

**GOFORE**

# Gofore – Profitable growth continued

H1 2021 results presentation



## Presenting today



**Mikael Nylund, CEO**



**Teppo Talvinko, CFO**

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

# We deliver digital solutions with positive societal impact

*Selected examples*

## Digitalizing national service architecture

Creating a single point of contact platform for public services, provided to citizens, organizations and the government



## Building a smarter education sector

Building a best-in-class digital services which facilitate information sharing and dialogue between families, education sector and service providers



## Revolutionizing services for the labor market

Building AI assisted service to elevate matching jobs and job seekers to the next era



## Accelerating the switch to electric cars

Improving the user experience of electric vehicle charging solutions through increased usability and service design support

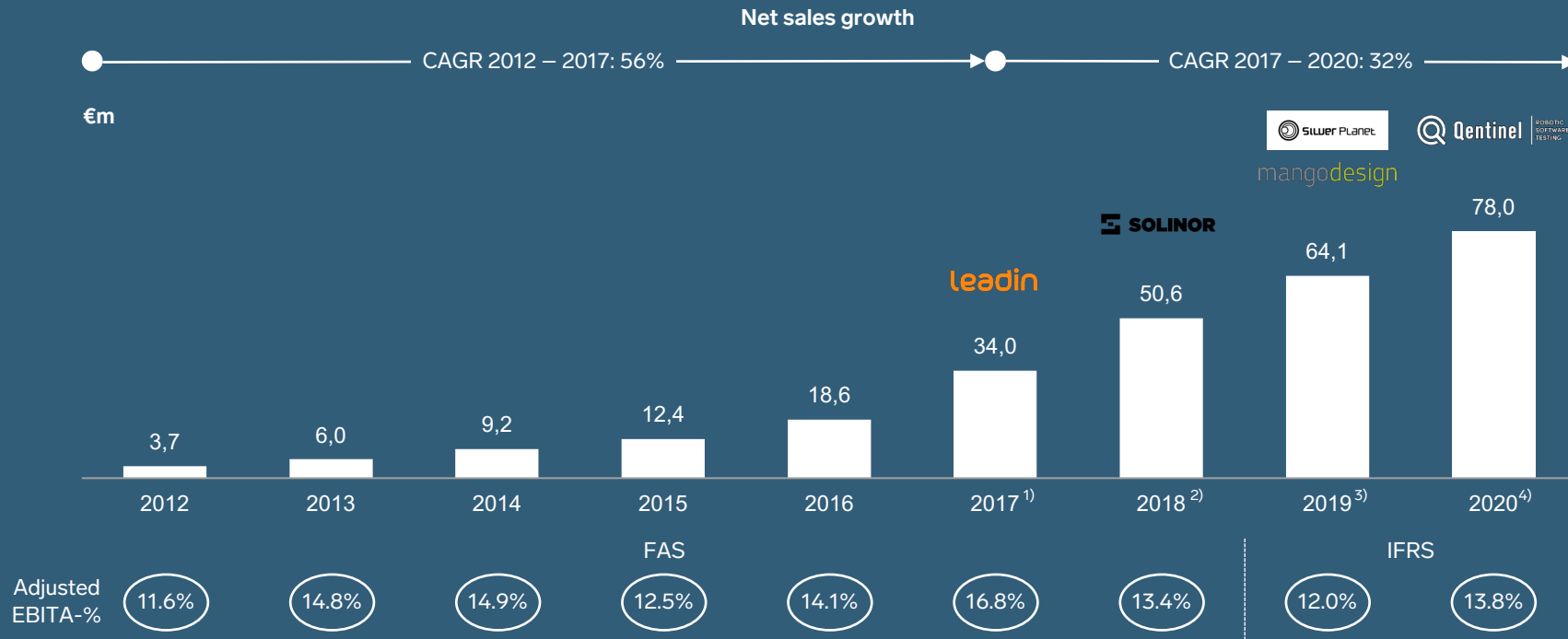


## Harnessing futures thinking to aid carbon sequestration

Modelling the ecosystem players and the potential future scenarios in combating global climate change



