

GOFORE

Gofore – Pure-play digital transformation consultancy

Q3 2020 Investor Presentation



Presenting



Mikael Nylund

CEO



Teppo Talvinko

CFO

Gofore is a growing and profitable
digital transformation consultancy

The world is turning digital at an increasing pace

>50%
of Global GDP

By 2023, digitally transformed enterprises will account for more than half of global GDP

>50%
of all IT spend

By 2024, over 50% of global IT spend will be for digital transformation and innovation (31% in 2018)

500M
Industry-specific solutions

By 2023, over 500 million digital solutions will be developed, most targeted at industry-specific digital transformation use cases

30%
transformed
to future
workplace

By 2022, 30% of Nordic enterprises will adopt tools to drive necessary changes in the workplace and culture

Delivering 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

Revolutionizing services
for the labor market



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

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

Accelerating the switch to
electric cars



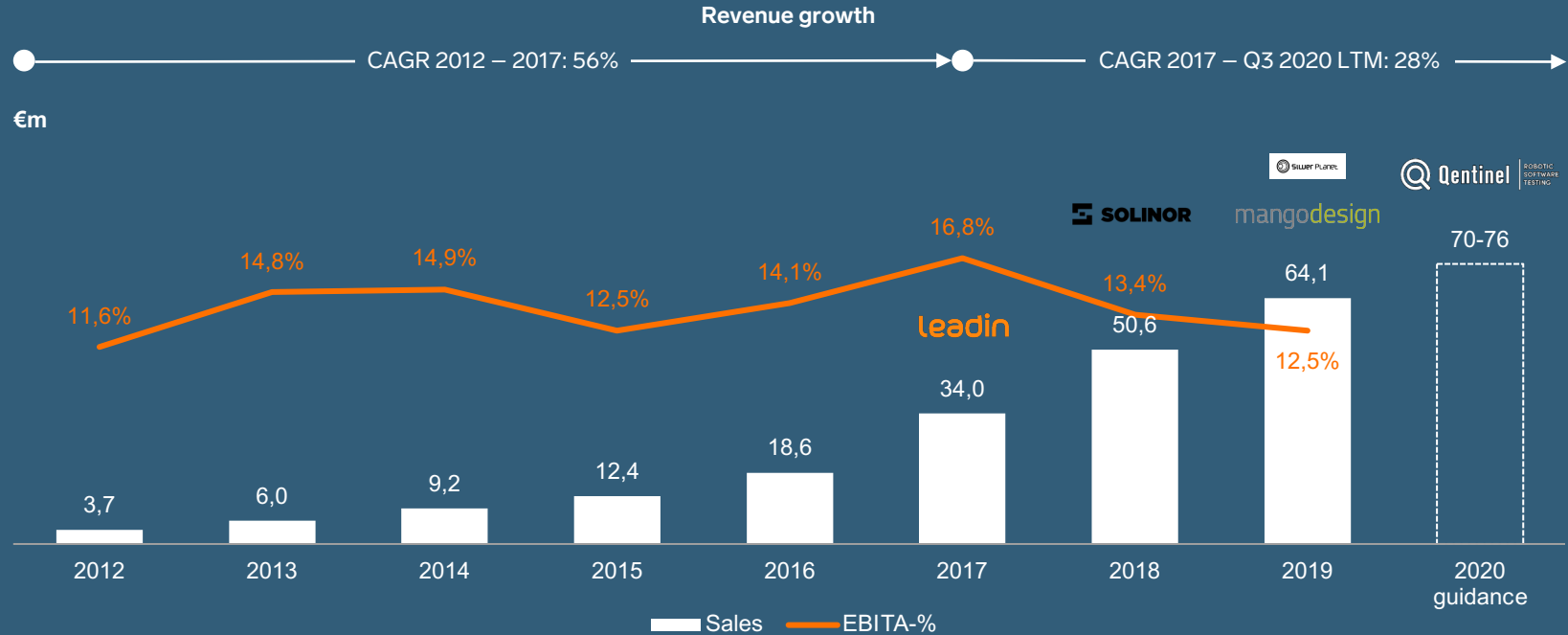
Improving the user experience of electric vehicle charging solutions through increased usability and service design support

Protecting the
Archipelago Sea



Reducing the phosphorus load in the Archipelago Sea with the help of an online service

Growing and profitable



Our aim is always to be...



