

GOFORE PLC
01 – 12/2022

Financial Statements Release 2022

A record year for Gofore – net sales growth
43%, adjusted EBITA +50%

17 February 2023
Unaudited



GOFORE

January-December 2022 Highlights

A record year for Gofore – Net sales growth 43%, adjusted EBITA +50%

- Net sales grew by 43% and was 149.9 (104.5) million euros. Organic net sales growth, 32%, was very strong.
- Adjusted EBITA grew by 50% and was 22.0 (14.6) million euros. Profitability was strengthened from comparison period and was 14.7% (14.0%).
- Number of employees grew by 52% and totaled 1,297 (852) people.
- A record number of recruited experts, 377 people; 76% growth. Attrition rate significantly lower than previous year.
- Private sector customer net sales growth was 64%, public sector customer net sales growth 33%.
- Net sales from outside Finland grew by 77% both organically and with an acquisition, pro forma share of total net sales 15% ¹⁾.
- Impact of rising customer pricing larger than salary changes; customer pricing growth during the year on average +3.5% and average salary change +2,9% ²⁾
- Acquired in January, Devecto's business developed as expected. DACH area business was strengthened by the eMundo acquisition in 11/2022.

Group Key Figures Summary, MEUR	2022	2021
Net sales	149.9	104.5
Organic Growth of Net Sales, %	32.2%	13.0%
Adjusted EBITA	22.0	14.6
Adjusted EBITA, %	14.7%	14.0%
EBITA	20.4	14.5
Operating Profit (EBIT)	16.6	12.2
Earnings per share (EPS), undiluted	0.78	0.61
Earnings per share (EPS), diluted	0.78	0.61
Number of employees at the end of period	1,297	852
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,383	926

All key figure calculation methods are explained in section "Calculation formulas for key figures"

July-December 2022 Highlights

Strong growth continued, profitability 14.6%

- Net sales grew by 47% and was 77.4 (52.8) million euros. Organic net sales growth, 33% continued on a strong growth track.
- Adjusted EBITA grew by 46% and was 11.3 (7.7) million euros. Profitability was on previous year's level, improved by the last quarter, 14.6 % (14.6 %).
- Private sector customer net sales growth was 70%, public sector customer net sales growth 34%. Net sales from outside Finland grew by 104%.
- Number of employees grew by 223 people in July- December, 21% growth in the half-year period.
- Billing rate developed positively and was high especially in the last quarter enabled by strong customer demand.

Group Key Figures Summary, MEUR	H2/2022	H2/2021
Net sales	77.4	52.8
Organic Growth of Net Sales, %	33.2%	17.6%
Adjusted EBITA	11.3	7.7
Adjusted EBITA, %	14.6%	14.6%
EBITA	10.3	7.7
Operating Profit (EBIT)	8.4	6.5
Earnings per share, EPS (undiluted)	0.40	0.34
Earnings per share, EPS (diluted)	0.40	0.34
Number of employees at the end of period	1,297	852
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,383	926

October-December 2022 Highlights

Gofore's organic growth 29%, the year's strongest quarter profitability-wise

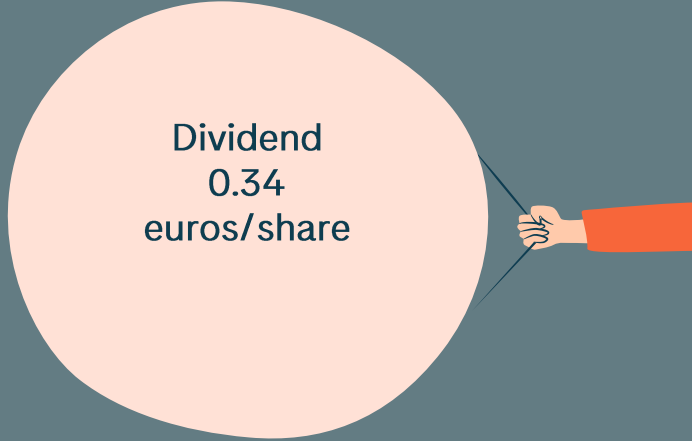
- Net sales grew by 46% and was 45.7 (31.2) million euros. Organic growth continued strong; 29%.
- Adjusted EBITA 7.5 (5.0) million euros, 16.5% , growth 51%.
- Net sales from private sector customers continued its strong growth; +72%. Public sector customer net sales grew by 34%. Net sales from outside Finland more than doubled compared to previous year's H2; 108%.
- Number of employees grew to a total of 1,297 (852) people, overall capacity at 1,383 (926) people.
- eMundo joined the Group on 1 November 2022.
- Operatively strong quarter, billing rate stayed high.
- Customer demand was strong to the end of the year and Gofore won several public sector tenders especially with big cities like Helsinki and Tampere.

Group Key Figures Summary, MEUR	Q4/2022	Q4/2021
Net sales	45.7	31.2
Organic Growth of Net Sales, %	28.7%	20.8%
Adjusted EBITA	7.5	5.0
Adjusted EBITA, %	16.5%	16.0%
EBITA	6.5	5.0
Operating Profit (EBIT)	5.5	4.4
Earnings per share, EPS (undiluted)	0.26	0.23
Earnings per share, EPS (diluted)	0.26	0.23
Number of employees at the end of period	1,297	852
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,383	926


All key figure calculation methods are explained in section "Calculation formulas for key figures"

Board of Director's proposal for dividends 2022

The parent company's distributable assets on 31 December 2022 amounted to EUR 76.2 million, including the profit for the financial period of EUR 12.0 million. The Board of Directors proposes to the Annual General Meeting on 24 March 2023 that based on the balance sheet for the financial period ended on 31 December 2022, dividend be distributed in the amount of EUR 0.34 per share.



Dividend
0.34
euros/share



Dividend
payout ratio
43.6%
of profit

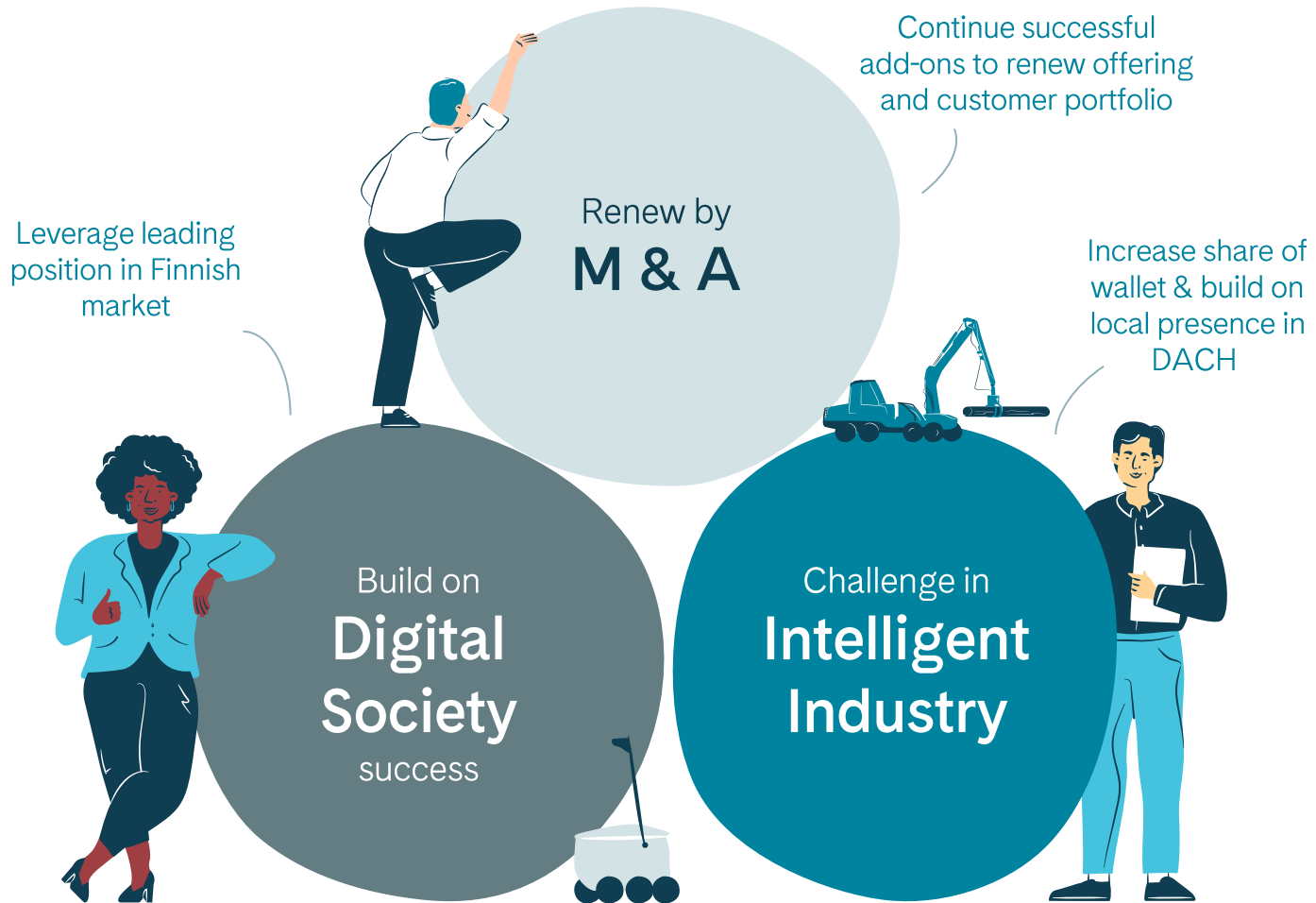
At the date of the proposal, there are 15,506,132 outstanding shares that yield dividends, equaling a total of 5.3 million euros in dividend payout. According to the proposal, the rest of the profit for the financial period, 6,7 million euros, will be recognised in the company's own equity. The proposed dividend is 43.6% of earnings per share. Of the year 2021 profit, a dividend of 0.28 euros per share was distributed, a total of 4.3 million euros. The 2022 dividend is paid to a shareholder who is on the company's list of shareholders maintained by Euroclear Finland Oy on the record date 28 March 2023. A dividend will not be paid for the shares in the company's possession on the record date. According to the proposal, dividends are paid on estimate on 4 April 2023.