# Growing and profitable



Note: 2012-2018 figures presented as FAS figures, 2019-2020 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) The compared 2017 figures include the figures of Leadin Oy from 1 June 2017 onwards and the figures for Solinor Oy have been combined with the Gofore Group figures from 1 September 2018; 3) Silver Planet Oy figures are combined with the Gofore Group figures starting on 15 February 2019 and the figures for mangodesign Finke-Anlauff & Anlauff GbR:n starting on 1 July 2019. For the 2019 financial year, resale of cloud capacity has been marked as net figures in net sales, and as gross in the comparative period 2018 (approximately EUR 1 million); 4) Qentinel Finland Oy figures are combined with the Gofore Group figures starting on 1 September 2020.

# Gofore H1 2021

Highlights and financial performance



## Financial highlights of H1 2021

NET SALES  
**51.7 MEUR**  
(37.4 MEUR)

Growth 38.3%

EBITA, ADJUSTED  
**6.9 MEUR**  
(5.6 MEUR)

Growth 23.3%

EBITA-%, ADJUSTED  
**13.4%**  
(15.1%)

Employees  
**803**  
(610)  
Growth 31.6%

## Key events of H1 2021

- Active M&A track has continued with the acquisition of CCEA Ltd in March 2021
- Transfer to Nasdaq Helsinki Main Market completed in March 2021
- Successful completion of directed share issue of 1,000,000 new shares raising EUR 19 million in April 2021
  - Strengthens funding for further growth strategy
  - Internationalisation of shareholder base



