

GOFORE

Financial Statements Release 2020



Gofore Plc Financial Statements Release 1 January–31 December 2020

Gofore continued strong growth – profitability improved

January–December 2020 in brief

- Revenue grew 21.7% to EUR 78.0 (64.1) million.
- Adjusted EBITA¹ was EUR 10.8 (7.7) million, corresponding to 13.8% of revenue (12.0%).
- Operating profit (EBIT) was EUR 8.8 (6.6) million, corresponding to 11.2% of revenue (10.3%).
- The number of employees increased by approximately 24% to a total of 724 people (582).
- Acquisition of Qentinel Finland Oy, a specialist in digital quality assurance and testing automation, in September 2020.

July–December 2020 in brief

- Revenue grew 32.5% to EUR 40.6 (30.6) million.
- Adjusted EBITA¹ was EUR 5.1 (2.9) million, corresponding to 12.7 % of revenue (9.4%).
- EBIT was EUR 4.3 (2.4) million, corresponding to 10.5% of revenue (7.9%).

The figures presented in this release are based on audited financial statements that have been prepared in accordance with the International Financial Reporting Standards (IFRS). The company adopted the IFRS-based reporting for the financial period ended 31 December 2020. The quarterly and half-yearly figures are unaudited. The figures presented in parentheses in this review refer to the comparison period, the same period in 2019, unless otherwise specified.

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

Dividend proposal

The Board of Directors proposes to the Annual General Meeting 2021 a dividend of EUR 0.24 (0.20) per share for the financial period 1 January–31 December 2020.

Financial guidance for 2021

Gofore estimates its 2021 revenue to grow compared to 2020 and its adjusted EBITA to grow in 2021 compared to 2020.

The company publishes a monthly business review, which includes management's assessment of business development during the review period. This facilitates monthly monitoring of the company's growth strategy.

Key figures (IFRS)

EUR thousand, unless otherwise specified	7-12/2020	7-12/2019	1-12/2020 ²	1-12/2019 ¹
Revenue	40,577	30,613	77,953	64,066
Growth of revenue, %	32.5%	18.2%	21.7%	26.7%
EBITDA	6,227	3,818	12,329	9,223
EBITDA margin - %	15.3%	12.5 %	15.8 %	14.4%
EBITA, adjusted	5,149	2,875	10,778	7,710
EBITA, adjusted, margin - %	12.7%	9.4%	13.8%	12.0%
EBITA	4,998	2,830	9,908	7,296
EBITA margin - %	12.3%	9.2%	12.7%	11.4%
Operating profit (EBIT)	4,255	2,414	8,750	6,620
Operating profit (EBIT) margin - %	10.5%	7.9%	11.2%	10.3%
Profit for the period	3,669	1,879	6,903	5,096
Earnings per share, EPS (diluted) ³	0.26	0.13	0.49	0.37
Return on equity (ROE), %	20.4%	12.0%	20.2%	18.7%
Return on investment (ROI), %	17.4%	11.0%	17.6%	17.2%
Equity ratio - %	47.0%	58.1%	47.0%	58.1%
Net gearing - %	-15.4%	-31.9%	-15.4%	-31.9%
Average overall capacity, FTE	636	534	597	517
Average subcontracting, FTE	94	49	83	54
Number of employees at the end of the period	724	582	724	582

¹ Silver Planet Oy's figures have been combined with the Gofore Group figures from 15 February 2019 and mangodesign Finke-Anlauff & Anlauff GbR:n figures from 1 July 2019.

² Qentinel Finland Oy figures have been combined with the Gofore Group figures from 1 September 2020.

³ Diluted EPS equals to undiluted EPS.

Quarterly development (IFRS)

Group (consolidated)	Q1/2020	Q2/2020	Q3/2020 ¹	Q4/2020
Revenue, MEUR	18.8	18.6	16.3	24.3
EBITA, MEUR, adjusted	3.2	2.5	1.9	3.3
EBITA-%, adjusted	16.8%	13.3%	11.5%	13.5%
Group (consolidated)	Q1/2019 ²	Q2/2019	Q3/2019 ²	Q4/2019
Revenue, MEUR	16.7	16.8	13.3	17.3
EBITA, MEUR, adjusted	2.8	2.0	1.1	1.7
EBITA-%, adjusted	16.9%	12.0%	8.5%	10.1%
Growth-%	Q1/2020	Q2/2020	Q3/2020 ¹	Q4/2020
Revenue, growth-%	12.8%	10.6%	22.1%	40.6%
EBITA, adjusted, growth-%	12.1%	22.5%	66.0%	87.5%

¹ Qentinel 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 mangodesign Finke-Anlauff & Anlauff GbR:n figures from 1 July 2019.

CEO Mikael Nylund comments on year 2020:

2020 did not let us and our customers off very easy, but we managed the roller coaster caused by the Covid-19 pandemic well. Continuous change and agility are the strengths of Gofore's culture that helped us even in this new situation. At Gofore, the transition to working remotely was a great success, and this further deepened our strengths: our sense of community, transparency, and openness.

Although general uncertainty in the business environment increased, 2020 was a good year in business terms. Compared to the previous year, our revenue increased by approximately 22% to EUR 78 million and adjusted EBITA grew by approximately 40% to EUR 10.8 million. Revenue growth has now continued uninterrupted for 16 consecutive financial years. Our customer projects were mainly carried out as planned, and demand in different business areas developed well. We estimate that the Covid-19 pandemic will accelerate the digitalisation of societies and businesses in both the short and long term.

