

GOFORE PLC
Q1 - Q4 / 2023

Financial Statements Release 2023

Gofore's growth continued, slowing down in Q4. Adjusted EBITA for the quarter 16%.

20 February 2024
Unaudited



October-December 2023 Highlights

Gofore's growth continued, slowing down in Q4. Adjusted EBITA for the quarter 16%.

- Net sales growth 13% to 51.7 (45.7) million euros. Organic growth continued but slowed down to +9%.
- Adjusted EBITA 8.3 (7.5) million euros, 16.0 % of net sales.
- Partial reversal of eMundo's contingent consideration improved other operating income and thus EBITA by MEUR 0.8. This materially explains EBITA increase. It does not affect adjusted EBITA.
- Private sector net sales grew by 21%, public sector net sales +8%, net sales from outside Finland +19%.
- Utilisation rate was improved compared to third quarter. There was one less workday than in the comparison period, profitability impact on estimate 0.7 million euros.
- Customer prices rose +2.7%, average salary +3.2%.
- Number of employees grew to a total of 1,465 (1,297) people, 36 new employees started.

Group Key Figures Summary, MEUR	Q4/2023	Q4/2022
Net sales	51.7	45.7
Organic Growth of Net Sales, %	9.1%	28.7%
Adjusted EBITA	8.3	7.5
Adjusted EBITA, %	16.0%	16.5%
EBITA	9.1	6.5
Operating Profit (EBIT)	8.0	5.5
Earnings per share (EPS), undiluted	0.43	0.26
Earnings per share (EPS), diluted	0.43	0.26
Number of employees at the end of period	1,465	1,297
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,529	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"

January-December 2023 Highlights

Gofore's organic growth was strong, +22%

- Net sales grew by 26% and were 189.2 (149.9) million euros. Organic growth of net sales was strong, +22%.
- Adjusted EBITA 26.7 (22.0) million euros, 14.1% of net sales.
- Private sector net sales grew by 35%, public sector net sales +21%, net sales from outside of Finland +85%.
- Customer prices rose 3.5%, average salary development standing at +3.6%.
- The number of employees grew to a total of 1,465 (1,297) people, overall capacity standing at 1,529 (1,383).
- On 3 July 2023, Gofore acquired the entire share capital of Creanex Oy, enterprise value 5.0 million euros. The deal strengthened the mobile machines digitalisation offering of Gofore's Intelligent Industry sector.

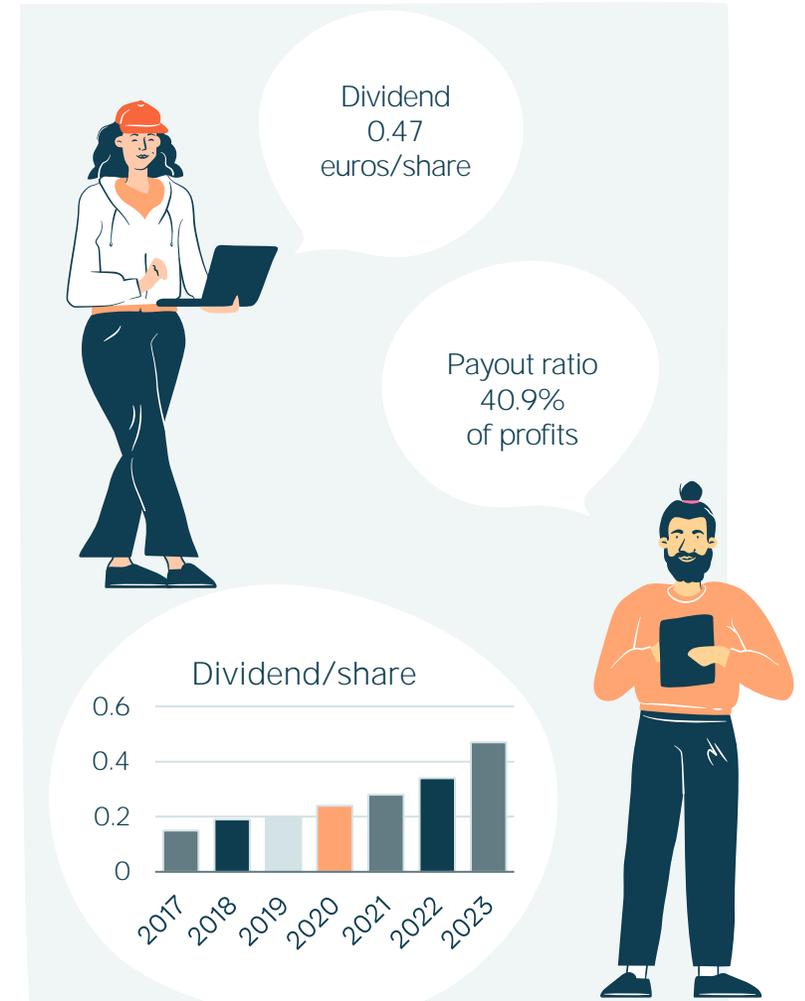
Group Key Figures Summary, MEUR	2023	2022
Net sales	189.2	149.9
Organic Growth of Net Sales, %	22.0%	32.2%
Adjusted EBITA	26.7	22.0
Adjusted EBITA, %	14.1%	14.7%
EBITA	27.1	20.4
Operating Profit (EBIT)	23.0	16.6
Earnings per share (EPS), undiluted	1.15	0.78
Earnings per share (EPS), diluted	1.15	0.78
Number of employees at the end of period	1,465	1,297
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,529	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"

Board of Director's proposal for dividends

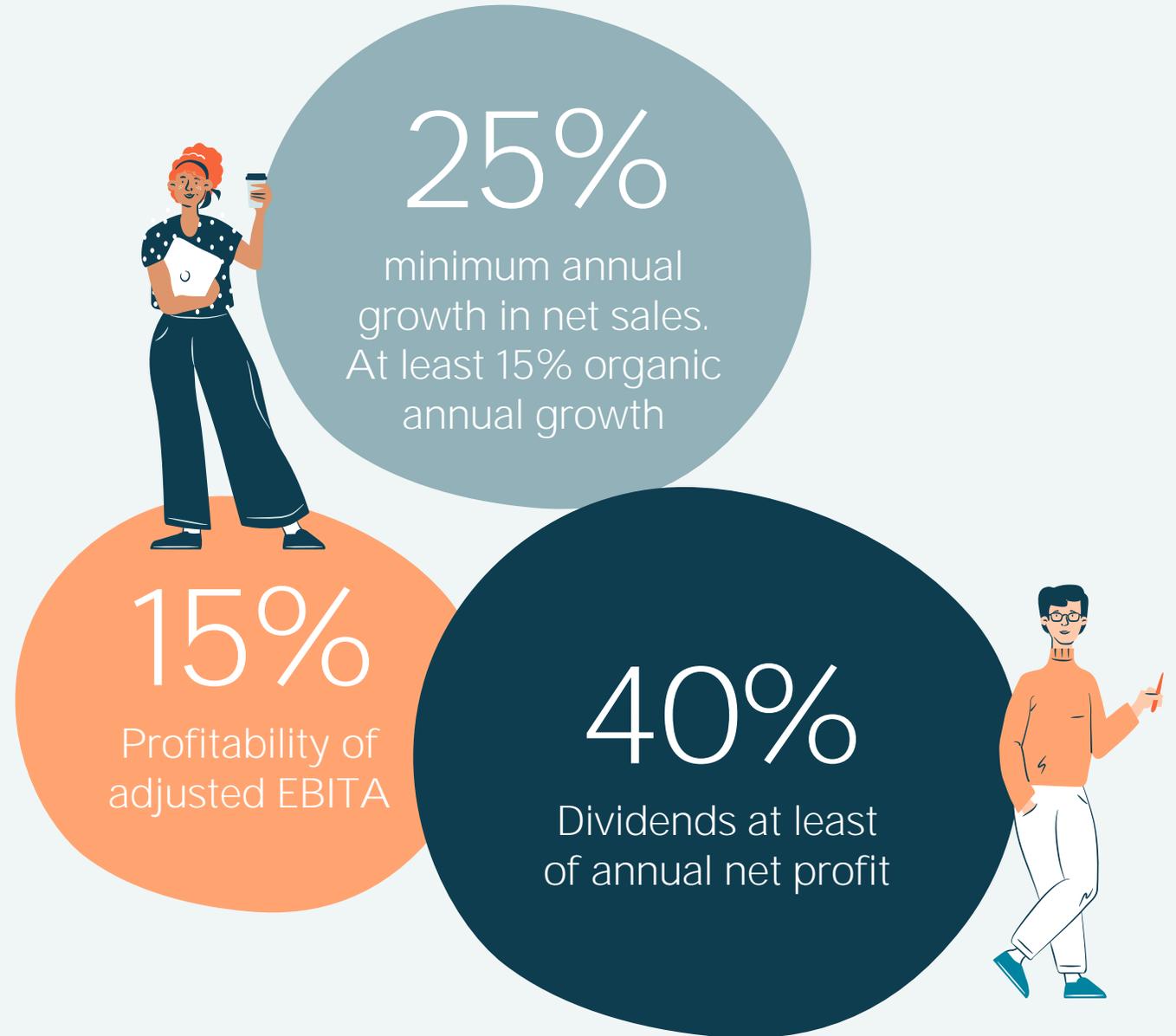
The parent company's distributable assets as at 31 December 2023 amounted to EUR 85.6 million, including the profit for the financial period of EUR 13.6 million. The Board of Directors proposes to the Annual General Meeting on 4 April 2024 that dividends be distributed for the financial period ended on 31 December 2023 in the amount of EUR 0.47 per share, equaling a total of 7.3 million euros in dividend payout.

At the date of the proposal, there are 15,560,139 outstanding shares that yield dividends, equaling a total of 7.3 million euros in dividend payout. According to the proposal, the rest of the profit for the financial period, 6.2 million euros, will be recognised in the company's own equity. The proposed dividend is 40.9% of earnings per share. Of the year 2022 profit, a dividend of 0.34 euros per share was distributed, a total of 5.3 million euros. The 2023 dividend is paid to a shareholder who is on the company's list of shareholders maintained by Euroclear Finland Oy on the record date 8 April 2024. 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 15 April 2024.