## Significant customer agreements

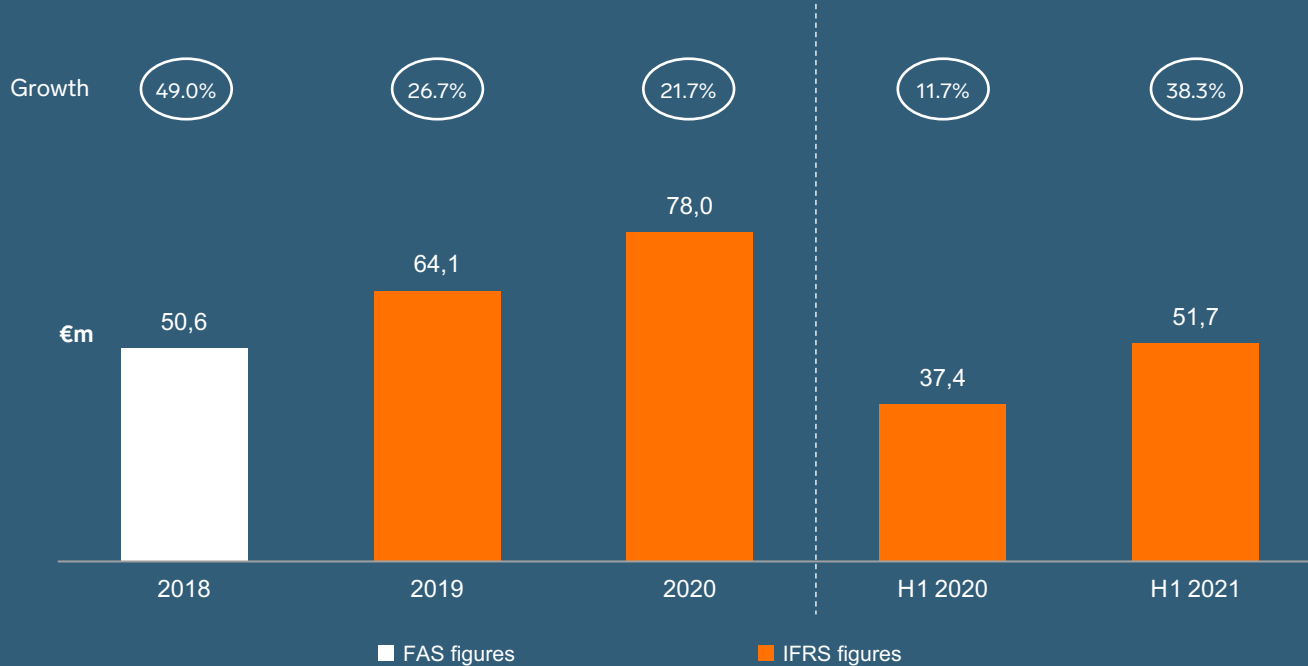
### *Selected*

- New framework agreements with **the Finnish Tax Administration** for technical project management services (EUR 10–12 million, 6 years<sup>1)</sup>, and management consulting (EUR 8 million<sup>2</sup>)
- The **City of Helsinki** selected Gofore as its development partner for the Education Division (up to EUR 3 million<sup>3</sup>)
- New framework agreement with **the City of Espoo** (EUR ~25 million, 7 years<sup>4</sup>) for consultancy services in supporting digital transformation
- Agreement extension with **Elisa Corporation** (EUR ~1 million per year) for integrated software quality assurance and testing

<sup>1)</sup> Announced on 21 January 2021; <sup>2)</sup> Announced on 10 March 2021;

<sup>3)</sup> Announced on 29 March 2021; <sup>4)</sup> Announced on 30 March 2021.

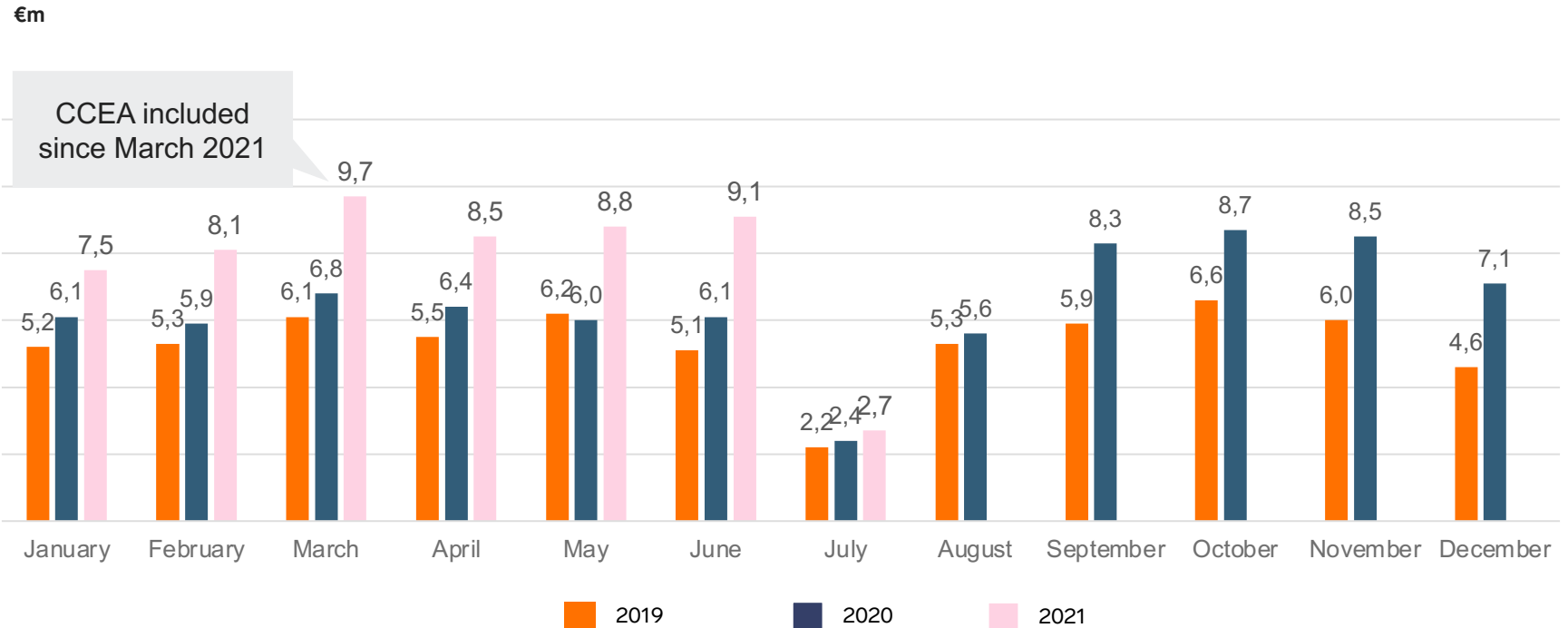
# Strong growth supported by recent acquisitions and organic growth



