Gofore

Annual Report 2022

GOFORE

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Gofore in brief

Gofore is a digital transformation consultancy. The company provides its services to private and public sector companies and organisations in its primary markets in Finland and German-speaking Europe (the DACH region). Gofore's comprehensive service offering includes digital transformation advisory services, software development and quality assurance.
The company's business sectors operate both individually and together in the Digital Society and Intelligent Industry areas, i.e., they are involved in the digitalisation of society as well as industry. Gofore's capabilities and service offering are being developed on a continuous basis progressively and proactively, so that customer needs and expectations can be met in the best possible way at every stage of the ongoing digital transformation of society.
The Gofore core values have remained unchanged throughout its entire 20-year history, which was celebrated in 2022; the company strives to be the best possible workplace for all and to succeed together with its customers. Gofore's vision is to be the most significant digital transformation consultancy in Europe.

CEO's Review

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

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

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

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

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

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

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

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

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

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

Mikael Nylund

> We believe that today's jobseeker no longer makes choices based solely on salary prospects and benefits – a company that attracts the best talent needs to be able to offer those things as well as a job with a sense of ethical purpose.

Chief Sustainability Officer's Review

Gofore's important aim is to make sustainability an increasingly powerful success factor for the company, creating new business and supporting wellbeing at work as well as recruitment. An employee survey conducted by the company indicated clearly that actions taken to promote sustainable development increase the engagement of employees and their pride in their employer. We believe that today's jobseeker no longer makes choices based solely on salary prospects and benefits. Rather, a company that attracts the best talent needs to be able to offer those things as well as a job with a sense of ethical purpose.

Over the course of the past year, we developed the ethical capabilities of our personnel through training and by creating structures to support ethical work practices, and this work will continue in the coming years. This way, we can support wellbeing at work and improve risk management and the successful deployment of ethical ways of working. Bringing ethical capabilities into customer projects will also improve the quality of our service and offer new value for our customers.

In terms of reporting, this year we have, for the first time, combined non-financial information with Gofore's annual report, meaning that we have not published a separate sustainability report. This change lays the groundwork for transitioning to a reporting model that is in accordance with the EU's corporate sustainability reporting directive. In addition, like many other businesses, we are reporting our taxonomy-compliant business for the first time.

Work to promote sustainable development plays a significant role in Gofore's newly published strategy for 2023–2027. Our goal is that by 2027, 50% of the projects for our key customers will be related to sustainable development. Achieving this goal will require long-term effort in sales, competence development and recruitment. Evolving and adapting to find solutions to sustainability-related challenges, becoming a key player in the field, will also help us achieve the company's other strategic goals, and enable us to grow into an increasingly significant digital transformation consultancy in Europe.

Kristiina Härkönen

Board of Directors' Report

GOFORE IN BRIEF

Gofore is a digital transformation consultancy. The company provides its services to private and public sector companies and organisations in its primary markets in Finland and German-speaking Europe (the DACH region). Gofore's comprehensive service offering includes digital transformation advisory services, software development and quality assurance. The company's business sectors operate both individually and together in the Digital Society and Intelligent Industry areas, i.e., they are involved in the digitalisation of society as well as industry. Gofore's capabilities and service offering are being developed on a continuous basis progressively and proactively, so that customer needs and expectations can be met in the best possible way at every stage of the ongoing digital transformation of society. The Gofore core values have remained unchanged throughout its entire 20-year history, which was celebrated in 2022; the company strives to be the best possible workplace for all and to succeed together with its customers. Gofore's vision is to be the most significant digital transformation consultancy in Europe.

STRATEGY

The company proceeded with the execution of the updated strategy that Gofore Plc's Board of Directors published at the end of 2020, encompassing the time period between 2021–2023. At the end of 2022, Gofore published an updated strategy. The strategy update was created in collaboration with its personnel and aims to strengthen the company's growth strategy and hone choices within it to match Gofore's strengths. Gofore strives to reinforce its position as an agile, culturally strong and continuously evolving cutting-edge expert organisation that helps customers with their digital transformation.

Gofore will strengthen its field-specific emphasis as part of the previous key customer account strategy, highlighting corporate responsibility and active development of the ever-changing work life. The company will continue to strive for growth and efficiency in all segments of its operations, both domestically and internationally. The growth strategy focuses on organic growth in the sectors of Digital Society and Intelligent Industry and supporting the growth with mergers and acquisitions.

LONG-TERM FINANCIAL TARGETS

Gofore's Board of Directors confirmed updated long-term financial targets at the same time as the strategy update at the end of 2022. The organic growth of Gofore's business has continued for a long time, exceeding the growth rate of the IT service sector in general as well as the targets set by the company. The bracketed figures below are the targets set in 2020.

Gofore's dividend policy continues to be paying a minimum of 40 percent of net profit in dividends.

25%

Gofore targets over 25 (over 20) percent of annual net sales growth

15%

Organic growth target is over 15 (over 10) percent of annual growth.

10%

Gofore continues growth by acquisitions and targets 10 (10) percent of annual growth.

15%

Gofore's profitability target is 15 (15) percent adjusted EBITA

MARKET OUTLOOK AND OPERATING ENVIRONMENT

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

Finnish public sector digitalisation continues to be active. Big structural reforms – especially social and healthcare reform – are continuing. This is reflected in the high level of development activity at the start of 2023. This activity is expected to continue through 2023 and beyond. A possible downturn in economic activity and deepening deficit in public finances will affect public spending. The effect on digital investments will be mostly subject to political decision making of the next Finnish government. The parliamentary elections in April 2023 will show the way for future politics regarding digitalisation of society. The elections themselves are expected to slow down tender activity for a period of time. For Gofore, public sector demand is expected to grow steadily, with the possible exception of the period of elections. A potential slowdown of demand from the private sector may increase competition for public sector tenders. However, Gofore's strong position in large development projects gives it a competitive edge over most of the competition.

Digital transformation remains a high priority for private companies. However, their willingness to invest is affected by the economic cycle. Many companies in Gofore's focus markets entered 2023 with a good build-up of orders, but there is a risk of a slowdown in order intake. If that slower cycle is protracted, it will also increase the risk of investments being postponed. For Gofore's focus area of Intelligent Industry, a national plan and legislation to raise R&D funding (to 4% of GDP by 2030), is expected to support customer demand.

International markets relevant to Gofore are subject to the same macro-economic changes as described above. The German and DACH market are of special relevance to Gofore, and we expect to see effects of a downturn in the economy in 2023 on those regions. Geopolitical turmoil affects global markets heavily. For Gofore, this is relevant especially in terms of the outlook of globally operating customers companies. Public investments in digital development are growing in Europe. Market entry into local markets is not easy but it is aided by the pioneering nature of Finland and the Nordic countries in digital development.

In the medium and long-term, the talent market is expected to remain competitive in all geographies where Gofore operates. Gofore has proven competitiveness as an attractive employer and a good operative ability to recruit. In the short term, the weaker economic cycle and related slower recruiting and layoffs especially by SaaS companies can support meeting recruitment objectives. Wage inflation in the market is driven by talent shortage and strengthened by inflation in the economy. Gofore expects some pressure on margins, but this will be alleviated to some extent by company-wide wage agreement.

IMPACTS OF THE COVID-19 PANDEMIC

In 2022, the pandemic became endemic, and consequently the direct effects of the pandemic have been minor in Gofore's business within both the public and private customer sectors. Gofore's sick leave absences remained at a higher level than before COVID and affected the company's profitability in spring 2022. However, the number of sick leave absences did not radically increase after the winter. On the markets outside Finland that are relevant for Gofore, the COVID pandemic had a greater direct impact even in the beginning of the year, which manifested itself in Germany as a slight decline in new customer acquisition. The pandemic has contributed to investments in digitalisation being increasingly prioritised. Customers are also investing in enhancing their own competencies.

IMPACTS OF RUSSIA'S INVASION OF UKRAINE

Russia's invasion of Ukraine or the restrictions on the country continue to have little direct impact on Gofore. Gofore has no operations in Russia, Ukraine or Belarus. The conflict may have indirect impact through customers' business risks or inflation. These risks had minor impact on Gofore in the reporting period, so Gofore continues to consider this risk low. The uncertainty and its potential market impacts are likely to continue in the near future.

MATERIAL EVENTS DURING THE FINANCIAL PERIOD

For Gofore, the year 2022 was a record-breaking success both operationally and financially. Gofore grew in accordance with its strategy both organically and by acquisitions. The demand for digitalisation services developed favourably during the year among both public and private sector customers. Throughout the year, the company announced several substantial new or extended agreements with the Finnish Tax Administration, City of Helsinki, City of Espoo, State Treasury, the new wellbeing services counties, Finnish Patent and Registration Office and the Ministry of Agriculture and Forestry. Gofore's collaboration also continued and extended with many private sector operators. The public sector accounted for 60 per cent of Gofore's net sales and the private sector for 40 per cent.

As per its strategy, Gofore grew both organically and by acquisitions. In January 2022, the acquisition of Devecto Oy – a business that focuses on the digitalisation of industry – solidified Gofore's Intelligent Industry operations as well as enforcing Gofore's position as a holistic digital transformation consultancy.

The acquisition of eMundo in November 2022 strengthened Gofore's growth potential in Germany and in other German-speaking countries in Europe. Similarly to Gofore, eMundo operates as a digitalisation specialist for both the public and private sectors in the DACH area.

> For Gofore, the year 2022 was a record-breaking success both operationally and financially.

Financial review

REVENUE DEVELOPMENT

January–December 2022

During the period of January–December 2022, net sales increased by 43.5 per cent, amounting to EUR 149.9 (104.5) million. The increase in net sales is primarily due to the increase in sales but also because the average hourly price of services sold developed positively. The growth in sales volumes was supported by positive development in the average hourly price of services sold as well as the acquisitions executed during this financial period.

The net sales generated from public sector customers increased to EUR 90.1 (67.9) million and the net sales arising from private sector customers increased to EUR 59.8 (36.6) million. The public sector accounted for 60.1 (65.0) per cent of the net sales of the Gofore Group, and the private sector accounted for 39.9 (35.0) per cent.

In geographic consolidation, most of the growth in net sales occurred in Finland. The net sales generated from Finland amounted to EUR 133.9 (95.5) million and accounted for 89.4 (91.3) per cent of the Group's net sales. Other countries accounted for 10.6 (8.7) per cent of the Group's net sales, totalling EUR 16.0 (9.0) million.

The percentage of subcontracting from the net sales amounted to 19.8 (19.4) per cent, totalling EUR 29.6 (20.3) million.

PROFITABILITY

January–December 2022

The company's adjusted EBITA for January–December 2022 increased by 50.1 per cent to EUR 22.0 (14.6) million and accounted for 14.7 (14.0) per cent of net sales. The adjusted EBITA for the review period was impacted by EUR 1.6 million adjustment of transaction costs of two acquisitions.

- EBITA for January–December 2022 amounted to EUR 20.4 (14.5) million, representing 13.6 (13.8) per cent of net sales.
- Operating profit (EBIT) in January–December 2022 amounted to EUR 16.6 (12.2) million, representing 11.1 (11.7) per cent of net sales.
- Operating profit for the review period amounted to EUR 12.2 (9.1) million.
- The proportion of personnel expenses from net sales slightly grew from 2021, amounting to 56.8 (56.4) per cent. For January–December 2022, personnel expenses amounted to EUR 85.2 (58.9) million.
- Other operating expenses amounted to a total of EUR 17.4 (11.2) million, corresponding to 11.6 (10.7) per cent of net sales. Without acquisition-related transaction costs, the share would have been 10.5 (10.6) per cent. 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 2.3 (2.6) million, representing 1.5 (2.5) per cent of net sales.
- Depreciation and impairments totalled EUR 6.1 (4.9) million, corresponding to 4.1 (4.7) per cent of net sales.
- Financial expenses amounted to EUR -0.8 (-0.9) million. The discounted interest expenses related to acquisitions were EUR 0.4 million. Financial income was EUR 0.06 (0.04) million.
- Profit for the financial period amounted to 12.2 (9.1) million euros.

BALANCE SHEET, CASH FLOW AND FINANCING

The liquidity of the Group was good and its financial standing solid. The equity ratio amounted to 54.0 (61.5) per cent, with the net gearing being -29.5 (-41.1) per cent.

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

Cash flow from operations improved over the period of January–December 2022 to EUR 21.7 (14.2) million. Cash flow from investments during the review period amounted to EUR -18.1 (-10.0) million. Investments in subsidiary shares during the review period amounted to EUR 17.5 (9.9) million.

Cash flow from financing activities during the review period amounted to EUR 1.4 (13.6) million, including paid dividends of EUR -4.3 million to parent company's shareholders, -0.13 of dividends paid to non-controlling interest parties, repayments of lease agreement liabilities of EUR -1.9 million, new loan drawdowns of EUR 11.5 million and loan amortisations of EUR -3.8 million. At the end of the review period, the cash assets amounted to EUR 44.1 (39.1) million.

At the end of the review period, Gofore Plc had unsecured loans from financial institutions in the amount of EUR 18.1 (10.1) million. Gofore took out new unsecured loans in the amount of EUR 11.5 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 2022.

During the review period, Gofore Plc had a binding 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.

RESEARCH AND DEVELOPMENT

In 2022, Gofore's development activity was focused on enhancing its digital platform and enterprise resource management system.

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 18.1 (10.0) million, being 12.1 (9.6) per cent of net sales.

CORPORATE ACQUISITIONS

On 3 January 2022, Gofore announced it had signed an agreement to acquire the entire share capital of Devecto Oy, a company specialising in software development and testing of smart devices and machinery, and related testing systems. The purchase price of the share capital acquired amounted to EUR 21.0 million. A private offering was used as partial payment of the purchase price. The acquisition reinforced both Gofore's position within the private sector and its services in industrial digital transfer. Devecto specialises in demanding software design for smart devices and machinery, and in services and tools related to them. Digitalisation solutions for industry, software development for mobile machinery, and embedded devices are Devecto's key specialities.

Devecto continues as an independent company, serving its customers from the requirement definition and service design stage all the way through to developing entire systems and digital services, and to quality assurance. It is trusted by Ponsse, Valtra and ABB among other satisfied customers.

On 27 October 2022, Gofore announced its acquisition of the German digitalisation and software specialist company eMundo GmbH's total share capital, the purchase price being EUR 8.0 million. A private offering was used as partial payment of the purchase price. The acquisition supported Gofore's strategy to grow both organically and by acquisitions, and strengthened its position, offering, customer portfolio and opportunity to grow in Germany and the whole German-speaking part of Europe (DACH). The purchase was executed on 1 November 2022 when the total share capital of eMundo was transferred to Gofore ownership and all eMundo shareholders became Gofore shareholders.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Gofore Plc was convened on 25 March 2022. Shareholders and their representatives had the opportunity to participate in the AGM and exercise their rights only by voting and presenting their counterproposals and questions in advance. The participants were not allowed to attend the meeting in person. Pursuant to the temporary legislation enacted by the Finnish Parliament to contain the spread of COVID, the AGM was held under special arrangements.

The AGM resolved to adopt the financial statements for the financial year 2021 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–31 December 2021. The AGM 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 AGM further resolved to adopt the remuneration report for the governing bodies of the company for the year 2021.

The AGM resolved that the Chairman of the Board of Directors be paid a EUR 3,500 fee per month and the members of the Board of Directors EUR 2,000 per month. Additionally, the meeting resolved 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.

The AGM affirmed the number of members on the company's Board of Directors at six, with the appointed members being: Eveliina Huurre and Tapani Liimatta as new members, and Mammu Kaario, Piia-Noora Kauppi, Timur Kärki and Sami Somero as re-elected members. 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 end of the next AGM. The elected members to the Reward Committee of the Board of Directors are Timur Kärki (Chairman), Mammu Kaario and Eveliina Huurre. The elected members to the Audit Committee of the Board of Directors are Mammu Kaario (Chairman), Piia-Noora Kauppi and Sami Somero.

In accordance with the proposal of the Board of Directors, the AGM resolved to re-elect auditing entity KPMG Oy Ab as the company's auditor, with its term continuing until the end of the next AGM. KPMG Oy Ab has designated Authorised Public Accountant Lotta Nurminen to act as the auditor with principal responsibility.

The AGM resolved that dividends be paid for the financial period of 1 January–31 December 2021 in the amount of EUR 0.28 per share, i.e. calculated for the shares outstanding at the date of the meeting, a total of EUR 4,303,690.16. The date of record for the dividend was 29 March 2022 and the pay-out date was 5 April 2022.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

Authorisation of the Board of Directors for the acquisition/accepting as pledge of the company's own shares

Gofore Plc's AGM 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 was limited to 1,534,404 shares and the purchase to be made with the company's untied equity. The maximum number of shares to be acquired/accepted as pledge corresponds to approximately 10% of the total number of all the shares in the company as per the date of the notice of the AGM. However, the company is not allowed at any moment to acquire/accept as pledge over 10% of its own shares, when calculating the total share ownership of the company's and its subsidiaries.

Shares will be acquired in proportions differing from shareholders' holdings from the public stock market operated by Nasdaq Helsinki Ltd and at either the market share price at the time of acquisition, or at a price otherwise formed within the stock market. The authorisation was granted e.g. for share transfers in business acquisitions, for implementing share-based incentive schemes or for other purposes resolved by the Board of Directors, as well as for further transfer, retention by the company or cancellation. The Board of Directors determines all other conditions of the acquiring/accepting as pledge of company's own shares.

This authorisation revokes the authorisation granted in the annual general meeting of 26 March 2021 for acquiring/accepting as pledge of the company's own shares.

The authorisation is valid until the end of the next AGM, however, no later than 30 June 2023.

Authorisation of the Board of Directors for the resolution of share issues, share options and granting other special rights entitling to shares

Furthermore, Gofore Plc's AGM authorised the Board of Directors to resolve on share issues, as well as the issuance of option rights and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Limited Liability Companies Act, in one or several tranches, either against payment or gratuitously.

The total number of shares to be issued, including shares under options and other special rights, may amount to a maximum of 2,301,606 shares, equivalent to approximately 15% of the total number of shares in the company as per the date of the notice of the AGM. The Board of Directors has the authority to issue either new shares or to transfer its own shares should there be any in the company's possession.

The authorisation entitles the Board of Directors to decide on any conditions on share issues, share options or other special rights entitling to shares, including departing from the pre-emptive subscription right of shareholders. The authorisation was granted for using as consideration in business acquisitions, as a part of the company's incentive scheme or other uses determined by the Board of Directors.

The authorisation is valid until 30 June 2023. The authorisation revokes previous unused authorisations for share issues, issuance of option rights or other special rights entitling to shares.

SHARE-BASED COMMITMENT AND INCENTIVE SCHEMES

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings scheme for the entire Group's personnel. The purpose of the scheme is to motivate the personnel to invest in company shares and become shareholders. In addition, the scheme aims to combine the objectives of employees and management and their commitment to developing the company's value, and increase shareholder value in the long term. The Board of Directors decides annually on the savings periods to be launched under the scheme.

The scheme is available to all Gofore Group employees, who are given the opportunity to save a portion of their regular salaries and to allocate the savings towards acquiring shares in the company at a 10% discount. The accrued savings are allocated towards acquiring Gofore shares after the savings period ends. Participating in the scheme is voluntary, and the employee commits to the scheme one savings period at a time.

After a two-year holding period, Gofore offers employees participating in the scheme 1 matching share for every 3 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. Dividends paid for shares acquired with savings are automatically used to acquire shares on the next possible date of acquisition of shares.

The 2022 savings scheme includes an increase compared with previous savings periods, in which the participant can also receive 1 to 1.5 accrual-based additional shares as a gross bonus for every 3 shares acquired with savings, if the group's EBITA target, adjusted operating profit before depreciation and impairments, set by the board for the 2022 financial year is achieved. Therefore, the maximum number of additional shares a participant can receive during the savings period 2022–2023 can be 2.5 shares for every 3 shares acquired. The new savings period commenced on 1 March 2022 and is due to end on 28 February 2023. Gofore's Board of Directors, as authorised by the Annual General Meeting on 25 March 2022, decided on 19 September 2022 to issue 28,570 new shares as a part of the CrewShare savings plan.

Furthermore, Gofore's Board of Directors decided in January 2022 to establish a new share-based incentive scheme for the key persons of the company. The aim is to combine the owners' and key persons' targets to add value to the company in the long term and to commit key persons to the company as well as offer them a competitive bonus system based on earnings and accruing company shares. The incentive programme consists of three-year earning periods during the financial years from 2022 to 2024. The Board of Directors may decide on new earning periods annually. The incentive scheme involved 26 persons at the end of September, including the CEO and other members of the Executive Management Team.

PERSONNEL AND OFFICES

At the end of December 2022, the Group employed a total of 1,297 (852) employees. The number of personnel increased from the comparable time period in 2021 by 52 per cent. Growth occurred organically and as a result of the Devecto and eMundo corporate acquisitions. The total number of employees in Finland amounted to 1,146 (814), and in the other countries of operation to a total of 151 (38) employees.

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

Gofore develops continuously to meet the requirements of the labour market and working life to ensure its appeal as an employer and to retain the best professionals in the company. During the review period, Gofore created new flexible ways to enhance job satisfaction and support recruitment operations. Platform-based companies are in a position to offer more flexibility to their employees. Gofore's independent subsidiaries Rebase and Sleek offer an alternative salary model, and their number of employees grew faster than the employee numbers in other units during the review period. Growing the local network in Finland brings the community closer to experts. Interest in remote-working opportunities and offices outside growth centres increased in 2022, and new offices were established in Lappeenranta, Oulu and Kajaani.

International offices offer opportunities for changing locations. During the review year, the growth in foreign office recruitment was strong. Gofore's office in Madrid established a remote office in Málaga, where Finnish employees are also welcome to work. Additionally, the eMundo acquisition entailed three new offices in Germany, one in Austria and one more in Italy.

SHARES AND SHAREHOLDERS

At the end of December 2022, Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,506,132 (15,072,085) company shares. At the end of the review period, the company and its subsidiaries were not in possession of any treasury shares (31 December 2021: 0 shares).

At the end of December 2022, the company had a total of 5,879 (5,599) registered shareholders. The number of nominee-registered shares amounted to 2,989,697 (2,677,331), with their proportion of the share capital being 19.3 (17.8) per cent. Households owned 55.3 (57.6) per cent of the shares, private companies 5.2 (5.4) per cent, financial and insurance institutions 26.7 (25.7) per cent, non-profit organisations 0.7 (0.3) per cent and public corporations 9.8 (9.4) per cent.

Recent and historical shareholder information as well as information about the company's shares can be found on http://gofore.com/en/invest/share-and-shareholders/.

SHARE PRICE DEVELOPMENT AND SHARE TRADING

Since March 2021, Gofore Plc's share has been quoted on the Main Market maintained by Nasdaq Helsinki Ltd, under the share trading code GOFORE. The trading volume of the company's shares in 2022 amounted to 1.6 (4.7) million shares, corresponding to approximately 10.2 (32) per cent of the average number of outstanding shares. The value of the trading amounted to EUR 35.5 (92.8) million.

At the end of December 2022, the company's market value amounted to EUR 344.2 (361.7) million. The closing rate of Gofore's share on the last trading day of the review period (31 December 2022) was EUR 22.20 (24.00). The trading volume-weighted average price of the company's share during the review period amounted to EUR 22.79 (20.19). The highest trading rate was EUR 26.00 (25.10) and the lowest was EUR 18.25 (16.00).

MATERIAL EVENTS AFTER THE REVIEW PERIOD

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

Number of members and composition of the Board of Directors

The Shareholders' Nomination Board proposes to the Annual General Meeting 2023 that the number of members of the Board of Directors shall be confirmed to be six (6) and that Eveliina Huurre, Mammu Kaario, Piia-Noora Kauppi, Timur Kärki, Tapani Liimatta and Sami Somero be re-elected as members of the Board of Directors for the term ending at the end of the Annual General Meeting of 2024.

All nominees have given their consent to the election. All nominees are independent of the company and its significant shareholders, except for Timur Kärki, who is dependent of the company and its significant shareholders, and for Tapani Liimatta, who is dependent of the company. Kärki is the largest shareholder of the company and has a contractual relationship with the company for performing tasks other than those related to his role as the Chair of the Board of Directors. Liimatta is an employee of the Gofore Group.

Remuneration of the Board of Directors

The Nomination Board proposes to the Annual General Meeting 2023 that the members of the Board of Directors be paid as follows:

- Chairman of the Board of Directors: Monthly remuneration of EUR 6,000.
- Other members of the Board of Directors: Monthly remuneration of EUR 3,000.
- Fees payable to the members of the Board of Directors for each Committee meeting: The Chair of Committee will be paid a fee of EUR 800 for each meeting, and other members of Committee will be paid a fee of EUR 400 for each meeting.
- Furthermore, all members of the Board of Directors will be compensated for travel expenses in accordance with the company's travel policy against receipt.

Composition of the Shareholders' Nomination Board

The composition of the Nomination Board preparing the proposal for the Annual General Meeting 2023 is the following:

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

All of the proposals made by the Nomination Board were unanimous.

The Shareholder's Nomination Board has four members and three of those members are representatives appointed by the three largest shareholders, and one member is a board member appointed by the company's Board of Directors from amongst themselves.

Gofore's sixth Crew Share plan

The Board of Directors of Gofore Plc has decided on a new plan period 2023–2024 of CrewShare share savings plan established in 2018. The details of the new plan period will be as in the previous plan period's particulars. More information about the new plan can be found on the company internet pages.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTY FACTORS

Economic development remains unpredictable for 2023 both globally and in Finland. Inflation, rising energy prices and the interest rates that are higher than before all have ramifications for Gofore's customers. Equally, the war started by Russia and the consequent geopolitical issues have already affected some of the company's clients in the private sector. These conditions may have an impact on how the private-sector market continues to develop, as well as on Gofore's existing customer base. In the worst-case scenario, some large assignments might come to an end.

Finland's public sector has continued its strong digitalisation trend, but financial uncertainty may negatively affect the financing of development projects in the coming years. The 2023 parliamentary elections and ensuing change of government may reduce the number of new development projects and tenders that begin in 2023.

A decrease in customer demand due to the reasons mentioned above may cause competition to intensify and customer prices to decline.

Further, in the case of public-sector clients, competition legislation means that even strong collaborations are halted when the client is periodically required to tender the service they procure. This also creates a risk for Gofore with regard to large customers, as ongoing customer relationships may be reduced or interrupted.

