

Gofore — growth continued and profitability improved

Full-year and H2 2021 results presentation





Presenting today:

Teppo Talvinko
CFO



Mikael Nylund
CEO



Gofore is a growing and profitable digital transformation consultancy

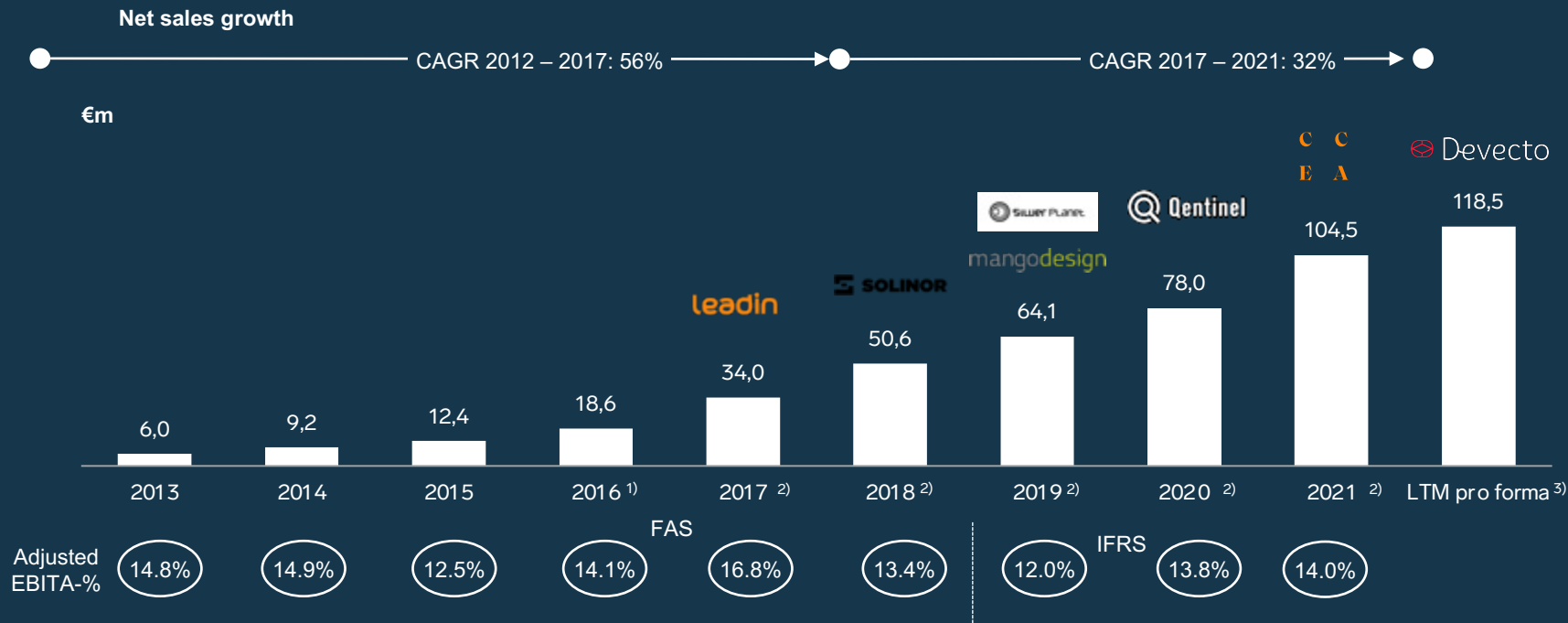
2021 NET SALES
104.5 MEUR
(2020: 78 MEUR)

Growth 34.1%

2021 EBITA-%,
ADJUSTED
14.0%
(2020: 13.8%)



Growing and profitable



Note: 2013-2018 figures presented as FAS figures, 2019- presented as IFRS figures.

1) Figures for the financial period in 2017 are not comparable to the financial period in 2016 due to changes in group structure.

2) Acquisitions of Leadin, Solinor, Silver Planet, Mango Design, Qentinel and CCEA have been consolidated from the date of acquisition.

3) LTM pro forma net sales includes period 2/2021-1/2022. The pro forma figure includes CCEA, Celkee and Devecto net sales from 2/2021 onwards.

Our aim is always to be



**Growing and
profitable**



**Constantly
renewing**



**Impactful
and responsible**



International



**Offering an
exceptional
customer and
employee
experience**

Sustainability at Gofore



Handprint through our customers

A strategic goal for 2021-2025 is to grow the share of projects that help customers to cut carbon emissions, improve resource efficiency, and help develop more democratic, open, and transparent societies

Responsibility as an employer

We are a fair, equal, safe, and diverse work community which supports its employees in their development as professionals and human beings

Ethical and environmentally sound work

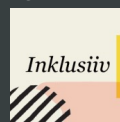
We were carbon neutral in our own operations in 2021, and we continue to prevent any potential negative impacts of our work

Good corporate citizenship

We contribute to and invest in ethical digitalisation, data use and data security

Gofore Good Growth model assesses sustainability impacts of our clients' projects and solutions.

In 2021, we raised the proportion of women in the personnel and in the Group Executive Team above and beyond our original target 33 per cent.



All our offices in Finland have gained the WWF Green Office certificate.



