

# Financial statements bulletin, 1 January–31 December 2023



# YEAR 2023 FOR SIILI: Changes in the market – focus on efficiency and AI

## JANUARY-DECEMBER 2023

- Revenue EUR 122,702 (118,334) thousand
- Revenue growth EUR 4,368 thousand or 3.7%
- Organic revenue growth EUR 141 thousand or 0,1%
- EBITA EUR 8,409 (11,629) thousand, -27.7%
- EBITA margin 6.9% (9.8%) of revenue

## JULY-DECEMBER 2023

- Revenue EUR 57,414 (59,459) thousand
- Revenue growth EUR -2,045 thousand or -3.4%
- Organic revenue growth EUR -3,342 thousand or -5.5%
- EBITA EUR 3,399 (5,181) thousand, -34.4%
- EBITA margin 5.9% (8.7%) of revenue

	H2/2023 <sup>1</sup>	H2/2022 <sup>3</sup>	2023 <sup>1</sup>	2022 <sup>3</sup>
Revenue, EUR 1,000	57,414	59,459	122,702	118,334
Revenue growth, %	-3.4%	17.6%	3.7%	19.2%
Organic revenue growth, %	-5.5%	14.8%	0.1%	15.2%
Share of international revenue, %	27.7%	26.5%	26.7%	25.2%
Adjusted EBITA, EUR 1,000 <sup>2</sup>	3,732	5,420	8,742	11,868
Adjusted EBITA, % of revenue	6.5%	9.1%	7.1%	10.0%
EBITA, EUR 1,000	3,399	5,181	8,409	11,629
EBITA, % of revenue	5.9%	8.7%	6.9%	9.8%
EBIT, EUR 1,000	2,763	4,445	6,909	10,149
Number of employees at the end of the period	1,007	1,045	1,007	1,045
Average number of employees during the period	1,034	994	1,026	965
Total full-time employees and subcontractors (FTE) at the end of the period	1,091	1,226	1,091	1,226

<sup>1</sup> Organic revenue growth is calculated based on comparable pro forma revenue.

<sup>2</sup> Reported starting from H1 2023, see alternative performance measures.

<sup>3</sup> The figures of the Haallas Finland Oy have been consolidated into Siili's figures as of 1 October 2022.

	Q4/2023	Q4/2022
Revenue, EUR 1,000	30,365	32,542
Revenue growth, %	-6.7%	15.5%
Organic revenue growth, %	-6.7%	10.3%
Adjusted EBITA, EUR 1,000	2,471	3,072
Adjusted EBITA, % of revenue	8.1%	9.4%
EBITA, EUR 1,000	2,138	2,833
EBITA, % of revenue	7.0%	8.7%
Number of employees at the end of the period	1,007	1,045
Average number of employees during the period	1,030	1,020
Total full-time employees and subcontractors (FTE) at the end of the period	1,091	1,226

## OUTLOOK FOR 2024 AND FINANCIAL GOALS FOR 2025-2026

Revenue for 2024 is expected to be EUR 120-140 million and adjusted EBITA EUR 7.5-10.5 million.

On 11 May 2022, the company announced the financial goals for the years 2023-2026 as follows:

- Annual revenue growth of 20 percent, of which organic growth accounts for about half. From 2023 onwards, organic revenue growth will be calculated based on comparable revenue, reflecting changes in the corporate structure.
- EBITA 12 percent of revenue. Operating profit before amortisation and impairment for fair value adjustments on acquisitions.
- The aim is to keep the ratio of net debt-to-EBITDA below two.
- The aim is to pay a dividend corresponding to 30-70 percent of net profit annually.

### CEO TOMI PIENIMÄKI:

2023 was a challenging year for Siili and the sector as a whole. The rapid deterioration of market conditions in the second quarter, higher cost level due to inflation and increased price competition affected both growth and profitability. Our revenue for the full year grew to approximately EUR 123 million, representing a growth of 4%.

Due to the slowing down of revenue growth, we focused on securing our profitability in the challenging market situation. Thanks to actions taken to improve cost efficiency, EBITA came in at about EUR 8.4 million or 7% of revenue. This was the third-highest EBITA in Siili's history and a reasonable outcome in these circumstances. Improving cost efficiency remains a key objective for us going forward, too.

Business conditions weakened in all of Siili's main markets. Hence, the rate of growth of the international business slowed down, but we can be quite satisfied with the 10% growth achieved in this area. The share of international revenue grew to almost 27% from about 25% a year earlier.

#### We proceed in line with our strategy

Despite the challenges posed by the operating environment, last year also saw many successes. At the beginning of 2023, we moved to an organisation model based on customer sectors in line with our strategy. The objective of the change was a more agile and customer-driven way of operation, growth, continuous competence development and stronger synergy between different units. Now, about a year after the change, we can state that our understanding of our clients' business has deepened significantly thanks to the sectoral focus, and therefore the result was successful.

The National Land Survey of Finland chose us as their partner for expert services in the development and maintenance of information systems. We were successful in the Tax Administration's extensive tender and got selected as one of the suppliers for a contract period spanning across six years. We also concluded a significant

contract with the Food Authority, and our cooperation will continue for the next five years.

In addition, we made good progress in the development of our competencies and offering for the banking and insurance sector. We strengthened our sales team with several new appointments and closed many new partnership agreements with technology suppliers within the sector. The development is also evident in improved appreciation among our clients. In our commissioned client survey, we were applauded in particular for our regulatory and sectoral expertise in banking.

Our design expertise was acknowledged when our joint 'Nemo' project with Fintraffic received the prestigious Service Design Award at a ceremony in Berlin - the highest honours in the service design industry. Once completed, Nemo is set to become a nationally centralised Single Window service for maritime traffic declarations.

During the first quarter of the year, our personnel worked out our own company-specific collective agreement for Siili. All in all, the planning process involved over 100 of our employees. Due to its diverse and extensive project team, the agreement strongly reflects values that are important for Siili and its people-oriented culture.

