

GOFORE PLC
01 – 06/2022

Half-year report 2022

Strategy execution continues to bring great results - net sales +40% and adjusted EBITA +54%

15 AUGUST, 2022
UNAUDITED



GOFORE

January-June 2022 Highlights

Strategy execution continues to bring great results
- net sales +40% and adjusted EBITA +54%

- Net sales grew by 40% to EUR 72.5 (51.7) million. Organic net sales growth accounted for well over half of total growth (25%).
- Adjusted EBITA grew by 54% to EUR 10.7 (6.9) million. Adjusted EBITA %, 14.8, improved from comparison period (13.4%).
- Number of employees grew by 34%, to a total of 1,074 (803) people.
- Net sales from private sector customers grew by 58 % and public sector customers sales by 31%.
- Raise in customer pricing was an average of 4.2% and salary raises on average 5.6% (both excl. Devecto), which means higher prices compensated for the impact of salary raises.
- Net sales generated from outside of Finland grew, share of total net sales remained 9% - growth in both German business and projects delivered from Finland to international customers.
- Business of Devecto, a company acquired in January, has developed as expected.

Group Key Figures Summary, MEUR	H1/2022	H1/2021	2021
Net sales	72.5	51.7	104.5
Adjusted EBITA	10.7	6.9	14.6
Adjusted EBITA, %	14.8%	13.4%	14.0%
EBITA	10.2	6.8	14.5
Operating Profit (EBIT)	8.4	5.7	12.2
Earnings per share (EPS)*	0.40	0.27	0.61
Number of employees at the end of period	1,074	803	852
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,177	863	926

* EPS diluted equals to EPS undiluted

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

April-June 2022 Highlights

Exceptional spring in sales - Gofore very successful in public tenders as well as private sector deals

- 40% Group net sales growth to EUR 37.1 (26.4) million, organic net sales growth accelerated (27%).
- 63% adjusted EBITA increase to EUR 5.6 (3.4) million, improved adjusted EBITA %, 15.1% (13.0%).
- Exceptionally active sales throughout the quarter, and Gofore was successful in tenders with e.g. CSC, Ministry of Forest and Agriculture, Tax Administration, City of Helsinki, Finnish Institute of Healthcare and Wellness and Ministry of Finance.

Group Key Figures Summary, MEUR	Q2/2022	Q2/2021	2021
Net sales	37.1	26.4	104.5
Adjusted EBITA	5.6	3.4	14.6
Adjusted EBITA, %	15.1%	13.0%	14.0%
EBITA	5.6	3.4	14.5
Operating Profit (EBIT)	4.7	2.9	12.2
Earnings per share (EPS)*	0.23	0.13	0.61
Number of employees at the end of period	1,074	803	852
Overall capacity; in-house and subcontracted staff (FTE), at the end of period	1,177	863	926

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Long-term target to continue fast and profitable growth

Targets remain unchanged from the previous financial report.

GROWTH

>20 % annual net sales growth, of which organic growth accounts for approximately half

PROFITABILITY

15 % adjusted EBITA

DIVIDEND

At least 40 % of annual net profit

Three avenues to reach growth targets

Growth in Finland

1. Become #1 in digital transformation business for the public sector
2. Become tier 1 service provider for several Top 100 private firms

International growth

1. Grow with international clients served from Finland
2. Expand physical presence and operations in Germany

Disciplined M&A

1. Keep up M&A growth at least at the historical pace
2. Acquire targets that fit to Gofore strategy

Growth target exceeded with 40% net sales growth and 25% organic growth in H1/22

Private sector sales increased 58% in H1/22

German business picked up post-pandemic in H1, winning new deals and customers

Devecto acquisition early 2022 ideally completed private sector offering

Selected highlights of growth strategy achievements

Thoughts from our CEO

As Gofore turns 20 years this August, we can be very proud of the kind of company we have built: positively impactful, fantastically steady in both growth and profitability, treasuring both its staff and customers and a company that has been managed with the same values for 20 years. The first half of 2022 again goes to show we are consistently just that. We also continuously evolve to match the changing world and needs of the ongoing digitalization journey of our customers.

We are very pleased with the excellent, 40% net sales growth and 54% adjusted EBITA growth for our first half-year period of 2022. Our mission to promote ethical digitalisation took steps ahead throughout January-June with great new contracts that all portray the impact we want our work to have. Even the month of June, traditionally quieter than the rest of the year in Finland, was exceptionally busy sales-wise, which promises well for the rest of the year and beyond.

Growth with our private sector customers - an important foundation of our strategy - has continued strong. In January, the acquisition of Devecto made our offering even more attractive to the big companies in the intelligent industry space that we are targeting to partner with. We've managed to deepen our relationships with important customers and have again seen almost 60% growth with the private sector. We are all looking forward to its vast opportunities of the future.

Our long-standing foundation, the public sector, is just as important. We are involved in a huge number of societally impactful projects that build a smart, inclusive and well-functioning society. We facilitate, design and carry out digital change for the better. Finland was recently placed number one in the EU digitalisation comparison, so we have a lot to offer to other European countries.

Our outlook on the market remains positive. We are, however, seeing a higher level of uncertainty. The geopolitical situation remains unpredictable, the corona virus endemic persistent and rising inflation affects us as well as our clients. In the reporting period, our salaries and customer prices developed in sync, and we will continue to work hard to keep a good balance. Our customers are also in the midst of uncertainty. We keep a very close ear to any signs of changes in this regard.

The world is changing faster than ever, but digitalisation is a permanent state. As we celebrate our jubilee, we are also working on updating our strategy, and intend to communicate the new strategy by the end of 2022. Goforeans have shown great desire to meet our targets and I'm sure that same ambition will also carry us in the future.

Mikael Nylund, Group CEO



Quarterly Performance; Net sales and adjusted EBITA

EUR thousand, unless otherwise specified	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Net sales	37,120	35,398	31,203	21,627	26,446	25,232
Change in Net sales, %	40%	40%	29%	33%	43%	34%
Adjusted EBITA	5,613	5,109	4,997	2,706	3,438	3,505
Adjusted EBITA, %	15.1%	14.4%	16.0%	12.5%	13.0%	13.9%
Change in Adjusted EBITA, %	63%	46%	53%	44%	40%	11%

Monthly Performance; Net sales and personnel

Month 2022	Net sales, MEUR (Net sales 2021)	Number of employees at end of period	No. of working days in Finland	Full Time Equivalent, FTE	Subcontracting, FTE
January	10.8 (7.5)	993 (727)	20 (19)	917 (679)	147 (109)
February	11.3 (8.1)	1,015 (736)	20 (20)	942 (689)	153 (111)
March	13.3 (9.7)	1,043 (792)	23 (23)	968 (735)	155 (118)
April	11.5 (8.5)	1,056 (791)	19 (20)	988 (743)	156 (112)
May	13,1 (8.8)	1,068 (799)	21 (20)	1,004 (755)	163 (109)
June	12.5 (9.1)	1,074 (803)	21 (21)	1,015 (755)	162 (108)