Growing and profitable



Constantly evolving



Impactful and responsible



International

...while offering exceptional customer and employee experience

Gofore key investment highlights

1

Accelerating digital transformation with Gofore ideally positioned

2

Pure-play next-gen offering with strong customer satisfaction

3

Tech-native culture supports scalability and efficiency

4

Low-risk business model with strong revenue visibility

5

Outstanding growth, margins and cash flow

6

Clear roadmap for continued growth and value creation

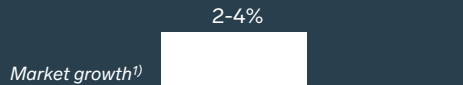
GOFORE



1

Gofore ideally positioned as a digi-native in the accelerating digital transformation

Traditional IT services *Business support*



Long implementation cycles

IT to support operations

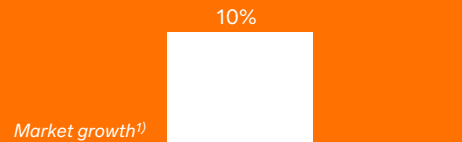
Cost savings

Offshoring

IT system maintenance

IT generalists

New digital services *Business development*



Agile development

Technology as competitive advantage

Resilience and new business

Value creation by networked talent

Transformation capabilities

GOFORE

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

100% legacy-free consulting and development services



ADVISORY

Digitally native
advisory



**SERVICE
DESIGN**



**AGILE
DEVELOPMENT**



**CLOUD,
DATA &
ANALYTICS**



**QUALITY
ASSURANCE**

Design and technology development services
for digital transformation

Automated
testing for
connected IT

Continuously developing offering for transformation projects of all sizes

2

Excellent customer experience proof of our ability to add value in digital transformation – driving strong customer growth