Last year, we arranged several value workshops, where we defined, together with our employees, the core values of our company: ambition, joy, humanity and responsibility. Going forward, these values will guide us all in our daily work and decision making at Siili.

Despite the more challenging times, we will hold onto Siili's people-oriented culture and we want to continue to be one of the most attractive employers in the sector.

#### AI expertise becomes central in Siili's strategy

The past year brought the potential of AI in our sector widely into public awareness. AI-assisted development offers an abundance of new opportunities for both our clients and employees.

Just as before, when technology evolves, we are going to be in the forefront utilising artificial intelligence for the benefit of our clients.

The utilisation of AI in Siili's client projects will increase significantly, and the change has been even faster than expected. Siili's leading position as an applier of AI in digital development will be an essential part of Siili's strategy going forward.

We have embarked on 2024 optimistically although the market situation appears to remain challenging for the time being. In the long term, we expect the demand for digital development services to stay strong. I would like to thank all our stakeholders, especially the entire Siili community and our clients, for the year 2023. There were challenges too, but we cleared them together. I am looking forward to what 2024 will bring, particularly in terms of AI application potential. We are living in the midst of a very interesting technological transition, and Siili is in an outstanding position to take an advantage of the growth opportunities.



## REVENUE

Revenue grew by 3.7% (19.2%) from the comparison period to EUR 122,702 (118,334) thousand. The organic revenue growth was 0.1%. Revenue for the second half of the year declined by 3.4% to EUR 57,414 (59,459) thousand. Organic revenue growth for July–December was correspondingly -5.5% year on year. The share of international operations of the revenue for the financial year was 26.7% (25.2%) and for the second half of the year 27.7% (26.5%). Revenue growth slowed down throughout the Group during the financial year as demand dampened due to the rapid change in market conditions.

## PROFITABILITY

The adjusted operating profit (EBITA) for the financial year was EUR 8,409 thousand, representing a decline of EUR 3,220 thousand year on year. The Group's profitability decreased during the period, and EBITA was 6.9% (9.8%) of revenue. EBITA for the second half of the year was 5.9% (8.7%) of revenue. The decline in profitability was mainly driven by the slowdown in revenue growth due to the change in market conditions, higher personnel costs and intensified price competition. Several actions were launched within the company to secure the level of profitability in the second half of the year.

Subcontracting expenses from the use of external services totalled EUR 26,215 (26,439) thousand or 21.4% (22.3%) of revenue. The use of subcontracting decreased somewhat in the second half of the year from the comparison period. Personnel costs grew during the year to EUR 72,180 (66,094) thousand and amounted to 58.8% (55.8%) of revenue. The increase in personnel costs was driven by the higher cost level due to wage inflation and growth in the average number of employees. During the financial year, the Group had 1,026 (965) employees on average and 1,007 (1,045) at the end of the year.

Other operating expenses amounted to EUR 12,645 (11,170) thousand or 10.3% (9.4%) of revenue. The growth in other operating expenses from the comparison period was mainly due to growth in IT expenses and a one-time credit loss.

Adjusted EBITA for the financial year was EUR 8,742 thousand or 7.1% of revenue. The adjustment items totalled EUR 333 thousand, and they consisted of one-time costs arising from the change negotiations and a credit loss. The calculation of adjusted EBITA is shown under Calculation formulas for the key figures.

The Group's operating profit (EBIT) for the financial year was EUR 6,909 (10,149) thousand or 5.6% of revenue. Net financial expenses for the financial year totalled EUR 1,373 (4,636) thousand. The profit for the period before taxes was EUR 5,536 (5,427) thousand, and earnings per share were EUR 0.61 (0.49).

## FINANCING AND CAPITAL EXPENDITURE

The Group's statement of financial position totalled EUR 100,170 (106,063) thousand at the end of the financial year. The Group's equity ratio was 42.6% (38.7%), return on investment (ROI) was 10.7% (15.5%), and the net debt to EBITDA ratio was 0.30 (0.12).

The Group's cash flow from operations was EUR 7,489 (14,481) thousand, representing a decrease of 48.3% year on year. Cash flow from operations was reduced by weaker EBITDA than in the comparison period and higher net working capital. Cash flow from operations in the second half of the year was also lower than in the comparison period, decreasing by 46%.

Cash flow from investing activities for the financial year was EUR -5,409 (-5,342) thousand, including a contingent consideration of EUR 2,933 thousand paid for the acquisition of Haallas Finland Oy and the consideration of EUR 1,093 thousand paid to non-controlling shareholders for an additional stake in Vala Group Oy. In addition, the cash flow from investing activities included EUR 1,279 thousand of normal capital expenditure.

Cash flow from financing activities in the financial year amounted to EUR -9,254 (6,752) thousand. During the financial year, the company repaid EUR 2,518 thousand of its bank loans. The shareholders of Siili Solutions Plc were paid a dividend of EUR 1,622 thousand, and the non-controlling shareholders of Vala Group Oy and Supercharge Kft. were paid EUR 1,270 thousand. In addition, Siili Solutions Plc repurchased its own shares with EUR 495 thousand during the financial year.

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 29,022 (36,315) thousand, in addition to which the Group had unused credit facilities of EUR 2,500 thousand. The Group's interest-bearing bank loans at the end of the financial year amounted to EUR 8,743 (11,256) thousand.

## ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

In April 2023, Siili Solutions Plc acquired the software business of Talentree Oy based in the city of Kuopio. For Siili, the transaction marks a territorial expansion to the city of Kuopio and an addition of 11 new professionals to its software development capabilities. Siili's objective is to make its Kuopio office one of the city's most attractive workplaces in the IT sector. The business acquisition had no material impact on Siili Group's figures for the financial year.

Siili Solutions Plc founded a subsidiary focusing on AI-assisted software development, Siili Spaiks Ltd.

## EMPLOYEES, MANAGEMENT AND GOVERNANCE

The number of employees at the end of the financial year was 1,007 (1,045), which marks a decrease of 38 (+160) people, or -3.6% (+18.1%), from the end of the previous year. The average number of employees during the period was 1,026 (965).

