

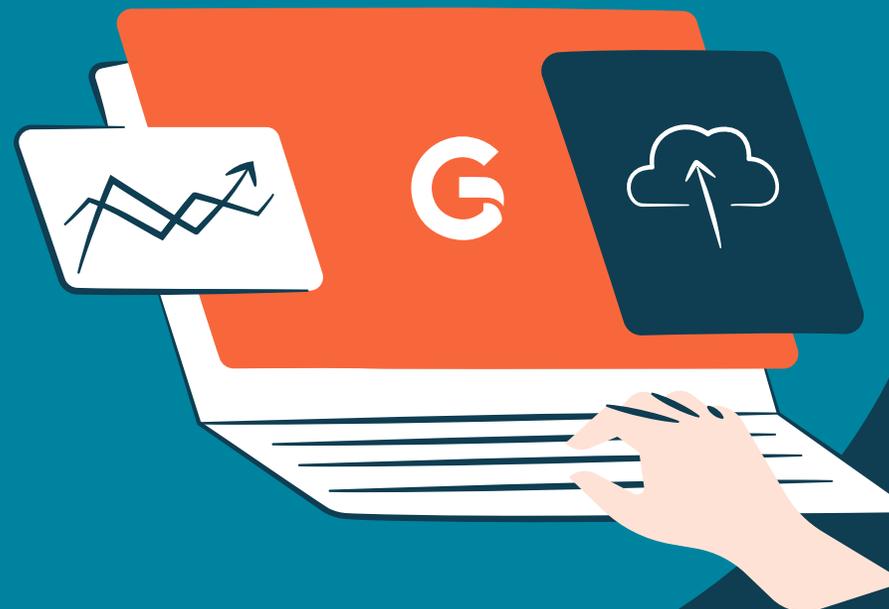
GOFORE PLC  
H1 / 2023

# Half-year Financial Report

## January – June 2023

Gofore's organic growth continued strong, +27 %

17 July, 2023  
Unaudited



# April-June 2023 Highlights

Gofore's net sales growth continued in a more challenging market situation, +28%, organic growth 22 %

- Net sales growth continued on Q2 and organic growth stayed on a good level.
- Net sales grew by 28% and was 47.6 (37.1) million euros. Organic growth continued strong, +22%.
- Adjusted EBITA 5.4 (5.6) million euros, 11.3% of net sales.
- Strategy execution continued: private sector net sales grew by 33%, public sector net sales +25%, net sales from outside Finland +108%.
- Gofore made growth-oriented recruiting, which affected utilisation rate. There was one less working day than in the comparison period, profitability impact of which was 0.7 million euros on estimate.
- Customer pricing and salaries in balance, prices +4.5%, average salary +5.3%.
- Number of employees grew to a total of 1,396 (1,074) people. There were 70 new employees starting, and downward attrition trend continued.
- As an event after the period, Gofore acquired the entire share capital of Creanex Oy, enterprise value 5.0 million euros. The acquisition strengthens offering for digitalisation of mobile machines.

Group Key Figures Summary, MEUR	Q2/2023	Q2/2022	2022
Net sales	47.6	37.1	149.9
Organic Growth of Net Sales, %	22.0%	27.0%	32.2%
Adjusted EBITA	5.4	5.6	22.0
Adjusted EBITA, %	11.3%	15.1%	14.7%
EBITA	5.4	5.6	20.4
Operating Profit (EBIT)	4.5	4.7	16.6
Earnings per share (EPS), undiluted	0.21	0.22	0.78
Earnings per share (EPS), diluted	0.21	0.22	0.78
Number of employees at the end of period	1,396	1,074	1,297
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,489	1,177	1,383

All figures are compared to the corresponding period of the previous year.  
All key figure calculation methods are explained in section "Calculation formulas for key figures"

# January-June 2023 Highlights

## Gofore's organic growth continued strong, +27%

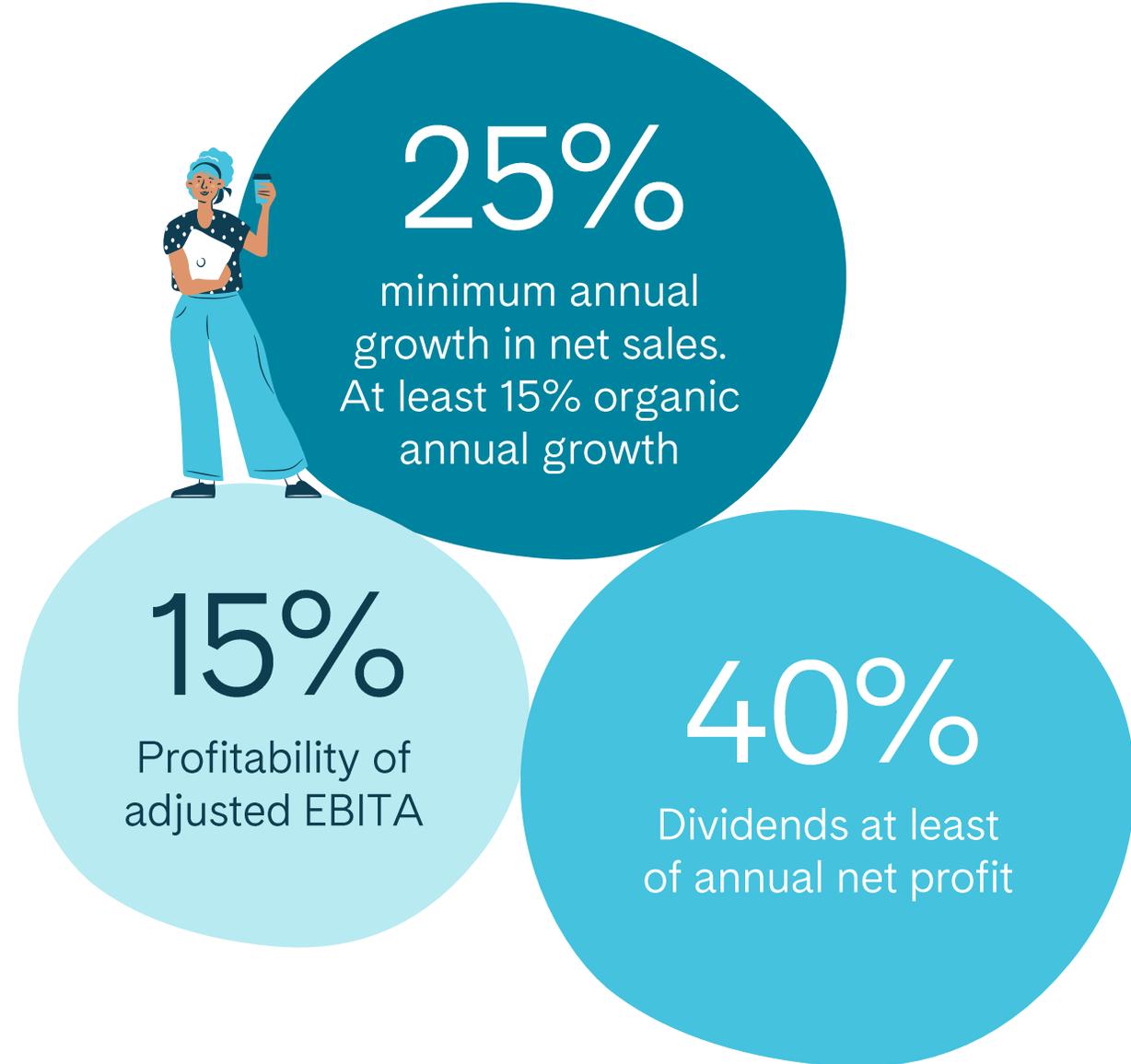
- Net sales grew by 33% and were 96.7 (72.5) million euros. Organic growth continued strong, +27%.
- Adjusted EBITA 13.7 (10.7) million euros, 14.2% of net sales.
- Strategy execution continued: private sector net sales +42%, public sector net sales +27%, net sales from outside Finland +136%.
- Good ratio of customer pricing and salaries, prices up 4.1%, average salary development +3.9%.
- Number of employees grew to a total of 1,396 (1,074) people, overall capacity standing at 1,489 (1,177). Employee satisfaction improved from previous survey, and attrition decreased to 10.1%.

Group Key Figures Summary, MEUR	H1/2023	H1/2022	2022
Net sales	96.7	72.5	149.9
Organic Growth of Net Sales, %	27.1%	25.0%	32.2%
Adjusted EBITA	13.7	10.7	22.0
Adjusted EBITA, %	14.2%	14.8%	14.7%
EBITA	13.5	10.2	20.4
Operating Profit (EBIT)	11.6	8.3	16.6
Earnings per share (EPS), undiluted	0.56	0.38	0.78
Earnings per share (EPS), diluted	0.56	0.38	0.78
Number of employees at the end of period	1,396	1,074	1,297
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,489	1,177	1,383

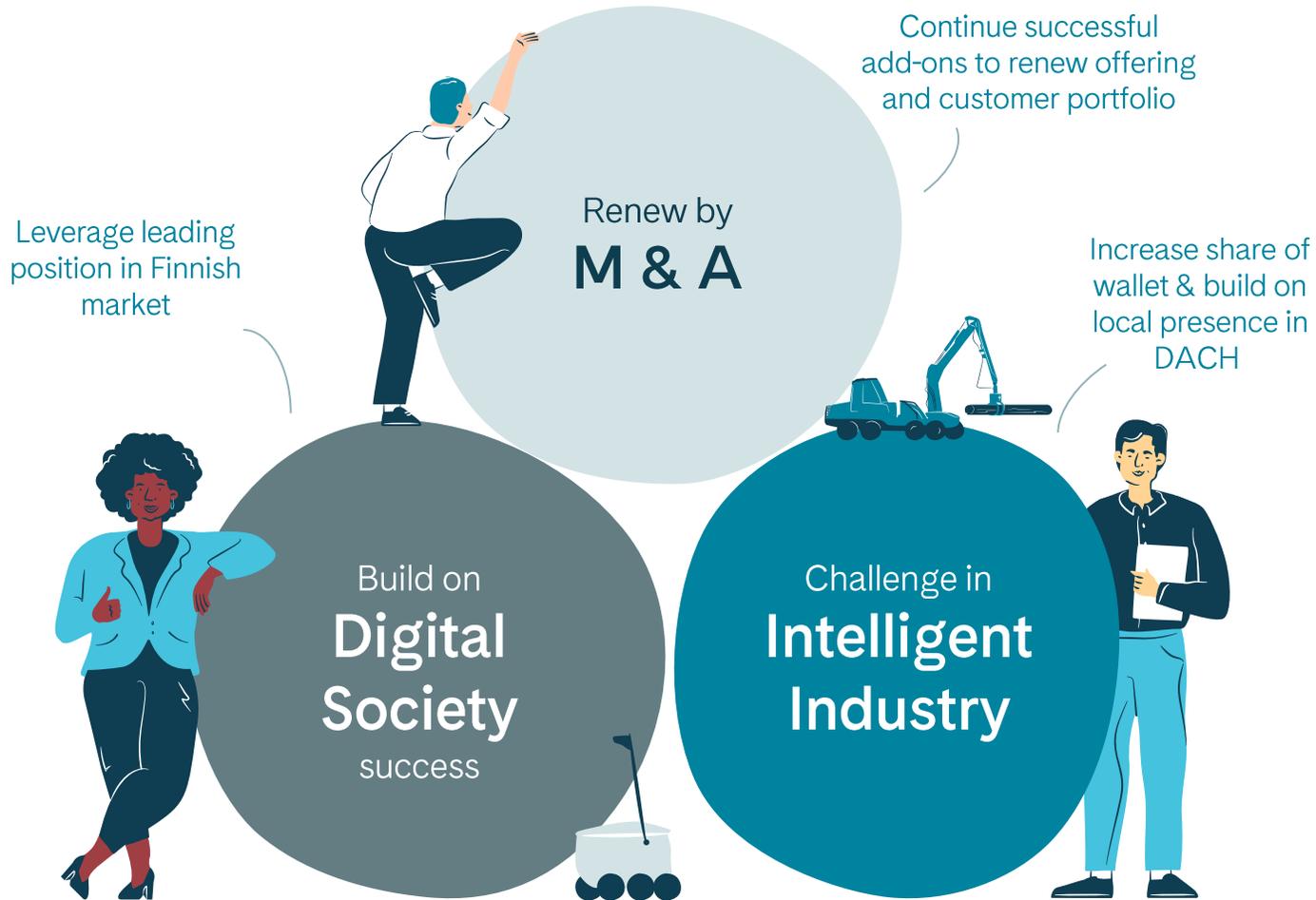
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# Financial targets