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

Key Figures

EUR thousand, unless otherwise specified	Q2/2022	Q2/2021	Change	H1/2022	H1/2021	Change	2021
Net sales	37,120	26,446	10,673	72,518	51,679	20,839	104,509
Change in Net sales, %	40.4%	42.5%		40.3%	38.3%		34.1%
EBITDA	6,162	4,125	2,037	11,305	8,115	3,190	17,062
EBITDA, %	16.6%	15.6%		15.6%	15.7%		16.3%
Adjusted EBITA	5,613	3,438	2,175	10,722	6,943	3,779	14,646
Adjusted EBITA, %	15.1%	13.0%		14.8%	13.4%		14.0%
EBITA	5,613	3,446	2,167	10,186	6,758	3,428	14,451
EBITA, %	15.1%	13.0%		14.0%	13.1%		13.8%
Operating Profit (EBIT)	4,716	2,860	1,857	8,393	5,675	2,718	12,197
Operating Profit (EBIT), %	12.7%	10.8%		11.6%	11.0%		11.7%
Profit for the period	3,592	1,984	1,609	6,265	3,944	2,321	9,073
Earnings per share, EPS (undiluted) *	0.23	0.13	0.10	0.40	0.27	0.13	0.61
Return on equity (ROE), %	21.0%	17.5%		19.0%	17.2%		18.6%
Return on investment (ROI), %	21.2%	18.3%		20.2%	18.2%		19.1%
Equity ratio, %	55.7%	57.1%		55.7%	57.1%		61.5%
Net gearing, %	-23.5%	-30.6%		-23.5%	-30.6%		-41.1%
Number of employees at the end of period	1,074	803	271	1,074	803	271	852
Average overall capacity, FTE	1,003	751	252	973	726	246	745
Average subcontracting, FTE	160	110	50	156	111	44	113

* EPS diluted equals to EPS undiluted

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

Market Outlook

Digitalisation continues strong, but geopolitical and macro-economic uncertainties grow.

Digitalisation continues

Gofore estimates digitalisation to remain a megatrend also going forward, which reinforces the demand for the cutting-edge expertise offered by Gofore in the long term. The corona virus pandemic has accelerated the digitalisation of the public and private sectors and the related investments which are further evolving from the implementation of individual digital services towards organisation-wide digital transformation and the evolution of digital capabilities. The ability and willingness of Gofore's customers to invest in digital transformation will according to company's estimation continue to depend on economic development in both the public and private sectors.

Public sector structural reform continues

Gofore expects digitalisation investments in the Finnish public sector to continue due to the structural reform. The long-term nature of public sector IT investments and long-term cooperation agreements render demand relatively predictable.

The legislative package adopted by the Finnish Parliament in June 2021 launched the reform of social services and healthcare in Finland.

The reform itself is a momentous project, and the acute development need for digitalisation of healthcare will also feature more prominently on the agenda. The Finnish parliamentary elections in 2023 are expected to impact acute demand until a new government is formed and starts implementing their programme. The competitive landscape in the public sector has remained stable, and Gofore expect its position in the market to remain solid.

Digital investments remain a priority for private sector

In Finland's private sector, digitalisation remains one of the most important priorities. IT development still partially remains an internal activity of companies and organisations, and companies and organisations hire specialists of the field for various IT tasks. Both domestic and international IT service providers continue to offer top external expertise to Finnish private sector operators.

Outlook of the export industry, being of significance for Gofore, is dependent on global demand and working supply chains. Rising uncertainty could have an effect on customers' ability to invest in digital development. Up until now, we have only seen individual cases of this. New and more digital products have been a clear priority.

Gofore's comprehensive offering is estimated to be a good fit with the private sector's demand.

International markets

Markets outside of Finland are developing broadly in line with the Finnish market. Gofore's international customers are mainly from the private sector. Uncertainty related to big global economies like Germany has grown lately.

The global shortage of talent manifests itself in the market through international companies being more active in the search for partners, also in Finland.

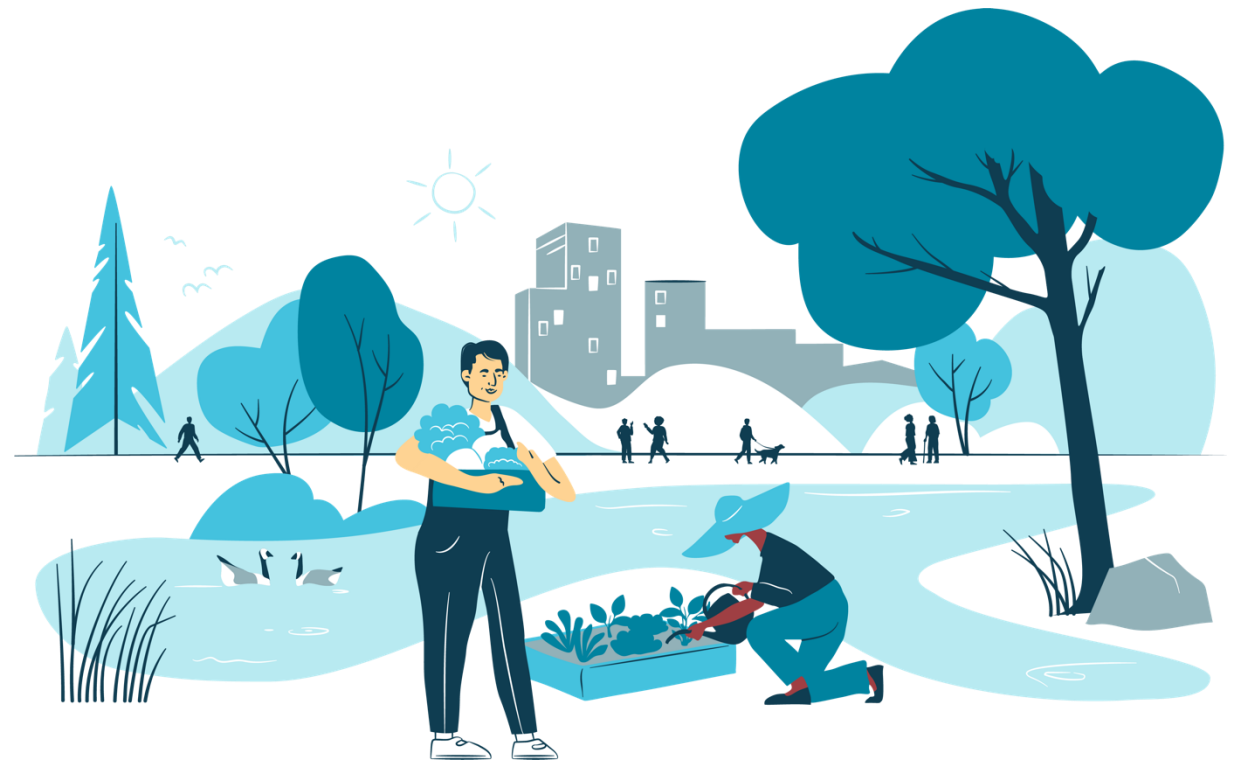
Fight for talent continues

Competition for the best talent will continue in the IT industry. The pandemic brought forward a new way of working, eg. freelance and location-independent work. High demand for skilled workers increases risk of wage inflation, accentuated by the general inflation in the economy.

In the long term, Gofore continues to estimate its demand to grow and its services to stay competitive also in the future.

