GOFORE PLC
FINANCIAL STATEMENTS AND DIRECTORS' REPORT

2018

GOFORE

Year 2018 in brief

Our ability to reform has supported our strong and profitable growth for several years. In 2018, our net sales increased by 49% from the previous year to EUR 50.6 million, and EBITA by 20% to EUR 6.80 million (EUR 5.69 million).

During the year, we reaffirmed our ambition. Our ambition is to constantly develop and renew, be responsible, be international as well as growing and profitable even possibly as a larger company. In 2018, we made the second acquisition in the company's history. We acquired digital consulting company Solinor Oy. At the end of the year, we employed 495 people, which is 32% more than the previous year.

In 2018, we expanded our operations to Estonia by opening a subsidiary there. We also opened an office in Turku, Finland.

Gofore's services cover the entire value chain – We use consulting, coding and design as tools to incite positive change. Gofore's customer base is extensive and comes from various industries. In 2018, 65% of the Group's net sales came from public sector customers and 35% from private sector customers.

Gofore is a Finnish digitalisation specialist with international growth plans.

We help our customers make the most of change.

9/10 OVERALL GRADE ON COOPERATION*

Gofore in numbers

OUR NET SALES INCREASED BY **49%** TO A TOTAL OF EUR 50.6 MILLION

EBITA WAS EUR **6.80** MILLION

OPERATIONS IN NINE LOCATIONS AND FIVE COUNTRIES

* Gofore executes quarterly Customer Satisfaction Pulse polls to track success in projects, how key issues in projects are furthered and overall value of co-operation. The total value for co-operation Gofore got was 9/10 (on a scale of 1 to 10) in 2018.

A word from the CEO

2018 was the first full year for Gofore as a listed company.

We continued our strong and profitable growth for the 14th consecutive year. Our net sales increased by 49% to EUR 50.6 million. We maintained strong growth, even as a larger company. I am particularly happy that we excellently continued to grow organically. We succeeded in finding new customers, recruiting new employees and increasing the number of subcontractors.

Acquisitions also play an important role in our development. In 2018, we acquired Solinor Oy, a digital consultancy company, which joined the Group in the autumn. Solinor was the second acquisition in our company's history. Our previous Leadin Oy acquisition strengthened our service design expertise. Solinor, on the other hand, brought us more strength in the Helsinki area for software development.

EBITA increased by approximately 20% to EUR 6.80 million, representing 13.44% of the Group's net sales. Our profitability weakened compared to the previous financial year. The company's overall billing rate that measures efficiency was somewhat lower during the autumn, which mainly explains the difference in profitability when compared to the previous year. The billing rate was affected by the configuration done by the company and the integration of the acquired companies. Profitability was also influenced by the increase in salaries, subcontracting and the volume of low-margin cloud capacity.

In 2018, about 60% of our net sales came from customer assignments, in which we play a role in implementing information systems. Management consulting, service design and design, cloud transition consulting, project management services and architectural consulting formed the backbone of our other expert services. Demand for our services continued to be high throughout the year. We have been able to continuously renew our expertise so that our services fully meet the growing demand of our customers.

"We continued our strong and profitable growth for the 14th consecutive year."

Data analytics and artificial intelligence are increasingly on the agenda of our customers, as is the development of organisational culture. Businesses and public administration organisations are in the midst of change, with the ever-evolving technology and services that make it possible to do things that could not have been imagined before. The change requires renewal capability, comprehensive development and innovative utilisation of information. Even courage is needed. In this change, we want to support our customers as a partner showing direction, and being the best expert and contributor to change.

Our international business was EUR 5.7 million, corresponding to 11.3% of the Group's total net sales. We are in the early stages of our internationalisation and excited about discovering new opportunities and building a truly internationally significant company.

We can already promise you at this stage that 2019 will be an action-packed year. At the beginning of the year, approximately EUR 9 million worth of new contracts have been signed, as well as continuation of contracts. These are additional to the existing order backlog. In February, our acquisition of Silver Planet Oy further strengthens our position as one of the most significant advisors in digital change.

Net sales growth may be expected to exceed long-term targets, as customer demand continues to be fierce. We aim to generate EUR 71-79 million in net sales, as well as great new search and discovery experiences with our customers.

Timur Kärki
CEO

Financial statements and directors' report

Directors' report

Significant events during the reporting period

During the year, the company's ambition was reaffirmed. The company's ambition is to constantly develop and renew, be responsible, be international as well as growing and profitable. The company also specified its customer relations strategy. The aim is to deepen customer understanding and customer value in the following three segments: Society, Industry, Business.

Solinor Oy, a digital consulting company acquired in autumn 2018, was merged with Gofore Plc at the end of January 2019. With the acquisition, Gofore strengthens its position as one of the leading providers of digital change services and software development in the Helsinki Metropolitan Area.

In November, Gofore expanded its operations in Europe by establishing a subsidiary in Estonia. Additionally, an office in Turku in Finland was opened during the review period.

Net sales

The net sales of the Gofore Group in 2018 were EUR 50.6 million, which was an increase of 49% from the previous year.

Net sales development during 2018

Month (2018)	Net sales, MEUR (Net sales 2017) [1]	Number of employees	Number of working days in Finland	Overall capacity, FTE [2]	Subcontracting, FTE [3]
December	3.8 (3.2)	495	17	460	50
November	5.3 (4.1)	490	22	457	55
October	5.4 (3.9)	481	23	453	55
September	4.7 (3.7)	475	20	443	52
August	4.6 (3.4)	476	23	413	46
July	2.2 (1.3)	419	22	400	24
June	4.1 (3.2)	423	20	405	50
May	4.4 (3.3)	413	21 (+ Ascension day)	389	47
April	4.0 (2.6)	397	20	377	41
March	4.2 (3.3)	392	21	366	49
February	3.8 (2.7)	386	20	354	45
January	4.1 (2.7)	377	22	346	42

[1] Net sales, MEUR (net sales in 2017), reports net sales (unaudited) for that month.
[2] 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.
[3] 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.

Profitability and the development of earnings

In January–December 2018, the EBITDA was EUR 6.96 million, corresponding to 13.77% of net sales.

The EBITA in January–December 2018 was EUR 6.80 million, or 13.44% of net sales.

The EBIT in January–December 2018 was EUR 6.10 million, or 12.05% of net sales.

The executed acquisition created approximately EUR 3.97 million in goodwill on the balance sheet, which is to be amortised in ten years, in accordance with the Finnish Accounting Standards (FAS).

The personnel expenses in January–December 2018 were EUR 27.56 million, or 54.48% of net sales. Salaries and compensations were EUR 22.71 million. This figure increased as the number of personnel increased. The light hierarchy of the Group and the operating methods which are based on a self-steering working culture play a significant role in the management of personnel expenses.

The other operating expenses increased from the same period of the previous year to a total of EUR 8.34 million. The largest expense items were the other personnel expenses, facility expenses, and expenses for machinery and equipment.

Balance sheet, funding and cash flow

The Group balance sheet total on 31 December 2018 was EUR 34.52 million (EUR 29.29 million). The increase of the balance sheet is mainly caused by general growth as well as the acquisition performed.

On 31 December 2018, the equity ratio of the Group was 63.81% (60.82%), with a net gearing of -53.58% (-47.29%). The amount of goodwill on the balance sheet was EUR 8.63 million.
The operating cash flow after interest and direct taxes in January–December 2018 was EUR 7.84 million.

At the end of the financial year, the Group's liquid cash assets were EUR 15.42 million. The interest-bearing debts added up to EUR 4.20 million, consisting of bank loans as well as the rest of the purchase price of the acquisition completed in 2018. Of this amount, EUR 3.13 million was in long-term and EUR 1.07 million in short-term interest-bearing debts. The financing agreement arranges a EUR 1.0 million bank overdraft – at the moment not in use – for the company.

Research and development operations

In February 2017, the company launched the Business Finland (Tekes) funded project 'Kasvu, Kansainvälistyminen ja Digitaalinen Uudistuminen Palveluyrityksessä ("KAKADU")', which aims to develop the company's operations. The project builds on a vision of Gofore being as digital as possible.

The costs from the KAKADU project were approximately EUR 695,000 in 2018. Tekes has agreed to fund the project to a maximum of 50% of the estimated total costs, which were EUR 778,000 in 2017-2018. The KAKADU project ended on 31 October 2018.

