

# **Financial Statements**

## **Release 1 Jan – 31 Dec**

### **2021**

CORRECTION: GOFORE PLC FINANCIAL STATEMENTS RELEASE 28 FEBRUARY 2022 AT 10:45

## Gofore Plc's financial statements release 1 January – 31 December 2021

### Gofore's growth continued and profitability improved – strong 18 per cent organic growth during the latter half of the year

The company corrects the Financial Statements Release published 28 February 2022 at 9:10.  
Board of Director's proposal for dividend: The proposed dividends represent 45.9 per cent of the profit per share. In the previous release it was 1.2 per cent.

#### January – December 2021 in brief

- Net sales increased by 34.1 per cent, amounting to EUR 104.5 (78.0) million.
- Adjusted EBITA<sup>1</sup> amounted to EUR 14.6 (10.8) million, corresponding to 14.0 (13.8) per cent of net sales and increasing by 35.9 per cent.
- Operating profit (EBIT) amounted to EUR 12.2 (8.8) million, corresponding to 11.7 (11.2) per cent of net sales and increasing by 39.4 per cent.
- Earnings per share (EPS) amounted to EUR 0.61 (0.49).
- The number of employees increased by 17.7 per cent, to a total of 852 (724) people.
- On 18 February 2021, Gofore announced it was to acquire 95 per cent of the share capital of the digital transformation advisory service provider CCEA Oy. The acquisition was completed on 1 March 2021.
- Gofore Plc transited from Nasdaq Helsinki Oy's First North Growth Finland marketplace to Nasdaq Helsinki Oy's Main Market on 23 March 2021.
- On 22 April 2021, Gofore announced it had carried out a private placement of 1,000,000 new shares and raised a total of EUR 19 million to implement its growth strategy.

#### July – December 2021 in brief

- Net sales increased by 30.2 per cent and amounted to EUR 52.8 (40.6) million.
- Adjusted EBITA<sup>1</sup> amounted to EUR 7.7 (5.1) million, corresponding to 14.6 (12.7) per cent of net sales and increasing by 49.6 per cent.
- Operating profit (EBIT) amounted to EUR 6.5 (4.3) million, corresponding to 12.3 (10.5) per cent of net sales and increasing by 53.3 per cent.

Information concerning the entire year 2021 is based on the audited financial statements for 2021, reported in accordance with the IFRS standards (International Financial Reporting Standards). The quarterly and half-year figures are unaudited. Unless otherwise stated, all figures presented in this report in brackets refer to the comparison period, *i.e.* the same time period in 2020.

<sup>1</sup>The company utilises adjusted EBITA as the indicator of operative profitability. A definition of adjusted EBITA may be found in the key figures table of the tables section. Also a reconciliation statement may be found at the end of the section.

## Board of Director's proposal for dividends

The Board of Directors proposes to the Annual General Meeting of 2022 that dividends be distributed for the financial period of 1 January through 31 December 2021 in the amount of EUR 0.28 (0.24) per share.

## Financial guidance for 2022

Gofore has updated its own disclosure policy so that under the policy, the company will no longer be issuing financial forecast relating to the financial period. Instead, the company will be developing the content of its monthly and quarterly business reviews, in an effort to further improve the company's transparency and, hence, the real-time monitoring of financial developments.

In addition to the information contained in the previous business reviews, the company will from now on be publishing the consolidated pro forma net sales for the last 12-month period (LTM) on a monthly basis<sup>1</sup>. In its quarterly business reviews, alongside the previous information and the monthly information, the company will additionally be publishing details of Gofore's organic growth during the review period<sup>2</sup>.

## Long-term financial targets (announced on 16 December 2020)

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

Through the long-term financial targets, Gofore strives to illustrate the recurring and annual financial targets we have determined in our strategy.

<sup>1</sup> The consolidated pro forma net sales for the last 12 months (LTM) presented by the company in its business reviews illustrates the net sales under the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

<sup>2</sup> Organic growth of Net sales is calculated from the consolidated pro forma net sales for the last 12 months (LTM) according to the group structure as at the time of the review. The pro forma net sales figure is unaudited.

## Key Figures

EUR 1 000, unless otherwise specified	7-12/2021	7-12/2020	1-12/2021 <sup>1</sup>	1-12/2020 <sup>2</sup>
Net sales	52,830	40,577	104,509	77,953
Growth in net sales, %	30,2%	32.5%	34,1%	21.7%
EBITDA	8,947	6,227	17,062	12,329
EBITDA margin - %	16,9%	15.3%	16,3%	15.8%
EBITA, adjusted	7,703	5,149	14,646	10,778
EBITA, adjusted, margin %	14,6%	12.7%	14,0%	13.8%
EBITA	7,694	4,998	14,451	9,908
EBITA margin %	14,6%	12.3%	13,8%	12.7%
Operating profit (EBIT)	6,522	4,255	12,197	8,750
Operating profit (EBIT) margin %	12,3%	10.5%	11,7%	11.2%
Profit for the period	5,129	3,669	9,073	6,903
Earnings per share, EPS (diluted), EUR <sup>3</sup>	0.34	0.26	0.61	0.49
Return on equity (ROE), %	17.5%	21.4%	18,6%	20.2%
Return on investment (ROI), %	17.6%	17.9%	19,1%	18.3%

Equity ratio %	61.5%	47.1%	61.5%	47.1%
Net gearing %	-41,1%	-15.4%	-41.1%	-15.4%
Average overall capacity, FTE	764	636	745	597
Average subcontracting, FTE	114	94	113	83
Number of employees at the end of the period	852	724	852	724

<sup>1</sup> CCEA Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 March 2021.

<sup>2</sup> Qentinel Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 September 2020.

<sup>3</sup> The diluted earnings per share (EPS) correspond to the non-diluted earnings per share.

## Quarterly performance

Group	Q1/2021 <sup>1</sup>	Q2/2021	Q3/2021	Q4/2021
Net sales, MEUR	25.2	26.4	21.6	31.2
EBITA, MEUR, adjusted	3.5	3.4	2.7	5.0
EBITA %, adjusted	13.9%	13.0%	12.5%	16.0%
Group	Q1/2020	Q2/2020	Q3/2020 <sup>2</sup>	Q4/2020
Net sales, MEUR	18.8	18.6	16.3	24.3
EBITA, MEUR, adjusted	3.2	2.5	1.9	3.3
EBITA %, adjusted	16.8%	13.3%	11.5%	13.5%
Growth, %	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Net sales, growth %	34.1%	42.5%	32.7%	28.5%
EBITA, adjusted, growth %	10.7%	39.5%	44.3%	52.6%
Organic growth of Net Sales % <sup>3</sup>	8.2%	9.2%	13.3%	20.8%

<sup>1</sup> CCEA Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 March 2021.

<sup>2</sup> Qentinel Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 September 2020.

<sup>3</sup> Organic growth of Net sales is calculated from the consolidated pro forma net sales for the last 12 months (LTM) according to the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

## CEO Mikael Nylund comments on the year 2021:

We will remember 2021 as a year of continued strong growth and astonishing successes. Our strategy worked and we were successful in its execution in terms of all of the key objectives. Our earnings increased by a whopping 36 per cent during the year, when examining our most important results indicator, adjusted EBITA. Net sales, in turn, increased by 34 per cent compared to the preceding year, to EUR 104.5 million.

In compliance with our strategy, we experienced strong organic growth. The year was challenging in terms of the labour market owing to factors such as the personnel turnover rate within our business segment. This notwithstanding, we managed to attain a solid organic growth percentage of 13 per cent, propelled by successful recruitments, re-design of the organisation and enhancements in operative efficiency. Particularly the 18-per cent growth in the latter half of the year was a stellar achievement.

We also continued our growth through corporate acquisitions. In early 2021, we welcomed CCEA into the Group, providing us with Finland's strongest change management expertise. The preparations for the Devecto acquisition started during 2021, and we got to start the year 2022 with the acquisition news about Devecto reinforcing Gofore's intelligent industry offering and customer portfolio. Corporate acquisitions support Gofore's strategic direction and, in the long-term, our sustainable growth. During the year we also consolidated our ability to continue our inorganic growth going forward, when we carried out a directed share issue in April and further reinforced our organisation with competence related to corporate arrangements.

A focal element of our growth has been our expansion from public sector customer accounts to the private sector. Developing our offering and providing partnership has proven its strength and our private sector net sales increased by 82 per cent during the year. The public sector accounts for 65 per cent of our total net sales, while the private sector accounts for 35 per cent. We are delighted that our customers are placing their trust in Gofore as their strategic partner in digital transformation.