Gofore's organic growth has been exceeding both the IT services market overall as well as the company's own targets.



# Three avenues to growth



Gofore's strategic focus themes are

- Future of work
- Industry focus
- Sustainability
- International

Three strategic growth avenues are:

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



# Thoughts from our CEO

The first half of the year was a great performance from Gofore in a tough market situation. On the second quarter, growth continued good, although our profitability did not quite meet our target level. All in all, we feel this is a success, credited to two things.

Firstly, Goforeans did good work every day for us to succeed. We are operatively fit and competitive. In addition to a good result, this is also a sign of us being ready for future growth. Thank you all Goforeans for a good performance.

Secondly, our strategy has shown itself to be working. We have invested in making Gofore a good partner for its customers. We create strategic, long-term customer relationships. We choose customers and industries where we can add special value based on our expertise and previous experiences. Our customers have also survived a weaker economic cycle well. Thank you to our customers for trusting in us.

We continued to execute our strategy also with a new acquisition. We announced the acquisition of simulator company Creanex on 3 July 2023. Machines and other capital-intensive goods of the future are significantly more digital than today. They have more and better features, they are always cloud connected, they are increasingly tailored for their users, they are more environment friendly. While machines get increasingly complex, manufacturers find it necessary to have new products in the market faster than before.

Our expertise of virtual prototypes that will improve with this acquisition supports this in an ideal way, and we are in fact creating the kind of digital lifecycle service offering that doesn't exist in the market yet.

The growth of our international business has continued. eMundo who joined the Gofore family last November, along with its business in the DACH area has developed as expected. Going forward, this development is supported by Creanex, with whom we also create a modern service offering that is attractive to the German industrial sector.

Our success in the talent market has also fueled our growth. There has been change in our industry, due to which we have not, however, been able to recruit quite as before. Succeeding in the talent market was before seen as the key success factor for a company. Whereas we believe the fight for talent to continue tough, also a company's ability to succeed in its business will become necessary to attract the best talent. This is Gofore's strength. It is important for us to succeed together and as a community. As we succeed, we create new opportunities and safety for Goforean experts. Our Crew share ownership and salary model ensure that growth and profitability are enjoyed together.

Gofore has continued its fast growth. The second quarter saw 28% of growth, out of which organic growth's share was strong, 22%.

Mikael Nylund



The growth numbers were smaller than in the first quarter not only because of a strong comparison period and a more difficult market situation, but also because the quarter had one working day less.

Profitability was a bit weaker than our expectations in the second quarter, adjusted EBITA standing at 11.3%. It was partly affected by the smaller number of working days (-1). On the other hand, we did growth-oriented and expansive recruitment, resulting in a lower utilisation rate.

Based on these results, we look confidently onward to the rest of the year and further into the future. The fast digital development will continue, and we estimate that demand for Gofore's expertise remains excellent in the mid and long term. As we see it, Finland's new government programme also supports our efforts. Both public sector digitalisation and a wider focus on data economy and increasing R&D investments strengthen the impression. The broad and vivid discussion regarding AI is also evidence of the fact that in adopting digital technology, there is a long way to go still, both in business and in the society. We also believe that good companies will survive the current, weaker cycle of the markets.

We want Gofore to be a good company for our Crew, our customers, and owners, and the first half of the year goes to show we have again succeeded in this.

# Significant new agreements

Customer	Project / Service	Topic	~Value, MEUR	Years
Traficom (Finnish Transport & Communications Agency)	Cyber security testing	Information system and digital security expert services	2.1	4
Tax Administration	Frame agreement; infrastructure consultancy, expert services in technical information management and quality assurance, analytics solutions	IT expert services	106.5 <sup>1)</sup>	6
Tax Administration	Expert services in cyber security and preparedness	Security and risk management	9.2 <sup>2)</sup>	4
Ministry of Foreign Affairs in Finland	Kehitys-, ylläpito- ja tukipalvelut	Finnish visa system development	70 <sup>3)</sup>	7
National Police Board of Finland	Java development expert services	Information system development	5.2	7



## Reporting frame agreements

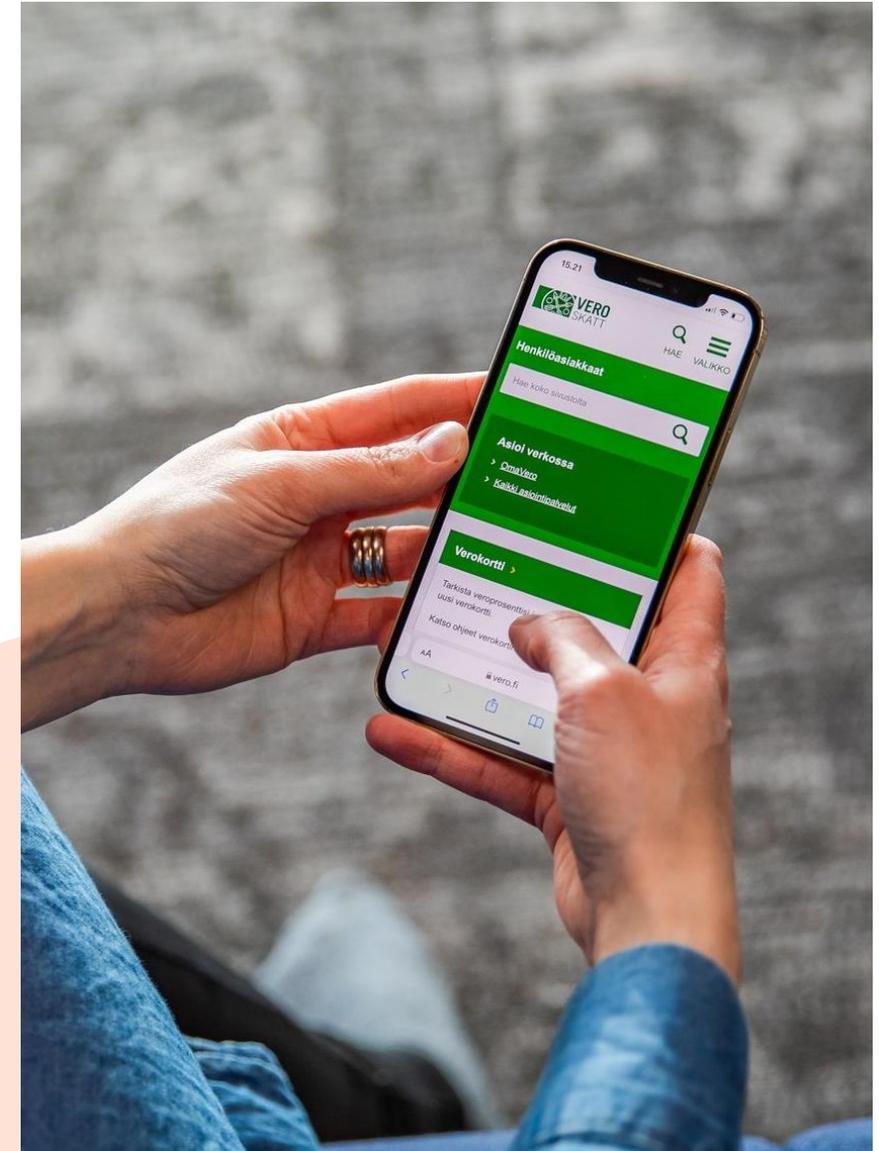
- 1) Value and resource need are divided between three suppliers in a ranking order; Gofore as no. 1 supplier in three areas and 3<sup>rd</sup> supplier in one area.
- 2) Value and resource need are divided between four suppliers in a ranking order, Gofore as no. 1 supplier.
- 3) Gofore and Knowit as suppliers; of the value and resource need, appr. 75% is divided evenly between suppliers and the rest to Knowit. A rectification claim has since been made on the matter.

Upon being chosen as a supplier in a public tender, it is too early to say when and how much invoicing there will be. When communicated, the tender has only just decided on and Gofore made aware of its placement among suppliers. Actual purchase orders and assignments within a frame agreements follow later, and agreements are usually 3-7 years long with options for extensions.

# Collaboration deepens with the Tax Administration

In May, Gofore secured two significant new agreements with its long-standing customer, the Tax Administration.

- Gofore has been chosen as supplier in the Tax Administration's extensive frame agreement tender for IT expert services.
- The total value of the areas where we were chosen as partner is 106.5 million euros - value will be divided between three chosen frame agreement suppliers in their ranking order.
- Gofore was chosen as number one supplier in infrastructure consultancy, technical data management and quality assurance, as well as number three supplier in analytics in a six-year agreement.
- Gofore is a partner to the Tax Administration extensively with its entire service offering. The now tendered frame arrangement replaces the existing frame arrangement.
- May also saw a major step for our cyber security services: Gofore was chosen as number one supplier in all areas it made an offer for in a security and risk management related tender.
- The customer's estimate of the value of this procurement is 9.2 million euros for two areas and four years, divided between four suppliers in a ranking order.



# Digital Society: State budget management systems

Gofore plays a central role in building the Finnish state budget and making it transparent in the next few years.



- A deal won in April with the State Treasury on replacing an information system used for the accounting of the state budget with a new one.
- Workload of the project that starts this summer is mainly weighted in the first year, after which it moves to a smaller development and maintenance phase until 2031.
- Gofore also involved in development and long-term maintenance work for a project of the Ministry of Finance that began in 2022 on developing a new framework and budget information system.
- This procurement entails the information system used for framework and budget planning, as well as the website meant for publishing and visualising the budget information..
- Objective is to have the system in use in the fall of 2024, and the website by the end of the same year.

