

GOFORE

Half-Year Report

1 January – 30 June 2021



Gofore Plc's Half-Year Report 1 January – 30 June 2021

Profitable growth continued

January – June 2021 in brief

- Net sales increased by 38.3 per cent, amounting to EUR 51.7 (37.4) million.
- Adjusted EBITA¹ amounted to EUR 6.9 (5.6) million, accounting for 13.4 (15.1) per cent of net sales.
- Operating profit (EBIT) amounted to EUR 5.7 (4.5) million, accounting for 11.0 (12.0) per cent of net sales.
- Earnings per share (EPS) amounted to EUR 0.27 (0.23).
- The number of employees increased by 31.6 per cent, to a total of 803 (610) people.

On 18 February 2021, Gofore announced the acquisition of 95 per cent of the share capital of CCEA Oy, a change execution consulting specialist. The acquisition was completed on 1 March 2021.

On 23 March 2021, Gofore Plc transferred from the Nasdaq First North Growth Market Finland marketplace to the official list of Nasdaq Helsinki Ltd.

On 22 April 2021, Gofore announced that it had carried out a directed share issue of 1,000,000 new shares and raised EUR 19 million as a result.

April – June 2021 in brief

- Net sales increased by 42.5 per cent, amounting to EUR 26.4 (18.6) million.
- Adjusted EBITA¹ amounted to EUR 3.4 (2.5) million, accounting for 13.0 (13.3) per cent of net sales.

Unless otherwise specified, all figures presented in this half-year report in brackets refer to the corresponding period the previous year. The information in the half-year report is unaudited. Information concerning the full year 2020 is based on the audited financial statements for 2020.

¹The company uses adjusted EBITA as a measure for operative profitability. Adjusted EBITA is defined in the calculation formulas of key figures in the tables section. Reconciliation calculations are presented at the end of the section.

Financial guidance for 2021

The company reiterates the financial guidance announced on 5 March 2021. Gofore estimates that the net sales for the financial year of 2021 will increase compared to the 2020 financial year and the adjusted EBITA for the 2021 financial year will increase compared to the 2020 financial year.

Gofore reports and comments on the development of its net sales in its monthly Business Reviews.

Long-term financial targets (announced on 16 December 2020)

Gofore aims for annual net sales growth exceeding 20 per cent, of which organic growth accounts for approximately half. In terms of profitability, Gofore's target is an adjusted EBITA margin of 15%

Key figures

EUR thousand, unless otherwise specified	1 Jan –30 June 2021 ¹	1 Jan –30 June 2020	1 Jan –31 Dec 2020 ²
Revenue (net sales)	51,679	37,376	77,953
Growth of revenue (net sales), %	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%
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

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

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

Quarterly development

Group	Q1/2021 ¹	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 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%		
EBITA, adjusted, growth-%	10.7%	39.5%		

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

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

CEO Mikael Nylund comments on January – June 2021:

Our first half of the year began and ended stronger than ever before.

In the first half of the year, our net sales increased by 38 per cent year-on-year. We are already in the middle of the 16th consecutive financial year of uninterrupted profitable growth. Customer projects in the first half of the year were carried out as planned, and demand in different business areas developed favourably. The past half-year period reinforced our view that the society and companies have accelerated their investments in the development of digital business and services.

Supported by growth, also our profitability improved commendably. The adjusted EBITA for January – June increased to EUR 6.9 million, corresponding to 13.4 per cent of net sales. Towards the end of the first half of the year, our billing rate improved from the lower level in March and April, when the billing rate was particularly affected by the transition between agreement periods with one of our largest customers (KEHA Centre). As the year progressed, we, and the industry in general, witnessed an increase in personnel turnover, as the coronavirus period receded. The increase in personnel turnover naturally affects both growth and profitability.

In Finland, our growth was strong in both the private and public sector customer business. We were particularly successful in public sector tenders, and our net sales to these customers increased by approximately 20 per cent, to EUR 33.3 million. We are delighted that our private sector sales increased substantially, by almost 92 per cent, to EUR 18.4 million, supported by corporate acquisitions. We have developed our offering with a long-term view and have achieved an increasingly strategic role as a partner in the digital transformation of companies. Indeed, the portion of the private sector in our net sales grew to 36 per cent, from 26 per cent a year earlier.

Regarding public sector customers, the business proceeded as planned and we renewed significant agreements with the Tax Administration and the City of Espoo in Finland, among others. Looking ahead, we estimate that the reform of the social and health care services in Finland, along with the investments

made by the EU's recovery tool in sustainable green growth and digitalisation, will increase service demand in the future, especially in the field of IT environment-related planning, project management, procurement expertise and people-driven change management. In projects that have a societal impact, we will be able to utilise technology to reform thinking and operating models and develop more sustainable solutions. This is how we carry out our mission to change the world for the better.

Our international business grew by 10 per cent year-on-year to EUR 4.5 million. In Germany, which is an important target market for us, the coronavirus pandemic has decelerated our new customer acquisition somewhat, but we expect the recovery in the economy and activity to have a positive effect towards the end of the year. Our strategic goal is to grow internationally. In local competition, we are building on our Nordic head start in the successful digitalisation of the public sector and as a specialist in an agile people-driven development and operating model, which is rapidly gaining ground in other markets, as well.

Successful corporate acquisitions form a key part of our growth strategy. In February, we announced our latest acquisition, with CCEA joining our family. CCEA's team of approximately 50 experts enhanced our ability to combine technological and people-driven transformation management and strengthened our expertise in helping customers succeed even in the most demanding of transformation projects. Qentinel Finland's digital testing and quality assurance services acquired last autumn have also been successfully integrated, and our customers have been able to enjoy our increasingly strong and extensive support in implementing their digital transformation.

A satisfied customer is an important source of growth and joy for us. In the latest customer satisfaction survey, the Net Promoter Score was 61 in Finland (scale -100 / +100). This is a very good result and higher than in the measurements taken last year. Our customers especially value our expertise, customer orientation and flexibility in our cooperation.

