

01 – 06/22

Half-year report 2022

Strategy execution continues to bring great results - net sales +40% and adjusted EBITA +54%

15 AUGUST, 2022
UNAUDITED



GOFORÉ



Happy Birthday to us!

Watch the video of our inspiring story!



<https://youtu.be/Rbohec4uZzo>

Gofore is a growing
and profitable digital
transformation
consultancy

H1 NET SALES

72.5 MEUR

(51.7 MEUR)

40%
Growth

H1 EBITA-%, ADJUSTED

14.8 %

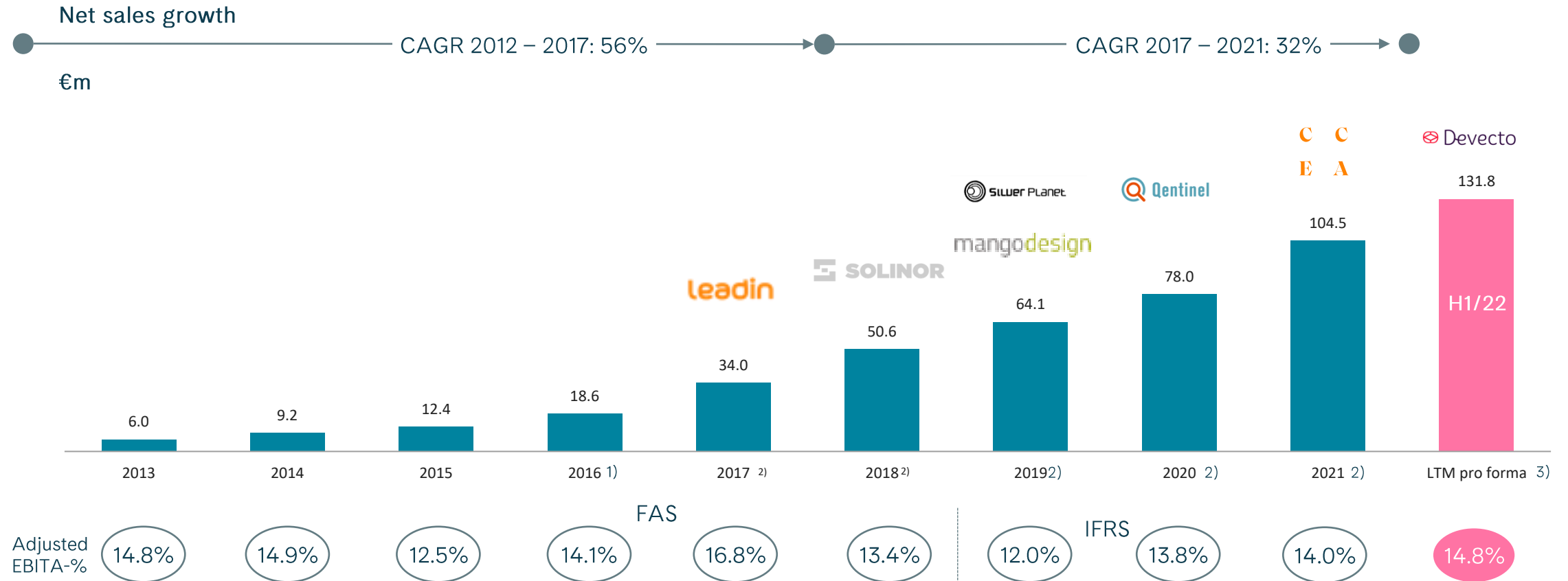
(13.4)

Our aim is always to be

- Growing and profitable
- Constantly renewing
- Impactful and responsible
- International
- Offering exceptional customer & employee experience



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 7/2021-6/2022. The pro forma figure Devecto net sales from 5/2021 onwards.