# Finland's new government programme

Digitalisation well represented in Finland's new government programme, but adjustment measures tighten public sector budgets.

The new government programme has an ambitious target setting and more positive notes on digitalisation than the previous government programmes. Meanwhile, the government's objective is to carry out budgetary adjustments, the impact of which on digitalisation development is challenging to estimate.

## Developing public services

As for public services, the government programme sees digitalisation as one of the most important measures to improve the quality, efficiency and availability of public services. The benefits of digitalisation are sought in both securing social and health services and other public services. Digitalising services revolving around e.g. life events is mentioned as a development subject.

Finland is moving to a digital –first service approach in dealing with the authorities. In our view, this is a good sign of the current direction to continue and accelerate digitalisation further. At the same time, it highlights the significance of good design and accessibility of digital services.

The government's objective is to unload legal barriers for efficient utilisation of digitalisation.

From the viewpoint of the increasing automatisisation, data management and artificial intelligence this is highly important. The government also wants to make the leadership and financing of digital development subject to cross-governmental coordination.

Adjustment measures of public finance also mean budget constraints in some cases. Meanwhile, the government carries out an extensive investment programme. At this point, we are unable to estimate the meaning of these on Gofore's clientele.

## Growth from digital finance and digitalisation

One of the focal point of the government programme is to create growth from data economy. We consider very positive that the programme recognises the meaning of data in creating sustainable economic growth and new kinds of services. As a good example of the programme is supporting the transition to real-time economy, i.e. digital and transaction-based information transfer between companies and authorities. Gofore has been strongly involved in this development with various customers.

The growing significance of cyber security is also addressed in the government programme.

The government is committed to the objective of increasing Finland's R&D expenses to 4% of the GDP by 2030. This objective is supported by substantially growing public R&D funding. Our estimate is that this especially supports our Intelligent Industry clientele's investments in new, more digital products and therefore this supports our customer demand.

## Clarifying the role of in-house companies

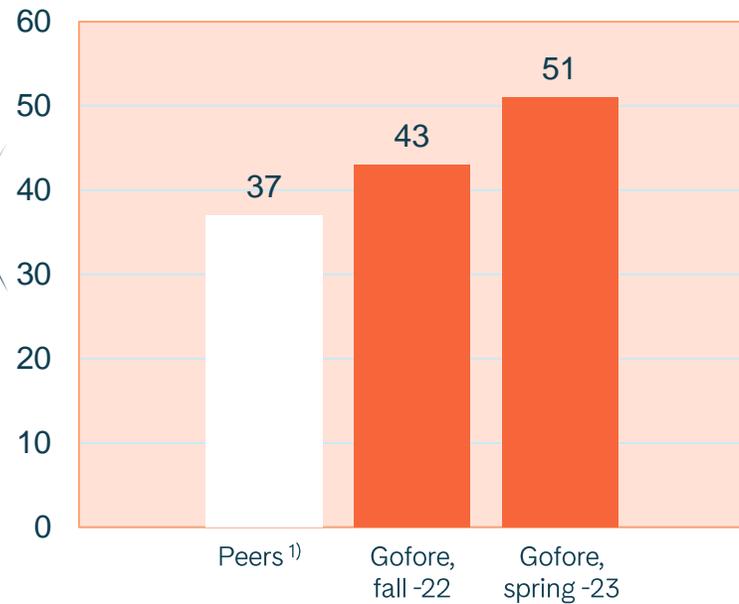
The government is going to limit the public sector's possibilities to use their in-house companies to produce the kind of support services that there is a functioning market for, such as ICT services. The government will prevent circumventing the procurement law by naming an in-house entity with an artificial controlling interest in the entity a minimum of 10% ownership will be required to consider an entity an in-house entity. Our estimation is that these actions improve the companies' operating conditions, especially in producing ICT services for municipalities and wellbeing service counties.

## Labor migration and talent attraction

The government wants to invest in international recruitment to mend labor shortage. We, however, estimate that curtailing e.g. permanent residence and work-based residence permits will weaken Finland's attraction. This brings about a clear risk of a decrease in the number of especially highly skilled ICT experts

# Large customer strategy working, good customer satisfaction

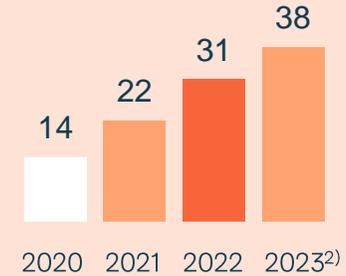
Net promoter score growing



Overall satisfaction on a good level



No. of customers paying 1+ MEUR p.a. rolling 12 mos



<sup>1)</sup> B2B peers who publicly report their NPS numbers; peer group value as at the end of November 2022. Source: Innolink

<sup>2)</sup> As at the end of May 2023

# Retention and attraction support growth

NO. OF NEW GOFOREANS WHO STARTED IN Q2  
**70**

Number of employees continued to soar in a more challenging market situation.

- Gofore’s number of employees continued to soar in a more challenging market situation to 1,396 experts.
- 70 (59) new employees started work in April-June, total number of employees who started in January-June was 167 (172).
- Crew attrition rate continues to decrease; 10.1% (11%), attrition rate of unexpected leavers 7.9% (8.3%).
- Average salary change from previous year +5.3% compared to April-June 2022
  - Recruitment in a changed market situation was focused on senior experts more than before. This resulted in higher starter salary levels, thus raising the average salary of the quarter.
  - High inflation and raised living costs continue to put pressure on salaries.
  - Average salary change +3.9% in H1/2023 and the earlier reported Q1, +2.2%.
- Crew net promoter score (eNPS) risen, 51 in January-June (43 in H2/22:).
- Internationalisation moves forward, 12% (4.4%) of Crew already outside of Finland.

Attrition continued to decrease in Q2



TARGET

Salary development shows the change in average salary compared to the same period in the previous year Devecto’s salaries are included in the comparison period as of March 2022.  
eMundo (part of the Group as of Nov 2022) is not yet included in the salary change or attrition data.  
Comparison figure for attrition rate is the rolling 12 month situation reported in the previous quarter.

# New acquisition: Creanex Oy

- After the reporting period on 3 July, 2023, Gofore acquired the entire share capital of Creanex, simulator developer and supplier for work machinery industry.
- Creanex's enterprise value 5.0 MEUR
  - 30% in shares and 70% in cash consideration
  - Purchase price appr. 6.6 MEUR
- Creanex designs and manufactures tailor-made simulators and their software, and offers expert services in product development.
- Creanex has delivered over 600 simulators over the world and its customers include e.g. Ponsse, Sandvik, Bronto Skylift and Palfinger.
- Creanex employs 28 experts in Tampere.
- The acquisition creates synergy benefits within Gofore's Intelligent Industry sector clientele and targeted integrated offering.

MEUR	7/2021-6/2022	7/2020-6/2021
Net sales	4.69	3.60
EBITDA	0.57	0.44
EBITDA-%	12.2%	12.2%

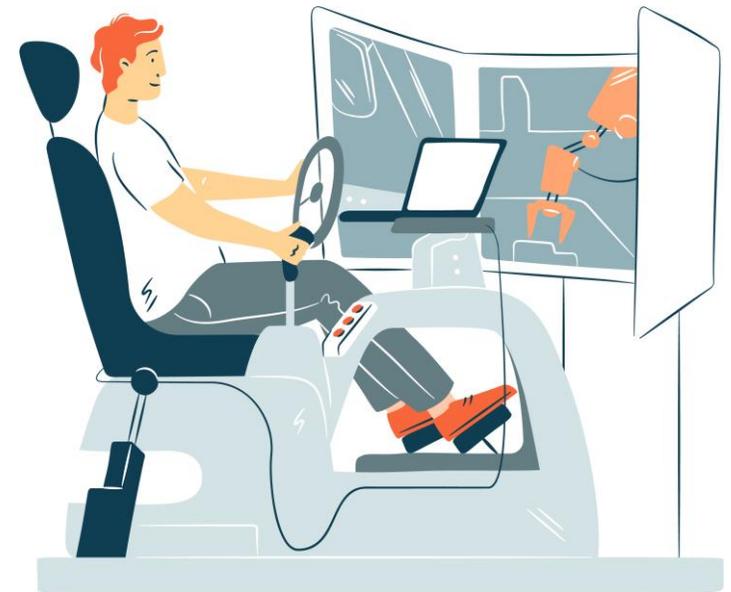
- Creanex Oy's financial period is 1 July-30 June.
- Net sales in the company's financial period ended on 30 June 2023 are estimated to result similarly to the previous financial period.



# Creanex + Gofore – Strategic rationale

Gofore continues to invest in developing the Intelligent Industry clientele's offering. Creanex's simulator solution completes the digital lifecycle of intelligent machines and creates a new kind of service portfolio for the market.

- Executing Gofore's Intelligent Industry strategy has in recent years created significant growth.
  - Growth on average stronger than Gofore's growth as a whole – drivers are e.g. Steep increase in embedded software, digital user interfaces, IoT solutions, as well as cloud and data based added value solutions.
  - We believe customer demand will continue to grow –increasing autonomy of machines, environmental demands, lifecycle emissions, tightening business requirements like time-to-market, safety and growing customer-specific demands as catalysts.
- Simulator solutions developed by Creanex support Gofore's expert service for Intelligent Industry customers and enable producing exceptional customer value.
  - Design, development and testing all in one development environment. Also enables supporting other machine lifecycle phases such as sales and user training.
  - The service portfolio born in this acquisition creates a new kind of service portfolio for the market, combining consulting with a simulation concept.
- Creanex's clientele strengthens the Intelligent Industry sector and supports new sales, including in the DACH area.