At the end of the financial period, Siili's Management Team consisted of the following members: Tomi Pienimäki (CEO), Aleksi Kankainen (CFO), Kenneth Lindfors (CCO), Kari Pirttikangas (COO), Taru Salo (CPO) and Andras Tessenyi (CEO, Supercharge). Andras Tessenyi became a member of the Management Team on 1 March 2023.

The Annual General Meeting of 30 March 2023 confirmed the number of members of the Board of Directors as five (5). Harry Brade, Anu Nissinen, Kati Hagros, Tero Ojanperä and Jesse Maula were re-elected as Board members. Harry Brade was elected as Chair of the Board and Anu Nissinen as Deputy Chair at the constitutive meeting of the Board of Directors, held immediately after the Annual General Meeting. Three members were elected to the Board of Directors' HR Committee: Harry Brade (Chair), Anu Nissinen and Tero Ojanperä. Anu Nissinen (Chair), Kati Hagros and Jesse Maula were elected to the Audit Committee.

The company's accounts are audited by KPMG Oy Ab (Business ID: 1805485–9), Authorised Public Accountants, with Leenakaisa Winberg, APA, as the responsible auditor.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### Profit warning and new financial guidance for 2023

The company issued a profit warning on 13 July 2023 and lowered its guidance for revenue and EBITA for 2023.

The company intensified and increased actions to boost sales and improve cost efficiency. Among other things, the company completed change negotiations in August–September and October 2023. As a result of the change negotiations, the employment contracts of 10 people were terminated and part of the personnel was laid off temporarily.

#### Share repurchase programme

On 15 March 2023, the company announced it had completed a share repurchase programme in which it acquired a total of 30,000 of its own shares to be used in incentive schemes for key personnel.

#### Change in the Management Team

Andras Tessenyi (CEO, Supercharge Kft) was appointed to the Management Team as of 1 March 2023.

#### RISKS AND UNCERTAINTY FACTORS

Siili is exposed to various risk factors related to its operational activities and business environment. The realisation of risks may have an unfavourable effect on Siili's business, financial position or company value. The most significant risks related to Siili's operations are described below, along with other known risks that may become significant in the future. In addition, there are risks that Siili is not necessarily aware of and which may become significant.

- The loss of one or more key clients, a considerable decrease in purchases, financial difficulties experienced by clients or a change in a client's strategy with regard to the procurement of IT services could have a negative effect on the company.
- Failure to achieve recruitment goals in terms of both quality and quantity, and failure to match supply to customer demand in a timely manner.
- Probability and adverse effects of the realisation of the aforementioned risks are more likely in an uncertain economic environment.
- Failure in pricing, planning, implementation and improving cost efficiency of customer projects.

- Loss of the contribution of key personnel or deterioration of the employer's reputation.
- Realisation of information security risks, for example, as a result of human error by an employee.
- General negative or weakened economic development and the resulting uncertainty in the clients' operating environment. The general economic cycle and changes in the clients' operating environment can have negative effects through slowing down, postponing or cancelling decision-making on IT investments.

Russia's war of aggression against Ukraine has not had and is not expected have a direct impact on Siili's business. However, the elevated general uncertainty and inflation in 2023 affected in particular our clients' investment decisions, thereby also weighing on Siili's business. These factors are expected to continue to affect Siili's business in the current financial year. According to management observations and estimates, the impacts of the market environment in the financial year 2023 were moderate, and they are expected to remain at a similar level in 2024. We prepare for these hard-to-foresee effects by taking care of customer satisfaction and cost efficiency.

#### GENERAL MEETING OF SHAREHOLDERS

##### Annual General Meeting

Siili Solutions Plc's Annual General Meeting (AGM) took place in Helsinki, Finland, on 30 March 2023. The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial period 2022, discharged the CEO and the members of the Board of Directors from liability and decided to distribute a dividend of EUR 0.20 per share, totalling approximately EUR 1,630 thousand.

The number of members of the Board of Directors was confirmed as five (5). Harry Brade, Anu Nissinen, Kati Hagros, Tero Ojanperä and Jesse Maula were re-elected to the Board. The Annual General Meeting decided that the Chair of the Board of Directors is paid EUR 3,850 per month, the Deputy Chair EUR 3,000 per month and the other members EUR 2,000 per month. The Chairs 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 members of the Board of Directors receive compensation for travel expenses in line with the Company's business travel policy.

KPMG Oy AB, Authorised Public Accountants, were re-elected as the company's auditor, and KPMG has assigned Leenakaisa Winberg, APA, as the Company's responsible auditor. The auditor's fees are paid against the auditor's reasonable invoice.

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

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

number of shares issued, including shares issued on the basis of special rights, is 813,100, which corresponds to approximately 10% 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 deviate from the shareholders' pre-emptive subscription right. The authorisation may be used for strengthening the company's balance sheet, for paying transaction prices related to acquisitions, in incentive plans or for other purposes decided by the Board of Directors. The authorisation is valid until the end of the next Annual General Meeting but not beyond 30 June 2024.

The Annual General Meeting adopted the report on the remuneration of the governing bodies of the company.

#### SHARE AND SHAREHOLDERS

The company has one series of shares, and all of its shares carry entitlement to equal rights. On 31 December 2023, the total number of shares in Siili Solutions Plc entered in the Trade Register was 8,138,080. At the end of the financial year, the company held a total of 27,954 of its own shares. On 31 December 2023, the members of the company's Board of Directors and Management Team owned a total of 31,810 shares in the company. In addition, an entity under the control of a Board member owns 1,301,267 shares.

During the financial year, the highest price of the company share was EUR 17.45, the lowest price was EUR 8.24, the average price was EUR 12.22, and the closing price at the end of the review period was EUR 9.62. The company's market capitalisation decreased by -40.2% from the end of 2022 and amounted to EUR 78.3 (130.9) million on 31 December 2023.

