

Half-year report, 1 January-30 June 2024



Signs of improvement in Siili's profitability, despite the decreased revenue

JANUARY-JUNE 2024

- Revenue EUR 59,186 (65,288) thousand
- Revenue growth EUR -6,103 thousand, or -9.3%
- Adjusted EBITA EUR 3,309 (5,010) thousand, -34.0%
- Adjusted EBITA margin 5.6% (7.7%) of revenue

APRIL-JUNE 2024

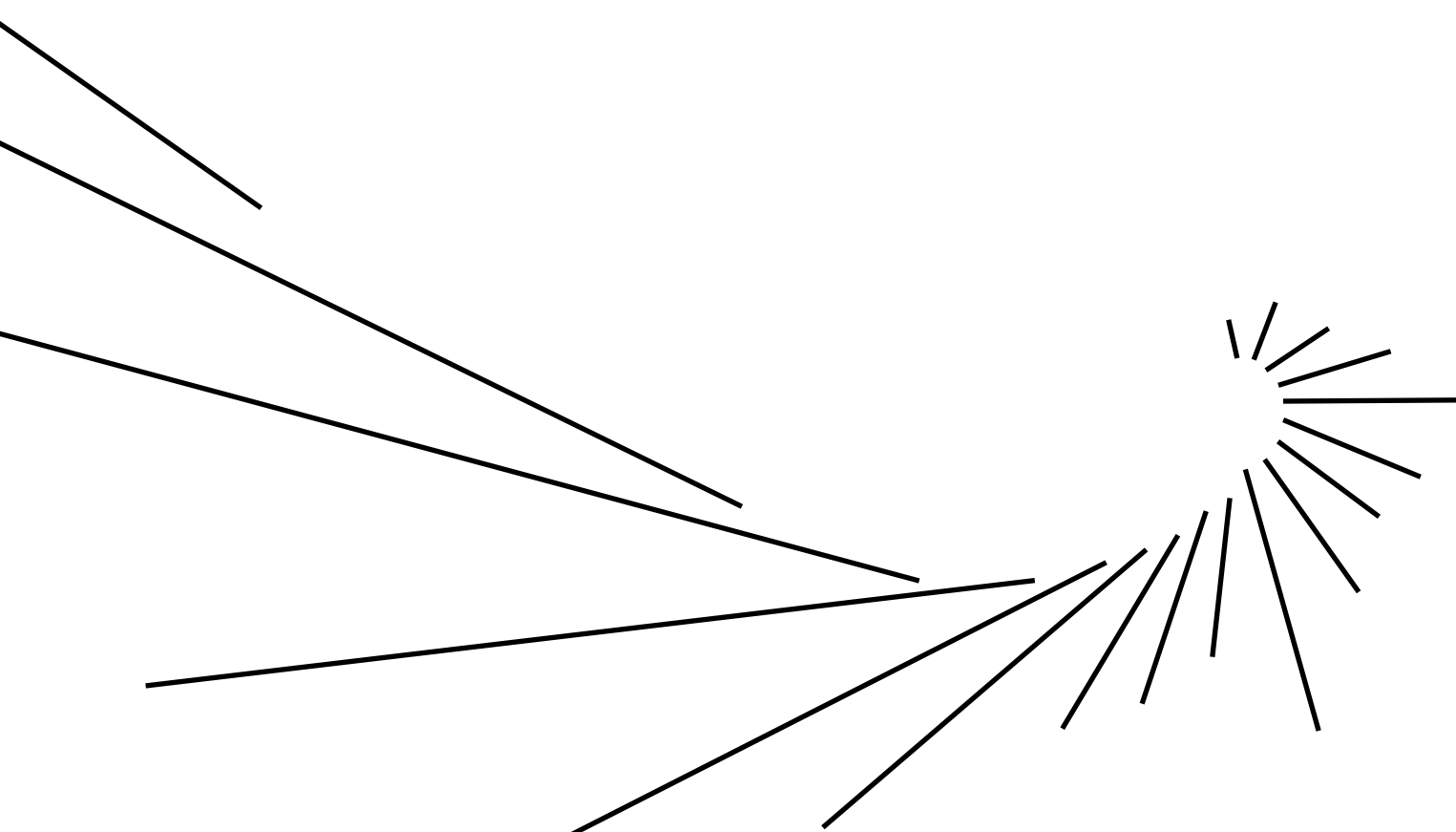
- Revenue EUR 29,362 (31,664) thousand
- Revenue growth EUR -2,302 thousand, or -7.3%
- Adjusted EBITA EUR 1,719 (1,661) thousand, +3.5%
- Adjusted EBITA margin 5.9% (5.2%) of revenue

