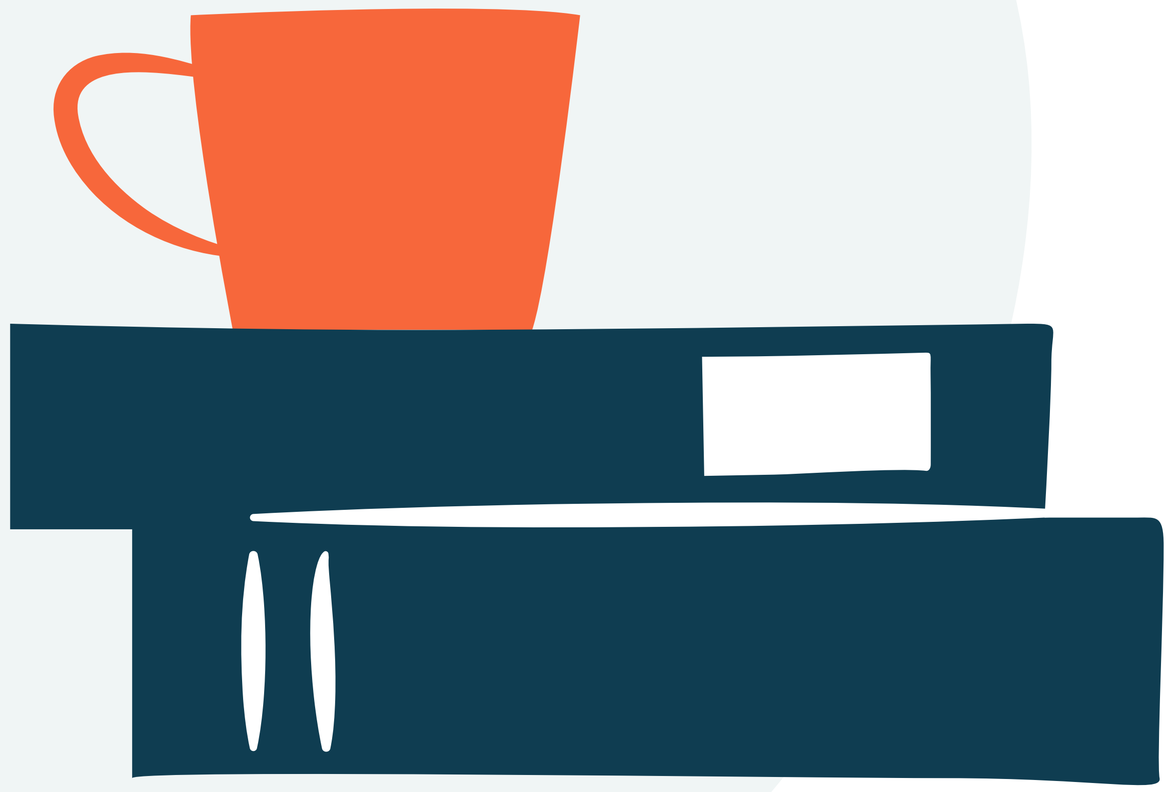
Gofore Annual Report 2023

GOFORE

Table of Contents



CEO's Review

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

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

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

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

Our growth was mostly in line with profitability. After a very strong beginning of the year the growth slowed down with the weakening customer demand. As for the entire year, we ended up with growth as defined in our long-term targets. M&A brought us moderate growth during 2023. Acquiring eMundo (11/2022) strengthened our position in German-speaking Europe, the DACH area, in 2023. Creanex (7/2023) helped us get a larger footing within industry clientele.

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

In addition to the valuable input from all Goforeans, behind a good year are also once again/as before successful strategic choices and making them a reality. We deepened our offering to the customer sectors we have chosen: Digital Society and Intelligent Industry. Last summer, Creanex joined the latter, and with their expertise and offering, we complement our offering directed especially at manufacturers of moving, heavy machinery.

We believe Gofore's offering to already be unique, and we continue to enhance it to match the ever-changing needs of our customers. Our strategy that is focused on creating customer value and differentiating us from our competition carries Gofore going forward.

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

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

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

Mikael Nylund

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 pro- actively, 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 continued to execute the strategy it had created for 2021–2023. The strategy update that was made in collaboration with Gofore's staff in 2022 strengthened the company's growth strategy and its choices in line with Gofore's strengths. Gofore strives to strengthen its position as an agile and culturally strong, developing top expert organisation that helps its customers in their digital transformation.

In 2023, Gofore strengthened its sector focus within its large customer account strategy, highlighting corporate responsibility and active development of the ever-changing work life. Gofore invested strongly in developing the integrated offering defined in its strategy and the focus sectors defined in it. The company continues 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 Digital Society and Intelligent Industry sectors and supporting the growth with mergers and acquisitions.

LONG TERM FINANCIAL TARGETS

In 2023, Gofore continued executing on the strategy it updated 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, hence the company's long term financial targets were updated along with its strategy in December 2022.

25 %

Gofore targets over 25 percent of annual net sales growth.

15 %

Organic growth target is over 15 percent of annual growth.

40 %

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

15 %

Gofore's profitability target is 15 percent adjusted EBITA.

MARKET OUTLOOK

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

Still caution in the market

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

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

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

Growth and price competition in the public sector

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

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

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

Private sector waits for lowering interest rates

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

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

Active market in the DACH area

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

Talent market clearly easier – for now

Weaker performance of the IT industry was clearly reflected on the talent market in 2023. Weakened demand for talent and the warier climate have both affected the industry's attrition as a whole. This also means that the biggest salary hike pressures are behind us for the time being. We estimate that talent availability will remain very good throughout 2024. We believe that the potential picking up of the industry will again be quickly seen as a tightening talent competition. In our view, winning companies in this competition are the ones who have had the ability to take care of their employees also in a more difficult market.

NEAR TERM RISKS AND UNCERTAINTY FACTORS

Macro-economic situation

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

Public sector customer market

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

A sizeable share of assignments from the public sector are given within larger frame agreements. Frame agreements are quantitative or otherwise time limited, and retendered as they are or in another form. Gofore's significant, existing public sector agreements that are due to be retendered in 2024 according to the company's knowledge are listed in this report.

Private sector customer market

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

Should the outlook become weaker, there is a growing risk of decreasing investments. However, in the mid and long term, digitalisation is seen as a competitive edge and high on company agendas, and Gofore's offering creates high added value to customers.

DACH market

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

> We continuously develop Gofore's already strong employer brand, flexible working and the wellbeing of our staff.

Talent market

Demand for skilled workforce has slowed down in the IT industry due to the market situation. Several industry companies have laid off staff or slowed down headcount growth. This has resulted to less competition of talent than before. We think it's very likely that this is a temporary situation and the competition on talent will return. To prepare for this, avoid overly

high attrition and to ensure adequate recruitment, we continuously develop Gofore's already strong employer brand, flexible working and the wellbeing of our staff.

M&A market

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

MATERIAL EVENTS IN THE FINANCIAL PERIOD

The year 2023 was a good one for Gofore operationally and financially, although the market situation was challenging since the spring and throughout the rest of the year. The demand for digitalisation services developed well over the year in both public and private sector customer accounts. During the year, significant new or continuing agreements with e.g. Traficom, Finnish Tax Administration, Ministry of Foreign Affairs of Finland, National Police Board of Finland and the Finnish wellbeing service counties. Gofore's collaboration also continued and expanded during the year with a number of private sector companies, and the net sales coming from large strategic customer accounts grew. Public sector's share of Gofore's net sales was 57 percent at the end of the year, and the private sector represented 43 percent of net sales.

During the year, Gofore grew in line with its strategy both organically and with mergers and acquisitions. Carried out in July 2023, the acquisition of Creanex Oy that develops and manufactures simulators for moving machinery strengthened Gofore's Intelligent Industry sector. The acquisition completed the selection of services where Gofore's business system expertise and Creanex's experience of moving work machines' simulation software and devices. As far as Gofore knows, a combination like this has not been available in the market before.

Financial Review

REVENUE DEVELOPMENT

January–December 2023

During the period of January–December 2023, net sales increased by 26.2 per cent, amounting to EUR 189.2 (149.9) million. Growth was attributable to the eMundo and Creanex acquisitions and organic of 22 per cent. The average hourly price of services sold also increased by 3.5% from the comparison period.

The net sales generated from public sector customers increased to EUR 108.7 (90.1) million and the net sales arising from private sector customers increased to EUR 80.5 (59.8) million. The public sector accounted for 57 (60) per cent of the net sales of the Gofore Group, and the private sector accounted for 43 (40) per cent, respectively.

In geographic consolidation, net sales from other countries grew faster than from Finland. The net sales generated from Finland amounted to EUR 159.7 (133.9) million and accounted for 84 (89) per cent of the Group's net sales. Other countries accounted for 16 (11) per cent of the Group's net sales, totaling EUR 29.5 (15.9) million.

The percentage of subcontracting from the net sales amounted to 18 (20) per cent, totaling EUR 33.4 (29.6) million.

PROFITABILITY

January–December 2023

During the period of January December, adjusted EBITA amounted to EUR 26.7 (22.0) million and accounted for 14.1 (14.7) per cent of net sales. The adjusted EBITA for the year was impacted by EUR 0.3 million adjustment of transaction costs and contingent considerations' impact of EUR -0.6 million.

- EBITA for January–December 2023 amounted to EUR 27.1 (20.4) million, representing 14.3 (13.6) per cent of net sales.
- Operating profit (EBIT) in January–December 2023 amounted to EUR 23.0 (16.6) million, representing 12.2 (11.1) per cent of net sales.
- Profit for the financial period amounted to EUR 18.3 (12.2) million.
- The proportion of personnel expenses of net sales increased to the level of the comparison period, accounting for 59.5 (56.8) per cent. Personnel expenses for January–December 2023 amounted to EUR 112.7 (85.2) million.
- Other operating expenses amounted to a total of EUR 18.9 (17.4) million, corresponding to 10.0 (11.6) per cent of net sales. The largest expense items included voluntary personnel expenses, ICT expenses and external services.
- Depreciations excluding amortizations of intangible assets related to corporate acquisitions were EUR 3.3 (2.3) million, accounting for 1.8 (1.5) per cent of net sales.
- Depreciations and amortizations were EUR 7.4 (6.1) million; 3.9 (4.1) per cent of net sales.
- Financial expenses amounted to EUR -0.7 (-0.8) million and financial income was EUR 0.6 (0.1) million.

BALANCE SHEET, CASHFLOW AND FINANCING

The liquidity of the Group was excellent with strong balance sheet and financial standing. The equity ratio amounted to 56.0 (54.0) per cent, with the net gearing being -13.1 (-29.5) per cent.

At the end of 2023, the balance sheet total of the Gofore Group amounted to EUR 167.1 (148.4) million, of which total equity accounted for EUR 93.5 (79.8) million. At the end of the period, interest-bearing net debt amounted to EUR -12.3 (-23.6) million.

Cash flow from operations decreased over the period of January–December 2023 to EUR 19.2 (21.7) million. Cash flow from investments during the period amounted to EUR -10.9 (-18.1) million. Investments in subsidiary shares during the period amounted to EUR -9.1 (-17.5) million. Investment is related to the payment of the Devecto and eMundo acquisitions' additional purchase prices, Ccea minority share as well as Creanex acquisitions.

Cash flow from financing activities during the period amounted to EUR -14.0 (1.4) million, including repayments of lease agreement liabilities for EUR -2.7 million, loan amortizations for EUR -4.6 million, cash flows from financials instruments EUR 1.0 million and dividends paid, -5.5 million. At the end of the period, cash assets amounted to EUR 38.4 (44.1) million.

At the end of the period, Gofore Plc had unsecured loans from financial institutions in the amount of EUR 13.4 (18.1) million. Gofore has not withdrawn any new loan during the period. The company has interest rate cap and interest rate swap agreements in place to hedge variable rate borrowings. The loans are associated with the customary covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 31 December 2023.

In addition, Gofore has at its disposal an EUR 5 million binding unsecured credit limit for the Group's short-term general financing needs, such as corporate acquisitions. The limit was not used during the period.

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

RESEARCH AND DEVELOPMENT

In 2023, Gofore's development activity was focused on enhancing its digital platform and enterprise resource management system.

INVESTMENTS

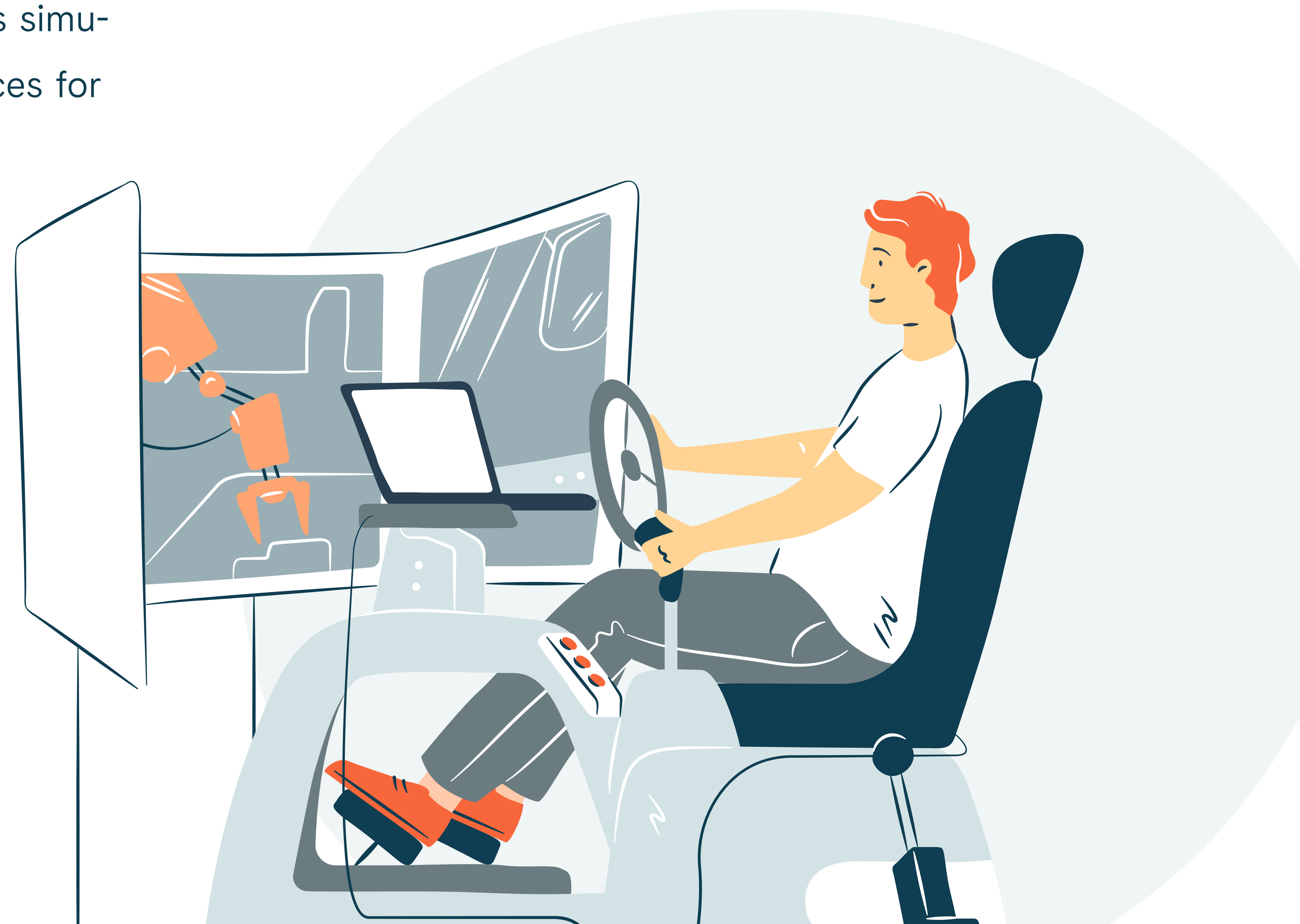
The company's largest investment items during the period consisted of acquired subsidiary shares, as well as investments in tangible and intangible assets. During the ended financial period, investments amounted to EUR 10.9 (18.1) million, being 5.8 (12.1) per cent of net sales.

CORPORATE ACQUISITIONS

On 3 July 2023, Gofore announced it had signed an agreement to acquire the entire share capital of Creanex Oy, a simulator developer and supplier for work machinery industry. The enterprise value of Creanex Oy was EUR 5.0 million and purchase price 6.4 million euros with no additional purchase price. Gofore paid 30% of the acquisition price as share consideration with a directed share issue and 70% as cash consideration.

Creanex designs and manufactures simulator solutions and offers expert services for product development. The parties have strong synergies in Gofore's strategic Intelligent Industry sector customers and services. Creanex's customers include e.g. Ponsse, Sandvik, Bronto Skylift and Palfinger. Creanex continues as an independent company, strongly integrating to Gofore's Intelligent Industry sector.

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



RESOLUTIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Gofore Plc was held on 24 March 2023 at 10 am EET at Kalevantie 2, 33100 Tampere. Shareholders and their proxy representatives could participate in the Annual General Meeting and exercise their rights both by voting in advance and by making counterproposals and presenting questions in advance, and exercising their voting and speaking right onsite the meeting.

The Annual General Meeting adopted the company's financial statements for the financial period from 1 January–31 December 2022, discharging the members of the Board of Directors and the CEO from liability for the financial period of 2022. The Annual General Meeting accepted the Board of Directors' proposals on the authorization of purchasing of own shares as well as on the issuance of shares and the issuance of option rights and other special rights entitling to shares. The Annual General Meeting resolved to adopt the Remuneration Report 2022.

The Annual General Meeting decided in accordance with the Shareholders' Nomination Board's proposal that remuneration for the Chair of the Board is EUR 6,000 per month and for the members of the Board EUR 3,000 per month. In addition, it was approved that each Board Member be paid a fee for each committee meeting as follows: The Chair of the Committee should be paid EUR 800 and other committee members EUR 400 for each meeting. All members of the Board will be compensated for travel expenses against receipt in accordance with the company's travel policy.

It was resolved that the Board of Directors consists of six members. According to the Shareholders' Nomination Board, the following persons were re-elected as the Board of Directors: Eveliina Huurre, Mammu Kaario, Piia-Noora Kauppi, Timur Kärki, Tapani Liimatta and Sami Somero.

KPMG Oy Ab was re-elected as the company's auditor for a term that will continue until the end of the next Annual General Meeting. KPMG Oy Ab has announced that Lotta Nurminen APA, would be the Auditor with principal responsibility.

The Annual General Meeting confirmed a dividend of EUR 0.34 per share to be paid for the financial period 1 January–31 December 2022. The total amount of dividend is EUR 5,282,891.10, calculated on the basis of the outstanding shares as per the day of the Annual General Meeting. The record date for the dividend distribution was 28 March 2023 and the dividend payment date was 4 April 2023.

It was resolved that the Company's Articles of Association are amended to enable arranging a General Meeting as a hybrid meeting. In addition, it proposed that the General Meeting can be arranged without a meeting venue as an alternative for a physical meeting. The amendment also enables holding General Meetings of Shareholders virtually in situations like pandemics or other unforeseen or exceptional circumstances. The Finnish Companies Act requires that shareholders can exercise their full rights in virtual meetings, with equal rights to those in customary in-person General Meetings.

AUTHORISATIONS BY THE AGM TO THE BOARD OF DIRECTORS

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

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

This authorisation revokes the authorisation given by the Annual General Meeting on 25 March 2022 to resolve on the repurchase of the company's own shares. The authorisation is valid until the closing of the next Annual General Meeting, however, no longer than 30 June 2024.

Authorising the Board of Directors to resolve on the issuance of shares and the issuance of option rights and other special rights entitling to shares

The Annual General Meeting decided to authorise the Board of Directors to resolve on the issuance of shares as well as the issuance of option rights and other special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Limited Liability Companies Act, in one or several tranches, either against payment or without payment.

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

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

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

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

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

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

SHARE-BASED LOYALTY AND REMUNERATION SCHEMES

Gofore has had a share savings plan open to its entire staff since 2018. Target of the plan is to motivate the staff to invest in the company's shares and become shareholders. The objective is in addition to set common goals for the staff and the leadership and commit to developing the company's value and shareholder value in the long term. Gofore's Board of Directors decides annually on new savings periods within the plan.

The plan is available to all Gofore Group's employees, who can save a proportion of their monthly salaries and invest in shares in the company at a 10 percent discount. The accrued savings are allocated towards acquiring Gofore's shares after the expiration of the savings period. It is voluntary to participate, and employees partake in one savings period at a time.

After two years of share ownership, Gofore rewards plan participants with one additional share towards each three shares acquired with the savings as a gross remuneration. The condition for being given the additional shares is that the participant owns the shares they have acquired for the entire duration of the ownership period and that their employment relationship with Gofore has not ended prior to the expiration of the ownership period on so-called Bad Leaver terms or they have not resigned.

Dividends accrued for the shares acquired with the savings will automatically be used to acquire more shares on the next possible share acquisition date.

Since 2022 the savings plan has also included 0–1.5 performance-based matching shares towards each three shares acquired with the savings, should the Group's adjusted EBITA target set by the Board of Directors is met. A new savings period began on 1 March 2023 and ends on 28 February 2024. Gofore's Board of Directors decided on 10 March 2023 on issuing a total of 31,783 new shares as part of the CrewShare share savings plan, based on the authorization given by the Annual General Meeting on 24 March 2023.

Gofore also has a share-based incentive plan for the group's key personnel. The aim 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 consists of a three (3) year performance period in 2023–2025. The Board may decide annually on new performance periods. 32 people, including the CEO and other management team members, were part of this plan at the end of the reporting period.

Purchases of own shares

Gofore acquired its own shares at the end of the review period, to use in fulfillinf the kind of obligations related to current and possibly future incentive arrangements the staff of the Gofore Group and share-based rewards paid to key people. Between 1 November and 13 December 2023, Gofore acquired a total of 100,000 of its own shares for an average price of 23.1804 euros per share. The shares were acquired in public trading on Nasdaq Helsinki Ltd. at the market price of the time of purchase. The purchased shares were acquired on the basis of the authorisation given by the Annual General Meeting on 24 March, 2023. Following the end of the purchase program, Gofore Plc holds a total of 100,000 of its own shares, corresponding to 0.64% of the total number of shares. The total number of shares at the end of the year was 15,660,139.

