

**GOFORE**

# Gofore — Pure-play digital transformation consultancy

Full-year and H2 2020 results presentation



## Presenting today



**Mikael Nylund, CEO**



**Teppo Talvinko, CFO**

Gofore is a growing and profitable  
**digital transformation consultancy**

## Our aim is always to be



Growing and  
profitable



Constantly renewing



Impactful and  
responsible



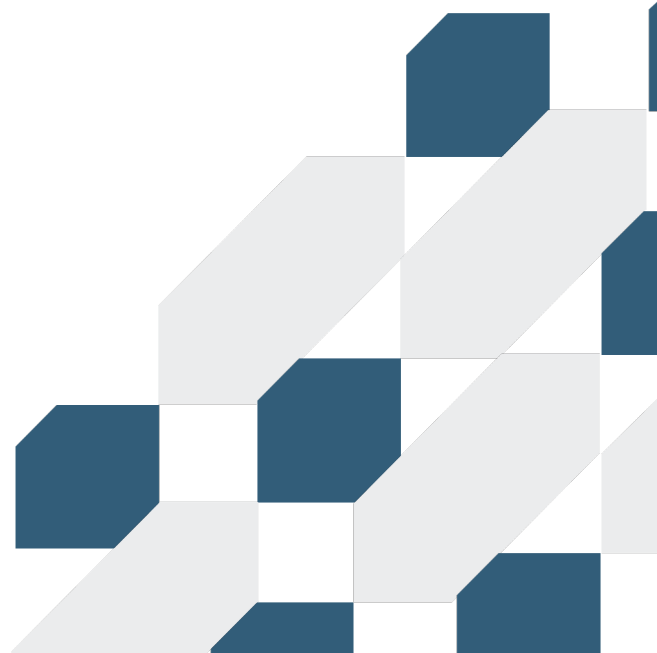
International



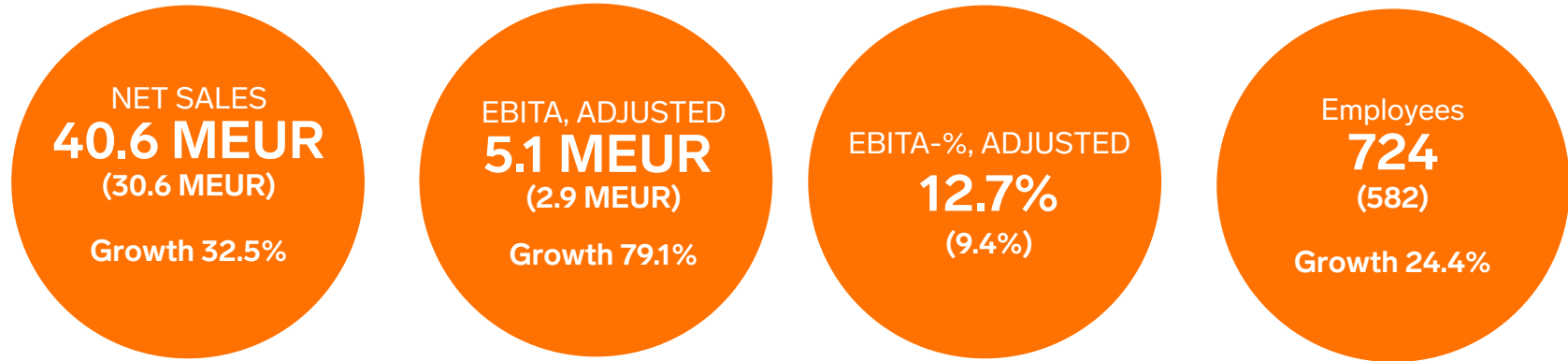
Offering exceptional  
customer and employee  
experience

## Key recent highlights

- Strong operative and financial performance continued with net sales growth of 21.7% and adjusted EBITA margin reaching 13.8% despite the COVID-19 situation.
- Active M&A track has continued with the acquisition of Qentinel Finland in September 2020 and CCEA in March 2021.
- Updated strategy and long-term financial targets released in December 2020.
- New Group Executive Team in place since 1st January 2021.
- Preparations for transferring to Nasdaq Helsinki Main Market progressing well. Transfer scheduled during the 1st quarter of 2021.