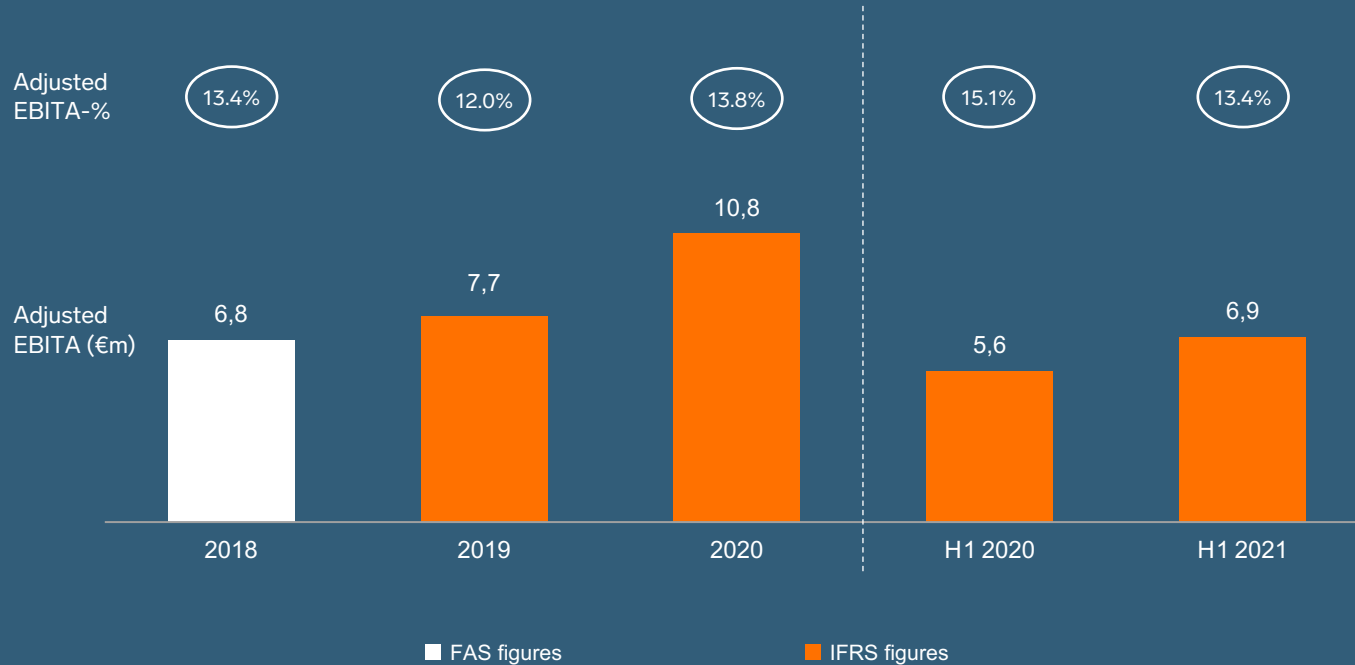
## Sales development H1 2021 vs H1 2020

Finland	42%
International	10%
Public sector	20%
Private sector	92%

## Strong net sales growth in recent months vs. comparison period



## 23.3% growth in adjusted EBITA in H1 2021



- Strong profitability continued with adjusted EBITA increasing by 23.3.% from comparison period
- Profitability driven by:
  - Recent acquisitions and organic growth
  - Positive, returning trend in average hourly prices
  - Strong customer demand supported positive billing rate development towards end of period
  - Scalability of OPEX