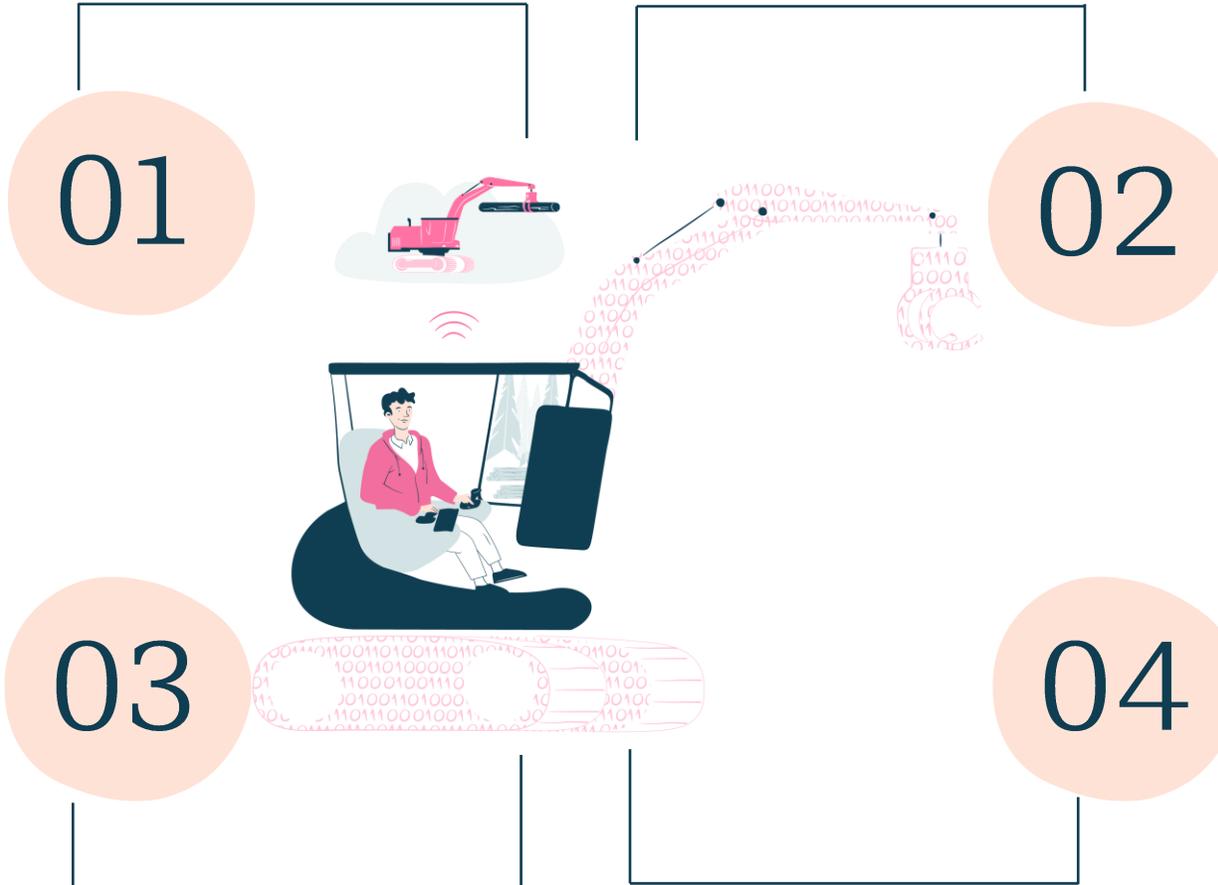


# Digitalised lifecycle completed by Creanex

Simulators complete Gofore's lifecycle service offering for mobile work machines and other intelligent machines.

## R&D

Product development times are significantly shortened by bringing different design processes under the same virtual simulator environment.



## PRODUCTION

Improving the quality of product manufacturing process is done by bringing the pre-tested digital core from the digital twin to the physical product.

## BUSINESS / IT

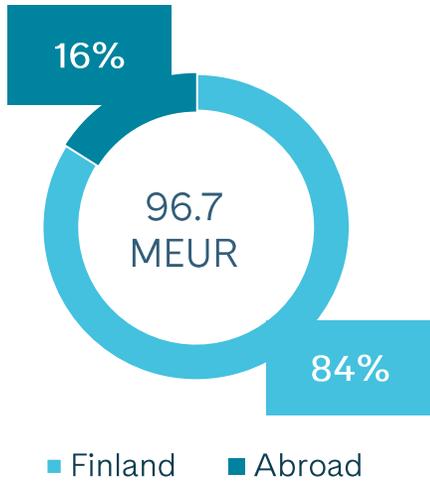
Digital twin is enabled with the right kind of system architecture.

## OPERATIONS

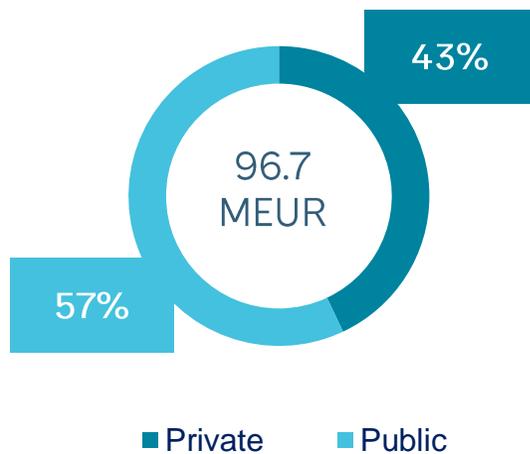
Digital twin and simulator enable building high-quality, next-generation training, maintenance and data analytics.

# January-June Net Sales Distribution

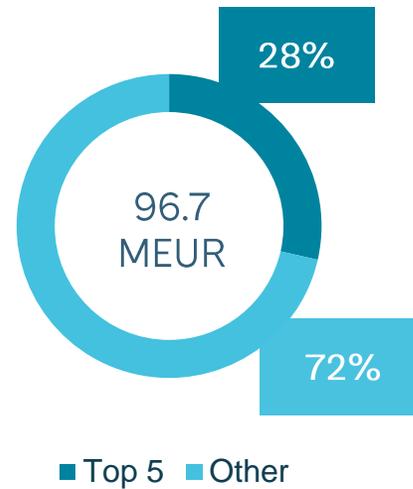
### Geographically



### By Sector



### By Customer Size



### Share of Subcontracting



# Quarterly Performance; Net sales and adjusted EBITA

EUR thousand, unless otherwise specified	Q2/2023	Q1/2023	Q4/2022	Q3/2022	Q2/2022	Q1/2022
Net sales	47,561	49,150	45,686	31,717	37,120	35,398
Change in Net sales, %	28%	39%	46%	47%	40%	40%
Adjusted EBITA	5,397	8,302	7,521	3,743	5,613	5,109
Adjusted EBITA, %	11.3%	16.9%	16.5%	11.8%	15.1%	14.4%
Change in Adjusted EBITA, %	-4%	62%	51%	38%	63%	46%
Organic growth of Net sales, %	22%	32%	29%	32%	27%	23%

# Monthly Performance; Net sales and personnel

Month 2023	Net sales, MEUR (Net sales 2022)	Pro forma LTM Net sales	Number of employees at end of period	No. of working days in Finland	Full Time Equivalent, FTE	Subcontracting, FTE
January	15,8 (10,8)	160.6	1 318 (993)	21 (20)	1 225 (917)	186 (147)
February	15,3 (11,3)	164.2	1 342 (1 015)	20 (20)	1 256 (942)	184 (153)
March	18,1 (13,3)	168.0	1 354 (1 043)	23 (23)	1 271 (968)	189 (155)
April	14,5 (11,5)	170.6	1 385 (1 056)	18 (19)	1 293 (988)	187 (156)
May	17,2 (13,1)	174.2	1 400 (1 068)	21 (21)	1 311 (1 004)	192 (163)
June	15,9 (12,5)	176.5	1 396 (1 074)	21 (21)	1 319 (1 015)	170 (162)

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

# Key Figures

EUR thousand, unless otherwise specified	Q2/2023	Q2/2022	Change	H1/2023	H1/2022	Change	2022
Net sales	47,561	37,120	10,441	96,710	72,518	24,192	149,921
Change in Net sales, %	28.1%	40.4%		33.4%	40.3%		43.5%
EBITDA	6,176	6,162	13	14,970	11,280	3,690	22,736
EBITDA, %	13.0%	16.6%		15.5%	15.6%	-0.1%	15.2%
Adjusted EBITA	5,397	5,613	-216	13,698	10,722	2,976	21,987
Adjusted EBITA, %	11.3%	15.1%		14.2%	14.8%		14.7%
EBITA	5,418	5,613	-195	13,509	10,161	3,348	20,426
EBITA, %	11.4%	15.1%		14.0%	14.0%		13.6%
Operating Profit (EBIT)	4,460	4,667	-207	11,594	8,269	3,325	16,637
Operating Profit (EBIT), %	9.4%	12.6%		12.0%	11.4%		11.1%
Profit for the period	3,431	3,458	-28	8,873	5,977	2,896	12,223
Earnings per share (EPS), undiluted	0.21	0.22		0.56	0.38		0.78
Earnings per share (EPS), diluted	0.21	0.22		0.56	0.38		0.78
Effective dividend yield (DPS/Price), %							1.5%
Price-Earnings ratio, P/E							28.5
Return on equity (ROE), %	16.7%	20.3%		21.7%	18.2%		17.3%
Return on investment (ROI), %	18.0%	21.0%		23.1%	20.0%		18.8%
Equity ratio, %	58.0%	54.9%		58.0%	54.9%		54.0%
Net gearing, %	-26.9%	-23.6%		-26.9%	-23.6%		-29.5%
Number of employees at the end of period	1,396	1,074	322	1,396	1,074	322	1,297
Average overall capacity, FTE	1,308	1,003	305	1,279	973	307	1,035
Average subcontracting, FTE	183	160	23	185	156	29	159

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

# Market outlook

The outlook of digital transformation is strong in the mid and long term. In Finland's new government programme, digitalization is one of the focus themes, which supports the good outlook.

## Macro economy uncertainty affects demand

Macro-economic factors continue to affect uncertainty of the economy. Economic forecasts still consider it possible that the second half of the year will see a return to a growth trend. As for 2024, forecasts clearly support recovery in economic growth.

We are not seeing the customers' willingness to invest in digital development weakening because of the weaker cycle. The digitalization megatrend continues to strengthen customer demand in the mid and long term.

## Public sector digitalization strongly in the government programme

With the new governmental programme, we see digitalisation of the Finnish public administration continuing active. Major structural changes like the social and healthcare reform are also continuing and invested in. On the other hand, the government programme is also strongly based on budgetary adjustments. The impact of the adjustment is difficult to estimate at this point. We expect public sector demand to continue growing.

## Private investments cycle dependent

Digital transformation remains a priority also the private sector, but economic cyclical affects investment willingness. Technology industry companies that are of significance to Gofore succeeded well in the first quarter of the year. However, the industrial sector overall is seeing a slowdown in export demand. We estimate that demand will strongly grow in the mid and long term, but customer-specific weakening of investment ability can be seen in the short term.

In Finland, Gofore's Intelligent Industry sector is expected to be supported by the national plan and legislation that would raise R&D financing to 4% of the GDP by 2030.

## Economic conjuncture affects competitive situation

Among Gofore's competition, the impact of a more challenging market situation varies. We can, however, see the competitive situation tightening. Increased competition is evidenced by price competition and a movement of supply from private sector to public tenders. Our estimate is that the situation will continue like this for the remainder of the year.

## Uncertainty in the international market

The international markets relevant to Gofore are exposed to the macro-economic risks mentioned above.

The German, as well as the entire DACH area market, is especially relevant to Gofore. Within the European comparison group, Germany's economy has a weak development outlook. However, we have not so far seen any significant impact of the weaker economic cycle on Gofore's customers.

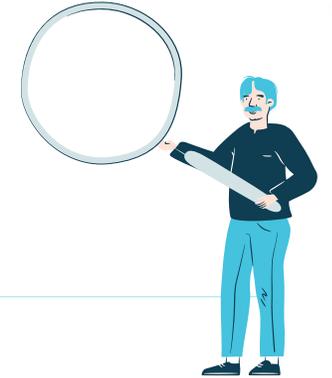
Public sector investments in digital development are growing in Europe. Entering these markets is not easy, but Finland's and the Nordics' reputation as a pioneer in digital development helps.