Updated long-term financial targets

Gofore's organic growth has been exceeding both the IT services market overall as well as the company's own targets.



Three avenues to growth



Gofore's strategic focus themes are

- Future of work
- Industry focus
- Sustainability
- International

Three strategic growth avenues are:

- Digital Society sector
- Intelligent Industry sector
- Mergers & Acquisitions



Thoughts from our CEO

The 20-year jubilee year 2022 was a very good year for Gofore on all accounts important to us: growth, profitability and people development. As much as 43% of net sales growth is based on not only successful partnerships and deepening customer relationships, but also a skilled team. Last year, we recruited as many as 377 new Goforeans, which can be seen in our strong organic growth.

Growth was enabled by the brisk customer demand that remained good throughout the year, despite the dark clouds that gathered on the economy sky. We found it important to be able to continue deepening our good customer relationships. During the year, 82% of net sales came from returning customers, which is also a sign of customer satisfaction. The continuous growth of customer size also tells the same message.

Our private sector customer relationships showed especially strong growth of 64%. This was supported by the Devecto acquisition made in the beginning of the year, which successfully complemented our service offering. Many of our customers are industrial companies operating in a global market, and their good success despite many challenges, supported our good demand. Tomorrow's digitally enhanced products are developed today, and we have been able to successfully help our customers make this happen.

Our strong foundation in the public sector also grew nicely as accustomed to. Its 33% of net sales growth is a sign of us continuing to strengthen our market position and surpassing the previous year's growth (17%). Digitalising the Finnish society is by no means finished and our work continues.

We exceedingly succeeded to create and expand our business outside Finland, and growth there was a record-like 77%. Our focus has especially been the DACH area, and we have been able to grow our position in that market. Our position will be significantly strengthened by the acquisition of German eMundo that brought us the enforcement of some hundred new Goforeans in an important market area for us.

We want to first and foremost be the best possible workplace for our experts. Hence, we are happy to see both the good recruitment success and a favorably lowered attrition rate of 12%.

Our profitability was further improved, adjusted EBITA standing at 14.7%, enabled by strong operative performance. We managed to improve our position as the customers' partner, which enabled raising customer pricing well compared the industry. Despite inflation pressures, salary levels stayed healthy thanks to successful recruitment. This favorable equation and the scalability enabled by our growth platform were behind the improved profitability.

Mikael Nylund



Our profitable growth also creates value to shareholders, who some half of our Crew is included in. Gofore has in the recent years risen to the best-in-class companies in the IT service sector and is now considered a peer of bigger as well as international companies.

Gofore does not, however, exist only to produce shareholder value. We also want to be an impactful member of society and promote ethical digitalisation with our own work and enabling the work of others. We will propose the Annual General Meeting 2023 a donation to the Gofore Impact foundation we are planning to start. The generally benefitting foundation would support research and give out donations, aids and grants to various projects. This is an idea I am personally very excited about!

We face the year 2023 as a strong, learning team, who is resilient and agile even at the face of changes. The strategy we renewed together with our staff will continue to be based on Gofore's long-term strengths. Our new goal is to understand and solve our customers' challenges on chosen sectors even better than before. We strive to become the very best in the areas that we choose to focus on. I especially wish to thank all Goforeans for a great year, and all other stakeholders in your trust in us.

Quarterly net sales and adjusted EBITA

EUR thousand, unless otherwise specified	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Net sales	45,686	31,717	37,120	35,398	31,203	21,627	26,446	25,232
Change in Net sales, %	46%	47%	40%	40%	29%	33%	43%	34%
Adjusted EBITA	7,521	3,743	5,613	5,109	4,997	2,706	3,438	3,505
Adjusted EBITA, %	16.5%	11.8%	15.1%	14.4%	16.0%	12.5%	13.0%	13.9%
Change in Adjusted EBITA, %	51%	38%	63%	46%	53%	44%	40%	11%
Organic growth of Net sales, %	29%	32%	27%	23%	21%	13%	9%	8%

Monthly net sales and personnel

Month 2022 (2021)	Net sales, MEUR	No. of employees at end of period	No. of working days in Finland	Full Time Equivalent, FTE	Subcontracting, FTE
January	10.8 (7.5)	993 (727)	20 (19)	917 (679)	147 (109)
February	11.3 (8.1)	1,015 (736)	20 (20)	942 (689)	153 (111)
March	13.3 (9.7)	1,043 (792)	23 (23)	968 (735)	155 (118)
April	11.5 (8.5)	1,056 (791)	19 (20)	988 (743)	156 (112)
May	13.1 (8.8)	1,068 (799)	21 (20)	1,004 (755)	163 (109)
June	12.5 (9.1)	1,074 (803)	21 (21)	1,015 (755)	162 (108)
July	4.1 (2.7)	1,062 (797)	21 (22)	1,004 (746)	78 (38)
August	12.9 (8.5)	1,086 (803)	23 (22)	1,016 (746)	156 (105)
September	14.8 (10.4)	1,126 (814)	22 (22)	1,060 (757)	183 (119)
October	14.6 (10.2)	1,159 (827)	21 (21)	1,092 (763)	186 (133)
November	17.2 (11.3)	1,292 (846)	22 (22)	1,198 (784)	199 (152)
December	13.9 (9.7)	1,297 (852)	20 (21)	1,210 (789)	173 (137)

All key figure calculation methods are explained in section "Calculation formulas for key figures"

Key Figures

EUR thousand, unless otherwise specified	Q4/2022	Q4/2021	Change	H2/2022	H2/2021	Change	2022	2021	Change
Net sales	45,686	31,203	14,483	77,403	52,830	24,573	149,921	104,509	45,412
Change in Net sales, %	46.4%	28.5%		46.5%	30.2%		43.5%	34.1%	
EBITDA	7,124	5,598	1,526	11,456	8,947	2,509	22,736	17,062	5,674
EBITDA, %	15.6%	17.9%		14.8%	16.9%		15.2%	16.3%	
Adjusted EBITA	7,521	4,997	2,524	11,265	7,703	3,562	21,987	14,646	7,341
Adjusted EBITA, %	16.5%	16.0%		14.6%	14.6%		14.7%	14.0%	
EBITA	6,503	4,988	1,515	10,265	7,694	2,571	20,426	14,451	5,975
EBITA, %	14.2%	16.0%		13.3%	14.6%		13.6%	13.8%	
Operating Profit (EBIT)	5,533	4,402	1,131	8,367	6,522	1,845	16,637	12,197	4,440
Operating Profit (EBIT), %	12.1%	14.1%		10.8%	12.3%		11.1%	11.7%	
Profit for the period	4,162	3,507	654	6,246	5,129	1,117	12,223	9,073	3,149
Earnings per share (EPS), undiluted	0.26	0.23		0.40	0.34		0.78	0.61	
Earnings per share (EPS), diluted	0.26	0.23		0.40	0.34		0.78	0.61	
Effective dividend yield (DPS/Price), %							1.5%	1.2%	
Price-Earnings ratio, P/E							28.5	39.3	
Return on equity (ROE), %	21.8%	23.6%		16.7%	17.5%		17.3%	18.6%	
Return on investment (ROI), %	23.1%	23.7%		17.6%	17.6%		18.8%	19.1%	
Equity ratio, %	54.0%	61.5%		54.0%	61.5%		54.0%	61.5%	
Net gearing, %	-29.5%	-41.1%		-29.5%	-41.1%		-29.5%	-41.1%	
Number of employees at the end of period	1,297	852	445	1,297	852	445	1,297	852	445
Average overall capacity, FTE	1,167	779	388	1,097	764	332	1,035	745	289
Average subcontracting, FTE	186	141	45	162	114	48	159	113	46

All key figure calculation methods are explained in section "Calculation formulas for key figures"