Building a sustainable Finland

- Success in an extensive IT service tendering of the Ministry of Agriculture and Forestry, carried out by the National Land Survey of Finland
- Gofore chosen as no. 1 priority position in cloud development and expert services, and as a subcontractor in testing to long-standing collaborator, Knowit
- Tendering involved the ministry, National Land Survey of Finland, National Resource Institute Finland and Metsähallitus (state forest enterprise)
- Agreement period four years with an optional period of two
- Parties will next make their individual frame agreements
- Entire arrangement is worth 188 million euros
- Gofore's objective is to make its share worth a few million euros of net sales p/a



A digital society for all

In the first half of 2022, we made several agreements on promoting the development of an ethical digital society, e.g.:

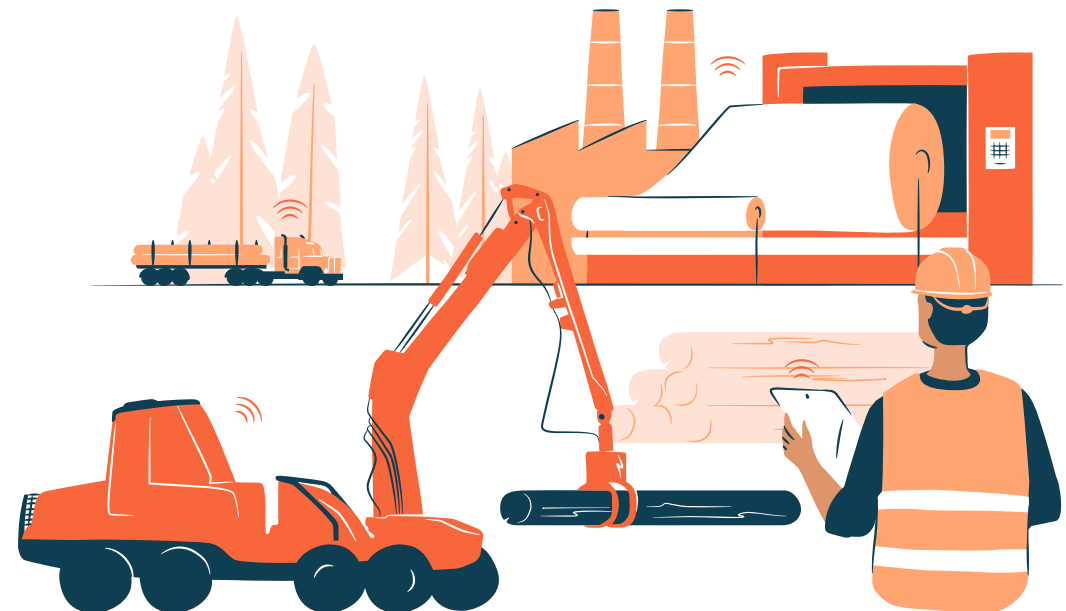


- City of Helsinki:
 - Organisational and digital service design to develop the city's digital services inclusively
 - Haitaton: Evaluation application for construction site impediments
 - ASTI: Development of early childhood stage family services
- Ministry of Foreign Affairs; the Virtual Finland project; developing Finland's digital immigration service infrastructure
- Digital and Population Data Services Agency; Expert services in data management and security
- Tax administration; Realtime Economy; a national ecosystem of financial operations
- University of Helsinki; Agile software development
- CSC; Digivisio 2030 – Digitalisation of learning services

Ponsse collaboration expanding

A prime example of recent development within the private sector

- Collaboration between Gofore and forestry equipment manufacturer Ponsse expanded significantly as Devecto became part of Gofore in January 2022
- Devecto has been in close cooperation with Ponsse on developing the operational systems of forestry technology since 2016
- Gofore also deepened its collaboration on Ponsse's digital services during 2021
- Partners are now looking into possibilities of using Gofore's extensive digital service development experience in enhancing data driven forest industry functionality in more depth



Germany's business picks up post-pandemic



- A clear change in the business climate during the first half, as customers started to be open to face-to-face meetings
- A noticeable increase in the demand of services
- These factors affected sales positively, as we were able to acquire several new customers and close significant level of orders during H1
- Some of the most significant deals include
 - a full development team for building a digital platform for an industrial device manufacturing company
 - design services for one of the leading sports car brands
 - advisory services for a healthcare sector customer and
 - user interface consultancy and design services for a market leading medical equipment company



Positive direction for people and community

Stronger confidence of Goforeans in the company's positive development resulted in very good development in both community building and recruiting new colleagues.

Calculation method for the attrition rate can be found in the "Calculation formulas for key figures" section.

Month	No. of employees	Full-time equivalent, FTE	Subcontracting, FTE
January	993 (727)	917 (679)	147 (109)
February	1,015 (736)	942 (689)	153 (111)
March	1,043 (792)	968 (735)	155 (118)
April	1,056 (791)	988 (743)	156 (112)
May	1,068 (799)	1,004 (755)	163 (109)
June	1,074 (803)	1,015 (755)	162 (108)
July	1,062 (797)	1,004 (746)	78 (38)

- Number of employees up 26% from year-end 2021, 34% from H1/2021
- Significant improvement in work satisfaction and retaining employees. Attrition rate 6% in H1 (9% in H1/21)
- Record strong recruitment with 230 new hires during H1 reflecting on positive employer brand and effective recruitment operations
- Increase of average salary during H1 was on a healthy level of 2.1%
- Devecto team well integrated into Gofore's systems and services already during Q1
- International team growing faster than Finnish team, driving increased internationalization

Significant events after the review period

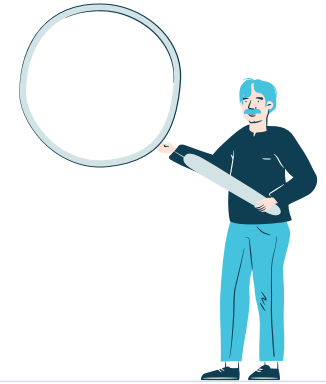
14 July, 2022: Gofore adjusts the estimate of its share of the Finnish IT Center for Science tendering

- Gofore had been chosen as a partner in the Digivisio 2030 project of IT Center for Science (CSC). On 14 July, Gofore adjusted the 12 million-euro estimate it gave of its share of the Digivisio tendering on 30 June.
- There were two demands for corrections in the procurement, and according to the new decision Gofore’s position in the tendering was changed from number one priority position to second place.
- According to its new estimate, Gofore’s share is 8.75 million euros (25% of total). The project will last four years between 2022 and 2026.



JULY KEY FIGURES	Net sales, MEUR	No. of Employees	No. of Working Days in Finland	Overall Capacity, FTE	Subcontracting FTE
July 2022	4.1	1,062	21	1,004	78

Short-term risks in the operating environment



● ● ○ ○ ○ LOW RISK

Russian invasion on Ukraine

The direct implications of the Russian invasion or sanctions targeted on the country continue to be low for Gofore. Gofore doesn't have business operations in Russia, Belarus or Ukraine. The conflict is possibly expected to have indirect impact through customer business risks such as inflation. These risks impacted Gofore's business very little in the reporting period, and therefore Gofore currently sees a low risk.

● ● ● ○ ○ MEDIUM RISK

COVID-19

Impacts of the coronavirus pandemic, that turned to an endemic, have remained minor on public and private sector customer segments. Higher than normal sick leave levels have, however, affected Gofore's profitability somewhat in the reporting period, and hence despite the slowing down of the pandemic, Gofore still sees a medium risk.

