

GOFORE PLC  
Q3 / 2023

# Interim Report

## January – September 2023

Gofore's growth continued in Q3 –  
net sales +29%, adjusted EBITA +26%

19 October, 2023  
Unaudited



# July-September 2023 Highlights

Gofore's growth continued in Q3 – net sales +29%, adjusted EBITA +26%

- Net sales growth 29% to 40.8 (31.7) million euros. Organic growth continued strong, +20%.
- Adjusted EBITA 4.7 (3.7) million euros, 11.6 % of net sales.
- Strategy execution continued: private sector net sales grew by 36%, public sector net sales +23%, net sales from outside Finland +95%.
- Utilisation rate was improved compared to second quarter. There was one less workday than in the comparison period, profitability impact on estimate 0.7 million euros.
- Customer price and salary ratio supported profitability, prices +4.5 %, average salary +3.4%.
- Number of employees grew to a total of 1,460 (1,126) people, 78 new employees started.
- On 3 July 2023, Gofore acquired the entire share capital of Creanex Oy, enterprise value 5.0 million euros. The deal strengthened mobile machines digitalisation offering of the Intelligent Industry sector.

Group Key Figures Summary, MEUR	Q3/2023	Q3/2022	2022
Net sales	40.8	31.7	149.9
Organic Growth of Net Sales, %	19.8%	32.0%	32.2%
Adjusted EBITA	4.7	3.7	22.0
Adjusted EBITA, %	11.6%	11.8%	14.7%
EBITA	4.5	3.8	20.4
Operating Profit (EBIT)	3.4	2.8	16.6
Earnings per share (EPS), undiluted	0.16	0.13	0.78
Earnings per share (EPS), diluted	0.16	0.13	0.78
Number of employees at the end of period	1,460	1,126	1,297
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,560	1,243	1,383

There were no significant events after the reporting period.  
 All figures are compared to the corresponding period of the previous year.  
 All key figure calculation methods are explained in section "Calculation formulas for key figures"

# January-September 2023 Highlights

## Gofore's organic growth continued strong, +28%

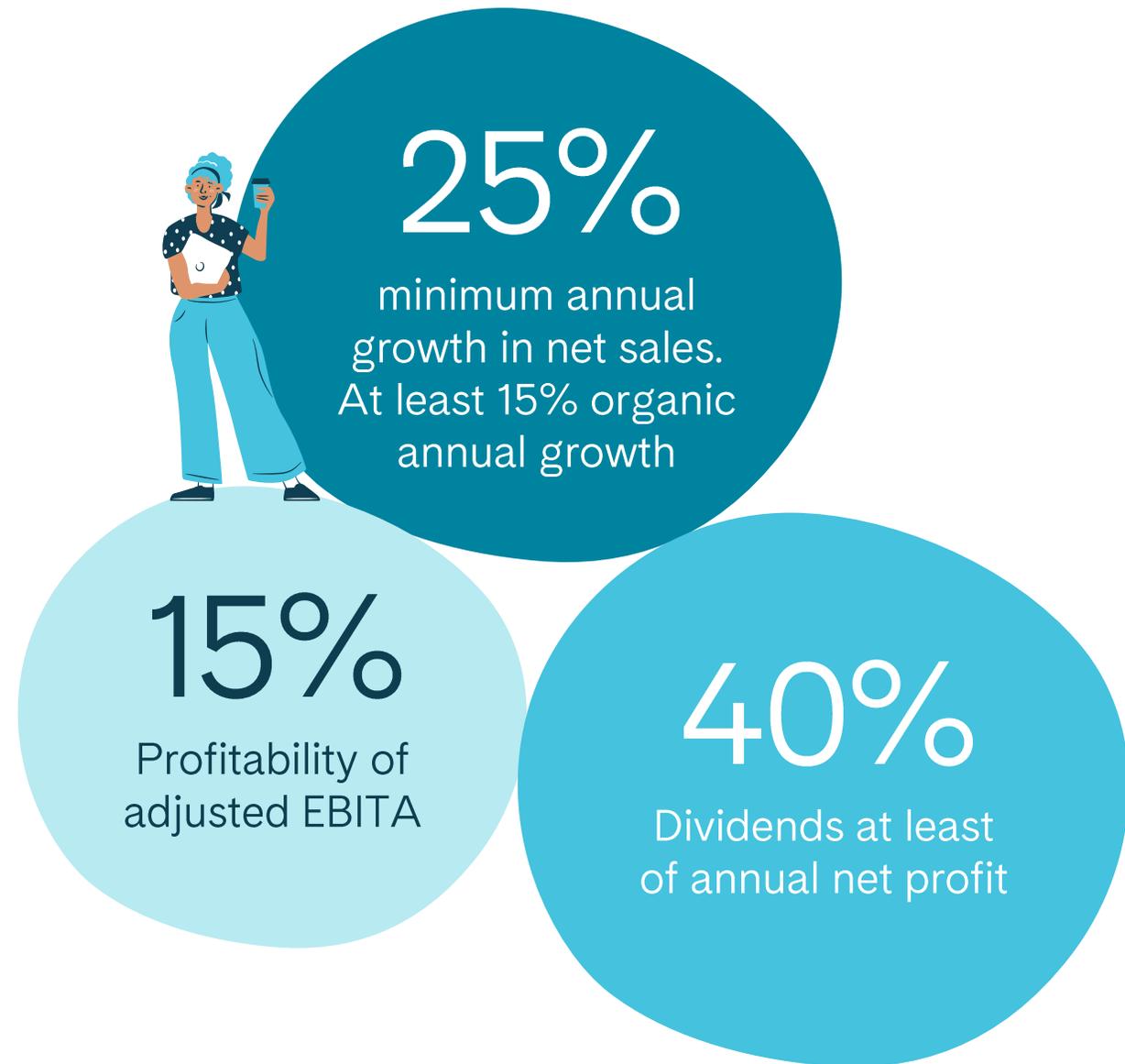
- Net sales grew by 32% and were 137.5 (104.2) million euros. Organic growth of net sales continued strong, +28%.
- Adjusted EBITA 18.4 (14.5) million euros, 13.4% of net sales.
- Strategy execution continued: private sector net sales grew by 40%, public sector net sales +26%, net sales from outside of Finland +122%.
- Ratio of customer price and salary development was good with prices rising 3.5%, average salary development standing at +3.1%.
- The number of employees grew to a total of 1,460 (1,126) people, overall capacity standing at 1,560 (1,243).

Group Key Figures Summary, MEUR	Q1-Q3/2023	Q1-Q3/2022	2022
Net sales	137.5	104.2	149.9
Organic Growth of Net Sales, %	27.5%	27.0%	32.2%
Adjusted EBITA	18.4	14.5	22.0
Adjusted EBITA, %	13.4%	13.9%	14.7%
EBITA	18.0	13.9	20.4
Operating Profit (EBIT)	15.0	11.1	16.6
Earnings per share (EPS), undiluted	0.72	0.51	0.78
Earnings per share (EPS), diluted	0.72	0.51	0.78
Number of employees at the end of period	1,460	1,126	1,297
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,560	1,243	1,383

All figures are compared to the corresponding period of the previous year.  
All key figure calculation methods are explained in section "Calculation formulas for key figures"

# 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.



# Thoughts from our CEO

In the third quarter of 2023, Gofore's business again took leaps forward, generating 29% growth. This means to say we once again excellently executed on our strategy in both our target customer segments, our strategic Digital Society and Intelligent Industry sectors.

Our international business also showed strong growth of 95% compared to previous year. A good performance from the entire Gofore team and proves that our strategy works, and our experts build good trust with our customers every day.

We also succeeded well profitability-wise, profitability remaining about on par with the comparison period, even though there were one less workday than a year ago. Adjusted EBITA rose to 4.7 million euros, showing 26% of growth from previous year.

In the third quarter, we have paid special attention to our profitability through e.g. our recruitment appetite, utilisation rates and cost control. This way, we ensure a healthy foundation of our business and prepare for the possibility of weaker customer demand.

In addition, the favorable customer price-salary ratio we have maintained throughout the year supported third quarter profitability.

The market situation development continues to be macro-driven. Although strong signals of a positive cycle are yet to be seen, a majority of Gofore's customers have boldly continued to invest in their digitalisation. Our near-term outlook is also supported by the fact that none of our major, public sector agreements will be retendered during the rest of this year nor on the first half of next year.

However, we have lowered the expectations for our recruitment numbers for the rest of the year. Customer demand supports continuing growth in some of our expertise areas, whereas on others we still need to put on brakes, despite good talent being available on the market.

Companies in our industry have had varying success in the prevailing market situation. We are nonetheless seeing a lot of encouraging signs, such as Finland's decision to transition to primarily digital official communications over the traditional paperwork model. EU announced 2030 to be the start of a digital decade, which promotes important initiatives related to e.g. digitalising business and government services.