Gofore is a strategic partner for its customers, accelerating digital change

Excellent customer experience

NPS¹⁾



B2B average = 37

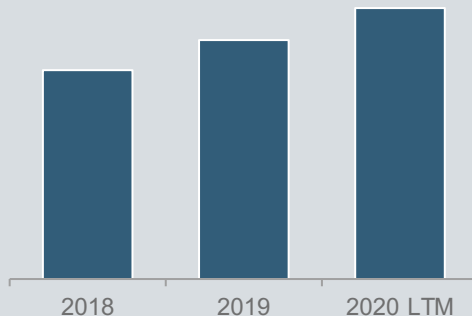
Q3 2019

Q2 2020

Top customers are growing

Top-10 clients' average revenue (€m)²⁾

~1.3x



2018

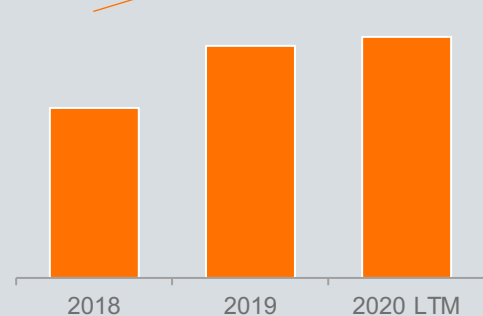
2019

2020 LTM

Increasing number of large clients

of customers with >€0.5M annual revenue

~1.4x



2018

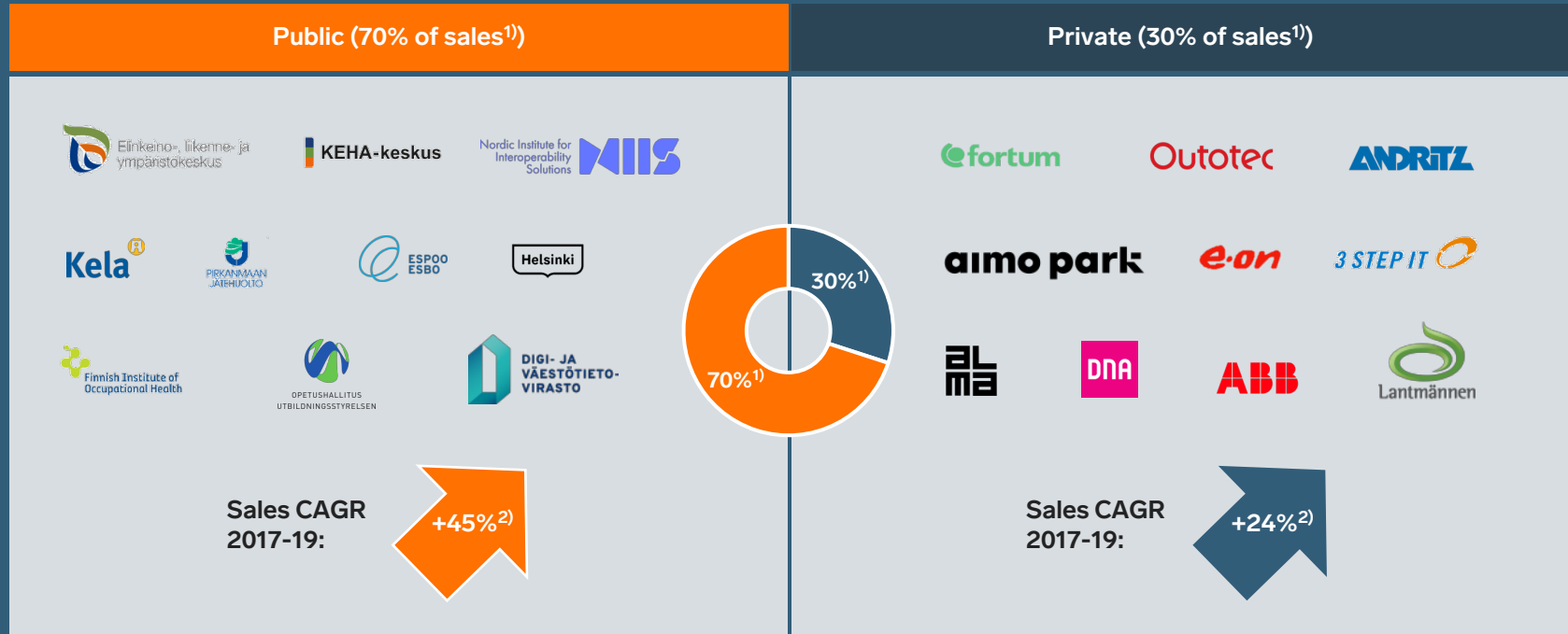
2019

2020 LTM

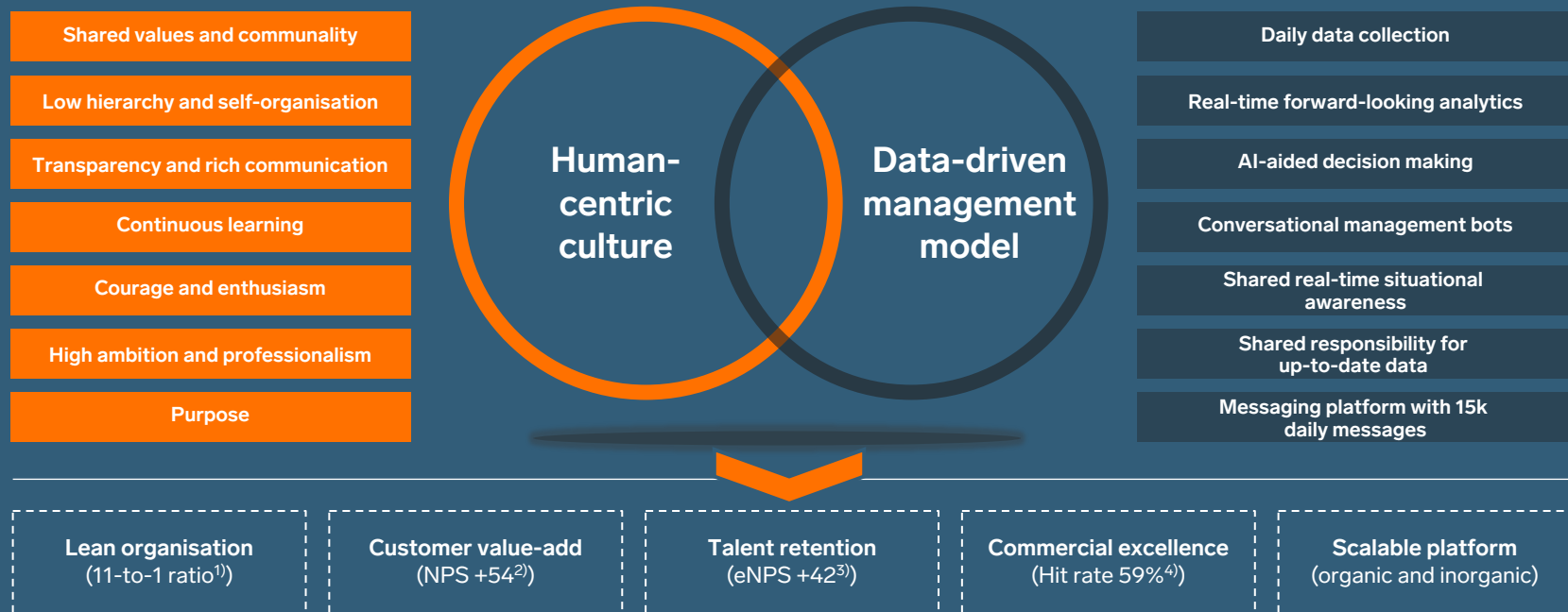


1) NPS = Net Promoter Score; 2) Top-10 clients by revenue for the period

2 Long-term relationships with a diverse and growing client base



3 Tech-native platform underpinning scalability and efficiency