● ● ● ○ ○ MEDIUM RISK

Talent acquisition and salary inflation

Demand for skilled workforce continue to be high and increasingly also apply to digitalisation experts other than experienced technical and software developers. Due to the high demand, the risk of wage inflation has increased. Thanks to its strong employer brand and flexible ways of working, Gofore only sees a medium risk in talent acquisition as a whole.

● ● ○ ○ ○ LOW RISK

M&A market

Gofore does intend to continue disciplined M&A by acquiring targets that fit its strategy. Industry valuations currently seem to be on a high level, however Gofore sees a lot of activity in the market. Gofore is an experienced and valued buyer in Finland. Hence, despite the market trend and M&A activity also taking place in Germany, M&A market risk is considered low.

● ○ ○ ○ ○ VERY LOW RISK

Public customer market

The public sector is more resistant to changes in macro economy than the private sector. Negative changes in the public sector IT investments may pose challenges to Gofore. Nonetheless, considering its market position, Gofore currently sees a very low risk in the public sector.

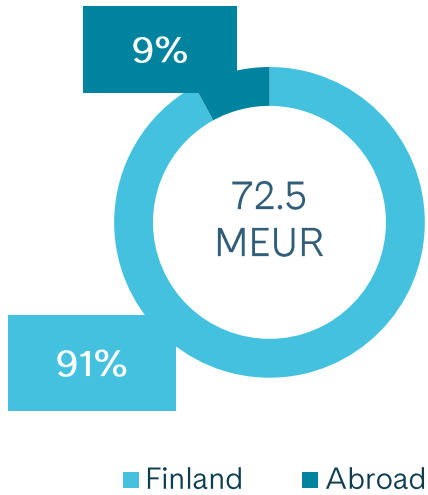
● ● ● ○ ○ MEDIUM RISK

Private customer market

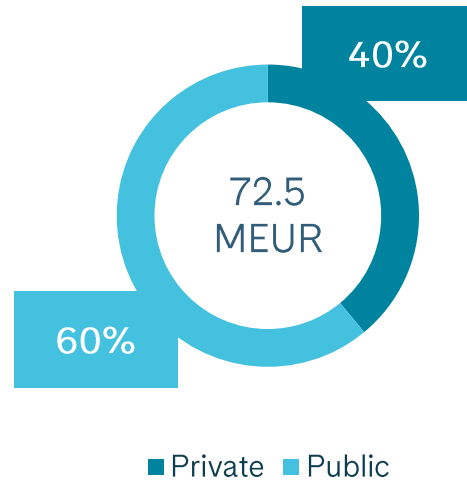
Private companies are more vulnerable than the public sector when it comes to the current political situation or country-specific macro economy risks. The competitive environment within customer business segments can also impact private companies, which could affect Gofore's profitability and growth. Gofore currently sees a medium risk in the private sector customer segment.

Net Sales Distribution

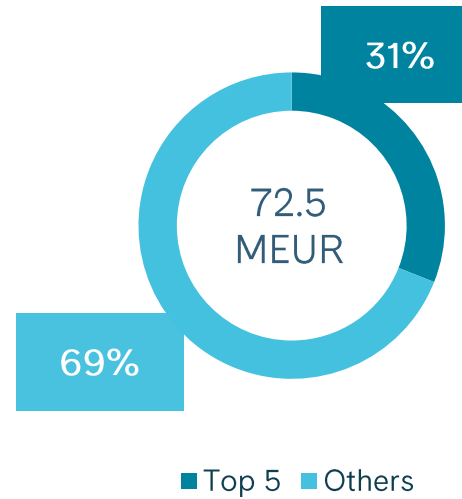
Geographically



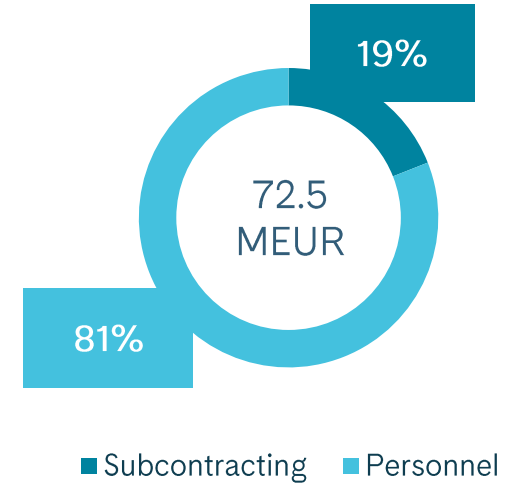
By sector



By customer size



Share of subcontracting



Disclosure and Guidance

Gofore has recently developed the content of its monthly and quarterly business reviews, in an effort to further improve the company's transparency and more real-time monitoring of financial developments.

Enhancing financial and business reporting also means Gofore no longer makes guidance statements. Before, Gofore may have presented an estimate of the company's revenue or performance guidance in the financial statement release or half-year report. As of February 2022, Gofore has not provided forecasts about the revenue or profit for the financial year.

Financial information

January-June 2022

Group Structure

Personnel and offices

At the end of June 2021, the Group employed a total of 1,074 (803) employees. The number of personnel increased from the corresponding period in 2021 by 34%. Growth occurred particularly in Finland, as a result of the Devecto acquisition.

The number of employees in Finland amounted to 1 027 (770), and in the other countries of operation to a total of 47 (33) employees.

Gofore’s offices are located in Helsinki, Espoo, Jyväskylä, Tampere, Lappeenranta, Oulu, Kajaani and Turku. Offices located outside of Finland are in Brunswick and Munich in Germany, Madrid in Spain, and Tallinn in Estonia.

Corporate acquisitions

On 3 January 2022, Gofore announced it had acquired the entire share capital of Devecto Oy, a company specialised in software development and testing of smart devices and machinery, and related testing systems, for 21 million euros. 70% of the purchase price in cash and 30% in the form of share consideration.

Numbers of the previously acquired CCEA Finland Oy have been consolidated in Gofore Group’s comparable numbers for 2021 as of 1 March 2021.

The purchase price allocation of Devecto is presented in the section “Notes to the Accounts”.

GOFORE PLC

Gofore Lead Oy 100 %	Devecto Oy 100 %
Gofore Germany GmbH 100 %	Gofore Spain 100 %
Qentinel Finland Oy 100 %	Gofore Estonia 100 %
CCEA Oy 95 % Gofore Oyj 5 % Minority shareholders	Sleek Oy 70 % Gofore Oyj 30 % Minority shareholders
Celkee Oy 100 % CCEA Oy	Rebase Consulting Oy 68 % Gofore Oyj 32 % Minority shareholders

Net Sales

Strong growth continued, speeded up by acquisitions and organic growth

January – June 2022

During the period of January – June 2022, Gofore's net sales increased by 40% compared to the corresponding period in 2021, amounting to EUR 72.5 (51.7) million.

Growth was attributable to the Devecto acquisition and strong organic growth. The average hourly price of services sold also increased slightly.

Net sales generated from public sector sales increased to EUR 43.5 (33.3) million. Net sales generated from the private sector grew by as much as 58% to EUR 29.1 (18.4) million. Both the Devecto and the CCEA acquisition have contributed to the private sector sales growth.

The public sector's share of total net sales was 60 (64)% and private sector 40 (36)%.

Net sales coming from Finland was EUR 65.8 (47.2) million, representing a 91 (91)% share of the Group's net sales. Other countries' share of Group net sales was 9 (9)%; EUR 6.7 (4.5) million.