A strong, positive reputation as an employer, successful recruitment of the best talent, and the ability to meet expectations and create value for employees are key factors in pursuing organic growth. Failure to deliver on any of the aforementioned would negatively impact our organic growth. However, the intensifying competition for talent may also cause an increase in wages that, due to other market conditions, cannot be compensated by way of increasing customer prices. Such a development would lead to lower profitability than before.

In 2023, Gofore Group will continue the implementation of its new enterprise resource planning system and related information system. If problems arise in implementing these systems, this could impact the company's reporting ability or, in the worst-case scenario, its management capabilities.

Gofore aims to grow through acquisitions, especially in Finland and in German-speaking Europe (the DACH region). Acquisitions and subsequent takeovers of acquired companies are challenging and involve many types of risks, which Gofore seeks to prevent with careful action. A failure in acquisitions or takeovers would negatively affect the growth of the group's turnover and profitability.

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.

FINANCIAL GUIDANCE FOR 2023

Gofore updated its disclosure policy in February 2022 so that under the policy, the company will no longer be issuing financial forecasts relating to the financial period. Instead, the company will be developing the content of its monthly business reviews and interim reports, with an aim to further improve the company's transparency and, hence, the real-time monitoring of financial developments. In November 2022, the disclosure policy was updated so that the quarterly published business reviews will be changed at the beginning of 2023 into interim reports adhering to the IAS 34 standard.

In addition to financial statement bulletins, biannual reviews and interim reports, Gofore will continue to publish monthly business reviews. The information in business reviews, interim reports, half-year reports and financial statement bulletins is not audited.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF DIVIDEND

The parent company's distributable equity as of 31 December 2022 amounted to EUR 76.2 million, including the profit for the period, EUR 12.0 million. The Board of Directors proposes to the annual general meeting to be held on 24 March 2023, that a dividend of EUR 0.34 per share be distributed on the basis of the balance sheet for the financial year 1 January–31 December 2022. At the date of the proposal, there are 15,506,132 outstanding shares that yield dividends, equaling a total of 5.3 million euros in dividend payout. In accordance with the proposal, a total of EUR 5.3 million will be distributed as dividends and the remaining EUR 6.7 million will be retained in equity. The proposed dividend is 43.6 per cent of earnings per share.

The dividend will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment, 28 March 2023. No dividend will be paid on treasury shares held by the company on the record date. It is proposed that the dividends be paid on 4 April 2023.

Sustainability at Gofore

NON-FINANCIAL STATEMENT 2022

This section describes the key aspects of Gofore's sustainability-related activities in accordance with the requirements of Chapter 3a of the Accounting Act (non-financial information).

From 2022, Gofore has moved away from publishing a separate sustainability report and instead publishes the corresponding information as part of the Board of Directors' Annual Report. This change is a phase in the company's transition towards reporting in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) in 2024.

SUSTAINABILITY AT GOFORE

The effects of Gofore's business on people, the environment and society consist of the immediate effects of Gofore's operations and, indirectly, the actions and operations of the company's customers. Gofore helps customers in different industries to promote a sustainable organisational culture and operational models and to utilise the newest technology to develop sustainable solutions. Gofore's sustainable operations have a particularly pronounced impact on society, as the company's customers include several important public sector organisations.

In 2022, Gofore continued implementing its sustainability strategy, which extends to 2025. Gofore aims to be a pioneer in digital solutions promoting sustainable development and in sustainable business. The company's objective is that a significant share of its turnover comes from solutions that improve resource efficiency, cut carbon emissions or promote a strong, safe, democratic and open society. Gofore aims to be an attractive (ESG) investment.

GOFORE'S SUSTAINABILITY IS BASED ON COMPANY VALUES AND ETHICAL PRINCIPLES

Since it first started doing business, Gofore has been guided by two core values:

1. Gofore is a great workplace for everyone

At Gofore, we appreciate that our employees are the experts of their own work, and they are allowed to be their genuine selves. Our culture is founded on taking care of each other, continuous development and collaboration.

2. We thrive on the success of our clients

Success is always achieved in collaboration with the customer. In everything we do, our actions aim for positive impact and we are committed to long-term goals. We are honest, reliable and transparent. Gofore builds its business and sustainability work on these values.

Gofore's sustainability work is also guided by the company's ethical principles and the Code of Conduct approved by the company's Board of Directors at the beginning of 2020. The company's sustainability work combines Gofore's values, ethical principles and the Code of Conduct that serves as a guideline for resolving ethical problems.

Our ethical principles

We foster a holistic view of being a human

We acknowledge that work is an important part of a meaningful life. Work should support and fuel personal and professional growth.

Gofore is a part of society that we have an obligation to care for

We understand that business and society are intertwined. By supporting a well-functioning society, we are also supporting our own success.

We see our organisation as a community of human beings, not as a machine

We respect people as individuals – both our employees and everyone we meet along the way. We also understand that each and every one of us needs to do our part as members of society.

We must not put any more strain on the environment than is necessary

We are responsible for maintaining the environment for ourselves and future generations.

LEADING SUSTAINABILITY

It is important that Gofore's operations benefit all its stakeholders. This makes the company a safe and dependable long-term investment. Ethically sustainable operations give the company's personnel a working environment that supports their well-being and lets them thrive, as well as attracting the best talent to the company.

Gofore's operations are also guided by international corporate responsibility guidelines, particularly the UN's Sustainable Development Goals (SDGs). Additionally, the company observes the human rights and fundamental labour rights approved by the UN and International Labour Organization (ILO) in every country it operates in.

Gofore's sustainability work is guided by separate function-specific commitments, plans and policies. The Group's Executive Management Team is responsible for the leadership of Gofore's strategy, operations and sustainability. Decisions related to sustainability are usually handled by the Executive Management Team; however, significant decisions related to the topic are made by the company's Board of Directors. Since 2019, an assigned Chief Sustainability Officer has been responsible for the practical management and coordination of sustainability efforts. She is also in charge of developing sustainability work as a whole and monitoring progress towards relevant targets.

GOFORE'S SUSTAINABILITY WORK IS GUIDED BY:

- Equity and inclusion plan
- Information security policy
- Environmental guidelines
- Insider guidelines
- Work ability management, monitoring and early support guidelines
- Inappropriate and disruptive conduct at work guidelines

Gofore's strategic goal is to be a pioneer in sustainable business and digital solutions that promote sustainable development. The company also aims for a significant share of its turnover to come from solutions that have a verifiable positive effect on resource efficiency, that cut carbon emissions or promote a strong, safe, democratic and open society. The company wants to be an attractive ESG investment, which is why it aims to expand its line-up of business activities that fall within the criteria of the EU's sustainable finance taxonomy every year.

GOALS, FRAMEWORKS AND METRICS

Gofore's sustainability work is based on a stakeholder assessment completed in 2019 and a materiality analysis refined in 2021. In addition, as the basis for its sustainability work, Gofore has identified six UN SDGs that it is particularly well positioned to advance through its actions and services.

REPORTING FRAMEWORKS AND METRICS

Starting in 2021, Gofore has transitioned to a reporting system in line with the Stakeholder Capitalism Metrics framework developed by the World Economic Forum.

The company reports all core metrics from this framework and some expanded metrics where applicable. In addition, it also reports metrics from the accounting standard of the Sustainability Accounting Standards Board (SASB) where applicable to the software & IT services sector.

In its operations, the company observes Finnish law, Gofore's articles of association and Nasdaq Helsinki Ltd's insider guidelines.

8 DECENT WORK AND ECONOMIC GROWTH

- Increasing economic growth and productivity through technological innovation
- Acting as a responsible employer and taking care of the sustainability of your own production chain

11 SUSTAINABLE CITIES AND COMMUNITIES

- Projects developing urban decision-making and democracy
- Projects improving regional government's efficiency
- Transport sector projects to improve road safety and flow of public transport

13 CLIMATE ACTION

- Continuous reduction of own carbon footprint
- Reducing the carbon footprint of customers by means of digitalisation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Improving the energy and material efficiency of industrial processes through digitalisation

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Improving the energy and material efficiency of customers through digital innovation
- Developing digitalisation to support the transition to a circular economy
- Reduction and recycling of own waste

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Economic sustainability (avoidance of tax evasion and corruption in all its forms)
- Projects to increase transparency and efficiency in the public sector
- Development of data protection, data and AI ethics

Priorities of Gofore's sustainability work

Promoting sustainable development is increasingly at the heart of the business activities of Gofore's customers. The demands of the transition to more sustainable operations create new development needs in areas such as strategic planning, measurement and impact assessment, as well as data management and analytics. New regulations also place entirely new accountability on business sustainability work. Through its services and everyday customer work, Gofore supports its customers' work towards achieving their sustainable development goals.

In 2021, Gofore improved its materiality assessment. In this context, the company identified the following key business goals:

- Gofore uses its expertise to help solve the most critical global sustainability challenges.
- Gofore is helping to build an ethical digital world.
- Gofore is the best possible workplace.

The following sections describe these goals in more detail.

GOFORE USES ITS EXPERTISE TO HELP SOLVE THE MOST CRITICAL GLOBAL SUSTAINABILITY CHALLENGES

Transforming into a sustainable way of living poses great challenges to societies and organisations alike, forcing them to engage in change. Through digitalisation, there are many ways in which it is possible to positively impact many global sustainability challenges – both those that are related to society and those that are related to the environment. This is why the sustainability transformation is creating a new, important business segment to Gofore: the company can develop solutions that advance ecological rebuilding efforts and a more open, transparent and democratic society.

This ongoing change is also visible in the daily work of the company. Gofore can support its customers in achieving their sustainability objects through customer service and the services the company offers. This is one of Gofore's key business opportunities.

GOFORE IS HELPING TO BUILD AN ETHICAL DIGITAL WORLD

Gofore believes that the ethical nature of a company's business is the sum total of the ethical conduct of everyone within it. This is particularly important aspect for a self-managing organisation like Gofore, where every employee's understanding of the effects of their own actions and their ability to make decisions based on sound ethical principles is essential. For this reason, Gofore is focusing intensively in developing the ethical capacity of the organisation and the individuals in it and has already built structures within the organisation that support ethical ways of working.

We continuously strive to develop our understanding of how digital technologies can be used in an ethically sustainable manner. This means not only a strong commitment to information security and data protection but also a broader reflection on the use of ethical data, for example from the perspective of non-discriminatory artificial intelligence or data rights.

In 2021 and 2022, the company carried through a development project aimed at supporting the structures that enable every Gofore employee to make decisions based on sound ethical principles. The project's results are discussed in more detail in the Management section.

The company strives to continuously develop its understanding of how digital technologies can be used in an ethically sustainable way. This means not only a strong commitment to information security and data protection, but also a broader reflection on the ethical use of data from perspectives such as non-discriminatory artificial intelligence and data rights. Gofore believes that responsibility questions related to data handling and digitalisation will start to become an increasingly important part of the sustainability work of organisations. The company strives to be a frontrunner when it comes to this development and to support its customers in developing their digital responsibility.

GOFORE IS THE BEST POSSIBLE WORKPLACE

Gofore understands that skilled and motivated employees are what a company's business and success are built on. Nothing is more important to Gofore than the wellbeing of its employees, and the company goes to significant lengths to ensure it. The company aims to be at the cutting edge of progress in this area and a model of a responsible employer. One testament to Gofore's determined work to achieve this goal is that it is now known as a trailblazer in shaping a healthy company culture in Finland.

The company holds itself responsible for ensuring its employees always have opportunities to develop their skills. This is best achieved by participating in interesting projects that offer opportunities to learn new capabilities, however, the learning model of Gofore Academy has also been further developed in 2022. Opportunities for employees to develop their skills are discussed in greater detail in the People section.

Gofore understands that skilled and motivated employees are what a company's business and success are built on. Nothing is more important to Gofore than the wellbeing of its employees, and the company goes to significant lengths to ensure it.

Management

From the beginning, Gofore has been a value-driven company with a strong sense of social responsibility. The company understands that its relationship with society is reciprocal. A functioning, prosperous and stable society is a basic prerequisite for Gofore's business success.

THE PURPOSE OF GOFORE'S BUSINESS

The purpose of the company's business is to pioneer an ethical digital world. Gofore is a professional services company that offers its customers access to the opportunities presented by digitalisation. The company helps its customers plan and implement solutions that contribute to global sustainable development objectives.

The role of a pioneer is to be an industry frontrunner, but it also means adopting an inquisitive and open-minded approach. The ethical questions raised by digitalisation are complex, and there are no simple answers. The digital revolution imposes a number of changes on society and understanding its myriad effects calls for reconciling the views of experts from different fields and establishing a healthy dialogue.

As part of its role as a pioneer, Gofore aims to help find solutions to the digital world's most-challenging ethical problems and to continuously develop ethical digitalisation skills. Gofore is not afraid to join difficult discussions about subjects such as what it means to use data ethically, what ethical artificial intelligence is, what digitalisation needs to do to be inclusive and sufficiently account for differences between people, or on whose terms digitalisation is in fact being advanced.

BOARD OF DIRECTORS AND EXECUTIVE REMUNERATION

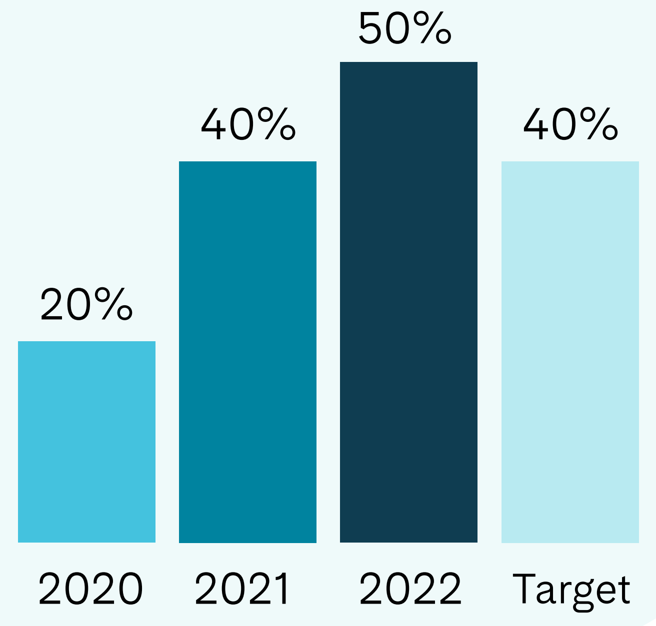
Gofore's Board of Directors and its members are presented in more detail in the separate Corporate Governance Statement. The statement is available on the http://gofore.com/en/invest/releases-and-reports/reports-and-presentations/

The remuneration of senior management follows Gofore's Remuneration Policy, which is available on the https://gofore.com/en/invest/governance/remuneration/

The goal of the Remuneration Policy is to support the attainment of the company's strategic goals and improve the company's competitiveness and long-term financial success. Remuneration is tied to both short- and long-term profitability. Additionally, the aim is to contribute to the positive development of shareholder value and commit the Board of Directors and CEO to the company's goals on a long-term basis.

The company's remuneration policy will be presented in the company's annual general meeting at least every fourth year and every time significant changes are proposed to it.

PERCENTAGE OF WOMEN IN THE BOARD OF DIRECTORS



The company publishes an annual remuneration report on its website describing the actual remuneration for the financial year.

Independent Board members

Eveliina Huurre
Mammu Kaario
Piia-Noora Kauppi
Sami Somero

Non-independent Board members

Tapani Liimatta, Gofore employee

Timur Kärki, the company's largest shareholder. He has a contractual relationship with the company for the performance of duties other than those of Chairman of the Board of Directors.

CODE OF ETHICS

Gofore's operations are based on openness and transparency, both internally and externally and towards all the company's stakeholders.

In 2022, Gofore completed a project to develop the work community's ethical capability. The project was carried out in collaboration with a business ethics consultancy, CoHumans, and received funding of EUR 27,000 from the Finnish Work Environment Fund. The aim of the project was to establish a comprehensive understanding of what, in practice, the ethical capability of a technology company's work community is and how it can be strengthened.

The project resulted in the launch of two pilot schemes – *Gofore Ethics Experts and Gofore Ethics Desk* – aimed at enabling the company to build on not only its knowledge and skills in operating ethically but also the communal- and structural-level prerequisites of ethical sustainability. *Gofore Ethics Experts* is a working group centred around developing ethical capability with the goals of, in 2023, defining concepts related to the ethics of digitalisation, creating processes for assessing ethical impact in customer projects and improving the ethical decision-making skills and understanding of Gofore employees. *Gofore Ethics Desk* is a working group consisting of senior management representatives and experts from different roles. It provides Gofore employees with recommendations and support for ethical questions that arise in their work.

In addition, in 2022, Gofore planned and implemented a web-based training programme that is available to all Gofore employees and allows them to strengthen their technology skills and delve deeper into the effects of digitalisation and ethical themes revolving around corporate responsibility.

> Gofore's operations are based on openness and transparency, both internally and externally.

Gofore's Code of Conduct encourages its employees to raise any ethical problems or illegal activities they notice. The company's culture of open dialogue has also been shaped with that same purpose. If the matter at hand is related to a customer project, employees are advised to contact the internal stakeholder responsible for the client account or the sector in question or, if necessary, the Chief Sustainability Officer. If the matter is related to the company's internal operations, it should be raised with the line manager, HR or shop steward. In addition, the Code of Ethics emphasises that employees may also contact the CEO directly at any time if they discover unethical or illegal activities.

As a rule, employees are encouraged to raise any problems in person. However, in accordance with the EU's Whistleblowing Directive, Gofore also has an anonymous reporting channel that employees can use to raise any issues they experience. Reports received through this channel are directed to the company's general counsel and Chief Sustainability Officer, who are committed to handling them confidentially and forwarding them to the right stakeholders. The channel received one report in 2022, which was handled as per the procedure.

The company's Code of Conduct prohibits corruption and bribery in any form. Also, the company does not support any politicians or political parties or engage in lobbying to further its own business goals.

Gofore's rules against corruption and bribery extend not only to its employees but also to its partners. In 2021, the company adopted an ethical review tool that is used to assess and identify corruption risks in all projects before they are launched. Employees and other key stakeholders can also report observations related to potential bribery and corruption through the anonymous whistleblowing channel.

There were no reported incidents of corruption, bribery or other breaches of ethical business practices in 2022 or preceding years of operation. There have also been no legal proceedings against Gofore in relation to unethical or illegal practices. The company has not yet trained its employees systematically in anti-corruption practices, but the need has been identified. The options for offering relevant training will be investigated in 2023.

STAKEHOLDER ASSESSMENT

Gofore has identified the stakeholders listed in the adjacent table and their expectations as part of its materiality assessment.

SUSTAINABILITY RISKS AND OPPORTUNITIES

Gofore has an active risk register into which it continuously collects both business and sustainability risks. These are risks affecting people, the environment and society that may arise as a result of Gofore's operations. Risks are assessed based on factors such as their probability and their impact on business, and they are periodically reviewed by the relevant stakeholders and the Executive Management Team. The company's risk management system includes a detailed risk-management model, as well as risk-related policies, planning, responsibilities and processes.

In 2023, the company will place particular focus on controlling climate-related risks and will deploy solutions that decrease climate risks related to operations.

STAKEHOLDER GROUP	EXPECTATIONS
Customers	• Sustainable and environmentally friendly operation • Reliability and honesty • Ability to support customers in achieving their own sustainability goals with digital innovations • Motivated, creative experts who work in an ethical manner and understand their responsibility
Investors, analysts, and other capital market representatives	• Return on investment; profitable and sustainable long-term business • Reliable, accurate, and up-to-date information • Honesty and transparency • Sustained business growth and stability • Innovation in operations and ability to take up important and topical challenges (sustainable development goals) • Consideration and management of risks • Sustainability management and processes
Employees	• Reasonable and equal pay in relation to the duties for all, in all countries, good benefits and comprehensive occupational health services • Equal work community, zero tolerance of harassment, balance between work and leisure • Human rights, workers' rights • Inclusivity, diversity, and equality • Meaningful work with opportunities to develop • Reliable management, transparency, and fairness • Ethical operation, sustainability • Steady and safe job, stability
Media	• Expert views and comments, active interaction with media representatives by the experts in management • Reliable, correct, and up-to-date information
Society and authorities	• Open relations and interaction • General responsibility • Local well-being, compliance with regulations and laws, sustainable business • Taxes
Universities and educational institutions	• Work experience • Research cooperation
Partners and subcontractors	• Working network which supports all parties in growing and developing their business and capabilities • Reliable partnership • Management of sustainability risks through the supply chain
Competitors	• Cooperation in sustainability themes • Fairness and openness in competitive situations

To counter-balance the theme of risk management, the company also recognises business opportunities related to sustainability. As Gofore's clients work towards meeting their own sustainability objectives, it offers the company possibilities to create new business by developing solutions that, by means of digitalisation, support the sustainability work of Gofore's customers. For example, developing data-driven solutions to help combat climate change is a significant business opportunity for the company. Similarly, Gofore sees promising business opportunities in developing its customers' data protection and information security and creating solutions that support the ethical utilisation of data. Providing data-based support for decision-making in the realm of sustainable development using processes such as systems modelling is also a rapidly developing area.

The most significant sustainability risks affecting Gofore's operations on a general level and the procedures involved in managing them are presented in the adjacent table.

RISK	RISK MANAGEMENT
Employees struggle to thrive at work	Monitoring and measuring job satisfaction with e.g. Crew Pulse and Culture Amp platforms. Intervention in possible problems with the help of the early support model.
Customer project that is unethical or harmful to the environment or people	Risk is mitigated with the Code of Ethics instructions and the anonymous whistleblowing channel. The Good Growth audit launched in 2021 to be carried out for all projects in the future, further mapping the sustainability impacts each project. In 2021 we introduced an ethical review tool to asess potential ethical risks related to a project already at the sales stage.
Compromising of human or labour rights caused by Gofore or its partner	Risk is mitigated with the Code of Ethics instructions and whistleblowing channel.
Illegal activity in a customer project	There are guidelines for reporting the occurrence of illegal activities, for example, with regard to information security. In addition, an anonymous whistleblowing channel is in place to allow employees to report their findings in relation to potential unlawful activities.
Local legislation, regulations and information security in an international location or customer's domicile conflicts with EU regulation or Gofore's Code of Conduct	Risk is sought to be prevented in advance with the Code of Ethics.
Publication of inaccurate financial information	The publication of inaccurate information is sought to be prevented through audits and approvals of financial reports as part of due diligence.
Accidental disclosure of stock market-sensitive information within the company or outside it	All employees processing inside information must be familiar with Gofore's insider instructions. There is a separate reporting channel for possible insider offences.
Risk of corruption and bribery	The risk of corruption and bribery is mitigated with the insider instructions and Code of Conduct. There is also a whistleblowing channel for employees to report anonymously their observations of possible corruption or bribery.
Deterioration of a customer's information security or information leak related to a customer	The risk is mitigated by clearly defined management responsibilities, keeping up security awareness via training events, disposing of or reusing equipment safely, up-to-date non-disclosure agreements and other measures in accordance with Gofore's ISO27001-compliant information security system.
Compromise employee data protection	The risk is mitigated by clearly defined management responsibilities, keeping up security awareness via training events, disposing of or reusing equipment safely, up-to-date non-disclosure agreements and other measures in accordance with Gofore's ISO27001-compliant information security system.
Damage to people caused by emergencies, like a fire or a similar situation	All locations have an up-to-date readiness and rescue plan for emergencies. Employee readiness is maintained through rescue exercises.

INFORMATION SECURITY AND DATA PROTECTION

Gofore's business is largely founded on the trust of customers, partners, employees and other stakeholders. Information security is key to maintaining and guaranteeing that trust. The confidentiality, integrity and availability of information in all its forms is important to Gofore's continued operations and good governance. That is why it is important to take all available steps to ensure that the company's information security is efficient and in line with its business goals and relevant laws and regulations.

The company is continuously developing its ISO-27001-compliant information security management system and working to shape a company culture in which employees consider security to be part of their personal day-to-day operations and duties. Responsibility for security falls on everyone.

0

NUMBER OF SECURITY BREACHES IN 2022

0

NUMBER OF DATA BREACHES IN 2022

INFORMATION SECURITY POLICY

Gofore follows the below practices when it comes to information security:

1. The Gofore Group Executive Team is committed to taking comprehensive responsibility of the company's information security management system.
2. Information security risks are regularly assessed and managed to ensure business continuity.
3. Safety practices and related requirements are communicated to employees, subcontractors and other partners through contracts.
4. Access to systems and information is allowed on the basis of the confidentiality of information and the need for access.
5. Data is classified and processed following the appropriate security levels and personal data will be processed in accordance with the GDPR.
6. Information security is integrated in the design, development and purchase of digital services and this is also supported by guidelines.
7. Data networks are isolated, protected, controlled and managed in accordance with network security recommendations.
8. Security breaches and other security-related incidents are reported and handled in accordance with the instructions.
9. We encourage and support a security-conscious culture that promotes security training for our employees, subcontractors and other partners.
10. We ensure that each Gofore employee, subcontractor or partner representative understands their responsibility to be aware of security matters and act accordingly.

Planet

Gofore strives to minimise the detrimental environmental effects of its own operations. In particular, this means minimising climate impacts. Gofore has committed to keeping its operations carbon-neutral from 2021 onwards. This goal has been achieved partially through emission offsetting.

The company's employee induction includes environmental guidelines, which consist of instructions on waste management, travel, water use and procurement. All operations comply with national environmental legislation and regulatory requirements. Gofore's largest offices in Finland (Tampere, Helsinki, Turku and Jyväskylä) are certified under the WWF Green Office system.

CLIMATE

The carbon emissions of Gofore's Finnish operations have been calculated every year since 2019. The emissions of the company's offices abroad, company-owned vehicles and waste management have been included in the calculation since 2021. The calculation includes all scope 1 and 2 emissions as well as business travel (commutes between home and office and other business trips) and procurement (equipment and furniture) from scope 3.

Gofore's goal in 2023 is to include the entirety of scope 3 in the calculation. In practice, this means that the emissions from the software systems the company maintains will also be included in its carbon footprint.

Gofore has partly offset its emissions starting from 2020. From 2021 onwards, the company has been committed to maintaining the carbon-neutrality of its own operations, which means that all scope 1 and 2 emissions that cannot be sufficiently reduced will be offset each year. In 2021, Gofore offset its emissions through the Compensate Foundation. In 2022, Gofore purchased Soilfood carbon credits equal to 135 tonnes of carbon dioxide equivalents. The remaining scope 1 and 2 emissions, 26 CO2 equivalent, will be similarly compensated using measures to be decided at a later date.