During 2018, the company has not had any other significant research and development operations, and therefore no capitalisations have been made on the Group balance sheet.

The company's business areas and organisational structure

Gofore is a digitalisation specialist with international growth plans. The company provides expert and capacity services for corporate customers and public sector operators in Finland and Europe. The company's services are divided into the management of digital change, service design and software development, as well as consultation in the utilisation of cloud services and the offering of cloud capacity.

The parent company, Gofore Plc, is the full owner of the subsidiaries Gofore UK Ltd., Gofore Germany GmbH, Gofore Spain SL, Gofore Estonia Oü, Solinor Oy and Erofog Oy (no business operations).

On 14 February, 2019 Gofore announced that it agreed to acquire the entire share capital of Silver Planet Oy, a digital transformation consulting company. The deal was immediately executed. Silver Planet Oy will continue as an independent company and the company will be reported as part of Gofore Group as of 15 February, 2019.

Personnel and offices

At the end of the review period, the Group employed a total of 495 people, of whom 463 work in Finland and 32 in the overseas offices. In Finland, the company's offices are located in Helsinki, Jyväskylä, Tampere and Turku, and the overseas offices are located in Swansea and London (UK), Munich (Germany) and Madrid (Spain).

The number of personnel increased by 121, which is an increase of 32.4% from the end of the comparison period the previous year (374). The average number of employees during the review period was approximately 432.

The Gofore executive team consists of CEO Timur Kärki; CFO Petteri Venola; COO Topi Koskinen; Sales Director Juha Virtanen; Development Director Erkki Salminen (previously Director of Culture and Competencies); Business Director, management consulting and M&A Mikael Nylund; Director of International Operations Ville Tuominen; Director of Marketing and Communications Riikka Nurminen (on study leave in 2019), and Business Director, Cloud Services Kristiina Härkönen.

Starting on 27 March 2018, the Board of Directors of the parent company consists of Ali U. Saadetdin (chair), Sami Somero, Anne-Mari Silvast, Kristiina Michelsson and Mika Varjus.

Changes to the Group structure

During the reporting period, a subsidiary Gofore Estonia Ltd was established in Estonia. The subsidiary is 100% owned by the parent company.

The acquisition of Solinor Oy was completed on 31 August 2018. Solinor merged with Gofore Plc on 31 January, 2019.

Short-term risks and uncertainties

Risks and uncertainty factors related to the company's operating environment, business operations, finances, and funding have been discussed extensively in the prospectus published by the company on 3 November 2017. No significant changes to these have taken place after the publication of the prospectus.

Resolutions of the Annual General Meeting 2018

The annual general meeting of Gofore Plc was organised in Tampere on 27 March 2018. The annual general meeting confirmed the financial statements for the financial year 2017 and discharged the members of the Board of Directors and the CEO from liability for the accounts. According to the proposal of the Board of Directors, it was decided that EUR 0.15 per share be paid in dividends for 2017, which adds up to a total of EUR 1,942,320. The record date for the dividends payment was 29 March 2018 and the payment date was 10 April 2018.

The annual general meeting selected five members for the company's Board of Directors for a term of office which will end at the end of the next annual general meeting. Ali U. Saadetdin, Sami Somero, and Anne-Mari Silvast were reselected, and Kristiina Michelsson and Mika Varjus were selected as new members of the Board. The Board of Directors selected Ali U. Saadetdin as its chair. The annual general meeting decided that the chair receives a remuneration of EUR 2,500 per month, while the Board members receive EUR 1,500 per month. In addition, all members of the Board will receive compensation of travel expenses on submission of a receipt, according to the company's travel regulations.

The KPMG Oy Ab auditing community was selected as the auditor for the operating period which will continue until the end of the next annual general meeting, with authorised public accountant Teemu Suoniemi as the appointed auditor.

The annual general meeting decided to authorise the Board of Directors to decide on share buyback. The maximum number of shares to be acquired with this authorisation is 1,294,880, in one or more batches, using the company's non-restricted equity. The maximum number of shares to be acquired corresponds to 10% of the company's total shares according to the situation on the date of the notice to the general meeting. However, combined with its subsidiaries, the company may not at any time own more than 10% of its total shares.

The authorisation overrides the authorisation to decide on share buyback granted by the extraordinary general meeting on 16 October 2017, and is valid until the end of the next annual general meeting, but no later than 30 June 2019.

In addition, the annual general meeting decided to authorise the Board of Directors to decide on share issue and the granting of options and other special rights to shares, as referred to in Section 10, chapter 1 of the Limited Liability Companies Act (624/2006), in one or several batches, for a fee or without charge.

The maximum number of shares to be issued, including those issued based on options or other special rights, can be 1,294,880 shares, which corresponds to 10% of the company's total shares according to the situation on the date of the notice to the general meeting. The Board can decide to issue new shares or surrender shares controlled by the company. The authorisation entitles the Board of Directors to decide on the share issue terms as well as the terms on which the options to shares or other special rights are issued, including the right to deviate from the pre-emptive subscription rights of shareholders. The authorisation was intended to be used as compensation in corporate acquisitions, as part of the company's incentive system, or for other purposes decided on by the Board.

The authorisation is valid until the end of the next annual general meeting, but no later than 30 June 2019. The authorisation overrides any previous, unused authorisations regarding share issue and the issuing of options and other special rights to shares.

Shares, shareholders and share-based incentive programmes

At the end of December 2018, Gofore Plc's registered share capital was EUR 80,000.00, which corresponded to a total of 13,117,156 company shares, including 174 of the company's own shares. Own shares represent 0.001% (0.0%) of the total number of shares and votes.

At the end of December 2018, the company had 2,486 registered shareholders. At the end of the review period, 39,760 shares were held outside Finland. There were 42,708 nominee-registered shares, which corresponds to approximately 0.3% of the total shares.

In January–December 2018, Gofore Plc's shares were quoted in the First North market administered by Nasdaq Helsinki using the stock symbol GOFORE.

At the end of December 2018, the company's market value was EUR 110,839,968. From the end of the previous financial period to the end of the review period, the share quotation increased by approximately 20.5%, and the quotation on the last day of December was EUR 8.45 The volume weighted average price of the company's shares was EUR 8.57. The highest share price was EUR 10.34, and the lowest EUR 7.00.

In the Employee Offering in autumn 2017, the Matching Share additional share programme was opened for the employees. The programme offers employees one additional share for each three shares subscribed in the Employee Offering, if they remain employed by the Group three years after the start of the share subscription, and if they have owned the subscribed shares continuously throughout this time.

On 31 December 2018, the company employed 238 people who participated in the Employee Offering and accepted the terms of the additional share programme. According to the programme, these employees are entitled to a total of 107,814 additional shares. Approximately half of this sum is paid in shares, and the other half is paid in money to be used for withholding tax. The company may acquire the shares from the market or direct a share issue to the participants. Calculated with the closing share price on 31 December 2018, the value of the additional shares would have been EUR 911,028.30.

At the end of the financial period on 31 December 2017, the corresponding numbers were 253 employees entitled to a total of 115,436 additional shares.

In spring 2018, the Board of Directors decided on a new share-based employment contract signing bonus. Every new employee will be offered EUR 1,500 worth of shares as an employment contract signing bonus. The bonus shares were offered for a total of 49 employment contracts valid until further notice and signed between 15 February 2018 and 30 June 2018. Based on the average price in the above-mentioned period, the Board of Directors has confirmed a total of 8,526 shares and 174 shares per person as the amount of signature bonuses. The company may acquire the reward shares from the market or direct a share issue to the participants. Calculated with the volume-weighted average share price in October 2018, the value of the bonus shares would have been EUR 83,469.54. The employment of one employee ceased before the dispose of shares, and these 174 share were subsequently transferred to the ownership of Gofore Plc.

In autumn 2018, the Board of Directors announced plans for introducing a share saving programme for the entire personnel. The programme offers employees an opportunity to save a part of their regular wages for the acquisition of the company's shares. Participation in the programme is voluntary, and each employee can participate in the programme for one savings period at a time. The first savings period began on 1 November 2018 and ends on 28 February 2019. After a two-year share ownership period, Gofore will provide one additional share per employee for each of the three shares acquired through savings as a gross bonus. The acquisition of additional shares is subject to the participant owning the shares it has acquired throughout the period of ownership and that his employment with Gofore has not expired before the end of the ownership period. The ownership period ends on 28 February 2021.