	H1/2024	H1/2023	2023
Revenue, EUR 1,000	59,186	65,288	122,702
Revenue growth, %	-9.3%	10.9%	3.7%
Organic revenue growth, %	-9.3%	5.6%	0.1%
Share of international revenue, %	28.0%	25.9%	26.7%
Adjusted EBITA, EUR 1,000	3,309	5,010	8,742
Adjusted EBITA, % of revenue	5.6%	7.7%	7.1%
EBITA, EUR 1,000	2,694	5,010	8,409
EBITA, % of revenue	4.6%	7.7%	6.9%
EBIT, EUR 1,000	2,110	4,149	6,909
Number of employees at the end of the period	966	1,061	1,007
Average number of employees during the period	987	1,053	1,026
Number of full-time employees and subcontractors (FTE) at the end of the period	1,072	1,194 ¹	1,091

¹ The figure for the comparison period has been retroactively corrected.

	Q2/2024	Q2/2023
Revenue, EUR 1,000	29,362	31,664
Revenue growth, %	-7.3%	7.3%
Organic revenue growth, %	-7.3%	2.7%
Adjusted EBITA, EUR 1,000	1,719	1,661
Adjusted EBITA, % of revenue	5.9%	5.2%
EBITA, EUR 1,000	1,319	1,661
EBITA, % of revenue	4.5%	5.2%
Number of employees at the end of the period	966	1,061
Average number of employees during the period	970	1,058
Number of full-time employees and subcontractors (FTE) at the end of the period	1,072	1,194 ¹

¹ The figure for the comparison period has been retroactively corrected.



OUTLOOK FOR 2024 AND FINANCIAL TARGETS FOR 2024-2026

The financial guidance of revenue for 2024 is estimated to be EUR 120-140 million and adjusted EBITA EUR 7.5-10.5 million.

Long-term financial targets for the period 2024-2026 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 below two.
- Dividend policy: target to pay a dividend corresponding to 30-70% of net profit annually.

CEO TOMI PIENIMÄKI:

In the first half of 2024, our profitability already showed signs of improvement, although in terms of revenue growth, the period was challenging for Siili, as expected.

The revenue for the year-half amounted to EUR 59 million, representing a decline of some 9% from a strong comparison period. Adjusted EBITA ended up at EUR 3.3 million and 5.6% of revenue. We adjusted capacity to the market conditions, leading to a decline in revenue. Despite the reduction in revenue, profitability in the second quarter came in higher than in the comparison period and in the previous quarter. The higher profitability in the second quarter stemmed in particular from improved efficiency, in which we have quite successfully taken measures over the past months in order to secure our competitiveness. In practice, this has meant, for example, development of an offering aligned with market demand, reinforcement of the capability to forecast demand, accurate timing of recruitments and flexibility in capacity through partners. For the second half of the year, the objective is to accelerate growth, and hence we have resumed a more active stance in recruitment.

Siili's first year-half included several successes that lay a solid foundation for growth once the conditions strengthen again. In June, Siili got selected as one of Yle's contract suppliers in the competitive tender for a framework agreement amounting to EUR 35 million. The subject of the tender was application development, design and maintenance services in the period 2024-2028. This contract offers us an outstanding opportunity to continue and extend cooperation with an interesting existing customer. As one example of our cooperation with Yle, I could mention Yle's Viki & Köpi show, where we used AI last year in a completely new way in the entertainment industry.

