

Half-year report, 1 January-30 June 2023



While Siili grew, the challenging market affected profits

JANUARY-JUNE 2023

- Revenue EUR 65,288 (58,875) thousand
- Revenue growth EUR 6,413 thousand, or 10.9%
- Organic revenue growth EUR 3,484 thousand, or 5.6%
- EBITA EUR 5,010 (6,448) thousand, -22.3%
- EBITA margin 7.7% (11.0%) of revenue

APRIL-JUNE 2023

- Revenue EUR 31,664 (29,520) thousand
- Revenue growth EUR 2,144 thousand, or 7.3%
- Organic revenue growth EUR 829 thousand, or 2.7%
- EBITA EUR 1,661 (2,922) thousand, -43.1%
- EBITA margin 5.2% (9.9%) of revenue

JANUARY-JUNE

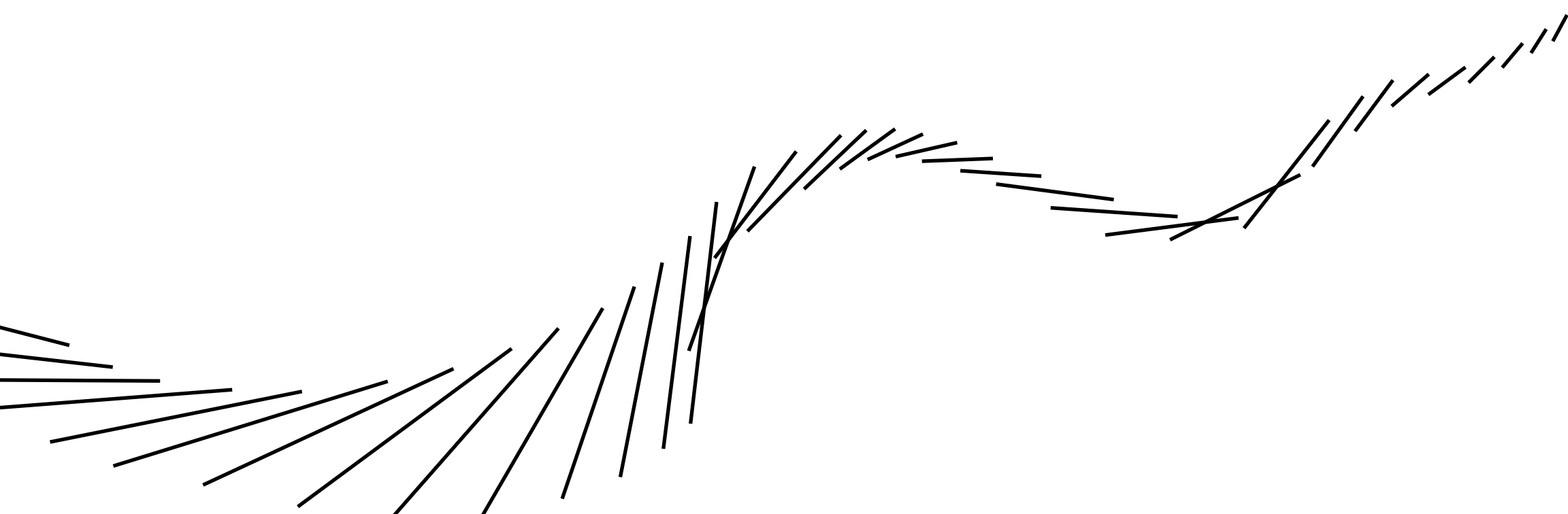
	Jan.–Jun./2023	Jan.–Jun./2022	Jan.–Dec./2022 ¹
Revenue, EUR 1,000	65,288	58,875	118,334
Share of international revenue, %	25.9%	23.9%	25.2%
Adjusted EBITA, EUR 1,000 ²	5,010	6,448	11,868
EBITA, EUR 1,000	5,010	6,448	11,629
EBITA, % of revenue	7.7%	11.0%	9.8%
EBIT, EUR 1,000	4,149	5,704	10,149
Number of employees at the end of the period	1,061	942	1,045
Number of full-time employees and subcontractors (FTE) at the end of the period	1,248	1,127	1,226

¹ The figures of the Haallas Finland Oy have been consolidated into Siili's figures as of 1 October 2022.

² Reported starting from H1 2023, see alternative performance measures.

APRIL-JUNE

	Apr.–Jun./2023	Apr.–Jun./2022
Revenue, EUR 1,000	31,664	29,520
Adjusted EBITA, EUR 1,000	1,661	2,922
EBITA, EUR 1,000	1,661	2,922
EBITA, % of revenue	5.2%	9.9%
Number of employees at the end of the period	1,061	942
Number of full-time employees and subcontractors (FTE) at the end of the period	1,248	1,127



OUTLOOK FOR 2023 AND FINANCIAL TARGETS FOR 2023-2026

The updated financial guidance of revenue for 2023 is estimated to be EUR 120-140 million and EBITA EUR 8.3-11.8 million.

The previous guidance for the current year's group revenue was EUR 125-145 million and EBITA EUR 12-15.5 million.

On 11 May 2022, the company published new long-term financial targets for 2023-2026. The targets for the period 2023-2026 are as follows:

- Annual revenue growth of 20%, with organic growth accounting for about half.
- EBITA 12% of revenue. Operating profit before amortisation and impairment for fair value adjustments on acquisitions.
- Net debt / EBITDA < 2. The target for the ratio of net debt and EBITDA remains below two.
- The target continues to be to pay a dividend corresponding to 30-70% of net profit annually. The dividend policy remains unchanged.

