ANNUAL REPORT

2017

GOFORE

GOFORE

Gofore is a digitalisation specialist which aims for strong growth. We support our customers whenever they are tackling new challenges created by digitalisation.

When we work together with our customers, we can understand their needs and growth objectives better than our competitors, have their perspective genuinely in mind in all our project and team work, and ensure that our innovations concentrate on matters we know are meaningful to our customers. Our customers can also benefit from our extensive understanding of various operating fields and technologies – we thrive on our customers' success.

Genuine customer orientation has been a point of reference for Gofore's entire history and last year was no exception. Read about the key events in our 2017 Annual Report.

GOFORE 2017

Great Place to Work®

Gofore has participated in the Great Place to Work study three times. The study measures levels of trust, credible and respectful leadership, pride in the work, and camaraderie. In 2017, Gofore was chosen as the best workplace in Finland and the second-best workplace in Europe.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Gofore 2017

Strong growth continued.

Gofore in brief

At Gofore, we see how changes in the world are accelerating. We have actively addressed changes in the market, and expanded our service range to meet the new needs – in cooperation with our customers.

Our ability to reform has supported our strong and profitable growth for several years. 2017 was another excellent year, as our net sales and earnings reached record levels. Our net sales increased by 82% from the previous year to EUR 33.95 million, and the EBITA by 16.8% to EUR 5.69 million.

During the year, we continued the actions accordant with our strategy which aims for growth: we performed our first company acquisition and listed our shares on the First North Finland marketplace operated by Nasdaq Helsinki Ltd. At the end of 2017, we employed 374 people, which is 90.8% more than the previous year. Towards the end of the year, we expanded our operations to Spain and Germany by opening subsidiaries in both countries.

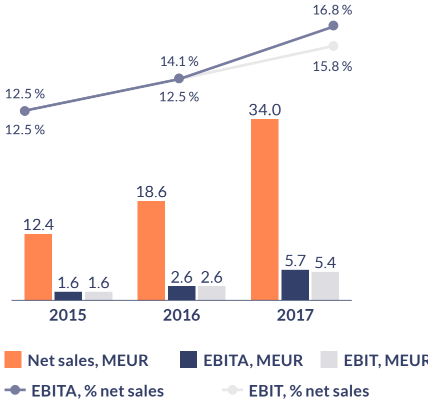
Gofore's services cover the entire value chain – from management consulting to service design and implementation as well as cloud services. Gofore's customer base is extensive and comes from various areas. In 2017, 63% of the group's pro forma net sales came from public sector customers and 37% from private sector customers.

Digitalisation is changing everything. We are a trendsetter in carrying out digital change, and a recognised for renewing work culture.

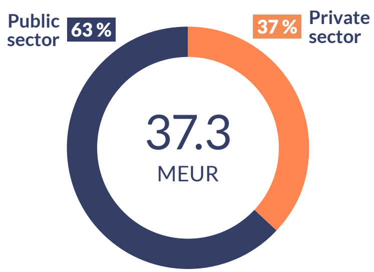
We help our customers make the most of change.

9/10 OVERALL GRADE ON COOPERATION*

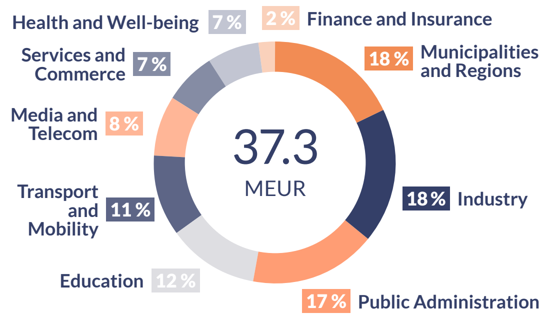
Net sales, EBITA and EBIT 2015–2017



Pro forma net sales by sector in 2017



Pro forma net sales by industry 2017



Gofore in numbers

OUR NET SALES INCREASED BY

82%

TO A TOTAL OF EUR 33.95 MILLION

THE EBITA WAS EUR

5.69

MILLION, AND EBIT EUR 5.36 MILLION

OUR HEADCOUNT INCREASED BY

90.8%

TO A TOTAL OF 374 PEOPLE

OPERATIONS IN SIX LOCATIONS AND FOUR COUNTRIES

* Gofore executes quarterly Customer Satisfaction Pulse polls to track success in projects, how key issues in projects are furthered and overall value of co-operation. The total value for co-operation Gofore got was 9/10 (on a scale of 1 to 10) in 2017.

Highlights of the year

01 The Great Place to Work® win sealed our investment in renewing work culture

We have come a long way on the path of continuous development of work culture. Our long-term work was rewarded when Gofore was chosen as the best workplace in Finland and the second-best workplace in Europe.

02 The first company acquisition accelerated growth

We acquired Leadin Oy, the leading service design company in the field. This allowed us to continue implementing our growth-oriented strategy and expanding our operations. Through our increasingly diversified pool of competence, we aim to serve our current and future international customers on a broad scale.

03 Listing to the First North Finland marketplace

There was multiple over-subscription for Gofore shares, and 70% of Gofore personnel subscribed to shares in the employee offering. At the end of 2017, the market value of the company was EUR 90.8 million.

04 Two new subsidiaries to support internationalisation

Subsidiaries were founded in Germany and Spain, strengthening Gofore's position particularly in the growing IT service market in western Europe.

05 Wrapping up the year with continued growth

Gofore's 2017 net sales broke the record by reaching EUR 33.95 million, with an 82% growth from the same period the previous year. The development was sped up by strong organic growth in addition to the acquisition of Leadin.

A word from the CEO

The year 2017 was another excellent one for Gofore: our reported net sales increased by over 82% to a total of EUR 33.95 million from the previous financial period. At the same time, we improved our profitability, EBITA was EUR 5.69 million, which corresponds to 16.76% of net sales.

Our growth has been strong and profitable for several years. In addition to strong organic growth, we have now also successfully performed our first business acquisition, of Leadin Oy, which specialises in user experience design and service design, and integrated the acquired company as part of Gofore.

Digitalisation expert services are in great demand at the moment. The exponential development of technology, new service innovations, and global competition expose our society and customers to continuous change. The public sector is also aiming to renew itself digitally, seeking improved efficiency and customer experience.

We can offer our customers top-quality expertise for facing these changes. Our competence, extensive and up-to-date service range, and unique working culture make us stand out among our competitors.

Our services are divided into four parts: management consultation (Lead), service design (Design), development of information systems and the related design and management services (Build), and maintenance and expert services which utilise cloud infrastructure (Cloud).

Our customer relationships have developed very profitably in all service areas. Along with the acquisition of Leadin, our range of operating sectors increased, and we received several significant customer relationships from the technology sector. Of our pro forma net sales, 63% was from the public sector, the largest customer relationships being the Finnish Population Register Centre and the development and administration centre for the ELY Centres (KEHA-centre).

We increased our business operations in the private sector significantly, in accordance with our strategy. New and significantly grown customer relationships include Nokia, Outotec, and Alma Media. We signed new contracts with an expected worth of over one million euros each with the Finnish Population Register Centre and the City of Espoo.

"2017 was another excellent year for Gofore – Excited and trusting, we are heading towards the future together with our employees and customers."

The acquisition of a subsidiary in Swansea, UK, and customer relationships in Germany and Denmark developed our international business operations. Our most significant international customer at the moment is the industrial group Voith. Towards the end of the year, we founded subsidiaries in Germany and Spain. 14% of our pro forma net sales came from international operations.

We were also listed on the Nasdaq First North Finland marketplace in November, aiming to improve the preconditions for our future growth. After being listed, our group of owners has expanded and now includes some 70% of our staff. In the future, we aim to use our shares as one part of the incentives offered to our staff, but also as a resource to support our growth.

Our values guide our everyday operations. First of all, we want to be the best place to work for all of our employees. Second, we thrive on the success of our customers. These values have made us a modern-day provider of digital services, constantly developing and producing exceptional experiences to our customers and employees.

Gofore was chosen as the best workplace in Finland and the second-best workplace in Europe in the Great Place to Work® survey. However, the best thing about the Gofore culture is not the awards we receive, but working together every day. Last year's strong and profitable growth, while the top management focused on preparations for being listed, speaks of shared responsibility and enthusiasm.

2018 will continue to be a time of significant development for us as well as our customers. Excited and trusting, we are heading towards the future together with our employees and customers. I want to thank everyone for the support we received in 2017.

Timur Kärki
CEO

Operating environment and strategy

Operating environment

Technology has developed exponentially in the last few decades, and the pace is not slowing down. This has opened up amazing opportunities. Yet, old operating models are inadequate for squeezing out the full benefits of these developments. Digitalisation is about bridging the gap between current operating methods and new ones enabled by advances in technology.

Digitalisation is more than a process of reshaping services to a digital form and replacing old business models with fresh service innovations. It encompasses everything from digital innovations, capabilities and the digitalisation of processes and business activities to customer experience. It is also about creating new methods of communication, expanding networks and facing the changes of our world as it grows ever smaller.

Digitalisation is an unprecedented source of new opportunities and capabilities for economic growth and value creation. In our rapidly-developing world, companies must meet their customers' needs by investing in digital services and service design. Currently, the majority of new products and services are based on digital solutions, the smooth functionality of which is often critical to the customers' business. Moreover, business models have changed in recent years.

The development of service business models is increasingly reliant on networks formed by companies and customers for collaborative service development and value creation. The opportunities provided by digitalisation dissolve sector boundaries, force customer organisations to face growing international competition and increase end customer demands.