Customer pricing and salaries in good balance under inflation pressures

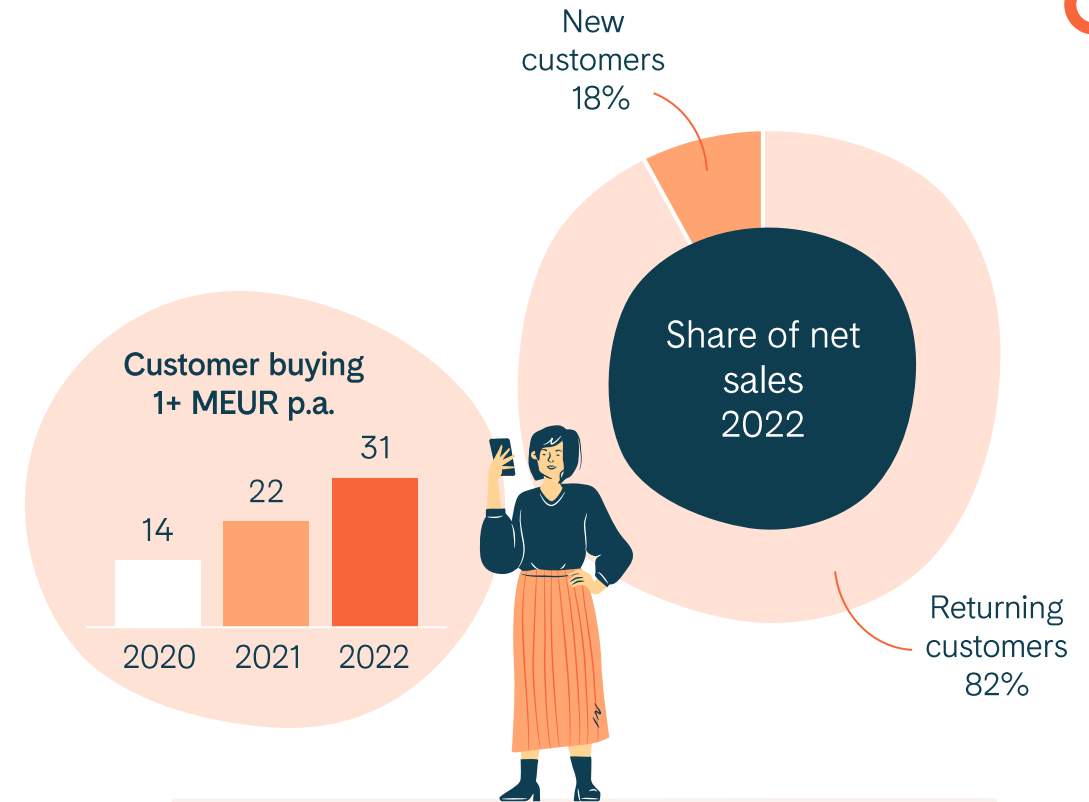
- Operatively good year shows that Gofore's business scales well. Customer demand was on a very good level and typical growth bottleneck, recruitment, worked very well.
- Most important indicators of operative effectiveness – billing rate, customer prices and average salary – developed well.
- Customer price change during the year was +3.5%.
- Average salary change was +2.9 % (+6.1 % in 2021).
 - Average salary rise on a healthy level, 6.2%
 - Hiring new employees kept the average salary change on a healthy level despite salary inflation.
- Billing rate stayed on a good level throughout the year, being especially good on the last quarter.
- Personnel expense share of net sales stayed close to the 2021 level and was 56.8% (56.4%). Subcontracting share grew somewhat and was 19.8% (19.4%).



Customer price and salary change figures exclude the 2022 acquisitions.

Customer size and satisfaction on the rise

- Customer size grew significantly in 2022
- Deepening relationships, returning customers' share of net sales 82%
- Large projects with growing impact
- Excellent customer satisfaction; NPS 43 (benchmark 37) and overall satisfaction with Gofore 4.1
 - We exceed expectations
 - Versatile expertise
 - Smooth collaboration
 - We are trustworthy
- Preferred brand out of 15 peers
(Brand awareness study 2022, respondents were not current customers)



Digital Society: LähiTapiola

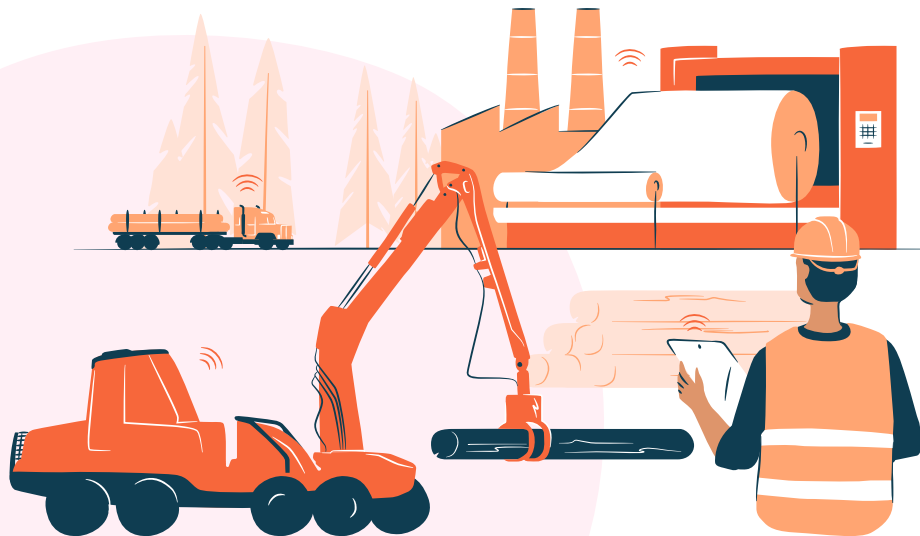
Our continuously developing Digital Society focus sector can entail both public sector parties and private companies that are parts of the same societal ecosystem.

- At the end of 2022, we deepened our relationship with our long-term customer, insurance company LähiTapiola.
- LähiTapiola chose Gofore to carry out the acceptance testing of its life insurance system integration.
- The comprehensive project lasts 3-6 years and its value to Gofore is an estimated 2.9 million euros.



Intelligent Industry: Metso Outotec

Our long-term Metso Outotec collaboration is a great example of a deepening customer relationship.



- Long-term collaboration in developing strategic digital products.
- Includes e.g. software development, design work, architecture, data and agile development (scrum, agile coaching etc.).
- Work also directly related to mining equipment digital solutions that in the mining industry entail e.g. proactive maintenance, wear monitoring, digital process design and optimization.
- Metso Outotec wants to offer its customers more production efficiency with less costs and more sustainability.
- Gofore is strongly involved in e.g. solutions for digital twins of production lines.

Significant customer agreements in 2022

Customer	Project	Topic	~Value, MEUR	Years
Tax Administration	Real Time Economy	Financial ecosystem	2.5	2
City of Helsinki	Haitaton	Construction site hazard monitoring	2.6	2
City of Helsinki	ASTI	Early childhood education services	4,9	2
City of Helsinki	City services and design	Application development	5.0	2+until further notice
Finnish Institute for Health and Welfare	Project management	Health and social reform	3-7	3+2 (option)
East Uusimaa wellbeing service county	Consultancy, project management	Health and social reform	3	2+2 (option)
Lapland wellbeing service county	Consultancy, project management	Health and social reform	3.8	4
State Treasury	Information system and website	State budget	2.6	2
Ministry of Agriculture and Forestry ¹⁾	Cloud service development	Wide IT services tender	- ¹⁾	4+2 (option)
CSC IT Center for Science	Digivisio 2030	Digital pedagogy development	8.75	4

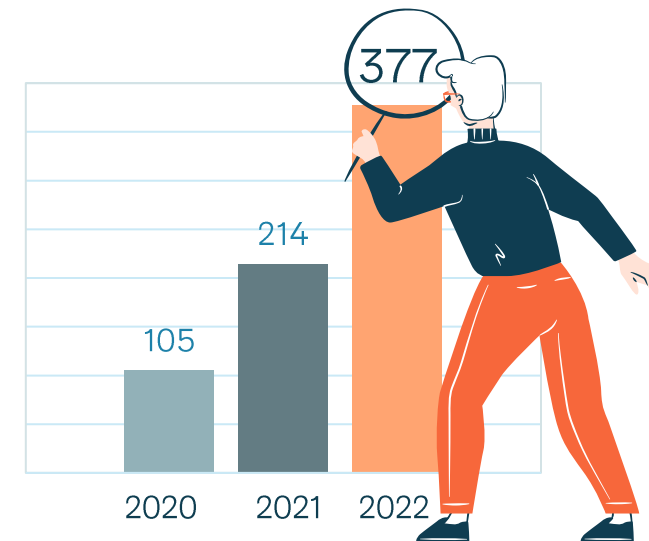
¹⁾ Tendering carried out by the National Land Survey included the Ministry of Agriculture and Forestry as well as offices in its administration; National Land Survey, National Resources Institute of Finland Luke, Finnish Food Safety Authority and Metsähallitus (state forest enterprise). There is no estimate on the value of the agreements, as all offices make their own frame agreements following the joint tendering in the fall.

Human-centric culture brought results

Strong employer brand and investment into work satisfaction sped up growth in 2022

- Gofore's number of employees grew by 52% to 1,297 people
- Record successful recruiting; 377 people recruited during the year
- Employee attrition rate decreased from 17% in 2021 to 12% (target <10%)
- Share of unexpected leavers even smaller than targeted, 9%
- Employee net promoter score improved from the spring (eNPS 30) to fall; eNPS 43

Recruitment
growth
76 %



Strong growth platform in the DACH area

The logo for e.mundo, featuring the lowercase letters 'e.mundo' in a dark grey, sans-serif font. A small red dot is positioned above the 'm'.A light orange circle containing the text 'Net sales growth 2022 17%' in a dark grey, sans-serif font.

**Net sales
growth 2022
17%**

The eMundo acquisition carried out on 1 November 2022 was ideal for Gofore.

- Similar large customer strategy with Gofore.
- Long-term customers include e.g. Deutsche Bahn and BMW.
- Strong on both public and private sector.
- Similar business model; net sales mostly hourly invoicing based.
- Shares Gofore's values, ethics and modern, human-centric culture with low hierarchy and strong self-management.
- eMundo has been rated a very good employer in Germany's most significant employer rating service Kununu; 4,9/5 points and the best employer in Munich in February 2023.

More on eMundo's latest Kununu rating (in German):
<https://news.kununu.com/besten-arbeitgeber-muenchen/>



**Net sales
growth 2022
30%**

More muscle in Intelligent Industry

The Devecto acquisition carried out on 3 January 2022 completed Gofore's industrial sector expertise that has become strategically important.