On 30 August 2018, the Board of Directors decided on a directed share-issue against payment. A total of 159,830 new shares were issued in the share issue. New shares were used to acquire Solinor Oy and to engage key personnel through share exchange.

Dividend proposal

On 31 December 2018, the distributable funds of the parent company added up to EUR 21,299,119.11 of which EUR 4,755,458.60 was profit for the financial period.

There have been no material changes in the financial situation of the company after the end of the financial year, nor does the solvency test referred to in section 13:2 of the Limited Liability Companies Act (OYL) affect the amount of distributable funds. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.19 (EUR 0.15) be paid for the financial year 2018. The dividend will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date 28 March 2019. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 4 April, 2019. No dividend will be paid on treasury shares held by the company on the record date 28 March, 2019. There are 13,116982 shares entitling to dividend on the date of the distribution proposal, so the total dividend would be EUR 2492,226.58. The remaining distributable funds would be EUR 18,806,892.53.

The dividend per share will increase by 26.7% from the previous year and the proposed dividends are approximately 52% of the parent company's profit for the financial year. The shares resulting from the directed share issue decided by the Board of Directors on 14 February, 2019 are not eligible for dividend for the financial year 2018.

Outlook for 2019

The company has found that its cloud capacity resale from the point of view of new IFRS regulations can be interpreted mainly as agency activity, which should be treated as netted in net sales. In order to prepare for the possible transition to IFRS and when the Finnish Accounting Standards (FAS) makes it possible, the company has decided to deal with the cloud capacity resale as netted as of 1 January 2019. If this accounting principle had been followed in 2018, the company, according to its own estimate, would have reported net sales of approximately EUR 1.0 million lower, as well as materials and services approximately EUR 1.0 million lower.

On 14 February 2019, the company announced that it had acquired the entire share capital of Silver Planet Oy. Gofore estimates that the net sales impact of the deal is approximately EUR 7 million in 2019 in the financial report of Gofore Group.
Taking these changes into account, the company has specified its net sales guidance for the financial year 2019 to EUR 71–79 million. The previous guidance issued for 2019 published on 21 November 2018 was EUR 65–73 million.

Long-term financial goals

The long-term financial objectives defined in 2017 remain unchanged. Gofore is pursuing net sales growth exceeding the growth of the target market, estimated to be an annual 15–25% in the next few years, and an EBITA margin of 15%.

Significant events after the reporting period

On 13 February, 2019, the Board of Directors of Gofore Plc decided on a new savings period 2019-2020 for the CrewShare share savings program, established in 2018. The details of the new savings period are largely in line with the previous savings period.

In addition, as announced on 14 February, 2019, Gofore will issue a free of charge directed share issue to Silver Planet personnel for a total cost of EUR 200.000, including value of issued shares and expenses.

Approximately EUR 9 million worth of new contracts and continuation of contracts has been signed at the beginning of 2019. These are additional to the existing order backlog.

The company's net sales 1 January–31 January 2019 were EUR 5.2 million (2018: EUR 4.1 million). The number of employees at the end of the period was 504. There were 22 working days during the period in Finland. The Overall capacity, FTE was 469, and the subcontracting FTE was 52.

Month (2019)	Net sales, MEUR (net sales 2018)[1]	Number of employees	Number of working days in Finland	Overall capacity, FTE[2]	Subcontracting FTE3[3]
January	5,2 (4,1)	504	22	469	52

[1] Net sales, MEUR (net sales in 2018), reports net sales (unaudited) for that month.
[2] 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.
[3] 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.

Solinor Oy merged with the parent company Gofore Plc on 31 January 2019.

On 14 February, 2019 Gofore announced that it had agreed to acquire the entire share capital of Silver Planet Oy, a digital transformation consulting company. With the acquisition, Gofore will strengthen its position as an advisor in digital change and as one of the most significant builders of digital societies. The deal was immediately executed, so the entire share capital of Silver Planet Oy has been transferred to Gofore. Silver Planet's net sales were EUR 7.2 million and EBIT was EUR 1.8 million (25% of net sales) in 2018. The company employs approximately 40 digitalisation experts at its office in Helsinki and has a wide network of subcontractors. The purchase price of EUR 14.3 million consists of the enterprise value EUR 10.8 million and compensation of EUR 3.5 million for net cash. Gofore estimates that the net sales impact of the deal is approximately EUR 7 million in 2019 in the financial report of Gofore Group. Silver Planet Oy will continue as an independent company and the company will be reported as part of Gofore Group as of 15 February, 2019.

Annual General Meeting 2019

The Annual General Meeting of Shareholdersof Gofore Plc will be held on Tuesday 26 March 2019 at 4:00 pm, at the company's head office at Kalevantie 2, Tampere, Finland.

Financial reporting in 2019

On 14 August 2019, the company will publish a half-year report for January–June 2019.

Summary of the share trading in Nasdaq Helsinki 1 January–31 December 2018

January–December 2018

	Traded shares	Total value	Highest, EUR	Lowest, EUR	Average price (volume weighted), EUR	Latest, EUR
Gofore	644,478	5,525,472	10.34	7.00	8.57	8.45

	31.12.2018	31.12.2017
Market value, EUR	110,839,968	90,771,088
Shareholders (according to the shareholder list maintained by Euroclear Finland Oy)	2,486	2,555

Key figures

Reported

In thousands of euros, unless otherwise mentioned	7-12/2018	7-12/2017[1]	2018	2017[1]
Net sales	25,891	19,583	50,581	33,950
Growth of net sales, %	32.2	97.1	49.0	82.4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	3,049	3,220	6,964	5,817
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	11.8	16.4	13.8	17.1
Operating profit before amortisation of goodwill (EBITA)	2,980	3,145	6,797	5,691
Operating profit before amortisation of goodwill (EBITA) margin, %	11.5	16.1	13.4	16.8
Operating profit (EBIT)	2,563	2,860	6,095	5,359
Operating profit (EBIT) margin, %	9.9	14.6	12.0	15.8
Profit for the period	1,980	1,311	4,732	3,319
Adjusted profit for the period[2]	2,397	2,666	5,434	4,778
Earnings per share (EPS), undiluted, euros	0.15	0.11	0.36	0.28
Adjusted earnings per share (adjusted EPS), undiluted, euros	0.18	0.23	0.41	0.41
Number of outstanding shares at the end of the period[3]	13,116,982	12,948,800	13,116,982	12,948,800
Equity ratio, %	63.8	60.8	63.8	60.8
Net gearing, %	-51.2	-47.3	-53.58	-47.3
Return on equity (ROE), %[3]	19.9	21.6	23.8	30.3
Return on investment (ROI), %[3]	49.8	34.8	24.9	22.5
Average overall capacity, FTE[4]	438	-	405	-
Average subcontracting, FTE[5]	47	-	46	-
Number of employees at the end of the review period	495	374	495	374

Unless mentioned otherwise, the comparisons in this annual accounts and directors' report are presented in relation to the comparable period in 2017. The compared figures include the figures of Leadin Oy, which was acquired in May 2017, from 1 June 2017 onwards.

[1] The Leadin Oy figures are combined with the Gofore Group figures starting on 1 June 2017.
[2] The adjusted profit for the financial period refers to the profit for the financial period to which amortisation of goodwill and the non-recurring funding expenses from listing have been added.
[3] Annualised.

[4] 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.
[5] 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.

This annual accounts and director's report includes the figures for the 2017 pro forma income statement in order to improve comparability and provide additional information. For 2017, the pro forma figures have been combined with the Leadin Group's figures as if the Group had been formed before the beginning of 2017. Pro forma calculations for the period 1 January–30 September 2017, prepared on the basis of a similar consolidation principle, were presented in the listing prospectus published on 3 November 2017 in connection with the listing and share issue for First North Finland market maintained by Nasdaq Helsinki Ltd. The 2018 figures to be compared are the figures reported by the Gofore Group, and these have been combined with the figures of Solinor Oy as of 1 September 2018.

