

Gofore Annual Report 2021

GOFORE





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Gofore is pioneering an ethical digital world

Gofore is a growing and profitable digital transformation consultancy and a pioneer in the ethical digital world. Our mission is to change the world for the better.

We promote people-driven digital change by developing new ways of thinking as well as sustainable development solutions. Our work has a positive impact on society.

We are aiming for an annual net sale increase of more than 20%, of which organic growth accounts for about half, and an adjusted EBITA margin of 15%.

Our comprehensive service offering helps our customers develop their digital capability and succeed in change.

Our services include:

- Gofore Lead – digitalisation consultancy services
- Gofore Create – development of digital services
- Gofore Verify – digital quality assurance services

Our organisation, culture and capabilities evolve and adapt continuously to match our customers' needs. We are committed to being socially, environmentally and financially responsible – we care for our people, our customers, and the surrounding world.

The goal of Gofore is to be one of the most significant digital transformation consultancies in Europe. Our values guide our

business: Gofore is a great workplace for everyone, and we thrive on the success of our clients. In the future, Gofore will continue to be an international and diverse company with the ability to serve large international customers in the best possible way.

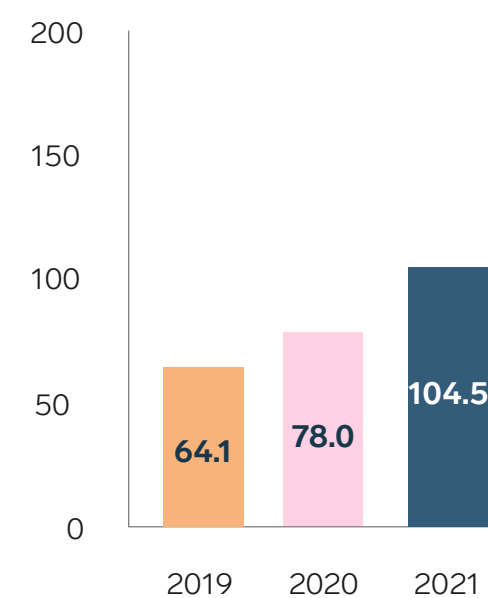
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GOFOREANS

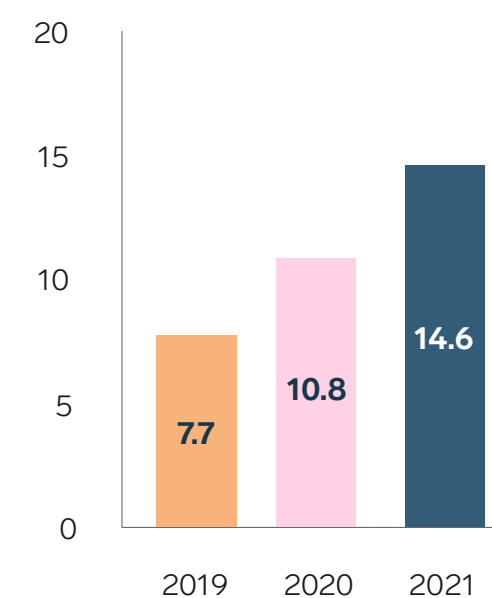
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YEARS OF BUSINESS OPERATIONS

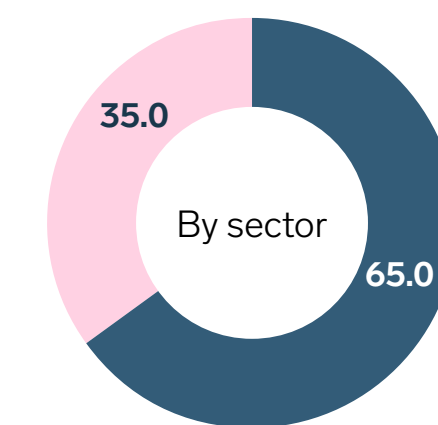
Revenue development 2019-2021 (MEUR)



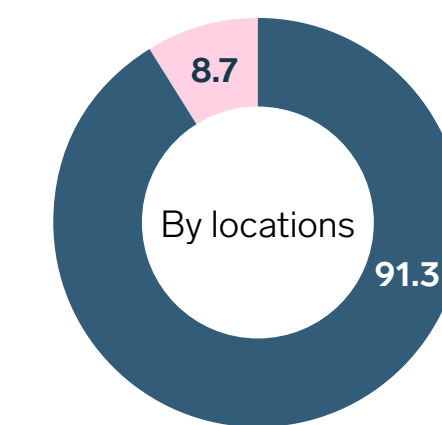
Adjusted EBITA 2019-2021 (MEUR)



Revenue split, 2021, %



Public
Private



Finland
Outside Finland



CEO's review

We will remember 2021 as a year of continued strong growth and astonishing successes. Our strategy worked and we were successful in its execution in terms of all of the key objectives. Our earnings increased by a whopping 36 per cent during the year, when examining our most important results indicator, adjusted EBITA. Net sales, in turn, increased by 34 per cent compared to the preceding year, to EUR 104.5 million.

In compliance with our strategy, we experienced strong organic growth. The year was challenging in terms of the labour market owing to factors such as the personnel turnover rate within our business segment. This notwithstanding, we managed to attain a solid organic growth percentage of 13 per cent, propelled by successful recruitments, re-design of the organisation and enhancements in operative efficiency. Particularly the 18-per cent growth in the latter half of the

year was a stellar achievement.

We also continued our growth through corporate acquisitions. In early 2021, we welcomed CCEA into the Group, providing us with Finland's strongest change management expertise. The preparations for the Devecto acquisition started during 2021, and we got to start the year 2022 with the acquisition news about Devecto reinforcing Gofore's intelligent industry offering and customer portfolio. Corporate acquisitions support Gofore's strategic direction and, in the long-term, our sustainable growth. During the year we also consolidated our ability to continue our inorganic growth going forward, when we carried out a directed share issue in April and further reinforced our organisation with competence related to corporate arrangements.

A focal element of our growth has been our expansion from public sector customer accounts to the private sector.

“A happy customer is an important source of growth and work satisfaction for us. Our customers especially value our customer orientation, reliability and co-operative mindset.”

MIKAEL NYLUND
CEO

People are at the heart of digitalisation, and also Gofore's success comes down to its top talent. We are constantly doing our very best to ensure our attractiveness and employee experience are in check.



“A focal element of our growth has been our expansion from public sector customer accounts to the private sector.”

Developing our offering and providing partnership has proven its strength and our private sector net sales increased by 82 per cent during the year. The public sector accounts for 65 per cent of our total net sales, while the private sector accounts for 35 per cent. We are delighted that our customers are placing their trust in Gofore as their strategic partner in digital transformation.

Our business in Finland has developed particularly well, but we have also made progress outside of Finland, where our key customer accounts have developed as anticipated, with the emphasis being on our internationally operating private sector customers. We have increasingly succeeded in exporting our public sector expertise abroad, particularly to Europe, and we have developed our sales competence required for same. International business accounted for 8.7 per cent of our net sales during the year. It would appear that the demand for Finnish digital transformation competence will be on the rise in the future.

The Gofore culture is our backbone and fostering same while our company is growing requires particular attention. We strive to ensure that everything about our operations supports openness, transparency and agility. Our ability to cultivate and foster our unique and award-winning company culture is something we truly cherish.

We transferred to the official list of the Helsinki stock exchange and reinforced our international shareholder base

In March 2021, we took a significant step and migrated from the First North Growth market place to the official list of the Helsinki stock exchange. In April, we raised EUR 19 million through an issue of 1 000 000 new shares directed to institutional investors. With this, we wanted to support the execution of the company's growth strategy through corporate acquisitions and organically, and also to implement a controlled change in the company's shareholder base. The proportion of our foreign shareholders has increased in double digits following the migration to the official stock exchange list.

We strengthened our ethical sustainability

We are striving towards being a pioneer in ethical digitalisation, particularly through our actions. During the year, we launched a collaboration project, which will result in us creating a model for the further development of the ethically sustainable operations of our working community. In its scope and impactfulness, the model is first of its kind within the technology sector in Finland. Developing ethical operations also provides our experts with means for considering ethical aspects in customer work and facilitates the resolution of societal sustainability challenges.

CCEA brought us people-driven change expertise

Successful corporate acquisitions comprise a key component of our growth strategy. In 2021, our

team was reinforced with people-driven transformation expertise, as CCEA's team of 50 experts joined the Gofore family. The corporate acquisition effected in February enhanced our ability to combine technological and people-driven transformation management. The integration has progressed well. CCEA contributes to our ability to help customers succeed even in the most demanding of transformation projects.

Recognition as an employer

People are at the heart of digitalisation, and also Gofore's success comes down to its top talent. We are constantly doing our very best to ensure our attractiveness and employee experience are in check. We want to hold on to our top experts and attract new talent to join our crew.

Our success in recruitments was commendable. As I am writing this, there are already over 1000 Goforeans in our community. Together, we represent the cutting-edge expertise both in technology and in human-driven leadership – the very aspects in which the digital transformation of all organisations require competence and support.

Our strong company culture is built on six strengths: transparency, trust, ownership, development, communality and caring. We were, for instance, one of the first technology-sector companies in Finland to have devised our very own company-specific collective agreement.

We are actively working to develop our employee experience and employer image. The efforts we have exerted are consistently demonstrated by the fact that our employer reputation is being acknowledged in a variety of ways. Gofore was selected the employer brand of the year in the Rekry-gaala, recognising the best operators and actions within the recruiting industry. In addition, we ranked seventh in the Young Professional Attraction Index (YPAI) 2021 survey, listing Finland's most attractive employers.

We thrive on customer success

A happy customer is an important source of growth and work satisfaction for us. During the year, we conducted two customer satisfaction surveys, indicating that overall satis-

faction remained high throughout the year. In the survey conducted in the fall, overall satisfaction scored 4.3 (on a scale of 1–5), while in the spring it was 4.2. In their feedback, our customers especially value our customer orientation, reliability and co-operative mindset. The Net Promotor Score for the fall survey was 54 (scale -100 / +100), while in the spring survey it amounted to 61. According to the company that conducted the survey, the NPS for reference companies was 37, which means Gofore places among the top companies in the comparison.

A thank you – and our journey continues stronger than ever

In 2022 we will be celebrating Gofore's 20th anniversary, because the business of the company incorporated in 2001 commenced in the fall of 2002. A company founded by four friends has over the years grown into an international corporate group employing more than one thousand employees.

I would like to once more thank all of our stakeholders and, especially, all Goforeans and our customers for the year 2021. It was a busy year, but we were, once again, successful through our collaborative efforts. Thank you!

OUR PRIVATE SECTOR NET
SALES INCREASED BY

82%

DURING THE YEAR.

Mikael Nylund
CEO

Board of Directors' Report

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Gofore in brief

Gofore is a digital transformation consultancy. The company provides its services to private and public sector companies and organisations in its primary markets in Finland and Germany, as well as in Spain and Estonia. Gofore's comprehensive service offering encompasses digital transformation advisory services, software development and quality assurance. The company's three business areas are Gofore Lead, Gofore Create and Gofore Verify. Gofore's competence and service offering is being developed on a continuous basis progressively and proactively, to ensure that the needs and expectations of customers can be met in the best possible way at every stage of digital transformation. Gofore's vision is to be one of the most significant digital transformation consultancies in Europe.

Strategy

The Company proceeded with the execution of the updated strategy Gofore Plc's Board of Directors published at the end of 2020, encompassing the time period between 2021–2023.

Gofore's vision is to be one of the most significant digital transformation consultancies in Europe. Gofore is seeking growth in all of its operating areas and customer segments. The advancement of digitalisation in society and within businesses entails that in addition to leveraging cutting-edge technology, customers must possess the ability to implement change in their business, organisation and operating practices. Gofore aims to differentiate itself from its competitors by serving its customers extensively as a partner in agile digital transformation.

The Company provides advisory services for comprehensive

transformation, including digital transformation advisory, service design, digital service development and digital quality assurance.

Business growth is pursued in three areas: continued growth in Finland, growth in international markets and growth through acquisitions.

Long-term financial targets

Gofore aims for annual revenue growth exceeding 20 per cent, of which organic growth accounts for approximately one half. In terms of profitability, Gofore's target is an adjusted EBITA margin of 15 per cent.

Through the long-term financial targets, Gofore strives to illustrate the recurring and annual financial targets we have determined in our strategy.

Market outlook and operating environment

Digitalisation is estimated to remain a megatrend also going forward, which reinforces the demand for the cutting-edge expertise offered by Gofore in the long term.

The coronavirus pandemic has accelerated the digitalisation of the public and private sectors and the related investments. Across the board, these investments are still evolving from the implementation of individual digital services towards organisation-wide digital transformation and the evolution of digital capabilities. The company expects this development to continue and be reflected in the short and long-term demand. However, the company estimates that customers' ability and willingness to invest in digital transformation will continue to depend on economic development in both the public and private sectors.

The company still expects digitalisation investments in the Finnish public sector to continue on their previous growth curve. The inherently long-term nature of public sector IT investments and long-term cooperation agreements with suppliers render demand relatively predictable. The forthcoming structural reforms within the public sector are expected to create new opportunities for investing in digital services. The legislative package adopted by the Finnish Parliament in June 2021 launched the reform of so-

cial services and healthcare in Finland. The reform itself is a momentous project, and in the longer term, the acute development need for digitalisation of healthcare will also feature more prominently on the agenda. The company estimates that the EU recovery tool's investments in the green transition and digitalisation for 2021–2023 will also generate increased demand for Gofore's services in the form of public investments. In Finland, traditional large Finnish IT houses and agile suppliers of new digital services are the main competitors for public sector customers. The competitive landscape has remained stable and Gofore's position in the market is expected to remain solid.

In Finland's private sector, digitalisation remains one of the most important strategic priorities. IT development still partially remains the 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. The outlook of the export industry, being of particular relevance for Gofore, is rather good, and the company estimates this to improve investments by export companies also in the field of digitalisation. Investments will focus on new digital services, data management and its utilisation, as well as the development of digitalisation capabilities. We believe that Gofore's comprehensive selection of digital advisory services caters well to the private sector demand.

The investments enabled by EU's recovery tool (Finland's Sustainable Growth Program), relating to the years 2021–2023, in the green transition and digitalisation will in the company's assessment generate increased demand for Gofore's services in the form of public investment.

In a business based on top-level expertise, competition for the best talent will continue to intensify. The willingness of specialists, especially of technical experts and software developers, to change jobs has increased as the coronavirus pandemic persists. Freelance work, location-independent work, and similar models have also proliferated. Partially these changes are a direct consequence of the coronavirus

pandemic and remote working and partially they stem from a novel type of examination of working life and priorities, initiated by the pandemic. The demand for skilled workforce will continue to be high and will 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.

Markets outside of Finland, especially in Germany, are developing broadly in line with the Finnish market. Outside of Finland, Gofore's customers are mainly within the private sector. The global shortage of talents manifests itself in the market through international companies being more active in the search for partners, for instance, in Finland. In the long term, the company continues to estimate demand for its services to be on the rise, owing to their extensive market potential.

Effects of the COVID-19 pandemic

Albeit as the pandemic persists, it gives rise to general uncertainty, in Gofore's primary market area, Finland, the effects of the COVID-19 pandemic within the public and private sector customer segments that are essential for Gofore, have been minor. The pandemic has contributed to investments in digitalisation being increasingly prioritised. Customers are also investing in enhancing their own competencies.

On an acute basis, the spike in the infections caused by the omicron variant increases sick leave absences both among Gofore's personnel and that of our customers. We believe, however, that the effects on the business operations will remain minor.

As concerns markets outside of Finland relevant for Gofore, especially in Germany, the COVID-19 pandemic has had a greater direct impact, which has manifested itself in a slight decline in new customer acquisition. However, Germany has recovered from the situation.

Material events during the financial period

For Gofore, the year 2021 was a success both operationally and financially.

Demand developed favourably during the year among both public and private sector customers. Throughout the year, the company announced several substantial new or extended agreements with the Finnish Tax Administration, City of Helsinki, City of Espoo and the Finnish Institute of Occupational Health. The public sector accounted for 65 per cent of Gofore's net sales and the private sector for 35 per cent.

The CCEA acquisition carried out in February 2021 reinforced the company's services tailored for executing demanding change processes, managing change portfolios and developing change capabilities. The acquisition solidified Gofore's position as a holistic digital transformation consultancy.

In March 2021, the company effected its contemplated migration from the First North Growth Finland market place to the Nasdaq Helsinki Main Market.

In April 2021, the company carried out a directed share issue of 1,000,000 new shares, raising as a result EUR 19 million to support the execution of the company's growth strategy. The arrangement also served to expand the company's shareholder base, with the share issue generating interest among international institutional investors.

In October 2021, the company published certain changes to the composition and responsibilities of the Group's Executive Management Team. Riikka Vilminko-Heikkinen was appointed the Director responsible for Sales and Customer Value and member of the Group's Executive Management Team and Juha Virtanen, who previously held the position of the Director of Sales and Customer Value, transferred to the position of leading Gofore's digital services business. Simultaneously, Aki Koikkalainen, previously in charge of the digital services business, resigned from his position and from the Group's Executive Management Team. In November 2021, Ville Hurnonen was appointed Director of Mergers and Acquisitions and member of the Group's Executive Management Team.

Financial review

Revenue development

January – December 2021

During the period of January – December 2021, net sales increased by 34,1 per cent compared to 2020, amounting to EUR 104.5 (78.0) million. The increase in net sales is primarily due to the corporate acquisitions and organic growth. The growth in sales volumes was supported by positive development in average hourly price of services sold.

The net sales generated from public sector customers increased by EUR 67.9 (57.8) million and the net sales arising from private sector customers increased to EUR 36.6 (20.1) million. The public sector accounted for 65.0 (74.2) per cent of the net sales of the Group, and the private sector accounted for 35.0 (25.8) per cent.

In geographic consolidation, most of the growth in net sales occurred in Finland. The net sales generated from Finland amounted to EUR 95.5 (69.9) million and accounted for 91.3 (89.6) per cent of the Group's net sales. Other countries accounted for 8.7 (10.4) per cent of the Group's net sales, totalling EUR 9.0 (8.1) million.

The percentage of subcontracting from the net sales amounted to 19.4 (18.8) per cent, totalling EUR 20.3 (14.6) million.

Monthly development of revenue in January–December 2021:

Month (2021)	Revenue, MEUR (revenue 2020) ¹	Number of employees ²	Number of working days in Finland (number of working days)	Overall capacity, FTE ³	Subcontracting, FTE ⁴
January	7.5 (6.1)	727	19 (21)	679	109
February	8.1 (5.9)	736	20 (20)	698	111
March	9.7 (6.8)	790	23 (22)	735	118
April	8.5 (6.4)	791	20 (20)	743	112
May	8.8 (6.0)	799	20 (19)	755	109
June	9.1 (6.1)	803	21 (21)	755	108
July	2.7 (2.4)	797	22 (23)	746	38
August	8.5 (5.6)	803	22 (21)	746	105
September	10.4 (8.3)	814	22 (22)	757	119
October	10.2 (8.7)	827	21 (22)	763	133
November	11.3 (8.5)	846	22 (21)	784	152
December	9.7 (7.1)	852	21 (21)	789	137

Comparison figures in brackets are referring the same period last year, if not other stated. CCEA Oy figures have been consolidated from 1. March 2021 onwards.