- Devecto is a leading Finnish software partner of industrial product development.
- Similar large customer strategy as Gofore has.
- Synergies with Gofore's customer portfolio.
- Long-term, internationally operating customers, e.g. Ponsse, Valtra and ABB.
- Similar business model; net sales mostly hourly invoicing based.
- Integrating Devecto into the Group proceeded well during the year, and Devecto became an integral part of the strategically important Intelligent Industry sector.

Significant events after the review period

Gofore Plc's Shareholders' Nomination Board's proposals to the Annual General Meeting 2023

20 Jan 2023: The Shareholders' Nomination Board made proposals to the Annual General Meeting 2023 of the number of members of the Board of Directors and changes in the remuneration of the Chairman and members of the Board.

The entire release: <https://gofore.com/en/news/gofores-shareholders-nomination-boards-proposals-to-the-annual-general-meeting-2023/>

Gofore's net sales in January 2023 as expected.

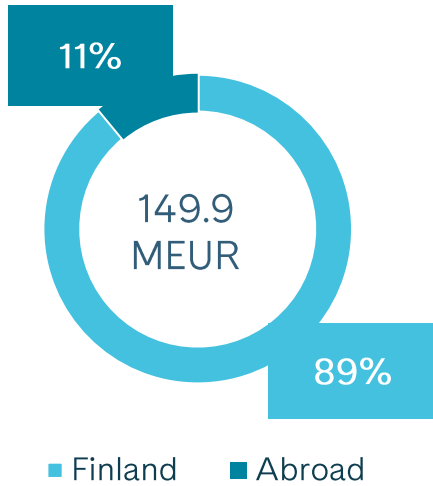
January started the year according to expectations. Typical for turn of the year, project discontinuities affected January billing rates as accustomed to, making it lower than the year-end's good level. Although the good demand of the year-end mainly continued, mild caution has been detected in starting new projects.



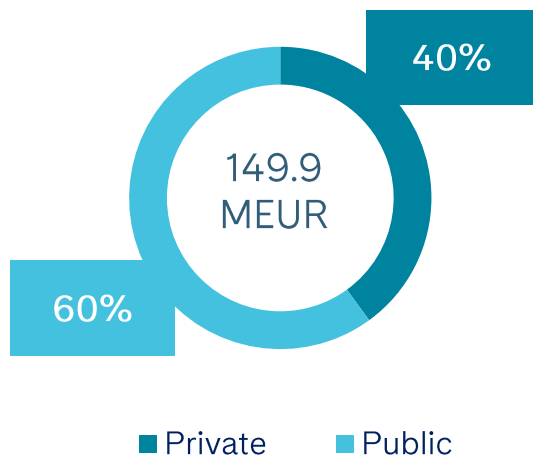
KEY FIGURES	Net sales, MEUR	LTM pro forma	No. of Employees	Overall Capacity, FTE	Subcontracting FTE	No. of Working Days in Finland
January 2023 (January 2022)	15.8 (10.8)	160.6	1,318 (993)	1,225 (917)	186 (147)	21 (20)

Net Sales Distribution

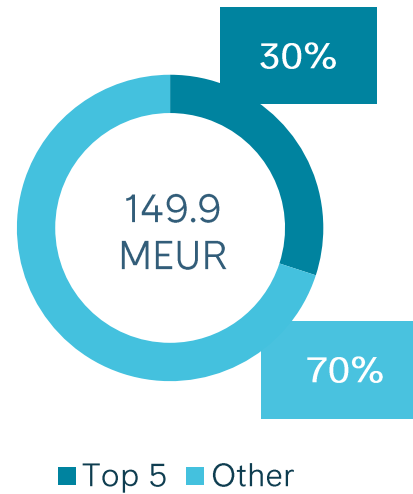
Geographically



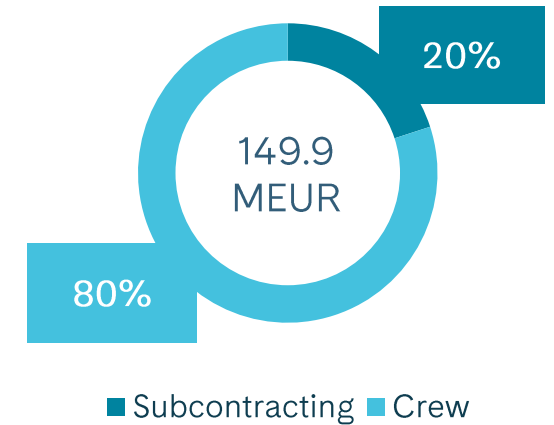
By Sector



By Customer Size



Share of Subcontracting



Market Outlook

Digital transformation's outlook is strong in the mid and long term. Short-term outlook is shadowed by the macro-economical uncertainty that affects customer demand.

Macro economical uncertainty affects demand

2023 started with high uncertainty about the direction of the economy. While a downturn in economic activity would also affect the willingness to invest into digital development in the short-term, there are also positive signs of a turn in conjuncture towards continued growth in 2024. For Gofore, the good growth momentum and customer demand carries, but the above aforementioned macro-economic factors are expected to impact customer demand during the year. The digitalisation megatrend continues to strengthen customer demand in the medium and long-term.

Public sector digitalisation continues

Finnish public sector digitalisation continues actively. Big structural reforms – especially social and healthcare reform – are continuing. This is reflected on the high level of active development activities at the start of 2023. This activity is expected to continue through 2023 and beyond. A possible downturn in economic activity and deepening deficit in public finances will affect public spending. The effect on digital investments is mostly subject to political decision making of the next Finnish government.

The parliamentary elections in April 2023 show the way for future politics regarding digitalisation of society. The elections themselves are expected to slow down tender activity for a period of time. For Gofore, public sector demand is expected to grow steadily, possibly with the exception of the period of elections. A potential slowdown of demand from private sector may increase competition for public sector tenders. Gofore's strong position in bigger development programs is a competitive edge compared to most of the competition.

Private investments cycle dependent

Digital transformation remains a high priority for private companies. However, their willingness to invest is affected by the economic cycle. Many companies in Gofore's focus markets entered the year 2023 with a good order backlog, but with risk of slower order intake. If the slower cycle is protracted, the risk of postponing investments also rises. For Gofore's Intelligent Industry sector, a national plan and legislation to raise R&D funding (to 4% of GDP by 2030), is expected to support customer demand.

International market uncertain

International markets relevant to Gofore are subject to the same macro-economic changes as described above.

The German and the whole DACH market are of special relevance to Gofore, and we expect to see a downturn in the economy in 2023 on those areas. Geopolitical turmoil affects global markets heavily. For Gofore this is relevant especially through the outlook of globally operating customers companies. Public investments in digital development are growing in Europe. Market entry into local markets is not easy but is aided by the advanced development in Finland and the Nordic countries.

Talent market challenging but may be alleviated in the short term

In the medium and long-term, the talent market is expected to remain competitive in all geographies where Gofore operates. Gofore has proven competitiveness as an attractive employer and a good operative ability to recruit. In the short-term, the weaker economic cycle and related slower recruiting and layoffs by especially SaaS companies supports fulfilling recruitment goals.

Wage inflation in the market is driven by talent shortage and strengthened by inflation in the economy. Gofore expects some pressure on margins, with company-wide wage agreement alleviating pressure to an extent.

Short-term risks and uncertainties in the operating environment



● ● ● ○ ○ MEDIUM RISK

Macro-economical situation

Economical uncertainty has significantly grown in 2023. Uncertainty of the economy and economic growth is seen in investments. Inflation and a changed interest situation affect the operating environment. Impacts on Gofore are related to inflation developments and general customer demand. Adding costs raised by the inflation on customer pricing has gone well so far. There has been no sign of essential weakening of customer demand.

● ○ ○ ○ ○ VERY LOW RISK

Public sector customer market

The public sector is more resilient to macro-economical changes than the private sector. Weakening public economy may affect the public sector's IT investment. Finnish parliamentary elections in April 2023 are expected to temporarily affect market activity. Gofore believes its public sector market position is strong and therefore sees this risk as very low.

● ● ● ○ ○ MEDIUM RISK

Private sector customer market

Companies are more vulnerable to political situation or country-specific macro-economical risks. Especially Finnish export companies have on average a strong order intake in the start 2023. Gofore currently sees this risk as medium. In the mid and long term, digitalisation is high on private company agendas, and Gofore's offering creates high added value to customers.

● ● ○ ○ ○ LOW RISK

Talent market

Demand for skilled workforce continues high in the industry. Short-term uncertainty of the economy has slowed down the labor market, as e.g. international technology businesses and SaaS companies have slowed down recruitment and even laid off staff. Despite this, Gofore only sees a low risk here, thanks to its strong employer brand and the flexible work it enables.

● ● ● ○ ○ MEDIUM RISK

M&A market

Gofore intends to continue disciplined acquisitions by acquiring companies that fit its strategy. The M&A market has slowed down somewhat with the developments of the economical situation. Integration of acquired companies includes uncertainty. In Finland, Gofore is an experienced, valued buyer. In the new market area, German-speaking Europe, it faces a higher risk.

● ○ ○ ○ ○ VERY LOW RISK

Geopolitical situation

Russia's invasion was or the limitations imposed on the country continue to have very little *direct* impact on Gofore. Gofore has no operations in Russia, Ukraine or Belorussia. The conflict has had a negative impact on some customer businesses.

Disclosure and Guidance

As of February 2022, Gofore has not provided forecasts about the revenue or profit for the financial year. Before, Gofore may have presented an estimate of the company's revenue or performance guidance in the financial statement release or half-year report.