## Talent market eases in the short term

The talent market is expected to remain as competitive in the mid and long term on all Gofore's operating areas. Gofore has proven to be a competitive, attractive employer who has a good operative recruitment ability. In the short term, a weaker economic cycle and related drop in talent demand have favoured Gofore's recruitment.

General inflation that stays high and increasing costs of living drive salary inflation. Talent shortage strengthens this development in the mid term. On the other hand, a slower attrition and recruitment can lead to a smaller leverage in salary level control and therefore salary development.

# Short-term risks and uncertainty factors in the operating environment



## Macro-economic situation

Economic uncertainty grew significantly in early 2023 but has so far had little impact on Gofore's business. If prolonged, a recession or a very slow recovery of the economy would negatively affect Gofore's customers' ability to invest in their digital development, especially in the private sector. As for the second half of the year, there is still uncertainty. Transferring costs increased by the inflation into customer pricing was successful in 2022. As for 2023, tougher competition caused by the slower market comes with its own challenges.

## Public sector customer market

The public sector is more resistant to macro-economic changes than the private sector. Weakening of public finances may affect public sector IT investments. The Finnish parliamentary elections in April 2023 were expected to temporarily affect market activity, but they had very little impact on Gofore's business. Inauguration of the new government and the content of the government programme partly help remove uncertainties. On the other hand, the government programme includes budgetary adjustment to public finance, causing uncertainty for the next years. We will keep a close eye on this e.g. through state budgeting.

A significant share of public sector orders are made within larger frame agreements. Frame agreements are quantitative or otherwise time limited and will be retendered as is or in some other form. For the time being, we are not aware of any retenders of significant, current agreements in 2023.

## Private sector customer market

Companies are more vulnerable than the public sector when it comes to the political situation or country-specific macro-economy risks.

Finnish export companies on average had a strong order intake in the beginning of 2023. The outlook of export demand has generally not developed favourably. In the mid and long term, digitalisation is high on companies' development agendas, and Gofore's offering produces high added value to customers.

## Talent market

Demand of skilled workforce continues high in the industry. In the short term, economic uncertainty has slowed down the labour market, when e.g. international technology companies, SaaS companies and partly competitors have slowed down recruitment and even let go of staff. Gofore continues to mitigate talent supply related risks by further developing its already strong employer brand and flexibility in work.

## M&A

Gofore intends to continue disciplined acquisitions by acquiring companies that fit its strategy. The M&A market has picked up somewhat with increased activity in companies being offered for sale. We are also seeing a slight decrease in expected valuations. Integration of acquired companies includes uncertainty. In Finland, Gofore is an experienced, valued buyer. In the new market area, German-speaking Europe, it faces a higher risk in M&A.

# Disclosure and Guidance

As of February 2022, Gofore has not provided forecasts about the revenue or profit for the financial year. Before, Gofore may have presented an estimate of the company's revenue or performance guidance in the financial statement release or half-year report.

Gofore continuously develops the content of its monthly business reviews and interim reports, in an effort to further improve the company's transparency and more real-time monitoring of financial developments.

# Financial information

January - June 2023

Unaudited

# Group Structure

## Personnel and offices

At the end of June 2023, the Group employed a total of 1,396 (1,074) employees. The number of personnel increased from the corresponding period in 2022 by 30%. Growth was due to Gofore’s strong organic growth, as well as a result of the eMundo acquisition made in November 2022.

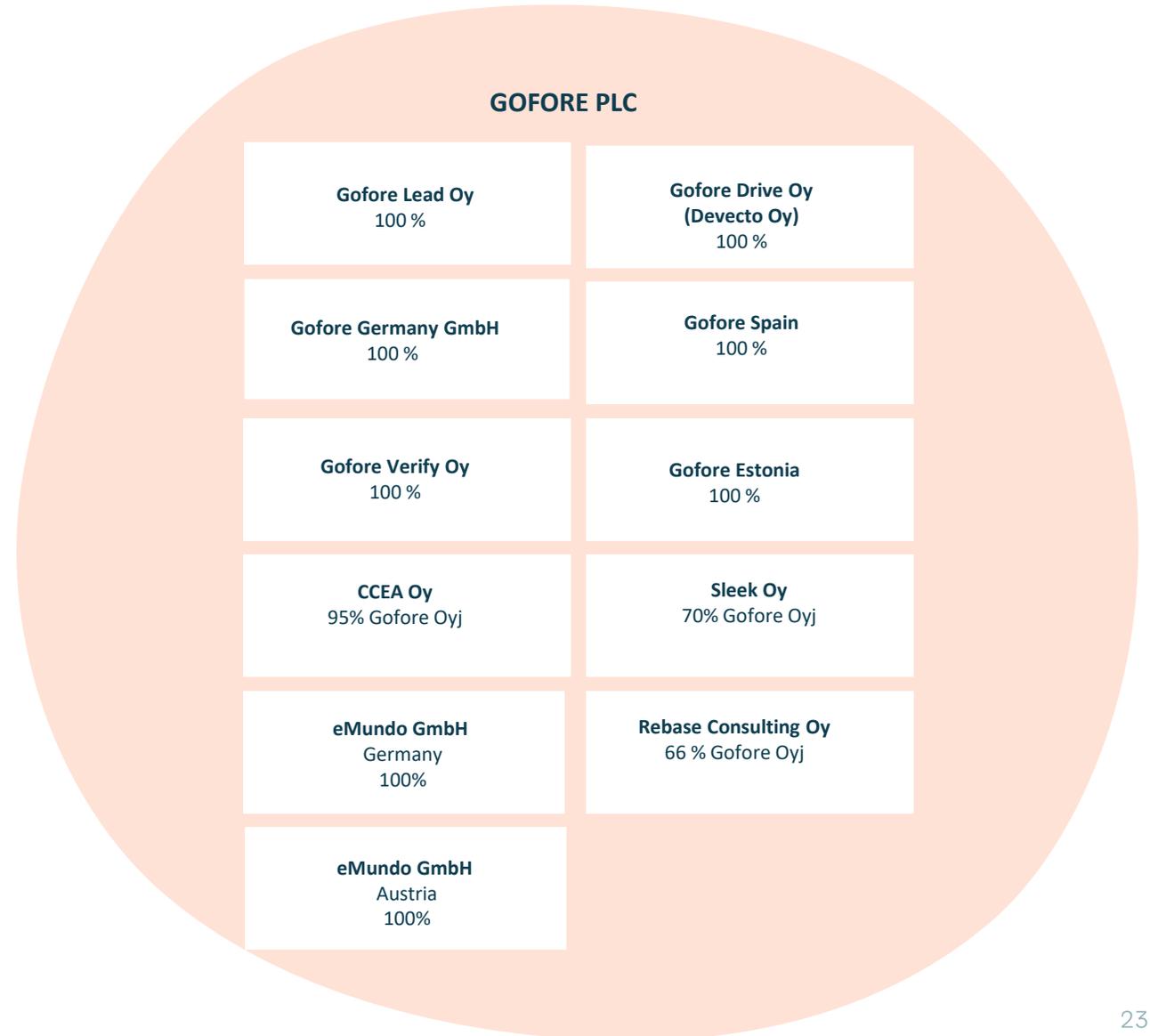
The number of employees in Finland amounted to 1,228 (1,027), and in the other countries of operation to a total of 168 (47) employees at the end of the reporting period.

Gofore’s has 19 offices in Finland, Estonia, Germany, Austria, Italy and Spain.

## Corporate acquisitions

There were no acquisitions in the reporting period.

The purchase price allocation of the eMundo acquisition made in November 2022 is considered as preliminary.



# Net sales

Organic growth in April-June 2023 was 22%. Strong growth in net sales from outside Finland and the private sector.

## April – June 2023

During the period of April – June 2023, Gofore's net sales increased by 28% compared to the corresponding period in 2022, amounting to EUR 47.6 (37.1) million.

Growth was attributable to the eMundo acquisition and strong organic growth of 22%. The average hourly price of services sold also increased by 4.5% from the comparison period.

Net sales generated from public sector sales increased to EUR 27.2 (21.8) million. Net sales generated from the private sector grew by as much as 33% to EUR 20.4 (15.3) million. The eMundo acquisition contributed to the private sector sales growth.

The public sector's share of total net sales was 57 (59)% and private sector 43 (41)%.

Net sales coming from Finland was EUR 39.8 (33.4) million, representing a 84 (90)% share of the Group's net sales. Other countries' share of Group net sales was 16 (10)%; EUR 7.7 (3.7) million.

Subcontracted work represented 18 (19)% share of the Group's net sales; EUR 8.5 (7.1) million.

## January – June 2023

During the period of January – June 2023, Gofore's net sales increased by 33% compared to the corresponding period in 2022, amounting to EUR 96.7 (72.5) million.

The average hourly price of services sold also increased by 4.1% from the comparison period.

Net sales generated from public sector sales increased to EUR 55.4 (43.5) million. Net sales from the private sector were EUR 41.3 (29.1) million. The public sector's share of total net sales was 57 (60)% and private sector 43 (40)%.

Net sales coming from Finland was EUR 81.0 (65.8) million, representing a 84 (91)% share of the Group's net sales. Other countries contributed EUR 15.7 (6.7) million; 16 (9)%. Subcontracted work represented a 18 (19) % share of Group net sales; EUR 17.7 (13.9) million.

# Profitability

## January-June adjusted EBITA 14.2%.

### April – June 2023

During the reporting period, Gofore’s adjusted EBITA decreased by 3.9% compared to the corresponding period in 2022 and amounted to EUR 5.4 (5.6) million and accounted to 11.3 (15.1)% of net sales. There was one working day less in the reporting period than in the comparing period.

The calculation method of the adjusted EBITA is presented separately in the section “Calculation formulas for key figures”. The break down of adjusted EBITA is shown in the section Alternative performance measures.

EBITA amounted to EUR 5.4 (5.6) million and accounted for 11.4 (15.1)% of net sales.

The proportion of personnel expenses of net sales increased slightly the level of the comparison period, accounting for 62.0 (57.3)%. Personnel expenses for the period amounted to EUR 29.5 (21.3) million. The increase is attributable to growth in the number of personnel.

Other operating expenses amounted to a total of EUR 5.0 (3.8) million and accounted for 10.5 (10.2)% of net sales. The largest expense items included other personnel expenses, ICT expenses and external services. Depreciations excluding amortizations of intangible assets related to acquisitions were EUR 0.8 (0.5) million, accounting for 1.6 (1.5)% of net sales.

Depreciations and amortizations were 1.7 (1.5) million euros; 3.6 (4.0)% of net sales.

Operating profit (EBIT) was EUR 4.5 (4.7) million and accounted for 9.4 (12.6)% of net sales. Finance costs and income were EUR -0.0 (-0.2) million.

Profit for the financial period amounted to EUR 3.4 (3.5) million.

### January – June 2023

During the period of January – June 2023, Gofore’s adjusted amounted to EUR 13.7 (10.7) million and accounted to 14.2 (14.8)% of net sales.