Adjustment to the new operating environment and utilising the new opportunities in the best ways possible require changes in work culture as well, not only the organisation's structures, processes, and systems. Technological developments are unpredictable, which means that organisations must be agile in order to react to changes. Hierarchical companies are not sufficiently flexible to adapt and reinvent themselves in our fast-paced world. This is compounded by the fact that the nature of digitalisation and the opportunities it provides is not all that well understood. Precious few can adapt to this change without outside help.

New services must be at the pinnacle of development at all times. For this reason, we feel that service development should take place close to the customer and in small increments.

We see opportunities everywhere, and aim to translate the change for our customers.

Changing markets accelerate growth

According to the technology research company Gartner's forecast, the entire Finnish IT market will grow by approximately 3.1% to EUR 6.85 billion[1]. The size of the IT services market, which is Gofore's core area, amounts to roughly half of this.

We estimate that the IT services market will continue its annual growth of 2–4% in the coming years, driven by digitalisation and new service innovations. We will be focusing on offering customised digital services. According to our estimate, their share of the IT services market stood at EUR 0.8–1.1 billion in 2017.

The market for new digital services has seen strong growth in recent years, and we believe that new IT service providers will seize market share from their more traditional counterparts. We estimate that the demand for new digital services will increase in the coming years by an annual average of 15–25%.

In our estimation, growth in other parts of the world, too, will primarily centre around the development of new digital services in the next few years. Alongside Finland, Gofore primarily operates in the UK and Germany. According to the technology research company Gartner, the IT service market in western Europe grew by approximately 4.1% to a total of EUR 275 billion in 2017[1,2,3].

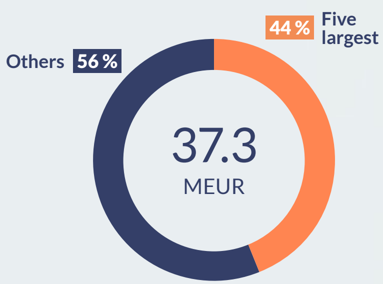
The comprehensive change of culture brought about by digitalisation and the blurring of the boundaries between different sectors are introducing entirely new kinds of service providers, such as service designers and management consultants. As the boundaries between traditional IT consultation services and management consultation services become blurred, Gofore has also expanded its services into the management consultation service market.

Strategy

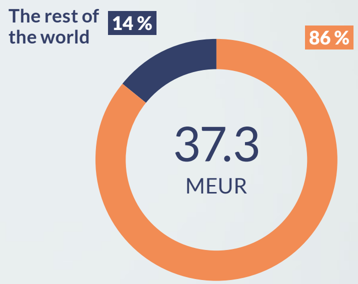
Gofore's business strategy aims for strong growth in Finland as well as internationally. We aim to increase our share of the market generated by digital disruption – and to copy our recipe for success to the increasingly international target market, whilst considering the special features

Gofore aims for strong and profitable growth, and for scaling its success internationally.

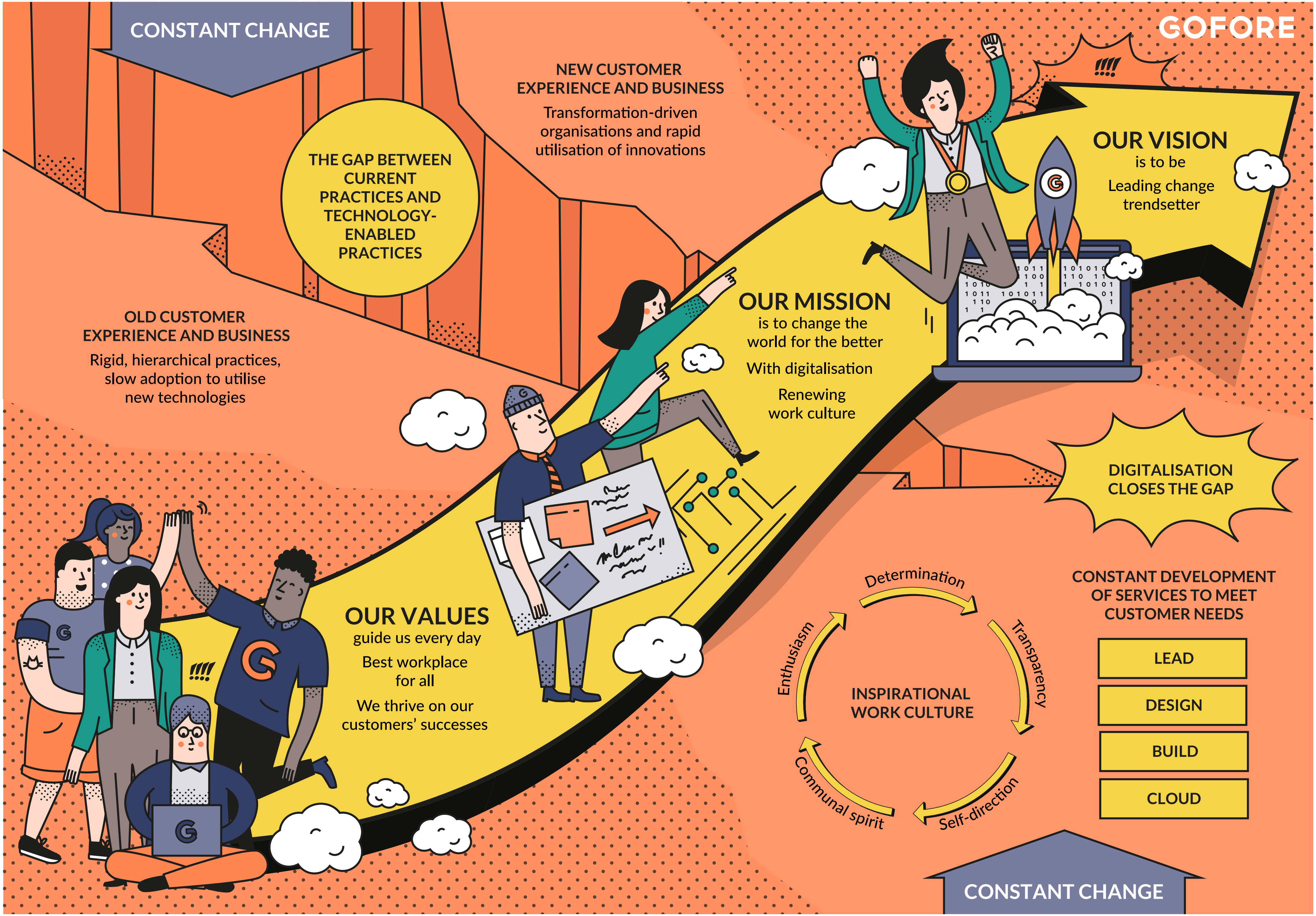
Pro forma net sales by customer 2017



Pro forma net sales by country 2017



[1] Gartner (Marketvisio). Suomen IT-markkinat 2015-2019 – joulukuu 2016 katsaus. https://www.marketvisio.com/articles/suomen-it-markkinat-2015-2019-joulukuun-2016-katsaus/
[2] Gartner. "Gartner Forecasts IT Spending in EMEA Will Grow 1.9. Percent in 2017"
[3] Suomen Pankki, EUR/USD=1,1069 (vuoden 2016 keskikurssi)



CONSTANT CHANGE
GOFORE
NEW CUSTOMER EXPERIENCE AND BUSINESS
Transformation-driven organisations and rapid utilisation of innovations
THE GAP BETWEEN CURRENT PRACTICES AND TECHNOLOGY-ENABLED PRACTICES
OLD CUSTOMER EXPERIENCE AND BUSINESS
Rigid, hierarchical practices, slow adoption to utilise new technologies
OUR VISION
is to be
Leading change trendsetter
OUR MISSION
is to change the world for the better
With digitalisation
Renewing work culture
DIGITALISATION CLOSES THE GAP
OUR VALUES
guide us every day
Best workplace for all
We thrive on our customers' successes
Determination
Transparency
Self-direction
Communal spirit
Enthusiasm
INSPIRATIONAL WORK CULTURE
CONSTANT DEVELOPMENT OF SERVICES TO MEET CUSTOMER NEEDS
LEAD
DESIGN
BUILD
CLOUD
CONSTANT CHANGE

of the various markets. The Leadin acquisition expanded Gofore's customer base to Finnish and foreign companies in the industrial, service, and technology sectors.

Strategic market areas are in Europe

Digitalisation is a strong engine for change in Germany's growing market, and industrial digitalisation is in the core of Gofore's competence. In the UK, private sector customer relationships are growing strongly, and investments are being made in the digitalisation of public operations as well. The right kind of utilisation of the employment market in Spain supports our organic growth.

Plans include expanding business in the private sector and growing through business acquisitions

Expanding business operations in the private sector is another significant strategic focal area. Our strengthened service design expertise also serves our customers in the private sector.

In addition, Gofore will consider business acquisitions which support its strategy. The Leadin acquisition in 2017 expanded our range of services, and the companies' customer bases complemented each other.

Financial goals

Net sales are expected to continue growth in 2018. The company's Board of Directors estimates the 2018 net sales as EUR 46–52 million.

Long-term financial targets

The long-term financial goals defined in 2017 remain unchanged. Gofore is pursuing net sales growth exceeding the growth of the target market, estimated to be an annual 15–25% in the next few years, and earnings before interest, taxes and amortisation (EBITA) of 15%.

Gofore's services cover the entire value chain – from management consulting to service design and build, and to cloud services.

Operating principles

Gofore's operating principles include minimising business risks, continuous change, and the continued development of work culture.

The aim to minimise risks in Gofore's business operations means that the company tries to organise its operations in a way which allows us to avoid bearing our customers' risks in our operations.

