

GOFORE PLC
01 – 12/2023

Financial Statements Release 2023

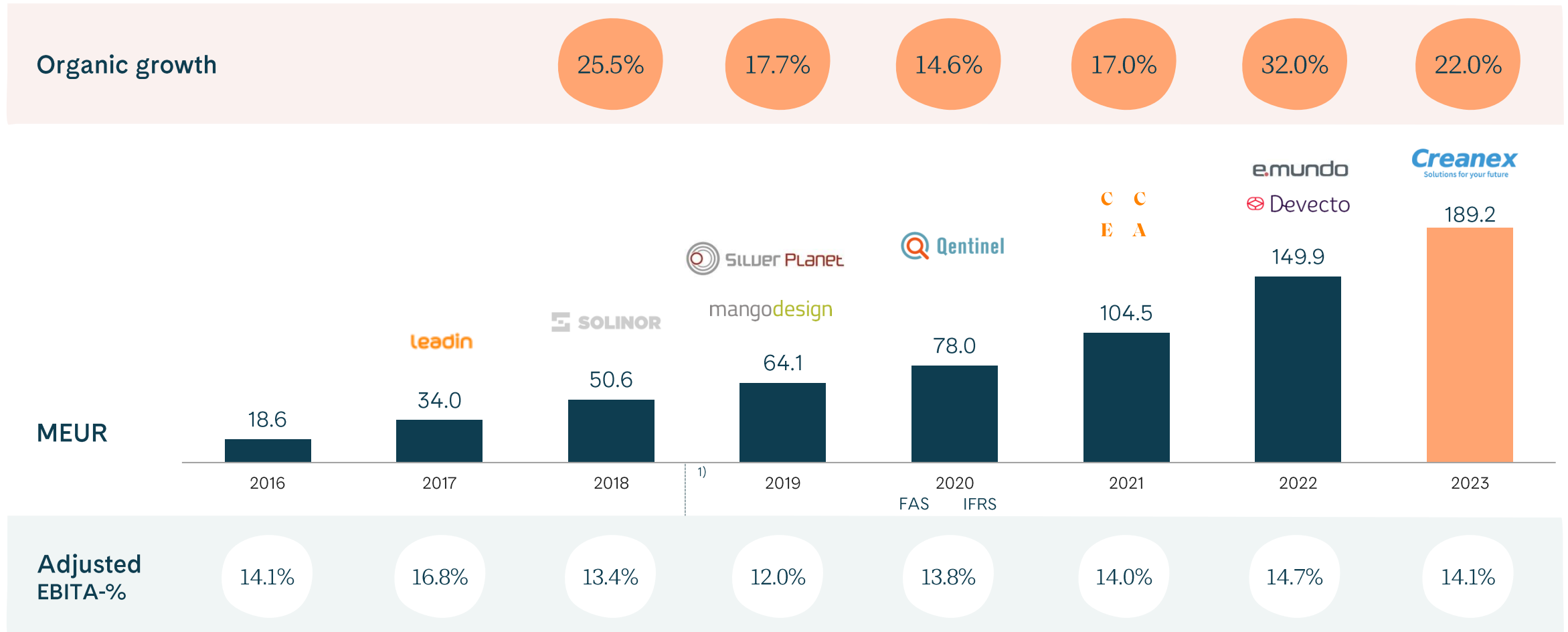
Gofore's growth continued, slowing down
in Q4. Adjusted EBITA for the quarter 16%.

20 February 2024
Unaudited



GOFORE

Consistently growing & profitable



2013-2018 figures presented as FAS figures, 2019- presented as IFRS figures.

1) Figures for the financial period in 2017 are not comparable to the financial period in 2016 due to changes in Group structure.