Gofore continuously develops the content of its monthly business reviews and interim reports, in an effort to further improve the company's transparency and more real-time monitoring of financial developments.

Financial information

January-December 2022

Unaudited

Group Structure

Personnel and offices

At the end of December 2022, the Group employed a total of 1,297 (852) employees. The number of personnel increased from the corresponding period in 2021 by 52%. Growth was created both organically and by the acquisitions carried out.

The number of employees in Finland amounted to 1,146 (814), and in the other countries of operation to a total of 151 (38) employees.

Gofore's offices are located in Helsinki, Espoo, Jyväskylä, Tampere, Oulu, Kajaani, Lappeenranta and Turku. Offices located outside of Finland are in Brunswick, Ingolstadt, Klagenfurt, Munich, Stuttgart and Frankfurt in Germany, Salzburg in Austria, Bolzano in Italy, Madrid and Málaga in Spain, and Tallinn in Estonia.

Corporate acquisitions

On 3 January 2022, Gofore announced it had acquired the entire share capital of Devecto Oy, a company specialised in software development and testing of smart devices and machinery, and related testing systems, for 21 million euros.

On 27 October 2022, Gofore announced it has acquired the entire share capital of eMundo GmbH, a digitalisation consultancy and software company, for 8 million euros.

Both purchase price allocations and estimates on potential additional purchase prices are presented in the section "Notes to the Accounts", pages 46 and 47.

GOFORE PLC

Gofore Lead Oy 100%	Devecto Oy 100%
Gofore Germany GmbH 100%	Gofore Spain 100%
Gofore Verify Oy 100%	Gofore Estonia 100%
CCEA Oy 95% Gofore Plc	Sleek Oy 70% Gofore Plc
eMundo GmbH Germany 100%	Rebase Consulting Oy 66% Gofore Plc
eMundo GmbH Austria 100%	

Net Sales

January-December's organic growth to 29% - strong growth in net sales from outside Finland and the private sector

January -December 2022

During January-December 2022, Gofore's net sales increased by 43% compared to the corresponding period in 2021, amounting to EUR 149.9 (104.5) million.

Growth was attributable to both the Devecto and eMundo acquisitions and strong, 32%, organic growth. The average hourly price of services sold also increased somewhat.

Net sales generated from public sector sales increased to EUR 90.1 (67.9) million.

Net sales generated from the private sector grew by as much as 64% to EUR 59.8 (36.6) million. The eMundo, Devecto and CCEA acquisitions have contributed to the private sector sales growth.

The public sector's share of total net sales was 60 (65)% and private sector's 40 (35)%.

Net sales coming from Finland was EUR 134.0 (95.5) million, representing an 89 (91)% share of Group net sales. Other countries' share of Group net sales was 11 (9)%; EUR 16.0 (9.0) million.

Subcontracted work represented a 20 (19)% share of Group net sales; EUR 29.6 (20.3) million.

July-December 2022

During the period of July-December 2022, Gofore's net sales increased by 47% compared to the corresponding period in 2021, and amounted to EUR 77.4 (52.8) million.

The growth was primarily attributable to corporate acquisitions and organic growth., 33%

Profitability

Adjusted EBITA growth in January-December 50%, also 46 % in July-December

January-December 2022

During the period of January – December 2022, Gofore’s adjusted EBITA increased by 50% compared to the corresponding period in 2021 and amounted to EUR 22.0 (14.6) million and accounted for 14.7 (14.0)% of net sales.

Adjusted EBITA for the period was affected by an adjustment of corporate acquisition transaction costs by EUR 1.6 million. Adjusted EBITA in the comparison period was affected by a EUR 0.2 million adjustment of acquisition transaction costs. The calculation method of the adjusted EBITA is presented separately in the section “Calculation formulas for key figures”.

EBITA for January – December 2022 amounted to EUR 20.4 (14.5) million and accounted for 13.6 (13.8)% of net sales.

The proportion of personnel expenses of net sales rose somewhat from the level of the comparison period in 2021, accounting for 56.8 (56.4)%. Personnel expenses in January – December 2022 amounted to EUR 85.2 (58.9) million. Growth is based on the growth of the number of employees.

Other operating expenses amounted to EUR 17.4 (11.2) million; 11.6 (10.7)% of net sales. Without transaction costs related to acquisitions, the proportion would have been 10.5 (10.6) %. The largest expense items included other personnel expenses, ICT expenses and external services. Depreciations excluding amortizations of intangible assets related to acquisitions were EUR 2.3 (2.6) million, accounting for 1.5 (2.5)% of net sales. Depreciations and amortizations were 6.1 (4.9) million euros; 4.1 (4.7)% of net sales.

Operating profit (EBIT) in January – December 2022 amounted to EUR 16.6 (12.2) million and accounted for 11.1 (11.7)% of net sales. Finance costs and income were EUR –0.8 (-0.9) million. Costs in the comparison period were increased due to discounted financing expenses of contingent considerations.

Profit for the financial period amounted to EUR 12.2 (9.1) million, showing 35% growth.

July-December 2022

During the period of July –December 2022, adjusted EBITA amounted to EUR 11.3 (7.7) million; 14.6 (14.6)% of net sales. Adjusted EBITA was significantly improved during the second half, showing a further 46% growth.

Balance sheet, cashflow, financing and R&D

The Group's liquidity is good and financing position strong.

On 31 December 2022, Gofore's equity ratio was 54.0 (61.5)%, with net gearing of -29.5 (-41.1)%.

At the end of December 2022, balance sheet total of the Gofore Group amounted to EUR 148.4 (101.9) million, of which total equity accounted for EUR 79.8 (61.3) million. At the end of the review period, interest-bearing net debt amounted to EUR -23.6 (-25.2) million.

Cash flow from operations improved over the period of January-December 2022 to EUR 21.7 (14.2) million. The cash flow from investments during the review period amounted to EUR -18.1 (-10.0) million.

Investments in subsidiary shares during the review period amounted to EUR 17.5 (9.9) million. Cash flow from financing activities during the period amounted to EUR 1.4 (13.6) million, including paid dividends of EUR -4.4 million, repayments of lease agreement liabilities for EUR -1.9 million, withdrawals of new loans for EUR 11.5 million and loan amortisations for EUR -3.8 million.

At the end of the review period, cash assets amounted to EUR 44.1 (39.1) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 18.1 (10.1) million. Gofore raised a new unsecured loan of EUR 11.5 million during the review period. The company has interest rate cap and swap agreements in use to hedge the loans. Further information on this can be found in Notes to the Accounts / Financing, related party transactions and commitments.

The loans are associated with the customary covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 31 December 2022. In addition, Gofore has in its disposal an EUR 5 million binding, unsecured credit limit for the Group's short-term, general financing needs such as corporate acquisitions. The limit was not used during the review period.

Research & Development

The company's development activity in the reporting period was focused on enhancing its digital platform and enterprise resource management system.

Corporate Governance and Share Information

January-December 2022

Shares and Trading

Gofore Plc's share is quoted on the official stock exchange list of Nasdaq Helsinki Ltd; share trading code GOFORE.

At the end of the reporting period on 31 December 2022,

- Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,506,132 (15,072,085) company shares
- Gofore or its subsidiaries were not in possession of any treasury shares in the reporting or the corresponding period
- Trading volume in January-December 2022 amounted to 1.57 (4.7) million shares, corresponding to approximately 10.2% (32%) of average number of outstanding shares, at a trading value of EUR 35.5 (92.8) million
- At the end of December 2022, the company's market value was EUR 344.2 (361.7) million. Closing price of Gofore's share 31 December 2022 was EUR 22.2 (24.00)
- Trading volume-weighted average price of the share during the review period was EUR 22.79 (20.19)
- Highest trading price was EUR 26.00 (25.10) and the lowest EUR 18.25 (16.00)

344

Market value at the end of December, MEUR

-7.5%

Share price 12-month value change

26.00

Highest price, EUR

Shares and Ownership

At the end of the reporting period on 31 December 2022:

- The company had a total of 5,879 (5,599) registered shareholders.
- Foreign ownership accounted for a total of 2.3 (1.55) percent of shares.
- Holders of nominee registered shares owned a total of 19.3% (17.8%) of shares, total number of such shares amounted to 2,989,697 (2,677,331).
- Households owned 55.3% (57.6%) of the shares, private companies 5.2% (5.4%), financial and insurance institutions 26.7% (25.7%), non-profit organisations 0.7% (0.3%) and public corporations 9.8% (9.4%).

Changes in major shareholders' ownership

- Gofore received no flagging notifications in January-December 2022.

Directed share issues 2022

- 3 January: 271,958 shares in relation to the Devecto acquisition. New shares were registered on 4 January.
- 11 March: 26,279 shares as a part of the CrewShare program. New shares were registered on 21 March.
- 19 September: 28,570 shares as part of the CrewShare program. New shares were registered on 30 September.
- 27 October: 107,240 shares as part of the eMundo GmbH acquisition. New shares were registered on 28 October.

5,879

Shareholders at the end of December

55.3%

Household ownership

26.7%

Financial and insurance institutions ownership

Share-based loyalty and remuneration schemes

Gofore has had a share savings plan called CrewShare open to its entire staff since 2018. In January 2022, the Board of Directors resolved on a new plan period for 2022–2023, as well as on a new Performance Share Plan for key people.

CrewShare Plan

The plan is available to all Gofore Group's employees, who are offered the possibility to save monthly and invest in shares in the company at a 10 per cent discount, if the Board of Directors of the company so decides. The accrued savings are allocated towards acquiring Gofore's shares after the expiration of the savings period.