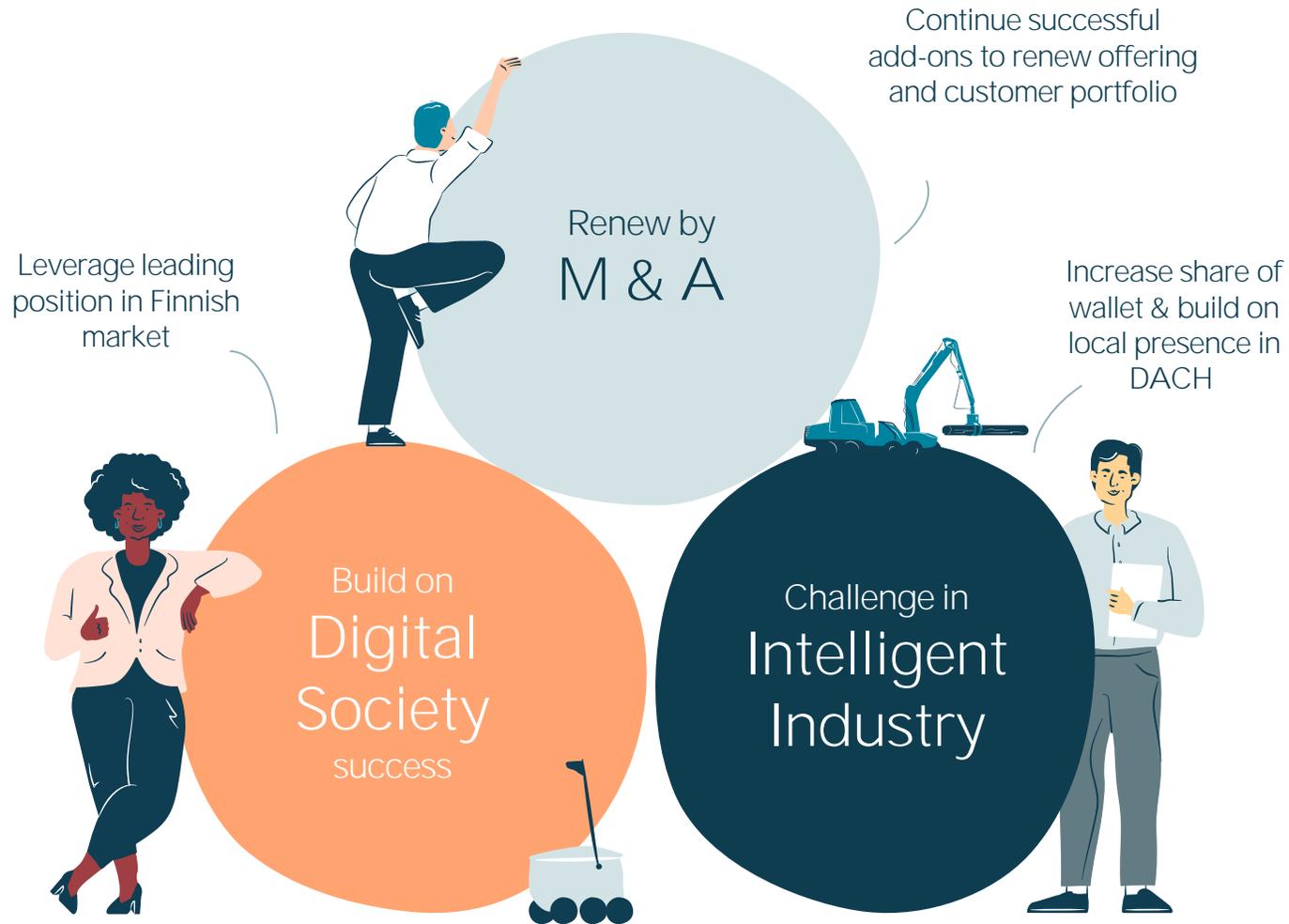


Long-term financial targets

In February 2024, Gofore's Board of Directors has decided to reiterate the company's financial targets that span over the economic cycle.



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

Mikael Nylund



The year 2023 was a continuation of Gofore's growing and profitable journey. During the year, we grew by a whopping 26%, as defined in our long-term targets. Our organic growth was 22%, especially thanks to recruitment in the beginning of the year. We are also happy with our profitability that ended up at 14.1% of adjusted EBITA.

The past year was an end of an era for the IT industry. The investment wave started by the COVID pandemic calmed down in a weaker economic cycle and the savings measures that followed. This was the most visible on Gofore's business on the second quarter when customer demand growth slowed down. Due to continuous bold recruitment, we had an especially high amount of free capacity, and second quarter profitability ended up on a weak level.

In 2023, customer demand was impacted by the overall economic cycle. Geopolitical uncertainty and a changed interest environment affected the performance of Gofore's private sector customers, due to which we saw caution in digital and IT investments. Our public sector clientele was affected by the new Finnish government. Competition was also a meaningful factor, as price competition continued tight throughout the year, especially in public sector tenders.

However, Gofore's organisation showed exceptional resilience and we managed to patch the situation up fast. Second half's profitability was therefore good. The so-called bench, i.e. number of available consultant capacity, was still higher than normal, but our Crew's strong focus on customer work and our cost control supported profitability.

M&A brought us moderate growth during 2023. Acquiring eMundo (11/2022) strengthened our position in German-speaking Europe, the DACH area, in 2023. Creanex (7/2023) helped us get a larger footing within industry clientele.

Net sales from outside of Finland also grew excellently, by 85%. In the DACH area, the past year was our first full year together with eMundo. We continued to establish our position further and built cooperation. We continue to build cooperation, deepen the integration, and invest in new customer business.

In addition to the valuable input from all Goforeans, behind a good year are also once again successful strategic choices and making them a reality. We deepened our offering to the customer sectors we have chosen: Digital Society and Intelligent Industry.

Last summer, Creanex joined the latter, and with their expertise and offering, we complement our offering directed especially at manufacturers of moving, heavy machinery. We believe Gofore's offering to already be unique, and we continue to enhance it to match the ever-changing needs of our customers.

Our strategy that is focused on creating customer value and differentiating us from our competition carries Gofore going forward.

The past year has highlighted profitability and efficiency more than before. Many companies have made even radical changes to improve on their efficiency.

At Gofore, our philosophy has been a continuous ambition to maintain our ability to run a profitable business, ingredients of which are favorably developing margins, a light organisation and a scalable cost structure. I believe the experiences of the past year teach us to become even better at this.

The new year 2024 has started in the same challenging customer demand situation. Developing digital technology does not, however, slow down due to the economic situation. The opportunities of digitalisation are growing at the pace of technology development, and our customers want to take them.

This is exactly why we consider important to take long-term care of the wellbeing of our Crew and our employer brand's attractiveness, in addition to our efficiency and strategy.

This way, we strengthen our ability to grab the growth opportunities that we will inevitably see rising from the market. While doing so, we make sure in the best possible way that Gofore is equipped to continue its growth both organically and with M&A.

Quarterly Performance; Net sales and adjusted EBITA

EUR thousand, unless otherwise specified	Q4/2023	Q3/2023	Q2/2023	Q1/2023	Q4/2022	Q3/2022	Q2/2022	Q1/2022
Net sales	51,710	40,821	47,561	49,150	45,686	31,717	37,120	35,398
Change in Net sales, %	13%	29%	28%	39%	46%	47%	40%	40%
Adjusted EBITA	8,276	4,730	5,397	8,302	7,521	3,743	5,613	5,109
Adjusted EBITA, %	16.0%	11.6%	11.3%	16.9%	16.5%	11.8%	15.1%	14.4%
Change in Adjusted EBITA, %	10%	26%	-4%	62%	51%	38%	63%	46%
Organic growth of Net sales, %	9%	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)
October	18,7 (14,6)	191.3	1 466 (1 159)	22 (21)	1 371 (1 092)	184 (186)
November	18,7 (17,2)	192.8	1 471 (1 292)	22 (22)	1 376 (1 198)	181 (199)
December	14,3 (13,9)	192.2	1 465 (1 297)	18 (20)	1 372 (1 210)	158 (173)

Key Figures

EUR thousand, unless otherwise specified	Q4/2023	Q4/2022	2023	2022
Net sales	51,710	45,686	189,241	149,921
Change in Net sales, %	13.2%	46.4%	26.2%	43.5%
EBITDA	10,135	7,124	30,428	22,736
EBITDA, %	19.6%	15.6%	16.1%	15.2%
Adjusted EBITA	8,276	7,521	26,704	21,987
Adjusted EBITA, %	16.0%	16.5%	14.1%	14.7%
EBITA	9,081	6,503	27,090	20,426
EBITA, %	17.6%	14.2%	14.3%	13.6%
Operating Profit (EBIT)	8,003	5,533	23,019	16,637
Operating Profit (EBIT), %	15.5%	12.1%	12.2%	11.1%
Profit for the period	6,849	4,162	18,263	12,223
Earnings per share (EPS), undiluted	0.43	0.26	1.15	0.78
Earnings per share (EPS), diluted	0.43	0.26	1.15	0.78
Cash flow from operative activities per share			1.23	1.41
Equity per share			5.98	5.11
Dividend per share			0.47	0.34
DPS/EPS, %			40.9%	43.6%
Effective dividend yield (DPS/Price), %			2.1%	1.5%
Price-Earnings ratio, P/E			19.5	28.5
Return on equity (ROE), %	29.9%	21.8%	21.1%	17.3%
Return on investment (ROI), %	28.9%	23.1%	21.3%	18.8%
Equity ratio, %	56.0%	54.0%	56.0%	54.0%
Net gearing, %	-13.1%	-29.5%	-13.1%	-29.5%
Number of employees at the end of period	1,465	1,297	1,465	1,297
Average overall capacity, FTE	1,373	1,167	1,322	1,035
Average subcontracting, FTE	174	186	172	159

