liabilities secured by mortgage	3 200	1 000
Carrying amount of pledged shares	3 595	-
Total	<u>6 891</u>	<u>1 102</u>

	<u>31.12.2023</u>	<u>31.12.2022</u>
Lease commitment amounts (thousand euro)		
During next 12 months	78	62
Later	75	87
Total	<u>153</u>	<u>148</u>

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

Parent company Efecte Plc has a fixed-term office lease agreement of which first possible expiration date is 28.2.2026. The company's lease liability from this contract is approx. 641 thousand euro.

	<u>31.12.2023</u>	<u>31.12.2022</u>
(thousand euro)		
Payable during the next 12 months	389	292
Payable later	372	138
Total	<u>761</u>	<u>430</u>

## 3. Key figures

1000 eur	7-12/2023	7-12/2022	2023	2022
Net Sales	12 441	11 251	24 688	21 607
SaaS	8 686	7 318	16 812	13 760
Licenses	13	33	22	48
Maintenance	414	442	826	901
Services	3 328	3 458	7 029	6 899
Domestic net sales	9 407	8 318	18 766	16 275
International net sales	3 034	2 933	5 922	5 332
Domestic sales (% of net sales)	76 %	74 %	76 %	75 %
International (% of net sales)	24 %	26 %	24 %	25 %
Recurring revenue	9 100	7 760	17 638	14 661
Recurring revenue (% of net sales)	73 %	69 %	71 %	68 %
SaaS MRR, monthly net sales at the end of the period	1490	1 270	1490	1 270
Net sales growth%	10.6 %	23.9 %	14.3 %	21.6 %
EBITDA	402	-92	168	-13
EBITDA%	3.2 %	-0.8 %	0.7 %	-0.1 %
EBITA	-28	-404	-628	-581
EBITA%	-0.2 %	-3.6 %	-2.5 %	-2.7 %
EBIT	-327	-682	-1 211	-864
EBIT%	-2.6 %	-6.1 %	-4.9 %	-4.0 %
Earnings for the period	-443	-745	-1 324	-287
Earnings/share (EPS), eur	-0.07	-0.12	-0.21	-0.05
Equity/share, eur	0.53	0.69	0.53	0.69
Balance sheet total	15 564	15 380	15 564	15 380
Equity	3 415	4 397	3 415	4 397
Net debt	-536	-1 219	-536	-1 219
Return on invested capital (ROI)%	-13 %	-27 %	-20,8 %	-4 %
Equity ratio%	31 %	39 %	31,2 %	39 %
Net gearing%	-16 %	-28 %	-16 %	-28 %
Research and development cost	1 980	1 507	3 807	3 128
Research and development cost, % of net sales	16 %	13 %	15,4 %	14 %
Number of employees on average during the period	205	189	204	161
Number of employees at the end of the period	199	194	199	194
Number of shares (on average during period, excluding treasury shares)	6 337 397	6 337 397	6 391 288	6 282 167
Number of shares at the end of the period (excluding treasury shares)	6 446 542	6 372 157	6 446 542	6 372 157

## 4. Calculation of key figures

Key figure	Definition
SaaS	Revenue from subscription-based software licenses sold as a service, including revenue from enhanced support and service level packages
Licenses	Revenue from the sales of perpetual licenses
Maintenance	Revenue from maintenance fees for the perpetual licenses
Services	Revenue from professional services
Recurring revenue	Revenue from SaaS and Maintenance
SaaS MRR or MRR	Monthly recurring revenue from SaaS at the end of the period
Lifetime Value (LTV)	SaaS MRR orders of new customers divided by gross churn multiplied by recurring gross margin divided by number of new customers, calculated on a rolling 12 months' basis
Customer Acquisition Cost (CAC)	Sales and marketing costs multiplied by 0.7 divided by number of new customers, calculated on a rolling 12 months' basis. The multiplier 0.7 reflects the fact that some of sales & marketing cost goes towards serving existing customers.
Recurring Gross Margin	The total cost of support, cloud infrastructure, cloud operations, 3rd party licenses and enhanced service level packages subtracted from our total recurring revenue and dividing the outcome by total recurring revenue, calculated on a rolling 12 months' basis
Net retention rate	$100\% \times (\text{MRR beginning of period} + \text{MRR expansion} - \text{Gross Churn}) / \text{MRR beginning of period}$
Gross churn	$100\% \times (\text{Beginning of period MRR from customers lost during period}) / (\text{MRR beginning of period})$



**BOARD OF DIRECTORS' REPORT AND THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
PUBLISHED BY EFECTE AS AT AND FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2023**

# **Efecte Oyj**

## **REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS**

### **1.1.2023-31.12.2023**

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Efecte Oyj  
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## REPORT OF THE BOARD OF DIRECTORS

### EFFECTE-GROUP IN BRIEF

Efecte is a Finnish software company that helps people digitalize and automate their work. Efecte's solutions allow our customers to flexibly manage all internal and external services in the organization, such as IT, human resources or finance services and customer service, as well as access rights. Efecte is one of the industry's leading software suppliers for medium-sized and public organizations in Finland, in the Nordic countries and in the DACH area. Efecte has also become a competitive supplier in Poland and Spain. The company was founded in 1998 and is listed on the Nasdaq First North Growth Market Finland. Efecte operates throughout Europe and has offices in Finland, Sweden, Germany, Poland and Spain.

Efecte's business is based on the company's own software products and related services. Software products delivered primarily as a cloud service form the core of the company's business. Services that support software include, for example, implementation projects, integration work, training and the continuous development of customer environments.

### NET SALES AND PROFIT

Net sales by type

Net sales, 1000 EUR	10-12/2023	10-12/2022	7-12/2023	7-12/2022	2023	2022
SaaS	4 422	3 734	8 686	7 318	16 812	13 760
Licenses	13	33	13	33	22	48
Maintenance	210	219	414	442	826	901
Services	1 891	1 924	3 328	3 458	7 029	6 899
<b>Group total</b>	<b>6 536</b>	<b>5 910</b>	<b>12 441</b>	<b>11 251</b>	<b>24 688</b>	<b>21 607</b>

Efecte's net sales in 1-12/2023 were 24.7 million euro (21.6), a growth of 14%. Net sales for customers outside Finland were 5.7 million euro (5.3), corresponding to 23% of total net sales (25%).

Software as a Service (SaaS) grew 22% (26%) and services net sales increased by 2% (19%). Net sales of perpetual licenses continued to be insignificant in line with our strategy. Net sales generated by maintenance related to perpetual licenses continued its declining trend. Our total recurring revenue (SaaS and maintenance) amounted to 17.6 million euro (14.7), corresponding to approximately 71% of net sales (68%).

SaaS MRR was 1 490 thousand euro in the end of December, growing 17% year-over-year. Of that growth, 10 percentage points came from existing customers (net retention rate of 110%) and 8 percentage points from new customers since 12/2022 and from customers of acquired Requeste. Gross churn amounted to 4.5% (2.3%). Our recurring gross margin stood at 77% at the end of December (80%). Recurring gross margin includes now the former InteliWISE business. This was the main driver for the decrease from the comparison period. At the end of the period, the share of SaaS MRR attributable to enhanced support packages that include administrator services for customers was 6 (3) thousand euro.

Our average customer acquisition cost (CAC) on a rolling 12-month basis was 86 thousand euro (98), and the average lifetime value (LTV) of an acquired new customer was 392 thousand euro (994). Accordingly, the LTV/CAC ratio was 4.6 (10.2). This means that the cost of customer acquisition is earned 4.6 times during the lifetime of the customer. The significant drop in LTV is for the most part attributable to gross churn returning to normal levels from the exceptionally low levels last year.

Net retention, gross churn, recurring gross margin, CAC and LTV were calculated based on Efecte and former InteliWISE numbers excluding Requeste customers.