Continuous change refers to constantly being in a state of reform. Every year, the company charts new strategic objects of development, as the recognition and development of such areas can strengthen the company's position in the target market.

Developing work culture is a significant part of Gofore's corporate culture, and we feel it is a key to success. We aim to cherish employees' experience.

Services

01 Lead

Through management consulting services, we help our customers to perceive and understand the development of society and the market and their impact on the operating environment and business.

02 Design

We offer first-class service design to create a high-quality user experience for customers and service users.

03 Build

We offer software development, user interface design, and project management services as well as IT enterprise architecture consultancy.

04 Cloud

We offer technology-independent consulting for cloud computing, designing, building, and maintaining reliable cloud infrastructure on various platforms.

Board of Directors and Executive Team

Ali Saadetdin

Chair of the Board of Directors, engineer, born 1949

The Chair of Gofore's Board of Directors since 2006 and the Chair of Ramentor Ltd's Board of Directors since 2007. Previous positions include the Chair of Sportit Finland Ltd's Board of Directors (2001–2016), founder and Chair of Solteq Ltd's Board of Directors (1982–2015), and the Chair of Artekus Ltd's Board of Directors (2002–2006).

Anne-Mari Silvast

Board member, Master of Science (Technology), born 1980

Gofore's board member since 2017 and the company's Technical Project Manager since 2015. Previous positions: Project Manager at the University of Helsinki (2010–2015) and Oy Samlink Ab (2008–2010) and Services Engineer at Ericsson LM Oy Ab (2005–2008).

Sami Somero

Board member, Master of Arts, born 1975

Gofore's board member since 2014. Private investor and board member in several growth companies. CEO of Nurmiranta Holdings Ltd since 2002 and CEO of Central Office Finland Ltd since 2011. Previous positions: Business Director at Cybercom Finland Ltd. (2008–2010), business management roles at Almare and Plenware Groups (1999–2008), development assignments of online services at Infosto Group Ltd and the University of Tampere's Hypermedia Laboratory (1997–1998).

Essential board memberships: Chair of Nurmiranta Holdings Ltd's Board of Directors since 2002 and the Chair of Tamturbo Ltd's Board of Directors since 2011.

Petteri Venola

CFO, Master of Science (Economics and Business Administration), born 1973

Petteri is one of the founding shareholders of Gofore. Board member at Gofore since 2002, and CFO since 2012. Previous positions as Gofore's Director of Development (2010-2012) and CEO (2002–2010). Previously, Petteri worked as the director of TJ Group Ltd's Tampere office (2001–2002), Project Manager of TJ Group's subsidiary Tietovalta Ltd. (1999–2001) and in research roles and as a team manager in the research institute of information technology at the University of Jyväskylä (1997–1999).

Executive Team

Timur Kärki

CEO, Master of Science (Technology), born 1971

Timur is one of Gofore's founding shareholders and has been the company's CEO since 2010. Before this, he was the Projects Director of Gofore in 2002–2010. Previously, Timur has worked as the Chief Technology Officer at Wireless Artificial Intelligence Services Ltd (2001–2002), Production Manager and Senior Software Specialist at Tietovalta Ltd / TJ Group Ltd (1999–2001) and as a specialist at Sonera Ltd (1997–1999).

Petteri Venola

CFO, Master of Science (Economics and Business Administration), born 1973

Petteri is one of the founding shareholders of Gofore. Board member at Gofore since 2002, and CFO since 2012. Previous positions as Gofore's Director of Development (2010-2012) and CEO (2002–2010). Previously, Petteri worked as the director of TJ Group Ltd's Tampere office (2001–2002), Project Manager of TJ Group's subsidiary Tietovalta Ltd. (1999–2001) and in research roles and as a team manager in the research institute of information technology at the University of Jyväskylä (1997–1999).

Juha Virtanen

Sales Director, Master of Science (Economics and Business Administration), born 1977

Juha has worked as Gofore's Sales Director since 2016 and in many expert roles since 2007. Previous positions as Gofore's Director of Software Development (2012–2015) and as Director of Sales and Marketing (2007–2011). Previously, Juha worked as the Sales and Marketing Director of DiCode Ltd (2005–2007) and as the Business Developer of ProApac Co. Ltd (2004–2005).

Riikka Nurminen

Director of Marketing and Communications, Master of Science (Economics and Business Administration), born 1976

Riikka has been Gofore's Director of Marketing and Communications since 2017 and the company's Marketing Director in 2013–2017. Riikka has previously held the positions of Product Marketing Director (2010–2012), Product Manager (2008–2009) and Project Coordinator (2006–2008) at Nokia Ltd.

Erkki Salminen

Director of Culture and competencies, Master of Arts, born 1975

Erkki has worked as the Director of Gofore's Culture and competencies division since 2015 and in many expert roles since 2007. Previous positions as Gofore's Director of Development (2014), Senior Service Architect (2012–2013), Projects Director (2010–2011) and Technical Project Manager (2007–2010). Erkki has previously worked as a Project Manager (2005–2007) and Software Developer (2004-2005) at Solita Ltd as well as an IT consultant at SysOpen Ltd (1998–2004).

Executive Team

Topi Koskinen

Chief Operating Officer, Master of Social Sciences, born 1972

Topi has been Gofore's Chief Operating Officer since 2017. In addition to this, he has also been the CEO of Leadin Group since 2012 and has held various expert roles in 2011–2012. Previously, Topi has worked for Nokia Ltd as a Senior Solution Manager in the development of MeeGo smartphones (2009–2011), Strategic Director of user experience portfolio (2008–2009), Chief User Interface Developer of the development work of N-series mobile devices (2007), User Experience and User Design Director in the development work of S60 mobile phones (2002–2006), and as a Project Manager / user experience specialist in the development work of various mobile phone and PC user interfaces (1997–2002).

Ville Tuominen

Director of International Operations, MBA, born 1975

Ville has worked as the Director of Gofore's international operations since 2017. In addition to this, he has been the Commercial Director of the Leadin Group and has held other management positions since 2014. Previously, Ville has worked for Symbio Ltd as the Business Director of the global mobile sector (2011–2014), for Flander Software Ltd as the Director of software development and quality assurance (2008–2010), and for Nokia Ltd in management roles of product development (2003–2007).

Kristiina Härkönen

Business Director, Cloud Services, Master of Science (Technology), born 1975

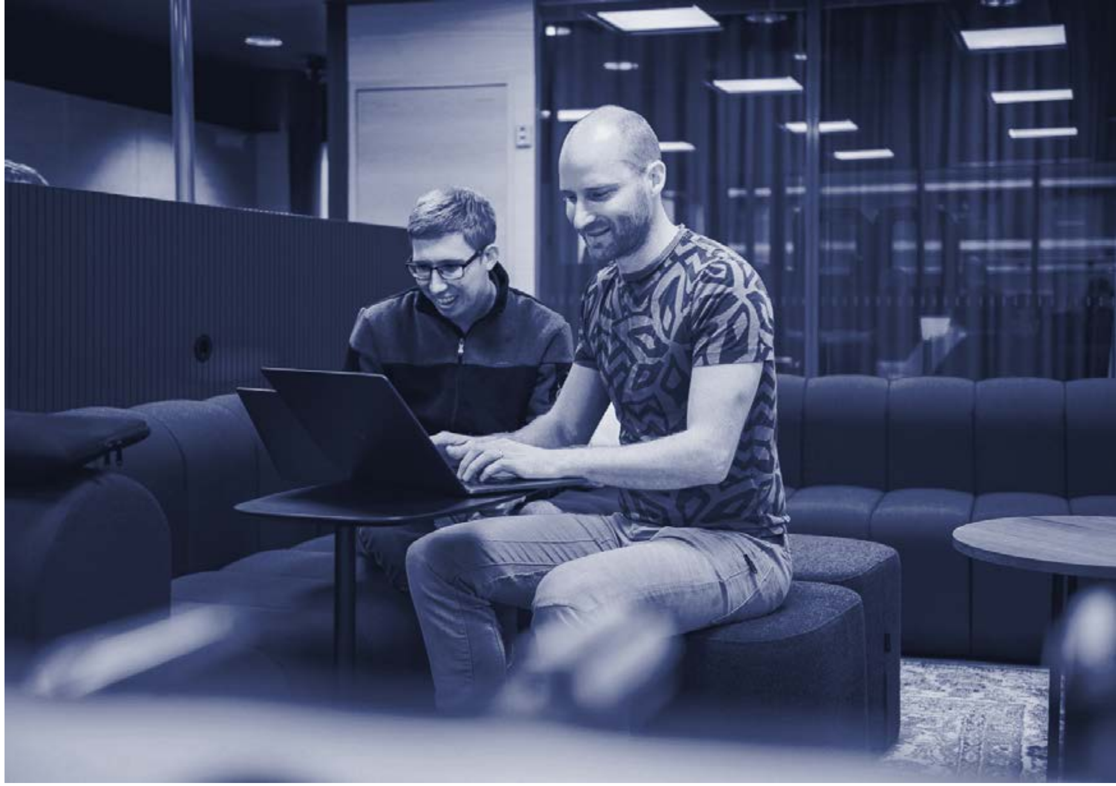
Kristiina has worked as the Director of Gofore's Cloud Services division since 2017 and in many expert roles since 2003. At Gofore, Kristiina has worked as the Director of the Healthcare and Regional administration division (2016–2017), Leading Consultant (2015–2016), Service Architect (2012–2014), Technical Project Manager (2009–2012) and Software Developer (2003–2009). Kristiina has previously worked as software engineer at TJ Group (2000–2003).