EBITA amounted to EUR 13.5 (10.2) million and accounted for 14.0 (14.0)% of net sales.

Operating profit (EBIT) was EUR 11.6 (8.3) million and accounted for 12.0 (11.4)% of net sales. Finance costs and income were EUR -0.2 (-0.4) million.

Profit for the financial period amounted to EUR 8.9 (6.0) million.

# Balance sheet, cashflow, financing and R&D

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

Gofore's equity ratio amounted to 58.0 (54.9)%, with net gearing of -26.9 (-23.6)%.

At the end of June 2023, the balance sheet total of the Gofore Group amounted to EUR 145.1 (128.6) million, of which total equity accounted for EUR 84.1 (70.0) million. At the end of the review period, interest-bearing net debt amounted to EUR -22.6 (-16.5) million.

Cash flow from operations increased over the period of January – June 2023 to EUR 11.4 (10.6) million. Cash flow from investments during the review period amounted to EUR -6.2 (-14.3) million.

Investments in subsidiary shares during the review period amounted to EUR -5.6 (-14.1) million. Investment is related to the payment of the Devecto and eMundo acquisitions' additional purchase prices.

Cash flow from financing activities during the period amounted to EUR -8.5 (0.7) million, including repayments of lease agreement liabilities for EUR -1.2 million, loan amortisations for EUR -2.4 million, cash flows from financials instruments EUR 0.6 million and dividends paid, -5.5 million euros.

At the end of the review period, cash assets amounted to EUR 40.9 (36.0) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 15.7 (16.2) million. Gofore has not withdrawn any new loan during the review period. The company has interest rate cap and interest rate swap agreements in place to hedge variable rate borrowings. More information can be found in the disclosure Financing, related party transactions & commitments and litigations.

The loans are associated with the customary covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 June 2023. In addition, Gofore has in its disposal an EUR 5 million binding, unsecured credit limit for the Group's short-term, general financing needs such as corporate acquisitions. The limit was not used during the review period.

## Research & Development

The company's development activity in the reporting period was focused on enhancing its digital platform and enterprise resource management system.

# Corporate Governance and Share Information

January-June 2023

# Shares and Trading

Gofore Plc's share is quoted on the official stock exchange list of Nasdaq Helsinki Ltd; share trading code GOFORE.

At the end of the reporting period on 30 June 2023

- Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15 539 134 (15 370 322) of the company shares.
- Gofore or its subsidiaries were not in possession of any treasury shares in the reporting or the corresponding period.
- Trading volume in January –June 2023 amounted to 1.2 (0.8) million shares, corresponding to approximately 7.8% (5.4%) of average number of outstanding shares, trading value EUR 30.7 (18.8) million.
- At the end of the reporting period, Gofore's market value was EUR 388.5 (323.5) million.
- Closing price of the share was EUR 25.00 (21.05).
- Trading volume-weighted average price of the share during the review period was EUR 25.74 (23.14).
- Highest trading price was EUR 27.80 (26.00) and lowest EUR 22.20 (18.25).

# 388.5

Market value at the end of period, MEUR

# +12.6%

Share value change since beginning of the year

# 25.00

Closing price, EUR

# Share Ownership

At the end of the reporting period on 30 June 2023

- The company had a total of 7,184 (5,641) registered shareholders.
- Direct foreign ownership accounted for a total of 2.1% (1.8%) of shares.
- Holders of nominee registered shares owned a total of 21.0% (18.8%) of shares, total number of such shares amounted to 3,264,103 (2,891,356). Foreign ownership in total was 23.1%.
- Private companies owned 5.2% (5.3%) of the shares, financial and insurance institutions 27.7% (26.4%), public corporations 9.7% (9.4%), households 54.5% (56.5%) and non-profit organisations 0.8% (0.7%).

## Changes in major shareholders' ownership

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

## Directed share issues

- On 10 March 2023: A directed share issue (31,783) shares as par of the CrewShare employee share savings plan; new shares were trade registered on 21 March 2023.
- On 21 April 2023: A directed paid share issue (1,219) shares as par of the performance-based incentive program for eMundo GmbH's key personnel; new shares were trade registered on 11 May 2023.

# 7,184

Shareholders at the end of period

# 23.1%

Foreign ownership in total

# 27.7%

Financial and insurance institutions ownership

# Share-based loyalty and remuneration schemes

Gofore has had a share savings plan called CrewShare open to its entire staff since 2018. In February 2023, the Board of Directors resolved on a new plan period for 2023–2024, as well as on a new Performance Share Plan for key people.

## CrewShare Plan

The plan is available to all Gofore Group's employees, who are offered the possibility to save monthly and invest in shares in the company at a 10 percent discount, if the Board of Directors of the company so decides. The accrued savings are allocated towards acquiring Gofore's shares after the expiration of the savings period.

The new plan period commenced on 1 March 2023 and ends on 29 February 2024. Employees will be offered an opportunity to save a proportion of their regular salaries (EUR 50–400 per month). The accrued savings will be used for the acquisition of the Gofore shares biannually following the publications of the Half-year Report in September 2023 and financial statements release for the year 2023 in March 2024.

A total of 796 Gofore Group employees are participating in active CrewShare programs at the end of the reporting period.

Read more:

<https://gofore.com/en/news/gofore-initiates-a-new-period-of-employee-share-savings-plan/>

## Performance Share Plan

In March 2023, the Board of Directors of Gofore Plc also decided to establish a new share-based incentive plan for the group's key personnel as a continuation to the 2022 plan. The target is to align the objectives of the shareholders and key personnel for increasing the value of the company in the long-term, to commit the key employees to work for the company and to offer them a competitive incentive scheme that is based on earning and accumulating shares.

The Performance Share Plan 2023–2025 consists of a three-year performance period, covering the financial years in question. The Board may decide annually on new performance periods.

33 persons, including the CEO and other management team members, were part of this plan at the end of June.

Read more:

<https://gofore.com/en/news/gofore-decides-to-start-a-new-performance-share-plan-for-key-personnel/>

57%  
OF GOFOREANS  
INVOLVED IN  
CREWSHARE

# Resolutions of the Annual General Meeting

## Adoption of the financial statements

The Annual General Meeting adopted the company's financial statements for the financial period from 1 January–31 December 2022.

## Dividend of EUR 0.34 per share

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

## Resolution on discharge from liability

It was resolved to discharge the members of the Board of Directors and the CEO from liability for the financial period of 1 January–31 December 2022.

## Remuneration report

It was resolved to adopt the Remuneration Report for the Governing Bodies. Remuneration of the members of the Board of Directors

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

## The number of members of the Board of Directors

It was resolved that the Board of Directors consists of six members.

## Composition of the Board of Directors

The following persons were re-elected as the Board of Directors: Eveliina Huurre, Mammu Kaario, Piia-Noora Kauppi, Timur Kärki, Tapani Liimatta and Sami Somero.

## Remuneration of the auditor

It was resolved that the auditor's remuneration is paid against the invoices approved by the company.

## Election of the auditor

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

## Amendment of the Articles of Association

It was resolved that the Company's Articles of Association are amended to enable arranging a General Meeting as a hybrid meeting. In addition, it proposed that the General Meeting can be arranged without a meeting venue as an alternative for a physical meeting.

The amendment also enables holding General Meetings of Shareholders virtually in situations like pandemics or other unforeseen or exceptional circumstances, however not limited to these situations. The Finnish Companies Act requires that shareholders can exercise their full rights in virtual meetings, with equal rights to those in customary in-person General Meetings.

All resolutions and minutes of the AGM can be seen at <https://gofore.com/en/invest/governance/agm2022/>

# Authorisations by the AGM to the Board of Directors

## Authorising the Board of Directors to resolve on the repurchase of the Company's own shares and/or accepting them as a pledge

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

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

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

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

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

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

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

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

# Authorisations by the AGM to the Board of Directors

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

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

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



# Consolidated Half-Year Financial Report

1 January – 30 June 2023

Tables Section

Unaudited

# Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	Q2/2023	Q2/2022	H1/2023	H1/2022	2022
<b>Net sales</b>	<b>47,561</b>	<b>37,120</b>	<b>96,710</b>	<b>72,518</b>	<b>149,921</b>
Production for own use	79	61	166	95	305
Other operating income	90	1	134	26	126
Materials and services	-7,097	-5,987	-14,803	-11,809	-25,073
Employee benefit expenses	-29,477	-21,255	-57,215	-41,451	-85,150
Depreciations, amortisations and impairment	-1,715	-1,495	-3,376	-3,011	-6,099
Other operating expenses	-4,980	-3,777	-10,023	-8,099	-17,394
<b>Operating profit (EBIT)</b>	<b>4,460</b>	<b>4,667</b>	<b>11,594</b>	<b>8,269</b>	<b>16,637</b>
Finance costs	-170	-188	-432	-406	-824
Finance income	136	4	225	7	60
<b>Profit before tax</b>	<b>4,426</b>	<b>4,483</b>	<b>11,387</b>	<b>7,870</b>	<b>15,873</b>
Income tax	-996	-1,025	-2,514	-1,894	-3,650
<b>Profit for the financial period</b>	<b>3,431</b>	<b>3,458</b>	<b>8,873</b>	<b>5,977</b>	<b>12,223</b>
<b>Other Comprehensive Income</b>					
<b>Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods</b>					
Exchange differences on translation of foreign operations	0	0	0	0	0
Cash flow hedges	15	117	-53	282	542
<b>Other comprehensive income, net of tax</b>	<b>15</b>	<b>117</b>	<b>-53</b>	<b>282</b>	<b>542</b>
<b>Total comprehensive income for the financial period</b>	<b>3,446</b>	<b>3,575</b>	<b>8,820</b>	<b>6,258</b>	<b>12,765</b>
<b>Profit/loss for the financial period attributable to:</b>					
Equity holders of the parent	3,332	3,403	8,677	5,867	11,954
Non-controlling interests	98	55	196	109	269
	<b>3,431</b>	<b>3,458</b>	<b>8,873</b>	<b>5,977</b>	<b>12,223</b>
<b>Total comprehensive income for the financial period attributable to:</b>					
Equity holders of the parent	3,348	3,520	8,624	6,149	12,496
Non-controlling interests	98	55	196	109	269
	<b>3,446</b>	<b>3,575</b>	<b>8,820</b>	<b>6,258</b>	<b>12,765</b>
Earnings per share (EPS), undiluted	0.21	0.22	0.56	0.38	0.78
Earnings per share (EPS), diluted	0.21	0.22	0.56	0.38	0.78

# Consolidated Statement of Financial Position

EUR thousand	H1/2023	H1/2022	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	47,694	41,045	47,694
Other intangible assets	20,577	20,711	22,465
Tangible assets	1,046	507	751
Right-of-use assets	3,160	3,803	3,564
Other receivables	839	491	917
Deferred tax assets	160	63	147
<b>Total non-current assets</b>	<b>73,477</b>	<b>66,620</b>	<b>75,537</b>
<b>Current assets</b>			
Trade receivables	26,816	21,626	24,248
Contract assets	646	1,111	465
Other current assets	2,557	2,709	2,826
Income tax receivables	111	18	140
Securities	533	519	1,077
Cash and cash equivalents	40,927	36,037	44,135
<b>Total current assets</b>	<b>71,591</b>	<b>62,021</b>	<b>72,890</b>
<b>Total assets</b>	<b>145,067</b>	<b>128,641</b>	<b>148,427</b>