Companies see IT and digital investments as competitive edge promoting action, as opposed to mere support function efforts.

Mikael Nylund



Our expectations for market development are very positive in the medium and long term.

Employees are the heart of all Gofore's operations, and hence we invest in the wellbeing of Goforeans now and going forward. Our staff's attrition rate has continued to decrease and now dropped below our target level of 10%. However, in the latest employee experience survey, our eNPS rating was unfortunately lower than in the previous measurement. We think it is mostly due to the overall low spirits of the entire industry, and also the related actions Gofore has taken to prepare.

Our industry has moved on from the exceptionally high customer demand post pandemic. Time will tell if this is another unusual intermediate phase or the new normal. Whatever the case, we have strong faith in our own strategy and team. Our direction with the entire Gofore community is upward and onward!

# Successful profitability measures

- After a softer second quarter, operative profitability has developed favorably in July-September: adjusted EBITA rose to 4.7 million euros (+26% Y-on-Y) and was 11.6% of net sales.
- The quarter had one less workday than the comparison period (appr. 0.7-million-euro profitability impact).
- The company's long-term targets are best supported in a more difficult market situation by prioritising short-term profitability level – if needed, by controlling recruitment and this way slowing down organic growth.

## Position and actions in the short term

Market situation shift can be seen as both tightening (price) competition and weakening of customer demand. Gofore's objective is to adjust its operations to match the market situation in the short term.

- Focusing on recruiting directly to customer needs.
- Focusing on customer work in the entire organisation, returning the utilisation rate to a sustainable level after the abundant recruiting and related lower utilisation rate of the second quarter.
- Cost control.
- Public sector's share of customer portfolio hedges against fast, economic cycle related changes.

## Position and actions in the long term

Market outlook continues to be very good and the need for digital investment has not disappeared. Gofore's long-term targets are on the right level when looking at the market over the cycle.

- Clear strategy and focus (Digital Society, Intelligent Industry) improve ability to create customer value and strengthen pricing position.
- Track-record and structures that enable salary development to match company success and therefore develops in a good balance with customer pricing, maintaining a healthy sales margin.
- Lean organization and own digital platform enable efficient operations.
- Comprehensive offering helps win customers and build a strategic partnership with customers, bringing occurring net sales.

# Significant new agreements

Customer	Project / Service	Topic	~Value, MEUR	Years
Finnish Transport and Communications Agency Traficom	Information architects, business architects, technology and application architects and information system architects	Architecture consulting, frame agreement	15	5
Valtori (Finnish state organisations' ICT partner)	AWS and cloud experts	Cloud partnership, frame agreement	1.5-2	4
Ministry of Education & Culture, Ministry of Economic Affairs & Employment, Finnish National Agency for Education, Development and Administration centre for Centres for Economic Development, Transport and the Environment, employment offices	Architects	Continuous learning services	4	2+1

## Significant agreements outlook

According to Gofore's knowledge, none of its significant, existing public sector agreements will be retendered at the end of 2023 nor in the first half of 2024.



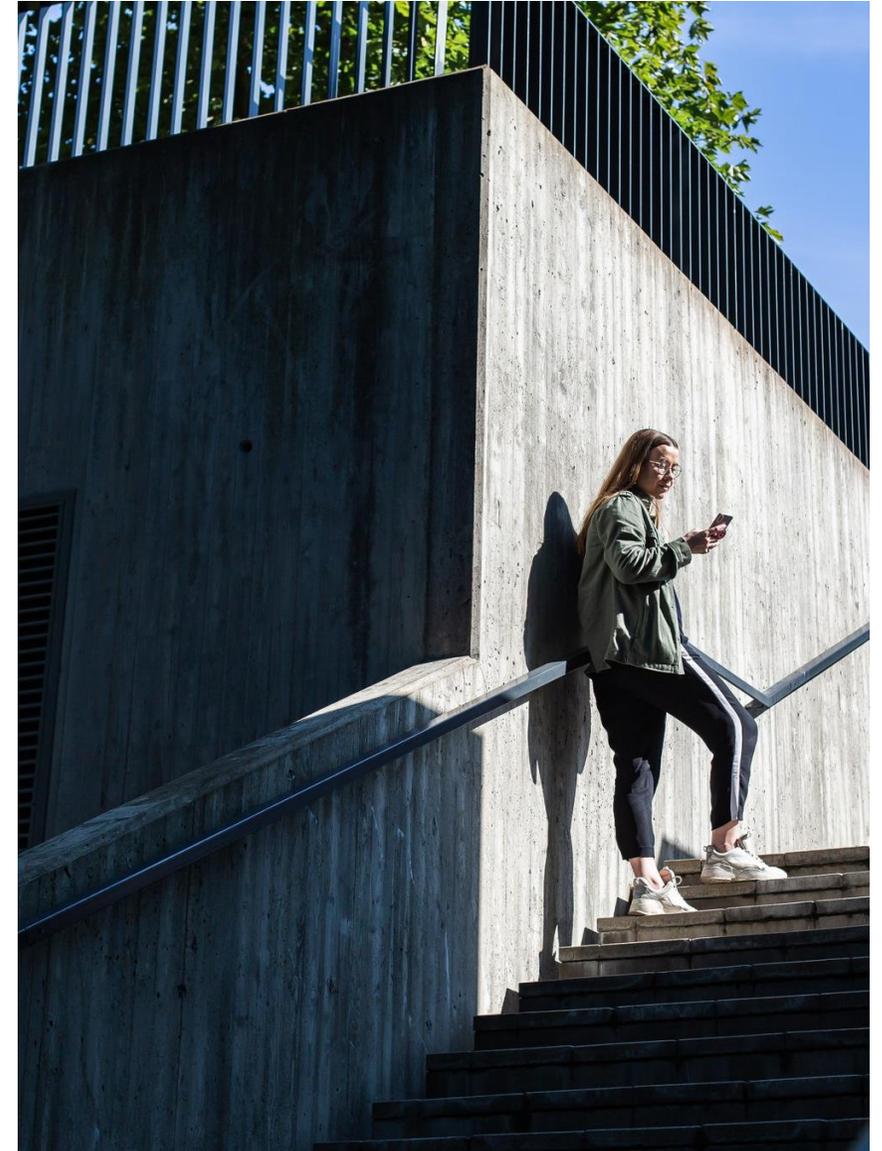
### Reporting frame agreements

Upon being chosen as a supplier in a public tender, it is too early to say when and how much invoicing there will be. When communicated, the tender has only just decided on and Gofore made aware of its placement among suppliers. Actual purchase orders and assignments within a frame agreements follow later, and agreements are usually 3-7 years long with options for extensions.

# Strongly involved in learning journeys

Gofore is a valued expert in the field of learning. The latest initiative's objective is to build a bridge between studies and work life.

- In August, Gofore was chosen for a joint project of the Ministry of Education and Culture, Ministry of Economic Affairs and Employment, Finnish National Agency for Education, and the Development and Administration centre for Centres for Economic Development, Transport and the Environment and employment offices.
- Current estimate of our share of the value of this project carried out in 2023-2025 (+ optional 1 year) is about 4 million euros.
- Expert demand of the project that started in September will be defined later.
- Builds a new kind of digital service entity in continuous learning.
- Combines Studyinfo and Job Market Finland that Gofore has previously helped create, into a new kind of digital service entity that supports transitions between education and work life in different stages of life.



# Long Traficom collaboration continued in architecture

Gofore won Traficom's architecture partnership tender's all four areas in August.

- Gofore was chosen as no. 1 supplier in an architecture consultancy frame agreement tender of the Finnish Transport and Communications Agency Traficom.
- The customer's estimate on the total value of this five-year frame agreement is 15 million euros, work scope 21,000 man-days.
- Gofore participated in a frame agreement tender between several suppliers on all its four areas of expertise: information architects, business architects, technology and application architects, and information system architects.
- Gofore has been a very long-term partner for Traficom with a wide range of services, also in architecture, and has e.g. been involved in application development and consulted a variety of development projects over the years.



@Traficom

# Customer strategy works in different market situations

In a more challenging market situation, Gofore's strengths are built on the choices in the core of its customer strategy.

## Strategic choices

- Focusing on two customer groups and their needs: Digital Society and Intelligent Industry
- Aiming to build strategic, long-term customer relationships
- Comprehensive offering targeted for the customer groups helps create exceptional customer value

## Long-term differentiating factors based on the choices

- Good reputation as a trusted partner in both public projects and digitalising industry
- Strategic position helps maintain profitable pricing level also in a more challenging market
- Exceptionally comprehensive offering that supports sales and customer relationship development
- Comprehensive expertise that enables good quality points in tenders
- Long-term, experience-based expertise in making high-quality offers
- Own digital platform that helps effectively plan profitability and resourcing, as well as avoid surprises



# Culture builds resilience

Moderate growth in number of employees and salaries in a more difficult market situation.