Our business in Finland has developed particularly well, but we have also made progress outside of Finland, where our key customer accounts have developed as anticipated, with the emphasis being on our internationally operating private sector customers. We have increasingly succeeded in exporting our public sector expertise abroad, particularly to Europe, and we have developed our sales competence required for same. International business accounted for 8.7 per cent of our net sales during the year. It would appear that the demand for Finnish digital transformation competence will be on the rise in the future.

The Gofore culture is our backbone and fostering same while our company is growing requires particular attention. We strive to ensure that everything about our operations supports openness, transparency and agility. Our ability to cultivate and foster our unique and award-winning corporate culture is something we truly cherish.

## We transferred to the main list of the Helsinki stock exchange and reinforced our international shareholder base

In March 2021, we took a significant step and migrated from the First North Growth market place to the official list of the Helsinki stock exchange. In April, we raised EUR 19 million through an issue of 1 000 000 new shares directed to institutional investors. With this, we wanted to support the execution of the company's growth strategy through corporate acquisitions and organically, and also to implement a controlled change in the company's shareholder base. The proportion of our foreign shareholders has increased in double digits following the migration to the official stock exchange list.

## We strengthened our ethical sustainability

We are striving towards being a pioneer in ethical digitalisation, particularly through our actions. During the year, we launched a collaboration project, which will result in us creating a model for the further development of the ethically sustainable operations of our working community. In its scope and impactfulness, the model is first of its kind within the technology sector in Finland. Developing ethical operations also provides our experts with means for considering ethical aspects in customer work and facilitates the resolution of societal sustainability challenges.

## CCEA brought us people-driven change expertise

Successful corporate acquisitions comprise a key component of our growth strategy. In 2021, our team was reinforced with people-driven change expertise, as CCEA's team of 50 experts joined the Gofore family. The corporate acquisition effected in February enhanced our ability to combine technological and people-driven change management. The integration has progressed well. CCEA contributes to our ability to help customers succeed even in the most demanding of transformation projects.

## Recognition as an employer

People are at the heart of digitalisation, and also Gofore's success comes down to its top talent. We are constantly doing our very best to ensure our attractiveness and employee experience are in check. We want to hold on to our top experts and attract new talent to join our crew.

Our success in recruitments was commendable. As I am writing this, there are already over 1000 Goforeans in our community. Together, we represent the cutting-edge expertise both in technology and in human-driven leadership – the very aspects in which the digital transformation of all organisations require competence and support.

Our strong corporate culture is built on six strengths: transparency, trust, ownership, development, communality and caring. We were, for instance, one of the first technology-sector companies in Finland to have devised our very own company-specific collective agreement.

We are actively working to develop our employee experience and employer image. The efforts we have exerted are consistently demonstrated by the fact that our employer reputation is being acknowledged in a variety of ways. Gofore was selected the employer brand of the year in the Rekrygaala, recognising the best operators and actions within the recruiting industry. In addition, we ranked seventh in the Young Professional Attraction Index (YPAI) 2021 survey, listing Finland's most attractive employers.

## We thrive on customer success

A happy customer is an important source of growth and work satisfaction for us. During the year, we conducted two customer satisfaction surveys, indicating that overall satisfaction remained high throughout the year. In the survey conducted in the fall, overall satisfaction scored 4.3 (on a scale of 1–5), while in the spring it was 4.2. In their feedback, our customers especially valued our customer orientation, reliability and co-operative mindset. The Net Promotor Score for the fall survey was 54 (scale -100 / +100), while in the spring survey it amounted to 61. According to the company that conducted the survey, the NPS for reference companies was 37, which means Gofore places among the top companies in the comparison.

## A thank you – and our journey continues stronger than ever

In 2022 we will be celebrating Gofore's 20th anniversary, because the business of the company incorporated in 2001 commenced in the fall of 2002. A company founded by four friends has over the years grown into an international corporate group employing roughly one thousand employees.

I would like to once more thank all of our stakeholders and, especially, all Goforeans and our customers for the year 2021. It was a busy year, but we were, once again, successful through our collaborative efforts. Thank you!

## Market outlook and business environment

Digitalisation is estimated to remain a megatrend also going forward, which reinforces the demand for the cutting-edge expertise offered by Gofore in the long term.

The coronavirus pandemic has accelerated the digitalisation of the public and private sectors and the related investments. Across the board, these investments are still evolving from the implementation of individual digital services towards organisation-wide digital transformation and the evolution of digital capabilities. The company expects this development to continue and be reflected in the short and long-term demand. However, the Company estimates that customers' ability and willingness to invest in digital transformation will continue to depend on economic development in both the public and private sectors.

The company still expects digitalisation investments in the Finnish public sector to continue on their previous growth curve. The inherently long-term nature of public sector IT investments and long-term cooperation agreements with suppliers render demand relatively predictable. The forthcoming structural reforms within the public sector are expected to create new opportunities for investing in digital services. The legislative package adopted by the Finnish Parliament in June 2021 launched the reform of social services and healthcare in Finland. The reform itself is a momentous project, and in the longer term, the acute development need for digitalisation of healthcare will also feature more prominently on the agenda. The company estimates that the EU recovery tool's investments in the green transition and digitalisation for 2021–2023 will also generate increased demand for Gofore's services in the form of public investments. In Finland, traditional large Finnish IT houses and agile suppliers of new digital services are the main competitors for public sector customers. The competitive landscape has remained stable and Gofore's position in the market is expected to remain solid.

In Finland's private sector, digitalisation remains one of the most important strategic priorities. IT development still partially remains the internal activity of companies and organisations, and companies and organisations hire specialists of the field for various IT tasks. Both domestic and international IT service providers continue to offer top external expertise to Finnish private sector operators. The outlook of the export industry, being of particular relevance for Gofore, is rather good, and the company estimates this to improve investments by export companies also in the field of digitalisation. Investments will focus on new digital services, data management and its utilisation, as well as the development of digitalisation capabilities. We believe that Gofore's comprehensive selection of digital advisory services caters well to the private sector demand.

The investments enabled by EU's recovery tool (Finland's Sustainable Growth Program), relating to the years 2021–2023, in the green transition and digitalisation will in the company's assessment generate increased demand for Gofore's services in the form of public investment.

In a business based on top-level expertise, competition for the best talent will continue to intensify. The willingness of specialists, especially of technical experts and software developers, to change jobs has increased as the coronavirus pandemic persists. Freelance work, location-independent work, and similar models have also proliferated. Partially these changes are a direct consequence of the coronavirus pandemic and remote working and partially they stem from a novel type of examination of working life and priorities, initiated by the pandemic. The demand for skilled workforce will continue to be high and will increasingly also apply to digitalisation experts other than experienced technical and software developers. Due to the high demand, the risk of wage inflation has increased.

Markets outside of Finland, especially in Germany, are developing broadly in line with the Finnish market. Outside of Finland, Gofore's customers are mainly within the private sector. The global shortage of talents manifests itself in the market through international companies being more active in the search for partners, for instance, in Finland. In the long term, the company continues to estimate demand for its services to be on the rise, owing to their extensive market potential.

### **The effects of the COVID-19 pandemic**

Albeit as the pandemic persists, it gives rise to general uncertainty, in Gofore's primary market area, Finland, the effects of the COVID-19 pandemic within the public and private sector customer segments that are essential for Gofore, have been minor. The pandemic has contributed to investments in digitalisation being increasingly prioritised. Customers are also investing in enhancing their own competencies.

On an acute basis, the spike in the infections caused by the omicron variant increases sick leave absences both among Gofore's personnel and that of our customers. We believe, however, that the effects on the business operations will remain minor.

As concerns markets outside of Finland relevant for Gofore, especially in Germany, the COVID-19 pandemic has had a greater direct impact, which has manifested itself in a slight decline in new customer acquisition. However, Germany has recovered from the situation.



## Financial review 1 January – 31 December 2021

### Net sales development

#### January – December 2021

During the period of January – December 2021, net sales increased by 34,1 per cent compared to 2020, amounting to EUR 104.5 (78.0) million. The growth during the review period was primarily resulting from corporate acquisitions and organic growth. The growth in sales volumes was supported by positive development in average hourly price of services sold.

The net sales generated from public sector customers increased to EUR 67.9 (57.8) million and the net sales generated from private sector customers increased to EUR 36.6 (20.1) million. The public sector accounted for 65.0 (74.2) per cent of the net sales of the Group, and the private sector accounted for 35.0 (25.8) per cent.