Mikael Nylund

Business Director, management consulting, Student of Technology, born 1975

Mikael has been the Business Director of Gofore's management consulting since 2016. He is in charge of Gofore's mergers and acquisitions and has also held the positions of Business Director of the expert's services of the company's IT management (2012–2015) and Senior Consultant (2010–2011). Previously, Mikael has worked as a Technology Director at Enfo Ltd (2005–2010), as a Technology Manager at Capnova Ltd (2001–2005), and as an entrepreneur (1998–2001). He has also been a board member at Capnova since 2008.

Directors' Report and Financial Statements



Directors' report

Key events during the 2017 financial period

During 2017 Gofore continued to implement its strong growth strategy. Service design company Leadin Oy, acquired in May, along with its fully-owned subsidiary Leadin UK Ltd, were absorbed as part of Gofore Plc at the end of December. The acquisition offered a platform for international growth, and expanded services offered to current and future customers through expanding areas of competence, particularly in user experience planning and service design. The customer base expanded in terms of Finnish and international industrial, service, and technology companies.

Gofore was listed in the First North Finland marketplace operated by Nasdaq Helsinki Ltd. in November. Trading in the company's shares began on 16 November 2017 with the share trading code "GOFORE".

In addition, in November, Gofore expanded its operations in Western Europe by establishing subsidiaries in Germany and Spain.

Net sales

The net sales of the Gofore group increased to EUR 33.95 million in January–December 2017, which is an increase of 82.37% compared to 2016. The strong development was affected by organic growth, and since June 2017, the acquisition.

Profitability and the development of the result

In January–December 2017, the Gofore EBITDA was EUR 5.82 million, corresponding to 17.13% of the net sales.

The EBITA in January–December was EUR 5.69 million, or 16.76% of the net sales.

The EBIT in January–December was EUR 5.36 million, or 15.78% of the net sales.

The expenses for being listed on the Nasdaq Helsinki administered First North Finland market added up to approximately EUR 1.12 million, which is entered under funding costs.

The arrangements which led to the group being formed created approximately EUR 5.69 million in goodwill on the balance sheet, which is to be amortised in ten years, in accordance with the Finnish Accounting Standards (FAS).

Figures for the 2016 financial period are not comparable, because the group took its current form during the financial period of 2017.

The personnel expenses in January–December were EUR 18.87 million, or 55.57% of the net sales. This figure increased as the number of personnel increased. The light hierarchy of the group and the operating methods based on a self-steering working culture play a significant role in the management of personnel expenses.

The other operating expenses increased from the same period the previous year to a total of EUR 5.42 million. The largest expense items were the other personnel expenses, facility expenses, and expenses for machinery and equipment.

The Leadin group, acquired in May, grew according to expectations during the 2017 financial period. Its net sales increased by 108.99% to a total of EUR 8.99 million compared to the previous financial period. The EBITDA of the Leadin group was EUR 2.07 million, or 22.96% of the net sales.

Balance sheet, funding, and cash flow

The Gofore group balance sheet total on 31 December, 2017, was EUR 29.29 million (EUR 7.66 million). The increase of the balance sheet is mainly caused by general growth and funds collected in the initial public offering, as well as the restructurings performed.

On 31 December, 2017, the equity ratio of the group was 60.82% (54.12%), with a net gearing of -47.29% (-97.87%). The amount of goodwill on the balance sheet was EUR 5.36 million.

The operating cash flow after interests and direct taxes in January–December was EUR 0.62 million.

At the end of the financial period, the group's liquid cash assets were EUR 12.66 million. The company estimates that in addition to this sum, EUR 0.50 million of invested funds which has been listed as investments on the financial statements can be considered liquid assets because it can, if necessary, be liquidated. The interest-bearing debts added up to EUR 4.79 million, consisting of bank loans. Of this amount, EUR 3.68 million was in long-term and EUR 1.11 million in short-term interest-bearing debts. The company has a current account limit of EUR 1.00 million, which is currently not in use.

Research and development operations

During 2017, the company did not carry out any significant research and development operations. The expenses from the research and development operations during the financial period have been registered into the profit and loss account.

On 1 February, 2017, the company launched the Tekes-funded project 'Kasvu, Kansainvälistyminen ja Digitaalinen Uudistuminen Palveluyrityksessä ("KAKADU")', which aims to develop the company's own operations. The project consists of three tightly connected parts: 1. Development of management capabilities, 2. The internationalisation of Gofore's business activities in its current service range, and 3. Development of the Hohto++ service to meet Gofore's needs, and possibly launching the service in SaaS format (Software as a Service) internationally. The KAKADU project builds on a vision of Gofore being as digital as possible.

Hohto++ is a management tool being designed for the measurement and management of factors essential for business operations, such as customer and employee satisfaction, sales, and resourcing. The intention is to facilitate management of the company with a light hierarchy even when it is larger, through collecting information and analysing and sharing it in real time. It may be possible to launch the Hohto++ system as SaaS open for everyone, if its development is successful and a sufficient level of maturity is achieved. The estimated total costs from the KAKADU project are EUR 778,000. Tekes has approved the budget, and has agreed to fund the project to 50% of the estimated total costs. Funding has been granted for the KAKADU project until 30 June, 2018.

In addition, the company has participated in the EU-funded Multi Platform Application Toolkit (MPAT) development project in 2017, which has been developing a multi-channel publication system for the future.

The company's business areas and organisatorial structure

Gofore is a digitalisation specialist company, providing expert and capacity services for corporate customers and public sector operators in Finland and Europe. The company's services are divided into the management of digital change, service design and software development, as well as consultation in the utilisation of cloud services and the offering of cloud capacity.

The parent company of the group, Gofore Plc, is the full owner of the following subsidiaries:

- Erofog Oy (inactive)
- Leadin Oy (absorbed as part of Gofore Plc on 31 December 2017)
- Gofore UK Ltd
- Gofore Germany GmbH
- Gofore Spain SL

Personnel and offices

At the end of the financial period, the group employed a total of 374 people, of whom 355 work in Finland, where the company has offices in Helsinki, Jyväskylä, and Tampere. Other offices are located in Swansea (UK), Munich (Germany), and Madrid (Spain).

Compared to the end of 2016, the number of personnel increased by 178 people, which is an increase of 90.8%. The average number of employees during the review period was approximately 290.

In February 2017, Gofore was chosen as the best workplace in Finland in the Great Place to Work® survey, in the medium-sized workplaces group. The company was also chosen as the second best workplace in Europe. The high level of employee satisfaction and the good working atmosphere remain among the main objectives of the group, together with high customer satisfaction.

The Gofore executive team consists of CEO Timur Kärki, Chief Financial Officer Petteri Venola, Chief Operating Officer Topi Koskinen, Sales Director Juha Virtanen, Director of Culture and competencies Erkki Salminen, Business Director, management consulting and M&A Mikael Nylund, Director of International Operations Ville Tuominen, Director of Marketing and Communications Riikka Nurminen, and Business Director, Cloud Services Kristiina Härkönen.

Starting on 31 March, 2017, the Gofore group Board of Directors consists of Ali U. Saadetdin (chairman of the Board), Sami Somero, Anne-Mari Silvast, and Petteri Venola.

Changes to the group structure

During the financial period, two subsidiaries were founded: Gofore Germany GmbH on 28 November, 2017, and Gofore Spain SL on 14 November, 2017. The subsidiaries are fully owned by the parent company. Leadin Oy absorbed as part of Gofore Plc on 31 December 2017.

Short-term risks and uncertainty factors

The availability of skilled employees and the success of recruitment are the major uncertainty factors related to continued growth.

Risks related to the company's operating environment

Unfavourable economic trends and negative social and political developments may have adverse effects on the company's business.

If there are changes in the IT development of the Finnish public sector and cuts to IT project budgets, these may have a harmful impact on the company's business, profit, and financial standing.

Potential failures of the company or its competitors in significant IT projects may worsen the company's position in the market and make it more difficult for it to secure new projects.

Risks related to the company's business operations

The company has noted that its globally operating public sector customer base is inclined towards a certain slowness in achieving legal acquisition decisions and assignment documents. However, the business representatives in this customer group often hope for the assignment to be launched quickly, which may lead to situations where the company's project group launches a customer project at its own risk some weeks before a legal order has been signed.

The company may fail in business acquisitions accordant with its strategy, or there may be challenges with internationalisation and reaching the financial goals defined.

The company may fail to appropriately implement potential changes related to the growth and development of business in the organisation and its operating culture.

Increases in labour costs may have a negative impact on the overall costs and profitability of the company.

The use of subcontractors and other cooperation partners involves risks, which include their operations which may damage the company and any uncertainties related to the cooperation and subcontracting agreements.

The company's existing agreements do not always include an obligation to buy, and they may not lead to purchases.

The loss or financial difficulties of significant customers may have harmful effects on the company's business operations.

Failures in the planning, management and follow-up of projects or the tendering process may lead to increased costs, customer complaints and negative impacts on the profitability of the company's business operations.

The company may fail to find potential targets for acquisitions or the integration of acquired targets, and business acquisitions may cause unpredictable risks and hidden responsibilities for the company.

The company's international business operations and their expansion may involve political, financial, legislative and other risks.

Funding and financial risks

The company may not receive the required funding on competitive terms, or at all.

Inability to fulfil the covenant terms included in funding agreements may lead to increased funding costs or the creditor demanding immediate payment of loans.

The realisation of tax risks, for example those related to transfer pricing, may lead to financial losses, which may have a detrimental effect on the company's business.

Injury risks

Ordinary risks related to personal injury or damage to property also apply to the company's business operations.