The last quarter of the year was particularly strong. Our revenue grew by approximately 40% from the comparison period the year before and adjusted EBITA, adjusted for revenue development, grew by 87.5%. Organic growth accounted for about half of the growth, with Qentinel Finland bringing in the other half. An excellent last quarter provides a great starting point for delivering on our growth even in the year that started.

Especially in Finland, we strengthened our position as an agile expert partner to our customers that creates sustainable value. We are a trusted partner of the public sector in particular – it accounted for as much as 74% of our revenue last year. Our international business also grew and developed especially supported by our large customers.

With our growth, we have continued to deepen many of our customer relationships. We strive to be a partner with whom our customers succeed in developing more sustainable solutions using technology. Our indicators of sustainability are, in particular, the positive social, human, every day and environmental impacts of development. Digital solutions are clearly playing an important role in the fight against climate change. With the new Gofore Good Growth concept, we aim to integrate a sustainable development perspective into our customer projects.

With Qentinel Finland Oy's acquisition, completed in September, we expanded our service offering to quality assurance and test automation of information systems and digital services. This improves significantly our ability to serve our customers comprehensively throughout the value chain and act as the lead provider in demanding, large-scale projects.

People are at the core of digitalisation, and Gofore's success depends on the best experts. We do our best at every moment to ensure that our appeal and employee experience are top-notch. In 2020, we received a record number of approximately 2,800 outstanding applications and recruited over 100 new goforeans. In addition, our ranks were strengthened by Qentinel Finland's 104 experts. The large-scale remote work experiment caused by the Covid-19 pandemic shows that a more location-independent approach is possible. Not all work can continue to be done remotely and virtually, but in an industry plagued by a shortage of experts, new opportunities open up for us to find suitable expertise for our customers' needs.

In December, we updated our strategy for the period of 2021–2023 as well as our long-term financial targets. With the strategy update, we affirmed our vision to be one of the most significant digital transformation consultancies in Europe.

We aim to grow faster than the overall IT services market. Business growth is pursued in three areas: continued growth in Finland, growth in international markets and growth through acquisitions. Supported by the updated strategy, we are seeking to continue profitable growth and to strengthen our position as an agile, culturally strong and continuously evolving top digital transformation consultancy.

In December, we also specified the schedule to transfer to Nasdaq Helsinki main market, which will take place during March. The transition will improve our visibility and awareness of us as well as elevate us both domestically and internationally to a new reference group in the eyes of investors, customers, partners.

In 2020, Gofore faced significant changes that we will manage and make the most of. The year was demanding for us goforeans and our customers, but cooperation and trust in the future took us forward. Together, we will continue to build a better world; this work's motto is well aligned with our new brand promise "Pioneering an ethical digital world".

I would like to thank all our stakeholders, especially goforeans and customers, for 2020 – the new year has begun, and I believe that 2021 will be a successful year!

Strategy

Gofore published its updated strategy for 2021–2023 and long-term financial targets on 16 December 2020. The company's strategy was presented in more detail at the Capital Markets Day held on 14 January 2021.

Gofore's vision is to be one of the most significant digital transformation consultancies in Europe.

Gofore wants to strengthen its position as an agile and culturally strong, continuously evolving top expert organisation. Gofore prides itself on its positive impact on society and believes that the value-based responsibility shared among its employees will help in the pursuit of sustainable success.

Gofore strives for growth in all its operating areas and customer segments. The advancement of digitalisation in society and within businesses means that in addition to leveraging cutting-edge technology, customers must have the ability to implement change in their business, organisation, and practices. Gofore aims to differentiate itself from its competitors by serving its customers extensively as a partner in agile digital transformation.

The company provides expert services for comprehensive digital transformation, including digital transformation advisory and digital service implementation, as well as digital quality assurance and testing automation.

Business growth is pursued in three areas: continued growth in Finland, growth in international markets and growth through acquisitions.

1. Continued growth in Finland

In the public sector in Finland, Gofore aims to continue developing into a leading provider of expert services for digital transformation and further strengthening its strong position. Finland is one of the world's leading countries in public digital services, and significant investments in the development of digital services are expected to continue. Gofore strives to support its public sector customers with its extensive and continuously evolving expertise and service offering. Gofore strives to develop its service capabilities to be the most attractive provider of major public sector development projects, providing exceptional customer experience and success stories.

In the private sector, Gofore aims to strengthen its position as a digitalisation service provider. The aim is to grow and develop into a significant partner for companies that develop their business through digital services and better use of data. Gofore's strengths are its versatile, extensive experience gained in large-scale and demanding public sector transformation projects, an agile and efficient operating model and a strong company culture. Through its expertise and commitment, Gofore strives to deliver success to its customers and this way grow into one of the most significant companies serving the private sector in providing digital transformation services.

Gofore expects demand for digital transformation expert services in Finland to remain good among public and private sector customers. This supports Gofore to continue its growth outpacing the overall growth rate of the Finnish IT service market.

2. Growth in international markets

Gofore aims to continue its international growth by leveraging its flexible, scalable and location-independent service platform and by differentiating itself as an agile, technology-independent expert partner in digital transformation.

Gofore of the future is an international and diverse company that is able to serve its large international customers in the best possible way. International business is directed to both the public and private sector IT service markets.

Gofore actively seeks possibilities to acquire internationally operating private and public sector customers that the company is able to serve with its current strengths and existing resources independently of location.