Today, we published a new strategy for Siili, putting artificial intelligence into the core of Siili's business. We aim to be leading in AI-assisted software development and a leading provider of data and AI solutions. Siili's competitive advantage comprises

solid expertise in software development, artificial intelligence and industry understanding. This unique combination makes us a frontrunner in developing generative AI solutions and in strengthening business competitiveness for our customers.

Going forward, Siili will have three strategic priorities that strengthen our position as a leading company in the utilization of artificial intelligence.

- 1) Significant growth in data and AI business
- 2) Forerunner in AI-assisted software development
- 3) Community of top experts

Siili's skilled and committed personnel plays a key role in the implementation of the new strategy. Siilis contributed actively to the new strategy in internal strategy workshops arranged over the spring. In the first half of the year, we continued to invest in AI-assisted software development, and we have trained over 400 of our employees in generative artificial intelligence during the year.

Going forward, the core of our activities will also be shaped by our strong corporate culture, fair conduct and drive to reduce our carbon emissions even further from their already-low level. Going forward, we will communicate more extensively on our sustainability targets and efforts. We are making great strides to prepare for the EU's corporate sustainability reporting requirements. We will publish our first sustainability report for the financial year 2024.

According to our view, the demand of digital services continues to be strong in the long term, as artificial intelligence creates new growth opportunities. We believe in the normalization of the market, although the turnaround has been delayed from the initial expectations.

I want to extend my thanks to the Siili team and our customers for the past first half of the year. We are in a good place to embark on the rest of the year with confidence.



REVENUE

In the first half of the year, the Group's revenue decreased by 9.3% (+10.9%) year-on-year. Revenue decreased by EUR 6,103 (+6,413) thousand, totalling EUR 59,186 (65,288) thousand. Organic revenue change was -9.3% (5.6%), or EUR -6,103 (3,484) thousand. The share of international operations of the Group's revenue for the review period was 28.0% (25.9%). The decline in revenue was driven by challenging market conditions and a decline in the number of personnel due to efficiency-improvement measures.

PROFITABILITY

Adjusted EBITA in the first year-half totalled EUR 3,309 (5,010) thousand, representing a decline of EUR 1,701 year-on-year. The Group's profitability weakened, and adjusted EBITA was 5.6% (7.7%) of revenue. Most significantly, the decline in profitability was driven by the reduction in revenue. The company continued the efficiency-improvement measures launched in the previous financial year to improve profitability, and adjusted EBITA improved in the second quarter year-on-year. The calculation of adjusted EBITA is shown under Reconciliations of alternative performance measures.

EBITA for the review period was EUR 2,694 (5,010) thousand, or 4.6% (7.7%) of revenue.

Subcontracting costs arising from the use of external services in the review period totalled EUR 12,131 (14,236) thousand, or 20.5% of revenue (21.8%). Employee benefit expenses for the review period decreased to EUR 36,588 (37,826) thousand and amounted to 61.8% (57.9%) of revenue. The decrease in employee benefit expenses was driven by the reduction in number of the Group's personnel. At the end of the year-half, the Group's number of personnel totalled 966 (1,061).

Other operating expenses decreased from the previous year to EUR 6,100 (6,541) thousand, or 10.3% (10.0%) of revenue. The

largest expense items were IT expenses, voluntary personnel expenses and purchased expert services.

EBIT for the year-half was EUR 2,110 (4,149) thousand, or 3.6% (6.3%) of revenue. Net financial income totalled EUR 343 (415) thousand. In the review period, the Group recognised net financial income of EUR 695 (1,522) thousand due to fair value adjustment on contingent consideration liabilities. The profit for the period before taxes was EUR 2,453 (4,564) thousand and earnings per share were EUR 0.22 (0.44).