PERSONNEL AND OFFICES

At the end of December 2023, the Group employed 1,465 (1,297) people. The number of employees grew from corresponding period of 2022 by 13 percent. There was both organic growth and growth from the Creanex acquisition. The number of employees in Finland amounted to 1,296 (1,146), and in other countries of operation to a total of 169 (151) employees at the end of the reporting period.

Gofore's offices in Finland are located in Helsinki, Espoo, Jyväskylä, Tampere, Oulu, Kajaani, Lappeenranta and Turku. Gofore's headquarters moved to new premises in central Tampere at the end of the review period. Locations outside Finland are Braunschweig, Ingolstadt, Klagenfurt, Münich and Stuttgart in Germany, Salzburg in Austria, Bolzano in Italy, Madrid and Málaga in Spain and Tallinn in Estonia.

Gofore has so-called platform companies that enable their employees more freedom. Independent subsidiaries Rebase and Sleek offer an alternative salary model, and their personnel growth was faster than other business units in the review year.

Gofore continuously develops with the talent market and working life to ensure it is an attractive employer and retains the best talent. In the review period, Gofore again developed new ways of maintaining good employee experience and strengthen recruitment. Gofore's attractiveness as an IT industry employer clearly grew, which can be seen in the amount of job applications received; 6,737 (4,808 in 2022). Gofore's employer brand and good reputation was also publicly recognised in 2023. Gofore's reputation was rated third best in Finnish large and midcap companies by investors in the Trust & Reputation survey, sixth most attractive industry employer globally in Universum's survey with Finnish IT industry professionals, and the most interesting employer of the IT industry in the Duunitori platform's survey.

SHARE AND SHAREHOLDERS

At the end of December 2023, Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,660,139 (15,506,132) of the company shares. Gofore held 100.000 pcs of its own shares at the end of the reporting period. The company had no own shares at the comparison period. The share of own shares of all votes and shares amounted to 0.6%. The paid amount of shares was EUR 2.3 million.

At the end of December 2023, The company had a total of 8,976 (5,879) registered shareholders. Holders of nominee registered shares owned a total of 19.4% (19.3%) of shares, total number of such shares amounted to 3,038,623 (2,989,697). Foreign ownership in total was 21.0%. Households owned 55.5% (55.3%) of the shares, private companies 5.9% (5.2%) of the shares, financial and insurance institutions 27.0% (26.7%), non-profit organisations 0.8% (0.7%), and public corporations 10.0% (9.8%).

Latest and historical shareholder information can be found on the company's website at https://gofore.com/en/invest/share-and-shareholders/largest-shareholders/.

Changes in major shareholders' ownership

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

Directed share issues

Gofore carried out directed share issues in the review period. On 10 March 2023, Gofore carried out a directed share issue (31,783 shares) as part of the employee share savings plan. On 21 April 2023, Gofore carried out a directed paid share issue (1,219 shares) as a part of the performance-based incentive program for eMundo GmbH's key personnel. On 3 July 2023, Gofore carried out a directed share issue (77,646) shares as part of the Creanex purchase price, and on 15 September 2023, a directed share issue (43,359) shares as part of the CrewShare employee share savings plan.

Share price and trading

Gofore Plc's share is quoted on the official stock exchange list of Nasdaq Helsinki Ltd since March 2021; share trading code GOFORE. Trading volume in January –December 2023 amounted to 2.8 (1.6) million shares, corresponding to approximately 17.8% (10.2 %) of average number of outstanding shares, trading value EUR 65.1 (35.5) million.

At the end of December 2023, the company's market value was 348.5 (344.2) million euros. The closing price of Gofore's share on the last trading day of the financial period on 29 December 2023 was EUR 22.40 (22.20). Trading volume-weighted average price of the share during the review period was EUR 23.76 (22.79). Highest trading price was EUR 27.80 (26.00) and lowest EUR 19.30 (18.25).

EVENTS AFTER THE REVIEW PERIOD

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

Proposal concerning the number of the members and composition of the Board of Directors

The Shareholders' Nomination Board proposes to the Annual General Meeting that the number of members of the Board of Directors shall be confirmed to be six (6) and that Mammu Kaario, Piia-Noora Kauppi, Timur Kärki and Sami Somero be re-elected as members of the Board of Directors for the term ending at the end of the 2025 Annual General Meeting. The Nomination Board proposes that Antti Koskelin and, a boardroom employee representative elected by the staff of Gofore Group, Matti Saastamoinen be elected as new members of the Board of Directors. Both candidate introductions can be found on the stock exchange release on 17 January 2024.

Remuneration of the Board of Directors

The Nomination Board proposes to the Annual General Meeting 2024 that the remuneration of the members of the Board of Directors remains unchanged from the year 2023.

Candidate introductions, proposal for Board remuneration and the composition of the Shareholders' Nomination Board can be found on the stock exchange release on 17 January 2024.

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

Following the recommendation of the Audit Committee, Gofore Plc's Board of Directors proposes to the Annual General Meeting on 4 April 2024 that, based on the competitive tendering of the audit, the audit firm Ernst & Young Oy be appointed as the company's auditor for the financial year 2024. If Ernst & Young Oy is selected as the auditor of the Gofore Plc, Antti Suominen, Authorised Public Accountant, will act as the principal auditor, as stated by the firm.

More information on this is on the stock exchange release on 18 January 2024.

18 January 2024 Gofore initiates a new period of employee share savings plan

The Board of Directors of Gofore Plc has decided on a new plan period 2024–2025 of CrewShare share savings plan established in 2018. The details of the new plan period will be as in the previous plan period. Last year, 767 out of some 1,300 Gofore employees participated in the CrewShare plan.

More information on this is on the stock exchange release on 18 January 2024.

JANUARY 2024

Gofore's net sales were 16.9 (15.8 in January 2023) million euros and LTM pro forma 193.3 million euros. The number of employees rose to 1,463, overall capacity standing at 1,372, subcontracting capacity at 147. January had 22 working days.

22 February 2024: New share-based incentive plans and a directed share issue

The Board of Directors of Gofore Plc has resolved to establish two new long-term share-based incentive plans for key employees of the Group; a Performance Share Plan for 2024–2026 ("PSP") as well as a Matching Share Plan 2024 ("MSP"). The Board of Directors of Gofore Plc has resolved, based on the authorisation granted by the Annual General Meeting of Shareholders on 24 March 2023, on a directed share issue against payment. More information on the plans is on the company's website.

Disclosure and Guidance

As of February 2022, Gofore has not provided forecasts about the revenue or profit for the financial year. Before, Gofore may have presented an estimate of the company's revenue or performance guidance in the financial statement release or half-year report. Gofore continuously develops the content of its monthly business reviews and interim reports, in an effort to further improve the company's transparency and more real-time monitoring of financial developments.

In November 2022, the Disclosure Policy was updated so that the business reviews that the company publishes quarterly changed from the beginning of the year 2023 into IAS 34 compliant interim reports.

In addition to the Financial Statements Release, Half-Year Report and Interim Reports, Gofore also continues to publish monthly business reviews. The information on the Interim Reports, the Half-Year Report and Financial Statements Release is unaudited.

Board of Director's proposal for dividends

The parent company's distributable assets as at 31 December 2023 amounted to EUR 85.6 million, including the profit for the financial period of EUR 13.6 million. The Board of Directors proposes to the Annual General Meeting on 4 April 2024 that dividends be distributed for the financial period ended on 31 December 2023 in the amount of EUR 0.47 per share. At the date of the proposal, there are 15,560,139 outstanding shares that yield dividends, equaling a total of 7.3 million euros in dividend payout. According to the proposal, the rest of the profit for the financial period, 6,2 million euros, will be recognised in the company's own equity.

After the ending of the financial period, there has been no material changes in the company's financial position nor does the liquidity test according to the Finnish Limited Company Act 13:2 affect the amount of distributable profits.

The dividend is paid to a shareholder who is on the company's list of shareholders maintained by Euroclear Finland Oy on the record date 8 April 2024. A dividend will not be paid for the shares in the company's possession on the record date. According to the proposal, dividends are paid on estimate on 15 April 2024.

Chief Sustainability Officer's Review

Our sustainability work is currently very much focused around preparing for the approaching implementation of the Corporate Sustainability Reporting Directive. As part of this preparation work, we launched a double materiality assessment project during 2023, due to be completed in early 2024. In the stakeholder consultation conducted in connection with the materiality assessment, a variety of interesting and partly new perspectives on Gofore's responsibility work have surfaced. The key role of digitalisation as an enabler of sustainable development – as well as the new business opportunities this brings – featured several times in discussions. We also assessed risks. In this context, the importance of data protection, data security and responsible data use were emphasised.

In 2023 we had already set ourselves the objective of reporting metrics related to our workforce and the climate, as far as possible in accordance with the new sustainability reporting standard. This turned out to be useful in terms of preparing for our 2024 reporting, because we were also able to identify development areas related to data collection and processes.

For the first time, we also set an emissions reduction target for indirect emissions (i.e. Scope 3 emissions) and created intermediate targets in order to achieve carbon neutrality by 2035. We included new categories in Gofore's climate calculation, such as energy generated by acquired cloud storage capacity, purchased services and leased assets, which increased total emissions, especially Scope 3 emissions. Nonetheless, emissions from energy use have decreased continually as our offices are gradually switching to renewable energy.

Our customers' investments in sustainability are also growing, which can be seen in the fact that more and more of our customer projects are related to sustainability in one way or another. At Gofore, the 2023 figures concretely illustrate this in the growth of turnover that is in accordance with the EU sustainable finance framework.

During the past year, we further developed the sustainability of our own operations and increased our positive impact. As a concrete result, we published our *Ethical Digital* booklet, which takes a stand on the ethical principles of digital systems and consulting business. In addition, we developed a method for evaluating and reducing the climate impacts of information system projects. We remain fully committed to continue pioneering an ethical digital world, as per our brand promise.

Kristiina Härkönen

Non-Financial Information Statement 2023

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). Starting 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 according to the EU Corporate Sustainability Reporting Directive (CSRD) in 2024.

As part of the CSRD preparation, information related to climate change and own workforce is already published for the reporting period 2023 as required by the European Sustainability Reporting Standard (ESRS) in accordance with the Corporate Sustainability Reporting Directive. For these, the reporting obligations of the ESRS standards E1 (Climate change) and S1 (Own workforce) relevant to the company are used.

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 sustainable organisational culture and operational models and to utilise the newest technology to develop sustainable solutions. Customer projects that reduce the customer's greenhouse gas emissions or advance resource efficiency or the circular economy have a particularly significant impact on the environment. Gofore's operations also have a significant social impact, as the company's customers are several prominent public sector players.

In 2023, Gofore continued to implement its strategy, which extends until 2027. In the strategy, sustainability has been chosen as one of the company's four focus themes. Gofore's most significant sustainability objectives include to remain a responsible employer and to pioneer an ethical digital world, working for the wellbeing of societies and a sustainable future. In its strategy work, Gofore estimates that in 2027, 50% of its key customers' projects will be related to the sustainability transition. This estimate is based on the fact that the company works in its customer projects to a continuously increasing extent on matters such as improving the life cycle of equipment, resource or energy efficiency, or value chain transparency. Increasing regulation will add to the demand for these services even more. This will also translate to a growing need for a digital infrastructure that enables better management of sustainability data among Gofore's customers, both in the private and public sectors.

In its operations, the company observes Finnish law, Gofore's articles of association and Nasdaq Helsinki's insider guidelines. The company is a member company of the Finnish Global Compact and is committed to complying with the ten principles of the UN Global Compact, which concern human rights, labour, environment and anti-corruption.

GOFORE'S SUSTAINABILITY WORK 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

Gofore thrives on customer success. Success is always achieved in cooperation with the customer. We strive for our actions to have a 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.

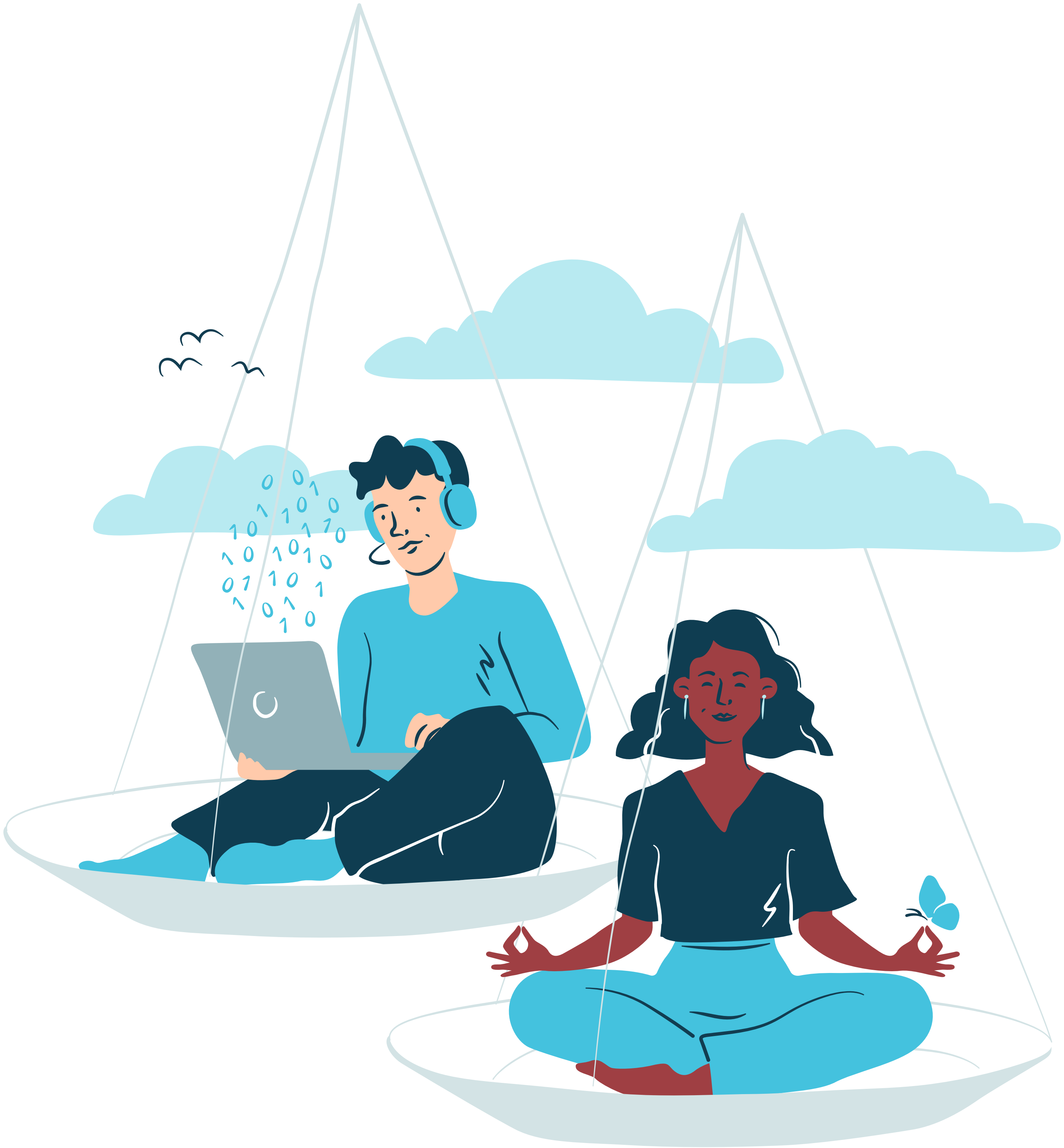
Gofore's ethical principles

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 community 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 Goforeans and those we meet in our work. We also understand that we need to carry our responsibility as part of the community.

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

We are responsible for maintaining the environment for future generations.

LEADING SUSTAINABILITY

We act ethically, and it is important for us to make sure our operations bring good to our stakeholder groups. This way, we are also a safe and dependable long-term investment for our investors. 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 Organisation (ILO) in all its operations.

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 Group 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. The Chief Sustainability Officer is part of a separate Sustainability Management Team, which, in addition to her, includes those representatives of the company's top management who play a particularly significant role from the perspective of corporate responsibility.

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 aims to be an attractive ESG investment. This is why it annually seeks to increase the part of its business that is compatible with the EU taxonomy for sustainable activities. So far, for 2022 and 2023, taxonomy compliance has been calculated for activities combating climate change. In 2022, 3% of the company's turnover and in 2023, 10% of the company's turnover came from activities that adhere to the definition given for the activity in question in the taxonomy regulation.

THE MAIN GUIDELINES AND PLANS FOR GOFORE'S RESPONSIBILITY WORK:

- Equity and inclusion plan
- Information security policy
- Environmental guidelines
- Insider guidelines
- Work ability management, monitoring and early support guidelines
- Guidelines for combating harassment and improper treatment

Goals, frameworks and metrics

Gofore's 2023 sustainability work is based on stakeholder assessment completed in 2019 and a materiality analysis updated in 2021. During 2023, a double materiality assessment project in accordance with the ESRS was launched, within the framework of which the definition of the most important stakeholders was refined, and representatives of the most important stakeholders were widely consulted. This work will be the basis for sustainability information reporting for financial year 2024.

Gofore has identified six UN Sustainable Development Goals (SDGs) as the foundation for the sustainability work that its actions and services are in position to particularly advance.

FRAMEWORK AND METRICS USED FOR REPORTING

Since 2021, Gofore has started to report according to the World Economic Forum's Stakeholder Capitalism Metrics framework. From this time onwards, the company has reported all the core metrics and, where applicable, expanded metrics. In addition, the Sustainability Accounting Standards Board (SASB) metrics have been reported to the extent that they are defined for the Software & IT Services sector.

The intention is to replace the Stakeholder Capitalism Metrics framework and SASB gradually with the European Sustainability Reporting Standards (ESRS). For the reporting of financial year 2023, the standards E1 (Climate change) and S1 (Own workforce), which are part of the new reporting standards, were introduced for the first time. The disclosure obligations under these standards replace the corresponding metrics of the preceding Stakeholder Capitalism Metrics framework. The first fully ESRS-compliant report will be published for financial year 2024.

8 DECENT WORK AND ECONOMIC GROWTH

- Increasing economic growth and productivity through technological innovation
- Developing the culture and operations of client organisations in a way that improves the wellbeing of employees
- Services that advance the transparency, circular economy and resource efficiency of customer companies' value chains
- Acting as a responsible employer and partner, as well as ensuring the responsibility of Gofore's value chain

11 SUSTAINABLE CITIES AND COMMUNITIES

- Projects that develop the efficiency, decision-making and democracy of cities and regional administrations
- Traffic and transport sector projects that improve traffic safety and public transport

13 CLIMATE ACTION

- Reducing own greenhouse gas emissions and aiming for carbon neutrality
- Solutions that reduce the greenhouse gas emissions of customers
- Solutions that produce data to support decision-making concerning climate change

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Improving the sustainability and efficiency of industrial processes with the help of digital innovations
- Building an ethical digital infrastructure for the public sector

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Improving the energy and material efficiency of customers through digitalisation
- Developing digitalisation to assist transition to a circular economy
- Projects that support management of customers' ESG information and responsibility reporting

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Financial responsibility as well as avoiding tax evasion and corruption in all its forms
- Projects that increase the transparency and efficiency of the public sector, open access to public information, and citizen participation
- Development of data protection, the ethics of data and artificial intelligence, and projects supporting non-discrimination and accessibility of public services

Priorities of Gofore's sustainability work

Promoting sustainable development is increasingly becoming the focus of the business 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. With the new regulation, corporate responsibility is subject to increasingly strict obligations. Gofore supports its customers in achieving their sustainability objects through customer service and the services the company offers. Examples include the numerous projects in the Intelligent Industry vertical, where solutions that improve energy and resource efficiency are developed, as well as smart solutions that can extend the lifecycle of equipment. In addition, the need for sustainability data management solutions is constantly growing, as the requirements for data transparency and traceability increase. Collecting and processing data is needed for informed decision-making, enabling the setting and monitoring of responsibility goals.

The company has identified the following sustainability goals that are relevant to its business. The following sections describe these goals in more detail.

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

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

The undergoing transformation into a sustainable way of living poses great challenges to societies and organisations alike, forcing them to engage in change. Digitalisation is a toolset that can be used to respond to many global sustainable development challenges, whether they are ecological or social in nature. This is why the sustainability transformation is creating Gofore a new, important business segment: the company is continuously developing an increasing number of solutions to support ecological reconstruction and a more open, transparent and democratic society. Transition to more sustainable operations has been seen as one of Gofore's key business opportunities.

GOFORE IS HELPING TO BUILD AN ETHICAL DIGITAL WORLD

At Gofore, we believe that the ethical nature of a company's business is the sum total of the ethical conduct of everyone within it. This is highlighted particularly strongly in 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. This is why 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.

The company strives to continuously develop its 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. 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. Gofore 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. The learning model of Gofore Academy has also been further developed to serve the current capability development needs. In addition, during 2023, investments were made in the development of line managers, so that they are better able to offer employees individual support from the perspectives of both everyday life and competency development. Opportunities for employees to develop their skills are discussed in greater detail in the People section.

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 gives 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 COMPENSATION

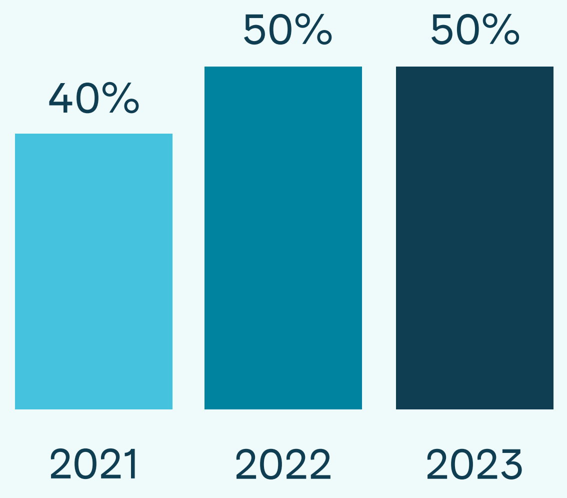
Gofore's Board of Directors and its members are presented in more detail in the separate Corporate Governance Statement. The statement is available on the company website: http://gofore.com/en/invest/releases-and-reports/reports-and-presentations/.