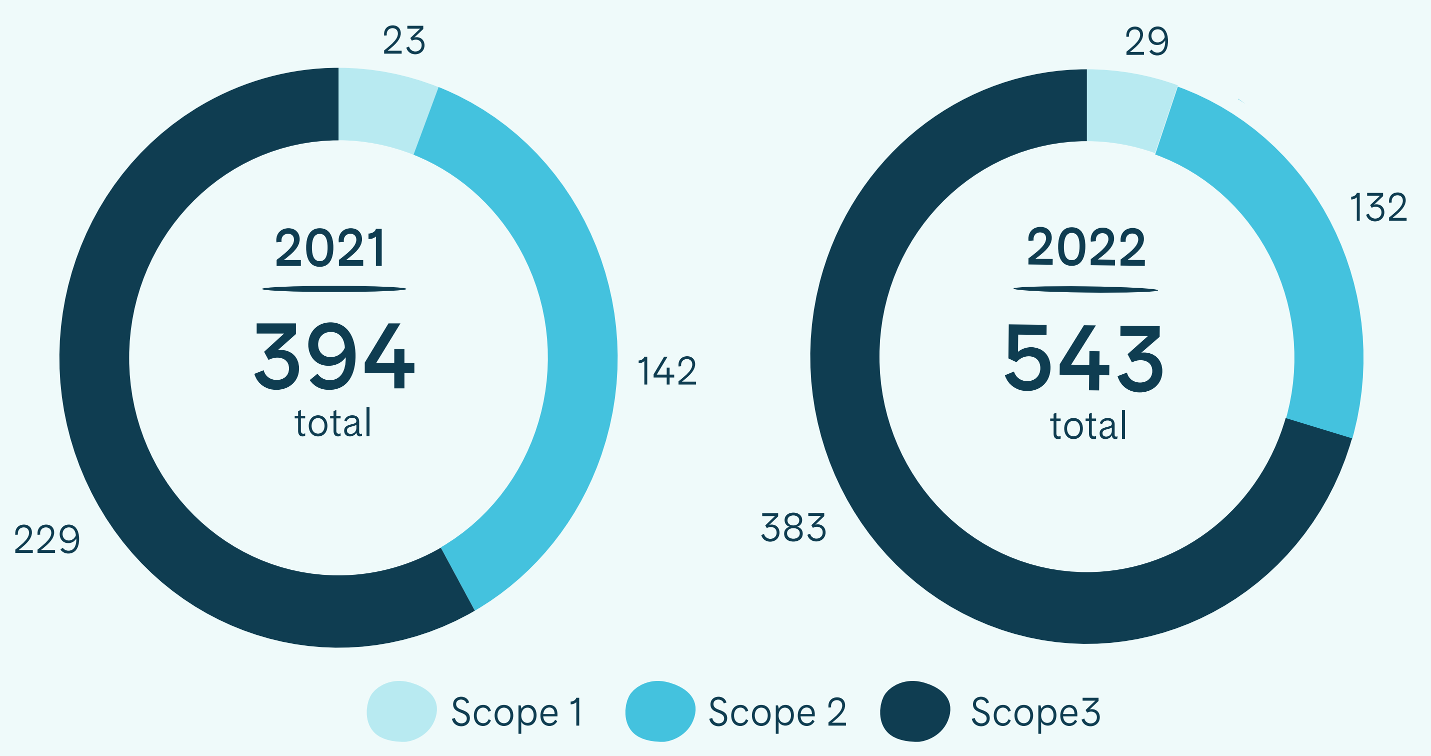
Gofore's aim is to further reduce the emissions resulting from its operations. The company is committed to reducing the emissions from its own operations to zero by 2030. This will be executed by moving to 100% use of renewable energy and by changing leasing vehicles to electric vehicles.

The company will be reducing its scope 3 emissions as well, the aim being to shrink the carbon footprint of products and services it purchases. Additionally, the company's travel guidelines will be developed with the aim of reducing greenhouse gas emissions from commuting. As a practical measure to increase carbon-neutral commuting, Gofore has offered bicycle benefit to all its employees in Finland since 2021. The company also financially supports the use of public transport for business travel and advises all its employees to use trains for travel during the workday where possible.

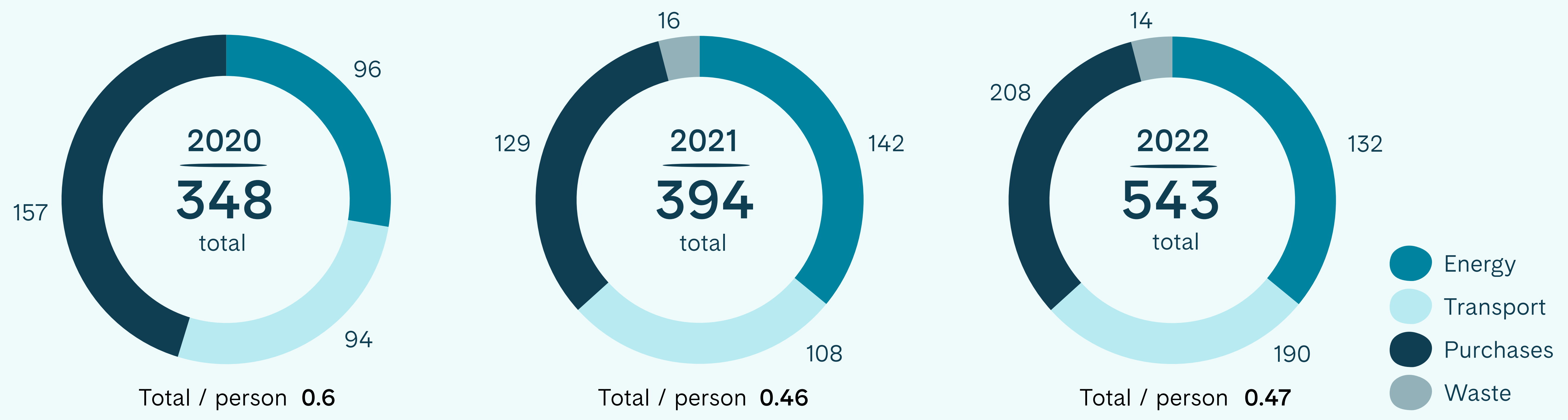
In terms of business travel and energy consumption, the COVID-19 pandemic has facilitated emission reductions by forcing both Gofore and its customers to learn new ways of working that do not require commuting or travel. The company aims to continue to utilise remote working widely in the future. Gofore leases its equipment from a service provider that recycles its products at the end of their lifecycle. The equipment is primarily TCO certified.

The Stakeholder Capitalism Metrics framework, which are used by Gofore, recommend the introduction of full reporting compliant with the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations. Currently, Gofore does not consider carbon emissions to be sufficiently material for the company's business for TCFD-compliant reporting to be worthwhile. However, the company intends to implement the recommendations in the future.

CLIMATE EMISSIONS BY SCOPE, TCO2-EQ



CARBON FOOTPRINT, TCO2-EQ



NATURE LOSS

Gofore's business has no significant direct impact on biodiversity or land use. The company does not own any properties or land. Possible indirect effects on biodiversity occur mainly through customer projects and can be positive or negative. However, Gofore recognises the threat to biodiversity as a major environmental issue, alongside the climate crisis. That is why a significant portion of the company's charity donations goes to organisations that are working to combat the loss of biodiversity. In 2022, Gofore supported the Baltic Sea Action Group's regenerative, biodiversity-supporting agriculture in Finland and Aktion Baum's afforestation projects in Germany, which have a considerable effect on the preservation of biodiversity in the country.

The company selected Soilfood as its carbon emission offsetting service provider for 2022 because its operations have significant positive effects on preserving soil biodiversity.

WATER USE

Gofore's operations do not consume a significant amount of water. The company's water usage consists entirely of the small amounts of water used at offices during the workday.

People

People are at the heart of Gofore's operations, and this can be seen in everything the company does. Gofore looks after its employees and continuously develops its operations to ensure those employees find their work important and exciting and that they feel part of a community at the workplace. The company supports the well-being of its employees in a wide variety of ways and actively develops the equity and diversity of its work community. All the company's development work between 2023 and 2027 will be guided by a strategy that is centred on its customers and employees.

In 2022, Gofore continued to develop its excellent employee experience. The results spoke for themselves, and changes such as the creation of a company-specific, culture-based collective agreement drew well-deserved public attention and praise. The collective agreement earned Gofore the accolade of Engineer Employer of the Year from the Union of Professional Engineers in Finland, and the company emerged as the best employer in the opinion of small investors in T-Media's Reputation & Trust survey.

In 2023, Gofore will be bringing new perspectives to its work: Particular targets for improvement in the work community are the cultivation of an inspiring and supportive community spirit and consideration for employees' individual needs in hybrid and remote work. Another goal is to support the inclusiveness and diversity of the work community in international and intercultural collaboration. There are three main challenges from the sustainability perspective for both themes: hybrid work becoming a permanent way of working, the diversity of professional networks and international and intercultural collaboration.

RESPECT FOR HUMAN RIGHTS

Gofore operates in countries that are committed comprehensively to international human rights. Gofore's human rights requirements apply not only to employees but also to all the company's partners. Gofore's Code of Conduct includes the handling of human rights incidents. No incidents that might involve a breach of human rights, discrimination against employees or other inappropriate conduct were reported in 2022.

The company's Code of Conduct requires personnel to respect human rights and the rights of international employees. All activities are always guided by national legislation and internationally recognised human rights. Gofore supports universal human rights and the elimination of all discrimination in labour markets and professional life.

RISKS RELATED TO CHILD LABOUR AND FORCED LABOUR

Gofore supports the elimination of forced labour and child labour globally. With very few exceptions, Gofore employs, directly or through subcontractors, only highly educated adults, which means the risk of child or forced labour in the company's business is very low. Potential risks related to child or forced labour can generally only occur indirectly in the purchase of services.

Most of the company's services are produced in Finland, with the rest primarily in EU countries. Child labour is practically non-existent in Finland, but there have been some cases of forced labour in the cleaning and restaurant industries. With this in mind, the risk of forced labour can be minimised by purchasing these services from operators known to be socially responsible. Breaches related to child or forced labour have not been discovered in any of Gofore's supply chains.

When it comes to foreign subcontracting, the company strives to minimise risks to occupational health and safety and risks related to workers' rights by purchasing subcontracted services directly from companies Gofore has long-standing relationships with and who have been established to operate responsibly. During these long collaborations, Gofore personnel come to know the experts working at foreign subcontractors well, which allows the company to gain a good understanding of their working environments.

Since 2020, Gofore's Code of Conduct has been attached to all subcontracting agreements, binding the subcontractors to it. In 2023, instead of Gofore's general Code of

Conduct, contracts will be accompanied by a subcontracting Code of Conduct prepared especially for subcontracting contracts, which takes into account the risks related to child and forced labour in subcontracting in greater detail than before.

EQUITY AND DIVERSITY

Gofore is a flexible employer that supports the diversity and equity of its employees.

Equity means that all people are equal, regardless of age, language, ethnic or national origin, nationality, religion, convictions, opinions, disabilities, health, sexual orientation, family relations, political activity, trade union activity or any other personal traits, and that none of the above shall be an obstacle to individual success or fulfilment of potential. However, equal treatment of everyone is not always enough to ensure equity. That is why Gofore aims to make equity a reality by recognising the varying and individual needs of each employee.

At Gofore, diversity and inclusion are seen as a strength that increases human capital, occupational well-being, productivity and the ability to improve.

One of Gofore's objectives is to ensure that women always make up at least 33 per cent of its employees and that the Group's Executive Management Team is made up of at least the same proportion of women as the Group's total employees. In addition, the company also aims to ensure that women always make up at least 40 per cent of its Board of Directors.

To ensure all employees have equal professional opportunities, the company pays particular attention to the accessibility of its workspaces. Accessibility mapping will be carried out at the offices in Finland in 2023, and the results will be published on the company's website.

AMOUNT OF EMPLOYEES BY COUNTRY

Finland

2020	2021	2022
692	814	1149

Germany

2020	2021	2022
20	20	29

Spain

2020	2021	2022
10	11	15

Estonia

2020	2021	2022
2	7	13

eMundo. is not included in 2022 figures

SALARY OF WOMEN / SALARY OF MEN, %

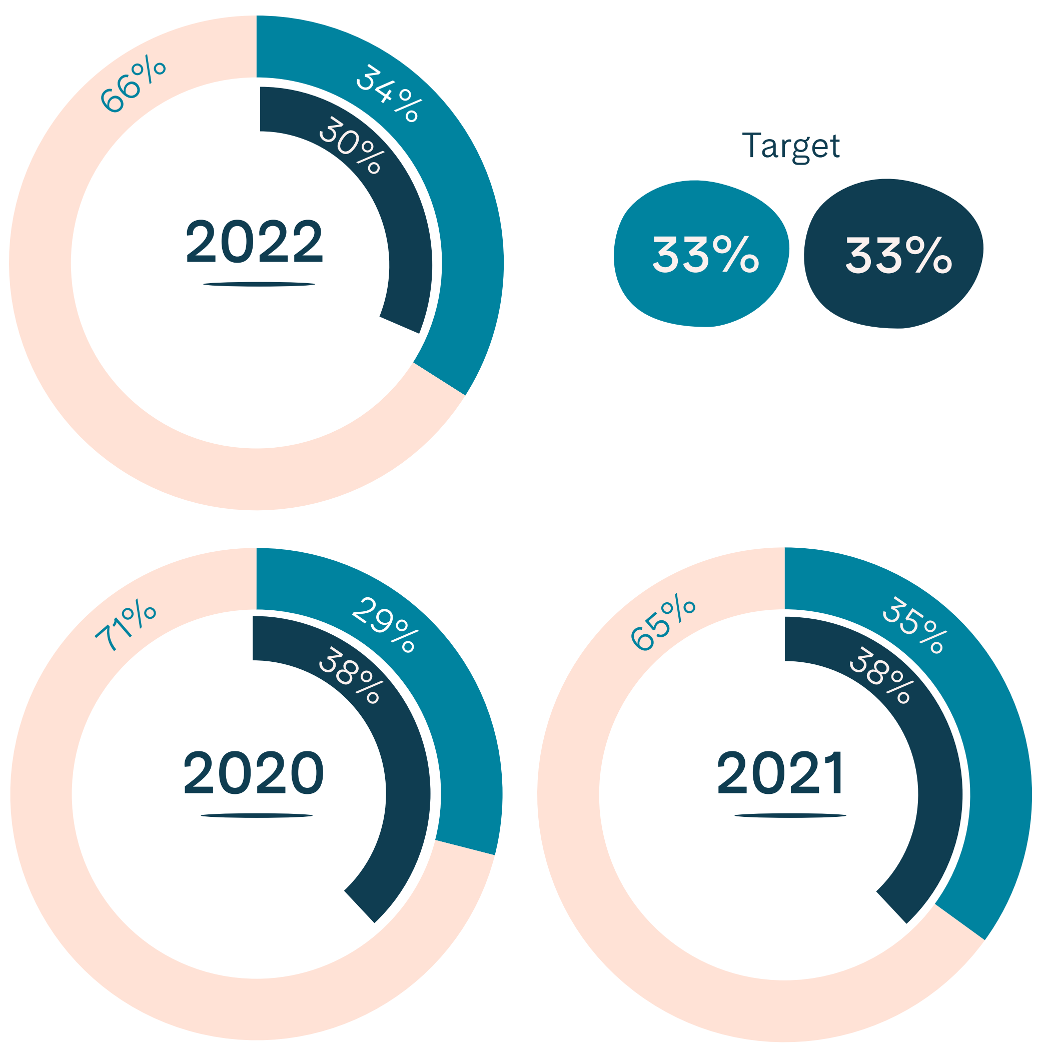
2020	2021	2022
94%	97.1%	99%

Counting method has changed since 2021. Bonuses and benefits are also accounted for since 2022.

TOTAL AMOUNT OF EMPLOYEES

2020	2021	2022
724	852	1,203

PERCENTAGE OF WOMEN / MEN

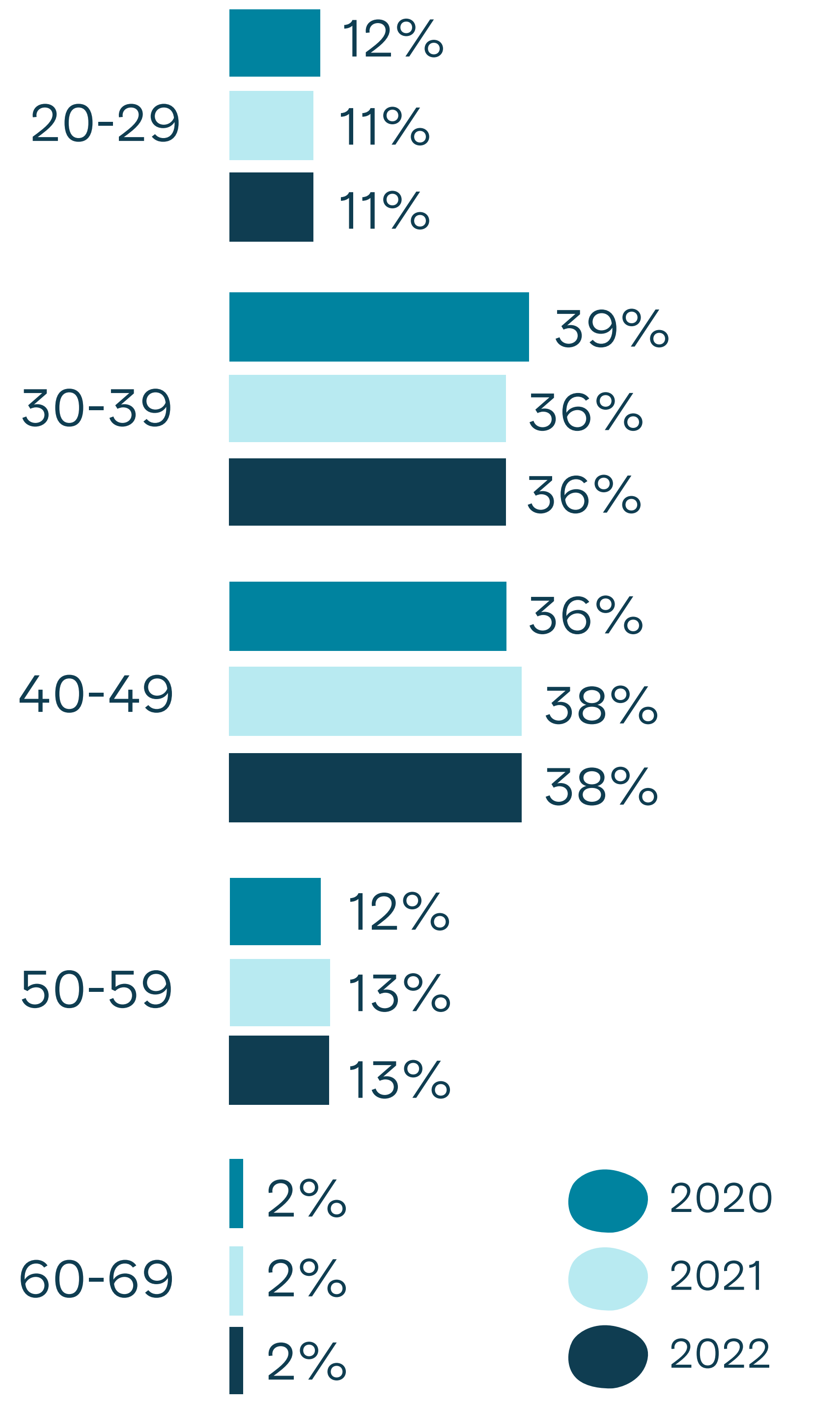


Percentage of men

Percentage of women

Percentage of women in the Group's Executive Management Team

EMPLOYEES BY AGE GROUP, %



HEALTH AND WELL-BEING

Gofore looks after its employees' well-being and ability to work with an extensive occupational health service agreement, benefits that support occupational well-being and by reducing the strain placed on employees through various practical arrangements and training programmes. The goal is to ensure that every employee has the resources and support they need from the work community to succeed in their duties. Particular attention is paid to employees' mental well-being and their ability to recover from work and find a healthy work-life balance. Gofore performs well when compared with other companies in the sector in regard to the amount of sick leave and mental-health-related absences taken by employees.

In Finland, Gofore offers its employees extremely extensive occupational health care that, when it comes to accessing care or the quality of care received, does not differentiate between illnesses or injuries that occur at work or during leisure time. Occupational health care covers surgery and radiology, as well as short-term psychotherapy and occupational psychology. Employees can contact occupational health care flexibly by phone or via an electronic booking and chat service. Occupational health services are available in the form of both face-to-face consultations and phone or video consultations.

The focus of the company's occupational health services is on preventive health care, which also includes providing managers with training in the subject. In the event an employee's ability to work has been reduced, the first course of action is always to try to find a solution through discussion. If necessary to avoid an extended absence, the employee can be directed to the occupational health care provider's psychology services or they can be offered changes to their working arrangements. However, if long-term sick leave is required, a consultation on the employee's ability to work will be scheduled upon their return with their manager and an occupational health care representative. The aim of the consultation is to agree on practical measures to ensure the employee can return to work and succeed in their duties.

The company reviews the employee benefits it offers on an annual basis. The benefits may vary based on the practices and legislation of different countries. The aim is always to shape a benefit package that helps maintain employees' ability to work and which can be enjoyed by as many employees as possible. Currently, the benefit package includes items such as a sports and culture benefit that employees can use on various sporting activities and cultural events. The aim of this benefit is to support employees' physical and mental well-being. In addition to these, the company offers its employees various benefits with direct health effects, such as access to dental and massage services. The company also provides support for purchasing glasses, whether they are work glasses (100%), normal glasses or contact lenses.

All the company's employees in Finland fall under its extensive occupational health service and receive accident insurance. In addition to statutory workers' compensation insurance, the company has a separate remote-working insurance policy that also covers employees during their remote-working breaks. The insurance that employees receive also covers trips to take children to a day care centre, as well as walking meetings, which are a common practice at Gofore.

Many Gofore employees have young children. Managing a work-life balance as a parent can often be stressful, so the company strives to help employees with young children reconcile their working and home lives in a number of different ways.

Finnish law ensures employees receive longer family leave than they would in most countries. In 2022, Gofore paid birthing parents their full salary for three months while on family leave and non-birthing parents for 18 business days. Pay during family leave is changing at the beginning of 2023 in accordance with the updated collective agreement: birthing parents will now receive a salary during pregnancy leave and for 36 business days during family leave, and non-birthing parents will also receive a salary for 36 business days during family leave.

As a benefit, the company offers employees with sick children the option to book a babysitter paid for by the company for the duration of the workday.

In addition to these benefits, the most popular option for employees looking to improve their work-life balance is flexible working time, which they can use to adjust the length of their working days and weeks. The company also facilitates flexible working time on very short notice when necessary. Similarly, Gofore's holiday practices are quite flexible, and employees are usually able to schedule their holiday for the most convenient time. Flexible remote-working arrangements also allow employees to work in different situations and places, allowing them to, for example, schedule their work around busy family life.

Gofore has recognised that, in addition to caring for young children, employees are increasingly becoming responsible for their own parents, which can also add stress to an individual's life. Many employees live far away from their parents, and sudden illnesses can mean that employees sometimes have to travel on short notice to look after them. Gofore's employees are entitled to up to two days of paid absence from work if their immediate presence is required due to an unforeseeable and compelling reason related to illness or accident affecting a parent.

In 2022, Gofore's policy concerning time off to care for sick children was in line with Finnish statutory requirements, giving employees the right to stay home for two days to care for a sick child under 10 years of age. Starting in 2023, employees will be entitled to an absence of up to two days to care for their child regardless of age, even if the child is already an adult.

Occupational accidents are extremely rare in Gofore's operating environments, and most accidents are falls or traffic accidents that occur during commutes or walking meetings. In 2022, there were zero severe occupational accidents at Gofore.

An extensive occupational health survey is carried out at Gofore on an annual basis.

LEARNING AND DEVELOPMENT

Gofore develops the professional expertise of its employees in a goal- and people-oriented manner. The company has identified developing the skills of its employees as a critical success factor both in its business and as part of its employees' occupational well-being. Gofore encourages its employees to map out their own personal development goals and methods in dialogue with their managers. The company believes that people learn best by doing (e.g. by performing their current duties, as well as engaging in new tasks and projects), and through collaboration with others (e.g. guilds and peer support). Formal training also has its place in competence development (e.g. courses and coaching).

Since 2021, Gofore has been tracking employees' experiences of personal development using a separate index that measures employee satisfaction with on-the-job learning, feedback, career opportunities and learning services. The target level of the index is set at 60%. Thus, the goal is that at least 60% of employees rate their own learning and development progress as excellent. The goal is raised as the long-term work produces results.

Gofore does not track or report the number of training sessions or hours spent on training because the company does not feel that this metric sufficiently reflects the learning opportunities offered to its professionals. The company's experiences suggest that employees learn

Professional development index

2020 60%
2021 58.5%
2022 65%
target 60%

Percentage of employees that feel they are continuously learning from their work

2021 79%
2022 74%
target 80%

and develop most effectively during customer projects, for example, by working with more experienced professionals, and when applying what they have learned in different sectors and environments or when working with new technologies. The kinds of practical skills gained in this way can rarely be taught in a classroom – they require real-world practice. Hence, every employee's own experiences of their personal development are the best way to measure their learning.

Gofore's professional development programme recognises that every employee has different needs. The company responds to this by offering a wide variety of support services that include, for example, Gofore Academy, which offers training related to consulting and personal development, the guilds founded around different fields of expertise, and the opportunity for teams to organically organise training sessions that focus on skills relevant to the situation. These services allow employees to tailor the personal development support they receive to fit their own needs. Personalised development of skills and learning is further supported by the framework for managing learning and success developed in collaboration with employees in 2022. The framework promotes self-motivated development of skills and learning with the support of management.

In 2023, Gofore will be adopting a new pro bono on-the-job learning model that aims to offer employees the opportunity to practise new skills by taking part in charitable organisation projects.

HIRING AND COMMITTING A MULTINATIONAL, DIVERSE AND SKILLED WORKFORCE

Hiring new employees and retaining existing ones are critical factors in Gofore's growth and business success. The company's extensive efforts in this area could be seen in 2022 in the form of improved employee retention in a situation where competition for professionals was stiff. 2022 also broke the hiring records set only the previous year, and the company is extremely pleased with the fact that, including acquisitions, a record 377 new employees joined the Gofore family in 2022.