The economic benefits for the society materialise, for example, through our tax footprint: 32.7 MEUR (25.6)



Strong organic growth

- Attaining a solid organic growth of **13%** in 2021, **18%** during H2.
- Successful acquisitions: CCEA Ltd in March 2021, and Devecto Oy in January 2022 – together helping bring LTM pro forma net sales¹⁾ to EUR **118.5** million.
- A significant step in March 2021 by transferring to the official list of the Helsinki stock exchange, followed by a **directed share issue** in April, raising EUR **19** million and reinforcing our international shareholder base.
- Private sector net sales increased by **82%** during the year, accounting for **35%** of total net sales; public sector total net sales accounts for **65%**.
- Customer satisfaction at high level, valuing Gofore's customer orientation, reliability and co-operative mindset.



An acclaimed employer

- Gofore was selected as the employer brand of the year.¹⁾
- Strong employer brand further supports talent acquisition and retention.
- Gofore one of the first technology-sector companies in Finland to have devised a company-specific collective agreement.
- Gofore is creating Finland's first ethical capability building model for the technology sector.
- Continuous work to develop infrastructure, leadership and structures to accommodate growth and ensure scalability

1) Awarded at Rekrygaala (Recruitment Gala) November 4th, arranged by Duunitori



Key financial highlights of H2/2021

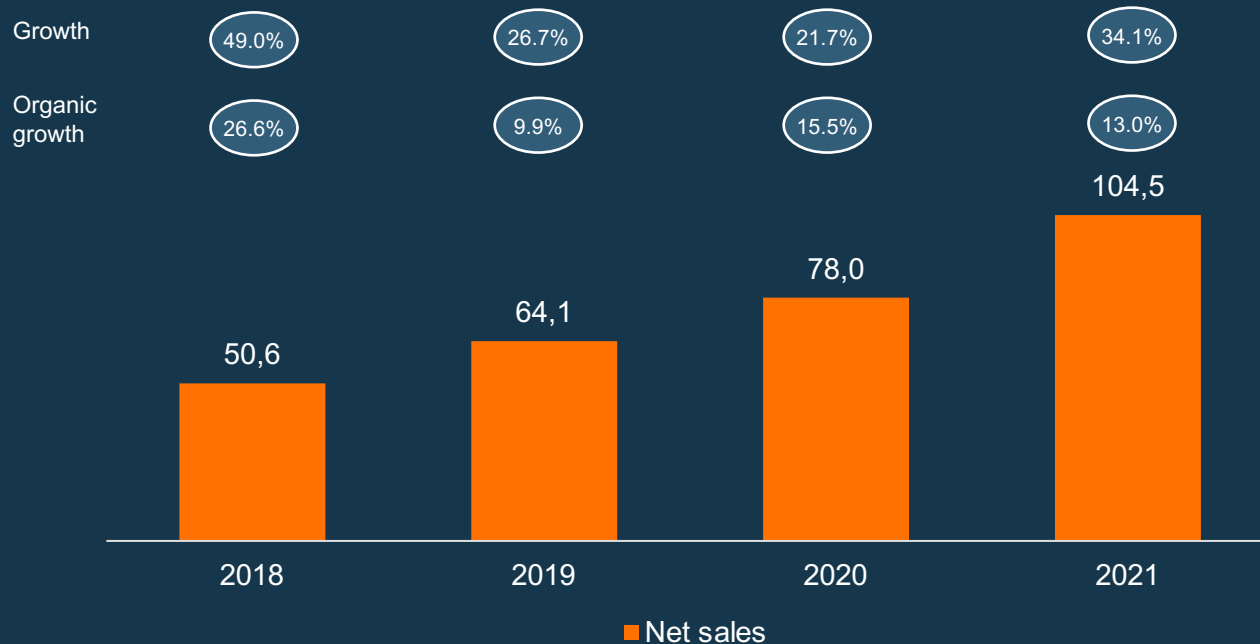
NET SALES
52.8 MEUR
(40.6 MEUR)
Growth 30.2%

EBITA, ADJUSTED
7.7 MEUR
(5.1 MEUR)
Growth 49.6%

EBITA-%, ADJUSTED
14.6%
(12.7%)

Employees
852
(724)
Growth 18.0%

Strong organic growth supported by selected acquisitions



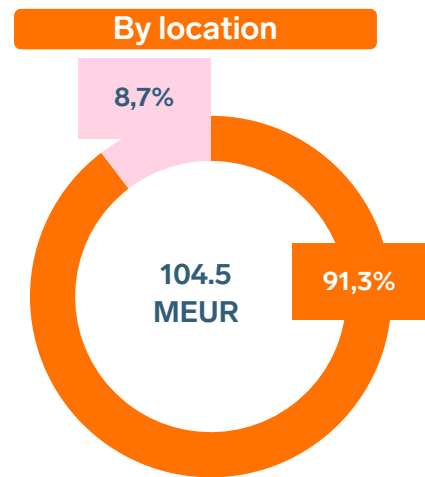
Sales CAGR 2018-2021

Total	27%
Finland	28%
International	23%
Public sector	27%
Private sector	28%

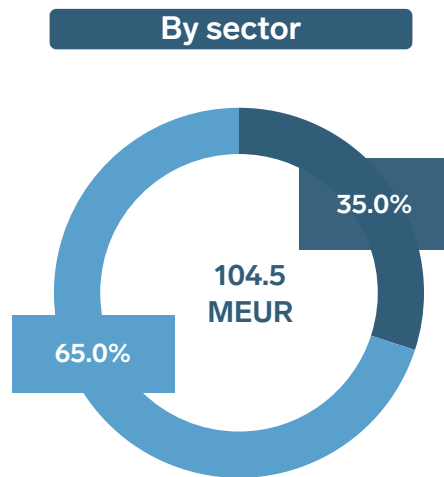
Note: 2018 net sales figures are FAS. 2019- net sales figures are IFRS.