The company had a total of 6,482 (6,147) shareholders on 31 December 2023. The number of shareholders increased by 5.4% from the end of 2022. A list of the largest shareholders is available on the company website at <https://sijoittajille.siili.com/en> and in notes to the parent company's financial statements.

## EVENTS AFTER THE END OF THE FINANCIAL YEAR

### Proposals of the Shareholders' Nomination Board to the Annual General Meeting 2024

The Shareholders' Nomination Board of Siili Solutions Plc submitted its proposals to the Annual General Meeting 2024 on 25 January 2024:

#### Decision on the number of members of the Board of Directors

The Shareholders' Nomination Board proposes that five (5) members be elected to the Board of Directors.

#### Election of the members of the Board of Directors

The Shareholders' Nomination Board proposes the re-election of the current members of the Board of Directors for the next term of office: Harry Brade, Tero Ojanperä and Jesse Maula. Anu Nissinen and Kati Hagros have announced that they are not available for re-election as members of the Board of Directors. Therefore, the Shareholders' Nomination Board proposes that Henna Mäkinen and Katarina Cantell be elected as new members to the Board of Directors.

The term of office of the members lasts until the end of the next Annual General Meeting. All persons proposed have given their consent to the election.

Background information on each person proposed for the Board of Directors is available on the website of Siili Solutions Plc at <https://sijoittajille.siili.com/en>

The proposed members Tero Ojanperä, Jesse Maula, Henna Mäkinen and Katarina Cantell are considered independent of the company and its significant shareholders. Harry Brade is independent of the Company but not independent of its significant shareholder Lamy Oy.

In addition, the Shareholders' Nomination Board recommends to the Board of Directors that it elect Harry Brade as its Chair and Jesse Maula as Deputy Chair.

#### Resolution on the remuneration of the members of the Board of Directors.

The Shareholders' Nomination Board proposes that the members of the Board of Directors be paid as follows:

The Chair of the Board of Directors is paid EUR 3,850 per month, the Deputy Chair as well as the Chair of the Audit Committee EUR 2,500 per month and the other members EUR 2,000 per month. The Chairs of the Board of Directors' Committees are paid EUR 200 per month for their work on the Committee, in addition to which all Committee members are paid a meeting fee of EUR 300 per meeting. In addition, the members of the Board of Directors receive compensation for travel expenses in line with the Company's business travel policy.

The company does not have other material events after the financial year.

## DIVIDEND PROPOSAL

In line with the dividend policy approved by its Board of Directors, Siili seeks to distribute 30–70% of its profit for the period to shareholders. In addition, an additional profit distribution can be made.

On 31 December 2023, the distributable assets of the parent company of Siili Solutions Plc amounted to EUR 35,913,025.44, including the profit for the period EUR 3,443,594.91. The Board of Directors proposes to the Annual General Meeting 2024 that a dividend of EUR 0.26 per share be paid for the financial year 2023. According to the proposal, a total dividend of EUR 2,108,632.76 would be paid. The proposed dividend represents approximately 42% of the Group's profit for the financial year.

No significant changes have taken place in Siili's financial position since the end of the financial year. The company has a good level of liquidity, and the Board believes that the proposed dividend will not pose a risk to liquidity.

## CORPORATE RESPONSIBILITY AND NON-FINANCIAL REPORTING

Siili Solutions provides information on corporate responsibility and reports on non-financial matters as part of the Report by the Board of Directors, which will be published on 8 March 2024 as part of the company's Annual Report 2023. The corporate responsibility section of the Annual Report describes the operating practices applied by Siili Group with regard to environmental, social and employee-related issues as well as respecting human rights and preventing corruption and bribery. In addition, the Annual Report includes the information required by the sustainable finance taxonomy of the European Union.

## FINANCIAL CALENDAR FOR 2024

Siili will hold a results announcement event for analysts, portfolio managers and the media on 27 February 2024 at 1:00 p.m. The presentation materials will be published on the company website after the event.

The Annual Report 2023 will be published in electronic format on the company website on 8 March 2024.

The Annual General Meeting will be held on 3 April 2024.

The business review for 1 January–31 March 2024 will be published on 24 April 2024.

The half-year report for 1 January–30 June will be published on 13 August 2024.

The business review for 1 January–30 September 2024 will be published on 22 October 2024.

## Key figures

	H2/2023	H2/2022	2023	2022
Revenue, EUR 1,000	57,414	59,459	122,702	118,334
Revenue growth, %	-3.4%	17.6%	3.7%	19.2%
Organic revenue growth, %	-5.5%	14.8%	0.1%	15.2%
Share of international revenue, %	27.7%	26.5%	26.7%	25.2%
EBITDA, EUR 1,000	5,293	6,894	12,107	14,928
EBITDA, % of revenue	9.2%	11.6%	9.9%	12.6%
EBITA, EUR 1,000	3,399	5,181	8,409	11,629
EBITA, % of revenue	5.9%	8.7%	6.9%	9.8%
Adjusted EBITA, EUR 1,000	3,732	5,420	8,742	11,868
Adjusted EBITA, % of revenue	6.5%	9.1%	7.1%	10.0%
EBIT, EUR 1,000	2,763	4,445	6,909	10,149
EBIT, % of revenue	4.8%	7.5%	5.6%	8.6%
Profit for the period, EUR 1,000	1,447	633	4,986	3,748
Profit for the period, % of revenue	2.5%	1.1%	4.1%	3.2%
Equity ratio, %	42.6%	38.7%	42.6%	38.7%
Gearing, %	8.7%	4.5%	8.7%	4.5%
Net debt/EBITDA	0.30	0.12	0.30	0.12
ROE, %	12.1%	11.5%	12.1%	11.5%
ROI, %	10.7%	15.5%	10.7%	15.5%
Basic earnings per share (EPS), EUR	0.18	0.08	0.61	0.49
Diluted EPS, EUR	0.18	0.08	0.61	0.49
Average number of employees during the period	1,034	994	1,026	965
Number of employees at the end of the period	1,007	1,045	1,007	1,045
Number of full-time employees (FTE) at the end of the period	956	1,003	956	1,003
Number of full-time subcontractors (FTE) at the end of the period	135	223	135	223
Total full-time employees and subcontractors (FTE) at the end of the period	1,091	1,226	1,091	1,226

## Alternative performance measures

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

Organic revenue growth, % EUR 1,000	H2/2023	H2/2022	2023	2022
Revenue	57,414	59,459	122,702	118,334
Comparable pro forma revenue in the comparison period	60,756		122,561	
<b>Organic revenue growth, %</b>	<b>-5.5%</b>		<b>0.1%</b>	

Calculation formula applied from 1 January 2023.