CEO TOMI PIENIMÄKI:

From an operational and service quality perspective, Siili performed well in the first year-half. We were successful in new sales to the public sector in Finland, which has particular strategic importance for us. However, we faced a weakening market in all businesses towards the summer.

Revenue grew from the previous year, but tightening market conditions at the end of the period weighed on growth. In the first half of the year, revenue grew organically by 6%, as opposed to over 15% a year earlier. The rapid slowdown in revenue growth was driven in particular by the weak second quarter and a rapid change in market conditions in the Siili Group's areas of operation.

Profitability was impaired by the slowdown in revenue growth and a rise in the general cost level. EBITA came in below estimates in January-June, to stand at 7.7% of revenue. In the second quarter of the year, the EBITA ratio was 5%, representing a decline from about 10% a year earlier. Due to the developments in the first year-half, we downgraded our guidance for the current period in mid-July.

The rapid change in the market situation and operating environment, both in Finland and internationally, has slowed down the launch of certain new projects, while also tightening price competition both in the private and public sector. Tighter price competition made it challenging to integrate rising costs into customer prices.

We are intensifying and increasing our actions to boost sales and improve cost efficiency. We are also adjusting our operations and cost structure to the altered market climate. In the transformation negotiations initiated in August, we seek different solutions to restore our competitiveness and profitability. Siili will continue to ensure its competitiveness as a diverse technology powerhouse.

While the markets evolve, our strengths and capabilities will carry us forward. As an example, we can be satisfied with our success in

the Tax Administration's extensive tender. We were chosen as one of the suppliers for a six-year contract period whose estimated total value reaches almost EUR 90 million. Another significant deal was concluded with the Finnish Food Authority, marking a continuation of our strong existing cooperation. The estimated total value of the five-year contract in the areas including Siili as one of the suppliers is almost EUR 50 million.

We continued the implementation of our growth strategy and the recruitment of new talent in April by acquiring Talentree Ltd's business focusing on software development. We are at the forefront in the use of innovative technologies and tools. Artificial intelligence-assisted development represents a wealth of new and interesting opportunities for our customers and employees, and hence we decided to channel the potential into a newly founded subsidiary, Siili Spaiks Ltd, which will have close cooperation with the entire Siili Group in order to share best practices and to develop top tier services.

Siili's personnel grew to 1,061 experts during the period, and the availability of new experts on the markets has eased during the second quarter. Attrition has also decreased. We take care of the continuous learning and development of the Siilis by renewing our operating models actively.

We have a positive outlook on the future even if there are headwinds in the markets. Our key task at present is to look after our clients and competitiveness. During the remainder of the year, we will responsibly align Siili's activities with the new market conditions. We will protect our strengths - the ability to deliver and a strong customer satisfaction - while maintaining the agility of our operating model even in the face of rapid changes in the operating environment. Concurrently we believe that there will be strong demand for Siilis' solid expertise also in the future as digitalisation continues strong.

I want to extend my thanks again to all Siilis for a job well done and to our customers for their trust. Despite the current downturn in the markets, we continue to look confidently forward to the autumn.



REVENUE AND PERFORMANCE

In the first half of 2023, the Group's revenue increased by 10.9% (20.8%) year-on-year. Revenue grew by EUR 6,413 (10,135) thousand, totalling EUR 65,288 (58,875) thousand. Organic revenue growth was EUR 3,484 (7,618) thousand, or 5.6% (15.6%). The share of international operations of the Group's revenue for the review period was 25.9% (23.9%). Revenue growth slowed down both domestically and in the international operations due to a rapid change in market conditions towards the end of the year-half.

Subcontracting costs arising from the use of external services increased year-on-year, amounting to EUR 14,236 (12,793) thousand. As a proportion of revenue, subcontracting costs remained largely unchanged at 21.8% (21.7%). Employee benefit expenses for the review period totalled EUR 37,826 (32,806) thousand, or 57.9% (55.7%) of revenue. The growth of employee benefit expenses was driven, among other things, by a general rise in the wage level. The number of employees at the end of the half-year period was 1,061 (942), representing a year-on-year increase of 12.6% (14%). The total cost arising from subcontracting and employee benefits in proportion to revenue increased from a year earlier, to stand at 79.7% (77.5%) of revenue. Other operating expenses amounted to EUR 6,541 (5,374) thousand, or 10.0% (9.1%) of revenue. The growth of other operating expenses reflected the acquisition of Haallas Finland Oy and a year-on-year increase in ICT expenses.

The Group's EBITDA for the review period was EUR 6,814 (8,034) thousand, or 10.4% (13.6%) of revenue. EBITDA decreased by 15.2% year-on-year. EBITA was EUR 5,010 (6,448) thousand, or 7.7% (11.0%) of revenue. The Group's profitability weakened in the review period as a result of the slowdown in revenue growth and a general rise in the cost level.

Half-yearly EBIT stood at EUR 4,149 (5,704) thousand. Net financial income for the financial period totalled EUR 415 (-1,372) thousand. In the review period, the Group recognised financial

income of EUR 1,522 (-904) thousand from fair value adjustments on contingent consideration liabilities. The profit for the period before taxes was EUR 4,564 (4,217) thousand, and earnings per share were EUR 0.44 (0.44).

FINANCING AND CAPITAL EXPENDITURE

The Group's statement of financial position totalled EUR 100,267 (96,506) thousand at the end of the first year-half. The Group's equity ratio was 40.9% (41.4%), return on investment (ROI) was 15.5% (19.1%), and the net debt to EBITDA ratio was 0.29 (-0.30).

During the review period, the Group's cash flow from operations was EUR 3,301 (6,726) thousand, representing a decrease of 50.9% year-on-year. Cash flow from operations was reduced partly due to the weakening of the Group's operating result from the comparison period.