## Financial highlights of H2/2020



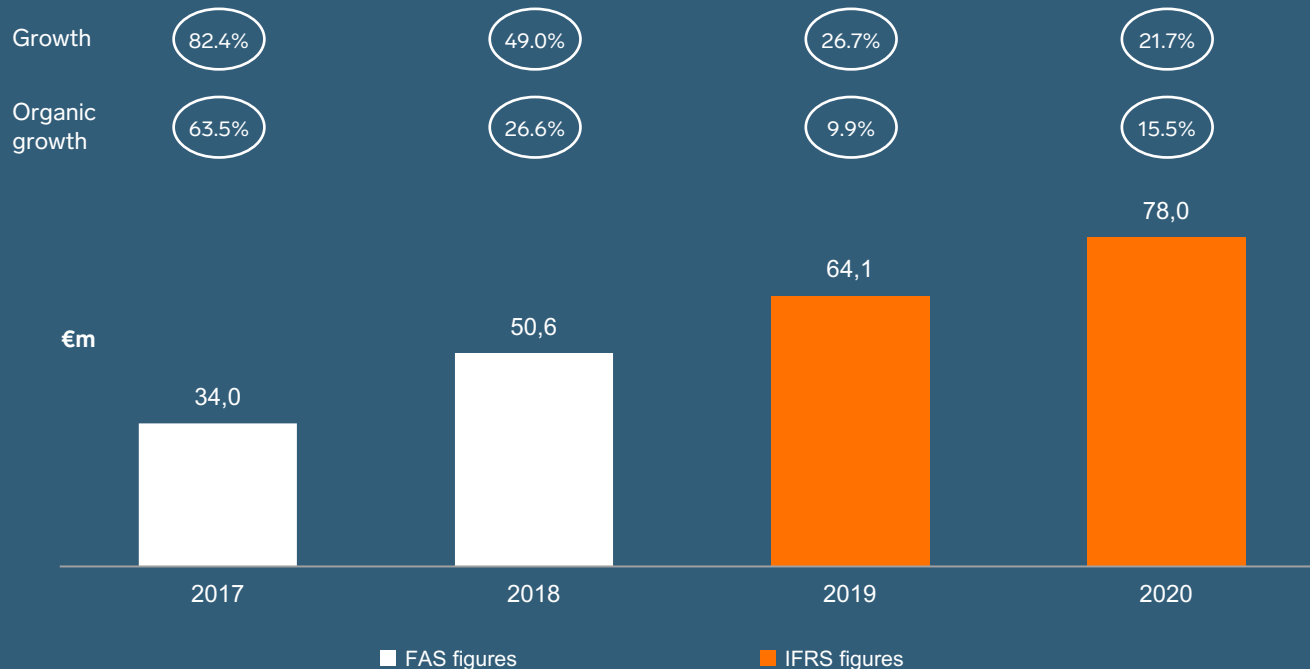
Board of Directors proposes a dividend of EUR 0.24 per share for 2020  
(EUR 0.20 per share paid for 2019)

## Solid performance through the COVID-19 pandemic



- The COVID-19 pandemic has caused uncertainties in the operating environment
- In the longer term, the pandemic is expected to accelerate digitalization bearing in mind that public and private sector customers' ability to invest in digital transformation depends on the development of the economy
- The pandemic did not adversely affect the company's business during 2020. Customer demand was affected negatively quickly at the beginning of the pandemic and returned to expected level towards the end the year
- Costs were affected slightly positively, however billing rate was negatively affected especially at the beginning of the pandemic
- There is continuing uncertainty about the pandemic and its market impact