Positive development in the share of sales to private sector

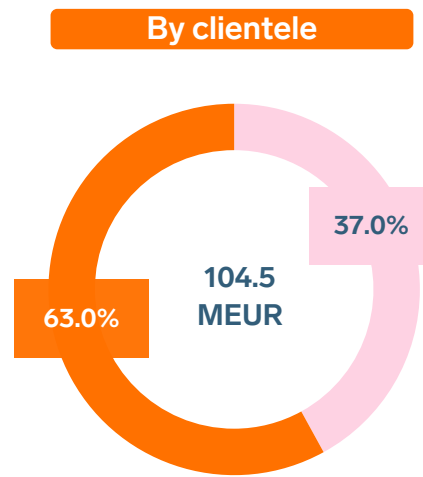
Net sales distribution 2021



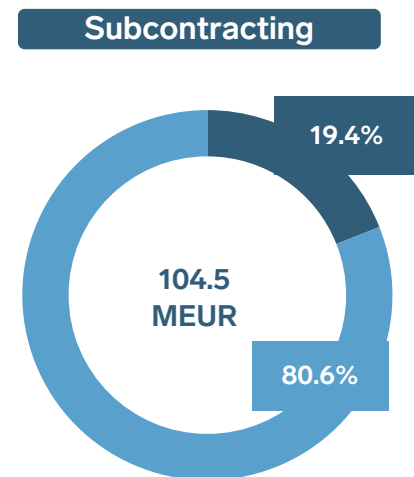
■ Finland ■ Outside Finland



■ Private ■ Public



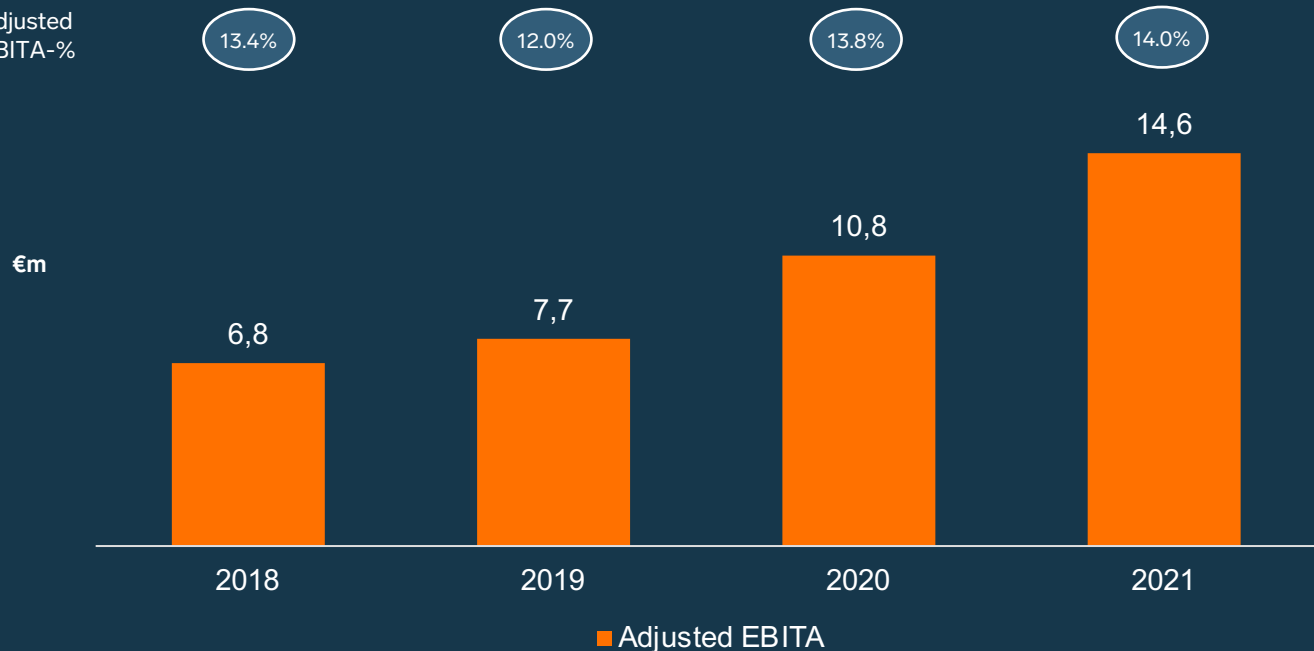
■ Top 5 ■ Others



■ Subcontractors ■ Personnel

Profitability improved in 2021

Adjusted
EBITA-%



Strong Year – even Stronger H2

- Profitability has increased, driven by strong growth in net sales
- Price development has been positive – offsetting the hot labor market
- Billing rate improved during H2
- OPEX/ Net Sales ratio decreased Y on Y
- IFRIC SaaS change had minor impact

Note: 2018 figures according to FAS. 2019-> figures are IFRS.