NEW  
GOFOREANS  
STARTED IN Q3  
**78**

- Gofore’s number of employees grew to 1,460 experts in the reporting period.
- 78 (102) new employees started in July-September, 247 (318) in January-September.
- 28 experts joined the Group in the Creanex acquisition on 3 July 2023, integration with the Intelligent Industry sector has gone well.
- Attrition rate below target level, 9.8%, unexpected leaver attrition 7.6% in the last 12 months.
- Moderate average salary change in July-September, +3.4% compared to previous year, +3.1% in January-September
  - Recruitment continued also in a more challenging market situation and were focused on experienced experts, which, however, did not affect salary change level as much as in H1.
- Employee net promoter score (eNPS) 34 at the end of September (51 in H1/23); satisfaction decline at least partly due to the low spirits of the entire industry and related preparedness action Gofore has taken.
- In July-September, management focus was shifted to maintaining profitability by prioritising customer work and controlling people-related costs.
- Strong culture builds resilience in a difficult market – Gofore’s success is a joint effort supported by e.g. salary models, own collective agreement and Crew share ownership.

Attrition below target level



TARGET

Salary development shows the change in average salary compared to the same period in the previous year Devecto’s salaries are included in the comparison period as of March 2022. eMundo (part of the Group as of Nov 2022) and Creanex (3 July 2023) not yet included in the salary change or attrition data. Comparison figure for attrition rate is the rolling 12-month situation reported in the previous quarter.

# Reputation supports employer brand – and vice versa

Gofore among the most reputable listed companies and the most attractive IT industry employers.

LUOTTAMUS  
& MAINE

Reputation & Trust listed company survey; large and midcap combined

Placement	Organisation
1	Kone
2	Ponsse
3	<b>GOFORE</b>
4	Revenio
5	Vaisala
6	QT Group
7	Wärtsilä
8	Sampo
9	Valmet
10	Huhtamäki

Universum's employer survey; the most attractive employers in IT

Placement	Organisation
1	Google
2	Microsoft
3	Supercell
4	Reaktor
5	Nokia
6	<b>GOFORE</b>
7	OP Group
8	Finnish Defense Force
9	Vincit
10	S Group

UNIVERSUM

# Quarterly Performance; Net sales and adjusted EBITA

EUR thousand, unless otherwise specified	Q3/2023	Q2/2023	Q1/2023	Q4/2022	Q3/2022	Q2/2022	Q1/2022
Net sales	40,821	47,561	49,150	45,686	31,717	37,120	35,398
Change in Net sales, %	29%	28%	39%	46%	47%	40%	40%
Adjusted EBITA	4,730	5,397	8,302	7,521	3,743	5,613	5,109
Adjusted EBITA, %	11.6%	11.3%	16.9%	16.5%	11.8%	15.1%	14.4%
Change in Adjusted EBITA, %	26%	-4%	62%	51%	38%	63%	46%
Organic growth of Net sales, %	20%	22%	32%	29%	32%	27%	23%

# Monthly Performance; Net sales and personnel

Month 2023	Net sales, MEUR (Net sales 2022)	Pro forma LTM Net sales	Number of employees at end of period	No. of working days in Finland	Full Time Equivalent, FTE	Subcontracting, FTE
January	15,8 (10,8)	160.6	1 318 (993)	21 (20)	1 225 (917)	186 (147)
February	15,3 (11,3)	164.2	1 342 (1 015)	20 (20)	1 256 (942)	184 (153)
March	18,1 (13,3)	168.0	1 354 (1 043)	23 (23)	1 271 (968)	189 (155)
April	14,5 (11,5)	170.6	1 385 (1 056)	18 (19)	1 293 (988)	187 (156)
May	17,2 (13,1)	174.2	1 400 (1 068)	21 (21)	1 311 (1 004)	192 (163)
June	15,9 (12,5)	176.5	1 396 (1 074)	21 (21)	1 319 (1 015)	170 (162)
June	5,9 (4,1)	182.5	1 423 (1 062)	21 (21)	1 341 (1 004)	83 (78)
August	16,9 (12,9)	186.1	1 448 (1 086)	23 (23)	1 353 (1 016)	166 (156)
September	18,0 (14,8)	187.9	1 460 (1 126)	21 (22)	1 374 (1 060)	186 (183)

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

# Key Figures

EUR thousand, unless otherwise specified	Q3/2023	Q3/2022	Change	Q1-Q3/2023	Q1-Q3/2022	Change	2022
Net sales	40,821	31,717	9,104	137,532	104,236	33,296	149,921
Change in Net sales, %	28.7%	46.7%		31.9%	42.2%		43.5%
EBITDA	5,322	4,332	991	20,292	15,612	4,681	22,736
EBITDA, %	13.0%	13.7%		14.8%	15.0%		15.2%
Adjusted EBITA	4,730	3,743	987	18,428	14,465	3,963	21,987
Adjusted EBITA, %	11.6%	11.8%		13.4%	13.9%		14.7%
EBITA	4,500	3,762	737	18,009	13,923	4,085	20,426
EBITA, %	11.0%	11.9%		13.1%	13.4%		13.6%
Operating Profit (EBIT)	3,422	2,834	588	15,016	11,103	3,913	16,637
Operating Profit (EBIT), %	8.4%	8.9%		10.9%	10.7%		11.1%
Profit for the period	2,542	2,085	457	11,414	8,061	3,353	12,223
Earnings per share (EPS), undiluted	0.16	0.13		0.72	0.51		0.78
Earnings per share (EPS), diluted	0.16	0.13		0.72	0.51		0.78
Effective dividend yield (DPS/Price), %							1.5%
Price-Earnings ratio, P/E							28.5
Return on equity (ROE), %	11.7%	11.7%		18.0%	16.0%		17.3%
Return on investment (ROI), %	13.5%	12.5%		19.6%	17.7%		18.8%
Equity ratio, %	59.5%	58.5%		59.5%	58.5%		54.0%
Net gearing, %	-14.4%	-18.0%		-14.4%	-18.0%		-29.5%
Number of employees at the end of period	1,460	1,126	334	1,460	1,126	334	1,297
Average overall capacity, FTE	1,356	1,027	330	1,305	991	314	1,035
Average subcontracting, FTE	145	139	6	172	150	21	159

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

# Market outlook

Digital transformation's outlook is strong in the mid and long term. Short-term atmosphere is expectant and affected by the macro-economic outlook. The public sector is less cycle dependent than the private.

## Macro-driven market outlook

Macro economic factors continue to contribute to the uncertainty in the economy, with e.g. monetary policy slowing down economic recovery. Forecasts indicate that the Finnish and German economies return to a growth curve in 2024 from the current recession.

We don't see that a weaker cycle would have directly decreased customer investment in digital development. In our view, economic growth would speed up investments. The digitalization megatrend continues to strengthen customer demand in the medium and long term.

## Public sector digitalisation strongly on the government agenda

With the new Finnish government programme, we see digitalising public administration continuing actively. Large structural changes, such as the social and health reform, will also continue and they are invested in. In the beginning of October, the government determined the principles for promoting official digital transactions over the present government.

On the other hand, the government programme is also strongly based on balancing public finances. We expect the adjustments to selectively affect the budgets of public sector customers as of 2024. As a whole, we estimate that public sector demand will continue to grow.

## Private investments cycle dependent

Digital change also remains a priority of the private sector, but the cyclicity of the economy affects investment willingness.

Technology industry companies relevant to Gofore have continued to succeed well. Order intakes have, however, slowed down. Our estimate is that the demand for Gofore's services strongly grows in the mid and long term, but in the short term we might see customer-specifically weakening investment ability.

In Finland, Gofore's Intelligent Industry sector is expected to be supported by a national plan and legislation that raise Finnish R&D financing to 4% of the GDP by 2030.

## Weaker situation of the IT industry affects competitive landscape

The uncertainty that the IT industry has faced affects companies in this space in different ways. Competition is tighter, which can be seen as both as increasing price competition and as supply shifting from the private sector to public sector tenders. We estimate that this is the setting beyond year-end.

## Uncertainty in the international market

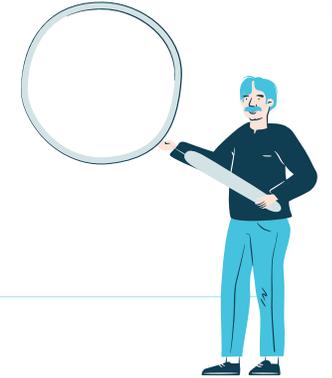
International markets relevant to Gofore are subject to the earlier described macro-economic risks. The German and the whole DACH market are of special relevance to Gofore. Outlook for the German economy's development is weak within its European peer group. We have seen delays and postponements of customer investment decisions.