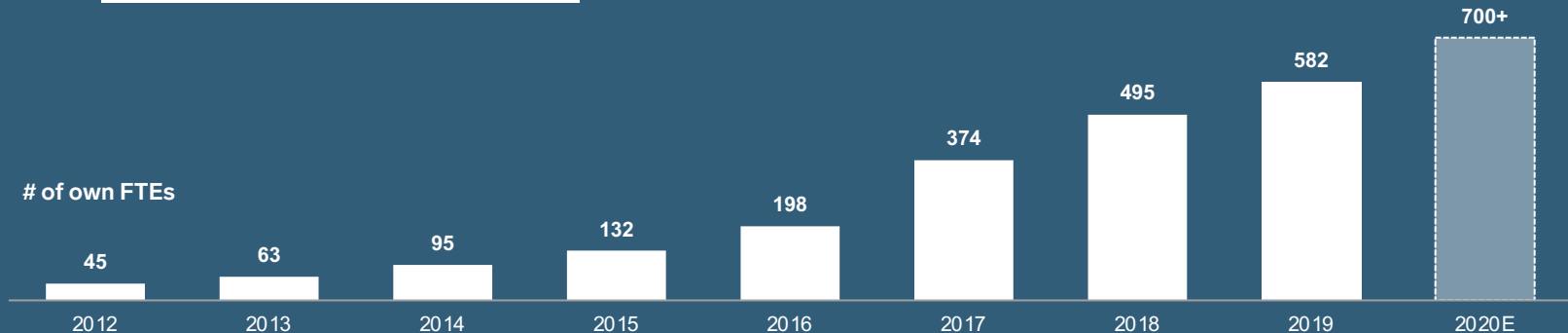
1) Customer-facing vs. non-customer-facing employee ratio, Sep-2020 including Qentinel; 2) Q2 2020; 3) eNPS = Employee Net Promoter Score, Q4 2019; 4) Average hit-rate by value for Society pipeline 2018 – Aug 2020

3

Strong employer brand further supports talent acquisition and retention



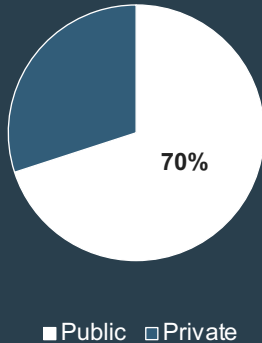
YPAI 2020			
Young Professional Attraction Index 2020			
1	Supercell	6	Reaktor
2	Futurice	7	Microsoft
3	Google	8	Fazer
4	KONE	9	Vincit
5	GOFORE	10	Konecranes



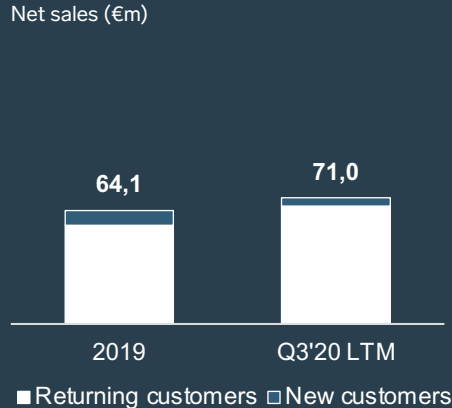
4

Low-risk business model with strong revenue visibility

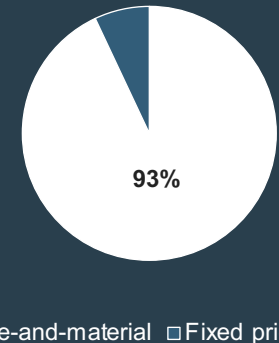
70% public share with
~3-5 year average contract length¹⁾:
visibility and resilience