Services net sales grew 2%. Our strategy is to focus on growing our SaaS business and the Services business is there to support adoption with the help of our partner network. SaaS formed already 68% of total net sales (64%).

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EBITDA was 0.2 million euro (-0.0), and operating profit was -1.2 million euro (-0.9). EBITDA was impacted by inorganic activities and other non-recurring restructuring costs.

Adjusted EBITDA was 0.8 million euro (0.5). Adjusted EBITDA is calculated from EBITDA by deducting the costs affecting comparability. During the review period, these items included costs related to inorganic activities and non-recurring restructuring costs amounting to 0.6 million euros (0.5).

Income tax expenses were 0.0 million euro (0.6). The comparison period was affected by the positive effect of the recognition of deferred tax assets from unused tax losses in Finnish taxation.

Net profit for the period was -1.3 million euro (-0.3). In addition to the difference in income tax expenses, the largest contributor to the decline compared to the previous year were goodwill depreciations originating from the InteliWISE and Requeste acquisitions.

## **FINANCE AND INVESTMENTS**

At the end of the review period, the balance sheet for the Efecte group totaled 15.6 million euro (15.4). Equity ratio was 31% (39%) and net gearing was -16% (-28%).

At the end of the review period, the Company's financial loans were 1.6 million euro (1.9). The company's cash and liquid assets were 2.1 million euro (3.1).

Cash flow from operating activities for the reported period was 0.6 million euro (0.5) and cash flow from investing activities was -1.6 million euro (-7.2). Investments in tangible and intangible assets were 1.5 million euro (1.4) and were mainly activated R&D expenses. Cash flow from financing activities was 0.0 million euro (3.3). Cash flow from financing activities consisted of subscriptions relating to stock options and loan repayments.

## **BUSINESS DEVELOPMENTS**

We continued to focus on helping European mid-sized organizations to digitalize and automate their work. Customers use our cloud-based platform to digitalize and automate processes in three key areas: Enterprise Service Management (ESM), Identity Governance and Administration (IGA) and Conversational AI.

During the review period, our SaaS growth was 22%, which was in line with our expectations. We signed a total of 57 new customers in Finland, Scandinavia, DACH, Spain and Poland, of which over half came from outside Finland. Of the new customers during the period, 10 came through partners. Through the former InteliWISE business, we signed 14 new customers during the review period. In addition to the new customers, we also helped our existing customers to expand the usage of Efecte in ITSM and ESM. On a rolling 12-month basis, existing customers accounted for 56% of the SaaS MRR growth. The interest in the newly launched Effie AI product family continued strong and we signed the first pilot customers for the new features in the product family.

All our existing direct markets continued to win customers despite the weakened macroeconomic climate. Especially our core markets Finland and Scandinavia exceeded our expectations as we continued our good traction in the public sector. In Spain and New Markets, we laid out a new growth plan and expect to see more results during 2024.

In professional services, we were able to get back on a profitable growth track after a challenging first half. More importantly we saw good execution in identified focus areas which also had a positive impact on the bottom line. The main drivers were the demand from new customers, expansion opportunities in existing customers and driving overall operational excellence.

In September 2023, we acquired the Requeste business from Sysart Oy. Requeste is a ticketing, customer service and ITSM solution with strong footprint in Finnish midmarket customers. Requeste business has four employees in Oulu, Finland and its net sales in 2022 were approximately 500 thousand euros, over half of which SaaS.

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## EMPLOYEES

The number of full-time equivalent employees at the end of the review period was 199 (194). Of these, 121 (125) were in Finland, 50 (44) in Poland, 18 (19) in Germany, 8 (6) in Sweden and 3 (1) in Spain. The average number of employees during Q4 was 203 (138) and during 2023 it was 204 (161). 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 year, we welcomed four new Efectians through the acquisition of Requeste business from Sysart. We also held change negotiations as communicated on 1 November 2023 to streamline operations and ensure the successful execution of our strategy. The negotiations resulted in the termination of eight employees. In addition, we adopted organizational and role changes as well as implemented other cost savings measures across all our group companies.

The company's leadership team composition at the end of the period was the following: Niilo Fredrikson (CEO), Tommi Mäkinen (Interim CFO), Niina Hovi (people and culture), Juha Westerlund (sales and revenue), Topias Marttila (technology), Marcin Strzalkowski (marketing and country manager Poland), Santeri Jussila (products) and Jenni Mickos (services).

## MARKET OUTLOOK

Our solution offering consisting of Enterprise Service Management, IGA and Conversational AI is an enabler for the megatrends of digitalization and servitization (everything as a service). Companies across different industries still 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. With our Conversational AI offering we are well set to compete against the global goliaths as AI solutions emerge in the Service Management space.

The move from on-premises software to cloud will also continue. While cloud adoption amongst enterprises in the Nordics is over 70%, cloud adoption in the rest of Europe is still below 50%. Service management solutions are extremely sticky, with replacement cycles often being five years or longer.

Our estimate of the total current cloud ITSM and ESM market size in Europe is 1.5 billion euro, the IGA market 1.6 billion euro and the Conversational AI market 1.6 billion euro. Analyst estimates for compound annual growth for the next five years are still generally in the double digits for all these markets. Especially in service management, the market is today being divided by a few strong global players and a larger number of smaller local vendors.

We continue to see European customers prioritize privacy, security and data location more than before, especially in the public sector. With our competitive solution offering combined with flexible cloud deployment models, we have a significant opportunity to meet that demand and serve those customers.

While the macroeconomic environment pushes organizations to save costs, digitalization is still on top of their agenda. With a compelling total cost of ownership Efecte can help organizations to digitalize and automate their business processes in a cost-efficient manner.

## RESEARCH AND DEVELOPMENT

During the second half, we continued to evolve our product guided by our long-term vision and the three strategic themes set for the year: Work Smarter with AI, Easier to Use and Faster to Start & Maintain.

In the AI space, the year was truly transformational for us. With the launch of Effie AI, we introduced new innovative AI capabilities at the heart of the Efecte platform to enable our customers to work smarter. Support organizations face increased workloads and complexity, and their existing tools have not been able to keep up. As a result, the average cost per contact has been increasing. This is where Effie AI helps: it is a personal assistant that knows the IT domain and helps end-users to resolve more situations independently and agents to manage their tasks more efficiently. We ended the year with Effie AI Email successfully piloted and a new Efecte-hosted language model (Efecte GenAI) released for piloting.

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With Easier to Use, our goal is to help customers improve their employees' experience and NPS (Net Promoter Score) by providing modern, intuitive, and easy-to-use user interfaces for both the end-users consuming services and the agents supporting them. During the second half, we continued to systematically progress on both of our main product initiatives: New self-service and renewed Agent UI. On new self-service, we integrated AI capabilities, expanded the search, introduced an easy-to-use admin panel and brought numerous enhancements to the end-user presentation layer. We have seen a steady increase in customers who have started to test the new self-service, with the first in production use already since the first half. With the renewed Agent UI agents can already take care of basic daily support tasks. With numerous tangible usability improvements, integrated AI and updated look and feel, including also a dark theme, we are starting to see the vision for a modern and cool Efecte user interface turn into reality.

With Faster to Start & Maintain, we want to systematically improve our platform for faster time-to-value and reduced operational costs. During the second half, we had a landmark milestone with the launch of ITSM Essentials. It is a new entry-level product that allows organizations to get going quickly and cost effectively with a set of essential ITIL-compliant IT processes. With ITSM Essentials, customers don't need to spend time defining requirements, but instead can enjoy a best-practice solution that reduces cost, risk and adoption time. We also continued to improve our IGA packages, guided by our vision to simplify a process that is inherently complex for many organizations. During the second half, we saw this work bear results, with several new IGA customer wins and new IGA packages delivered more efficiently than before.