In geographic consolidation, the majority of the growth in net sales occurred in Finland. The net sales generated from Finland amounted to EUR 95.5 (69.9) million and accounted for 91.3 (90.0) per cent of the Group's net sales. Other countries accounted for 8.7 (10.0) per cent of the Group's net sales, totalling EUR 9.0 (8.1) million.

The percentage of subcontracting from the net sales amounted to 19.4 (18.8) per cent, totalling EUR 20.3 (14.6) million.

#### Monthly development of net sales in January – December 2021

Month (2021)	Net sales, MEUR (net sales 2020) <sup>1</sup>	Number of employees <sup>2</sup>	Number of working days in Finland (number of working days in 2020)	Overall capacity, FTE <sup>3</sup>	Subcontracting, FTE <sup>4</sup>
January	7.5 (6.1)	727	19 (21)	679	109
February	8.1 (5.9)	736	20 (20)	698	111
March	9.7 (6.8)	790	23 (22)	735	118
April	8.5 (6.4)	791	20 (20)	743	112
May	8.8 (6.0)	799	20 (19)	755	109
June	9.1 (6.1)	803	21 (21)	755	108
July	2.7 (2.4)	797	22 (23)	746	38
August	8.5 (5.6)	803	22 (21)	746	105
September	10.4 (8.3)	814	22 (22)	757	119
October	10.2 (8.7)	827	21 (22)	763	133
November	11.3 (8.5)	846	22 (21)	784	152
December	9.7 (7.1)	852	21 (21)	789	137

Unless otherwise stated, all figures presented in brackets refer to the comparison period, i.e. the same time period in 2020.

<sup>1</sup> Net sales, MEUR (net sales in 2020) indicates the unaudited net sales for the relevant month.

<sup>2</sup> Number of employees at the end of the review period.

<sup>3</sup> The Overall Capacity, FTE (Full Time Equivalent) figure shows the overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreement and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The personnel capacity of corporate acquisitions has been accounted for as of the date of the acquisition.

<sup>4</sup> The Subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiceable work, converted into

*a value corresponding to the number of full-time employees. The subcontracting of the companies acquired by Gofore has been accounted for as of the date of the acquisition.*

## July – December 2021

The net sales for July – December 2021 increased from the corresponding period in 2020 by 30.2 per cent, amounting to EUR 52.8 (40.6) million. During the review period, the growth was primarily resulting from corporate acquisitions and organic growth. The growth in sales volumes was supported by positive development in average hourly price of services sold.

## Profitability

### January – December 2021

The company's adjusted EBITA for January – December 2021 increased by 35.9 per cent to EUR 14.6 (10.8) million and accounted for 14.0 (13.8) per cent of net sales.

EBITA for January – December 2021 amounted to EUR 14.5 (9.9) million, representing 13.8 (12.7) per cent of net sales. The adjusted EBITA for the review period was impacted by the adjustment of transaction costs EUR 0.2 million related to CCEA acquisition.

Operating profit (EBIT) in January – December 2021 amounted to EUR 12.2 (8.8) million, representing 11.7 (11.2) per cent of net sales.

The operating profit for the review period amounted to EUR 9.1 (6.9) million.

The proportion of personnel expenses from net sales remained at the level of 2020, amounting to 56.4 (57.0) per cent. For January – December 2021, personnel expenses amounted to EUR 58.9 (44.4) million.

Other operating expenses amounted to a total of EUR 11.2 (9.8) million, corresponding to 10.7 (12.6) per cent of net sales. The largest expense items included voluntary personnel expenses, ICT expenses and external services.

Depreciation without amortisation of intangible assets pertaining to corporate acquisitions amounted to EUR 2.6 (2.4) million, representing 2.5 (3.1) per cent of net sales.

Depreciation and impairments amounted to EUR 4.9 (3.6) million, corresponding to 4.7 (4.6) per cent of net sales.

Financial expenses and income amounted to EUR -0.9 million. The expenses incurred from listing to the Main Market maintained by Nasdaq Helsinki Ltd amounted to EUR -0.5 million.

### July – December 2021

The company's adjusted EBITA for July – December 2021 amounted to EUR 7.7 (5.1) million, corresponding to 14.6 (12.7) per cent of net sales.

## Balance sheet, cash flow and financing

The liquidity of the Group was good and its financial standing solid. The equity ratio amounted to 61.5 (47.0) per cent, with the net gearing being -41.1 (-15.4) per cent.

At the end of December 2021, the balance sheet total of the Gofore Group amounted to EUR 101.9 (78.4) million, of which shareholders' equity accounted for EUR 61.3 (36.1) million. At the end of the review period, interest-bearing net debt amounted to EUR -25.2 (-5.6) million.

Cash flow from operations improved over the period of January – December 2021 to EUR 14.2 (9.0) million. Cash flow from investments during the review period amounted to EUR -10.0 (-7.1) million. Investments in subsidiary shares during the review period amounted to EUR 9.9 (6.5) million.

Cash flow from financing activities during the review period amounted to EUR 13.6 (-1.8) million, including paid dividends of EUR -3.4 million, repayments of lease agreement liabilities of EUR -2.2 million, new loan drawdowns of EUR 3.0 million and loan amortisations of EUR -2.5 million, along with a share issue against consideration, netting EUR 18.6 million. At the end of the review period, the cash assets amounted to EUR 39.1 (21.4) million.

At the end of the review period, Gofore Plc had unsecured loans from financial institutions in the amount of EUR 10.1 (9.5) million. Gofore took out new unsecured loans in the amount of EUR 3.0 million during the review period. The loans are associated with the customary covenants related to equity ratio and interest-bearing net debts. The covenant conditions were met on 31 December 2021.

During the review period, Gofore Plc agreed upon a binding, unsecured revolving credit facility in the amount of EUR 5 million for the short-term general financing needs of the Group, such as corporate acquisitions. The credit facility was not in use during the review period.

## Material customer agreements January – December 2021

During the review period, Gofore concluded new agreements and extended existing agreements with its customers. The company has publicised these agreements in its company and stock exchange releases:

In January (21 January 2021), the Finnish Tax Administration selected a Gofore Group company Qentinel Finland as its preferred service provider for technical project manager services supporting information system development and support. The duration of the frame agreement is six years, and the assignments carried out during the frame agreement period may continue for four years after the expiration of the frame agreement. The estimated total value of the agreement is approximately EUR 10 – 12 million. The agreement is an extension of the previous agreement between the Finnish Tax Administration and Gofore.

In March (10 March 2021), the Finnish Tax Administration selected a Gofore Group company Gofore Lead Oy as its management consulting services provider. The object of the procurement consisted of management consulting services for three different segments: management support based on research services, support for operations development, as well as support for the implementation of the operational models and project management. One supplier was selected for each of these. Gofore was selected as the supplier for the operations development support segment. The estimated total value of the frame agreement is approximately EUR 8 million. The estimated total value determines the maximum number of orders during the agreement period. The agreement is an extension of the previous agreement between the Finnish Tax Administration and

Gofore.

In March (29 March 2021), the City of Helsinki selected Gofore as the service provider for the development of the information system package for the Education Division. The value of the agreement is up to EUR 3 million, spanning the years of 2021 – 2022. The agreement is an extension of the previous agreement between the City of Helsinki and Gofore.

In March (30 March 2021), the City of Espoo selected a Gofore Group company Gofore Lead Oy as its preferred supplier of ICT consulting advisory services. The duration of the frame agreement is seven years. The estimated total value of the agreement is approximately EUR 25 million.

In July (8 July 2021), The Finnish Institute of Occupational Health selected Gofore Plc as its supplier of IT consultancy and maintenance services. The advisory work relates to the development and maintenance of services and systems, as well as the provision of related consultancy and training services. In conjunction with the procurement, the Finnish Institute of Occupational Health estimated the yearly work amount to be 1,200–2,000 person-days, based on which, the estimated value of the agreement is approximately EUR 0.9 – 1.5 million per year. The agreement is valid until further notice. The agreement is an extension to the previous agreement between Gofore and the Finnish Institute of Occupational Health.