~90% of revenue from returning
customers²⁾: predictable growth



93% of revenue is time-and-material³⁾:
Low execution risk



1) Based on company's customer contracts; 2) Returning customers defined as customers generating revenue two years in a row; 3) Jan-Aug 2020

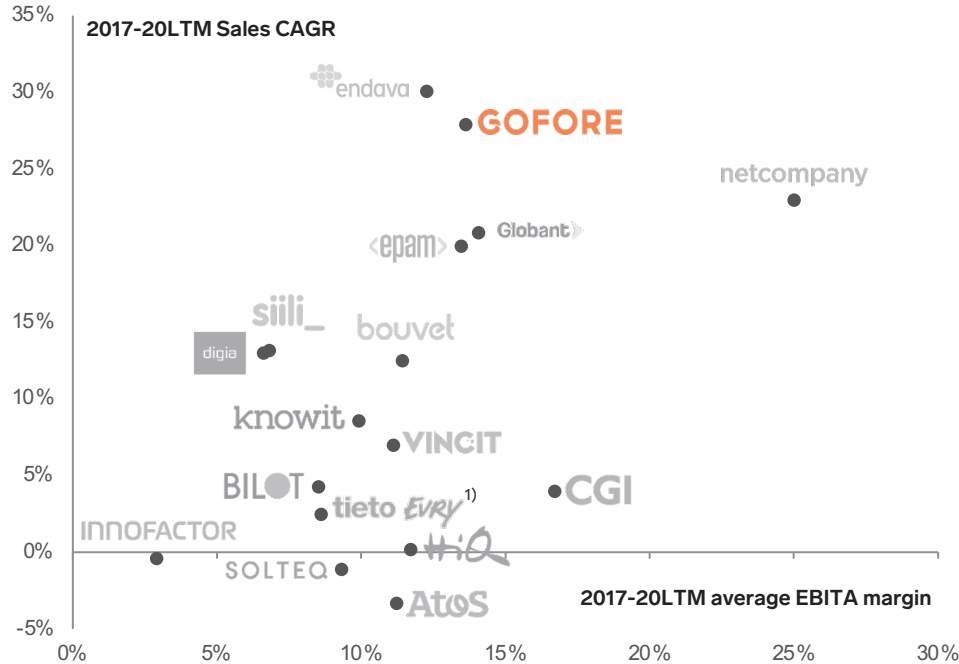
5 Strong margins with further upside

Gofore 2019 (% of net sales)



5

Attractive financial profile in industry comparison



GOFORE

Net sales CAGR
2017-2020LTM
28%

Average EBITA-%
2017-2020LTM
14%

Cash conversion
2019
96%²⁾

1) Adjusted for EVERY merger; 2) Calculated as (EBITDA – Capex) / EBITDA

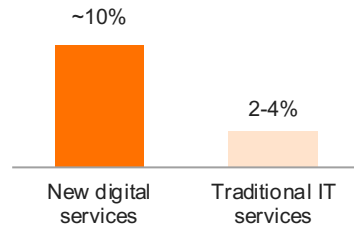
3) For HiQ, Solteq and Globant EBITA margin average of 2017-2019

Source: FactSet, Company materials

6 Clear roadmap for continued strong growth

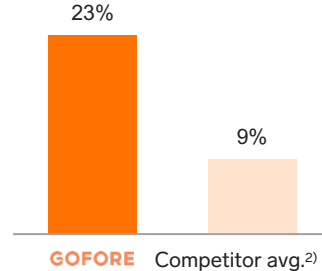
New digital services market growth

Annual market growth 2020-2025¹⁾



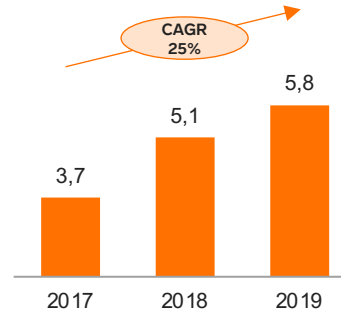
Market share growth and private sector growth

Organic growth of competitors 2017-19



Export strong public and industry sector expertise

Gofore international sales (€m)