The remuneration of senior management follows Gofore's Remuneration Policy, which is available on the company website: 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 its competitiveness and long-term financial success. Remuneration is tied to both short- and long-term profitability. Additionally, the aim is also 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. The company publishes an annual remuneration report on its website describing the actual remuneration for the financial year.

PERCENTAGE OF WOMEN IN THE BOARD OF DIRECTORS



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 2023, the company continued its ethical capacity development work, which began in 2021. The Gofore Ethics Desk scheme, launched in 2022, continues. Gofore Ethics Desk is a working group made up of senior management representatives and experts from different roles. Ethics Desk provides Gofore employees with recommendations and support for ethical questions that arise in their work.

In 2023, the Ethical digital guide was published by the Gofore Ethics Experts group. It defines Gofore's standpoint on ethical business, consultancy work and digitalisation.

Gofore's Code of Ethics encourages its employees to raise any ethical problems or illegal activities they potentially 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 industry 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.

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

In Finland, the Whistleblower Protection Act came into effect on 1 January 2023. In accordance with the Act, Gofore deployed an internal whistleblowing channel, and also made it available to its key external stakeholders by setting up a public channel compliant with the Whistleblowing Directive on the company website. In 2023, no issues were raised through this channel.

The company's Code of Ethics prohibits corruption and bribery in any form. Also, the company does not support any politicians or political parties. The company's lobbying activity recorded in the EU transparency register in 2023 consisted of participation in a seminar on strengthening industrial cyber security.

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 2023 or preceding years of operation. In addition, there have 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.

STAKEHOLDER ASSESSMENT

As part of preparations for reporting according to the sustainability reporting directive, Gofore launched a double materiality assessment process in the autumn of 2023. The assessment will be completed in early 2024, and further information about the process and its results will be released in the reporting for financial year 2024.

The identification of stakeholders carried out during the current double materiality assessment will replace the stakeholder assessment previously used as the basis for Gofore's sustainability work.

	STAKEHOLDERS	BASIS
PRIMARY STAKEHOLDERS	**Gofore employees**	Gofore's employees are essential to its operations and are also among those that are most affected by the company's activities.
	Customers and end users	Customers and end users are essential to Gofore's operations and are also among those that are most affected by the company's activities.
	Investors	Investors directly affect the value of the company. They also have views on the financial risks and opportunities Gofore is affected by.
	Nature and society	Nature and society are essential to Gofore's operations and are also among those that are most affected by the company's activities.
SECONDARY STAKEHOLDERS	**Legislators and regulatory authorities**	Legislators and regulatory authorities may affect Gofore's future operations and finances.
	Partners	Partners may affect and be affected by Gofore's operations.
	Training and labour markets	The training and labour markets may affect the success of Gofore's recruitment efforts and, consequently, the company's future operations.
	Suppliers	Suppliers may affect Gofore's operations, and Gofore's operations may have material effects on society and the environment through suppliers, even though Gofore itself only offers intangible services.
	Energy suppliers	Energy suppliers play a key role in reducing direct GHG emissions.

The stakeholders identified during the materiality assessment are described in the adjacent table.

IMPACTS, FINANCIAL RISKS AND OPPORTUNITIES ASSOCIATED WITH SUSTAINABILITY

Gofore continuously identifies business risks affecting the company and risks affecting people, the environment, and society that arise as a result of Gofore's operations and collects them into its active risk register. In addition, risks associated with information security, data protection and physical security are tracked separately by the company's information security officer. Risks are assessed based on factors such as their probability and their impact on business, and they are reviewed at regular intervals by 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.

To counterbalance the theme of sustainability risk, the company also recognises business opportunities related to sustainability. As Gofore's customers work towards meeting their own sustainable development objectives, it offers the company opportunities to generate new business. 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.

The assessment of Gofore's sustainability risks and opportunities will be updated significantly as part of the double materiality assessment running from autumn 2023 to early 2024. Assessment of risks and opportunities has especially emphasised the sustainability issues covered by the European Sustainability Reporting Standard.

The following tables present the most significant impacts on people and the environment currently identified in the double materiality assessment, as well as financial risks and opportunities. The list is provisional.

ENVIRONMENT

SUSTAINABILITY THEMES	SUSTAINABILITY TOPICS	ENVIRONMENTAL IMPACTS	FINANCIAL RISKS	FINANCIAL OPPORTUNITIES
CLIMATE CHANGE	**Climate change mitigation**	• Gofore's direct and indirect GHG emissions negatively impact the environment. • Gofore's experts participate in projects that lead to reductions in GHG emissions. This has positive impacts on the mitigation of climate change.	• Possible reputational risks incurred by participation in environmentally harmful projects.	• Growing demand for digital solutions that help combat climate change is a business opportunity for Gofore.
	Climate change adaptation		• Failure to adapt to climate change may cause uncertainty in markets and customer behaviour, which may have a negative impact on Gofore's business.	
	Energy	• Gofore's experts participate in projects that lead to improvements in energy efficiency. This has positive impacts on the mitigation of climate change.	• Dramatic increases in energy prices or extended periods of energy unavailability present a risk to Gofore's business.	
CIRCULAR ECONOMY	**Resources inflows, Including resource use**	• Gofore's experts participate in projects that lead to improvements in resource efficiency and material circulation. This has positive impacts. • Gofore's experts participate in projects that lead to extended equipment lifecycles. This has positive impacts. • Reductions in resource consumption achieved through simulation solutions have positive impacts. • The production of ICT equipment essential to Gofore's business activities has negative impacts.	• Increases in the price of natural resources and interruptions in their availability present a risk to the business of some Gofore customers and may therefore also affect Gofore indirectly. • Decreased availability or dramatic increases in the price of natural resources required by the ICT sector may cause uncertainty in the sector.	• Growing demand for projects that improve resource efficiency presents a business opportunity for Gofore.
	Waste	• Non-recyclable waste produced in Gofore's value chain has negative impacts.		

PEOPLE

SUSTAINABILITY THEMES	SUSTAINABILITY TOPICS	IMPACTS ON PEOPLE	FINANCIAL RISKS	FINANCIAL OPPORTUNITIES
GOFORE EMPLOYEES	**Equal treatment and opportunities for all**	• Equity and equality are important for Gofore, and the company has established a variety of objectives related to these, which has positive effects on employees’ well-being and the success of recruitment efforts.		• Inclusion and equal treatment of employees allows everyone to achieve their potential, which is also financially beneficial.
	Employee well-being	• Efforts to improve the well-being of employees have a significant positive impact on the company’s workforce. • Reduced employee satisfaction due to factors such as excessive workload may have negative impacts on employee well-being. This is why actively tracking well-being at work and employees’ workloads is important.	• A decline in the well-being of employees would have negative financial impacts.	• Prospering and committed employees are a significant factor in enabling Gofore’s financial success. • A good employer reputation enables successful hiring of new employees, which in turn has a direct impact on the growth and financial success of the company.
	Training and skills development	• To maintain its position as a frontrunner and ensure its success, Gofore must continuously make efforts to develop the skills of its employees. This also has positive effects for employees, as it helps maintain a high level of motivation and the employee’s value on the job market.	• Gofore may face financial risks originating from a potential fall in the quality of competence development if the company fails to drive continuous learning.	• Competence development opens up new business areas.
EMPLOYEES IN THE VALUE CHAIN	**Subcontractors’ working conditions, rights and equality**	• In its subcontracting Code of Conduct, Gofore emphasises human rights and equal treatment of employees, which contributes to ensuring these values are realised in the business activities of subcontractors.	• Subcontractors that do not monitor the realisation of workers’ rights in their own supply chains may pose a reputational risk to Gofore as well.	• Subcontractors are increasingly selecting their partners based on sustainability themes, which provides Gofore with opportunities.
AFFECTED COMMUNITIES	**Communities’ economical, social and cultural rights**	• Services offered by Gofore, especially for public sector projects, facilitate the realisation of individual rights. • Failure on the part of Gofore to provide adequate services, especially in the public sector, may lead to the rights of a group of people not being realised.	• Potential failure to address the rights of a group of people may pose a reputational risk.	
	Inequality in communities	• The digitalisation of society may cause a rise in inequality within a society, and if Gofore fails to adequately assess and manage the impacts of a project, it is possible that the company may contribute to negative impacts such as this.		

SUSTAINABILITY THEMES	SUSTAINABILITY TOPICS	IMPACTS ON PEOPLE	FINANCIAL RISKS	FINANCIAL OPPORTUNITIES
CUSTOMERS AND END USERS	**Social inclusion**	• Gofore employs an Accessibility Team that specialises in ensuring the inclusion of all groups in digital services. • Gofore has a positive impact on the availability and transparency of information, especially through public-sector digitalisation projects.	• Failure by Gofore to ensure accessibility to all groups in the digital services it produces may pose a reputational risk.	• Accessibility services present Gofore with business opportunities.
	Information security and data protection	• Gofore observes a high standard of information security and data protection and has played a part in introducing its customers to concepts that improve information security and data protection. • If Gofore fails to adequately manage information security and data protection, especially in customer projects or when dealing with personal data or infrastructure that is critical to society, it may have significant negative impacts on people or the function of society.	• Risks related to information security and data protection have been identified as the greatest sustainability risk facing Gofore and may have significant financial impacts on the company if realised.	• Gofore has identified an important and growing market for services related to information security and data protection.
	Ethical utilisation of data and AI solutions	• If Gofore fails to observe its ethical design principles, it may have negative impacts on people or society. • Gofore's emphasis on observing strict ethical principles in the utilisation of data and the development of AI solutions has positive impacts on solutions developed by customers.	• Irresponsible use of data or AI would pose a reputational risk and might lead to significant negative financial impacts.	• In recent years, Gofore has emphasised developing the ethical capability of its employees and taking ethical perspectives into consideration. Consultation on ethical questions related to digitalisation has been seen as a business opportunity within the company.
	Personal safety of customers and end users	• The simulation and automation solutions developed by Gofore can be used to reduce the use of human labour in dangerous jobs.		• Growing demand for solutions that aim to replace human labour in dangerous jobs through the use of simulation and automation presents a business opportunity for Gofore.

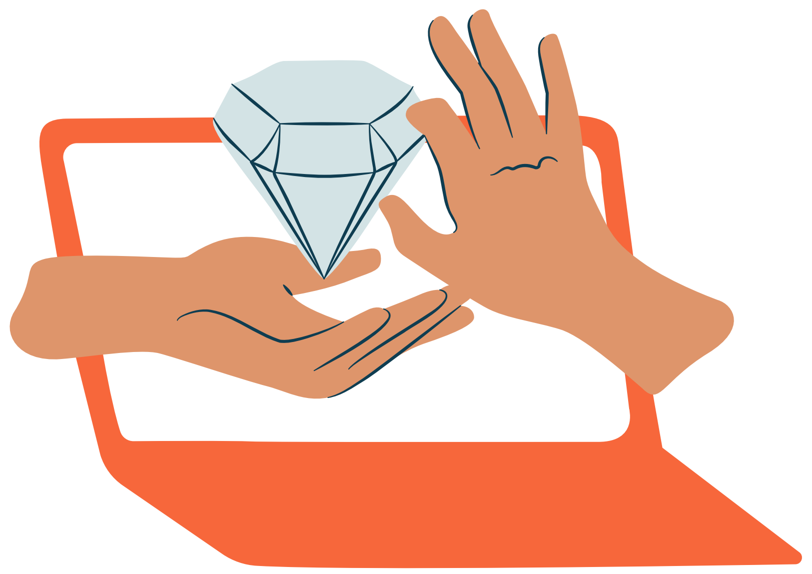
GOVERNANCE

SUSTAINABILITY THEMES	SUSTAINABILITY TOPICS	EFFECTS ON MANAGEMENT AND SOCIETY	FINANCIAL RISKS	FINANCIAL OPPORTUNITIES
BUSINESS CONDUCT	**Company culture**	• The emphasis placed on sustainability in Gofore's operations has a positive impact on the company's governance. • Insider offences, incorrect reporting or other similar activity may cause social harm. • Acting as a responsible employer and taking care of its employees' well-being is at the heart of Gofore's company culture. • Gofore strives to conduct business in an ethical manner and be as transparent as possible.	• Cases of misconduct that may occur when good governance fails pose a reputational risk to the company. • Difficulties responding to regulatory requirements may cause negative financial impacts.	• Sustainable business practices present opportunities concerning both recruitment and Gofore's network of partners. • The conception of Gofore as a sustainable investment increases the company's market value.
	Corruption and bribery	• The international business environment and significant public-sector customer relationships increase the risk of corruption in the event their control mechanisms are not adequate. • The company's commitments to combating corruption, bribery and money laundering (incl. Global Compact, Gofore's subcontractor Code of Conduct) promote good practices both inside the company and more broadly.		
	Management of relation-ships with suppliers including payment practices	• Gofore applies strong ethical principles in its collaboration with subcontractors.		• Strong, ethical relationships with subcontractors reduce associated financial risks.
	Protection of whistleblowers	• Gofore has established practices for protecting whistleblowers.		

INFORMATION SECURITY AND DATA PROTECTION

Gofore's business is largely based on the trust of its customers, partners, employees and other stakeholders. Information security is key to maintaining 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 sound and in tune 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 DATA PROTECTION INCIDENTS IN 2023

0

NUMBER OF INFORMATION SECURITY INCIDENTS IN 2023

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 impacts of its operations. 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

Gofore transitioned to the European Sustainability Reporting Standard (ESRS) starting in financial year 2023 for climate-related indicators. The following paragraphs address the disclosure requirements that are relevant to Gofore's business activities under the ESRS E1 standard. References to the disclosure requirements in question are provided in brackets in the heading of the section addressing each obligation.

The following disclosure requirements under the ESRS E1 standard have been determined not to be relevant in the context of Gofore's business activities:

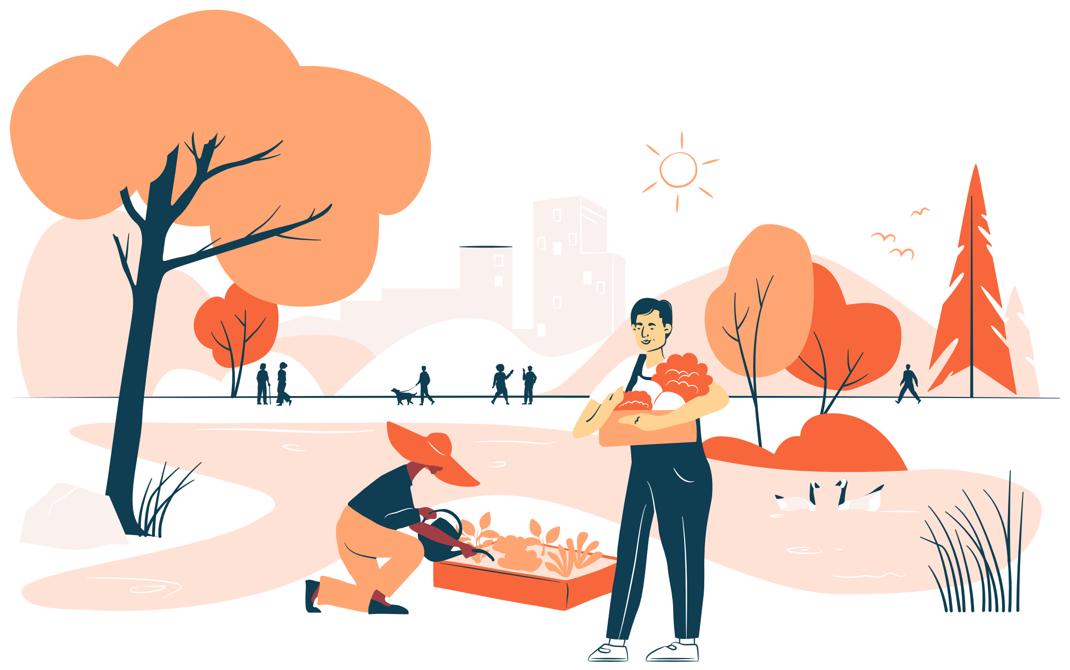
- E1-5 'Energy consumption and mix' is not relevant to the company, because the absolute energy consumption of Gofore's own operations is low.
- E1-8 is not relevant to the company, because Gofore does not use internal carbon pricing schemes.

Transition plan for climate change mitigation (E1-1)

Limiting global warming to 1.5°C requires that humankind reduces their emissions globally by more than a half by 2030 and reaches complete carbon neutrality by 2050 at the latest. Gofore's climate objectives set in 2023 are in line with this global target. Gofore's objective for Scope 1 and 2 direct emissions is that the company's emissions proportionate to the number of personnel shall be reduced by half by 2026 compared to the starting level in 2022. Scope 1 and 2 emissions shall be reduced to zero by 2030. For Scope 3 emissions, i.e. indirect emissions, Gofore's objective is to reduce them by 20% by 2026 and by 50% by 2030. The company will be carbon neutral in all emission scopes by 2035.

The reduction of Scope 1 and 2 emissions will be achieved by transferring to 100% renewable energy usage in office electricity consumption as well as heating and cooling. Additionally, the company vehicles will be replaced with electric ones. All acquisitions and purchases in Scope 3 emissions will be conducted by prioritising options with low emission levels. Travelling will be

minimised and replaced with various forms of remote working, and the emissions of unavoidable travel will be reduced by using low-emission transport. The company will support all carbon neutral ways of commuting, such as cycling. Gofore will also strive to create practices in the so-called Green-ICT as well as green coding to reduce the emissions of data systems developed by the company. Climate emissions will be used as one criterion when selecting a provider of cloud capacity. These actions will not, however, ensure the achievement of the objective of zero emissions as planned because many factors are dependent on the surrounding infrastructure and thus are not within Gofore's sphere of influence (e.g. travel options, ICT equipment and infrastructure). For this reason, Gofore is prepared to offset the rest of its emissions with a reliable, available and standardised compensation method by 2035 at the latest.



According to the company's estimate, achieving the reduction of emissions as determined in the climate objectives will not require significant investment. Primarily, it will happen by modifying conventional practices. Emission reductions might even bring cost savings through, for example, decreasing energy consumption and reducing travel. The most significant investment will most likely be the offsetting for achieving carbon neutrality in Scope 3 emissions. Presently, it is not possible to precisely estimate the scale of this investment as it is not yet clear how significant emission reductions can be achieved within the determined time range or how the price of carbon offsetting will develop in the future. The company estimates, however, that the expenditure will not increase significantly enough to affect its financial situation. The company does not possess relevant property items or products that would cause the lock-in of GHG emissions.

Gofore's objective is to annually grow the share of turnover aligned with the EU taxonomy for sustainable activities. Until now, alignment with the taxonomy regulation has been evaluated against the criterion of climate change prevention. The company does not have significant taxonomy-aligned operational or capital expenses. In 2023, the company introduced data system and process changes that enable more precise control over the taxonomy-aligned revenue and operating expenses. The taxonomy regulation is covered in more detail in the chapter EU taxonomy for sustainable activities.

Gofore does not have capital expenditure invested in carbon-, oil- or gas-related economic operations, and the company is not excluded from EU's reference values compliant with the Paris Agreement. The expenses of the transition plan are not estimated to be significant enough to be separately included in the company's strategy or financing plan.

The transition plan related to mitigating climate change was approved by Gofore's Sustainable Development Management Team in 2023. The year of comparison was selected as 2022. The company's progress in implementing the transition plan will be reported annually going forward.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities (IRO-1)

Climate-related impacts, risks and opportunities have been identified as a part of the double materiality assessment process initiated in 2023. The company's primary interest groups were engaged in the process by participating in surveys and interviews. Internally the company organised two workshops for the company's key stakeholders to assess impacts as well as economic risks and opportunities. The double materiality assessment is currently in progress, and the precise description of the process will be published in the sustainability report for 2024.

Gofore's greenhouse gas (GHG) emissions have been calculated since 2019. The company's direct emissions are relatively minor and their impact on climate change is considered minimal. At the beginning of the value chain, the most significant negative impacts emerge during the lifecycle of the equipment being acquired. At the end of the value chain, both negative and positive impacts on climate change have been identified. The services Gofore produces for clients enable them to either increase or decrease their negative impact on climate. The results of the surveys and interviews conducted with clients during the double materiality assessment process supported the company's earlier estimate, in which Gofore's services had larger positive than negative impacts on climate.

As a part of the double materiality assessment, climate-related physical risks were also identified. They were considered to be relatively minor.

Policies related to climate change mitigation and adaptation (E1-2)

Gofore's policies related to climate change mitigation include both decreasing own GHG emissions and supporting clients' efforts to decrease their emissions. This includes investing in competence development for how the company's services can decrease GHG emissions within other industries or support data-based decision-making in decreasing GHG emissions.

The company's policies related to climate change adaptation mainly involve controlling indirect transition risks. The company aims to avoid dependency on industries that contain significant transition risks and to develop offerings that contribute to the resilience of the environment, which is transforming due to climate change.

In addition to the aforementioned policies, Gofore also develops policies that strive to enhance the energy efficiency of software projects. Once this development work is complete, Gofore will publish these policies on their website.

The company's objective is to transition their own operations to the use only of renewable energy by 2030.

Actions and resources in relation to climate change policies (E1-3)

Gofore's key actions for mitigating climate change in 2023:

- A thesis project focused on calculating and reporting GHG emissions and setting climate objectives. The thesis required approximately two person-months of work.
- A project focused on the environmental impacts of software projects and products aiming to produce instructions on the details to be taken into account during different phases of a project lifecycle. The project required approximately three person-months of work in 2023.