January-June 2022 Highlights

Strategy execution continues to bring results - 40% net sales growth and 54% improvement of adjusted EBITA



- Net sales grew by 40% to EUR 72.5 (51.7) million. Organic net sales growth accounted for well over half of total growth (25%).
- Adjusted EBITA grew by 54% to EUR 10.7 (6.9) million. Adjusted EBITA %, 14.8, improved from comparison period (13.4%).
- Number of employees grew by 34%, to a total of 1,074 (803) people.
- Net sales from private sector customers grew by 58 % and public sector customers sales by 31%.
- Raise in customer pricing was an average of 4.2% and salary raises on average 5.6% (both excl. Devecto), which means higher prices compensated for the impact of salary raises.
- Net sales generated from outside of Finland grew, share of total net sales remained 9% - growth in both German business and projects delivered from Finland to international customers.
- Business of Devecto, a company acquired in January, has developed as expected.

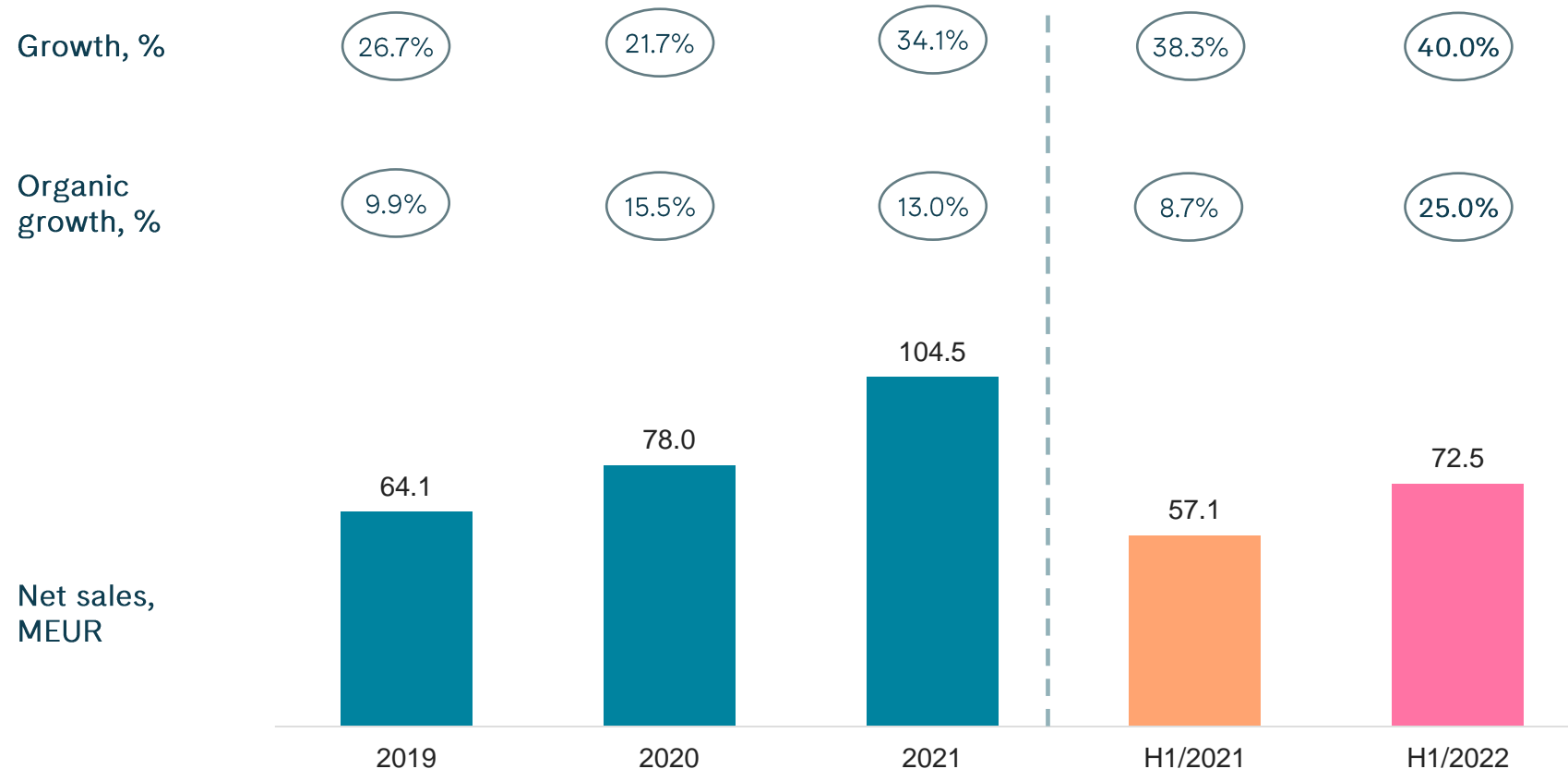
April-June 2022 Highlights

Exceptional spring in sales
- Gofore very successful in public tenders as well as private sector deals