The company has identified Germany as an attractive growth market in which it wants to increase its presence both through organic growth and acquisitions. Germany has a large industrial manufacturing sector where the company can take advantage of its existing industry experience to serve its customers. In Germany, Gofore has an established business and offices in Munich and Brunswick. Sales and customer relationship development in the German-speaking market are carried out by the local organisation.

The aim is to achieve international growth at the same pace as the Group's net sales growth.

3. Growth through acquisitions

As part of its growth, Gofore aims to make acquisitions that support its strategy. Gofore has an excellent track-record in acquisitions during 2017–2020: acquisitions have improved the company's expertise and ability to serve its customers, and increased shareholder value. Gofore continues to develop its capabilities to make successful acquisitions.

In the coming years, approximately half of the growth will be targeted through business and company acquisitions that are well suited to Gofore's business model and culture. Through acquisitions Gofore aims to achieve expertise that supports its strategy, expand its customer base or strengthen its geographical position, while simultaneously ensuring synergies.

Long-term financial targets

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

Market outlook and operating environment

Gofore estimates that the IT services market in Finland will be divided into a public sector market of approximately EUR 1 billion and a private sector market of approximately EUR 3.2 billion. Gofore's market shares in these sectors are estimated at approximately 4% and approximately 1%, respectively.

In Finland, the public sector's investment in digitalisation is estimated to continue previous growth. The long time span inherent in public sector IT investments and long cooperation agreements make demand relatively predictable. Future public sector restructurings will create new opportunities to invest in digital services. The investment in the green transition and digitalisation enabled by the EU's recovery instrument for 2021–2023 (Finland's Sustainable Growth Program) is estimated to create more demand for Gofore's services in the form of public investment. In Finland, public sector customers are

mainly competed by traditional large Finnish and global IT service providers as well as agile, domestic providers of new digital services.

In the private sector in Finland, digitalisation has become one of the most important strategic priorities at present. The dip in business caused by the coronavirus pandemic is levelling off in many industries. IT development is still partly an internal activity within companies and organisations, and specialists in the field are hired by companies and organisations for various IT tasks. The provision of top external expertise to private sector in Finland is carried out by both domestic and international IT service providers.

The development of the market outside Finland relevant to Gofore broadly follows the development of the market in Finland. Outside Finland, Gofore's customers are mainly in the private sector. These customers have been affected by the pandemic, but in the longer term, the company expects the demand for its services to increase due to their high market potential.

Covid-19

The coronavirus pandemic has caused uncertainty in the operating environment. In the public sector, which is important to Gofore, the immediate effects of the pandemic have been minor. Government administration organisations have kept their development projects going. The transition to remote working has affected customers' ability to continue their development projects, but less than expected. For municipalities and joint municipal authorities, the impact has been greater, but especially the largest customers have kept major development projects going. The company estimates that the situation in the public sector will remain similar in 2021 and the impact of the pandemic on demand will vary greatly. In the longer term, demand is influenced by the development of public sector finances and political decisions on investing in digitalisation.

In the private sector, the pandemic has had a greater direct impact, which has been reflected as delays in development projects and cancellations of projects in single cases. Disruptions in customers' own business have also affected customer prices.

The labor market is expected to normalise from lower activity caused by the coronavirus pandemic. Demand is expected to remain strong for skilled employees. The competition for experts continues, with traditional IT companies as well as small and medium, agile companies participating in it.

The company believes that in the long term, the coronavirus pandemic will accelerate digitalisation. Challenges faced by organisations in working remotely and the change in the behaviour of end customers due to the pandemic have shown that digital solutions are increasingly replacing traditional solutions. However, customers' willingness to invest in digital transformation depends on economic development in both the public and private sector.

Financial review 1 January–31 December 2020

Revenue development

January–December 2020

In January–December 2020, revenue grew by 21.7% from the previous year, amounting to EUR 78.0 (64.1) million. The increase was mainly due to the increase in demand, but also to the acquisition of Qentinel Finland Oy as of September.

74% (70%) of Gofore's revenue came from public sector customers, amounting to EUR 57.8 million (EUR 44.8 million) and 26% (30%) from private sector customers, amounting to EUR 20.1 million (EUR 19.3 million). In geographical terms, 90% (91%) of combined revenue came from Finland, amounting to EUR 69.9 million (EUR 58.6 million), and a total of 10% (9%) from other countries, amounting to EUR 8.1 million (EUR 5.5 million). Subcontracting accounted for 19% (16%) of revenue, amounting to EUR 14.6 million (EUR 9.9 million).

Monthly development of revenue in January–December 2020

Month (2020)	Revenue, MEUR (revenue 2019) ¹	Number of employees ²	Number of working days in Finland (number of working days 2019)	Overall capacity, FTE ³	Subcontracting FTE ⁴
January	6.1 (5.2)	587	21 (22)	548	60
February	5.9 (5.3)	578	20 (20)	539	68
March	6.8 (6.1)	585	22 (21)	549	73
April	6.4 (5.5)	596	20 (20)	559	80
May	6.0 (6.2)	606	19 (21)	572	75
June	6.1 (5.1)	610	21 (19)	579	71
July	2.4 (2.2)	609	23 (23)	569	33
August	5.6 (5.3)	612	21 (22)	579	64
September	8.3 (5.9)	716	22 (21)	666	107
October	8.7 (6.6)	718	22 (23)	663	127
November	8.5 (6.0)	727	21 (21)	670	128
December	7.1 (4.6)	724	21 (18)	669	105

¹ Revenue, MEUR (revenue in 2019) indicates the revenue (unaudited) for the month concerned.