Cash flow from investing activities for the first year-half was EUR -4,488 (-649) thousand, including a contingent consideration of EUR 2,546 thousand paid for the acquisition of Haallas Finland Oy and a consideration of EUR 1,093 thousand paid to the minority interest for the acquisition of an additional stake in Vala Group Oy.

Cash flow from financing activities in the review period amounted to EUR -6,112 (10,416) thousand. The company repaid a total of EUR 1,259 thousand of its bank loans in the review period. The shareholders of Siili Solutions Plc were paid a dividend of EUR 1,622 thousand out of the result for the financial period 2022, and EUR 731 thousand was paid to the non-controlling shareholders of Supercharge Kft.

At the end of the review period, the Group's liquid funds totalled EUR 28,953 (36,741) thousand, and the Group had EUR 2,500 thousand in unused credit facilities. At the end of the review period, the Group's interest-bearing bank loans stood at EUR 10,000 (12,512) thousand, of which EUR 2,513 thousand consisted of short-term loans.

EMPLOYEES, MANAGEMENT AND GOVERNANCE

The total number of employees at the end of June was 1,061 (942). The average number of employees during the period was 1,053 (914).

At the end of the review period, the company's Leadership Team included Tomi Pienimäki (CEO), Alekski Kankainen (CFO), Kari Pirttikangas (COO), Kenneth Lindfors (CCO), Taru Salo (CHRO) and Andras Tessenyi (CEO, Supercharge Kft).

At the end of the review period, the Board of Directors of the company included Harry Brade (Chair), Anu Nissinen (Deputy Chair), Kati Hagros, Tero Ojanperä and Jesse Maula.

KEY EVENTS DURING THE REVIEW PERIOD

Completed share-buy back programme

The company announced on 15 March 2023 that it had successfully completed a share-buy back programme, in which the company acquired in aggregate 30,000 own shares for the purposes of fulfilling key employees' long-term incentive schemes.

Changes in Leadership Team

Andras Tessenyi, CEO of Siili Solution Plc's subsidiary Supercharge Kft, was appointed to the Leadership Team as of 1 March 2023.

RISK FACTORS AND UNCERTAINTIES

Siili may be exposed to various risk factors relating to Siili's operations and operative environment. Realization of such risks may have adverse effect to Siili's business, economic position or to the company's valuation. Key risks relating to Siili's business have been described below. In addition, Siili has identified other risks that may become material in the future. Furthermore, there exists risk of which Siili is not necessarily aware of and which may become material.

- Losing one or more key customers, material decline in customer demand, customer's economic difficulties or changes in their strategy that have adverse effects to Siili.
- Failure to meet quantitative or qualitative recruitment objectives or failure to meet customer demand in a timely manner.
- Failures in customer pricing, planning, delivery or improving cost efficiency. The probability and potential adverse effects of the aforementioned risks increase during the economically uncertain operational environment.
- Losing key personnel or decline in employee brand image.
- Realisation of information security risks, e.g. due human errors.
- General negative or weakened economical development and related uncertainties in customers' operative environment.
- General economic cycle and changes in customers' operating environment may have adverse effects in IT investments, e.g. due to postponed decision-making or postponed or terminated projects.

The war in Ukraine neither has nor is anticipated to have a direct impact on Siili's business. Increased economic uncertainty, inflation and increased interest rate environment may nevertheless affect us and our customers in the future. Although these impacts are difficult to foresee, we mitigate them by focusing on customer satisfaction and cost-efficiency.

More information on the company's risks and risk management are presented in the Annual Review 2022 as well as the Report of the Board of Directors and the Consolidated Financial Statements.

GENERAL MEETING

Annual General Meeting

Siili Solutions Plc's Annual General Meeting was held in Helsinki, Finland, on 30 March 2023.

Adoption of the financial statements and release from liability

The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 2022 and granted release from liability to the members of the Board of Directors and the Chief Executive Officer.

Dividend

The Annual General Meeting resolved that a dividend of EUR 0.20 per share be paid from the company's distributable funds on the adopted balance sheet for financial year 2022, totaling approximately EUR 1,63 million, and that the remaining part of the distributable funds be retained in shareholders' equity.

Remuneration report

The Annual General Meeting confirmed the report on remunerations paid to the governing bodies of the company.

Board of Directors and its remuneration, auditor and its remuneration

The number of members of the Board of Directors was confirmed as five (5). Harry Brade, Anu Nissinen, Kati Hagros, Tero Ojanperä and Jesse Maula were re-elected to the Board. The Annual General Meeting decided to increase the remuneration of the Board of Directors and its Committees as follows: the Chairperson of the Board of Directors is paid EUR 3,850 per month, the Vice Chairperson EUR 3,000 per month and the other members EUR 2,000 per month. The Chairpersons of the Board's Committees are paid EUR 200 per month for their work on the committees, in addition to which all Committee members are paid a meeting fee of EUR 300 per meeting. In addition, the Board members will receive compensation for travel expenses in line with the company's business travel policy.

KPMG Oy AB, Authorized Public Accountants, were re-elected as the company's auditor, with Leenakaisa Winberg, APA, continuing as the company's responsible auditor. The Annual General Meeting decided, in accordance with the Board of Directors' proposal, that the auditor shall be paid a fee against the auditor's reasonable invoice.