- 40% Group net sales growth to EUR 37.1 (26.4) million, organic net sales growth accelerated (27%)
- 63% adjusted EBITA increase to EUR 5.6 (3.4) million, improved adjusted EBITA %, 15.1% (13.0%)
- Exceptionally active sales throughout the quarter, and Gofore was successful in tenders with e.g. CSC, Ministry of Forest and Agriculture, Tax Administration, City of Helsinki, Finnish Institute of Healthcare and Wellness and Ministry of Finance



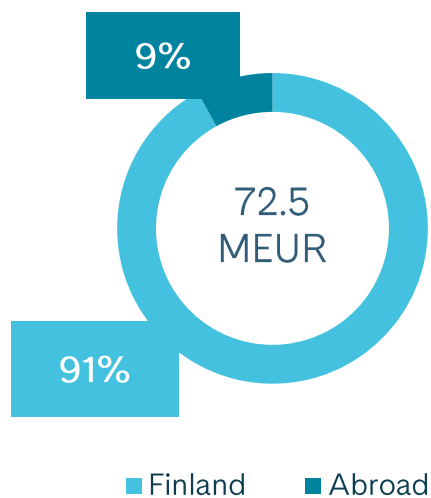
Strong organic growth accelerates



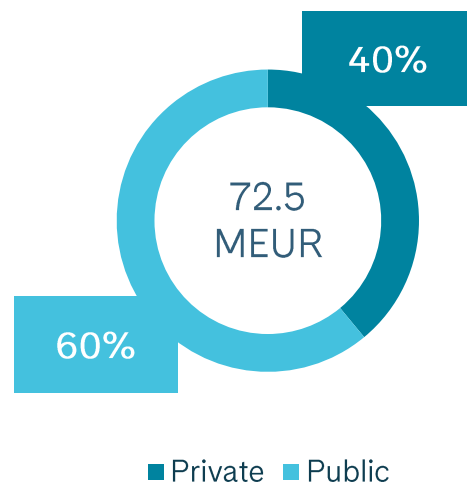
Sales growth, H1/22 y-o-y	
Total	40%
Finland	40%
International	49%
Public sector	31%
Private sector	58%