FINANCING AND CAPITAL EXPENDITURE

The Group's statement of financial position totalled EUR 86,524 (100,267) thousand at the end of the first year-half. The Group's equity ratio was 46.6% (40.9%), return on investment (ROI) was 9.3% (15.5%), and the net debt to EBITDA ratio was 0.44 (0.29).

The Group's cash flow from operations year grew by 46.9% year-on-year to EUR 4,851 (3,301) thousand. The growth of the cash flow from operations was driven by the significantly lower operating capital than in the comparison period.

Cash flow from investing activities for the first year-half was EUR -10,127 (-4,488) thousand, including contingent considerations totalling EUR 9,422 thousand paid to the minority interest for the acquisition of additional stakes in Supercharge Kft and Vala Group Oy.

Cash flow from financing activities in the review period amounted to EUR -6,240 (-6,112) thousand. The shareholders of Siili Solutions Plc were paid a dividend of EUR 2,109 thousand, and the non-controlling shareholders of Supercharge Kft and Vala Group Oy were paid a total of EUR 884 thousand.

At the end of the review period, the Group's cash and cash equivalents totalled EUR 17,497 (28,953) 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 7,487 (10,000) 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 966 (1,061). The average number of employees during the period was 987 (1,053).

At the end of the review period, the company's Leadership Team included Tomi Pienimäki (CEO), Aleks Kankainen (CFO), 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), Jesse Maula (Deputy Chair), Tero Ojanperä, Katarina Cantell and Henna Mäkinen.

KEY EVENTS DURING THE REVIEW PERIOD

Increased ownership in Vala Group Oy and Supercharge Kft

In early May, Siili completed a transaction that increased Siili's ownership in its subsidiary Vala Group Oy to over 95%. The purchase price of the shares was approximately 5.3 million euros, which includes e.g. about 1.6 million euros as compensation from the company's net cash. In the end of May, Siili completed a transaction that increased Siili's ownership in its Hungarian subsidiary Supercharge Kft to 70%. The purchase price of the shares was approximately 4.2 million euros, which includes about 0.5 million euros as compensation from Supercharge Kft's net cash.

Changes in Leadership Team

Siili streamlined its organisational structure and COO Kari Pirttikangas and CCO Kenneth Lindfors left their positions in Siili and Siili management team during the spring.

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. These risks are mitigated by focusing on customer satisfaction and cost-efficiency.

The war in Ukraine neither has nor is anticipated to have a direct impact on Siili's business.

More information on the company's risks and risk management are presented in the Annual Review 2023 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 3 April 2024.

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 2023 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 0.26 per share be paid from the company's distributable funds on the adopted balance sheet for financial year 2023, totaling approximately EUR 2,1 million, and that the remaining part of the distributable funds be retained in shareholders' equity.

Remuneration report and remuneration policy

The Annual General Meeting confirmed the remuneration policy and report on remunerations paid to the governing bodies of the company. The decisions of the General Meeting were of advisory nature.

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, Tero Ojanperä and Jesse Maula were re-elected to the Board and Katarina Cantell and Henna Mäkinen were elected as new members of the Board. The Annual General Meeting decided on the remuneration of the Board of Directors and its Committees as follows: the Chair of the Board of Directors is paid EUR 3,850 per month, the Vice Chair of the Board of

Directors and Chair of the Audit Committee EUR 2,500 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. KPMG Oy Ab will also carry out the assurance of the Company's sustainability reporting. Authorised sustainability auditor (ASA) Leenakaisa Winberg will act as the responsible sustainability 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 813,800 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 (directed repurchase). 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 2025.

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 813,800, 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 (directed issue). 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 2025.

SHARE AND SHAREHOLDERS

The company has one series of shares, and all of its shares carry entitlement to equal rights. On 30 June 2024, the total number of shares in Siili Solutions Plc entered in the Trade Register was 8,140,263. The number of outstanding shares in the company increased by 2,183 shares during the review period. New shares were subscribed with option rights 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 2024, the members of the company's Board of Directors and Management Team owned a total of 35,283 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 9.90, the lowest price was EUR 7.52 and the average price was EUR 8.84. The closing price at the end of the review period was EUR 7.92. The company's market capitalisation decreased by 17.7% from the end of 2023 and amounted to MEUR 64.2 (78.0) on 30 June 2024.