Authorisations of the Board of Directors

The Annual General Meeting authorised the Board of Directors to decide on the acquisition and/or acceptance as collateral of the company's own shares, subject to the following terms:

A maximum of 813,100 shares may be acquired and/or accepted as collateral pursuant to the authorisation, corresponding to approximately 10 percent of all shares in the company. The shares will be acquired in public trading arranged by Nasdaq Helsinki Ltd at the market price at the time of purchase. The company's own shares can be acquired in a manner other than in proportion to the existing holdings of shareholders in public trading. The acquisition of shares will reduce the company's non-restricted equity. The Board of Directors will decide on other terms and conditions related to the acquisition and/or acceptance as collateral of the shares. The authorisation is valid until the end of the next Annual General Meeting, but not beyond 30 June 2024.

The Board of Directors was also authorised to decide on an issue of shares and on an issue of special rights carrying entitlement to shares in accordance with Chapter 10, Section 1 of the Finnish Companies Act, in one or more tranches, either against consideration or free of charge.

The maximum total number of shares issued, including shares issued on the basis of special rights, is 813,100, which corresponds to approximately 10 per cent of all shares in the company.

The Board of Directors may decide to issue new shares or to transfer treasury shares held by the company. The authorisation

entitles the Board of Directors to decide on all terms and conditions for an issue of shares and an issue of special rights entitling their holders to shares, including the right to derogate from the shareholders' preferential subscription right. The authorisation may be used for strengthening the company's statement of financial position, for paying transaction prices related to acquisitions, in incentive plans or for other purposes decided by the Board of Directors. The authorisation is valid until the end of the next Annual General Meeting, but not beyond 30 June 2024.

SHARE AND SHAREHOLDERS

The company has one series of shares, and all of its shares carry entitlement to equal rights. On 30 June 2023, the total number of shares in Siili Solutions Plc entered in the Trade Register was 8,137,082. The number of outstanding shares in the company increased by 5,636 shares during the review period. New shares were subscribed with option rights 2019A and 2020A during the review period.

The company or its subsidiaries held 27,954 shares in Siili Solutions Plc at the end of the review period. On 30 June 2023, the members of the company's Board of Directors and Management Team owned a total of 42,347 shares in the company. In addition, an entity under the control of a Board member owns 1,301,267 shares.

During the review period, the highest price of the company share was EUR 17.45, the lowest price was EUR 14.65 and the average price was EUR 16.07. The closing price at the end of the review period was EUR 15.90. The company's market capitalisation decreased by 1.17% from the end of 2022 and amounted to MEUR 129.4 (130.9) on 30 June 2023.

The company had a total of 6,238 (6,147) shareholders on 30 June 2023. The number of shareholders increased by 1.48% from the

end of 2022. A list of the largest shareholders is available on the company website at <https://sijoittajille.siili.com/en/>.

EVENTS AFTER THE REVIEW PERIOD

The company announced on 13 July 2023 that it decreases the financial guidance for revenue and EBITA for year 2023. According to the updated guidance the revenue for 2023 is estimated to be EUR 120–140 million and EBITA EUR 8.3–11.8 million. The previous guidance for the current year's group revenue was EUR 125–145 million and EBITA EUR 12–15.5 million.

Furthermore, the company announced on 8 August 2023 that it initiates change negotiations to address the weakened market conditions. The negotiations concern Siili Group's support functions and the Continuous Services business unit, and they cover a total of approximately 80 employees. According to the preliminary estimate, the change negotiations could result in a reduction of a total of 15 employees. During the change negotiations, other possibilities to reduce costs and adapt operations will also be carefully considered.

In addition to the above, the company's management is not aware of any other events of material importance after the review period that might have affected the preparation of the half-year report.

FINANCIAL CALENDAR FOR 2023

The company will publish a business review for 1 January–30 September 2023 (Q3) on 24 October 2023.

Siili has updated its disclosure policy and started bilingual communications as from 1 July 2023. Going forward, all Siili's releases and annual reports will be published both in Finnish and English.

Key figures

	Jan–Jun/2023	Jan–Jun/2022	Jan–Dec/2022
Revenue, EUR 1,000	65,288	58,875	118,334
Revenue growth, %	10.9%	20.8%	19.2%
Organic revenue growth, %	5.6%	15.6%	15.2%
Share of international revenue, %	25.9%	23.9%	25.2%
EBITDA, EUR 1,000	6,814	8,034	14,928
EBITDA, % of revenue	10.4%	13.6%	12.6%
EBITA, EUR 1,000	5,010	6,448	11,629
EBITA, % of revenue	7.7%	11.0%	9.8%
Adjusted EBITA	5,010	6,448	11,868
Adjusted EBITA, % of revenue	7.7%	11.0%	10.0%
EBIT, EUR 1,000	4,149	5,704	10,149
EBIT, % of revenue	6.4%	9.7%	8.6%
Profit for the period, EUR 1,000	3,542	3,115	3,748
Profit for the period, % of revenue	5.4%	5.3%	3.2%
Equity ratio, %	40.9%	41.4%	38.7%
Gearing, %	9.7%	-11.2%	4.5%
Net debt/EBITDA	0.29	-0.30	0.12
ROE, %	17.5%	19.4%	11.5%
ROI, %	15.5%	19.1%	15.5%
Basic earnings per share (EPS), EUR	0.44	0.44	0.49
Diluted EPS, EUR	0.44	0.44	0.49
Average number of employees during the period	1,053	914	965
Number of employees at the end of the period	1,061	942	1,045
Number of full-time employees (FTE) at the end of the period	1,035	927	1,003
Number of full-time subcontractors (FTE) at the end of the period	213	200	223
Total full-time employees and subcontractors (FTE) at the end of the period	1,248	1,127	1,226

	Apr–Jun/2023	Apr–Jun/2022
Revenue, EUR 1,000	31,664	29,520
Revenue growth, %	7.3%	17.4%
Organic revenue growth, %	2.7%	17.4%
EBITA, EUR 1,000	1,661	2,922
EBITA, % of revenue	5.2%	9.9%
Average number of employees during the period	1,058	932

Alternative performance measures

Siili Solutions Plc. uses alternative performance measures to describe the trend of the Group's profitability. The alternative performance measures should be reviewed parallel with the IFRS key figures. EBITDA is calculated by adding depreciation, amortisation and impairment to operating profit. EBITA is calculated by adding amortisation and impairment for fair value adjustments on acquisitions to operating profit. Adjusted EBITA is calculated by adding items affecting comparability to EBITA, such as direct costs of acquisitions. Organic revenue growth is calculated based on comparable revenue, reflecting changes in the corporate structure. The management uses these key figures for the monitoring and analysis of business development, profitability, and our financial position.