Quarterly development

Group	Q1/2021 ¹	Q2/2021	Q3/2021	Q4/2021
Net sales, MEUR	25.2	26.4	21.6	31.2
EBITA, MEUR, adjusted	3.5	3.4	2.7	5.0
EBITA %, adjusted	13.9%	13.0%	12.5%	16.0%
Group	Q1/2020	Q2/2020	Q3/2020 ²	Q4/2020
Net sales, MEUR	18.8	18.6	16.3	24.3
EBITA, MEUR, adjusted	3.2	2.5	1.9	3.3
EBITA %, adjusted	16.8%	13.3%	11.5%	13.5%
Growth, %	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Net sales, growth %	34.1%	42.5%	32.7%	28.5
EBITA, adjusted, growth %	10.7%	39.5%	44.3%	52.6%
Organic growth of net sales % ³	8.2%	9.2%	13.3%	20.8%

¹⁾ CCEA Ltd .figures have been combined with the Gofore Group figures from 1 March 2021.

²⁾ Qentinel Finland Oy figures have been combined with the Gofore Group figures from 1 September 2020.

³⁾ Organic growth of Net sales is calculated from the consolidated pro forma net sales for the last 12 months (LTM), according to the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

Solid financial position at year-end 2021

EURm (unless stated otherwise)	Q4 2021
Cash and cash equivalents	39.1
Interest-bearing net debt	-25.2
Equity ratio	61.5%
Net gearing	-41.1%

Events after closing 2021

- Acquisition of Devecto EUR 21.2 million, of which 70% cash consideration, partly financed by debt
- Board of Directors proposes a dividend of EUR 4.3 million for 2021
- Gofore has a strong and solid balance sheet for further acquisitions

Good organic growth during a difficult year

- The job market in 2021 was challenging for the whole IT services sector, including Gofore
- Gofore continued long-term development of employer brand and kept supporting the exceptional employee experience
 - New joiners up +77% from previous year
 - Attrition during an unusual year up to 17%, not in target range
- A more diverse job market is developing – and Gofore is transforming to meet the demand
 - New employment models by group companies (Rebase Consulting, Sleek), increased amount of freelance work
 - Subcontracted work at 19% of net sales



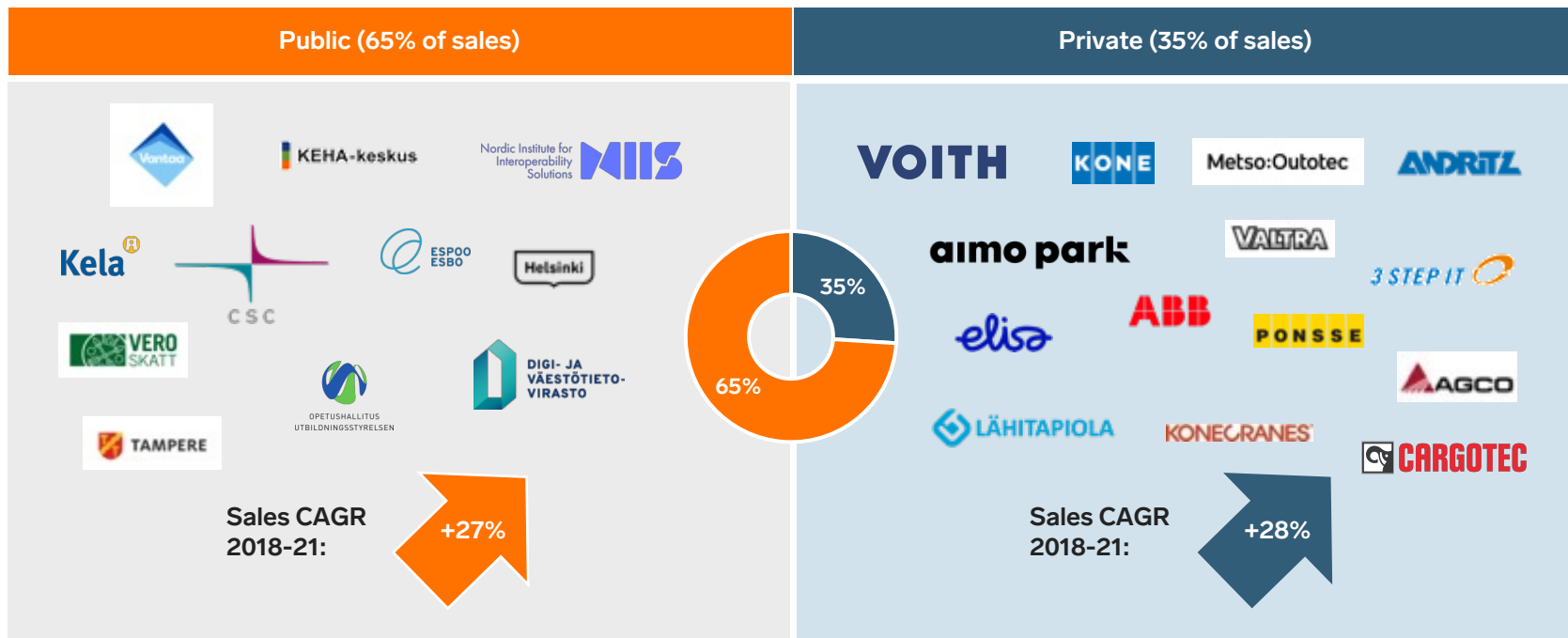
Attrition rate 17% (12%)