The new plan period commenced on 1 March 2022 and ends on 28 February 2023. Employees will be offered an opportunity to save a proportion of their regular salaries (EUR 50–400 per month). The accrued savings will be used for the acquisition of the Gofore shares biannually following the publications of the Half-year Report in September 2022 and financial statements release for the year 2022 in March 2023.

A total of 645 Gofore Group employees participated in CrewShare in 2022.

Performance Share Plan

In January 2022, the Board of Directors of Gofore Plc also decided to establish a new share-based incentive plan for the group's key personnel. The aim is to align the objectives of the shareholders and key personnel for increasing the value of the company in the long-term, to commit the key employees to work for the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares.

The Performance Share Plan 2022–2024 consists of a three-year performance period, covering the financial years in question. The Board may decide annually on new performance periods.

26 persons, including the CEO and other management team members, currently belong in this plan.

Read more: <https://gofore.com/en/releases/gofore-plc-gofore-resolved-on-incentive-plans-for-the-groups-employees-and-key-personnel/>

Resolutions of the Annual General Meeting

25 March 2022

Adoption of the financial statements

The Annual General Meeting adopted the company's financial statements for the financial period from 1 January–31 December 2021.

Dividend of EUR 0.28 per share

The Annual General Meeting confirmed a dividend of EUR 0.28 per share to be paid for the financial period 1 January– 31 December 2021. The total amount of dividend is EUR 4,303,690.16, calculated on the basis of the outstanding shares as per the day of the Annual General Meeting. The record date for the dividend distribution will be 29 March 2022 and the dividend payment date will be 5 April 2022.

Resolution on discharge from liability

It was resolved to discharge the members of the Board of Directors and the CEO from liability for the financial period of 1 January–31 December 2021.

Remuneration report

It was resolved to adopt the Remuneration Report for the Governing Bodies.

Remuneration of the members of the Board of Directors

It was resolved that the remuneration for the Chair of the Board is EUR 3,500 per month and for the members of the Board EUR 2,000 per month. In addition, it was approved that the Shareholders' Nomination Board proposes that each Board Member be paid a fee for each committee meeting as follows: The Chair of the Committee should be paid EUR 800 and the other committee members EUR 400 for each meeting. All members of the Board will be compensated for travel expenses against receipt in accordance with the company's travel policy.

The number of members of the Board of Directors

It was resolved that the Board of Directors consists of six members.

Composition of the Board of Directors

The following persons were elected as the Board of Directors: **Eveliina Huurre** and **Tapani Liimatta** as new members and **Mammu Kaario**, **Piia-Noora Kauppi**, **Timur Kärki** and **Sami Somero** as old members.

Remuneration of the auditor

It was resolved that the auditor's remuneration is paid against the invoices approved by the company.

Election of the auditor

KPMG Oy Ab was re-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, would be the Auditor with principal responsibility.

All resolutions of the AGM can be seen at

<https://gofore.com/en/invest/governance/agsm2022/>

Gofore's Annual General Meeting 2023

takes place on 24 March 2023. Follow the preparations at: <https://gofore.com/en/invest/governance/annual-general-meeting-2023/>

Share repurchase and issuance authorisations

Authorising the Board of Directors to resolve on the repurchase of the Company's own shares and/or accepting them as a pledge

The Annual General Meeting authorised the Board of Directors to resolve on the acquisition of the company's own shares of a maximum of 1,534,404 shares and/or accepting the same number of the company's own shares as a pledge, in one or more tranches by using funds in the unrestricted shareholders' equity. The maximum number of shares to be acquired and/or accepted as a pledge corresponds to approximately 10% of the total number of shares of the company based on the date of the notice to the Meeting. However, the company, together with its subsidiaries, may not hold or accept as a pledge more than 10% of the total number of shares of the company at any time.

Shares will be acquired otherwise than in the proportion of shareholders' holdings in public trading arranged by Nasdaq Helsinki Ltd. at market price at the time of acquisition or otherwise at market price. The authorisation is granted for the purposes of, among others, executing potential acquisitions and share-based incentive schemes or for other purposes determined by the Board of Directors and otherwise to be further assigned, to be held at the ownership of the company or to be annulled by the company. The Board of Directors decides on all other conditions for acquiring own shares and/or accepting them as a pledge.

This authorisation cancels the authorisation given by the Annual General Meeting on 26 March 2021 to resolve on the repurchase of the company's own shares. The authorisation is valid until the closing of the next Annual General Meeting, however, no longer than 30 June 2023.

Authorising the Board of Directors to resolve on the issuance of shares and the issuance of option rights and other special rights entitling to shares

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 2,301,606 shares, equivalent to approximately 15% of the total number of shares of the company on the date of the notice to the meeting. The Board of Directors may decide to issue new shares or to transfer own shares that may be held by the company.

The authorisation entitles the Board of Directors to decide on all terms and conditions related to the issuance of shares and the issuance of option rights and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The authorisation is to be used as consideration for acquisitions, partly as a company incentive scheme or for other purposes determined by the Board of Directors.

The authorisation is valid until 30 June 2023. The authorisation revokes all previous unused authorisations of the Board of Directors to resolve on the issuance of shares, issuance of share options and issuance of other special rights entitling to shares.

Consolidated Financial Report

1 Jan – 31 December 2022

Tables Section

Unaudited

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	Q4/2022	Q4/2021	Change	H2/2022	H2/2021	Change	2022	2021	Change
Net sales	45,686	31,203	46%	77,403	52,830	47%	149,921	104,509	43%
Production for own use	102	-79	< -100%	210	36	>100%	305	140	>100%
Other operating income	86	38	>100%	100	48	>100%	126	128	-2%
Materials and services	-7,510	-5,553	35%	-13,264	-9,133	45%	-25,073	-17,547	43%
Employee benefit expenses	-25,757	-16,686	54%	-43,700	-29,055	50%	-85,150	-58,943	44%
Depreciations, amortisations and impairment	-1,591	-1,195	33%	-3,088	-2,425	27%	-6,099	-4,865	25%
Other operating expenses	-5,482	-3,325	65%	-9,295	-5,779	61%	-17,394	-11,226	55%
Operating profit (EBIT)	5,533	4,402	26%	8,367	6,522	28%	16,637	12,197	36%
Finance costs	-260	-93	>100%	-418	-146	>100%	-824	-902	-9%
Finance income	46	12	>100%	53	17	>100%	60	40	52%
Profit before tax	5,320	4,322	23%	8,002	6,393	25%	15,873	11,335	40%
Income tax	-1,158	-814	42%	-1,756	-1,263	39%	-3,650	-2,261	61%
Profit for the financial period	4,162	3,507	19%	6,246	5,129	22%	12,223	9,073	35%
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	0	9	-	0	9	-	0	12	-
Cash flow hedges	47	0	-	260	0	-	542	0	-
Other comprehensive income, net of tax	47	9	>100%	260	9	>100%	542	12	>100%
Total comprehensive income for the financial period	4,209	3,516	20%	6,506	5,138	27%	12,765	9,086	40%
Profit/loss for the financial period attributable to:									
Equity holders of the parent	4,044	3,457	17%	6,087	5,049	21%	11,954	8,953	34%
Non-controlling interests	118	50	>100%	159	81	97%	269	120	>100%
	4,162	3,507	19%	6,246	5,129	22%	12,223	9,073	35%
Total comprehensive income for the financial period attributable to:									
Equity holders of the parent	4,091	3,466	18%	6,347	5,058	25%	12,496	8,966	39%
Non-controlling interests	118	50	>100%	159	81	97%	269	120	>100%
	4,209	3,516	20%	6,506	5,138	27%	12,765	9,086	40%
Earnings per share (EPS), undiluted	0.26	0.23	0.03	0.40	0.34	0.06	0.78	0.61	0.17
Earnings per share (EPS), diluted	0.26	0.23	0.03	0.40	0.34	0.06	0.78	0.61	0.17

Consolidated Statement of Financial Position

EUR thousand	2022	2021	Change
Assets			
Non-current assets			
Goodwill	47,694	26,897	77%
Other intangible assets	22,465	11,257	100%
Tangible assets	751	427	76%
Right-of-use assets	3,564	4,409	-19%
Other receivables	917	1	>100%
Deferred tax assets	147	37	>100%
Total non-current assets	75,537	43,029	76%
Current assets			
Trade receivables	24,248	15,980	52%
Contract assets	465	709	-34%
Other current assets	2,826	2,346	20%
Income tax receivables	140	144	-3%
Securities	1,077	575	87%
Cash and cash equivalents	44,135	39,114	13%
Total current assets	72,890	58,869	24%
Total assets	148,427	101,898	46%

EUR thousand	2022	2021	Change
Equity and liabilities			
Equity			
Share capital	80	80	0%
Fund for unrestricted equity	49,897	40,103	24%
Other reserves	542	0	-
Retained earnings	28,764	20,822	38%
Equity attributable to equity holders of the parent	79,283	61,005	30%
Non-controlling interests	475	304	57%
Total equity	79,759	61,309	30%
Non-current liabilities			
Interest-bearing loans and borrowings	13,464	7,450	81%
Other payables	3,196	0	-
Lease liabilities	1,464	2,644	-45%
Deferred tax liabilities	4,664	2,111	>100%
Total non-current liabilities	22,788	12,205	87%
Current liabilities			
Trade and other payables	21,480	11,199	92%
Contract liabilities	688	2,217	-69%
Interest-bearing loans and borrowings	4,593	2,600	77%
Lease liabilities	2,141	1,807	18%
Accrued expenses	15,750	10,028	57%
Income tax payable	1,229	533	>100%
Total current liabilities	45,881	28,384	62%
Total liabilities	68,668	40,589	69%
Total equity and liabilities	148,427	101,898	46%