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

Customer prices and salaries continued in a good balance

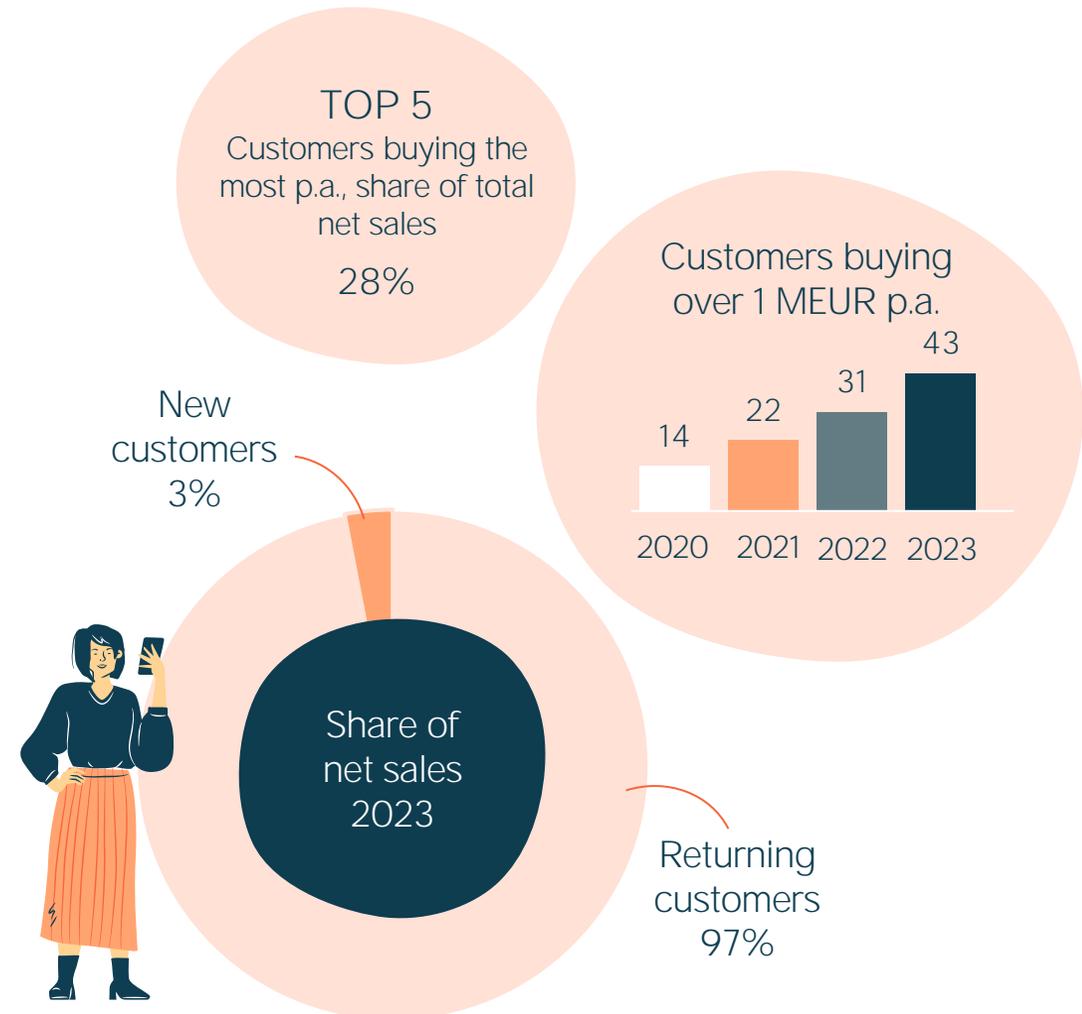
- The operatively challenging year shows that Gofore's business can quickly adapt to change.
- Customer demand and recruitment slowed down on the second quarter, and operative focus was swiftly shifted from growth to profitability and customer work.
- The most important indicators of operative efficiency – utilisation rate, customer prices and average salary – remained in balance.
- Customer price change during the year was +3.5%, +2.7% on Q4
- Average salary change during the year was +3.6% (2.9%), +3.2% on Q4.
- Recruitment emphasised experienced experts due to the demand situation, which raised the average salary level.
- Utilisation rate was on a satisfactory level in the first quarter and on the second half of the year.
- Personnel expenses' share of net sales rose somewhat and was 59.5% (56.8%). Share of subcontracting was lower than in the comparison period, 18% (20%).



Customer price and salary changes excluding the Creanex acquisition made in 2023.

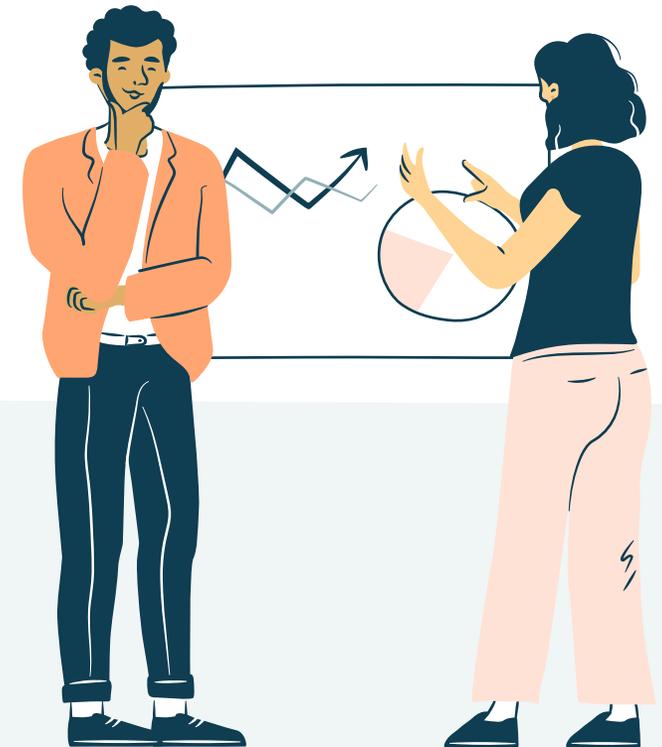
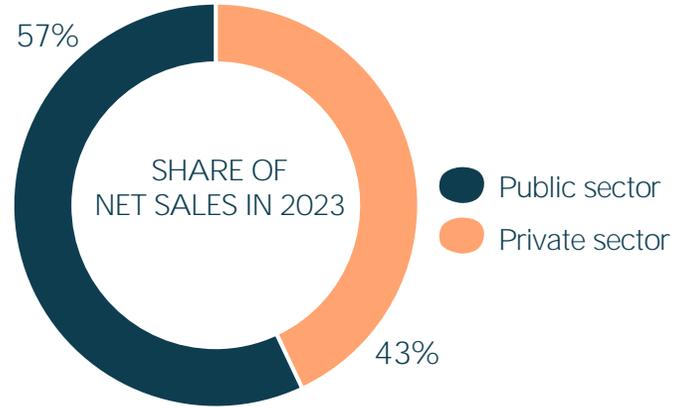
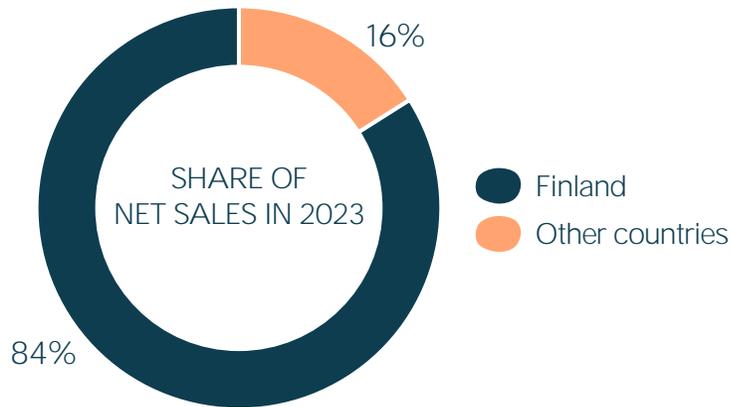
Large customer strategy works

- Number of customers buying over 1 MEUR per annum grew to 43.
- Offering development has been instrumental in growing customer accounts.
- Large projects with larger and larger impact.
- Strategically important expertise areas such as wellbeing service county digitalisation and finance ecosystems grew during the year, also new customers within them.
- The DACH area portfolio developed well with also local customers, supported by the service offering of the entire Gofore.
- Excellent customer satisfaction; NPS clearly grew from spring to fall, 51 (43) and customers' overall satisfaction with Gofore remained good; 4.1 on a scale of 1-5.

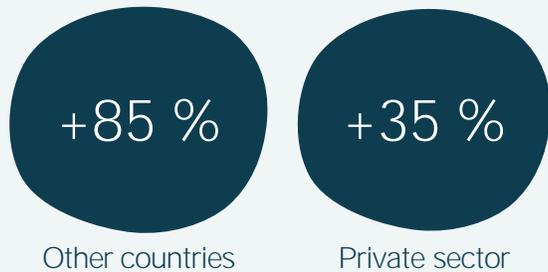


Net sales distribution and growth

Net sales from the private sector and outside of Finland continue in good growth.