EBITA, Adjusted EBITA and EBITDA EUR 1,000	H2/2023	H2/2022	2023	2022
EBIT	2,763	4,445	6,909	10,149
Amortisation and impairment for fair value adjustments on acquisitions	636	736	1,500	1,480
<b>EBITA</b>	<b>3,399</b>	<b>5,181</b>	<b>8,409</b>	<b>11,629</b>
Transaction costs / income (+/-) from business combinations	-	239	-	239
Restructuring costs	183	-	183	-
Other items affecting comparability	150	-	150	-
<b>Adjusted EBITA</b>	<b>3,732</b>	<b>5,420</b>	<b>8,742</b>	<b>11,868</b>

EBIT	2,763	4,445	6,909	10,149
Depreciation, amortisation and impairment	2,530	2,449	5,198	4,779
<b>EBITDA</b>	<b>5,293</b>	<b>6,894</b>	<b>12,107</b>	<b>14,928</b>

Gearing, % EUR 1,000	2023	2022
Financial liabilities measured at amortized cost	13,047	16,099
Contingent considerations measured at fair value through profit or loss	19,658	22,011
Liquid funds	-29,022	-36,315
<b>Net debt</b>	<b>3,682</b>	<b>1,795</b>
Equity	42,083	40,321
<b>Gearing, %</b>	<b>8.7%</b>	<b>4.5%</b>

## Consolidated income statement and consolidated statement of comprehensive income

EUR 1,000		H2/2023	H2/2022	2023	2022	EUR 1,000		H2/2023	H2/2022	2023	2022
<b>REVENUE</b>		<b>57,414</b>	<b>59,459</b>	<b>122,702</b>	<b>118,334</b>	<b>PROFIT FOR THE PERIOD</b>		<b>1,447</b>	<b>633</b>	<b>4,986</b>	<b>3,748</b>
Other operating income		316	165	444	297	<b>Other comprehensive income</b>					
Materials and services		-11,979	-13,647	-26,215	-26,439	Items that may later be recognised through profit or loss					
Employee benefit expenses		-34,354	-33,287	-72,180	-66,094	Translation differences		-351	-33	300	-607
Depreciation and amortization		-2,530	-2,449	-5,198	-4,778	<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,096</b>	<b>599</b>	<b>5,285</b>	<b>3,140</b>
Other operating expenses		-6,104	-5,796	-12,645	-11,170	Total comprehensive income for the period attributable to:					
<b>OPERATING PROFIT</b>		<b>2,763</b>	<b>4,445</b>	<b>6,909</b>	<b>10,149</b>	Shareholders of the parent company	100%	1,096	599	5,285	3,140
Financial income		-503	-49	1,250	418	Non-controlling interest	0%	-	-	-	-
Financial expenses		-1,285	-3,214	-2,623	-5,054						
Share of associated company's result		-	29	-	-86						
<b>PROFIT BEFORE TAXES</b>		<b>976</b>	<b>1,211</b>	<b>5,536</b>	<b>5,427</b>						
Income taxes		471	-578	-551	-1,680						
<b>PROFIT FOR THE PERIOD</b>		<b>1,447</b>	<b>633</b>	<b>4,986</b>	<b>3,748</b>						
Attributable to:											
Shareholders of the parent company	100%	1,447	633	4,986	3,748						
Non-controlling interest	0%	-	-	-	-						
<b>Earnings per share based on the profit attributable to shareholders of the parent company:</b>											
Basic earnings per share (EUR), profit for the period		0.18	0.08	0.61	0.49						
Diluted earnings per share (EUR), profit for the period		0.18	0.08	0.61	0.49						



## Consolidated statement of financial position

EUR 1,000	31 Dec 2023	31 Dec 2022	EUR 1,000	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Non-current assets</b>			<b>Shareholders' equity</b>		
Goodwill	32,490	31,866	Share capital	100	100
Intangible assets	8,404	9,251	Reserve for invested unrestricted equity	26,748	26,695
Tangible assets	1,259	1,231	Treasury shares	-461	-
Right-of-use assets	4,220	4,781	Translation differences	-524	-824
Other investments	1	1	Retained earnings	16,219	14,349
Deferred tax assets	17	91	<b>Total shareholders' equity</b>	<b>42,083</b>	<b>40,321</b>
Receivables	159	162			
<b>Total non-current assets</b>	<b>46,549</b>	<b>47,383</b>	<b>Non-current liabilities</b>		
<b>Current assets</b>			Financial liabilities	6,230	8,743
Trade receivables	19,118	18,557	Lease liabilities	1,841	2,597
Other receivables	4,654	3,661	Other non-current interest-bearing liabilities	10,177	18,262
Current tax assets	826	148	Deferred tax liabilities	1,118	1,315
Liquid funds	29,022	36,315	<b>Total non-current liabilities</b>	<b>19,366</b>	<b>30,918</b>
<b>Total current assets</b>	<b>53,620</b>	<b>58,680</b>	<b>Current liabilities</b>		
<b>TOTAL ASSETS</b>	<b>100,170</b>	<b>106,063</b>	Financial liabilities	2,513	2,513
			Lease liabilities	2,463	2,246
			Trade and other payables	33,612	29,513
			Current tax liabilities	121	444
			Provisions	12	109
			<b>Total current liabilities</b>	<b>38,721</b>	<b>34,825</b>
			<b>Total liabilities</b>	<b>58,087</b>	<b>65,743</b>
			<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>100,170</b>	<b>106,063</b>