Q4 2023 Highlights

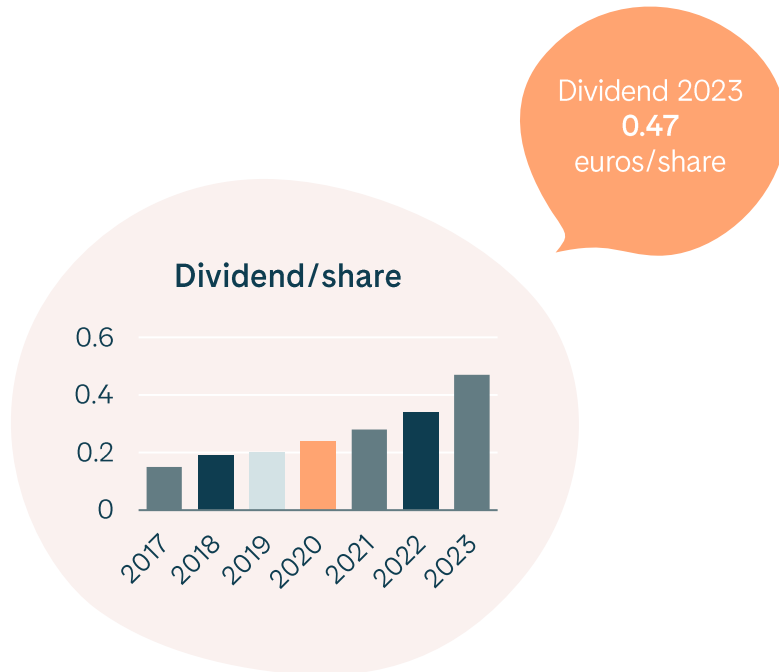
- Net sales growth 13% to 51.7 (45.7) million euros. Organic growth continued but slowed down to +9%.
- Adjusted EBITA 8.3 (7.5) million euros, 16.0 % of net sales.
- Partial reversal of eMundo's contingent consideration improved other operating income and thus EBITA by MEUR 0.8. This materially explains 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.

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



Full-year 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.
- The Board of Directors proposes to the Annual General Meeting that dividends be distributed for the financial period in the amount of EUR 0.47 per share; 40.9% payout ratio.

Customer prices and salaries continued in a good balance

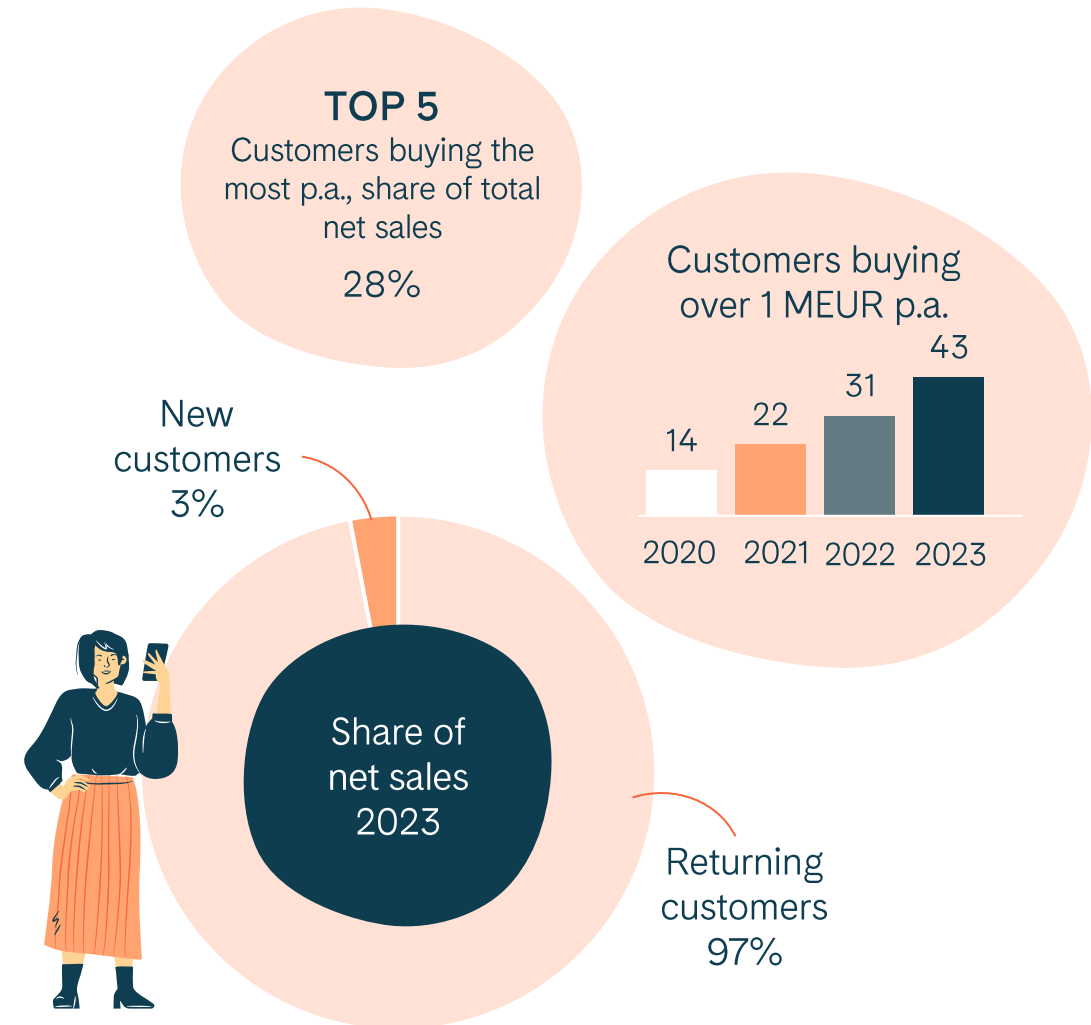
- The operatively challenging year shows that Gofore's business can quickly adapt to change.
- Customer demand and recruitment slowed down on the second quarter, and operative focus was swiftly shifted from growth to profitability and customer work.
- The most important indicators of operative efficiency – 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 beginning of the year and on the second half.
- 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