Subcontracted work represented 19 (19)% share of the Group's net sales; EUR 13.9 (9.7) million.

April – June 2022

During the period of April – June 2022, Gofore's net sales increased by 40% compared to the corresponding period in 2021 and amounted to EUR 37.1 (26.4) million.

The growth was primarily attributable to corporate acquisitions and organic growth.

Profitability

Significant growth in adjusted EBITA and profit for the period; over 50% and speeded up further on 2nd quarter

January – June 2022

During the period of January – June 2022, Gofore's adjusted EBITA increased by 54% compared to the corresponding period in 2021 and amounted to EUR 10.7 (6.9) million and accounted to 14.8 (13.4)% of net sales.

Adjusted EBITA for the period was affected by an adjustment of corporate acquisition transaction costs by EUR 0.6 million. Adjusted EBITA in the comparison period was affected by a EUR 0.2 million adjustment of acquisition transaction costs. The calculation method of the adjusted EBITA is presented separately in the section "Calculation formulas for key figures".

EBITA for January – June 2022 amounted to EUR 10.2 (6.8) million and accounted for 14.0 (13.1)% of net sales.

The proportion of personnel expenses of net sales remained at the level of the comparison period, accounting for 57.2 (57.8)%.

Personnel expenses for January – June 2022 amounted to EUR 41.5 (29.9) million. The increase is attributable to growth in the number of personnel.

Other operating expenses amounted to a total of EUR 8.1 (5.4) million and accounted for 11.1 (10.5)% of net sales. The largest expense items included other personnel expenses, ICT expenses and external services. Depreciations excluding amortizations of intangible assets related to acquisitions were EUR 1.1 (1.4) million, accounting for 1.5 (2.6)% of net sales. Depreciations and amortizations were 2.9 (2.4) million euros; 4.0 (4.7)% of net sales.

Operating profit (EBIT) in January – June 2022 amounted to EUR 8.4 (5.7) million and accounted for 11.6 (11.0)% of net sales. Finance costs and income were EUR -0.2 (-0.7) million. Costs in the comparison period were increased due to Gofore's transfer to the official list of Nasdaq Helsinki.

Profit for the financial period amounted to EUR 6.3 (3.9) million, showing 59% growth.

April – June 2022

During the period of April – June 2022, adjusted EBITA amounted to EUR 5.6 (3.4) million; 15.1 (13.0)% of net sales. Adjusted EBITA was significantly improved during the second quarter, showing a further 63% growth.

Balance sheet, cashflow, financing and R&D

The Group's liquidity is good and financing position strong

Gofore's equity ratio amounted to 55.7 (57.1)%, with net gearing of -23.5 (-30.6)%.

At the end of June 2022, the balance sheet total of the Gofore Group amounted to EUR 127.3 (98.6) million, of which total equity accounted for EUR 70.3 (55.7) million. At the end of the review period, interest-bearing net debt amounted to EUR -16.5 (-17.1) million.

Cash flow from operations improved over the period of January – June 2022 to EUR 10.6 (4.8) million. The cash flow from investments during the review period amounted to EUR -14.4 (-8.8) million.

Investments in subsidiary shares during the review period amounted to EUR 14.2 (8.7) million. Cash flow from financing activities during the period amounted to EUR 0.7 (16.0) million, including paid dividends of EUR -4.4 million, repayments of lease agreement liabilities for EUR -0.9 million, withdrawals of new loans for EUR 8.0 million and loan amortisations for EUR -1.9 million.

At the end of the review period, cash assets amounted to EUR 36.0 (33.4) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 16.2 (11.4) million. Gofore raised a new unsecured loan of EUR 8.0 million during the review period.

The loans are associated with the customary covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 June 2022. In addition, Gofore has in its disposal an EUR 5 million binding, unsecured credit limit for the Group's short-term, general financing needs such as corporate acquisitions. The limit was not used during the review period.

Research & Development

The Business Finland supported projects on developing digital working were completed in 2021. The company's development activity in the reporting period was focused on enhancing its digital platform and enterprise resource management system.

Corporate Governance and Share Information

January-June 2022

Shares and Trading

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

At the end of the reporting period on 30 June 2022,

- Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,370,322 (15,052,231) company shares
- Gofore or its subsidiaries were not in possession of any treasury shares in the reporting or the corresponding period
- Trading volume in January –June 2022 amounted to 0.82 (3.19) million shares, corresponding to approximately 5% (22%) of average number of outstanding shares, trading value EUR 18.8 (61.2) million
- At the end of June 2022, the company's market value was EUR 323.5 (273.2) million. Closing price of Gofore's share 30 June 2022 was EUR 21.05 (18.15)
- Trading volume-weighted average price of the share during the review period was EUR 23.14 (19.21)
- Highest trading price was EUR 26.00 (24.20) and the lowest EUR 18.25 (16.00)

324

Market value at the end of June, MEUR

-12.3%

Share price six month value change

26.00

Highest price, EUR

Shares Ownership

At the end of the reporting period on 30 June, 2022

- The company had a total of 5,641 (6,170) registered shareholders
- Foreign ownership accounted for a total of 1.76 (0.13) per cent of the shares
- Holders of nominee registered shares owned a total of 18.81 % (14.81 %) of shares, total number of such shares amounted to 2,891,356 (2,229,391)
- Households owned 56.50 % (60.65 %) of the shares, private companies 5.28 % (5.49 %), financial and insurance institutions 26.38 % (24.03 %), non-profit organisations 0.72% (0.30 %) and public corporations 9.38 % (9.41 %)

Changes in major shareholders' ownership

- Gofore received no flagging notifications in January-June 2022 and hence, there were no changes in major shareholders' ownership

Directed share issues

- On 3 January 2022, the company announced it had carried out a directed share issue of 271,958 shares in relation to the Devecto acquisition. The new shares were entered in the Trade Register on 4 January 2021.
- On 11 March, the company announced it had carried out a directed share issue of 26,279 shares as a part of Crew Share program. The new shares were entered in the Trade Register on 21 March 2022.

5,641

Shareholders at the end of June

56.5%

Household ownership

26.4%

Financial and insurance institutions ownership

Share-based loyalty and remuneration schemes

Gofore has had a share savings plan called CrewShare open to its entire staff since 2018. In January 2022, the Board of Directors resolved on a new plan period for 2022–2023, as well as on a new Performance Share Plan for key people.

CrewShare Plan

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

The new plan period commenced on 1 March 2022 and ends on 28 February 2023. Employees will be offered an opportunity to save a proportion of their regular salaries (EUR 50–400 per month). The accrued savings will be used for the acquisition of the Gofore shares biannually following the publications of the Half-year Report in September 2022 and financial statements release for the year 2022 in March 2023.

A total of 645 Gofore Group employees have participated in CrewShare so far.

Performance Share Plan

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

The Performance Share Plan 2022–2024 consists of a three-year performance period, covering the financial years in question. The Board may decide annually on new performance periods.

26 persons, including the CEO and other management team members, currently belong in this plan.

Read more: <https://gofore.com/en/releases/gofore-plc-gofore-resolved-on-incentive-plans-for-the-groups-employees-and-key-personnel/>

Resolutions of the Annual General Meeting

Adoption of the financial statements

The Annual General Meeting adopted the company's financial statements for the financial period from 1 January–31 December 2021.