## Quarterly development

Group	Q1 2021 <sup>1</sup>	Q2 2021	Q3 2021	Q4 2021
Net sales, MEUR	25.2	26.4		
EBITA, MEUR, adjusted	3.5	3.4		
EBITA-%, adjusted	13.9%	13.0%		
Group	Q1 2020	Q2 2020	Q3 2020 <sup>2</sup>	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%		
EBITA, adjusted, growth-%	10.7%	39.5%		

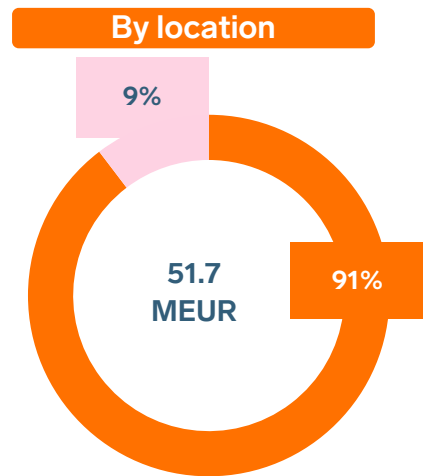
<sup>1)</sup> CCEA Oy's figures have been consolidated into those of the Gofore Group since 1 March 2021.

<sup>2)</sup> Gentinel Finland Oy figures have been consolidated into those of the Gofore Group since 1 September 2020.

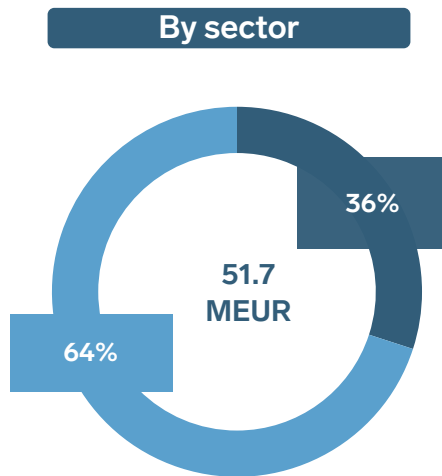


## Positive development in the share of sales to private sector

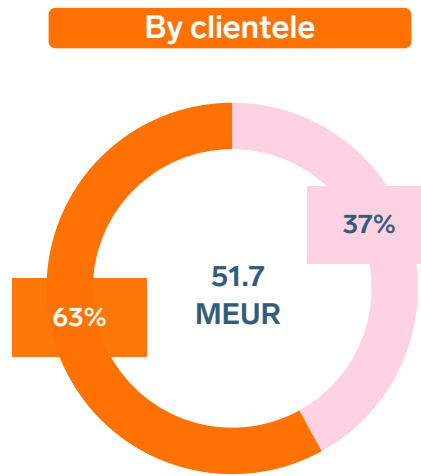
Net sales distribution H1 2021



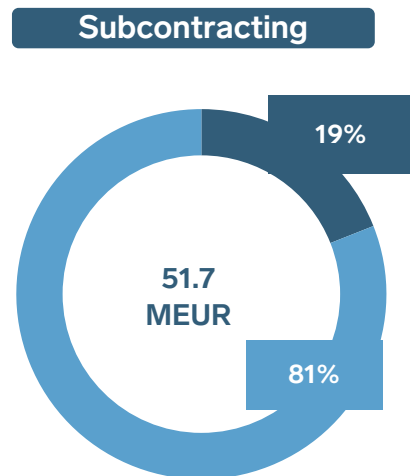
■ Finland ■ Outside Finland



■ Private ■ Public



■ Top 5 ■ Others



■ Subcontractors ■ Personnel

## Financial guidance **2021**

*Unchanged*

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.