Calculation of key figures

Net sales growth, %	=	(Net sales of the reporting period / Net sales of the reference period	-1) x 100
EBITDA	=	Operating profit + depreciation and amortisation	
EBITDA margin, %	=	Operating profit + depreciation and amortisation / Net sales	x 100
Operating profit before amortisation of goodwill (EBITA)	=	Operating profit + amortisation of goodwill	
Operating profit before amortisation of goodwill (EBITA) margin, %	=	Operating profit + amortisation of goodwill / Net sales	x 100
Adjusted profit for the period	=	Profit for the period + amortisation of goodwill + extraordinary financial expenses	
Equity ratio, %	=	Shareholders' equity / Balance sheet total – advances received	x 100
Net gearing, %	=	Long term loans from credit institutions + Short term loans from credit institutions – Cash in hand and at banks - ther rights of ownership under Non-current investments / Shareholders' equity	x 100
Return on equity (ROE), %	=	Profit for the period (annualised) / Average shareholders' equity	x 100
Return on investment (ROI), %	=	Profit before taxes (annualised) + financial income and expenses (annualized) / Average shareholders' equity + average interest-bearing debt	x 100
Earnings per share (EPS), undiluted, euro	=	Profit for the period / Average number of shares outstanding during the period (adjusted for share split)	
Adjusted earnings per share (adjusted EPS), undiluted, euro	=	Adjusted profit for the period / Average number of shares outstanding during the period (adjusted for share split)	

Financial Statements

CONSOLIDATED INCOME STATEMENT

	1 Jan–31 Dec, 2018	1 Jan–31 Dec, 2017
NET SALES	**50,581,430.27**	**33,950,446.19**
Other operating income	193,277.84	306,377.57
Materials and services		
Purchases	-28,349.15	-2,642.98
External services	-7,883,148.31	-4,149,134.77
	-7,911,497.46	-4,151,777.75
Personnel expenses		
Salaries and compensations	-22,705,037.96	-15,332,017.82
Pensions	-3,972,651.86	-2,814,701.87
Other personnel expenses	-878,883.52	-720,722.48
	-27,556,573.34	-18,867,442.17
Depreciations and amortisations	-869,112.65	-457,884.82
Other operating expenses	-8,342,538.53	-5,420,702.36
EARNINGS BEFORE INTEREST AND TAXES	**6,094,986.13**	**5,359,016.66**
Financial income and expenses, net	-10,962.58	-1,172,325.41
PROFIT BEFORE YEAR-END ALLOCATIONS AND TAXES	**6,084,023.55**	**4,186,691.25**
Income taxes	-1,352,122.83	-868,007.22
PROFIT FOR THE FINANCIAL PERIOD	**4,731,900.72**	**3,318,684.03**

GROUP BALANCE SHEET

Assets	31 Dec, 2018	31 Dec, 2017
NON-CURRENT ASSETS		
Intangible assets	8,733,184.24	5,493,742.77
Equipment	451,548.24	389,129.64
Investments	50,500.00	550,500.00
TOTAL NON-CURRENT ASSETS	9,235,232.48	6,433,372.41
CURRENT ASSETS		
Long-term receivables		
Loans receivable	0.00	15,295.00
Short-term receivables		
Accounts receivable	8,760,851.90	8,786,050.48
Loans receivable	15,295.00	26,220.00
Other receivables	520,293.27	489,096.73
Accrued income	568,347.47	880,318.91
Total short-term receivables	9,864,787.64	10,181,686.12
Other securities	2,006,637.00	0.00
Cash and cash equivalents	13,417,426.31	12,656,699.61
TOTAL CURRENT ASSETS	25,288,850.95	22,853,680.73
ASSETS TOTAL	**34,524,083.43**	**29,287,053.14**

Equity and liabilities	31 Dec, 2018	31 Dec, 2017
SHAREHOLDERS' EQUITY		
Share capital	80,000.00	80,000.00
Paid-up unrestricted equity reserve	12,859,310.22	11,459,199.42
Translation differences	11,200.06	-3,571.75
Retained earnings	4,323,508.65	2,956,016.62
Profit for the financial period	4,731,900.72	3,318,684.03
TOTAL SHAREHOLDERS' EQUITY	22,005,919.65	17,810,328.32
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	2,614,285.66	3,682,857.10
Other creditors	515,553.45	0.00
Total non-current liabilities	3,129,839.11	3,682,857.10
Current liabilities		
Loans from financial institutions	1,068,571.44	1,105,365.80
Advances received	35,926.20	14,999.99
Trade payables	2,112,461.46	1,589,210.01
Other payables	2,148,977.21	1,672,395.33
Accrued expenses	4,019,969.24	3,410,208.86
Deferred tax liabilities	2,419.12	1,687.73
Total current liabilities	9,388,324.67	7,793,867.72
TOTAL LIABILITIES	**12,518,163.78**	**11,476,724.82**
TOTAL EQUITY AND LIABILITIES	**34,524,083.43**	**29,287,053.14**

CONSOLIDATED CASH FLOW STATEMENT

	1 Jan–31 Dec, 2018	1 Jan–31 Dec, 2017
Cash flow from operating activities:		
Profit/loss before year-end allocations and taxes	6,084,023.05	4 186 691,25
Adjustments:		
Depreciations and amortisations	869,112.65	457 884,82
Financial income and expenses (-/+)	10,963.08	1 172 325,41
Cash flow before change in working capital	6,964,098.78	5 816 901,48
Change in working capital:		
Increase/decrease in short-term non-interest-bearing receivables	1,060,170.74	-4 719 840,74
Increase/decrease in short-term non-interest-bearing debts	1,351,599.58	1 318 486,85
Cash flow before financial items and taxes	9,375,869.10	2 415 547,59
Interests and expenses paid from other operating finance costs	-60,082.09	-1 168 461,87
Other finance income	48,055.54	177,65
Taxes paid	-1,524,239.13	-626 726,74
Cash flow from operating activities (A)	**7,839,603.42**	**620 536,63**
Cash flow from investing activities:		
Capital expenditure	-205,409.01	-418,516.71
Investments to shares in subsidiaries	-2,319,144.91	-4,684,714.06
Other investments	0.00	-50,000.00
Proceeds from sale of other investments	500,000.00	0.00
Cash flow from investing activities (B)	**-2,024,553.92**	**-5,153,230.77**
Cash flow from financing activities:		
Share issue subject to a charge	0.00	10,156,035.56
Long-term loan withdrawals	0.00	5,272,653.77
Short-term loan repayments (–)	-36,794.36	0.00
Long-term loan repayments (–)	-1,068,571.44	-792,746.09
Dividends paid and other profit distribution (–)	-1,942,320.00	-1,051,598.80
Cash flow from financing activities (C)	**-3,047,685.80**	**13,584,344.44**
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	2,767,363.70	9,051,650.30
Cash and cash equivalents at the beginning of the financial period (1 Jan)	**12,656,699.61**	**3,605,049.31**
Cash and cash equivalents at the end of the financial period (31 Dec)	**15,424,063.31**	**12,656,699.61**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of the consolidated financial statements

The consolidated financial statements include all subsidiaries.

Accounting policies for the consolidated financial statements

Internal shareholdership
The consolidated financial statements have been prepared using the acquisition cost method. The difference between purchase price and acquired equity is presented as consolidation goodwill, which is amortized according to plan in 10 years.

Internal transactions and margins
Intercompany business transactions, unrealised margins, receivables and liabilities as well as internal profit distribution have been eliminated.

Valuation principles and methods
The book value of the Group's intangible assets is their original acquisition cost, which is amortized according to plan.

Investments, financial securities and subsidiary shares are valued at their acquisition cost.

Current assets are valued at their nominal value or to lower probable value.

Liabilities are valued at nominal value.

The income statements of foreign subsidiaries are translated into euros at the average exchange rates of the reporting period. The balance sheets are consolidated using the end of period exchange rates.

Allocation principles and methods
The acquisition cost of current assets belonging to the group's current assets is eliminated in accordance with a pre-planned plan. The depreciation plan is determined by experience. As an expense, the difference between the acquisition cost and the residual value is recognized as an expense as estimated over the economic life.

Commodities with a probable economic life of less than three years, as well as small acquisitions are recognized as a full expense for the acquisition period.

In the personnel issue, the employees were allocated a Matching Share incentive program according to which, in the personnel issue, the subscribers of shares receive one prize share for each of the three subscribed shares if they are employed by the group three years after the start of trading and have continuously held the shares subscribed for in the personnel issue throughout this period.

A total of 238 employees or members of the Board of Directors have approved the terms of the Matching Share program and the number of shares to be paid to these employees is 107,814 shares at the time of the financial statements release. The company may acquire the shares to be donated from the market or arrange for a directed repurchase of the shares.