¹ Revenue, MEUR (revenue in 2020) indicates the revenue (unaudited) for the month concerned.

² The number of employees at the end of the review period.

³ Overall capacity, FTE (Full Time Equivalent) figure shows the 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.

⁴ 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.

Profitability in January – December 2021

The company's adjusted EBITA for January – December 2021 increased by 35.9 per cent to EUR 14.6 (10.8) million and accounted for 14.0 (13.8) per cent of net sales. The adjusted EBITA for the review period was impacted by the adjustment of transaction costs EUR 0.2 million related to CCEA acquisition.

- EBITA for January – December 2021 amounted to EUR 14.5 (9.9) million, representing 13.8 (12.7) per cent of net sales.
- Operating profit (EBIT) in January – December 2021 amounted to EUR 12.2 (8.8) million, representing 11.7 (11.2) per cent of net sales.
- The operating profit for the review period amounted to EUR 9.1 (6.9) million.
- The proportion of personnel expenses from net sales slightly decreased from 2020, amounting to 56.4 (57.0) per cent. For January – December 2021, personnel expenses amounted to EUR 58.9 (44.4) million.
- Other operating expenses amounted to a total of EUR 11.2 (9.8) million, corresponding to 10.7 (12.6) per cent of net sales. The largest expense items included voluntary personnel expenses, ICT expenses and external services.
- Depreciation without amortization of intangible assets pertaining to corporate acquisitions amounted to EUR 2.6 (2.4) million, representing 2.5 (3.1) per cent of net sales.
- Depreciation and impairments totaled to EUR 4.9 (3.6) million, corresponding to 4.7 (4.6) per cent of net sales.
- Financial expenses and income amounted to EUR -0.9 million. The expenses incurred from listing to the Main Market maintained by Nasdaq Helsinki Ltd amounted to EUR -0.5 million.

Balance sheet, cash flow and financing

The liquidity of the Group was good and its financial standing solid. The equity ratio amounted to 61.5 (47.1) per cent, with the net gearing being -41.1 (-15.4) per cent.

At the end of December 2021, the balance sheet total of the Gofore Group amounted to EUR 101.9 (78.4) million, of

which shareholders' equity accounted for EUR 61.3 (36.1) million. At the end of the review period, interest bearing net debt amounted to EUR -25.2 (-5.6) million.

Cash flow from operations improved over the period of January – December 2021 to EUR 14.2 (9.0) million. Cash flow from investments during the review period amounted to EUR -10.0 (-7.1) million. Investments in subsidiary shares during the review period amounted to EUR 9.9 (6.5) million.

Cash flow from financing activities during the review period amounted to EUR -13.6 (-1.8) million, including paid dividends of EUR -3.4 million, repayments of lease agreement liabilities of EUR -2.2 million, new loan drawdowns of EUR 3.0 million and loan amortisations of EUR -2.5 million, along with a share issue against consideration, netting EUR 18.6 million. At the end of the review period, the cash assets amounted to EUR 39.1 (21.4) million.

At the end of the review period, Gofore Plc had unsecured loans from financial institutions in the amount of EUR 10.1 (9.5) million. Gofore took out new unsecured loans in the amount of EUR 3.0 million during the review period. The loans are associated with the customary covenants related to equity ratio and interest-bearing net debts. The covenant conditions were met on 31 December 2021.

During the review period, Gofore Plc agreed upon a binding, unsecured revolving credit facility in the amount of EUR 5 million for the short-term general financing needs of the Group, such as corporate acquisitions. The credit facility was not in use during the review period.

Research and development

During the review period, Gofore was conducting a research project called Robins, funded by Business Finland. In addition to Tampere Universities and Gofore, the project consortium included five other advisory companies in Finland. Gofore's Robins project consisted of the strategic development projects Capability Accelerator and Digital Gofore. The Capability Accelerator project explored ways to continuously renew the company's capabilities and, thereby, its service offering. The goal of the Digital Gofore project was to study

the company's transformation into a more international digital services provider, operating increasingly on a platform basis. During the period of 1 January through 30 April 2021, the costs of the project amounted to approximately EUR 0.2 million. Business Finland's grant covers no more than 40 per cent of the total eligible costs of the project, which amounted to approximately EUR 1.6 million during the project duration of 1 April 2019 through 30 April 2021. The Robins project came to an end during the review period.

Also, another project funded by Business Finland was ongoing, aiming to support the continuity of business operations throughout the coronavirus pandemic and to identify novel methods for generating customer value in the changed circumstances. The project involved, inter alia, developing new distance working methods. Business Finland's grant covers no more than 80 per cent of the total eligible costs of the project, which amounted to approximately EUR 0.1 million during the project duration of 24 March 2020 – 31 April 2021.

Investments

The company's largest investment items during the review period consisted of acquired subsidiary shares, as well as investments in tangible and intangible assets. During the ended financial period, investments amounted to EUR 10.0 (7.1) million, being 9.6 (9.1) per cent of net sales.

Corporate acquisitions

On 18 February 2021, Gofore announced it had signed an agreement to acquire 95 per cent of the share capital of CCEA Oy, a company specialising in change execution consulting. The purchase price of the share capital to be acquired amounted to EUR 6.5 million, consisting of the debt-free price for the business operations of EUR 6.2 million and of compensation payable from net cash in the amount of EUR 0.3 million. The entire purchase price was paid in the form of cash consideration. The transaction was closed on 1 March 2021.

Resolutions of the Annual General Meeting

The Annual General Meeting of Gofore Plc was convened

on 26 March 2021. Pursuant to the temporary legislation enacted by the Finnish Parliament to contain the spread of the coronavirus pandemic, the Annual General Meeting was convened without the presence of the shareholders and their representatives at the meeting venue.

The Annual General Meeting resolved to adopt the financial statements for the financial year 2020 and to grant discharge from liability to the CEO and everyone who acted as a member of the Board of Directors during the financial period of 1 January through 31 December 2020. The Annual General Meeting accepted the Board of Directors' proposal concerning an authorisation to be granted to the Board of Directors to resolve on the acquisition/accepting as pledge of the company's own shares. The Annual General Meeting, furthermore, accepted the Board of Directors' proposal concerning authorisation to be granted to the Board of Directors to resolve upon a share issue, as well as the issuance of option rights and other special rights entitling to shares.

The Annual General Meeting further resolved to adopt the remuneration report for the governing bodies of the company for the year 2020.

The Annual General Meeting resolved, in accordance with the proposal of the Nomination Committee, that the members of the Board be paid a fee of EUR 2,000 per month and the Chairman of the Board EUR 3,500 per month. In addition, the Annual General Meeting resolved that member of the Board of Directors be paid meeting fees for each meeting of the committee so that the Chairman of the committee be paid a fee of EUR 800 for each meeting, and the other members of the committee be paid EUR 400 per meeting. Additionally, the travel expenses of the members of the Board of Directors will be reimbursed against receipts, in accordance with the company's travel policy.

In accordance with the proposal of the shareholders' Nomination Committee, the Annual General Meeting affirmed the number of the members on the company's Board of Directors at five: Timur Kärki, Sami Somero, Mammu Kaario and Juha Eteläniemi were re-elected as members of the Board of Directors and Piia-Noora Kauppi was elected as a

new member of the Board of Directors. In its inaugural meeting, the Board of Directors elected a chairman from among its members, and Timur Kärki was elected to continue as the Chairman. The term of office of the members of the Board of Directors will continue until the adjournment of the next Annual General Meeting.

In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved to re-elect auditing entity KPMG Oy Ab as the company's auditor, with its term of office continuing until the adjournment of the next Annual General Meeting. KPMG Oy Ab has designated Authorised Public Accountant Lotta Nurminen to act as the auditor with principal responsibility. The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that the auditor is to be paid a fee in accordance with the invoice approved by the company.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that dividends be paid for the financial period of 1 January through 31 December 2020 in the amount of EUR 0.24 per share, i.e., calculated for the shares outstanding at the date of the meeting, a total of EUR 3 372 535.44, with the remaining distributable assets being retained in shareholders' equity. The date of record for the dividend was 30 March 2021 and the pay-out date was 8 April 2021.

Authorisation of the Board of Directors for the acquisition/accepting as pledge of the company's own shares, shares issue, share options and other special rights

Gofore Plc's Annual General Meeting of 26 March 2021 resolved to authorise the Board of Directors to decide on the acquisition/accepting as pledge of the company's own shares in one or more tranches. The maximum number of shares to be acquired/accepted as pledge amounts to 1,403,692 shares, corresponding to approximately 10% of the total number of all the shares in the company as per the date of the notice of the Annual General Meeting.

Furthermore, Gofore Plc's Annual General Meeting aut-

horised the Board of Directors to resolve on a share issue, 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 consideration or gratuitously. The total number of shares to be issued, including shares under options and other special rights, may amount to a maximum of 2,105,540 shares, equivalent to approximately 15% of the total number of shares in the company as per the date of the notice of the Annual General Meeting.

Both authorisations are valid until the end of the next Annual General Meeting, however, no longer than until 30 June 2022, and serve to revoke previous similar authorisations granted by the Annual General Meeting.

Changes in the Executive Management Team

Riikka Vilminko-Heikkinen was appointed the Director responsible for Sales and Customer Value and member of the Group's Executive Management Team as of 14 October 2021. She commenced her work in this task and as a member of the Executive Management Team on 14 October 2021. At the same time, Juha Virtanen, who previously held the position of the Director of Sales and Customer Value, transferred to the position of leading Gofore's digital services business and will continue on as a member of the Group's Executive Management Team. Aki Koikkalainen, previously in charge of the digital services business, resigned from the Group's Executive Management Team on 14 October 2021.

Ville Hurnonen was appointed Director of Mergers and Acquisitions and member of the Group's Executive Management Team on 2 November 2021. He assumed his position and started work as a member of the Executive Management Team on 4 December 2021.

As of 1 January 2022, Gofore Group Executive Management Team is formed by the following persons:

- Mikael Nylund, CEO
- Teppo Talvinko, CFO
- Riikka Vilminko-Heikkinen, Director, Sales and Customer Value

- Ville Hurnonen, Director, Mergers and Acquisitions
- Petra Sievinen, Director, Marketing and Communications
- Juha Virtanen, Director, Digital Services Development
- Elja Kirjavainen, Director, Digital Change Advisory Services and MD, Gofore Lead Oy
- Miika Nurminen, Director, Digital Quality Assurance and MD, Qentinel Finland Oy
- Terhi Vesanen, Chief Growth Officer
- Sanna Hildén, Director, People Operations
- Kalle Mäki, General Counsel

Share-based commitment and incentive schemes

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings scheme ("CrewShare") for the entire Group's personnel. The Board of Directors decides annually on the savings periods to be launched under the scheme.

The scheme is available to all of Gofore Group's employees, who are offered the possibility to save a portion of their regular salaries and to allocate the savings towards acquiring shares in the company at a 10-per cent discount, subject to the resolution of the company's Board of Directors to such effect. The accrued savings are allocated towards acquiring Gofore's shares typically biannually. The first savings period commenced on 1 November 2018 and ended on 28 February 2019. The second savings period commenced on 1 March 2019 and ended on 29 February 2020. The third savings period commenced on 1 March 2020 and ended on 28 February 2021. The fourth savings period commenced on 1 March 2021 and is due to end on 28 February 2022.

After the two-year holding period, Gofore will offer employees participating in the scheme one matching share for each three shares acquired with the savings by way of gross incentive. The granting of the additional shares is contingent on the participant owning the shares they have acquired throughout the entire holding period and their employment relationship with Gofore not having been terminated prior to the expiration of the holding period.

By 31 December 2021, four CrewShare share savings periods have been launched. The first CrewShare plan ended on 28 February 2021 and the matching shares pertaining to same were transferred on 25 March 2021. 131 employees were in the second CrewShare savings period, and were entitled to 12,650 matching shares on 31 December 2021. In the third savings period, 165 employees were on 31 December 2021 entitled to 10,159 matching shares based on their participation in the scheme. In the fourth savings period, 289 employees were on 31 December 2021 entitled to 6,373 matching shares. The second share acquisition of the scheme will take place in Spring 2022.

Personnel and offices

At the end of December 2021, the Group employed a total of 852 (724) employees. The number of personnel increased from the comparable time period in 2020 by 18 per cent. Growth occurred organically and, particularly in Finland, as a result of the CCEA corporate acquisition. The total number of employees in Finland amounted to 814 (692), and in the other countries of operation to a total of 38 (32) employees.

In Finland, Gofore's offices are located in Helsinki, Espoo, Jyväskylä, Tampere and Turku. Its offices located outside of Finland are in Brunswick and Munich, Germany, Madrid in Spain, and Tallinn in Estonia.

Shares and shareholders

At the end of December 2021, Gofore Plc's registered share capital amounted to EUR 80,000.00 (EUR 80,000.00), corresponding to a total of 15,072,085 (14,036,927) company shares. At the end of the review period, the company or its subsidiaries were not in possession of any treasury shares (31 December 2020: 0 shares).

At the end of December 2021, the company had a total of 5,599 (5,101) registered shareholders. The number of nominee-registered shares amounted to 2,677,331 (298,497), with their proportion of the share capital being 17.8 (2.1) per cent. Households owned 57.6 (74.1) per cent of the shares, private companies 5.4 (5.2) per cent, financial and insurance institutions 9.4 (7.7) per cent, non-profit organisations

0.3 (0.3) per cent and public corporations 9.4 (10.5) per cent.

Recent and historical shareholder information as well as information on the company share can be found on the company website gofore.com/en/invest/share-and-shareholders/.

Share price development and share trading

The trading volume of the company's shares in 2021 amounted to 4.70 (2.95) million shares, corresponding to approximately 32 (21) per cent of the average number of outstanding shares. The value of the trading amounted to EUR 92.8 (30.0) million.

At the end of December 2021, the company's market value amounted to EUR 361.7 (240.7) million. The closing rate of Gofore's share on the last trading day of the review period (31 December 2021) was EUR 24.00 (17.15). The trading volume-weighted average price of the company's share during the review period amounted to EUR 20.19 (10.16). The highest trading rate was EUR 25.10 (17.80) and the lowest

EUR 16.00 (4,80).

Since March 2021, Gofore Plc's share has been quoted on the Main Market maintained by Nasdaq Helsinki Oy, under the share trading code GOFORE.

Material events after the review period

On 3 January 2022, Gofore announced it had signed an agreement to acquire the entire share capital of Devecto Oy, a company specialised in software development and testing of smart devices and machinery, and related testing systems. The purchase price for the entire share capital of Devecto Oy amounted to EUR 21.2 million. The purchase price consisted of the debt-free price of the business operations of EUR 20.0 million, and of compensation payable for the net cash and working capital adjustment, estimated to amount to approximately EUR 1.2 million. 70 per cent of the purchase price was paid in the form of cash consideration, and 30 per cent in the form of share consideration. The transaction was closed on 3 January 2022. Also an earnout was agreed upon, based on Devecto's profit for the year 2022. The ear-

nout shall amount in total to no more than EUR 5 million, and should it materialise, will be payable in the form of cash consideration during the first half of 2023. Management has made a judgement regarding the possible earn-out for the year 2022. The judgement amounts to EUR 3.2 million. Final decision concerning the purchase price allocation will be made within the coming 12 months.

Pursuant to the share issue authorisation granted by the Annual General Meeting of 26 March 2021, Gofore's Board of Directors resolved on 3 January 2022 to carry out a directed share issue to the vendors of Devecto's shares as part of the payment of the purchase price. A total of 271,958 new Gofore shares were subscribed for in the share issue, at the subscription price of EUR 23.22 per share. The subscription price is based on the trading volume-weighted average price of the share during the time period of 1 through 30 December 2021.

The new Gofore shares were entered in the Trade Register on 4 January 2022 and trading in the new shares commenced on 7 January 2022. Following the registration of the shares subscribed for in the share issue, the total number of Gofore's shares amounts to 15,344,043. Following the registration of the new shares, they represent approximately 1.8 per cent of the company's share capital.

On 24 January 2022, Gofore announced that Gofore's Board of Directors had resolved on incentive schemes for the Group's employees and key personnel. The Board of Directors resolved to launch the fifth savings period of 2022–2023 of the CrewShare share savings plan directed at the personnel. The details of the new savings period are substantially identical to the preceding savings period. The savings period will commence on 1 March 2022 and end on 28 February 2023. The Board of Directors, further, resolved to establish a new share-based incentive scheme for the Group's key personnel. The aim is to align the objectives of the shareholders and key personnel in an effort to attain value appreciation for the company in the long-term, to support key employees' commitment to the company and to offer them a competitive incentive scheme based on earning

and accumulating shares. The scheme features one earning period of three years in duration, encompassing the financial periods of 2022–2024.

In January 2022, the Finnish Ministry of Finance selected Gofore as its supplier of advisory services pertaining to the implementation of the Programme for Promotion of Digitalisation (Digital Programme). The agreement period commenced on 7 February 2022 and is scheduled to end on 31 March 2023. The estimated maximum value of the procurement totals EUR 0.2 million. The objective of the digital programme is to support and encourage authorities in making their services available to the citizens and corporations in digital form by the year 2023. In the commenced agreement period, Gofore's advisory services may pertain, inter alia, to the following aspects of the Digital Programme: Corporate-Digital, a situational awareness of the impactfulness of digitalisation, establishment of digital support, expert support for municipalities, agencies and facilities, as well as support for the legislative committee and the network of digitalisation promoters. Gofore has been acting as a collaboration partner of the Ministry of Finance's promotion of digitalisation programme since October 2020. Gofore's experts have previously in the programme supported digital development on the national level through the CorporateDigital project, development of digital support, as well as in developing the situational awareness of the impactfulness of digitalisation and of the indicators.

The net sales of the Gofore Group in January 2022 amounted to EUR 10.8 (7.5) million. The number of personnel at the end of the review period amounted to 993. The number of working days in Finland during the period amounted to 20. The overall capacity Full Time Equivalent (FTE) amounted to 917 and subcontracting FTE to 147.

Short-term risks and business uncertainty factors

In the first months of the year, the geopolitical situation has become increasingly unstable, escalating on 24 February in Russia's military attack on the Ukraine. For now, the implica-

Month (2022)	Net sales, MEUR (net sales 2021) ¹	Pro forma (LTM) net sales ²	Number of employees ³	Number of working days in Finland (number of working days in 2021)	Overall capacity, FTE ⁴	Subcontracting, FTE ⁵
January	10.8 (7,5)	118.5	993	20 (19)	917	147

Unless otherwise stated, all figures presented in brackets refer to the comparison period, i.e. the same time period in 2021. Devecto Oy's figures have been consolidated with the figures of the Gofore Group as of 3 January 2022.

¹ Net sales, MEUR (net sales in 2020) indicates the unaudited net sales for the relevant month.

² The consolidated pro forma net sales for the preceding 12 months utilised by the company in its business reviews illustrates the net sales under the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

³ Number of employees at the end of the review period.

⁴ The Overall Capacity, FTE (Full Time Equivalent) figure shows the 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 agreement and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees. The personnel capacity of corporate acquisitions has been accounted for as of the date of the acquisition.