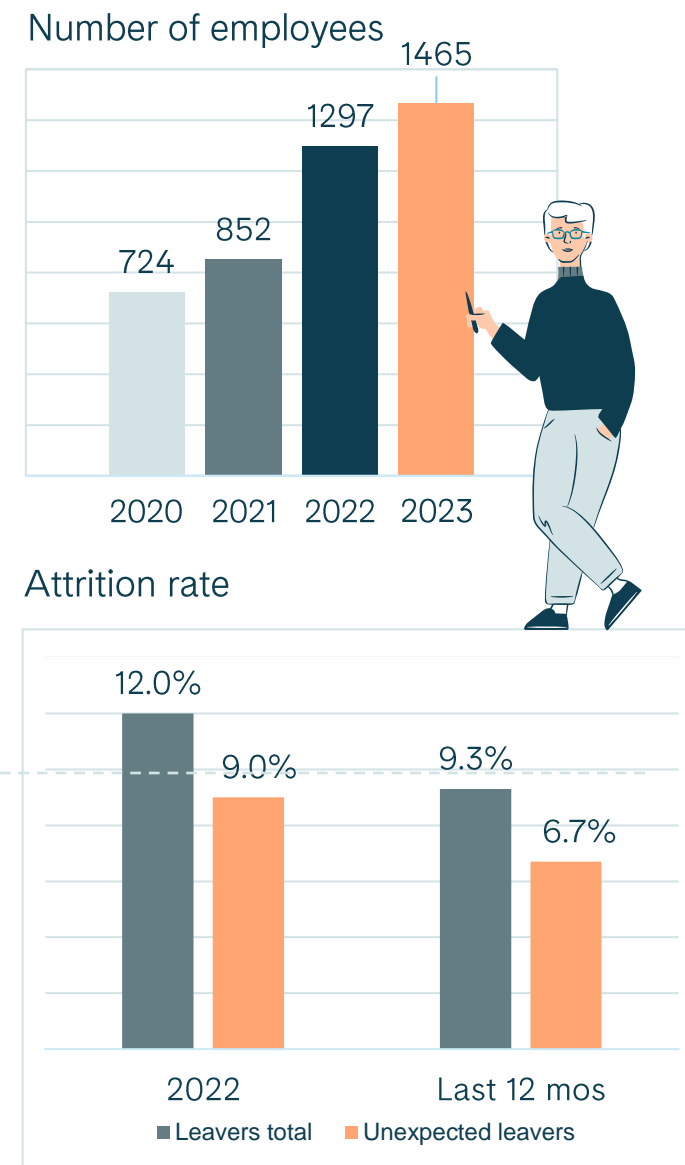
- Number of customers buying over 1 MEUR per annum grew to 43.
- Offering development has been instrumental in growing customer accounts.
- Large projects with larger and larger impact.
- Strategically important expertise areas such as wellbeing service county digitalisation and finance ecosystems grew 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.



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 chose not to react to the market situation with change 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).