As part of our growth strategy, we also strengthened the conditions for growth in the capital markets. In March, we made the transition to the Nasdaq Helsinki Main Market. The transition has increased our visibility and awareness and has elevated us to a new reference group in Finland and internationally in the eyes of customers, partners and investors alike. In April, we executed a share issue to international and Finnish institutional investors, which resulted in us raising EUR 19 million to support the implementation of our growth strategy. For its part, the share issue also expanded our ownership base, with international investors subscribing for more than 75 per cent of the shares on offer. Alongside the directed share issue the four company's founders sold a portion of their shareholdings.

Our growth strategy that was updated at the end of last year is spot-on in a world recovering after the coronavirus pandemic and seeking new solutions to global sustainability challenges. We aim to outpace the growth of the IT services market. The growth avenues are: growth in Finland, growth in international markets and growth through mergers and acquisitions. We are well on our way towards our vision of becoming one of the major digital transformation consultancies in Europe.

IT market outlook and operating environment

The coronavirus pandemic has accelerated the digitalisation of the public and private sectors and the related investments. Across the board, these investments are still evolving from the implementation of individual digital services towards organisation-wide digital transformation and the development of digital capabilities. The company expects this development to continue and be reflected in the short and long-term demand. However, it is also worth noting that customers' ability and willingness to invest in digital transformation continues to depend on economic development in both the public and private sectors.

The company still expects digitalisation investments in the Finnish public sector to continue to grow as they did earlier. The inherently long-term nature of public sector IT investments and long-term cooperation agreements with suppliers render demand relatively predictable. The forthcoming structural reforms within the public sector are expected to create new opportunities for investing in digital services. The legislative package adopted by the Finnish Parliament in June 2021 launched the reform of social services and healthcare in Finland. The reform itself is a momentous project, and in the longer term, the acute development need for digitalisation of healthcare will also feature more prominently on the agenda. The company estimates that the EU recovery tool's investment in the green transition and digitalisation for 2021–2023 will also generate increased demand for Gofore's services in the form of public investments. In Finland, traditional large Finnish IT houses and agile providers of new digital services are the main competitors for public sector customers. The competitive landscape has remained stable and Gofore's position in the market is expected to remain strong.

In Finland's private sector, digitalisation remains one of the most important strategic priorities. IT development still partially remains the internal activity of companies and organisations, and companies and organisations hire specialists of the field for various IT tasks. Both domestic and international IT service providers continue to offer top external expertise to Finnish private sector operators. The outlook of the export industry, being of particular relevance for Gofore, is rather good, and the company estimates this will improve investments by export companies also in the field of digitalisation. Investments will focus on new digital services, data management and its utilisation, as well as the development of digitalisation capabilities. Gofore's comprehensive offering of digital advisory services is expected to cater well the private sector demand.

In a business based on top-level expertise, competition for the best talent has continued to intensify. The willingness of specialists, especially of technical experts and software developers, to change jobs has increased across the industry after the initial, calmer stage at the beginning of the corona pandemic, throughout the year. Freelance work, location-independent work, and similar models have also proliferated, propelled by the corona pandemic and the associated remote working models. The demand for skilled workforce will continue to be high and will increasingly also apply to digitalisation experts other than experienced technical and software developers. Due to the high demand, the risk of wage inflation has increased.

Markets outside of Finland, especially in Germany, are developing broadly in line with the Finnish market. Outside of Finland, Gofore's customers are mainly within the private sector. In the long term, the company continues to estimate demand for its services to be on the rise, owing to their extensive market potential.

The effects of the COVID-19 pandemic

In Gofore's main market in Finland, the impacts of the coronavirus pandemic on Gofore's important public and private sector customer segments have remained minor. The uncertainty entailed by the coronavirus has receded or is rapidly receding in many industries. Investments in digitalisation are being prioritised higher. Customers are also investing in improving their own capabilities.

Regarding the markets outside of Finland relevant for Gofore, especially in Germany, the coronavirus pandemic has had a greater direct impact, which has been reflected in a slight decrease in new customer acquisition. In Germany, however, the recovery has been rapid.

Financial review 1 January – 30 June 2021

Net sales development

January – June 2021

During the period of January – June 2021, net sales increased by 38.3 per cent compared to the corresponding period in 2020 and amounted to EUR 51.7 (37.4) million. The growth was primarily attributable to increased volumes as a result of corporate acquisitions and organic growth. The average hourly price of services sold also increased slightly.

The net sales generated from public sector sales increased to EUR 33.3 (27.8) million and the net sales generated from private sector sales increased to EUR 18.4 (9.6) million. The public sector accounted for 64.4 (74.3) per cent of the Group's net sales, and the private sector accounted for 35.6 (25.7) per cent.

In geographic consolidation, the majority of the net sales growth occurred in Finland. The net sales generated from Finland amounted to EUR 47.2 (33.3) million and accounted for 91.3 (89.1) per cent of the Group's net sales. Other countries accounted for 8.7 (10.9) per cent of the Group's net sales, amounting to EUR 4.5 (4.1) million.

During the review period, 18.7 (16.8) per cent, amounting to EUR 9.7 (6.3) million, of Group's net sales were generated through services performed by subcontracting.

April – June 2021

During the period of April – June 2021, net sales increased by 42.5 per cent compared to the corresponding period in 2020 and amounted to EUR 26.4 (18.6) million. The growth was primarily attributable to increased volumes as a result of corporate acquisitions and organic growth. The average hourly price of services sold also increased slightly.

Monthly development of net sales in January – June 2021:

Month (2021)	Net sales (MEUR)	Number of employees	Number of working days in Finland	Overall capacity, FTE ¹	Subcontracting, FTE ²
January	7.5 (6.1)	727	19 (21)	679	109
February	8.1 (5.9)	736	20 (20)	689	111
March	9.7 (6.8)	790	23 (22)	735	118
April	8.5 (6.4)	791	20 (20)	743	112
May	8.8 (6.0)	799	20 (19)	755	109
June	9.1 (6.1)	803	21 (21)	755	108

Unless otherwise specified, all figures presented in brackets refer to the corresponding period the previous year.