Public investments in digital development are growing in Europe. Market entry into local markets is not easy but the advanced development in Finland and the Nordic countries helps.

## Talent market easing 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 lesser demand of talent have favored Gofore's recruiting. Due to weaker customer demand, it has not been possible to take full advantage of recruitment opportunities. Inflation-driven wage development seems to have reached its peak. Decreasing attrition and generally weaker market situation support a more moderate wage trend in the short term.

# Short-term risks and uncertainty factors in the operating environment



## Macro-economic situation

Economical uncertainty significantly grew over the year 2023 and affected the entire IT industry, including Gofore. A prolonged negative growth or very slow recovery of the economy would continue to negatively impact Gofore's customers ability to invest in digital development, especially in the private sector. E.g. tightening monetary policy slow down the economic recovery. Adding costs raised by the inflation on customer pricing has been mostly successful in 2022-2023

## Public sector customer market

The public sector is more resilient to macro-economic changes than the private sector. Weakening public economy may affect the public sector's IT investment. Content of the new government programme, such as the decision to prioritise digital public services, partly mitigates uncertainties. On the other hand, the public finance adjustment targets may bring new uncertainties for the coming years. We keep a close eye on this through e.g. state budgets.

A sizeable share of assignments from the public sector are given within larger frame agreements. Frame agreements are quantitative or otherwise time limited, and retendered as they are or in another form. According to Gofore's knowledge, none of its significant, existing public sector agreements will not be retendered at the end of 2023 nor in the first half of 2024, which mitigates Gofore's public sector risks.

## Private sector customer market

Companies are more vulnerable to political situation or country-specific macro-economical risks. Especially Finnish export companies have, on average, had decreasing order intake in 2023, although financial results have been strong. If order intakes should continue to weaken, there is a risk of a weaker investment ability for companies. In the mid and long term, digitalisation is seen as a competitive edge and high on company agendas, and Gofore's offering creates high added value to customers.

## Talent market

Demand for skilled workforce has slowed down in the IT industry. Gofore's several competitors have slowed down recruitment and even laid off staff. Gofore has also not been able to fully use recruitment opportunities due to weaker customer demand. Gofore will continue to recruit for direct customer needs for the rest of the year and continues to mitigate its talent related risk by further developing its already strong employer brand, flexible working and the wellbeing of its staff.

## M&A market

Gofore intends to continue disciplined acquisitions by acquiring companies that fit its strategy. The M&A market has slowed down. On the other hand, the higher cost of financing has somewhat decreased competition over targets. For Gofore, 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 M&A risk.

# 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 - September 2023

Unaudited

# Group Structure

## Personnel and offices

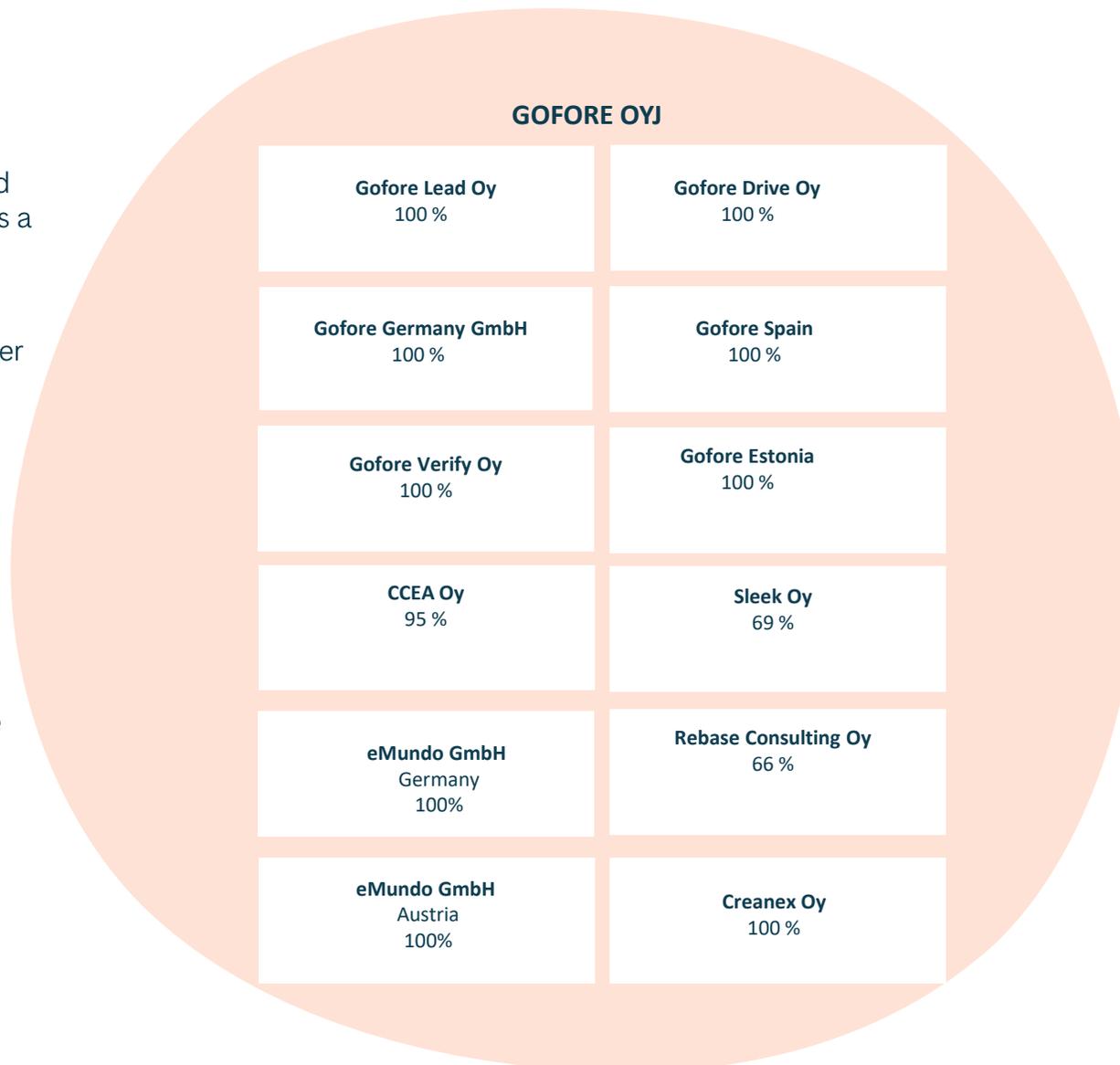
At the end of the reporting period, the Group employed a total of 1,460 (1,126) employees. The number of personnel increased from the corresponding period in 2022 by 30%. Growth was due to Gofore’s strong organic growth, as well as a result of the eMundo and Creanex acquisitions.

The number of employees in Finland amounted to 1,290 (1,079), and in the other countries of operation to a total of 170 (47) employees at the end of the reporting period.

Gofore has offices in Finland, Estonia, Germany, Austria, Italy and Spain.

## Corporate acquisitions

On 3 July 2023 Gofore acquired entire share capital of Creanex Oy, simulator developer and supplier for work machinery industry. The preliminary purchase price allocation is presented in the Tables section, Notes to the accounts.



# Net sales

Organic growth in Q3 2023 was 20%. Strong growth in net sales from outside Finland and the private sector.

## July-September 2023

During the period of July – September 2023, Gofore’s net sales increased by 29 % compared to the corresponding period in 2022, amounting to EUR 40.8 ( 31.7 ) million.

Growth was attributable to the eMundo and Creanex acquisition and strong organic growth of 20 % . The average hourly price of services sold also increased by 4.5% from the comparison period.

Net sales generated from public sector sales increased to EUR 23.2 (18.8) million. Net sales generated from the private sector grew by 36 % to EUR 17.7 ( 12.9) million. The eMundo and Creanex acquisitions contributed to the private sector sales growth.

The public sector’s share of total net sales was 57 % (59 %) and private sector 43 % (41 %).

Net sales coming from Finland was EUR 33.8 ( 28.1) million, representing a 83 % ( 89 %) share of the Group’s net sales. Other countries’ share of the Group net sales was 17 % (11 %); EUR 7.0 (3.6).

Subcontracted work represented 18 % ( 22 % ) share of the Group’s net sales; EUR 7.2 ( 6.8 ) million.

## January - September 2023

During the period of January – September, Gofore’s net sales increased by 32 % compared to the corresponding period in 2022, amounting to EUR 137.5 (104.2) million.

The average hourly price of services sold also increased by 3.5% from the comparison period.

Net sales generated from public sector sales increased to EUR 78.6 ( 62.2 ) million. Net sales from the private sector were EUR 59.0 ( 42.0) million. The public sector’s share of total net sales was 57 % ( 60 % ) and private sector 43 % ( 40 %).