Net Sales Distribution

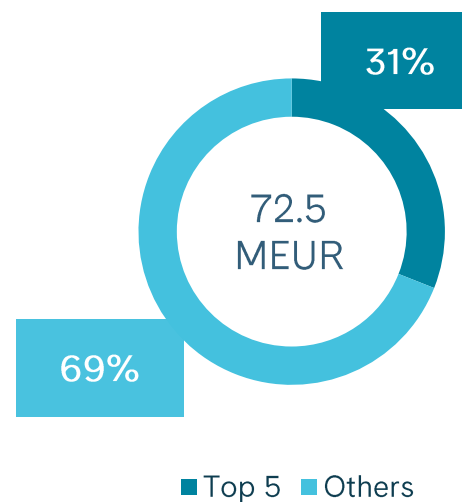
Geographically



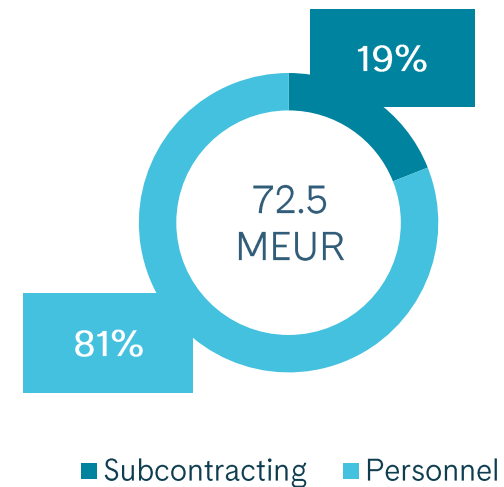
By sector



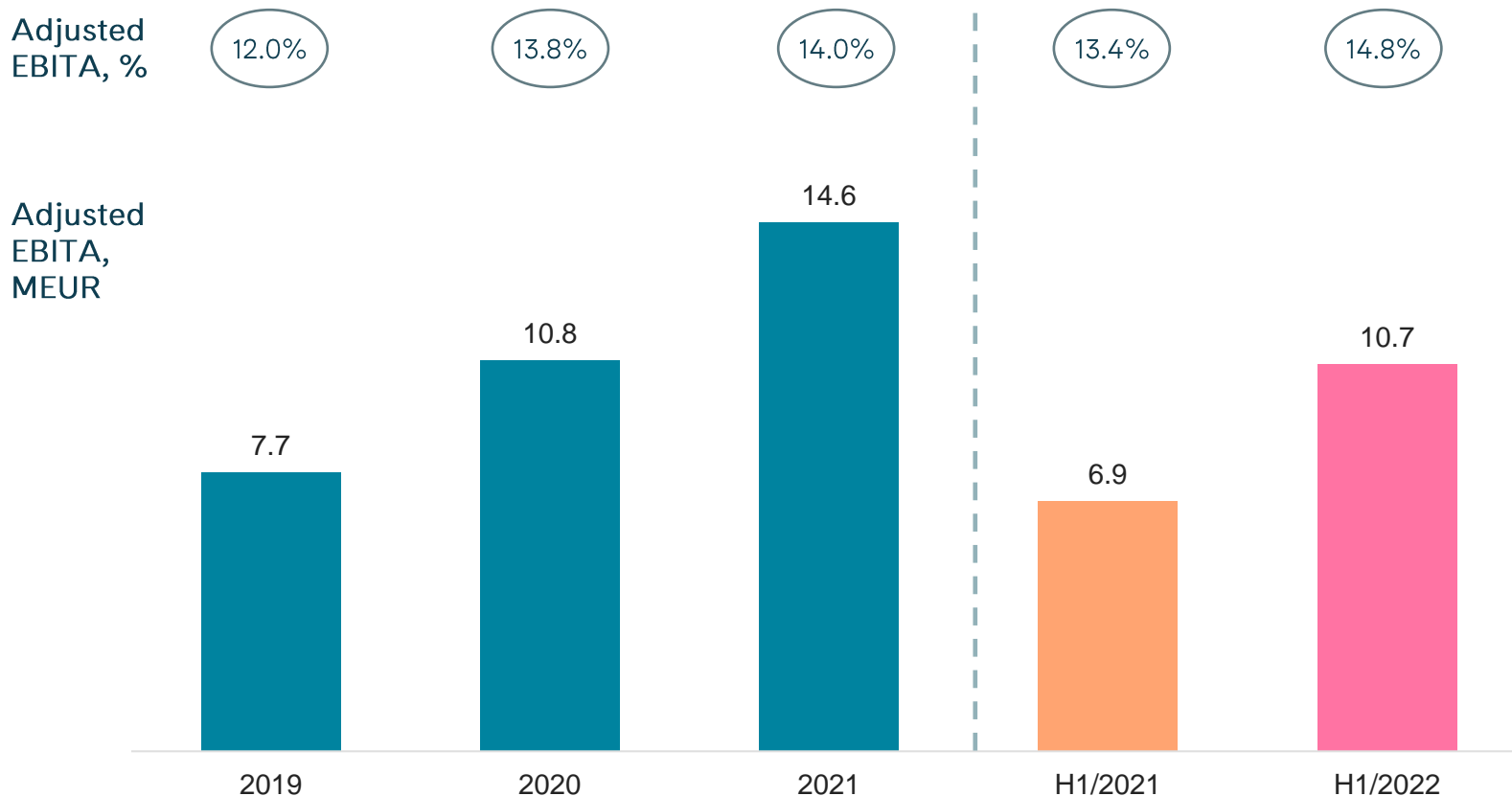
By customer size



Share of subcontracting



Profitability improved further in H1



Strong y-o-y development in H1 / 2022

- Profitability has increased, driven by the Devecto acquisition and strong organic growth
- Raise in customer pricing was an average of 4.2% and salary raises on average 5.6% (both excl. Devecto), which means higher prices compensated for the impact of salary raises
- Billing rate development positive
- Higher than normal sick leave levels affected profitability somewhat