## Group structure

At the end of December 2021, the Gofore Group consisted of the parent company Gofore Plc and its fully-owned subsidiaries Gofore Germany GmbH, Gofore Spain SL, Gofore Estonia OÜ, Gofore Lead Oy, Gofore Vantaa Oy and Qentinel Finland Oy. The Group also included CCEA Oy, with a holding in same being 95 per cent, and Rebase Consulting Oy, of which the parent company owns 68 per cent. Silver Planet Oy's name changed as of 1 January 2021 to Gofore Lead Oy. CCEA Oy became part of the group on 1 March 2021. CCEA Oy has a fully-owned subsidiary, Celkee Oy.

## Corporate acquisitions

On 18 February 2021, Gofore announced it had signed an agreement to acquire 95 per cent of the share capital of CCEA Oy, a company specialising in change execution consulting. The purchase price of the share capital to be acquired amounted to EUR 6.5 million, consisting of the debt-free price for the business operations of EUR 6.2 million and of compensation payable from net cash in the amount of EUR 0.3 million. The entire purchase price was paid in the form of cash consideration. The transaction was closed on 1 March 2021.

## Personnel and offices

At the end of December 2021, the Group employed a total of 852 (724) employees. The number of personnel increased from the comparable time period in 2020 by 18 per cent. Growth occurred organically and, particularly in Finland, as a result of the CCEA acquisition. The total number of employees in Finland amounted to 814 (692), and in the other countries of operation to a total of 38 (32) employees.

In Finland, Gofore's offices are located in Helsinki, Espoo, Jyväskylä, Tampere and Turku. Its offices located outside of Finland are in Brunswick and Munich, Germany, Madrid in Spain, and Tallinn in Estonia.

## Changes in the Executive Management Team

Riikka Vilminko-Heikkinen was appointed the Director responsible for Sales and Customer Value and member of the Group's Executive Management Team as of 14 October 2021. She commenced her work in this task and as a member of the Executive Management Team on 14 October 2021.

At the same time, Juha Virtanen, who previously held the position of the Director of Sales and Customer Value, transferred to the position of leading Gofore's digital services business and will continue on as a member of the Group's Executive Management Team. Aki Koikkalainen, previously in charge of the digital services business, resigned from the Group's Executive Management Team on 14 October 2021.

Ville Hurnonen was appointed Director of Mergers and Acquisitions and member of the Group's Executive Management Team on 2 November 2021. He assumed his position and started work as a member of the Executive Management Team on 4 December 2021.

## Research and development

During the review period, Gofore was conducting a research project called Robins, funded by Business Finland. In addition to Tampere Universities and Gofore, the project consortium included five other advisory companies in Finland. Gofore's Robins project consisted of the strategic development projects Capability Accelerator and Digital Gofore. The Capability Accelerator project explored ways to continuously renew the company's capabilities and, thereby, its service offering. The goal of the Digital Gofore project was to study the company's transformation into a more international digital services provider, operating increasingly on a platform basis. During the time period of 1 January through 30 April 2021, the costs of the project amounted to approximately EUR 0.2 million. Business Finland's grant covers no more than 40 per cent of the total eligible costs of the project, which amounted to approximately EUR 1.6 million during the project duration of 1 April 2019 through 30 April 2021. The Robins project came to an end during the review period.

Also another project funded by Business Finland was on-going, aiming to support the continuity of business operations throughout the coronavirus pandemic and to identify novel methods for generating customer value in the changed circumstances. The project involved, *inter alia*, developing new distance working methods. Business Finland's grant covers no more than 80 per cent of the total eligible costs of the project, which amounted to approximately EUR 0.13 million during the project duration of 24 March 2020 – 31 April 2021.

## Investments

The company's largest investment items during the review period consisted of acquired subsidiary shares, as well as investments in tangible and intangible assets. During the ended financial period, investments amounted to EUR 10.0 (7.1) million, being 9.6 (9.1) per cent of net sales.

## Resolutions of the Annual General Meeting

The Annual General Meeting of Gofore Plc was convened on 26 March 2021. Pursuant to the temporary legislation enacted by the Finnish Parliament to contain the spread of the coronavirus pandemic, the Annual General Meeting was convened without the presence of the shareholders and their representatives at the meeting venue.

The Annual General Meeting resolved to adopt the financial statements for the financial year 2020 and to grant discharge from liability to the CEO and everyone who acted as a member of the Board of Directors during the financial period of 1 January through 31 December 2020. The Annual General Meeting accepted the Board of Directors' proposal concerning an authorisation to be granted to the Board of Directors to resolve on the acquisition/accepting as pledge of the company's own shares. The Annual General Meeting, furthermore, accepted the Board of Directors' proposal concerning authorisation to be granted to the Board of Directors to resolve upon a share issue, as well as the issuance of option rights and other special rights entitling to shares.

The Annual General Meeting further resolved to adopt the remuneration report for the governing bodies of the company for the year 2020.

The Annual General Meeting resolved, in accordance with the proposal of the Nomination Committee, that the members of the Board be paid a fee of EUR 2,000 per month and the Chairman of the Board EUR 3,500 per month. In addition, the Annual General Meeting resolved that member of the Board of Directors be paid meeting fees for each meeting of the committee so that the Chairman of the committee be paid a fee of EUR 800 for each meeting, and the other members of the committee be paid EUR 400 per meeting. Additionally, the travel expenses of the members of the Board of Directors will be reimbursed against receipts, in accordance with the company's travel policy.

In accordance with the proposal of the shareholders' Nomination Committee, the Annual General Meeting affirmed the number of the members on the company's Board of Directors at five: Timur Kärki, Sami Somero, Mammu Kaario and Juha Eteläniemi were re-elected as members of the Board of Directors and Piia-Noora Kauppi was elected as a new member of the Board of Directors. In its inaugural meeting, the Board of Directors elected a chairman from among its members, and Timur Kärki was elected to continue as the Chairman. The term of office of the members of the Board of Directors will continue until the adjournment of the next Annual General Meeting.

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to re-elect auditing entity KPMG Oy Ab as the company's auditor, with its term of office continuing until the adjournment of the next Annual General Meeting. KPMG Oy Ab has designated Authorised Public Accountant Lotta Nurminen to act as the auditor with principal responsibility. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that the auditor is to be paid a fee in accordance with the invoice approved by the company.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that dividends be paid for the financial period of 1 January through 31 December 2020 in the amount of EUR 0.24 per share, i.e., calculated for the shares outstanding at the date of the meeting, a total of EUR 3 372 535.44, with the remaining distributable assets being retained in shareholders' equity. The date of record for the dividend was 30 March 2021 and the pay-out date was 8 April 2021.

#### **Authorisation of the Board of Directors for the acquisition/accepting as pledge of the company's own shares, shares issue, share options and other special rights**

Gofore Plc's Annual General Meeting of 26 March 2021 resolved to authorise the Board of Directors to decide on the acquisition/accepting as pledge of the company's own shares in one or more tranches. The maximum number of shares to be acquired/accepted as pledge amounts to 1,403,692 shares, corresponding to approximately 10 % of the total number of all the shares in the company as per the date of the notice of the Annual General Meeting.

Furthermore, Gofore Plc's Annual General Meeting authorised the Board of Directors to resolve on a share issue, 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 consideration or gratuitously. The total number of shares to be issued, including shares under options and other special rights, may amount to a maximum of 2,105,540 shares, equivalent to approximately 15% of the total number of shares in the company as per the date of the notice of the Annual General Meeting.

Both authorisations are valid until the end of the next Annual General Meeting, however, no longer than until 30 June 2022, and serve to revoke previous similar authorisations granted by the Annual General Meeting.

All of the resolutions of the Annual General Meeting are available from the company's Annual General Meeting site at [gofore.com/annualgeneralmeeting2021/](https://gofore.com/annualgeneralmeeting2021/)

## Shares and shareholders

At the end of December 2021, Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,072,085 (14,036,927) company shares. At the end of the review period, the company or its subsidiaries were not in possession of any treasury shares (31 December 2020: 0 shares).

At the end of December 2021, the company had a total of 5,599 (5,101) registered shareholders. The number of nominee-registered shares amounted to 12,394,754 (298,497), with their proportion of the share capital being 17.8 (2.1) per cent. Households owned 57.6 (74.1) per cent of the shares, private companies 5.4 (5.2) per cent, financial and insurance institutions 9.4 (7.7) per cent, non-profit organisations 0.3 (0.3) per cent and public corporations 9.4 (10.5) per cent.

Further information concerning Gofore's shareholders is available from [gofore.com/invest](https://gofore.com/invest).

## Share price and share price development

The trading volume of the company's shares in 2021 amounted to 4.70 (2.95) million shares, corresponding to approximately 32 (21) per cent of the average number of outstanding shares. The value of the trading amounted to EUR 92.8 (30.0) million.