Disciplined M&A

2017
leadin

State-of-the-art design capability, international business

2018
SOLINOR

Strengthened presence in Helsinki region

2019
SILVER PLANET
mangodesign

Boosted digital change advisory, strengthened offering in GER

2020
Qentinel

Entry to digital quality assurance

Gofore financial targets and dividend policy

Growth

Faster than target market
(market growth max 10%)

Profitability

15% EBITA margin

Dividend

At least 40% of annual
net profit

1 July–30 September
Interim Report
2020



Highlights of Q3/2020

NET SALES
16,3 MEUR
(13,3 MEUR)

Growth 22.1%

EBITA, ADJUSTED
1,8 MEUR
(1,2 MEUR)

Growth 49,2%

EBITA-%, ADJUSTED
11,3%
(9,2%)

Employees
716
(578)

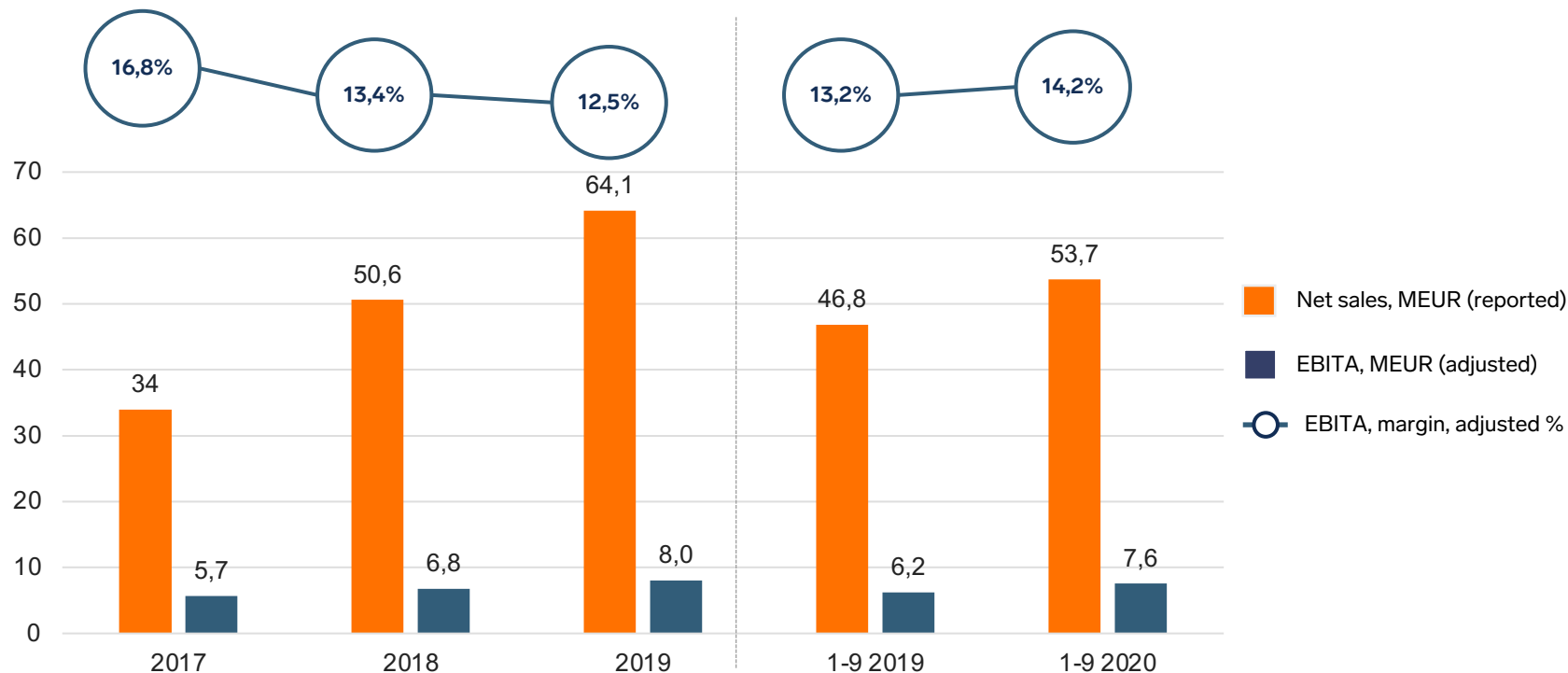
Growth 23,9%

Coronavirus outbreak

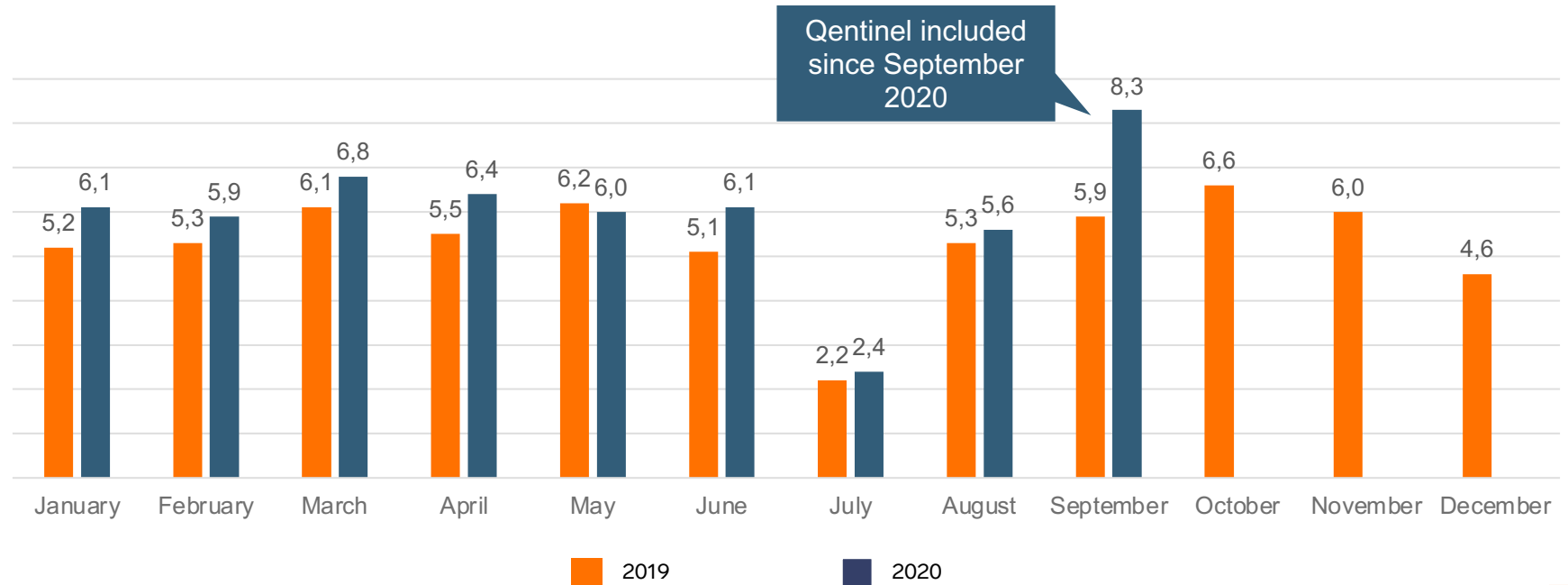


- The coronavirus pandemic has caused uncertainties in the operating environment.
- It did not adversely affect the company's business during the three first quarters of 2020, and customer demand has been at the expected level.
- There is continuing uncertainty about the pandemic and its market impact. Outlook for the remaining 2020 is exceptionally unpredictable.
- 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.