Targets related to climate change mitigation and adaptation (E1-4)

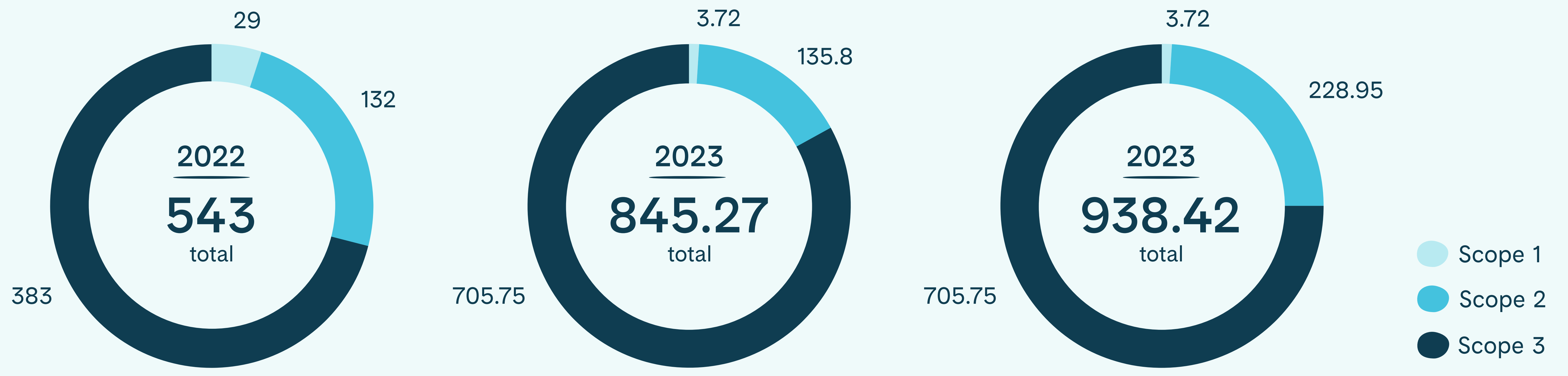
Gofore's targets related to mitigating climate change are presented in the table below. The emission reduction target is calculated as a decrease from the level of 2022.

The company does not have targets related to climate change adaptation.

Gofore's targets related to climate change mitigation

	2022 EMISSIONS	2026 TARGET	2030 TARGET	2035 TARGET
Scope 1	29 (net emissions 0)	-50%	0 (gross target)	
Scope 2	132 (net emissions 0)	-50%	0 (gross target)	
Scope 3	369	-20%	-50%	0 (net target)

GOFORE'S GHG EMISSIONS TCO2-EQ

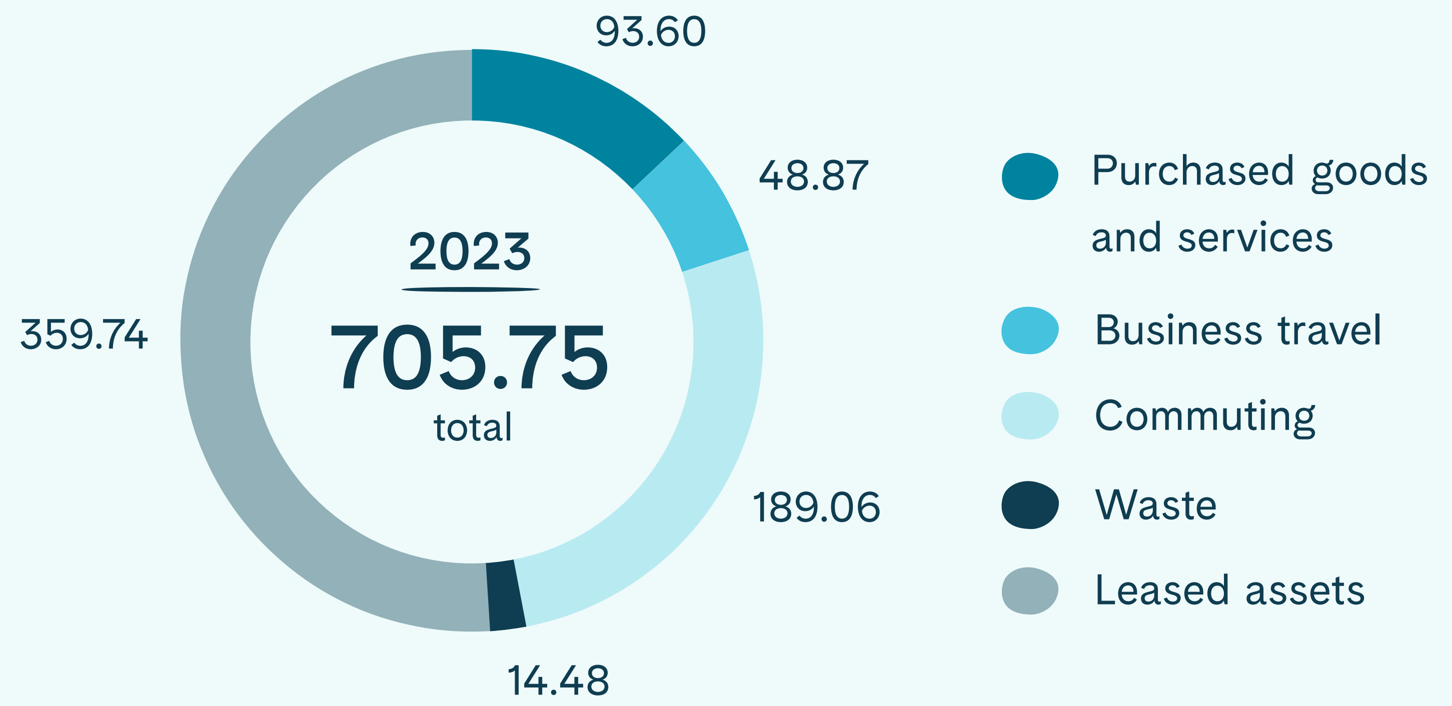


Scope 2 emissions market-based.

Scope 2 emissions market-based.

Scope 2 emissions location-based.

SCOPE 3 EMISSIONS CATEGORISED



Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

Gofore's GHG emissions in 2023 are presented in the images above, separately detailed for each scope. The emission calculation for financial year 2023 includes all subsidiaries owned by the Group on 1 January 2023.

The company's total emissions have increased from 2022 due to both the growing number of personnel and adding new categories to the calculation. The largest new category is purchased services, which has grown especially due to subcontracting. Leased assets were included as a new category, and therefore some of the emissions calculated earlier in Scopes 1 and 2 were transferred to Scope 3, which altered the balance between the three scopes.

Scope 3 emissions contain the following new categories added after 2022:

- upstream leased assets: leased cars, equipment and tools used in Spain
- purchased goods: office phone booths and (energy generated by) acquired cloud capacity
- purchased services

Gofore does not possess companies or investment entities that are not consolidated to the consolidated financial statements or in which the company does not have operative control. Gofore does not produce Scope 1 GHG emissions that are subject to the regulated emissions trading systems.

GREENHOUSE GAS INTENSITY (TCO2-EQ/REVENUE MEUR)

4.52

Gofore's subsidiary Creanex is not included in the emission calculation for financial year 2023, as the calculation only includes Group companies owned on 1 January 2023. Creanex was also excluded from the revenue used as the basis for the calculation.

GHG removals and GHG mitigation projects financed through carbon credits (E1-7)

Gofore will offset 139.52 tons CO2eqv of the company's GHG emissions with climate change mitigation projects external to the company's value chain. The company intends to finance these projects by purchasing carbon credits.

Gofore is committed to offsetting all its Scope 1 and 2 GHG emissions from 2021 onwards. The offsetting is conducted by compensating climate impacts from emissions by purchasing climate credits that are not calculated into any country's climate objectives or included in their accounting. The climate credits to be purchased are compliant with the following criteria recommended by the Finnish Ministry of the Environment:

1. Additionality
2. Robust baseline setting
3. Robust quantification methodologies
4. Tracking and reporting
5. Permanence
6. Avoidance of carbon leakage
7. Authenticity, independent verification and certification
8. Avoidance of double counting
9. 'Do no significant harm' (DNSH) principle

Anticipated financial effects from material physical and transition risks and potential climate-related opportunities (E1-9)

Gofore's business activities do not contain relevant physical transition risks.

Relevant climate related opportunities are estimated to have some impact on revenue through the consulting and solution development services provided to clients in supporting their climate action. Due to the uncertainties connected to Gofore's estimate, the quantitative economic impacts cannot be presented in compliance with the ESRS 1 appendix B requirements on the quality of data. Given this fact, the company does not present any quantitative estimates.

BIODIVERSITY LOSS

Gofore's business activities do not have a significant direct impact on biodiversity or land use. The company does not possess real estate or land. Possible indirect impacts on biodiversity will primarily emerge from client projects, and the impacts may be either positive or negative. However, the company recognises that biodiversity loss is a significant environmental threat alongside the climate crisis.

In 2023, Gofore supported the Baltic Sea Action Group charity in Finland in their efforts to combat biodiversity loss with, e.g. regenerative agriculture and forestry.

WATER CONSUMPTION

Gofore's operations do not require significant amounts of water. Water is used at offices during working days and consumption is minimal.

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.

Gofore's non-financial reporting is gradually transferring to complying with the European Sustainability Reporting Standards (ESRS). Due to this transfer, the 2023 data related to the company's own personnel is already reported in compliance with the ESRS S1 - Own workforce.

OWN WORKFORCE

Impacts, risks, and opportunities related to own workforce

Gofore's double materiality assessment identified the following as relevant sustainability-related factors in relation to their own workforce:

- Equal treatment and opportunities for all
- Employee well-being
- Training and skills development

The company's double materiality assessment based on the sustainability reporting directive is currently still in progress. A more detailed assessment of the impacts, risks and opportunities related to their own workforce will be published alongside the annual reporting of 2024. The preliminary list of related topics is presented in the chapter Impacts, financial risks and opportunities related to sustainability themes.

Policies related to own workforce (S1-1)

Gofore considers equity and diversity to be crucial factors for both employees' well-being and for securing competent personnel. Employee well-being is at the core of Gofore's strategy and is key to the company's success.

The company's employees are its most important asset and employee well-being is directly connected to work performance, the company's financial result and its ability to attract new employees. In order to keep up with the evolving environment and be successful, Gofore must continuously invest in enhancing employees' competence and capabilities.

The most significant positive impacts on Gofore's own workforce that were identified are securing equality, equity, and inclusion; enhancing employees' well-being; and competence development.

Potential negative impacts on their employees included the effects on employees of workloads that become excessive for some reason. The company strives to take early action whenever this occurs.

Gofore is committed to adhering to the UN's basic principles on companies and human rights, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights as well as, for all applicable countries, the ILO Declaration on Fundamental Principles and Rights at Work. All activities always apply to local legislation and internationally established human rights. Additionally, the company is committed to following the principles of the UN's Global Compact initiative. The company cherishes the right of association and acknowledges the employees' right to collective negotiations in all countries. Gofore strongly opposes all forms of forced labour and any use of child labour.

Gofore supports universal human rights and eliminating all discrimination occurring in the

labour market and professional activities. The company's Code of Ethics obliges it to follow both human rights and the rights of international employees. Gofore also obliges their suppliers to respect internationally established human rights, including the ILO Declaration on Fundamental Principles and Rights at Work.

The company has occupational health organisations in all countries, excluding Spain, for preventing occupational accidents. The organisations include employee representatives elected by the employees among themselves. The occupational safety operations focus on minimising the risks identified in the organisation's evaluation process through agreed actions. In Spain, an occupational safety representative has not been selected and the matter has been outsourced to a professional service provider because the Spanish organisation is small and the employees usually work remotely.

Gofore has defined their basic principles on discrimination in their Code of Ethics (https://gofore.com/en/join-the-crew/code-of-ethics/) and in their equity and inclusion plan. Additionally, the procedures for preventing discrimination are presented in a separate document called "Inappropriate and disruptive treatment at work".

Processes for engaging with own workers and workers' representatives about impacts (S1-2)

Gofore collaborates actively with their workers' representatives. Gofore and the workers' representatives have established a collaborative group where dialogue is conducted following the Finnish Act on Co-operation within Undertakings Chapter 2 regulations. The dialogue is conducted in the collaborative group's dialogue meetings held four times a year at minimum. The topics discussed are related to issues affecting employees' work, working conditions or their position.

> Gofore supports universal human rights and eliminating all discrimination occurring in the labour market and professional activities. The company's Code of Ethics obliges it to follow both human rights and the rights of international employees.

Additionally, the employer and employee representatives use a joint online discussion channel where the representatives can make propositions for the dialogue meetings or bring up other current topics. The company has a work community development plan that can be revised and updated in the dialogue meetings. The work community development plan is accessible to all employees via the company's intranet. Topics discussed in the dialogue meetings are reported to the workforce openly and without delay.

To gain a conception of the views of persons who are especially vulnerable to impacts or socially excluded, Gofore's biannual employee survey measures the experiences of minority groups in regard to all themes and compares the results with the experiences of the majority. Any themes or topics indicating inequality that arise from the survey will lead to corrective measures. The progress of these corrective measures is also monitored in the same survey.

Processes to remediate negative impacts and channels for own workers to raise concerns (S1-3)

The company's employee guidelines handbook and new employees' induction material provide clear guidelines for situations in which the employees have a need to report their concerns on negative impacts. When suspecting harassment, mobbing or inappropriate behaviour, a person can contact their line manager, the manager of their line manager, the People Operations Team or the employee representatives. The Team as well as employee representatives' contact details can be found in the employee guidelines handbook. The People Operations Team has an established procedure for receiving and reporting injustices. The employees are aware that the company's culture is caring, and all injustices can and should be discussed. Help is available, and there are several stakeholders one can turn to with questions. HR ensures that the information provided always remains only with the necessary persons and that no retaliative measures are pursued.

In addition to the channels mentioned above, the employees have the opportunity to contact the company's Ethics Desk team, which discusses ethical questions. The Ethics Desk manages concerns that are not directly related to HR issues.

Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches (S1-4)

Gofore utilises human resource management to advance positive impacts and prevent negative impacts in four separate areas:

1) employee well-being and ability to work
2) professional development
3) equal treatment
4) wealth creation

The key actions relating to the first area, supporting employee well-being and ability to work, are a) developing high-quality, personal immediate leadership that ensures human dialogue and that employees are seen and heard. Personal immediate leadership is the basis of well-being at work, and its objective is to ensure individual support and services by considering the work and life situations of each person. The second key action is b) extensive occupational health collaboration and working with the pension provider. Gofore's occupational health service is the most extensive on the market, and its targeted actions are focused on the central risks related to knowledge work: preventing mental health problems and providing high-quality care. The third key action is c) real-time workload monitoring and associated separate surveys. Gofore encourages its employees to find a healthy work-life balance. This is tracked closely both as part of immediate leadership and in broader surveys measuring employee experiences and well-being, which are conducted multiple times a year.

The second area, professional development, is primarily achieved through extensive project work. Gofore's approach provides employees with broad exposure to several different industries and with opportunities to work together with experts in various subject matters. The experience gained represents valuable knowledge capital for professionals and allows them to increase their value on the IT-sector labour market. Additionally, Gofore offers its professionals a number of different development and training paths through Gofore Academy. To support professional development, the company recommends drawing up a competence development plan that gives the employee the chance to discuss with their line manager or their peers and determine how best to strengthen their own professional profile.

> In 2023, Gofore introduced the concept of neurodiversity to the conversation within the company, representing newer perspectives in the discussion of diversity and equity.

The third important area, equal treatment, is at the heart of Gofore's organisational culture, and the company has set various targets concerning the diversity of the work community. Employees' experiences of inclusivity are measured regularly. Allowing everyone to feel they can be themselves is a high priority for the company. Gofore's understanding of diversity in the work community is not limited to nationality, sexual orientation and religion; it also includes the differences that result from what we experience in life, and acknowledging these differences is important both internally in the company and in customer work. In 2023, Gofore introduced the concept of neurodiversity to the conversation within the company, representing newer perspectives in the discussion of diversity and equity. Gofore's concrete actions include aiming to achieve pay equality between men and women and regularly sharing pay information with all employees, allowing them to assess the compensation they receive in the light of factors such as task group, location and experience.

In its approach to wealth creation, Gofore has developed its own wage increase model, in which the financial success of the company is assessed on a quarterly basis and is tied to the company's universal wage increases. Employees' wages do not decrease if the company's performance falls, but wage increases mirror the company's shared financial success.

Employees also have the opportunity to participate in a share saving scheme in which they can subscribe to the company's shares at a discount. The scheme rewards commitment and helping the company reach its performance targets. It also encourages everyone to work towards shared financial targets, increases commitment to the company, makes the company more attractive in the eyes of potential employees and promotes a shared understanding of goals between the company and its owners.

Important impacts related to the company's own workforce are managed by People Operations. At the end of 2023, Gofore's People Operations team consisted of 32 members. People Operations is responsible for preventing negative impacts related to the company's own workforce and advancing positive impacts. In addition, Gofore's manager and leadership system included approximately 120 managers providing immediate leadership support and contributing to good HR management practices in each business and support services unit.

The company's double materiality assessment is currently underway. Upon completion in early 2024, it will form the basis for the development of measures that can be used to combat negative impacts and risks identified by the materiality assessment while reinforcing positive impacts and opportunities.

Targets related to managing material impacts, advancing positive impacts, and managing material risks and opportunities (S1-5)

Gofore's targets in managing well-being and ability to work related to the number of ability-to-work cases, precise quality monitoring, monitoring of sick leave absences (days/person, duration) by unit and by diagnosis-related group, and monitoring the experiences of employees through regular surveys.

The average rate of sick leave absences experienced by the company is at a level typical of the sector. The company aims to maintain the current rate of sick leave absences.

The most important metric for measuring development is whether employees feel they have access to continuous development that meets their needs. Gofore does not want to measure development through attendance of external training events, because several studies have found that more significant results are often achieved through on-the-job learning and skill sharing. Gofore's own competence management system offers a clear view of each employee's skills, project experience, development and interests.

The table below describes Gofore's key inclusion- and equity-related goals in 2023.

Concerning wealth creation, Gofore reports average wage development to its employees and investors on a quarterly basis. The company aims to minimise the pay gap between men and women in the same roles and on average across the workforce. Additionally, the company aims to regularly notify employees of the range of fluctuation in the wages of employees in the same roles.

Goals related to the impacts, risks and opportunities affecting Gofore's employees are set by People Operations, whose proposal is then submitted for approval to the Executive Management Team. After approval by the Executive Management Team, the quality and outcomes of the plan, in as far as they concern the goals set in the strategy, are monitored by the Board of Directors.

Inclusion and equity-related targets set during 2023

INCLUSION	EQUITY AND DIVERSITY	GENERAL AWARENESS
Employees feel that they can be their own authentic selves at work, over 90% (employee survey).	Women make up at least 33% of employees and at least an equal percentage of the Executive Management Team as they do in the overall workforce. Women make up at least 33% of the Board of Directors.	90% of new employees and 60% of other employees have watched the informational video on equity.
Employees feel that they are part of a community, over 60% (employee survey).	At least 35% of new hires are women. At least 20% of new hires are in the 20–29 age bracket.	All employees involved in the hiring process have completed equity training.
0 harassment cases (occupational health survey).	Minority employee satisfaction is on the same level as other employees (employee survey).	

Characteristics of the undertaking's employees (S1-6)

The figures below describe the characteristics of Gofore employees at the end of 2023. The data is collected from the company's HR management system. The number of employees reported below is the same as reported in the company's financial statements. Both figures reflect the company's status on 31 December 2023.

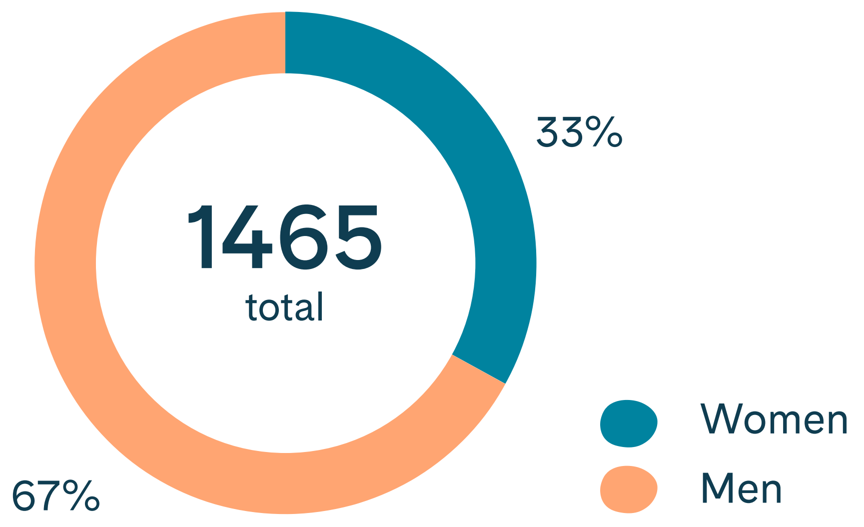
THE TOTAL NUMBER OF EMPLOYEES WHO HAVE LEFT THE UNDERTAKING DURING THE REPORTING PERIOD

136

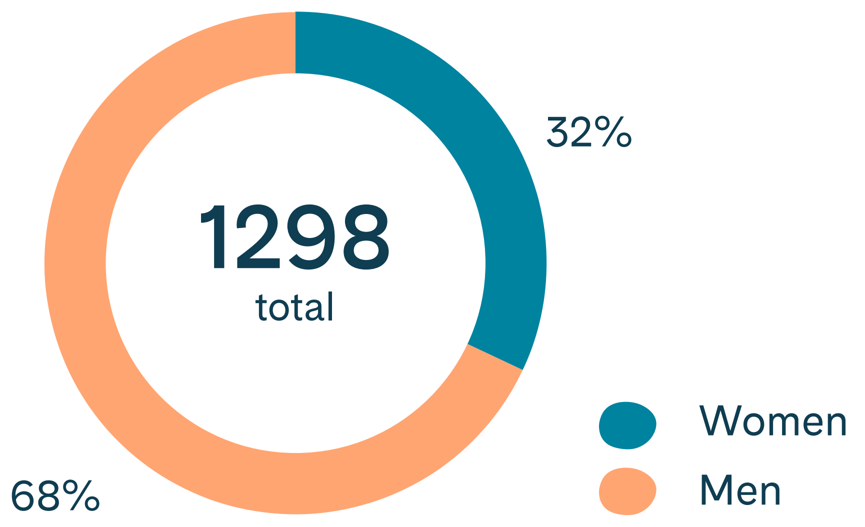
THE RATE OF EMPLOYEE TURNOVER IN THE REPORTING PERIOD