Net sales coming from Finland was EUR 114.8 (94.0) million, representing 83 % ( 90 %) share of the Group’s net sales. Other countries contributed EUR 22.8 ( 10.3) million; 17 % (10 %). Subcontracted work represented 18 % (20 %) share of Group net sales; EUR 24.9 (20.7) million.

# Profitability

## January-September's adjusted EBITA 13.4%.

### July-September 2023

During the reporting period, Gofore's adjusted EBITA increased by 26.4% compared to the corresponding period in 2022 and amounted to EUR 4.7 (3.7) million and accounted to 11.6 (11.8)% of net sales. There was one working day less in the reporting period than in the comparing period.

The calculation method of the adjusted EBITA is presented separately in the section "Calculation formulas for key figures". The break down of adjusted EBITA is shown in the section Alternative performance measures.

EBITA amounted to EUR 4.5 (3.8) million and accounted for 11.0 (11.9)% of net sales.

The proportion of personnel expenses of net sales increased to the level of the comparison period, accounting for 61.5 (56.6)%. Personnel expenses for the period amounted to EUR 25.1 (17.9) million. The increase is attributable to growth in the number of personnel.

Other operating expenses amounted to a total of EUR 4.3 (3.8) million and accounted for 10.6 (12.0)% of net sales. The largest expense items included other personnel expenses, ICT expenses and external services. Depreciations excluding amortizations of intangible assets related to acquisitions were EUR 0.8 (0.6) million, accounting for 2.0 (1.8)% of net sales.

Depreciations and amortizations were 1.9 (1.5) million euros; 4.7 (4.7)% of net sales.

Operating profit (EBIT) was EUR 3.4 (2.8) million and accounted for 8.4 (8.9)% of net sales. Finance costs and income were EUR -0.1 (-0.2) million.

Profit for the financial period amounted to EUR 2.5 (2.1) million.

### January – September 2023

During the period of January – September, Gofore's adjusted EBITA amounted to EUR 18.4 (14.5) million and accounted to 13.4 (13.9)% of net sales.

EBITA amounted to EUR 18.0 (13.9) million and accounted for 13.1 (13.4)% of net sales.

Personnel expenses were 82.3 (59.4) million euros; 59.9 (57.0)% of net sales. Other operating expenses were 14.4 (11.9) million euros; 10.4 (11.4)% of net sales. Operating profit (EBIT) was EUR 15.0 (11.1) million and accounted for 10.9 (10.7)% of net sales. Finance costs and income were EUR -0.3 (-0.6) million.

Profit for the financial period amounted to EUR 11.4 (8.1) million.

# Balance sheet, cashflow, financing and R&D

The Group's liquidity is good, balance sheet and financing position strong

Gofore's equity ratio amounted to 59.5 (58.5)%, with net gearing of -14.4 (-18.0)%.

At the end of reporting period, the balance sheet total of the Gofore Group amounted to EUR 151.2 (125.5) million, of which total equity accounted for EUR 89.6 (72.9) million. At the end of the review period, interest-bearing net debt amounted to EUR -12.9 (-13.1) million.

Cash flow from operations decreased over the period of January – September to EUR 4.4 (7.6) million. Cash flow from investments during the review period amounted to EUR -9.2 (-14.6) million.

Investments in subsidiary shares during the review period amounted to EUR -8.3 (-14.2) million. Investment is related to the payment of the Devecto and eMundo acquisitions' additional purchase prices as well as Creanex acquisition.

Cash flow from financing activities during the period amounted to EUR -9.1 (-7.7) million, including repayments of lease agreement liabilities for EUR -1.9 million, loan amortisations for EUR -2.7 million, cash flows from financials instruments EUR 0.9 million and dividends paid, -5.5 million euros.

At the end of the review period, cash assets amounted to EUR 30.3 (24.4) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 15.3 (15.2) million. Gofore has not withdrawn any new loan during the review period. The company has interest rate cap and interest rate swap agreements in place to hedge variable rate borrowings. More information can be found in the disclosure Financing, related party transactions & commitments and litigations.

The loans are associated with the customary covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 September 2023. 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-September 2023

# 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 30 September 2023

- Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,660,139 (15,398,892) of the 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 –September 2023 amounted to 1.8 (1.2) million shares, corresponding to approximately 11.8% (8 %) of average number of outstanding shares, trading value EUR 43.8 (27.9) million.
- At the end of the reporting period, Gofore's market value was EUR 314.8 (310.3) million.
- Closing price of the share was EUR 20.10 (20.15).
- Trading volume-weighted average price of the share during the review period was EUR 24.39 (22.97).
- Highest trading price was EUR 27.80 (26.00) and lowest EUR 19.50 (18.25).

# 314.8

Market value at the end of period, MEUR

# -9.5%

Share value change since beginning of the year

# 20.10

Closing price, EUR

# Share Ownership

At the end of the reporting period on 30 September 2023

- The company had a total of 8,373 (5,650) registered shareholders.
- Direct foreign ownership accounted for a total of 1.9% (1.6%) of shares.
- Holders of nominee registered shares owned a total of 19.7% (19.8%) of shares, total number of such shares amounted to 3,088,500 (3,051,033). Foreign ownership in total was 21.7%.
- Private companies owned 5.2% (5.3%) of the shares, financial and insurance institutions 26.9% (27.0%), public corporations 9.8% (9.5%), households 55.5% (55.9%) and non-profit organisations 0.7% (0.7%).

## Changes in major shareholders' ownership

- On 28 March 2023, Gofore received a notification pursuant to the Finnish Securities Markets Act, according to which Alcur Fonder AB's holding of Gofore Plc's shares and voting rights exceeded five (5) percent on 27 March 2023. According to the notification, reason for the notification was the acquisition of shares and voting rights. According to the flagging notification, Alcur Fonder AB's total share of votes and shares is 7.22%; 1,121,593 shares.

## Directed share issues

- On 10 March: A directed share issue (31,783) shares as part of the CrewShare employee share savings plan; new shares were trade registered on 21 March 2023.
- On 21 April: A directed paid share issue (1,219) shares as part of the performance-based incentive program for eMundo GmbH's key personnel; new shares were trade registered on 11 May 2023.
- On 3 July: A directed share issue (77,646) shares as part of the Creanex purchase price.
- On 15 September: A directed share issue (43,359) shares as part of the CrewShare employee share savings plan; new shares were trade registered on 25 September 2023.

# 8,373

Shareholders at the end of period

# 21.7%

Foreign ownership in total

# 26.9%

Financial and insurance institutions ownership

# Shareholders' Nomination Board

In its organisational meeting on 13 September 2023, the Nomination Board elected **Sami Somero** as the Chair of the Nomination Board.

The following members were appointed to Gofore Plc's Shareholders' Nomination Board:

- Timur Kärki, appointed by Timur Kärki
- Petteri Venola, appointed by Petteri Venola
- Mika Varjus, appointed by Mika Varjus
- Sami Somero, appointed by Gofore Plc's Board of Directors



Sami Somero

# Share-based loyalty and remuneration schemes

Gofore has had a share savings plan called CrewShare open to its entire staff since 2018. In February 2023, the Board of Directors resolved on a new plan period for 2023–2024, 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 percent 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 2023 and ends on 29 February 2024. 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 2023 and financial statements release for the year 2023 in March 2024.

A total of 790 Gofore Group employees are participating in active CrewShare programs at the end of the reporting period.

Read more:

<https://gofore.com/en/news/gofore-initiates-a-new-period-of-employee-share-savings-plan/>

## Performance Share Plan

In March 2023, the Board of Directors of Gofore Plc also decided to establish a new share-based incentive plan for the group’s key personnel as a continuation to the 2022 plan. The target 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 2023–2025 consists of a three-year performance period, covering the financial years in question. The Board may decide annually on new performance periods.

32 persons, including the CEO and other management team members, were part of this plan at the end of the reporting period.

Read more:

<https://gofore.com/en/news/gofore-decides-to-start-a-new-performance-share-plan-for-key-personnel/>

54%  
OF GOFOREANS  
INVOLVED IN  
CREWSHARE

# Resolutions of the Annual General Meeting

## Adoption of the financial statements

The Annual General Meeting adopted the company's financial statements for the financial period from 1 January–31 December 2022.

## Dividend of EUR 0.34 per share

The Annual General Meeting confirmed a dividend of EUR 0.34 per share to be paid for the financial period 1 January– 31 December 2022. The total amount of dividend is EUR 5,282,891.10, 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 28 March 2023 and the dividend payment date will be 4 April 2023.

## 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 2022.

## 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 6,000 per month and for the members of the Board EUR 3,000 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 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 re-elected as the Board of Directors: Eveliina Huurre, Mammu Kaario, Piia-Noora Kauppi, Timur Kärki, Tapani Liimatta and Sami Somero.