⁵ The Subcontracting, FTE (Full Time Equivalent) figure shows the overall amount of subcontracting used in invoiceable work, converted into a value corresponding to the number of full-time employees. The subcontracting of the companies acquired by Gofore has been accounted for as of the date of the acquisition.

tions of the breakout of the war on the global economy and on the development of Gofore's customer demand remain unclear. Gofore does not have direct accounts or subcontractors in Ukraine or Russia. Gofore does not have customers or subcontractors in Ukraine or Russia.

The company continues to estimate that the prolongation of the COVID-19 pandemic may continue to trigger changes in the company's operating environment. The drawn-out pandemic conditions will continue to create uncertainty in the development of customer demand, personnel wellbeing and personnel retention. The company's short-term risks unrelated to the pandemic circumstances or geopolitics remain largely similar to previous years.

The company is of the view that negative changes in the investments in IT development within the public sector would pose challenges for the implementation of the company's growth strategy. Similarly, any stiffening in the competitive environment within the company's business segments could impact the profitability and growth of the company.

Succeeding in recruiting skilled personnel and ensuring personnel satisfaction are matters of the utmost importance and failing in same would have an adverse effect on the attainment of the financial targets of the company.

A vital part of the company's strategy lies in corporate acquisitions and the expansion of its international business. Both of these modes of action geared towards growth entail risks that, if actualised, would pose challenges for maintaining personnel and customer satisfaction, and, naturally, for achieving the company's financial targets.

The company publishes a monthly Business Review, also containing the management's assessment of the development of the business during the review period. This entails the monthly monitoring of any actualisation of risks.

Financial guidance for 2022

Gofore has updated its own disclosure policy so that under the policy, the company will no longer be issuing financial forecast relating to the financial period. Instead, the compa-

ny will be developing the content of its monthly and quarterly business reviews, in an effort to further improve the company's transparency and, hence, the real-time monitoring of financial developments.

In addition to the information contained in the previous business reviews, the company will from now on be publishing the consolidated pro forma net sales for the last 12-month period (LTM) on a monthly basis. In its quarterly business reviews, alongside the previous information and the monthly information, the company will additionally be publishing details of Gofore's organic growth during the review period.

1) The consolidated pro forma net sales for the last 12 months (LTM) presented by the company in its business reviews illustrates the net sales under the group structure as at the time of the review. The pro forma net sales figures include the effect of corporate acquisitions and divestments, if any. The pro forma net sales figure is unaudited.

Board of Directors' proposal for the distribution of dividend

The parent company's distributable equity as at 31 December 2021 amounted to EUR 58.7 million, including the profit for the period, EUR 6.3 million.

The Board of Directors proposes to the Annual General Meeting to be held on 25 March 2022, that a dividend of EUR 0.28 per share be distributed on the basis of the balance sheet for the financial year 1 January – 31 December 2021. According to the proposal, a total of EUR 4.3 million will be distributed as dividends and the remaining EUR 2.0 million will be retained in equity. The proposed dividend is 45.9 per cent of earnings per share.

No material changes have taken place in the company's financial position after the balance sheet date, nor does the solvency test referred to in chapter 13, section 2 of the Limited Liability Companies Act affect the amount of distributable funds.

The dividend will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date for the dividend payment, 29 March 2022. No dividend will be paid on

treasury shares held by the company on the record date. It is proposed that the dividends be paid on 5 April 2022.

Non-financial statement 2021

General

This section describes key aspects of Gofore's sustainability-related activities in accordance with the requirements of Chapter 3a of the Accounting Act (non-financial information). A more extensive description of the management and results of different areas of corporate responsibility can be found in Gofore's separate Sustainability Report for 2021.

In 2021, Gofore continued executing its sustainable development strategy adopted for the years of 2021–2025. Gofore aims to be a pioneer in digital solutions that promote sustainable development and in responsible business. The aim is for a substantial part of the revenue to be generated by solutions that verifiably improve resource efficiency or reduce climate emissions, or solutions that support a robust, safe, democratic and open society. The company wants to be an attractive ESG investment.

From a sustainability perspective, the impacts of Gofore's business operations arise not only as a direct impact of its own operations, but also through the customers and the result of the work carried out for them. The company assists its customers in different fields in how to utilise the latest technology for developing increasingly sustainable solutions and reforming their mindset and operating models towards a more sustainable direction. Through significant public sector customers, Gofore's operations have a particular impact on the sustainability of societies.

Business operations

Gofore is a digital transformation consultancy. The company provides its services to private and public sector companies and organisations in its primary markets in Finland and Germany, as well as in Spain and Estonia. Gofore's comprehensive service offering encompasses every aspect of digital transformation: digital transformation advisory services, software development and quality assurance. Gofore's com-

petence and service offering is being developed on a continuous basis progressively and proactively, so as to ensure that the needs and expectations of customers can be met in the best possible way at every stage of digital transformation. Gofore's vision is to be one of the most significant digital transformation consultancies in Europe.

The Group's revenue in 2021 amounted to EUR 104.5 million (2020: EUR 78.0 million) and adjusted EBITA used as the indicator of operative profitability, to EUR 14.6 million (EUR 10.8 million). Gofore employed a total of 852 (724) employees at the end of the year. The personnel were divided between Gofore's different operating countries as follows: 819 (692) employees were working in Finland, 20 (20) employees in Germany, 11 (10) employees in Spain and 7 (2) persons in Estonia.

In 2021, 19.4 per cent (18.8 per cent) of the Group's revenue was based on subcontracting. In addition to Finland, subcontracting was carried out in Romania, Germany and Estonia.

Sustainability management at Gofore

The key operating principles governing Gofore's responsible business include the Code of Ethics, the Code of Conduct, as well as the sustainability programme and priorities (the "Sustainable Gofore" programme). Additionally, sustainability work is guided by separate function-specific commitments, plans and policies.

Gofore's Board of Directors has approved the company's Code of Ethics and Code of Conduct. The Group's Executive Management Team is responsible for the management of strategy and operative business also in accordance with the principles governing corporate responsibility, and matters pertaining to sustainability are primarily addressed by the Executive Management Team. Any material decisions concerning sustainability are made by the company's Board of Directors. Since 2019, an assigned Chief Sustainability Officer has been responsible for the practical management and coordination of sustainability efforts, being also responsible for developing sustainability work as a whole and

monitoring of the attainment of the set targets.

Launched in 2019, Gofore's sustainability programme "Sustainable Gofore" encompasses the most pertinent aspects of corporate responsibility, as well as qualitative and quantitative indicators in operations. The sustainability work is based on a materiality analysis conducted in 2019, definition of stakeholders and the UN Sustainable Development Goals (SDGs). In 2021, Gofore specified certain pertinent sustainability aspects and the qualitative and quantitative indicators pertaining to same.

Risk management

Gofore's risk management is based on a continuous risk surveying and assessment process, as well as on the utilisation of an up-to-date risk register in the management of business and sustainability risks. The register contains both business risks affecting Gofore, and sustainability risks, i.e., risks Gofore itself may pose to people, the environment and society. The identified sustainability risks and procedures related to the management of same have been described in more detail in the company's Sustainability Report 2021, under section Sustainability Risks and opportunities.

Social responsibility and personnel

Gofore's business and its impactfulness is based on people and their wellbeing at Gofore. This aspect is being managed through the People Strategy, spanning until the year 2025. The key objectives for 2021 in human resources management were to support growth by reinforcing both recruitment capability and the transformation capability needed in mergers and acquisitions, and by increasing understanding of the elements of exceptional employee experience and culture.

To launch the People Strategy, the company initiated the Gofore 2.0 project, aiming to reform and support Gofore's self-guided and communal operating model. The project explored the type of support the personnel was hoping for in their work and the manner in which leadership should be developed so as to ensure the best possible prerequisites for self and communal guidance. The project resulted, inter

alia, in reforming Gofore's People Leader roles, which serves to further support the jointly-determined culture.

Employee experience

In Gofore's corporate culture, excellent employee experience and customer experience emerge and grow stronger together. The growth of the business and of the company also has an impact on Gofore's culture and how it is experienced. At Gofore, our shared culture is an asset, with its strength being based on its coherence throughout the organisation. In an effort to promote the fostering of strengths experienced as being shared, Gofore examined which themes are the most important ones for its people. The study highlighted the following as essential factors that should be reinforced: caring, transparency, trust, ownership, competence and participation.

Employee experience and employee engagement are also extensively studied at Gofore. In 2021, we continued monitoring and utilisation of the Engagement Index. As a component of this, we monitored particularly the promoter index, which indicates the proportion of employees that would recommend Gofore as an excellent workplace. The Engagement Index measures not only recommendation, but also employee motivation, commitment to the organization now and in the coming years, and pride in working at Gofore.

In 2021, 82 per cent (87 per cent) of the employees would recommend Gofore as an excellent place of work. The Engagement Index was divided as follows:

- 65 per cent (68 per cent), promoters
- 23 per cent (20 per cent), neutrals
- 12 per cent (12 per cent), critics

71 per cent of the employees, or, 522 persons responded to the Engagement Index survey in 2021 (2020: 83 per cent of the personnel, i.e., 601 persons). In addition to the said survey, the employee experience is examined through regular personnel surveys, as well as a Crew Pulse measurement that responds rapidly to any changes in workplace satisfaction. As of the year 2022, we will also be examining

the employees' experience of the materialisation of cultural strengths.

Also personnel turnover, particularly the employee churn rate, is an indicator of the employee experience. In 2021, the

churn rate has increased, reflecting the COVID-19 era, as has been generally observed within the sector. In 2021, the employee churn rate amounted to 17.1 per cent (2020: 10.5 per cent).

Aspects and indicators of the "Sustainable Gofore" programme:

Aspect	Indicators monitored in 2021	Results in 2021
The services we provide help solve global sustainability challenges	<ul style="list-style-type: none"> • The Good Growth framework, including the modelling, measuring and assessment of sustainable development impacts • Sustainability assessment as part of the customer satisfaction survey • Overall score of collaboration awarded by customers and the net promoter score (NPS) • Greenhouse gas emissions (CO2-ekv, tonnes) and energy consumption 	<ul style="list-style-type: none"> • Overall score of the collaboration 4.2/5 (in the survey conducted in the spring) and 4.3/5 in the survey conducted in the fall • Net promoter score: 61 (-100 / +100) (in the survey conducted in the spring) and 54 (-100 / +100) (in the survey conducted in the fall) • Carbon neutrality in own operations achieved
As builders of an ethical digital world, we develop solutions that promote data security, information security and ethical data utilisation	<ul style="list-style-type: none"> • Model and tools for assessing and developing the ethical performance of the working community • Artificial intelligence ethics training sessions as well as analytical tools for the ethical evaluations of new customer projects and advanced data analytics • Information security breaches and data security breaches 	<ul style="list-style-type: none"> • Work for developing the model and tools for assessing and developing the ethical performance of the working community launched • 12 artificial intelligence ethics training sessions • Analytical tool for the ethical evaluation of new customer projects and advanced data analytics introduced • Deployment of the ISO27001 -information security system across the Group • Zero reported information security breaches or data security breaches
Gofore is the best possible workplace for its employees	<ul style="list-style-type: none"> • Employee experience and employee engagement as part of the personnel survey • Employees' sick leave absences • Development of employees' professional skills • Employee turnover • Proportion of women of the entire personnel and in leadership roles • Gender pay equality • Compliance with the code of conduct for subcontracting 	<ul style="list-style-type: none"> • Engagement Index: 65 per cent promoters, 23 per cent critics, 12 per cent neutrals • Sick leaves absences: 2.2 % • An average of 5 hours per person spent on competence development • Employee churn rate: 17.1 % • Proportion of women in the company's Board of Directors, Group's Executive Management Team and personnel: 40 per cent of Board members, 36 per cent of the Group Executive Management Team and 35 per cent of personnel • Code of conduct for subcontracting integrated into the subcontracting agreements

Employer reputation and the number of applications received for open positions also serve as indicators of the employee experience. The positive development of the employer reputation was demonstrated by the fact that higher education students selected Gofore as one of the most attractive workplaces in Finland in 2021 in the Young Professional Attraction Index (YPAI) survey. In the universal study, Gofore reached the 12th position among the most attractive employers within the IT sector. As its third achievement, Gofore won the Employer Brand of the Year award (Duunitori). Gofore's attractiveness as an employer is also reflected in a 7-per cent annual increase in the number of job applications received.

Competence development

Gofore develops the professional expertise of its employees in a goal-oriented and employee-oriented manner. Gofore has identified the development of personnel competencies as a critical success factor for business, as well as a prominent aspect of workplace satisfaction and workplace wellbeing. Employees are encouraged to use part of their working time towards developing their skills. The majority of the learning occurs through on-the-job learning (e.g., through their current work, new tasks and projects), and through collaboration with colleagues (e.g. guilds and peer support). Furthermore, competence development is also promoted through training sessions focusing on specific themes (e.g., courses, coaching). In a personnel survey conducted in 2021, 79 per cent of the personnel felt they were continuously learning something new in their work. Employees are also encouraged to apply to work at the company's other locations in Europe.

Internal training is provided by the company's very own training centre, the "Gofore Academy", the curriculum for which is determined based on the competence needs of the employees and of the business. In 2021, a total of 60 (43) internally organised trainings, open for everyone, were organised. Also external coaching, online courses and training towards certifications are utilised actively. In 2021, an average

of 5 (41) working hours per person were spent developing and sharing one's individual competence¹. Some of the key courses at Gofore Academy included, inter alia, consulting expertise, change management skills, development of self-awareness, coaching, management of communally-guided team efforts and development of technical expertise.

¹Also external coaching, online courses and training towards certifications are utilised actively. In 2021, an average of 5 (41) working hours per person were spent developing and sharing one's individual competence.

Occupational health and occupational wellbeing

At Gofore, the occupational wellbeing of employees is being maintained through extensive occupational healthcare services, through providing fringe benefits beneficial in different situations in life, as well as through endeavouring to mitigate the workload with practical arrangements.

Gofore's personnel is covered by comprehensive occupational health service and accident insurance policies. In 2021, the company introduced a separate remote working insurance policy, covering the employees also during their breaks in remote working, in addition to the statutory workers' compensation insurance. The insurance also covers trips to children's daycare, as well as the walking meetings commonly in use within the company.

Some of the fringe benefits available to the personnel in 2021 included the sports benefit, eligible for use also at cultural events or other recreation, as well as dental care or massage services. The company also offers its personnel assistance for supporting a sick parent, as well as for reconciling the work and family life of employees with small children. Gofore offers longer paternity leaves than required by the legislation, seeking to support dads staying at home. The company additionally offers a sick child care benefit, flexible working hours and flexible remote working possibilities.

In 2021, Gofore further reinforced its occupational wellbeing management and leveraging of wellbeing data, as well as its caring immediate leadership, as part of the reform of

the People Leader roles. Particular attention was afforded to supporting mental wellbeing, which was even further accentuated during the COVID-19 time period and the ensuing proliferation in remote working.

Occupational wellbeing is monitored, inter alia, from the perspective of sick leave absences and occupational safety. In terms of sick leave absences and, pursuant to a separate assessment, absences based on mental health issues, the company's situation was good in the industry comparison. In 2021, the percentage of sick leave absences amounted to 2.2 per cent (2020: 2.2 per cent).

Diversity and equity

The identification and advancement of aspects related to the materialisation of diversity, inclusion and equity comprise a part of Gofore's social responsibility.

The company treats all employees equally, regardless of gender, ethnicity, religion, age and other similar factors. Diversity increases human capital, which supports occupational well-being, productivity and the ability to renew. In 2021, the company updated its practices related to equity and equality and affirmed same in its new Equity and Inclusion Plan.

In 2021, the company set as its objective that the proportion of women in the personnel should remain permanently at a minimum of 33 per cent and that the proportion of women in the Group's Executive Management Team should be no less than their proportion of the personnel. In 2021, 35 per cent (29 per cent) of the Group's personnel were women, and in the Executive Management Team, the proportion of women was 36 per cent (38 per cent) and on the Board of Directors, 40 per cent (20 per cent). The median salary of women amounted to 97.1 per cent (2020: 94.27 per cent) of men's salaries.

In 2021, the personnel of the Group was divided into age groups as follows:

- 20–29 years: 11 per cent
- 30–39 years: 36 per cent
- 40–49 years: 38 per cent

- 50–59 years: 13 per cent
- 60–69 years: 2 per cent

Environmental responsibility and sustainable development

Gofore strives to understand the environmental footprint of digitalisation comprehensively and to reduce it as efficiently as possible. The company updated its environmental targets in 2020 and will be reporting on the related actions and targets as part of its sustainability reporting. The company has in place environmental guidelines included in the induction of all personnel, containing guidelines on waste management, travel, water use and procurement. All Gofore's operations comply with national environmental legislation and regulatory requirements.

Gofore's activities do not involve significant environmental risks. Gofore's most significant direct climate impacts are generated by commuting, business travel and the energy needs of the office premises. During 2021, the company commenced assessments of the lifecycle emissions of the services provided. Furthermore, in 2021, the Company participated in the UN Climate Ambition Accelerator programme. In 2022, the company will be charting out the possibility of committing to the Science Based Targets initiative.

The key objective of environmental responsibility, i.e., carbon neutrality of the company's direct (Scope 1) and energy procurement-based emissions (Scope 2) was achieved in 2021 at all of the company's offices. The target was achieved through reducing the emissions from the company's own operations and through compensating for the emissions that could not be fully avoided. The majority of the electricity used in 2021 was produced carbon-neutrally (mainly with hydropower), and also the rest of the energy consumed by the offices was largely low-emission energy. The emissions for the year 2021 were compensated in their entirety (as relates to 2020, 50 per cent of the level of 2019). The compensating for the year 2021 was carried out via the Carbon Exchange. Alongside investments towards combating climate change, such compensation also supported actions per-

taining to the conservation of wetland nature and biodiversity in Finland. A more detailed description and specification of Gofore's climate emissions and compensation is available in Gofore's Sustainability Report for 2021.

Environmental matters are also taken into account in procurement and everyday activities as comprehensively as possible. Climate emissions from commuting are reduced by providing, inter alia, an employee benefit for the use of public transportation and through providing the personnel access to company bicycles. The environmental-friendliness of the office premises was strengthened already during 2020 by certifying all Finnish offices with WWF's Green Office certificate.

In addition, in 2021, the company launched the Gofore Good Growth framework and tools as part of the "Sustainable Gofore" programme. The framework allows us to introduce SDGs as a key component of customers' digital transformation projects and thereby creates a measurable impact in customer projects. In 2021, the framework was offered for use in eligible customer projects, and based on the growing customer demand, the company estimates that the volume of customer projects leveraging the framework will increase in 2022.

EU's sustainable finance taxonomy

In 2020, the European Union adopted a so-called sustainable finance taxonomy, which is a considerable reform also for Gofore's sustainability work.

The EU's taxonomy obligates companies to report as of 2022 on how the business conducted by them impacts the environmental objectives defined under the taxonomy regulation:

- climate change mitigation
- climate change adaptation
- the sustainable use and protection of water and marine resources
- the transition to a circular economy
- pollution prevention and control

- the protection and restoration of biodiversity and ecosystems.

In the transition phase, companies are required to estimate the proportion of the company's business operations that fall under the sphere of business eligible for the taxonomy. This requirement applies to Gofore in relation to the business operations of 2021.