9.3%

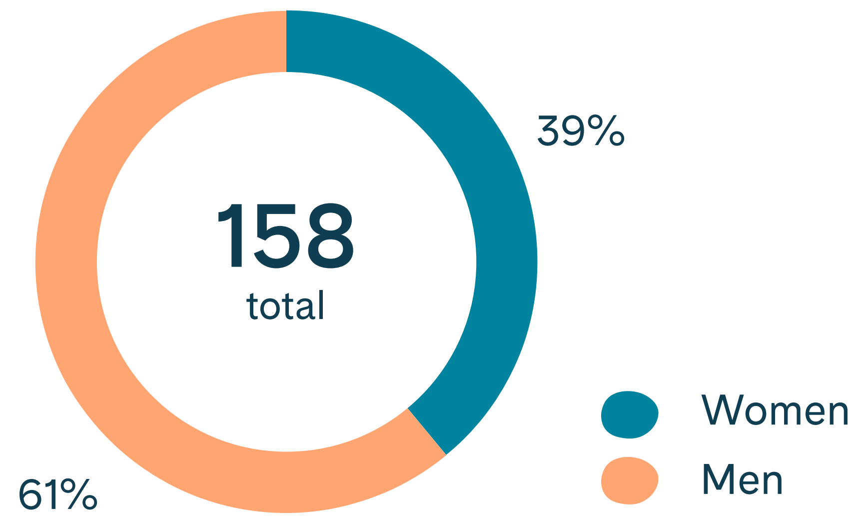
TOTAL EMPLOYEES



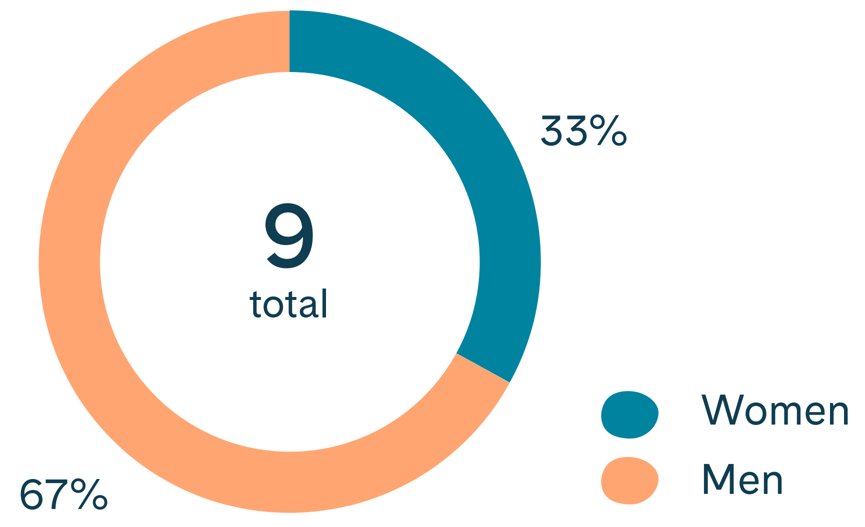
PERMANENT EMPLOYEES



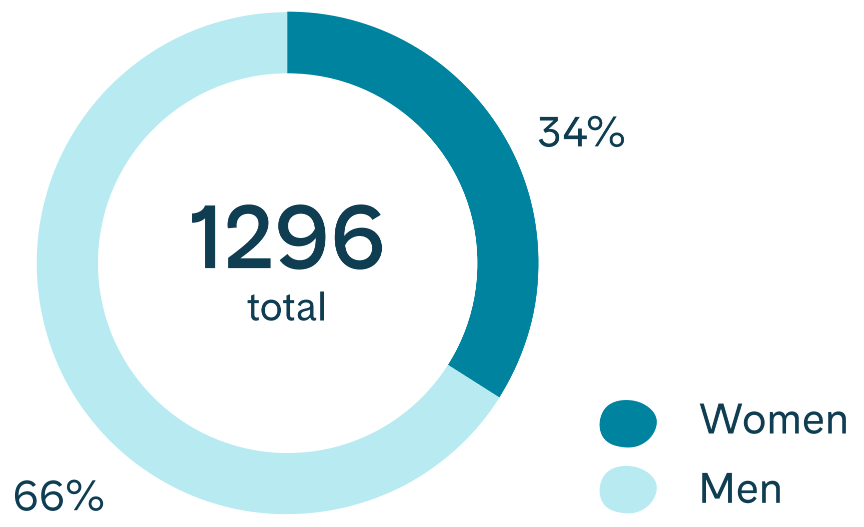
TEMPORARY EMPLOYEES



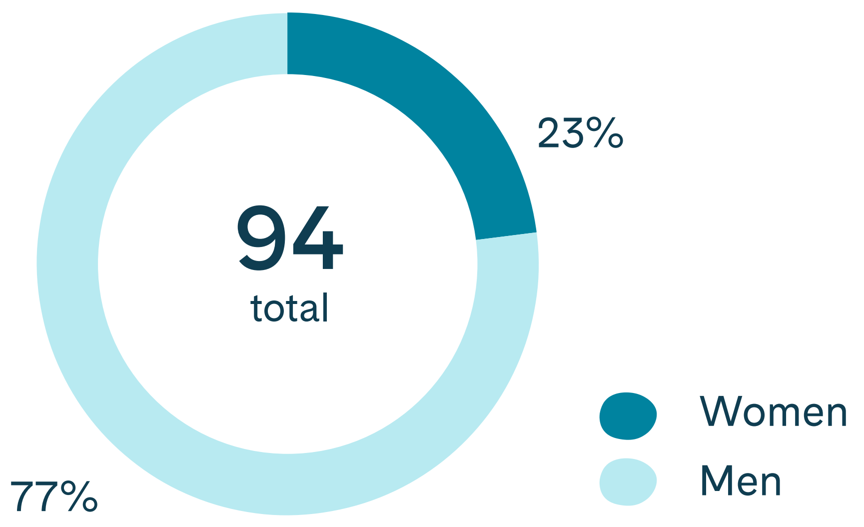
NON-GUARANTEED-HOURS EMPLOYEES



NUMBER OF EMPLOYEES IN FINLAND



NUMBER OF EMPLOYEES IN GERMANY



Employees by country in countries where the company has at least 50 employees

Characteristics of non-employees in the undertaking’s own workforce (S1-7)

As of present, the company has not defined which of its subcontractors fall under the ESRS definition of non-employees in the undertaking’s own workforce. For this reason, the information subject to this disclosure requirement has not been collected at this time. The information will be reported as part of the annual report for financial year 2024.

Collective bargaining coverage and social dialogue (S1-8)

Gofore employees within the EEA are covered by more than one collective bargaining agreement. The company does not currently have sufficient information to determine how many of its employees outside Finland are covered by collective bargaining agreements.

In each EEA country except Finland, Gofore’s employees account for less than 10% of the company’s total workforce. The company does not have employees outside the EEA.

PERCENTAGE OF TOTAL EMPLOYEES IN FINLAND COVERED BY COLLECTIVE BARGAINING AGREEMENTS

90%

Diversity metrics (S1-9)

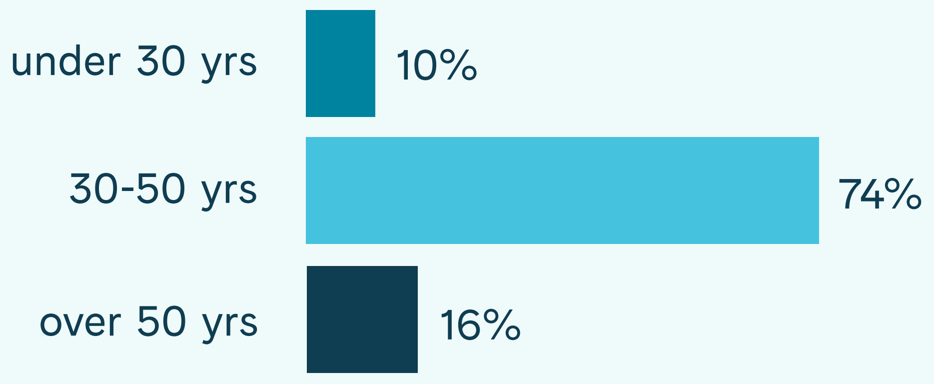
MEMBERS OF THE MANAGEMENT TEAM

3 Women

8 Men

27% Proportion of women in the management team

DISTRIBUTION OF EMPLOYEES BY AGE GROUP



Adequate wages (S1-10)

The company pays all employees no less than the minimum wage set by Gofore’s collective agreement or the law of the country in question. The minimum wages set by Gofore’s collective agreement for Finland are tied to the minimum wages set by the IT services industry’s national collective agreement, which is widely applied across the country.

Social protection (S1-11)

All Gofore employees live within the European Union and are covered by the social security granted by law in their country of residence. Gofore has employees in Finland, Estonia, Germany, Austria, Italy and Spain. The level of social security provided by these countries is comparatively high, and the company’s assessment concludes that all its employees are covered by social security that provides support in the event of loss of income due to challenging life events.

Persons with disabilities (S1-12)

The company does not currently have access to information on what percentage of its own employees have disabilities. Options for collecting this information will be investigated in 2024.

Training and skills development metrics (S1-13)

Gofore monitors the experiences of its employees concerning the usefulness of career development discussions had with their line managers through a biannual survey. Gofore’s 2023 employee survey asked how strongly respondents agreed with the statement: “I have had useful discussions about my professional development with my line manager”. On a scale of 1–5, on average, women answered 3.6, and men answered 3.7. The company does not currently have information on what percentage of employees have participated in regular performance and career development reviews, but this information will be collected in 2024.

As described in the section concerning advancing material positive impacts (S1-5), the most important metric for measuring development is whether employees feel they have access to continuous development that meets their needs. Gofore does not want to measure development through attendance of external training events, because several studies have found that more significant results are often achieved through on-the-job learning and skill sharing. The company's own competence management system offers a clear view of each employee's skills, project experience, development and interests. Gofore biannually monitors employee experiences of receiving continuous development that meets their needs from different perspectives, such as the learning community, challenges of the work, feedback and the training offered by the company. For the aforementioned reasons, the ESRS S1 disclosure requirement concerning the average number of training hours per employee is not material to the company.

Health and safety metrics (S1-14)

The numbers presented in the figures below, which describe the health and safety metrics in use at Gofore, only concern employees in the company's own workforce. The company is currently in the process of assessing which non-employees should be considered to be in the company's own workforce. For this reason, the information concerning them required under the SFDR has not been collected at this time.

PERCENTAGE OF EMPLOYEES IN THE COMPANY'S OWN WORKFORCE WHO ARE COVERED BY THE COMPANY'S OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

100%

NUMBER OF FATALITIES RESULTING FROM WORK-RELATED INJURIES OR WORK-RELATED ILL HEALTH

0

NUMBER OF WORK-RELATED ACCIDENTS

20

NUMBER OF WORK-RELATED ILL HEALTH CASES (OCCUPATIONAL DISEASES)

0

Work-life balance (S1-15)

The proportion of employees who have taken family leave presented below does not include employees of Gofore's subsidiaries Creanex, eMundo GmbH Austria and eMundo GmbH Germany, information for whom is not available for financial year 2023.

PROPORTION OF EMPLOYEES ENTITLED TO FAMILY LEAVE

100%

PROPORTION OF ALL EMPLOYEES WHO HAVE TAKEN FAMILY LEAVE, BY GENDER

Women	Men	Total
4.5%	7.2%	6.3%

Remuneration metrics (pay gap and total remuneration (S1-16)

The section below concerning the pay gap between women and men does not include pay data for companies outside Finland, because information about pay including both fixed and variable components is not currently available separately for women and men for these countries. Variable pay components present a significant proportion of total pay at Gofore.

The metric describing the ratio of the remuneration received by the highest earner to the median remuneration received by others includes the entirety of Gofore Group in the calculation of median remuneration.

WOMEN'S AVERAGE PAY RELATIVE TO MEN'S AVERAGE PAY IN FINLAND

99.9%

RATIO BETWEEN THE MEDIAN ANNUAL TOTAL REMUNERATION OF THE COMPANY'S HIGHEST EARNER AND ALL OTHER EMPLOYEES

5.1%

Incidents, complaints and severe human rights impacts (S1-17)

No incidents of discrimination have been reported at Gofore in the reporting period, and no complaints have been filed through channels for people in the company's own workforce to raise concerns.

The company is not aware of any severe human rights incidents that have taken place during the reporting period.

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 Ethics includes the handling of human rights incidents. No incidents that might involve breach of human rights, discrimination against employees or other inappropriate conduct were reported in the company's value chain in 2023.

The company's Code of Ethics requires employees 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.

Gofore ensures the sustainability of the end of its production chain through its ethical evaluation process. The company does not participate in customer projects that have negative impacts on the realisation of human rights.

CHILD AND FORCED LABOUR RISKS

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 through the company's purchasing guidelines, which requires such services to be purchased 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 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.

The risks of child or forced labour have been considered in the company's subcontracting Code of Conduct, which all subcontractors are committed to observing.

SUBCONTRACTING

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 strives 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.

To ensure the sustainability of the subcontracting chain, the Supplier Code of Conduct is annexed to all subcontracts.

PROPORTION OF SUBCONTRACTING IN NET SALES

18%

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 countries it operates in.

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

For years, Gofore has donated money to charitable causes the company considers important based on a charity budget approved by the Board of Directors. In 2023, the company's charity activities were overhauled with the creation of the new Gofore Impact foundation. By decision of the company's Annual General Meeting, the foundation was granted EUR 50,000 in start-up capital, and it commenced activities at the end of the year. The purpose of the foundation is to harness digitalisation to support positive social impacts such as promoting human and natural well-being, democracy, equality and environmental protection, as well as to combat the negative side-effects of digital transformation.

As part of employees' learning and development, in 2023, Gofore launched a new pro bono work model 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 was 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. The model was piloted in 2023, during which it made an excellent impression.

In addition, Gofore donated to the following charities:

- Finnish Red Cross – Ukraine aid
- MIELI Mental Health Finland – promoting mental health
- Baltic Sea Action Group – protection of water bodies, combatting climate change and loss of biodiversity

PUBLIC FUNDING IN 2023

Public funding received in 2023 was primarily related to research and development projects. Gofore Group recorded a total of EUR 336,000 in public funding during the financial year.

INNOVATION AND PRODUCT DEVELOPMENT

Gofore's subsidiary Creanex conducts product development as part of its activities in developing simulation solutions and training environments. However, Gofore is primarily a professional services company that does not develop products, instead offering the expertise of its professionals to support the product and service development of its customers.

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

TAX FOOTPRINT

Taxes and tax-related costs

EUR thousand	2023	2022
Corporate Income Tax	5,482	4,483
Other direct taxes	1,132	1,187
Indirect taxes	30,962	23,174
Withholding taxes	24,239	18,288
Social Security Contribution	3,098	1,858
Total	**64,912**	**48,990**

CUSTOMER SATISFACTION

Customer satisfaction surveys carried out by Gofore in the spring and autumn of 2023 revealed that overall customer satisfaction remained high throughout the year. Customers especially appreciated Gofore's high quality and reliability, 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 55 (43) (scale -100 / +100), and in the spring survey, it was 56 (52). Similarly, customer satisfaction remained high: 4.3 in the spring survey and 4.1 in the autumn survey (scale 1–5). Experiences of Gofore as an inspiring and visionary partner were common themes in the responses of the most satisfied customers.

EU taxonomy for sustainable activities

In 2020, the European Union adopted what it calls the EU taxonomy for sustainable activities, 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 – namely, activities that do not significantly harm any of the environmental objectives; are carried out in compliance with the UN, OECD and ILO's ethical principles of human rights and rights at work; and comply with technical screening criteria that have been established by the European Commission.

In June 2023, a commission delegated regulation was issued, supplementing the previous regulation by providing new technical screening criteria for determining whether financial activity contributes substantially to: the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, or the protection and restoration of biodiversity and ecosystems. Additionally, a communication from the commission in October 2023 provided guidance on interpreting and implementing the regulation for reporting purposes. The communication in question altered Gofore's interpretation of which of its activities should be considered taxonomy-eligible and taxonomy-aligned, which is why changes have been made to the figures reported in 2022.

Capital expenditure that fulfils the taxonomy criteria has been estimated against the capital expenditure of the Group. The company concludes it does not have any taxonomy-eligible or taxonomy-aligned capital investments. The company also concludes it does not have taxonomy-eligible or taxonomy-aligned operating expenditure. Previously reported taxonomy-aligned operating expenditure for 2022 was based on an erroneous interpretation of the Taxonomy Regulation. The reported operating expenditure included salary costs. However, according to the delegated regulation issued in June 2021 (2021/2178), operating expenditure should include only expenditure related to research and development, building renovation measures, short-term lease, and maintenance and repair. The company has no such taxonomy-eligible operating expenditure.

The company's taxonomy-aligned turnover, capital expenditure and operating expenditure are described in detail in the table at the end of the chapter.

TAXONOMY-ELIGIBLE TURNOVER

Gofore concludes that some of its activities fall under the definition of taxonomy-eligible activities with respect to the following environmental objectives:

- Climate change mitigation
- Transition to a circular economy

Aside from the objectives listed above, the company's activities do not match the description of any other taxonomy-eligible activity given for environmental objectives.

Gofore has reported the proportion of the company's taxonomy-eligible business activities based on the delegated regulation (2021/2139) since 2021.

According to the company's previous interpretation, offering any professional services in the IT sector; 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 would fulfil the taxonomy's criteria based on the description provided for the information and communication sector concerning climate change mitigation in Section 8.2 "Data-driven solutions for GHG emissions reductions". However, the company has altered its interpretation in light of the commission's new delegated regulation and new guidance and, starting in 2023, will only define the activities described above as taxonomy-eligible activities that fulfil the criteria for climate change mitigation when said activities enable a reduction in GHG emissions. Turnover from the provision of services that fall into this category will be considered taxonomy-eligible turnover. This change in interpretation has led to a significant reduction in the percentage of turnover that falls under taxonomy-eligible turnover related to climate change mitigation in reporting for 2023 in comparison to 2022. Taxonomy-eligible turnover related to climate change mitigation has fallen from 94% in 2022 to 10% in 2023.

When it comes to climate change adaptation, the company interprets the commission's communication of October 2023 as meaning that adaptation activities cannot be considered taxonomy-aligned with respect to turnover but only with respect to operating expenditure and capital expenditure. The company does not have capital expenditure or operating expenditure that falls under the description of climate change adaptation activities. For this reason, taxonomy-eligible operating expenditure, reported at 85% in 2022, is now estimated at 0%.

Following the issue of the delegated regulation (2023/2486) in 2023, Gofore has also assessed whether its activities fulfil the taxonomy's criteria based on the descriptions given for the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control or the protection and restoration of biodiversity and ecosystems. In these areas, the company concludes that some of its activities fall under the description provided for the information and communication sector concerning the environmental objective of promoting the circular economy in Section 4.1 "Provision of IT/OT data-driven solutions". Gofore's activities are considered to fall under this description of taxonomy-eligible activity when they involve developing or offering professional services for remote monitoring or predictive maintenance; providing identification, tracking and tracing of materials, products and assets through value chains; providing lifecycle assessment or eco-design; or supporting equipment lifecycle performance evaluation. The company considers all services it offers its Intelligent Industry vertical to fall under the description of taxonomy-eligible activity given in the delegated regulation, and as such, all turnover resulting from the provision of these services falls under the taxonomy's criteria.

TAXONOMY-ALIGNED TURNOVER

Gofore's taxonomy-aligned turnover calculations are based on the numbers from the Group's consolidated financial statements for 2023. 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 one step, and placed in the consolidated income statement.

Gofore has assessed the taxonomy alignment of business activities in 2023 using the minimum safeguards, technical screening criteria and 'do no significant harm' criteria set out in the delegated regulation (2021/2139).

The company determines that all its business complies with the minimum safeguards set out in the regulation because it complies with the UN, OECD and ILO's ethical principles of human rights and rights at work and actively monitors human rights risks as part of its risk management process. Particular attention is paid to the sustainability of purchases during the purchasing stage. Any human rights risks associated with the end of the production chain are addressed in the ethical review process. Gofore does not participate in customer projects that may have negative impacts on the realisation of human rights.

The company's activities do not cause significant harm to the environmental objectives established 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, utilised, recycled or processed appropriately by a relevant service provider.

Because the company's business activities are considered to comply fully with the above-mentioned 'do no significant harm' criteria, 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 (2021/2139), based on which different business functions may qualify as contributing substantially to climate change mitigation. Some of the company's business activities fall into the following category defined in the regulation:

- Annex I, climate change mitigation, Section 8.2.: Data-driven solutions for GHG emissions reductions

The portion of business in the company's turnover that fulfils the taxonomy's criteria has been calculated by identifying Gofore customer projects that, by the company's understanding, fulfil the criterion established for climate change mitigation in the regulation. The regulation defines this criterion as follows: "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 to be enabling climate change mitigation within the meaning of the commission's 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.

Gofore's taxonomy-aligned business was identified by going through the company's client projects and identifying those that met the climate change mitigation criterion noted above. Projects were typically divided into two categories:

- Projects that collected, processed or distributed data that can be used to mitigate climate change. This might be 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 reductions.
- Projects where Gofore developed a data-driven solution that enabled the customer to produce a product that produced fewer emissions than a similar solution that was already 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 set out in the commission's 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 reduce emissions not through the use of data or analysis but, for example, by improving the efficiency of the client organisation's operations (e.g., by digitalising a previously physical process) or by directly reducing the climate emissions of a software system implemented by Gofore (green coding / green ICT solutions).

For taxonomy compliance purposes, turnover is assessed at the project level in relation to the taxonomy criteria. The company determines that all projects that meet taxonomy-eligibility requirements concerning climate change mitigation will also fulfil the corresponding taxonomy compliance criterion.