The company had a total of 6,201 (6,481) shareholders on 30 June 2024. The number of shareholders decreased by 4.32% from the end of 2023. A list of the largest shareholders is available on the company website at <https://sijoittajille.siili.com/en/>.

EVENTS AFTER THE REVIEW PERIOD

On 13 August 2024 the company announced its new strategy. Further information on the renewed strategy can be found in the stock exchange release published on 13 August 2024 and on the company website at <https://sijoittajille.siili.com/en/>.

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 2024

The company will publish a business review for 1 January–30 September 2024 (Q3) on 22 October 2024.

The company intends to organise a Capital Markets Day in late November 2024.

The company will expand the content of its business reviews to include an income statement and a statement of comprehensive income, a statement of financial position and a cash flow statement from the Q3 business review onwards.

Key figures

	H1/2024	H1/2023	2023
Revenue, EUR 1,000	59,186	65,288	122,702
Revenue growth, %	-9.3%	10.9%	3.7%
Organic revenue growth, %	-9.3%	5.6%	0.1%
Share of international revenue, %	28.0%	25.9%	26.7%
EBITDA, EUR 1,000	4,462	6,814	12,107
EBITDA, % of revenue	7.5%	10.4%	9.9%
EBITA, EUR 1,000	2,694	5,010	8,409
EBITA, % of revenue	4.6%	7.7%	6.9%
Adjusted EBITA	3,309	5,010	8,742
Adjusted EBITA, % of revenue	5.6%	7.7%	6.9%
EBIT, EUR 1,000	2,110	4,149	6,909
EBIT, % of revenue	3.6%	6.4%	5.6%
Profit for the period, EUR 1,000	1,804	3,542	4,986
Profit for the period, % of revenue	3.0%	5.4%	4.1%
Equity ratio, %	46.6%	40.9%	42.6%
Gearing, %	10.6%	9.7%	8.7%
Net debt/EBITDA	0.44	0.29	0.30
ROE, %	8.8%	17.5%	12.1%
ROI, %	9.3%	15.5%	10.7%
Basic earnings per share (EPS), EUR	0.22	0.44	0.61
Diluted EPS, EUR	0.22	0.44	0.61
Average number of employees during the period	987	1,053	1,026
Number of employees at the end of the period	966	1,061	1,007
Number of full-time employees (FTE) at the end of the period	934	1,035	956
Number of full-time subcontractors (FTE) at the end of the period	138	159 ¹	135
Total full-time employees and subcontractors (FTE) at the end of the period	1,072	1,194 ¹	1,091

¹ The figures for the comparison period have been retroactively corrected.

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, %	H1/2024	H1/2023	2023
Revenue	59,186	65,288	122,702
Comparable pro forma -revenue in the comparison period	65,288	61,805	122,561
Organic revenue growth, %	-9.3%	5.6%	0.1%

EBITA, Adjusted EBITA and EBITDA	H1/2024	H1/2023	2023
EBIT	2,110	4,149	6,909
Amortisation and impairment for fair value adjustments on acquisitions	584	861	1,500
EBITA	2,694	5,010	8,409
Transaction costs / income (+/-) from business combinations	77	-	-
Restructuring costs	538 ¹	-	183
Other items affecting comparability	-	-	150
Adjusted EBITA	3,309	5,010	8,742

¹ Expenses from the termination of employment relationships.