¹ The Overall capacity, FTE (Full Time Equivalent) figure shows the overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The personnel capacity of corporate acquisitions has been accounted for as of the date of the acquisition.

² The Subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiceable work, converted into a value corresponding to the number of full-time employees. The subcontracting of the companies acquired by Gofore has been accounted for as of the date of the acquisition.

Profitability

January – June 2021

During the period of January – June 2021, adjusted EBITA increased by 23.3 per cent compared to the corresponding period in 2020 and amounted to EUR 6.9 (5.6) million and accounted for 13.4 (15.1) per cent of net sales.

Adjusted EBITA was affected by add-back of transaction costs from business combinations EUR 0.2 million. Adjusted EBITA in the comparison period was increased by a EUR 0.7 million adjustment of the UK business restructuring costs. The calculation of adjusted EBITA is presented at the end of the tables section.

EBITA for January – June 2021 amounted to EUR 6.8 (4.9) million and accounted for 13.1 (13.1) per cent of net sales.

The proportion of personnel expenses of net sales remained at the level of the comparison period, accounting for 57.8 (57.9) per cent. For January – June 2021, personnel expenses amounted to EUR 29.9 (21.6) million. The increase is attributable to the growth in the number of personnel.

Other operating expenses amounted to a total of EUR 5.4 (4.9) million and accounted for 10.5 (13.1) per cent of net sales. The largest expense items included other personnel expenses, ICT expenses and external services.

Depreciations excluding amortizations of intangible assets related to acquisitions were EUR 1.4 (1.2) million, accounting for 2.6 (3.2) percent of net sales.

Operating profit (EBIT) in January – June 2021 amounted to EUR 5.7 (4.5) million and accounted for 11.0 (12.0) per cent of net sales.

Depreciations and amortizations were EUR 2.4 (1.6) million and accounted for 4.7 (4.3) per cent of net sales

Finance costs and income were EUR -0.7 million. The costs related to listing on the official list of Nasdaq Helsinki Ltd were EUR -0.7 million.

The profit for the financial period amounted to EUR 3.9 (3.2) million.

April – June 2021

During the period of April – June 2021, adjusted EBITA amounted to EUR 3.4 (2.5) million and accounted for 13.0 (13.3) per cent of net sales.

Balance sheet, cash flow and financing

The liquidity of the Group was good and financing position solid. The equity ratio amounted to 56.8 (56.9) per cent, with the net gearing being -30.8 (-29.5) per cent.

At the end of June 2021, the balance sheet total of the Gofore Group amounted to EUR 98.6 (58.0) million, of which shareholders' equity accounted for EUR 55.7 (32.6) million. At the end of the review period, net debt amounted to EUR -17.1 (-9.6) million.

Cash flow from operations improved over the period of January – June 2021 to EUR 4.8 (3.9) million. The cash flow from investments during the review period amounted to EUR -8.8 (-0.8) million. Investments in subsidiary shares during the review period amounted to EUR 8.7 (0.5) million.

Cash flow from financing activities during the period amounted to EUR 16.0 (-5.0) million, including paid dividends of EUR -3.4 million, repayments of lease agreement liabilities of EUR -1.1 million, loan drawdowns of EUR 3.0 million, loan amortisations of EUR -1.2 million and paid share issue, net EUR 18.6 million. At the end of the review period, cash assets amounted to EUR 33.4 (19.5) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 11.4 (5.2) million. Gofore raised a new unsecured loan of EUR 3.0 million during the review period. The loans are associated with the customary covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 June 2021.

During the review period, Gofore Plc signed a binding, unsecured revolving credit facility of EUR 5 million for the short-term general financing needs of the Group, such as corporate acquisitions. At the end of the review period, the credit facility remained undrawn.

Significant customer agreements January – June 2021

During the review period, Gofore concluded new agreements and extended existing agreements with its customers. The company has published the significant agreements in its company and stock exchange releases:

In January (21 January 2021), the Finnish Tax Administration selected a Gofore Group company Qentinel Finland as its preferred service provider for technical project manager services supporting information system development and support. The duration of the framework agreement is six years, and the assignments carried out during the framework agreement period may continue for four years after the expiration of the framework agreement. The estimated total value of the agreement is approximately EUR 10 – 12 million. The agreement is an extension of the previous agreement between the Finnish Tax Administration and Gofore.

In March (10 March 2021), the Finnish Tax Administration selected a Gofore Group company Gofore Lead Oy as its management consulting services provider. The object of the procurement consisted of management consulting services for three different segments: management support based on research services, support for operations development, as well as support for the implementation of the operational models and project management. One provider was selected for each of these. Gofore was selected as the provider for the operations development support segment. The estimated total value of the framework agreement is approximately EUR 8 million. The estimated total value determines the maximum number of orders during the agreement period. The agreement is an extension of the previous agreement between the Finnish Tax Administration and Gofore.

In March (29 March 2021), the City of Helsinki selected Gofore as the service provider for the development of the information system package for the Education Division. The value of the agreement is up to EUR 3 million, spanning the years of 2021 – 2022. The agreement is an extension of the previous agreement between the City of Helsinki and Gofore.

In March (30 March 2021), the City of Espoo selected a Gofore Group company Gofore Lead Oy as its preferred provider of ICT consulting advisory services. The duration of the framework agreement is seven years. The estimated total value of the agreement is approximately EUR 25 million.

Group structure

At the end of June 2021, the Gofore Group consisted of the parent company Gofore Plc and its fully-owned subsidiaries Gofore Germany GmbH, Gofore Spain SL, Gofore Estonia Oü, Gofore Lead Oy, Gofore Vantaa Oy and Qentinel Finland Oy. In addition, also Rebase Consulting Oy, of which the parent company owns 68 per cent, and CCEA Ltd of which the parent company owns 95 per cent, were parts of the Group. Silver Planet Oy's name changed as of 1 January 2021 to Gofore Lead Oy. CCEA Oy became part of the Group on 1 March 2021. CCEA Oy has a fully-owned subsidiary, Celkee Oy.