GOFORE PLC, 2023

Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 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	CCM 8.2	19,469,458	10%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**19,469,458**	**10%**	10%	0%					Y	Y	Y	Y	Y	Y	Y	**3%**		
Of which enabling		19,469,458	10%	100%	0%					Y	Y	Y	Y	Y	Y	Y	100%	E	
Of which transitional		0	0%	0%	0%					Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Provision of IT/OT data-driven solutions and software	CE 4.1	29,622,399	16%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**29,622,399**	**16%**	0%	0%	0%	0%	16%	0%								**0%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**49,091,857**	26%	10%	0%	0%	0%	16%	0%								**3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**140,149,543**	74%																
TOTAL (A+B)		**189,241,400**	100%																

Y	Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
N	No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
N/EL	Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective
EL	Taxonomy-eligible activity for the relevant objective
E	Enabling activity
T	Transitional activity
CCM	Climate change mitigation
CE	Circular economy

CapEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	**Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, 2022 (18)**	Category enabling activity (20)	Category transi-tional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	0%	0%					N	N	N	N	N	N	N	**0%**		
Of which enabling		0	0%	0%	0%					N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**0**	**0%**	0%	0%	0%	0%	0%	0%								**0%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**17,907,000**	**100%**																
TOTAL (A+B)		**17,907,000**	100%																

OpEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution(14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	**Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2022 (18)**	Category enabling activity (20)	Category transi-tional activity (21)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	0%	0%					N	N	N	N	N	N	N	**0%**		
Of which enabling		0	0%	0%	0%					N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								**0%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**1,484,000**	**100%**																
TOTAL (A+B)		**1,484,000**	100%																

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Key Figures (IFRS)

EUR thousand, unless otherwise specified	2023	2022	2021
Net sales	189,241	149,921	104,509
Change in Net sales, %	26.2%	43.5%	34.1%
EBITDA	30,428	22,736	17,062
EBITDA, %	16.1%	15.2%	16.3%
Adjusted EBITA	26,704	21,987	14,646
Adjusted EBITA, %	14.1%	14.7%	14.0%
EBITA	27,090	20,426	14,451
EBITA, %	14.3%	13.6%	13.8%
Operating Profit (EBIT)	23,019	16,637	12,197
Operating Profit (EBIT), %	12.2%	11.1%	11.7%
Profit for the period	18,263	12,223	9,073
Earnings per share (EPS), undiluted	1.15	0.78	0.61
Earnings per share (EPS), diluted	1.15	0.78	0.61
Cash flow from operative activities per share	1.23	1.41	0.96
Equity per share	5.98	5.11	4.05
Dividend per share	0.47	0.34	0.28
DPS/EPS, %	40.9%	43.6%	45.9%
Effective dividend yield (DPS/Price), %	2.1%	1.5%	1.2%
Price-Earnings ratio, P/E	19.5	28.5	39.3
Return on equity (ROE), %	21.1%	17.3%	18.6%
Return on investment (ROI), %	21.3%	18.8%	19.1%
Equity ratio, %	56.0%	54.0%	61.5%
Net gearing, %	-13.1%	-29.5%	-41.1%
Number of employees at the end of period	1,465	1,297	852
Average overall capacity, FTE	1,322	1,035	745
Average subcontracting, FTE	172	159	113

ALTERNATIVE PERFORMANCE MEASURES (APM)

Gofore uses and presents alternative performance measures 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	2023	2022
EBITA, Adjusted EBITA and EBITDA		
EBIT	**23,019**	**16,637**
Amortisation of intangible assets identified in PPA	4,071	3,789
EBITA	**27,090**	**20,426**
Transaction costs from business combinations	268	1,587
PNL Impact of Contingent Consideration	-611	0
Restructuring costs	0	0
Gains or losses from sales of fixed assets	-43	-26
Adjusted EBITA	**26,704**	**21,987**
EBIT	**23,019**	**16,637**
Depreciations	3,338	2,310
Amortisation of intangible assets identified in PPA	4,071	3,789
EBITDA	**30,428**	**22,736**

Formulas for Key Figures

Change in Net sales, %

$$\frac{\text{Net sales} - \text{Net sales in comparison period}}{\text{Net sales in comparison period}} \times 100$$

EBITDA

$$= \text{Operating profit} + \text{depreciations and amortization}$$

EBITDA margin, %

$$= \frac{\text{Operating profit} + \text{depreciations and amortization}}{\text{Net sales}} \times 100$$

Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)

$$= \text{Operating profit} + \text{amortization of intangible assets identified in PPA} + \text{impairment of goodwill}$$

Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin -%

$$= \frac{\text{Operating profit} + \text{amortization of intangible assets identified in PPA} + \text{impairment of goodwill}}{\text{Net sales}} \times 100$$

Operating Profit (EBIT) margin -%

$$= \frac{\text{Operating profit}}{\text{Net sales}} \times 100$$

Earnings per share (EPS), diluted, euros

$$= \frac{\text{Profit for the period attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the period adjusted for share issue}}$$

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

$$= \frac{\text{Dividend per share}}{\text{Share price at the end of financial period}} \times 100$$

Price-Earnings ratio (P/E)

$$= \frac{\text{Price-Earnings ratio (P/E)}}{\text{Earnings per share, undiluted}}$$

Cash flow per share

$$= \frac{\text{Operative cash flow}}{\text{Weighted average number of shares outstanding during the period}}$$

Equity per share

$$= \frac{\text{Equity attributable for shareholders of the company}}{\text{Number of shares outstanding at the end of the period}}$$

Dividend per share (DPS)

$$= \frac{\text{Dividends during the period}}{\text{Weighted average number of shares outstanding during the period}}$$

DPS/EPS, %

$$= \frac{\text{Dividend per share}}{\text{Earnings per share, undiluted}} \times 100$$

Return on equity (ROE) -%

$$= \frac{\text{Profit for the period (annualized)}}{\text{Average total equity}} \times 100$$

Return on investment (ROI) -%

$$= \frac{\text{Profit before taxes (annualized)} + \text{financial expenses (annualized)}}{\text{Average total equity} + \text{average interest-bearing loans and borrowings}} \times 100$$

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Net gearing, %

$$= \frac{\text{Non-current interest-bearing liabilities} + \text{Non-current lease liabilities} + \text{Current interest-bearing liabilities} + \text{Current lease liabilities} - \text{Cash and cash equivalents} - \text{Other rights of ownership under Current and Non-current investments}}{\text{Total equity}} \times 100$$

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 +/- costs/ gains from contingent considerations+ restructuring costs of business structure – gains of sales of fixed assets + losses of sales of fixed assets).

Financial Statements 2023

Financial Statements 2023

Consolidated Financial Statements (IFRS)

Notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Goodwill	3.2	49,055	47,694
Other intangible assets	3.3	21,700	22,465
Tangible assets	3.4	2,048	751
Right-of-use assets	3.5	13,455	3,564
Other receivables	4.2	685	917
Deferred tax assets	2.7	152	147
Total non-current assets		**87,096**	**75,537**
Current assets			
Inventories	3.6	472	0
Trade receivables	3.7;4.4	36,658	24,248
Contract assets	3.7;4.4	516	465
Other current assets	4.2	3,085	2,826
Income tax receivables	2.7	46	140
Securities	4.2	762	1,077
Cash and cash equivalents	4.2;4.4	38,450	44,135
Total current assets		**79,989**	**72,890**
Total assets		**167,085**	**148,427**

EUR thousand	Note	31.12.2023	31.12.2022
Equity and liabilities			
Equity			
Share capital	4.6	80	80
Fund for unrestricted equity		53,448	49,897
Other reserves		306	542
Retained earnings		39,153	28,764
Equity attributable to equity holders of the parent		**92,986**	**79,283**
Non-controlling interests	1.1;1.2	510	475
Total equity		**93,495**	**79,759**
Non-current liabilities			
Interest-bearing loans and borrowings	4.1;4.4	8,976	13,464
Other payables	3.8;4.2	868	3,196
Lease liabilities	3.5;4.3	10,789	1,464
Deferred tax liabilities	2.7	4,452	4,664
Total non-current liabilities		**25,086**	**22,788**
Current liabilities			
Trade and other payables	3.8	21,718	21,480
Contract liabilities	3.7;3.8	80	688
Interest-bearing loans and borrowings	4.1;4.4	4,443	4,593
Lease liabilities	3.5;4.3	2,744	2,141
Accrued expenses	3.8	18,658	15,750
Income tax payable	2.7	862	1,229
Total current liabilities		**48,504**	**45,881**
Total liabilities		**73,590**	**68,668**
Total equity and liabilities		**167,085**	**148,427**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

EUR thousand	Note	2023	2022
Net sales	2.1	**189,241**	**149,921**
Production for own use		254	305
Other operating income	2.3	1,255	126
Materials and services	2.2	-28,736	-25,073
Employee benefit expenses	2.4-2.5	-112,688	-85,150
Depreciations, amortisations and impairment	3.3-3.5	-7,409	-6,099
Other operating expenses	2.3	-18,900	-17,394
Operating profit (EBIT)		**23,019**	**16,637**
Finance costs	2.6	-725	-824
Finance income	2.6	615	60
Profit before tax		**22,909**	**15,873**
Income tax	2.7	-4,646	-3,650
Profit for the financial period		**18,263**	**12,223**
Other Comprehensive Income			
Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods			
Cash flow hedges		-237	542
Other comprehensive income, net of tax		**-237**	**542**
Total comprehensive income for the financial period		**18,027**	**12,765**
Profit/loss for the financial period attributable to:			
Equity holders of the parent		17,923	11,954
Non-controlling interests	1.1-1.2	340	269
Total		**18,263**	**12,223**
Total comprehensive income for the financial period attributable to:			
Equity holders of the parent	2.8	17,686	12,496
Non-controlling interests	2.8	340	269
Total		**18,027**	**12,765**
Earnings per share (EPS), undiluted	2.8	1.15	0.78
Earnings per share (EPS), diluted	2.8	1.15	0.78

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2023	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
EUR thousand	Note	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2023		**80**	**49,897**	**542**	**0**	**28,764**	**79,283**	**475**	**79,759**
Profit for the period						17,923	17,923	340	18,263
Other comprehensive income				-237			-237		-237
Total comprehensive income		**0**	**0**	**-237**	**0**	**17,923**	**17,686**	**340**	**18,027**
Transactions with shareholders and non-controlling interests:									
Share-based payments	2.5		1,458			707	2,165		2,165
Dividends	4.6					-5,283	-5,283	-195	-5,478
Share issue			97				97	33	130
Purchase of own shares	4.6					-2,318	-2,318		-2,318
Acquisition of a subsidiary paid in shares	3.1		1,981				1,981		1,981
Change in non-controlling interests	1.2		15			-641	-626	-144	-769
Equity on 31.12.2023		**80**	**53,448**	**306**	**0**	**39,153**	**92,986**	**510**	**93,495**

2022		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
EUR thousand	Note	Share capital	Fund for unre-stricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2022		**80**	**40,103**	**0**	**0**	**20,822**	**61,005**	**304**	**61,309**
Profit for the period						11,954	11,954	269	12,223
Other comprehensive income				542			542		542
Total comprehensive income		**0**	**0**	**542**	**0**	**11,954**	**12,496**	**269**	**12,765**
Transactions with shareholders and non-controlling interests:									
Share-based payments	2.5		1,042			297	1,340		1,340
Dividends						-4,304	-4,304	-131	-4,434
Share issue			0				0		0
Purchase of own shares	4.6						0		0
Acquisition of a subsidiary paid in shares			8,715				8,715		8,715
Change in non-controlling interests			37			-6	31	34	65
Equity on 31.12.2022		**80**	**49,897**	**542**	**0**	**28,764**	**79,283**	**475**	**79,759**

CONSOLIDATED STATEMENT OF CASH FLOWS

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

Notes to the 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 Peltokatu 34, 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 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 8. March 2024. 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 Peltokatu 34, 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:

Name	Principal activities	Country of incorporation	% equity interest 2023	2022
Gofore Oyj	Parent company / Production company	Finland		
Ccea Oy	Production company	Finland	100%	95%
Gofore Spain SL	Production company	Spain	100%	100%
Gofore Germany GmbH	Production company	Germany	100%	100%
Gofore Estonia OÜ	Production company	Estonia	100%	100%
Gofore Lead Oy	Production company	Finland	100%	100%
Rebase Consulting Oy	Production company	Finland	66%	66%
Gofore Verify Oy	Production company	Finland	100%	100%
Sleek Oy [1)]	Production company	Finland	69%	70%
Gofore Drive Oy [2)]	Production company	Finland	100%	100%
eMundo GmbH (Germany) [3)]	Production company	Germany	100%	100%
eMundo GmbH (Austria) [3)]	Production company	Austria	100%	100%
Creanex Oy [4)]	Production company	Finland	100%	-

Notes to the table of Group subsidiaries:

1) Sleek Oy has been established 13.1.2022.
2) Gofore Drive Oy has been consolidated to the Group 3.1.2022. The name of Devecto Oy has been changed to Gofore Drive Oy 23.2.2023.
3) eMundo GmbH (Germany) has been consolidated to the Group 1.11.2022. eMundo GmbH Austria is 100% owned subsidiary by eMundo Germany. The company also has a branch office in Italy.
4) Creanex Oy has been consolidated to the Group 3.7.2023.

1.2. BASIS OF PREPARATION

BASIS OF PREPARATION AND IFRS COMPLIANCE

The consolidated financial statements of Gofore have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations (SIC and IFRIC) as adopted by European Union on December 31, 2023. 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 7,808 thousand. Balance sheet total was EUR 2,934 thousand.

Gofore has acquired Ccea Oy in March 2021. Gofore held 95% of the company until 1 November 2023 when Gofore acquired 5% minority share of Ccea Oy's share capital. After the transaction Gofore holds the entire share capital of Ccea. After the reporting period on 1 January 2024 Ccea Oy merged to Gofore Lead Oy.

Gofore has established Sleek Oy in January 2022. Gofore holds 69% of the company. The net sales of the company were EUR 3,376 thousand and balance sheet total was EUR 1,305 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 2022 and 2023 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

Gofore has not changed its accounting principles during the year 2023.

IMPACTS OF MACRO-ECONOMIC SITUATION

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

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 2.5)
- 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 2023 had no material 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 2024 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 2023

* = not endorsed for use by the European Union by 31 December 2023.

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)

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)

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)

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.

New and updated standards in the upcoming financial periods

*Amendments to IAS 1 Presentation of Financial Statements *: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants* (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 amendments require to disclose information about these covenants in the notes to 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 product sales, 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	2023	2022
Net sales by customer sector		
Private sector sales	80,531	59,840
Public sector sales	108,710	90,081
Net sales by origin of customer		
Finland	159,714	133,955
Other countries	29,528	15,966
Net sales by class		
Net sales, Crew	154,229	120,291
Net sales, subcontracting	33,412	29,630
Net sales, products	1,600	
Timing of revenue recognition		
Services transferred at a point in time	1,683	110
Services transferred over time	187,558	149,811
Net sales by agreement types		
Time and material based projects	176,433	139,261
Fixed price projects	7,919	8,004
Maintenance services	3,206	2,546
Third party commissions	83	110
Products	1,600	
Net sales, Group total	**189,241**	**149,921**

SUMMARY OF CONTRACT BALANCES

Summary of contract balances, EUR thousand	Note	2023	2022
Trade receivables	3.7	36,658	24,248
Current contract assets	3.7	516	465
Current contract liabilities	3.8	80	688

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days. At the end of reporting period 31.12.2023 Gofore had a provision for expected credit loss of trade receivables and contract assets amounting to EUR 84 thousand (2022: EUR 58 thousand). The profit and loss impact of the change in the provision for 2023 amounted EUR 23 thousand (2022: EUR 16 thousand). Please refer to note 4.4. Financial risk management for further information regarding the ECL calculations.

EUR thousand	2023	2022
Revenue recognised from amounts included in contract liabilities at the beginning of the year	598	2,042

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

2.2. MATERIAL AND SERVICES

EUR thousand	2023	2022
Materials, consumables and goods	-1,233	-231
Change in inventory	89	
Services	-27,591	-24,841
Materials and services	**-28,736**	**-25,073**

Material and service expenses consist mainly of the subcontracting services.

2.3. 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	2023	2022
Government grants	336	79
Contingent considerations	815	0
Other income	104	48
Total other operating income	**1,255**	**126**

The public grants of 2023 are mainly related to research and development projects. Other income is mainly comprised by sales profits from fixed assets. Gains from contingent considerations relate to the eMundo acquisition's contingent consideration liability's partial release.

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 6,505 thousand (EUR 4,843 thousand), external services EUR 2,713 thousand (EUR 2,031 thousand), sales and administrative expenses EUR 1,140 thousand (EUR 1,478 thousand) and other maintenance costs related to Gofore's premises EUR 830 thousand (EUR 597 thousand).

EUR thousand	2023	2022
Change in expected credit losses (ECL)	-26	-16
Transaction costs from business combinations	-268	-1,587
Short-term leases	-639	-577
Low-value leases	-1,946	-663
Voluntary personnel expenses	-4,700	-3,414
Other expenses	-11,320	-11,137
Total other operating expenses	**-18,900**	**-17,394**

EUR thousand	2023	2022
Audit services	-184	-153
Auditor's certificates and statements	-26	-18
Tax services	-14	-6
Other services	-13	0
Total audit fees	**-237**	**-177**

2.4. 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

	2023	2022
Average number of employees during the period	1,411	1,106

Employee benefit expenses

EUR thousand	2023	2022
Wages and salaries	-92,434	-69,916
Social security costs	-4,907	-3,048
Pension expenses	-14,528	-11,756
Share-based payments	-818	-430
Total employee benefit expenses	**-112,688**	**-85,150**

SHARE-BASED PAYMENTS

Please see information share-based payment information in note 2.5. 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	2023	2022
Timur Kärki	75	92
Sami Somero	35	26
Juha Eteläniemi (until 25.3.2022)	0	6
Mammu Kaario	38	28
Piia-Noora Kauppi	35	26
Eveliina Huurre (since 25.3.2023)	34	18
Tapani Liimatta (since 25.3.2023)	33	18
Total	**252**	**214**

During the reporting period, no share-based payment was paid. More information of share-based payments is provided in note 2.5.

Group CEO

EUR thousand	2023	2022
Mikael Nylund		
Wages and salaries	265	251
Total	**265**	**251**

Group management team

EUR thousand	2023	2022
Wages and salaries	1,867	1,786
Share-based payments	4	10
Total	**1,871**	**1,796**

2.5. 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 2.4), 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 ("PSP 2022") 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. In March 2023, the Board of Directors of Gofore Plc also decided to establish a new share-based incentive plan ("PSP 2023") for the group's key personnel as a continuation to the 2022 plan. The Performance Share Plan 2022–2024 and 2023–2025 consist 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 and 2023–2025.

The value of the targeted maximum rewards to be paid under the PSP 2022 will correspond to an approximate maximum total of 21,500 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 25 persons, including the CEO and other Gofore Management Team members, belong to the target group of the performance period. Respectively under the PSP 2023 maximum rewards to be paid correspond to an approximate maximum total of 25,000 Gofore Plc shares and the definite maximum value will correspond an approximate amount of 38,550 Gofore Plc shares including also the cash proportion. Approximately 30 persons belong to the key personnel target group.

CrewShare

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings program (CrewShare) 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 2023 entails an addition, where the participant can additionally earn 0-1.5 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 2023–2024.

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	Equity	Equity
Instrument	CrewShare 2020	CrewShare 2021	CrewShare 2022	CrewShare 2022 (Bonus share)	CrewShare 2023	CrewShare 2023 (Bonus share)	PSP 2022	PSP 2023
Starting date for the service period	1.3.2020	9.3.2021	4.3.2022	4.3.2022	9.3.2023	9.3.2023	25.3.2022	30.4.2023
Vesting date	28.2.2023	29.2.2024	28.2.2025	28.2.2025	28.2.2026	28.2.2026	31.5.2025	31.5.2026
Maximum contractual life (y,mm)	3.0	3.0	3.0	3.0	3.0	3.0	3.4	3.4
Remaining contractual life (y,mm)	0	0.2	1.2	1.2	2.2	2.2	1.4	2.4
Number of persons at the end of reporting year	0	308	506	506	671	671	25	30
Payment method	Shares	Shares	Shares	Shares	Shares	Shares	Shares	Shares

Number of Shares	CrewShare 2020	CrewShare 2021	CrewShare 2022	CrewShare 2022 (Bonus share)	CrewShare 2023	CrewShare 2023 (Bonus share)	PSP 2022	PSP 2023
1 January 2023								
Outstanding in the beginning of the period	9,104	11,516	9,243	13,865	0	0	22,200	0
Changes during period								
Granted			9,129	13,696	14,453	21,680		25,700
Forfeited	352	542	887	12,175	353	530	700	700
Vested	8,752							
31 December 2023								
Outstanding at the end of the period	**0**	**10,974**	**17,485**	**15,386**	**14,099**	**21,150**	**21,500**	**25,000**

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 share)	CrewShare 2023	CrewShare 2023 (Bonus share)	PSP 2022	PSP 2023
Share price at grant, EUR	14.62	21.36	24.13	24.13	21.18	21.18	22.00	26.50
Expected discounted dividends, EUR	0.49	0.57	0.71	0.71	0.90	0.90	0.92	0.93
Fair value 31 December 2023, EUR	**14.13**	**20.78**	**23.43**	**23.43**	**20.28**	**20.28**	**21.08**	**25.57**

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

EUR thousand	2023	2022
Expenses for the financial year, share-based payments, equity-settled	-818	-430

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 benefting from the share-based payment programs and other information impacting the number of shares to be vested.

2.6. FINANCE INCOME AND FINANCE EXPENSES

ACCOUNTING PRINCIPLES

Finance income and expense are recognised in the period during which they are incurred. The company hedges its floating 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	2023	2022
Gains from fair valuation of financial instruments	49	7
Other finance income	566	54
Total finance income	**615**	**60**

Finance costs

EUR thousand	2023	2022
Interest on debts and borrowings	-354	-187
Interest expenses from leases	-140	-48
Total interest expenses	**-494**	**-235**
Losses from fair valuation of financial instruments	-14	-76
Interest Expense on Contingent Consideration	-156	-412
Other finance costs	-61	-101
Total finance costs	**-231**	**-590**
Total interest costs and finance costs	**-725**	**-824**

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.

2.7. 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.

Gofore has adopted *Deferred Tax related to Assets and Liabilities arising from a Single Transactions (Amendments to IAS 12)* from 1 January 2023. Following the amendments, Gofore has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset. There was also no impact on the retained earnings as at 1 January 2022 as a result of the change. Deferred taxes arising from right-of use-assets and lease liabilities has been specified at the end of this note.