EUR thousand	H1/2023	H1/2022	2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	80	80	80
Fund for unrestricted equity	50,567	46,843	49,897
Other reserves	490	282	542
Retained earnings	32,474	22,471	28,764
<b>Equity attributable to equity holders of the parent</b>	<b>83,610</b>	<b>69,676</b>	<b>79,283</b>
Non-controlling interests	476	296	475
<b>Total equity</b>	<b>84,086</b>	<b>69,972</b>	<b>79,759</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	11,208	12,436	13,464
Other payables	2,369	148	3,196
Lease liabilities	1,213	1,976	1,464
Deferred tax liabilities	4,247	4,053	4,664
<b>Total non-current liabilities</b>	<b>19,036</b>	<b>18,612</b>	<b>22,788</b>
<b>Current liabilities</b>			
Trade and other payables	16,400	18,911	21,480
Contract liabilities	118	1,269	688
Interest-bearing loans and borrowings	4,443	3,743	4,593
Lease liabilities	2,009	1,869	2,141
Accrued expenses	17,922	13,367	15,750
Income tax payable	1,054	898	1,229
<b>Total current liabilities</b>	<b>41,946</b>	<b>40,057</b>	<b>45,881</b>
<b>Total liabilities</b>	<b>60,982</b>	<b>58,669</b>	<b>68,668</b>
<b>Total equity and liabilities</b>	<b>145,067</b>	<b>128,641</b>	<b>148,427</b>

# Consolidated Statement of Changes in Equity

2023								
Attributable to equity holders of the parent								
EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 of January 2023	80	49,897	542	0	28,764	79,283	475	79,759
Profit for the period					8,677	8,677	196	8,873
Other comprehensive income			-53			-53		-53
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-53</b>	<b>0</b>	<b>8,677</b>	<b>8,624</b>	<b>196</b>	<b>8,820</b>
<b>Transactions with shareholders and non-controlling interests:</b>								
Share-based payments		638			316	954		954
Dividends					-5,283	-5,283	-195	-5,478
Share issue		32				32		32
Purchase of own shares						0		0
Acquisition of a subsidiary paid in shares		0				0		0
Change in non-controlling interests		0			-0	-0	0	0
Other changes						0		0
<b>Equity on 30 of June 2023</b>	<b>80</b>	<b>50,567</b>	<b>490</b>	<b>0</b>	<b>32,474</b>	<b>83,610</b>	<b>476</b>	<b>84,086</b>
2022								
Attributable to equity holders of the parent								
EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 of January 2022	80	40,103	0	0	20,822	61,005	304	61,309
Profit for the period					5,867	5,867	109	5,977
Other comprehensive income			282			282		282
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>282</b>	<b>0</b>	<b>5,867</b>	<b>6,149</b>	<b>109</b>	<b>6,258</b>
<b>Transactions with shareholders and non-controlling interests:</b>								
Share-based payments		425			86	512		512
Dividends					-4,304	-4,304	-131	-4,434
Share issue		0				0		0
Purchase of own shares						0		0
Acquisition of a subsidiary paid in shares		6,315				6,315		6,315
Change in non-controlling interests		0			-1	-1	14	13
Other changes						0		0
<b>Equity on 30 of June 2022</b>	<b>80</b>	<b>46,843</b>	<b>282</b>	<b>0</b>	<b>22,471</b>	<b>69,676</b>	<b>296</b>	<b>69,972</b>

# Consolidated Statement of Cash Flows

EUR thousand	H1/2023	H1/2022	2022
<b>Operating activities</b>			
Profit before tax	11,387	7,870	15,873
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment	3,376	3,011	6,099
Finance income and expenses	207	399	764
Other adjustments	1,082	533	1,406
Change in working capital	-1,442	844	1,799
Interest received and paid	-54	-94	-210
Other financial items	-28	-60	-79
Income tax paid	-3,079	-1,936	-3,911
<b>Net cash flow from operating activities</b>	<b>11,449</b>	<b>10,568</b>	<b>21,740</b>
<b>Net cashflow from investing activities</b>			
Proceeds from sale of tangible assets	58	53	65
Purchase of intangible assets	-166	-95	-312
Purchase of tangible assets	-454	-152	-355
Acquisition of a subsidiary, net of cash acquired	-5,623	-14,149	-17,486
<b>Net cash flow from investing activities</b>	<b>-6,186</b>	<b>-14,343</b>	<b>-18,089</b>
<b>Net cash flow from financing activities</b>			
Repayment of lease liabilities	-1,179	-946	-1,949
Proceeds from borrowings	0	8,000	11,500
Repayment of borrowings	-2,406	-1,925	-3,802
Financial instruments	560	-10	-10
Share issue	32	0	0
Dividends paid to equity holders of the parent	-5,283	-4,304	-4,304
Dividends paid to non-controlling interest	-195	-131	-131
Changes in non-controlling interest	0	13	65
<b>Net cash flow from financing activities</b>	<b>-8,471</b>	<b>698</b>	<b>1,370</b>
<b>Net increase in cash and cash equivalents</b>	<b>-3,208</b>	<b>-3,077</b>	<b>5,021</b>
Cash and cash equivalents at beginning of period	44,135	39,114	39,114
<b>Cash and cash equivalents at end of period</b>	<b>40,927</b>	<b>36,037</b>	<b>44,135</b>

# Notes to the Accounts

1 January – 30 June 2023

# Basis of preparation

The unaudited interim report of Gofore Plc has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the consolidated financial statements for 2022. Information concerning the full year 2022 is based on the audited financial statements for 2022.

The same accounting policies, methods of computation and applications of judgment are followed in this interim report as was followed in the consolidated financial statements for 2022. Amendments to the standards taking effect in 2023 did not affect the Group.

30 June 2022 comparison amounts have been retrospectively adjusted due to updating the preliminary purchase price allocation of Devecto acquisition on 31 December 2022. The adjustment is described in detail in the financial statements for 2022.

The fair values of financial assets and liabilities are materially consistent with their carrying amounts. For this reason, they are not presented separately in table format in the interim report. Disclosures concerning share-based payments are presented in section Corporate Governance and Share Information.

## **Key accounting considerations related to war in Ukraine and uncertainty arising from the macro economic circumstances**

Gofore continued to assess the impacts of geopolitical and macro economical uncertainties by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Gofore's financial position remained strong.

# Distribution of revenue

EUR thousand, unless otherwise specified	Q2/2023	Q2/2022	Change, %	H1/2023	H1/2022	Change, %	2022
<b>Net sales by customer sector</b>							
Private sector sales	20,387	15,310	33%	41,312	29,054	42%	59,840
Public sector sales	27,174	21,810	25%	55,399	43,464	27%	90,081
<b>Net sales by origin of customer</b>							
Finland	39,832	33,401	19%	80,967	65,848	23%	133,955
Other countries	7,729	3,719	108%	15,743	6,670	136%	15,966
<b>Net sales by Crew / subcontracting</b>							
Net sales, Crew	39,044	30,067	30%	79,036	58,611	35%	120,291
Net sales, subcontracting	8,517	7,052	21%	17,674	13,907	27%	29,630
<b>Net sales by agreement types</b>							
Time and material based projects	45,073	34,370	31%	91,323	67,103	36%	139,261
Fixed price projects	1,647	2,149	-23%	3,758	4,112	-9%	8,004
Maintenance services	816	585	39%	1,590	1,254	27%	2,546
Third party commissions	25	15	63%	39	50	-22%	110
<b>Net sales, Group total</b>	<b>47,561</b>	<b>37,120</b>	<b>28%</b>	<b>96,710</b>	<b>72,518</b>	<b>33%</b>	<b>149,921</b>

# Intangible Assets

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
<b>Cost</b>										
1 January 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	166	166	0	166
Business combinations	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0
<b>30 June 2023</b>	<b>1,228</b>	<b>22,069</b>	<b>5,288</b>	<b>66</b>	<b>200</b>	<b>101</b>	<b>1,892</b>	<b>30,845</b>	<b>47,694</b>	<b>78,539</b>
<b>Amortisation and impairment</b>										
1 January 2023	-788	-5,137	-1,806	-24	-122	-49	-286	-8,214	0	-8,214
Amortisations	-103	-1,300	-472	-7	-33	-3	-136	-2,054	0	-2,054
<b>30 June 2023</b>	<b>-891</b>	<b>-6,438</b>	<b>-2,278</b>	<b>-31</b>	<b>-156</b>	<b>-52</b>	<b>-423</b>	<b>-10,268</b>	<b>0</b>	<b>-10,268</b>
<b>Net book value</b>										
1 January 2023	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159
<b>30 June 2023</b>	<b>337</b>	<b>15,631</b>	<b>3,011</b>	<b>35</b>	<b>44</b>	<b>48</b>	<b>1,470</b>	<b>20,577</b>	<b>47,694</b>	<b>68,271</b>

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
<b>Cost</b>										
1 January 2022	672	10,031	3,438	66	200	101	1,018	15,526	26,897	42,423
Additions	0	0	0	0	0	0	95	95	0	95
Business combinations	197	9,833	1,298	0	0	0	0	11,329	14,148	25,477
Reclassifications	0	0	0	0	0	0	0	0	0	0
<b>30 June 2022</b>	<b>869</b>	<b>19,865</b>	<b>4,736</b>	<b>66</b>	<b>200</b>	<b>101</b>	<b>1,112</b>	<b>26,949</b>	<b>41,045</b>	<b>67,994</b>
<b>Amortisation and impairment</b>										
1 January 2022	-348	-2,720	-955	-11	-56	-36	-143	-4,268	0	-4,268
Amortisations	-245	-1,190	-416	-7	-33	-6	-71	-1,969	0	-1,969
<b>30 June 2022</b>	<b>-593</b>	<b>-3,910</b>	<b>-1,371</b>	<b>-18</b>	<b>-89</b>	<b>-43</b>	<b>-214</b>	<b>-6,238</b>	<b>0</b>	<b>-6,238</b>
<b>Net book value</b>										
1 January 2022	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154
<b>30 June 2022</b>	<b>276</b>	<b>15,954</b>	<b>3,365</b>	<b>49</b>	<b>111</b>	<b>58</b>	<b>898</b>	<b>20,711</b>	<b>41,045</b>	<b>61,756</b>

## Tangible Assets

EUR thousand	Machinery & Equipment	Other tangible assets	Total
<b>Cost</b>			
1 January 2023	1,328	680	2,007
Additions	207	247	454
Business combinations	0	0	0
Disposals	-36	0	-36
<b>30 June 2023</b>	<b>1,499</b>	<b>927</b>	<b>2,425</b>
<b>Depreciation and impairment</b>			
1 January 2023	-974	-283	-1,256
Depreciations charge for the year	-98	-25	-123
Disposals	0	0	0
<b>30 June 2023</b>	<b>-1,072</b>	<b>-307</b>	<b>-1,379</b>
<b>Net book value</b>			
1 January 2023	354	397	751
<b>30 June 2023</b>	<b>427</b>	<b>619</b>	<b>1,046</b>