Organic revenue growth, % EUR 1,000	H1 2023	H1 2022	Y2022
Revenue	65,288	58,875	118,334
Comparable pro forma -revenue in the comparison period	61,805		
Organic revenue growth, %	5.6%		

Calculation formula applied from 1 January 2023.

EBITA, Adjusted EBITA and EBITDA EUR 1,000	H1 2023	H1 2022	Y2022
EBIT	4,149	5,704	10,149
Amortisation and impairment for fair value adjustments on acquisitions	861	744	1,480
EBITA	5,010	6,448	11,629
Transaction costs / income (+/-) from business combinations	-	-	239
Restructuring costs	-	-	-
Other items affecting comparability	-	-	-
Adjusted EBITA	5,010	6,448	11,868

EBIT	4,149	5,704	10,149
Depreciation, amortisation and impairment	2,665	2,330	4,779
EBITDA	6,814	8,034	14,928

Gearing, % EUR 1,000	H1 2023	H1 2022	Y2022
Financial liabilities measured at amortized cost	14,524	17,130	16,099
Contingent considerations measured at fair value through profit or loss	18,369	15,211	22,011
Liquid funds	-28,953	-36,741	-36,315
Net debt	3,940	-4,400	1,795
Equity	40,699	39,271	40,321
Gearing, %	9.7%	-11.2%	4.5%

Consolidated income statement and consolidated statement of comprehensive income

EUR 1,000	H1 2023 1 Jan–30 Jun	H1 2022 1 Jan–30 Jun	Y2022 1 Jan–31 Dec	EUR 1,000	H1 2023 1 Jan–30 Jun	H1 2022 1 Jan–30 Jun	Y2022 1 Jan–31 Dec
REVENUE	65,288	58,875	118,334	PROFIT FOR THE PERIOD	3,542	3,115	3,748
Other operating income	128	132	297	Other comprehensive income			
Materials and services	-14,236	-12,793	-26,439	Items that may later be recognised through profit or loss			
Employee benefit expenses	-37,826	-32,806	-66,094	Translation differences	650	-574	-607
Depreciation and amortization	-2,665	-2,329	-4,778	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,192	2,541	3,140
Other operating expenses	-6,541	-5,374	-11,170				
OPERATING PROFIT	4,149	5,704	10,149	Total comprehensive income for the period attributable to:			
Financial income	1,753	467	418	Shareholders of the parent company	100%	4,192	2,541
Financial expenses	-1,338	-1,840	-5,054	Non-controlling interest	0%	-	-
Share of associated company's result	-	-116	-86				
PROFIT BEFORE TAXES	4,564	4,217	5,427				
Income taxes	-1,022	-1,102	-1,680				
PROFIT FOR THE PERIOD	3,542	3,115	3,748				
Attributable to:							
Shareholders of the parent company	100%	3,542	3,115	3,748			
Non-controlling interest	0%	-	-	-			
Earnings per share based on the profit attributable to shareholders of the parent company:							
Basic earnings per share (EUR), profit for the period	0.44	0.44	0.49				
Diluted earnings per share (EUR), profit for the period	0.44	0.44	0.49				

Consolidated statement of financial position

EUR 1,000	H1 2023 30 Jun.	H1 2022 30 Jun.	Y2022 31 Dec.
ASSETS			
Non-current assets			
Goodwill	32,762	27,450	31,866
Intangible assets	8,942	5,922	9,251
Tangible assets	1,332	926	1,231
Right-of-use assets	4,470	4,539	4,781
Other investments	1	1	1
Deferred tax assets	93	175	91
Receivables	168	562	162
Total non-current assets	47,768	39,574	47,383
Current assets			
Trade receivables	17,215	17,072	18,557
Other receivables	5,856	3,108	3,661
Current tax assets	475	10	148
Liquid funds	28,953	36,741	36,315
Total current assets	52,499	56,931	58,680
TOTAL ASSETS	100,267	96,506	106,063

EUR 1,000	H1 2023 30 Jun.	H1 2022 30 Jun.	Y2022 31 Dec.
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	100	100	100
Reserve for invested unrestricted equity	26,741	26,635	26,695
Treasury shares	-461	-	-
Translation differences	-174	-790	-824
Retained earnings	14,493	13,326	14,349
Total shareholders' equity	40,699	39,271	40,321
Non-current liabilities			
Financial liabilities	7,487	10,000	8,743
Lease liabilities	2,219	2,302	2,597
Other non-current interest-bearing liabilities	17,982	15,211	18,262
Deferred tax liabilities	1,213	725	1,315
Total non-current liabilities	28,901	28,238	30,918
Current liabilities			
Financial liabilities	2,513	2,513	2,513
Lease liabilities	2,306	2,316	2,246
Trade and other payables	24,748	24,014	29,513
Current tax liabilities	946	153	444
Provisions	154	2	109
Total current liabilities	30,667	28,998	34,825
Total liabilities	59,568	57,235	65,743
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	100,267	96,506	106,063