Gofore's estimate of its business eligible for the taxonomy is based on the delegated regulation issued by the Commission in 2021, confirming the technical assessment criteria for determining the prerequisites for ascertaining whether economic activity is considered to considerably promote climate change mitigation or climate change adaptation, and whether or not the relevant economic activity poses any significant harm to any other environmental objective.

According to the regulation, all provision of expertise within the sphere of information technology, devising, alteration, testing and supporting software, hardware, designing computer systems combining software and communications technology, administration and use of customers' computer systems or data processing equipment on-site, along with any other professional and technical activities related to computers, are classified as activities eligible for the taxonomy. Gofore provides advisory services in the field of information technology. The company therefore estimates that all of Gofore's business operations, excluding the services of Gofore's subsidiary CCEA, consisting primarily of change management advisory services (NACE M72), are eligible for the taxonomy in their entirety.

The proportion of Gofore's taxonomy-eligible business has been determined, in accordance with the guidelines

issued in Appendix 1 to the delegated regulation, separately for net sales, capital expenditure and operational expenses. The calculation is based on the figures in the consolidated financial statements for the financial period of 2021.

Taxonomy-eligible business has been further determined in the below table.

Going forward, it is presumable that the taxonomy-eligibility of Gofore's business will be primarily determined by the criteria set in the Commission's delegated regulation for the Information and Communications segment. Since Gofore does not control any data rooms or physical servers, Gofore's business as concerns combating climate change, is subject to the criterion related to data-driven solutions for the purposes of reducing greenhouse gas emissions (criterion 8.2 of the delegated regulation), as well as the general criteria related to climate change adaptation, adhering to the principle of no significant harm.

In addition to this, it is presumable that in the coming years, Gofore will also have taxonomy-eligible business activities falling under the Market-based research, development and innovation segment (NACE M72).

Gofore has already during the year 2021 commenced its advance examination of the scope of the taxonomy-eligible business and the determination of the indicators. The objective of this work is to increase the proportion of taxonomy-eligible business continuously as of the year 2022. This also supports Gofore's sustainable development strategy goals that steer towards increasing the proportion of taxonomy-eligible business operations. A more detailed plan of the estimation and reporting of the taxonomy-compliant business as of the year 2022 will be presented in Gofore's separately published Sustainability Report for the year 2021.

Ethical conduct and assessment

Gofore initiated a project lasting until the end of 2022 to further reinforce and develop the ethical capacity of the work collective. The underlying basis for Gofore's operations is pioneering an ethical digital world, which speaks to our commitment to leading the way for a humane and sustainable digital future. The project will result in a model to reinforce the personnel's knowhow of ethical conduct, as well as the communal and structural-level prerequisites for the high level of ethical conduct.

In its effort to promote an ethical digital world, Gofore continued training its personnel and customers in the ethics of artificial intelligence. Gofore possesses a proprietary method for assessing the ethicality of using artificial intelligence and data as part of customer projects. Towards the end of the year, a novel tool was adopted in sales for the identification of ethical risks in new customer projects.

Customer satisfaction

In the customer satisfaction surveys Gofore carried out in the spring and fall of 2021, the overall customer satisfaction remained high throughout the year. Customers especially valued Gofore's expertise, customer orientation and flexibility in the cooperation. In the fall survey, the Net Promoter Score was 54 (34) (scale -100 / +100) and in the spring survey 61 (54). Also customer satisfaction remained at a solid level, amounting to 4.2 in the survey conducted in the spring and, respectively, to 4.3 in the fall (scale 1-5).

The customer satisfaction surveys also entailed examining the customers' view of the significance of sustainable development as a transformation factor in their business. Sustainable development is still considered as one of the key drivers for change and, in addition, its significance has become accentuated in service provider selections and service procurements in 2021. The new theme in 2021 was the growing need for ethical assessments and its significance as part of customers' IT projects and processes.

Business	Industry code	Percentage out of net sales	Percentage out of capital expenditure	Percentage of operating expenses
Software, consultancy and related activities	NACE J62	95 %	35 %	91 %

Economic responsibility

Gofore generates economic benefits for its employees, customers, owners, partners and society. Sustainable growth and strong profitability form the basis on which Gofore operates in digitalising society and wielding a positive influence on same. The economic benefits for the society materialise, for example, through the company's tax footprint. Any kind of tax evasion or tax planning in the grey area is unacceptable.

Taxes and tax-like payments, EUR 1000	2021	2020	2019
Corporate income taxes	2,734	1,927	1,603
Indirect taxes	15,722	12,534	11,316
Withholding taxes on salaries	13,046	10,384	7,913
Social security contributions	1,238	827	458
Total	32,739	25,672	21,290

Respect for human rights

Gofore operates in countries that are committed comprehensively to international human rights. At Gofore, the requirement of respecting human rights applies not only to employees, but also to all cooperation partners. The Code of Conduct covers the handling of incidents relating to respect for human rights. In 2021, there were no reports of compromised human rights, such as cases of discrimination against employees or other inappropriate treatment.

The company's Code of Conduct takes a position on respect for human rights and the rights of international employees. All activities are always guided by national legislation and internationally recognised human rights.

Prevention of corruption and bribery

The company's Code of Conduct prohibits corruption and bribery in all its forms. The requirement to combat corruption and bribery applies not only to the personnel, but also to all cooperation partners.

The Code of Conduct also covers the handling of incidents related to corruption and bribery. There is a whistleblowing channel where personnel and other key stakeholders of the company can report suspected findings related to bribery and corruption. A report can be submitted anonymously. The reports are directed to the company's General Counsel, Chairman of the Board of Directors and CEO, who are committed to handling all reports confidentially.

During 2021, there were no reported cases of corruption or bribery or other violations related to unethical business practices.

Key figures (IFRS)

EUR 1 000, unless otherwise specified	1–12/2021 ¹	1–12/2020 ²
Net sales	104,509	77,953
Growth in net sales, %	34.1%	21.7%
EBITDA	17,062	12,329
EBITDA margin - %	16.3%	15.8%
EBITA, adjusted	14,646	10,778
EBITA, adjusted, margin %	14.0%	13.8%
EBITA	14,451	9,908
EBITA margin %	13.8%	12.7%
Operating profit (EBIT)	12,197	8,750
Operating profit (EBIT) margin %	11.7%	11.2%
Profit for the period	9,073	6,903
Earnings per share, EPS (diluted), EUR3	0.61	0.49
Effective dividend yield %	1.2%	1.4%
Price-Earnings ratio, P/E	39.5	34.8
Return on equity (ROE), %	18.6%	20.2%
Return on investment (ROI), %	19.1%	18.3%
Equity ratio %	61.5%	47.1%
Net gearing %	-41.1%	-15.4%
Average overall capacity, FTE	745	597
Average subcontracting, FTE	113	83
Number of employees at the end of the period	852	724

Unless otherwise stated, all figures presented in brackets refer to the comparison period, i.e. the same time period in 2020.

¹ CCEA Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 March 2021.

² Qentinel Finland Oy's figures have been consolidated with the figures of the Gofore Group as of 1 September 2020.

³ The diluted earnings per share (EPS) correspond to the non-diluted earnings per share.

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 recognised in fair value in acquired business combinations.

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

Adjusted EBITA and EBITDA	31.12.2021	31.12.2020
EBIT	12,197	8,750
Amortisation of intangible assets identified in PPA	2,254	1,158
EBITA	14,451	9,908
Transaction costs from business combinations	195	321
Restructuring costs	-1	562
Gains or losses from sales of fixed assets	0	-13
Adjusted EBITA	14,646	10,778
EBIT	12,197	8,750
Depreciations	2,610	2,421
Amortisation of intangible assets identified in PPA	2,254	1,158
EBITDA	17,062	12,329

Formulas for Key Figures

EBITDA	=	Operating profit + depreciations and amortization	
EBITDA margin, %	=	$\frac{\text{Operating profit + depreciations and amortization}}{\text{Net sales}}$	x 100
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)	=	Operating profit + amortization of intangible assets identified in PPA + impairment of goodwill	
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin -%	=	$\frac{\text{Operating profit + amortization of intangible assets identified in PPA + impairment of goodwill}}{\text{Net sales}}$	x 100
Operating Profit (EBIT) margin -%	=	$\frac{\text{Operating profit}}{\text{Net sales}}$	x 100
Earnings per share (EPS), diluted, euros	=	$\frac{\text{Profit for the period attributable for shareholders of the company}}{\text{Weighted average number of shares outstanding during the period adjusted for share issues}}$	x 100
Effective dividend yield	=	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial period}}$	x 100
Price-Earnings ratio (P/E)	=	$\frac{\text{Share price at the end of financial period}}{\text{Earnings per share}}$	
Return on equity (ROE) -%	=	$\frac{\text{Profit for the period (annualized)}}{\text{Average total equity}}$	x 100
Return on investment (ROI), %	=	$\frac{\text{Profit before taxes (annualized) + financial expenses (annualized)}}{\text{Average total equity + average interest-bearing loans and borrowings}}$	x 100
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Balance sheet total – advances received}}$	x 100

Net gearing, %	=	$\frac{\text{Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Cash and cash equivalents – Other rights of ownership under Current and Non-current investments}}{\text{Total equity}}$	x 100
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Average overall capacity, FTE	=	The Average overall capacity, FTE (Full Time Equivalent) figure shows the 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.
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Average subcontracting, FTE	=	The Average 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.
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Number of employees at the end of period	=	The number of employees at the end of the review period.
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Alternative Performance Measures

The Company determines term "Adjusted EBITA" as follows:

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).
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Financial Statements 2021

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Financial Statements 2021

Consolidated Financial Statements (IFRS)

Notes are an integral part of these financial statements.

Consolidated statement of Financial Position

EUR thousand	Note	31.12.2021	31.12.2020
Assets			
Non-current assets			
Goodwill	3.2	26,897	23,311
Other intangible assets	3.3	11,257	10,506
Tangible assets	3.4	427	461
Right-of-use assets	3.5	4,409	6,835
Other receivables	4.2	1	772
Deferred tax assets	2.6	37	14
Total non-current assets		43,029	41,899
Current assets			
Trade receivables	3.6; 4.4.	15,980	11,478
Contract assets	3.6; 4.4.	709	434
Other current assets	4.2	2,346	2,441
Income tax receivables	2.6	144	174
Securities	4.2	575	544
Cash and cash equivalents	4.2; 4.4	39,114	21,394
Total current assets		58,869	36,465
Total assets		101,898	78,363

EUR thousand	Note	31.12.2021	31.12.2020
Equity and liabilities			
Equity			
Share capital	4.5	80	80
Translation differences		0	-12
Fund for unrestricted equity		40,103	20,515
Retained earnings		20,822	15,476
Equity attributable to equity holders of the parent		61,005	36,059
Non-controlling interests	1.1; 1.2	304	23
Total equity		61,309	36,082
Non-current liabilities			
Interest-bearing loans and borrowings	4.1-4.4	7,450	7,500
Other payables	3.7	0	767
Lease liabilities	3.5; 4.3	2,644	4,495
Deferred tax liabilities	2.6	2,111	1,971
Total non-current liabilities		12,205	14,733
Current liabilities			
Trade and other payables	3.7	11,199	12,113
Contract liabilities	3.6; 3.7	2,217	1,685
Interest-bearing loans and borrowings	4.1-4.4	2,600	2,000
Lease liabilities	3.5; 4.3	1,807	2,375
Accrued expenses	3.7	10,028	9,137
Income tax payable	2.6	533	239
Total current liabilities		28,384	27,549
Total liabilities		40,589	42,282
Total equity and liabilities		101,898	78,363

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR Thousand	Note	1.1.–31.12.2021	1.1.–31.12.2020
Revenue (net sales)	2.1.	104,509	77,953
Production for own use		140	738
Other operating income	2.2.	128	599
Materials and Services			
Purchases		-180	-225
External services		-17,367	-12,519
Total materials and services		-17,547	-12,744
Employee benefit expenses			
Salaries and compensations	2.3.–2.4.	-48,863	-37,344
Pensions		-8,045	-5,587
Other indirect employee expenses		-2,035	-1,502
Total employee benefit expenses		-58,943	-44,433
Depreciations, amortisations and impairment	3.3.–3.5.	-4,865	-3,579
Other operating expenses	2.2.	-11,226	-9,785
Operating profit (EBIT)		12,197	8,750
Finance costs	2.5.	-902	-202
Finance income	2.5.	40	67
Profit before tax		11,335	8,615
Income tax	2.6.	-2,261	-1,712
Profit for the financial period		9,073	6,903
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		12	-33
Other comprehensive income, net of tax		12	-33
Total comprehensive income for the financial period		9,086	6,870
Profit/loss for the financial period attributable to:			
Equity holders of the parent		8,953	6,895
Non-controlling interests		120	8
		9,073	6,903
Total comprehensive income for the financial period attributable to:			
Equity holders of the parent		8,966	6,862
Non-controlling interests	1.1–1.2	120	8
		9,086	6,870
Earnings per share			
Earnings per share, undiluted	2.7.	0.61	0.49
Earnings per share, diluted	2.7.	0.61	0.49

Consolidated Statement of Changes in Equity

2021		Attributable to equity holders of the parent					Non-controlling interests	Total equity
EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total			
Equity on 1.1.2021	80	20,515	-12	15,476	36,059	23	36,082	
Profit for the period				8,953	8,953	120	9,073	
Other comprehensive income			12		12	0	12	
Total comprehensive income	0	0	12	8,953	8,966	120	9,086	
Share-based payments (Note 2.4)		571		192	763		763	
Dividends (Note 4.5)				-3,373	-3,373		-3,373	
Share issue		19,017		-426	18,592	8	18,600	
Purchase of own shares				-1	-1		-1	
Acquisition of non-controlling interests (Note 1.2)		-1		0	1	152	151	
Other changes				0	0		0	
Equity on 31.12.2021	80	40,103	0	20,822	61,005	304	61,309	

2020		Attributable to equity holders of the parent					Non-controlling interests	Total equity
EUR thousand	Share capital	Fund for unrestricted equity	Translation differences	Retained earnings	Total			
Equity on 1.1.2020	80	20,323	21	12,008	32,432	0	32,432	
Profit for the period				6,895	6,895	8	6,903	
Other comprehensive income			-33		-33	0	-33	
Total comprehensive income	0	0	-33	6,895	6,862	8	6,870	
Share-based payments (Note 2.4)		192		-189	2		2	
Dividends (Note 4.5)				-2,801	-2,801		-2,801	
Share issue					0		0	
Purchase of own shares				-468	-468		-468	
Acquisition of non-controlling interests (Note 1.2)					0	15	15	
Other changes				31	31		31	
Equity on 31.12.2020	80	20,515	-12	15,476	36,059	23	36,082	

Consolidated Statement of Cash Flows

EUR thousand	1.1.–31.12.2021	1.1.–31.12.2020
Operating activities		
Profit before tax	11,335	8,615
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment	4,865	3,579
Finance income and expenses	862	149
Other adjustments	762	-21
Change in working capital	-334	-1,203
Interest received and paid	-226	-161
Other financial items	-666	0
Income tax paid	-2,410	-2,003
Net cash flow from operating activities	14,187	8,955
Net cash flow from investing activities		
Proceeds from sale of tangible and intangible assets	5	31
Purchase of intangible assets	-140	-698
Purchase of tangible assets	-60	-75
Proceeds from sale of financial instruments	0	139
Acquisition of a subsidiary, net of cash acquired	-9,853	-6,492
Net cash flow from investing activities	-10,047	-7,095
Net cash flow from financing activities		
Treasury shares acquired	-1	-468
Repayment of lease liabilities	-2,189	-2,192
Proceeds from borrowings	3,000	10,000
Repayment of borrowings	-2,450	-6,362
Share issue	19,017	0
Transaction costs on issue of shares	-426	0
Dividends paid to equity holders of the parent	-3,373	-2,801
Net cash flow from financing activities	13,580	-1,823
Net increase in cash and cash equivalents	17,719	36
Cash and cash equivalents at 1.1.	21,394	21,358
Cash and cash equivalents at 31.12.	39,114	21,394

Notes to the Consolidated Financial Statements

1. Key Accounting Policies and Consolidation

1.1. General information

Corporate information

Gofore is a growth-seeking digitalisation services company with international growth plans. Gofore Group's parent company, Gofore Plc, is a public limited company constituted in accordance with Finnish law with a business ID of 1710128-9. Gofore is incorporated in Tampere, Finland, and its registered address is Kalevantie 2, 33100 Tampere, Finland. The shares of the Gofore Plc have been listed on Nasdaq Helsinki Market.

The consolidated financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 28. February 2022. Gofore's financial statements, Board of Directors' report and Auditor's report are available at the website www.gofore.com and in the Group's head office at Kalevantie 2, 33100 Tampere, Finland. In accordance with Finnish Limited Liability Act, shareholders may adopt or reject the financial statements at the Annual General Meeting held after the publication.

Gofore Group consist of the parent company Gofore Plc and its subsidiaries. Information on the Group's structure is provided in note 1.1. Information on other related party relationships of the Group is provided in note 5.1.

Group information

Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2021	2020
Gofore Oyj	Parent Company/Production company	Finland	Parent	Parent
CEEA Oy *	Production Company	Finland	95%	-
Celkee Oy *	Production Company	Finland	95%	-
Gofore Vantaa Oy	Production Company	Finland	100%	100%
Gofore Spain SL	Production Company	Spain	100%	100%
Gofore Germany GmbH	Production Company	Germany	100%	100%
Gofore Estonia OÜ	Production Company	Estonia	100%	100%
Gofore Lead Oy **	Production Company	Finland	100%	100%
Gofore UK Limited	Production Company, abandoned during 2021	United Kingdom	100%	100%
Rebase Consulting Oy ***	Production Company	Finland	68%	70%
Qentinel Finland Oy ****	Production Company	Finland	100%	100%

*CEEA Oy and Celkee Oy have been consolidated to Gofore Group 1.3.2021. CCEA Oy is Celkee Oy's parent company.

** The name of the company has changed to Gofore Lead Oy since 1.1.2021.

*** Rebase Consulting Oy has been established in 20.2.2020.

**** Qentinel Finland Oy has been consolidated to Gofore Group 1.9.2020.

1.2. Basis of preparation

Basis of preparation

The consolidated financial statements of Gofore have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by European Union on December 31, 2021. The notes to the financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousands, except when otherwise indicated. Therefore, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative year information is presented in brackets after the information for the current financial year.

Consolidation principles

The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by Gofore Plc (its subsidiaries). Gofore has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Non-controlling interests are presented in the consolidated statement of financial position as within equity, separately from equity attributable to shareholders. Non-controlling interests are separately presented in the statement of other comprehensive income.

Non-controlling interests

Transactions with non-controlling interests are regarded as transactions with equity owners. In the case of purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets acquired in the subsidiary is recorded in shareholders' equity. Gains or losses on disposal to non-controlling interests are also recorded directly in shareholders' equity.

Gofore has established Rebase Consulting Oy in February 2020. Gofore holds 68% of the company. The net sales of Rebase Consulting Oy during the financial period were EUR 1,960 thousand. Balance sheet total was EUR 868 thousand.

Gofore has acquired CCEA Oy and Celkee Oy in March 2021. Gofore holds 95% of both companies. The net sales of CCEA Group during the financial period was EUR 5,760 thousand. Balance sheet total was EUR 3,317 thousand.