Gofore identifies the strong commitment of its employees as one of the key factors in the company's success. This strong commitment is partially the result of the fact that many Gofore employees are also shareholders in the company. The company has been supporting employee ownership through its CrewShare programme for several years.

Gofore's efforts to develop sustainability have also done their part in increasing employee commitment. This could be seen in the results of NayaDaya's survey of the company's employees based on their scientific Empathy Analytics in summer 2022. According to the survey, 70 per cent of the sustainability experiences of Gofore's employees were entirely positive, 10 per cent were mixed, and 4 per cent were entirely negative. The survey measured Emotion Impact®, which represents positive, engaged and prosocial behaviour among employees. The result, 70/100, was high compared with surveys of other organisations that have used the same metric. Employees' responses reflected the fact that Gofore's sustainability work has increased their commitment to the company and strengthened their sense of pride in their workplace.

Since 2020, the company has been regularly measuring its employees' commitment using the Culture Amp platform. The purpose of the index used – the engagement index – is to assess employee motivation, commitment to the organisation and pride in working at Gofore.

EMPLOYEES’ RIGHTS

Gofore is committed to observing the ILO Declaration on Fundamental Principles and Rights at Work in all countries it operates in. The company protects freedom of association and recognises its employees’ right to collective bargaining in all countries.

In 2021, Gofore’s first company-specific collective agreement was drawn up in close cooperation with employees, employee representatives and trade union representatives. This collective agreement, which has been in force since the beginning of 2022, closely reflects Gofore’s values, company culture as well as ways of thinking and acting. It also includes a wage settlement based on the company’s growth and profitability. Above all, the company’s collective agreement is culturally significant and helps it maintain its competitiveness in an unforgiving labour market. Gofore is one of the first in the industry to create its own agreement. The agreement is available on Gofore’s website: https://gofore.com/en/gofores-collective-agreement.

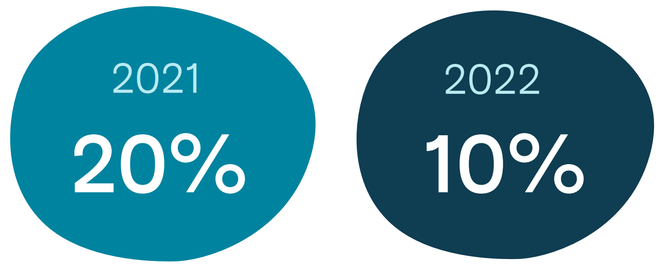
Since 2020, Gofore’s subcontractors have committed to observing the company’s Code of Conduct, which is annexed to all subcontracts. In 2023, the company will be adopting a new, separate Code of Conduct created specifically to be annexed to subcontracts. The purpose of the separate Code of Conduct is to define in greater detail the stipulations in relation to employees’ rights that subcontractors are required to observe in their operations.

Gofore’s network of subcontractors is an important stakeholder group for the company. Gofore’s subcontractors consist of a wide variety of companies of different natures and sizes, both in Finland and abroad. This network of subcontractors increases the diversity of the Gofore work community. The company’s subcontracting aims to reinforce the attractiveness of small companies and freelancing for many professionals.

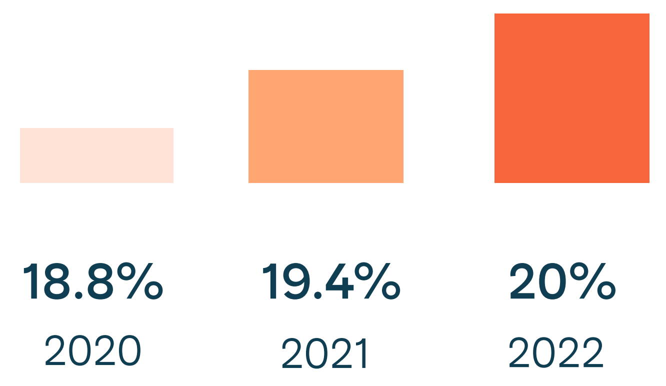
In addition to creating good customer and employee experiences, Gofore also attempts to construct an equally positive subcontractor experience and ensure that subcontractors feel that they gain more than just financial benefits from working with the company. At its best, a subcontracting relationship with Gofore offers small companies and freelancers a safe and stable customer relationship that allows them to work on interesting, instructive and varied projects under a flexible model of their choice.

ATTRACTIVENESS AS AN EMPLOYER

Growth in the amount of job applications, %



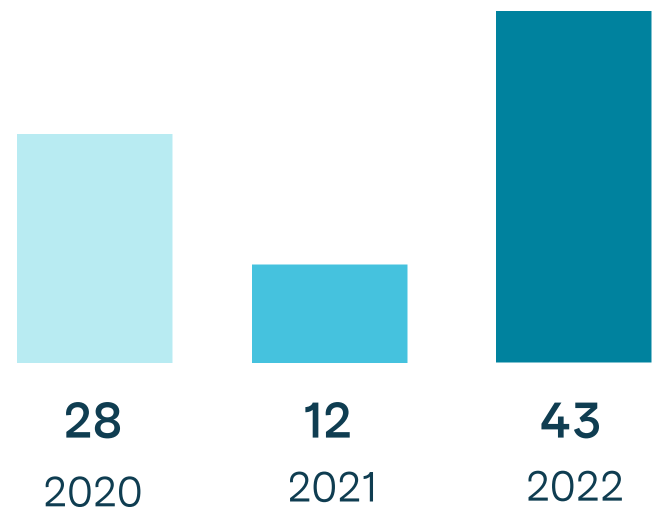
PERCENTAGE OF REVENUE FROM SUBCONTRACTING



Subcontracting countries: Finland, Estonia, Germany, Austria, Spain and Romania

ENGAGEMENT

eNPS



Wealth creation

To Gofore, good corporate citizenship means that the company understands that businesses are an integral part of society, and that the relationship is reciprocal. The company is dependent on a stable, democratic society and the services it provides. Education, especially, is extremely important to a specialised professional services company like Gofore. For these reasons, the company makes it its mission to support the economic well-being, stability, and positive development of society in all its operations.

Gofore provides financial benefits to its employees, customers, owners, partners, and society at large. Sustainable growth and strong profitability form the foundations on which the company sits.

CHARITABLE DONATIONS

Every year, based on a charity budget approved by the Board of Directors, Gofore donates money to charities that are doing work the company considers important.

In 2022, the company made donations totalling EUR 28,737 to charity.

- Protecting the Baltic and combating climate change in cooperation with the Baltic Sea Action Group as part of the Carbon Action business network.
- Aktion Baum – an organisation that carries out afforestation projects throughout Germany
- Pesäpuu – an organisation that works to improve the situation of children who are under the protection of child welfare services
- Gubbe – an organisation that aims to help older people live a happy and active old age
- Finnish Red Cross – support for Ukrainian refugees
- Mothers for Peace – a Ukraine support event in Helsinki
- Association of Friends of the University Children's Hospitals – support for Finland's five university children's clinics
- SEY Animal Welfare of Finland – support for preventing animal welfare issues and helping animals in distress

Gofore's largest single donation, EUR 10,000, was made to Ukrainian refugees support through the Finnish Red Cross. In addition, we donated 7,000 euros to the Baltic Sea Action Group, which the company vouched to support until at least the end of 2022 with its Baltic Sea Commitment. Gofore's support to the organisation has taken the form of both financial contributions and contributions of work and relevant expertise as a part of the Carbon Action business network. Carbon Action supports regenerative agriculture and seeks to promote the sequestration of atmospheric carbon in soils, the conservation of biodiversity and the protection of water bodies.

As part of its employees' learning and development, Gofore is launching a new pro bono work model in 2023 to support the charity work the company does with the voluntary sector. In a consultancy like Gofore, it is inevitable that employees sometimes spend periods of time without billable customer work, for example, between projects. One of the goals of the new model is to utilise this time as efficiently as possible to do charity work and simultaneously support employees' learning through practical work done for the voluntary sector.

EMPLOYMENT

Gofore aims to grow rapidly and is continuously hiring new employees. Employee commitment and retainment are a top priority for the company.

This page presents the numbers of new employees and employees who have left the organisation by gender and age group. The figures divided into age groups and genders include only the employees of the companies that were part of the Gofore Group as at 1 January 2022 and do not include the employees of companies that were acquired in 2022.

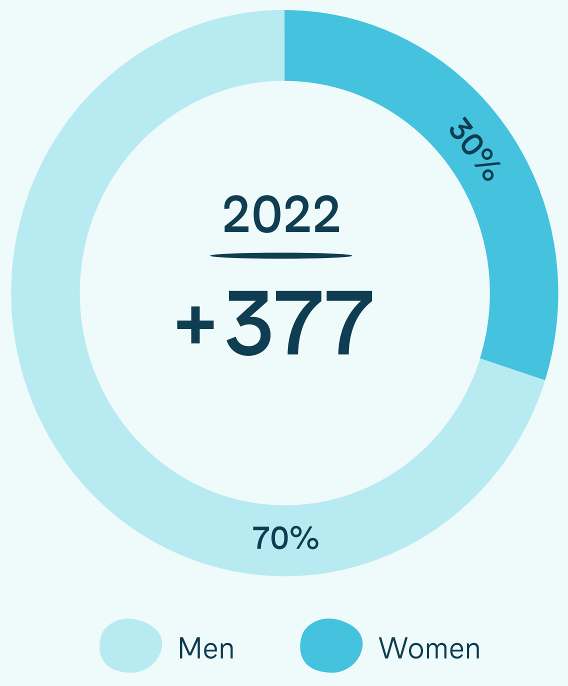
SOCIAL SUPPORT DURING 2022

Gofore's publicly funded ethical capacity development project, started in 2021, concluded in 2022. Gofore received a total of EUR 27,000 in funding for the project from the Finnish Work Environment Fund in 2021 and 2022. The company did not receive any other public funding in 2022.

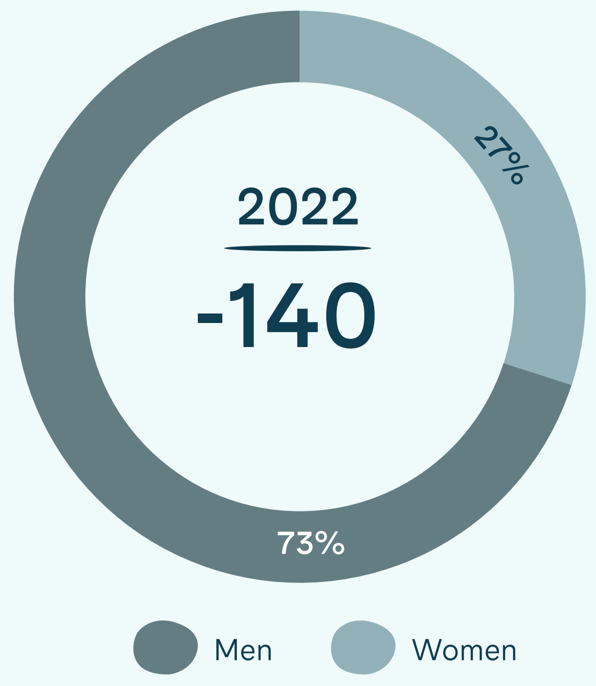
INNOVATION AND PRODUCT DEVELOPMENT

Gofore is a professional services company that does not carry out any product development of its own. The company offers the expertise of its professionals to support its customers' product and service development.

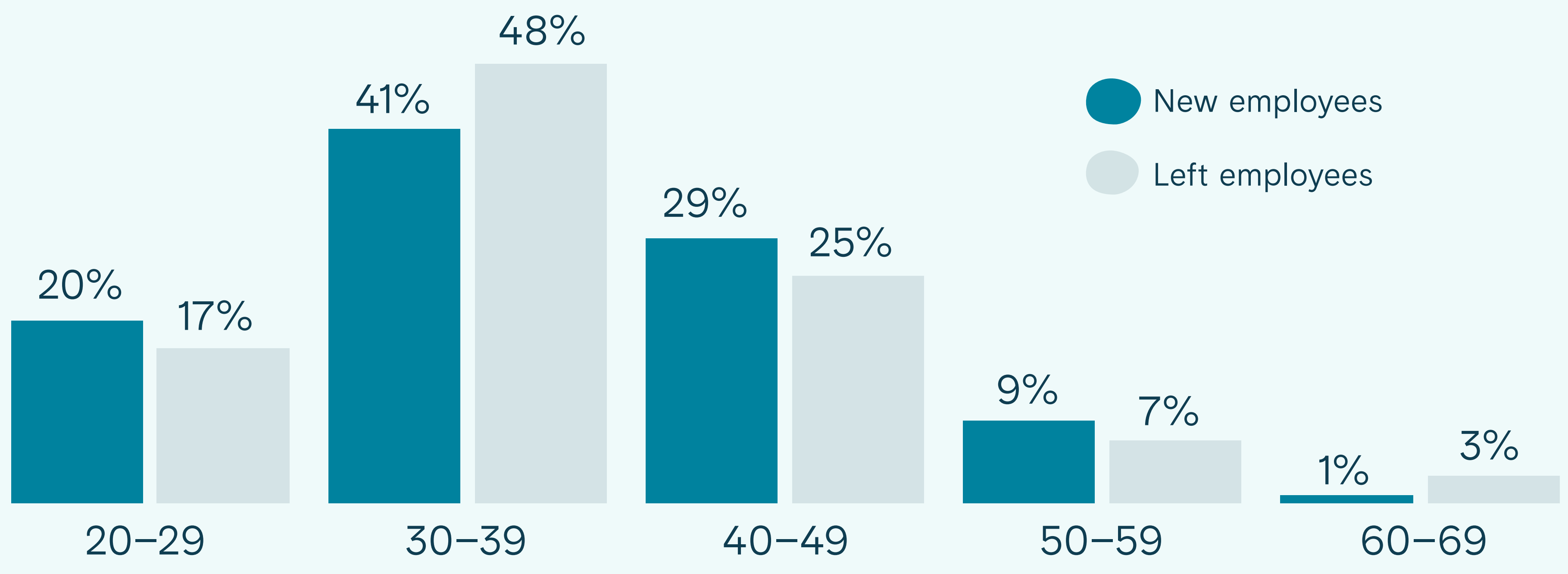
TOTAL NUMBER OF NEW EMPLOYEE HIRES



TOTAL NUMBER OF EMPLOYEES THAT HAVE LEFT THE COMPANY



2022 NEW AND LEFT EMPLOYEES BY AGE GROUP



SOCIETY

The economic benefits generated by Gofore for society take various forms, such as the company's tax footprint. The company does not approve of and has never engaged in any form of tax evasion or exploited grey areas in tax planning.

TAXES AND TAX-LIKE PAYMENTS

EUR thousand	2022	2021
Corporate Taxes	4 483	2 734
Other direct Taxes	1 187	121
Indirect Taxes	23 174	15 722
Withholding Taxes	18 288	13 046
Social Security Contribution	1 858	1 238
Total	**48 990**	**32 860**

CUSTOMER SATISFACTION

Customer satisfaction surveys carried out by Gofore in the spring and autumn of 2022 revealed that overall customer satisfaction remained high throughout the year. Customers especially appreciated the high quality, reliability and extensive catalogue of Gofore's services, as well as the expertise, attitude and customer-oriented approach of the company's experts.

In the autumn survey, the company's Net Promoter Score (NPS) was 43 (52) (scale -100 / +100), and in the spring survey, it was 52 (61). Similarly, customer satisfaction remained high: 4.3 in the spring survey and 4.1 in the autumn survey (scale 1–5).

To continue strengthening customer relationships and based on the feedback from the survey, the customer experience assessment process will be developed to allow closer-to-real-time assessment. The goal is to consistently exceed customer expectations.

EU'S SUSTAINABLE FINANCE TAXONOMY

In 2020, the European Union adopted what it called the sustainable finance taxonomy, which, among other things, represents a considerable shift in classification from the perspective of Gofore's sustainability work. Article 3 of the Taxonomy Regulation (2020/852) defines sustainable economic activities as activities that contribute substantially to one or more of the environmental objectives set out in the Regulation; do not significantly harm any of the environmental objectives; are carried out in compliance with the ethical principles of the UN, the ILO and the Organisation for Economic Co-operation and Development (OECD) regarding human rights and rights at work; and comply with technical screening criteria that have been established by the European Commission.

Gofore has reported the proportion of the company's business operations that comply with the taxonomy's criteria since 2021. Under the Regulation, offering any expert services in the IT sector, such as creating, modifying, testing or providing support for software; designing computer systems that combine computer hardware, software and communication technology; managing clients' computer systems and data-processing equipment or using them on-site; and other computer-related professional and technical activities fall under the taxonomy's criteria. Gofore offers expert services for the IT sector. For this reason, it can be estimated that all its business operations – excluding the services of Gofore's subsidiary CCEA, which mainly consist of change management expert services (NACE M72) – are taxonomy-eligible as a whole.

The company interprets that all its business also falls under the criteria of the taxonomy in that it complies with the UN, OECD and ILO's ethical principles regarding human rights and rights at work and in that its activities do not cause significant harm to the environmental objectives set out in the Regulation.

The equipment used by Gofore complies with the requirements concerning servers and data storage products set out in Directive 2009/125/EC and does not contain any of the restricted substances listed in Annex II of Directive

2011/65/EU. Upon reaching the end of its useful life, the equipment is prepared for reuse and utilised, recycled or processed appropriately by a relevant service provider.

On this basis, the extent to which Gofore's business activities are compliant with the taxonomy's criteria is limited only by the technical screening criteria in the Delegated Regulation (EU) 2021/2139, based on which different business functions may qualify as contributing substantially to environmental objectives that concern climate change mitigation or climate change adaptation. The company's business falls under the following categories defined in the Delegated Regulation:

- Annex I, climate change mitigation, Section 8.2.: Data-driven solutions for GHG emissions reductions
- Annex II, climate change adaptation, Section 8.2.: Computer programming, consultancy and related activities

The areas of Gofore's business that meet all the technical screening criteria in Section 8.2. of Annex I or Annex II of the Regulation in addition to the criteria of the general taxonomy can therefore be classified as sustainable.

The criteria for climate change adaptation laid out in Section 8.2. of Annex II require that activities have implemented physical and non-physical solutions that substantially reduce the most important physical climate risks that are material to that activity. Gofore has not, at this time, implemented such solutions, but the possibility of doing so will be assessed during 2023. The company estimates that the portion of business in its turnover that falls under the taxonomy's criteria can be grown significantly in the future, provided such solutions can be implemented.

Because the aforementioned climate change adaptation solutions were not in place during 2022, the portion of business in the company's turnover that falls under the taxonomy's criteria has been calculated by identifying customer projects that fall under the criteria established for climate change mitigation in the Delegated Regulation, namely that "The ICT solutions are predominantly used for the provision of data and analytics enabling GHG emission reductions." This part of the company's business can be considered as enabling climate change mitigation within the meaning of the Commission Regulation.

In addition, the Delegated Regulation requires that, where an alternative solution or technology is already available on the market, it must be possible to demonstrate, by quantitative comparison, substantial lifecycle GHG emission savings compared to the best-performing alternative solution or technology. Because Gofore provides tailored software solutions that have been individually developed for the specific needs of the customer, there is no realistic reason to assume that a comparable alternative solution is available on the market. For this reason, the company determines that a quantitative comparison of alternatives is not possible, meaning this stipulation can be disregarded when assessing compliance with the taxonomy's criteria.

Taxonomy aligned business was defined by going through Gofore's client projects and identifying those that met the climate change mitigation criterion mentioned above. Projects were typically divided into two categories:

- Projects that collected, processed or distributed data that can be used to mitigate climate change. This could be for example environmental data or vehicle emissions data. Emission reductions were made possible by using the data produced to inform, for example, the development of legislation or other types of data-based decision-making that would enable greenhouse gas emissions reduction.
- Projects where Gofore developed a data-driven solution that enabled the customer to produce a product that was lower in emissions than a similar solution previously on the market, or where the solution produced by the customer otherwise enabled reductions in greenhouse gas emissions in other sectors.

As the climate change mitigation criterion in the Commission Regulation requires that the reduction of greenhouse gas emissions is achieved through the use of data and analysis, the taxonomy assessment excluded client projects that do reduce emissions, but not through the use of data or analysis, but for example by improving the efficiency of the client organisation (e.g. by digitalising a previously physical process) or by directly reducing climate emissions from a software system implemented by Gofore (green coding/green ICT solutions).

The portion of Gofore's business that complies with the taxonomy's criteria has been defined, in accordance with the instructions given in Annex I of the Delegated Regulation, separately for turnover, capital expenditure (CapEx) and operating expenditure (OpEx). The calculations are based on the numbers from the group's consolidated financial statements for 2022.

The Group's turnover is defined in accordance with IFRS standards. The taxonomy calculation uses the turnover and project monitoring figures from the consolidated financial statements, from which the figures can be derived directly, on a one-step basis, and placed in the consolidated income statement.

For taxonomy compliance, turnover is examined at project level in relation to the taxonomy criteria. The capital expenditure under the taxonomy criteria has been estimated against the capital expenditure of the group. The company is not estimated to have any taxonomy-eligible capital investments.

Operating expenses related to taxonomy-eligible turnover consist of direct salary costs based on hours worked, valued at average personnel costs including incidental expenses.

Business activities that comply with the taxonomy's criteria have been itemised in the adjacent table.

GOFORE PLC, 2022

Turnover

				Substantial contribution criteria						DNSH Criteria (Do No Significant Harm)									
Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiver-sity and ecosys-tems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of turnover year 2022 (18)**	Category (enabling activity) (20)	Cate-gory '(transi-itional activi-ty)' (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES %																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Data-driven solutions for GHG emissions reductions	8.2	5,009	3 %	100 %						-	K	-	K	-	-	K	100 %	M	
Turnover of environmentally sustainable (Taxonomy-aligned) activities (A.1)		**5,009**	**3 %**																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Computer programming, consultancy and related activities		136,522	91 %																
Turnover of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**136,522**	**91 %**																
TOTAL (A.1 + A.2)		**141,531**	**94 %**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		8,390	6 %																
TOTAL (A+B)		**149,921**	**100 %**																

Capital expenditure

Economic activities (1)	Code(s) (2)	Capital expenditure (3)	Proportion of capital expenditure (4)	Substantial contribution criteria: Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	DNSH criteria (Do No Significant Harm): Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover year 2022 (18)	Category (enabling activity) (20)	Category '(transitional activity)' (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES %																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable (Taxonomy-aligned) activities (A.1)		**0**	**0%**																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CapEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**																
TOTAL (A.1 + A.2)		0	0%																

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)		18,089	100%
TOTAL (A+B)		**18,089**	**100 %**

Operational expenditure

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code(s) (2)	Operational expenditure (3)	Proportion of operational expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of turnover year 2022 (18)**	Category (enabling activity) (20)	Category '(transitional activity)' (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES %																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Data-driven solutions for GHG emissions reductions	8.2	2,041	3 %	100 %						-	K	-	K	-	-	K	100 %	M	
OpEx of environmentally sustainable (Taxonomy-aligned) activities (A.1)		**2,041**	**3 %**																
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Computer programming, consultancy and related activities		54,486	82 %																
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**54,486**	**82 %**																
TOTAL (A.1 + A.2)		**56,527**	**85 %**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		10,258	15 %																
TOTAL (A+B)		**66,785**	**100 %**																

Key Figures (IFRS)

EUR thousand, unless otherwise specified	2022	2021	2020
Net sales	149,921	104,509	77,953
Change in Net sales, %	43.5%	34.1%	21.7%
EBITDA	22,736	17,062	12,329
EBITDA, %	15.2%	16.3%	15.8%
Adjusted EBITA	21,987	14,646	10,778
Adjusted EBITA, %	14.7%	14.0%	13.8%
EBITA	20,426	14,451	9,908
EBITA, %	13.6%	13.8%	12.7%
Operating profit (EBIT)	16,637	12,197	8,750
Operating profit (EBIT), %	11.1%	11.7%	11.2%
Profit for the period	12,223	9,073	6,903
Earnings per share (EPS), undiluted	0.78	0.61	0.49
Earnings per share (EPS), diluted *	0.78	0.61	0.49
Cash flow from operative activities per share	1.41	0.96	0.64
Equity per share	5.11	4.05	2.57
Dividend per share	0.34	0.28	0.24
DPS/EPS, %	43.6%	45.9%	48.9%
Effective dividend yield (DPS/Price), %	1.5%	1.2%	1.4%
Price-Earnings ratio, P/E	28.5	39.3	34.8
Return on equity (ROE), %	17.3%	18.6%	38.3%
Return on investment (ROI), %	18.8%	19.1%	33.6%
Equity ratio, %	54.0%	61.5%	47.1%
Net gearing, %	-29.5%	-41.1%	-15.4%
Number of employees at the end of period	1,297	852	724
Average overall capacity, FTE	1,035	745	597
Average subcontracting, FTE	159	113	83

ALTERNATIVE PERFORMANCE MEASURES (APM))

Gofore uses and presents alternative performance measuures to better illustrate the operative development of its business: among others operating profit before amortization of PPA (EBITA), EBITDA, ROI, ROE, equity ratio, net gearing, cash flow per share, DPS/EPS, effective dividend yield and P/E. PPA amortizations arise from assets recognised in fair value in acquired business combinations.

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

EUR thousand, unless otherwise specified	2022	2021
EBITA, Adjusted EBITA and EBITDA		
EBIT	16,637	12,197
Amortisation of intangible assets identified in PPA	3,789	2,254
EBITA	20,426	14,451
Transaction costs from business combinations	1,587	195
Restructuring costs	0	-1
Gains or losses from sales of fixed assets	-26	0
Adjusted EBITA	21,987	14,646
EBIT	16,637	12,197
Depreciations	2,310	2,610
Amortisation of intangible assets identified in PPA	3,789	2,254
EBITDA	22,736	17,062

Formulas for Key Figures

Change in Net sales, %		$\frac{\text{Net sales – Net sales in comparison period}}{\text{Net sales in comparison period}}$	x 100
EBITDA	=	Operating profit + depreciations and amortization	
EBITDA margin, %	=	$\frac{\text{Operating profit + depreciations and amortization}}{\text{Net sales}}$	x 100
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)	=	Operating profit + amortization of intangible assets identified in PPA + impairment of goodwill	
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin -%	=	$\frac{\text{Operating profit + amortization of intangible assets identified in PPA + impairment of goodwill}}{\text{Net sales}}$	x 100
Operating Profit (EBIT) margin -%	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x 100
Earnings per share (EPS), diluted, euros	=	$\frac{\text{Profit for the period attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the period adjusted for share issues}}$	
Earnings per share (EPS), undiluted, euros	=	$\frac{\text{Profit for the period attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the period}}$	
Effective dividend yield	=	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial period}}$	x 100
Price-Earnings ratio (P/E)	=	$\frac{\text{Share price at the end of financial period}}{\text{Earnings per share, undiluted}}$	x 100
Cash flow per share	=	$\frac{\text{Operative cash flow}}{\text{Weighted average number of shares outstanding during the period}}$	
Equity per share	=	$\frac{\text{Equity attributable for shareholders of the company}}{\text{Number of shares outstanding at the end of the period}}$	

DPS/EPS, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share, undiluted}}$	x 100
Dividend per share (DPS)	=	$\frac{\text{Dividends during the period}}{\text{Weighted average number of shares outstanding during the period}}$	
Return on equity (ROE) -%	=	$\frac{\text{Profit for the period (annualized)}}{\text{Average total equity}}$	x 100
Return on investment (ROI) -%	=	$\frac{\text{Profit before taxes (annualized) + financial expenses (annualized)}}{\text{Average total equity + average interest-bearing loans and borrowings}}$	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 period	=	The number of employees at the end of the review period.	