Consolidated cash flow statement

EUR 1,000	H1 2023 1 Jan–30 Jun	H1 2022 1 Jan–30 Jun	Y2022 1 Jan–31 Dec	EUR 1,000	H1 2023 1 Jan–30 Jun	H1 2022 1 Jan–30 Jun	Y2022 1 Jan–31 Dec
Cash flow from operating activities				Cash flows from financing activities			
Profit for the period	3,542	3,115	3,748	Loan repayments	-1,259	-1,259	-2,518
Adjustments:				Repayments of lease liabilities	-1,471	-1,381	-2,800
Depreciation and amortisation	2,665	2,329	4,778	Share issue net of transaction costs	-	14,577	14,256
Share-based incentive scheme	131	52	244	Share subscriptions with share options	45	26	89
Other adjustments	42	-18	89	Acquisition of treasury shares	-495	-	-
Interest expenses and other financial expenses	1,338	1,840	5,054	Dividends paid	-1,622	-1,264	-1,264
Interest income	-1,753	-467	-418	Distribution of dividends to non-controlling interests	-731	-146	-1,033
Share of associated company's result	-	116	86	Transactions with non-controlling interests	-580	-137	22
Taxes	1,022	1,102	1,680	Net cash flow from financing activities	-6,112	10,416	6,752
Changes in working capital:				Change in liquid funds	-7,300	16,493	15,891
Change in trade and other receivables	-301	-374	-1 331	Liquid funds at the beginning of the period	36,315	20,393	20,393
Change in trade and other payables	-2,055	686	2 835	Effect of changes in currency exchange rates	-62	-144	31
Interest paid	-499	-251	-337	Liquid funds at the end of the period	28,953	36,741	36,315
Interest received	174	221	228				
Taxes paid	-1,005	-1,625	-2,175				
Net cash flow from operating activities	3,301	6,726	14,481				
Cash flow from investing activities							
Acquisitions of businesses and subsidiaries, net of cash acquired	-3,869	-	-3,859				
Proceeds from the sale of tangible and intangible assets	1	6	7				
Investments in tangible assets	-424	-336	-949				
Investments in intangible assets	-216	-196	-833				
Investments in and return of capital from an associated company	19	-123	294				
Net cash flow from investing activities	-4,488	-649	-5,342				

Consolidated statement of changes in shareholders' equity

EUR 1,000	Equity attributable to shareholders of the parent company					
	Share capital	Reserve for invested unrestricted equity	Tresury shares	Transaltion differences	Retained earnings	Total shareholders' equity
Shareholders' equity on 1 January 2023	100	26,695	-	-824	14,349	40,321
Comprehensive income						
Profit for the period					3,542	3,542
Other comprehensive income (net of tax)						
Translation differences				650		650
Total comprehensive income for the period	-	-		650	3,542	4,192
Transactions with owners						
Distribution of dividends					-1,622	-1,622
Share-based incentive scheme			33		77	110
Share subscriptions with share options		45				45
Acquisition of treasury shares			-495			-495
Distribution of dividends to non-controlling interests					-1,273	-1,273
Transactions with non-controlling interests					-580	-580
Total transactions with owners	-	45	-461	-	-3,398	-3,814
Shareholders' equity on 30 June 2023	100	26,741	-461	-174	14,493	40,699
Shareholders' equity on 1 January 2022	100	12,590	-	-217	12,393	24,866
Comprehensive income						
Profit for the period					3,115	3,115
Other comprehensive income (net of tax)						
Translation differences				-574		-574
Total comprehensive income for the period	-	-	-	-574	3,115	2,541
Transactions with owners						
Distribution of dividends					-1,264	-1,264
Share-based incentive scheme					52	52
Share issue net of transaction costs		14,258				14,258
Share subscriptions with share options		26				26
Distribution of dividends to non-controlling interests					-1,072	-1,072
Transactions with non-controlling interests					-137	-137
Reclassifications between items		-239			239	-
Total transactions with owners	-	14,105	-	-	-2,182	11,863
Shareholders' equity on 30 June 2022	100	26,695	-	-790	13,326	39,270

NOTES TO THE HALF-YEAR REPORT

Accounting principles

The half-year report is prepared in accordance with IAS 34 (Interim Financial Reporting) applying the same accounting principles as in the previous financial statements. The figures presented have been rounded off from the exact figures. The figures included in the half-year report are unaudited.

The Group has one reportable segment, which provides its clients with information system development services. The single-segment presentation is based on Siili's current business model, product portfolio and corporate governance structure, as well as the nature of its operations. For this reason, the figures for the reported segment are equal to those for the Group.

In April 2023, Siili acquired the software business of Talentree Oy based in the city of Kuopio. For Siili, the transaction marks a territorial expansion to Kuopio and an addition of 11 new professionals to its software development capabilities. Siili's objective is to make its Kuopio office one of the city's most attractive workplaces in the IT sector. The acquisition cost in excess of the assets acquired and liabilities assumed is presented preliminarily as goodwill in the half-year report, since the measurement has not been finalised to date. The company will prepare an acquisition cost calculation under IFRS 3 during the second year-half.