## Consolidated cash flow statement

EUR 1,000	H2/2023	H2/2022	2023	2022	EUR 1,000	H2/2023	H2/2022	2023	2022
<b>Cash flow from operating activities</b>					<b>Cash flows from financing activities</b>				
Profit for the period	1,447	633	4,986	3,748	Loan repayments	-1,259	-1,259	-2,518	-2,518
Adjustments:					Repayments of lease liabilities	-1,494	-1,419	-2,965	-2,800
Depreciation and amortisation	2,530	2,449	5,198	4,778	Share issue net of transaction costs	-	-321	-	14,256
Share-based incentive scheme	137	192	269	244	Share subscriptions with share options	8	63	53	89
Other adjustments	6	107	48	89	Acquisition of treasury shares	-	-	-495	-
Interest expenses and other financial expenses	1,285	3,214	2,623	5,054	Dividends paid	-	-	-1,622	-1,264
Interest income	503	49	-1,250	-418	Distribution of dividends to non-controlling interests	-539	-887	-1,270	-1,033
Share of associated company's result	-	-29	-	86	Transactions with non-controlling interests	143	159	-437	22
Taxes	-471	578	551	1,680	<b>Net cash flow from financing activities</b>	<b>-3,141</b>	<b>-3,664</b>	<b>-9,254</b>	<b>6,752</b>
Changes in working capital:					<b>Change in liquid funds</b>	<b>126</b>	<b>-602</b>	<b>-7,173</b>	<b>15,891</b>
Change in trade and other receivables	-714	-958	-1,015	-1,331	Liquid funds at the beginning of the period	28,953	36,741	36,315	20,393
Change in trade and other payables	263	2,149	-1,792	2,835	Effect of changes in currency exchange rates	-57	175	-119	31
Interest paid	-370	-86	-869	-337	<b>Liquid funds at the end of the period</b>	<b>29,022</b>	<b>36,315</b>	<b>29,022</b>	<b>36,315</b>
Interest received	254	7	428	228					
Taxes paid	-681	-550	-1,686	-2,175					
<b>Net cash flow from operating activities</b>	<b>4,188</b>	<b>7,755</b>	<b>7,489</b>	<b>14,481</b>					
<b>Cash flow from investing activities</b>									
Acquisitions of businesses and subsidiaries, net of cash acquired	-303	-3,859	-4,172	-3,859					
Proceeds from the sale of tangible and intangible assets	22	1	24	7					
Investments in tangible assets	-332	-613	-756	-949					
Investments in intangible assets	-307	-637	-523	-833					
Investments in and return of capital from an associated company	-	416	19	294					
<b>Net cash flow from investing activities</b>	<b>-921</b>	<b>-4,693</b>	<b>-5,409</b>	<b>-5,342</b>					

## 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	Translation differences	Retained earnings	Total shareholders' equity
<b>Shareholders' equity on 1 January 2023</b>	100	26,695	-	-824	14,349	40,321
<b>Comprehensive income</b>						
Profit for the period					4,986	4,986
Other comprehensive income (net of tax)						
Translation differences				300		300
<b>Total comprehensive income for the period</b>	-	-	-	300	4,986	5,285
<b>Transactions with owners</b>						
Distribution of dividends					-1,622	-1,622
Share-based incentive scheme			33		214	247
Share subscriptions with share options		53				53
Acquisition of treasury shares			-495			-495
Distribution of dividends to non-controlling interests					-1,270	-1,270
Transactions with non-controlling interests					-437	-437
<b>Total transactions with owners</b>	-	53	-461	-	-3,115	-3,524
<b>Shareholders' equity on 31 December 2023</b>	100	26,748	-461	-524	16,219	42,083
<b>Shareholders' equity on 1 January 2022</b>	100	12,590	-	-217	12,393	24,866
<b>Comprehensive income</b>						
Profit for the period					3,748	3,748
Other comprehensive income (net of tax)						
Translation differences				-607		-607
<b>Total comprehensive income for the period</b>	-	-	-	-607	3,748	3,140
<b>Transactions with owners</b>						
Distribution of dividends					-1,264	-1,264
Share-based incentive scheme					244	244
Share issue net of transaction costs		14,256				14,256
Share subscriptions with share options		89				89
Distribution of dividends to non-controlling interests					-1,033	-1,033
Transactions with non-controlling interests					22	22
Reclassifications between items		-239			239	-
<b>Total transactions with owners</b>	-	14,105	-	-	-1,791	12,314
<b>Shareholders' equity on 31 December 2022</b>	100	26,695	-	-824	14,349	40,321

## NOTES TO THE FULL-YEAR REPORT

### Accounting principles

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

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	H2/2023	H2/2022	2023	2022
Sales in Finland	41,524	43,725	89,885	88,555
Sales to abroad	15,890	15,734	32,817	29,779
<b>Total</b>	<b>57,414</b>	<b>59,459</b>	<b>122,702</b>	<b>118,334</b>

#### Breakdown by revenue category

EUR 1,000	H2/2023	H2/2022	2023	2022
Sales of work	50,187	54,267	107,021	109,677
Project deliveries	4,279	3,002	9,323	3,927
Licence sales	713	457	1,740	795
Maintenance and other services	2,235	1,733	4,619	3,935
<b>Total</b>	<b>57,414</b>	<b>59,459</b>	<b>122,702</b>	<b>118,334</b>