In 2018, the Group introduced an employee share savings plan. Personnel may save a proportion of their salaries and use the savings for the acquisition of the company's shares. Participation in the plan is voluntary. After the holding period of two years, Gofore will grant the employees participating in the plan, as a gross reward, one free matching share against every three shares acquired with savings.

The prerequisites for receiving matching shares are that a participant holds the acquired shares for the entire holding period, and that his or her employment at Gofore has not terminated before the end of the holding period. The holding period will end on 28 February, 2021.

Allocation of income
The company's net sales is mainly recognized as the month of service delivery and billing.

Some of the company's services is made by agreements that specify more priced or scheduled delivery liability, to which also billing is tied to. The invoicing of such service is done in parts afterwards as the delivery phase progresses and typically the recognition is made at the time of invoicing. If a delivery item is planned for completion and thus billed after the end of the financial year, it is estimated which portion of the work on the delivery has been made prior to the change in the financial year and is recognized for the current financial year.

Planned depreciation and their changes:

No changes has occured in the consolidated planned depreciation principles:

Development expenditure	Straight line depreciation	5 years
Intangible assets	Straight line depreciation	5 years
Goodwill	Straight line depreciation	10 years
Other capitalised long term expenditure	Straight line depreciation	5 years
Machinery and equipment	Straight line depreciation	3-13 years
	Reducing balance method	10-25 %

Significant events after the financial year

After the financial year, the parent company of the Group acquired the entire share capital of Silver Planet Oy (14 January, 2019).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Net sales	**2018**	**2017**
By sector		
Digital services and consulting	50 581 430, 27	33,950,446.19
	50 581 430, 27	33,950,446.19
By geography		
Finland	45,679,298.40	30,381,353.90
Rest of Europe	4,902,131.87	3,542,895.79
Rest of the world	0,00	26,196.50
	50,581,430.27	33,950,446.19
Other operating income		
Received benefits and grants	183,698.95	306,377.57
Other income	9,578.89	0.00
	193,277.84	306,377.57
Personnel expenses		
Salaries and remunerations	22,705,037.96	15,332,017.82
Pension expenses	3,972,651.86	2,814,701.87
Other social security expenses	878,883.52	720,722.48
Total	27,556,573.34	18,867,442.17
Depreciation and reduction in value		
Depreciation according to plan		
Consolidated goodwill	701,644.74	332,184.59
Other non-current assets	52,083.28	33,914.07
Machinery and equipment	115,384.63	91,786.16
	869,112.65	457,884.82
Other operating expenses		
Personnel expenses	1,239,716.62	939,556.42
Expenses from business premises	1,978,665.70	1,396,836.52
Equipment and software expenses	1,706,633.04	1,138,700.20
Sales and marketing expenses	810,607.82	549,654.98
Administrative expenses	1,588,663.12	691,747.65
Other operating expenses	1,018,252.23	704,206.59
Total operating expenses	8,342,538.53	5,420,702.36

Financial income	**2018**	**2017**
Other interest income and other financial income		
From others		
Interest income	48056.04	177.65
	48,056.04	177.65
Financial expenses		
Interest and other financial expenses		
To others		
Expenses from initial public offering	0.00	1,122,290.51
Interest expenses	50,110.57	38,029.81
Other interest expenses	8,908.05	12,182.74
	59,018.62	1,172,503.06

NOTES TO THE BALANCE SHEET

Intangible assets

Development costs	31 Dec, 2018	31 Dec, 2017
Acquisition cost 1 Jan	38,021.49	0.00
Additions	0.00	38,021.49
Acquisition cost 31 Dec	38,021.49	38,021.49
Accumulated amortisation for the financial period	-28,342.08	0.00
Book-value 31 Dec	9,679.41	38,021.49
Intangible rights		
Acquisition cost 1 Jan	0.00	0.00
Additions	7,700.00	0.00
Acquisition cost 31 Dec	7,700.00	0.00
Accumulated amortisation for the financial period	0.00	0.00
Book-value 31 Dec	7,700.00	0.00
Group goodwill		
Acquisition cost 1 Jan	5,362,408.41	0.00
Additions	3,965,563.71	5,694,593.00
Acquisition cost 31 Dec	9,327,972.12	5,694,593.00
Accumulated amortisation for the financial period	-701,644.74	-332,184.59
Book-value 31 Dec	8,626,327.38	5,362,408.41
Other long-term expenditure		
Acquisition cost 1 Jan	170,799.43	111,966.43
Additions	19,905.78	58,833.00
Acquisition cost 31 Dec	190,705.21	170,799.43
Accumulated amortisation in the beginning of the financial period	-77,486.56	-63,746.89
Amortisation for the financial period	-23,741.20	-13,739.67
Book-value 31 Dec	89,477.45	93,312.87
Total intangible assets	**8,733,184.24**	**5,493,742.77**

Tangible assets

Machinery and equipment	31 Dec, 2018	31 Dec, 2017
Acquisition cost 1 Jan	536,487.32	261,751.23
Additions	173,303.23	274,736.09
Acquisition cost 31 Dec	709,790.55	536,487.32
Accumulated depreciations in the beginning of the financial period	-188,587.68	-98,673.25
Depreciation for the financial year	-115,384.63	-89,914.43
Book-value 31 Dec	405,818.24	347,899.64
Other tangible assets		
Acquisition cost 1 Jan	41,230.00	16,350.00
Additions	4,500.00	24,880.00
Acquisition cost 31 Dec	45,730.00	41,230.00
Tangible assets total	**451,548.24**	**389,129.64**

Investments

Other shares	31 Dec, 2018	31 Dec, 2017
Acquisition cost	550,500.00	500,500.00
Additions	0.00	50,000.00
Reductions	-500,000.00	0.00
	50,500.00	550,500.00
Current receivables		
Loan receivables from group companies	0.00	15,295.00
	0.00	15,295.00
Non-current receivables		
Accounts receivables	8,760,851.90	8,786,050.48
Loans receivable	15,295.00	26,220.00
Other receivables	520,293.27	489,096.73
Prepaid expenses and accrued income	568,347.47	880,318.91
	9,864,787.64	10,181,686.12

Long-term and short-term loans receivables have been granted to minority shareholders for acquiring the parent company's shares. Loans are interest free.

Accrued income includes all substantial items	31 Dec, 2018	31 Dec, 2017
Pension insurance receivables	16,913.95	105,727.78
Accrued cost	271,680.07	44,292.65
Accrued income	0.00	204,309.00
Receivables from grants	126,541.00	302,833.71
Occupational healthcare compensation	90,521.58	61,806.19
Other	62,690.87	161,349.58
	568,347.47	880,318.91

NOTES ON THE EQUITY AND LIABILITIES

Changes in equity

	31 Dec, 2018	31 Dec, 2017
Share capital 1 Jan	80,000.00	8 448,00
Scrip issue	0.00	71 552,00
Share capital 31 Dec	80,000.00	80 000,00
Restricted equity	80,000.00	80,000.00
Paid-up unrestricted equity reserve 1 Jan	11,459,199.42	34,048.00
Share issue subject to a charge	0.00	153,035.56
Share issue related to acquisitions	1,400,110.80	1,269,115.86
Initial Public Offering subject to a charge	0.00	10,003,000.00
Paid-up unrestricted equity reserve 31 Dec	12,859,310.22	11,459,199.42
Translation differences	11,200.06	-3,571.75
Retained earnings 1 Jan	2,956,016.62	1,971,465.76
Retained earnings, transfer	3,318,684.03	2,114,452.56
Dividends	-1,942,320.00	-1,051,598.80
Adjustments to previous year's profits	-8,872.00	0.00
Scrip issue, transfer to share capital	0.00	-71,552.00
Retained earnings 31 Dec	4,323,508.65	3,034,319.52
Profit for the financial period	4,731,900.72	3,311,933.13
Unrestricted equity	21,925,919.65	17,801,880.32
Total equity	**22,005,919.65**	**17,881,880.32**