Strong development of private sector customer portfolio

- Gofore's strategic objective has been to develop offering geared towards the private sector customer need – a **strong growth of +82% in net sales (year-on-year) indicates successful execution of the strategy**
- Adding on the foundation of organic development of Gofore's capabilities to cater for the needs of the private sector segment, there are **successful company acquisitions driving offering development**
 - **Devecto** – leading software development partner for product development
 - **CCEA** (including Celkee) – people-driven change, change measurement
 - **Qentinel Finland** – digital quality assurance, test automation, DevOps capability

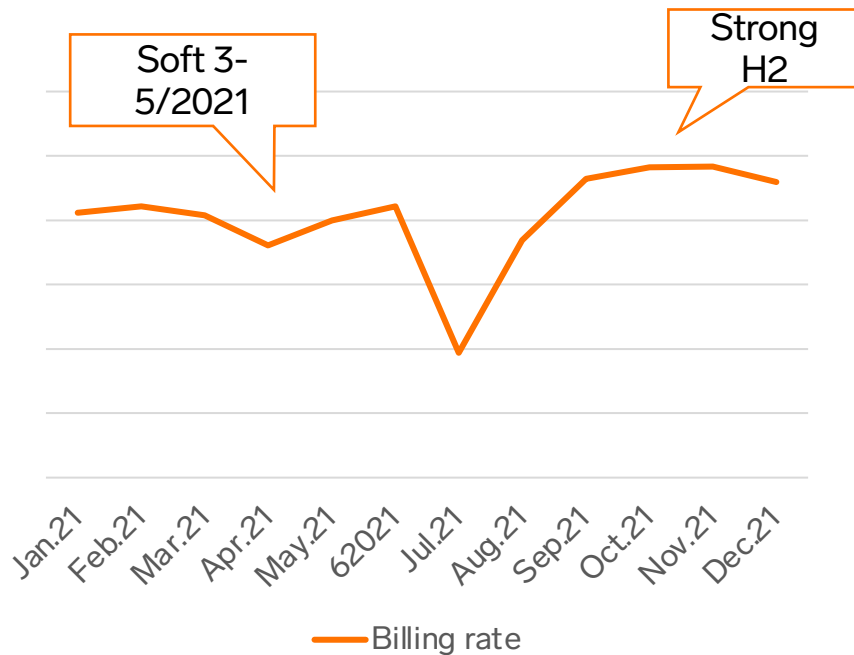


Strong development of private sector customer portfolio



Positive customer price development offsets salary inflation

- Salary inflation was at an acceptable level. Average salary up **+4.9%**, compared to **+5.6%** in 2020
- Strong development in customer prices. For the whole year **+4.6 %** with particularly strong development in H2 (**+6.1%**), reflecting on Covid-pandemic related price decrease in 2020
- Positive development also in other relevant areas
 - Subcontracting margin up around 1 pp
 - Opex relative to net sales down almost 2 pp
- Utilization rate was particularly strong in H2 after suffering somewhat during H1



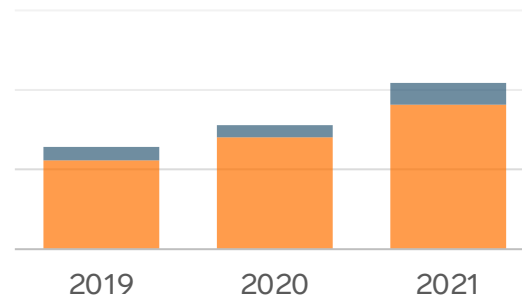
Illustrative real utilization (including billing and non-billing employees) rate development during 2021.

Good customer satisfaction and long term relationships continuing

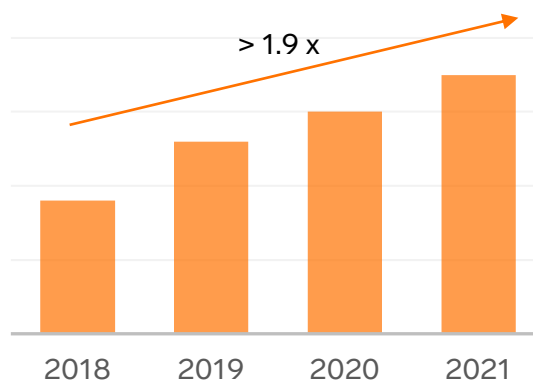
- Excellent customer experience provides proof of our ability to add value in digital transformation – driving Gofore's growth via long term customer relationships
- Net sales from returning customers: **87% of net sales**
- Increasing number of big clients: **up +17%**
- Top 10 client average revenue development: **24% growth**
- Customer satisfaction remained at a very good level
 - Fall: overall satisfaction 4.3, NPS 54
 - Spring: overall satisfaction 4.2, NPS 61
 - Customers especially valued our customer orientation, reliability and co-operative mindset