Efecte's total research and development investment during the review period was 5.5 million euro (4.4). Research and development costs amounted to 3.8 million euro (3.1). In addition, 1.3 million euro (1.3) was capitalized, and 0.3 million euro (0.0) was covered through public funding (comparison period amounts excluding InteliWISE).

Research and development actions are performed in Efecte Finland Oy, InteliWISE S.A and its subsidiaries in Poland. In addition to our own personnel, subcontractors were used to increase flexibility and cost efficiency.

Group's research and development investment level in 2021-2023:

	2023	2022	2021
Research and development investment (million euro)	5.5	4.4	3.1
Research and development investment (% of net sales)	22%	21%	18%

## ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting held on 22 March 2023 adopted the financial statements for 1 January - 31 December 2022 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 2022.

The Annual General Meeting decided that the annual remuneration remains unchanged and is EUR 45,000 for the Chair of the Board and for the other members of the Board of Directors EUR 25,000 each. Approximately 40% of the remuneration was paid in Efecte Plc's shares and approximately 60% in cash.

Esther Donatz, Pertti Ervi, Turkka Keskinen and Eric Gustavsson were re-elected as members of the Board of Directors, and Panu Hanula was elected as a new member of the Board of Directors. The organizational meeting of the Board of Directors elected Pertti Ervi as the Chair of the Board of Directors.

BDO Oy was elected as the auditor, with Taneli Mustonen as the auditor in charge.

The meeting decided that Article 9 of the articles of association of the Company is amended to enable holding a general meeting entirely without a meeting venue as a so-called remote meeting in addition to the Company's domicile Espoo or in Helsinki as currently provided in the articles of association.

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As announced simultaneously with this Financial Statements Bulletin, the Annual General Meeting 2024 is planned for 16 May 2024.

## SHARES AND TRADING

The company has a one share series, and all shares carry equal rights. At the end of the review period, Efecte Plc's share capital consisted of 6 452 424 shares. The company owned 5 882 treasury shares, approx. 0.1% 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 11.90 euro, the lowest price 6.70 euro and the closing price 8.20 euro. The market value of shares was 52.9 million euro at the end of the period excluding the treasury shares.

## SHAREHOLDERS

The company had a total of 2 713 owners on 31 December 2023 (2 657). 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 31 December 2023:

	Shareholder	Shares	%
1	First Fellow Oy	810 499	12.56
2	Oy Fincorp Ab	487 405	7.55
3	Sijoitusrahasto Aktia Nordic Micro Cap	469 269	7.27
4	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	290 909	4.51
5	Montonen Markku	210 571	3.26
6	Op Fin Small Cap	190 727	2.96
7	Nordea Nordic Small Cap Fund	116 662	1.81
8	Ervi Pertti	91 657	1.42
9	Säästöpankki Pienyhtiöt	80 000	1.24
10	Urpalainen Jörgen	73 119	1.13

The ownership of the Board members, CEO and their controlled entities totaled approximately 2.3% at the end of the reporting period. Additionally, the options held by the CEO entitle him to subscribe shares representing approximately 2.7% of the outstanding shares.

The total proportion of nominee registered shares was approximately 26.1 % of all shares.

## THE AUTHORIZATIONS GIVEN TO THE BOARD OF DIRECTORS

The Annual General Meeting held on 22 March 2023 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 2024.

The Annual General Meeting held on 22 March 2023 authorized the Board of Directors to issue a maximum of 620 000 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

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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 2024.

## **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 and all of which subscribed) 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 134 325 allocated and 56 500 subscribed) with subscription price of 5.00 euro/share and subscription period of 2 May 2022 - 31 May 2024; and C series of 140 000 options (of which 140 000 allocated and 42 750 subscribed) with subscription price of 4.39 euro/share and subscription period of 2 May 2023 - 31 May 2025.

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. During the reporting period, the Board of Directors resolved to amend the terms and conditions of the stock option plan 2021 so that the stock options held by Efecte Plc from the stock option series 2021A will be transferred to a new stock option series 2021A1 and the stock options held by Efecte Plc from the stock option series 2021B will be transferred to a new stock option series 2021B1.

The stock options 2021 are divided to five series: A, A1, B, B1 and C. Series A consists of 118 650 options (of which 118 650 allocated) with subscription price of 15.55 euro/share and subscription period of 2.5.2024 - 31.5.2026; series A1 consists of 31 150 options (of which 24 000 allocated) with subscription price of 15.55 euro/share and subscription period of 2.5.2026 - 31.5.2028, B series of 130 145 options (of which 128 145 allocated) with subscription price 11.23 euro/share and subscription period of 2.5.2025 - 31.5.2027; B1 series of 19 855 options (of which 19 500 allocated) with subscription price 11.23 euro/share and subscription period of 2.5.2026 - 31.5.2028; and C series of 150 000 options (of which 141 000 allocated, for part of which the final allocation decision is pending fulfilment of share ownership requirement) with subscription price 10.31 euro/share and subscription period of 2.5.2026 - 31.5.2028.

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

## **EVENTS AFTER PERIOD-END**

On 18 January 2024, Matrix42, a portfolio company of Corten Capital, acting through European 24 Bidco Oy, announced a voluntary recommended public cash tender offer for all the outstanding shares and stock options in Efecte Plc. In connection with the announcement of the tender offer, the Board of Directors of Efecte provided preliminary information on its key figures for 10-12/2023 and financial guidance for the full year 2024 to ensure equal access to information for all shareholders in connection with the public tender.

On 29 January 2024, the Board of Directors of Efecte issued its statement regarding the voluntary recommended public cash tender offer announced on 18 January 2024, concluding that the tender offer is under the prevailing circumstances fair to Efecte's shareholders and holders of stock options and recommended unanimously that the shareholders and holders of stock options accept the tender offer.

Simultaneously with this Financial Statements Bulletin, the Company announced that in deviation to the initially scheduled date of 14 March 2024, the Annual General Meeting 2024 of the Company will be organized on 16 May 2024.



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## ASSESSMENT OF RISKS AND UNCERTAINTIES

Efecte manages the risks and uncertainties facing its operations and all material risks are reviewed quarterly in the leadership team and at least annually with the Board of Directors. The key risks identified include:

- Risks to data security such as non-intentional or intentional data breaches, including software vulnerabilities, denial of service attacks as well as phishing and ransomware attacks may cause reimbursement liabilities to customers or other third parties as well as financial losses or significant reputational harm. Tightening geopolitical situation may increase this risk
- Uncertainties in the macroeconomic and geopolitical environment, including an increase in energy costs, supply chain issues, and slowdown in cross-border trade could result in a prolonged recession in Efecte's key markets. A recession could slow down customer decision-making and reduce customer demand.
- 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 services 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.
- 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.
- The rate of inflation has increased substantially over the past years. While most of our customer agreements allow Efecte to increase pricing, some customer agreements especially in the public sector limit our pricing power. Inflation and higher interest rates also increase costs and may limit our capacity to acquire funding for M&A or other growth investments on terms favorable to Efecte.
- If the company is unable to recruit and retain key employees, the quality of its products and services may decrease, which can decrease revenue 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 a lack of skilled personnel.
- The company is pursuing mergers and acquisitions (M&A) as part of its strategy and concluded two acquisitions in 2022-23. Risks relating to M&A include failure in the integration of the acquired business, failure to retain key personnel, failure to meet forecasted financial performance as well as claims, disputes and litigation relating to the transaction.
- 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.
- 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 material 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.

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- The company's equity and cashflow are 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 outlook, the company may have to take measures on terms that are not favorable to the company.

### **PROFIT DISTRIBUTION PROPOSAL**

The net profit of the parent company was -371 105.68 euro for the period and the distributable equity of the parent company was 8 604 747.86 euro. The Board of Directors proposes that no dividend is distributed from the financial period of 2023 and the profit is left in equity.

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.