Liabilities

Non-current loans	31 Dec, 2018	31 Dec, 2017
Loans from credit institutions	2,614,285.66	3,682,857.10
Other creditors	515,553.45	0.00
	3,129,839.11	3,682,857.10
Total non-current liabilities	**3,129,839.11**	**3,682,857.10**
Current liabilities		
Loans from credit institutions	1,068,571.44	1,105,365.80
Advances received	35,926.20	14,999.99
Trade payables	2,112,461.46	1,589,210.01
Other payables	2,148,977.21	1,672,395.33
Accruals and deferred income	4,019,969.24	3,410,208.86
	9,385,905.55	7,792,179.99
Material items included in accruals and deferred income		
Personnel expenses	3,682,403.02	2,727,357.48
Expense accruals	106,400.73	331,249.22
Income tax accrual	218,605.62	347,560.97
Other	12,559.87	4,041.19
	4,019,969.24	3,410,208.86
Total current liabilities	**9,385,905.55**	**7,792,179.99**

GROUP'S COLLATERAL AND CONTINGENT LIABILITIES

Liabilities secured with corporate mortgages or special pledges

	31 Dec, 2018	31 Dec, 2017
Loans from credit institutions	3,682,857.10	4,788,222.90
Mortgages	8,240,000.00	7,840,000.00
Special pledge	42,857.10	71,428.54

Nominal amounts of rents for leasing and lease contracts

Leasing liabilities	31 Dec, 2018	31 Dec, 2017
Current	845,322.39	577,848.03
Non-current	952,160.92	702,314.50
Total	1,797,483.31	1,280,162.53
Lease liabilities		
Current	1,759,791.84	1,639,678.33
Non-current	3,751,442.92	3,413,495.34
Total	5,511,234.76	5,053,173.67

The lease liability includes the liability of a signed, conditional lease contract commencing on 1 May 2019 a total of EUR 393 000.

Other commitments

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations.

Revision period ends 31.12.2026 and total liability under revision	23,020.20
Revision period ends 31.12.2028 and total liability under revision	4,299.65

NOTES ON THE AUDITOR'S FEE

	31 Dec, 2018	31 Dec, 2017
Auditing	46,000.00	29,000.00
Statements	3,900.00	57,068.00
Tax services	4,875.00	11,209.75
Other	2,200.00	93,506.88
Total	56,975.00	190,784.63

NOTES ON THE PERSONNEL AND MANAGEMENT

Average number of personnel during the financial year by function breakdown

	2018	2017
White collar	432	290

CEO and Board fees and management remuneration

	2018	2017
CEO and Board fees and management remuneration	338,079.55	288,044.32

GROUP COMPANIES

Company	Domicile	Ownership
Gofore Plc	Tampere, Finland	Parent
Erofog Oy	Tampere, Finland	100 %
Gofore UK Ltd.	Swansea, UK	100 %
Gofore Spain SL	Madrid, Spain	100 %
Gofore Germany GmbH	München, Germany	100 %
Gofore Estonia OÜ	Tallinn, Estonia	100 %
Solinor Oy	Helsinki, Finland	100 %

During the financial year new subsidiary were established in Tallinn (19 December).

During the financial year, company made acquisition of the entire share capital of Solinor Oy; transferred into Gofore's possession as of 31 August, 2018.

Parent company financial statements

PARENT COMPANY INCOME STATEMENT

	1 Jan–31 Dec, 2018	1 Jan–31 Dec, 2017
NET SALES	**49,468,973.70**	**28,671,590.41**
Other operating income	331,827.60	230,396.71
Materials and services		
Purchases	-6,556.90	-1,045.84
External services	-9,930,247.41	-4,000,596.39
	-9,936,804.31	-4,001,642.23
Personnel expenses		
Salaries and compensations	-20,735,428.60	-12,780,887.08
Pensions	-3,870,904.85	-2,382,447.66
Other personnel expenses	-789,524.11	-608,029.74
	-25,395,857.56	-15,771,364.48
Depreciation and amortisations	-646,948.15	-98,826.05
Other operating expenses	-7,745,539.23	-4,586,292.89
EARNINGS BEFORE INTERESTS AND TAXES	**6,075,652.05**	**4,443,861.47**
Financial income and expense, net	2,958.26	-1,162,808.36
PROFIT BEFORE YEAR-END ALLOCATIONS AND TAXES	**6,078,610.31**	**3,281,053.11**
Change in cumulative accelerated depreciation	-3,656.99	-8,438.63
Income taxes	-1,319,494.72	-592,718.54
PROFIT FOR THE FINANCIAL PERIOD	**4,755,458.60**	**2,679,895.94**

PARENT COMPANY BALANCE SHEET

Assets	31 Dec, 2018	31 Dec, 2017
NON-CURRENT ASSETS		
Intangible assets	4,596,210.25	5,119,504.83
Tangible assets	356,939.98	355,422.59
Investments		
Investments in subsidiaries	5,125,221.96	132,087.25
Other investments	50,500.00	550,500.00
	5,175,721.96	682,587.25
NON-CURRENT ASSETS	10,128,872.19	6,157,514.67
CURRENT ASSETS		
Long-term receivable	600,000.00	0.00
Loans receivable	0.00	15,295.00
	600,000.00	15,295.00
Short-term receivables		
Accounts receivable	8,261,139.56	8,598,239.06
Receivables from subsidiaries	96,375.99	256,305.59
Loans receivable	15,295.00	26,220.00
Other receivables	459,719.42	485,667.06
Prepayments and accrued income	507,045.81	618,387.20
	9,339,575.78	9,984,818.91
Securities	2,006,637.00	0.00
Other securities	2,006,637.00	0.00
Cash and cash equivalents	11,608,715.15	12,270,563.80
TOTAL CURRENT ASSETS	23,554,927.93	22,270,677.71
TOTAL ASSETS	**33,683,800.12**	**28,428,192.38**

Equity and liabilities	31 Dec, 2018	31 Dec, 2017
SHAREHOLDER'S EQUITY		
Share capital	80,000.00	80,000.00
Paid-up unrestricted equity reserve	12,859,310.22	11,459,199.42
Retained earnings	3,694,029.70	2,956,453.76
Profit for the financial period	4,755,458.60	2,679,895.94
TOTAL SHAREHOLDER'S EQUITY	21,388,798.52	17,175,549.12
APPROPRIATIONS	12,095.62	8,438.63
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	2,614,285.66	3,682,857.10
Other creditors	515,553.45	0.00
	3,129,839.11	3,682,857.10
Current liabilities		
Loans from financial institutions	1,068,571.44	1,105,365.80
Advances received	35,926.20	14,999.99
Trade payables	2,031,489.45	1,517,586.69
Liabilities to group companies	627,552.63	121,283.87
Other payables	1,867,040.90	1,489,924.12
Accrued expenses	3,522,486.25	3,312,187.06
	9,153,066.87	7,561,347.53
TOTAL LIABILITIES	12,282,905.98	11,244,204.63
TOTAL EQUITY AND LIABILITIES	**33,683,800.12**	**28,428,192.38**

CASH FLOW STATEMENT

	1 Jan–31 Dec, 2018	1 Jan–31 Dec, 2017
Cash flow from operating activities:		
Profit before appropriations	6,078,610.31	3,281,053.11
Adjustments:		
Depreciations and amortisations	646,948.15	98,826.05
Financial income and expenses (–/+)	-2,958.26	1,162,808.36
Cash flow before working capital changes	6,722,600.20	4,542,687.52
Change in working capital		
Increase/decrease in trade and other short-term non-interest-bearing receivables (–) /(+)	667,340.07	-4,384,064.29
Increase/decrease in short-term non-interest-bearing debts (+)/(–)	1,790,175.20	1,210,554.24
Cash flow before financing items and taxes	9,180,115.47	1,369,177.47
Interests and expenses paid from other operating finance costs	-59,995.82	-1,158,876.20
Other finance income	61,890.61	109.03
Taxes paid	-1,480,092.75	-467,496.71
Cash flow from operating activities (A)	7,701,917.51	-257,086.41
Cash flow from investing activities		
Capital expenditure	-125,170.96	-315,877.29
Investments to shares in subsidiaries	-3,084,272.40	-5,407,146.05
Cash received in merger	0.00	982,371.59
Long-term loans granted	-600,000.00	0.00
Proceeds from sale of other investments	500,000.00	0.00
Other investments	0.00	-50,000.00
Cash flow from investments (B)	-3,309,443.36	-4,790,651.75

	1 Jan–31 Dec, 2018	1 Jan–31 Dec, 2017
Cash flow from financing activities:		
Share issue subject to a charge	0.00	10,156,035.56
Long-term loan withdrawals	0.00	5,200,000.00
Short-term loan repayments (–)	-36,794.36	0.00
Long-term loan repayments (–)	-1,068,571.44	-581,625.00
Dividends paid and other profit distribution (–)	-1,942,320.00	-1,051,598.80
Cash flows from financing activities (C)	-3,047,685.80	13,722,811.76
Change in cash and cash equivalents (A + B + C) (+) / (–)	**1,344,788.35**	**8,675,073.60**
Cash and cash equivalents at beginning of period (1 Jan)	**12,270,563.80**	**3,595,490.20**
Cash and cash equivalents at end of period (31 Dec)	**13,615,352.15**	**12,270,563.80**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the financial statements

Valuation principles and methods

The book value of the intangible assets of the company is their original acquisition cost that is depreciated according to plan.