At the end of December 2021, the company's market value amounted to EUR 361.7 (240.7) million. The closing rate of Gofore's share on the last trading day of the review period (31 December 2021) was EUR 24.00 (17.15). The trading volume-weighted average price of the company's share during the review period amounted to EUR 20.19 (10.16). The highest trading rate was EUR 25.10 (17.80) and the lowest EUR 16.00 (4.80).

Since March 2021, Gofore Plc's share has been quoted on the Main Market maintained by Nasdaq Helsinki Oy, under the share trading code GOFORE.

Further information concerning Gofore's share is available from [gofore.com/invest](https://gofore.com/invest).

## Announcements of changes in shareholders' holdings

On 23 April 2021, Gofore announced it had on 23 April 2021 received a notification from one of Gofore's founding partners Jani Lammi pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act, stating that Jani Lammi's shareholding and voting power had fallen below the 10-per cent threshold on 23 April 2021. Following the notification, Jani Lammi owns 1,260,000 shares in Gofore, corresponding to 8.37 per cent of the shares and votes in Gofore Plc.

On 23 April 2021, the company announced it had on 23 April 2021 received a notification from one of Gofore's founding partners Petteri Venola pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act, stating that Petteri Venola's shareholding and voting power had fallen below the 10-per cent threshold on 23 April 2021. Following the notification, Petteri Venola owns 1,470,000 shares in Gofore, corresponding to 9.77 per cent of the shares and votes in Gofore Plc.

On 23 April 2021, the company announced it had on 23 April 2021 received a notification from one of Gofore's founding partners Mika Varjus pursuant to Chapter 9, Section 5 of the Finnish Securities Market Act, stating that Mika Varjus' shareholding and voting power had fallen below the 10-per cent threshold on 23 April 2021.



Following the notification, Mika Varjus owns 1,470,000 shares in Gofore, corresponding to 9.77 per cent of the shares and votes in Gofore Plc.

On 23 April 2021, the company announced by means of a managers' transactions notification a change in the shareholding of one of Gofore's founding partners, Timur Kärki, stating that Timur Kärki had sold 300,000 Gofore shares. Following the notification, Timur Kärki owns 1,575,000 Gofore shares, corresponding to 10.46 per cent of Gofore Plc's shares.

## Private placement

On 22 April 2021, the company announced it had carried out a private placement of 1,000,000 new shares and raised EUR 19 million as a result of same. New shares were registered with the Trade Register on 23 April 2021. In connection with the share issue, Gofore's four largest shareholders Jani Lammi, Petteri Venola, Mika Varjus and Timur Kärki, who are also Gofore's founding partners, sold a portion of their shareholdings in Gofore.

## Share-based commitment and incentive schemes

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings scheme ("CrewShare") for the entire Group's personnel. The Board of Directors decides annually on the savings periods to be launched under the scheme.

The scheme is available to all of Gofore Group's employees, who are offered the possibility to save a portion of their regular salaries and to allocate the savings towards acquiring shares in the company at a 10-per cent discount, subject to the resolution of the company's Board of Directors to such effect. The accrued savings are allocated towards acquiring Gofore's shares typically biannually. The first savings period commenced on 1 November 2018 and ended on 28 February 2019. The second savings period commenced on 1 March 2019 and ended on 29 February 2020. The third savings period commenced on 1 March 2020 and ended on 28 February 2021. The fourth savings period commenced on 1 March 2021 and is due to end on 28 February 2022.

After the two-year holding period, Gofore will offer employees participating in the scheme one matching share for each three shares acquired with the savings by way of gross incentive. The granting of the additional shares is contingent on the participant owning the shares they have acquired throughout the entire holding period and their employment relationship with Gofore not having been terminated prior to the expiration of the holding period.

By 31 December 2021, four CrewShare share savings periods have been launched. The first CrewShare plan ended on 28 February 2021 and the matching shares pertaining to same were transferred on 25 March 2021. 131 employees were in the second CrewShare savings period, and were entitled to 12,650 matching shares on 31 December 2021. In the third savings period, 165 employees were on 31 December 2021 entitled to 10,159 matching shares based on their participation in the scheme. In the fourth savings period, 289 employees were on 31 December 2021 entitled to 6,373 matching shares. The second share acquisition of the scheme will take place in Spring 2022.

## Material events after the review period

On 3 January 2022, Gofore announced it had signed an agreement to acquire the entire share capital of Devecto Oy, a company specialised in software development and testing of smart devices and machinery, and related testing systems. The purchase price for the entire share capital of Devecto Oy amounted to EUR 21.0 million. The purchase price consisted of the debt-free price of the business operations of EUR 20.0 million, and



of compensation payable for the net cash and working capital adjustment, estimated to amount to approximately EUR 1.0 million. 70 per cent of the purchase price was paid in the form of cash consideration, and 30 per cent in the form of share consideration. Also an earnout was agreed upon, based on Devecto's profit for the year 2022. The earnout shall amount in total to no more than EUR 5 million, and should it materialise, will be payable in the form of cash consideration during the first half of 2023. The transaction was closed on 3 January 2022. Management has made a judgement regarding the possible earn-out for the year 2022. The judgement amounts to EUR 3.2 million. Final decision concerning the purchase price allocation will be made within the coming 12 months.

Pursuant to the share issue authorisation granted by the Annual General Meeting of 26 March 2021, Gofore's Board of Directors resolved on 3 January 2022 to carry out a directed share issue to the vendors of Devecto's shares as part of the payment of the purchase price. A total of 271,958 new Gofore shares were subscribed for in the share issue, at the subscription price of EUR 23.22 per share. The subscription price is based on the trading volume-weighted average price of the share during the time period of 1 through 30 December 2021.

The new Gofore shares were entered in the Trade Register on 4 January 2022 and trading in the new shares commenced on 7 January 2022. Following the registration of the shares subscribed for in the share issue, the total number of Gofore's shares amounts to 15 344 043. Following the registration of the new shares, they represent approximately 1.8 per cent of the company's share capital.

On 24 January 2022, Gofore announced that Gofore's Board of Directors had resolved on incentive schemes for the Group's employees and key personnel. The Board of Directors resolved to launch the fifth savings period of 2022–2023 of the CrewShare share savings plan directed at the personnel. The details of the new savings period are substantially identical to the preceding savings period. The savings period will commence on 1 March 2022 and end on 28 February 2023. The Board of Directors, further, resolved to establish a new share-based incentive scheme for the Group's key personnel. The aim is to align the objectives of the shareholders and key personnel in an effort to attain value appreciation for the company in the long-term, to support key employees' commitment to the company and to offer them a competitive incentive scheme based on earning and accumulating shares. The scheme features one earning period of three years in duration, encompassing the financial periods of 2022–2024.

In January 2022, the Finnish Ministry of Finance selected Gofore as its supplier of advisory services pertaining to the implementation of the Programme for Promotion of Digitalisation (Digital Programme). The agreement period commenced on 7 February 2022 and is scheduled to end on 31 March 2023. The estimated maximum value of the procurement totals EUR 0,2 million. The objective of the digital programme is to support and encourage authorities in making their services available to the citizens and corporations in digital form by the year 2023. In the commenced agreement period, Gofore's advisory services may pertain, *inter alia*, to the following aspects of the Digital Programme: CorporateDigital, a situational awareness of the impactfulness of digitalisation, establishment of digital support, expert support for municipalities, agencies and facilities, as well as support for the legislative committee and the network of digitalisation promoters. Gofore has been acting as a collaboration partner of the Ministry of Finance's promotion of digitalisation programme since October 2020. Gofore's experts have previously in the programme supported digital development on the national level through the CorporateDigital project, development of digital support, as well as in developing the snapshot of the impactfulness of digitalisation and of the indicators.

The net sales of the Gofore Group in January 2022 amounted to EUR 10.8 (7.5) million. The number of personnel at the end of the review period amounted to 993. The number of working days in Finland during the

period amounted to 20. The overall capacity Full Time Equivalent (FTE) amounted to 917 and subcontracting FTE to 147.

Month (2022)	Net sales, MEUR (net sales 2021) <sup>1</sup>	Pro forma LTM Net sales <sup>2</sup>	Number of employees <sup>3</sup>	Number of working days in Finland (number of working days in 2021)	Overall capacity, FTE <sup>4</sup>	Subcontracting, FTE <sup>5</sup>
January	10.8 (7.5)	118.5	993	20 (19)	917	147

Unless otherwise stated, all figures presented in brackets refer to the comparison period, i.e. the same time period in 2021. Devecto Oy's figures have been consolidated with the figures of the Gofore Group as of 3 January 2022.