## CHANGES IN GOODWILL AND INTANGIBLE AND TANGIBLE ASSETS

EUR 1,000	Goodwill	Intangible assets	Tangible assets	Right-of-use assets
<b>Cost 1 Jan 2023</b>	<b>31,866</b>	<b>17,231</b>	<b>5,186</b>	<b>11,583</b>
Translation differences	404	255	116	116
Additions through business combinations	220	60	-	-
Additions	-	519	756	3,913
Disposals	-	-	-97	-4,492
<b>Cost 31 Dec 2023</b>	<b>32,490</b>	<b>18,066</b>	<b>5,960</b>	<b>11,120</b>
<b>Acc. depreciation/amortisation and impairment 1 Jan 2023</b>	<b>-</b>	<b>-7,980</b>	<b>-3,955</b>	<b>-6,802</b>
Translation differences	-	-44	-77	-78
Additions through business combinations	-	-	-	-
Depreciation/amortisation and impairment for the period	-	-1,636	-766	-2,796
Acc. depreciation/amortisation on disposals and reclassifications	-	-	97	2,776
<b>Acc. depreciation/amortisation and impairment 31 Dec 2023</b>	<b>-</b>	<b>-9,662</b>	<b>-4,701</b>	<b>-6,901</b>
<b>Book value 1 Jan 2023</b>	<b>31,866</b>	<b>9,251</b>	<b>1,231</b>	<b>4,781</b>
<b>Book value 31 Dec 2023</b>	<b>32,490</b>	<b>8,404</b>	<b>1,259</b>	<b>4,220</b>

EUR 1,000	Goodwill	Intangible assets	Tangible assets	Right-of-use assets
<b>Cost 1 Jan 2022</b>	<b>28,102</b>	<b>13,332</b>	<b>4,144</b>	<b>9,359</b>
Translation differences	-734	-463	-83	-44
Additions through business combinations	4,498	3,535	247	317
Additions	-	867	944	2,863
Disposals	-	-1	-66	-912
Reclassifications between items	-	-39	-	-
<b>Cost 31 Dec 2022</b>	<b>31,866</b>	<b>17,231</b>	<b>5,186</b>	<b>11,583</b>
<b>Acc. depreciation/amortisation and impairment 1 Jan 2022</b>	<b>-</b>	<b>-6,528</b>	<b>-3,272</b>	<b>-4,744</b>
Translation differences	-	53	59	29
Additions through business combinations	-	-	-154	-
Depreciation/amortisation and impairment for the period	-	-1,505	-588	-2,686
Acc. depreciation/amortisation on disposals and reclassifications	-	-	-	598
<b>Acc. depreciation/amortisation and impairment 31 Dec 2022</b>	<b>-</b>	<b>-7,980</b>	<b>-3,955</b>	<b>-6,802</b>
<b>Book value 1 Jan 2022</b>	<b>28,102</b>	<b>6,805</b>	<b>872</b>	<b>4,615</b>
<b>Book value 31 Dec 2022</b>	<b>31,866</b>	<b>9,251</b>	<b>1,231</b>	<b>4,781</b>

**Non-current financial liabilities and other interest-bearing liabilities**

EUR 1,000	31 Dec 2023	31 Dec 2022
Financial liabilities measured at amortized cost	8,071	11,340
Contingent consideration measured at fair value	10,177	18,262
<b>Total</b>	<b>18,248</b>	<b>29,602</b>

**Current financial liabilities and other interest-bearing liabilities**

EUR 1,000	31 Dec 2023	31 Dec 2022
Financial liabilities measured at amortized cost	4,975	4,759
Contingent consideration measured at fair value	9,481	3,749
<b>Total</b>	<b>14 456</b>	<b>8 508</b>

**Contingent consideration liabilities**

In the financial year 2023, Siili paid a contingent consideration of EUR 2,933 thousand to Valamis Group Oy for the acquisition of Haallas Finland Oy and EUR 1,093 thousand to the minority shareholders of Vala Group Oy for an additional stake in the company. Financial income due to fair value adjustment on contingent consideration liabilities under the acquisition agreements recognised in the financial year amounted to EUR 247 (-3,590) thousand. Measurement differences arising from the discounting of contingent consideration liabilities totalled EUR 1,376 (1,009) thousand, recognised in interest expenses.

**Changes in contingent considerations**

EUR 1,000	Supercharge Kft.	Vala Group Oy	Haallas Finland Oy	Talentree Oy	Total
<b>1 Jan 2023</b>	<b>10,514</b>	<b>7,748</b>	<b>3,749</b>	<b>-</b>	<b>22,011</b>
Effect of the unwinding of discounting	1,278	98	-	-	1,376
Contingent consideration according to the agreement	-	-	-	50	50
Fair value change on the agreement	210	368	-815	-10	-247
Paid contingent consideration for the acquisition	-	-	-2,933	-	-2,933
Payment to minority interest for additional stake	-	-1,093	-	-	-1,093
Exchange rate fluctuation impact on the contingent liability	493	-	-	-	493
<b>31 Dec 2023</b>	<b>12,495</b>	<b>7,122</b>	<b>0</b>	<b>40</b>	<b>19,657</b>
Of which at the end of the financial year:					
<b>Non-current</b>	<b>8,324</b>	<b>1,853</b>	<b>-</b>	<b>-</b>	<b>10,177</b>
<b>Current</b>	<b>4,171</b>	<b>5,269</b>	<b>-</b>	<b>40</b>	<b>9,481</b>

EUR 1,000	Supercharge Kft.	Vala Group Oy	Haallas Finland Oy	Total
<b>1 Jan 2022</b>	<b>8,220</b>	<b>6,165</b>	<b>-</b>	<b>14,385</b>
Effect of the unwinding of discounting	908	101	-	1,009
Contingent consideration according to the agreement	-	-	3,749	3,749
Fair value change on the agreement	2,108	1,482	-	3,590
Paid contingent consideration for the acquisition	-	-	-	-
Payment to minority interest for additional stake	-	-	-	-
Exchange rate fluctuation impact on the contingent liability	-722	-	-	-722
<b>31 Dec 2022</b>	<b>10,514</b>	<b>7,748</b>	<b>3,749</b>	<b>22,011</b>
Of which at the end of the financial year:				
<b>Non-current</b>	<b>10,514</b>	<b>7,748</b>	<b>-</b>	<b>18,262</b>
<b>Current</b>	<b>-</b>	<b>-</b>	<b>3 749</b>	<b>3,749</b>