Segment reporting

Gofore Plc has only one reportable segment. The reported segment comprises of the Group and the segment figures are consistent with Gofore Group figures, see note 2.1 Revenue from contracts with customers.

Currencies

Items referring to the earnings and financial position of the Group's units are recognised in the currency that is the main currency of the unit's primary operating environment ('functional currency'). The consolidated financial statements are given in euros, which is the operating and presentation currency of the parent company. During the financial year 2020, the Group has one subsidiary abroad, in the UK, which has different functional currency than euro. The business in UK has abandoned during the 2020.

In the Group financial statements, the income statements of foreign subsidiaries are translated into euros at the average rate for the financial period and balance sheets at the exchange rate of the balance sheet date. Average rate difference due

to different exchange rates on the statement of comprehensive income and balance sheet are entered in other comprehensive income. Translation differences arising from the elimination of foreign subsidiaries and translation of equity items accumulated after the acquisition are entered in other comprehensive income. Foreign currency gains and losses from monetary items part of the net investment in a foreign unit are recognized in other comprehensive income and entered on the statement of comprehensive income when the foreign unit is divested.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates at the transaction date. Monetary items are translated into functional currency using the exchange rates at the end of the reporting period. Non-monetary items are carried at the exchange rate at the date of transaction.

Changes in accounting policy

Cloud computing arrangements

In March 2021 IFRS Interpretations Committee made an agenda decision on costs of configuring or customising a supplier's application software in a software as a service arrangement that is accounted for as a service (cloud computing arrangements). An entity must evaluate whether the rights granted in a cloud computing arrangement are within the scope of IAS 38 Intangible Assets or IFRS 16 Leases. Otherwise, the arrangement is generally a service contract.

Gofore has evaluated whether a cloud computing arrangement provide a resource that it can control. If the company has received a resource that it can control, then it has applied the guidance in IAS 38 to that resource. Fees and implementation costs not providing resource the company can control, are booked as cost. Change in accounting policy that has been applied from 1.1.2020 retroactively, has no material impact on comparison year opening balance or comparison figures. It has not restated 2020 financial statements because of immaterial impact in equity. The effects of the change in accounting policy have been described also in note 3.3 Intangible assets.

Impacts of COVID-19 pandemic

The COVID-19 pandemic has caused uncertainties in the operating environment. In the longer term, the pandemic is expected to accelerate digitalization bearing in mind that public and private sector customers' ability to invest in digital transformation depends on the development of the economy. The pandemic did not adversely affect the company's business during 2021, and customer demand has been at the expected level. There is continuing uncertainty about the pandemic and its market impact.

1.3. Accounting estimates and judgements applied in the preparation of the financial statements

The preparation of the Group's consolidated financial statements requires management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. The actual values may differ from these estimates and assumptions.

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The most significant accounting policies requiring judgement by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Share-based payment transactions (note 2.4)
- Business combinations, value of net assets acquired and contingent considerations (note 3.1)
- Impairment testing (note 3.2)
- Expected credit losses (note 4.4)
- Leases (note 3.5)

1.4. New and updated IFRS standards

Gofore adopts the new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards that become effective of 1 January 2022 or later are not expected to have material impact on Gofore's consolidated financial statements.

The following new and amended standards have been issued and become effective on 1 January 2022 or later. Only the amendments that may have relevance on Gofore's perspective, have been included in the summary below.

Adoption of new and amended standards in future financial years

* = not yet endorsed for use by the European Union as of 31 December 2021

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

(effective for financial years beginning on or after 1 January 2022)

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

Annual Improvements to IFRS Standards 2018–2020

(effective for financial years beginning on or after 1 January 2022)

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter: This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter later than its parent. A subsidiary may elect to measure cumulative translation differences at amounts included in the consolidated financial statements of the parent.

- IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities: This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment

(effective for financial years beginning on or after 1 January 2022)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements *

(effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements *

(effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify the application of materiality to disclosure of accounting policies to help companies provide useful accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors *

(effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes *

(effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

2. Gofore Group Performance

2.1. Revenue from contracts with customers

Accounting principles

Segment information

Gofore reports its business operations as one segment.

The Group is in the business of providing digital solution services and digitalization consultation services. Gofore's services consist of digital change, service design, software development and testing, as well as consultation in the utilization of cloud services. In addition, Gofore passes on third party cloud capacity and licences. The nature of these services has similar characteristics in all sub-areas, namely the expert work. In the service process, different areas of expertise are combined flexibly according to customer needs. Resourcing processes are similar in all sections. Operative decisionmaker allocates resources on a group level. The economic and financial characteristics of services do not differ and are also same in terms of the nature of service production processes, type of customer, and methods used in service distribution.

Revenue recognition

In accordance with IFRS 15, revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The control is transferred either at point in time or over time. Gofore Group acts mainly as a principal in its revenue arrangements, as it typically controls the goods or services being transferred to the customers. In some services provided, Gofore acts as an agent on behalf of third parties. These services have been described more in detail below.

Performance obligations

Gofore recognises revenue for the different revenue types over time, except for cloud capacity commissions and licences commissions which are recognized at a point in time.

Time and material-based projects, which are based on an hourly or daily based fee arrangement, are recognised as revenue on a cost-to-cost basis. The time and material charged on the projects is invoiced monthly. If Gofore has received prepayments, these are recorded as advances received and the revenue is recognised when services have been rendered. Performance obligations are fulfilled in accordance with work performed.

For fixed price projects, revenue is recognised over time based on actual costs or completed hours recorded on the project compared to the total estimated cost or

total estimated hours for the project. Fixed price projects are mostly less than a year long and rarely last more than 12 months. Performance obligations are fulfilled in accordance with work performed.

In maintenance services, the revenue is recognized over time on a straight-line basis, as the services are rendered. For the maintenance the invoicing cycle might vary, with services invoiced in advance. When the maintenance is invoiced in advance, the payment received is deferred and recognised as revenue monthly on a straight-line basis when the services are rendered.

Gofore also provides third party cloud capacity services and licences for its customers. In selling these Cloud computing services, Gofore acts as an agent and recognises revenue only for the agent commissions received. When providing related services and licences, Gofore purchases the SaaS-based cloud capacity and licences from the third-party supplier and provides these to the end customer. Based on the sales of the third-party SaaS based cloud capacity services and licences Gofore earns an agent commission. Since Gofore is not providing these services, it only acts as an agent and thus only records the agent commission as revenue at a point in time when the agent related services have been provided.

Variable consideration

Rendering of services may include variable consideration e.g., discounts, penalties for delay and customer claims. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Gofore has no significant variable considerations.

Contract balances

Contract assets

A contract asset is a right to consideration in exchange for goods or services transferred to the customer. As the timing of invoicing may differ from the timing of revenue recognition, Gofore recognises a contract asset when revenue is recognised prior to invoicing the customer.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is

unconditional, i.e., only the passage of time is required before payment of the consideration is due. Refer to accounting policies of financial assets in note 4.2. Financial assets and liabilities.

Contract liabilities

A contract liability is an obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. When Gofore recognises revenue after invoicing the customer, a contract liability is recognised when the payment is done, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract. Summary of contract balances is presented in the tables at the end of this note.

Other principles

Gofore's contracts with customers do not include significant financing components.

Gofore's contracts with customers do not include non-cash considerations. Gofore does not provide any warranties to its customers that would have considered as separate performance obligations.

Gofore's standard warranty clauses only guarantee that services performed comply with the agreed specifications.

Distribution of revenue

Net sales by customer sector

EUR thousand	2021	2020
Private sector sales	36,570	20,116
Public sector sales	67,939	57,837
Net sales, Group total	104,509	77,953

Net sales by origin of customer

EUR thousand	2021	2020
Finland	95,463	69,880
Other countries	9,046	8,073
Net sales, Group total	104,509	77,953

Timing of revenue recognition

EUR thousand	2021	2020
Services transferred at a point in time	572	273
Services transferred over time	103,937	77,680
Net sales Group total	104,509	77,953

Net sales by agreement types

EUR thousand	2021	2020
Time and material based projects	94,199	70,797
Fixed price projects	7,544	5,940
Maintenance services	2,351	944
Third party commissions	416	273
Net sales, Group total	104,509	77,953

Summary of contract balances

EUR Thousand	31.12.2021	31.12.2020
Trade receivables (Note 3.6)	15,980	11,478
Current contract assets (Note 3.6)	709	434
Current contract liabilities (Note 3.7)	2,217	1,685

Trade receivables are non-interest bearing and are generally on terms of 14 to 30 days. At the end of reporting period 31.12.2021 Gofore had a provision for expected credit loss of trade receivables and contract assets amounting to EUR 41 thousand (2020: EUR 32 thousand). The profit and loss impact of the change in the provision for 2021 amounted EUR 10 thousand (2020: EUR 14 thousand). Please refer to note 4.4. Financial risk management for further information regarding the ECL calculations.

EUR thousand	2021	2020
Revenue recognised from amounts included in contract liabilities at the beginning of the year	1,671	1,727

Contract liabilities consist mainly of short-term customer contracts, which are recognised as revenue during the next financial period.

2.2. Other operating income and expenses**Other operating income**

Other operating income includes income that does not directly relate to income from Gofore's operating activities.

Gofore's other operating income include mainly received government grants (note 3.8).

EUR thousand	2021	2020
Government grants	101	485
Contingent considerations	0	100
Other income	27	14
Total other operating income	128	599

Other operating expenses

Other operating expenses include other expenses than costs of services sold.

Other operating expenses include the cost for the ECL amounting to EUR -10 thousand (EUR -14 thousand). Please see note 4.4 Financial risk management for further information on ECL.

The other expenses consist mainly of ICT expenses EUR 2,499 thousand (EUR 2,095 thousand), sales and administrative expenses EUR 1,067 thousand (EUR 3,369 thousand) and other maintenance costs related to Gofore's premises EUR 610 thousand (EUR 488 thousand).

EUR thousand	2021	2020
Change in expected credit losses (ECL)	-10	-14
Transaction costs from business combinations	-195	-321
Short-term leases	-4	-24
Low-value leases	-1,636	-1,163
Voluntary personnel expenses	-2,139	-1,381
Other expenses	-7,241	-6,881
Total other operating expenses	-11,226	-9,785

Audit fees

EUR thousand	2021	2020
Audit services	-156	-142
Auditor's certificates and statements	-26	-1
Tax services	-9	-32
Other services	-40	-6
Total audit fees	-231	-182

2.3. Employee benefit expenses**Accounting principles**

Gofore provides pension benefits in accordance with local statutory regulation. The current plans are defined contribution-based plans and therefore the contributions payables are recognised as expenses in the income statement for the period to which the payments relate.

Average number of employees

	2021	2020
Average number of employees during the period	799	639

Employee benefit expenses

EUR thousand	2021	2020
Wages and salaries	-48,618	-36,985
Social security costs	-2,035	-1,502
Pension expenses	-8,045	-5,587
Share-based payments	-245	-359
Total employee benefit expenses	-58,943	-44,433

Share-based payments

Please see information share-based payment information in note 2.4. Share-based payments.

Salaries, fees, and benefits paid for the Board of Directors and for the Group management

Key management personnel consist of the members of the Board of Directors, Group CEO, and members of the Group management team.

Compensation of the members of Board of Directors

EUR	2021	2020
Timur Kärki	121	121
Stefan Baggström (until 26.3.2021)	5	18
Sami Somero	25	18
Juha Eteläniemi (from 29.4.2020)	23	12
Mammu Kaario (from 29.4.2020)	29	16
Kristiina Michelsson (until 29.4.2020)	0	6
Mika Varjus (until 29.4.2020)	0	6
Piia-Noora Kauppi (from 26.3.2021)	21	0
Total	223	197

During the reporting period, no share-based payment was paid. More information of share-based payments is provided in note 2.4.

Group CEO

EUR thousand	2021	2020
Mikael Nylund		
Wages and salaries	190	176
Share-based payments	0	12
Total	190	188

Group management team

EUR thousand	2021	2020
Wages and salaries	1,228	794
Share-based payments	4	10
Total	1,231	804

2.4. Share-based payments

Accounting principles

A compensation cost pursuant to IFRS 2 is recognised for share-based payments based on the entire program being an equity-settled payment. Share-based incentive programs are valued at fair value on the grant date based on the gross number of shares awarded, recognised as an expense in the statement of profit and loss during the period in which the conditions are met (the vesting period) and with the corresponding adjustment to the equity. The withholding tax is paid by the company and thus, participants receive shares net of tax. Net settlement feature is applied, and the share-based payments are classified in their entirety as equity-settled share-based payment transactions as they would have been classified in the absence of the net settlement feature.

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

At each reporting date, the Group revises its estimates on the amount of share-based payments that are expected to vest. The impact of the revision to previous estimates is accrued as other personnel expenses with corresponding entry directly to equity. The historical development of Gofore share price and the expected dividends have been taken into account when calculating the fair value.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefit expenses (note 2.3), together with a corresponding increase in equity (share-based payments), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and

lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. The board of directors makes the decision on a case-by-case basis whether to issue new shares or whether to purchase own shares. Hence, any diluted effect from the CrewShare programs have not been taken into consideration.

Description of the share-based payments plans

Gofore Plc has one share-based payment plan as compensation for employees with a share matching component: CrewShare program(s). These programs are equity settled transactions and thus, the Group does not have any cash-settled transactions.

CrewShare

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings program (Crew Share) for the entire Group's personnel. The objective of the plan is to motivate the Gofore employees to invest in the company's shares and to become shareholders in the company. The aim is also to align the interests and commitment of the employees and management to work for the good value development and increased shareholder value in the long-term. The Board of Directors decides annually on any savings periods to be launched under the program.

The plan is offered to all Gofore Group employees, who will be offered an opportunity to save a proportion of their regular salaries and use the savings for the acquisition of the company's shares at a 10 percent discount. The accrued savings will be used for the acquisition of the Gofore shares after the end of the plan period. Participation in the Plan is voluntary, and an employee will participate in the Plan for one plan period at a time.

The first plan period commenced on 1 November 2018 and ended on 28 February 2019. The second plan period commenced on 1 March 2019 and ended on 29 February 2020. The third plan period commenced on 1 March 2020 and ended on 28 February 2021. The fourth plan was commenced on 1 March 2021 and will end on 28 February 2022.

As an incentive to participants in the program, Gofore will offer one matching share as a gross incentive per three shares acquired through savings after a share ownership period of two years. The prerequisites for receiving matching shares are that a participant holds the acquired shares for the entire holding period, and that his or her employment at Gofore has not terminated before the end of the holding period. Dividends paid on shares acquired with savings are automatically used to acquire the shares on the next possible date of acquisition.

At a reporting date, Gofore has three CrewShare programs. Information regarding the plans have been presented in the tables below:

Plan	Employee Share Savings Plan (CrewShare)			
	Equity	Equity	Equity	Equity
Type	CrewShare 2018	CrewShare 2019	CrewShare 2020	CrewShare 2021
Instrument				
Starting date for the service period	14.11.2018	19.3.2019	1.3.2020	9.3.2021
Vesting date	28.2.2021	28.2.2022	28.2.2023	29.2.2024
Maximum contractual life	2.6	3.0	3.0	3.0
Remaining contractual life	0.0	0.2	1.2	2.2
Number of persons at the end of reporting year	0	131	165	289
Payment method	Shares	Shares	Shares	Shares
	CrewShare 2018	CrewShare 2019	CrewShare 2020	CrewShare 2021
Number of Shares				
1.1.2021				
Outstanding in the beginning if the period	5,109	14,743	12,714	0
Changes during period				
Granted	0	0	0	6,618
Forfeited	171	2,093	2,555	245
Vested	4,938	0	0	0
31.12.2021				
Outstanding at the end of the period	0	12,650	10,159	6,373

Fair value determination

The fair value of share-based incentives has been determined at grant date and the fair value is expensed until vesting.

The pricing of the share-based incentives granted during the period was determined by the following inputs and had the following effect:

	CrewShare 2018	CrewShare 2019	CrewShare 2020	CrewShare 2021
Share price at grant, EUR	7.39	6.94	10.15	21.36
Expected discounted dividends, EUR	0.37	0.38	0.47	0.54
Fair value 31.12.2021, EUR	7.02	6.56	9.68	20.82

Effect of Share-based Incentives on the result and financial position during period:

EUR thousand	2021	2020
Expenses for the financial year, share-based payments, equity-settled	-245	-359

Significant judgement related to share-based payments

At each reporting date, Gofore's management revises its estimates on the number of shares that is expected to vest. As a part of this evaluation, Gofore considers the changes in the forecasted performance of the Group, its expected turnover of the personnel benefiting from the share-based payment programs and other information impacting the number of shares to be vested.

2.5. Finance income and finance expenses

Accounting principles

Finance income and expense are recognised in the period during which they are incurred.

Finance income

EUR thousand	2021	2020
Gains from fair valuation of financial instruments	32	67
Other finance income	8	0
Total finance income	40	67

Finance costs

EUR thousand	2021	2020
Interest on debts and borrowings	-165	-69
Interest expenses from leases	-58	-59
Total interest expenses	-223	-128
Losses from fair valuation of financial instruments	0	-61
Other finance costs	-679	-13
Total finance costs	-679	-74
Total interest costs and finance costs	-902	-202

Information regarding the financial instruments is presented in the sections 4.1, 4.2 and 4.4.

2.6. Income tax

Accounting principles

Current income tax

Income taxes comprise of tax recognized on the taxable income for the financial year as well as deferred taxes. Taxes for the items recognised in the statement of profit and loss are included in income taxes in the statement of profit and loss. For items recognised directly in the other comprehensive income statement (OCI), also the tax effect is recognised in other comprehensive income (OCI).

Taxes based on taxable income are recorded according to the local tax rules of each country using the applicable tax rate. If there is uncertainty included in interpretations of the income tax rules, Gofore estimates if a company can fully utilize the tax position that is stated in income tax computation. If necessary, tax bookings are adjusted to reflect the changes in tax position.

Deferred tax

Deferred tax asset or liability is recorded on temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Typical temporary differences arise mainly from leases, business combinations, share-based payments and fair valuation of financial assets and liabilities through profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised in the balance sheet in full.