Quarterly Performance

EUR thousand, unless otherwise specified	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Net sales	37,120	35,398	31,203	21,627	26,446	25,232
Organic net sales growth, %	27%	23%	21%	13%	9%	8%
Change in Net sales, %	40%	40%	29%	33%	43%	34%
Adjusted EBITA	5,613	5,109	4,997	2,706	3,438	3,505
Adjusted EBITA, %	15.1%	14.4%	16.0%	12.5%	13.0%	13.9%
Change in Adjusted EBITA, %	63%	46%	53%	44%	40%	11%



Monthly key figures for January-June and key figures for July can be seen in the Half-year Report 2022

Financing

EUR (unless stated otherwise)	30 June, 2022
Cash and cash equivalents	36.0
Interest-bearing net debt	-16.5
Equity ratio	55.7%
Net gearing	-23.5%

Solid financial situation

- Strong cash position
- Solid balance sheet
- Negative debt position
- High equity ratio
- Enables adequate and inexpensive loan financing if needed
- Creates a strong foundation for continuing M&A activity



Long-term target to continue fast and profitable growth

GROWTH

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

PROFITABILITY

15 % adjusted EBITA

DIVIDEND

At least 40 % of annual net profit

Targets remain unchanged from the previous financial report.

Three avenues to reach 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

Growth target exceeded with 40% net sales growth and 25% organic growth in H1/22

Private sector sales increased 58% in H1/22

German business picked up post-pandemic in H1, winning new deals and customers

Devecto acquisition early 2022 ideally completed private sector offering

Selected highlights of growth strategy achievements

Market outlook remains positive

Overarching trend:
Digitalisation continues
– Reinforces demand for
Gofore's cutting-edge
expertise in the long term.



Public sector structural reform continues

Gofore expects digitalisation investments in the Finnish public sector to continue due to continuing digitalisation and the structural reform.

Digital investments remain a priority for private sector

New and more digital products have been a clear priority, and Gofore's comprehensive offering is estimated to be a good fit with private sector demand.

International markets

Markets outside of Finland are developing broadly in line with the Finnish market. Gofore's German team is in increasing demand.

Fight for talent continues

Competition for the best talent will continue in the IT industry. This increases risk of wage inflation, accentuated by the general inflation in the economy.

Short-term risks in the operating environment

● ● ○ ○ ○ LOW RISK

Russian invasion on Ukraine

These risks impacted Gofore's business very little in the reporting period, and therefore Gofore currently sees a low risk.

● ● ● ○ ○ MEDIUM RISK

COVID-19

Higher than normal sick leave levels have, however, affected Gofore's profitability somewhat in the reporting period, and hence despite the slowing down of the pandemic, Gofore still sees a medium risk.

● ● ● ○ ○ MEDIUM RISK

Talent acquisition and salary inflation

Thanks to its strong employer brand and flexible ways of working, Gofore only sees a medium risk in talent acquisition as a whole.

● ● ○ ○ ○ LOW RISK

M&A market

Despite the market trend and M&A activity taking place in Germany, M&A market risk is considered low.

● ○ ○ ○ ○ VERY LOW RISK

Public customer market

Considering its market position, Gofore currently sees a very low risk in the public sector.