NET SALES GROWTH IN 2023



GROUP GROWTH NUMBERS IN 2023

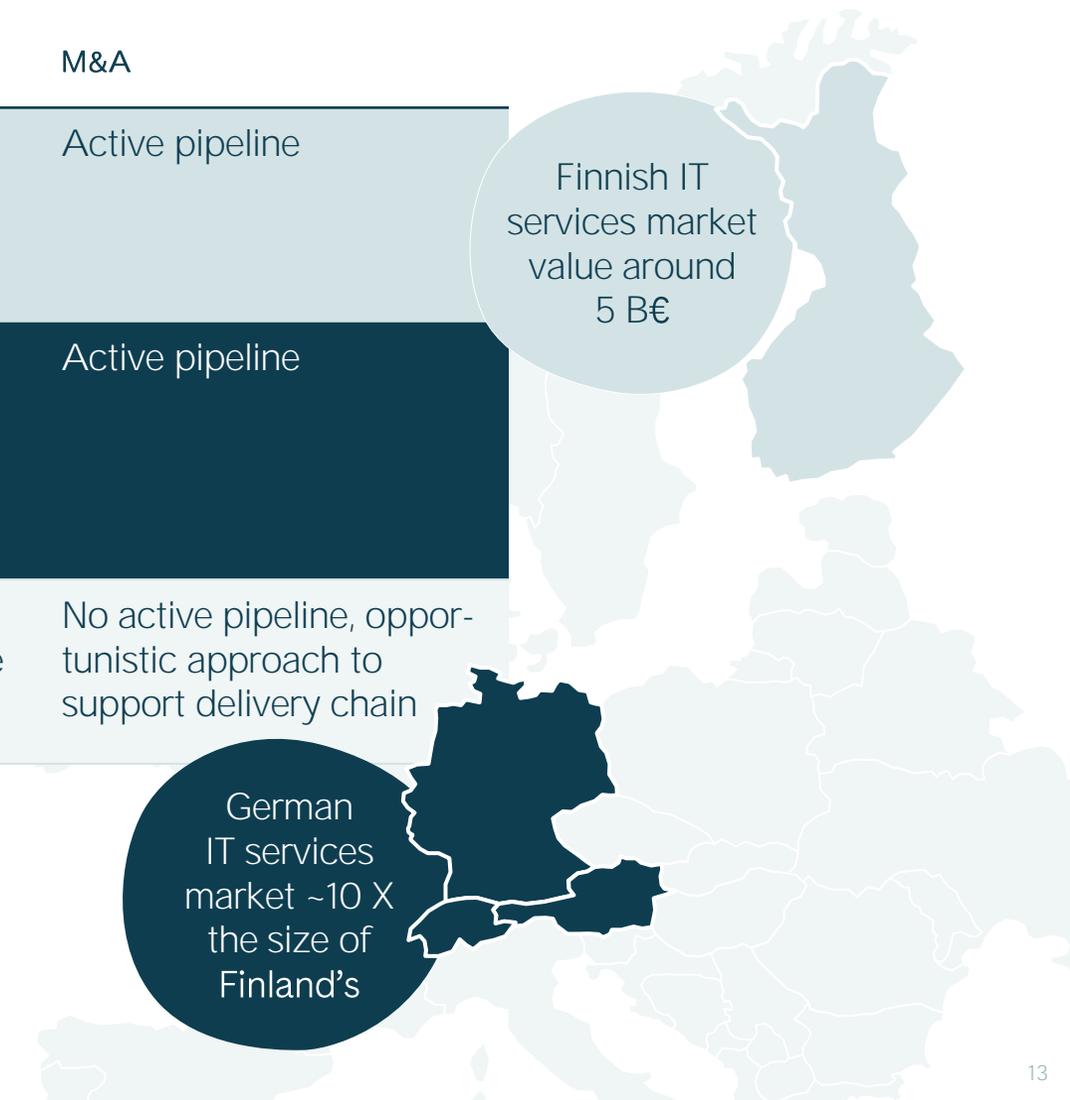


International strategy

	Business & customers	Delivery/supply chain & people	M&A
Home market Finland	Core market – continued growth <ul style="list-style-type: none"> • Leader in Digital Society • Strong customer portfolio in Intelligent Industry 	Leader in talent market with well-known employer brand – continued growth	Active pipeline
Germany / DACH	Core international market – invest in growth <ul style="list-style-type: none"> • Big market opportunity in Intelligent Industry • Growing market in Digital society 	Challenger in the talent market; build employer brand recognition based on Nordic work culture	Active pipeline
Other	Remote delivery mainly <ul style="list-style-type: none"> • Leverage success in Finnish advanced digital society 	Exploring opportunities to develop and enlarge remote delivery capability	No active pipeline, opportunistic approach to support delivery chain

Finnish IT services market value around 5 B€

German IT services market ~10 X the size of Finland's





Market Highlights

Digital Society: Traficom

Gofore is Finnish Transport and Communications Agency Traficom's no. 1 partner with a very large offering scale in carrying out their digital transformation.



- Traficom is a long-term, extensive partner for Gofore, with a relationship that has continued and expanded as Gofore's offering has grown.
- Over the years, Gofore has been involved in e.g. the agency's application development and consulted its development projects extensively.
- In 2023, Gofore was chosen as the priority partner in the tender for a frame agreement for Traficom's architecture consultancy.
- In addition to architecture, Gofore currently provides Traficom with e.g. cyber security testing as well as Scrum Master and Agile Coaching services.

More information on the agreement made with Traficom in 2023 is in section Significant customer agreements.

Digital Society: Ministry of Foreign Affairs of Finland

Development project of the visa system of the Ministry of Foreign Affairs of Finland is a good example of securing society's important services with Gofore's help.



- Gofore has partnered with the Ministry of Foreign Affairs of Finland in the past years on the Virtual Finland project, helping foreign workforce and students on settling in Finland.
- In 2023, Gofore was chosen as a supplier in a procurement tender concerning the Finnish visa system.
- This procurement covers further development services, maintenance and support services, managed services, potential transfer project of the system from data center to cloud service platform as well as cloud model based continuous services and other expert services such as ensuring cyber security of the system.

More information on the agreement made with the ministry in 2023 is in section Significant customer agreements.

Digital Society: Real-Time Economy

- The 2030 vision of the Real-Time Economy is a national, Nordics-compatible ecosystem of business actors.
- In the ecosystem, orders, e-invoices, digital receipts and business data are exchanged between different parties seamlessly, in real time and safely.
- Gofore has a significant hand in the project. In 2023, 14 Goforean experts were involved, and the continuation tendered upon year-end also guarantees collaboration for 2024.
- Digital development of real-time economy is a strategic focus area for Gofore, and Gofore is the most significant expert partner of this project.
- As targets of the project are reached, the society will enjoy significant savings from e.g. real time taxation.
- Companies also benefit from digitalising their lifecycle, as transactions and official reporting become reliable and safe.
- National administration parties involved are the Finnish Patent and Registration Office, Tax Administration, Statistics Finland, Digital and Population Data Services Agency and State Treasury. The project is financed with the EU's RRF instrument.
- Gofore is also strongly involved, as the implementation phase of the project begins in 2025.



Intelligent Industry: AGCO

- The American farming technology manufacturer is a strategic customer for Gofore's Intelligent Industry sector.
- AGCO's brand include Valtra, Massey Ferguson and Fendt.
- Collaboration with Valtra has began over 10 years ago and expanded to the entire AGCO Group.
- The AGCO account has continued to significantly grow in 2023. Numerous Goforean experts work alongside AGCO's global R&D teams.
- Collaboration also saw new opportunities in the DACH area.
- Partnership entails e.g. control system and user interface development, validating, testing, scrum masters and developing digital services.
- Delivery currently mainly from Finland, in addition local opportunities in Germany are expected.



Picture: Fendt

Intelligent Industry: Kempower

- Gofore is the strategic IT partner for the Finnish electric vehicle charging station manufacturer Kempower.
- Amidst fast international growth, Kempower has needed a professional, fast moving partner in developing and scaling its IT operations.
- Earlier cooperation expanded in 2023 fast with Kempower's growth, to cover nearly all areas of Gofore's offering.
- Gofore is the advisor for Kempower's IT procurement and development of its IT operating model, and in 2023 consulted Kempower's three key IT investments in the fields of end user services, cyber security and cloud environment.
- Gofore also supports Kempower's expansion by e.g. assisting in the quality assurance and testing of the ERP system of the new Kempower factory rampup in the USA.
- Gofore helps Kempower in software development on various areas of their operations.



Picture: Kempower

Examples of customer agreements 2023

Customer	Project	Topic	~Value, MEUR	Years
Traficom	Scrum Master and Agile Coaching services	Technology and information system development	2.8	5
Traficom	Cyber security testing	IT and digital security expert services	2.1	4
Traficom	System, business, technology, application architects and information system architects	Architecture consultancy, frame agreement	15	5
Business Finland	Project management services	Project office; undefined	1.8-2.7	2+1+1
CSC Tieteen tietotekniikan keskus Oy	Strategy, process and development consultancy	Undefined; new frame agreement	3	2,5+1
LähiTapiola	Acceptance testing	Life insurance service system integration	2.9	3-6

Examples of customer agreements 2023

Customer	Project	Topic	~Value, MEUR	Years
Tax Administration	Cyber security and preparation expert services	Security and risk management	9.2	4
Tax Administration	Frame agreement; infra consultancy, technical data management and quality assurance expert services, analytic solutions	IT expert services	106.5	6
Ministry of Foreign Affairs of Finland ¹⁾	Development, maintenance and support services	Visa system development	70	7
National Police Board of Finland	Java development expert services	Data system development	5.2	7
Government ICT Centre Valtori	AWS and cloud experts	Cloud partnership, frame agreement	1.5-2	4
Ministry of Education and Culture, Ministry of Economic Affairs and Employment of Finland, Finnish National Agency for Education and KEHA centre	Architects	Continuous learning service	4	2+1
YLE	Frame agreement	Undefined	N/A	4

¹⁾ Rectification claim on the Ministry of Foreign Affairs procurement

There was a rectification claim made on the Ministry for Foreign Affairs of Finland's visa information system procurement decision, which The Market Court rejected in January 2024. Gofore is a supplier for Knowit in this project.