The Group offsets the deferred tax assets and deferred liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Income taxes

EUR thousand	2021	2020
Income tax on operations	-2,723	-1,989
Tax for previous accounting periods	-10	62
Deferred taxes	473	215
Income tax total	-2,261	-1,712

Tax rate reconciliation

EUR thousand	2021	2020
Profit before income tax	11 335	8 615
Tax calculated at parent's tax rate of 20% (2020 20%)	-2,267	-1,723
Tax for previous years	-10	-3
Effect on different tax rates in foreign subsidiaries	-10	-24
Non-deductible expenses	-55	-529
Income not subject to tax	81	567
Income taxes	-2,261	-1,712

Income tax receivables and payables

EUR thousand	2021	2020
Income tax receivables	144	174
Income tax payable	533	239

Deferred Taxes

Deferred tax assets 2021

	1.1.2021	Recognized in profit or loss	31.12.2021
EUR thousand			
Leases	8	2	9
Share-based payments	0	0	0
Expected credit losses	6	2	8
Intangible assets	0	19	19
Total	14	23	37

Deferred tax assets 2020

	1.1.2020	Recognized in profit or loss	31.12.2020
EUR thousand			
Leases	4	3	8
Share-based payments	27	-27	0
Expected credit losses	3	3	6
Intangible assets	0	0	0
Total	35	-21	14

Deferred tax liabilities 2021

	1.1.2021	Recognized in profit or loss	Business acquisitions	31.12.2021
EUR thousand				
Revaluation of financial instruments at fair value through profit and loss	-9	-6	0	-16
Allocation of fair value on purchase	-1,962	456	-589	-2,095
Total	-1,971	450	-589	-2,111

Deferred tax liabilities 2020

	1.1.2020	Recognized in profit or loss	Business acquisitions	31.12.2020
EUR thousand				
Revaluation of financial instruments at fair value through profit and loss	-8	-1	0	-9
Allocation of fair value on purchases	-774	237	-1,425	-1,962
Total	-782	236	-1,425	-1,971

2.7. Earnings per share

Accounting principles

Undiluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

EUR thousand	2021	2020
Profit attributable to the shareholders of the parent, EUR thousand	8,953	6,895
Profit attributable to the non-controlling interests, EUR thousand	120	8
Weighted average number of the shares during the period (undiluted), thousand	14,746	14,000
Earnings per share, undiluted	0.61	0.49

The weighted average number of shares calculates the weighted average effect of changes in treasury share transactions during the reporting period. Dilution has no effect on Gofore's earnings per share and undiluted earnings per share equals to diluted earnings per share.

Gofore made a direct share issue 3 January 2022 in relation to the acquisition of the Devecto Ltd. 271,958 of new shares were directed to the owners of Devecto Oy in transaction. After the share issue Gofore has 15,344,043 shares. See more note 5.3. Events after reporting period.

3. Capital employed

3.1. Business Combinations

Accounting principles

Acquired subsidiaries are consolidated in the Group financial statements from the date when Gofore obtained control over the acquired entity. Business combinations are accounted for using the acquisition method in accordance with IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Gofore measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

Acquisition-related costs are expensed as incurred and included in the statement of profit and loss as other operating expenses.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to Group's cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to that unit. More information about goodwill and impairment testing is provided in the note 3.2. Goodwill and impairment testing.

A contingent consideration recognized in a business combination is initially measured at its fair value. Subsequently, it is measured in accordance with the requirements in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Acquisitions in 2021

Acquisition of CCEA Oy

On 1 March 2021, Gofore acquired 95% of the shares of CCEA Oy, an unlisted company based in Finland and specializing in the organizational change management, in exchange for a cash consideration. The acquisition enlarged the range of services and value chain in the digital transformation offered by Gofore. The identifiable assets that were acquired and liabilities assumed are measured at fair value as of the acquisition date. As a part of the allocation of fair values, Gofore recognized customer relationships, trademarks, non-compete agreements, technology and models and templates as intangible assets identified in connection with the acquisition of CCEA Oy. Residual goodwill EUR 3.6 million includes e.g., assembled workforce, future

customer relationships and buyer-specific synergies such as cross-selling to Gofore's existing customers. Celkee Oy is a 100% owned subsidiary of CCEA Oy and was included in acquisition of CCEA Oy (CCEA Group).

The group has expensed acquisition related transaction costs of EUR 195 thousand. Transaction costs are included in other operating expenses in the statement of profit and loss.

The net sales of the acquired business included in the Group's statement of profit and loss since the acquisition date amounted EUR 5,760 thousand and result for the period was EUR 819 thousand. Net sales of CCEA Group for the year 2021 would have been EUR 6,733 thousand and the operating profit EUR 1,135 thousand, if the company would have been part of the group from the beginning of the year.

The fair values of the identifiable assets and liabilities at the date of acquisition have been presented in the table below.

Acquisitions in 2020

Acquisition of Qentinel Finland Oy

On 1 September 2020, Gofore acquired 100% of the shares of Qentinel Finland Oy, an unlisted company based in Finland and specializing in the software testing automation, in exchange for a cash consideration. The acquisition significantly enlarges the range of services in the digital quality assurance that can be offered by Gofore to its clients. The identifiable assets acquired, and liabilities assumed are measured at fair value as of the acquisition date. As a part of the allocation of fair values, Gofore recognized customer relationships, trademarks and non-compete agreements as intangible assets identified in connection with the acquisition of Qentinel Finland as specified in the table below. Residual goodwill EUR 7.1 million includes e.g., assembled workforce, future customer relationships and buyer-specific synergies such as cross-selling to Gofore's existing customers.

The group has expensed acquisition related transaction costs of EUR 321 thousand. Transaction costs are included in other operating expenses in the statement of profit and loss.

The fair values of the identifiable assets and liabilities at the date of acquisition have been presented in the table below.

The table sets forth the purchase prices and the fair value of the identifiable assets and liabilities of the acquisitions and the cash flow impact of the acquired companies:

EUR thousand	Qentinel Finland Oy (2020)	CCEA Oy (2021)
Purchase price		
Consideration paid in cash	13,011	6,456
Fair value of assets and liabilities recognised on acquisitions		
Assets		
Intangible assets		
Customer relationships	5,200	1,559
Trademarks	414	258
Non-compete agreements	1,510	861
Technology based intangibles	0	66
Models and templates	0	200
Capitalized development expenditure	0	101
Intangible assets	7,124	3,045
Tangible assets	39	114
Other assets	1,785	1,142
Cash and cash equivalents	1,463	561
Total assets	10,411	4,862
Liabilities		
Interest and non-interest bearing liabilities	3,107	1,252
Deferred tax liability (Note 2.6)	1,425	589
Total liabilities	4,532	1,841
Total identifiable net assets at fair value	5,879	3,021
Goodwill arising on acquisition (Note 3.2)	7,132	3,586
Non-controlling interest	0	-151
Purchase consideration transferred	13,011	6,456
Cash flow impact of acquisitions		
Consideration paid in cash	13,011	6,456
Cash and cash equivalents	-1,463	-561
Expenses related to the acquisition	321	195
Net cash flow on acquisition	11,869	6,090

Contingent considerations

As part of the purchase agreement with the previous owner of Mangodesign, a contingent consideration was agreed based on pre-determined future events and conditions for the twelve months after the closing date. The value of the estimated earnout at the acquisition date amounted to EUR 100 thousand and was recognized in connection with the purchase price allocation. Based on the outcome the criteria of the contingent consideration were not met and thus, no additional payment was made for the acquisition in 2020.

In connection with the acquisition with Qentinel Finland, Gofore agreed on contingent consideration based on the performance of the acquired company in the financial year ending 31.12.2020. The final contingent consideration was EUR 1.1 million and paid in 2021.

Contingent consideration at the acquisition date

EUR thousand	Qentinel Finland Oy (2020)	CCEA Oy (2021)
Contingent consideration liability at the acquisition date	1,111	0
Total consideration	1,111	0

Accounting estimates and the management's judgement

Net assets acquired in the business combinations are measured at fair value, which is determined based on the market value of similar assets (tangible assets) or an estimate of the expected future cash flows (intangible assets). This valuation is based on the current repurchase values, expected cash flows or estimated selling prices and it has required management's judgement. Gofore's management believes that the estimates and assumptions used are sufficiently reliable for determination of fair values.

3.2. Goodwill and impairment testing

Goodwill

Accounting principles

Goodwill arises from the business combinations, and it corresponds to the amount that the consideration transferred exceeds the fair value of identifiable net assets as of the acquisition date.

Goodwill from business combinations is allocated for impairment testing to the cash generating unit that is expected to gain benefit from the synergies created by the business combination.

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate to a possible impairment. The carrying amount of the cash-generating unit (CGU) including goodwill is compared to the recoverable amount which is the higher of the fair value less costs of disposal or the value in use. Possible impairment is recognized as an expense in the statement of profit and loss with immediate effect, and it will not be reversed later.

If the recoverable amount of an asset is less than its carrying amount, the impairment loss is recorded so that the carrying amount of the asset is equal to its recoverable amount.

EUR thousand	2021	2020
Acquisition cost at 1.1.	23,311	16,180
Goodwill from business acquisitions	3,586	7,132
Acquisition cost at 31.12.	26,897	23,311

Goodwill is tested following the IFRS guidance for impairment testing. Gofore does not possess any intangible assets that has indefinite useful life. Impairment testing is carried out at group level because Gofore Group is one cash generating unit (CGU). The economic and financial characteristics of Gofore's businesses are similar to each other and also same in terms of the nature of service production processes, type of customer, and methods used in service distribution. Gofore monitors goodwill internally at group level and as Gofore only has identified one CGU, all goodwill recognized is allocated to this cash generating unit. See more about segment definition in note 2.1.

Gofore has in the reporting period tested goodwill for impairment at 31.12.2021. The recoverable amount from the cash generating unit is determined based on value-in-use calculations. The calculations are prepared following the discounted cash

flow method using the management approved estimates for the following year and subsequent development derived from the strategic plans. Terminal year value has been defined based on the long-term strategic plans.

Cash flows beyond the 5-year period are calculated using the terminal value method. The terminal growth rate of 1.0% percent (1.0%) used in projections is based on management's assessment on conservative long-term growth. Key driver for the valuation is the revenue growth based on the Group's performance and future strategic growth plans, market position as well as the potential in key markets.

The applied discount rate is the weighted average pre-tax cost of capital (WACC). The components of the WACC are risk-free rate, market risk premium, company specific factor, and industry specific beta, cost of debt and debt/equity ratio. The WACC of 8.97% percent (11.27 %) has been used in the calculations.

As a result of the impairment test, no impairment loss for the CGU was recognized for the financial period ended 31.12.2021.

When assessing the recoverable amounts of cash generating unit, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the unit would fall below their carrying amount. Considering that, Gofore does not present any sensitivity analyses regarding impairment test.

Accounting estimates and management's judgements

The management uses significant estimates and judgement when determining whether there are indications of impairment of goodwill. Management judgement has also been used when defining the amount of cash generating units but since one cash generating unit has been identified, no further allocation of goodwill is required.

The cash flow projections are based on budgets and financial estimates approved by management covering a 5-year period. Cash flow forecasts are based on Gofore Group's existing business structure, actual results and the management's best estimates on future sales, cost development, general market conditions and applicable tax rates. The growth rates are based on the management's estimates on future growth of the business.

Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses.

3.3. Intangible assets

Accounting principles

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

For the Group's accounting policy on impairment for goodwill, refer to note 3.2. Goodwill and impairment testing. The group does not have intangible assets with indefinite life.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Cloud computing arrangements

In March 2021, IFRS Interpretations Committee made an agenda decision on costs of configuring or customising a supplier's application software in a software as a service arrangement that is accounted for as a service (cloud computing arrangements).

Gofore has evaluated whether a cloud computing arrangement provide a resource that it can control. If the company has received a resource that it can control, then it has applied the guidance in IAS 38 to that resource. Fees and implementation costs not providing resource the company can control, are booked as cost. Change in accounting policy that has been applied from 1.1.2020 retroactively, has no material impact on comparison year opening balance or comparison figures. The effects of the change in accounting policy have increased the operative expenses EUR 0.1 million in 2021, which otherwise would have been activated as intangible assets.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Amortization principle	Useful life (years)
Trademarks	Straight line amortizations	2
Customer relationships	Straight line amortizations	5–10
Technology based intangibles	Straight line amortizations	5
Models and templates	Straight line amortizations	3
Non-compete agreement	Straight line amortizations	6
Capitalized development expenditure	Straight line amortizations	6–10
Other intangible assets	Straight line amortizations	5

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										
1.1.2021	414	8,472	2,577	0	0	0	895	12,359	23,311	35,670
Additions	0	0	0	0	0	0	150	150	0	150
Business combinations	258	1,559	861	66	200	101	0	3,045	3,586	6,630
Reclassifications	0	0	0	0	0	0	-10	-10	0	-10
31.12.2021	672	10,031	3,438	66	200	101	1,035	15,543	26,897	42,440
Amortisation and impairment										
1.1.2021	-69	-1,360	-406	0	0	0	-17	-1,853	0	-1,853
Amortisations	-279	-1,360	-549	-11	-56	-36	-143	-2,290	0	-2,290
31.12.2021	-348	-2,720	-955	-11	-56	-36	-160	-4,286	0	-4,286
Net book value										
1.1.2021	345	7,112	2,171	0	0	0	878	10,506	23,311	33,817
31.12.2021	324	7,311	2,483	55	144	64	875	11,257	26,897	38,154

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
Net book value										
1.1.2020	0	3,272	1,067	0	0	0	157	4,496	16,180	20,676
Additions							738	738		738
Business combinations	414	5,200	1,510	0	0	0	0	7,124	7,132	14,256
Reclassifications	0	0	0	0	0	0	0	0	0	0
31.12.2020	414	8,472	2,577	0	0	0	895	12,359	23,311	35,670
Amortisation and impairment										
1.1.2020	0	-532	-144	0	0	0	-7	-684	0	-684
Amortisations	-69	-828	-262	0	0	0	-10	-1,169	0	-1,169
31.12.2020	-69	-1,360	-406	0	0	0	-17	-1,853	0	-1,853
Net book value										
1.1.2020	0	2,740	923	0	0	0	150	3,812	16,180	19,992
31.12.2020	345	7,112	2,171	0	0	0	878	10,506	23,311	33,817

Trademarks

Gofore has been granted the right to use CCEA and Qentinel trademarks free of charge. Trademarks have been valued using relief from royalty method.

Customer relationships

Customer relationships of the acquired companies have been recognized as the main intangible asset in connection with the acquisitions.

Non-compete agreements

The non-compete agreements prevent key employees of the acquired companies from performing any competitive actions for agreed time post transaction.

Technology

Gofore has been granted the right to use "Celkee Insight" free of charge. "Celkee Insight" has been valued using relief from royalty method.

Models and templates

CCEA has a significant library of internally developed models and templates. There is a significant value in the model and template library as they result in cost savings by allowing for the business to efficiently deliver value in client projects.

Other intangible assets

Other intangible assets include mainly capitalized development costs of ERP systems.

3.4. Tangible assets

Accounting principles

Tangible assets are measured at cost less accumulated depreciation and possible impairment. The useful lives of tangible assets are 3–7 years. Tangible assets consist mainly of ICT and office equipment. The useful life of an asset is reviewed at least at the end of each financial year and adjusted, if appropriate. Sales gains and losses on

disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

EUR thousand	Machinery and equipment	Other tangible assets	Total
Cost			
1.1.2021	879	396	1,275
Additions	9	83	93
Business combinations (note 3.1)	114	0	114
Disposals	-5	0	-5
31.12.2021	997	480	1,477
Depreciation and impairment			
1.1.2021	-631	-184	-815
Depreciations charge for the year	-184	-51	-235
Disposals	0	0	0
31.12.2021	-815	-235	-1,049
Net book value			
1.1.2021	248	212	461
31.12.2021	182	245	427

EUR thousand	Machinery and equipment	Other tangible assets	Total
Cost			
1.1.2020	856	323	1,179
Additions	7	73	80
Business combinations (note 3.1)	39	0	39
Disposals	-22	0	-22
31.12.2020	879	396	1,275
Depreciation and impairment			
1.1.2020	-458	-136	-594
Depreciations charge for the year	-155	-48	-203
Disposals	-18	0	-18
31.12.2020	-631	-184	-815
Net book value			
1.1.2020	397	187	585
31.12.2020	248	212	461

3.5. Leases

Accounting principles

Group as a lessee

Right-of use assets

Gofore's capitalized lease agreements consists mainly of buildings as office spaces and vehicles. Right-of-use assets are measured at cost comprising the amount of the lease liability and those assets are depreciated over the lease term. For contracts that comprise both lease components and non-lease components, the payments are divided between these components and non-lease components are expensed as incurred.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and recognized as an expense in the statement of profit and loss.

Lease liabilities

The nominal lease liability is initially measured at the present value of lease payments over the lease term. Lease payments include the amount of fixed payment and variable lease payments based on index and penalties resulting from terminating the lease. The Group is not exposed to any potential cash outflows that are not reflected in the measurement of lease liabilities.

Lease payments are discounted by using the lessee's incremental borrowing rate since the interest rates are not easily available in the lease contracts. The Group's incremental borrowing rate is determined based on financing offers received and market conditions and it is reviewed annually.

The Group has several lease contracts that include extension options. The Group applies judgement to evaluate whether it is reasonably certain to exercise the option to extend those lease contracts. Extensions for the leases are included in the lease liability when the lease is reasonably certain to be extended.

Interest expense on lease liabilities is recognized in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

The maturity analysis of lease liabilities is disclosed in note 4.3. Borrowings and lease liabilities.

Short-term lease contracts and contracts of low-value assets

The Group applies the exemptions applicable to short-term lease contracts (lease

period less than 12 months), and for lease contracts for which the underlying asset is of low value. These lease contracts are not recognized in the statement of financial position but booked as expense when the costs are incurred, following the exceptions determined in IFRS 16. Lease expenses recognized for short term leases and low value assets are presented more in detailed in note 2.2. Other operating income and expenses.

Gofore has no sub-lease arrangements.

Right-of use assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1.1.2021	6,730	105	6,835
Additions	49	50	100
Disposals	-311	-17	-329
Depreciations for the financial year	-2,145	-52	-2,197
31.12.2021	4,323	86	4,409
1.1.2020	5,227	83	5,309
Additions	3,690	76	3,766
Disposals	-29	-4	-33
Depreciations for the financial year	-2,158	-50	-2,207
31.12.2020	6,730	105	6,835

Accounting estimates and management's judgements

The most significant management judgment relates to open-ended lease agreements. For these contracts, management needs to estimate the length of lease term, which may significantly affect the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense. Management judgment is also applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

3.6. Trade receivables and contract assets

Accounting principle

The Group recognizes credit loss provisions for expected credit losses (ECL) on trade receivables in accordance with IFRS 9. For analyzing and recognition of ECL regarding trade receivables, the simplified approach for determining the expected credit losses of IFRS 9 is applied. In this approach the credit losses are based on predetermined credit loss rates by customer category. The rates are determined by past events and external sources.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For measurement of ECL for trade receivables the Group uses a provision matrix, where it has specified fixed provision rates depending on the number of days that a trade receivable is past due. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates specific to the sector-based client risk analysis.

At the reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. Expected credit losses have not been recorded from the value added tax that is included in trade receivables. Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets. In the statement of profit and loss, the amount of ECL (or reversal) is recognized as an impairment gain or loss in other operating expenses.

Trade receivables

EUR thousand	2021	2020
Trade receivables from external customers	16,021	11,509
Provision for expected credit losses	-41	-31
Total trade receivables	15,980	11,478

Trade receivables are non-interest bearing and are generally on terms of 14 to 30 days. Read more about ECL in note 4.4. Financial risk management.

For terms and conditions relating to related party receivables, refer to Note 5.1. At the reporting date there were not any open receivables from the related parties.

Contract assets

Accounting principle

The timing of invoicing may differ from the timing of revenue recognition. When revenue is recognized prior to invoicing from a client, Gofore recognizes a contract asset. In accordance with IFRS 15, contract assets are presented as a separate item in the Statement of Financial Position. Thus, the sales, which is recognized as revenue but not yet invoiced from the client, are presented as contract assets.