## Strong organic growth supported by selected acquisitions



### Sales CAGR 2017-2020

Total	32%
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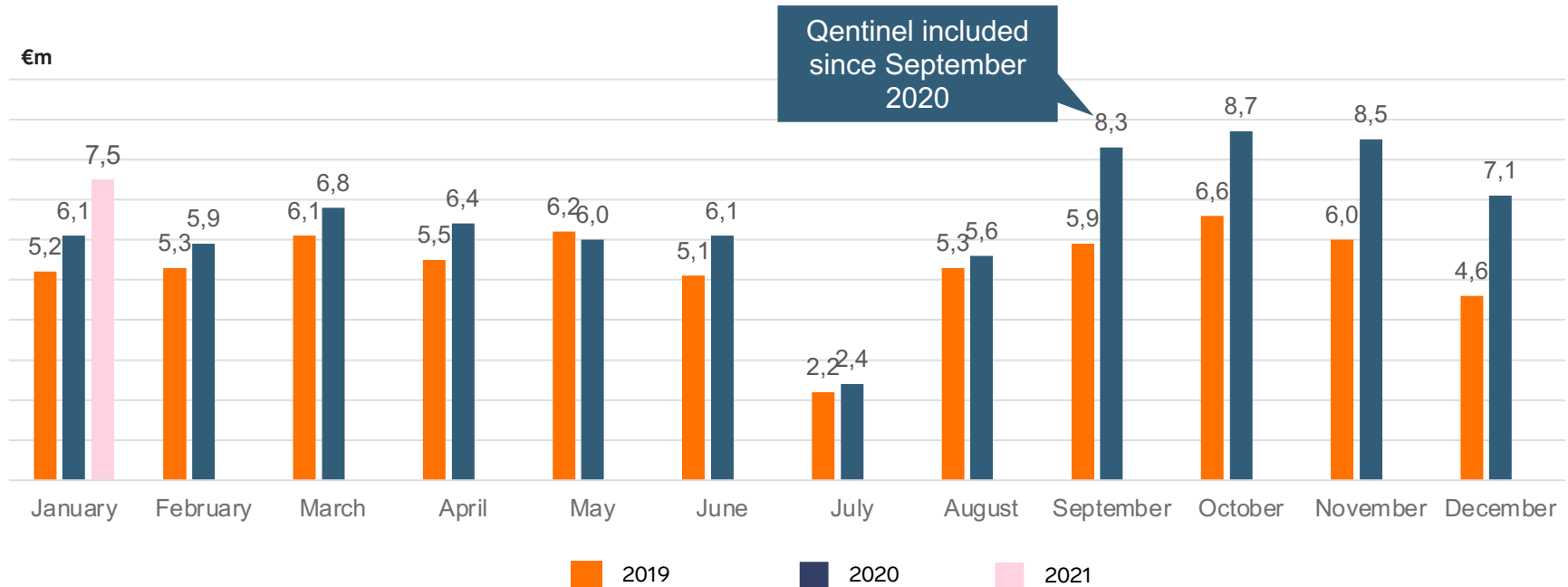
Finland	34%
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International	19%
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Public sector	39%
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Private sector	17%
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## Strong net sales growth in recent months vs. comparison period



# Profitability improved in 2020

Adjusted  
EBITA-%

16.8%

13.4%

12.5%

12.0%

13.8%

Adjusted  
EBITA (€m)

5,7

6,8

8,0

7,7

10,8

2017

2018

2019

2020

■ FAS figures

■ IFRS figures

- Profitability has increased, driven by strong growth in net sales
- Qentinel Finland acquisition supported growing profits
- Pandemic impacted profitability:
  - Costs were affected slightly positively
  - Billing rate was negatively affected especially at the beginning of the pandemic