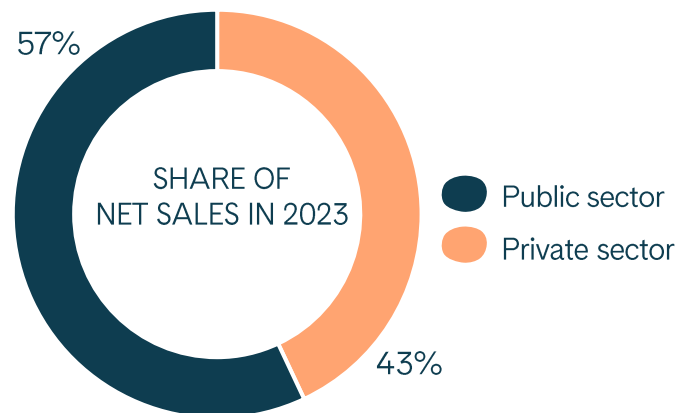
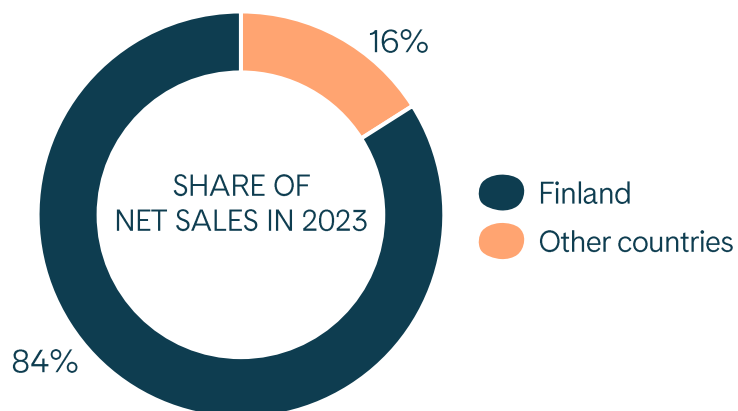