As at 31.12.2021, the Group has contract assets of EUR 709 thousand (2020: EUR 434 thousand) which is net of a provision for expected credit losses of EUR 1 thousand (2020: EUR 1).

Movement in the provision for expected credit losses of trade receivables and contract assets:

EUR thousand	2021	2020
As at 1.1.	31	17
Provision for expected credit losses	10	14
As at 31.12.	41	31

The significant changes in the balances of trade receivables and contract assets are disclosed in note 2.1 Revenue from contracts with customers while the information about the expected credit losses is disclosed in note 4.4. Financial risk management.

3.7. Trade and other payables and contract liabilities

EUR thousand	31.12.2021	31.12.2020
Non-current liabilities - Other payables		
Other liabilities	0	763
Accrued liabilities	0	4
Other payables total	0	767

Other payables 31.12.2020 consist of escrow account and related accrued interest.

EUR thousand	31.12.2021	31.12.2020
Current trade and other payables		
Trade payables	3,951	2,859
Contract liabilities	2,217	1,685
Other payables	7,248	9,254
Accrued expenses	10,561	9,376
Current trade and other payables total	23,976	23,174

Other payables consist of VAT liabilities EUR 3,743 thousand (2020: EUR 2,184 thousand), liabilities related to the acquisition of Qentinel Finland Oy and CCEA Oy EUR 1,571 thousand (2020: EUR 4,819 thousand), withholding tax and social security pay EUR 1,604 thousand (EUR 1,448 thousand). The accrued expenses consist mainly of personnel related expenses. Trade payables and other payables consist also financial liabilities. These financial liabilities amounting to EUR 5,522 thousand included in note 3.7, are presented in maturity distribution of financial liabilities (note 4.3).

The definition for contract liabilities is presented in note 2.1 Revenue from contracts with customers.

3.8. Government grants

Accounting principles

Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it will reduce the carrying amount of the asset, and be recognized in profit and loss through lower depreciation charges over the useful life of the asset.

In April 2019, the company launched a research project funded by Business Finland. The project continued up to 30 April 2021. The project explored ways to continuously renew the company's capabilities and thus its service offering. The goal of the project was to study the company's transformation into a more internationally operating digital ecosystem platform and service provider. The costs of the project from 1 January to 30 April 2021 were EUR 0.2 million. Business Finland's grant was maximum of 40% of the total eligible costs of the project, which were EUR 1.6 million from 1 April 2019 to 30 April 2021.

Additionally, with the development funding from Business Finland for the disruption caused by the coronavirus pandemic, a project was launched in the spring of 2020 to support business continuity over the corona crisis and to find new ways to generate customer value in the changed environment. The project continued till the end of March 2021, and its costs were EUR 0.1 million. Business Finland's share of this was 80%.

4. Capital Structure and Management

4.1. Fair value measurement

Gofore measures financial instruments at fair value at each balance sheet date. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in notes 2.4. Share-based payments and 3.1. Business combinations.

Accounting principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by Gofore.

The fair value of an asset or a liability is measured using the assumptions that market participants would assume when pricing the asset or liability, that market participants act in their economic best interest.

Gofore uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value estimation

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1:

The fair value of these assets or liabilities is based on available quoted (unadjusted) market prices in active markets for identical assets or liabilities. Financial instruments in level 1 fair value include:

- Securities

Level 2:

The fair value of these assets or liabilities is based on valuation techniques, where relevant input data is other than quoted prices belonging to the level 1 and is directly or indirectly observable. The inputs for the valuation are based on quoted or other readily available source. Financial instruments in level 2 fair value include:

- Contingent considerations

Level 3:

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective. Gofore had no material instruments that would be classified as Level 3 fair value instruments in 31.12.2021 or 31.12.2020.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, Gofore determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At the balance sheet date, Gofore has only Level 1 and 2 financial instruments and there has not been any transfers between levels during the financial periods.

At each reporting date, Gofore's management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the fair value disclosures, Gofore has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair values

In Financial instruments tabular presentation (note 4.2. Financial assets and liabilities) there are comparison, by class, of the carrying amounts and fair values of the Gofore's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

Valuation methods and assumptions

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the project. Based on this evaluation, allowances are considered for the estimated losses of these receivables.
- The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities such as contingent considerations are estimated by using rates currently available for debt on similar terms, credit risk and remaining maturities. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of remaining financial assets are derived from quoted market prices in active markets.

4.2. Financial assets and liabilities

Accounting principles

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Gofore's Financial assets are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and Group's business model for managing the instruments. The impairment of the financial assets is discussed in detail in the risk management section in note 4.4 Financial risk management.

Amortized cost

Financial assets are classified at amortized cost, if the objective of holding the asset is to collect contractual cash flows and if the cash flows are solely payments of principal and interest. Financial assets which fulfill both conditions are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Any gains or losses from these financial assets are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Group's financial assets at amortized cost include cash and cash equivalents, trade receivables, and other receivables.

Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit and loss when the financial assets are held for trading and when the collection of cash flows are not based on payments of principal and interest and do not pass the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Gofore values the investment in securities at fair value through profit and loss.

Financial assets at fair value through Other comprehensive income (OCI)

Financial assets are classified at fair value through other comprehensive income if the objective of holding the financial asset fulfills both to collect contractual cashflows and to sell the financial asset, and if the cash flows are solely payments of principal and interest. Financial assets at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

At initial recognition the group can make an irrevocable election to classify and measure its equity investments as equity instruments designated at fair value through other comprehensive income when these instruments are not held for sale and when these financial instruments fulfill the requirements of investments to equity instruments under IAS 32.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition of financial assets

Gofore derecognizes financial assets when, and only when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset, and the transfer qualifies for de-recognition.

When Gofore has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (note 1.3)
- Trade receivables, including contract assets (note 3.6)

Gofore recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Further information about ECL is presented in the note 4.4. Financial Risk Management.

Financial liabilities

Gofore recognizes a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. Gofore's financial liabilities are measured at fair value at initial recognition at trade date and are classified as subsequently measured at amortized cost and fair value through profit or loss. The financial liabilities are classified to their respective current and non-current accounts.

At amortized cost

Gofore's financial liabilities classified at amortized cost, such as interest-bearing loans and borrowings are initially recognized at fair value less any related transaction cost and are subsequently measured using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Currently, Gofore does not have derivative instruments.

This category applies to contingent considerations.

De-recognition of financial liabilities

Gofore de-recognizes financial liabilities when, and only when the obligation of a financial liability specified in its respective contract is discharged, cancelled or it expires. This includes a situation where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss. Gofore has not de-recognized any liabilities during the financial period or the comparable financial period.

Contingent consideration

Regarding Qentinel Finland Oy acquisition in 2020, a contingent consideration was agreed.

The contingent consideration has been recorded in accordance with IFRS 3. The contingent consideration was effective for 12-months after the initial acquisition and the acquisition cost was completed according to the final resolution in 2021. The financial liability is specified in note 4.3. Borrowings and lease liabilities.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. Gofore does not offset its financial instruments.

→ 4.2. Financial assets and liabilities (continues)

Financial instruments by classification 31.12.2021

Financial Assets 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Non-current financial assets							
Other receivables					1	1	1
Non-current financial assets total			0	0	1	1	1
Current financial assets							
Trade receivables	3.6.				15,980	15,980	15,980
Contract assets	3.6.				709	709	709
Other receivables					891	891	891
Securities	4.1.	1	575			575	575
Cash and cash equivalents	4.4.				39,114	39,114	39,114
Current financial assets total			575	0	56,694	57,269	57,269
Financial assets total			575	0	56,695	57,270	57,270

In current assets, Other receivables is mainly related to Qentinel Finland acquisition cost as part of the transaction price. The escrow deposit is a warranty of seller's commitments.

Financial Liabilities 2021

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Non-current financial liabilities							
Interest-bearing loans and borrowings	4.3.				7,450	7,450	7,450
Non-current financial liabilities total			0	0	7,450	7,450	7,450
Current financial liabilities							
Interest-bearing loans and borrowings	4.3.				2,600	2,600	2,600
Trade payables	3.7.				3,951	3,951	3,951
Contract liabilities					2,217	2,217	2,217
Other current liabilities	3.7. & 4.3.				1,571	1,571	1,571
Current financial liabilities total			0	0	10,339	10,339	10,339
Financial liabilities total			0	0	17,789	17,789	17,789

In Current financial liabilities, Other current liabilities are related to Qentinel Finland and CCEA acquisition as part of the transaction price.

→ 4.2. Financial assets and liabilities (continues)

Financial instruments by classification 31.12.2020

Financial Assets 2020

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Non-current financial assets							
Other receivables					772	772	772
Non-current financial assets total			0	0	772	772	772
Current financial assets							
Trade receivables	3.6.				11,478	11,478	11,478
Contract assets	3.6.				434	434	434
Other receivables					1,316	1,316	1,316
Securities	4.1.	1	544			544	544
Cash and cash equivalents	4.4.				21,394	21,394	21,394
Current financial assets total			544	0	34,622	35,166	35,166
Financial assets total			544	0	35,394	35,938	35,938

In non-current assets, Other receivables is mainly related to Qentinel Finland acquisition cost as part of the transaction price. The escrow deposit is a warranty of seller's commitments.

Financial Liabilities 2020

EUR thousand	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortized cost	Book value	Fair value
Non-current financial liabilities							
Interest-bearing loans and borrowings	3.3.				7,500	7,500	7,500
Other payables	3.7. & 3.3.	1			767	767	767
Non-current financial liabilities total			0	0	8,267	8,267	8,267
Current financial liabilities							
Interest-bearing loans and borrowings	3.3.				2,000	2,000	2,000
Contingent consideration	3.3.	2	1,111			1,111	1,111
Trade payables	3.7.				2,859	2,859	2,859
Contract liabilities					1,685	1,685	1,685
Other current liabilities	3.7. & 3.3.				3,684	3,684	3,684
Current financial liabilities total			1,111	0	10,227	11,339	11,339
Financial liabilities total			1,111	0	18,494	19,605	19,605

In non-current financial liabilities, Other payables is related to Qentinel Finland acquisition as part of the transaction price. The escrow deposit is a warranty of seller's commitments.

4.3. Borrowings and lease liabilities

Interest-bearing liabilities and net debt

Net debt (excluding lease liability)

EUR thousand	31.12.2021	31.12.2020
Non-current interest-bearing loans and borrowings	7,450	7,500
Current interest-bearing loans and borrowings	2,600	2,000
Trade and other payables	23,976	21,862
Trade and other receivables	-19,180	-13,210
Liquid funds	-39,689	-21,938
Net debt total	-24,842	-3,787

Changes in the interest bearing liabilities

31.12.2021

EUR thousand	Opening balance 1.1	Cash flow	Acquisitions	Reporting date balance 31.12.
Non-current interest-bearing loans and borrowings	7,500	-50	0	7,450
Lease liabilities	6,870	-2,418	0	4,452
Current interest-bearing loans and borrowings	2,000	600	0	2,600
Liquid funds	-21,938	-17,190	-561	-39,689
Total changes in interest-bearing liabilities	-5,568	-19,057	-561	-25,187

31.12.2020

EUR thousand	Opening balance 1.1	Cash flow	Acquisitions	Reporting date balance 31.12.
Non-current interest-bearing loans and borrowings	4,472	3,028	0	7,500
Current other interest-bearing liabilities	497	-497	0	0
Lease liabilities	5,330	1,352	188	6,870
Current interest-bearing loans and borrowings	1,390	610	0	2,000
Liquid funds	-21,989	1,515	-1,463	-21,938
Total changes in interest-bearing liabilities	-10,301	6,008	-1,276	-5,568

Liabilities of contingent considerations

EUR thousand	31.12.2021	31.12.2020
Contingent considerations	0	1,111

The acquisition of Qentinel Finland involved a liability for contingent consideration based on the acquisition agreement. According to IFRS 3 the acquisition price can be modified during the measurement period, being 12 months after the acquisition date. During the measurement period Gofore adjusted the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Contingent consideration was recognized in 2021.

Maturity Distribution of Financial liabilities

The maturity distribution of the financial liabilities is presenting the cash outflows in relation to Gofore's financial liabilities. The objective is to present the liquidity requirements for meeting the upcoming outflows on an annual basis. The maturity analysis involves the interest-bearing financial liabilities and IFRS 16 lease liabilities to present the actual outflows in relation to all Gofore's liabilities.

Based on the maturity distribution position the Group management facilitates the credit position and liquidity requirement and adjusts the company's credit risk policy.

31.12.2021

EUR thousand	Book value	2022	2023	2024	2025	2026	Over five years	Total Cash Outflows
Interest-bearing loans and borrowings	10,050	-2,678	-2,656	-2,633	-2,111	-150	0	-10,228
Lease liabilities	4,452	-1,801	-1,614	-941	-170	0	0	-4,526
Trade payables	3,951	-3,951	0	0	0	0	0	-3,951
Other current liabilities	1,571	-1,571	0	0	0	0	0	-1,571
Total	20,024	-10,001	-4,269	-3,575	-2,280	-150	0	-20,275

31.12.2020

EUR thousand	Book value	2021	2022	2023	2024	2025	Over five years	Total Cash Outflows
Interest-bearing loans and borrowings	9,500	-2,080	-2,061	-2,043	-2,025	-1,507	0	-9,717
Other payables	767	-767						-767
Lease liabilities	6,870	-2,387	-1,950	-1,701	-787	-170		-6,995
Trade payables	2,859	-2,859						-2,859
Other current liabilities	3,684	-2,113	-1,571					-3,684
Contingent liabilities	1,111	-1,111						-1,111
Total	24,790	-11,316	-5,582	-3,744	-2,812	-1,676	0	-25,131

4.4. Financial risk management

Financial instruments risk management objectives and policies

Gofore's principal financial instruments are exposed to risk factors where the principal variables are changes in the market and customer behavior. Risks affecting Gofore's financial assets are mainly related to changes in counter parties' payment behavior and credit risk.

Gofore's financial liabilities which comprise floating rate loans are affected by changes in the interest rate and are thus exposed to interest rate risk.

The management is assessing the risk framework periodically and the senior management oversees the management of these risks in accordance with Gofore's financial risk governance framework. Gofore has appropriate policies and procedures, and financial risks are identified, measured, and managed in accordance with the Gofore's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Gofore does not apply hedge accounting. Gofore has hedged part of the interest rate position with interest rate cap agreement. The cap strike is set to 0.0 %. At the reporting date, hedge covers 25% of the outstanding floating interest rate position and the underlying reference rate was negative.

Gofore considers Covid-19 impact on its financial instruments to be insignificant due to the nature of its business.

Sensitivity analysis

In relation to the risk management policy the Gofore estimates the exposure to the relevant market risk's by performing a sensitivity analysis periodically at each reporting date. The sensitivity analyses have been prepared on the basis that variables, such as, the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The sensitivity analyses in the following sections relate to the positions as at 31 December in 2021 and 2020.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2021 and 2020.

Market risk

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Due to the termination of the Gofore UK Ltd, the Gofore is no longer exposed to currency risk, since the Gofore companies operate under the parents' home currency, which is EUR.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Gofore's exposure to the interest rate fluctuations relates primarily to the portion of Gofore's long-term debt obligations that have floating interest rates. Gofore's long-term bank loans that have floating interest rates are linked to Euribor rates. Changes in market interest rates have a direct effect on the Gofore's future interest payments. Gofore has hedged part of the interest rate position with interest rate cap agreement. The cap strike is set to 0.0 %. At the reporting date, hedge covers 25% of the outstanding floating interest rate position. The fair value of the interest rate CAP agreement was EUR -1 thousand.

Gofore's policy of reducing the effects of interest rate risk is to maintain a predefined balance between the total amount of loan facilities acquired and liquidity position. Gofore uses the debt financing mainly for company acquisitions purposes. The management assesses the interest rate risk at each reporting date to establish the actions required to maintain a stable interest rate environment. Gofore could renegotiate the terms of the financial instruments in case the market environment and interest rate environment changes.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. Sensitivity analysis has been performed based on actual reference interest rate at the reporting date and outstanding loan amount at the end of the reporting period excluding any future amortizations. The changes in the interest rate level are shown in full without considering the effects of possible contractual interest rate floors related to loans with all other variables held constant and the interest rate is changed by 100 basis points, the Gofore's profit before tax and equity is affected through the impact on floating rate borrowings, as follows:

EUR thousand	Increase/ decrease in bps	Effect on profit before tax	Pre-tax effect on Equity
2021			
6 month Euribor	100	-34	-34
6 month Euribor	-100	0	0
2020			
6 month Euribor	100	-95	-95
6 month Euribor	-100	0	0

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. The Gofore's exposure to the foreign currency risk relates primarily to the operating activities when revenue or expense is denominated in a foreign currency.

Due to the termination of the Gofore UK Ltd, the Gofore was not anymore exposed to currency risk, since the Gofore companies operate under the parent's home currency, which is euro. In 2020 Gofore had GBP -245 thousand loss from Gofore UK Ltd.

The foreign currency risk is insignificant. Due to the operating activities performed in euros, foreign currency sensitivity analysis is not relevant for Gofore.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Gofore is exposed to credit risk from its operating activities, which primarily include trade receivables, and bank balances and short-term investments.

In relation to the credit risk Gofore is exposed to a counter party risk, which is managed alongside the credit risk, by recognizing the customer prior the trading or by receiving a prepayment for the services. Gofore trades only with recognized, creditworthy parties. Receivable balances are monitored and collected on an ongoing basis. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets. There are no significant concentrations of credit risk within the Gofore.

Expected credit losses

Gofore assesses the status of the trade receivables at each reporting date on a quarterly basis. The Gofore uses the simplified method of assessing the potential expected credit losses (ECL) from its trade receivables, and the senior management uses the following metrics to judge the level of impairment for the trade receivables:

- Future economic conditions in relation to industry financial status
- Historical credit losses
- Customers' historical payment behavior
- Customer type (public or private sector)
- The discounted cash flow effect of the matured and past due payments based on the time value of money.

All trade receivables over 360 days past due are defaulted and are subject to the expected credit loss provisions in full.

Trade receivables and contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due from different customer segments with similar loss patterns (i.e., by public sector and private sector). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Trade receivables which are over 360 days past due are considered as defaulted. Past due trade receivables are subject to enforcement activity and collection. The collection process is managed by the Gofore credit control unit.

Gofore's maximum exposure to credit risk at any given moment is its trade receivables. Gofore's trade related transactions are both from private and public clients. The public sector sales are typically around 65 % of the total sales. Gofore recognizes the underlying credit risk position, but the public sector receivables carry

considerably less risk than the private sector sales.

The Gofore evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are in several jurisdictions and industries and operate in largely independent markets. Thus, the risks are not concentrated, which decreases the amount of expected credit losses.

The Gofore does not hold collateral as security.