### **LONG-TERM FINANCIAL TARGETS**

By 2025, grow organically to 35 MEUR total net sales, maintain an average SaaS growth of over 20% and reach a 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 2024:**

In 2024, Efecte's net sales are expected to be approximately EUR 25 – 30 MEUR, SaaS net sales is expected to grow over 15% and adjusted EBITDA margin is expected to be 3 – 9 %.

### **LOANS TO RELATED PARTIES:**

The parent company has provided loans to the subsidiaries within the group. The total amount of the loans is 0.6 million euros. The loans have no fixed maturity date, are unsecured, repayments occur separately as agreed, and interest is paid quarterly. The interest rates on the loans are tied to a reference rate with a fixed margin.

The parent company has granted a conditional subordinated loan to a subsidiary within the group. The total amount of the loan is 2.0 million euros. The loan is interest-free, has no fixed maturity date, and repayments occur separately as agreed, subject to the fulfillment of other capital loan conditions.

The parent company has received a loan from a subsidiary within the group. The total amount of the loan is 3.7 million euros. The loan has no fixed maturity date, is unsecured, repayments occur separately as agreed, and interest is paid quarterly. The interest rate on the loan is tied to a reference rate with a fixed margin.

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## Key figures, group

1000 eur	2023	2022	2021	2020
Net sales	24 688	21 607	17 764	14 888
SaaS	16 812	13 760	10 886	8 806
Licenses	22	48	44	93
Maintenance	826	901	1 014	1 010
Services	7 029	6 899	5 820	4 980
Domestic net sales	18 766	16 275	13 365	11 314
International net sales	5 922	5 332	4 339	3 574
Domestic net sales (% of net sales)	76 %	75 %	75 %	76 %
International net sales (% net sales)	24 %	25 %	24 %	24 %
Recurring revenue	17 638	14 661	11 900	9 815
Recurring revenue, (% of net sales)	71 %	68 %	67 %	66 %
SaaS MRR, monthly net sales at the end of the period	1 490	1 270	992	808
Net sales growth %	14.3 %	21.6 %	19.3 %	7.6 %
EBITDA	168	-13	935	126
EBITDA %	0.7 %	-0.1 %	5.3 %	0.8 %
EBITA	-628	-581	450	-314
EBITA %	-2.5 %	-2.7 %	2.5 %	-2.1 %
Operating profit (EBIT)	-1 211	-864	431	-332
Operating profit (EBIT) %	-4.9 %	-4.0 %	2.4 %	-2.2 %
Profit for the period	-1 324	-287	412	-368
Earnings/share (EPS), eur	-0.21	-0.05	0.07	-0.06
Equity/share, eur	0.53	0.69	0.53	0.33
Balance sheet total	15 564	15 380	10 541	8 712
Equity	3 415	4 397	3 308	1 999
Net debt	-536	-1 219	-6 508	-5 391
Return on invested capital (ROI) %	-20.8 %	-4.5 %	16 %	-16 %
Return on equity (ROE) %	-33.9 %	-7.5 %	-15.5 %	-17.7 %
Equity ratio %	31.2 %	38.7 %	46 %	35 %
Net gearing %	-16 %	-28 %	-197 %	-270 %
Research and development cost	3 807	3 128	2 630	2 203
Research and development cost, % of net sales	15.4 %	14.5 %	15 %	15 %
Number of employees on average during the period	204	161	114	103
Number of employees at the end of the period	199	194	125	105
Number of shares (on average during the period, excluding treasury shares)	6 391 288	6 282 167	6 136 005	5 955 842
Number of shares at the end of the period (excluding treasury shares)	6 446 542	6 372 157	6 219 469	5 987 901

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## Key figures, parent company

1000 eur	2023	2022	2021	2020
Net sales	3 288	3 035	2 714	2 209
Operating profit (EBIT)	-1 034	-1 116	-883	-740
Operating profit (EBIT) %	-31,4 %	-36,8 %	-32,5 %	-33,5 %
Equity ratio %	57,7 %	61,8 %	90,2 %	89,9 %
Return on equity (ROE) %	-4,3 %	-10,3 %	1,4 %	-10,3 %

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***Income statement, group***

	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
<b>NET SALES</b>	<b>24 688 450.97</b>	<b>21 607 376.32</b>
Other operating income	375 094.55	115 362.56
Materials and services		
Materials and supplies		
Purchases during the financial year	-1 014 014.13	-765 234.33
External services	-1 832 543.28	-1 574 051.44
	<u>-2 846 557.41</u>	<u>-2 339 285.77</u>
Personnel expenses		
Wages and salaries	-13 181 753.49	-11 269 262.70
Social security expenses		
Pension expenses	-1 930 069.90	-1 800 466.41
Other social security expenses	-905 142.31	-627 604.81
	<u>-16 016 965.70</u>	<u>-13 697 333.92</u>
Depreciation and amortization		
Depreciation and amortization according to plan	-795 946.79	-567 846.01
Goodwill amortization	-583 257.44	-283 088.68
	<u>-1 379 204.23</u>	<u>-850 934.69</u>
Other operating expenses	-6 031 755.75	-5 698 928.74
<b>OPERATING PROFIT (LOSS)</b>	<b>-1 210 937.58</b>	<b>-863 744.24</b>
Financial income and expenses		
Interest income and other financial income		
From others	1 337.80	553.51
Interest expenses and other financial expenses		
To others	-152 281.54	-71 945.55
	<u>-150 943.74</u>	<u>-71 392.05</u>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-1 361 881.31</b>	<b>-935 136.28</b>
Income taxes		
Income taxes for the financial year	-12 861.76	-12 315.76
Deferred taxes	50 327.48	658 155.85
	<u>37 465.72</u>	<u>645 840.09</u>
Minority	0.00	2 157.88
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b><u>-1 324 415.59</u></b>	<b><u>-287 138.31</u></b>

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**Balance sheet, group**

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Development expenses	2 735 830.89	2 058 539.57
Intangible rights	47 714.21	102 051.62
Goodwill	202 019.99	0.00
Consolidated goodwill	4 841 877.25	5 403 732.59
Other long-term expenses	8 757.90	5 013.42
	<b>7 836 200.24</b>	<b>7 569 337.20</b>
Tangible assets		
Machinery and equipment	183 911.30	125 215.03
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8 020 111.54</b>	<b>7 694 552.22</b>
<b>CURRENT ASSETS</b>		
Long-term receivables		
Deferred tax assets	708 483.33	658 155.85
Other receivables	103 091.44	117 586.82
	811 574.77	775 742.67
Short-term receivables		
Trade receivables	3 903 754.95	3 355 186.58
Other receivables	221 912.30	130 697.57
Prepayments and accrued income	496 390.98	343 693.17
	4 622 058.22	3 829 577.31
Financial securities		
Other investments	576.10	534.10
Cash and cash equivalents	2 109 572.55	3 080 054.57
<b>TOTAL CURRENT ASSETS</b>	<b>7 543 781.64</b>	<b>7 685 908.66</b>
<b>TOTAL ASSETS</b>	<b>15 563 893.18</b>	<b>15 380 460.88</b>

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**Balance sheet, group**

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80 000.00	80 000.00
Share issue	0.00	5 000.00
Other reserves		
Reserve of invested non-restricted equity	13 533 784.65	13 211 117.15
Retained earnings	-8 874 135.94	-8 611 782.09
Profit (loss) for the period	-1 324 415.59	-287 138.31
<b>TOTAL EQUITY</b>	<b>3 415 233.12</b>	<b>4 397 196.74</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Financial loans	1 285 714.30	1 571 428.58
Other payables	990.90	918.65
	<u>1 286 705.20</u>	<u>1 572 347.23</u>
Current liabilities		
Financial loans	288 374.97	290 088.70
Advances received	4 634 844.60	4 005 012.71
Trade payables	1 538 707.75	1 023 409.13
Other payables	1 325 879.57	1 069 266.77
Accruals	3 074 147.96	3 023 139.60
	<u>10 861 954.86</u>	<u>9 410 916.91</u>
<b>TOTAL LIABILITIES</b>	<b>12 148 660.06</b>	<b>10 983 264.14</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>15 563 893.18</u></b>	<b><u>15 380 460.88</u></b>