Examples of customer agreements 2024

Customer	Project	Topic	~Value, MEUR	Years
Statistics Finland	Application developers, database and data science experts	System renewal	3.5	3+2
KELA	Expert team	Kanta healthcare service	1.3	2+2
Finnish Patent and Registration Office	IT Expert services	Realtime Economy project	0.7	1

Retendered customer agreements, next 12 mos

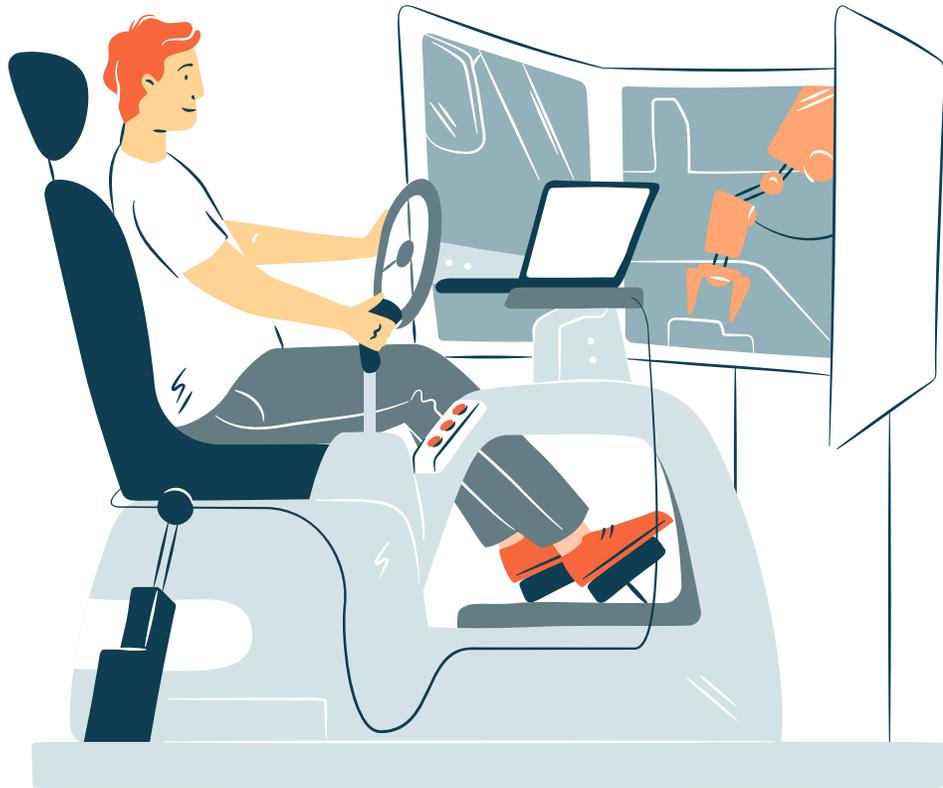
Customer	Reason/way of retendering	~Value, MEUR p.a.
Municipality customer	Actual agreement period ends 11/2024, after which agreement continues with six months' notice. There is no known timing for the retendering of the agreement.	3

Future solutions for digital lifecycle of machinery

Carried out on 3 July 2023, acquiring Creanex complemented Gofore's strategic industry sector expertise and offering for intelligent machinery's digital lifecycle.

- Creanex designs and manufactures tailormade simulators and their software and offers expert services for product development.
- Strong synergies with Gofore within customers and services on the strategic Intelligent Industry sector.
- Gofore and Creanex together create the kind of value the market has not had before to manufacturers of moving machines and other intelligent devices.
- Joint customers are e.g. Ponsse and Sandvik
- Integration into Gofore Drive's business and team proceeded well during the year.

The purchase price allocation of this acquisition is included in this report





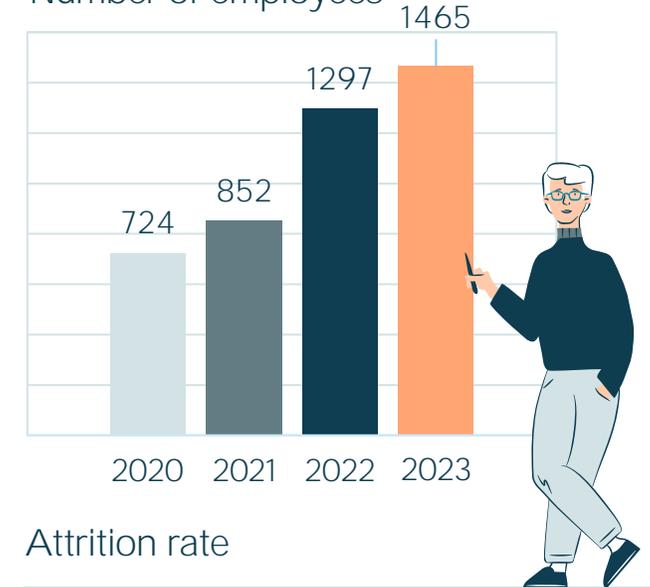
People Development

Culture built resilience

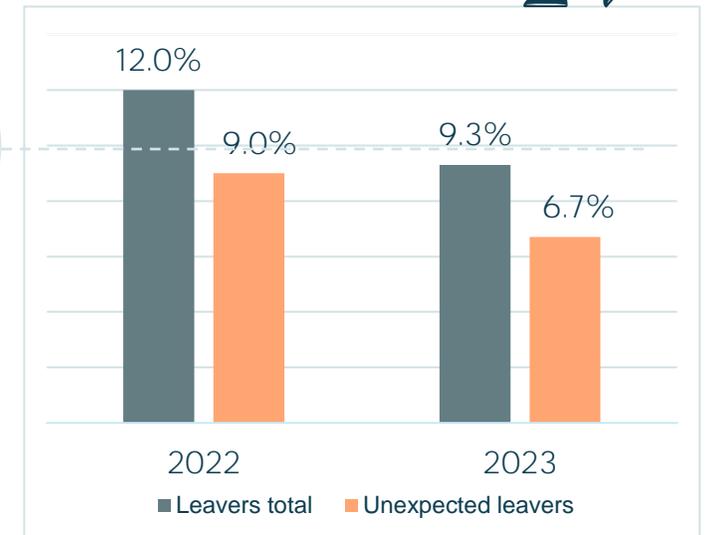
Gofore's employer brand and Crew resilience were strengthened in a challenging market situation in 2023.

- Gofore's number of employees grew by 13% to a total of 1,465 (1,297) people.
- 284 (377) people were recruited over the year, as market situation slowed down recruitment as of the beginning of the summer.
- Attractiveness as an employer clearly grew – 6,737 applications received, 4.2% hiring rate (2022: 4,808 & 7.8 %)
- Gofore did not need to react to the market situation with cooperation negotiations, and its strong culture helped in a difficult market.
- In H2, focus was strongly on team management, maintaining profitability, customer work and controlling staff-related costs.
- Attrition rate came down from 12% in 2022 to 9.3%.
- The share of unexpected leavers even smaller than the target, 6.7%.
- Employee net promoter score weakened from spring to fall - eNPS 34 in the fall (51 in the spring).

Number of employees



Attrition rate



TARGET

Awarded employer brand



The most attractive
employer of the IT
industry



6th most
attractive IT
employer globally



eMundo best
employer in Munich
and Bavaria

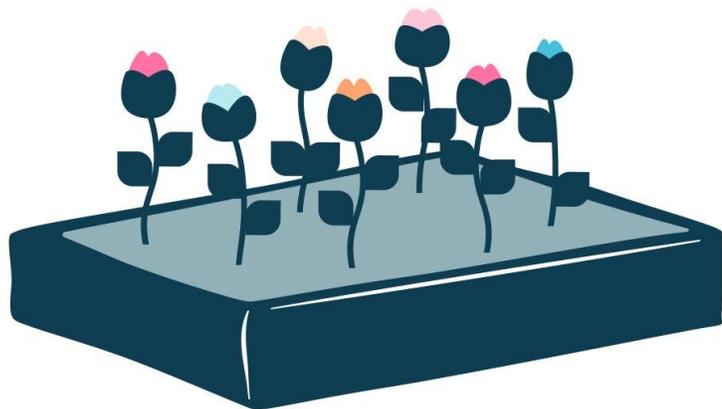


Finland's 3rd best
reputation as a listed
company

Sharing the success

Salary settlement based on company growth & profitability

Quarterly pay rises to all according to organic growth and adjusted EBITA growth



Varied salary models based on company and individual success

- Option to choose personal invoicing-based model or full freelancer deal
- Business success-based salary models
- Comprehensive fringe benefits and health services for all

Ownership as incentive

CrewShare employee share savings plan available to all

- Supports culture of sharing success and commits to developing the company and shareholder value in the long term
- Employees can save a proportion of their salary on Gofore shares at a 10% discount
- Gofore matches each 3 shares with 0-1.5 bonus shares based on growth and profitability targets
- +50% of staff save continuously

Significant events after the review period

Significant events after the review period

January stock exchange releases

17.1.2024: Gofore's Shareholders' Nomination Board's proposals to the Annual General Meeting on 4 April 2024 on the composition of the Board

18.1.2024 Gofore Plc's Board of Directors' proposal to the 2024 Annual General Meeting concerning the appointment of the auditor

18.1.2024 Gofore initiates a new period of employee share savings plan

See more:
gofore.com/invest

January 2024

January began with a challenging customer demand situation. As the year changed, more than usual projects came to an end and capacity was released to the so-called bench.

New projects did start during January, but slower than expected. January utilisation rate was therefore materially below expectations. There was growth of 7% from previous year, partly from the one extra working day.

Overall Capacity calculation

The overall capacity for December 2023 has earlier been incorrectly reported as 1,372. The calculation error is explained by incorrectly excluding part-time sick leaves from overall capacity. The adjusted overall capacity for December 2023 was 1,376, and therefore the FTE change to January is -4.



KEY FIGURES

	Net sales, MEUR	LTM pro forma	No. of Employees	Overall Capacity, FTE	Subcontracting FTE	No. of Working Days in Finland
January 2024 (January 2023)	16.9 (15.8)	193.3	1,463 (1,318)	1,372 (1,225)	147 (186)	22 (21)



Outlook

Market outlook

Digital transformation's outlook is strong in the mid and long term. In early 2024, there is still uncertainty in the market, which we estimate will turn into growth in customer demand on the second half.