The Company determines term “Adjusted EBITA” as follows:

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).

Financial Statements 2022

Financial Statements 2022

Consolidated Financial Statements (IFRS)

Notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand, unless otherwise specified	Note	2022	2021
Assets			
Non-current assets			
Goodwill	3.2	47,694	26,897
Other intangible assets	3.3	22,465	11,257
Tangible assets	3.4	751	427
Right-of-use assets	3.5	3,564	4,409
Other receivables	4.2	917	1
Deferred tax assets	2.6	147	37
Total non-current assets		**75,537**	**43,029**
Current assets			
Trade receivables	3.6; 4.4	24,248	15,980
Contract assets	3.6; 4.4	465	709
Other current assets	4.2	2,826	2,346
Income tax receivables	2.6	140	144
Securities	4.2	1,077	575
Cash and cash equivalents	4.2; 4.4	44,135	39,114
Total current assets		**72,890**	**58,869**
Total assets		**148,427**	**101,898**

EUR thousand	Note	2022	2021
Equity and liabilities			
Equity			
Share capital	4.5	80	80
Fund for unrestricted equity		49,897	40,103
Other reserves		542	0
Retained earnings		28,764	20,822
Equity attributable to equity holders of the parent		**79,283**	**61,005**
Non-controlling interests	1.1; 1.2	475	304
Total equity		**79,759**	**61,309**
Non-current liabilities			
Interest-bearing loans and borrowings	4.1.-4.4	13,464	7,450
Other payables	3.7; 4.2	3,196	0
Lease liabilities	3.5; 4.3	1,464	2,644
Deferred tax liabilities	2.6	4,664	2,111
Total non-current liabilities		**22,788**	**12,205**
Current liabilities			
Trade and other payables	3.7	21,480	11,199
Contract liabilities	3.6; 3.7	688	2,217
Interest-bearing loans and borrowings	4.1-4.4	4,593	2,600
Lease liabilities	3.5; 4.3	2,141	1,807
Accrued expenses	3.7	15,750	10,028
Income tax payable	2.6	1,229	533
Total current liabilities		**45,881**	**28,384**
Total liabilities		**68,668**	**40,589**
Total equity and liabilities		**148,427**	**101,898**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

EUR thousand	Note	2022	2021
Net sales	**2.1.**	**149,921**	**104,509**
Production for own use		305	140
Other operating income	2.2	126	128
Materials and services		-25,073	-17,547
Employee benefit expenses	2.3.-2.4.	-85,150	-58,943
Depreciations, amortisations and impairment	3.3.-3.5.	-6,099	-4,865
Other operating expenses	2.2.	-17,394	-11,226
Operating profit (EBIT)		**16,637**	**12,197**
Finance costs	2.5.	-824	-902
Finance income	2.5.	60	40
Profit before tax		**15,873**	**11,335**
Income tax	2.6.	-3,650	-2,261
Profit for the financial period		**12,223**	**9,073**
Other Comprehensive Income			
Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		0	12
Cash flow hedges		542	0
Other comprehensive income, net of tax		**542**	**12**
Total comprehensive income for the financial period		**12,765**	**9,086**
Profit/loss for the financial period attributable to:			
Equity holders of the parent		11,954	8,953
Non-controlling interests	1.1.-1.2.	269	120
		12,223	**9,073**
Total comprehensive income for the financial period attributable to:			
Equity holders of the parent	2.7.	12,496	8,966
Non-controlling interests	2.7.	269	120
		12,765	**9,086**
Earnings per share, EPS (undiluted)	2.7.	0.78	0.61
Earnings per share, EPS (diluted)	2.7.	0.78	0.61

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022 — ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 of January 2022	**80**	**40,103**	**0**	**0**	**20,822**	**61,005**	**304**	**61,309**
Profit for the period					11,954	11,954	269	12,223
Other comprehensive income			542			542		542
Total comprehensive income	**0**	**0**	**542**	**0**	**11,954**	**12,496**	**269**	**12,765**
Transactions with shareholders and non-controlling interests:								
Share-based payments (Notes 2.4)		1,042			297	1,340		1,340
Dividends (Notes 4.6)					-4,304	-4,304	-131	-4,434
Acquisition of a subsidiary paid in shares (Notes 3.1)		8,715				8,715		8,715
Change in non-controlling interests (Notes 1.2)		37			-6	31	34	65
Equity on 31 of December 2022	**80**	**49,897**	**542**	**0**	**28,764**	**79,283**	**475**	**79,759**

2021 — ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 of January 2021	**80**	**20,515**		**-12**	**15,476**	**36,059**	**23**	**36,082**
Profit for the period					8,953	8,953	120	9,073
Other comprehensive income				12		12	0	12
Total comprehensive income	**0**	**0**	**0**	**12**	**8,953**	**8,966**	**120**	**9,086**
Transactions with shareholders and non-controlling interests:								
Share-based payments (Notes 2.4)		571			192	763		763
Dividends (Note 4.6)					-3,373	-3,373		-3,373
Share issue		19,017			-426	18,592	8	18,600
Purchase of own shares					-1	-1		-1
Change in non-controlling interests (Note 1.2)		-1			0	-1	152	151
Equity on 31 of December 2021	**80**	**40,103**	**0**	**0**	**20,822**	**61,005**	**304**	**61,309**

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	2022	2021
Operating activities		
Profit before tax	**15,873**	**11,335**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment	6,099	4,865
Finance income and expenses	764	862
Other adjustments	1,406	762
Change in working capital	1,799	-334
Interest received and paid	-210	-226
Other financial items	-79	-666
Income tax paid	-3,911	-2,410
Net cash flow from operating activities	**21,740**	**14,187**
Net cashflow from investing activities		
Proceeds from sale of tangible assets	65	5
Purchase of intangible assets	-312	-140
Purchase of tangible assets	-355	-60
Acquisition of a subsidiary, net of cash acquired	-17,486	-9,853
Net cashflow from investing activities	**-18,089**	**-10,047**
Net cash flow from financing activities		
Treasury shares acquired	0	-1
Repayment of lease liabilities	-1,949	-2,189
Proceeds from borrowings	11,500	3,000
Repayment of borrowings	-3,802	-2,450
Financial instruments	-10	0
Share issue	0	19,017
Transaction costs on issue of shares	0	-426
Dividends paid to equity holders of the parent	-4,304	-3,373
Dividends paid to non-controlling interest	-131	0
Changes in non-controlling interest	65	0
Net cash flow from financing activities	**1,370**	**13,580**
Net increase in cash and cash equivalents	**5,021**	**17,719**
Cash and cash equivalents at beginning of period	39,114	21,394
Cash and cash equivalents at end of period	**44,135**	**39,114**

Notes to the Consolidated Financial Statements

1 Key Accounting Policies and Consolidation

1.1. GENERAL INFORMATION

CORPORATE INFORMATION

Gofore is a growth-seeking digitalisation services company. Gofore Group's parent company, Gofore Plc, is a public limited company constituted in accordance with Finnish law with a business ID of 1710128-9. Gofore is incorporated in Tampere, Finland, and its registered address is Kalevantie 2, 33100 Tampere, Finland. The shares of the Gofore Plc have been listed on Nasdaq Helsinki Market.

The consolidated financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 2 March 2023. Gofore's financial statements, Board of Directors' report and Auditor's report are available at the website www.gofore.com and in the Group's head office at Kalevantie 2, 33100 Tampere, Finland. In accordance with Finnish Limited Liability Act, shareholders may adopt or reject the financial statements at the Annual General Meeting held after the publication.

Gofore Group consist of the parent company Gofore Plc and its subsidiaries. Information on the Group's structure is provided in note 1.1. Information on other related party relationships of the Group is provided in note 5.1.

GROUP INFORMATION

Information about subsidiaries

The consolidated financial statements of the Group include:

			% equity interest	
Name	**Principal activities**	**Country of incorporation**	**2022**	**2021**
Gofore Oyj	Parent company / Production company	Finland		
CEEA Oy [1]	Production company	Finland	95%	95%
Celkee Oy [1]	Production company	Finland	95%	95%
Gofore Vantaa Oy [2]	Production company	Finland	100%	100%
Gofore Spain SL	Production company	Spain	100%	100%
Gofore Germany GmbH	Production company	Germany	100%	100%
Gofore Estonia Oy	Production company	Estonia	100%	100%
Gofore Lead Oy [2]	Production company	Finland	100%	100%
Gofore UK Limited [3]	Production company, discontinued during 2021.	United Kingdom	100%	100%
Rebase Consulting Oy	Production company	Finland	66%	68%
Gofore Verify Oy [4]	Production company	Finland	100%	100%
Sleek Oy [5]	Production company	Finland	70%	-
Devecto Oy [6]	Production company	Finland	100%	-
eMundo Gmbh (Germany) [7]	Production company	Germany	100%	-
eMundo Gmbh (Austria) [7]	Production company	Austria	100%	-

Notes to the table of Group subsidiaries :

1. CCEA and Celkee Oy have been consolidated to the Group 1.3.2021. CCEA Oy is the parent company of Celkee. Celkee Oy has been merged to CCEA Oy 1.10.2022.
2. Gofore Vantaa Oy has been merged to Gofore Lead Oy 1.2.2022.
3. Gofore UK Ltd has been discontinued in 2021.
4. The name of Qentinel Finland Oy has been changed to Gofore Verify Oy 27.10.2022.
5. Sleek Oy has been established 13.1.2022.
6. Devecto Oy has been consolidated to the Group 3.1.2022.
7. eMundo GmbH (Germany) has been consolidated to the Group 1.11.2022. eMundo GmbH Austria is 100% owned subsidiary by eMundo Germany.

1.2. BASIS OF PREPARATION

BASIS OF PREPARATION

The consolidated financial statements of Gofore have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by European Union on December 31, 2022. The notes to the financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousands, except when otherwise indicated. Therefore, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative year information is presented in brackets after the information for the current financial year.

CONSOLIDATION PRINCIPLES

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by Gofore Plc (its subsidiaries). Gofore has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Non-controlling interests are presented in the consolidated statement of financial position as within equity, separately from equity attributable to shareholders. Non-controlling interests are separately presented in the statement of other comprehensive income

NON-CONTROLLING INTERESTS

Transactions with non-controlling interests are regarded as transactions with equity owners. In the case of purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets acquired in the subsidiary is recorded in shareholders' equity. Gains or losses on disposal to non-controlling interests are also recorded directly in shareholders' equity.

Gofore has established Rebase Consulting Oy in February 2020. Gofore holds 66% of the company. The net sales of Rebase Consulting Oy during the financial period were EUR 4,732 thousand. Balance sheet total was EUR 1,880 thousand.

Gofore has acquired CEEA Oy and Celkee Oy in March 2021. Gofore holds 95% of the company. The net sales of CCEA Group during the financial period was EUR 8,370 thousand. Balance sheet total was EUR 3,705 thousand.

Gofore has established Sleek Oy in January 2022. Gofore holds 70% of the company. The net sales of the company were EUR 1,011 thousand and balance sheet total was EUR 563 thousand.

SEGMENT REPORTING

Gofore Plc has only one reportable segment. The reported segment comprises of the Group and the segment figures are consistent with Gofore Group figures, see note 2.1 Revenue from contracts with customers.

CURRENCIES

Items referring to the earnings and financial position of the Group's units are recognised in the currency that is the main currency of the unit's primary operating environment ('functional currency'). The consolidated financial statements are given in euros, which is the operating and presentation currency of the parent company. During the financial years 2021 and 2022 the Group did not have subsidiaries, which have different functional currency than euro.

In the Group financial statements, the income statements of foreign subsidiaries are translated into euros at the average rate for the financial period and balance sheets at the exchange rate of the balance sheet date. Average rate difference due to different exchange rates on the statement of comprehensive income and balance sheet are entered in other comprehensive income. Translation differences arising from the elimination of foreign subsidiaries and translation of equity items accumulated after the acquisition are entered in other comprehensive income. Foreign currency gains and losses from monetary items part of the net investment in a foreign unit are recognized in other comprehensive income and entered on the statement of comprehensive income when the foreign unit is divested.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates at the transaction date. Monetary items are translated into functional currency using the exchange rates at the end of the reporting period. Non-monetary items are carried at the exchange rate at the date of transaction.

CHANGES IN ACCOUNTING POLICY

IFRS 9, hedge accounting

Gofore has changed its accounting principles according to the IFSR 9 standard's guidance on hedge accounting for interest rate cap and interest rate swap agreements. The change has been applied as of 1 January 2022. The effective part of fair value hedging is recognised in the extensive income statement's other items and presented in equity, in the fair value fund. The ineffective part of hedging is recognised in the financing items of the income statement. The profits and losses incurred from the hedging instrument are recognised as profit or loss when the hedged item has a profit or loss impact.

IMPACTS OF COVID-19 PANDEMIC

The COVID-19 pandemic continued to cause uncertainty in the operating environment in 2022, but has also in part accelerated digitalization The pandemic that slowed down to an endemic in 2022 had minor negative impact on the business, as sick leave levels grew while service demand remained at an expected level. The uncertainty and related market impacts of the COVID-19 are likely to continue in the near future.

IMPACTS OF RUSSIA'S INVASION WAR

Russia's invasion on Ukraine or the restrictions on the country continue to have little direct impact on Gofore. Gofore has no operations in Russia, Ukraine or Belorussia. The conflict may have an indirect impact through customers' business risks or inflation. These risks had minor impact on Gofore in the reporting period, so Gofore continues to consider this risk low. The uncertainty and its potential market impacts are likely to continue in the near future.

1.3. ACCOUNTING ESTIMATES AND JUDGEMENTS APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of the Group's consolidated financial statements requires management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. The actual values may differ from these estimates and assumptions.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The most significant accounting policies requiring judgement by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Share-based payment transactions (note 2.4)
- Business combinations, value of net assets acquired and contingent considerations (note 3.1)
- Impairment testing (note 3.2)
- Expected credit losses (note 4.4)
- Leases (note 3.5)

1.4. NEW AND UPDATED IFRS STANDARDS

Gofore adopts new and amended standards and interpretations when they become effective. The new and amended standards that become effective of 1 January 2022 had no impact on Gofore consolidated financial statements.

The following new and amended standards have been issued and become effective on the accounting period that begun on 1 January 2023 or later. Only the amendments that may have some relevance for Gofore, have been included in the summary below.

Adoption of new and amended standards on 31 December 2022

* = not endorsed for use by the European Union by 31 December 2022.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (applicable for financial years beginning on or after 1 January 2022)

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

Annual Improvements to IFRS Standards 2018–2020 (effective for financial years beginning on or after 1 January 2022)

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter later than its parent. A subsidiary may elect to measure cumulative translation differences at amounts included in the consolidated financial statements of the parent.

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities: This amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (effective for financial years beginning on or after 1 January 2022)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.

New and updated standards in the upcoming financial periods

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements * (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify the application of materiality to disclosure of accounting policies to help companies provide useful accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors * (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes * (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements * (effective for financial years beginning on or after 1 January 2024, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. The changes specify that such covenants that must be met after the reporting date will not have an impact on whether the liability is classified as current or non-current. The changes require that such covenants are explained in the appendix of the Financial Statements.

2 Gofore Group Performance

2.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

ACCOUNTING PRINCIPLES

Segment information

The Group is in the business of providing digital solution services and digitalization consultation services. Gofore's services consist of digital change, service design, software development and testing, as well as consultation in the utilization of cloud services. In addition, Gofore passes on third party cloud capacity and licenses. The nature of these services has similar characteristics in all sub-areas, namely the expert work. In the service process, different areas of expertise are combined flexibly according to customer needs. Resourcing processes are similar in all sections. Highest operative decisionmaker allocates resources on a group level. The economic and financial characteristics of services do not differ and are also same in terms of the nature of service production processes, type of customer, and methods used in service distribution. Gofore reports its business operations as one segment.

Revenue recognition

In accordance with IFRS 15, revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The control is transferred either at point in time or over time. Gofore Group acts mainly as a principal in its revenue arrangements, as it typically controls the goods or services being transferred to the customers. In some services provided, Gofore acts as an agent on behalf of third parties. These services have been described more in detail below.

Performance obligations

Gofore recognises revenue for the different revenue types over time, except for cloud capacity commissions and licences commissions which are recognized at a point in time.

Time and material-based projects, which are based on an hourly or daily based fee arrangement, are recognised as revenue on a cost-to-cost basis. The time and material charged on the projects is invoiced monthly. If Gofore has received prepayments, these are recorded as advances received and the revenue is recognised when services have been rendered. Performance obligations are fulfilled in accordance with work performed.

For fixed price projects, revenue is recognised over time based on actual costs or completed hours recorded on the project compared to the total estimated cost or total estimated hours for the project. Fixed price projects are mostly less than a year long and rarely last more than 12 months. Performance obligations are fulfilled in accordance with work performed.

In maintenance services, the revenue is recognized over time on a straight-line basis, as the services are rendered. For the maintenance the invoicing cycle might vary, with services invoiced in advance. When the maintenance is invoiced in advance, the payment received is deferred and recognised as revenue monthly on a straight-line basis when the services are rendered.

Gofore also provides third party cloud capacity services and licences for its customers. In selling these Cloud computing services, Gofore acts as an agent and recognises revenue only for the agent commissions received. When providing related services and licences, Gofore purchases the SaaS-based cloud capacity and licences from the third-party supplier and provides these to the end customer. Based on the sales of the third-party SaaS based cloud capacity services and licences Gofore earns an agent commission. Since Gofore is not providing these services, it only acts as an agent and thus only records the agent commission as revenue at a point in time when the agent related services have been provided.

Variable consideration

Rendering of services may include variable consideration e.g., discounts, penalties for delay and customer claims. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Gofore has some variable considerations with single customers.

CONTRACT BALANCES

Contract assets

A contract asset is a right to consideration in exchange for goods or services transferred to the customer. As the timing of invoicing may differ from the timing of revenue recognition, Gofore recognises a contract asset when revenue is recognised prior to invoicing the customer.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional, i.e., only the passage of time is required before payment of the consideration is due. Refer to accounting policies of financial assets in note 4.2. Financial assets and liabilities.

Contract liabilities

A contract liability is an obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. When Gofore recognises revenue after invoicing the customer, a contract liability is recognised when the payment is done, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Summary of contract balances is presented in the tables at the end of this note.

Other principles

Gofore's contracts with customers do not include significant financing components.

Gofore's contracts with customers do not include non-cash considerations. Gofore does not provide any warranties to its customers that would have considered as separate performance obligations.

Gofore's standard warranty clauses only guarantee that services performed comply with the agreed specifications.

DISTRIBUTION OF REVENUE

EUR thousand, unless otherwise specified	2022	2021
Net sales by customer sector		
Private sector sales	59,840	36,570
Public sector sales	90,081	67,939
Net sales by origin of customer		
Finland	133,955	95,463
Other countries	15,966	9,046
Timing of revenue recognition		
Services transferred at a point in time	110	572
Services transferred over time	149,811	103,937
Net sales by agreement types		
Time and material based projects	139,261	94,199
Fixed price projects	8,004	7,544
Maintenance services	2,546	2,351
Third party commissions	110	416
Net sales, Group total	**149,921**	**104,509**

SUMMARY OF CONTRACT BALANCES

Summary of contract balances	2022	2021
Trade receivables (Note 3.6)	24,248	15,980
Current contract assets (Note 3.6)	465	709
Current contract liabilities (Note 3.7)	688	2,217

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days. At the end of reporting period 31.12.2022 Gofore had a provision for expected credit loss of trade receivables and contract assets amounting to EUR 58 thousand (2021: EUR 41 thousand). The profit and loss impact of the change in the provision for 2022 amounted EUR 16 thousand (2021: EUR 10 thousand). Please refer to note 4.4. Financial risk management for further information regarding the ECL calculations.

EUR thousand	2022	2021
Revenue recognised from amounts included in contract liabilities at the beginning of the year	2,042	1,671

Contract liabilities consist mainly of short-term customer contracts, which are recognised as revenue during the next financial period.

2.2. OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

Other operating income includes income that does not directly relate to income from Gofore's operating activities.

Public grants are recognised if the grant seems reasonably certain and all related conditions are met. When the grant is related to an expense item, it is systematically recognised as income in the periods during which all related costs that the grant is meant to replace are recognised as expenses. When the grant is related to an asset, it decreases the book value of the asset and is recognized in profit and loss for the economic life of the asset through lowered amortisations.

EUR thousand	2022	2021
Government grants	79	101
Other income	48	27
Total other operating income	**126**	**128**

The public grants of 2022 are mainly related to research and training projects. The digital work development projects that Business Finland supported were completed in 2021. In the accounting period 2022, other income is mainly formed by sales profits from fixed assets.

OTHER OPERATING EXPENSES

Please see note 4.4 Financial risk management for further information on ECL. The other expenses consist mainly of ICT expenses EUR 4,843 thousand (EUR 2,499 thousand), external services EUR 2,031 thousand (EUR 2,034 thousand), sales and administrative expenses EUR 1,478 thousand (EUR 1,067 thousand) and other maintenance costs related to Gofore's premises EUR 597 thousand (EUR 610 thousand).

EUR thousand	2022	2021
Change in expected credit losses (ECL)	-16	-10
Transaction costs from business combinations	-1,587	-195
Short-term leases	-4	-4
Low-value leases	-1,235	-1,636
Voluntary personnel expenses	-3,414	-2,139
Other expenses	-11,137	-7,241
Total other operating expenses	**-17,394**	**-11,226**

EUR thousand	2022	2021
Audit services	-153	-156
Auditor's certificates and statements	-18	-26
Tax services	-6	-9
Other services	0	-40
Total audit fees	**-177**	**-231**

2.3. EMPLOYEE BENEFIT EXPENSES

ACCOUNTING PRINCIPLES

Gofore's employment benefits include salaries, remunerations, fringe benefits, post-employment benefits and share-based payments. Gofore's employee benefit expenses include salaries, remunerations, fringe benefits, benefits incurred after termination of employment, and share-based remunerations. Gofore's benefits after termination of employment consist of pensions. The Group has pension arrangements according to the local legislation of its office locations, and they are managed by external insurance companies. Current pension plans are contribution-based plans, and the contributions payable are recognised as expenses in the income statement for the period to which the payments relate.

Average number of employees

	2022	2021
Average number of employees during the period	1,106	799

Employee benefit expenses

EUR thousand	2022	2021
Wages and salaries	-69,916	-48,618
Social security costs	-3,048	-2,035
Pension expences	-11,756	-8,045
Share-based payments	-430	-245
Total employee benefit expenses	**-85,150**	**-58,943**

SHARE-BASED PAYMENTS

Please see more information on share-based payment in note 2.4. Share-based payments.

SALARIES, FEES, AND BENEFITS PAID FOR THE BOARD OF DIRECTORS AND FOR THE GROUP MANAGEMENT

Key management personnel consist of the members of the Board of Directors, Group CEO, and members of the Group management team.

Compensation of the members of Board of Directors

EUR thousand	2022	2021
Timur Kärki	92	121
Stefan Baggström (until 26.3.2021)	0	5
Sami Somero	26	25
Juha Eteläniemi (until 25.3.2022)	6	23
Mammu Kaario	28	29
Piia-Noora Kauppi (since 26.3.2021)	26	21
Eveliina Huurre (since 25.3.2022)	18	0
Tapani Liimatta (since 25.3.2022)	18	0
Total	**214**	**224**

During the reporting period, no share-based payment was paid. More information of share-based payments is provided in note 2.4.

Group CEO

EUR thousand	2022	2021
Mikael Nylund		
Wages and salaries	251	190
Total	**251**	**190**

Group management team

EUR thousand	2022	2021
Wages and salaries	1,786	1,228
Share-based payments	10	4
Total	**1,796**	**1,231**

2.4. SHARE-BASED PAYMENTS

ACCOUNTING PRINCIPLES

A compensation cost pursuant to IFRS 2 is recognised for share-based payments based on the entire program being an equity-settled payment. Share-based incentive programs are valued at fair value on the grant date based on the gross number of shares awarded, recognised as an expense in the statement of profit and loss during the period in which the conditions are met (the vesting period) and with the corresponding adjustment to the equity. The withholding tax is paid by the company and thus, participants receive shares net of tax. Net settlement feature is applied, and the share-based payments are classified in their entirety as equity-settled share-based payment transactions as they would have been classified in the absence of the net settlement feature.

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

At each reporting date, the Group revises its estimates on the amount of share-based payments that are expected to vest. The impact of the revision to previous estimates is accrued as other personnel expenses with corresponding entry directly to equity. The historical development of Gofore share price and the expected dividends have been taken into account when calculating the fair value.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses (note 2.3), together with a corresponding increase in equity (share-based payments), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. The board of directors makes the decision on a case-by-case basis whether to issue new shares or whether to purchase own shares. Hence, any diluted effect from the CrewShare programs have not been taken into consideration.

DESCRIPTION OF THE SHARE-BASED PAYMENTS PLANS

Gofore Plc has two share-based payment plans as compensation for employees with a share matching component: PSP program for key personnel and CrewShare program(s). These programs are equity settled transactions and thus, the Group does not have any cash-settled transactions.

PSP Programme

In January 2022, Gofore's Board of Directors decided to establish a new share-based incentive plan for the group's key personnel. Its target is to align the objectives of the shareholders and key personnel for increasing the value of the company in the long-term, to commit the key employees to work for the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares. The Performance Share Plan 2022–2024 consists of a three-year performance period, covering the financial years in question. The Board may annually decide on new performance periods.