² The number of employees at the end of the review period.

³ 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 is included as of the acquisition date.

⁴ 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 is included as of the acquisition date.

July–December 2020

July–December 2020 revenue grew 32.5% from the comparison period in the previous year, to EUR 40.6 million (EUR 30.6 million). The growth reflected the acquisition of Qentinel Finland Oy.

Profitability

January–December 2020

Adjusted EBITA in January–December 2020 was EUR 10.8 million (EUR 7.7 million), corresponding to 13.8% of revenue (12.0%). EBITA in January–December 2020 was EUR 9.9 million (EUR 7.3 million), corresponding to 12.7% of revenue (11.4%).

Operating profit (EBIT) in January–December 2020 was EUR 8.8 million (EUR 6.6 million), corresponding to 11.2% of revenue (10.3%).

Profit for the period was EUR 6.9 million (EUR 5.1 million).

Due to the growth of the number of personnel, the Group's employee benefit expenses increased to EUR 44.4 million (EUR 37.1 million) in January–December 2020, corresponding to 57.0% of revenue (57.8%).

Other operating expenses amounted to EUR 9.8 million (EUR 9.4 million). The largest expense items were other indirect employee expenses, facility expenses and expenses for machinery and equipment. Other operating expenses for the review period include a non-recurring expense of EUR 0.6 million related to the divestment of the operations of the UK subsidiary (Gofore UK Ltd.).

July–December 2020

Adjusted EBITA in July–December 2020 was EUR 5.1 million (EUR 2.9 million) corresponding to 12.7% of revenue (9.4%). EBITA in July–December 2020 was EUR 5.0 million (EUR 2.8 million), corresponding to 12.3% of revenue (9.2%).

Operating profit (EBIT) in July–December 2020 was EUR 4.3 million (EUR 2.4 million), corresponding to 10.5% of revenue (7.9%).

Balance sheet, funding and cash flow

The Group's balance sheet total at the end of December 2020 was EUR 78.4 million (EUR 57.5 million), of which equity amounted to EUR 36.1 million (EUR 32.4 million). Net debt at the end of the review period was EUR -3.8 million (EUR -12.7 million).

The Group's liquidity was good and its financial position strong. The equity ratio was 47.0% (58.1%), with a net gearing of -15.4% (-31.9%).

Cash flow from operating activities in January–December 2020 was EUR 9.0 million (EUR 12.3 million). Cash flow from investments during the review period was EUR -7.1 million (EUR -4.3 million).

Cash flow from financing activities during the period was EUR -1.8 million (EUR -2.0 million), including dividends paid of EUR -2.8 million, repayment of lease liabilities EUR -2.2 million, proceeds from borrowings EUR 10.0 million, repayment of borrowings of EUR -6.4 million and treasury shares acquired of EUR -0.5 million.

Group structure

At the end of the review period, the Gofore Group consisted of the parent company Gofore Plc and the 100% owned subsidiaries Gofore Germany GmbH, Gofore Spain SL, Gofore Estonia Oü, Silver Planet Oy, Gofore Vantaa Oy, Gofore UK Limited and Qentinel Finland Oy, which joined the Group in an acquisition completed on 1 September 2020. Additionally, the Group included Rebase Consulting Oy, which is 70% owned by the parent company, established during the review period. The operations of Gofore UK Limited were divested in the first quarter of 2020. The name of Silver Planet Oy has changed to Gofore Lead Ltd as of 1 January 2021.

Acquisitions

On 1 September 2020, Gofore completed the acquisition of Qentinel Finland Oy, a specialist in digital quality assurance and testing automation, announced on 10 August 2020. The debt-free purchase price was EUR 8.9 million, paid in cash. The transaction also included an additional purchase price based on EBITDA for the financial year 2020, which amounted to EUR 3.4 million, as well as a correction related to working capital and net debt of EUR 0.7 million. The additional purchase price will be paid in March 2021. Qentinel Finland Oy operates as an independent company as part of the Gofore Group and it has been reported as part of the Group as of 1 September 2020.

Personnel and offices

At the end of December 2020, the Group employed 724 (582) people. The number of employees grew due to the organic growth of the business and the acquisition of Qentinel Finland Oy. A total of 692 (540) people worked in Finland and 32 (42) in other operating countries. In Finland, the company has offices in Helsinki, Espoo, Jyväskylä, Tampere and Turku. The offices abroad are located in Brunswick and Munich in Germany, Madrid in Spain and Tallinn in Estonia.

Changes in the Group Executive Team

Teppo Talvinko was appointed CFO and member of the Group Executive Team on 17 April 2020. He took up his position and as a member of the Group Executive Team on 1 May 2020. At the same time, Petteri Venola, who previously held the position of CFO, left his position and the Group Executive Team.

Elja Kirjavainen was appointed Director, Digital transformation and a member of the Group Executive Team on 17 April 2020. He took up his position and as a member of the Group Executive Team on 1 May 2020.

Research and development

In 2020, Gofore was engaged in the "Robins" research project funded by Business Finland. In addition to the Tampere Universities and Gofore, the project consortium includes five other expert companies in Finland. Gofore's "Robins" project consists of the strategic development projects called "Capability Accelerator" and "Digital Gofore". The "Capability Accelerator" project entails researching methods for the continuous renewal of the company's competencies and, thereby, of its service offering. The "Digital Gofore" project entails studying the company's transformation into an internationally operating player that serves as more of a platform. In 2020, the project costs amounted to approximately EUR 1.0 million. The Business Finland subsidy is no more than 40% of the acceptable overall costs of the project, which are estimated to amount to approximately EUR 1.6 million from 1 April 2019 to 30 April 2021.