Net sales and profitability 2017-2020



Monthly net sales development 2019-2020

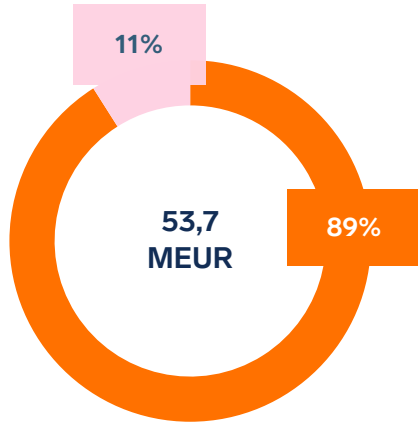
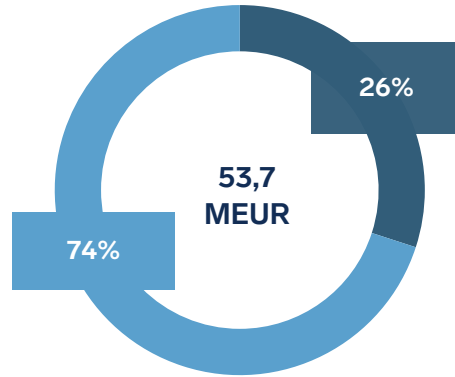
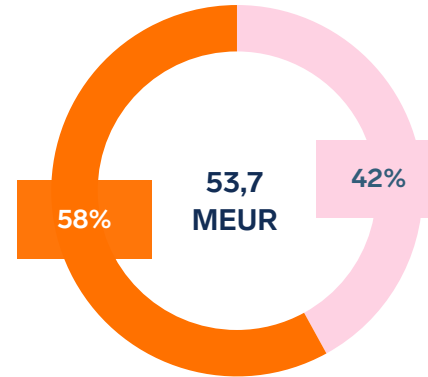
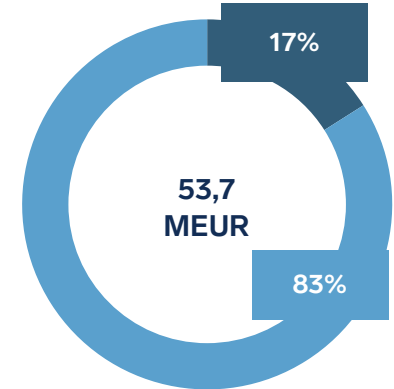


Quarterly development

Group (consolidated)	Q1/2020	Q2/2020	Q3/2020 ¹	
Net sales, MEUR	18,8	18,6	16,3	
EBITA, MEUR, adjusted	3,3	2,5	1,8	
EBITA-%, adjusted	17,3%	13,8%	11,3%	
Group (consolidated)	Q1/2019	Q2/2019	Q3/2019	Q4/2019
Net sales, MEUR	16,7	16,8	13,3	17,3
EBITA, MEUR, adjusted	2,9	2,1	1,2	1,8
EBITA-%, adjusted	17,2%	12,6%	9,2%	10,5%
Growth-%	Q1/2020	Q2/2020	Q3/2020 ¹	
Net sales, growth-%	12,8%	10,6%	22,1%	
EBITA, adjusted, growth-%	13,9%	20,8%	49,2%	

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

Net sales distribution 1-9/2020

By location**By sector****By clientele****Subcontracting**

■ Finland ■ Outside Finland

■ Private ■ Public

■ Top 5 ■ Others

■ Subcontractors ■ Personnel

Guidance 2020

Gofore estimates that for the full year 2020, its net sales will be in the range of EUR 70-76 million (EUR 64.1 million).

Adjusted EBITA is estimated to grow in 2020 from 2019 (EUR 8.0 million).

APPENDIX



Key figures

In thousands of EUR, unless otherwise stated	1-9/2020 ¹	1-9/2019	2019 ²
Net sales	53,668	46,800	64,066
Growth of net sales, %	14.7	29.4	26.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	7,087	6,344	8,214
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	13.2	13.6	12.8
Operating profit before amortisation of goodwill (EBITA), adjusted ³	7,635	6,203	8,020
Operating profit before amortisation of goodwill (EBITA)	6,927	6,203	8,020
Operating profit before amortisation of goodwill (EBITA), margin, %	12.9	13.3	12.5
Operating profit (EBIT)	5,250	4,823	6,116
Operating profit (EBIT) margin, %	9.8	10.3	9.5
Profit for the period	3,588	3,510	4,445

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

² 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.

³ EBITA is operating profit before amortization of goodwill. Adjusted EBITA refers to operating profit before amortization of goodwill (adjusted EBITA) excluding adjusted items. These items refer to the non-recurring expenses and related provisions of the divestment of UK subsidiary, amounting to EUR 0.7 million during the review period.

Key figures

In thousands of EUR, unless otherwise stated	Q1-Q3/2020 ⁴	Q1-Q3/2019	2019
Earnings per share (EPS), undiluted, euros	0.26	0.25	0.33
Number of outstanding shares at the end of the period	14,003,068	14,012,628	14,012,628
Equity ratio, %	50.9	64.5	64.6
Net gearing, %	-20.5	-33.9	-51.0
Return on equity (ROE), % ⁵	15.3	18.2	16.6
Return on investment (ROI), % ⁵	17.4	20.3	18.7
Average overall capacity, FTE	573	510	517
Average subcontracting, FTE	70	54	54
Number of employees at the end of the review period	716	578	582

⁴ Qentinel Finland Oy figures have been combined with the Gofore Group figures from 1 September 2020

⁵ Annualized.

GOFORÉ

Thank you!