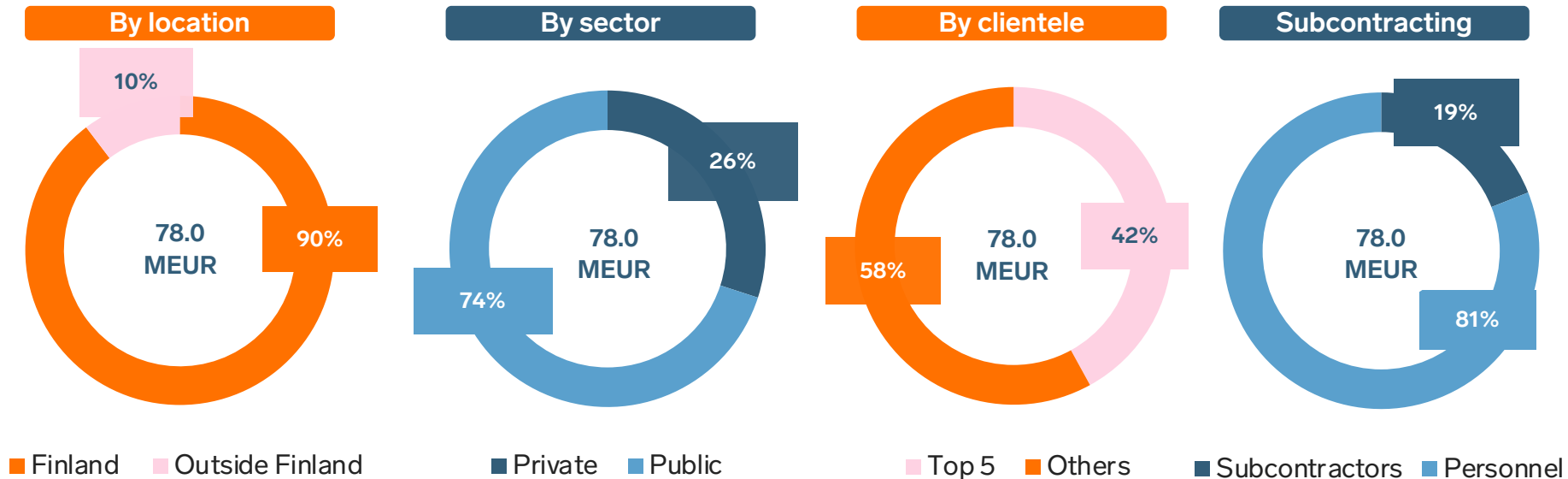
## Quarterly development

Group (consolidated)	Q1/2020	Q2/2020	Q3/2020 <sup>1</sup>	Q4/2020 <sup>1</sup>
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%
Group (consolidated)	Q1/2019	Q2/2019	Q3/2019	Q4/2019
Net sales, MEUR	16.7	16.8	13.3	17.3
EBITA, MEUR, adjusted	2.8	2.0	1.1	1.7
EBITA-%, adjusted	16.9%	12.0%	8.5%	10.1%
Growth-%	Q1/2020	Q2/2020	Q3/2020 <sup>1</sup>	Q4/2020 <sup>1</sup>
Net sales, growth-%	12.8%	10.6%	22.1%	40.6%
EBITA, adjusted, growth-%	12.1%	22.5%	66.0%	87.5%

<sup>1</sup> Qentinel Finland Oy figures have been combined with the Gofore Group figures from 1 September 2020.

## Significant share of sales to public sector, which has been a focus area for us

### Net sales distribution 2020



# Solid financial position at year-end 2020

EURm (unless stated otherwise)	Q4 2019	Q4 2020
Cash and cash equivalents	21.4	21.4
Net debt	-12.7	-3.8
Equity ratio	58.1%	47.0%
Net gearing	-31.9%	-15.4%

- Board of Directors proposes a dividend of EUR 0.24 per share for 2020 (EUR 0.20 per share paid for 2019), or approximately EUR 3.4m in total
- 90% of CCEA purchase price of EUR 6.4m was paid on 1 March 2021
- Qentinel Finland earn-out considerations approximately EUR 3.4 m to be paid. during Q1 2021

## Financial guidance 2021

Gofore estimates that, for the full year 2021, net sales will increase compared to 2020, and Adjusted EBITA will increase compared to 2020.