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### **Cash flow statement, group**

	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
<b>Cash flow from operating activities:</b>		
Profit (loss) before appropriations and taxes	-1 361 881.31	-935 136.28
Adjustments:		
Depreciation and amortization	1 379 204.23	850 934.69
Financial income and expenses	150 943.74	71 392.05
Other adjustments	0.00	0.00
Cash flow before changes in working capital	<u>168 266.65</u>	<u>-12 809.55</u>
Changes in working capital:		
Increase / decrease in trade and other receivables	-765 635.29	-1 155 222.34
Increase / decrease in trade and other payables	1 378 441.74	1 798 438.15
Cash flow from operating activities before financial items and taxes	<u>781 073.11</u>	<u>630 406.26</u>
Interest and other financial cost paid	-152 281.54	-71 945.55
Interest received	1 337.80	553.51
Income taxes paid	-12 861.76	-12 315.76
<b>Cash flow from operating activities</b>	<b><u>617 267.61</u></b>	<b><u>546 698.46</u></b>
<b>Cash flow from investing activities:</b>		
Investments to tangible and intangible assets	-1 488 313.56	-1 367 495.89
Acquisition of subsidiaries, net of cash acquired	0.00	-5 880 277.66
Acquisition of business operations	-129 675.57	0.00
<b>Cash flow from investing activities</b>	<b><u>-1 617 989.13</u></b>	<b><u>-7 247 773.55</u></b>
<b>Cash flow from financing activities:</b>		
Share issue	317 667.50	1 414 557.12
Withdrawal of non-current financial loans	0.00	2 000 000.00
Repayment of non-current financial loans	-287 428.01	-140 949.41
<b>Cash flow from financing activities</b>	<b><u>30 239.50</u></b>	<b><u>3 273 607.71</u></b>
<b>Change in cash and cash equivalents, increase (+) / decrease (-)</b>	<b>-970 482.03</b>	<b>-3 427 467.38</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>3 080 054.57</b>	<b>6 507 521.95</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2 109 572.55</b>	<b>3 080 054.57</b>
<b>Change in cash and cash equivalents</b>	<b>-970 482.03</b>	<b>-3 427 467.38</b>



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***Income statement, parent company***

	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
<b>NET SALES</b>	<b>3 287 878.00</b>	<b>3 034 646.00</b>
Personnel expenses		
Wages and salaries	-1 564 635.91	-1 669 128.85
Social security expenses		
Pension expenses	-293 215.68	-294 373.10
Other social security expenses	-6 077.89	-32 915.84
	<u>-1 863 929.48</u>	<u>-1 996 417.79</u>
Depreciation and amortization		
Depreciation and amortization according to plan	-60 850.24	-57 867.45
Other operating expenses	-2 396 807.10	-2 096 387.16
<b>OPERATING PROFIT (LOSS)</b>	<b>-1 033 708.82</b>	<b>-1 116 026.40</b>
Financial income and expenses		
Interest income and other financial income		
From group companies	36 116.61	1 730.75
From other	898.26	0.00
Interest expenses and other financial expenses		
To group companies	-173 945.11	-67 350.03
To other	-100 466.62	-44 055.73
	<u>-237 396.86</u>	<u>-109 675.01</u>
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>-1 271 105.68</b>	<b>-1 225 701.41</b>
Appropriations		
Group contributions, received	900 000.00	350 000.00
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b><u>-371 105.68</u></b>	<b><u>-875 701.41</u></b>

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**Balance sheet, parent company**

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Intangible rights	47 714.21	101 570.93
Other long-term expenses	8 757.90	5 013.42
	<u>56 472.11</u>	<u>106 584.35</u>
Investments		
Holdings in group companies	10 744 004.70	8 241 004.70
Receivables from group companies	1 950 000.00	4 450 000.00
	<u>12 694 004.70</u>	<u>12 691 004.70</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>12 750 476.81</b>	<b>12 797 589.05</b>
<b>CURRENT ASSETS</b>		
Long-term receivables		
Receivables from group companies	622 000.00	142 000.00
Other receivables	59 503.71	61 844.25
	<u>681 503.71</u>	<u>203 844.25</u>
Short-term receivables		
Receivables from group companies	1 301 399.79	608 005.19
Other receivables	1 168.08	3 172.58
Prepayments and accrued income	168 080.25	138 554.02
	<u>1 470 648.12</u>	<u>749 731.79</u>
Cash and cash equivalents	157 125.83	379 279.57
<b>TOTAL CURRENT ASSETS</b>	<b>2 309 277.66</b>	<b>1 332 855.61</b>
<b>TOTAL ASSETS</b>	<b><u>15 059 754.47</u></b>	<b><u>14 130 444.66</u></b>

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**Balance sheet, parent company**

	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80 000.00	80 000.00
Share issue	0.00	5 000.00
Other reserves		
Reserve of invested non-restricted equity	13 533 784.65	13 211 117.15
Retained earnings	-4 557 931.11	-3 682 229.70
Profit (loss) for the period	-371 105.68	-875 701.41
<b>TOTAL EQUITY</b>	<b>8 684 747.86</b>	<b>8 738 186.04</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Financial loans	1 285 714.30	1 571 428.58
Payables to group companies	3 650 000.00	2 550 000.00
	<u>4 935 714.30</u>	<u>4 121 428.58</u>
Current liabilities		
Financial loans	285 714.28	287 622.01
Trade payables	498 996.28	206 530.40
Payables to group companies	71 736.29	16 172.96
Other payables	66 561.97	93 738.18
Accruals	516 283.49	666 766.49
	<u>1 439 292.31</u>	<u>1 270 830.04</u>
<b>TOTAL LIABILITIES</b>	<b>6 375 006.61</b>	<b>5 392 258.62</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>15 059 754.47</u></b>	<b><u>14 130 444.66</u></b>

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**Cash flow statement, parent company**

	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
<b>Cash flow from operating activities:</b>		
Profit (loss) before appropriations and taxes	-1 271 105.68	-1 225 701.41
Adjustments:		
Depreciation and amortization	60 850.24	57 867.45
Financial income and expenses	237 396.86	109 675.01
Cash flow before changes in working capital	<u>-972 858.58</u>	<u>-1 058 158.95</u>
Changes in working capital:		
Increase/decrease in trade and other receivables	-145 427.18	-95 397.20
Increase/decrease in trade and other payables	131 962.42	79 828.74
Cash flow from operating activities before financial items and taxes	<u>-986 323.34</u>	<u>-1 073 727.41</u>
Interest and other financial cost paid	-236 004.15	-95 232.80
Interest and other financial income received	13 866.26	1 730.75
<b>Cash flow from operating activities</b>	<b><u>-1 208 461.23</u></b>	<b><u>-1 167 229.46</u></b>
<b>Cash flow from investing activities:</b>		
Investments to tangible and intangible assets	-10 738.00	0.00
Investments to group companies	-3 000.00	-5 986 962.26
Loans to group companies	-480 000.00	-142 000.00
<b>Cash flow from investing activities</b>	<b><u>-493 738.00</u></b>	<b><u>-6 128 962.26</u></b>
<b>Cash flow from financing activities:</b>		
Share issue	317 667.50	1 414 557.12
Non-current loans, withdrawal	0.00	2 000 000.00
Non-current loans, repayment	-287 622.01	-140 949.41
Non-current internal loans, withdrawal and repayment	1 100 000.00	2 550 000.00
Group contribution received	350 000.00	1 000 000.00
<b>Cash flow from financing activities</b>	<b><u>1 480 045.49</u></b>	<b><u>6 823 607.71</u></b>
<b>Change in cash and cash equivalents, increase (+) / decrease (-)</b>	<b>-222 153.74</b>	<b>-472 584.01</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>379 279.57</b>	<b>851 863.58</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>157 125.83</b>	<b>379 279.57</b>
<b>Change in cash and cash equivalents</b>	<b>-222 153.74</b>	<b>-472 584.01</b>

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## ***Accounting principles***

### **Measurement and recognition principles and methods**

#### *Measurement of non-current assets*

Tangible and intangible assets are recognised in the balance sheet at cost less depreciation according to plan. Depreciation and amortization according to plan is calculated using the straight-line method based on the useful life of the assets or using 25% residual depreciation. Depreciation is started at the month when asset is taken into use.