Corporate acquisitions

On 18 February 2021, Gofore announced it had signed an agreement to acquire 95 per cent of the shares in CCEA Oy, a company specialising in change execution consulting. The purchase price of EUR 6.5 million of the share capital to be acquired consisted of a debt-free price of EUR 6.2 million for the business and a compensation for net cash, at EUR 0.3 million. The purchase price was paid in full as a cash consideration. The transaction was completed on 1 March 2021.

Personnel and offices

At the end of June 2021, the Group employed a total of 803 (610) employees. The number of personnel increased from the corresponding period in 2020 by 31.6 per cent. Growth occurred particularly in Finland, as a result of the CCEA Oy corporate acquisition. The number of employees in Finland amounted to 770 (580), and in the other countries of operation to a total of 33 (30) employees. Gofore's offices are located in Helsinki, Espoo, Jyväskylä, Tampere and Turku. Its offices located outside of Finland are in Brunswick and Munich in Germany, Madrid in Spain, and Tallinn in Estonia.

Research and development

In the review period of January – April 2021, Gofore was conducting a research project called Robins, funded by Business Finland. In addition to Tampere Universities and Gofore, the project consortium included five other advisory companies in Finland. Gofore's Robins project consists of the strategic development projects Capability Accelerator and Digital Gofore. The Capability Accelerator project entailed researching methods for the continuous renewal of the company's competencies and, thereby, of its service offering. The Digital Gofore project entailed studying the company's transformation into an internationally operating player that serves as more of a platform. From 1 January through 30 April 2021, the costs of the project amounted to approximately EUR 0.2 million. Business Finland's subsidy is no more than 40 per cent of the acceptable overall costs of the project, which amounted to approximately EUR 1.6 million during the project period of 1 April 2019 through 30 April 2021. The Robins research project ended during the review period.

In addition, the company was engaged in a project funded by Business Finland, aimed to support business continuity in the coronavirus pandemic and to find novel ways to generate customer value in a changed environment. The project involved, inter alia, the development of new methods for remote working. Business Finland's subsidy is no more than 80 per cent of the acceptable overall costs of the project, which amounted to approximately EUR 0.13 million during the project period of 24 March 2020 through 30 April 2021.

Resolutions of the Annual General Meeting

The Annual General Meeting of Gofore Plc convened on 26 March 2021. Pursuant to the temporary legislation enacted by the Finnish Parliament in an effort to restrain the spread of the coronavirus pandemic, the Annual General Meeting was convened without the presence of the shareholders and their representatives at the meeting venue.

The Annual General Meeting resolved to adopt the financial statements for the financial year 2020 and to grant discharge from liability to all persons who acted as members of the Board of Directors or as the CEO for the financial year 1 January 2020 – 31 December 2020. The Annual General Meeting

authorised the Board of Directors, in accordance with the Board of Directors' proposal, to resolve on the repurchase and/or on the acceptance as pledge of the company's own shares. The Annual General Meeting further authorised the Board of Directors, in accordance with the Board of Directors' proposal, to resolve on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares.

The Annual General Meeting resolved to affirm the company's Remuneration Report for the year 2020 for the governing bodies of the company, enclosed that to the Notice of the Annual General Meeting.

The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Committee, that the members of the Board of Directors be paid a fee of EUR 2,000 per month and the Chairman of the Board of Directors EUR 3,500 per month. In addition, the Annual General Meeting resolved that the members of the Board of Directors be remunerated for committee work of the Board of Directors as follows: the committee chair is to be paid EUR 800 per meeting, and the other members of the committee EUR 400 per meeting. Additionally, all travel expenses of the members of the Board of Directors are to be compensated in accordance with the company's travel policy against receipts.

The Annual General Meeting resolved, in accordance with the proposal of the Shareholders' Nomination Committee, that the number of the members of the Board of Directors shall be five: Timur Kärki, Sami Somero, Mammu Kaario and Juha Eteläniemi were re-elected as members of the Board of Directors and Piia-Noora Kauppi was elected as a new member of the Board of Directors. In its organisation meeting, the Board of Directors elected a chairman from among its members, and Timur Kärki was elected to continue as the Chairman. The term of office of the members of the Board of Directors will continue until the end of the next Annual General Meeting.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to re-elect Auditing Entity KPMG Oy Ab as the company's auditor, with its term of office continuing until the end of the next Annual General Meeting. KPMG Oy Ab has designated Authorised Public Accountant Lotta Nurminen to act as the auditor with principal responsibility. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that the auditor will be paid a fee as per an invoice approved by the company.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that dividend be paid for the financial year 1 January 2020 – 31 December 2020 in the amount of EUR 0.24 per share, i.e., calculated for the shares outstanding at the date of the meeting, a total of EUR 3 372 535.44, and the remaining distributable assets be retained in equity. The date of record for the dividend was 30 March 2021 and the payment date was 8 April 2021.

Authorisation of the Board of Directions to decide on the repurchase and/or on the acceptance as pledge of the company's own shares, and the issuance of shares, share options and other special rights

Gofore Plc's Annual General Meeting of 26 March 2021 resolved to authorise the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the company's own shares in one or more tranches. The maximum number of shares to be acquired amounts to 1,403,692 shares, which corresponds to approximately 10 per cent of the total number of all the shares of the company as per the date of the notice of the Annual General Meeting.

In addition, Gofore Plc's Annual General Meeting authorised the Board of Directors to resolve on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in one or several tranches, either against consideration or gratuitously. The total number of shares to be issued, including shares under options and other special rights, may amount to a maximum of 2,105,540 shares, equivalent to approximately 15 per cent of the total number of shares of the company as per the date of the notice of the Annual General Meeting.

Both authorisations are valid until the closing of the next Annual General Meeting, however, no longer than 30 June 2022, and both authorisations revoke corresponding authorisations previously given by the Annual General Meeting.

All resolutions of the Annual General Meeting are available from the company's Annual General Meeting website at gofore.com/agm2021/

Shares and shareholders

At the end of June 2021, Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,052,231 (14,012,802) company shares. At the end of the review period, the company or its subsidiaries were not in possession of any treasury shares (33 859).