HIGH SHARE OF RECURRING REVENUE

■ Recurring ■ New



OF CUSTOMERS WITH >€0.5M ANNUAL REVENUE



Gofore long-term financial targets

Long-term target to continue rapid and profitable growth

GROWTH

>20% annual net sales growth, of which organic growth accounts for approximately half

PROFITABILITY

15% EBITA margin

DIVIDEND

At least 40% of annual net profit

Avenues to reach the growth targets

Growth in Finland

1. Become #1 in digital transformation business for the public sector
2. Become tier 1 service provider for several Top 100 private firms

International growth

1. Grow with international clients served from Finland
2. Expand physical presence and operations in Germany

Disciplined M&A

1. Keep up M&A growth at least at the historical pace
2. Acquire targets that fit to Gofore strategy

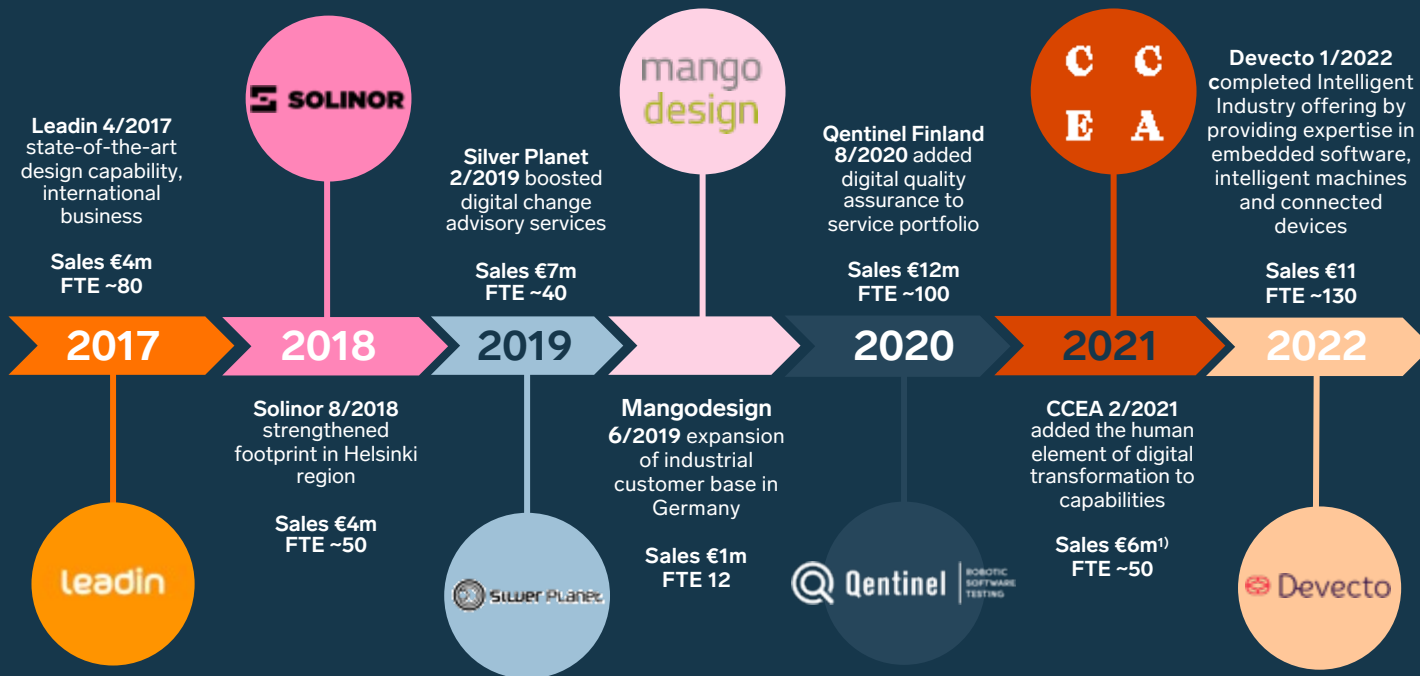
20% total annual growth

~10% annual organic growth

Growing portfolio of large customers in and outside Finland

Increasing presence outside Finland, reaching >10% in 2025

Gofore has followed a disciplined M&A strategy over the past years



2017-2022 YTD total



7 acquired companies



EUR ~45 million in acquired net sales¹⁾



EUR ~60 million of acquisition considerations paid²⁾

The acquisition of Devecto strengthens Gofore's Intelligent Industry offering



“The merger of digital and physical”