Investments, securities and subsidiary shares have been valued at acquisition cost.

Current assets are valued at nominal value or lower probable value.

Liabilities are valued at nominal value.

Items denominated in foreign currencies have been converted into euros using the exchange rate on the balance sheet date.

Allocation principles and methods

The acquisition cost of current assets belonging to the group's current assets is eliminated in accordance with a pre-planned plan. The depreciation plan is determined by experience. As an expense, the difference between the acquisition cost and the residual value is recognized as an expense as estimated over the economic life.

Commodities with a probable economic life of less than three years, as well as small acquisitions are recognized as a full expense for the acquisition period.

In the personnel issue, the employees were allocated a Matching Share incentive program according to which, in the personnel issue, the subscribers of shares receive one prize share for each of the three subscribed shares if they are employed by the group three years after the start of trading and have continuously held the shares subscribed for in the personnel issue throughout this period.

A total of 238 employees or members of the Board of Directors have approved the terms of the Matching Share program and the number of shares to be paid to these employees is 107,814 shares at the time of the financial statements release. The company may acquire the shares to be donated from the market or arrange for a directed repurchase of the shares.

In 2018, the Group introduced a share-saving program for personnel. Personnel may voluntarily save some of their salary for the acquisition of the company's shares. Two years after the share ownership period, Gofore will give the participating employees a gross bonus one additional share for each of the three savings shares. Obtaining additional shares the condition is that the participant owns the shares it has acquired throughout the period of ownership and that he owns Gofore's employment relationship has not ended before the end of the ownership period. The ownership period ends on 28.2.2021.

Allocation of income

The company's net sales is mainly recognized as the month of service delivery and billing.

Some of the company's services is made by agreements that specify more priced or scheduled delivery liability, to which also billing is tied to. The invoicing of such service is done in parts afterwards as the delivery phase progresses and typically the recognition is made at the time of invoicing. If a delivery item is planned for completion and thus billed after the end of the financial year, it is estimated which portion of the work on the delivery has been made prior to the change in the financial year and is recognized for the current financial year.

Planned depreciation and their changes:

No changes has occured in the consolidated planned depreciation principles:

Development expenditure	Straight line depreciation	5 years
Intangible assets	Straight line depreciation	5 years
Goodwill	Straight line depreciation	10 years
Other capitalised long term expenditure	Straight line depreciation	5 years
Machinery and equipment	Straight line depreciation	3-5 years

Significant events after the financial year

After the financial year, the parent company of the Group acquired the entire share capital of Silver Planet Oy (14 January, 2019).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Net sales	**2018**	**2017**
By sector		
Digital services and consulting	49,468,973.70	28,671,590.41
	49,468,973.70	28,671,590.41
Geographical distribution		
Finland	44,741,419.51	28,255,493.68
Rest of Europe	4,727,554.19	404,924.47
Rest of the world	0	11,172.26
	49,468,973.70	28,671,590.41
Other operating income		
Received benefits and grants	222,570.94	212,896.71
Other	109,256.66	17,500.00
	331,827.60	230,396.71
Personnel expenses		
Salaries and remunerations	20,735,428.60	12,780,887.08
Pension expenses	3,870,904.85	2,382,447.66
Other social security expenses	789,524.11	608,029.74
Total	25,395,857.56	15,771,364.48
Depreciation and reduction in value		
Depreciation according to plan		
Development expenditure	28,342.08	0.00
Goodwill	498,817.08	0.00
Other non-current assets	13,739.67	13,739.67
Machinery and equipment	85,086.38	85,086.38
	625,985.21	98,826.05
Other operating expenses		
Expenses from business premises	1,825,084.45	1,192,787.86
Equipment and software expenses	1,654,951.04	969,679.16
Personnel expenses	1,097,240.68	821,089.99
Administrative expenses	1,494,369.37	581,972.54
Sales and marketing expenses	731,114.59	540,436.32
Other operating expenses	942,779.10	480,327.02
Total operating expenses	7,745,539.23	4,586,292.89

Financial items

Financial income	**2018**	**2017**
Other interest income and other financial income		
From group companies	14,329.66	79.65
From others		
Interest income	6695.37	29.38
Other finance income	40,865.58	0.00
	61,890.61	109.03
Financial expenses		
Interest and other financial expenses		
To others		
Expenses from listing	0.00	1,122,290.51
Interest expenses	50,024.30	29,276.15
Other interest expenses	8,908.05	11,350.73
	58,932.35	1,162,917.39

NOTES TO THE BALANCE SHEET ASSETS

Intangible assets

Development expenses	31 Dec, 2018	31 Dec, 2017
Acquisition cost 1 Jan	38,021.49	0.00
Additions	0.00	38,021.49
Acquisition cost 31 Dec	38,021.49	38,021.49
Accumulated amortisation for the financial period	-28,342.08	0.00
Book-value 31 Dec	9,679.41	38,021.49
Intangible rights		
Acquisition cost 1 Jan	0.00	0.00
Additions	7,700.00	0.00
Acquisition cost 31 Dec	7,700.00	0.00
Accumulated amortisation for the financial period	0.00	0.00
Book-value 31 Dec	7,700.00	0.00
Goodwill		
Acquisition cost 1 Jan	4,988,170.47	0.00
Additions	0.00	4,988,170.47
Acquisition cost 31 Dec	4,988,170.47	4,988,170.47
Accumulated amortisation for the financial period	-498,817.08	0.00
Book-value 31 Dec	4,489,353.39	4,988,170.47
Other long-term expenditure		
Acquisition cost 1 Jan	170,799.43	111,966.43
Additions	19,905.78	58,833.00
Acquisition cost 31 Dec	190,705.21	170,799.43
Accumulated amortisation in the beginning of the financial period	-77,486.56	-63,746.89
Amortisation for the financial period	-23,741.20	-13,739.67
Book-value 31 Dec	89,477.45	93,312.87
Total intangible assets	**4,596,210.25**	**5,119,504.83**

Tangible assets

Machinery and equipment	31 Dec, 2018	31 Dec, 2017
Acquisition cost 1 Jan	497,952.22	261,751.23
Additions	93,065.18	236,200.99
Acquisition cost 31 Dec	591,017.40	497,952.22
Accumulated amortisation in the beginning of the financial period	-183,759.63	-98,673.25
Accumulated amortisation for the financial period	-96,047.79	-85,086.38
Book-value 31 Dec	311,209.98	314,192.59
Other tangible assets		
Acquisition cost 1 Jan	41,230.00	16,350.00
Additions	4,500.00	24,880.00
Acquisition cost 31 Dec	45,730.00	41,230.00
Tangible assets total	**356,939.98**	**355,422.59**

Investments

Investments in subsidiaries	31 Dec, 2018	31 Dec, 2017
Acquisition cost 1 Jan	132,087.25	10,000.00
Additions	4,993,134.71	6,770,349.16
Deductions, merger	0.00	-6,648,261.91
Acquisition cost at 31 Dec	5,125,221.96	132,087.25
Other shares		
Acquisition cost 1 Jan	550,500.00	500,500.00
Additions	0.00	50,000.00
Reductions	-500,000.00	0.00
Acquisition cost 31 Dec	50,500.00	550,500.00

Long-term receivables	31 Dec, 2018	31 Dec, 2017
Long-term loan receivables from group companies	600,000.00	0.00
Long- term loan receivables	0.00	15,295.00
	600,000.00	15,295.00
Short-term receivables		
Sales receivables	8,261,139.56	8,598,239.06
Sales receivables from group companies	85,412.56	14,618.64
Loan receivables from group companies	0.00	142,781.42
Other receivables from group companies	15.05	98,905.53
Accrued income from group companies	10,948.38	0.00
Loans receivable	15,295.00	26,220.00
Other receivables	459,719.42	485,667.06
Prepaid expenses and accrued income	507,045.81	618,387.20
	9,339,575.78	9,984,818.91

Long-term and short-term loan receivables have been granted to minority shareholders for acquiring the parent company's shares. Loans are interest free.