At the end of June 2021, the company had a total of 6,170 (3,348) registered shareholders. Foreign ownership accounted for a total of 0.13 (0.10) per cent. Holders of nominee registered shares owned a total of 14.81 (0.23) per cent of the shares, and the total number of such shares amounted to 2,229,391 (32,570). Households owned 60.65 (75.95) per cent of the shares, private companies 5.49 (5.72) per cent, financial and insurance institutions 24.03 (7.36) per cent, non-profit organisations 0.30 (0.09) per cent and public corporations 9.41 (10.78) per cent.

Announcements of changes in shareholders' holdings

On 23 April 2021, the company announced it had on 23 April 2021 received a notification from Jani Lammi, one of Gofore's founding partners, pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act, stating that Jani Lammi's shareholding and voting power had fallen below the 10 per cent threshold on 23 April 2021. Following the notification, Jani Lammi owns 1,260,000 shares in Gofore, corresponding to 8.37 per cent of the shares and votes in Gofore Plc.

On 23 April 2021, the company announced it had on 23 April 2021 received a notification from Petteri Venola, one of Gofore's founding partners, pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act, stating that Petteri Venola's shareholding and voting power had fallen below the 10 per cent threshold on 23 April 2021. Following the notification, Petteri Venola owns 1,470,000 shares in Gofore, corresponding to 9.77 per cent of the shares and votes in Gofore Plc.

On 23 April 2021, the company announced it had on 23 April 2021 received a notification from Mika Varjus, one of Gofore's founding partners, pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act, stating that Mika Varjus' shareholding and voting power had fallen below the 10 per cent threshold on 23 April 2021. Following the notification, Mika Varjus owns 1,470,000 shares in Gofore, corresponding to 9.77 per cent of the shares and votes in Gofore Plc.

On 23 April 2021, the company announced by means of a managers' transactions notification, a change in the shareholding of one of Gofore's founding partners, Timur Kärki, stating that Timur Kärki had sold 300,000 Gofore shares. Following the notification, Timur Kärki owns 1,575,000 Gofore shares, corresponding to 10.46 per cent of Gofore Plc's shares.

Directed share issue

On 22 April 2021, the company announced it had carried out a directed share issue of 1,000,000 new shares and raised EUR 19 million as a result. The new shares were entered in the Trade Register on 23 April 2021. In connection with the share issue, Gofore's four largest shareholders Jani Lammi, Petteri Venola, Mika Varjus and Timur Kärki, who are also Gofore's founding partners, sold a portion of their shareholdings in Gofore.

Share price development and share trading

The trading volume of the company's shares during January – June 2021 amounted to 3,19 (0,95) million shares, corresponding to approximately 22 (7) per cent of the average number of outstanding shares. The value of the trading amounted to EUR 61.2 (6.8) million.

At the end of June 2021, the company's market value amounted to EUR 273.2 (111.3) million. The closing price of Gofore's share on the last trading day of the review period (30 June 2021) was EUR 18.15 (7.96). The trading volume-weighted average price of the company's share during the review period amounted to EUR 19.21 (7.18). The highest trading price was EUR 24.20 (8.90) and the lowest EUR 16.00 (4.80).

Since March 2021, Gofore Plc's share has been quoted on the official stock exchange list maintained by Nasdaq Helsinki Ltd, under the share trading code GOFORE.

Further information concerning Gofore's share and shareholders is available from gofore.com/invest.

Share-based loyalty and remuneration schemes

In the autumn of 2018, Board of Directors of the company resolved on the implementation of a share savings plan ("CrewShare") for the entire Group's personnel. The Board of Directors resolves annually on the savings periods to be launched under the plan.

The plan is available to all Gofore Group's employees, who are offered the possibility to save a portion of their regular salaries and to allocate the savings towards acquiring shares in the company at a 10 per cent discount, if the Board of Directors of the company so resolves. The accrued savings are allocated towards acquiring Gofore's shares after the expiration of the savings period. The first savings period commenced on 1 November 2018 and ended on 28 February 2019. The second savings period commenced on 1 March 2019 and ended on 29 February 2020. The third savings period commenced on 1 March 2020 and ended on 28 February 2021. The fourth savings period commenced on 1 March 2021 and is due to end on 28 February 2022.

After the two-year ownership period, Gofore will offer employees participating in the plan one matching share for each three shares acquired with the savings by way of gross incentive. The granting of the matching shares is contingent on the participant owning the shares they have acquired throughout the entire ownership period and their employment relationship with Gofore not having been terminated prior to the expiration of the ownership period.

By 30 June 2021, the company has carried out a total of four CrewShare savings periods. The first CrewShare savings period ended on 28 February 2019 and matching shares of the period were granted on 25 March 2021. 186 employees took part in the second CrewShare savings period, and were on 30 June 2021 entitled to 13,757 matching shares. During the third savings period, 208 employees were on 30 June 2021 entitled to 11,244 matching shares based on participation in the period. 326 employees participated in the fourth savings period, and their rights to matching shares will be determined later in connection with the acquisition of shares.

Significant events after the review period

In July (8 July 2021), the Finnish Institute of Occupational Health selected Gofore as its development partner for IT consultancy and maintenance services. The advisory services focus on the development and maintenance of digital services and systems, as well as the related consulting and training. In connection with the procurement, the Finnish Institute of Occupational Health estimated the annual work amount to be 1,200 – 2,000 man-days, based on which the estimated value of the agreement is approximately EUR 0.9 – 1.5 million per year. The agreement is valid until further notice. The agreement is an extension of the previous agreement between the Finnish Institute of Occupational Health and Gofore.

The net sales of the Gofore Group in July 2021 amounted to EUR 2.7 (2.4) million. The number of personnel at the end of the review period amounted to 797. The number of working days in Finland during the period amounted to 22. The overall capacity Full Time Equivalent (FTE) amounted to 746 and subcontracting FTE to 38.

Month (2021)	Net sales, MEUR	Number of employees	Number of working days in Finland	Overall capacity, FTE ¹	Subcontracting, FTE ²
July	2.7 (2.4)	797	22 (23)	746	38

Unless otherwise specified, all figures presented in brackets refer to the corresponding period the previous year.