Gofore will continue to report and comment on its net sales development on a monthly basis.



# Long-term target to continue rapid and profitable growth

*Gofore financial targets and dividend policy*

## 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*

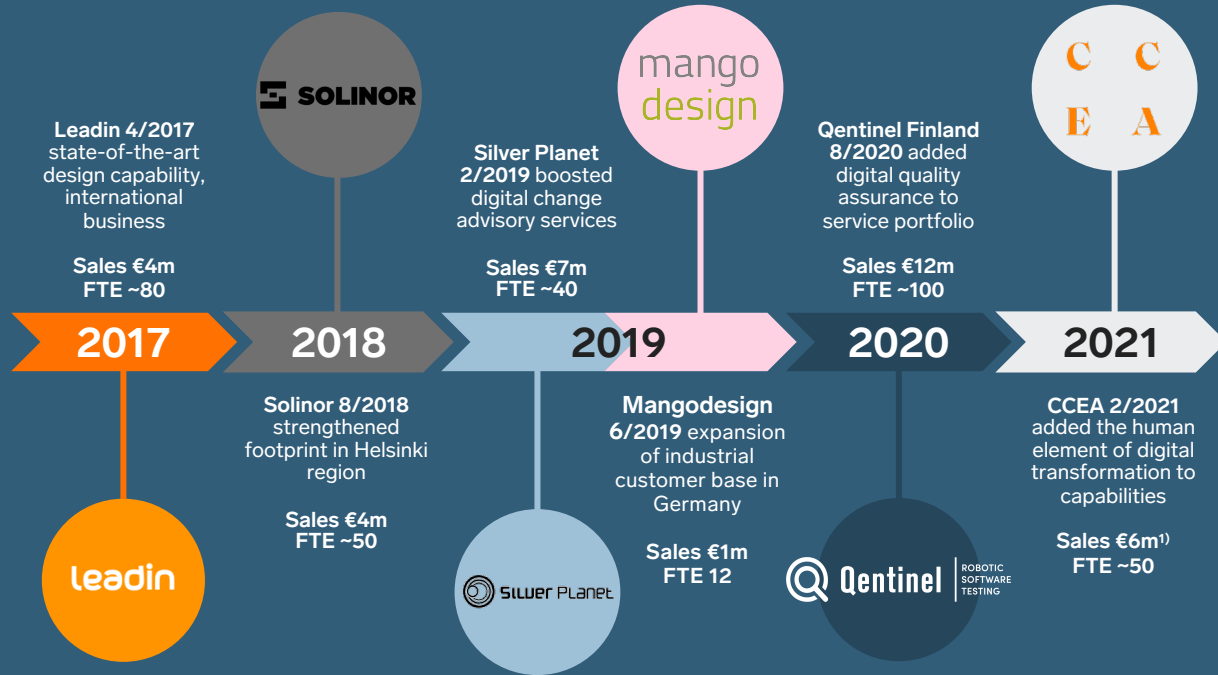
20% total annual growth

~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



## 2017-2021YTD total



6 acquired companies



EUR 34 million in acquired net sales<sup>1)</sup>



EUR 37 million of acquisition considerations paid

# Acquisition of CCEA<sup>1)</sup> strengthens Gofore's digital transformation advisory services

## CCEA is Finland's largest change management company

- ~50 employees located in Espoo (HQ) and Singapore
- Strong position as adviser and main service provider in large digital transformation projects
- Services include change execution, change portfolio leadership, change capability development and measurement
- Customer base includes many of Finland's largest internationally operating companies, such as Outokumpu, Neste and KONE