Still caution in the market

The overall weak economic situation curbed customer investments significantly in 2023. The economic uncertainty reflects on 2024 budgets in a shorter than before planning horizon. Our interpretation of the situation is that especially private sector instances want to remain agile in their decision making. Once the economy picks up, there is readiness to invest. The higher than last year economic growth forecasts of 2024 also suggest recovery of investments.

The interest rate environment and geopolitical uncertainty are the largest factors slowing down investments. We estimate that a clear turn in interests would speed investments up quite fast.

Technology development continues despite the state of the economy. In particular artificial intelligence, but also other digital technology development demand continuous efforts from customer organisations. Due to this we estimate that there would be positive development in the demand for IT services even with weaker economic development.

Growth and price competition in the public sector

A new Finnish government started in the summer of 2023. One of the political spearheads of this government, public economy adjustment measures stretched many public organisations' budget, also impacting IT procurement somewhat. As for 2024, some, mostly individual, tightening of IT and development budgets is expected.

The price competition that heated up in 2023 also continues to 2024. According to our estimate, this is, however, an exceptional phenomenon that is a sign of over capacity in the industry. With healthier demand in other customer groups, the public sector will see a more balanced supply and demand.

We estimate that public sector digital investments will continue in the new government's term, based on the government programme. We therefore estimate that the public sector continues moderate growth in 2024.

Private sector waits for lowering interest rates

Caution in investments caused by the uncertain economy is starting to create bottled up needs in the private sector. We estimate that a clear turn in interest rates would quickly revive investments.

In the industrial sector that is of relevance to Gofore, customers are in varying situations. Some customer businesses grow, some have faced more direct impacts of the economic slowdown and geopolitical change. This can be seen in the customers' ability and willingness to invest.

Active market in the DACH area

Macro economy in the DACH area matches that of Finland's. Despite the weaker economic cycle, we see a lot of activity in market. We estimate this will be seen as positive development in the region during this year.

Talent market clearly easier – for now

Weaker performance of the IT industry was clearly reflected on the talent market in 2023. Weakened demand for talent and the warier climate have both affected the industry's attrition as a whole. This also means that the biggest salary hike pressures are behind us for the time being.

We estimate that talent availability will remain very good throughout 2024. We believe that the potential picking up of the industry will again be quickly seen as a tightening talent competition. In our view, winning companies in this competition are the ones who have had the ability to take care of their employees also in a more difficult market.

Short-term risks and uncertainty factors in the operating environment



Macro-economic situation

Uncertainty of the economy has continued in early 2024 and affects the entire IT industry in the beginning of the year. Our outlook for the whole year is based on economic forecasts, according to which the Finnish and the German economies would grow faster than the previous year during this year. Potential weakening of the economic situation would have a negative impact on Gofore's customers' ability to invest in digital development, especially in the private sector.

Public sector customer market

The public sector is more resilient to macro-economic changes than the private sector. Weakening of the public economy and the adjusting finance policy of the new Finnish government may, however, affect the public sector's IT investment. Content of the new government programme, however, mitigates this uncertainty.

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. Gofore's significant, existing public sector agreements that are due to be retendered in 2024 according to the company's knowledge are listed in this report.

Private sector customer market

Companies are more vulnerable to political situation or country-specific macro-economical risks. Finnish export companies' results were above the mark in 2023. Order intake development is industry and company-specific, and positive development can be seen in leading companies.

Should the outlook become weaker, there is a growing risk of decreasing investments. However, 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.

DACH market

Gofore's business in the DACH area is still in its early stages. Integration from separate parts into one entity is still ongoing. There are risks involved in the solidifying and integrating the business, and if materialised would hinder the targeted development of the business. Such risks are related to e.g. customer acquisition, staff and key people.

Talent market

Demand for skilled workforce has slowed down in the IT industry due to the market situation. Several industry companies have laid off staff or slowed down headcount growth. This has resulted to less competition of talent than before. We think it's very likely that this is a temporary situation and the competition on talent will return. To prepare for this, avoid overly high attrition and to ensure adequate recruitment, we continuously develop Gofore's already strong employer brand, flexible working and the wellbeing of our staff.

M&A market

Gofore intends to continue disciplined acquisitions by acquiring companies that fit its strategy. The M&A market has had less activity of late, and valuation levels have not matched. High interest rates have somewhat decreased the competition on targets. We estimate the situation to remain like this in 2024. There are risks involved in the integration of acquisitions carried out, which have been mitigated with pre-designed integrating models.

Q1/2024 Performance drivers

Due to a slow start of the year, Q1/2024 is expected to see temporarily excess capacity. Free capacity will, however, enable bouncing back fast when customer demand picks up.

Growth Drivers

- Change of year impact on projects was big and level of free capacity high at start of year. Slow start in customer projects in January leads to a continued high free capacity for Q1. Subcontracting capacity is continuing to decrease, partly balancing own free capacity.
- Slow start of the year concerns especially software development and change management services.
- Recruiting is estimated be slower and based on direct customer needs. Recruitment needs estimated to concentrate on advisory and quality assurance services.

Profitability Drivers

- Slower start of the year and high level of free capacity resulting in lower utilisation rate impact.
- Salary and price development balanced since comparison period and no major changes to average gross margins. Cost control measures (since Q3/2023) have a positive impact on OPEX development.

Other Factors

- One less working day, with an impact on available working time of -1.6%.



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 2023

Unaudited

Group Structure

Personnel and offices

At the end of the reporting period, the Group employed a total of 1,465 (1,297) employees. The number of personnel increased from the corresponding period in 2022 by 13%. Growth was due to organic growth, as well as a result of the Creanex acquisition.

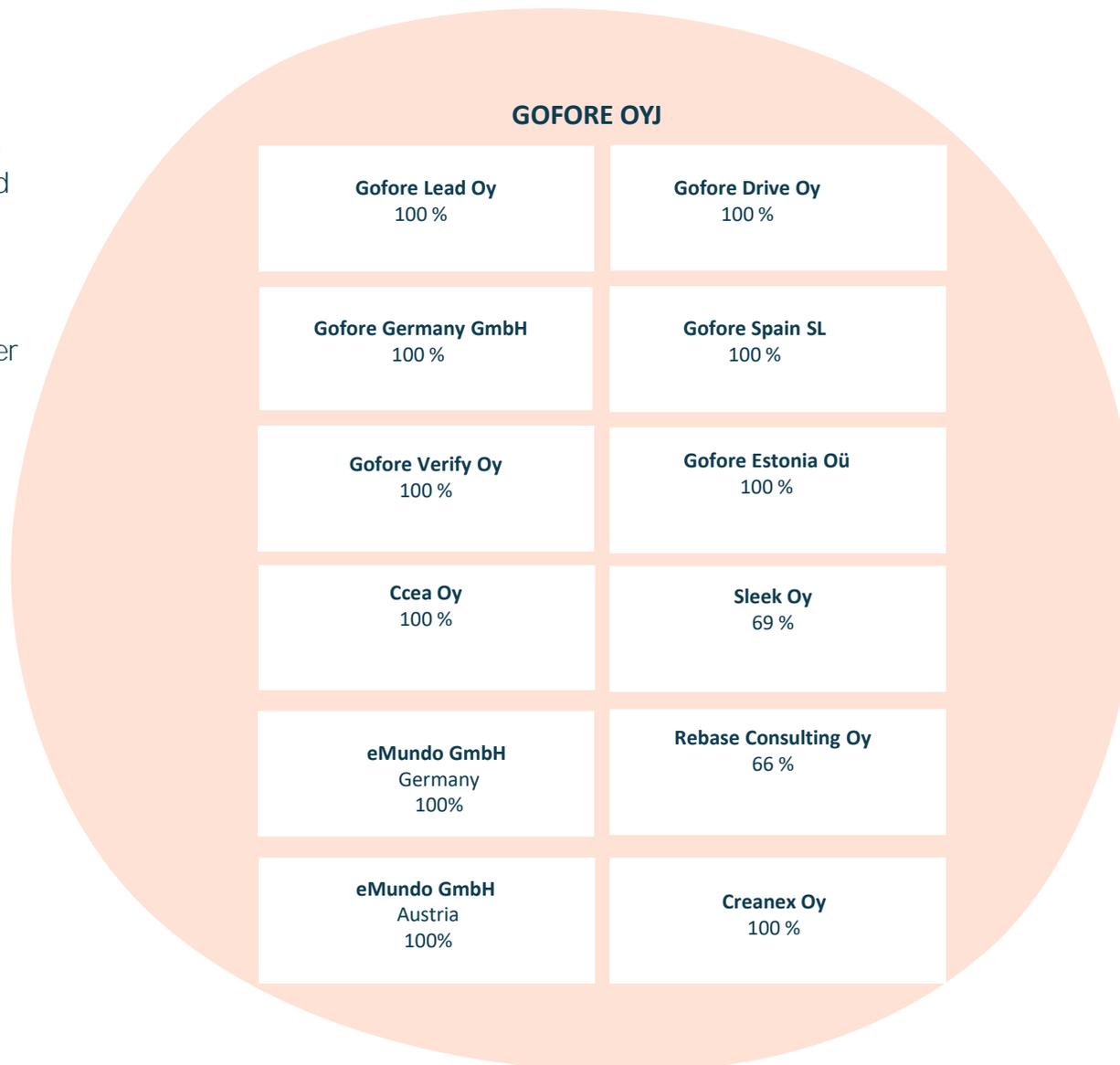
The number of employees in Finland amounted to 1,296 (1,146), and in the other countries of operation to a total of 169 (151) employees at the end of the reporting period.

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

Corporate acquisitions

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

On 1 November 2023 Gofore acquired 5% minority share of Ccea Oy's share capital. After the transaction Gofore holds the entire share capital of Ccea. On 1 January 2024 Ccea Oy was merged to Gofore Lead Oy.



Net sales

Organic growth in Q4 2023 was 9%. Strong growth in net sales from outside Finland and the private sector.

October-December 2023

During the period of October–December, Gofore’s net sales increased by 13 % compared to the corresponding period in 2022, amounting EUR 51.7 (45.7) million.