¹ The Overall capacity, FTE (Full Time Equivalent) figure shows the overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees.

² The Subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiceable work, converted into a value corresponding to the number of full-time employees.

Short-term risks and business uncertainty factors

The company continues to consider that the most notable short-term risks are related to the changes in the company's operating environment caused by the coronavirus pandemic. The prolonged pandemic circumstances are creating uncertainty in the development of customer demand and personnel wellbeing. With the exception of the pandemic circumstances, the company's short-term risks are similar to those in the preceding years.

The company is of the view that negative changes in the investments in IT development within the public sector would pose challenges for the implementation of the company's growth strategy. Similarly, any stiffening in the competitive environment within the company's business segments could impact the profitability and growth of the company.

Succeeding in recruiting skilled personnel and ensuring personnel satisfaction are matters of the utmost importance and failing in same would have an adverse effect on the attainment of the financial targets of the company. Due to the high demand for skilled personnel, the risk of wage inflation has increased.

A vital part of the company's strategy lies in corporate acquisitions and the expansion of its international business. Both of these modes of action geared towards growth entail risks that, if actualised, would pose challenges for maintaining personnel and customer satisfaction, and, naturally, for achieving the company's financial targets.

The company publishes a monthly Business Review, also containing the management's assessment of the development of the business during the review period. This entails the monthly monitoring of any actualisation of risks.

Financial reporting in 2021

Gofore will publish its Q3/2021 Business Review (1 July – 30 September 2021) on Thursday 14 October 2021.

Furthermore, the company publishes a monthly Business Review containing the number of personnel in the Group and the monthly net sales, along with the comparison information, the management's assessment of the development of business operations during the review period, and other key figures that facilitate the monitoring of the implementation of the company's growth strategy.

The financial reporting schedule for 2022 will be published at the end of 2021.

Webcast of the results presentation for the half-year review for 1 January – 30 June 2021

A webcast of the results presentation open for all will be arranged on Friday, 13 August 2021 at 13 p.m. EET. The results will be presented by CEO Mikael Nylund and CFO Teppo Talvinko. The webcast will be held in English and may be followed at <https://gofore.videosync.fi/2021-h1-results>. During the session, attendees can post questions via a chat function for a Q&A session held at the end of the webcast.

The presentations and a recording of the webcast will be available after the event at gofore.com/invest.

Financial information 1 January – 30 June 2021

Tables section

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Revenue (net sales)	51,679	37,376	77,953
Production for own use	104	331	738
Other operating income	80	246	599
Materials and Services			
Purchases	-76	-55	-225
External services	-8,338	-5,278	-12,519
Total materials and services	-8,414	-5,333	-12,744
Employee benefit expenses			
Salaries and compensations	-24,744	-18,200	-37,344
Pensions	-4,113	-2,673	-5,587
Other indirect employee expenses	-1,031	-754	-1,502
Total employee benefit expenses	-29,888	-21,627	-44,433
Depreciations, amortisations and impairment	-2,440	-1,608	-3,579
Other operating expenses	-5,446	-4,891	-9,785
Operating profit (EBIT)	5,675	4,495	8,750
Finance costs	-756	-126	-202
Finance income	23	34	67
Profit before tax	4,942	4,403	8,615
Income tax	-998	-1,169	-1,712
Profit for the financial period	3,944	3,234	6,903
Other Comprehensive Income			
Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations	3	-30	-33
Other comprehensive income, net of tax	3	-30	-33
Total comprehensive income for the financial period	3,948	3,204	6,870
EUR thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Profit/loss for the financial period attributable to:			
Equity holders of the parent	3,905	3,236	6,895
Non-controlling interests	39	-2	8
	3,944	3,234	6,903
Total comprehensive income for the financial period attributable to:			
Equity holders of the parent	3,908	3,206	6,862
Non-controlling interests	39	-2	8
	3,948	3,204	6,870
Earnings per share			
Earnings per share, undiluted	0.27	0.23	0.49
Earnings per share, diluted	0.27	0.23	0.49

Consolidated Statement of Financial Position

EUR thousand	30 Jun 2021	30 Jun 2020	31 Dec 2020
Assets			
Non-current assets			
Goodwill	26,897	16,180	23,311
Other intangible assets	12,469	3,723	10,506
Tangible assets	451	512	461
Right-of-use assets	5,511	5,342	6,835
Investments	0	51	0
Other receivables	764	9	772
Deferred tax assets	19	16	14
Total non-current assets	46,111	25,832	41,899
Current assets			
Trade receivables	14,219	10,209	11,478
Contract assets	1,286	214	434
Other current assets	2,744	1,604	2,441
Income tax receivables	253	0	174
Securities	563	604	544
Cash and cash equivalents	33,399	19,496	21,394
Total current assets	52,464	32,126	36,465
Total assets	98,585	57,958	78,363
Equity and liabilities			
Equity			
Share capital	80	80	80
Translation differences	-9	-10	-12
Fund for unrestricted equity	39,743	20,323	20,515
Retained earnings	15,646	12,239	15,476
Equity attributable to equity holders of the parent	55,460	32,633	36,059
Non-controlling interests	223	13	23
Total equity	55,683	32,646	36,082
Non-current liabilities			
Interest-bearing loans and borrowings	8,750	3,784	7,500
Other interest-bearing liabilities	765	148	767
Lease liabilities	3,477	3,217	4,495
Deferred tax liabilities	2,345	691	1,971
Total non-current liabilities	15,337	7,840	14,733
Current liabilities			
Trade and other payables	11,309	5,430	12,113
Contract liabilities	982	628	1,685
Interest-bearing loans and borrowings	2,600	1,376	2,000
Lease liabilities	2,077	2,155	2,375
Accrued expenses	10,119	7,517	9,137
Income tax payable	468	367	239
Total current liabilities	27,555	17,472	27,549
Total liabilities	42,892	25,313	42,282
Total equity and liabilities	98,575	57,958	78,363