In the plan, the target group is given an opportunity to earn Gofore Plc shares based on performance. The potential rewards based on the plan will be paid after the end of each performance period. The reward will be paid partly in Gofore Plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and tax-related costs arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

During the performance period, the reward is based on the group's average adjusted EBITA percentage and average revenue growth measured cumulatively for the financial years 2022–2024. The value of the targeted maximum rewards to be paid will correspond to an approximate maximum total of 20,200 Gofore Plc shares also including the cash proportion. Depending on the development of the adjusted EBITA percentage, the definite maximum value of the rewards to be paid will correspond an approximate amount of 33,300 Gofore Plc shares including also the cash proportion. During the performance period, approximately 26 persons, including the CEO and other Gofore Management Team members, belong to the target group of the performance period.

CrewShare

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings program (Crew Share) for the entire Group's personnel. The objective of the plan is to motivate the Gofore employees to invest in the company's shares and to become shareholders in the company. The aim is also to align the interests and commitment of the employees and management to work for the good value development and increased shareholder value in the long-term. The Board of Directors decides annually on any savings periods to be launched under the program.

The plan is offered to all Gofore Group employees, who will be offered an opportunity to save a proportion of their regular salaries and use the savings for the acquisition of the company's shares at a 10 percent discount. The accrued savings will be used for the acquisition of the Gofore shares after the end of the plan period. Participation in the Plan is voluntary, and an employee will participate in the Plan for one plan period at a time.

As an incentive to participants in the program, Gofore will offer one matching share as a gross incentive per three shares acquired through savings after a share ownership period of two years. The prerequisites for receiving matching shares are that a participant holds the acquired shares for the entire holding period, and that his or her employment at Gofore has not terminated before the end of the holding period. Dividends paid on shares acquired with savings are automatically used to acquire the shares on the next possible date of acquisition.

The lates programme in 2022 entails an addition to previous savings periods, where the participant can additionally earn 1-1.5 performance-based bonus shares as a gross remuneration towards every three shares acquired with the savings, in the event that the EBITA target, earnings before deductions and depreciations, is met. This way, a participant can earn up to 2.5 shares towards each three shares acquired in the savings period 2022-2023.

At a reporting date, Gofore has three CrewShare programs and one PSP programme. Information regarding the plans have been presented in the following tables.

Plan	Employee Share Savings Plan (CrewShare)					Share-based Incentive Program (PSP)
Type	Equity	Equity	Equity	Equity	Equity	Equity
Instrument	CrewShare 2019	CrewShare 2020	CrewShare 2021	CrewShare 2022	CrewShare 2022 (Bonus shares)	PSP 2022
Starting date for the service period	19.3.2019	1.3.2020	9.3.2021	4.3.2022	4.3.2022	25.3.2022
Vesting date	28.2.2022	28.2.2023	29.2.2024	28.2.2025	28.2.2025	31.5.2025
Maximum contractual life (y,mm)	3.0	3.0	3.0	3.0	3.0	3.4
Remaining contractual life (y,mm)	0	0.2	1.2	2.2	2.2	2.4
Number of persons at the end of reporting year	0	141	327	539	539	26
Payment method	Shares	Shares	Shares	Shares	Shares	Shares

Number of Shares	CrewShare 2019	CrewShare 2020	CrewShare 2021	CrewShare 2022	CrewShare 2022 (Bonus shares)	PSP 2022
1 January 2022						
Outstanding in the beginning if the period	12,650	10,159	6,373			
Changes during period						
Granted			6,718	9,523	14,285	22,200
Forfeited	426	1,055	1,575	280	420	
Vested	12,224					
31 December 2022						
Outstanding at the end of the period		**9,104**	**11,516**	**9,243**	**13,865**	**22,200**

Fair value determination

The fair value of share-based incentives has been determined at grant date and the fair value is expensed until vesting. The pricing of the share-based incentives granted during the period was determined by the following inputs and had the following effect:

	CrewShare 2020	CrewShare 2021	CrewShare 2022	CrewShare 2022 (Bonus shares)	PSP 2022
Share price at grant, EUR	14.49	21.36	22.22	22.22	22.00
Expected discounted dividends, EUR	0.49	0.57	0.69	0.69	0.92
Fair value 31 December 2022, EUR	**14.00**	**20.78**	**21.54**	**21.54**	**21.08**

Effect of Share-based Incentives on the result and financial position during period:

EUR thousand	2022	2021
Expenses for the financial year, share-based payments, equity-settled	-430	-245

Significant judgement related to share-based payments

At each reporting date, Gofore's management revises its estimates on the number of shares that is expected to vest. As a part of this evaluation, Gofore considers the changes in the forecasted performance of the Group, its expected turnover of the personnel benefiting from the share-based payment programs and other information impacting the number of shares to be vested.

2.5. FINANCE INCOME AND FINANCE EXPENSES

ACCOUNTING PRINCIPLES

Finance income and expense are recognised in the period during which they are incurred. The company hedges it's floting interest rate loans with interest rate hedge instruments. More about hedge instruments can be found in Note 4.4 Financial Risk Management and 4.5 Derivatives.

FINANCE INCOME

EUR thousand	2022	2021
Gains from fair valuation of financial instruments	7	32
Other finance income	54	8
Total finance income	**60**	**40**

FINANCE COSTS

EUR thousand	2022	2021
Interest on debts and borrowings	-187	-165
Interest expenses from leases	-48	-58
Total interest expenses	**-235**	**-223**
Losses from fair valuation of financial instruments	-76	0
Interest Expense on Contingent Consideration	-412	0
Other finance costs	-101	-679
Total finance costs	**-590**	**-679**
Total interest costs and finance costs	**-824**	**-902**

Interest expenses arising from contingent consideration are related to Devecto and eMundo acquisitions. Information regarding the financial instruments is presented in the sections 4.1, 4.2 and 4.4.

2.6. INCOME TAX

ACCOUNTING PRINCIPLES

Current income tax

Income taxes comprise of tax recognized on the taxable income for the financial year as well as deferred taxes. Taxes for the items recognised in the statement of profit and loss are

included in income taxes in the statement of profit and loss. For items recognised directly in the other comprehensive income statement (OCI), also the tax effect is recognised in other comprehensive income (OCI).

Taxes based on taxable income are recorded according to the local tax rules of each country using the applicable tax rate. If there is uncertainty included in interpretations of the income tax rules, Gofore estimates if a company can fully utilize the tax position that is stated in income tax computation. If necessary, tax bookings are adjusted to reflect the changes in tax position.

Deferred tax

Deferred tax asset or liability is recorded on temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Typical temporary differences arise mainly from leases, business combinations, share-based payments, cash flow hedging, intangible assets and fair valuation of financial assets and liabilities through profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised in the balance sheet in full.

The Group offsets the deferred tax assets and deferred liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

DIRECT TAXES

EUR thousand	2022	2021
Income tax on operations	-4,463	-2,723
Tax for previous accounting periods	-21	-10
Deferred taxes	834	473
Income tax total	**-3,650**	**-2,261**

TAX RATE RECONCILIATION

EUR thousand	2022	2021
Profit before income tax	**15,873**	**11,335**
Tax calculated at parent's tax rate of 20% (2021 20%)	-3,175	-2,267
Tax for previous years	-21	-10
Effect on different tax rates in foreign subsidiaries	111	-10
Non-deductible expenses	-598	-55
Income not subject to tax	26	81
Other tax differences	6	0
Income taxes	**-3,650**	**-2,261**

INCOME TAX RECEIVABLES AND PAYABLES

EUR thousand	2022	2021
Income tax receivables	140	144
Income tax payable	1,229	533

DEFERRED TAXES

Deferred tax assets 2022

EUR thousand	1 January 2022	Recognized in profit or loss	Business acquisitions	31.12.2022
Leases	9	-1	0	9
Expected credit losses	8	3	0	12
Intangible assets	19	48	59	126
Total	**37**	**51**	**59**	**147**

Deferred tax assets 2021

EUR thousand	1 January 2021	Recognized in profit or loss	Business acquisitions	31.12.2021
Leases	8	2	0	9
Expected credit losses	6	2	0	8
Intangible assets	0	19	0	19
Total	**14**	**23**	**0**	**37**

Deferred tax liabilities 2022

EUR thousand	1 January 2022	Recognized in profit or loss	Recognised in other comprehensive income	Business acquisitions	31.12.2022
Revaluation of financial instruments at fair value through profit and loss	-16	14	0	0	-2
Cash flow hedgings	0	0	-136	0	-136
Allocation of fair value on purchase	-2,095	770	0	-3,200	-4,525
Tangible assets	0	-2	0	0	-2
Total	**-2,111**	**782**	**-136**	**-3,200**	**-4,664**

Deferred tax liabilities 2021

EUR thousand	1 January 2021	Recognized in profit or loss	Recognised in other comprehensive income	Business acquisitions	31.12.2021
Revaluation of financial instruments at fair value through profit and loss	-9	-6	0	0	-16
Cash flow hedgings	0	0	0	0	0
Allocation of fair value on purchase	-1,962	456	0	-589	-2,095
Tangible assets	0	0	0	0	0
Total	**-1,971**	**450**	**0**	**-589**	**-2,111**

2.7. EARNINGS PER SHARE

ACCOUNTING PRINCIPLES

Undiluted earnings per share is calculated by dividing the profit for the year attributable equity holders of the parent by the weighted average number of shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of shares outstanding during the financial year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into shares.

EUR thousand	2022	2021
Profit attributable to the shareholders of the parent, EUR thousand	11,954	8,953
Profit attributable to the non-controlling interests, EUR thousand	269	120
Weighted number of shares, undiluted	15,388	14,746
Weighted number of shares, diluted	15,405	14,746
eMundo earn-out shares	17	0
Earnings per share (EPS), undiluted	0,78	0,61
Earnings per share (EPS), diluted	0,78	0,61

The weighted average number of shares calculates the weighted average effect of changes in treasury share transactions during the reporting period.

In connection with the eMundo acquisition, Gofore agreed with the acquired company's management on a growth and earnings-based incentive programme that includes an investment in Gofore's shares with a directed share issue. The maximum amount of shares according to the share price on the date of the Financial Statements is included in the diluting effect.

3. Capital employed

3.1. BUSINESS COMBINATIONS

ACCOUNTING PRINCIPLES

Acquired subsidiaries are consolidated in the Group financial statements from the date when Gofore obtained control over the acquired entity. Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Gofore measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

Acquisition-related costs are expensed as incurred and included in the statement of profit and loss as other operating expenses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit. More information about goodwill and impairment testing is provided in note 3.2. Goodwill and impairment testing.

A contingent consideration recognized in a business combination is initially measured at its fair value. Subsequently, it is measured in accordance with the requirements in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

ACQUISITIONS IN 2022

Acquisition of Devecto

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

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

The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted EUR 14,060 thousand and result for the period was EUR 1,415 thousand.

Devecto's net assets have been recognised in fair value of the time of the acquisition, 3 January 2022. The accounting method of the acquisition has been modified after the preliminary purchase price allocation, based on new information on the facts and circumstances of the time of the acquisition. Fair value changes were made for the period in customer relationships, EUR 1.5 million, non-compete agreements, EUR 0.1 million, deferred tax liabilities, EUR 0.3 million, based on comparison to preliminary fair value adjustments at the time of the acquisition. The discounted additional purchase price was adjusted by EUR 1.1 million related to new information of the time of the acquisition. Due to the fair value changes for the period made on the acquired opening balance, goodwill was decreased by EUR 0.3 million. The table enclosed presents the fair values of the acquired assets and liabilities.

Acquisition of eMundo GmbH (Germany)

On 1 November 2022, Gofore acquired 100% of the shares of eMundo GmbH by paying 70 percent as cash consideration and 30 percent in shares. The privately owned company is based in Germany, and it designs and carries out digitalization projects and develops tailormade software for strategic operations such as cyber security, service processes, public transport and the automotive industry. The individual assets and liabilities acquired have been recognised in the preliminary acquisition cost calculation to their fair values of the time of the acquisition. As part of the fair value recognition, customer relationships, trademarks and non-competition agreements, as well as technology-based concepts were recognized as intangible assets from the eMundo Oy acquisition as presented in

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

the table below. The remaining goodwill, 6.6 million euros, includes for example workforce, future customer relationships and buyer-specific synergy benefits such as cross-selling to Gofore's customers. eMundo GmbH (Austria) is a fully owned subsidiary of eMundo GmbH (Germany and it was included in the acquisition (the eMundo Group).

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

The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted EUR 1 143 thousand and result for the period was EUR -186 thousand. eMundo Group's net sales in 2022 would have been EUR 7,112 thousand, should the company been consolidated in the Gofore Group since the beginning of the year.

The fair values of the identifiable assets and liabilities at the date of acquisition have been presented in the table.

ACQUISITIONS IN 2021

Acquisition of CCEA Oy

On 1 March 2021, Gofore acquired 95% of the shares of CCEA Oy, an unlisted company based in Finland and specializing in the organizational change management, in exchange for a cash consideration. The acquisition enlarged the range of services and value chain in the digital transformation offered by Gofore. The identifiable assets that were acquired and liabilities assumed are measured at fair value as of the acquisition date. As a part of the allocation of fair values, Gofore recognized customer relationships, trademarks, non-compete agreements, technology and models and templates as intangible assets identified in connection with the acquisition of CCEA Oy. Residual goodwill EUR 3.6 million includes e.g., assembled workforce, future customer relationships and buyer-specific synergies such as cross-selling to Gofore's existing customers. Celkee Oy is a 100% owned subsidiary of CCEA Oy and was included in acquisition of CCEA Oy (CCEA Group).

The group has expensed acquisition related transaction costs of EUR 195 thousand. Transaction costs are included in other operating expenses in the statement of profit and loss. The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted EUR 5,760 thousand and result for the period was EUR 819 thousand. Net sales of CCEA Group for the year 2021 would have been EUR 6,733 thousand and the operating profit

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

EUR 1,135 thousand, if the company would have been part of the group from the beginning of the year.

The fair values of the identifiable assets and liabilities at the date of acquisition have been presented in the table enclosed here.

EUR thousand	CCEA Oy (2021)
Purchase price	
Consideration paid in cash	6,456
Total purchase price	**6,456**
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer relationships	1,559
Trademarks	258
Non-compete agreements	861
Technology based intangibles	66
Models and templates	200
Capitalized development expenditure	101
Intangible assets	**3,045**
Tangible assets	114
Other assets	1,142
Cash and cash equivalents	561
Total assets	**4,862**
Liabilities	
Interest and non-interest bearing liabilities	1,252
Deferred tax liability	589
Total liabilities	**1,841**
Total identifiable net assets at fair value	**3,021**
Goodwill arising on acquisition	**3,586**
Non-controlling interests	-151
Purchase consideration transferred	**6,456**
Cash flow impact of acquisitions	
Consideration paid in cash	6,456
Cash and cash equivalents	-561
Net cash flow on acquisition	**5,894**

Contingent considerations

In connection with the acquisition of Devecto Oy, a contingent consideration was agreed based on Devecto Oy's financial results of 2022. The additional purchase price is a maximum of five (5) million euros and will be paid during the first half of 2023 if the targets are met.

In connection with the acquisition of eMundo, a maximum of 2.8 million euros of contingent consideration was agreed, based on the development of the company's growth and profitability between 2022 and 2024. The contingent consideration is paid in cash consideration during 2023-2025 if the targets are met.

Contingent considerations at the acquisition date

EUR thousand	eMundo GmbH (2022)	Devecto Oy (2022)	CCEA Oy (2021)
Contingent consideration liability at the acquisition date	2,219	4,225	0

Accounting estimates and the management's judgement

Net assets acquired in the business combinations are measured at fair value, which is determined based on the market value of similar assets (tangible assets) or an estimate of the expected future cash flows (intangible assets). This valuation is based on the current repurchase values, expected cash flows or estimated selling prices and it has required management's judgement. Gofore's management believes that the estimates and assumptions used are sufficiently reliable for determination of fair values.

3.2. GOODWILL AND IMPAIRMENT TESTING

ACCOUNTING PRINCIPLES

Goodwill arises from the business combinations, and it corresponds to the amount that the consideration transferred exceeds the fair value of identifiable net assets as of the acquisition date.

Goodwill from business combinations is allocated for impairment testing to the cash generating unit that is expected to gain benefit from the synergies created by the business combination.

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate to a possible impairment. The carrying amount of the cash-generating unit (CGU), including goodwill, is compared to the recoverable amount which is the higher of the following: use value or fair value less costs of disposal or the value in use. Possible impairment is recognized as an expense in the statement of profit and loss with immediate effect, and it will not be reversed later. Gofore has no intangible assets that would have an unlimited financial duration of effect. The impairment testing is done on a Group level, as the Gofore Group has a centralised controlling system and reporting structure, and an individual cash generating unit also complies with the method the management uses to follow business operations. Therefore all recognised goodwill is directed to one cash generating unit. More information on the segment definition is presented in Note 2.1

If the recoverable amount of an asset is less than its carrying amount, the impairment loss is recorded so that the carrying amount of the asset is equal to its recoverable amount.

EUR thousand	2022	2021
Acquisition cost at 1.1.	**26,897**	**23,311**
Goodwill from business acquisitions	20,797	3,586
Acquisition cost at 31.12.	**47,694**	**26,897**

Gofore has in the reporting period tested goodwill for impairment at 31.12.2022. The recoverable amount from the cash generating unit is determined based on value-in-use calculations. The calculations are prepared following the discounted cash flow method using the management approved estimates for the following year and subsequent development derived from the strategic plans. Terminal year value has been defined based on the long-term strategic plans.

Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 1.0% (1.0%) used in projections is based on management's assessment on conservative long-term growth. Key driver for the valuation is the revenue growth based on the Group's performance and future strategic growth plans, market position as well as the potential in key markets.

The applied discount rate is the weighted average pre-tax cost of capital (WACC). The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The WACC of 9.48% (8.97 %) has been used in the calculations.

As a result of the impairment test, no impairment loss for the CGU was recognized for the financial period ended 31.12.2022.

When assessing the recoverable amounts of cash generating unit, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the unit would fall below their carrying amount. According to the sensitivity analysis made: if net sales does not grow from the level of 2022 year end level, the recoverable amount decreases by 56% still remaining positive. If EBITDA remains in the level of 2022, recoverable amount decreases by 74%, remaining positive. If terminal growth is 0%, recoverable amount decreases by 9% still remaining positive.

Accounting estimates and management's judgements

The management uses significant estimates and judgement when determining whether there are indications of impairment of goodwill. Management judgement has also been used when defining the amount of cash generating units but since one cash generating unit has been identified, no further allocation of goodwill is required. More information on segment definition can be found in Note 2.1 Revenue from contracts with customers.

The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period. Cash flow forecasts are based on Gofore Group's existing business structure, actual results and the management's best estimates on future sales, cost development, general market conditions and applicable tax rates. The growth rates are based on the management's estimates on future growth of the business.

3.3. INTANGIBLE ASSETS

ACCOUNTING PRINCIPLES

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The accounting procedure of cloud service arrangements depends on whether cloud-based software is classified as an intangible asset or a service agreement. The arrangements where the company has no control over the software in question, will be treated in accounting as service agreements that give the company the right to use the application software of the cloud service provider during the agreement period. The continuous license payments and software-related configuration or customising costs are recognised as Other operating expenses when the services are received. Unspecified advance payments made to the cloud service provider for customising the software are recognized as costs during the agreement period.

For the Group's accounting policy on impairment for goodwill, refer to note 3.2. Goodwill and impairment testing. The group does not have intangible assets with indefinite life.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

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

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

A summary of the policies applied to the Group's intangible assets is, as follows:

	Amortization principle	Useful life (years)
Trademarks	Straight line amortizations	2
Customer relationships	Straight line amortizations	5-10
Technology based intangibles	Straight line amortizations	5
Models and templates	Straight line amortizations	3
Non-compete agreements	Straight line amortizations	6
Capitalized development expenditure	Straight line amortizations	6-10
Other intangible assets	Straight line amortizations	5

Trademarks

Gofore has been granted the right to use CCEA, Qentinel and eMundo trademarks free of charge. Trademarks have been valued using relief from royalty method.

Customer relationships

Customer relationships of the acquired companies have been recognized as the main intangible asset in connection with the acquisitions.

Non-compete agreements

The non-compete agreements prevent key employees of the acquired companies from performing any competitive actions for agreed time post transaction.

Technology

Gofore has been granted the right to use “Celkee Insight” free of charge. “Celkee Insight” has been valued using relief from royalty method.

Models and templates

CCEA has a significant library of internally developed models and templates. There is a significant value in the model and template library as they result in cost savings by allowing for the business to efficiently deliver value in client projects.

Other intangible assets

Other intangible assets include mainly capitalized development costs of ERP systems.

3.4. TANGIBLE ASSETS

ACCOUNTING PRINCIPLES

Tangible assets are measured at cost less accumulated depreciation and possible impairment. The useful lives of tangible assets are 3–7 years. Tangible assets consist mainly of ICT and office equipment. The useful life of an asset is reviewed at least at the end of each financial year and adjusted, if appropriate. Sales gains and losses on disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

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

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

3.5. LEASES

ACCOUNTING PRINCIPLES

Group as a lessee

Right-of-use assets

Gofore's lease agreements consists mainly of buildings as office spaces and vehicles. Right-of-use assets are measured at cost comprising the amount of the lease liability and those assets are depreciated over the lease term. For contracts that comprise both lease components and non-lease components, the payments are divided between these components and non-lease components are expensed as incurred.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and recognized as an expense in the statement of profit and loss.

Lease liabilities

The nominal lease liability is initially measured at the present value of lease payments over the lease term. Lease payments include the amount of fixed payment and variable lease payments based on index and penalties resulting from terminating the lease. The Group is not exposed to any potential cash outflows that are not reflected in the measurement of lease liabilities.

Lease payments are discounted by using the lessee's incremental borrowing rate since the interest rates are not easily available in the lease contracts. The Group's incremental borrowing rate is determined based on financing offers received and market conditions and it is reviewed annually.

The Group has several lease contracts that include extension options. The Group applies judgement to evaluate whether it is reasonably certain to exercise the option to extend those lease contracts. Extensions for the leases are included in the lease liability when the lease is reasonably certain to be extended.

Interest expense on lease liabilities is recognized in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

The maturity analysis of lease liabilities is disclosed in note 4.3. Borrowings and lease liabilities.

Short-term lease contracts and contracts of low-value assets

The Group applies the exemptions applicable to short-term lease contracts (lease period less than 12 months), and for lease contracts for which the underlying asset is of low value. These lease contracts are not recognized in the statement of financial position but booked as an expense when the costs are incurred, following the exceptions determined in IFRS 16. Lease expenses recognized for short term leases and low value assets are presented more in detail in note 2.2. Other operating income and expenses.

Gofore has no sub-lease arrangements.

Right-of-use assets

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

Accounting estimates and management's judgements

The most significant management judgment relates to open-ended lease agreements. For these contracts, management needs to estimate the length of lease term, which may significantly affect the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense. Management judgment is also applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

3.6. TRADE RECEIVABLES AND CONTRACT ASSETS

ACCOUNTING PRINCIPLES

The Group recognizes credit loss provisions for expected credit losses (ECL) on trade receivables in accordance with IFRS 9. For analyzing and recognition of ECL regarding trade receivables, the simplified approach for determining the expected credit losses of IFRS 9 is applied. In this approach the credit losses are based on predetermined credit loss rates by customer category. The rates are determined by past events and external sources.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For measurement of ECL for trade receivables the Group uses a provision matrix, where it has specified fixed provision rates depending on the number of days that a trade receivable is past due. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates specific to the sector-based client risk analysis.

At the reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. Expected credit losses have not been recorded from the value added tax that is included in trade receivables. Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets. In the statement of profit and loss, the amount of ECL (or reversal) is recognized as an impairment gain or loss in other operating expenses.

Trade receivables

EUR thousand	2022	2021
Trade receivables from external customers	24,306	16,021
Provision for expected credit losses	-58	-41
Total trade receivables	**24,248**	**15,980**

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days. Read more about ECL in Note 4.4. Financial risk management.

For terms and conditions relating to related party receivables, refer to Note 5.1. At the reporting date there were not any open receivables from the related parties.

CONTRACT ASSETS

Accounting principles

The timing of invoicing may differ from the timing of revenue recognition. When revenue is recognized prior to invoicing from a client, Gofore recognizes a contract asset. In accordance with IFRS 15, contract assets are presented as a separate item in the Statement of Financial Position. Thus, the sales, which are recognized as revenue but not yet invoiced from the client, are presented as contract assets.

As at 31.12.2022, the Group has contract assets of EUR 465 thousand (2021: EUR 710 thousand) which is net of a provision for expected credit losses of EUR 0 thousand (2021: EUR 1 thousand).

Movement in the provision for expected credit losses of trade receivables and contract assets:

EUR thousand	2022	2021
As at 1.1.	-41	-31
Change in expected credit loss	-16	-10
As at 31.12.	**-58**	**-41**

The significant changes in the balances of trade receivables and contract assets are disclosed in note 2.1 Revenue from contracts with customers while the information about the expected credit losses is disclosed in Note 4.4. Financial risk management.

3.7. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

EUR thousand	2022	2021
Non-current liabilities - Other payables		
Other liabilities	3,196	0
Other payables total	**3,196**	**0**

Other liabilities 31.12.2022 consist of interest rate hedge liability and contingent consideration related to eMundo acquisition and purchase price liability.

EUR thousand	2022	2021
Current trade and other payables		
Trade payables	7,272	3,951
Contract liabilities	688	2,217
Other payables	14,208	7,248
Accrued expenses	16,978	10,561
Current trade and other payables total	**39,147**	**23,976**

Other payables consist of VAT liabilities EUR 6,486 thousand (2021: EUR 3,743 thousand), liabilities related to the acquisition of Devecto Oy and eMundo GmbH EUR 4,963 thousand (2021: EUR 1,571 thousand from Qentinel Finland and CCEA acquisitions), withholding tax and social security pay EUR 2,310 thousand (EUR 1,604 thousand). The accrued expenses consist mainly of personnel related expenses. Trade payables and other payables include also financial liabilities. These financial liabilities amounting to EUR 12,235 thousand included in note 3.7, are presented in maturity distribution of financial liabilities (note 4.3).

The definition for contract liabilities is presented in note 2.1 Revenue from contracts with customers.

4. Capital Structure and Management

4.1. FAIR VALUE MEASUREMENT

Gofore measures financial instruments at fair value at each balance sheet date. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in notes 2.4. Share-based payments and 3.1. Business combinations.