# Avenues to reach the growth targets, and key results in H1 2021

## 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

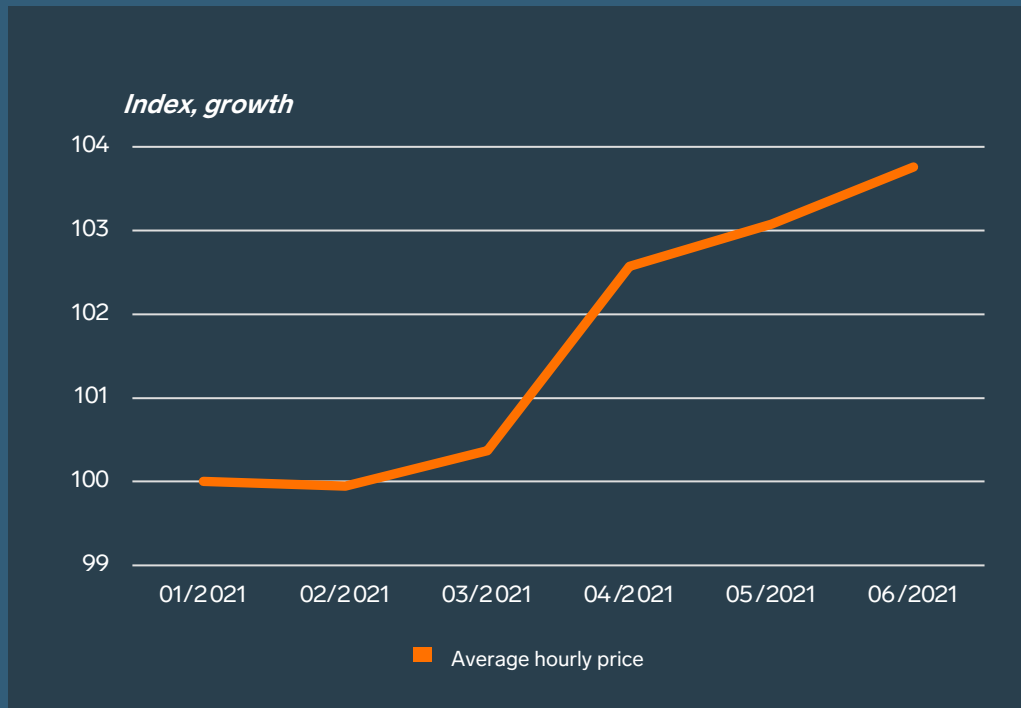
1. *Keep up M&A growth at least at the historical pace*
2. *Acquire targets that fit to Gofore strategy*

- Sales to private sector increased by 92% year-on-year
- Strong public sector position for upcoming challenges and customer demand

- Sales outside Finland decelerated due to Covid-19
- New customer agreements and stronger foothold in Europe; e.g. OECD and European Patent Office

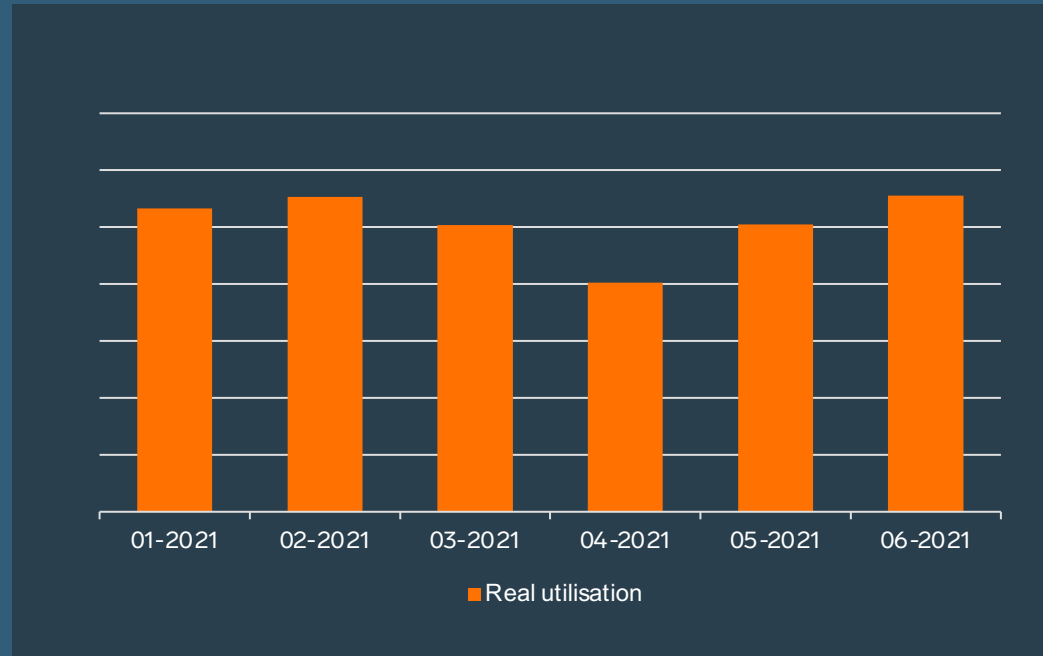
- Completion of directed share issue of 1,000,000 new shares; raising EUR 19 million
- Strong balance sheet supports M&A strategy