The depreciation and amortization periods are as follows:

Development cost 5 years

Intangible rights 3 years

Goodwill 5 years

Consolidated goodwill 10 years

Other long-term expenditure 4 years

Machinery and equipment 25% residual depreciation

No changes have been made to the depreciation policy during the financial year.

The cost of tangible and intangible assets whose probable useful life is less than 3 years or whose value is low (less than 850€) is recognised as an expense as incurred.

#### *Recognition of net sales*

SaaS payments and maintenance fees are recognised as net sales over the contract period in accordance with the accrual principle. The recognition is performed in equal installments over the contract period. Long-term fixed-price delivery projects are recognized as income based on the degree of readiness. The degree of readiness has been calculated on the basis of actual costs and the total cost estimate. The expected loss of unprofitable projects has been fully expensed.

#### *Research and development cost and other long-term expenditure*

Research and development cost are generally recognized as annual expenses in the year in which they are incurred. Development costs that generate income for several years have been capitalized in the balance sheet as development cost and are amortized over 5 years.

#### *Pensions*

Pension expenses are recognized as an annual expense.

#### *Deferred taxes*

The company applies prudence principle and has not recognized a deferred tax asset relating to tax losses carried forward.

#### *Foreign currencies*

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Receivables and liabilities denominated in foreign currencies have been translated into Finnish currency at the exchange rate on the balance sheet date.

### **Accounting principles for group consolidated financial statements**

#### *Scope of group consolidated financial statements*

All group companies have been consolidated in the group consolidated financial statements.

#### *Accounting principles*

The group consolidated financial statements have been prepared using the acquisition cost method. The difference between the acquisition cost of the subsidiaries and the equity corresponding to the acquired share is presented as consolidated goodwill. Group goodwill is amortized over 10 years.

Intra-group transactions, mutual receivables and liabilities have been eliminated.

The income statements of foreign group companies have been translated into Finnish currency at the ECB's average exchange rate for the financial year and the balance sheets at the closing exchange rate on the balance sheet date. Exchange differences arising on translation as well as translation differences arising on the translation of equity of foreign subsidiaries are presented separately in equity.

#### *Deferred taxes*

Deferred tax assets from unused tax losses in Finnish taxation have been partially recognized in the group consolidated financial statements. The total amount of losses confirmed in taxation for Efecte Finland Oy and Efecte Oyj is 7 084 833 euros of which 708 483 euros have been recognized as a deferred tax asset.

#### *Comparability*

The fiscal years 2023 and 2022 are not fully comparable since InteliWISE S.A. group acquired in the fiscal year 2022 has been consolidated to the Efecte group financial statements from 1.7.2022 onwards.

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### Notes to the income statement

Net sales	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Net sales by type				
SaaS	16 811 581,74	13 760 061,08	0,00	0,00
Licenses	21 763,52	48 023,78	0,00	0,00
Maintenance	826 376,96	900 789,80	0,00	0,00
Services	7 028 728,75	6 898 501,66	3 287 878,00	3 034 646,00
	<b>24 688 450,97</b>	<b>21 607 376,32</b>	<b>3 287 878,00</b>	<b>3 034 646,00</b>

Net sales by geography	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Finland	18 766 015,64	16 274 993,52	3 287 878,00	3 034 646,00
Other	5 922 435,33	5 332 382,80	0,00	0,00
	<b>24 688 450,97</b>	<b>21 607 376,32</b>	<b>3 287 878,00</b>	<b>3 034 646,00</b>

### Personnel

Number of employees on average during the period

	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Finland	125,1	116,6	16,5	16,2
Other Europe	78,9	44,6	0,0	0,0
	<b>204,0</b>	<b>161,2</b>	<b>16,5</b>	<b>16,2</b>

Management compensation	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
CEO and members of the board of directors	-510 847,58	-503 267,85	-510 847,58	-503 267,85

Other operating expenses	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Marketing expenses	-795 627,03	-745 955,80	-315 822,82	-326 691,29
Administrative expenses	-751 612,50	-399 104,44	-544 772,94	-182 394,85
Telecom, IT and information expenses	-1 009 284,64	-1 002 899,15	-721 695,35	-666 435,03
Research & development expenses	-582 720,55	-748 716,50	0,00	0,00
Travel expenses	-398 696,17	-316 492,38	-125 291,57	-96 531,68
Facility expenses	-550 355,70	-431 276,23	-34 949,79	-31 042,15
Other operating expenses	-1 943 459,16	-2 054 484,25	-654 274,63	-793 292,16
	<b>-6 031 755,75</b>	<b>-5 698 928,74</b>	<b>-2 396 807,10</b>	<b>-2 096 387,16</b>

Auditor's fees	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Audit	-58 365,04	-71 500,00	-15 375,00	-33 300,00
Assignments relating to Auditing Act section 1.1:2	-3 900,00	-2 400,00	-3 900,00	-2 400,00
Tax	-18 770,00	-9 862,00	-18 770,00	-9 862,00
Other services	-11 600,00	-23 800,00	-11 600,00	-23 800,00
	<b>-92 635,04</b>	<b>-107 562,00</b>	<b>-49 645,00</b>	<b>-69 362,00</b>

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### **Non-current assets**

#### **Intangible assets**

##### **Development expenses**

	<b>Group</b>		<b>Parent company</b>	
	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
Acquisition cost 1.1.	4 179 100,96	2 858 908,01	0,00	0,00
Additions	1 346 349,67	1 320 192,95	0,00	0,00
Acquisition cost 31.12.	5 525 450,63	4 179 100,96	0,00	0,00
Accumulated amortisation and impairment 1.1.	-2 120 561,39	-1 647 150,77	0,00	0,00
Amortisation during the period	-669 058,35	-473 410,62	0,00	0,00
Accumulated amortisation and impairment 31.12.	-2 789 619,74	-2 120 561,39	0,00	0,00
Carrying amount 31.12.	<b>2 735 830,89</b>	<b>2 058 539,57</b>	<b>0,00</b>	<b>0,00</b>
Carrying amount 1.1.	2 058 539,57	1 211 757,24	0,00	0,00

##### **Intangible rights**

	<b>Group</b>		<b>Parent company</b>	
	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
Acquisition cost 1.1.	377 018,41	376 537,72	354 964,52	354 964,52
Additions	0,00	480,69	0,00	0,00
Disposals	-480,69	0,00	0,00	0,00
Acquisition cost 31.12.	376 537,72	377 018,41	354 964,52	354 964,52
Accumulated amortisation and impairment 1.1.	-274 966,79	-220 930,07	-253 393,59	-199 536,87
Amortisation during the period	-53 856,72	-54 036,72	-53 856,72	-53 856,72
Accumulated amortisation and impairment 31.12.	-328 823,51	-274 966,79	-307 250,31	-253 393,59
Carrying amount 31.12.	<b>47 714,21</b>	<b>102 051,62</b>	<b>47 714,21</b>	<b>101 570,93</b>
Carrying amount 1.1.	102 051,62	155 607,64	101 570,93	155 427,65

##### **Goodwill**

	<b>Group</b>		<b>Parent company</b>	
	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
Acquisition cost 1.1.	86 357,63	86 357,63	0,00	0,00
Additions	216 449,99	0,00	0,00	0,00
Acquisition cost 31.12.	302 807,62	86 357,63	0,00	0,00
Accumulated amortisation and impairment 1.1.	-86 357,63	-81 646,90	0,00	0,00
Amortisation during the period	-14 430,00	-4 710,73	0,00	0,00
Accumulated amortisation and impairment 31.12.	-100 787,63	-86 357,63	0,00	0,00
Carrying amount 31.12.	<b>202 019,99</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Carrying amount 1.1.	0,00	4 710,73	0,00	0,00

\*) Acquisition cost of goodwill has increased during the fiscal year 2023 due to the acquisition of Requeste business operations.