ACCOUNTING PRINCIPLES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by Gofore.

The fair value of an asset or a liability is measured using the assumptions that market participants would assume when pricing the asset or liability, that market participants act in their economic best interest.

Gofore uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

FAIR VALUE ESTIMATION

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1:
The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities. Financial instruments in level 1 fair value include:

- Securities

Level 2:
The fair value of these assets or liabilities is based on valuation techniques, where relevant input data is other than quoted prices belonging to the level 1 and is directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available source. Financial instruments in level 2 fair value include:

- Derivatives

Level 3:
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective. Financial instruments in level 3 fair value include:

- Contingent considerations

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, Gofore determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have not been any transfers between levels during the financial periods.

At each reporting date, Gofore's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the fair value disclosures, Gofore has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

FAIR VALUES

In Financial instruments tabular presentation (note 4.2. Financial assets and liabilities) there are comparison, by class, of the carrying amounts and fair values of the Gofore's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

VALUATION METHODS AND ASSUMPTIONS

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the project. Based on this evaluation, allowances are considered for the estimated losses of these receivables.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities such as contingent considerations are estimated by using rates currently available for debt on similar terms, credit risk and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of remaining financial assets are derived from quoted market prices in active markets.

4.2. FINANCIAL ASSETS AND LIABILITIES

ACCOUNTING PRINCIPLES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Gofore's Financial assets are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and Group's business model for managing the instruments. The impairment of the financial assets is discussed in detail in the risk management section in note 4.4 Financial risk management.

Amortized cost

Financial assets are classified at amortized cost, if the objective of holding the asset is to collect contractual cash flows and if the cash flows are solely payments of principal and interest. Financial assets which fulfill both conditions are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Any gains or losses from these financial assets are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, and other receivables.

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit and loss when the financial assets are held for trading and when the collection of cash flows are not based on payments of principal and interest and do not pass the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Gofore values the investment in securities at fair value through profit and loss.

Financial assets at fair value through Other comprehensive income (OCI)

Financial assets are classified at fair value through other comprehensive income if the objective of holding the financial asset fulfills both to collect contractual cash-flows and to sell the financial asset, and if the cash flows are solely payments of principal and interest. Financial assets at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

At initial recognition the group can make an irrevocable election to classify and measure its equity investments as equity instruments designated at fair value through other comprehensive income when these instruments are not held for sale and when these financial instruments fulfill the requirements of investments to equity instruments under IAS 32.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition of financial assets

Gofore derecognizes financial assets when, and only when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset, and the transfer qualifies for de-recognition.

When Gofore has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (note 1.3)
- Trade receivables, including contract assets (note 3.6)

Gofore recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Further information about ECL is presented in the note 4.4. Financial Risk Management.

Financial liabilities

Gofore recognizes a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. Gofore's financial liabilities are measured at fair value at initial recognition at trade date and are classified as subsequently measured at amortized cost and fair value through profit or loss. The financial liabilities are classified to their respective current and non-current accounts.

At amortized cost

Gofore's financial liabilities classified at amortized cost, such as interest-bearing loans and borrowings are initially recognized at fair value less any related transaction cost and are subsequently measured using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

De-recognition of financial liabilities

Gofore de-recognizes financial liabilities when, and only when the obligation of a financial liability specified in its respective contract is discharged, cancelled or it expires. This includes a situation where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss. Gofore has not de-recognized any liabilities during the financial period or the comparable financial period.

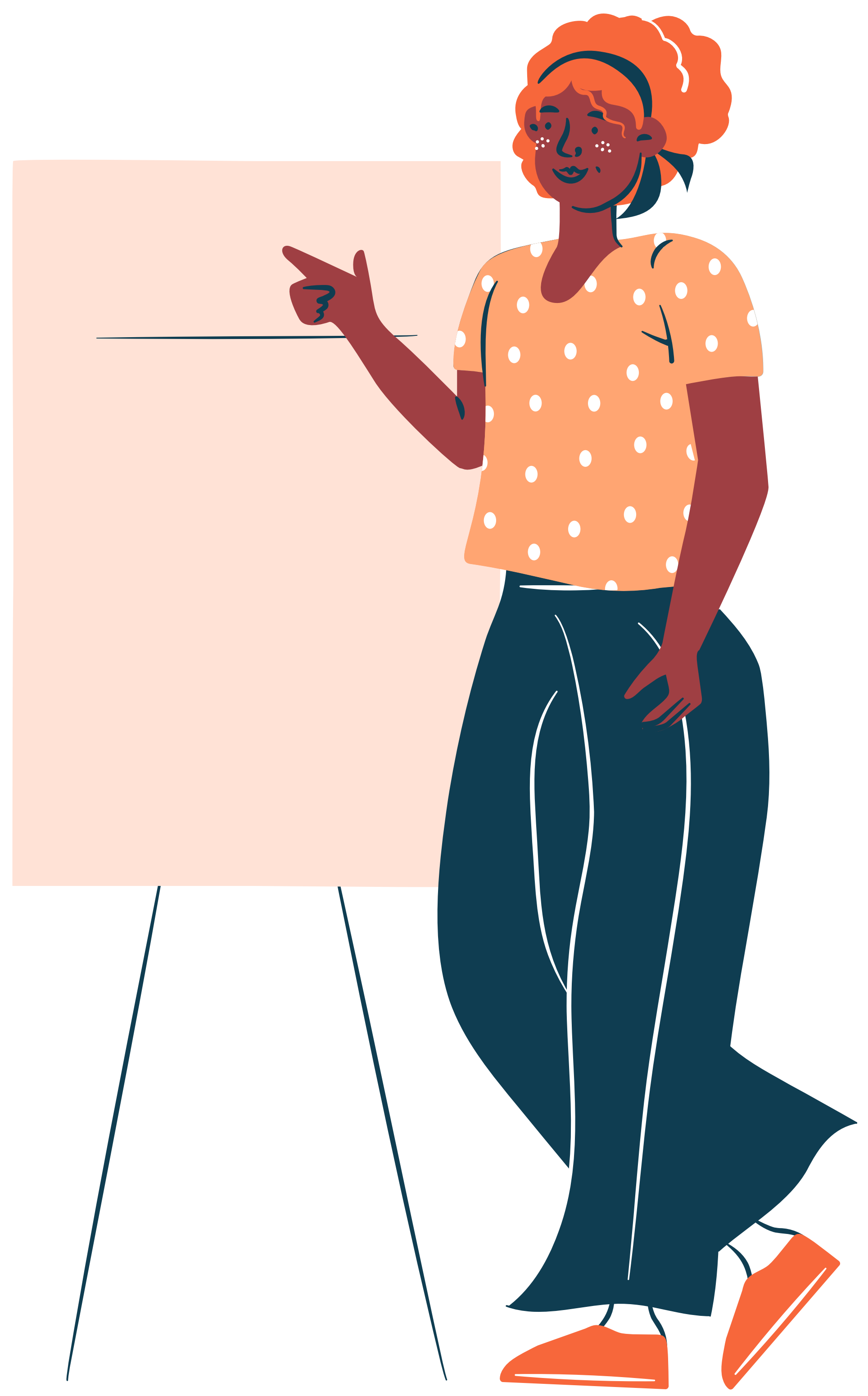
Contingent consideration

As a part of Devecto and eMundo acquisitions, there were agreed upon contingent considerations in 2022.

The contingent consideration has been recorded in accordance with IFRS 3 and liability is valued in fair value through profit and loss statement. Financial liability is specified in note 4.3. Borrowings and lease liabilities.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. Gofore does not offset its financial instruments.



Financial instruments by classification 31.12.2022

FINANCIAL ASSETS, 2022

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Financial Assets							
Non-current financial assets							
Other receivables					1	1	1
Derivates		2		814		814	814
Non-current financial assets total			**0**	**814**	**1**	**815**	**815**
Current financial assets							
Trade receivables	3.6.				24,248	24,248	24,248
Contract assets	3.6.				465	465	465
Securities	4.1.	1	1,077			1,077	1,077
Cash and cash equivalents	4.4.				44,135	44,135	44,135
Current financial assets total			**1,077**	**0**	**68,848**	**69,924**	**69,924**
Financial assets total			**1,077**	**814**	**68,849**	**70,739**	**70,739**

FINANCIAL LIABILITIES, 2022

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Financial Liabilities							
Non-current financial liabilities							
Interest-bearing loans and borrowings	4.3.				13,464	13,464	13,464
Derivates	4.3.	2		136		136	136
Contingent considerations	3.7. & 4.3.	3	1,560			1,560	1,560
Other payables					1,500	1,500	1,500
Non-current financial liabilities total			**1,560**	**136**	**14,964**	**16,659**	**16,659**
Current financial liabilities							
Interest-bearing loans and borrowings	4.3.				4,593	4,593	4,593
Contingent considerations	4.3.	3	4,885			4,885	4,885
Trade payables	3.7.				7,272	7,272	7,272
Contract liabilities					688	688	688
Other current liabilities	3.7. & 4.3.				78	78	78
Current financial liabilities total			**4,885**	**0**	**12,631**	**17,516**	**17,516**
Financial liabilities total			**6,445**	**136**	**27,595**	**34,175**	**34,175**

In non-current financial liabilities, Contingent considerations consist of eMundo GmbH acquisition. In current financial liabilities, Contingent considerations consist of Devecto Oy and eMundo GmbH acquisitions.
In Non-current financial liabilities, Other payables and in Current financial liabilities Other current liabilities consist of liabilities regarding acquisitions of Devecto Oy and eMundo GmbH.

Financial instruments by classification 31.12.2021

FINANCIAL ASSETS, 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Financial Assets							
Other receivables					1	1	1
Non-current financial assets total			**0**	**0**	**1**	**1**	**1**
Current financial assets							
Trade receivables	3.6.				15,980	15,980	15,980
Contract assets	3.6.				709	709	709
Other receivables	3.6.				891	891	891
Securities	4.1.	1	575			575	575
Cash and cash equivalents	4.4.				39,114	39,114	39,114
Current financial assets total			**575**	**0**	**56,694**	**57,269**	**57,269**
Financial assets total			**575**	**0**	**56,695**	**57,270**	**57,270**

In Current financial assets, Other receivables consists of escrow account guarantee related to Qentinel Finland acquisition.

FINANCIAL LIABILITIES, 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Financial Liabilities							
Non-current financial liabilities							
Interest-bearing loans and borrowings	3.3.				7,450	7,450	7,450
Non-current financial liabilities total			**0**	**0**	**7,450**	**7,450**	**7,450**
Current financial liabilities							
Interest-bearing loans and borrowings	3.3.				2,600	2,600	2,600
Trade payables	3.7.				3,951	3,951	3,951
Contract liabilities					2,217	2,217	2,217
Other current liabilities	3.7.&3.3.				1,571	1,571	1,571
Current financial liabilities total			**0**	**0**	**10,339**	**10,339**	**10,339**
Financial liabilities total			**0**	**0**	**17,789**	**17,789**	**17,789**

In Current financial liabilities, Other current liabilities are related to acquisitions of Qentinel Finland and CCEA Oy.

4.3. BORROWINGS AND LEASE LIABILITIES

INTEREST-BEARING LIABILITIES AND NET DEBT

NET DEBT (EXCLUDING LEASE LIABILITY)

EUR thousand	31.12.2022	31.12.2021
Non-current interest-bearing loans and borrowings	13,464	7,450
Derivatives liability	136	0
Non-current liabilities	3,060	0
Current interest-bearing loans and borrowings	4,593	2,600
Trade and other payables	39,147	23,976
Derivatives asset	-814	0
Trade and other receivables	-27,678	-19,180
Liquid funds	-45,212	-39,689
Net debt total	**-13,305**	**-24,842**

CHANGES IN INTEREST-BEARING LIABILITIES

31.12.2022

EUR thousand	Opening balance 1.1.	Cash flow	Acquisitions	Reporting date balance 31.12.
Non-current interst-bearing loans and borrowings	7,450	5,862	152	13,464
Lease liabilities	4,452	-1,281	434	3,605
Current interest-bearing loans and borrowings	2,600	1,836	157	4,593
Liquid funds	-39,689	-2,744	-2,779	-45,212
Total changes in interest-bearing net liabilities	**-25,187**	**3,673**	**-2,037**	**-23,550**

31.12.2021

EUR thousand	Opening balance 1.1.	Cash flow	Acquisitions	Reporting date balance 31.12.
Non-current interest-bearing loans and borrowings	7,500	-50		7,450
Lease liabilities	6,870	-2,418		4,452
Current interest-bearing loans and borrowings	2,000	600		2,600
Liquid funds	-21,938	-17,190	-561	-39,689
Total changes in interest-bearing net liabilities	**-5,568**	**-19,058**	**-561**	**-25,187**

LIABILITIES OF CONTINGENT CONSIDERATIONS

EUR thousand	31.12.2022	31.12.2021
Contingent considerations	6,444	0

It was agreed upon contingent consideration in Devecto and eMundo acquisitions. The changes in fair values of contingent considerations and impact of effective interest have been presented in the table Financial income and expenses in Note 2.5 Financial income and expenses.

MATURITY DISTRIBUTION OF FINANCIAL LIABILITIES

The maturity distribution of the financial liabilities is presenting the cash outflows in relation to Gofore's financial liabilities, including the impact of hedging interest rate derivatives. The objective is to present the liquidity requirements for meeting the upcoming outflows on an annual basis. The maturity analysis involves the interest-bearing financial liabilities and IFRS 16 lease liabilities to present the actual out flows in relation to all Gofore's liabilities.

Based on the maturity distribution position the Group management facilitates the credit position and liquidity requirement and adjusts the company's credit risk policy.

31.12.2022

EUR thousand	Book value	2023	2024	2025	2026	2027	2028->	Total Cash Outflows
Interest-bearing loans and borrowings	18,057	-4,914	-4,671	-4,086	-2,063	-1,925	-1,146	-18,805
Other payables	1,578	-78	-1,500					-1,578
Derivatives liability	136	-24	-24	-24	-22	-22	-21	-137
Lease liabilities	3,605	-2,181	-1,233	-244				-3,658
Trade payables	7,272	-7,272						-7,272
Contingent consideration	6,444	-4,885	-815	-744				-6,444
Total	**37,092**	**-19,354**	**-8,244**	**-5,099**	**-2,085**	**-1,947**	**-1,167**	**-37,895**

31.12.2021

EUR thousand	Book value	2022	2023	2024	2025	2026		Total Cash Outflows
Interest-bearing loans and borrowings	10,050	-2,678	-2,656	-2,633	-2,111	-150		-10,228
Lease liabilities	4,452	-1,801	-1,614	-941	-170			-4,526
Trade payables	3,951	-3,951						-3,951
Other current liabilities	1,571	-1,571						-1,571
Total	**20,024**	**-10,001**	**-4,269**	**-3,575**	**-2,280**	**-150**	**0**	**-20,275**

4.4. FINANCIAL RISK MANAGEMENT

FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

Gofore's principal financial instruments are exposed to risk factors where the principal variables are changes in the market and customer behavior. Risks affecting Gofore's financial assets are mainly related to changes in counter parties' payment behavior and credit risk.

Gofore' financial liabilities which comprise floating rate loans are affected by changes in the interest rate and are thus exposed to interest rate risk.

The management is assessing the risk framework periodically and the senior management oversees the management of these risks in accordance with Gofore's financial risk governance framework. Gofore has appropriate policies and procedures, and financial risks are identified, measured, and managed in accordance with the Gofore's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Gofore has applied hedge accounting from 1.1.2022 and has hedged part of interest rate position with interest rate cap and swap agreements.

Gofore considers Covid-19 impact on its financial instruments to be insignificant due to the nature of its business.

Sensitivity analysis

In relation to the risk management policy the Gofore estimates the exposure to the relevant market risk's by performing a sensitivity analysis periodically at each reporting date. The sensitivity analyses have been prepared on the basis that variables, such as, the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analyses in the following sections relate to the positions as at 31 December in 2022 and 2021.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 2021.

MARKET RISK

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Due to the termination of the Gofore UK Ltd, the Gofore is no longer exposed to currency risk, since the Gofore companies operate under the parents' home currency, which is EUR.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Gofore's exposure to the interest rate fluctuations relates primarily to the portion of Gofore's long-term debt obligations that have floating interest rates. Gofore's long-term bank loans that have floating interest rates are linked to Euribor rates. Changes in market interest rates have a direct effect on the Gofore's future interest payments. Gofore has hedged part of the interest rate position with an interest rate cap agreement. At the reporting date, hedge covers 69% of the outstanding floating interest rate position.

Gofore's policy of reducing the effects of interest rate risk is to maintain a predefined balance between the total amount of loan facilities acquired and liquidity position. Gofore uses the debt financing mainly for company acquisitions purposes. The management assesses the interest rate risk at each reporting date to establish the actions required to maintain a stable interest rate environment. Gofore could renegotiate the terms of the financial instruments in case the market environment and interest rate environment changes.

INTEREST RATE SENSITIVITY

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. Sensitivity analysis has been performed based on actual reference interest rate at the reporting date and outstanding loan amount at the end of the reporting period excluding any future amortizations. The changes in the interest rate level are shown in full without considering the effects of possible contractual interest rate floors related to loans with all other variables held constant and the interest rate is changed by 100 basis points, the Gofore's profit before tax and equity is affected through the impact on floating rate borrowings, as follows:

INTEREST RATE SENSITIVITY

EUR thousand	Increase/ decrease in bps	Effect on profit before tax	Pre-tax effect on Equity
2022			
6 month Euribor	100	-48	262
6 month Euribor	-100	21	-264
2021			
6 month Euribor	100	-34	0
6 month Euribor	-100	0	0

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. The Gofore's exposure to the foreign currency risk relates primarily to the operating activities when revenue or expense is denominated in a foreign currency.

Due to the termination of the Gofore UK Ltd, the Gofore was not anymore exposed to currency risk, since the Gofore companies operate under the parent's home currency, which is euro.

The foreign currency risk is insignificant. Due to the operating activities performed in euros, foreign currency sensitivity analysis is not relevant for Gofore.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Gofore is exposed to credit risk from its operating activities, which primarily include trade receivables, and bank balances and short-term investments.

In relation to the credit risk Gofore is exposed to a counter party risk, which is managed alongside the credit risk, by recognizing the customer prior the trading or by receiving a prepayment for the services. Gofore Gofore trades only with recognized, creditworthy parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. There are no significant concentrations of credit risk within the Gofore."

EXPECTED CREDIT LOSSES

Gofore assesses the status of the trade receivables at each reporting date on a quarterly basis. The Gofore uses the simplified method of assessing the potential expected credit losses (ECL) from its trade receivables, and the senior management uses the following metrics to judge the level of impairment for the trade receivables:

Future economic conditions in relation to industry financial status
- Historical credit losses
- Customers' historical payment behavior
- Customer type (public or private sector)
- The discounted cash flow effect of the matured and past due payments based on the time value of money.

All trade receivables over 360 days past due are defaulted and are subject to the expected credit loss provisions in full.

TRADE RECEIVABLES AND CONTRACT ASSETS

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due from different customer segments with similar loss patterns (i.e., by public sector and private sector). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Trade receivables which are over 360 days past due are considered as defaulted. Past due trade receivables are subject to enforcement activity and collection. The collection process is managed by the Gofore credit control unit.

Gofore's maximum exposure to credit risk at any given moment is its trade receivables. Gofore's trade related transactions are both from private and public clients. The public sector sales are typically around 65 % of the total sales. Gofore recognizes the underlying credit risk position, but the public sector receivables carry considerably less risk than the private sector sales.

The Gofore evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are in several jurisdictions and industries and operate in largely independent markets. Thus, the risks are not concentrated, which decreases the amount of expected credit losses.
The Gofore does not hold collateral as security.

Set out below is the information about the credit risk exposure on Gofore's trade receivables using a provision matrix:

EXPECTED CREDIT LOSSES 31.12.2022

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0.2%	20,918	32	20,886
Overdue 1-14 days	0.3%	2,975	7	2,968
Overdue 15-30 days	0.5%	211	1	209
Overdue 30-90 days	2.3%	158	6	153
Overdue 91-180 days	14.0%	28	5	23
Overdue 181-360 days	50.0%	16	8	8
Overdue > 360 days	100.0%	0	0	0
Total		**24,306**	**58**	**24,248**

EXPECTED CREDIT LOSSES 31.12.2021

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0.1%	14,697	17	14,681
Overdue 1-14 days	0.2%	937	2	935
Overdue 15-30 days	0.6%	179	1	178
Overdue 30-90 days	2.9%	114	3	111
Overdue 91-180 days	15.5%	68	9	60
Overdue 181-360 days	50.0%	26	11	16
Overdue > 360 days	100.0%	0	0	0
Total		**16,021**	**41**	**15,980**

There are no changes in the expected credit loss valuation methods or assumptions between the comparison periods. For the contract assets at the end of the reporting period 31.12.2022 totaling to EUR 465 thousand Gofore has calculated expected credit loss of EUR 0 thousand (0,2%), which totals to net value of EUR 465 thousand.

EXPECTED CREDIT LOSS (ECL) CALCULATION

The expected credit loss calculation is based on historical data and for the future parameters based on customers' payment behavior. The management estimates the customers' payment behavior and economic events quarterly. The sales receivables used in the Expected credit loss calculations includes all the open invoices from the sales ledger. The sales ledger is divided into two baskets of clients between public and private clients. Both client groups involve a separate careful estimate of the future expected credit losses. Gofore estimates the timeliness of the payment alongside the customers' payment profile to recognize the time value of money effect for the credit receivables. As Gofore does not use financing as part of their sales contracts in accordance with IFRS 15, the clients' time value of money is discounted separately for each past due bracket as presented in the ECL table above. The expected credit losses are calculated on a company level and are divided into public and private client basket, which are then combined into one table for presentation purposes. Gofore applies the simplified approach to calculate the estimated credit losses for each period.

The expected credit losses for contract assets include the expected credit losses from accrued revenues at each quarterly reporting period. The expected credit loss rate of contract assets is assumed to match the rate used for current trade receivables. The ECL from contract assets are presented separately in accordance with IFRS 9 requirements.

To avoid excessive concentrations of risk, the Gofore's Group policies and procedures include specific guidelines to focus on the maintenance of a diversified customer portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Liquid assets such as cash and cash equivalents and other short-term deposits, which are part of Gofore's liquidity management have a maturity of less than 3 months and debt investments have a maturity of less than 12 months. These assets are recognized at amortized cost. Investments to fund, such as OP, fund investments are recognized at fair value through profit and loss.

Gofores cash deposits and short-term investments to fund are deposited to banks with a low credit risk and funds with a low risk profile.

LIQUIDITY RISK

The Gofore monitors its available funds and maturity analysis as the basis for concluding the cash requirements. The management assesses the business forecast and the related cash flows to maintain the liquidity requirements.

The Gofore's objective is to maintain a balance between continuity of funding and flexibility using bank balances, and if necessary, bank loans. Approximately 27% of the Gofore's debt will mature in less than one year at 31 December 2022 (31 December 2021: 25%) based on the carrying value of borrowings reflected in the financial statements. The Gofore assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Gofore has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing or new lenders. Gofore has unsecured loans with underlying covenants, such as equity ratio and interest-bearing net debt to EBITDA.

Gofore has a considerable head room for covenants at their current position. Gofore fulfilled covenant terms at 31. December 2022.

Gofore does not have any relevant concentrations in its operations. To reduce the concentration risk in relation to the liquidity position, Gofore's financial assets are distributed and secured in well-established financial institutions, which carry a low risk of default

The table below summarizes the liquid assets available for Gofore:

LIQUID ASSETS

EUR thousand	2022	2021
Securities	1,077	575
Cash and bank accounts	44,135	39,114
Liquid assets total	**45,212**	**39,689**

The maturity analysis of the financial liabilities is presented in the note 4.3. Borrowings and lease liabilities, Maturity distribution table.

4.5. DERIVATES

ACCOUNTING PRINCIPLES

Derivatives are initially recognized in the balance sheet at fair value and subsequently measured at their fair value at each balance sheet date. Derivatives are designated at inception either as hedges of floating rate loan interest rate risk (cash flow hedge). Gofore documents at inception the relationship between the hedging instruments and the hedged items in accordance with its risk management strategy and objectives. Gofore tests the effectiveness of the hedge relationships at hedge inception, and quarterly. Derivatives are classified as non-current assets or liabilities when the remaining maturities exceed 12 months and as current assets or liabilities when the remaining maturities are less than 12 months.

Cash flow hedge

Gofore applies cash flow hedge accounting to interest rate derivatives.

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is reversed from the hedge reserve through other comprehensive income (OCI) to the income statement within financial items concurrently with the recognition of the underlying liability. Both at hedge inception and at each balance sheet date, an assessment is performed to ensure the continued effectiveness of the designated component of the derivatives in offsetting changes in the fair values of the cash flows of hedged items. The effective portion of the derivatives is recognized through OCI in the hedge reserve under equity and reversed through OCI to be recorded through profit and loss concurrently with the underlying transaction being hedged. The gain or loss relating to the ineffective portion of the derivatives is reported under other operating income or expenses, net or under financial items when contracted to hedge variable rate borrowings. Should a hedged transaction no longer be expected to occur, any cumulative gain or loss previously recognized under equity is reversed through OCI to profit and loss.

Fair value estimation of derivative instruments

The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of options is determined using the Black-Scholes valuation model.

Instrument	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1/11/2027	14	0	14
Cap 1	3,000	Cash flow	2/3/2026	106	9	97
Cap 2	8,000	Cash flow	29/12/2028	689	127	562

4.6. EQUITY

ACCOUNTING POLICY

Costs related to the issue or purchase of equity instruments are recorded as a reduction of shareholders' equity. Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity.

Dividends proposed by the Board of Directors are not recognized in the financial statements until they have been approved by the shareholders in the Annual General Meeting.

Equity and capital reserves

Equity consists of share capital, fund for unrestricted equity, exchange differences on translation of foreign operations and retained earnings net of treasury shares. Fund for unrestricted equity includes the other equity-related investments and share subscription prices to the extent not designated to be included in share capital.