Appropriate insurance policies are in place to prepare for injury risks.

Annual general meeting

The annual general meeting of Gofore Plc was organised in Tampere on 31 March, 2017. The general meeting confirmed the financial statements for 2016 and discharged the members of the Board of Directors and the CEO from liability for the accounts regarding 2016. According to the proposal by the Board, the annual general meeting decided to issue a total of EUR 528,000 in dividends, and EUR 312,399 in work contribution dividends to holders of B shares. The annual general meeting authorised the Board of Directors to decide on additional dividends. In its meeting on 25 April, 2017, the Board decided to issue a total of EUR 211,200 in additional dividends.

The KPMG Oy Ab auditing community was selected as the auditor, with CPA Teemu Suoniemi as appointed auditor.

The unanimous decision of the Gofore Plc shareholders was delivered on 31 May, 2017, in Tampere. A private placement of a total of 7,788 new company shares for compensation was decided on. The new shares were used to strengthen the commitment of key persons in the acquisition of the Leadin group through share exchange.

Shares, shareholders, and share-based incentive programmes

After the distribution of the stock, the company's total number of shares was 11,338,800, with 1,610,000 new shares offered for subscription in the initial public offering (IPO). All shares were subscribed in the IPO.

On 31 December, 2017, the total number of Gofore Plc shares was 12,948,800. During the review period, the company did not hold its own shares.

Trading started on Gofore's shares in the First North Finland market administered by Nasdaq Helsinki on 16 November, 2017, using the stock symbol GOFORE. The subscription price was EUR 6.35 per share for the Public Offering and Institutional Offering and EUR 5.72 per share for the Personnel Offering.

The company's B shares were redeemed and the series of B shares discontinued as part of the listing arrangements in autumn 2017.

In the Personnel Offering, employees were allocated a Matching Share incentive programme according to which, the subscribers of shares receive one bonus share for each of the three subscribed shares if they are employed by the group three years after the start of trading and have continuously held the shares subscribed for in the Personnel Offering throughout this period.

A total of 253 employees or members of the Board of Directors have signed the terms of the Matching Share programme and the number of shares to be paid to these employees is 115,436 shares at the time of the financial statements release. The company may acquire the shares from the market or from a directed share issue.

Views for the 2018 financial period

The net sales is expected to continue its growth in 2018. The company's Board of Directors estimates the 2018 net sales as EUR 46–52 million.

Long-term financial objectives

The long-term financial objectives defined in 2017 remain unchanged. Gofore is pursuing net sales growth exceeding the growth of the target market, estimated to be an annual 15–25% in the next few years, and an EBITA margin of 15%.

Proposal for dividends

The distributable equity of the parent company on 31 December, 2017 was EUR 17,095,549.12, of which the profit for the financial period was EUR 2,679,895.94.

The Board of Directors proposes to the annual general meeting that EUR 0.15 per share be paid in dividends for 2017, which adds up to a total of EUR 1,942,320.00. The dividends will increase by 163% from the previous year, and the total sum corresponds to approximately 59% of the result for the financial period.

No significant changes have taken place in Gofore's financial status since the ending of the previous financial period. The company's liquidity is good, and the Board does not consider the proposed profit distribution to endanger the company's liquidity.

Events after the turn of the financial period

The company has rented additional offices in Helsinki and Tampere.

The net sales in January 2018 were EUR 4.1 million, and at the end of January, the number of personnel was 377.

Financial disclosure in 2018

On 15 August, 2018, the company will publish a mid-year report for January–June 2018.

The annual general meeting of Gofore Plc will be on Tuesday 27 March, 2018 at 4.00 pm, at the company's head office at Kalevantie 2, Tampere.

Summary of the trading in Nasdaq Helsinki 16 November–31 December, 2017

January–December 2017 (16 Nov–31 Dec 2017)	Traded shares	Total value, EUR	Highest, EUR	Lowest, EUR	Volume weighted average price (in constant trading, VWAP), EUR	Latest, EUR
Gofore	2,194,096	14,145,628	7.20	6.40	6.86	7.01

	31 Dec 2017	31 Dec 2016*
Market value, EUR	90,771,088	N/A
Shareholders (according to the shareholder list maintained by Euroclear Finland Oy)	2,555	N/A

* Trading on the company's shares started on 16 November 2017, figures for the comparison period are not available.

Key figures

Reported

In thousands of euros, unless otherwise mentioned	7–12/2017	7–12/2016[1]	2017	2016[1]
Net sales	19,583	9,934	33,950	18,616
Growth of net sales, %	97.1	65.5	82.4	49.9
EBITDA	3,220	1,479	5,817	2,709
EBITDA margin, %	16.4	14.9	17.1	14.6
Earnings before interest, taxes and amortisation (EBITA)[3]	3,145	1,425	5,691	2,625
Earnings before interest, taxes and amortisation (EBITA) margin, %[3]	16.1	14.3	16.8	14.1
Earnings (EBIT)	2,860	1,425	5,359	2,625
Earnings (EBIT) margin, %	14.6	14.3	15.8	14.1
Profit for the financial period	1,311	1,151	3,319	2,108
Adjusted profit for the financial period[2]	2,666	1,151	4,778	2,108
Earnings per share (EPS), undiluted, euros	0.11	0.11	0.28	0.20
Adjusted earnings per share (adjusted EPS), undiluted, euros	0.23	0.11	0.41	0.20
Number of outstanding shares at the end of the period (issue-adjusted[4])	12,948,800	10,560,000	12,948,800	10,560,000
Equity ratio, %	60.8	54.1	60.8	54.1
Net gearing, %	-47.3	-97.9	-47.3	-97.9
Return on equity (ROE), %[5]	21.6	69.1	30.3	63.3
Return on investment (ROI), %[5]	34.8	85.2	22.5	53.8
Number of staff at the end of the review period	374	196	374	196

[1] Figures for the periods 7–12/2016 and 2016 are for the parent company. The figures for the Leadin group have been combined with the figures for the Gofore group starting on 1 June, 2017.
[2] The adjusted profit for the financial period refers to the profit for the financial period to which amortisation of goodwill and the non-recurring funding expenses from listing have been added.
[3] EBITA is an alternative key figure, referring to earnings before interest, taxes and amortisation. EBITA is calculated by adding the interest, taxes and amortisation to the earnings. The EBITA margin (%) is calculated by dividing EBITA by the net sales and multiplying by 100.
[4] Issue-adjusted refers to the redistribution of the stock prior to listing in October 2017.
[5] Annualised.

Calculation of key figures

The key figures were calculated using the following formulas:

Growth of net sales = $\left(\dfrac{\text{Net sales for the reporting period}}{\text{Net sales for the comparison period}} - 1\right) \times 100$

EBITDA = Earnings + amortisations and depreciations

EBITDA margin, % = $\dfrac{\text{Earnings + amortisations and depreciations}}{\text{Net sales}} \times 100$

Earnings before interest, taxes and amortisation (EBITA) = Earnings + amortisation of goodwill

Earnings before interest, taxes and amortisation (EBITA) margin, % = $\dfrac{\text{Earnings + amortisation of goodwill}}{\text{Net sales}} \times 100$

Net debt (net cash) = Long-term loans from financial institutions + short-term loans from financial institutions – cash and cash equivalents – other shares and parts of fixed assets

Adjusted profit for the financial period = Profit for the financial period + amortisation of goodwill + non-recurring funding expenses

Equity ratio, % = $\dfrac{\text{Equity}}{\text{Balance sheet total – advances received}} \times 100$

Net gearing, % = $\dfrac{\text{Long-term loans from financial institutions + short-term loans from financial institutions – cash and cash equivalents – other shares and parts of fixed assets}}{\text{Equity}} \times 100$

Return on equity (ROE), % = $\dfrac{\text{Profit for the financial period (annualised)}}{\text{Average equity}} \times 100$

Return on investment (ROI), % = $\dfrac{\text{Profit before taxes (annualised) + financial income and expenses (annualised)}}{\text{Average equity + average interest-bearing debts}} \times 100$

Earnings per share (EPS), undiluted, euros = $\dfrac{\text{Profit for the financial period}}{\text{Average issue-adjusted number of outstanding shares during the period}}$

Adjusted earnings per share (adjusted EPS), undiluted, euros = $\dfrac{\text{Adjusted profit for the financial period}}{\text{Average issue-adjusted number of outstanding shares during the period}}$

Financial Statements

CONSOLIDATED INCOME STATEMENT

	1 Jan–31 Dec, 2017
NET SALES	**33,950,446.19**
Other operating income	306,377.57
Materials and services	
Purchases	-2,642.98
External services	-4,149,134.77
	-4,151,777.75
Personnel expenses	
Salaries and compensations	-15,332,017.82
Pensions	-2,814,701.87
Other personnel expenses	-720,722.48
	-18,867,442.17
Depreciations and amortisations	-457,884.82
Other operating expenses	-5,420,702.36
EARNINGS BEFORE INTEREST AND TAXES	**5,359,016.66**
Financial income and expenses, net	-1,172,325.41
PROFIT BEFORE YEAR-END ALLOCATIONS AND TAXES	**4,186,691.25**
Income taxes	-868,007.22
PROFIT FOR THE FINANCIAL PERIOD	**3,318,684.03**

GROUP BALANCE SHEET

Assets	31 Dec, 2017
NON-CURRENT ASSETS	
Intangible assets	5,493,742.77
Equipment	389,129.64
Investments	550,500.00
TOTAL NON-CURRENT ASSETS	6,433,372.41
CURRENT ASSETS	
Long-term receivables	
Loans receivable	15,295.00
Short-term receivables	
Accounts receivable	8,786,050.48
Loans receivable	26,220.00
Other receivables	489,096.73
Accrued income	880,318.91
Total short-term receivables	10,181,686.12
Cash and cash equivalents	12,656,699.61
TOTAL CURRENT ASSETS	22,853,680.73
ASSETS TOTAL	**29,287,053.14**