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<b>Consolidated goodwill</b>	<b>Group</b>		<b>Parent company</b>	
	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
Acquisition cost 1.1.	5 682 110,55	0,00	0,00	0,00
Additions	6 972,10	5 682 110,55	0,00	0,00
Acquisition cost 31.12.	5 689 082,65	5 682 110,55	0,00	0,00
Accumulated amortisation and impairment 1.1.	-278 377,95	0,00	0,00	0,00
Amortisation during the period	-568 827,44	-278 377,95	0,00	0,00
Accumulated amortisation and impairment 31.12.	-847 205,39	-278 377,95	0,00	0,00
Carrying amount 31.12.	<b>4 841 877,25</b>	<b>5 403 732,59</b>	<b>0,00</b>	<b>0,00</b>
Carrying amount 1.1.	5 403 732,59	0,00	0,00	0,00
<b>Other long-term expenses</b>	<b>Group</b>		<b>Parent company</b>	
	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>	<b>1.1.-31.12.2023</b>	<b>1.1.-31.12.2022</b>
Acquisition cost 1.1.	12 032,20	12 032,20	12 032,20	12 032,20
Additions	10 738,00	0,00	10 738,00	0,00
Acquisition cost 31.12.	22 770,20	12 032,20	22 770,20	12 032,20
Accumulated amortisation and impairment 1.1.	-7 018,78	-3 008,05	-7 018,78	-3 008,05
Amortisation during the period	-6 993,52	-4 010,73	-6 993,52	-4 010,73
Accumulated amortisation and impairment 31.12.	-14 012,30	-7 018,78	-14 012,30	-7 018,78
Carrying amount 31.12.	<b>8 757,90</b>	<b>5 013,42</b>	<b>8 757,90</b>	<b>5 013,42</b>
Carrying amount 1.1.	5 013,42	9 024,15	5 013,42	9 024,15

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### Tangible assets

#### Machinery and equipment

	Group		Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022	1.1.-31.12.2023	1.1.-31.12.2022
Acquisition cost 1.1.	394 601,97	339 085,07	129 547,99	129 547,99
Additions	124 734,48	55 516,90	0,00	0,00
Acquisition cost 31.12.	519 336,45	394 601,97	129 547,99	129 547,99
Accumulated depreciation and impairment 1.1.	-269 386,95	-232 999,01	-129 547,99	-129 547,99
Depreciation during the period	-66 038,20	-36 387,94	0,00	0,00
Accumulated depreciation and impairment 31.12.	-335 425,15	-269 386,95	-129 547,99	-129 547,99
Carrying amount 31.12.	<b>183 911,30</b>	<b>125 215,02</b>	<b>0,00</b>	<b>0,00</b>
Carrying amount 1.1.	125 215,02	106 086,06	0,00	0,00

### Investments

#### Holdings in group companies

##### Subsidiary shares

	Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022
Acquisition cost 1.1.	8 241 004,70	2 254 042,44
Additions	3 000,00	5 986 962,26
Transfers between balance sheet items	2 500 000,00	0,00
Acquisition cost 31.12.	10 744 004,70	8 241 004,70
Carrying amount 31.12.	<b>10 744 004,70</b>	<b>8 241 004,70</b>
Carrying amount 1.1.	8 241 004,70	2 254 042,44

#### Receivables from group companies

##### Loan and other receivables

	Parent company	
	1.1.-31.12.2023	1.1.-31.12.2022
Acquisition cost 1.1.	4 450 000,00	4 450 000,00
Transfers between balance sheet items	-2 500 000,00	0,00
Acquisition cost 31.12.	1 950 000,00	4 450 000,00
Carrying amount 31.12.	<b>1 950 000,00</b>	<b>4 450 000,00</b>
Carrying amount 1.1.	4 450 000,00	4 450 000,00

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### Holdings in group companies

#### Group companies

	Ownership-%	Equity 31.12.2023	Profit for the period
Efecte Finland Oy, domicile Finland.	100	1 917 532,05	147 704,90
Efecte Germany GmbH, domicile Germany.	100	127 965,18	28 414,04
Efecte AB, domicile Sweden.	100	365 002,50	41 743,47
Efecte Software Solutions SL, domicile Spain.	100	-4 357,25	-7 357,25
InteliWISE S.A., domicile Poland.	100	-243 088,54	-422 539,67
Intelidesk Sp. z o.o., domicile Poland.	100	-11 698,55	1 200,76
Limtel Sp. z o.o., domicile Poland.	100	29 022,29	7 640,28

#### Notes relating to group

Parent company of Efecte Group is Efecte Oyj, domicile Finland.

Copies of Efecte's consolidated financial statements are available from Efecte Group's head office at Säterinkatu 6, 02600 Espoo.

### Receivables

#### Non-current receivables

	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Receivables from group companies</b>				
Other receivables, InteliWISE S.A.			592 000,00	142 000,00
Other receivables, Efecte Software Solutions Oy			30 000,00	0,00
			<b>622 000,00</b>	<b>142 000,00</b>

#### Current receivables

	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<b>Receivables from group companies</b>				
Trade receivables, Efecte Finland Oy			89 466,18	35 734,44
Other receivables, Efecte Finland Oy			1 188 785,00	570 540,00
Other receivables, InteliWISE S.A.			22 360,80	0,00
Other receivables, Efecte Software Solutions Oy			787,81	0,00
<b>Total</b>			<b>1 301 399,79</b>	<b>606 274,44</b>
<b>Receivables from others</b>				
Trade receivables	3 903 754,95	3 355 186,58	0,00	0,00
Other receivables	221 912,30	130 697,57	1 168,08	3 172,58
Prepayments and accrued income	496 390,98	343 693,17	168 080,25	138 554,02
<b>Total</b>	<b>4 622 058,22</b>	<b>3 829 577,31</b>	<b>169 248,33</b>	<b>141 726,60</b>
<b>Total current receivables</b>	<b>4 622 058,22</b>	<b>3 829 577,31</b>	<b>1 470 648,12</b>	<b>748 001,04</b>

#### Prepayments and accrued income

##### Material items of prepayments and accrued income

	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Accrued personnel expenses	69 640,28	29 822,75	21 769,23	25 959,88
Accrued net sales	144 193,46	113 833,32	0,00	0,00
Other accruals	282 557,24	200 037,10	146 311,02	112 594,14
<b>Total</b>	<b>496 390,98</b>	<b>343 693,17</b>	<b>168 080,25</b>	<b>138 554,02</b>