# Positive development of average hourly price boosted profitability



# Billing rate development mirrored customer demand

- A temporarily lower than expected billing rate in March-April. Agreement period change of our biggest customer (Keha Centre in Finland) caused some idling in utilisation before ramping up new projects
- Otherwise positive development in billing rate towards the end of H1 2021 mirrored positive customer demand



*Real utilisation = customer hours / total hours of all personnel*

## Changes in the labour market affected us and the industry



- Increase in the attrition rate reflected the receding Covid-19 pandemic
- Freelance and location-independent work, remote work and similar models have also proliferated, propelled by the pandemic
- There is continuing uncertainty about the pandemic's long-term impact on the labour market – the uncertainty is going to continue for a while
- Gofore is well positioned as an ecosystem player

# 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

## Our aim is always to be



Growing and  
profitable



Constantly renewing



Impactful and  
responsible



International



Offering exceptional  
customer and employee  
experience



GOFORÉ

Q&A

# APPENDIX



# Key figures

In thousands of EUR, unless otherwise specified	1 Jan –30 June 2021 <sup>1</sup>	1 Jan –30 June 2020	1 Jan –31 Dec 2020 <sup>2</sup>
Revenue (net sales)	51,679	37,376	77,953
Growth of revenue, %	38.3%	11.7%	21.7%
EBITDA	8,115	6,102	12,329
EBITDA margin-%	15.7%	16.3%	15.8%
EBITA, adjusted	6,943	5,629	10,778
EBITA, adjusted, margin-%	13.4%	15.1%	13.8%
EBITA	6,758	4,911	9,908
EBITA margin-%	13.1%	13.1%	12.7%
Operating profit (EBIT)	5,675	4,495	8,750
Operating profit (EBIT) margin-%	11.0%	12.0%	11.2%

<sup>1</sup> CCEA Oy's figures have been consolidated into those of the Gofore Group since 1 March 2021.

<sup>2</sup> Gentinel Finland Oy figures have been consolidated into those of the Gofore Group since 1 September 2020.

# Key figures

In thousands of EUR, unless otherwise specified	1 Jan –30 June 2021 <sup>1</sup>	1 Jan –30 June 2020	1 Jan –31 Dec 2020 <sup>2</sup>
Profit for the period	3,944	3,234	6,903
Earnings per share (EPS), diluted, EUR	0.27	0.23	0.49
Return on equity (ROE), %	17.2%	19.9%	20.2%
Return on investment (ROI), %	18.2%	20.6%	18.1%
Equity ratio, %	56.8%	56.9%	47.0%
Net gearing, %	-30.8%	-29.5%	-15.4%
Average overall capacity, FTE	726	558	597
Average subcontracting, FTE	111	71	83
Number of employees at the end of the period	803	610	724

<sup>1</sup> CCEA Oy's figures have been consolidated into those of the Gofore Group since 1 March 2021.

<sup>2</sup> Gentinel Finland Oy figures have been consolidated into those of the Gofore Group since 1 September 2020.



Thank you.



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