Consolidated Statement of Changes in Equity

1 Jan–30 Jun 2021		Attributable to the equity holders of the parent					
EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2021	80	20,515	-12	15,476	36,059	23	36,082
Profit for the period				3,905	3,905	39	3,944
Other comprehensive income			3		3	0	3
Total comprehensive income	0	0	3	3,905	3,908	39	3,948
Share-based payments		211		64	275		275
Dividends				-3,373	-3,373		-3,373
Share Issue		19,017		-425	18 592	8	18,600
Non-controlling interest		-1			-1	152	151
Equity on 30 Jun 2021	80	39,743	-9	15,646	55,460	223	55,683

1 Jan–30 Jun 2020		Attributable to the equity holders of the parent					
EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2020	80	20,323	21	12,008	32,432	0	32,432
Profit for the period				3,236	3,236	-2	3,234
Other comprehensive income			-30		-30	0	-30
Total comprehensive income	0	0	-30	3,236	3,206	-2	3,204
Share-based payments				174	174		174
Dividends				-2,801	-2,801		-2,801
Purchase of own shares				-409	-409		-409
Acquisition of non-controlling interests					0	15	15
Other changes				31	31		31
Equity on 30 Jun 2020	80	20,323	-10	12,239	32,633	13	32,646

Consolidated Statement of Cash Flows

EUR thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
Operating activities			
Profit before tax	4,942	4,403	8,615
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment	2,440	1,608	3,579
Finance income and expenses	733	92	149
Other adjustments	303	530	-21
Change in working capital	-1,770	-1,624	-1,203
Interest received and paid	-97	-64	-161
Other financial items	-657	0	0
Income tax paid	-1,068	-1,015	-2,003
Net cash flow from operating activities	4,826	3,930	8,955
Net cash flow from investing activities			
Proceeds from sale of tangible and intangible assets	0	0	31
Purchase of intangible assets	-104	-331	-698
Purchase of tangible assets	-22	-7	-75
Proceeds from sale of financial instruments	0	0	139
Acquisition of a subsidiary, net of cash acquired	-8,665	-471	-6,492
Net cash flow from investing activities	-8,791	-809	-7,095
Net cash flow from financing activities			
Treasury shares acquired	0	-409	-468
Repayment of lease liabilities	-1,100	-1,071	-2,192
Proceeds from borrowings	3,000	0	10,000
Repayment of borrowings	-1,150	-702	-6,362
Share issue	19,017	0	0
Transaction costs on issue shares	-425	0	0
Dividends paid to equity holders of the parent	-3,373	-2,801	-2,801
Net cash flow from financing activities	15 969	-4,983	-1,823
Net increase in cash and cash equivalents	12,005	-1,863	36
Cash and cash equivalents at 1 Jan	21,394	21,358	21,358
Cash and cash equivalents at 31 Dec	33,399	19,496	21,394

Notes to 1 January – 30 June 2021 Half-Year report

Distribution of net sales

Net sales by customer sector			
EUR thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	2020
Private sector sales	18,417	9,603	20,116
Public sector sales	33,262	27,773	57,837
Net sales, Group total	51,679	37,376	77,953

Net sales by origin of customer			
EUR thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	2020
Finland	47,187	33,285	69,880
Other countries	4,491	4,091	8,073
Net sales, Group total	51,679	37,376	77,953

Timing of revenue recognition			
EUR Thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	2020
Services transferred at a point in time	266	114	273
Services transferred over time	51,413	37,261	77,680
Net sales Group total	51,679	37,376	77,953

Intangible assets

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1 January 2021	414	8,427	2,577	0	0	0	895	12,359	23,312	35,670
Additions	0	0	0	0	0	0	104	104	0	104
Business combinations	258	1,559	861	66	200	101	0	3,045	3,586	6,630
30 June 2021	672	10,031	3,438	66	200	101	999	15,507	26,897	42,404
Amortisation and impairment										
1 January 2021	-69	-1,360	-406	0	0	0	-17	-1,853	0	-1,853
Amortisation	-132	-661	-263	-4	-22	-14	-88	-1,186	0	-1,186
30 June 2021	-201	-2,022	-669	-4	-22	-14	-106	-3,038	0	-3,038
Net book value										
1 January 2021	345	7,112	2,171	0	0	0	878	10,506	23,312	33,818
30 June 2021	470	8,010	2,769	62	178	86	893	12,469	26,897	39,366

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1 January 2020	0	3,272	1,067	0	0	0	157	4,496	16,180	20,676
Additions	0	0	0	0	0	0	331	331	0	331
30 June 2020	0	3,272	1,067	0	0	0	488	4,827	16,180	21,006
Amortisation and impairment										
1 January 2020	0	-532	-144	0	0	0	-7	-684	0	-684
Amortisation	0	-327	-89	0	0	0	-4	-420	0	-420
30 June 2020	0	-860	-233	0	0	0	-11	-1,104	0	-1,104
Net book value										
1 January 2020	0	2,740	923	0	0	0	150	3,812	16,180	19,992
30 June 2020	0	2,412	834	0	0	0	477	3,723	16,180	19,903

Tangible assets

EUR thousand	Machinery and equipment	Other tangible assets	Total
Cost			
1 January 2021	879	396	1,275
Additions	114	0	114
Business combinations	-5	0	-5
Disposals	988	396	1,384
30 June 2021	879	396	1,275
Depreciations and impairment			
1 January 2021	-631	-184	-815
Depreciation charge for the year	-91	-28	-118
30 June 2021	-721	-211	-933
Net book value			
1 January 2021	248	212	461
30 June 2021	266	185	451

EUR thousand	Machinery and equipment	Other tangible assets	Total
Cost			
1 January 2020	856	323	1,179
Additions	6	51	57
Disposals	-22	0	-22
30 June 2020	839	374	1,213
Depreciations and impairment			
1 January 2020	-458	-136	-594
Depreciation charge for the year	-86	-22	-108
30 June 2020	-544	-157	-701
Net book value			
1 January 2020	397	187	585
30 June 2020	295	217	512

Leases

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1 January 2021	6,730	105	6,835
Additions	105	32	138
Disposals	-829	-35	-864
Depreciation charge for the year	-592	-6	-598
30 June 2021	5,414	96	5,511
1 January 2020	5,227	83	5,309
Additions	1,138	10	1,147
Disposals	-29	-4	-33
Depreciation charge for the year	-1,051	-30	-1,081
30 June 2020	5,284	58	5,342