EBIT	2,110	4,149	6,909
Depreciation, amortisation and impairment	2,352	2,665	5,198
EBITDA	4,462	6,814	12,107

Gearing, %	H1/2024	H1/2023	2023
Financial liabilities measured at amortized cost	12,122	14,524	13,047
Contingent considerations measured at fair value through profit or loss	9,628	18,369	19,658
Liquid funds	-17,497	-28,953	-29,022
Net debt	4,252	3,940	3,682
Equity	40,029	40,699	42,083
Gearing, %	10.6%	9.7%	8.7%

Consolidated income statement and consolidated statement of comprehensive income

EUR 1,000		H1/2024	H1/2023	2023	EUR 1,000		H1/2024	H1/2023	2023
REVENUE		59,186	65,288	122,702	PROFIT FOR THE PERIOD		1,804	3,542	4,986
Other operating income		96	128	444	Other comprehensive income				
Materials and services		-12,131	-14,236	-26,215	Items that may later be recognised through profit or loss				
Employee benefit expenses		-36,588	-37,826	-72,180	Translation differences		-270	650	300
Depreciation and amortization		-2,352	-2,665	-5,198					
Other operating expenses		-6,100	-6,541	-12,645	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,534	4,192	5,285
OPERATING PROFIT		2,110	4,149	6,909	Total comprehensive income for the period attributable to:				
Financial income		1,064	1,753	1,250	Shareholders of the parent company	100%	1,534	4,192	5,285
Financial expenses		-721	-1,338	-2,623	Non-controlling interest	0%	-	-	-
PROFIT BEFORE TAXES		2,453	4,564	5,536					
Income taxes		-649	-1,022	-551					
PROFIT FOR THE PERIOD		1,804	3,542	4,986					
Attributable to:									
Shareholders of the parent company	100%	1,804	3,542	4,986					
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		0.22	0.44	0.61					
Diluted earnings per share (EUR), profit for the period		0.22	0.44	0.61					

Consolidated statement of financial position

EUR 1,000	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Non-current assets			
Goodwill	32,211	32,762	32,490
Intangible assets	8,062	8,942	8,404
Tangible assets	1,090	1,332	1,259
Right-of-use assets	4,538	4,470	4,220
Other investments	1	1	1
Deferred tax assets	17	93	17
Receivables	158	168	159
Total non-current assets	46,077	47,768	46,549
Current assets			
Trade receivables	16,112	17,215	19,118
Other receivables	5,780	5,856	4,654
Current tax assets	1,058	475	826
Liquid funds	17,497	28,953	29,022
Total current assets	40,447	52,499	53,620
TOTAL ASSETS	86,524	100,267	100,170

EUR 1,000	30 Jun 2024	30 Jun 2023	31 Dec 2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	100	100	100
Reserve for invested unrestricted equity	26,765	26,741	26,748
Treasury shares	-461	-461	-461
Translation differences	-794	-174	-524
Retained earnings	14,420	14,493	16,219
Total shareholders' equity	40,029	40,699	42,083
Non-current liabilities			
Financial liabilities	4,974	7,487	6,230
Lease liabilities	2,289	2,219	1,841
Other non-current interest-bearing liabilities	9,628	17,982	10,177
Deferred tax liabilities	1,040	1,213	1,118
Total non-current liabilities	17,931	28,901	19,366
Current liabilities			
Financial liabilities	2,513	2,513	2,513
Lease liabilities	2,346	2,306	2,463
Trade and other payables	23,246	24,748	33,612
Current tax liabilities	451	946	121
Provisions	7	154	12
Total current liabilities	28,563	30,667	38,721
Total liabilities	46,494	59,568	58,087
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	86,524	100,267	100,170