Growth was attributable to the eMundo and Creanex acquisitions and organic growth of 9 % . The average hourly price of services sold also increased by 2.7 % from the comparison period.

Net sales generated from public sector sales increased to EUR 30.2 (27.8) million. Net sales generated from the private sector grew by 21 % to EUR 21.6 (17.8) million. The eMundo and Creanex acquisitions contributed to the private sector sales growth.

The public sector’s share of total net sales was 58 % (61 %) and private sector 42 % (39 %).

Net sales coming from Finland was EUR 45.0 (40.0) million, representing 87 % (88 %) share of the Group’s net sales. Other countries’ share of the Group net sales was 13 % (12 %); EUR 6.8 (5.7) million.

Subcontracted work represented 16 % (19 %) share of the Group’s net sales; EUR 8.5 (8.9) miljoonaa euroa.

January - December 2023

During the period of January–December, Gofore’s net sales increased by 26 % from previous year, amounting to EUR 189.2 (149.9) 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 108.7 (90.1) million. Net sales from the private sector were EUR 80.5 (59.8) million. The public sector share of the net sales were 57 % (60 %) and private sector 43 % (40 %).

Net sales coming from Finland was EUR 159.7 (134.0) million, representing 84 % (89 %) share of the Group’s net sales. Other countries contributed EUR 29.5 (16.0) million; 16 % (11 %). Subcontracted work represented 18 % (20 %) share of Group net sales; EUR 33.4 (29.6) million.

Profitability

October-December's adjusted EBITA was 16.0%.

October-December 2023

During the reporting period, Gofore's adjusted EBITA increased by 10.0% compared to the corresponding period in 2022 and amounted to EUR 8.3 (7.5) million and accounted to 16.0% (16.5%) 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 9.1 (6.5) million; 17.6% (14.2%) of the net sales. Partial reversal of eMundo contingent consideration increased other operating income by 0.8 million improving EBITA. Item does not affect adjusted EBITA.

The proportion of personnel expenses of net sales increased to the level of the comparison period, accounting for 58.7% (56.4%). Personnel expenses for the period amounted to EUR 30.3 (25.8) million. The increase is attributable to growth in the number of personnel.

Other operating expenses amounted to a total of EUR 4.5 (5.5) million and accounted for 8.8% (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 1.1 (0.6) million, accounting for 2.0% (1.4%) of net sales.

Depreciations and amortizations were 2.1 (1.6) million euros; 4.1% (3.5%) of net sales.

Operating profit (EBIT) was EUR 8.0 (5.5) million and accounted for 15.5% (12.1%) of net sales. Finance costs and income were EUR 0.2 (-0.2) million.

Profit for the financial period amounted to EUR 6.8 (4.2) million.

January-December 2023

During the period of January – December, Gofore's adjusted EBITA amounted to EUR 26.7 (22.0) million and accounted for 14.1% (14.7%) of net sales.

EBITA amounted to EUR 27.1 (20.4) million; 14.3% (13.6%) of net sales.

Personnel expenses were 112.7 (85.2) million euros; 59.5% (56.8%) of net sales. Other operating expenses were 18.9 (17.4) million euros; 10.0% (11.6%) of net sales. Operating profit (EBIT) was EUR 23.0 (16.6) million and accounted for 12.2% (11.1%) of net sales. Finance costs and income were EUR -0.1 (-0.8) million.

Profit for the financial period amounted to EUR 18.3 (12.2) million.

Balance sheet, cashflow, financing and R&D

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

Equity ratio amounted to 56.0% (54.0%) with net gearing of -13.1% (-29.5%).

At the end of reporting period, the balance sheet total of the Gofore Group amounted to EUR 167.1 (148.4) million, of which total equity accounted for EUR 93.5 (79.8) million. At the end of the review period, interest-bearing net debt amounted to EUR -12.3 (-23.6) million.

Cash flow from operations decreased over the period of January – December to EUR 19.2 (21.7) million. Cash flow from investments amounted to EUR -10.9 (-18.1) million.

Investments in subsidiary shares during the review period amounted to EUR -9.1 (-17.5) million. Investment is related to the payment of the Devecto and eMundo acquisitions' additional purchase prices, CCEA minority share as well as Creanex acquisitions.

Cash flow from financing activities during the period amounted to EUR -14.0 (1.4) million, including repayments of lease agreement liabilities for EUR -2.7 million, loan amortizations for EUR -4.6 million, cash flows from financials instruments EUR 1.0 million and dividends paid, -5.5 million.

At the end of the period, cash assets amounted to EUR 38.4 (44.1) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 13.4 (18.1) 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.

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 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. At the end of reporting period, right-of-use assets were EUR 13.5 (3.6) million and lease liabilities EUR 13.5 (3.6) million. Increase was materially due to the new headquarters' 10-year office lease.

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 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 31 December 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 (15,506,132) of the company shares.
- Gofore holds 100,000 pcs of its own shares at the end of the reporting period. The company had no own shares at the comparison period. The share of own shares of all votes and shares amounted to 0.6%. The paid amount of shares was EUR 2.3 million.
- Trading volume in January –December 2023 amounted to 2.8 (1.6) million shares, corresponding to approximately 17.8% (10.2 %) of average number of outstanding shares, trading value EUR 65.1 (35.5) million.
- At the end of the reporting period, Gofore's market value was EUR 348.5 (344.2) million.
- Closing price of the share was EUR 22.40 (22.20).
- Trading volume-weighted average price of the share during the review period was EUR 23.76 (22.79).
- Highest trading price was EUR 27.80 (26.00) and lowest EUR 19.30 (18.25).

348.5

Market value at the end of period, MEUR

0.9%

Share value change since beginning of the year

22.40

Closing price, EUR

Share Ownership

At the end of the reporting period on 31 December 2023

- The company had a total of 8,976 (5,879) registered shareholders.
- Direct foreign ownership accounted for a total of 1.6% (2.3%) of shares.
- Holders of nominee registered shares owned a total of 19.4% (19.3%) of shares, total number of such shares amounted to 3,038,623 (2,989,697). Foreign ownership in total was 21.0%.
- Private companies owned 5.9% (5.2%) of the shares, financial and insurance institutions 27.0% (26.7%), public corporations 10.0% (9.8%), households 55.5% (55.3%) and non-profit organisations 0.8% (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.

8,976

Shareholders at the end of period

21.0%

Foreign ownership in total

27.0%

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 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 assignation, 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.

During the financial year company donated EUR 50,000 to the foundation.



Consolidated Financial Report

1 January – 31 December 2023

Tables Section

Unaudited

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	Q4/2023	Q4/2022	2023	2022
Net sales	51,710	45,686	189,241	149,921
Production for own use	0	102	254	305
Other operating income	1,033	86	1,255	126
Materials and services	-7,726	-7,510	-28,736	-25,073
Employee benefit expenses	-30,349	-25,757	-112,688	-85,150
Depreciations, amortisations and impairment	-2,132	-1,591	-7,409	-6,099
Other operating expenses	-4,532	-5,482	-18,900	-17,394
Operating profit (EBIT)	8,003	5,533	23,019	16,637
Finance costs	-68	-260	-725	-824
Finance income	249	46	615	60
Profit before tax	8,184	5,320	22,909	15,873
Income tax	-1,335	-1,158	-4,646	-3,650
Profit for the financial period	6,849	4,162	18,263	12,223
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	0	0	0
Cash flow hedges	-189	47	-237	542
Other comprehensive income, net of tax	-189	47	-237	542
Total comprehensive income for the financial period	6,660	4,209	18,027	12,765
Profit/loss for the financial period attributable to:				
Equity holders of the parent	6,771	4,044	17,923	11,954
Non-controlling interests	77	118	340	269
Total	6,849	4,162	18,263	12,223
Total comprehensive income for the financial period attributable to:				
Equity holders of the parent	6,582	4,091	17,686	12,496
Non-controlling interests	77	118	340	269
Total	6,660	4,209	18,027	12,765
Earnings per share (EPS), undiluted	0.43	0.26	1.15	0.78
Earnings per share (EPS), diluted	0.43	0.26	1.15	0.78

Consolidated Statement of Financial Position

EUR thousand	31.12.2023	31.12.2022
Assets		
Non-current assets		
Goodwill	49,055	47,694
Other intangible assets	21,700	22,465
Tangible assets	2,048	751
Right-of-use assets	13,455	3,564
Other receivables	685	917
Deferred tax assets	152	147
Total non-current assets	87,096	75,537
Current assets		
Inventories	472	0
Trade receivables	36,658	24,248
Contract assets	516	465
Other current assets	3,085	2,826
Income tax receivables	46	140
Securities	762	1,077
Cash and cash equivalents	38,450	44,135
Total current assets	79,989	72,890
Total assets	167,085	148,427

EUR thousand	31.12.2023	31.12.2022
Equity and liabilities		
Equity		
Share capital	80	80
Fund for unrestricted equity	53,448	49,897
Other reserves	306	542
Retained earnings	39,153	28,764
Equity attributable to equity holders of the parent	92,986	79,283
Non-controlling interests	510	475
Total equity	93,495	79,759
Non-current liabilities		
Interest-bearing loans and borrowings	8,976	13,464
Other payables	868	3,196
Lease liabilities	10,789	1,464
Deferred tax liabilities	4,452	4,664
Total non-current liabilities	25,086	22,788
Current liabilities		
Trade and other payables	21,718	21,480
Contract liabilities	80	688
Interest-bearing loans and borrowings	4,443	4,593
Lease liabilities	2,744	2,141
Accrued expenses	18,658	15,750
Income tax payable	862	1,229
Total current liabilities	48,504	45,881
Total liabilities	73,590	68,668
Total equity and liabilities	167,085	148,427