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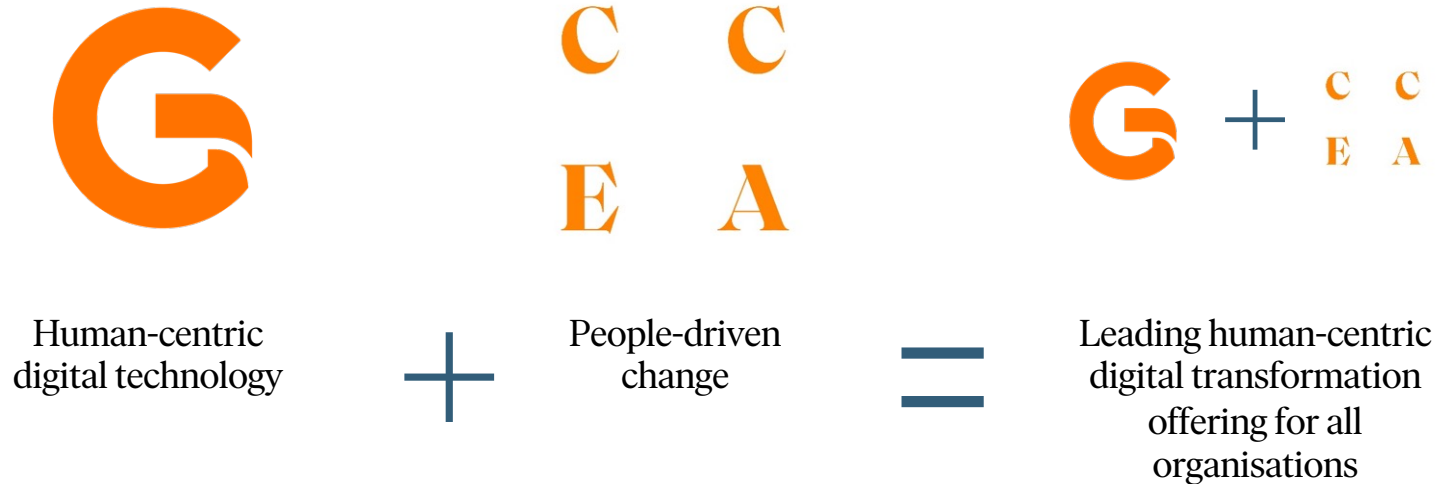
## CCEA key financials (2020)<sup>2)</sup> and deal parameters

EURm	CCEA Ltd	Celkee Ltd
<b>Net sales</b>	<b>5.2</b>	<b>0.4</b>
<b>EBITDA</b>	<b>1.1</b>	<b>0.1</b>
<i>EBITDA-%</i>	<i>21%</i>	<i>18%</i>
<b>EBIT</b>	<b>1.1</b>	<b>0.0</b>
<i>EBIT-%</i>	<i>20%</i>	<i>-2%</i>