Consolidated cash flow statement

EUR 1,000	H1/2024	H1/2023	2023	EUR 1,000	H1/2024	H1/2023	2023
Cash flow from operating activities				Cash flows from financing activities			
Profit for the period	1,804	3,542	4,986	Loan repayments	-1,259	-1,259	-2,518
Adjustments:				Repayments of lease liabilities	-1,394	-1,471	-2,965
Depreciation and amortisation	2,352	2,665	5,198	Share subscriptions with share options	17	45	53
Share-based incentive scheme	0	131	269	Acquisition of treasury shares	-	-495	-495
Other adjustments	-16	42	48	Dividends paid	-2,109	-1,622	-1,622
Interest expenses and other financial expenses	721	1,338	2,623	Distribution of dividends to non-controlling interests	-884	-731	-1,270
Interest income	-1,064	-1,753	-1,250	Transactions with non-controlling interests	-610	-580	-437
Taxes	649	1,022	551	Net cash flow from financing activities	-6,240	-6,112	-9,254
Changes in working capital:				Change in liquid funds	-11,516	-7,300	-7,173
Change in trade and other receivables	1,822	-301	-1,015	Liquid funds at the beginning of the period	29,022	36,315	36,315
Change in trade and other payables	-800	-2,055	-1,792	Effect of changes in currency exchange rates	-9	-62	-119
Interest paid	-264	-499	-869	Liquid funds at the end of the period	17,497	28,953	29,022
Interest received	269	174	428				
Taxes paid	-622	-1,005	-1,686				
Net cash flow from operating activities	4,851	3,301	7,489				
Cash flow from investing activities							
Acquisitions of businesses and subsidiaries, net of cash acquired	-9,462	-3,869	-4,172				
Proceeds from the sale of tangible and intangible assets	9	1	24				
Investments in tangible assets	-205	-424	-756				
Investments in intangible assets	-470	-216	-523				
Investments in and return of capital from an associated company	-	19	19				
Net cash flow from investing activities	-10,127	-4,488	-5,409				

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 2024	100	26,748	-461	-524	16,219	42,083
Comprehensive income						
Profit for the period	-	-	-	-	1,804	1,804
Other comprehensive income (net of tax)						
Translation differences	-	-	-	-270	-	-270
Total comprehensive income for the period	-	-	-	-270	1,804	1,534
Transactions with owners						
Distribution of dividends	-	-	-	-	-2,109	-2,109
Share-based incentive scheme	-	-	-	-	0	0
Share subscriptions with share options	-	17	-	-	-	17
Distribution of dividends to non-controlling interests	-	-	-	-	-884	-884
Transactions with non-controlling interests	-	-	-	-	-610	-610
Total transactions with owners	-	17	-	-	-3,604	-3,587
Shareholders' equity on 30 June 2024	100	26,765	-461	-794	14,419	40,029
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
Share issue net of transaction costs	-	-	-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

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 Silli'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.

BREAKDOWN OF REVENUE

Geographical breakdown of revenue

EUR 1,000	H1/2024	H1/2023	2023
Sales in Finland	42,603	48,361	89,885
Sales to abroad	16,583	16,927	32,817
Total	59,186	65,288	122,702

Breakdown by revenue category

EUR 1,000	H1/2024	H1/2023	2023
Sales of work	51,184	56,835	107,021
Project deliveries	4,477	5,044	9,323
Licence sales	999	1,026	1,740
Maintenance and other services	2,525	2,384	4,619
Total	59,186	65,288	122,702

CHANGES IN GOODWILL AND INTANGIBLE AND TANGIBLE ASSETS

EUR 1,000	Goodwill	Intangible assets	Tangible assets	Right-of-use assets
Cost 1 Jan 2024	32,490	18,066	5,960	11,120
Translation differences	-279	-179	-31	19
Additions	-	462	207	2,076
Disposals	-	-	-5	-4,398
Cost 30 Jun 2024	32,211	18,349	6,131	8,817
Acc. depreciation/amortisation and impairment 1 Jan. 2024	-	-9,662	-4,701	-6,901
Translation differences	-	54	25	-9
Depreciation/amortisation and impairment for the period	-	-679	-370	-1,303
Acc. depreciation/amortisation on disposals and reclassifications	-	-	4	3,933
Acc. depreciation/amortisation and impairment 30 Jun 2024	-	-10,288	-5,041	-4,279
Book value 1 Jan 2024	32,490	8,404	1,259	4,220
Book value 30 Jun 2024	32,211	8,062	1,090	4,538

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

Non-current financial liabilities and other interest-bearing liabilities

EUR 1,000	30 Jun 2024	30 Jun 2023	31 Dec 2023
Financial liabilities measured at amortized cost	7,263	9,706	8,071
Contingent consideration measured at fair value	9,628	17,982	10,177
Total	16,891	27,688	18,248