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<b>Equity</b>	<b>Group</b>		<b>Parent company</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Restricted equity</b>				
Share capital 1.1.	80 000,00	80 000,00	80 000,00	80 000,00
<b>Share capital 31.12.</b>	<b>80 000,00</b>	<b>80 000,00</b>	<b>80 000,00</b>	<b>80 000,00</b>
<b>Total restricted equity</b>	<b>80 000,00</b>	<b>80 000,00</b>	<b>80 000,00</b>	<b>80 000,00</b>
<b>Non-restricted equity</b>				
Share issue 1.1	5 000,00	23 000,00	5 000,00	23 000,00
Unregistered share issue	0,00	5 000,00	0,00	5 000,00
Registration of share issue	-5 000,00	-23 000,00	-5 000,00	-23 000,00
<b>Share issue 31.12</b>	<b>0,00</b>	<b>5 000,00</b>	<b>0,00</b>	<b>5 000,00</b>
Reserve of invested non-restricted equity 1.1.	13 211 117,15	11 778 560,03	13 211 117,15	11 778 560,03
Share issue	322 667,50	1 432 557,12	322 667,50	1 432 557,12
<b>Reserve of invested non-restricted equity 31.12.</b>	<b>13 533 784,65</b>	<b>13 211 117,15</b>	<b>13 533 784,65</b>	<b>13 211 117,15</b>
Retained earnings 1.1.	-8 898 920,41	-8 573 080,84	-4 557 931,11	-3 682 229,70
Translation differences	24 784,47	-38 701,26	0,00	0,00
<b>Retained earnings 31.12.</b>	<b>-8 874 135,94</b>	<b>-8 611 782,09</b>	<b>-4 557 931,11</b>	<b>-3 682 229,70</b>
<b>Profit (loss) for the period</b>	<b>-1 324 415,59</b>	<b>-287 138,31</b>	<b>-371 105,68</b>	<b>-875 701,41</b>
<b>Total non-restricted equity</b>	<b>3 335 233,12</b>	<b>4 317 196,74</b>	<b>8 604 747,86</b>	<b>8 658 186,04</b>
<b>Total equity</b>	<b>3 415 233,12</b>	<b>4 397 196,74</b>	<b>8 684 747,86</b>	<b>8 738 186,04</b>

#### Distributable non-restricted equity

Calculation of the parent company's distributable equity	<b>Parent company</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
Retained earnings	-4 557 931,11	-3 682 229,70
Profit (loss) for the period	-371 105,68	-875 701,41
Reserve of invested non-restricted equity	13 533 784,65	13 211 117,15
Unregistered share issue	0,00	5 000,00
	<b>8 604 747,86</b>	<b>8 658 186,04</b>

#### Development of number of shares

Number of shares	<b>Parent company</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
Number of shares 1.1.	6 383 590	6 235 873
Directed share issue	0	111 801
Exercise of share options	68 834	35 916
<b>Number of shares 31.12.</b>	<b>6 452 424</b>	<b>6 383 590</b>

On 31 December 2023 Efecte Plc owns 5.882 treasury shares, approx. 0.1% of the total amount of the shares.

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### **Notes to liabilities**

#### **Material items of accruals**

	<b>Group</b>		<b>Parent company</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Wages and salaries	2 447 019,19	2 549 741,12	321 533,47	531 707,39
Pension and other social security expenses	325 290,22	293 140,58	38 211,30	36 626,95
Other accruals	301 838,55	180 257,89	156 538,72	98 432,15
	<u>3 074 147,96</u>	<u>3 023 139,60</u>	<u>516 283,49</u>	<u>666 766,49</u>

#### **Payables to group companies**

	<b>Parent company</b>	
	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Non-current payables to group companies</b>		
Other payables, Efecte Finland Oy	3 650 000,00	2 550 000,00
<b>Current payables to group companies</b>		
Trade payables, IntelliWISE S.A.	6 457,65	0,00
Accruals, Efecte Finland Oy	54 580,54	16 172,96
Accruals, IntelliWISE S.A.	10 698,10	0,00
	<u>71 736,29</u>	<u>16 172,96</u>

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### **Commitments and contingent liabilities**

Other guarantees provided on own behalf:	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Rent security quarantees	96 671,43	101 965,13	59 503,71	61 844,25
Business mortgages	3 200 000,00	1 000 000,00	3 200 000,00	1 000 000,00
Carrying amount of pledged shares	3 594 548,84	0,00	3 594 548,84	0,00
<b>Total</b>	<b>6 891 220,27</b>	<b>1 101 965,13</b>	<b>6 854 052,55</b>	<b>1 036 108,18</b>

#### **Pension liabilities**

The company's pension liabilities are insured with external pension insurance companies. Pension liabilities are fully covered.

Leasing liabilities	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Payable during next 12 months	77 883,72	61 547,50	75 999,72	59 663,50
Payable later	74 774,95	86 596,54	73 832,95	83 770,54
<b>Total</b>	<b>152 658,67</b>	<b>148 144,04</b>	<b>149 832,67</b>	<b>143 434,04</b>

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**

Parent company Efecte Plc has a fixed-term office lease agreement of which first possible expiration date is 28.2.2026. The company's lease liability from this contract is approx. 641 thousand euro.

	Group		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Payable during next 12 months	389 493,44	291 959,76	296 056,92	210 082,08
Payable later	371 873,34	138 252,20	345 399,74	52 520,52
<b>Total</b>	<b>761 366,78</b>	<b>430 211,96</b>	<b>641 456,66</b>	<b>262 602,60</b>

#### **Other off- balance sheet commitments**

The parent company's checking account includes limit of EUR 400,000.00 and a covenant condition. In addition parent company's financial loan agreement includes covenant conditions. The agreed special conditions is related to the group's equity ratio, to the ratio of interest-bearing netdebt to EBITDA, ownership and changes in control in the company, and other standard covenants for corporate loans. A breach of the covenants may increase the cost of financing or result in the release of the limit and financial loans. According to the company's management, the covenant conditions are monitored.

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***Signatures to the financial statements and to the report of board of directors***

In Espoo \_\_\_\_ . \_\_\_\_ .2024

\_\_\_\_\_  
Pertti Ervi  
Chairman of the board of directors

\_\_\_\_\_  
Esther Donatz  
Member of the board of directors

\_\_\_\_\_  
Eric Gustavsson  
Member of the board of directors

\_\_\_\_\_  
Turkka Keskinen  
Member of the board of directors

\_\_\_\_\_  
Panu Hannula  
Member of the board of directors

\_\_\_\_\_  
Niilo Fredrikson  
CEO

***Auditor's note***

An auditor's report has been issued today.

In Helsinki \_\_\_\_ . \_\_\_\_ .2024

BDO Oy  
Audit firm

\_\_\_\_\_  
Taneli Mustonen  
APA

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***List of accounting books and journal types and storage methods***

General ledger	Electronic archive
Journal ledger	Electronic archive
Balance sheet specifications	Electronic archive
Bank journals	Electronic archive
Purchase invoices	Electronic archive
Sales invoices	Electronic archive
Memo journals	Electronic archive
Travel and expense invoices	Electronic archive

The accounting material to be archived in electronic form is stored in the following systems used by the company (Netsuite, Visma M2).



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### Formulas for financial ratios

Operating profit/loss %	=	Operating profit/loss Net sales	x 100
Profit/loss % (before taxes)	=	Profit/loss before taxes Net sales	x 100
Return on equity % (ROE)	=	Profit/loss Equity (average during the financial year)	x 100
Return on investment % (ROI)	=	Profit/loss before taxes + financial expenses Equity + interest bearing financial liabilities (average during the financial year)	x 100
Equity ratio %	=	Equity Total assets – advances received	x 100
Gross investments to tangible and intangible assets, % net sales	=	Gross investments to tangible and intangible assets Net sales	x 100
Research and development cost, % net sales	=	Research and development cost Net sales	x 100
Gearing %	=	Interest bearing liabilities – cash and cash equivalents Equity	x 100

## AUDITOR'S REPORT (Translation of the Finnish Original)

To the Annual General Meeting of Efecte Plc

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Efecte Plc (business identity code 1509667-4) for the year ended 31 December 2023. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other reporting requirements

### Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

In Helsinki 14 February 2024

BDO Oy, Authorized Public Accountant Firm

*TANELI MUSTONEN*

Taneli Mustonen  
Authorized Public Accountant