Additionally, in 2020, the company was engaged in another project funded by Business Finland, which aims to support business continuity in the coronavirus pandemic and to find new ways to generate customer value in a changed environment. In the project new methods for remote working has been

developed, among others. The Business Finland subsidy is no more than 80% of the acceptable overall costs of the project, which are estimated to amount to approximately EUR 0.13 million from 24 March 2020 to 31 March 2021.

In 2020, the company completed a security management system development project launched towards the end of 2019, which resulted in an ISO/IEC 27001 certificate issued for the Group's information systems and data processing processes at the end of December 2020.

Capital expenditure

The company's largest investments comprised the purchase of subsidiary shares and investments in tangible and intangible assets. Investments amounted to EUR 15.1 million in the financial year ended 31 December 2020, 19.4% of revenue.

In 2020, the most significant single investment was the ERP development project launched in 2019. The project aimed to improve the Group's financial reporting and the formation of a continuous situational picture. Approximately EUR 0.7 million of the project's costs have been capitalised as intangible assets to the consolidated balance sheet during the review period.

Resolutions of the Annual General Meeting

The Annual General Meeting of Gofore Plc was held in Tampere on 29 April 2020.

The Annual General Meeting resolved to adopt the financial statements for 2019, and discharged the members of the Board of Directors and the CEO from liability for the financial period 2019. The Annual General Meeting authorised the Board of Directors to resolve on the acquisition of the company's own shares and the issuance of shares as well as the issuance of option rights and other special rights entitling to shares. Additionally, the Annual General Meeting adopted the remuneration policy for governing bodies of the company.

The Annual General Meeting resolved, in accordance with the proposal of the Nomination Committee, that the members of the Board be paid a fee of EUR 1,500 per month and the Chairman of the Board EUR 2,500 per month and, in addition, the Chairman of the Audit Committee be paid a fee of EUR 500 per month provided that he or she does not act as the Chairman of the Board at the same time.

The Annual General Meeting elected five members to the company's Board of Directors. Timur Kärki, Sami Somero and Stefan Baggström were re-elected as members of the Board of Directors and Mammu Kaario and Juha Eteläniemi were elected as new members. The Board of Directors elected Timur Kärki to continue as its Chairman. The Board of Directors' term of office will continue until the end of the next Annual General Meeting.

KPMG Oy Ab was elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. KPMG Oy Ab has announced that Lotta Nurminen, APA, will be the auditor with principal responsibility.

The Annual General Meeting resolved that a Shareholders' Nomination Board be established, and the rules of procedure of the Shareholders' Nomination Board as proposed by the Board of Directors were approved.

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to pay a dividend of EUR 0.20 per share, totalling EUR 2,800,973, based on the adopted financial statements for the financial period ended 31 December 2019. The dividend payment date was 11 May 2020.

Authorisation of the Board of Directors on the acquisition of the company's own shares and the issuance of shares, share options and other special rights

The Annual General Meeting of Gofore Plc on 29 April 2020 authorised the Board of Directors to resolve on the acquisition of the company's own shares in one or more tranches. The maximum number of shares to be acquired and/or accepted as a pledge is 1,401,280 shares, which corresponds to approximately 10% of the total number of shares of the company as at the date of the notice of the Meeting.

Additionally, the 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 payment or without payment. The total number of shares to be issued, including shares under options and other special rights, may amount to a maximum of 1,401,280 shares, equivalent to approximately 10% of the total number of shares of the company on the date of the notice of the meeting.

These authorizations are valid until 30 June 2021 and revoke the previous authorisations given by the Annual General Meetings.

Shares and shareholders

At the end of December 2020, Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), which corresponded to a total of 14,036,927 (14, 012,802) shares. At the end of the review period, the company held 0 (174) own shares.

At the end of December 2020, the company had 5,101 (2,771) registered shareholders. There were 298,497 (54,753) nominee-registered shares, which corresponds to approximately 2.1% (0.4%) of total shares.

In January–December 2020, Gofore Plc's shares were quoted in the First North Growth Market Finland maintained by Nasdaq Helsinki Ltd using the share trading code GOFORE.

Share price development and share trading

During 2020, 2.95 (1.22) million of the company's shares were traded, which is approximately 21% (9%) of the average number of shares outstanding. The total value of the shares traded was EUR 30.0 (9.8) million.

At the end of December 2020, the company's market capitalisation was EUR 240.7 (105.1) million. The closing price on the last day of December (31 December 2020) was EUR 17.15 (7.50). The average price of the company's shares, as weighted by the trading volume, was EUR 10.16 (8.01). The highest share price was EUR 17.80 (9.28) and the lowest EUR 4.80 (7.00).

Repurchase of own shares

In the review period, Gofore carried out the repurchase programme of the company's own shares based on the authorisation given by the 2019 Annual General Meeting (26 March 2019). The shares were acquired between 26 March 2020 and 30 June 2020. During this time, the authorisation given by the Annual General Meeting held on 29 April 2020 revoked the authorisation given by the Annual General Meeting held on 26 March 2019.

During the repurchase program, the company acquired 57,839 of its own shares at an average price of EUR 7.08. The shares were acquired in public trading on Nasdaq Helsinki Oy at the market price at the time of acquisition. The purpose of the repurchase of shares is to use the shares as a part of purchase price in potential corporate acquisitions, as a part of the company's share-based incentive schemes, and otherwise to be transferred, held by the company, or nullified.