Number of shares	2022	2021
Total number of shares in the beginning of the period	**15,072,085**	**14,036,927**
Own shares held in the beginning of the period	0	0
Purchase of own shares	0	0
Transfer of own shares	0	0
Shares issued	434,047	1,035,158
Total number of shares at the end of the period	**15,506,132**	**15,072,085**
Of which own shares held by the parent company	0	0
Shares outstanding at the end of reporting period	**15,506,132**	**15,072,085**

Dividends

The Board of Directors proposes to the Annual General Meeting that based on the balance sheet for the financial period ended on 31 December 2022, dividend be distributed in the amount of EUR 0.34 per share. At the date of the proposal, there are 15,506,132 outstanding shares that yield dividends, equaling a total of 5,272 thousand euros in dividend payout. The dividend debt incurred from this has not been recognized in the financial statements. A dividend of 0.28 euros per share was distributed for the profits for the year 2021, totaling 4,304 thousand euros.

4.7. CAPITAL MANAGEMENT

For the Gofore's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure continuity of operations (going concern) and increase the shareholder value.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of strategy implementation and the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, make share repurchases or issue new shares. The Group monitors capital using an equity and net gearing ratios.

The Group monitors financial covenants as a part of the business planning process. Gofore's financial covenants are equity ratio and interest-bearing net debt to EBITDA. The management assesses information on financial and risk positions and the headroom concerning covenant threshold values. Gofore has an adequate headroom on its covenants in the financial period ending 31 December 2022.

Interest-bearing net debt is presented separately in note 4.3. Borrowings and lease liabilities.

	2022	2021
Net debt total (note 4.3.)	-13,305	-24,842
EBITA margin -%	13.6%	13.8%
Interest-bearing net debt total (note 4.3.)	-23,550	-25,187
EBITDA margin -%	15.2%	16.3%
Net gearing -%	-29.5%	-41.1%

5. Other notes

5.1. RELATED PARTY TRANSACTIONS

ACCOUNTING PRINCIPLES

Gofore Group's related parties include the major shareholders, the Parent company, Group companies and the key management personnel and their close family members. A major shareholder is a shareholder who holds at least 10 % of all company shares or the votes carried by all the shares. Key management personnel consist of the members of the Board of Directors, Group CEO and members of the Group management team. More information about remuneration of key management personnel is presented in note 2.3. Employee benefit expenses. Additionally, companies where the before mentioned persons have control, are also classified as related parties of Gofore Group.

The Parent company of Gofore Group is Gofore Plc. The subsidiaries are listed in a separate note 1.1. General information. Those transactions which are not eliminated in the consolidated financial statements are presented as related party transactions.

Gofore have not had any sales, purchases, receivables, or payables with related parties during the reporting period.

5.2. OTHER COMMITMENTS

Gofore holds an unsecured operative guarantee limit of EUR one million of which EUR 477 thousand is in use at 31.12.2022.

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

Gofore has given a negative pledge on its financial loans.

One lease includes a commitment for renovation costs. If the lease expires before 28 February 2025, the lessee will be responsible for the remaining costs of the renovation, including financial costs. The liability at 31.12.2022 was EUR 203 thousand.

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

5.3. EVENTS AFTER REPORTING PERIOD

Gofore's sixth Crew Share plan

The Board of Directors of Gofore Plc has decided on a new plan period 2023–2024 of CrewShare share savings plan established in 2018. The details of the new plan period will be as in the previous plan period's particulars. More information about the new plan can be found on the company internet pages.

Financial Statements of the Parent Company (FAS)

PARENT COMPANY INCOME STATEMENT (FAS)

EUR thousand	2022	2021
Net sales	**78,004**	**57,926**
Manufacturing for own use	548	236
Other operating income	8,075	5,196
Materials and Services	-33,259	-19,621
Personnel expenses	-33,202	-27,341
Depreciations and amortisations	-1,105	-1,124
Other operating expenses	-12,130	-9,683
Earnings before interests and taxes	**6,931**	**5,590**
Financial income and expence, net	6,579	1,713
Profit before year-end allocations and taxes	**13,510**	**7,303**
Income taxes	-1,527	-1,043
Profit for the financial period	**11,983**	**6,260**

PARENT COMPANY BALANCE SHEET (FAS)

EUR thousand	2022	2021
Assets		
Non-current assets		
Intangible assets	6,331	6,629
Tangible assets	219	145
Investments	73,206	35,113
Total non-current assets	**79,755**	**41,887**
Current assets		
Long-term receivables	1,235	1,263
Short-term receivables	15,900	13,317
Securities	10	0
Cash and cash equivalents	24,948	29,336
Total current assets	**42,092**	**43,915**
Total assets	**121,848**	**85,802**

EUR thousand	2022	2021
Equity and liabilities		
Shareholder´s equity	**0**	**0**
Share capital	80	80
Invested non-restricted equity reserve	49,843	40,086
Retained earnings	14,345	12,389
Profit for the financial period	11,983	6,260
Total shareholder´s equity	**76,252**	**58,815**
Liabilities		
Non-current liabilities	16,731	7,450
Current liabilities	28,865	19,537
Total liabilities	**45,596**	**26,987**
Total equity and liabilities	**121,848**	**85,802**

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR thousand	2022	2021
Cash flow from operating activities:		
Profit before appropriations	**13,510**	**7,303**
Adjustments:		
Depreciations according to the plan	1,105	1,124
Finance income and expenses (+/-)	-6,579	-1,713
Other adjusments	1,094	571
Cash flow before working capital changes	**9,130**	**7,285**
Change in working capital:		
Increase (–) /decrease (+) in trade and other short-term non-interest-bearing receivables	-3,347	-2,372
Increase (+) /decrease (–) in short-term non-interest-bearing debts	5,218	2,028
Cash flow before financing items and taxes	**11,001**	**6,941**
Interests and expenses paid from other operating finance costs (–)	-235	-1,232
Dividends received	6,758	2,896
Interests and income received from other operating finance income	31	54
Taxes paid (–)	-1,009	-1,042
Cash flow from operating activities (A)	**16,546**	**7,617**
Cash flow from investing activities:		
Investments to tangible and intangible assets (–)	-881	-319
Investments to shares in subsidiaries (–)	-21,260	-10,609
Capital gain of material and immaterial goods	0	4
Loans granted (–)	-650	-350
Loans received	365	108
Cash flow from investments (B)	**-22,425**	**-11,167**
Cash flow from financing activities:		
Share issue subject to a charge	0	19,000
Purchase of own shares	0	-1
Loan withdrawals	13,500	7,000
Loan repayments (-)	-7,695	-2,450
Financial instruments	-10	0
Dividends paid and other profit distribution (-)	-4,304	-3,373
Cash flows from financing activities (C)	**1,491**	**20,177**
Change in cash and cash equivalents (A + B + C), increase (+) / decrease (–)	**-4,388**	**16,626**
Cash and cash equivalents at beginning of period	29,336	13,464
Cash paid in business transfer to subsidiary	0	-755
Cash and cash equivalents at end of period	**24,948**	**29,336**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS (FAS)

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY´S FINANCIAL STATEMENTS

The parent company financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS) for the period 1.1.–31.12.2022. The financial statements are presented in euros.

VALUATION PRINCIPLES

The book value of the company's tangible and intangible assets is their original acquisition cost, which is amortized according to plan. Investments, financial securities, and subsidiary shares are valued at their acquisition cost or lower if permanent. Current assets are valued at their nominal value or to lower probable value. Liabilities are valued at nominal value. The income statements of foreign subsidiaries are translated into euros at the average exchange rates of the reporting period. The balance sheets are consolidated using the end of period exchange rates. Financial instruments (including derivatives) are recognized at the historical cost or lower probable value. More information about derivatives can be found in Group Notes 4.5 Derivatives.

ACCRUAL PRINCIPLES

Fixed assets

The acquisition cost of fixed assets belonging to the company's depreciable non-current assets is eliminated in accordance with a pre-planned plan. The depreciation plan is determined by experience. As an expense, the difference between the acquisition cost and the residual value is recognized as an expense as estimated over the economic life. Commodities with a probable economic life of less than three years, as well as small acquisitions are recognized as a full expense for the acquisition period.

Depreciation according to plan and their changes

No changes have occurred in the company´s principles regarding depreciation according to plan.

Development expenditure	Straight line depreciation	5 yrs
Intangible assets	Straight line depreciation	5 yrs
Goodwill	Straight line depreciation	10 yrs
Other capitalised long term expenditure	Straight line depreciation	5 yrs
Machinery and equipment	Straight line depreciation	3-5 yrs

Revenue recognition

The company's net sales is mainly recognized as the month of service delivery and billing. Some of the company's services is made by agreements that specify more priced or scheduled delivery liability, to which also billing is tied to. The invoicing of such service is done in parts afterwards as the delivery phase progresses and typically the recognition is made at the time of invoicing.

If a delivery item is planned for completion and thus billed after the end of the financial year, it is estimated which portion of the work on the delivery has been made prior to the change in the financial year and is recognized for the current financial year.

Share-based payments

Gofore Plc has two share-based payment plans as compensation for employees with a share matching component: PSP program for key personnel and CrewShare program(s). These programs are equity settled transactions and thus, the Group does not have any cash-settled transactions.

Gofore recognizes the cost for the long-term incentive plan as an expense when incurred. The salaries and compensation expenses for the financial period of 2022 include EUR 75 thousand expense from share-based payment plans.

Please see more information on share-based payment plans in notes 2.3 Employee benefit expenses and 2.4. Share-based payments.

Impacts of COVID-19 pandemic

The COVID-19 pandemic continued to cause uncertainty in the operating environment in 2022, but has also in part accelerated digitalization The pandemic that slowed down to an endemic in 2022 had minor negative impact on the business, as sick leave levels grew while service demand remained at an expected level. The uncertainty and related market impacts of the COVID-19 are likely to continue in the near future.

Impacts of Russia's invasion of Ukraine

Russia's invasion of Ukraine or the restrictions on the country continue to have little direct impact on Gofore. Gofore has no operations in Russia, Ukraine or Belarus. The conflict may have indirect impact through customers' business risks or inflation. These risks had minor impact on Gofore in the reporting period, so Gofore continues to consider this risk low. The uncertainty and its potential market impacts are likely to continue in the near future.

NOTES TO THE PARENT COMPANY INCOME STATEMENT

NET SALES

EUR thousand	2022	2021
By sector		
Digital services and consulting	78,004	57,926
Total	**78,004**	**57,926**

GEOGRAPHICAL DISTRIBUTION

EUR thousand	2022	2021
Finland	68,608	50,539
Other countries	9,396	7,387
Total	**78,004**	**57,926**

MANUFACTURING FOR OWN USE

EUR thousand	2022	2021
Manufacturing for own use, intangible assets	548	236
Total	**548**	**236**

OTHER OPERATING INCOME

EUR thousand	2022	2021
Received benefits and grants	36	128
Other	8,039	5,068
Total	**8,075**	**5,196**

PERSONNEL EXPENSES

EUR thousand	2022	2021
Salaries and remunerations	27,527	22,724
Pension expences	4,749	3,768
Other social security expences	926	849
Total	**33,202**	**27,341**

In 2022, other operating income consists of group management fees amounted EUR 8,039 thousand (2021: 4,954). Other subsidies and compensations are EUR 36 thousand (2021: EUR 128).

DEPRECIATIONS AND REDUCTION IN VALUE

EUR thousand	2022	2021
Depreciations according to plan		
Intangible assets	143	143
Goodwill	841	841
Other long-term expenditure	48	51
Machinery and equipment	73	90
Total	**1,105**	**1,124**

OTHER OPERATING EXPENSES

EUR thousand	2022	2021
Expenses from business premises	2,382	2,462
Equipment and software expenses	4,041	3,047
Personnel expenses	2,386	1,693
Administrative expenses	1,520	1,388
Sales and marketing expenses	1,186	918
Other operating expenses	617	174
Total	**12,130**	**9,683**

FINANCE INCOME

EUR thousand	2022	2021
Dividends from group companies	6,758	2,896
Other interest income and other financial income		
From group companies	53	43
From others		
Interest income	37	8
Total	**6,847**	**2,947**

INTEREST AND OTHER FINANCIAL EXPENSES

EUR thousand	2022	2021
From group companies	21	0
To others		
Interest expenses	248	1,233
Total	**268**	**1,234**

NOTES TO THE BALANCE SHEET, ASSETS

INTANGIBLE RIGHTS

INTANGIBLE RIGHTS

EUR thousand	2022	2021
Acquisition cost 1 Jan	1,121	885
Additions	548	237
Deductions	0	-1
Acquisition cost 31 Dec	**1,669**	**1,121**
Accumulated amortisation in the beginning of the financial period	-150	-8
Amortisation for the financial period	-143	-143
Book-value 31 Dec	**1,376**	**971**

GOODWILL

EUR thousand	2022	2021
Acquisition cost 1 Jan	8,516	8,925
Deductions	0	-409
Acquisition cost 31 Dec	**8,516**	**8,516**
Accumulated amortisation in the beginning of the financial period	-3,041	-2,251
Amortisation for the financial period	-841	-841
Deductions	0	51
Book-value 31 Dec	**4,633**	**5,475**

OTHER LONG-TERM EXPENDITURE

EUR thousand	2022	2021
Acquisition cost 1 Jan	418	335
Additions	186	83
Acquisition cost 31 Dec	**604**	**418**
Accumulated amortisation in the beginning of the financial period	-235	-184
Amortisation for the financial period	-48	-51
Book-value 31 Dec	**322**	**183**
Total intangible assets	**6,331**	**6,629**

TANGIBLE ASSETS

MACHINERY AND EQUIPMENT

EUR thousand	2022	2021
Acquisition cost 1 Jan	682	686
Additions	147	0
Deductions	0	-4
Acquisition cost 31 Dec	**829**	**682**
Accumulated amortisation in the beginning of the financial period	-599	-509
Amortisation for the financial period	-73	-90
Book-value 31 Dec	**157**	**83**

OTHER TANGIBLE ASSETS

EUR thousand	2022	2021
Acquisition cost 1 Jan	61	61
Acquisition cost 31 Jan	**61**	**61**
Total tangible assets	**219**	**145**

Notes to the Balance Sheet continues

INVESTMENTS

INVESTMENTS IN SUBSIDIARIES

EUR thousand	2022	2021
Acquisition cost 1 Jan	35,113	28,077
Additions	38,092	7,037
Acquisition cost at 31 Dec	**73,206**	**35,113**

LONG-TERM RECEIVABLES

EUR thousand	2022	2021
Long-term loan receivables from group companies	1,234	1,262
Other receivables	1	1
Total long-term receivables	**1,235**	**1,263**

SHORT-TERM RECEIVABLES

EUR thousand	2022	2021
Trade receivables	11,025	8,726
Trade receivables from group companies	3,055	2,068
Loan receivables from group companies	678	413
Other receivables from group companies	51	43
Prepaid expenses and accrued income from group companies	159	217
Other receivables	92	1,083
Prepaid expenses and accrued income	841	767
Total short-term receivables	**15,900**	**13,317**

SPECIFICATION OF PREPAID EXPENSES AND ACCRUED INCOME

EUR thousand	2022	2021
Income tax receivables	0	144
Prepaid expenses	671	507
Occupational healthcare compensation	119	115
Other	51	0
Total prepaid expenses and accrued income	**841**	**767**

NOTES TO BALANCE SHEET, EQUITY AND LIABILITIES

CHANGES IN EQUITY

EUR thousand	2022	2021
Share capital 1 Jan	80	80
Share capital 31 Dec	80	80
Restricted equity	80	80
Invested non-restricted equity reserve 1 Jan	40,086	20,515
Share issue subject to a charge	1,042	19,571
Share issue related to acquisitions	8,715	0
Invested non-restricted equity reserve 31 Dec	**49,843**	**40,086**
Retained earnings 1 Jan	12,389	9,503
Retained earnings transfer	6,260	6,259
Dividend distribution	-4,304	-3,373
Purchase of own shares	0	-1
Retained earnings 31 Dec	**14,345**	**12,389**
Profit for the financial period	11,983	6,260
Non-restricted equity	76,172	58,735
Total equity	**76,252**	**58,815**

DISTRIBUTABLE NON-RESTRICTED EQUITY

EUR thousand	2022	2021
Invested non-restricted equity reserve	49,843	40,086
Retained earnings	14,345	12,389
Profit for the financial year	11,983	6,260
Distributable non-restricted equity	**76,172**	**58,735**

LIABILITIES

NON-CURRENT LIABILITIES

EUR thousand	2022	2021
Loans from financial institutions	13,364	7,450
Other liabilities	3,367	0
Total non-current liabilities	**16,731**	**7,450**

CURRENT LIABILITIES

EUR thousand	2022	2021
Loans from financial institutions	4,443	2,600
Advances received	216	3
Trade payables	4,274	2,628
Trade payables to group companies	2,422	1,410
Loans from group companies	2,000	4,000
Accrued expenses and deferred income to group companies	1,451	880
Other liabilities	8,375	3,869
Accrued expenses and deferred income	5,685	4,146
Total current liabilities	**28,865**	**19,537**

SPECIFICATION OF ACCRUED EXPENSES AND DEFERRED INCOME

EUR thousand	2022	2021
Personnel expenses	4,983	4,015
Accrued expenses	328	131
Other	374	0
Total accrued expenses and deferred income	**5,685**	**4,146**
Total liabilities	**45,596**	**26,987**

NOTES ON THE AUDIT FEE

EUR thousand	2022	2021
Auditing	112	125
Statements	16	22
Tax services	2	8
Other services	0	40
Total	**131**	**195**

NOTES ON THE PERSONNEL AND THE MANAGEMENT

Average number of personnel during the financial year by function breakdown

	2022	2021
White collar	468	414

CEO and Board fees and management remuneration

	2022	2021
CEO and Board fees and management remuneration	465	413

GROUP COMPANIES

% equity interest

Name	Principal activities	Country of incorporation	2022
Gofore Oyj	Parent company/ Production company	Finland	
CEEA Oy [1]	Production company	Finland	95%
Celkee Oy [1]	Production company	Finland	95%
Gofore Vantaa Oy [2]	Production company	Finland	100%
Gofore Spain SL	Production company	Spain	100%
Gofore Germany GmbH	Production company	Germany	100%
Gofore Estonia Oy	Production company	Estonia	100%
Gofore Lead Oy [2]	Production company	Finland	100%
Gofore UK Limited [3]	Production company, discontinued during 2021.	United Kingdom	100%
Rebase Consulting Oy	Production company	Finland	66%
Gofore Verify Oy [4]	Production company	Finland	100%
Sleek Oy [5]	Production company	Finland	70%
Devecto Oy [6]	Production company	Finland	100%
eMundo Gmbh (Germany) [7]	Production company	Germany	100%
eMundo Gmbh (Austria) [7]	Production company	Austria	100%

Notes to the table of Group subsidiaries :

1) CCEA and Celkee Oy have been consolidated to the Group 1.3.2021. CCEA Oy is the parent company of Celkee. Celkee Oy has been merged to CCEA Oy 1.10.2022.
2) Gofore Vantaa Oy has been merged to Gofore Lead Oy 1.2.2022.
3) Gofore UK Ltd has been discontinued in 2021.
4) The name of Qentinel Finland Oy has been changed to Gofore Verify Oy 27.10.2022.
5) Sleek Oy has been established 13.1.2022.
6) Devecto Oy has been consolidated to the Group 3.1.2022.
7) eMundo GmbH (Germany) has been consolidated to the Group 1.11.2022. eMundo GmbH Austria is 100% owned subsidiary by eMundo Germany.

COMMITMENTS AND CONTINGENCIES

EUR thousand	2022	2021
Loans from credit institutions	17,807	10,050

Gofore has given a negative pledge on its financial loans.

NOMINAL AMOUNTS OF RENTS FOR LEASING AND LEASE CONTRACTS

Lease commitments from machinery, equipment and cars

EUR thousand	2022	2021
Current	1,308	1,139
Non-current	1,373	927
Total	**2,682**	**2,066**

Real-estate lease commitments

EUR thousand	2022	2021
Current	2,127	1,377
Non-current	1,471	1,911
Total	**3,598**	**3,287**

Lease commitments of cars include VAT 24%.

One lease includes a commitment for renovation costs. If the lease expires before 28 February 2025, the lessee will be responsible for the remaining costs of the renovation, including financial costs. The liability at 31.12.2022 was EUR 203 thousand.

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.

OTHER COMMITMENTS

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

Gofore holds a lease guarantee limit of EUR 1 million of which EUR 462 thousand is in use at 31.12.2022.

RELATED PARTY TRANSACTIONS

Gofore doesn't have any sales, purchases, receivables, or payables with related parties during the reporting period.

COMPANY'S OWN SHARES

At the end of the financial year, the parent company does not hold any of its own shares.

EVENTS AFTER REPORTING PERIOD

Gofore's sixth Crew Share plan

The Board of Directors of Gofore Plc has decided on a new plan period 2023–2024 of CrewShare share savings plan established in 2018. The details of the new plan period will be as in the previous plan period's particulars. More information about the new plan can be found on the company internet pages.

Signatures to the Board of Directors’ Report and the Financial Statements

Tampere, 2 March 2023

Timur Kärki
Chairman of the Board

Piia-Noora Kauppi
Member of the Board

Sami Somero
Member of the Board

Mammu Kaario
Member of the Board

Tapani Liimatta
Member of the Board

Eveliina Huurre
Member of the Board

Mikael Nylund
CEO

AUDITOR’S NOTE

A report on the audit performed has been issued today.

Tampere, 2 March 2023

KPMG Oy Ab
Authorized Public Accountant Firm

Lotta Nurminen
Authorized Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Gofore Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gofore Plc (business identity code 1710128-9) for the year ended 31 December, 2022. The financial statements comprise the consolidated statement of financial position, statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, cash flow statement and notes.

In our opinion

the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.2 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Valuation of goodwill and intangible assets recognised in connection with business combinations (Notes to the consolidated financial statements 3.1, 3.2 and 3.3)	
• The Group has in recent years expanded its activities through business combinations. As a result, the consolidated statement of financial position includes a significant amount of goodwill and other intangible assets. • Goodwill is not amortized but is tested at least annually for impairment. Determining the cash flow forecasts underlying the impairment tests requires management judgement especially over revenue growth rate, profitability, discount rate and long-term growth rate. • In business combinations, the assets and liabilities of the acquiree are measured at fair value at the date of the acquisition which requires management to make estimates. • Due to the significant carrying amounts involved and management judgement related to the forecasts used, valuation of goodwill and intangible assets recognised in connection with business combinations is considered a key audit matter.	• We have assessed the key assumptions used in the goodwill impairment calculations, such as forecasted revenue growth rate, profitability and discount rate in relation to the forecasts prepared by the management, external market and industry data as well as our own views. • Regarding business combinations we considered the agreements and evaluated the valuation principles of the intangible assets of the acquiree, and the underlying assumptions used. • We involved KPMG valuation specialists who have assessed the appropriateness of the calculations and tested their technical accuracy. • In addition, we considered the appropriateness of the Group's disclosures in respect of goodwill and other intangible assets and impairment testing.

Revenue recognition (Notes to the consolidated financial statements 2.1)

- The consolidated revenue comprise different revenue flows based on different contract types, such as time and material based projects, fixed price projects, maintenance services and third party commissions.
- Due to the financial significance of revenue in the financial statements as well as a risk that revenue is recognized in an incorrect period, revenue recognition is considered a key audit matter.

- Our audit procedures included evaluation of the revenue recognition principles applied by the Group and assessment of their appropriateness by reference to IFRS standards.
- We evaluated the Group's internal control activities and controls over revenue recognition and tested their effectiveness. In addition, we performed substantive testing based partly on data analytics in order to assess the appropriateness of revenue and the accounting treatment of recording revenue in the correct period.
- We considered the appropriateness of the disclosures in respect of revenue recognition principles and revenue.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors for the financial year ended 31 December 2006. Gofore Plc became a public interest entity on 23 March 2021. We have been the company's auditors since it became a public interest entity.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the above mentioned other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Tampere 2 March 2023

KPMG OY AB

Lotta Nurminen
Authorised Public Accountant, KHT

Shares and shareholders

INVESTOR RELATIONS

Gofore's investor relations are managed by the CEO, CFO and IR Lead.

Mikael Nylund
CEO
Tel. +358 40 540 2280
mikael.nylund@gofore.com

Teppo Talvinko
CFO
Tel. +358 40 715 3660
teppo.talvinko@gofore.com

Emmi Berlin
IR Lead
puh. +358 400 903 260
emmi.berlin@gofore.com

Meeting and call requests
InvestorRelations@gofore.com

Aims and principles of investor communications
The main task of Gofore's investor communications is to provide reliable and timely information to support the correct valuation of the company's share. The company's key principle in managing investor relations is to act in all situations in a transparent, credible, proactive, and consistent manner and to ensure consistency in communications and compliance with high ethical guidelines and with regulations and guidelines for listed companies.

The goal is to respond to investor and analyst queries promptly and to meet with them regularly.

For more information, please see our disclosure policy:
gofore.com/en/invest/governance/disclosure-policy/

	Shareholder	Nominee registered	Shares total	% of total shares
1	SKANDINAVISKA ENSKILDA BANKEN AB (PUBL) HELSINGIN SIVUKONTTORI	X	2,446,628	15.8
2	KÄRKI TIMUR JUHANA		1,575,000	10.2
3	VARJUS MIKA KALEVI		1,470,000	9.5
4	VENOLA MIKA PETTERI		1,470,000	9.5
5	LAMMI JANI MARKUS		1,210,500	7.8
6	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN		801,614	5.2
7	KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA		517,952	3.3
8	SIJOITUSRAHASTO EVLI FINLAND PIENYHTIÖT		480,150	3.1
9	KARJALAINEN MIKA JUHANI		442,314	2.9
10	DANSKE INVEST FINNISH EQUITY FUND		378,711	2.4
11	DANSKE BANK A/S HELSINKI BRANCH	X	268,131	1.7
12	CITIBANK EUROPE PLC	X	229,873	1.5
13	NYLUND TOR MIKAEL		228,434	1.5
14	VIRTANEN JUHA JAAKKO		211,838	1.4
15	KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ ELO		193,000	1.2
16	FONDITA NORDIC MICRO CAP SIJOITUSRAHASTO		145,000	0.9
17	EMK INVEST OY		140,518	0.9
18	ERIKOISSIJOITUSRAHASTO AKTIA MIKRO MARKKA		140,000	0.9
19	KALLIO SAMI JUHANI		138,108	0.9
20	HUOTARINEN JUHANA HENRIKKI		127,690	0.8
	20 largest shareholders total		**9,670,829**	**81.4**
	Nominee registered shares total		**2,944,632**	**19.0**
	Other shares		**2,890,671**	
	Total		**15,506,132**	

GOFORE

Tampere HQ

Kalevantie 2, 33100 Tampere, Finland

InvestorRelations@gofore.com

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