DIRECT TAXES

EUR thousand	2023	2022
Income tax on operations	-5,473	-4,463
Tax for previous accounting periods	-9	-21
Deferred taxes	836	834
Income tax total	**-4,646**	**-3,650**

Tax rate reconciliation

EUR thousand	2023	2022
Profit before income tax	**22,909**	**15,873**
Tax calculated at parent's tax rate of 20%	-4,582	-3,175
Tax for previous years	-9	-21
Effect on different tax rates in foreign subsidiaries	-117	111
Non-deductible expenses	-24	-598
Income not subject to tax	86	26
Other tax differences	-1	6
Income taxes	**-4,646**	**-3,650**

Income tax receivables and payables

EUR thousand	2023	2022
Income tax receivables	46	140
Income tax payable	862	1,229

DEFERRED TAXES

Deferred tax assets 2023

EUR thousand	1.1.2023	Recognized in profit or loss	Business acquisitions	31.12.2023
Leases	9	5	0	13
Expected credit losses	12	5	0	17
Intangible assets	126	-4	0	122
Total	**147**	**6**	**0**	**152**

Laskennallisten verosaamisten erittely 2022

EUR thousand	1.1.2022	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 liabilities 2023

EUR thousand	1.1.2023	Recognized in profit or loss	Recognised in other comprehensive income	Business acquisitions	31.12.2023
Revaluation of financial instruments at fair value through profit and loss	-2	-7	0	-4	-12
Cash flow hedging	-136	0	59	0	-76
Allocation of fair value on purchase	-4,525	864	0	-674	-4,335
Tangible assets	-2	-27	0	0	-29
Total	**-4,664**	**830**	**59**	**-677**	**-4,452**

Deferred tax liabilities 2022

EUR thousand	1.1.2022	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 hedging	0	0	-136	0	-136
Allocation of fair value on purchases	-2,095	770	0	-3,200	-4,525
Tangible assets	0	-2	0	0	-2
Total	**-2,111**	**782**	**-136**	**-3,200**	**-4,664**

At the reporting date, deferred tax balance of EUR 13 (9) thousand was net of EUR -2,691 (-713) thousand deferred tax liability related to right-of-use assets and EUR 2,706 (721) thousand deferred tax asset related to lease liabilities, respectively.

2.8. 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.

Below table's number of shares are presented as thousand of shares and earnings per share figures as euros.

	2023	2022
Profit attributable to the shareholders of the parent, EUR thousand	17,923	11,954
Profit attributable to the non-controlling interests, EUR thousand	340	269
Weighted number of shares, undiluted	15,571	15,388
Weighted number of shares, diluted	15,579	15,405
eMundo earn-out shares	7	17
Earnings per share (EPS), undiluted	1.15	0.78
Earnings per share, (EPS) diluted	1.15	0.78

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.

ACQUISITIONS IN 2023

Acquisition of Creanex– Purchase price allocation

On 3 July 2023 Gofore acquired 100% of the shares of Creanex Oy in exchange for a 70% cash consideration and 30% in shares with purchase price amounting EUR 6.4 million. Transaction did not contain earn-out. The privately owned company is based in Finland. It develops and manufactures simulators and their software and offers expert services in product development. The acquired individual assets and liabilities have been recognized to the fair value of the time of the acquisition. As part of the fair value recognition, customer relationships, technology, trademarks and non-competition agreements were recognised as intangible assets from the Creanex Oy acquisition. The remaining goodwill, EUR 1.4 million, includes for example workforce, future customer relationships and buyer-specific synergy benefits such as cross-selling to Gofore's current customers.

Gofore Group has expensed acquisition-related transaction costs of EUR 249 thousand. Transaction costs are included in other operating expenses in the income statement.

The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted to EUR 2,190 thousand and EBIT for the period was EUR 473 thousand. Should the company have been consolidated in the Gofore Group since the beginning of the year, Creanex's impact to net sales would have been EUR 5,199 thousand and EUR 1,244 thousand for the EBIT, respectively.

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

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

ACQUISITIONS IN 2022

Acquisition of Devecto

On 3 January 2022, Gofore acquired 100 percent of the shares of Devecto Oy (currently Gofore Drive 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 following table presents the fair values of the acquired assets and liabilities.

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**

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 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 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 1.026 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 following table.

EUR thousand	eMundo (2022)
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**

Contingent considerations

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. During the reporting period EUR 0,7 million consideration was paid and the remaining liability at the end of the reporting period is 745 thousand euros. During 2023 EUR 0,9 million gain was recognized as other operating income and financial income and expenses from contingent consideration's partial release.

In connection with the acquisition of Gofore Drive Oy (Devecto Oy), a maximum of 5 million euros of contingent consideration was agreed, of which 4,9 million euros realized, respectively.

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 the 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 benefit from the synergies created by the business combination.

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate 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	2023	2022
Acquisition cost at 1.1.	**47,694**	**26,897**
Goodwill from business acquisitions	1,361	20,797
Acquisition cost at 31.12.	**49,055**	**47,694**

Gofore has in the reporting period tested goodwill for impairment at 31.12.2023. 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% percent (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 post-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 8.44% percent (9.48%) 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 31.12.2023.

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 2023 year end level, the recoverable amount decreases by 46% still remaining positive. If EBITDA remains in the level of 2023, recoverable amount decreases by 67%, remaining positive. If terminal growth is 0%, recoverable amount decreases by 11% 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 about the determination of segment 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 for 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 relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1.1.2023	1,228	22,069	5,288	66	200	101	1,726	30,679	47,694	78,373
Additions	0	0	0	0	0	0	254	254	0	254
Business combinations	94	1,528	298	1,449	0	0	0	3,370	1,361	4,730
Reclassifications	0	0	0	0	0	0	0	0	0	0
31.12.2023	**1,322**	**23,597**	**5,586**	**1,516**	**200**	**101**	**1,980**	**34,302**	**49,055**	**83,357**
Amortisation and impairment										
1.1.2023	-788	-5,137	-1,806	-24	-122	-49	-286	-8,214	0	-8,214
Amortisations	-229	-2,696	-993	-86	-67	-13	-305	-4,388	0	-4,388
31.12.2023	**-1,018**	**-7,834**	**-2,799**	**-110**	**-189**	**-62**	**-591**	**-12,602**	**0**	**-12,602**
Net book value										
1.1.2023	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159
31.12.2023	**305**	**15,763**	**2,787**	**1,406**	**11**	**39**	**1,389**	**21,700**	**49,055**	**70,755**

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1.1.2022	672	10,031	3,438	66	200	101	1,018	15,526	26,897	42,423
Additions	0	0	0	0	0	0	312	312	0	312
Business combinations	557	12,037	1,850	0	0	0	396	14,841	20,797	35,638
Reclassifications	0	0	0	0	0	0	0	0	0	0
31.12.2022	**1,228**	**22,069**	**5,288**	**66**	**200**	**101**	**1,726**	**30,679**	**47,694**	**78,373**
Amortisation and impairment										
1.1.2022	-348	-2,720	-955	-11	-56	-36	-143	-4,268	0	-4,268
Amortisations	-441	-2,417	-851	-13	-67	-13	-143	-3,946	0	-3,946
31.12.2022	**-788**	**-5,137**	**-1,806**	**-24**	**-122**	**-49**	**-286**	**-8,214**	**0**	**-8,214**
Net book value										
1.1.2022	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154
31.12.2022	**440**	**16,932**	**3,482**	**42**	**78**	**52**	**1,440**	**22,465**	**47,694**	**70,159**

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 agreement	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 Creanex, 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

In acquisition of Creanex Gofore has been granted the right to use software technology to develop work machinery simulators. 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 3-10 years. Tangible assets consist mainly of ICT, office equipment and leasehold improvement expenses. 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			
1.1.2023	1,328	680	2,007
Additions	461	1,141	1,602
Business combinations	10	0	10
Disposals	-39	0	-39
31.12.2023	**1,759**	**1,821**	**3,580**
Depreciation and impairment			
1.1.2023	-974	-283	-1,256
Depreciations charge for the year	-196	-81	-278
Disposals	1	0	1
31.12.2023	**-1,169**	**-364**	**-1,533**
Net book value			
1.1.2023	354	397	751
31.12.2023	**591**	**1,457**	**2,048**

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

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 2.3. 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
1.1.2023	**3,365**	**198**	**3,564**
Additions	12,008	438	12,447
Disposals	0	-37	-37
Business combinations	224	0	224
Depreciations for the financial year	-2,528	-215	-2,742
31.12.2023	**13,070**	**385**	**13,455**
1.1.2022	**4,323**	**86**	**4,409**
Additions	750	152	902
Disposals	-235	0	-235
Business combinations	342	92	434
Depreciations for the financial year	-1,815	-132	-1,947
31.12.2022	**3,365**	**198**	**3,564**

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. INVENTORY

ACCOUNTING PRINCIPLES

Inventories are valued at the lower of cost or net realizable value. Cost is determined for the most using weighted average cost. Net realizable value is the amount that can be realized from the sale of the inventory in the normal course of business after allowing for the costs of realization. Inventory cost includes the direct labor and material costs.

Accounting estimates and management's judgements

An allowance is recorded for obsolete items based on management's estimate of expected net realizable value. Judgements require estimates on the future demand of the products. Possible changes in the estimates may impact the subsequent valuation of the inventory.

Inventory

EUR thousand	31.12.2023	31.12.2022
Finished goods	52	
Raw materials and semi-finished goods	420	
Total Inventories	**472**	

3.7. TRADE RECEIVABLES AND CONTRACT ASSETS

ACCOUNTING PRINCIPLE

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	2023	2022
Trade receivables from external customers	36,743	24,306
Provision for expected credit losses	-85	-58
Total trade receivables	**36,658**	**24,248**

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 principle

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 31.12.2023, the Group has contract assets of EUR 516 thousand (2022: EUR 465 thousand) which is net of a provision for expected credit losses of EUR 1 thousand (2022: EUR 0).

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

EUR thousand	2023	2022
As at 1.1.	-58	-42
Change in expected credit loss	-26	-16
As at 31.12.	**-85**	**-58**

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.

3.8. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

EUR thousand	2023	2022
Non-current liabilities - Other payables		
Other liabilities	868	3,196
Other payables total	**868**	**3,196**

Other liabilities 31.12.2023 consist of interest rate hedge liability and contingent consideration related to eMundo acquisition.

EUR thousand	2023	2022
Current trade and other payables		
Trade payables	9,517	7,272
Contract liabilities	80	688
Other payables	12,201	14,208
Income tax payable	862	1,229
Accrued expenses	18,658	15,750
Current trade and other payables total	**40,455**	**37,918**

Other payables consist of VAT liabilities EUR 6,617 thousand (2022: EUR 6,486 thousand), liabilities related to the acquisition of Creanex Oy and eMundo GmbH EUR 4,963 thousand (2022: EUR 4,963 thousand from Devecto Oy and eMundo GmbH acquisitions), withholding tax and social security pay EUR 2,751 thousand (EUR 2,310 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 11,767 (EUR 12,235) thousand included in note 3.8, 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 2.5. 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 cashflows 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 derecognition.

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 3.7)

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 based on their nature and terms.

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.

Derecognition of financial liabilities

Gofore derecognizes 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.

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 31.12.2023

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
Derivatives		2		506		506	506
Non-current financial assets total			**0**	**506**	**1**	**507**	**507**
Current financial assets							
Trade receivables	3.7				36,658	36,658	36,658
Contract assets	3.7				516	516	516
Securities	4.1.	1	762			762	762
Cash and cash equivalents	4.4.				38,450	38,450	38,450
Current financial assets total			**762**	**0**	**75,624**	**76,386**	**76,386**
Financial assets total			**762**	**506**	**75,625**	**76,893**	**76,893**

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.				8,976	8,976	8,976
Derivatives	4.3.	2		124		124	124
Contingent consideration	3.8.&4.3.	3	744			744	744
Other payables					0	0	0
Non-current financial liabilities total			**744**	**124**	**8,976**	**9,845**	**9,845**
Current financial liabilities							
Interest-bearing loans and borrowings	4.3.				4,443	4,443	4,443
Contingent consideration	3.8.&4.3.	3	0			0	0
Trade payables	3.8.				9,517	9,517	9,517
Contract liabilities					80	80	80
Other current liabilities	3.8.&4.3.				2,250	2,250	2,250
Current financial liabilities total			**0**	**0**	**16,290**	**16,290**	**16,290**
Financial liabilities total			**744**	**124**	**25,266**	**26,135**	**26,135**

In non-current financial liabilities, Contingent considerations consist of eMundo GmbH acquisition. In current financial liabilities, Other current liabilities consist of liabilities regarding acquisitions of eMundo GmbH and Creanex Oy.

Financial instruments by classification 31.12.2022

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
Derivatives		2		814		814	814
Non-current financial assets total			**0**	**814**	**1**	**815**	**815**
Current financial assets							
Trade receivables	3.7				24,248	24,248	24,248
Contract assets	3.7				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**

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
Derivatives	4.3	2		136		136	136
Contingent consideration	3.8; 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 consideration	4.3	3	4,885			4,885	4,885
Trade payables	3.8				7,272	7,272	7,272
Contract liabilities					688	688	688
Other current liabilities	3.8; 4.3				78	78	78
Current financial liabilities total			**4,885**	**0**	**12,631**	**17,516**	**17,516**
Financial liabilities total			**6,444**	**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 eMundo GmbH acquisitions.
In non-current financial liabilities, Other payables and in current financial liabilities Other current liabilities consist of liabilities regarding acquisitions of eMundo GmbH.

4.3. BORROWINGS AND LEASE LIABILITIES

INTEREST-BEARING LIABILITIES AND NET DEBT

Net debt (excluding lease liability)

EUR thousand	31.12.2023	31.12.2022
Non-current interest-bearing loans and borrowings	8,976	13,464
Derivatives liability	124	136
Non-current liabilities	744	3,060
Current interest-bearing loans and borrowings	4,443	4,593
Trade and other payables	41,317	39,147
Derivatives asset	-506	-814
Trade and other receivables	-40,778	-27,678
Liquid funds	-39,212	-45,212
Net debt total	**-24,891**	**-13,305**

CHANGES IN INTEREST-BEARING LIABILITIES

31.12.2023

EUR thousand	Opening balance 1.1.	Cash flow	Other changes	Reporting date balance 31.12.
Non-current interest-bearing loans and borrowings	13,464	-4,487		8,976
Lease liabilities	3,605	-2,706	12,634	13,532
Current interest-bearing loans and borrowings	4,593	-150		4,443
Liquid funds	-45,212	7,667	-1,667	-39,212
Total changes in interest-bearing net liabilities	**-23,550**	**323**	**10,967**	**-12,260**

31.12.2022

EUR thousand	Opening balance 1.1.	Cash flow	Other changes	Reporting date balance 31.12.
Non-current interest-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**

LIABILITIES OF CONTINGENT CONSIDERATIONS

EUR thousand	31.12.2023	31.12.2022
Contingent considerations	744	6,444

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 2.6 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. In 2023 figures the derivatives are netted in loan outflows. In 2022 table those are presented in an own row "Derivatives liability". 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 outflows 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.

31.12.2023

EUR thousand	Book value	2024	2025	2026	2027	2028	2029->	Total Cash Outflows
Interest-bearing loans and borrowings	13,419	-4,746	-4,235	-2,169	-1,931	-1,174		-14,255
Other payables	2,250	-1,500	-750					-2,250
Lease liabilities	13,532	-3,229	-2,195	-1,451	-1,406	-1,378	-6,294	-15,953
Trade payables	9,517	-9,517						-9,517
Contingent consideration	744		-744					-744
Total	**39,463**	**-18,993**	**-7,924**	**-3,620**	**-3,337**	**-2,551**	**-6,294**	**-42,720**

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**

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's' 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.

Sensitivity analysis

In relation to the risk management policy the Gofore estimates the exposure to the relevant market risks 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 2023 and 2022.

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 2023 and 2022.

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.

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 74% of the outstanding floating rate loan position amounting to EUR 13.4 million.

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:

EUR thousand	Increase/ decrease in bps	Effect on profit before tax	Pre-tax effect on Equity
2023			
6 month Euribor	100	-16	103
6 month Euribor	-100	16	-62
2022			
6 month Euribor	100	-48	262
6 month Euribor	-100	21	-264

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.

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 57% 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 collaterals 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 31.12.2023

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0.2%	23,723	38	23,685
Overdue 1-14 days	0.3%	12,564	27	12,537
Overdue 15-30 days	0.5%	202	1	200
Overdue 30-90 days	2.3%	188	6	182
Overdue 91-180 days	14.0%	43	1	42
Overdue 181-360 days	50.0%	23	12	12
Overdue > 360 days	100.0%	0	0	0
Total		**36,743**	**85**	**36,658**

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**

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 31.12.2023 totaling to EUR 516 thousand Gofore has calculated expected credit loss of EUR 1 thousand (0,2%), which totals to net value of EUR 516 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's 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.

Gofore's objective is to maintain a balance between continuity of funding and flexibility using bank balances, and if necessary, bank loans. Approximately 35% of the Gofore's debt will mature in less than one year at 31 December 2023 (31 December 2022: 27%) 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. 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 considerable headroom for covenants at their current position. Gofore fulfilled covenant terms at 31. December 2023.

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	2023	2022
Securities	762	1,077
Cash and bank accounts	38,450	44,135
Liquid assets total	**39,212**	**45,212**

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

4.5. DERIVATIVES

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 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 31.12.2023	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	0	12	-12
Cap 1	3,000	Cash flow	2.3.2026	53	6	47
Cap 2	8,000	Cash flow	29.12.2028	453	106	347
Total				**506**	**124**	**382**

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

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.

Number of shares	2023	2022
Total number of shares in the beginning of the period	**15,506,132**	**15,072,085**
Own shares held in the beginning of the period	0	0
Purchase of own shares	-100,000	0
Transfer of own shares	0	0
Shares issued	154,007	434,047
Total number of shares at the end of the period	**15,660,139**	**15,506,132**
Of which own shares held by the parent company	100,000	0
Shares outstanding at the end of reporting period	**15,560,139**	**15,506,132**

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.

Treasury shares

At 31 December 2023, the number of its own shares held by the Gofore was 100.000. The company did not hold any of its own shares at 31 December 2022.

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 2023, dividend be distributed in the amount of EUR 0.47 per share. At the date of the proposal there are 15,560,139 shares entitled to dividend. The dividend debt of 7,313 thousand euros incurred from this has not been recognized in the financial statements in question. A dividend of 0.34 euros per share was distributed for the profits for the year 2022, totaling 5,283 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 adequate headroom on its covenants in the financial period ending 31 December 2023.

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

	2023	2022
Net debt total (note 4.3.)	-24,891	-13,305
EBITA margin -%	14.3%	13.6%
Interest-bearing net debt total (note 4.3.)	-12,260	-23,550
EBITDA margin -%	16.1%	15.2%
Net gearing -%	-13.1%	-29.5%

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 2.4. 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 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 1.5 million of which EUR 898 thousand is in use at 31.12.2023. The company has made a 5-year lease agreement concerning new office in Helsinki in the late 2023. Premises will be taken into use during 2024 and 2025.

Gofore has given a negative pledge on its financial loans.

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 31.12.2023 was EUR 113 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

CrewShare share saving plan period 2024–2025

The Board of Directors of Gofore Plc has decided 18 January 2024 on a new plan period 2024–2025 of CrewShare share savings plan established in 2018. The details of the new plan period will be as in the previous plan period. More information about the new plan can be found on the company internet pages.

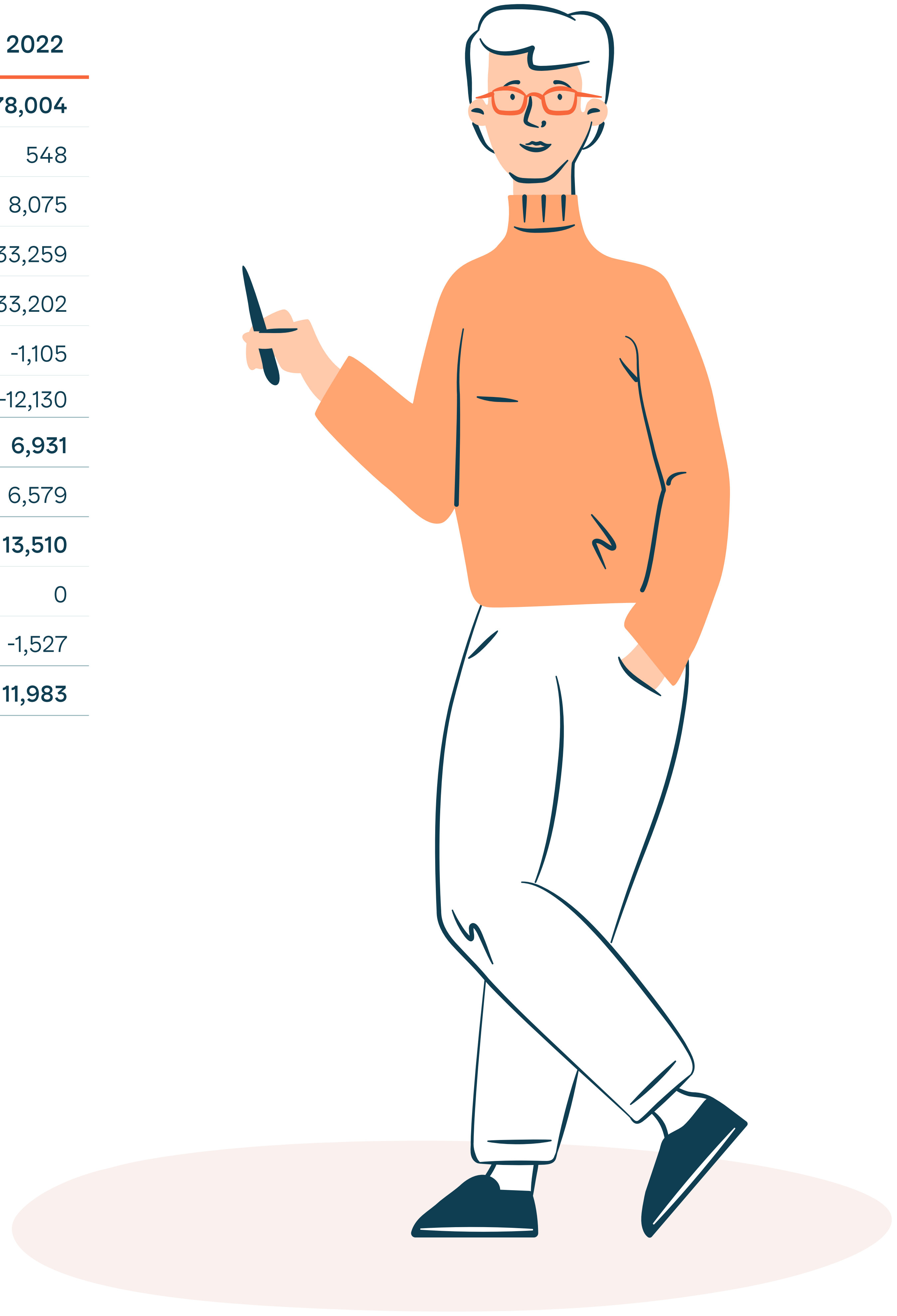
New share-based incentive plans and a directed share issue

The Board of Directors of Gofore Plc has decided 22 February 2024 on as resolved to establish two new long-term share-based incentive plans for the key employees of the Group; Performance share plan 2024–2026 ("PSP") and Matching share plan 2024 ("MSP"). The Board of Directors of Gofore Plc has resolved, based on the authorisation granted by the Annual General Meeting of Shareholders on 24 March 2023, on a directed share issue against payment be offered for subscription by the target group of the Matching Share Plan. More information can be found on the company internet pages.