● ● ● ○ ○ MEDIUM RISK

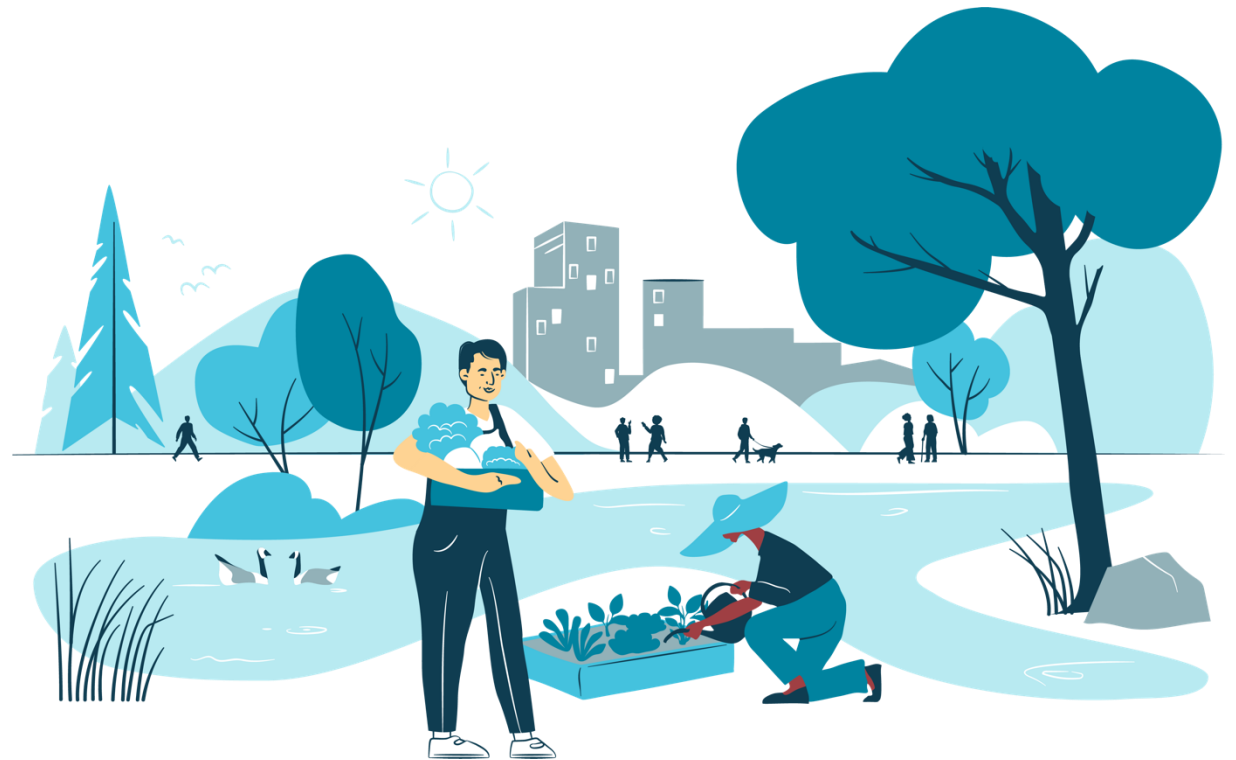
Private customer market

Gofore currently sees a medium risk in the private sector customer segment.



Building a sustainable Finland

- Extensive IT service tendering of the Ministry of Agriculture and Forestry, carried out by the National Land Survey of Finland
- Gofore chosen as no. 1 priority position in cloud development and expert services, and as a subcontractor in testing to long-standing collaborator, Knowit
- Agreement period four years with an optional period of two
- Gofore's objective is to make its share worth a few million euros of net sales p/a



A digital society for all

In the first half of 2022, we made several agreements on promoting the development of an ethical digital society, e.g.:

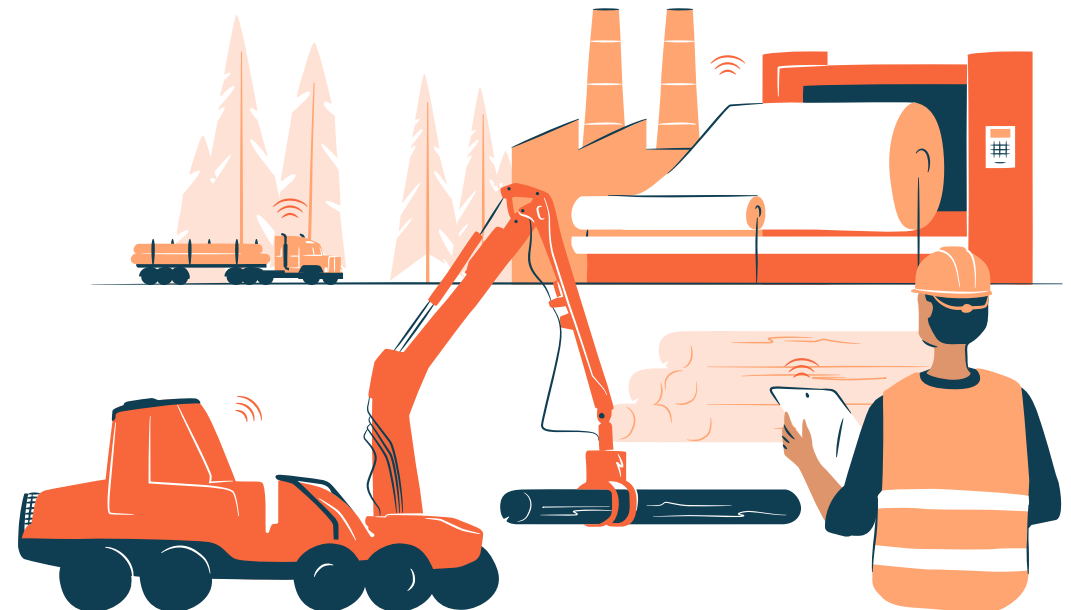
- City of Helsinki:
- Ministry of Foreign Affairs
- Digital and Population Data Services Agency
- Tax administration
- University of Helsinki
- CSC; Digivisio 2030



Ponsse collaboration expanding

A representative example of recent development within the private sector

- Collaboration between Gofore and forestry equipment manufacturer Ponsse expanded significantly as Devecto became part of Gofore in January 2022
- Devecto has been in close cooperation with Ponsse on developing the operational systems of forestry technology since 2016
- Gofore also deepened its collaboration on Ponsse's digital services during 2021
- Partners are now looking into possibilities of using Gofore's extensive digital service development experience in enhancing data driven forest industry functionality in more depth



Germany's business picks up post-pandemic



- A clear change in the business climate during the first half, as customers started to be open to face-to-face meetings
- Gofore able to acquire several new customers and close significant level of orders during H1
- Some of the most significant deals include
 - a full development team for building a digital platform for an industrial device manufacturing company
 - design services for one of the leading sports car brands
 - advisory services for a healthcare sector customer and
 - user interface consultancy and design services for a market leading medical equipment company



Positive direction for people and community

Stronger confidence of Goforeans in the company's positive development resulted in very good development in both community building and recruiting new colleagues.

Month	No. of employees	Full-time equivalent, FTE	Subcontracting, FTE
January	993 (727)	917 (679)	147 (109)
February	1,015 (736)	942 (689)	153 (111)
March	1,043 (792)	968 (735)	155 (118)
April	1,056 (791)	988 (743)	156 (112)
May	1,068 (799)	1,004 (755)	163 (109)
June	1,074 (803)	1,015 (755)	162 (108)
July	1,062 (797)	1,004 (746)	78 (38)

- Number of employees up 26% from year-end 2021, 34% from H1/2021
- Significant improvement in work satisfaction and retaining employees. Attrition rate 6% in H1 (9% in H1/21)
- Record strong recruitment with 230 new hires during H1 reflecting on positive employer brand and effective recruitment operations
- Increase of average salary during H1 was on a healthy level of 2.1%
- Devecto team well integrated into Gofore's systems and services already during Q1
- International team growing faster than Finnish team, driving increased internationalization

Disclosure and guidance

Gofore has recently developed the content of its monthly and quarterly business reviews, in an effort to further improve the company's transparency and more real-time monitoring of financial developments.

Enhancing financial and business reporting also means Gofore no longer makes guidance statements. Before, Gofore may have presented an estimate of the company's revenue or performance guidance in the financial statement release or half-year report. As of February 2022, Gofore has not provided forecasts about the revenue or profit for the financial year.

Pioneering an ethical digital world.



Upcoming financial reporting

- Q3/2022 Business Review on 18 October 2022
- Monthly Business Reviews in the beginning of the next month.
- Financial reporting schedule for 2023 will be published at the end of 2022.

Stay in touch!

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