<sup>1</sup> Net sales, MEUR (net sales in 2020) indicates the unaudited net sales for the relevant month.

<sup>2</sup> The consolidated pro forma net sales for the preceding 12 months (LTM) utilised by the company in its business reviews illustrates the net sales under the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

<sup>3</sup> Number of employees at the end of the review period.

<sup>4</sup> The Overall Capacity, FTE (Full Time Equivalent) figure shows the overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreement and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The personnel capacity of corporate acquisitions has been accounted for as of the date of the acquisition.

<sup>5</sup> The Subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiceable work, converted into a value corresponding to the number of full-time employees. The subcontracting of the companies acquired by Gofore has been accounted for as of the date of the acquisition.

### Short-term risks and business uncertainty factors

In the first months of the year, the geopolitical situation has become increasingly unstable, escalating on 24 February in Russia's military attack on the Ukraine. For now, the implications of the breakout of the war on the global economy and on the development of Gofore's customer demand remain unclear. Gofore does not have direct accounts or subcontractors in Ukraine or Russia. Gofore does not have customers or subcontractors in Ukraine or Russia.

The company continues to estimate that the prolongation of the COVID-19 pandemic may continue to trigger changes in the company's operating environment. The drawn-out pandemic conditions will continue to create uncertainty in the development of customer demand, personnel wellbeing and personnel retention. The company's short-term risks unrelated to the pandemic circumstances or geopolitics remain largely similar to previous years.

The company is of the view that negative changes in the investments in IT development within the public sector would pose challenges for the implementation of the company's growth strategy. Similarly, any stiffening in the competitive environment within the company's business segments could impact the profitability and growth of the company.

Succeeding in recruiting skilled personnel and ensuring personnel satisfaction are matters of the utmost importance and failing in same would have an adverse effect on the attainment of the financial targets of the

company.

A vital part of the company's strategy lies in corporate acquisitions and the expansion of its international business. Both of these modes of action geared towards growth entail risks that, if actualised, would pose challenges for maintaining personnel and customer satisfaction, and, naturally, for achieving the company's financial targets.

The company publishes a monthly Business Review, also containing the management's assessment of the development of the business during the review period. This entails the monthly monitoring of any actualisation of risks.

### **Board of Director's proposal for dividend**

The parent company's distributable assets as at 31 December 2021 amounted to EUR 58.7 million, including the profit for the financial period of EUR 6.3 million.

The Board of Directors proposes to the Annual General Meeting convening on 25 March 2022 that based on the balance sheet to be adopted for the financial period of 1 January through 31 December 2021, dividend be distributed in the amount of EUR 0.28 per share. In accordance with the proposal, dividends will be distributed in the total amount of EUR 4.3 million, and the remainder of the profit for the financial period, amounting to EUR 2.0 million, shall be retained in shareholders' equity. The proposed dividends represent 45.9 per cent of the profit per share.

No material changes have occurred in the company's financial standing after the close of the financial period, and also the liquidity test referred to under Section 13:2 of the Finnish Limited Liability Companies Act has no impact on the amount of distributable assets.

The dividend shall be paid out to shareholders, who on the dividend record day of 29 March 2022 are entered in the company's shareholders' register maintained by Euroclear Finland Oy. No dividends shall be paid on the treasury shares in the company's possession on the dividend record day. The proposal stipulates that the dividends shall be payable on 5 April 2022.

### **Publication of the Annual Report and Annual General Meeting**

The Annual Report for the year 2021 shall be published in week 9 and will contain the Board of Director's report, Auditor's report and financial statements. Also a Remuneration Report and a Corporate Governance Statement will be published. The company also publishes a separate Sustainability Report.

Gofore Plc's Annual General Meeting shall be convened on Friday, 25 March 2022.

### **Financial reviews in 2022**

Gofore will be publishing its financial reviews in 2022 as follows:

- |                            |                     |
|----------------------------|---------------------|
| • Business Review Q1/2022  | Wed 20 April 2022   |
| • Half-Year Review H1/2022 | Mon 15 August 2022  |
| • Business Review Q3/2022  | Tue 18 October 2022 |

Furthermore, the company publishes a monthly Business Review containing the number of personnel in the Group and the monthly net sales, along with the comparison information, the management's assessment of the development of business operations during the review period, and other key figures that facilitate the

monitoring of the implementation of the company's growth strategy, e.g. Group pro forma net sales from the last 12 months.

**Webcast of the results presentation for the financial statements release for 1 Jan – 31 December 2021**

A webcast of the results presentation open to the public will be arranged on Monday, 28 February 2022 from 1 p.m. onwards. The results will be presented by CEO Mikael Nylund and CFO Teppo Talvinko. The webcast will be held in English and may be followed at <https://gofore.videosync.fi/q4-2021>. Questions may be posed during the results presentation and they will be answered at the end of the event. The presentations and a recording of the webcast will be available after the event at [gofore.com/invest](https://gofore.com/invest).

## Tables section

This financial statements release has been prepared in accordance with the same accounting principles and accounting standards as in the audited financial statements for 2021. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The figures presented for the half year are not audited.

### Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	1 Jul–31 Dec 2021	1 Jul–31 Dec 2020	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Revenue (net sales)</b>	<b>52,830</b>	<b>40,577</b>	<b>104,509</b>	<b>77,953</b>
Production for own use	36	407	140	738
Other operating income	48	353	128	599
Materials and Services				
Purchases	-104	-170	-180	-225
External services	-9,029	-7,241	-17,367	-12,519
Total materials and services	-9,133	-7,411	-17,547	-12,744
Employee benefit expenses				
Salaries and compensations	-24,119	-19,144	-48,863	-37,344
Pensions	-3,932	-2,914	-8,045	-5,587
Other indirect employee expenses	-1,004	-748	-2,035	-1,502
Total employee benefit expenses	-29,055	-22,806	-58,943	-44,433
Depreciations, amortisations and impairment	-2,425	-1,971	-4,865	-3,579
Other operating expenses	-5,779	-4,894	-11,226	-9,785
<b>Operating profit (EBIT)</b>	<b>6,522</b>	<b>4,255</b>	<b>12,197</b>	<b>8,750</b>
Finance costs	-146	-76	-902	-202
Finance income	17	33	40	67
<b>Profit before tax</b>	<b>6,393</b>	<b>4,212</b>	<b>11,335</b>	<b>8,615</b>
Income tax	-1,263	-543	-2,261	-1,712
<b>Profit for the financial period</b>	<b>5,129</b>	<b>3,669</b>	<b>9,073</b>	<b>6,903</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	9	-3	12	-33
<b>Other comprehensive income, net of tax</b>	<b>9</b>	<b>-3</b>	<b>12</b>	<b>-33</b>
<b>Total comprehensive income for the financial period</b>	<b>5,138</b>	<b>3,666</b>	<b>9,086</b>	<b>6,870</b>
<b>EUR thousand</b>	<b>1 Jul–31 Dec 2021</b>	<b>1 Jul–31 Dec 2020</b>	<b>1 Jan–31 Dec 2021</b>	<b>1 Jan–31 Dec 2020</b>
<b>Profit/loss for the financial period attributable to:</b>				
Equity holders of the parent	5,049	3,659	8,953	6,895
Non-controlling interests	81	10	120	8
	<b>5,129</b>	<b>3,669</b>	<b>9,073</b>	<b>6,903</b>
<b>Total comprehensive income for the financial period attributable to:</b>				
Equity holders of the parent	5,058	3,656	8,966	6,862
Non-controlling interests	81	10	120	8
	<b>5,138</b>	<b>3,666</b>	<b>9,086</b>	<b>6,870</b>
<b>Earnings per share</b>				
Earnings per share, undiluted	0.34	0.26	0.61	0.49