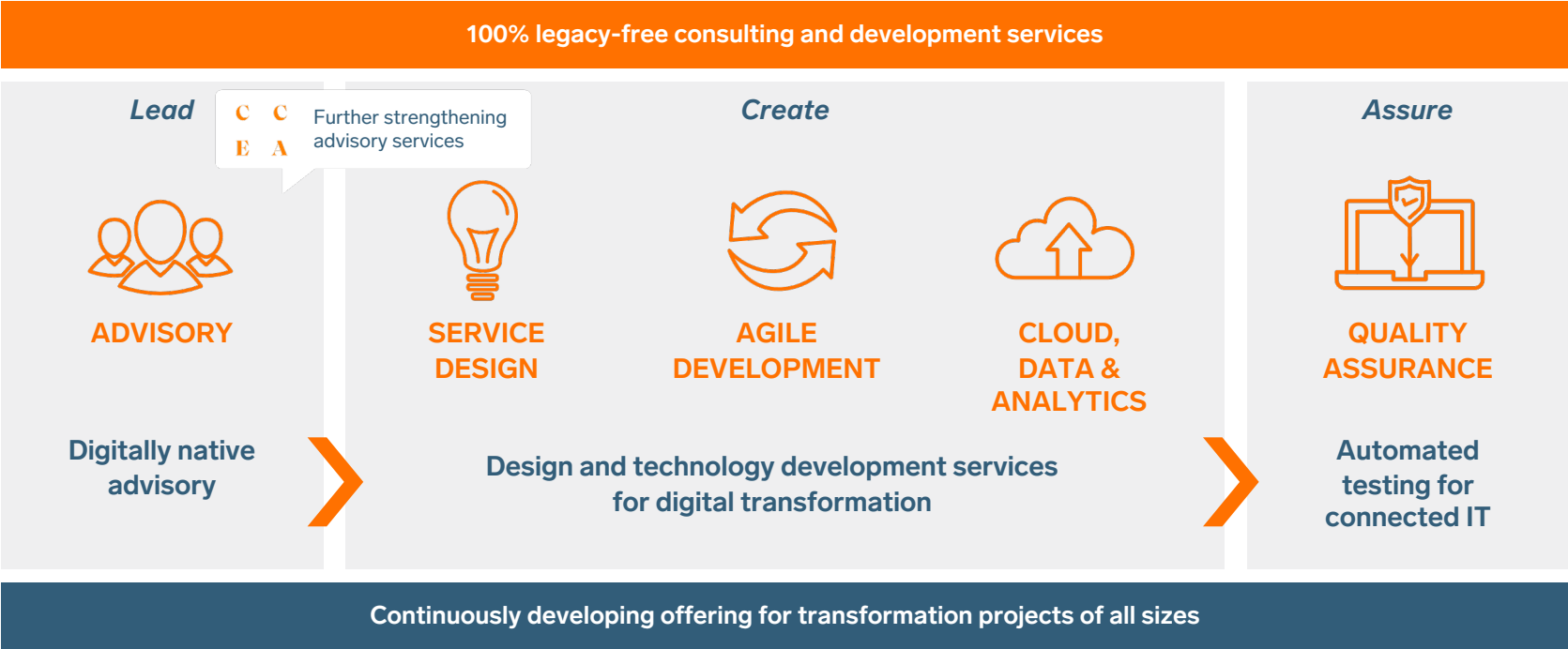
- Equity purchase price EUR 6.4 million (debt-free value of EUR 6.2 million)
- Purchase price paid in cash, completed on 1 March 2021
- Estimated net sales impact in Gofore's 2021 results is approximately EUR 6 million

1) Gofore acquired 95% of the share capital of CCEA Ltd. The acquisition also includes Celkee Ltd., a fully-owned subsidiary of CCEA Ltd. specializing in measuring change, which had revenue of EUR 0.4 million and EBITDA of EUR 0.1 million in 2020; 2) No official financial statements have been prepared for the CCEA Group for 2020, which includes CCEA Ltd and Celkee Ltd.