Stronger offering for **strategic customer segment**

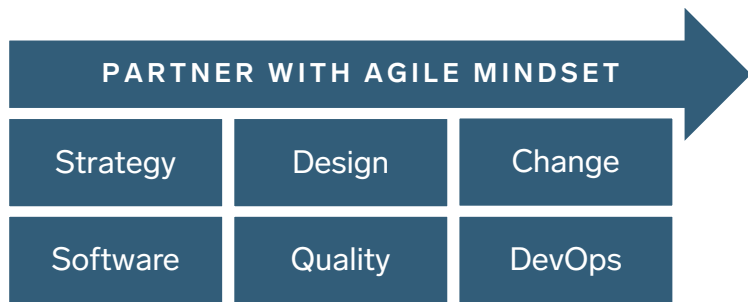
Combined expertise for the full technology stack – **from thing to cloud**

Partnership with **agile mindset** for product development, IT and business

The global IoT market is expected to reach a value of USD 1,386.06 billion by 2026 from USD 761.4 billion in 2020 at a CAGR of 10.53 % during the forecast period (2021-2026).¹⁾

1) <https://www.mordorintelligence.com/industry-reports/internet-of-things-moving-towards-a-smarter-tomorrow-market-industry>

Digitalization driving the convergence of product development, IT and business



Digital is rapidly changing the playing field

- Digital and software technology will be embedded into all physical products, machines and built environment
- Connected devices and IoT, data-driven operations and business models
- Sustainability becoming a strategic priority

To stay ahead of the game and build the products and services of the future, customers need a digitalisation partner

- Devecto and Gofore combined expertise covers full stack – from thing to cloud
- End-to-end service portfolio covering full scope of customer digital transformation – strategy, design, technology and quality
- Agile is redefining the thinking and operating models of modern organisations – a common framework for product development, IT and business

About Devecto

A leading software development partner for product development

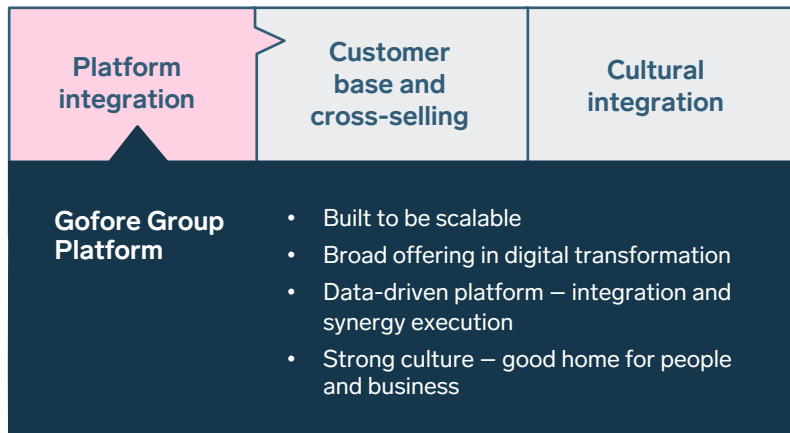
- ~130 experts located in Jyväskylä, Espoo, Tampere, Kajaani and Oulu in Finland
- Strong position as development partner for industry leading customers in intelligent machines, industrials, energy and communication
- Services include development of embedded systems and automation, test automation and lifecycle services
- Customer base includes e.g. Ponsse, Valtra and ABB
- Strong employee satisfaction 4.3 (of 5.0) and eNPS 73

Devecto key financials and deal parameters

EURm	2021 (estimate)	2020
Net sales	10.7 (+37 %)	7.8
EBITDA	2.0 (+35 %)	1.5
EBITDA-%	19 %	19 %

- Purchase price at EUR 21 million (debt-free value of EUR 20.0 million)
- Additional earn-out price up to EUR 5 million, based on 2022 performance
- Purchase price paid in 30 % Gofore shares and 70 % cash
- Growth estimated to continue at healthy level in 2022

Integration path combining expertise to serve shared customer portfolio



Strong combined customer portfolio with cross-selling opportunities

Boosting Devecto
growth

Deeper partnership
for Gofore
customers

Strong combined
offering to win new
customers

International
growth ambition

KONE

VALTRA

Metso:Outotec

AGCO

ABB

PONSSE

KONECRANES

Devecto Ltd. part of Gofore Group

- Devecto Ltd. continues as an independent company, part of Gofore Group
- Integration in Gofore growth platform started – enabling services, group sales and digital platform
- Brand integration targeted for Q2 2022 to leverage strong Gofore brand
- Management and key employees continue as Devecto/Gofore employees – co-founder Harri Laukkanen started as Managing Director

Market outlook

- Covid-19 pandemic is accelerating digital transformation everywhere
- Investments in public sector continue
 - Social and health care reform in Finland a sizeable opportunity
 - Gofore's contract situation is good and we are in a strong position to compete for new contracts
- Digital investments are a high strategic priority for the private sector
 - Positive order situation at the end of 2021 especially for export industry
 - Continued with supply chain challenges and cost inflation. War in Ukraine and sanctions increase uncertainty substantially
- EU recovery fund to further support investments
- Challenging labour market and continued competition for talent
- Structural changes in the job market expected to continue

War in Ukraine

- Gofore has very limited direct exposure to the war and related sanctions
 - No employees, customers or subcontractors in Ukraine or Russia
- Expecting some level of indirect impact related to customers with exposure to Russian/Ukrainian market and/or impacted by sanctions