BREAKDOWN OF REVENUE

Geographical breakdown of revenue

EUR 1,000	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022	1 Jan.–31 Dec. 2022
Sales in Finland	48,361	44,830	88,555
Sales to abroad	16,927	14,045	29,779
Total	65,288	58,875	118,334

Breakdown by revenue category

EUR 1,000	1 Jan.–30 Jun. 2023	1 Jan.–30 Jun. 2022	1 Jan.–31 Dec. 2022
Sales of work	56,835	55,410	109,677
Project deliveries	5,044	925	3,927
Licence sales	1,026	338	795
Maintenance and other services	2,384	2,202	3,935
Total	65,288	58,875	118,334

CHANGES IN GOODWILL AND INTANGIBLE AND TANGIBLE ASSETS

EUR 1,000	Goodwill	Intangible assets	Tangible assets	Right-of-use assets
Cost 1 Jan. 2023	31,866	17,231	5,186	11,583
Translation differences	666	420	132	195
Additions through business combinations	230			
Additions		262	424	1,682
Disposals				-1,746
Cost 30 Jun. 2023	32,762	17,914	5,743	11,713
Acc. depreciation/amortisation and impairment 1 Jan. 2023	-	-7,980	-3,955	-6,802
Translation differences		-84	-90	-130
Depreciation/amortisation and impairment for the period		-908	-365	-1,392
Acc. depreciation/amortisation on disposals and reclassifications				1,080
Acc. depreciation/amortisation and impairment 30 Jun. 2023	-	-8,972	-4,410	-7,244
Book value 1 Jan. 2023	31,866	9,251	1,231	4,781
Book value 30 Jun. 2023	32,762	8,942	1,332	4,470

EUR 1,000	Goodwill	Intangible assets	Tangible assets	Right-of-use assets
Cost 1 Jan. 2022	28,102	13,332	4,144	9,359
Translation differences	-651	-516	-70	-44
Additions		229	330	1,349
Disposals			-3	-365
Cost 30 Jun. 2022	27,450	13,045	4,401	10,229
Acc. depreciation/amortisation and impairment 1 Jan. 2022	-	-6,527	-3,272	-4,744
Translation differences		50	53	34
Depreciation/amortisation and impairment for the period		-748	-256	-1,325
Acc. depreciation/amortisation on disposals and reclassifications				275
Acc. depreciation/amortisation and impairment 30 Jun. 2022	-	-7,226	-3,475	-5,761
Book value 1 Jan. 2022	28,102	6,805	872	4,615
Book value 30 Jun. 2022	27,450	5,820	926	4,539

Non-current financial liabilities and other interest-bearing liabilities			
EUR 1,000	30 Jun. 2023	30 Jun. 2022	31 Dec. 2022
Financial liabilities measured at amortized cost	9,706	12,302	11,340
Contingent consideration measured at fair value	17,982	15,211	18,262
Total	27,688	27,513	29,602
Current financial liabilities			
EUR 1,000	30 Jun. 2023	30 Jun. 2022	31 Dec. 2022
Financial liabilities measured at amortized cost	4,818	4,829	4,759
Contingent consideration measured at fair value	387		3,749
Total	5,206	4,826	8,508

Siili has three bank loans with equal instalment with a maturity of seven years. Two of the loans, drawn down in the financial period 2021, are hedged by interest rate collars, and one loan drawn down in the financial period 2018 is hedged by an interest rate swap. At the end of the first year-half, the Group's bank loans totalled EUR 10,000 (12,512) thousand.

Siili's bank loans include covenants that entitle the financial institution to terminate the loan agreement if the covenants are not met. The covenants are based on the company's interest-bearing net debt in relation to its EBITDA and on its equity ratio. These key figures are examined every six months, and the covenants were met throughout the review period.

Changes in non-current contingent considerations			
EUR 1,000	30 Jun. 2023	30 Jun. 2022	31 Dec. 2022
At the beginning of the period	18,262	14,385	14,385
Effect of unwinding of discount	700	524	1,009
Fair value change on Vala Group Oy agreement	-82	904	1,482
Payment to Vala Group's minority interest for additional stake	-1,093		
Fair value change on Supercharge Kft. agreement	-624		2,108
Exchange rate fluctuation impact on the Supercharge Kft. contingent consideration liability	819	-692	-722
At the end of the period	17,982	15,211	18,262

Contingent consideration liabilities
In the first half of 2023, Siili paid a contingent consideration of EUR 2,546 thousand to Valamis Group Oy for the acquisition of Haallas Finland Oy and EUR 1,093 thousand to the minority shareholders of Vala Group Oy for an additional stake in the company. In addition, the Group recognised financial income of EUR 1,522 thousand due to fair value adjustment on contingent consideration liabilities under the acquisition agreements for Vala Group Oy, Supercharge Kft and Haallas Finland Oy. Measurement differences of EUR 700 (524) thousand arising from the discounting of contingent consideration liabilities for Vala Group Oy and Supercharge Kft were recognised as interest expenses. As at 30 June 2023, the Group's non-current liabilities arising from contingent considerations for acquisitions amounted to EUR 17,982 (15,211) thousand.

EUR 1,000	30 June 2023		30 June 2022		31 December 2022		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	Book value	Fair value	
Financial assets							
Recognized at amortized cost							
Non-current							
Receivables	168	168	562	562	162	162	2
Current							
Trade receivables	17,215	17,215	17,072	17,072	18,557	18,557	2
Other receivables	877	877	583	583	655	655	2
Liquid funds	28,953	28,953	36,741	36,741	36,315	36,315	2
Recognized at fair value through profit or loss							
Current							
Interest rate swap	119	119	35	35	112	112	3
Total financial assets	47,332	47,332	54,993	54,993	55,800	55,800	
Financial liabilities							
Measured at amortized cost							
Non-current							
Bank loans ¹	7,487	7,487	10,000	10,000	8,743	8,743	2
Other interest-bearing liabilities ¹	2,219	2,219	2,302	2,302	2,597	2,597	
Current							
Bank loans ¹	2,513	2,513	2,513	2,513	2,513	2,513	2
Other interest-bearing liabilities ¹	2,306	2,306	2,316	2,316	2,246	2,246	
Trade and other payables	12,179	12,179	11,861	11,861	12,585	12,585	
Financial liabilities at fair value through profit or loss							
Non-current							
Contingent consideration ¹	17,982	17,982	15,211	15,211	18,262	18,262	3
Current							
Contingent consideration ¹	387	387			3,749	3,749	3
Total financial liabilities	45,072	45,072	44,203	44,203	50,695	50,695	

¹ Included in the statement of financial position item Financial liabilities.