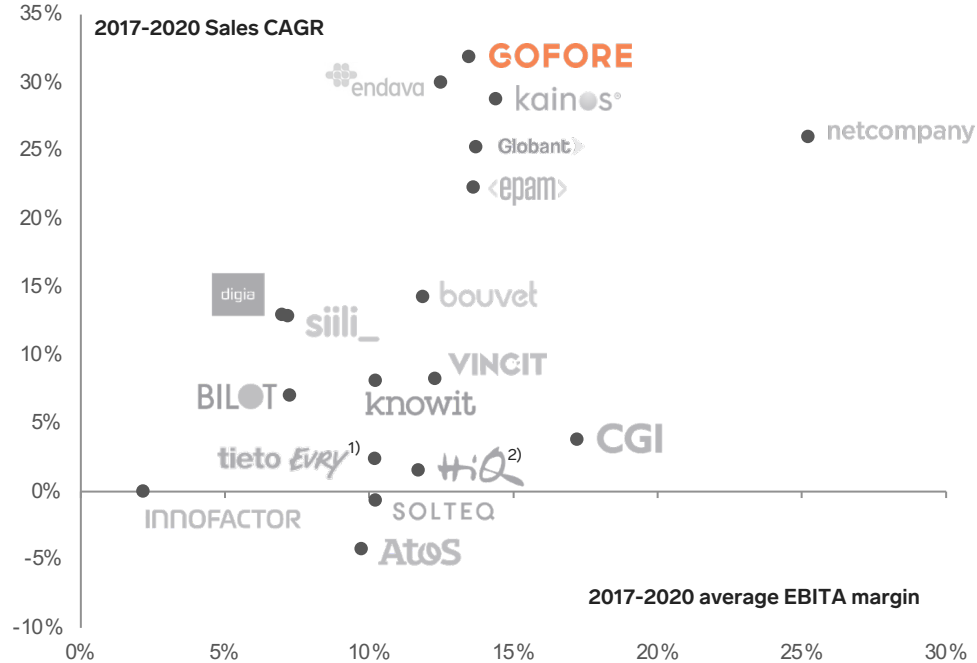
# Human-centric digital transformation



# Pure-play next-gen offering for agile digital transformation



## Strong track record in delivering strong profitable growth



# GOFORE

Net sales CAGR  
2017-2020  
32%

EBITA-%  
2020  
13.8%

Cash conversion<sup>3)</sup>  
2020  
94%

Note: 1) Adjusted for EVRY merger; 2) 2017-2019 average; 3) Calculated as (EBITDA – Capex excl. M&A) / EBITDA  
Source: FactSet, Company materials

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Q&A

# APPENDIX



# Key figures

In thousands of EUR, unless otherwise stated	2020 <sup>1</sup>	2019 <sup>2</sup>
Net sales	77,953	64,066
Growth of net sales, %	21.7	26.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	12,329	9,223
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	15.8	14.4
Operating profit before amortisation of goodwill (EBITA), adjusted <sup>3</sup>	10,778	7,710
Operating profit before amortisation of goodwill (EBITA)	9,908	7,296
Operating profit before amortisation of goodwill (EBITA), margin, %	12.7	11.4
Operating profit (EBIT)	8,750	6,620
Operating profit (EBIT) margin, %	11.2	10.3
Profit for the period	6,903	5,096

<sup>1</sup> Gentinel Finland Oy figures have been combined with the Gofore Group figures from 1 September 2020.

<sup>2</sup> Silver Planet Oy figures have been combined with the Gofore Group figures from 15 February 2019 and the figures for mangodesign Finke-Anlauff & Anlauff GbR:n from 1 July 2019.

<sup>3</sup> EBITA is operating profit before amortisation of intangible assets identified in PPA. Adjusted EBITA refers to operating profit before amortisation of intangible assets identified in PPA (EBITA) excluding adjusted items.

# Key figures

In thousands of EUR, unless otherwise stated	2020 <sup>1</sup>	2019 <sup>2</sup>
Earnings per share (EPS), diluted*, euros	0.49	0.37
Number of outstanding shares at the end of the period	14,036,927	14,012,628
Equity ratio, %	47.0	58.1
Net gearing, %	-15.4	-31.9
Return on equity (ROE), %	20.2	18.7
Return on investment (ROI), %	17.6	17.2
Average overall capacity, FTE	597	517
Average subcontracting, FTE	83	54
Number of employees at the end of the review period	724	582

<sup>1</sup> Qentinel Finland Oy figures have been combined with the Gofore Group figures from 1 September 2020.

<sup>2</sup> Silver Planet Oy figures have been combined with the Gofore Group figures from 15 February 2019 and the figures for mangodesign Finke-Anlauff & Anlauff GbR:n from 1 July 2019.

\* EPS diluted equals to EPS undiluted



Thank you.



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