Corporate acquisitions

During the review period, Gofore acquired 95 per cent of the share capital of CCEA Oy. A preliminary calculation of acquisition cost is presented in the table below. The purchase price EUR 6.5 million was paid as cash consideration. The values of the acquired assets at the time of acquisition were as follows:

EUR thousand	CCEA Oy
Purchase price	
Consideration paid in cash	6,456
Consideration paid in shares	0
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer relationships	1,559
Trademarks	258
Non-compete agreements	861
Technology based intangibles	66
Models and templates	200
Capitalized development expenditure	101
Intangible assets	3,045
Tangible assets	114
Other assets	1,142
Cash and cash equivalents	561
Total assets	4,862
Liabilities	
Interest and non-interest bearing liabilities	1,252
Deferred tax liability	589
Total liabilities	1,841
Total identifiable net assets at fair value	3,021
Non-controlling interest	-151
Goodwill arising on acquisition	3,586
Cash flow impact of acquisitions	
Consideration paid in net cash	6,456
Cash and cash equivalents	-561
Expenses related to the acquisition	195
Net cash flow on acquisition	6,090

Financing

The fair values of financial assets and liabilities are materially consistent with their carrying amounts. For this reason, they are not presented separately in a table format in this half-year report. Gofore Plc had unsecured MFI financing loans of EUR 11.4 (5.2) million at the end of the review period. Gofore raised a new EUR 3.0 million unsecured loan during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 June 2021.

During the review period, Gofore Plc signed a binding, unsecured revolving credit facility of EUR 5 million for the short-term general financing needs of the Group, such as corporate acquisitions. The credit facility remained undrawn throughout the review period.

Related party transactions

There were no sales, purchases, receivables or payables with related parties during the review period. The remuneration of the Board of Directors, Group CEO and members of the Group executive management team is published in the annual financial statements.

Commitments

EUR thousand	30 Jun 2021	30 Jun 2020	31 Dec 2020
Pledges on loans	0	7,840	0
Commitments total	0	7,840	0

Accounting principles

This half-year report was prepared in accordance with the IAS 34 Interim Reports standard, applying the same accounting principles and calculation formulas as in the audited financial statements for 1 January – 31 December 2020. The figures presented for the half-year period are unaudited. Information concerning the full year 2020 is based on the audited financial statements for 2020. Amendments to the standards taking effect in 2021 did not affect the group. The fair values of financial assets and liabilities are materially consistent with their carrying amounts. For this reason, they are not presented separately in table format in this half-year report.

In April 2021, the IFRS IC finalized its agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision, the IFRS IC considered whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the Group has cloud computing arrangements in place, it has started to analyse whether this agenda decision has an impact on the accounting policies applied to implementation costs in cloud computing arrangements. The Group will undertake this analysis during fall 2021, and any impacts will be implemented retrospectively, latest in the financial statements 2021.

Calculation formulas of Key Figures

EBITDA	=	Operating profit + depreciations and amortisation	
EBITDA margin, %	=	$\frac{\text{Operating profit + depreciations and amortisation}}{\text{Net sales}}$	x 100
Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA)	=	Operating profit + amortisation of intangible assets identified in PPA + impairment of goodwill	
Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA) margin -%	=	$\frac{\text{Operating profit + amortisation of intangible assets identified in PPA + impairment of goodwill}}{\text{Net sales}}$	x 100
Operating Profit (EBIT) margin -%	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x 100
Earnings per share (EPS), diluted, euros	=	$\frac{\text{Profit for the period attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the financial period adjusted for share issues}}$	x 100
Return on equity (ROE) -%	=	$\frac{\text{Profit for the period (annualised)}}{\text{Average shareholder's equity}}$	x 100
Return on investment (ROI) -%	=	$\frac{\text{Profit before taxes (annualised) + financial expenses (annualised)}}{\text{Average shareholder's equity + average interest-bearing loans and borrowings}}$	x 100
Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}}$	x 100
Net gearing, %	=	$\frac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and Non-current investments}}{\text{Shareholders' equity}}$	x 100

Average overall capacity, FTE = The Average overall capacity, FTE (Full Time Equivalent) figure shows the overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The capacity of acquired companies personnel has been considered as of the acquisition date.

Average subcontracting, FTE = The Average subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiced work, converted into a value corresponding to the number of full-time employees. Subcontracting used by acquired companies has been included as of the acquisition date.

Number of employees at the end of financial period = The number of employees at the end of the financial period.

Alternative Performance Measures

Adjusted EBITA = Reported EBITA + (+ goodwill impairment +/- costs/gains directly related to acquiring business combinations + restructuring costs of business structure - gains of sales of fixed assets + losses of sales of fixed assets).

Adjusted EBITA and EBITDA EUR thousand	1 Jan–30 Jun 2021	1 Jan–30 Jun 2020	1 Jan–31 Dec 2020
EBIT	5,675	4,495	8,750
Amortisation of intangible assets identified in PPA	1,083	416	1,158
EBITA	6,758	4,911	9,908
Transaction costs from business combinations	195	-	321
Restructuring costs	-10	719	562
Gains or losses from sales of fixed assets	0	-	-13
Adjusted EBITA	6,943	5,629	10,778
EBIT	5,675	4,495	8,750
Depreciations	1,357	1,192	2,421
Amortisation of intangible assets identified in PPA	1,083	416	1,158
EBITDA	8,115	6,102	12,329

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Gofore Plc is a digital transformation consultancy with some 800 impact-driven employees across Finland, Germany, Spain and Estonia – top experts in our industry who are our company's heart, brain, and hands. We use our holistic service offering – consulting, coding, design and verification – as tools to incite positive change. We care for our people, our customers, and the surrounding world. Our values guide our business: Gofore is a great workplace that thrives on customer success. In 2020, our net sales amounted to EUR 78 million. Gofore Plc's share is listed on the Nasdaq Helsinki Ltd. in Finland. Get to know us better at www.gofore.com.

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