Fair value hierarchy levels

During the review period, no instruments were transferred from one fair value hierarchy level to another.

Level 1

The fair values of the hierarchy level 1 are based on the quoted (unadjusted) prices of identical assets or liabilities in active markets.

Level 2

The fair values of the level 2 instruments are based, to a significant extent, on inputs other than quoted prices but still on information that is observable for the asset or liability in question, either directly or indirectly.

Level 3

The fair values of the level 3 instruments are based on inputs about the asset or liability that are not based on observable market information but instead, to a significant extent, on estimates by the management and their utilization in generally accepted valuation models.

Related -party transactions

There were no significant changes involving relationships or transactions with related parties during the review period. The salaries and fees paid to the company's Board of Directors and Management Team are published annually in connection with the financial statements.

Helsinki, 16 August 2023

Board of Directors, Siili Solutions Plc

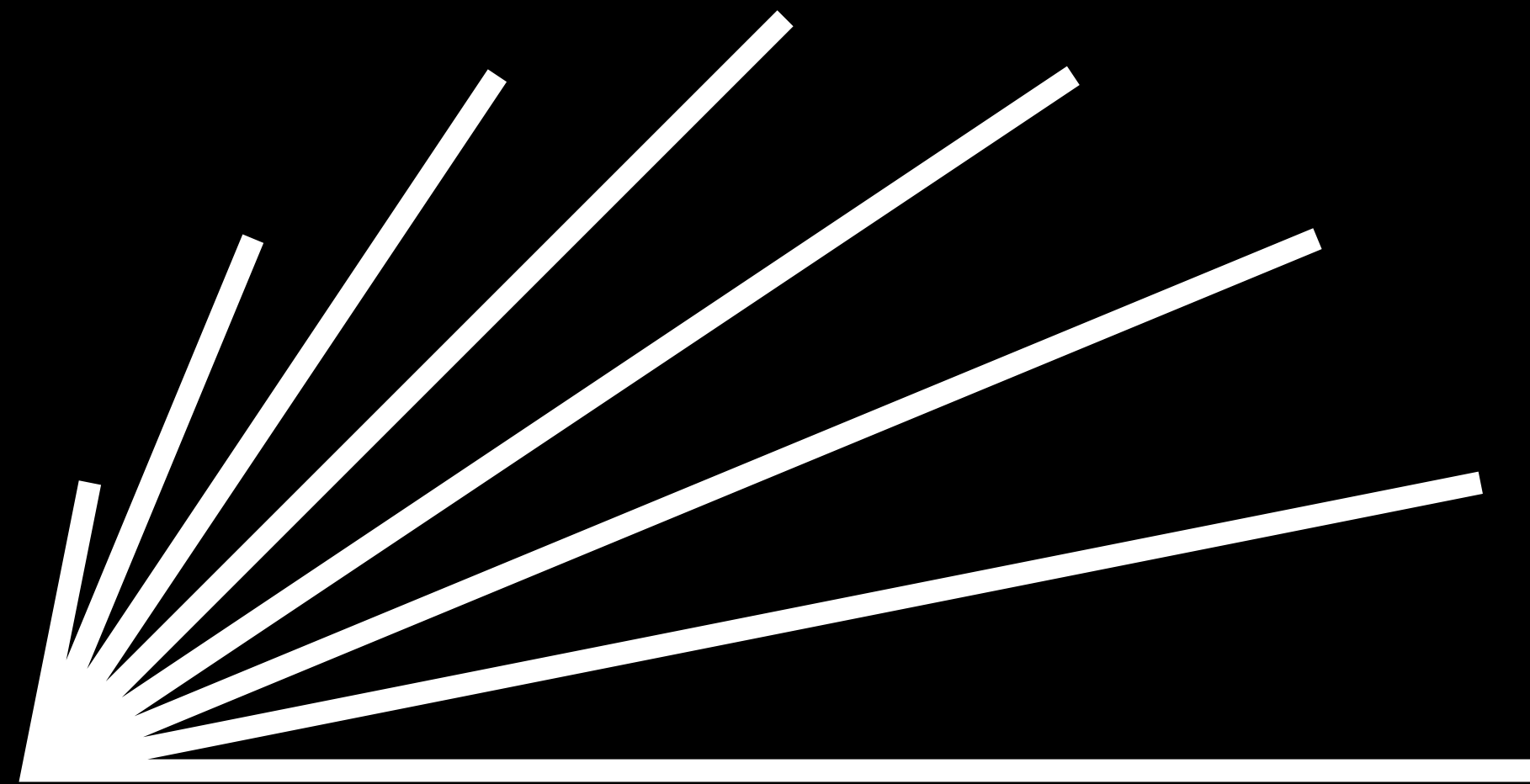
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Siili Solutions in brief:

Siili Solutions Plc is a unique combination of a digital agency and a technology powerhouse. We believe in human-centricity in everything we deliver. Siili is the go-to partner for clients seeking growth, efficiency and competitive advantage through digital transformation. Siili has offices in Finland, Germany, Poland, Hungary, Netherlands, United Kingdom, Austria and USA. Siili Solutions Plc shares are listed on Nasdaq Helsinki Ltd. Siili has grown profitably since it was founded in 2005. www.siili.com



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