Dividend of EUR 0.28 per share

The Annual General Meeting confirmed a dividend of EUR 0.28 per share to be paid for the financial period 1 January– 31 December 2021. The total amount of dividend is EUR 4,303,690.16, calculated on the basis of the outstanding shares as per the day of the Annual General Meeting. The record date for the dividend distribution will be 29 March 2022 and the dividend payment date will be 5 April 2022.

Resolution on discharge from liability

It was resolved to discharge the members of the Board of Directors and the CEO from liability for the financial period of 1 January–31 December 2021.

Remuneration report

It was resolved to adopt the Remuneration Report for the Governing Bodies.

Remuneration of the members of the Board of Directors

It was resolved that the remuneration for the Chair of the Board is EUR 3,500 per month and for the members of the Board EUR 2,000 per month. In addition, it was approved that the Shareholders' Nomination Board proposes that each Board Member be paid a fee for each committee meeting as follows: The Chair of the Committee should be paid EUR 800 and the other committee members EUR 400 for each meeting. All members of the Board will be compensated for travel expenses against receipt in accordance with the company's travel policy.

The number of members of the Board of Directors

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

Composition of the Board of Directors

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

Remuneration of the auditor

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

Election of the auditor

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

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

Share repurchase and issuance authorisations

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

The Annual General Meeting authorised the Board of Directors to resolve on the acquisition of the company's own shares of a maximum of 1,534,404 shares and/or accepting the same number of the company's own shares as a pledge, in one or more tranches by using funds in the unrestricted shareholders' equity. The maximum number of shares to be acquired and/or accepted as a pledge corresponds to approximately 10% of the total number of shares of the company based on the date of the notice to the Meeting. However, the company, together with its subsidiaries, may not hold or accept as a pledge more than 10% of the total number of shares of the company at any time.

Shares will be acquired otherwise than in the proportion of shareholders' holdings in public trading arranged by Nasdaq Helsinki Ltd. at market price at the time of acquisition or otherwise at market price. The authorisation is granted for the purposes of, among others, executing potential acquisitions and share-based incentive schemes or for other purposes determined by the Board of Directors and otherwise to be further assigned, to be held at the ownership of the company or to be annulled by the company. The Board of Directors decides on all other conditions for acquiring own shares and/or accepting them as a pledge.

This authorisation cancels the authorisation given by the Annual General Meeting on 26 March 2021 to resolve on the repurchase of the company's own shares. The authorisation is valid until the closing of the next Annual General Meeting, however, no longer than 30 June 2023.

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

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

The total number of shares to be issued, including shares under options and other special rights, may amount to a maximum of 2,301,606 shares, equivalent to approximately 15% of the total number of shares of the company on the date of the notice to the meeting. The Board of Directors may decide to issue new shares or to transfer own shares that may be held by the company.

The authorisation entitles the Board of Directors to decide on all terms and conditions related to the issuance of shares and the issuance of option rights and special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription rights. The authorisation is to be used as consideration for acquisitions, partly as a company incentive scheme or for other purposes determined by the Board of Directors.

The authorisation is valid until 30 June 2023. The authorisation revokes all previous unused authorisations of the Board of Directors to resolve on the issuance of shares, issuance of share options and issuance of other special rights entitling to shares.

Consolidated Half-Year Financial Report

1 Jan – 30 Jun 2022

Tables Section

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR Thousand	Q2/2022	Q2/2021	Change	H1/2022	H1/2021	Change	2021
Net sales	37,120	26,446	40%	72,518	51,679	40%	104,509
Production for own use	61	48	28%	95	104	-9%	140
Other operating income	1	20	-94%	26	80	-67%	128
Materials and services	-5,987	-4,111	46%	-11,809	-8,414	40%	-17,547
Employee benefit expenses	-21,255	-15,713	35%	-41,451	-29,888	39%	-58,943
Depreciations, amortisations and impairment	-1,446	-1,265	14%	-2,912	-2,440	19%	-4,865
Other operating expenses	-3,777	-2,565	47%	-8,075	-5,446	48%	-11,226
Operating profit (EBIT)	4,716	2,860	65%	8,393	5,675	48%	12,197
Finance costs	-94	-463	-80%	-221	-756	-71%	-902
Finance income	4	14	-70%	7	23	-70%	40
Profit before tax	4,627	2,411	92%	8,179	4,942	65%	11,335
Income tax	-1,035	-427	142%	-1,913	-998	92%	-2,261
Profit for the financial period	3,592	1,984	81%	6,265	3,944	59%	9,073
Other Comprehensive Income							
Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods							
Exchange differences on translation of foreign operations	0	3	-100%	0	3	-100%	12
Cash flow hedges	117	0	0%	282	0	0%	0
Other comprehensive income, net of tax	117	3	3239%	282	3	7963%	12
Total comprehensive income for the financial period	3,709	1,987	87%	6,547	3,948	66%	9,086
Profit/loss for the financial period attributable to:							
Equity holders of the parent	3,537	1,951	81%	6,156	3,905	58%	8,953
Non-controlling interests	55	33	67%	109	39	179%	120
	3,592	1,984	81%	6,265	3,944	59%	9,073
Total comprehensive income for the financial period attributable to:							
Equity holders of the parent	3,654	1,954	87%	6,438	3,908	65%	8,966
Non-controlling interests	55	33	67%	109	39	179%	120
	3,709	1,987	87%	6,547	3,948	66%	9,086
Earnings per share (EPS)							
Earnings per share, undiluted	0.23	0.13	0.10	0.40	0.27	0.13	0.61
Earnings per share, diluted	0.23	0.13	0.10	0.40	0.27	0.13	0.61

Consolidated Statement of Financial Position

EUR thousand	H1/2022	H1/2021	Change	2021
Assets				
Non-current assets				
Goodwill	41,316	26,897	54%	26,897
Other intangible assets	19,126	12,469	53%	11,257
Tangible assets	507	451	12%	427
Right-of-use assets	3,803	5,511	-31%	4,409
Other receivables	491	764	-36%	1
Deferred tax assets	63	19	224%	37
Total non-current assets	65,307	46,111	42%	43,029
Current assets				
Trade receivables	21,626	14,219	52%	15,980
Contract assets	1,111	1,286	-14%	709
Other current assets	2,709	2,744	-1%	2,346
Income tax receivables	18	253	-93%	144
Securities	519	563	-8%	575
Cash and cash equivalents	36,037	33,399	8%	39,114
Total current assets	62,021	52,464	18%	58,869
Total assets	127,328	98,575	29%	101,898

EUR thousand	H1/2022	H1/2021	Change	2021
Equity and liabilities				
Equity				
Share capital	80	80	0%	80
Translation differences	0	-9	-100%	0
Other reserves	282	0	0%	0
Fund for unrestricted equity	46,843	39,743	18%	40,103
Retained earnings	22,760	15,646	45%	20,822
Equity attributable to equity holders of the parent	69,965	55,460	26%	61,005
Non-controlling interests	296	223	33%	304
Total equity	70,261	55,683	26%	61,309
Non-current liabilities				
Interest-bearing loans and borrowings	12,436	8,750	42%	7,450
Other payables	148	765	-81%	0
Lease liabilities	1,976	3,477	-43%	2,644
Deferred tax liabilities	3,736	2,345	59%	2,111
Total non-current liabilities	18,295	15,337	19%	12,205
Current liabilities				
Trade and other payables	17,812	11,309	57%	11,199
Contract liabilities	1,269	982	29%	2,217
Interest-bearing loans and borrowings	3,743	2,600	44%	2,600
Lease liabilities	1,869	2,077	-10%	1,807
Accrued expenses	13,182	10,119	30%	10,028
Income tax payable	898	468	92%	533
Total current liabilities	38,772	27,555	41%	28,384
Total liabilities	57,067	42,892	33%	40,589
Total equity and liabilities	127,328	98,575	29%	101,898