Equity and liabilities	31 Dec, 2017
SHAREHOLDERS' EQUITY	
Share capital	80,000.00
Paid-up unrestricted equity reserve	11,459,199.42
Translation differences	-3,571.75
Retained earnings	2,956,016.62
Profit for the financial period	3,318,684.03
TOTAL SHAREHOLDERS' EQUITY	17,810,328.32
LIABILITIES	
Non-current liabilities	
Loans from financial institutions	3,682,857.10
Current liabilities	
Loans from financial institutions	1,105,365.80
Advances received	14,999.99
Trade payables	1,589,210.01
Other payables	1,672,395.33
Accrued expenses	3,410,208.86
Deferred tax liabilities	1,687.73
Total current liabilities	7,793,867.72
TOTAL LIABILITIES	11,476,724.82
TOTAL EQUITY AND LIABILITIES	**29,287,053.14**

CONSOLIDATED CASH FLOW STATEMENT

	31 Dec, 2017
Cash flow from operating activities:	
Profit/loss before year-end allocations and taxes	4,186,691.25
Adjustments:	
Depreciations and amortisations	457,884.82
Financial income and expenses (-/+)	1,172,325.41
Cash flow before change in working capital	5,816,901.48
Change in working capital:	
Increase/decrease in short-term non-interest-bearing receivables	-4,719,840.74
Increase/decrease in short-term non-interest-bearing debts	1,318,486.85
Cash flow before financial items and taxes	2,415,547.59
Interests and expenses paid from other operating finance costs	-1,168,461.87
Other finance income	177.65
Taxes paid	-626,726.74
Cash flow from operating activities (A)	**620,536.63**
Cash flow from investing activities:	
Capital expenditure	-418,516.71
Investments to shares in subsidiaries	-4,684,714.06
Other investments	-50,000.00
Cash flow from investing activities (B)	**-5,153,230.77**
Cash flow from financing activities:	
Share issue subject to a charge	10,156,035.56
Long-term loan withdrawals	5,272,653.77
Long-term loan repayments (–)	-792,746.09
Dividends paid and other profit distribution (–)	-1,051,598.80
Cash flow from financing activities (C)	**13,584,344.44**
Change in cash and cash equivalents (A + B + C) increase (+) / decrease (-)	**9,051,650.30**
Cash and cash equivalents at the beginning of the financial period (1 Jan)	3,605,049.31
Cash and cash equivalents at the end of the financial period (31 Dec)	**12,656,699.61**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Scope of the consolidated financial statements

The consolidated financial statements include all subsidiaries. The comparative is not presented because the consolidated financial statements were not prepared in the comparative year.

Accounting policies for the consolidated financial statements

Internal shareholdership

The consolidated financial statements have been prepared using the acquisition cost method. The difference between purchase price and acquired equity is presented as consolidation goodwill, which is amortized according to plan in 10 years.

Internal transactions and margins

Intercompany business transactions, unrealised margins, receivables and liabilities as well as internal profit distribution have been eliminated.

Valuation principles and methods

The book value of the Group's 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.

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.

Allocation principles and methods

The acquisition cost of current assets belonging to the group's 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. In 2016, the parent company introduced a labor-based dividend system, which was implemented in 2017, confirmed by the Annual General Meeting. For 2017, the company decided not to implement a similar incentive arrangement because a directed share issue was held for the personnel in connection with the company's listing.

In the Personnel Offering, employees were allocated a Matching Share incentive programme according to which, the subscribers of shares receive one bonus share for each of the three subscribed shares if they are employed by the group three years after the start of trading and have continuously held the shares subscribed for in the Personnel Offering throughout this period.

A total of 253 employees or members of the Board of Directors have signed the terms of the Matching Share programme and the number of shares to be paid to these employees is 115,436 shares at the time of the financial statements release. The company may acquire the shares from the market or from a directed share issue.

Planned depreciation and their changes:

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Other operating income	2017
Received benefits and grants	306,377.57
	306,377.57
Personnel expenses	
Salaries and remunerations	15,332,017.82
Pension expenses	2,814,701.87
Other social security expenses	720,722.48
Total	18,867,442.17
Depreciation and reduction in value	
Depreciation according to plan	
Goodwill	332,184.59
Other non-current assets	33,914.07
Machinery and equipment	91,786.16
	457,884.82
Other operating expenses	
Personnel expenses	939,556.42
Expenses from business premises	1,396,836.52
Equipment and software expenses	1,138,700.20
Sales and marketing expenses	549,654.98
Administrative expenses	691,747.65
Other operating expenses	704,206.59
Total operating expenses	5,420,702.36

Financial income	2017
Other interest income and other financial income	
From others	
Interest income	177.65
	177.65
Financial expenses	
Interest and other financial expenses	
To others	
Expenses from initial public offering	1,122,290.51
Interest expenses	38,029.81
Other interest expenses	12,182.74
	1,172,503.06

NOTES TO THE BALANCE SHEET

Intangible assets

Development costs	31 Dec, 2017
Acquisition cost 1 Jan	0.00
Additions	38,021.49
Acquisition cost 31 Dec	38,021.49
Accumulated amortization for the financial period	0.00
Book-value 31 Dec	38,021.49
Group goodwill	
Acquisition cost 1 Jan	0.00
Additions	5,694,593.00
Acquisition cost 31 Dec	5,694,593.00
Accumulated amortization for the financial period	-332,184.59
Book-value 31 Dec	5,362,408.41
Other long-term expenditure	
Acquisition cost 1 Jan	111,966.43
Additions	58,833.00
Acquisition cost 31 Dec	170,799.43
Accumulated amortization in the beginning of the financial period	-63,746.89
Amortization for the financial period	-13,739.67
Book-value 31 Dec	93,312.87
Total intangible assets	**5,493,742.77**

Tangible assets

Machinery and equipment	31 Dec, 2017
Acquisition cost 1 Jan	261,751.23
Additions	274,736.09
Acquisition cost 31 Dec	536,487.32
Accumulated depreciations in the beginning of the financial period	-98,673.25
Book-value 31 Dec	-89,914.43
Kirjanpitoarvo lopussa	347,899.64

Other tangible assets	31 Dec, 2017
Acquisition cost 1 Jan	16,350.00
Additions	24,880.00
Acquisition cost 31 Dec	41,230.00
Tangible assets total	**389,129.64**

Investments

Other shares	31 Dec, 2017
Acquisition cost	500,500.00
Additions	50,000.00
Book-value 31 Dec	550,500.00
Current receivables	
Loan receivables from group companies	15,295.00
	15,295.00
Non-current receivables	
Accounts receivables	8,786,050.48
Loans receivable	26,220.00
Other receivables	489,096.73
Prepaid expenses and accrued income	880,318.91
	10,181,686.12

Long-term and short-term loans receivables have been granted to minority shareholders for acquiring the parent company's shares. Loans are interest free.

Accrued income includes all substantial items	31 Dec, 2017
Pension insurance receivables	105,727.78
Accrued cost	44,292.65
Accrued income	204,309.00
Receivables from grants	302,833.71
Occupational healthcare compensation	61,806.19
Other	161,349.58
	880,318.91

NOTES ON THE EQUITY AND LIABILITIES

Changes in equity

	31 Dec, 2017
Share capital 1 Jan	8,448.00
Scrip issue	71,552.00
Share capital 31 Dec	80,000.00
Restricted equity	80,000.00
Paid-up unrestricted equity reserve 1 Jan	34,048.00
Share issue subject to a charge	153,035.56
Share issue related to acquisitions	1,269,115.86
Initial Public Offering subject to a charge	10,003,000.00
Paid-up unrestricted equity reserve 31 Dec	11,459,199.42
Translation differences	-,3,571.75
Retained earnings 1 Jan	1,971,465.76
Retained earnings, transfer	2,107,701.66
Dividends	-1,051,598.80
Scrip issue, transfer to share capital	-71,552.00
Retained earnings 31 Dec	2,956,016.62
Profit for the financial period	3,318,684.03
Unrestricted equity	17,723,752.62
Total equity	**17,803,577.42**

Liabilities

Non-current loans	**31 Dec, 2017**
Loans from credit institutions	3,682,857.10
	3,682,857.10
Total non-current liabilities	**3,682,857.10**
Current liabilities	
Loans from credit institutions	1,105,365.80
Advances received	14,999.99
Trade payables	1,589,210.01
Other payables	1,672,395.33
Accruals and deferred income	3,410,208.86
	7,792,179.99
Material items included in accruals and deferred income	
Personnel expenses	2,727,357.48
Expense accruals	331,249.22
Income tax accrual	347,560.97
Other	4 ,041.19
	3,410,208.86
Total current liabilities	**7,792,179.99**

NOTES ON THE CASH FLOW STATEMENT

The costs relating to the initial public offering are presented in cash ow from operating activities. The total amount of the costs was EUR 1,122,291.

GROUP'S COLLATERAL AND CONTINGENT LIABILITIES

Liabilities for business mortgages

	31 Dec, 2017
Loans from credit institutions	4,788,222.90
Mortgages	7,840,000.00

Nominal amounts of rents for leasing and lease contracts

Leasing liabilities	31 Dec, 2017
Current	577,848.03
Non-current	702,314.50
Total	1,280,162.53
Lease liabilities	
Current	1,639,678.33
Non-current	3,413,495.34
Total	5,053,173.67

Other commitments

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations.