Current financial liabilities and other interest-bearing liabilities

EUR 1,000	30 Jun 2024	30 Jun 2023	31 Dec 2023
Financial liabilities measured at amortized cost	4,858	4,818	4,975
Contingent consideration measured at fair value	-	387	9,481
Total	4,858	5,206	14,456

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 7,487 (10,000) 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 contingent considerations

EUR 1,000	Supercharge Kft.	Vala Group Oy	Haallas Finland Oy	Talentree Oy	Total
1 Jan 2024	12,495	7,122	-	40	19,657
Effect of the unwinding of discounting	464	-	-	-	464
Fair value change on the agreement	37	-732	-	-	-695
Paid contingent consideration for the acquisition	-	-	-	-40	-40
Payment to minority interest for additional stake	-4,167	-5,255	-	-	-9,422
Exchange rate fluctuation impact on the contingent liability	-336	-	-	-	-336
30 Jun 2024	8,493	1,135	-	-	9,628
Of which at the end of the financial year:					
Non-current	8,493	1,135	-	-	9,628
Current	-	-	-	-	-

EUR 1,000	Supercharge Kft.	Vala Group Oy	Haallas Finland Oy	Total
1 Jan 2023	10,514	7,748	3,749	22,011
Effect of the unwinding of discounting	648	52	-	700
Fair value change on the agreement	-624	-82	-815	-1,522
Paid contingent consideration for the acquisition	-	-	-2,546	-2,546
Payment to minority interest for additional stake	-	-1,093	-	-1,093
Exchange rate fluctuation impact on the contingent liability	819	-	-	819
30 Jun 2023	11,357	6,625	387	18,369
Of which at the end of the financial year:				
Non-current	11,357	6,625	-	17,982
Current	-	-	387	387

Contingent consideration liabilities

In the first year-half, Siili paid EUR 9,422 thousand to the minority interests of Supercharge Kft and Vala Group Oy for the acquisition of additional stakes. Financial income due to fair value adjustment on contingent consideration liabilities under the acquisition agreements recognised in the review period totalled EUR 695 (1,522) thousand. Measurement differences arising from the discounting of contingent consideration liabilities totalled EUR 464 (700) thousand, recognised in interest expenses.

EUR 1,000	30 Jun 2024		30 Jun 2023		31 Dec 2023		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	Book value	Fair value	
Financial assets							
Recognized at amortized cost							
Non-current							
Receivables	158	158	168	168	159	159	2
Current							
Trade receivables	16,112	16,112	17,215	17,215	19,118	19,118	2
Other receivables	590	590	877	877	537	537	2
Liquid funds	17,497	17,497	28,953	28,953	29,022	29,022	2
Recognized at fair value through profit or loss							
Current							
Interest rate swap	50	50	119	119	78	78	2
Total financial assets	34,407	34,407	47,332	47,332	48,915	48,915	
Financial liabilities							
Measured at amortized cost							
Non-current							
Bank loans ¹	4,974	4,974	7,487	7,487	6,230	6,230	2
Other interest-bearing liabilities ¹	2,289	2,289	2,219	2,219	1,841	1,841	
Current							
Bank loans ¹	2,513	2,513	2,513	2,513	2,513	2,513	2
Other interest-bearing liabilities ¹	2,346	2,346	2,306	2,306	2,463	2,463	
Trade and other payables	11,525	11,525	12,179	12,179	13,196	13,196	
Financial liabilities at fair value through profit or loss							
Non-current							
Contingent consideration ¹	9,628	9,628	17,982	17,982	10,177	10,177	3
Current							
Contingent consideraion ¹	-	-	387	387	9,481	9,481	3
Total financial liabilities	33,275	33,275	45,072	45,072	45,900	45,900	

¹Included 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, 13 August 2024

Board of Directors, Siili Solutions Plc

Further information:

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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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