Share-based commitment and incentive plans

In connection with the personnel offering in the company's listing on First North Growth Market Finland in 2017, a Matching Share plan was offered for personnel. In the plan, employees who subscribed for shares in the personnel offering would receive one matching share for every three shares subscribed, provided they remain employed by the Group three years after the start of share subscription, and that they have held the acquired shares for the entire period.

At the end of the Matching Share plan 2017 on 30 November 2020, it included 172 persons entitled to a total of 78,156 additional shares under the plan. Under the terms of the plan, approximately half of the amount will be transferred in shares and half will be paid in cash to be used for withholding taxes. The share reward was paid on 30 November 2020 and consisted of a total of 33,859 shares.

In autumn 2018, Gofore's Board of Directors resolved to launch the CrewShare share savings plan for Group personnel. The Board of Directors decides annually on any savings periods to be initiated under the plan. As an incentive for participants in the plan, Gofore will offer one matching share per three shares acquired with savings after a two-year share ownership period. Dividends paid on shares purchased with savings are automatically used to purchase the shares on the next possible purchase date.

At the end of 31 December 2020, there were three savings periods in the CrewShare share savings plan. The first savings period was from 1 November 2018 to 28 February 2019. On 31 December 2020, the company had 128 employees entitled to a total of 5,109 matching shares. In the second savings period from 1 March 2019 to 29 February 2020, there were 152 employees entitled to 14,743 matching shares on 31 December 2020.

On 12 February 2020, the company's Board of Directors decided on the third savings period to be launched under the share savings plan for 2020–2021. The third savings period was from 1 March 2020 to 28 February 2021.

On 11 September 2020, the company's Board of Directors decided to issue a total of 24,125 new shares as part of the CrewShare share savings plan. The new shares are the matching shares acquired for the participants with the savings accumulated during the savings period from 1 March to 31 August 2020. The shares were subscribed for at a price of EUR 7.9466 per share, based on the volume-weighted average share price on Nasdaq Helsinki Oy's First North Growth Market Finland in the period 1–31 August 2020 and a 10% discount calculated therefrom. As at 31 December 2020, 171 Group employees

entitled to 7,914 matching shares participated in the share savings plan.

Additionally, based on the incentive program targeted at Silver Planet Oy's personnel, a total of 24,154 Gofore shares were granted without compensation to Silver Planet Oy's personnel on 28 April 2020.

Significant events after the review period

As part of the updated company strategy, announced on 16 December 2020, Gofore also announced nominations to the Group Executive Team as follows, as of 1 January 2021: Kalle Mäki, General Counsel; Sanna Hilden, Director, People Operations, and Miika Nurminen, Director, Digital Quality Assurance and CEO of Qentinel Finland Oy.

On 21 January 2021, Gofore announced that the Tax Administration in Finland has selected Qentinel Finland, part of the Gofore Group, as its primary provider of technical project management services supporting the development and maintenance of information systems. The duration of the framework agreement is six years and assignments made during the framework agreement period may continue for four years after the end of the framework agreement. The estimated total value of the agreement is approximately EUR 10–12 million. The agreement is a continuation of an earlier agreement between Tax Administration and Gofore.

On 16 February 2021, Gofore announced that the Board of Directors has resolved on the fourth CrewShare share savings period targeted at Group's personnel. The details of the new plan period will mainly be conformed to follow the previous program period's particulars. The new period commenced on 1 March 2021 and end on 28 February 2022.

On 18 February 2021, Gofore announced that Gofore Plc and the sellers of CCEA Ltd., a company specialising in change execution consulting, have signed an agreement whereby Gofore will acquire 95% of the share capital of CCEA Ltd for a purchase price of EUR 6.4 million. The purchase price consisted of a debt-free price of EUR 6.175 million for the business and a compensation for net cash, estimated at EUR 0.255 million. The purchase price is paid in full as a cash consideration of EUR 6.4 million. Gofore estimates the revenue impact of the acquisition to be approximately EUR 6 million in the Group's financial statements for 2021. The acquisition was completed on 1 March 2021.

The digital transformation consultancy business of Gofore Plc was transferred to Gofore Lead Oy in a business transfer on 1 January 2021.

Gofore Group's revenue in January 2021 was EUR 7.5 million (EUR 6.1 million). The number of employees at the end of the review period was 727. The number of working days in Finland during the period was 19. The total capacity Full Time Equivalent (FTE) was 679 and the subcontracting FTE 109.

Month (2021)	Revenue, MEUR (revenue 2020) ¹	Number of personnel ²	Number of working days in Finland (working days in 2020)	Overall capacity, FTE ³	Subcontracting, FTE ⁴
January	7.5 (6.1)	727	19 (21)	679	109

¹ Revenue, MEUR (revenue in 2020) indicates the revenue (unaudited) for the month concerned.

² The number of employees at the end of the review period.

³ 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.

⁴ 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.

Short-term risks and uncertainties

The most significant short-term risks are related to changes caused by the coronavirus pandemic in the company's operating environment. The protracted pandemic situation creates uncertainty regarding the development of customer demand and the well-being of the company's personnel. Apart from the pandemic situation, the company's short-term risks are similar in relation to previous years.