## Consolidated Statement of Financial Position

EUR thousand	31 Dec 2021	31 Dec 2020
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	26,897	23,311
Other intangible assets	11,257	10,506
Tangible assets	427	461
Right-of-use assets	4,409	6,835
Investments	0	0
Other receivables	1	772
Deferred tax assets	37	14
<b>Total non-current assets</b>	<b>43,029</b>	<b>41,899</b>
<b>Current assets</b>		
Trade receivables	15,980	11,478
Contract assets	709	434
Other current assets	2,346	2,441
Income tax receivables	144	174
Securities	575	544
Cash and cash equivalents	39,114	21,394
<b>Total current assets</b>	<b>58,869</b>	<b>36,465</b>
<b>Total assets</b>	<b>101,898</b>	<b>78,363</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	80	80
Translation differences	0	-12
Fund for unrestricted equity	40,103	20 515
Retained earnings	20,822	15 476
<b>Equity attributable to equity holders of the parent</b>	<b>61,005</b>	<b>36 059</b>
Non-controlling interests	304	23
<b>Total equity</b>	<b>61,309</b>	<b>36 082</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	7,450	7,500
Other payables	0	767
Lease liabilities	2,644	4,495
Deferred tax liabilities	2,111	1,971
<b>Non-current liabilities</b>	<b>12,205</b>	<b>14,733</b>
<b>Current liabilities</b>		
Trade and other payables	11,199	12,113
Contract liabilities	2,217	1,685
Interest-bearing loans and borrowings	2,600	2,000
Lease liabilities	1,807	2,375
Accrued expenses	10,028	9,137
Income tax payable	533	239
<b>Total current liabilities</b>	<b>28,384</b>	<b>27,549</b>
<b>Total liabilities</b>	<b>40,589</b>	<b>42,282</b>
<b>Total equity and liabilities</b>	<b>101,898</b>	<b>78,363</b>

**Consolidated Statement of Changes in Equity**

2021					
Attributable to the equity holders of the parent					
EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total
<b>Equity on 1 Jan 2021</b>	<b>80</b>	<b>20,515</b>	<b>-12</b>	<b>15,476</b>	<b>36,059</b>
Profit for the period				8,953	8,953
Other comprehensive income			12		12
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>8,953</b>	<b>8,966</b>
Share-based payments		571		192	763
Dividends				-3,373	-3,373
Share issue		19,017		-426	-18,592
Purchase of own shares				-1	-1
Acquisition of non-controlling interests		-1		0	-1
Other changes				0	0
<b>Equity on 31 Dec 2021</b>	<b>80</b>	<b>40,103</b>	<b>0</b>	<b>20,822</b>	<b>61,005</b>

Non-controlling interests	Total equity
<b>23</b>	<b>36,082</b>
120	9,073
0	12
<b>120</b>	<b>9,086</b>
	763
	-3,373
8	18,600
	-1
152	151
	0
<b>304</b>	<b>61,309</b>

2020					
Attributable to the equity holders of the parent					
EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total
<b>Equity on 1 Jan 2020</b>	<b>80</b>	<b>20,323</b>	<b>21</b>	<b>12,008</b>	<b>32,432</b>
Profit for the period				6,895	6,895
Other comprehensive income			-33		-33
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-33</b>	<b>6,895</b>	<b>6,862</b>
Share-based payments		192		-189	2
Dividends				-2,801	-2,801
Share issue					0
Purchase of own shares				-468	-468
Acquisition of non-controlling interests					0
Other changes				31	31
<b>Equity on 31 Dec 2020</b>	<b>80</b>	<b>20,515</b>	<b>-12</b>	<b>15,476</b>	<b>36,059</b>

Non-controlling interests	Total equity
<b>0</b>	<b>32,432</b>
8	6,903
0	-33
<b>8</b>	<b>6,870</b>
	2
	-2,801
	0
	-468
15	15
	31
<b>23</b>	<b>36,082</b>

**Consolidated Statement of Cash Flows**

EUR thousand	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Operating activities</b>		
Profit before tax	11,335	8,615
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment	4,865	3,579
Finance income and expenses	862	149
Other adjustments	762	-21
Change in working capital	-334	-1,203
Interest received and paid	-226	-161
Other financial items	-666	0
Income tax paid	-2,410	-2,003
<b>Net cash flow from operating activities</b>	<b>14,187</b>	<b>8,955</b>
<b>Net cash flow from investing activities</b>		
Proceeds from sale of tangible and intangible assets	5	31
Purchase of intangible assets	-140	-698
Purchase of tangible assets	-60	-75
Proceeds from sale of financial instruments	0	139
Acquisition of a subsidiary, net of cash acquired	-9,853	-6,492
<b>Net cash flow from investing activities</b>	<b>-10,047</b>	<b>-7,095</b>
<b>Net cash flow from financing activities</b>		
Treasury shares acquired	-1	-468
Repayment of lease liabilities	-2,189	-2,192
Proceeds from borrowings	3,000	10,000
Repayment of borrowings	-2,450	-6,362
Share issue	19,017	0
Transaction costs on issue shares	-426	0
Dividends paid to equity holders of the parent	-3,373	-2,801
<b>Net cash flow from financing activities</b>	<b>13,580</b>	<b>-1,823</b>
<b>Net increase in cash and cash equivalents</b>	<b>17,719</b>	<b>36</b>
Cash and cash equivalents at 1 Jan	21,394	21,358
<b>Cash and cash equivalents at 31 Dec</b>	<b>39,114</b>	<b>21,394</b>



Notes to 1 January – 31 December 2021 Financial Statements Release

Distribution of net sales

Net sales by customer sector				
EUR thousand	1 Jul–31 Dec 2021	1 Jul–31 Dec 2020	2021	2020
Private sector sales	18,120	10,514	36,570	20,116
Public sector sales	34,709	30,064	67,939	57,837
<b>Net sales, Group total</b>	<b>52,830</b>	<b>40,577</b>	<b>104,509</b>	<b>77,953</b>
Net sales by country of sales				
EUR thousand	1 Jul–31 Dec 2021	1 Jul–31 Dec 2020	2021	2020
Finland	48,276	36,595	95,463	69,880
Other countries	4,555	3,982	9,046	8,073
<b>Net sales, Group total</b>	<b>52,830</b>	<b>40,577</b>	<b>104,509</b>	<b>77,953</b>
Timing of revenue recognition				
EUR Thousand	1 Jul–31 Dec 2021	1 Jul–31 Dec 2020	2021	2020
Services transferred at a point in time	306	158	572	273
Services transferred over time	52,524	40,419	103,937	77,680
<b>Net sales, Group total</b>	<b>52,830</b>	<b>40,577</b>	<b>104,509</b>	<b>77,953</b>
Net sales by agreement types				
EUR Thousands	1 Jul–31 Dec 2021	1 Jul–31 Dec 2020	2021	2020
Time and material based projects	47,490	37,594	94,199	70,797
Fixed price projects	3,982	2,067	7,544	5,940
Maintenance services	1,133	759	2,351	944
Third party commissions	226	158	416	273
<b>Net sales, Group total</b>	<b>52,830</b>	<b>40,577</b>	<b>104,509</b>	<b>77,953</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 2021	414	8,427	2,577	0	0	0	895	12,359	23,311	35,670
Additions	0	0	0	0	0	0	150	150	0	150
Business combinations	258	1,559	861	66	200	101	0	3,045	3,586	6,630
Reclassifications	0	0	0	0	0	0	-10	-10	0	-10
<b>31 December 2021</b>	<b>672</b>	<b>10,031</b>	<b>3,438</b>	<b>66</b>	<b>200</b>	<b>101</b>	<b>1,035</b>	<b>15,543</b>	<b>26,897</b>	<b>42,440</b>
<b>Amortisation and impairment</b>										
1 January 2021	-69	-1,360	-406	0	0	0	-17	-1,853	0	-1,853
Amortisation	-132	-1,360	-549	-11	-56	-36	-143	-2,290	0	-2,290
<b>31 December 2021</b>	<b>-348</b>	<b>-2,720</b>	<b>-955</b>	<b>-11</b>	<b>-56</b>	<b>-36</b>	<b>-160</b>	<b>-4,286</b>	<b>0</b>	<b>-4,286</b>
<b>Net book value</b>										
1 January 2021	345	7,112	2,171	0	0	0	878	10,506	23,311	33,817
<b>31 December 2021</b>	<b>324</b>	<b>7,311</b>	<b>2,483</b>	<b>55</b>	<b>144</b>	<b>64</b>	<b>875</b>	<b>11,257</b>	<b>26,897</b>	<b>38,154</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 2020	0	3,272	1,067	0	0	0	157	4,496	16,180	20,676
Additions	0	0	0	0	0	0	738	738	0	738
Business combinations	414	5,200	1,510	0	0	0	0	7,124	7,132	14,256
Reclassifications	0	0	0	0	0	0	0	0	0	0
<b>31 December 2020</b>	<b>414</b>	<b>8,472</b>	<b>2,577</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>895</b>	<b>12,359</b>	<b>23,311</b>	<b>35,670</b>
<b>Amortisation and impairment</b>										
1 January 2020	0	-532	-144	0	0	0	-7	-684	0	-684
Amortisation	-69	-828	-262	0	0	0	-10	-1,169	0	-1,169
<b>31 December 2020</b>	<b>-69</b>	<b>-1,360</b>	<b>-406</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-1,853</b>	<b>0</b>	<b>-1,853</b>
<b>Net book value</b>										
1 January 2020	0	2,740	923	0	0	0	150	3,812	16,180	19,992