Financial Statements of the Parent Company (FAS)

PARENT COMPANY INCOME STATEMENT (FAS)

EUR thousand	2023	2022
Net sales	**99,415**	**78,004**
Manufacturing for own use	426	548
Other operating income	8,835	8,075
Materials and Services	-44,249	-33,259
Personnel expenses	-41,206	-33,202
Depreciations and amortisations	-1,327	-1,105
Other operating expenses	-14,249	-12,130
Operating profit (EBIT)	**7,645**	**6,931**
Financial income and expense, net	7,669	6,579
Profit before year-end allocations and taxes	**15,314**	**13,510**
Change in cumulative accelerated depreciation	-139	0
Income taxes	-1,620	-1,527
Profit for the financial period	**13,554**	**11,983**



PARENT COMPANY BALANCE SHEET (FAS)

EUR thousand	2023	2022
Assets		
Non-current assets		
Intangible assets	6,209	6,331
Tangible assets	836	219
Investments	79,964	73,206
Total non-current assets	**87,009**	**79,755**
Current assets		
Long-term receivables	831	1,235
Short-term receivables	22,096	15,900
Securities	10	10
Cash and cash equivalents	35,292	24,948
Total current assets	**58,229**	**42,092**
Total assets	**145,238**	**121,848**

EUR thousand	2023	2022
Equity and liabilities		
Shareholder´s equity		
Share capital	80	80
Invested non-restricted equity reserve	53,313	49,843
Retained earnings	18,727	14,345
Profit for the financial period	13,554	11,983
Total shareholder´s equity	**85,675**	**76,252**
Appropriations		
Accumulated depreciation difference	139	0
Total appropriations	**139**	**0**
Liabilities		
Non-current liabilities	9,855	16,731
Current liabilities	49,569	28,865
Total liabilities	**59,424**	**45,596**
Total equity and liabilities	**145,238**	**121,848**

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR thousand	2023	2022
Cash flow from operating activities:		
Profit before appropriations	15,314	13,510
Adjustments:		
Depreciations according to the plan	1,327	1,105
Finance income and expenses (+/-)	-7,669	-6,579
Other adjustments	1,423	1,094
Cash flow before working capital changes	**10,394**	**9,130**
Change in working capital:		
Increase (-) /decrease (+) in trade and other short-term non-interest-bearing receivables	-5,501	-3,347
Increase (+) /decrease (-) in short-term non-interest-bearing debts	26,189	5,218
Cash flow before financing items and taxes	**31,082**	**11,001**
Interests and expenses paid from other operating finance costs (-)	-639	-235
Dividends received	7,787	6,758
Interests and income received from other operating finance income	541	31
Taxes paid (-)	-1,904	-1,009
Cash flow from operating activities (A)	**36,866**	**16,546**
Cash flow from investing activities:		
Investments to tangible and intangible assets (-)	-1,822	-881
Investments to shares in subsidiaries (-)	-10,405	-21,260
Capital gain of material and immaterial goods	1	
Loans granted (-)	-1,150	-650
Loans received	866	413
Cash flow from investments (B)	**-12,509**	**-22,377**
Cash flow from financing activities:		
Share issue subject to a charge	32	0
Purchase of own shares	-2,318	
Loan withdrawals		13,500
Loan repayments (-)	-6,443	-7,743
Financial instruments		-10
Dividends paid and other profit distribution (-)	-5,283	-4,304
Cash flows from financing activities (C)	**-14,012**	**1,443**
Change in cash and cash equivalents (A + B + C), increase (+) / decrease (-)	**10,345**	**-4,388**
Cash and cash equivalents at beginning of period	24,948	29,336
Cash and cash equivalents at end of period	**35,292**	**24,948**

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.–31.12.2023. The financial statements are presented in thousands of EUR.

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 the lower probable value if the decrease in fair value is 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 historical value or lower probable value. More about derivatives is presented in Notes to the Group accounts, 4.5 Derivatives.

Gofore has group cash pooling arrangement in place for liquidity management purposes. Group subsidiaries' bank accounts are entered into the arrangement as member accounts. The positive balances of the member accounts are presented as liabilities to group companies and negative balances as receivables from group companies, respectively.

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 material 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	5-10 yrs
Machinery and equipment	Straight line depreciation	3-7 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 share-based payment plans as compensation for employees with a share matching component: CrewShare and PSP-program for key personnel. These programs are equity settled transactions and thus, the Parent Company 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 2023 include EUR 68 thousand expense from share-based payment plans.

More about share-based payments can be found in Group Notes 2.4 Personnel expenses and 2.5 Share-based payments.

NOTES TO THE PARENT COMPANY INCOME STATEMENT

NET SALES

EUR thousand	2023	2022
By sector		
Digital services and consulting	99,415	78,004
Total	**99,415**	**78,004**

GEOGRAPHICAL DISTRIBUTION

EUR thousand	2023	2022
Finland	10,758	68,608
Other countries	88,657	9,396
Total	**99,415**	**78,004**

MANUFACTURING FOR OWN USE

EUR thousand	2023	2022
Manufacturing for own use, intangible assets	426	548
Total	**426**	**548**

OTHER OPERATING INCOME

EUR thousand	2023	2022
Received benefits and grants	16	36
Other	8,819	8,039
Total	**8,835**	**8,075**

PERSONNEL EXPENSES

EUR thousand	2023	2022
Salaries and renumerations	34,150	27,527
Pension expenses	5,879	4,749
Other social security expenses	1,177	926
Total	**41,206**	**33,202**

In 2023, other operating income consists of group management fees amounted EUR 8,818 thousand (2022: 8,039). Other subsidies and compensations are EUR 16 thousand (2022: EUR 36 thousand).

DEPRECIATIONS AND REDUCTION IN VALUE

EUR thousand	2023	2022
Depreciations according to plan		
Intangible assets	337	143
Goodwill	841	841
Other long-term expenditure	76	48
Machinery and equipment	72	73
Total	**1,327**	**1,105**

OTHER OPERATING EXPENSES

EUR thousand	2023	2022
Expenses from business premises	3,148	2,382
Equipment and software expenses	4,759	4,041
Personnel expenses	2,834	2,386
Administrative expenses	1,763	1,520
Sales and marketing expenses	1,086	1,186
Other operating expenses	660	617
Total	**14,249**	**12,130**

FINANCE INCOME

EUR thousand	2023	2022
Dividends from group companies	7,787	6,758
Other interest income and other financial income		
From group companies	68	53
From others		
Interest income	446	37
Total	**8,301**	**6,847**

INTEREST AND OTHER FINANCIAL EXPENSES

EUR thousand	2023	2022
From group companies	229	21
To others		
Interest expenses	404	248
Total	**633**	**268**

NOTES TO THE BALANCE SHEET, ASSETS

INTANGIBLE RIGHTS

EUR thousand	2023	2022
Acquisition cost 1 Jan	1,669	1,121
Additions	426	548
Acquisition cost 31 Dec	**2,095**	**1,669**
Accumulated amortisation in the beginning of the financial period	-293	-150
Amortisation for the financial period	-337	-143
Book-value 31 Dec	**1,464**	**1,376**

GOODWILL

EUR thousand	2023	2022
Acquisition cost 1 Jan	8,516	8,516
Acquisition cost 31 Dec	**8,516**	**8,516**
Accumulated amortisation in the beginning of the financial period	-3,883	-3,041
Amortisation for the financial period	-841	-841
Book-value 31 Dec	**3,792**	**4,633**

OTHER LONG-TERM EXPENDITURE

EUR thousand	2023	2022
Acquisition cost 1 Jan	604	418
Additions	706	186
Acquisition cost 31 Dec	**1,311**	**604**
Accumulated amortisation in the beginning of the financial period	-282	-235
Amortisation for the financial period	-76	-48
Book-value 31 Dec	**953**	**322**
Total intangible assets	**6,209**	**6,331**

TANGIBLE ASSETS

MACHINERY AND EQUIPMENT

EUR thousand	2023	2022
Acquisition cost 1 Jan	829	682
Additions	689	147
Acquisition cost 31 Dec	**1,518**	**829**
Accumulated amortisation in the beginning of the financial period	-672	-599
Amortisation for the financial period	-72	-73
Book-value 31 Dec	**774**	**157**

OTHER TANGIBLE ASSETS

EUR thousand	2023	2022
Acquisition cost 1 Jan	61	61
Acquisition cost 31 Dec	**61**	**61**
Total tangible assets	**836**	**219**

INVESTMENTS

INVESTMENTS IN SUBSIDIARIES

EUR thousand	2023	2022
Acquisition cost 1 Jan	73,206	35,113
Additions	6,759	38,092
Investments in subsidiaries	**79,964**	**73,206**

LONG-TERM RECEIVABLES

EUR thousand	2023	2022
Long-term loan receivables from group companies	830	1,234
Other receivables	1	1
Total long-term receivables	**831**	**1,235**

SHORT-TERM RECEIVABLES

EUR thousand	2023	2022
Trade receivables	17,016	11,025
Trade receivables from group companies	1,827	3,055
Loan receivables from group companies	1,366	678
Other receivables from group companies	728	51
Prepaid expenses and accrued income from group companies	132	159
Other receivables	65	92
Prepaid expenses and accrued income	963	841
Total short-term receivables	**22,096**	**15,900**

SPECIFICATION OF PREPAID EXPENSES AND ACCRUED INCOME

EUR thousand	2023	2022
Prepaid expenses	770	671
Occupational healthcare compensation	124	119
Other	69	51
Total prepaid expenses and accrued income	**963**	**841**

NOTES TO BALANCE SHEET, EQUITY AND LIABILITIES

CHANGES IN EQUITY

EUR thousand	2023	2022
Share capital 1 Jan	80	80
Share capital 31 Dec	80	80
Restricted equity	**80**	**80**
Invested non-restricted equity reserve 1 Jan	49,843	40,086
Share issue subject to a charge	1,489	1,042
Share issue related to acquisitions	1,981	8,715
Invested non-restricted equity reserve 31 Dec	**53,313**	**49,843**
Retained earnings 1 Jan	14,345	12,389
Retained earnings transfer	11,983	6,260
Dividend distribution	-5,283	-4,304
Purchase of own shares	-2,318	0
Retained earnings 31 Dec	**18,727**	**14,345**
Profit for the financial period	**13,554**	**11,983**
Non-restricted equity	**85,595**	**76,172**
Total equity	**85,675**	**76,252**

DISTRIBUTABLE NON-RESTRICTED EQUITY

EUR thousand	2023	2022
Invested non-restricted equity reserve	53,313	49,843
Retained earnings	18,727	14,345
Profit for the financial year	13,554	11,983
Distributable non-restricted equity	**85,595**	**76,172**

LIABILITIES

NON-CURRENT LIABILITIES

EUR thousand	2023	2022
Loans from financial institutions	8,921	13,364
Other liabilities	933	3,367
Total non-current liabilities	**9,855**	**16,731**

CURRENT LIABILITIES

EUR thousand	2023	2022
Loans from financial institutions	4,443	4,443
Advances received	0	216
Trade payables	5,618	4,274
Trade payables to group companies	2,921	2,422
Loans from group companies	0	2,000
Accrued expenses and deferred income to group companies	24,841	1,451
Other liabilities	5,236	8,375
Accrued expenses and deferred income	6,511	5,685
Total current liabilities	**49,569**	**28,865**

SPECIFICATION OF ACCRUED EXPENSES AND DEFERRED INCOME

EUR thousand	2023	2022
Personnel expenses	6,112	4,983
Accrued expenses	309	328
Other	90	374
Total accrued expenses and deferred income	**6,511**	**5,685**
Total liabilities	**59,424**	**45,596**

NOTES ON THE AUDIT FEE

EUR thousand	2023	2022
Auditing	132	112
Statements	24	16
Tax services	14	2
Other services	13	0
Total	**183**	**131**

NOTES ON THE PERSONNEL AND THE MANAGEMENT

Average number of personnel during the financial year by function breakdown

	2023	2022
White collar	550	468

CEO and Board fees and management remuneration

	2023	2022
CEO and Board fees and management remuneration	518	465

GROUP COMPANIES

Name	Principal activities	Country of incorporation	% equity interest 2023	% equity interest 2022
Gofore Oyj	Parent company / Production company	Finland		
Ccea Oy	Production company	Finland	100%	95%
Gofore Spain SL	Production company	Spain	100%	100%
Gofore Germany GmbH	Production company	Germany	100%	100%
Gofore Estonia OÜ	Production company	Estonia	100%	100%
Gofore Lead Oy	Production company	Finland	100%	100%
Rebase Consulting Oy	Production company	Finland	66%	66%
Gofore Verify Oy	Production company	Finland	100%	100%
Sleek Oy [1)]	Production company	Finland	69%	70%
Gofore Drive Oy [2)]	Production company	Finland	100%	100%
eMundo GmbH (Germany) [3)]	Production company	Germany	100%	100%
eMundo GmbH (Austria) [3)]	Production company	Austria	100%	100%
Creanex Oy [4)]	Production company	Finland	100%	-

Notes to the table of Group subsidiaries:

1) Sleek Oy has been established 13.1.2022.
2) Gofore Drive Oy has been consolidated to the Group 3.1.2022. The name of Devecto Oy has been changed to Gofore Drive Oy 23.2.2023.
3) eMundo GmbH (Germany) has been consolidated to the Group 1.11.2022. eMundo GmbH Austria is 100% owned subsidiary by eMundo Germany. The company also has a branch office in Italy.
4) Creanex Oy has been consolidated to the Group 3.7.2023.

COMPANY'S OWN SHARES

At the end of the financial year, the number of its own shares held by the Gofore was 100.000. The company did not hold any of its own shares at 31 December 2022.

EVENTS AFTER REPORTING PERIOD

CrewShare share saving plan period 2024–2025

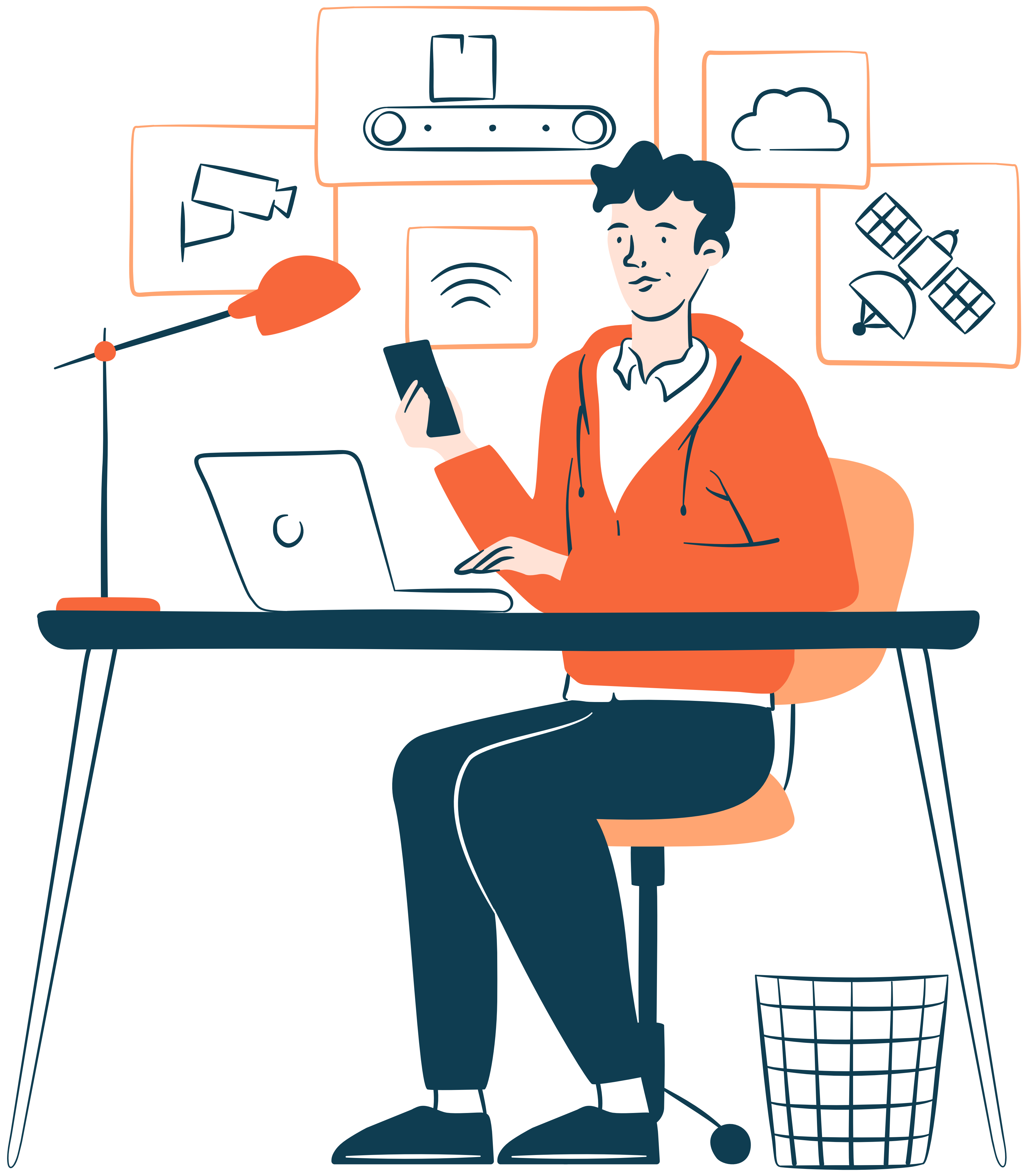
The Board of Directors of Gofore Plc has decided 18 January 2024 on a new plan period 2024–2025 of CrewShare share savings plan established in 2018. The details of the new plan period will be as in the previous plan period. More information about the new plan can be found on the company internet pages.

New share-based incentive plans and a directed share issue

The Board of Directors of Gofore Plc has decided 22 February 2024 on as resolved to establish two new long-term share-based incentive plans for the key employees of the Group; Performance share plan 2024–2026 ("PSP") and Matching share plan 2024 ("MSP"). The Board of Directors of Gofore Plc has resolved, based on the authorisation granted by the Annual General Meeting of Shareholders on 24 March 2023, on a directed share issue against payment be offered for subscription by the target group of the Matching Share Plan. More information can be found on the company internet pages.

Ccea Oy merger to Lead Oy

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



COMMITMENTS AND CONTINGENCIES

EUR thousand	2023	2022
Loans from credit institutions	13,364	17,807

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	2023	2022
Current	1,554	1,308
Non-current	1,410	1,373
Total	**2,964**	**2,682**

Real-estate lease commitments

EUR thousand	2023	2022
Current	2,472	2,127
Non-current	14,062	1,471
Total	**16,534**	**3,598**

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 31.12.2023 was EUR 113 thousand.

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

RELATED PARTY TRANSACTIONS

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

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

TAMPERE, MARCH 8, 2024

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, March 8, 2024

KPMG Oy Ab

Authorised Public Accountant Firm

Lotta Nurminen

Authorised 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, 2023. 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 material accounting policy information, 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 IFRS Accounting Standards 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.

Lausunnon perustelut

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
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.

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 estimates 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.

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 IFRS Accounting Standards 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 or 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 8 March 2024

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	2,877,403	18.4
2	KÄRKI TIMUR JUHANA		1,575,000	10.1
3	VARJUS MIKA KALEVI		1,338,217	8.5
4	VENOLA MIKA PETTERI		1,270,000	8.1
5	LAMMI JANI MARKUS		1,210,500	7.7
6	KESKINÄINEN ELÄKEVAKUUTUSYHTIÖ ILMARINEN		801,614	5.1
7	KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ VARMA		517,952	3.3
8	EVLI FINNISH SMALL CAP FUND		466,000	3.0
9	KARJALAINEN MIKA JUHANI		392,001	2.5
10	DANSKE INVEST FINNISH EQUITY FUND		243,156	1.6
11	NYLUND TOR MIKAEL		228,667	1.5
12	KESKINÄINEN TYÖELÄKEVAKUUTUSYHTIÖ ELO		227,000	1.4
13	VIRTANEN JUHA JAAKKO		211,913	1.4
14	FONDITA NORDIC MICRO CAP SIJOITUSRAHASTO		134,088	0.9
15	HUOTARINEN JUHANA HENRIKKI		127,690	0.8
16	EMK INVEST OY		125,518	0.8
17	KALLIO SAMI JUHANI		120,031	0.8
18	ERIKOISSIJOITUSRAHASTO AKTIA MIKRO MARKKA		118,644	0.8
19	CITIBANK EUROPE PLC	X	116,262	0.7
20	NURMIRANTA HOLDINGS OY		115,523	0.7
	20 largest shareholders total		**12,217,179**	**78.0**
	Nominee registered shares total		**3,038,623**	**19.4**
	Other shares		**404,337**	
	Total		**15,660,139**	

Tampere HQ

Peltokatu 34, 33100 Tampere, Finland

InvestorRelations@gofore.com

Interact with our experts

LinkedIn

Stay on track with digital trends

X

Threads

Love our work culture

Instagram

Interact with us

Facebook