EUR thousand	Machinery & Equipment	Other tangible assets	Total
<b>Cost</b>			
1 January 2022	997	480	1,477
Additions	49	103	152
Business combinations	64	0	64
Disposals	-39	0	-39
<b>30 June 2022</b>	<b>1,072</b>	<b>583</b>	<b>1,654</b>
<b>Depreciation and impairment</b>			
1 January 2022	-815	-235	-1,049
Depreciations charge for the year	-73	-25	-98
Disposals	0	0	0
<b>30 June 2022</b>	<b>-887</b>	<b>-260</b>	<b>-1,147</b>
<b>Net book value</b>			
1 January 2022	182	245	427
<b>30 June 2022</b>	<b>184</b>	<b>323</b>	<b>507</b>

## Right-of-use Assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
<b>1 January 2023</b>	<b>3,365</b>	<b>198</b>	<b>3,564</b>
Additions	553	264	817
Disposals	0	-22	-22
Business combinations	0	0	0
Depreciations for the financial year	-1,109	-89	-1,199
<b>30 June 2023</b>	<b>2,809</b>	<b>351</b>	<b>3,160</b>
<b>1 January 2022</b>	<b>4,323</b>	<b>86</b>	<b>4,409</b>
Additions	348	91	439
Disposals	-190	0	-190
Business combinations	0	89	89
Depreciations for the financial year	-880	-64	-944
<b>30 June 2022</b>	<b>3,602</b>	<b>201</b>	<b>3,803</b>
<b>1 January 2022</b>	<b>4,323</b>	<b>86</b>	<b>4,409</b>
Additions	750	152	902
Disposals	-235	0	-235
Business combinations	342	92	434
Depreciations for the financial year	-1,815	-132	-1,947
<b>31 December 2022</b>	<b>3,365</b>	<b>198</b>	<b>3,564</b>

# Financing

Gofore Plc had unsecured loans of EUR 15.7 (16.2) million at the end of the review period. Gofore did not raised any new loans during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 June 2023.

Gofore Plc has also a binding, unsecured revolving credit facility of EUR 5 million for the short-term general financing needs of the Group, such as corporate acquisitions. The credit facility remained undrawn throughout the review period.

The company has made interest rate cap and swap agreements of EUR 11.2 million nominal value to hedge its floating rate loans. Cash flow hedge accounting is applied to those agreements. On 30 June 2023 71% of the variable interest loans were hedged. The effective portion of fair value changes is recognized into OCI and presented in fair value reserves in equity. The fair value of the agreements were EUR 612 (352) thousand at the end of the reporting period.

Instrument 30 June 2023	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	44	0	44
Cap 1	3,000	Cash flow	2.3.2026	92	8	84
Cap 2	8,000	Cash flow	29.12.2028	601	117	484
Instrument 30 June 2022	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Cap 1	3,000	Cash flow	2.3.2026	60	11	50
Cap 2	8,000	Cash flow	29.12.2028	441	138	303

# Related party transactions, commitments and litigations

## Related party transactions

There were no sales, purchases, receivables or payables with related parties during the review period. The remuneration of the Board of Directors, Group CEO and members of the Group executive management team is published in the annual financial statements.

## Commitments

Gofore Plc holds an unsecured operative guarantee limit of EUR 1 million of which EUR 503 thousand is in use at 30.6.2023. The company has made a 10-year rental commitment to new business premises at the end of 2020. Estimated time for the new premises is at the end of 2023.

Gofore has given a negative pledge on its financial loans.

## Litigations and proceedings

Gofore is not involved in any on-going litigations nor proceedings relating to its business operations.

# Significant events after the reporting period

## Creanex business acquisition

Gofore and the owners of Creanex Ltd have signed the share purchase agreement today, 3 July, 2023, and the transaction has been executed immediately. The purchase price of the entire share capital of Creanex Ltd is approximately 6.6 million euros. It consists of the debt-free enterprise value of 5.0 million euros, and a compensation for net cash and working capital adjustment. Of the share purchase price, 30% is paid in share consideration and 70% in cash compensation to six sellers.

Creanex's entire share capital has been transferred to Gofore on 3 July, 2023, and all Creanex shareholders have through the transaction become owners of Gofore. By the share issue authorization granted by the Annual General Meeting on 24 March 2023, Gofore's Board of Directors has on 27 June, 2023 decided to carry out a directed share issue as part of purchase price payment to the sellers of Creanex shares, should the share purchase agreement be signed. In the directed share issue, a total of 77,646 Gofore shares were subscribed at a subscription price of 25.51 euros per share. The subscription price is based on the volume-weighted average price between 24 May – 22 June, 2023.

Execution of Gofore's Intelligent Industry strategy has in the recent years accumulated significant growth. The acquisition carried out today complements a service portfolio, where Gofore's business system knowhow and expertise of mobile work machine control software are combined with Creanex's simulation software and devices. According to Gofore's estimate, no similar offering is available in the market. The acquisition is expected to create significant synergy benefits through additional sales and customer relationships.

Creanex's simulators offer versatile solutions to manufacturers' challenges. Simulators enable control software testing, work machine product development and training operators. With the help of the virtual prototypes Creanex has created, the mechanics, hydraulics, electronics, and software are all designed in the same development environment.

Creanex's financial year ended 30 June 23 and the financial statements have not yet been prepared. Hence, the initial accounting for the business combination is incomplete. Once Creanex's financial statements are completed, the preliminary purchase price allocation will be prepared and disclosed as part of the July – September interim report.

Creanex continues as an independent company, and the company's numbers will be reported as part of the Gofore Group as of 3 July, 2023.

# Alternative performance measures (APM)

Gofore uses and presents among others the following alternative performance measures to better illustrate the operative development of its business:

- operating profit before amortization of PPA (EBITA), EBITDA, ROI, ROE, equity ratio and net gearing. PPA amortizations arise from assets recognized in fair value in acquired business combinations.

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

EUR thousand, unless otherwise specified	Q2/2023	Q2/2022	H1/2023	H1/2022	2,022
<b>EBITA, Adjusted EBITA and EBITDA</b>					
<b>EBIT</b>	<b>4,460</b>	<b>4,667</b>	<b>11,594</b>	<b>8,269</b>	<b>16,637</b>
Amortisation of intangible assets identified in PPA	957	946	1,915	1,892	3,789
<b>EBITA</b>	<b>5,418</b>	<b>5,613</b>	<b>13,509</b>	<b>10,161</b>	<b>20,426</b>
Transaction costs from business combinations	0	0	6	576	1,587
PNL Impact of Contingent Consideration	0	0	204	0	0
Restructuring costs	0	0	0	0	0
Gains or losses from sales of fixed assets	-21	0	-21	-14	-26
<b>Adjusted EBITA</b>	<b>5,397</b>	<b>5,613</b>	<b>13,698</b>	<b>10,722</b>	<b>21,987</b>
<b>EBIT</b>	<b>4,460</b>	<b>4,667</b>	<b>11,594</b>	<b>8,269</b>	<b>16,637</b>
Depreciations	758	550	1,461	1,119	2,310
Amortisation of intangible assets identified in PPA	957	946	1,915	1,892	3,789
<b>EBITDA</b>	<b>6,176</b>	<b>6,162</b>	<b>14,970</b>	<b>11,280</b>	<b>22,736</b>

# Calculation Formulas for Key Figures

Figure	Definition
EBITDA	Operating profit + depreciations and amortization.
EBITDA margin, %	Operating profit + depreciations and amortization divided by net sales and multiplied by a hundred.
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill.
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin, %	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill divided by net sales and multiplied by a hundred.
Operating profit (EBIT) margin, %	Operating profit divided by net sales and multiplied by a hundred.
Earnings per share (EPS), euros	Profit for the period attributable for shareholders of the company divided by the weighted average number of shares outstanding during the financial period adjusted for share issues, multiplied by a hundred.
Earnings per share (EPS), euros, diluted	Profit for the period attributable for shareholders of the company divided by the weighted average number of shares outstanding during the financial period adjusted for share issues added with new potential shares, multiplied by a hundred.

# Calculation Formulas for Key Figures

Figure	Definition
Effective dividend yield, %	Dividend per share divided by share price at the end of the financial period.
P/E -ratio	Share price at the end of financial period divided by Earning per share, undiluted, multiplied by a hundred
Return on equity (ROE), %	Profit for the period (annualised) divided by average total equity, multiplied by a hundred.
Return on investment (ROI), %	Profit before taxes (annualised) + financial expenses (annualised) divided by average total equity + average interest-bearing loans and borrowings, multiplied by a hundred.
Equity ratio, %	Total equity divided by balance sheet total – advances received, multiplied by a hundred.
Net gearing, %	Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and Non-current investments, divided by total equity and multiplied by a hundred.

# Calculation Formulas for Key Figures

Figure	Definition
Full-time Equivalent, FTE	Overall capacity of the Group's personnel, converted into a value corresponding to the number of full-time employees. The figure includes the entire personnel, regardless of their role. The figure is not affected by annual leave, time-off in lieu of overtime, sick leave or other short-term absences. Part-time agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The capacity of acquired companies' personnel has been considered as of the acquisition date.
Subcontracting, FTE	Subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiced work, converted into a value corresponding to the number of full-time employees. Subcontracting used by acquired companies has been included as of the acquisition date.
Number of employees, at the end of the period	The number of employees at the end of the review period.
Attrition rate	The number of terminated employment divided by the number of staff at the end of the reporting period. Therefore, attrition rate numbers from time periods of different lengths are not comparable.
Adjusted EBITA	Reported EBITA + (+ goodwill impairment +/- costs/gains directly related to acquiring business combinations +/- costs/gains from contingent considerations+ restructuring costs of business structure – gains of sales of fixed assets + losses of sales of fixed assets).
Adjusted EBITA, %	Reported EBITA + (+ goodwill impairment +/- costs/gains directly related to acquiring business combinations +/- costs/gains from contingent considerations+ restructuring costs of business structure – gains of sales of fixed assets + losses of sales of fixed assets) divided by net sales and multiplied by a hundred.
Organic growth	Organic growth is defined by comparing the quarterly net sales in the Group income statement with the net sales of the previous reporting period's corresponding quarter. The growth is calculated with a comparable Group structure using the Group structure of the time of reporting to calculate pro forma net sales for the corresponding period. The pro forma net sales include the impact of acquisitions and divestments retroactively and is unaudited.
Last twelve months' net sales, LTM	The last twelve months (LTM) pro forma net sales figure that the company uses tells the net sales for the Group structure of the time of reporting. The pro forma net sales include the impact of acquisitions and divestments retroactively and is unaudited.

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## Upcoming financial reporting

- Monthly Business Reviews in the beginning of the next month
- Q3 Report 2023 on 19 October 2023

Stay in touch!

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