31 December 2020	0	7,112	2,171	0	0	0	878	10,506	23,311	33,817
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**Tangible assets**

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

EUR thousand	Machinery and equipment	Other tangible assets	Total
<b>Cost</b>			
1 January 2020	856	323	1 179
Additions	7	73	80
Business combinations	39	0	39
Disposals	-22	0	-22
<b>31 December 2020</b>	<b>879</b>	<b>396</b>	<b>1,275</b>
<b>Depreciations and impairment</b>			
1 January 2020	-458	-136	-594
Depreciation charge for the year	-155	-48	-203
Disposals	-18	0	-18
<b>31 December 2020</b>	<b>-631</b>	<b>-184</b>	<b>-815</b>
<b>Net book value</b>			
1 January 2020	397	187	585
<b>31 December 2020</b>	<b>248</b>	<b>212</b>	<b>461</b>

## Leases

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1 January 2021	6,730	105	6,835
Additions	49	50	100
Disposals	-311	-17	-329
Depreciation charge for the year	-2,145	-52	-2,197
<b>31 December 2021</b>	<b>4,323</b>	<b>86</b>	<b>4,409</b>
1 January 2020	5,227	83	5,309
Additions	3,690	76	3,766
Disposals	-29	-4	-33
Depreciation charge for the year	-2,158	-50	-2,207
<b>31 December 2020</b>	<b>6,730</b>	<b>105</b>	<b>6,835</b>

## Corporate acquisitions

During the review period, Gofore acquired 95 per cent of the share capital of CCEA Oy. A preliminary calculation of acquisition cost is presented in the table below. The purchase price EUR 6.5 million was paid as cash consideration. The values of the acquired assets at the time of acquisition were as follows:

EUR thousand	CCEA Ltd
<b>Purchase price</b>	
Consideration paid in cash	6,456
<b>Fair value of assets and liabilities recognised on acquisitions</b>	
<b>Assets</b>	
<b>Intangible assets</b>	
Customer relationships	1,559
Trademarks	258
Non-compete agreements	861
Technology based intangibles	66
Models and templates	200
Capitalized development expenditure	101
<b>Intangible assets</b>	<b>3,045</b>
Tangible assets	114
Other assets	1,142
Cash and cash equivalents	561
<b>Total assets</b>	<b>4,862</b>
<b>Liabilities</b>	
Interest and non-interest bearing liabilities	1,252
Deferred tax liability	589
<b>Total liabilities</b>	<b>1,841</b>
<b>Total identifiable net assets at fair value</b>	<b>3,021</b>
Non-controlling interest	-151
Goodwill arising on acquisition	3,586
<b>Cash flow impact of acquisitions</b>	
Consideration paid in net cash	6,456
Cash and cash equivalents	-561
Expenses related to the acquisition	195
<b>Net cash flow on acquisition</b>	<b>6,090</b>

## Financing

The fair values of financial assets and liabilities are materially consistent with their carrying amounts. For this reason, they are not presented separately in a table format in this half-year report. Gofore Plc had unsecured financing loans of EUR 10.1 (9.5) million at the end of the review period. Gofore raised a new EUR 3.0 million unsecured loan during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 31 December 2021.

During the review period, Gofore Plc signed 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.

## 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 holds an unsecured operative guarantee limit of EUR 600 thousand of which EUR 388 thousand is in use at 31.12.2021.

The Company has made a 10-year rental commitment to new business premises at the end of 2020. Estimated time for the new premises is at the end of 2023.

Gofore has given a negative pledge on its financial loans.

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations (EUR thousand):

Revision period ends 31.12.2026 and total liability under revision	5
Revision period ends 31.12.2027 and total liability under revision	10
Revision period ends 31.12.2028 and total liability under revision	3
Revision period ends 31.12.2029 and total liability under revision	8
Revision period ends 31.12.2030 and total liability under revision	21

## Accounting principles

This financial statements release was prepared in accordance applying the same accounting principles and calculation formulas as in the audited financial statements for 1 January – 31 December 2021. The figures presented for the half-year period are unaudited. Information concerning the full year 2021 is based on the audited financial statements for 2021. Amendments to the standards taking effect in 2021 did not affect the Group.

In April 2021, the IFRS IC finalized its agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision, the IFRS IC considered whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognised, how the customer accounts for the configuration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the Group has cloud computing arrangements in place, it analyzed whether this agenda decision had an impact on the accounting policies applied to implementation costs in cloud computing arrangements. The Group adopted this new agenda decision retrospectively from 1 January 2020. The group has not restated 2020 financial statements due to the immaterial impact.

**Calculation formulas of Key Figures**

EBITDA	=	Operating profit + depreciations and amortisation	
EBITDA margin, %	=	$\frac{\text{Operating profit + depreciations and amortisation}}{\text{Net sales}}$	x 100
Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA)	=	Operating profit + amortisation of intangible assets identified in PPA + impairment of goodwill	
Operating profit before amortisation of intangible assets identified in PPA and impairment of goodwill (EBITA) margin -%	=	$\frac{\text{Operating profit + amortisation of intangible assets identified in PPA + impairment of goodwill}}{\text{Net sales}}$	x 100
Operating Profit (EBIT) margin - %	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x 100
Earnings per share (EPS), diluted, euros	=	$\frac{\text{Profit for the period attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the financial period adjusted for share issues}}$	x 100
Return on equity (ROE) -%	=	$\frac{\text{Profit for the period (annualised)}}{\text{Average total equity}}$	x 100
Return on investment (ROI) -%	=	$\frac{\text{Profit before taxes (annualised) + financial expenses (annualised)}}{\text{Average total equity + average interest-bearing loans and borrowings}}$	x 100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}}$	x 100
Net gearing, %	=	$\frac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and Non-current investments}}{\text{Total equity}}$	x 100
Average overall capacity, FTE	=	The Average overall capacity, FTE (Full Time Equivalent) figure shows the overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The capacity of acquired companies personnel has been considered as of the acquisition date.	
Average subcontracting, FTE	=	The Average subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiced work, converted into a value corresponding to the number of full-time employees. Subcontracting used by acquired companies has been included as of the acquisition date.	
Number of employees at the end of financial period	=	The number of employees at the end of the financial period.	

## Alternative Performance Measures

Adjusted EBITA

= Reported EBITA + (+ goodwill impairment +/- costs/gains directly related to acquiring business combinations + restructuring costs of business structure - gains of sales of fixed assets + losses of sales of fixed assets).

Adjusted EBITA and EBITDA EUR thousand	1 Jan – 31 Dec 2021	1 Jan – 31 Dec 2020
<b>EBIT</b>	<b>12,197</b>	<b>8,750</b>
Amortisation of intangible assets identified in PPA	2,254	1,158
<b>EBITA</b>	<b>14,451</b>	<b>9,908</b>
Transaction costs from business combinations	195	321
Restructuring costs	-1	562
Gains or losses from sales of fixed assets	0	-13
<b>Adjusted EBITA</b>	<b>14,646</b>	<b>10,778</b>
<b>EBIT</b>	<b>12,197</b>	<b>8,750</b>
Depreciations	2,610	2,421
Amortisation of intangible assets identified in PPA	2,254	1,158
<b>EBITDA</b>	<b>17,062</b>	<b>12,329</b>

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*Gofore Plc is a digital transformation consultancy with over 1000 impact-driven employees across Finland, Germany, Spain, and Estonia – top experts in our industry who are our company's heart, brain, and hands. We use our holistic service offering – consulting, coding, design and verification – as tools to incite positive change. We care for our people, our customers, and the surrounding world. Our values guide our business: Gofore is a great workplace that thrives on customer success. In 2021, our net sales amounted to EUR 104.5 million. Gofore Plc's share is listed on the Nasdaq Helsinki Ltd. in Finland. Get to know us better at [www.gofore.com](http://www.gofore.com).*

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