Consolidated Statement of Changes in Equity

2022		Attributable to equity holders of the parent						
EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 of January 2022	80	40,103	0	0	20,822	61,005	304	61,309
Profit for the period					11,954	11,954	269	12,223
Other comprehensive income			542			542		542
Total comprehensive income	0	0	542	0	11,954	12,496	269	12,765
Transactions with shareholders and non-controlling interests:								
Share-based payments		1,042			297	1,340		1,340
Dividends					-4,304	-4,304	-131	-4,434
Acquisition of a subsidiary paid in shares		8,715				8,715		8,715
Change in non-controlling interests		37			-6	31	34	65
Equity on 31 of December 2022	80	49,897	542	0	28,764	79,283	475	79,759
2021								
		Attributable to equity holders of the parent						
EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 of January 2021	80	20,515		-12	15,476	36,059	23	36,082
Profit for the period					8,953	8,953	120	9,073
Other comprehensive income				12		12	0	12
Total comprehensive income	0	0	0	12	8,953	8,966	120	9,086
Transactions with shareholders and non-controlling interests:								
Share-based payments		571			192	763		763
Dividends					-3,373	-3,373		-3,373
Share issue		19,017			-426	18,592	8	18,600
Purchase of own shares					-1	-1		-1
Change in non-controlling interests		-1			-0	-1	152	151
Equity on 31 of December 2021	80	40,103	0	0	20,822	61,005	304	61,309

Consolidated Statement of Cash Flows

EUR thousand	H2/2022	H2/2021	Change	2022	2021	Change
Operating activities						
Profit before tax	8,002	6,393	25%	15,873	11,335	40%
Adjustments to reconcile profit before tax to net cash flows:						
Depreciation and impairment	3,088	2,425	27%	6,099	4,865	25%
Finance income and expenses	365	129	>100%	764	862	-11%
Other adjustments	873	458	90%	1,406	762	85%
Change in working capital	955	1,436	-33%	1,799	-334	< -100%
Interest received and paid	-117	-129	-10%	-210	-226	-7%
Other financial items	-20	-9	>100%	-79	-666	-88%
Income tax paid	-1,975	-1,342	47%	-3,911	-2,410	62%
Net cash flow from operating activities	11,172	9,361	19%	21,740	14,187	53%
Net cashflow from investing activities						
Proceeds from sale of tangible assets	12	5	>100%	65	5	>100%
Purchase of intangible assets	-217	-36	>100%	-312	-140	>100%
Purchase of tangible assets	-203	-38	>100%	-355	-60	>100%
Acquisition of a subsidiary, net of cash acquired	-3,337	-1,188	>100%	-17,486	-9,853	77%
Net cash flow from investing activities	-3,746	-1,257	>100%	-18,089	-10,047	80%
Net cash flow from financing activities						
Treasury shares acquired	0	-1	-	0	-1	-
Repayment of lease liabilities	-1,003	-1,088	-8%	-1,949	-2,189	-11%
Proceeds from borrowings	3,500	0	-	11,500	3,000	>100%
Repayment of borrowings	-1,877	-1,300	44%	-3,802	-2,450	55%
Financial instruments	0	0	-	-10	0	-
Share issue	0	0	-	0	19,017	-
Transaction costs on issue of shares	0	-1	-	0	-426	-
Dividends paid to equity holders of the parent	0	0	-	-4,304	-3,373	28%
Dividends paid to non-controlling interest	0	0	-	-131	0	-
Changes in non-controlling interest	52	0	-	65	0	-
Net cash flow from financing activities	672	-2,390	< -100%	1,370	13,580	-90%
Net increase in cash and cash equivalents	8,098	5,714	42%	5,021	17,719	-72%
Cash and cash equivalents at beginning of period	36,037	33,399	8%	39,114	21,394	83%
Cash and cash equivalents at end of period	44,135	39,114	13%	44,135	39,114	13%

Notes to the Accounts

1 Jan – 31 December 2022

Accounting Principles

This unaudited Financial Statements release was prepared in accordance with the IAS 34 Interim Reports standard. Information concerning the full year 2021 is based on the audited financial statements for 2021.

Gofore has changed the accounting policy regarding hedge accounting under IFRS 9 regarding interest rate cap agreements as of 1 January 2022. Efficient share of fair value changes is recognized in the Income Statement's Other comprehensive income (OCI) and presented in fair value reserves in equity.

The inefficient share of hedging is recognized in financial costs in profit and loss statement. Fair value reserves in equity are booked through profit and loss when the hedged item has a profit impact.

Otherwise, the Financial Statements Release is prepared according to the same accounting policies as the Financial Statements for 2021. Amendments to the standards taking effect in 2022 did not affect the Group.

The fair values of financial assets and liabilities are materially consistent with their carrying amounts. For this reason, they are not presented separately in table format in this half-year report. Disclosures concerning share-based payments are presented in the Corporate Governance section / Share Information.

Distribution of revenue

EUR thousand, unless otherwise specified	Q4/2022	Q4/2021	Change, %	H2/2022	H2/2021	Change, %	2022	2021	Change, %
Net sales by customer sector									
Private sector sales	17,840	10,397	72%	30,785	18,154	70%	59,840	36,570	64%
Public sector sales	27,846	20,806	34%	46,618	34,676	34%	90,081	67,939	33%
Net sales by origin of customer									
Finland	39,990	28,467	40%	68,107	48,275	41%	133,955	95,463	40%
Other countries	5,696	2,736	108%	9,296	4,555	104%	15,966	9,046	77%
Net sales by Crew / subcontracting									
Net sales, Crew	36,803	24,693	49%	61,680	42,203	46%	120,291	84,226	43%
Net sales, subcontracting	8,883	6,510	36%	15,723	10,627	48%	29,630	20,283	46%
Net sales by agreement types									
Time and material based projects	42,551	28,345	50%	72,158	47,765	51%	139,261	94,199	48%
Fixed price projects	2,397	2,240	7%	3,893	3,812	2%	8,004	7,544	6%
Maintenance services	710	538	32%	1,292	1,033	25%	2,546	2,351	8%
Third party commissions	28	80	-65%	60	220	-73%	110	416	-74%
Net sales, Group total	45,686	31,203	46%	77,403	52,830	47%	149,921	104,509	43%

Intangible Assets

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1 January 2022	672	10,031	3,438	66	200	101	1,035	15,543	26,897	42,440
Additions	0	0	0	0	0	0	312	312	0	312
Business combinations	557	12,037	1,850	0	0	0	396	14,841	20,797	35,638
31 December 2022	1,228	22,069	5,288	66	200	101	1,743	30,696	47,694	78,390
Amortisation and impairment										
1 January 2022	-348	-2,720	-955	-11	-56	-36	-160	-4,286	0	-4,286
Amortisations	-441	-2,417	-851	-13	-67	-13	-143	-3,946	0	-3,946
31 December 2022	-788	-5,137	-1,806	-24	-122	-49	-304	-8,231	0	-8,231
Net book value										
1 January 2022	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154
31 December 2022	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1 January 2021	414	8,472	2,577	0	0	0	895	12,359	23,311	35,670
Additions	0	0	0	0	0	0	150	150	0	150
Business combinations	258	1,559	861	66	200	101	0	3,045	3,586	6,630
Reclassifications	0	0	0	0	0	0	-10	-10	0	-10
31 December 2021	672	10,031	3,438	66	200	101	1,035	15,543	26,897	42,440
Amortisation and impairment										
1 January 2021	-69	-1,360	-406	0	0	0	-17	-1,853	0	-1,853
Amortisations	-279	-1,360	-549	-11	-56	-36	-143	-2,290	0	-2,290
31 December 2021	-348	-2,720	-955	-11	-56	-36	-160	-4,286	0	-4,286
Net book value										
1 January 2021	345	7,112	2,171	0	0	0	878	10,506	23,311	33,817
31 December 2021	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154

Tangible Assets

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1 January 2022	997	480	1,477
Additions	167	188	355
Business combinations	202	12	214
Disposals	-39	0	-39
31 December 2022	1,328	680	2,007
Depreciation and impairment			
1 January 2022	-815	-235	-1,049
Depreciations charge for the year	-159	-48	-207
31 December 2022	-974	-283	-1,256
Net book value			
1 January 2022	182	245	427
31 December 2022	354	397	751

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1 January 2021	879	396	1,275
Additions	9	83	93
Business combinations	114	0	114
Disposals	-5	0	-5
31 December 2021	997	480	1,477
Depreciation and impairment			
1 January 2021	-631	-184	-815
Depreciations charge for the year	-184	-51	-235
31 December 2021	-815	-235	-1,049
Net book value			
1 January 2021	248	212	461
31 December 2021	182	245	427

Right-of-use Assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1 January 2022	4,323	86	4,409
Additions	750	152	902
Disposals	-235	0	-235
Business combinations	342	92	434
Depreciations for the financial year	-1,815	-132	-1,947
31 December 2022	3,365	198	3,564
1 January 2021	6,730	105	6,835
Additions	49	50	100
Disposals	-311	-17	-329
Depreciations for the financial year	-2,145	-52	-2,197
31 December 2021	4,323	86	4,409

Corporate Acquisitions

Acquisition of Devecto Oy

On 3 January 2022, Gofore acquired 100% of the shares of Devecto Oy in exchange for a 70% cash consideration and 30% in shares. The privately owned company is based in Finland, and it is specialised in the software development and testing of intelligent devices and machinery. The acquired individual assets and liabilities have been recognized to the fair value of the time of the acquisition. As part of the fair value recognition, customer relationships, trademarks and non-competition agreements were recognised as intangible assets from the Devecto Oy acquisition as presented in the table below. The remaining goodwill, EUR 14.1 million, includes for example workforce, future customer relationships and buyer-specific synergy benefits such as cross-selling to Gofore's current customers.