Accrued income includes all substantial items	31 Dec, 2018	31 Dec, 2017
Pension insurance receivables	0.00	105,727.78
Accrued cost	266,801.00	44,292.65
Accrued Income	0.00	204,309.00
Receivables from grants	126,541.00	202,251.58
Occupational healthcare compensation	90,521.58	61,806.19
Other	23,182.23	0.00
	507,045.81	618,387.20

NOTES ON THE EQUITY AND LIABILITIES

Changes in equity

	31 Dec, 2018	31 Dec, 2017
Share capital 1 Jan	80,000.00	8,448.00
Scrip issue	0.00	71,552.00
Share capital 31 Dec	80,000.00	80,000.00
Restricted equity	80,000.00	80,000.00
Paid-up unrestricted equity reserve 1 Jan	11,459,199.42	34,048.00
Share issue subject to a charge	0.00	153,035.56
Share issue related to acquisitions	1,400,110.80	1,269,115.86
Initial Public Offering subject to a charge	0.00	10,003,000.00
Paid-up unrestricted equity reserve 31 Dec	12,859,310.22	11,459,199.42
Retained earnings 1 Jan	2,956,453.76	1,971,902.90
Retained earnings transfer	2,679,895.94	2,107,701.66
Dividends	-1,942,320.00	-1,051,598.80
Scrip issue, transfer to share capital	0.00	-71,552.00
Retained earnings 31 Dec	3,694,029.70	2,956,453.76
Profit for the financial period	4,755,458.60	2,679,895.94
Unrestricted equity	21,308,798.52	17,095,549.12
Total equity	**21,388,798.52**	**17,175,549.12**

Distributable non-restricted equity	**31 Dec, 2018**	**31 Dec, 2017**
Invested unrestricted equity reserve	12,859,310.22	11,459,199.42
Retained earnings	3,694,029.70	2,956,453.76
Profit for the financial year	4,755,458.60	2,679,895.94
ACTIVATED DEVELOPMENT EXPENSES	-9,679.41	-38,021.49
Distributable free equity	21,299,119.11	17,057,527.63

Appropriations

Change in reserves	**31 Dec, 2018**	**31 Dec, 2017**
Machinery and equipment 1 Jan	8,438.63	0.00
Change in machinery and equipment	3,656.99	8,438.63
Machinery and equipment 31 Dec	12,095.62	8,438.63

Liabilities

Long-term liabilities	**31 Dec, 2018**	**31 Dec, 2017**
Loans from financial institutions	2,614,285.66	3,682,857.10
Other creditors	515,553.45	0.00
	3,129,839.11	3,682,857.10
Non-current liabilities	**3,129,839.11**	**3,682,857.10**

Short-term liabilities	**31 Dec, 2018**	**31 Dec, 2017**
Loans from financial institutions	1,068,571.44	1,105,365.80
Advances received	35,926.20	14,999.99
Trade creditors	2,031,489.45	1,517,586.69
Trade creditors from group companies	331,965.63	121,283.87
Accrued expenses from group companies	295,587.00	0.00
Other creditors	1,867,040.90	1,489,924.12
Accruals and deferred income	3,522,486.25	3,312,187.06
	9,153,066.87	7,561,347.53

Items related to accruals and deferred income	**31 Dec, 2018**	**31 Dec, 2017**
Personnel expenses	3,322,586.26	2,701,995.97
Expense accruals	80,437.91	329,067.51
Income tax accrual	116,484.36	277,082.39
Other	2,977.72	4,041.19
	3,522,486.25	3,312,187.06
Total current liabilities	**9,153,066.87**	**7,561,347.53**

COLLATERAL AND CONTINGENT LIABILITIES

Liabilities secured with corporate mortgages or special pledges

	31 Dec, 2018	31 Dec, 2017
Loans from financial institutions	3,682,857.10	4,788,222.90
Corporate mortgages given	8,240,000.00	7,840,000.00
Special pledge	42,857.10	71,428.54

Nominal amounts of rents for leasing and lease contracts

Leasing liabilities	31 Dec, 2018	31 Dec, 2017
Current	830,701.75	577,848.03
Non-current	933,540.10	702,314.50
Total	1,764,241.85	1,280,162.53
Real estate leases		
Current	1,641,230.44	1,639,678.33
Non-current	3,680,046.77	3,413,495.34
Total	5,321,277.21	5,053,173.67

Autoleasing liabilities include VAT 24%.
The lease liability includes the liability of a signed, conditional lease contract commencing on 1 May 2019 a total of EUR 393 thousand

Other commitments

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations.

Revision period ends 31.12.2026 and total liability under revision	23,020.20
Revision period ends 31.12.2028 and total liability under revision	4,299.65

NOTES ON THE AUDITOR FEE

	31 Dec, 2018	31 Dec, 2017
Auditing	40,000.00	22,000.00
Statements	3,900.00	57,068.00
Tax services	4,875.00	11,209.75
Other	2,200.00	91,506.88
Total	50,975.00	181,784.63

NOTES ON THE PERSONNEL AND MANAGEMENT

Average number of personnel during the financial year by function breakdown

	2018	2017
White collar	391	245

CEO and Board fees and management remuneration

	2018	2017
CEO and Board fees and management remuneration	241,540.00	203,640.36

GROUP COMPANIES

Company	Domicile	Ownership
Gofore Plc	Tampere, Finland	Parent
Erofog Oy	Tampere, Finland	100 %
Gofore UK Ltd.	Swansea, UK	100 %
Gofore Spain SL	Madrid, Spain	100 %
Gofore Germany GmbH	München, Germany	100 %
Gofore Estonia OÜ	Tallinn, Estonia	100 %
Solinor Oy	Helsinki, Finland	100 %

During the financial year new subsidiary were established in Tallinn (19 December).

During the financial year, company made acquisition of the entire share capital of Solinor Oy; transferred into Gofore's possession as of 31 August, 2018.

COMPANY'S OWN SHARES

During the financial year, 174 own shares were held by the parent company representing the parent companys 0.001% (0.0%) of the number of shares and votes.

Own shares have come to the possession of the company from a share-based employment signing bonus share issue in which the employment contract of a person entitled to the bonus ended before the transfer of shares.

Signatures of the financial statements and directors' report

Tampere, 5 March 2019

Ali U. Saadetdin
Chairman of the Board

Timur Kärki
CEO

Kristiina Michelsson
Member of the Board

Sami Somero
Member of the Board

Anne-Mari Silvast
Member of the Board

Mika Varjus
Member of the Board

Auditors' note

A report on the audit carried out has been submitted today.

Tampere, 6 March 2019

KPMG Oy Ab

Teemu Suoniemi
Authorised Public Accountant

Auditor’s report

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Gofore Plc (business identity code 1710128-9) for the year ended 31 December, 2018. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group’s and the company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors and the Annual Report prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Tampere, 6 March 2019

KPMG OY AB

Teemu Suoniemi

Authorised Public Accountant, KHT

GOFORE

We innovate, improve and incite change in our society, our workplaces, and the way we work.

www.gofore.com

HELSINKI
Urho Kekkosen katu 7 B
00100 Helsinki
Finland

SWANSEA
Talbot Building
Swansea University
Swansea, SA2 8PP
UK

JYVÄSKYLÄ
Lutakonaukio 7
40100 Jyväskylä
Finland

LONDON
24/25 The Shard
32 London Bridge St
London SE1 9SG
UK

TAMPERE
Kalevantie 2
33100 Tampere
Finland

TALLINN
Hobujaama 4, office 519
10151 Tallinn
Estonia

TURKU
Linnankatu 11, 2. krs.
20100 Turku
Finland

MUNICH
Hansastr. 181 (Rgb)
81373 Munich
Germany

MADRID
CAIT – Universidad Politécnica de Madrid
Campus de Montegancedo, s/n
28223 Pozuelo de Alarcón
Spain