The company sees that negative changes in the investments in public sector IT development would pose challenges to the implementation of the company's growth strategy. Similarly, the tightening of the competitive situation in the company's business areas could affect the company's profitability and growth. The success of recruiting skilled experts and ensuring employee satisfaction are of paramount importance where failure would have a negative impact on the achievement of the company's financial targets. Acquisitions and growing international business are an important part of the company's strategy. Both of these growth-oriented actions include risks that, if realised, would pose challenges in maintaining employee and customer satisfaction and, thus, achieving the company's financial objectives.

The company publishes a monthly business review, which also includes management's assessment of the development of the business during the review period. This means monthly monitoring of the potential realisation of risks.

Board of Directors' proposal for the distribution of dividend

The parent company's distributable equity as at 31 December 2020 amounted to EUR 36.3 million, including the profit for the period, EUR 6.3 million.

The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2021, that a dividend of EUR 0.24 per share be distributed on the basis of the balance sheet for the financial year 1 January–31 December 2020. According to the proposal, a total of EUR 3.37 million will be distributed as dividends and the remaining profit for the period EUR 2.89 million will be retained in equity. The proposed dividend is 49% of earnings per share.

No material changes have taken place in the company's financial position after the balance sheet date, nor does the solvency test referred to in chapter 13, section 2 of the Limited Liability Companies Act affect the amount of distributable funds.

The dividend will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment, 30 March 2021. No dividend will be paid on treasury shares held by the company on the record date. It is proposed that the dividends be paid on 8 April 2021.

Publication of Annual Report, and Annual General Meeting

The Annual Report for the year 2020 will be published on 5 March 2021, and it includes the Board of Directors' Report, Auditor's Report and financial statements 2020. Additionally, a separate Remuneration Statement will be published.

The Annual General Meeting will be held on Friday, 26 March 2021.

Financial calendar in 2021

During the year 2021, Gofore Plc will publish its financial reviews as follows:

- | | |
|--------------------------------------|----------------------|
| • Business Review Q1/2021 | Mon, 19 April 2021 |
| • Half-year financial report H1/2021 | Fri, 13 August 2021 |
| • Business Review Q3/2021 | Thu, 14 October 2021 |

In addition, Gofore publishes a monthly business review that includes the number of employees and monthly revenue with comparable information, management's assessment of the development of the business during the review period, and other key figures that facilitate the monitoring of the company's growth strategy.

Tables section (IFRS)

This financial statements release was prepared applying the same accounting principles and calculation formulas than the audited 2020 financial statements. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). Gofore adopted IFRS in its reporting for the financial period ended 31 December 2020. Presented half-year 2020 figures are unaudited.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR Thousand	7-12/2020	7-12/2019	1.1.-31.12.2020	1.1.-31.12.2019
Revenue (net sales)	40,577	30,613	77,953	64,066
Production for own use	407	121	738	139
Other operating income	353	138	599	175
Materials and Services				
Purchases	-170	-123	-225	-178
External services	-7,241	-3,883	-12,519	-8,493
Total materials and services	-7,411	-4,006	-12,744	-8,671
Employee benefit expenses				
Salaries and compensations	-19,144	-15,273	-37,344	-30,811
Pensions	-2,914	-2,459	-5,587	-5,034
Other indirect employee expenses	-748	-614	-1,502	-1,210
Total employee benefit expenses	-22,806	-18,345	-44,433	-37,056
Depreciations, amortisations and impairment	-1,971	-1,403	-3,579	-2,603
Other operating expenses	-4,894	-4,703	-9,785	-9,430
Operating profit (EBIT)	4,255	2,414	8,750	6,620
Finance costs	-76	-62	-202	-135
Finance income	33	27	67	42
Profit before tax	4,212	2,380	8,615	6,526
Income tax	-543	-501	-1,712	-1,430
Profit for the financial period	3,669	1,879	6,903	5,096
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	41	-33	21
Other comprehensive income, net of tax	-3	41	-33	21
Total comprehensive income for the financial period	3,666	1,920	6,870	5,116
EUR Thousand	7-12/2020	7-12/2019	1.1.-31.12.2020	1.1.-31.12.2019
Profit/loss for the financial period attributable to:				
Equity holders of the parent	3,659	1,879	6,895	5,096
Non-controlling interests	10	0	8	0
	3,669	1,879	6,903	5,096
Total comprehensive income for the financial period attributable to:				
Equity holders of the parent	3,656	1,920	6,862	5,116
Non-controlling interests	10	0	8	0
	3,666	1,920	6,870	5,116
Earnings per share				
Earnings per share, undiluted	0.26	0.13	0.49	0.37
Earnings per share, diluted	0.26	0.13	0.49	0.37

Consolidated Statement of Financial Position

EUR thousand	31.12.2020	31.12.2019	1.1.2019
Assets			
Non-current assets			
Goodwill	23,311	16,180	8,626
Other intangible assets	10,506	3,812	17
Tangible assets	461	585	541
Right-of-use assets	6,835	5,309	4,560
Investments	0	51	51
Other receivables	772	0	0
Deferred tax assets	14	35	7
Total non-current assets	41,899	25,971	13,802
Current assets			
Trade receivables	11,478	8,011	8,544
Contract assets	434	190	179
Other current assets	2,441	1,343	1,104
Income tax receivables	174	20	0
Securities	544	631	0
Cash and cash equivalents	21,394	21,358	15,424
Total current assets	36,465	31,553	25,252
Total assets	78,363	57,524	39,054
Equity and liabilities			
Equity			
Share capital	80	80	80
Translation differences	-12	21	0
Fund for unrestricted equity	20,515	20,323	12,859
Retained earnings	15,476	12,008	9,037
Equity attributable to equity holders of the parent	36,059	32,432	21,976
Non-controlling interests	23	0	0
Total equity	36,082	32,432	21,976
Non-current liabilities			
Interest-bearing loans and borrowings	7,500	4,472	2,614
Other interest-bearing liabilities	0	0	516
Other payables	767	154	0
Lease liabilities	4,495	3,305	2,952
Deferred tax liabilities	1,971	782	0
Total non-current liabilities	14,733	8,712	6,082
Current liabilities			
Trade and other payables	12,113	4,646	4,261
Contract liabilities	1,685	1,734	36
Interest-bearing loans and borrowings	2,000	1,390	1,069
Other interest-bearing liabilities	0	497	0
Lease liabilities	2,375	2,025	1,608
Accrued expenses	9,137	5,927	4,020
Income tax payable	239	161	2
Total current liabilities	27,549	16,380	10,996
Total liabilities	42,282	25,092	17,078
Total equity and liabilities	78,363	57,524	39,054