## 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.

## Amendment of the Articles of Association

It was resolved that the Company's Articles of Association are amended to enable arranging a General Meeting as a hybrid meeting. In addition, it proposed that the General Meeting can be arranged without a meeting venue as an alternative for a physical meeting.

The amendment also enables holding General Meetings of Shareholders virtually in situations like pandemics or other unforeseen or exceptional circumstances, however not limited to these situations. The Finnish Companies Act requires that shareholders can exercise their full rights in virtual meetings, with equal rights to those in customary in-person General Meetings.

All resolutions and minutes of the AGM can be seen at <https://gofore.com/en/invest/governance/agm2022/>

# Authorisations by the AGM to the Board of Directors

## 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 decided to authorise the Board of Directors to decide upon the acquisition of a maximum of 1,550,613 of the company's own shares and/or accepting the same number of the company's own shares as a pledge, in one or several tranches, by using the company's unrestricted equity. The maximum total of shares that will be acquired and/or accepted as a pledge corresponds to approximately 10% of all shares in the company as of the date of this notice. However, the company cannot, together with its subsidiaries, own or accept as a pledge altogether more than 10% of its own shares at any point in time.

Shares will be acquired otherwise than in proportion to the holdings of the shareholders via public trading arranged by Nasdaq Helsinki Ltd at the market price that applies on the date of the acquisition or otherwise at a price formed on the market. Shares can be acquired and/or accepted as a pledge e.g. in order to execute a transaction or implement share-based incentive schemes or for other purposes as decided by the Board of Directors or otherwise for the purposes of further assignment, retention or cancellation. The Board of Directors is authorised to decide on all other terms and conditions that will apply to the acquisition and/or acceptance as a pledge of the company's own shares.

This authorisation revokes the authorisation given by the Annual General Meeting on 25 March 2022 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 2024.

## 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 decided to authorise 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 number of shares to be issued, including the shares received on the basis of the option rights and other special rights, may not exceed 2,325,920 shares, which amounts to approximately 15% of all shares in the company as of the date of this summons. The Board of Directors may decide to either issue new shares or to assign company shares that are held by the company.

The authorisation entitles the Board of Directors to decide on all terms and conditions that will apply to the share issue and to the issuance of option rights or other special rights entitling to shares, including the right to derogate from the shareholders' pre-emptive right. The shares can be used as consideration in transactions, as part of the company's incentive schemes or for other purposes as decided by the Board of Directors.

The authorisation remains in force until the end of the next annual general meeting, however not for longer than until 30 June 2024. This authorisation will revoke any existing, unused authorisations to decide on a share issue and the issuance of option rights or other special rights entitling to shares.

# Authorisations by the AGM to the Board of Directors

## Authorising the Board of Directors to decide on the donation to Gofore Impact foundation

The Annual General Meeting decided to authorise the Board of Directors to decide on one or several donations to the company's planned Gofore Impact foundation for a charitable or similar purpose up to a maximum amount of EUR 250,000. Board of Directors is also authorised to decide on the timing of the above-mentioned donation as well as on the other terms of the donation. The authorisation is valid until the end of the next Annual General Meeting.

The main purpose of the Gofore Impact foundation is to support the positive impacts of digitalisation, such as democracy and equality development, to mitigate the social tensions and side effects related to digital change, as well as relieve digital inequality and social exclusion. The foundation also wishes to impact the diversity of digital change makers, as well as the overall vitality of the industry.



# Consolidated Interim Report

1 January – 30 September 2023

Tables Section

Unaudited

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	Q3/2023	Q3/2022	Q1-Q3/2023	Q1-Q3/2022	2022
<b>Net sales</b>	<b>40,821</b>	<b>31,717</b>	<b>137,532</b>	<b>104,236</b>	<b>149,921</b>
Production for own use	88	109	254	203	305
Other operating income	88	14	223	40	126
Materials and services	-6,207	-5,754	-21,009	-17,562	-25,073
Employee benefit expenses	-25,123	-17,942	-82,338	-59,393	-85,150
Depreciations, amortisations and impairment	-1,900	-1,498	-5,276	-4,508	-6,099
Other operating expenses	-4,346	-3,812	-14,369	-11,912	-17,394
<b>Operating profit (EBIT)</b>	<b>3,422</b>	<b>2,834</b>	<b>15,016</b>	<b>11,103</b>	<b>16,637</b>
Finance costs	-225	-159	-657	-565	-824
Finance income	142	7	366	14	60
<b>Profit before tax</b>	<b>3,339</b>	<b>2,682</b>	<b>14,725</b>	<b>10,553</b>	<b>15,873</b>
Income tax	-797	-598	-3,311	-2,492	-3,650
<b>Profit for the financial period</b>	<b>2,542</b>	<b>2,085</b>	<b>11,414</b>	<b>8,061</b>	<b>12,223</b>
<b>Other Comprehensive Income</b>					
<b>Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods</b>					
Exchange differences on translation of foreign operations	0	0	0	0	0
Cash flow hedges	5	213	-48	495	542
<b>Other comprehensive income, net of tax</b>	<b>5</b>	<b>213</b>	<b>-48</b>	<b>495</b>	<b>542</b>
<b>Total comprehensive income for the financial period</b>	<b>2,547</b>	<b>2,298</b>	<b>11,367</b>	<b>8,556</b>	<b>12,765</b>
<b>Profit/loss for the financial period attributable to:</b>					
Equity holders of the parent	2,475	2,043	11,152	7,910	11,954
Non-controlling interests	67	42	263	151	269
<b>Total</b>	<b>2,542</b>	<b>2,085</b>	<b>11,414</b>	<b>8,061</b>	<b>12,223</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
Equity holders of the parent	2,480	2,256	11,104	8,405	12,496
Non-controlling interests	67	42	263	151	269
<b>Total</b>	<b>2,547</b>	<b>2,298</b>	<b>11,367</b>	<b>8,556</b>	<b>12,765</b>
Earnings per share (EPS), undiluted	0.16	0.13	0.72	0.51	0.78
Earnings per share (EPS), diluted	0.16	0.13	0.72	0.51	0.78

# Consolidated Statement of Financial Position

EUR thousand	Q1-Q3/2023	Q1-Q3/2022	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	49,055	41,045	47,694
Other intangible assets	22,871	19,859	22,465
Tangible assets	1,183	552	751
Right-of-use assets	2,841	3,500	3,564
Other receivables	839	864	917
Deferred tax assets	159	92	147
<b>Total non-current assets</b>	<b>76,948</b>	<b>65,912</b>	<b>75,537</b>
<b>Current assets</b>			
Inventories	485	0	0
Trade receivables	38,378	24,061	24,248
Contract assets	1,240	1,449	465
Other current assets	2,896	9,173	2,826
Income tax receivables	107	22	140
Securities	877	509	1,077
Cash and cash equivalents	30,283	24,405	44,135
<b>Total current assets</b>	<b>74,266</b>	<b>59,620</b>	<b>72,890</b>
<b>Total assets</b>	<b>151,214</b>	<b>125,532</b>	<b>148,427</b>

EUR thousand	Q1-Q3/2023	Q1-Q3/2022	2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	80	80	80
Fund for unrestricted equity	53,382	47,460	49,897
Other reserves	494	495	542
Retained earnings	35,120	24,574	28,764
<b>Equity attributable to equity holders of the parent</b>	<b>89,076</b>	<b>72,609</b>	<b>79,283</b>
Non-controlling interests	550	338	475
<b>Total equity</b>	<b>89,626</b>	<b>72,947</b>	<b>79,759</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	10,878	11,500	13,464
Other payables	2,363	142	3,196
Lease liabilities	960	1,612	1,464
Deferred tax liabilities	4,695	3,917	4,664
<b>Total non-current liabilities</b>	<b>18,896</b>	<b>17,172</b>	<b>22,788</b>
<b>Current liabilities</b>			
Trade and other payables	19,078	16,676	21,480
Contract liabilities	467	881	688
Interest-bearing loans and borrowings	4,443	3,743	4,593
Lease liabilities	1,942	1,929	2,141
Accrued expenses	15,865	11,437	15,750
Income tax payable	897	747	1,229
<b>Total current liabilities</b>	<b>42,692</b>	<b>35,413</b>	<b>45,881</b>
<b>Total liabilities</b>	<b>61,588</b>	<b>52,585</b>	<b>68,668</b>
<b>Total equity and liabilities</b>	<b>151,214</b>	<b>125,532</b>	<b>148,427</b>