Consolidated Statement of Changes in Equity

2022								
Attributable to equity holders of the parent								
EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2022	80	40,103	0	0	20,822	61,005	304	61,309
Profit for the period					6,156	6,156	109	6,265
Other comprehensive income			282			282		282
Total comprehensive income	0	0	282	0	6,156	6,438	109	6,547
Share-based payments		425			86	512		512
Dividends					-4,304	-4,304	-131	-4,434
Share issue		0				0		0
Acquisition of a subsidiary paid in shares		6,315				6,315		6,315
Acquisition of non-controlling interests		0			-1	-1	14	13
Equity on 30.06.2022	80	46,843	282	0	22,760	69,965	296	70,261
2021								
Attributable to equity holders of the parent								
EUR thousand	Share capital	Fund for unrestricted equity	Reserve for fair value	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2021	80	20,515		-12	15,476	36,059	23	36,082
Profit for the period					3,905	3,905	39	3,944
Other comprehensive income				3		3	0	3
Total comprehensive income	0	0	0	3	3,905	3,908	39	3,948
Share-based payments		211			64	275		275
Dividends					-3,373	-3,373		-3,373
Share issue		19,017			-425	18,592	8	18,600
Acquisition of a subsidiary paid in shares						0		0
Acquisition of non-controlling interests		-1				-1	152	151
Equity on 30.06.2021	80	39,743	0	-9	15,646	55,460	223	55,683

Consolidated Statement of Cash Flows

EUR thousand	H1/2022	H1/2021	Change, %	2021
Operating activities				
Profit before tax	8,179	4,942	65%	11,335
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation and impairment	2,912	2,440	19%	4,865
Finance income and expenses	214	733	-71%	862
Other adjustments	566	303	87%	762
Change in working capital	812	-1,770	-146%	-334
Interest received and paid	-153	-97	58%	-226
Other financial items	0	-657	-100%	-666
Income tax paid	-1,936	-1,068	81%	-2,410
Net cash flow from operating activities	10,593	4,826	119%	14,187
Net cashflow from investing activities				
Proceeds from sale of tangible assets	53	0	0%	5
Purchase of intangible assets	-95	-104	-9%	-140
Purchase of tangible assets	-152	-22	586%	-60
Acquisition of a subsidiary, net of cash acquired	-14,174	-8,665	64%	-9,853
Net cash flow from investing activities	-14,368	-8,791	63%	-10,047
Net cash flow from financing activities				
Treasury shares acquired	-1	0	0%	-1
Repayment of lease liabilities	-946	-1,100	-14%	-2,189
Proceeds from borrowings	8,000	3,000	167%	3,000
Repayment of borrowings	-1,925	-1,150	67%	-2,450
Financial instruments	-10	0	0%	0
Share issue	0	19,017	-100%	19,017
Transaction costs on issue of shares	0	-425	-100%	-426
Dividends paid to equity holders of the parent	-4,304	-3,373	28%	-3,373
Dividends paid to non-controlling interest	-131	0	0%	0
Changes in non-controlling interest	14	0	0%	0
Net cash flow from financing activities	698	15,969	-96%	13,580
Net increase in cash and cash equivalents	-3,077	12,005	-126%	17,719
Cash and cash equivalents at beginning of period	39,114	21,394	83%	21,394
Cash and cash equivalents at end of period	36,037	33,399	8%	39,114

Notes to the Accounts

1 Jan – 30 Jun 2022

Accounting Principles

This half-year report was prepared in accordance with the IAS 34 Interim Reports standard. The figures presented for the half-year period are unaudited. Information concerning the full year 2021 is based on the audited financial statements for 2021.

Gofore has changed the accounting policy regarding hedge accounting under IFRS 9 regarding interest rate cap agreements as of 1 January 2022. Efficient share of fair value changes is recognized in the Income Statement's Other comprehensive income (OCI) and presented in fair value reserves in equity. The inefficient share of hedging is recognized in financial costs in profit

and loss statement. Fair value reserves in equity are booked through profit and loss when the hedged item has a profit impact. Amendments to the standards taking effect in 2022 did not affect the Group. Otherwise, the half-year report is made according to the same accounting policies as the Financial Statements for 2021.

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

Distribution of revenue

EUR thousand, unless otherwise specified	Q2/2022	Q2/2021	Change, %	H1/2022	H1/2021	Change, %	2021
Net sales by customer sector							
Private sector sales	15,310	9,844	56%	29,054	18,417	58%	36,570
Public sector sales	21,810	16,603	31%	43,464	33,262	31%	67,939
Net sales by origin of customer							
Finland	33,401	24,287	38%	65,848	47,187	40%	95,463
Other countries	3,719	2,159	72%	6,670	4,491	49%	9,046
Net sales by Crew / subcontracting							
Net sales, Crew	30,067	21,734	38%	58,611	42,024	39%	84,226
Net sales, subcontracting	7,052	4,713	50%	13,907	9,655	44%	20,283
Net sales by agreement types							
Time and material based projects	34,370	23,466	46%	67,103	46,434	45%	94,199
Fixed price projects	2,149	2,193	-2%	4,112	3,732	10%	7,544
Maintenance services	585	675	-13%	1,254	1,318	-5%	2,351
Third party commissions	15	113	-86%	50	195	-74%	416
Net sales, Group total	37,120	26,446	40%	72,518	51,679	40%	104,509

Intangible Assets

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1 January 2022	672	10,031	3,438	66	200	101	1,035	15,543	26,897	42,440
Additions	0	0	0	0	0	0	95	95	0	95
Business combinations	178	8,286	1,181	0	0	0	0	9,645	14,419	24,065
30 June 2022	850	18,318	4,619	66	200	101	1,130	25,283	41,316	66,599
Amortisation and impairment										
1 January 2022	-348	-2,720	-955	-11	-56	-36	-160	-4,286	0	-4,286
Amortisations	-236	-1,113	-405	-7	-33	-6	-71	-1,871	0	-1,871
30 June 2022	-583	-3,833	-1,360	-18	-89	-43	-232	-6,157	0	-6,157
Net book value										
1 January 2022	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154
30 June 2022	267	14,485	3,259	49	111	58	898	19,126	41,316	60,443
EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1 January 2021	414	8,472	2,577	0	0	0	895	12,359	23,312	35,670
Additions	0	0	0	0	0	0	104	104	0	104
Business combinations	258	1,559	861	66	200	101	0	3,045	3,586	6,630
30 June 2021	672	10,031	3,438	66	200	101	999	15,507	26,897	42,404
Amortisation and impairment										
1 January 2021	-69	-1,360	-406	0	0	0	-17	-1,853	0	-1,853
Amortisations	-132	-661	-263	-4	-22	-14	-88	-1,186	0	-1,186
30 June 2021	-201	-2,022	-669	-4	-22	-14	-106	-3,038	0	-3,038
Net book value										
1 January 2021	345	7,112	2,171	0	0	0	878	10,506	23,312	33,818
30 June 2021	470	8,010	2,769	62	178	86	893	12,469	26,897	39,366