Financial information

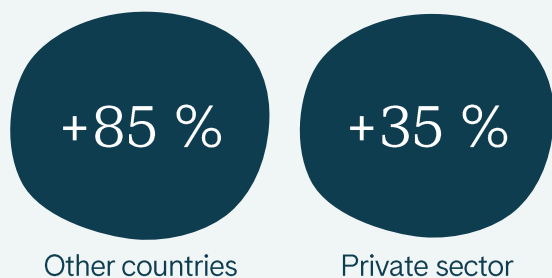
CFO Teppo Talvinko

Net sales distribution and growth

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



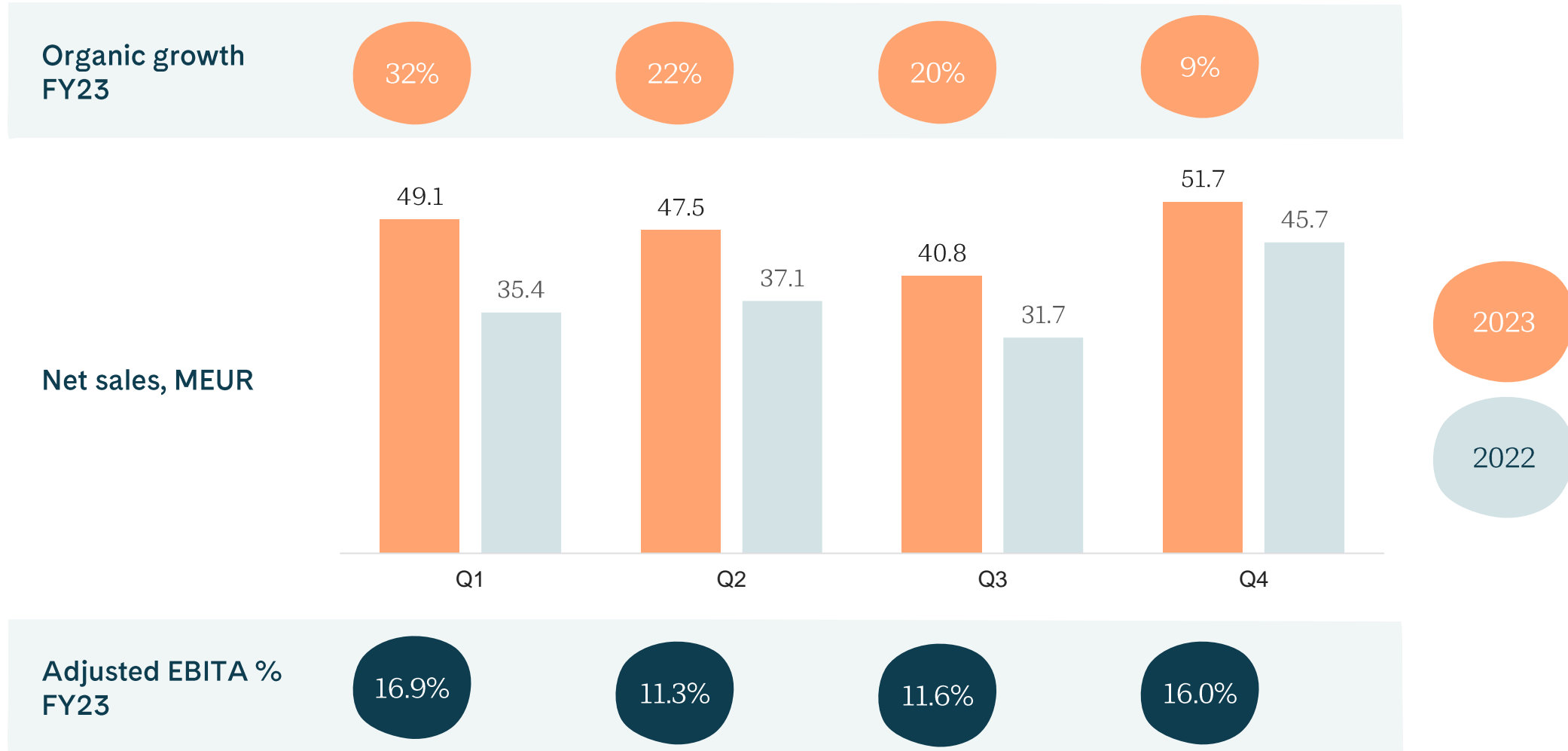
NET SALES GROWTH IN 2023



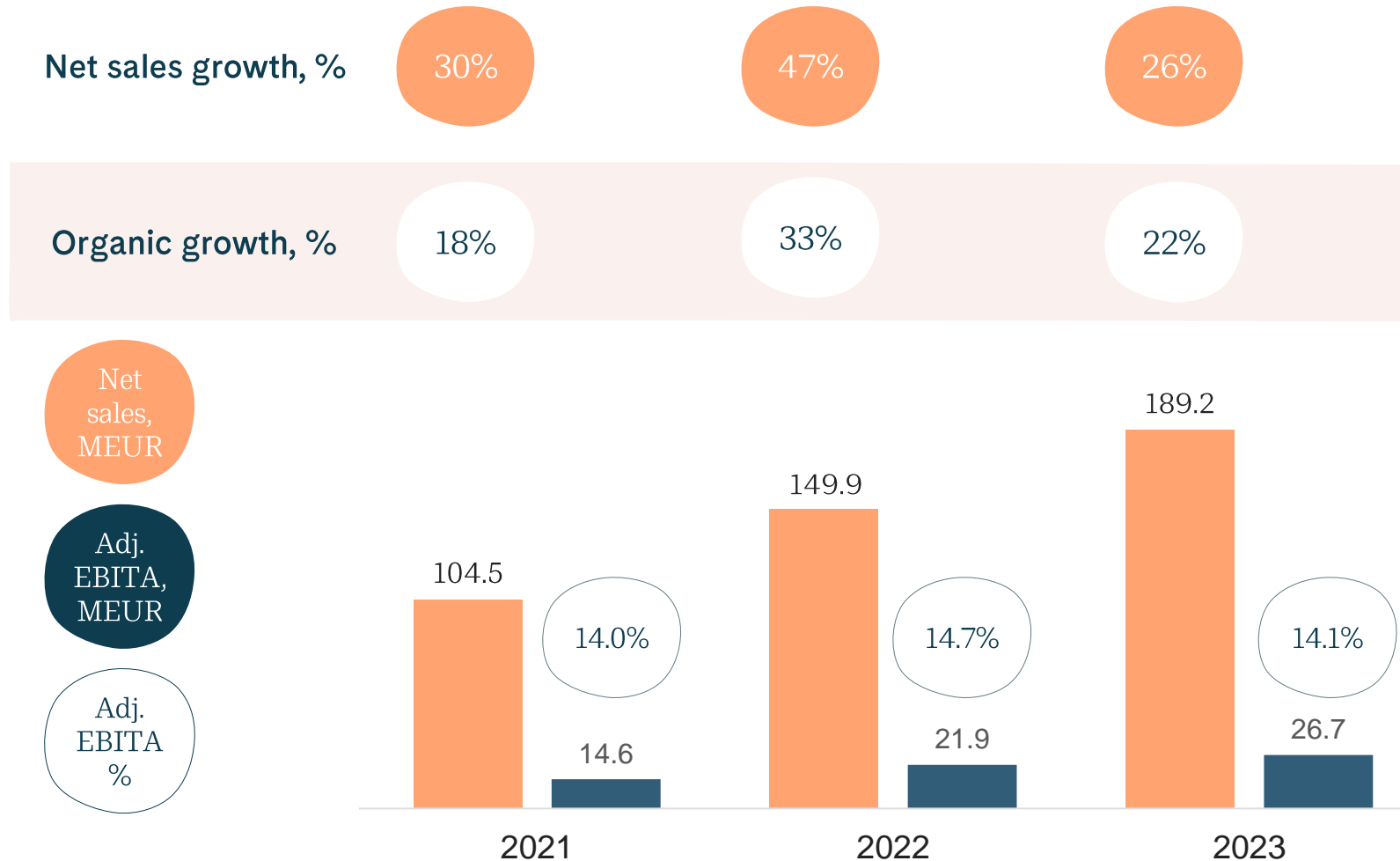
GROUP GROWTH NUMBERS IN 2023



2023 – A year of segregate quarters



Growth continues on target



Year on year development

- Profitability on previous years' level, driven by organic growth, a lean digital operating model and effective measures to improve profitability in a difficult market.
- Maintaining a good balance of customer pricing and salaries throughout the year.
- Resilience from comprehensive end-to-end offering, long-term public sector agreements and focusing on big customers

Excellent financial KPIs

| EUR thousand, unless stated otherwise | 31 Dec 2023 | 31 Dec 2022 |
|---------------------------------------|-------------|-------------|
| Cash and cash equivalents | 38.4 | 44.1 |
| Interest-bearing net debt | -12.3 | -23.6 |
| Equity ratio | 56% | 54% |
| Net gearing | -13.1% | -29.5% |

Financing and cash flow

- Strong operative cash flow
 - NWC in focus
- Net gearing negative despite of
 - Acquisition and earnouts paid in cash
 - Treasury shares and investment into new HQ
- Enables adequate and effective debt financing if needed
- Creates a strong foundation for continuing M&A activity
- Hedged loan position
 - ~70 % of loans hedged
 - Resilience to interest rate hikes