Gofore Group has expensed acquisition-related transaction costs of EUR 551 thousand. Transaction costs are included in other operating expenses in the income statement.

Devecto's net assets have been recognised in fair value of the time of the acquisition, 3 January 2022. The accounting method of the acquisition has been modified after the preliminary purchase price allocation, based on new information on the facts and circumstances of the time of the acquisition. Fair value changes were made for the period in customer relationships, EUR 1.5 million, non-compete agreements, EUR 0.1 million, deferred tax liabilities, EUR 0.3 million, based on comparison to preliminary fair value adjustments at the time of the acquisition.

The discounted additional purchase price was adjusted by EUR 1.1 million related to new information of the time of the acquisition. Due to the fair value changes for the period made on the acquired opening balance, goodwill was decreased by EUR 0.3 million.

The table presents the fair values of the acquired assets and liabilities.

EUR thousand	Devecto Oy (2022)
Purchase price	
Consideration paid in cash	19,085
Consideration paid in shares	6,315
Total purchase price	25,400
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer relationships	9,833
Trademarks	197
Non-compete agreements	1,298
Intangible assets	11,329
Tangible assets	64
Right-of-use assets	89
Other assets	2,852
Cash and cash equivalents	1,366
Total assets	15,699
Liabilities	
Interest and non-interest bearing liabilities	2,092
Lease liabilities	89
Deferred tax liability	2,266
Total liabilities	4,447
Total identifiable net assets at fair value	11,252
Goodwill arising on acquisition	14,148
Purchase consideration transferred	25,400
Cash flow impact of acquisitions	
Consideration paid in cash	19,085
Cash and cash equivalents	-1,366
Net cash flow on acquisition	17,719
Contingent consideration at the acquisition date	
EUR thousand	Devecto Oy (2022)
Contingent consideration liability at the acquisition date	4,225

Corporate Acquisitions

Acquisition of eMundo GmbH

On 1 November 2022, Gofore acquired 100% of the shares of eMundo GmbH by paying 70 percent as cash consideration and 30 percent in shares. The privately owned company is based in Germany, and it designs and carries out digitalization projects and develops tailor-made software for strategic operations such as cyber security, service processes, public transport and the automotive industry.

A contingent consideration has been agreed on, whereby Gofore pays a maximum of EUR 2.8 million in cash consideration, should the 2022-2024 growth and profitability targets (25% of annual net sales growth and profitability improvement) be met.

The Group has booked EUR 1.022 thousand in transaction costs related to the acquisition. The transaction costs are included in the Other operating expenses of the income statement.

The individual assets and liabilities acquired have been recognised in the preliminary acquisition cost calculation to their fair values of the time of the acquisition. As part of the fair value recognition, customer relationships, trademarks and non-competition agreements, as well as technology-based concepts were recognized as intangible assets from the eMundo Oy acquisition as presented in the table below.

The remaining goodwill, 6.6 million euros, includes for example workforce, future customer relationships and buyer-specific synergy benefits such as cross-selling to Gofore's customers.

eMundo GmbH (Austria) is a fully owned subsidiary of eMundo GmbH (Germany) and it was included in the acquisition (the eMundo Group).

EUR thousand	eMundo (2022), preliminary
Purchase price	
Consideration paid in cash	7,883
Consideration paid in shares	2,400
Total purchase price	10,283
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer relationships	2,204
Trademarks	360
Non-compete agreements	552
Other intangible assets	396
Intangible assets	3,512
Tangible assets	150
Right-of-use assets	345
Deferred tax assets	59
Financial assets	578
Other assets	1,577
Cash and cash equivalents	785
Total assets	7,007
Liabilities	
Interest and non-interest bearing liabilities	2,093
Lease liabilities	345
Deferred tax liability	935
Total liabilities	3,373
Total identifiable net assets at fair value	3,634
Goodwill arising on acquisition	6,649
Purchase consideration transferred	10,283
Cash flow impact of acquisitions	
Consideration paid in cash	7,883
Cash and cash equivalents	-785
Net cash flow on acquisition	7,097
Contingent consideration at the acquisition date	
EUR thousand	eMundo (2022), preliminary
Contingent consideration liability at the acquisition date	2,219

Financing, related party transactions & commitments

Financing

Gofore Plc had unsecured loans of EUR 18.1 (10.1) million at the end of the review period. Gofore raised a new EUR 11.5 million unsecured loan during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 31 December 2022.

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

The company has made interest rate cap and swap agreements to hedge its floating rate loans. At the reporting date 69% of floating rate loans were hedged, amounting EUR 12.3 million. The company applies cash flow hedge accounting to those agreements. Efficient share of fair value changes is recognized into OCI and presented in fair value reserves in equity. Interest rate cap agreements are valid until 2 March 2026 and 29 December 2028. The interest swap agreement is valid until 1 November 2027. On 31 December 2022, the fair value of cap agreements were EUR 673 thousand (EUR -1 thousand on 31 December 2021).

Related party transactions

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

Commitments

Gofore Plc holds an unsecured operative guarantee limit of EUR 1 million of which EUR 477 thousand was in use on 31 December 2022. The company has made a 10-year rental commitment to new business premises at the end of 2020. Estimated time for the new premises is at the end of 2023.

Gofore has given a negative pledge on its financial loans.

Alternative performance measures (APM)

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 recognized in fair value in acquired business combinations.

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

EUR thousand, unless otherwise specified	Q4/2022	Q4/2021	Change, %	H2/2022	H2/2021	Change, %	2022	2021	Change, %
EBITA, Adjusted EBITA and EBITDA									
EBIT	5,533	4,402	26%	8,367	6,522	28%	16,637	12,197	36%
Amortisation of intangible assets identified in PPA	969	586	65%	1,898	1,171	62%	3,789	2,254	68%
EBITA	6,503	4,988	30%	10,265	7,694	33%	20,426	14,451	41%
Transaction costs from business combinations	1,022	0	-	1,011	0	-	1,587	195	-
Restructuring costs	0	9	-	0	9	-	0	-1	-
Gains or losses from sales of fixed assets	-4	0	-	-12	0	-	-26	0	-
Adjusted EBITA	7,521	4,997	51%	11,265	7,703	46%	21,987	14,646	50%
EBIT	5,533	4,402	26%	8,367	6,522	28%	16,637	12,197	36%
Depreciations	621	610	2%	1,191	1,253	-5%	2,310	2,610	-12%
Amortisation of intangible assets identified in PPA	969	586	65%	1,898	1,171	62%	3,789	2,254	68%
EBITDA	7,124	5,598	27%	11,456	8,947	28%	22,736	17,062	33%

Calculation Formulas for Key Figures

Key Figure	Definition
EBITDA	Operating profit + depreciations and amortization
EBITDA margin, %	Operating profit + depreciations and amortization divided by net sales and multiplied by a hundred
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin, %	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill divided by net sales and multiplied by a hundred
Operating profit (EBIT)	Operating profit divided by net sales
Operating profit (EBIT) margin, %	Operating profit divided by net sales and multiplied by a hundred
Earnings per share (EPS), undiluted, euros	Profit for the period attributable to shareholders of the company divided by the weighted average number of shares outstanding during the financial period multiplied by a hundred
Earnings per share (EPS), diluted, euros	Profit for the period attributable to shareholders of the company divided by the weighted average number of shares outstanding during the financial period, adjusted for share issues, multiplied by a hundred

Calculation Formulas for Key Figures

Key Figure	Definition
Effective dividend yield, %	Dividend per share divided by the share price at the end of the financial period
P/E value	Share price at the end of the financial period divided by earnings per share, undiluted
Return on equity (ROE), %	Profit for the period (annualised) divided by average total equity, multiplied by a hundred
Return on investment (ROI), %	Profit before taxes (annualised) + financial expenses (annualised) divided by average total equity + average interest-bearing loans and borrowings, multiplied by a hundred
Equity ratio, %	Total equity divided by balance sheet total – advances received, multiplied by a hundred
Net gearing, %	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, divided by total equity and multiplied by a hundred

Calculation Formulas for Key Figures

Key Figure	Definition
Full-time Equivalent, FTE	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.
Subcontracting, FTE	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 the period	The number of employees at the end of the review period
Attrition rate	The number of ended employments divided by the number of staff at the end of the reporting period. Therefore, attrition rate numbers from time periods of different lengths are not comparable.
Adjusted EBITA	Reported EBITA + (+ goodwill impairment +/- costs/gains directly related to acquiring business combinations + restructuring costs of business structure - gains of sales of fixed assets + losses of sales of fixed assets)
Adjusted EBITA, %	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) divided by net sales and multiplied by a hundred
Organic net sales growth	Organic growth is defined by comparing the quarterly net sales in the Group income statement with the net sales of the previous reporting period's corresponding quarter. The growth is calculated with a comparable Group structure using the Group structure of the time of reporting to calculate pro forma net sales for the corresponding period. The pro forma net sales include the impact of acquisitions and divestments and is unaudited.

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Upcoming financial reporting

- Gofore's Annual Report 2022 is published on 2 March 2023
- The full Financial Statements are available in the Gofore headquarters at Kalevantie 2, 33100 Tampere, Finland
- Q1 Interim Report on 25 April 2023
- Monthly Business Reviews are always published in the beginning of the next month

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