Total liability under revision 31 Dec, 2017	18,564.68
Revision period ends	31 Dec, 2026

NOTES ON THE AUDITOR'S FEE

	31 Dec, 2017
Auditing	29,000.00
Statements	57,068.00
Tax services	11,209.75
Other	93,506.88
Total	190,784.63

NOTES ON THE PERSONNEL AND MANAGEMENT

Average number of personnel during the financial year by function

	2017
White collar	290

CEO and Board fees and management remuneration

	2017
CEO and Board fees and management remuneration	288,044.32

GROUP COMPANIES

Company	Domicile	Ownership
Gofore Plc	Tampere, Finland	Parent
Erofog Oy	Tampere, Finland	100%
Gofore UK Ltd.	Swansea, UK	100%
Gofore Spain SL	Madrid, Spain	100%
Gofore Germany GmbH	München, Germany	100%
Leadin Oy	Tampere, Finland	100%

During the financial year new subsidiaries were established in Germany (28 November) and Spain (14 November).

During the financial year, Leadin Oy was merged into Gofore Plc. Date of the merger was 31 Dec, 2017.

Parent company financial statements

PARENT COMPANY INCOME STATEMENT

	1 Jan–31 Dec, 2017	1 Jan–31 Dec, 2016
NET SALES	**28,671,590.41**	**18,616,292.24**
Other operating income	230,396.71	79,319.00
Materials and services		
Purchases	-1,045.84	-7,618.09
External services	-4,000,596.39	-1,834,180.65
	-4,001,642.23	-1,841,798.74
Personnel expenses		
Salaries and remunerations	-12,780,887.08	-8,850,869.72
Pensions	-2,382,447.66	-1,681,578.17
Other personnel expenses	-608,029.74	-530,454.13
	-15,771,364.48	-11,062,902.02
Depreciation and amortisations	-98,826.05	-83,499.36
Other operating expenses	-4,586,292.89	-3,082,212.15
EARNINGS BEFORE INTERESTS AND TAXES	**4,443,861.47**	**2,625,198.97**
Financial income and expense, net	-1,162,808.36	10,967.95
PROFIT BEFORE YEAR-END ALLOCATIONS AND TAXES	**3,281,053.11**	**2,636,166.92**
Change in cumulative accelerated depreciation	-8,438.63	0.00
Income taxes	-592,718.54	-528,465.26
PROFIT FOR THE FINANCIAL PERIOD	**2,679,895.94**	**2,107,701.66**

PARENT COMPANY BALANCE SHEET

Assets	1 Jan–31 Dec, 2017	1 Jan–31 Dec, 2016
NON-CURRENT ASSETS		
Intangible assets	5,119,504.83	48,219.54
Tangible assets	355,422.59	179,427.98
Investments		
Investments in subsidiaries	132,087.25	10,000.00
Other investments	550,500.00	500,500.00
	682,587.25	510,500.00
NON-CURRENT ASSETS	6,157,514.67	738,147.52
CURRENT ASSETS		
Long-term receivable		
Loans receivable	15,295.00	41,515.00
	15,295.00	41,515.00
Short-term receivables		
Accounts receivable	8,598,239.06	2,877,527.30
Receivables from subsidiaries	256,305.59	15.05
Loans receivable	26,220.00	26,220.00
Other receivables	485,667.06	291,465.05
Prepayments and accrued income	618,387.20	85,211.98
	9,984,818.91	3,280,439.38
Cash in hand and at banks receivables	12,270,563.80	3,595,490.20
TOTAL CURRENT ASSETS	22,270,677.71	6,917,444.58
TOTAL ASSETS	**28,428,192.38**	**7,655,592.10**

Equity and liabilities	1 Jan–31 Dec, 2017	1 Jan–31 Dec, 2016
SHAREHOLDER'S EQUITY		
Share capital	80,000.00	8,448.00
Paid-up unrestricted equity reserve	11,459,199.42	34,048.00
Retained earnings	2,956,453.76	1,971,902.90
Profit for the financial period	2,679,895.94	2,107,701.66
TOTAL SHAREHOLDER'S EQUITY	17,175,549.12	4,122,100.56
APPROPRIATIONS	8,438.63	0.00
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	3,682,857.10	0.00
	3,682,857.10	0.00
Current liabilities		
Loans from financial institutions	1,105,365.80	61,625.00
Advances received	14,999.99	39,160.93
Trade payables	1,517,586.69	684,895.70
Liabilities to group companies	121,283.87	0.00
Other payables	1,489,924.12	969,076.80
Accrued expenses	3,312,187.06	1,778,733.11
	7,561,347.53	3,533,491.54
TOTAL LIABILITIES	11,244,204.63	3,533,491.54
TOTAL EQUITY AND LIABILITIES	**28,428,192.38**	**7,655,592.10**

CASH FLOW STATEMENT

	1 Jan–31 Dec, 2017	1 Jan–31 Dec, 2016
Cash flow from operating activities:		
Profit before appropriations	3,281,053.11	2,636,166.92
Adjustments:		
Depreciations and amortisations	98,826.05	83,499.36
Financial income and expenses (–/+)	1,162,808.36	-10,967.95
Cash flow before working capital changes	4,542,687.52	2,708,698.33
Change in working capital		
Increase/decrease in trade and other short-term non-interest-bearing receivables (–) /(+)	-4,384,064.29	-1,044,887.05
Increase/decrease in short-term non-interest-bearing debts (+)/(–)	1,210,554.24	877,721.94
Cash flow before financing items and taxes	1,369,177.47	2,541,533.22
Interests and expenses paid from other operating finance costs	-1,158,876.20	-12,503.35
Other finance income	109.03	23,218.09
Taxes paid	-467,496.71	-409,674.74
Cash flow from operating activities (A)	-257,086.41	2,142,573.22
Cash flow from investing activities		
Capital expenditure	-315,877.29	-162,563.59
Investments to shares in subsidiaries	-5,407,146.05	0.00
Cash received in merger	982,371.59	0.00
Other investments	-50,000.00	-500,000.00
Cash flow from investments (B)	-4,790,651.75	-662,563.59

	1 Jan–31 Dec, 2017	1 Jan–31 Dec, 2016
Cash flow from financing activities:		
Share issue subject to a charge	10,156,035.56	0.00
Long-term loan withdrawals	5,200,000.00	0.00
Long-term loan repayments (–)	-581,625.00	-77,250.00
Dividends paid and other profit distribution (–)	-1,051,598.80	-528,000.00
Cash flows from financing activities (C)	13,722,811.76	-605,250.00
Change in cash and cash equivalents (A + B + C) (+) / (–)	**8,675,073.60**	**874,759.63**
Cash and cash equivalents at beginning of period (1 Jan)	3,595,490.20	2,720,730.57
Cash and cash equivalents at end of period (31 Dec)	**12 270 563,80**	**3 595 490,20**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes to the financial statements

Valuation principles and methods

The book value of the intangible assets of the company is their original acquisition cost that is depreciated according to plan.

Investments, securities and subsidiary shares have been valued at acquisition cost.

Current assets are valued at nominal value or lower probable value.

Liabilities are valued at nominal value.

Items denominated in foreign currencies have been converted into euros using the exchange rate on the balance sheet date.

Allocation principles and methods

The acquisition cost of current assets belonging to the group's 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.

In 2016, the parent company introduced a labor-based dividend system, which was implemented in 2017, confirmed by the Annual General Meeting. For 2017, the company decided not to implement a similar incentive arrangement because a directed share issue was held for the personnel in connection with the company's listing.

In the Personnel Offering, employees were allocated a Matching Share incentive programme according to which, the subscribers of shares receive one bonus share for each of the three subscribed shares if they are employed by the group three years after the start of trading and have continuously held the shares subscribed for in the Personnel Offering throughout this period.

A total of 253 employees or members of the Board of Directors have signed the terms of the Matching Share programme and the number of shares to be paid to these employees is 115,436 shares at the time of the financial statements release. The company may acquire the shares from the market or from a directed share issue.

Allocation of income

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.

Planned depreciation and their changes:

There have been no changes in the company's depreciation principles.

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Other operating income	2017	2016
Received benefits and grants	212,896.71	79,319.00
Other	17,500.00	0.00
	230,396.71	79,319.00

Personnel expenses		
Salaries and remunerations	12,780,887.08	8,850,869.72
Pension expenses	2,382,447.66	1,681,578.17
Other social security expenses	608,029.74	530,454.13
Total	15,771,364.48	11,062,902.02

Depreciation and reduction in value		
Depreciation according to plan		
Other non-current assets	13,739.67	28,077.55
Machinery and equipment	85,086.38	55,421.81
	98,826.05	83,499.36

Other operating expenses		
Expenses from business premises	1,192,787.86	754,890.49
Equipment and software expenses	969,679.16	619,357.54
Personnel expenses	821,089.99	513,815.76
Administrative expenses	581,972.54	409,133.93
Sales and marketing expenses	540,436.32	438,612.30
Other operating expenses	480,327.02	346,402.13
Total operating expenses	4,586,292.89	3,082,212.15

Financial items	2017	2016
Financial income		
Income from investments in other non-current assets		
From others	0.00	1,150.22
Other interest income and other financial income		
From group companies	79.65	0.00
From others		
Interest income	29.38	452.27
Other financial income	0.00	10,689.97
	109.03	12,292.46
Financial expenses		
Reverse of impairment losses on floating-rate financial assets	0.00	-10,925.63
Interest and other financial expenses		
To others		
Expenses from listing	1,122,290.51	0.00
Interest expenses	29,276.15	1,153.01
Other financial expenses	11,350.73	11,097.13
	1,162,917.39	1,324.51