# Consolidated Statement of Changes in Equity

2023								
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 2023	80	49,897	542	0	28,764	79,283	475	79,759
Profit for the period					11,152	11,152	263	11,414
Other comprehensive income			-48			-48		-48
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-48</b>	<b>0</b>	<b>11,152</b>	<b>11,104</b>	<b>263</b>	<b>11,367</b>
<b>Transactions with shareholders and non-controlling interests:</b>								
Share-based payments		1,458			487	1,945		1,945
Dividends					-5,283	-5,283	-195	-5,478
Share issue		32				32	0	32
Purchase of own shares						0		0
Acquisition of a subsidiary paid in shares		1,981				1,981		1,981
Change in non-controlling interests		15			-0	15	7	22
Other changes						0		0
<b>Equity on 30 of September 2023</b>	<b>80</b>	<b>53,382</b>	<b>494</b>	<b>0</b>	<b>35,120</b>	<b>89,076</b>	<b>550</b>	<b>89,626</b>
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					7,910	7,910	151	8,061
Other comprehensive income			495			495		495
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>495</b>	<b>0</b>	<b>7,910</b>	<b>8,405</b>	<b>151</b>	<b>8,556</b>
<b>Transactions with shareholders and non-controlling interests:</b>								
Share-based payments		1,042			146	1,188		1,188
Dividends					-4,304	-4,304	-131	-4,434
Share issue		0				0		0
Purchase of own shares						0		0
Acquisition of a subsidiary paid in shares		6,315				6,315		6,315
Change in non-controlling interests		0			0	0	14	14
Other changes						0		0
<b>Equity on 30 of September 2022</b>	<b>80</b>	<b>47,460</b>	<b>495</b>	<b>0</b>	<b>24,575</b>	<b>72,610</b>	<b>338</b>	<b>72,948</b>

# Consolidated Statement of Cash Flows

EUR thousand	Q1-Q3/2023	Q1-Q3/2022	2022
<b>Operating activities</b>			
Profit before tax	14,725	10,553	15,873
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment	5,276	4,508	6,099
Finance income and expenses	291	551	764
Other adjustments	2,057	1,267	1,406
Change in working capital	-13,620	-6,199	1,799
Interest received and paid	-9	-136	-210
Other financial items	-30	-70	-79
Income tax paid	-4,257	-2,907	-3,911
<b>Net cash flow from operating activities</b>	<b>4,433</b>	<b>7,566</b>	<b>21,740</b>
<b>Net cashflow from investing activities</b>			
Proceeds from sale of tangible assets	77	61	65
Purchase of intangible assets	-254	-210	-312
Purchase of tangible assets	-648	-242	-355
Acquisition of a subsidiary, net of cash acquired	-8,325	-14,162	-17,486
<b>Net cash flow from investing activities</b>	<b>-9,150</b>	<b>-14,552</b>	<b>-18,089</b>
<b>Net cash flow from financing activities</b>			
Repayment of lease liabilities	-1,850	-1,431	-1,949
Proceeds from borrowings	0	8,000	11,500
Repayment of borrowings	-2,736	-2,861	-3,802
Financial instruments	876	-7,010	-10
Share issue	32	0	0
Dividends paid to equity holders of the parent	-5,283	-4,304	-4,304
Dividends paid to non-controlling interest	-195	-131	-131
Changes in non-controlling interest	22	13	65
<b>Net cash flow from financing activities</b>	<b>-9,135</b>	<b>-7,723</b>	<b>1,370</b>
<b>Net increase in cash and cash equivalents</b>	<b>-13,852</b>	<b>-14,709</b>	<b>5,021</b>
Cash and cash equivalents at beginning of period	44,135	39,114	39,114
<b>Cash and cash equivalents at end of period</b>	<b>30,283</b>	<b>24,405</b>	<b>44,135</b>

# Notes to the Accounts

1 January – 30 September 2023

# Basis of preparation

The unaudited interim report of Gofore Plc has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the consolidated financial statements for 2022. Information concerning the full year 2022 is based on the audited financial statements for 2022.

The same accounting policies, methods of computation and applications of judgment are followed in this interim report as was followed in the consolidated financial statements for 2022. Amendments to the standards taking effect in 2023 did not affect the Group.

30 September 2022 comparison amounts have been retrospectively adjusted due to updating the preliminary purchase price allocation of Devecto acquisition on 31 December 2022. The adjustment is described in detail in the financial statements for 2022.

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 the interim report. Disclosures concerning share-based payments are presented in section Corporate Governance and Share Information.

## **Key accounting considerations related to war in Ukraine and uncertainty arising from the macro economic circumstances**

Gofore continued to assess the impacts of geopolitical and macro economical uncertainties by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Gofore's financial position remained strong.

# Distribution of revenue

EUR thousand, unless otherwise specified	Q3/2023	Q3/2022	Change, %	Q1-Q3/2023	Q1-Q3/2022	Change, %	2022
<b>Net sales by customer sector</b>							
Private sector sales	17,660	12,946	36%	58,972	42,000	40%	59,840
Public sector sales	23,161	18,772	23%	78,560	62,235	26%	90,081
<b>Net sales by origin of customer</b>							
Finland	33,789	28,118	20%	114,756	93,965	22%	133,955
Other countries	7,032	3,600	95%	22,776	10,270	122%	15,966
<b>Net sales by Crew / subcontracting</b>							
Net sales, Crew	33,608	24,877	35%	112,644	83,489	35%	120,291
Net sales, subcontracting	7,213	6,840	5%	24,888	20,747	20%	29,630
<b>Net sales by agreement types</b>							
Time and material based projects	38,114	29,607	29%	129,436	96,710	34%	139,261
Fixed price projects	1,565	1,496	5%	5,323	5,607	-5%	8,004
Maintenance services	706	582	21%	2,296	1,836	25%	2,546
Third party commissions	22	32	-33%	60	82	-26%	110
Products	416			416			
<b>Net sales, Group total</b>	<b>40,821</b>	<b>31,717</b>	<b>29%</b>	<b>137,532</b>	<b>104,236</b>	<b>32%</b>	<b>149,921</b>

## 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
<b>Cost</b>										
1 January 2023	1,228	22,069	5,288	66	200	101	1,726	30,679	47,694	78,373
Additions	0	0	0	0	0	0	254	254	0	254
Business combinations	94	1,528	298	1,449	0	0	0	3,370	1,361	4,730
Reclassifications	0	0	0	0	0	0	0	0	0	0
<b>30 September 2023</b>	<b>1,322</b>	<b>23,597</b>	<b>5,586</b>	<b>1,516</b>	<b>200</b>	<b>101</b>	<b>1,980</b>	<b>34,302</b>	<b>49,055</b>	<b>83,357</b>
<b>Amortisation and impairment</b>										
1 January 2023	-788	-5,137	-1,806	-24	-122	-49	-286	-8,214	0	-8,214
Amortisations	-166	-1,998	-732	-46	-50	-10	-215	-3,218	0	-3,218
<b>30 September 2023</b>	<b>-955</b>	<b>-7,136</b>	<b>-2,538</b>	<b>-71</b>	<b>-172</b>	<b>-59</b>	<b>-502</b>	<b>-11,432</b>	<b>0</b>	<b>-11,432</b>
<b>Net book value</b>										
1 January 2023	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159
<b>30 September 2023</b>	<b>368</b>	<b>16,461</b>	<b>3,048</b>	<b>1,445</b>	<b>28</b>	<b>42</b>	<b>1,479</b>	<b>22,871</b>	<b>49,055</b>	<b>71,926</b>

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
<b>Cost</b>										
1 January 2022	672	10,031	3,438	66	200	101	1,018	15,526	26,897	42,423
Additions	0	0	0	0	0	0	210	210	0	210
Business combinations	197	9,833	1,298	0	0	0	0	11,329	14,148	25,477
Reclassifications	0	0	0	0	0	0	0	0	0	0
<b>30 September 2022</b>	<b>869</b>	<b>19,865</b>	<b>4,736</b>	<b>66</b>	<b>200</b>	<b>101</b>	<b>1,228</b>	<b>27,065</b>	<b>41,045</b>	<b>68,110</b>
<b>Amortisation and impairment</b>										
1 January 2022	-348	-2,720	-955	-11	-56	-36	-143	-4,268	0	-4,268
Amortisations	-350	-1,785	-624	-10	-50	-10	-107	-2,937	0	-2,937
<b>30 September 2022</b>	<b>-698</b>	<b>-4,505</b>	<b>-1,580</b>	<b>-21</b>	<b>-106</b>	<b>-46</b>	<b>-250</b>	<b>-7,205</b>	<b>0</b>	<b>-7,205</b>
<b>Net book value</b>										
1 January 2022	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154
<b>30 September 2022</b>	<b>171</b>	<b>15,359</b>	<b>3,157</b>	<b>45</b>	<b>94</b>	<b>55</b>	<b>978</b>	<b>19,859</b>	<b>41,045</b>	<b>60,904</b>