Consolidated Statement of Changes in Equity

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 1.1.2020	80	20,323	21	12,008	32,432	0	32,432
Profit for the period				6,895	6,895	8	6,903
Other comprehensive income			-33		-33	0	-33
Total comprehensive income	0	0	-33	6,895	6,862	8	6,870
Share-based payments		192		-189	2		2
Dividends				-2,801	-2,801		-2,801
Purchase of own shares				-468	-468		-468
Acquisition of a subsidiary paid in shares					0		0
Acquisition of non-controlling interests					0	15	15
Other changes				31	31		31
Equity on 31.12.2020	80	20,515	-12	15,476	36,059	23	36,082

2019		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 1.1.2019 before IFRS adjustments	80	12,859	11	9,055	22,006	0	22,006
Adjustments of Expected Credit Losses				-30	-30		-30
Adjustments of IFRS 1 Translation differences			-11	11	0		0
Adjusted equity on 1.1.2019	80	12,859	0	9,037	21,976	0	21,976
Profit for the period				5,096	5,096		5,095
Other comprehensive income			21		21		21
Total comprehensive income	0	0	21	5,096	5,116	0	5,116

Share-based payments		314		360	674		674
Dividends				-2,496	-2,496		-2,496
Purchase of own shares					0		0
Acquisition of a subsidiary paid in shares		7,150			7,150		7,150
Acquisition of non-controlling interests					0		0
Other changes				12	12		12
Equity on 31.12.2019	80	20,323	21	12,008	32,432	0	32,432

Consolidated Statement of Cash Flows

EUR thousand	2020	2019
Operating activities		
Profit before tax	8,615	6,526
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment	3,579	2,603
Finance income and expenses	149	73
Other adjustments	-21	751
Change in working capital	-1,203	4,155
Interest received and paid	-161	-137
Income tax paid	-2,003	-1,708
Net cash flow from operating activities	8,955	12,263
Net cash flow from investing activities		
Proceeds from sale of tangible and intangible assets	31	16
Purchase of intangible assets	-698	-139
Purchase of tangible assets	-75	-192
Proceeds from sale of financial instruments	139	0
Acquisition of a subsidiary, net of cash acquired	-6,492	-3,986
Net cash flow from investing activities	-7,095	-4,301
Net cash flow from financing activities		
Treasury shares acquired	-468	0
Repayment of lease liabilities	-2,192	-1,711
Proceeds from borrowings	10,000	3,500
Repayment of borrowings	-6,362	-1,321
Dividends paid to equity holders of the parent	-2,801	-2,496
Net cash flow from financing activities	-1,823	-2,028
Net increase in cash and cash equivalents	36	5 934
Cash and cash equivalents at 1.1.	21,358	15,424
Cash and cash equivalents at 31.12.	21,394	21,358

Formulas of Key Figures (APM)

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) -%	=	$\frac{\text{Profit before taxes (annualised) + financial income and expenses (annualised)}}{\text{Average shareholder's equity + average interest-bearing loans and borrowings}}$	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

The Company determines term “Adjusted EBITA” as follows:

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).
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Gofore applies ESMA (European Securities and Markets Authority) guidelines on alternative performance measures effective from 2016.

Gofore uses and presents the following alternative performance measures to better illustrate the operative development of its business: operating profit before amortization of PPA (EBITA), EBITDA, ROI, ROE, equity ratio and net gearing. PPA amortizations arise from assets recognised in fair value in acquired business combinations.

The items included in the EBITA, adjusted EBITA and EBITDA consist of the following:

Adjusted EBITA and EBITDA	1.1. –31.12.2020	1.1. –31.12.2019
EBIT	8,750	6,620
Amortisation of intangible assets identified in PPA	1,158	677
EBITA	9,908	7,296
Transaction costs from business combinations	321	414
Restructuring costs	562	0
Gains or losses from sales of fixed assets	-13	0
Adjusted EBITA	10,778	7,710
EBIT	8,750	6,620
Depreciations	2,421	1,926
Amortisation of intangible assets identified in PPA	1,158	677
EBITDA	12,329	9,223

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Gofore Plc is a Finland-based digitalisation specialist with international growth plans. Together with our customers, we are pioneering an ethical digital world. We're made up of over 700 impact-driven people across Finland, Germany, Spain and Estonia – top experts in our industry who are our company's heart, brain, and hands. We use consulting, coding and design 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 revenue amounted to EUR 78 million. Gofore Plc's shares are quoted in the Nasdaq First North Growth Market Finland. Learn more: www.gofore.com.

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