Latest development

- January numbers (including latest acquisition Devecto from January 3rd onwards) published as part of the results release
- A strong start of the year in terms of capacity growth – milestone of 1000 Goforeans reached
- Some discontinuity in customer projects, which is typical of January months
- Covid-19 (omicron) affects capacity in the form of a slight increase in sick leaves

Month (2022)	Net sales, MEUR (net sales 2021) ¹	Pro forma (LTM) net sales ²	Number of employees ³	Number of working days in Finland (number of working days in 2021)	Overall capacity, FTE ⁴	Subcontracting, FTE ⁵
January	10.8 (7,5)	118.5	993	20 (19)	917	147

Unless otherwise stated, all figures presented in brackets refer to the comparison period, i.e. the same time period in 2021. Devecto Oy's figures have been consolidated with the figures of the Gofore Group as of 3 January 2022.

Financial guidance for 2022

Gofore has updated its own disclosure policy so that under the policy, the company will no longer be issuing financial forecast relating to the financial period. Instead, the company will be developing the content of its monthly and quarterly business reviews, in an effort to further improve the company's transparency and, hence, the real-time monitoring of financial developments.

In addition to the information contained in the previous business reviews, the company will from now on be publishing the consolidated pro forma net sales for the last 12-month period (LTM) on a monthly basis¹. In its quarterly business reviews, alongside the previous information and the monthly information, the company will additionally be publishing details of Gofore's organic growth during the review period.²

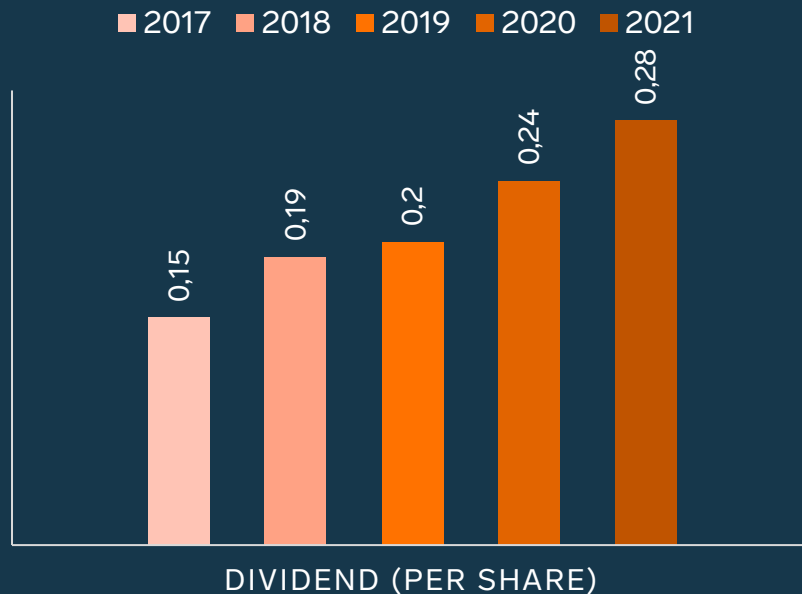
1) The consolidated pro forma net sales for the last 12 months (LTM) presented by the company in its business reviews illustrates the net sales under the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

2) Organic growth of Net sales is calculated from the consolidated pro forma net sales for the last 12 months (LTM) according to the group structure as at the time of the review. The pro forma net sales figure is unaudited.

Dividend

- Board of Directors proposes a dividend of EUR **0.28** per share for 2021 (0.24 for 2020)
- Continuing the long-term development in dividends

DIVIDEND DEVELOPMENT 2017–2021



Q&A

Pioneering an
ethical digital
world.

GOFORE

Thank you

InvestorRelations@gofore.com

Business Review Q1/2022

20 April 2022

Half-year financial report January—June 2022

15 August 2022

Business Review Q3/2022

18 October 2022

Appendix

Key Figures

In thousands of EUR, unless otherwise stated	2021 ¹	2020 ²
Net sales	104,509	77,953
Growth in net sales, %	34.1	21.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	17,062	12,329
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	16.3	15.8
Operating profit before amortisation of goodwill (EBITA), adjusted	14,646	10,778
Operating profit before amortisation of goodwill (EBITA), adjusted, margin %	14.0	13.8
Operating profit before amortisation of goodwill (EBITA)	14,451	9,908
Operating profit (EBITA) margin %	13.8	12.7
Operating profit (EBIT)	12,197	8,750
Operating profit (EBIT) margin %	11.7	11.2
Profit for the period	9,073	6,903

1 CCEA Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 March 2021.

2 Gentinel Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 September 2020.

Key Figures

In thousands of EUR, unless otherwise stated	2021 ¹	2020 ²
Earnings per share (EPS), diluted, euros ³	0.61	0.49
Effective dividend yield %	1.2	1.4
Price-Earnings ratio P/E	39.5	34.8
Return on equity (ROE), %	18.6	20.2
Return on investment (ROI), %	19.1	18.3
Equity ratio, %	61.5	47.1
Net gearing, %	-41.1	-15.4
Average overall capacity, FTE	745	597
Average subcontracting, FTE	113	83
Number of employees at the end of the review period	852	724

3) The diluted earnings per share (EPS) correspond to the non-diluted earnings per share.

Monthly net sales development