## Tangible Assets

EUR thousand	Machinery & Equipment	Other tangible assets	Total
<b>Cost</b>			
1 January 2023	1,328	680	2,007
Additions	297	350	648
Business combinations	10	0	10
Disposals	-36	0	-36
<b>30 September 2023</b>	<b>1,599</b>	<b>1,030</b>	<b>2,629</b>
<b>Depreciation and impairment</b>			
1 January 2023	-974	-283	-1,256
Depreciations charge for the year	-146	-43	-189
Disposals	0	0	0
<b>30 September 2023</b>	<b>-1,119</b>	<b>-326</b>	<b>-1,445</b>
<b>Net book value</b>			
1 January 2023	354	397	751
<b>30 September 2023</b>	<b>479</b>	<b>704</b>	<b>1,183</b>

EUR thousand	Machinery & Equipment	Other tangible assets	Total
<b>Cost</b>			
1 January 2022	997	480	1,477
Additions	111	131	242
Business combinations	64	0	64
Disposals	-39	0	-39
<b>30 September 2022</b>	<b>1,133</b>	<b>610</b>	<b>1,744</b>
<b>Depreciation and impairment</b>			
1 January 2022	-815	-235	-1,049
Depreciations charge for the year	-106	-37	-142
Disposals	0	0	0
<b>30 September 2022</b>	<b>-920</b>	<b>-272</b>	<b>-1,192</b>
<b>Net book value</b>			
1 January 2022	182	245	427
<b>30 September 2022</b>	<b>213</b>	<b>339</b>	<b>552</b>

## Right-of-use Assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
<b>1 January 2023</b>	<b>3,365</b>	<b>198</b>	<b>3,564</b>
Additions	563	384	947
Disposals	0	-24	-24
Business combinations	224	0	224
Depreciations for the financial year	-1,720	-149	-1,869
<b>30 September 2023</b>	<b>2,432</b>	<b>408</b>	<b>2,841</b>
<b>1 January 2022</b>	<b>4,323</b>	<b>86</b>	<b>4,409</b>
Additions	553	112	666
Disposals	-235	0	-235
Business combinations	0	89	89
Depreciations for the financial year	-1,331	-98	-1,429
<b>30 September 2022</b>	<b>3,311</b>	<b>188</b>	<b>3,500</b>
<b>1 January 2022</b>	<b>4,323</b>	<b>86</b>	<b>4,409</b>
Additions	750	152	902
Disposals	-235	0	-235
Business combinations	342	92	434
Depreciations for the financial year	-1,815	-132	-1,947
<b>31 December 2022</b>	<b>3,365</b>	<b>198</b>	<b>3,564</b>

## Corporate Acquisitions

### Acquisition of Creanex Oy – Preliminary purchase price allocation

On 3 July 2023 Gofore acquired 100% of the shares of Creanex Oy in exchange for a 70% cash consideration and 30% in shares with purchase price amounting EUR 6.4 million. Transaction did not contain earn-out.

The privately owned company is based in Finland. It develops and manufactures simulators and their software and offers expert services in product development. 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, technology, trademarks and non-competition agreements were recognised as intangible assets from the Creanex Oy acquisition. The remaining goodwill, EUR 1.4 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 249 thousand. Transaction costs are included in other operating expenses in the income statement.

The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted to EUR 689 thousand and EBIT for the period was EUR 27 thousand. Should the company have been consolidated in the Gofore Group since the beginning of the year, Creanex's impact to net sales would have been EUR 3 699 thousand and EUR 798 thousand for the EBIT, respectively.

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

The business impact of the acquisition has been described in more depth January-June 2023 Half-year Financial Report section relating to Significant events after the reporting period.

EUR thousand	Creanex Oy
<b>Purchase price</b>	
Consideration paid in cash	4,450
Consideration paid in shares	1,981
<b>Total purchase price</b>	<b>6,431</b>
<b>Fair value of assets and liabilities recognised on acquisitions</b>	
<b>Assets</b>	
Intangible assets	
Customer relationships	1,528
Trademarks	94
Non-compete agreements	298
Technology based intangibles	1,449
<b>Intangible assets</b>	<b>3,370</b>
Tangible assets	
Right-of-use assets	224
Deferred tax assets	0
Financial assets	668
Other assets	1,853
Cash and cash equivalents	998
<b>Total assets</b>	<b>7,124</b>
<b>Liabilities</b>	
Interest and non-interest bearing liabilities	
Lease liabilities	224
Deferred tax liability	677
<b>Total liabilities</b>	<b>2,054</b>
<b>Total identifiable net assets at fair value</b>	<b>5,070</b>
Goodwill arising on acquisition	1,361
<b>Purchase consideration transferred</b>	<b>6,431</b>
<b>Cash flow impact of acquisitions</b>	
Consideration paid in cash	4,450
Cash and cash equivalents	-998
<b>Net cash flow on acquisition</b>	<b>3,451</b>

# Financing

Gofore Plc had unsecured loans of EUR 15.3 (15.2) million at the end of the review period. Gofore did not raised any new loans during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 September 2023.

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 of EUR 10.8 million nominal value to hedge its floating rate loans. Cash flow hedge accounting is applied to those agreements. On 30 September 2023 71% of the variable interest loans were hedged. The effective portion of fair value changes is recognized into OCI and presented in fair value reserves in equity. The fair value of the agreements are presented in the table below.

Instrument 30 September 2023	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	42	0	42
Cap 1	3,000	Cash flow	2.3.2026	76	7	69
Cap 2	8,000	Cash flow	29.12.2028	618	111	507
<b>Total</b>				<b>736</b>	<b>118</b>	<b>618</b>

Instrument 30 September 2022	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Cap 1	3,000	Cash flow	2.3.2026	99	10	89
Cap 2	8,000	Cash flow	29.12.2028	662	132	529
<b>Total</b>				<b>761</b>	<b>142</b>	<b>619</b>

# Related party transactions, commitments and litigations

## 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 479 thousand is in use at 30.9.2023. The company has made a 10-year rental commitment to new business premises at the end of 2020. Estimated commence date for the new premises is in November 2023.

Gofore has given a negative pledge on its financial loans.

## Litigations and proceedings

Gofore is not involved in any on-going litigations nor proceedings relating to its business operations.

## Significant events after the reporting period

Gofore didn't have any significant events after the reporting period.

# Alternative performance measures (APM)

Gofore uses and presents among others 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	Q3/2023	Q3/2022	Q1-Q3/2023	Q1-Q3/2022	2022
<b>EBITA, Adjusted EBITA and EBITDA</b>					
<b>EBIT</b>	<b>3,422</b>	<b>2,834</b>	<b>15,016</b>	<b>11,103</b>	<b>16,637</b>
Amortisation of intangible assets identified in PPA	1,078	928	2,993	2,820	3,789
<b>EBITA</b>	<b>4,500</b>	<b>3,762</b>	<b>18,009</b>	<b>13,923</b>	<b>20,426</b>
Transaction costs from business combinations	249	-11	256	565	1,587
PNL Impact of Contingent Consideration	0	0	204	0	0
Restructuring costs	0	0	0	0	0
Gains or losses from sales of fixed assets	-19	-8	-41	-23	-26
<b>Adjusted EBITA</b>	<b>4,730</b>	<b>3,743</b>	<b>18,428</b>	<b>14,465</b>	<b>21,987</b>
<b>EBIT</b>	<b>3,422</b>	<b>2,834</b>	<b>15,016</b>	<b>11,103</b>	<b>16,637</b>
Depreciations	822	569	2,284	1,688	2,310
Amortisation of intangible assets identified in PPA	1,078	928	2,993	2,820	3,789
<b>EBITDA</b>	<b>5,322</b>	<b>4,332</b>	<b>20,292</b>	<b>15,612</b>	<b>22,736</b>

# Calculation Formulas for Key Figures

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) margin, %	Operating profit divided by net sales and multiplied by a hundred.
Earnings per share (EPS), euros	Profit for the period attributable for 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.
Earnings per share (EPS), euros, diluted	Profit for the period attributable for shareholders of the company divided by the weighted average number of shares outstanding during the financial period adjusted for share issues added with new potential shares, multiplied by a hundred.

# Calculation Formulas for Key Figures

Figure	Definition
Effective dividend yield, %	Dividend per share divided by share price at the end of the financial period.
P/E -ratio	Share price at the end of financial period divided by Earning per share, undiluted, multiplied by a hundred
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

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 terminated employment 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 +/- costs/gains from contingent considerations+ 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 +/- costs/gains from contingent considerations+ 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 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 retroactively and is unaudited.
Last twelve months' net sales, LTM	The last twelve months (LTM) pro forma net sales figure that the company uses tells the net sales for the Group structure of the time of reporting. The pro forma net sales include the impact of acquisitions and divestments retroactively and is unaudited.

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## Upcoming financial reporting

- Monthly Business Reviews in the beginning of the next month
- FY 2023 Financial Statements bulletin will be released in February 2024

Stay in touch!

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