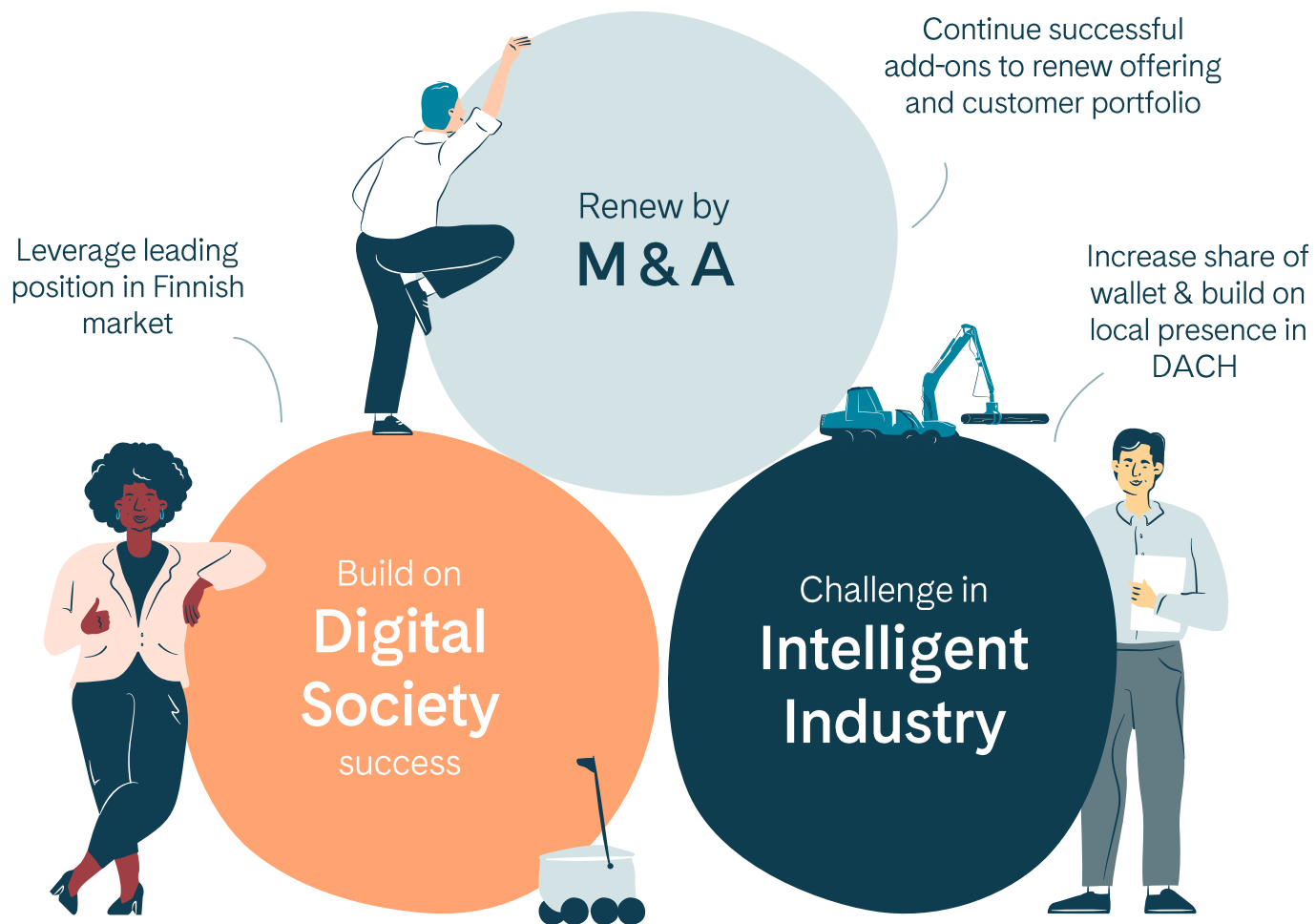


Offering Development

Featuring Digital Society & Intelligent Industry customers

City of Tampere
Tampere Tramway
Škoda Transtech

Three avenues to growth



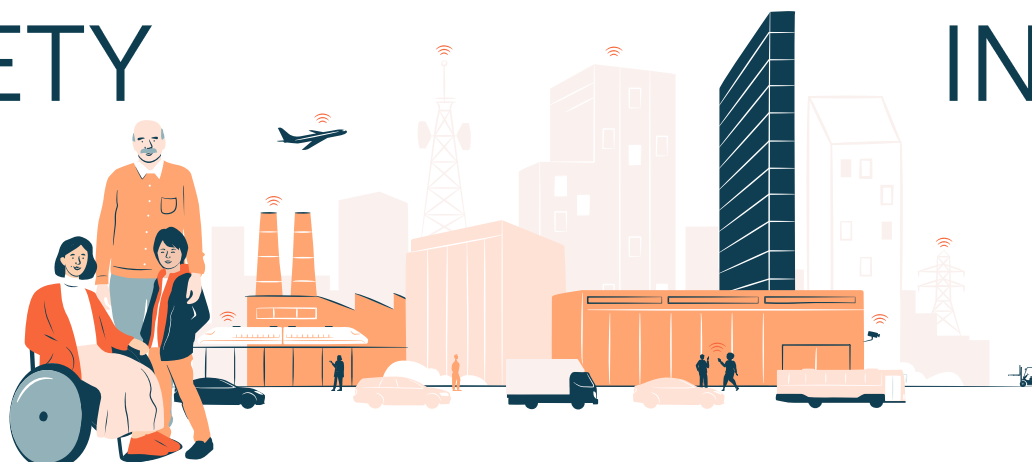
Gofore's strategic focus themes are

- Future of work
- Industry focus
- Sustainability
- International

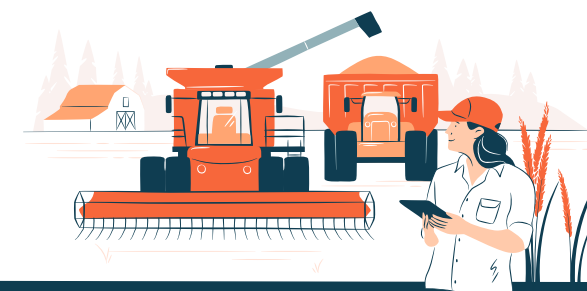
Three strategic growth avenues are:

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

DIGITAL SOCIETY



INTELLIGENT INDUSTRY



Expertise That Spans Across All Phases of Your Digital Transformation Journey

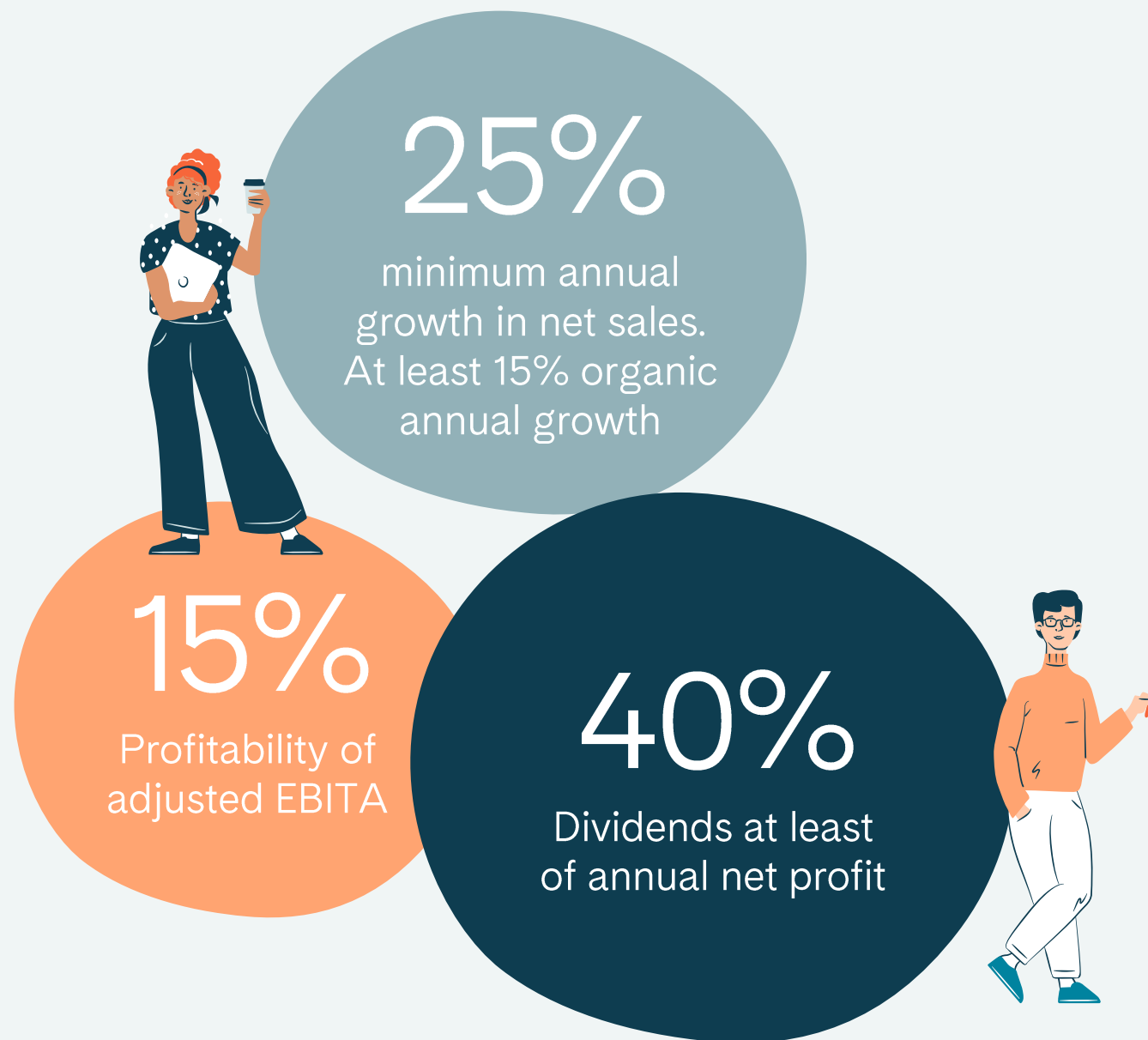
| | | | |
|------------------------------|------------------------------|-------------------------|-------------------------------------|
| Agile | Continuity & life-cycle mgmt | Embedded software & IoT | Project management |
| Architecture | Cybersecurity | Management consulting | Quality assurance & test automation |
| Change management | Data & AI | Procurement | Simulators |
| Cloud and ICT infrastructure | Design | Product development | Software development |

Targets & 2024 Outlook

CEO Mikael Nylund

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.



Digital transformation's outlook strong in the mid and long term

Short-term outlook shadowed by macro-economical uncertainty and the interest rate environment.



Growth and price competition in the public sector

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

Private sector waits for lowering interest rates

Caution in investments caused by uncertain economy starting to create bottled up needs - a clear turn in interest rates would quickly revive investments.

Good sales activity in the DACH area

Despite weaker economic cycle, a lot of activity in our sales funnel- we estimate positive development in the area during 2024.

Talent market clearly easier – for now

Talent availability will probably remain very good throughout 2024. Winning companies in talent competition are the ones who have had the ability to take care of their employees also in a more difficult market.

Q1/2024 Performance drivers

Due to a slow start of the year, Q1/2024 is expected to see lower profitability and 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%.





Questions and Answers

Pioneering an ethical digital world.



Upcoming events & financial reporting

- Gofore's Annual Report 2023 on 11 March 2024
- Annual General Meeting 2024 on 4 April 2024
- Q1 Interim Report on 19 April 2024

Stay in touch!
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