NOTES TO THE BALANCE SHEET ASSETS

Intangible assets

Development expenses	31 Dec, 2017	31 Dec, 2016
Acquisition cost 1 Jan	0.00	0.00
Additions	38,021.49	0.00
Acquisition cost 31 Dec	38,021.49	0.00
Amortization for the financial period	0.00	0.00
Book value 31 Dec	38,021.49	0.00
Goodwill		
Acquisition cost 1 Jan	0.00	0.00
Additions	4,988,170.47	0.00
Acquisition cost 31 Dec	4,988,170.47	0.00
Accumulated amortization for the financial period	0.00	0.00
Book-value 31 Dec	4,988,170.47	0.00
Other long-term expenditure		
Acquisition cost 1 Jan	111,966.43	59,448.88
Additions	58,833.00	52,517.55
Acquisition cost 31 Dec	170,799.43	111,966.43
Accumulated amortization in the beginning of the financial period	-63,746.89	-35,669.34
Amortization for the financial period	-13,739.67	-28,077.55
Book-value 31 Dec	93,312.87	48,219.54
Total intangible assets	**5,119,504.83**	**48,219.54**

Tangible assets

Machinery and equipment	31 Dec, 2017	31 Dec, 2016
Acquisition cost 1 Jan	261,751.23	151,705.19
Additions	236,200.99	110,046.04
Acquisition cost 31 Dec	497,952.22	261,751.23
Accumulated depreciation and impairment	-98,673.25	-43,251.44
Amortization for the financial period	-85,086.38	-55,421.81
Book-value 31 Dec	314,192.59	163,077.98
Other tangible assets		
Acquisition cost 1 Jan	16,350.00	16,350.00
Additions	24,880.00	0.00
Acquisition cost 31 Dec	41,230.00	16,350.00
Tangible assets total	**355,422.59**	**179,427.98**

Investments

Investments in subsidiaries	31 Dec, 2017	31 Dec, 2016
Acquisition cost 1 Jan	10,000.00	10,000.00
Additions	6,770,349.16	0.00
Deductions, merger	-6,648,261.91	0.00
Acquisition cost at 31 Dec	132,087.25	10,000.00
Other shares		
Acquisition cost 1 Jan	500,500.00	500.00
Additions	50,000.00	500,000.00
Acquisition cost 31 Dec	550,500.00	500,500.00

Other shares and holdings include EUR 500,000 investment in insurance-form capitalization contracts provided by Finnish life insurance companies.

Long-term receivables	31 Dec, 2017	31 Dec, 2016
Loans receivable	15,295.00	41,515.00
	15,295.00	41,515.00
Short-term receivables		
Sales receivables	8,598,239.06	2,877,527.30
Sales receivables from group companies	14,618.64	0.00
Loan receivables from group companies	142,781.42	0.00
Other receivables from group companies	98,905.53	15.05
Loans receivable	26,220.00	26,220.00
Other receivables	485,667.06	291,465.05
Prepaid expenses and accrued income	618,387.20	85,211.98
	9,984,818.91	3,280,439.38

Long-term and short-term loan receivables have been granted to minority shareholders for acquiring the parent company's shares. Loans are interest free.

Accrued income includes all substantial items	31 Dec, 2017	31 Dec, 2016
Pension insurance receivables	105,727.78	0.00
Accrued cost	44,292.65	0.00
Accrued Income	204,309.00	0.00
Receivables from grants	202,251.58	50,000.00
Occupational healthcare compensation	61,806.19	35,212.00
	618,387.20	85,212.00

NOTES ON THE EQUITY AND LIABILITIES

Changes in equity

	31 Dec, 2017	31 Dec, 2016
Share capital 1 Jan	8,448.00	8,448.00
Scrip issue	71,552.00	0.00
Share capital 31 Dec	80,000.00	8,448.00
Restricted equity	80,000.00	8,448.00
Paid-up unrestricted equity reserve 1 Jan	34,048.00	34,048.00
Share issue subject to a charge	153,035.56	0.00
Share issue related to acquisitions	1,269,115.86	0.00
Initial Public Offering subject to a charge	10,003,000.00	0.00
Paid-up unrestricted equity reserve 31 Dec	11,459,199.42	34,048.00
Retained earnings 1 Jan	1,971,902.90	1,273,728.47
Retained earnings transfer	2,107,701.66	1,226,174.43
Dividends	-1,051,598.80	-528,000.00
Scrip issue, transfer to share capital	-71,552.00	0.00
Retained earnings 31 Dec	2,956,453.76	1,971,902.90
Profit for the financial period	2,679,895.94	2,107,701.66
Unrestricted equity	17,095,549.12	4,113,652.56
Total equity	**17,175,549.12**	**4,122,100.56**

Distributable non-restricted equity	31 Dec, 2017	31 Dec, 2016
Invested unrestricted equity reserve	11,459,199.42	34,048.00
Retained earnings	2,956,453.76	1,971,902.90
Profit for the financial year	2,679,895.94	2,107,701.66
ACTIVATED DEVELOPMENT EXPENSES	-38,021.49	0.00
Distributable free equity	17,057,527.63	4,113,652.56

Appropriations

Change in reserves	31 Dec, 2017	31 Dec, 2016
Machinery and equipment	8,438.63	0.00
	8,438.63	0

Liabilities

Long-term liabilities	31 Dec, 2017	31 Dec, 2016
Loans from financial institutions	3,682,857.10	0.00
	3,682,857.10	0.00
Non-current liabilities	**3,682,857.10**	**0.00**

Short-term liabilities	31 Dec, 2017	31 Dec, 2016
Loans from financial institutions	1,105,365.80	61,625.00
Advances received	14,999.99	39,160.93
Trade creditors	1,517,586.69	684,895.70
Trade creditors from group companies	121,283.87	0.00
Other creditors	1,489,924.12	969,076.80
Accruals and deferred income	3,312,187.06	1,778,733.11
	7,561,347.53	3,533,491.54

Items related to accruals and deferred income	31 Dec, 2017	31 Dec, 2016
Personnel expenses	2,701,995.97	1,626,872.55
Expense accruals	329,067.51	0.00
Income tax accrual	277,082.39	151,860.56
Other	4,041.19	
	3,312,187.06	1,778,733.11
Total current liabilities	**7,561,347.53**	**3,533,491.54**

NOTES ON THE CASH FLOW STATEMENT

The costs relating to the initial public offering are presented in cash ow from operating activities. The total amount of the costs was EUR 1,122,291.

COLLATERAL AND CONTINGENT LIABILITIES

Liabilities secured with corporate mortgages

	31 Dec, 2017	31 Dec, 2016
Loans from financial institutions	4,788,222.90	61,625.00
Corporate mortgages given	7,840,000.00	250,000.00

Nominal amounts of rents for leasing and lease contracts

Leasing liabilities	31 Dec, 2017	31 Dec, 2016
Current	577,848.03	295,497.65
Non-current	702,314.50	421,670.97
Total	1,280,162.53	717,168.62
Real estate leases	**31.12.2017**	**31.12.2016**
Current	1,639,678.33	976,662.59
Non-current	3,413,495.34	2,557,914.78
Total	5,053,173.67	3,534,577.37

Other commitments

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations.

Total liabilities 31 Dec, 2017	18,564.68
Return liabilities end	31 Dec, 2026

NOTES ON THE AUDITOR FEE

	31 Dec, 2017	31 Dec, 2016
Auditing	22,000.00	16,500.00
Statements	57,068.00	0.00
Tax services	11,209.75	0.00
Other	91,506.88	10,677.75
Total	181,784.63	27,177.75

NOTES ON THE PERSONNEL AND MANAGEMENT

Average number of personnel during the financial year by function breakdown

	2017	2016
White collar	245	167

CEO and Board fees and management remuneration

	2017	2016
CEO and Board fees and management remuneration	203,640.36	160,351.00

GROUP COMPANIES

Company	Domicile	Ownership
Gofore Plc	Tampere, Finland	Parent
Erofog Oy	Tampere, Finland	100%
Gofore UK Ltd.	Swansea, UK	100%
Gofore Spain SL	Madrid, Spain	100%
Gofore Germany GmbH	Munich, Germany	100%
Leadin Oy	Tampere, Finland	100%

During the financial year new subsidiaries were established in Germany (28 November) and Spain (14 November).

During the financial year, Leadin Oy was merged into Gofore Plc. Date of completion of the merger was 31 Dec, 2017.

NOTES ON ACCOUNTING ENTITY

Parent company Gofore Plc
Domicile Tampere
Address Kalevantie 2, 33100 Tampere

A copy of the consolidated financial statements is available from the parent company's office from the above mentioned address.

Signatures of the annual report and financial statements

Tampere, 9 March 2018

Ali U. Saadetdin
Chairman of the Board

Timur Kärki
CEO

Petteri Venola
Member of the Board

Sami Somero
Member of the Board

Anne-Mari Silvast
Member of the Board

Auditors' note

Tampere, 9 March 2018

KPMG Oy Ab

Teemu Suoniemi
Authorised Public Accountant

Auditor's report

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Gofore Plc (business identity code 1710128-9) for the year ended 31 December, 2017. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the 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.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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 in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on 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 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 company 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.

Other reporting requirements

Other information

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

Our opinion on the financial statements does not cover the other information.
In connection with our audit of the financial statements, our responsibility is to read the 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 report of the other information, we are required to report that fact. We have nothing to report in this regard.

Tampere, 9 March 2018

KPMG OY AB

Teemu Suoniemi
Authorised Public Accountant, KHT

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