EUR 1,000	31 Dec 2023		31 Dec 2022		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
<b>Financial assets</b>					
<b>Recognized at amortized cost</b>					
<b>Non-current</b>					
Receivables	159	159	162	162	2
<b>Current</b>					
Trade receivables	19,118	19,118	18,557	18,557	2
Other receivables	537	537	655	655	2
Liquid funds	29,022	29,022	36,315	36,315	2
<b>Recognized at fair value through profit or loss</b>					
<b>Current</b>					
Interest rate swap	78	78	112	112	2
<b>Total financial assets</b>	<b>48,915</b>	<b>48,915</b>	<b>55,800</b>	<b>55,800</b>	
<b>Financial liabilities</b>					
<b>Measured at amortized cost</b>					
<b>Non-current</b>					
Bank loans <sup>1</sup>	6,230	6,230	8,743	8,743	2
Other interest-bearing liabilities <sup>1</sup>	1,841	1,841	2,597	2,597	2
<b>Current</b>					
Bank loans <sup>1</sup>	2,513	2,513	2,513	2,513	2
Other interest-bearing liabilities <sup>1</sup>	2,463	2,463	2,246	2,246	2
Trade and other payables	13,196	13,196	12,585	12,585	2
<b>Financial liabilities at fair value through profit or loss</b>					
<b>Non-current</b>					
Contingent consideration <sup>1</sup>	10,177	10,177	18,262	18,262	3
<b>Current</b>					
Contingent consideraion <sup>1</sup>	9,481	9,481	3,749	3,749	3
<b>Total financial liabilities</b>	<b>45,900</b>	<b>45,900</b>	<b>50,695</b>	<b>50,695</b>	

<sup>1</sup>Included in the statement of financial position item Financial liabilities.

#### Fair value hierarchy levels

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

#### Level 1

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

#### Level 2

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

#### Level 3

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

#### Related party transactions

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

Helsinki, 27 February 2024

Board of Directors, Siili Solutions Plc

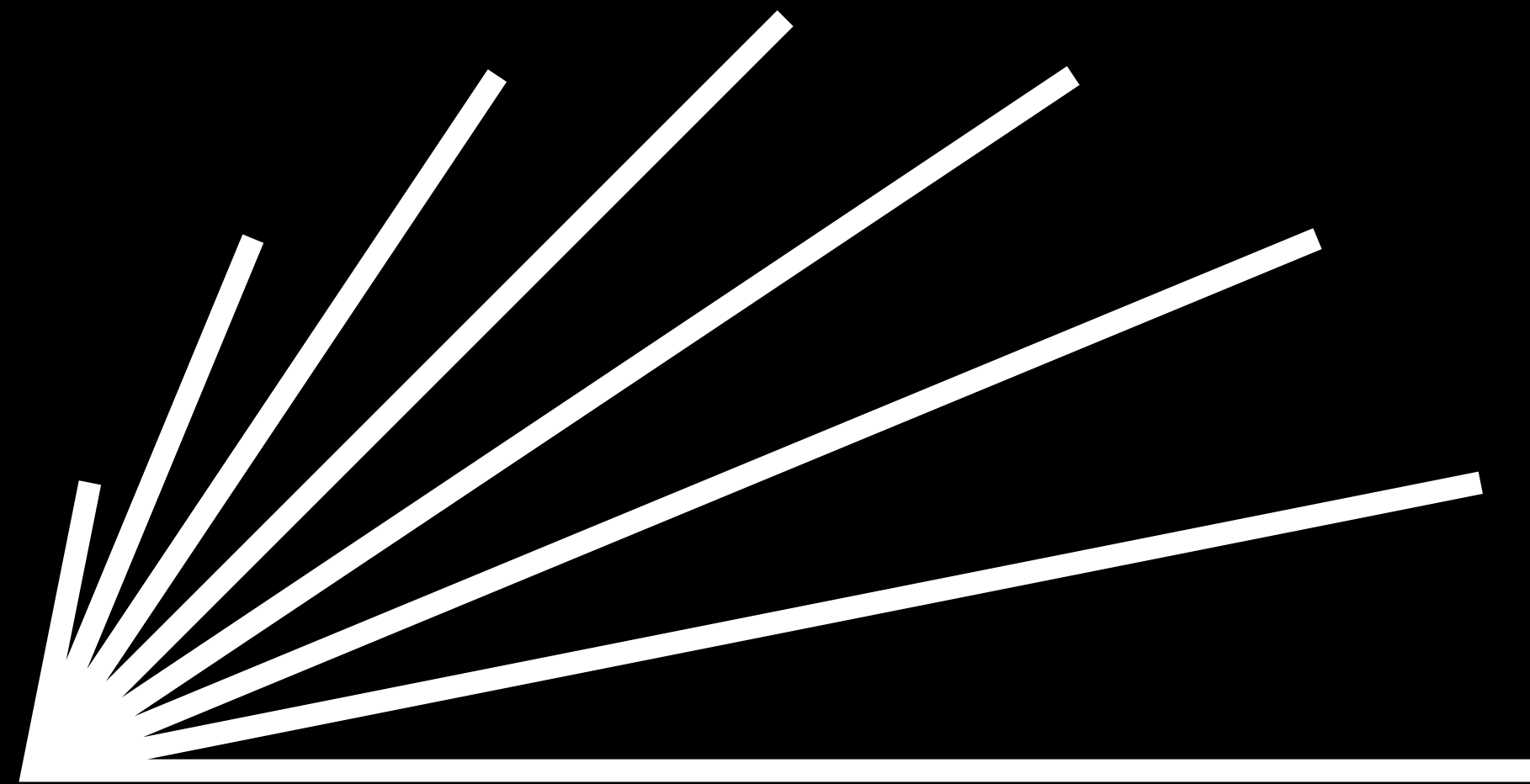
#### Further information:

CEO Tomi Pienimäki  
tel. +358 40 834 1399

CFO Aleks Kankainen  
tel. +358 40 534 2709

#### 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](http://www.siili.com)



SIILI®