Tangible Assets

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1 January 2022	997	480	1,477
Additions	49	103	152
Business combinations	64	0	0
Disposals	-39	0	-39
30 June 2022	1,072	583	1,590
Depreciation and impairment			
1 January 2022	-815	-235	-1,049
Depreciations charge for the year	-73	-25	-98
Disposals	0	0	0
30 June 2022	-887	-260	-1,147
Net book value			
1 January 2022	182	245	427
30 June 2022	184	323	443

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1 January 2021	879	396	1,275
Additions	0	0	0
Business combinations	114	0	114
Disposals	-5	0	-5
30 June 2021	988	396	1,384
Depreciation and impairment			
1 January 2021	-631	-184	-815
Depreciations charge for the year	-91	-28	-118
Disposals	0	0	0
30 June 2021	-721	-211	-933
Net book value			
1 January 2021	248	212	461
30 June 2021	266	185	451

Right-of-use Assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1 January 2022	4,323	86	4,409
Additions	348	180	528
Disposals	-190		-190
Depreciations for the financial year	-880	-64	-944
30 June 2022	3,602	201	3,803
1 January 2021	6,730	105	6,835
Additions	105	32	138
Disposals	-311	-14	-326
Depreciations for the financial year	-1,109	-27	-1,136
30 June 2021	5,414	96	5,511
1 January 2021	6,730	105	6,835
Additions	49	50	100
Disposals	-311	-17	-329
Depreciations for the financial year	-2,145	-52	-2,197
31 December 2021	4,323	86	4,409

Corporate Acquisitions

EUR thousand	Devecto Oy
Purchase price	
Consideration paid in cash	18,010
Consideration paid in shares	6,315
Total purchase price	24,325
Fair value of assets and liabilities recognised on acquisitions	
Assets	
Intangible assets	
Customer relationships	8,286
Trademarks	178
Non-compete agreements	1,181
Intangible assets	9,645
Tangible assets	64
Other assets	2,852
Cash and cash equivalents	1,366
Total assets	13,927
Liabilities	
Interest and non-interest bearing liabilities	2,092
Deferred tax liability	1,929
Total liabilities	4,021
Total identifiable net assets at fair value	9,905
Goodwill arising on acquisition	14,419
Purchase consideration transferred	24,325
Cash flow impact of acquisitions	
Consideration paid in cash	18,010
Cash and cash equivalents	-1,366
Expenses related to the acquisition	551
Net cash flow on acquisition	17,195

Acquisition of Devecto Oy

On 3 January, 2022, Gofore communicated it had acquired the entire share capital of Devecto, a company specialised in software development and testing of smart devices and machinery and related testing systems. The purchase price of the share capital acquired amounted to 21.2 million euros. The total purchase price, 24.3 million euros, includes the estimated earn-out price, 3.2 million euros, debt-free price of business operations, 20 million euros, and the compensation for net cash and net working capital adjustment of 1.2 million euros. Gofore Plc paid 70% of the purchase price in cash and 30% in the form of share consideration. Also, an earnout has been agreed upon, based on Devecto's profit for the year 2022.

The preliminary purchase price allocation of Devecto Oy acquisition is presented here. The calculation is based on the management judgement for the fair values of acquired assets and liabilities as well as possible contingent consideration. Management has made a judgement regarding the possible earn-out for the year 2022. The judgement amounts to 3.2 million euros. The maximum earnout shall amount to 5 million euros and, in case it materializes, will be payable in the form of cash consideration during the first half of 2023.

Final decision concerning the purchase price allocation will be made within 12 months from the acquisition.

During the reporting period 0.3 million euros of contingent consideration, amounting 3.5 million euros at acquisition date, has been paid as working capital adjustment. Contingent consideration liability on 30 June, 2022 was 3.2 million euros.

Alternative performance measures (APM)

Gofore applies ESMA (European Securities and Markets Authority) guidelines on alternative performance measures effective from 2016.

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

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

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

EUR thousand, unless otherwise specified	Q2/2022	Q2/2021	Change, %	H1/2022	H1/2021	Change, %	2021
Adjusted EBITA and EBITDA							
EBIT	4,716	2,860	65%	8,393	5,675	48%	12,197
Amortisation of intangible assets identified in PPA	896	586	53%	1,793	1,083	66%	2,254
EBITA	5,613	3,446	63%	10,186	6,758	51%	14,451
Transaction costs from business combinations	0	2	-100%	551	195	>100%	195
Restructuring costs	0	-10	-100%	0	-10	-100%	-1
Gains or losses from sales of fixed assets	0	0	-	-14	0	-	0
Adjusted EBITA	5,613	3,438	63%	10,722	6,943	54%	14,646
EBIT	4,716	2,860	65%	8,393	5,675	48%	12,197
Depreciations	550	679	-19%	1,119	1,357	-18%	2,610
Amortisation of intangible assets identified in PPA	896	586	53%	1,793	1,083	66%	2,254
EBITDA	6,162	4,125	49%	11,305	8,115	39%	17,062

Financing, related party transactions & commitments

Financing

Gofore Plc had unsecured loans of EUR 16.2 (11.4) million at the end of the review period. Gofore raised a new EUR 8.0 million unsecured loan during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt. The covenant conditions were met on 30 June 2022.

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

The company has made interest rate cap agreements of EUR 9.7 million nominal value to hedge its floating rate loans. Cash flow hedge accounting is applied to those agreements. Efficient share of fair value changes is recognized into OCI and presented in fair value reserves in equity. Interest rate cap agreements are valid until 2 March 2026 and 29 December 2028. The fair value of cap

agreements were EUR 352 thousand. The fair value of cap agreements was EUR -1 thousand on 31 December 2021.

Related party transactions

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

Commitments

Gofore Plc holds an unsecured operative guarantee limit of EUR 1 million of which EUR 427 thousand is in use at 30.6.2022. The company has made a 10-year rental commitment to new business premises at the end of 2020. Estimated time for the new premises is at the end of 2023.

Gofore has given a negative pledge on its financial loans.

Calculation Formulas for Key Figures

Figure	Definition
EBITDA	Operating profit + depreciations and amortization
EBITDA margin, %	Operating profit + depreciations and amortization divided by net sales and multiplied by a hundred
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin, %	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill divided by net sales and multiplied by a hundred
Operating profit (EBIT) margin, %	Operating profit divided by net sales and multiplied by a hundred
Earnings per share (EPS), diluted, euros	Profit for the period attributable for shareholders of the company divided by the weighted average number of shares outstanding during the financial period adjusted for share issues, multiplied by a hundred
Return on equity (ROE), %	Profit for the period (annualised) divided by average total equity, multiplied by a hundred
Return on investment (ROI), %	Profit before taxes (annualised) + financial expenses (annualised) divided by average total equity + average interest-bearing loans and borrowings, multiplied by a hundred
Equity ratio, %	Total equity divided by balance sheet total – advances received, multiplied by a hundred
Net gearing, %	Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and Non-current investments, divided by total equity and multiplied by a hundred

Calculation Formulas for Key Figures

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

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Upcoming financial reporting

- Q3/2022 Business Review on 18 October 2022
- Monthly Business Reviews in the beginning of the next month.
- Financial reporting schedule for 2023 will be published at the end of 2022.

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