Consolidated Statement of Changes in Equity

2023								
EUR thousand	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total		
Equity on 1.1.2023	80	49,897	542	0	28,764	79,283	475	79,759
Profit for the period					17,923	17,923	340	18,263
Other comprehensive income			-237			-237		-237
Total comprehensive income	0	0	-237	0	17,923	17,686	340	18,027
Transactions with shareholders and non-controlling interests:								
Share-based payments		1,458			707	2,165		2,165
Dividends					-5,283	-5,283	-195	-5,478
Share issue		97				97	33	130
Purchase of own shares					-2,318	-2,318		-2,318
Acquisition of a subsidiary paid in shares		1,981				1,981		1,981
Change in non-controlling interests		15			-641	-626	-144	-769
Other changes						0		0
Equity on 31.12.2023	80	53,448	306	0	39,153	92,986	510	93,495
2022								
EUR thousand	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total		
Equity on 1.1.2022	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
Share issue		0				0		0
Purchase of own shares						0		0
Acquisition of a subsidiary paid in shares		8,715				8,715		8,715
Change in non-controlling interests		37			-6	32	34	65
Other changes						0		0
Equity on 31.12.2022	80	49,897	542	0	28,764	79,284	475	79,759

Consolidated Statement of Cash Flows

EUR thousand	2023	2022
Operating activities		
Profit before tax	22,909	15,873
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment	7,409	6,099
Finance income and expenses	110	764
Net loss on financial instruments at fair value through profit or loss	0	0
Other adjustments	1,504	1,406
Change in working capital	-6,994	1,799
Interest received and paid	17	-210
Other financial items	-31	-79
Income tax paid	-5,755	-3,911
Net cash flow from operating activities	19,168	21,740
Net cashflow from investing activities		
Proceeds from sale of tangible assets	80	65
Proceeds from sale of intangible assets	0	0
Purchase of intangible assets	-254	-312
Purchase of tangible assets	-1,602	-355
Proceeds of financial instruments	0	0
Acquisition of a subsidiary, net of cash acquired	-9,114	-17,486
Cash flow from investing activities, other items	0	0
Net cash flow from investing activities	-10,889	-18,089
Net cash flow from financing activities		
Treasury shares acquired	-2,318	0
Repayment of lease liabilities	-2,706	-1,949
Proceeds from borrowings	0	11,500
Repayment of borrowings	-4,637	-3,802
Financial instruments	1,026	-10
Share issue	97	0
Transaction costs on issue of shares	0	0
Dividends paid to equity holders of the parent	-5,283	-4,304
Dividends paid to non-controlling interest	-195	-131
Changes in non-controlling interest	53	65
Net cash flow from financing activities	-13,964	1,370
Net increase in cash and cash equivalents	-5,685	5,021
Net foreign exchange difference	0	0
Cash and cash equivalents at beginning of period	44,135	39,114
Cash and cash equivalents at end of period	38,450	44,135

Notes to the Accounts

1 January – 31 December 2023

Basis of preparation

The unaudited Financial Statements release 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 report as was followed in the consolidated financial statements for 2022. Amendments to the standards taking effect in 2023 did not have material impact on 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 the report. Disclosures concerning share-based payments are presented in section Corporate Governance and Share Information.

Key accounting considerations related to 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	Q4/2023	Q4/2022	2023	2022
Net sales by customer sector				
Private sector sales	21,559	17,840	80,531	59,840
Public sector sales	30,151	27,846	108,710	90,081
Net sales by origin of customer				
Finland	44,958	39,990	159,714	133,955
Other countries	6,752	5,696	29,528	15,966
Net sales by class				
Net sales, Crew	42,001	36,803	154,229	120,291
Net sales, subcontracting	8,525	8,883	33,412	29,630
Net sales, products	1,184		1,600	
Timing of revenue recognition				
Services transferred at a point in time	1,207	28	1,683	110
Services transferred over time	50,503	45,658	187,558	149,811
Net sales by agreement types				
Time and material based projects	46,996	42,551	176,433	139,261
Fixed price projects	2,596	2,397	7,919	8,004
Maintenance services	911	710	3,206	2,546
Third party commissions	23	28	83	110
Products	1,184		1,600	
Net sales, Group total	51,710	45,686	189,241	149,921

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										
1.1.2023	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
31.12.2023	1,322	23,597	5,586	1,516	200	101	1,980	34,302	49,055	83,357
Amortisation and impairment										
1.1.2023	-788	-5,137	-1,806	-24	-122	-49	-286	-8,214	0	-8,214
Amortisations	-229	-2,696	-993	-86	-67	-13	-305	-4,388	0	-4,388
31.12.2023	-1,018	-7,834	-2,799	-110	-189	-62	-591	-12,602	0	-12,602
Net book value										
1.1.2023	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159
31.12.2023	305	15,763	2,787	1,406	11	39	1,389	21,700	49,055	70,755

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										
1.1.2022	672	10,031	3,438	66	200	101	1,018	15,526	26,897	42,423
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
Reclassifications	0	0	0	0	0	0	0	0	0	0
31.12.2022	1,228	22,069	5,288	66	200	101	1,726	30,679	47,694	78,373
Amortisation and impairment										
1.1.2022	-348	-2,720	-955	-11	-56	-36	-143	-4,268	0	-4,268
Amortisations	-441	-2,417	-851	-13	-67	-13	-143	-3,946	0	-3,946
31.12.2022	-788	-5,137	-1,806	-24	-122	-49	-286	-8,214	0	-8,214
Net book value										
1.1.2022	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154
31.12.2022	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159

Tangible Assets

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1.1.2023	1,328	680	2,007
Additions	461	1,141	1,602
Business combinations	10	0	10
Disposals	-39	0	-39
31.12.2023	1,759	1,821	3,580
Depreciation and impairment			
1.1.2023	-974	-283	-1,256
Depreciations charge for the year	-196	-81	-278
Disposals	1	0	1
31.12.2023	-1,169	-364	-1,533
Net book value			
1.1.2023	354	397	751
31.12.2023	591	1,457	2,048

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1.1.2022	997	480	1,477
Additions	167	188	355
Business combinations	202	12	214
Disposals	-39	0	-39
31.12.2022	1,328	680	2,007
Depreciation and impairment			
1.1.2022	-815	-235	-1,049
Depreciations charge for the year	-159	-48	-207
Disposals	0	0	0
31.12.2022	-974	-283	-1,256
Net book value			
1.1.2022	182	245	427
31.12.2022	354	397	751

Right-of-use Assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1.1.2023	3,365	198	3,564
Additions	12,008	438	12,447
Disposals	0	-37	-37
Business combinations	224	0	224
Depreciations for the financial year	-2,528	-215	-2,742
31.12.2023	13,070	385	13,455
1.1.2022	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
31.12.2022	3,365	198	3,564

Corporate Acquisitions

Acquisition of Creanex Oy, 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 2 190 thousand and EBIT for the period was EUR 473 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 5 199 thousand and EUR 1 244 thousand for the EBIT, respectively.

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

EUR thousand	Creanex Oy
Purchase price	
Consideration paid in cash	4,450
Consideration paid in shares	1,981
Total purchase price	6,431
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer relationships	1,528
Trademarks	94
Non-compete agreements	298
Technology based intangibles	1,449
Intangible assets	3,370
Tangible assets	10
Right-of-use assets	224
Deferred tax assets	0
Financial assets	668
Other assets	1,853
Cash and cash equivalents	998
Total assets	7,124
Liabilities	
Interest and non-interest bearing liabilities	1,152
Lease liabilities	224
Deferred tax liability	677
Total liabilities	2,054
Total identifiable net assets at fair value	5,070
Goodwill arising on acquisition	1,361
Purchase consideration transferred	6,431
Cash flow impact of acquisitions	
Consideration paid in cash	4,450
Cash and cash equivalents	-998
Net cash flow on acquisition	3,451

Financing

Gofore Plc had unsecured loans of EUR 13.4 (18.1) 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 31 December 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 9.9 million nominal value to hedge its floating rate loans. Cash flow hedge accounting is applied to those agreements. At the end of the reporting period the floating rate loans amounted to EUR 13.4 million of which 74% 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 31.12.2023	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	0	12	-12
Cap 1	3,000	Cash flow	2.3.2026	53	6	47
Cap 2	8,000	Cash flow	29.12.2028	453	106	347
Total				506	124	382

Instrument 31.12.2022	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	14	0	14
Cap 1	3,000	Cash flow	2.3.2026	106	9	97
Cap 2	8,000	Cash flow	29.12.2028	689	127	562
Total				809	136	673

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 1.5 million of which EUR 898 thousand is in use at 31.12.2023. The company has made a 5-year lease agreement concerning new office in Helsinki in the late 2023. Premises will be taken into use during 2024 and 2025.

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.

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	Q4/2023	Q4/2022	2023	2022
EBITA, Adjusted EBITA and EBITDA				
EBIT	8,003	5,533	23,019	16,637
Amortisation of intangible assets identified in PPA	1,078	969	4,071	3,789
EBITA	9,081	6,503	27,090	20,426
Transaction costs from business combinations	13	1,022	268	1,587
PNL Impact of Contingent Consideration	-815	0	-611	0
Restructuring costs	0	0	0	0
Gains or losses from sales of fixed assets	-2	-4	-43	-26
Adjusted EBITA	8,276	7,521	26,704	21,987
EBIT	8,003	5,533	23,019	16,637
Depreciations	1,054	621	3,338	2,310
Amortisation of intangible assets identified in PPA	1,078	969	4,071	3,789
EBITDA	10,135	7,124	30,428	22,736

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
Cash flow per share	Operative cash flow divided by weighted average number of shares outstanding during the period
Equity per share	Equity attributable for shareholders of the company divided by number of shares outstanding at the end of the period
DPS/EPS, %	Dividend per share divided by earnings per share, undiluted
Dividend per share (DPS)	Dividends during the period divided by weighted average number of shares outstanding during the period
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. More information can be found in the IR calendar 2024 on Gofore's IR website.
- FY 2024 Q1 interim report will be released on April 19, 2024.
- FY 2024 H1 half year report will be released on August 15, 2024.
- FY 2024 Q3 interim report will be released on October 24, 2024.

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