Set out below is the information about the credit risk exposure on Gofore's trade receivables using a provision matrix:

Expected Credit Loss 31.12.2021

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0,0%	14,697	17	14,681
Overdue 1-14 days	0,0%	937	2	935
Overdue 15-30 days	1,0%	179	1	178
Overdue 30-90 days	3,0%	114	3	111
Overdue 91-180 days	15,0%	68	9	60
Overdue 181-360 days	50,0%	26	11	16
Overdue > 360 days	100,0%	0	0	0
Total		16,021	41	15,980

Expected Credit Loss 31.12.2020

EUR thousand	%	Gross value	Expected credit loss	Net value
Current	0,1%	10,378	11	10,367
Overdue 1-14 days	0,4%	815	1	813
Overdue 15-30 days	0,7%	111	1	110
Overdue 30-90 days	3,0%	169	2	167
Overdue 91-180 days	17,2%	1	0	1
Overdue 181-360 days	50,0%	36	16	20
Overdue > 360 days	100,0%	0	0	0
Total		11,509	31	11,478

There are no changes in the expected credit loss valuation methods or assumptions between the comparison periods. For the contract assets at the end of the reporting period 31.12.2021 totaling to EUR 709 thousand Gofore has calculated expected credit loss of EUR 1 thousand (0,2%), which totals to net value of EUR 709 thousand.

Expected Credit Loss (ECL) calculation

The expected credit loss calculation is based on historical data and for the future parameters based on customers' payment behavior. The management estimates the customers' payment behavior and economic events quarterly. The sales receivables used in the Expected credit loss calculations includes all the open invoices from the sales ledger. The sales ledger is divided into two baskets of clients between public and private clients. Both client groups involve a separate careful estimate of the future expected credit losses. Gofore estimates the timeliness of the payment alongside the customers' payment profile to recognize the time value of money effect for the credit receivables. As Gofore does not use financing as part of their sales contracts in accordance with IFRS 15, the clients' time value of money is discounted separately for each past due bracket as presented in the ECL table above. The expected credit losses are calculated on a company level and are divided into public and private client basket, which are then combined into one table for presentation purposes. Gofore applies the simplified approach to calculate the estimated credit losses for each period.

The expected credit losses for contract assets include the expected credit losses from accrued revenues at each quarterly reporting period. The expected credit loss rate of contract assets is assumed to match the rate used for current trade receivables. The ECL from contract assets are presented separately in accordance with IFRS 9 requirements.

To avoid excessive concentrations of risk, the Gofore's Group policies and procedures include specific guidelines to focus on the maintenance of a diversified customer portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Financial instruments and cash deposits

Liquid assets such as cash and cash equivalents and other short-term deposits, which are part of Gofore's liquidity management have a maturity of less than 3 months and debt investments have a maturity of less than 12 months. These assets are recognized at amortized cost. Investments to fund, such as OP, fund investments are recognized at fair value through profit and loss.

Gofores cash deposits and short-term investments to fund are deposited to banks with a low credit risk and funds with a low risk profile.

Liquidity risk

The Gofore monitors its available funds and maturity analysis as the basis for concluding the cash requirements. The management assesses the business forecast and the related cash flows to maintain the liquidity requirements.

The Gofore's objective is to maintain a balance between continuity of funding and flexibility using bank balances, and if necessary, bank loans. Approximately 25% of the Gofore's debt will mature in less than one year at 31 December 2021 (31 December 2020: 25%) based on the carrying value of borrowings reflected in the financial statements. The Gofore assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Gofore has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing or new lenders. Gofore has unsecured loans with underlying covenants, equity ratio and interest-bearing net debt to EBITDA.

Gofore has a considerable head room for covenants at their current position. Gofore fulfilled covenant terms at 31. December 2021.

Gofore does not have any relevant concentrations in its operations. To reduce the concentration risk in relation to the liquidity position, Gofore's financial assets are distributed and secured in well-established financial institutions, which carry a low risk of default

The table below summarizes the liquid assets available for Gofore:

Liquid Assets		
EUR thousand	31.12.2021	31.12.2020
Securities	575	544
Cash and bank accounts	39,114	21,394
Liquid assets total	39,689	21,938

The maturity analysis of the financial liabilities is presented in the note 4.3. Borrowings and lease liabilities, Maturity distribution table.

4.5. Equity

Accounting policy

Costs related to the issue or purchase of equity instruments are recorded as a reduction of shareholders' equity. Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity.

Dividends proposed by the Board of Directors are not recognized in the financial statements until they have been approved by the shareholders in the Annual General Meeting.

Number of shares	2021	2020
Total number of shares in the beginning of the period	14,036,927	14,012,802
Own shares held in the beginning of the period	0	174
Purchase of own shares	0	57,839
Transfer of own shares	0	-58,013
Shares issued	1,035,158	24,125
Total number of shares at the end of the period	15,072,085	14,036,927
Of which own shares held by the parent company	0	0
Shares outstanding at the end of reporting period	15,072,085	14,036,927

Equity and capital reserves

Equity consists of share capital, fund for unrestricted equity, exchange differences on translation of foreign operations and retained earnings net of treasury shares. Fund for unrestricted equity includes the other equity-related investments and share subscription prices to the extent not designated to be included in share capital.

Dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year ended 31.12.2021 a dividend of EUR 0.28 per share. These financial statements do not reflect this dividend payable of EUR 4,296 thousand. A dividend of EUR 0,24 per share totaling to EUR 3,369 thousand was distributed on the profit for 2020.

4.6. Capital management

For the Gofore's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure continuity of operations (going concern) and increase the shareholder value.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of strategy implementation and the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, make share repurchases or issue new shares. The Group monitors capital using an equity and net gearing ratios.

The Group monitors financial covenants as a part of the business planning process. Gofore's financial covenants are equity ratio and interest-bearing net debt to EBITDA. The management assesses information on financial and risk positions and the headroom concerning covenant threshold values. Gofore has an adequate headroom on its covenants in the financial period ending 31 December 2021.

Interest-bearing net debt is presented separately in note 4.3. Borrowings and lease liabilities.

	2021	2020
Net debt total (note 4.3.)	-24,842	-3,787
EBITA margin -%	13.8 %	12.7 %
Interest-bearing net debt total (note 4.3.)	-25,187	-5,568
EBITDA margin -%	16.3 %	15.8 %
Net gearing -%	-41.1 %	-15.4 %

The formula for key figure Net gearing -% has been presented in Key Figures section (formulas for key figures).

5. Other Notes

5.1. Related party transactions

Accounting principles

Gofore Group's related parties include the major shareholders, the Parent company, Group companies and the key management personnel and their close family members. A major shareholder is a shareholder who holds at least 10 % of all company shares or the votes carried by all the shares. Key management personnel consist of the members of the Board of Directors, Group CEO and members of the Group management team. More information about remuneration of key management personnel is presented in note 2.3. Employee benefit expenses. Additionally, companies where the before mentioned persons have control, are also classified as related parties of Gofore Group.

The Parent company of Gofore Group is Gofore Plc. The subsidiaries are listed in a separate note 1.1. General information. Those transactions which are not eliminated in the consolidated financial statements are presented as related party transactions.

Gofore have not had any sales, purchases, receivables, or payables with related parties during the reporting period.

5.2. Other commitments

Gofore holds an unsecured operative guarantee limit of EUR 600 thousand of which EUR 388 thousand is in use at 31.12.2021.

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.

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations (EUR thousand):

Revision period ends 31.12.2026 and total liability under revision	5
Revision period ends 31.12.2027 and total liability under revision	10
Revision period ends 31.12.2028 and total liability under revision	3
Revision period ends 31.12.2029 and total liability under revision	8
Revision period ends 31.12.2030 and total liability under revision	21

5.3. Events after reporting period

Acquisition of Devecto Oy

Gofore announced January 3, 2022, that it has acquired the entire share capital of Devecto Oy, a company specialized in software development and testing of smart devices and machinery, and related testing systems.

With the acquisition, Gofore strengthens both its position in the private sector and its services within industrial digital transformation.

Devecto employs 130 professionals in Finland. For the financial year of 2021, the company's net sales were EUR 10.8 million and EBITDA EUR 2.1 million. In 2020, the company's net sales amounted to EUR 7.8 million and EBITDA to EUR 1.5 million. Devecto will continue to operate as an independent company and is reported as part of the Gofore Group as of 3 January 2022. Gofore estimates a positive growth in Devecto's net sales to continue in 2022.

Devecto provides demanding software design for smart devices and machinery, along with related services and tools. Industrial digitalization solutions, software development for mobile machinery and embedded devices form the core competence of the company. Devecto serves customers from requirements determination and service design to the development and quality assurance of entire systems and digital services.

The purchase price of the share capital acquired amounted to EUR 21.2 million, consisting of the debt-free price of the business operations of EUR 20.0 million, and of compensation payable for the net cash and working capital adjustment, estimated to amount to approximately EUR 1.2 million. 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 maximum earnout shall amount to EUR 5 million and, in case it materializes, will be payable in the form of cash consideration during the first half of 2023.

The preliminary purchase price allocation of acquisition cost calculation regarding Devecto Oy acquisition is presented below. 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 EUR 3.2 million. Final decision concerning the purchase price allocation will be made within the coming 12 months.

EUR thousand	Devecto Oy
Purchase price	
Consideration paid in cash	18,026
Consideration paid in shares	6,315
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	14,436
Purchase consideration transferred	24,341
Cash flow impact of acquisitions	
Consideration paid in cash	18,026
Cash and cash equivalents	-1,366
Expenses related to the acquisition	550
Net cash flow on acquisition	17,210
Contingent consideration at the acquisition date	
Contingent consideration liability at the acquisition date	3,492
Total consideration	3,492

The fifth CrewShare program

The Board of Directors of Gofore Plc has resolved 24th January 2022 on the new plan period 2022–2023 of CrewShare share savings plan established in 2018. The details of the new plan period will mainly be conformed to follow the previous plan period's particulars.

The new plan period will commence on 1 March 2022 and end on 28 February 2023. The Plan is offered to all, approximately 990, Gofore employees. Invited 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. Participation in the Plan is voluntary, and an employee will participate in the Plan for one plan period at a time.

After a holding period Gofore will grant the employees participating in the Plan one free matching share against every three shares acquired with savings as a gross reward. The prerequisites for receiving matching shares are that a participant holds the acquired shares for the entire holding period, and that their employment at Gofore has not terminated before the end of the holding period. The holding period will end on 28 February 2025.

As a new element to the previous plan periods, the participant can earn 1–1.5 performance based matching shares against every three shares acquired with savings as a gross reward if the target set by the Board for group's annual adjusted EBITA percentage will be reached for the financial year 2022. Thus, the maximum number of matching shares received by the participant can be 2.5 shares against every three shares acquired.

The total amount of all savings of the plan period 1 March 2022–28 February 2023 may not exceed EUR 1,600,000, which corresponds to 72,562 shares calculated at a share price of EUR 22.05 per share including a 10% discount on share price closed on 21 January 2022.

Any dividends to be paid on shares acquired with savings and on matching shares given in the Plan will be reinvested into acquisition of additional shares on the next potential acquisition date. These shares will have an equal right to matching shares.

Matching shares will be paid partly in the company's shares and partly in cash as soon as possible after the end of the holding period. The cash proportion is intended to cover taxes and tax-related costs arising from the matching shares to a participant. The matching shares are freely transferable after their transfer on the participant's book-entry account.

The intention is that the company will resolve on share issues to subscribe for the shares to be acquired with the accumulated savings at a 10% discount. The intention is that the company will resolve on the share issues before the acquisition of shares.

The Board of Directors will resolve on the following plan period and its details separately.

Gofore Plc resolved on a new share-based incentive plan for the key personnel

The Board of Directors of Gofore Plc has resolved 24th January 2022 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 (3) year performance period, covering the financial years of 2022–2024. The Board may decide annually on new performance periods.

In the plan, the target group is given an opportunity to earn Gofore Plc shares based on performance. The potential rewards based on the plan will be paid after the end of each performance period. The reward will be paid partly in Gofore Plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and tax-related costs arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

During the performance period, the reward is based on the group's average adjusted EBITA percentage and average revenue growth measured cumulatively for the financial years 2022–2024. The value of the targeted maximum rewards to be paid will correspond to an approximate maximum total of 20,200 Gofore Plc shares also including the cash proportion. Depending on the development of the adjusted EBITA percentage, the definite maximum value of the rewards to be paid will correspond an approximate amount of 33,300 Gofore Plc shares also including the cash proportion.

During the performance period, approximately 26 persons, including the CEO and other Gofore Management Team members, belong to the target group of the performance period.

More information about the CrewShare program is provided in note 2.4. Share-based payments.

Establishing Sleek Oy

Gofore Plc has established 13th January 2022 a new subsidiary Sleek Oy. The company has been established together with personnel shareholders. Gofore's share of ownership is 70 %. The company's operations are estimated to start during first half of the year.

Financial Statements of the Parent Company (FAS)

Parent Company Income Statement (FAS)

EUR	1.1. - 31.12.2021	1.1. - 31.12.2020
Net sales	57,926,406.90	60,882,113.98
Manufacturing for own use	235,760.35	738,389.09
Other operating income	5,195,956.93	1,412,127.83
Materials and Services		
Purchases	-149,228.58	-87,760.26
External Services	-19,471,282.93	-12,633,427.14
	-19,620,511.51	-12,721,187.40
Personnel expenses		
Salaries and compensations	-22,723,527.11	-28,543,942.36
Pensions	-3,768,087.68	-4,293,577.83
Other personnel expenses	-849,039.14	-1,046,590.50
	-27,340,653.93	-33,884,110.69
Depreciations and amortisations	-1,124,458.16	-1,063,751.01
Other operating expenses	-9,682,595.88	-10,228,604.17
Earnings before interests and taxes	5,589,904.70	5,134,977.63
Financial income and expense, net	1,713,495.60	2,272,253.91
Profit before year-end allocations and taxes	7,303,400.30	7,407,231.54
Income taxes	-1,043,166.18	-1,148,350.33
Profit for the financial period	6,260,234.12	6,258,881.21

Parent Company Balance Sheet (FAS)

EUR	31.12.2021	31.12.2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	6,628,854.81	7,702,658.28
Tangible assets	144,754.01	237,912.84
Investments		
Holdings in group companies	35,113,245.85	28,076,680.22
Total investments	35,113,245.85	28,076,680.22
Total non-current assets	41,886,854.67	36,017,251.34
CURRENT ASSETS		
Long-term receivables		
Receivables from group companies	1,262,000.00	1,325,000.00
Other receivables	500.00	763,295.59
Total long-term receivables	1,262,500.00	2,088,295.59
Short-term receivables		
Trade receivables	8,725,912.43	8,075,606.68
Receivables from group companies	2,741,572.41	1,037,012.52
Other receivables	1,082,758.32	1,566,565.98
Prepaid expenses and accrued income	766,528.82	756,765.09
Total short-term receivables	13,316,771.98	11,435,950.27
Cash and cash equivalents	29,335,641.23	13,463,685.11
Total current assets	43,914,913.21	26,987,930.97
Total assets	85,801,767.88	63,005,182.31

EUR	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
SHAREHOLDER'S EQUITY		
Share capital	80,000.00	80,000.00
Invested non-restricted equity reserve	40,086,245.01	20,515,186.08
Retained earnings	12,388,584.38	9,503,023.61
Profit for the financial period	6,260,234.12	6,258,881.21
Total shareholder's equity	58,815,063.51	36,357,090.90
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	7,450,000.00	7,500,000.00
Other non-current liabilities	0.00	762,795.59
Accrued expenses and deferred income	0.00	3,813.97
Total non-current liabilities	7,450,000.00	8,266,609.56
Current liabilities		
Loans from financial institutions	2,600,000.00	2,000,000.00
Advances received	3,000.00	134,377.17
Trade payables	2,627,624.67	2,037,671.94
Payables to group companies	6,290,880.49	1,115,787.24
Other payables	3,869,278.14	7,650,745.25
Accrued expenses and deferred income	4,145,921.07	5,442,900.25
Total current liabilities	19,536,704.37	18,381,481.85
Total liabilities	26,986,704.37	26,648,091.41
Total equity and liabilities	85,801,767.88	63,005,182.31

Parent Company Cash Flow Statement (FAS)

EUR	1.1. - 31.12.2021	1.1. - 31.12.2020
Cash flow from operating activities:		
Profit before appropriations	7,303,400.30	7,407,231.54
Adjustments:		
Depreciations according to plan	1,124,458.16	1,063,751.01
Financial income and expenses (+/-)	-1,713,495.60	-2,272,253.91
Other adjustments (+/-)	571,074.90	212,580.60
Cash flow before working capital changes	7,285,437.76	6,411,309.24
Change in working capital:		
Increase (-) /decrease (+) in trade and other short-term non-interest-bearing receivables	-2,372,465.93	-3,585,526.69
Increase (+) /decrease (-) in short-term non-interest-bearing debts	2,027,529.82	2,537,779.39
Cash flow before financing items and taxes	6,940,501.65	5,363,561.94
Interests and expenses paid from other operating finance costs (-)	-1,231,864.11	-99,556.02
Dividends received	2,896,000.00	2,400,000.00
Interests and income received from other operating finance income	53,804.71	27,664.70
Taxes paid (-)	-1,041,826.94	-1,302,428.51
Cash flow from operating activities (A)	7,616,615.31	6,389,242.11
Cash flow from investing activities:		
Investments to tangible and intangible assets (-)	-319,219.72	-816,981.05
Investments to shares in subsidiaries (-)	-10,609,189.47	-8,311,678.41
Capital gain of material and immaterial goods	3,598.80	0.00
Long-term loans granted (-)	-350,000.00	-100,000.00
Long-term loans received	108,000.00	177,000.00
Proceeds from sale of other investments (+)	0.00	45,500.00
Cash flow from investments (B)	-11,166,810.39	-9,006,159.46
Cash flow from financing activities:		
Share issue subject to a charge	19,000,000.00	0.00
Purchase of own shares	-785.00	-468,308.22
Short-term loan withdrawals	4,600,000.00	0.00
Short-term loan repayments (-)	-2,450,000.00	-14,285.78
Long-term loan withdrawals	2,400,000.00	10,000,000.00
Long-term loan repayments (-)	0.00	-6,348,000.00
Dividends paid and other profit distribution (-)	-3,372,535.44	-2,800,973.00
Cash flows from financing activities (C)	20,176,679.56	368,433.00
Change in cash and cash equivalents (A + B + C), increase (+) / decrease (-)	16,626,484.48	-2,248,484.35
Cash and cash equivalents at beginning of period (1 Jan)	13,463,685.11	15,712,169.46
Cash paid in business transfer to subsidiary	-754,528.36	0,00
Cash and cash equivalents at end of period (31 Dec)	29,335,641.23	13,463,685.11

Notes to the Parent Company's Financial Statements (FAS)

Accounting principles for the parent company's financial statements

The parent company financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS) for the period 1.1.–31.12.2021. The financial statements are presented in euros.

Valuation principles

The book value of the company's intangible assets is their original acquisition cost, which is amortized according to plan. Investments, financial securities, and subsidiary shares are valued at their acquisition cost or to lower fair value, if the impairment is considered to be permanent. Current assets are valued at their nominal value or to lower probable value. Liabilities are valued at nominal value. The income statements of foreign subsidiaries are translated into euros at the average exchange rates of the reporting period. The balance sheets are consolidated using the end of period exchange rates.

Accrual principles

Fixed assets

The acquisition cost of fixed assets belonging to the company's depreciable non-current assets is eliminated in accordance with a pre-planned plan. The depreciation plan is determined by experience. As an expense, the difference between the acquisition cost and the residual value is recognized as an expense as estimated over the economic life. Commodities with a probable economic life of less than three years, as well as small acquisitions are recognized as a full expense for the acquisition period.

Depreciation according to plan and their changes

No changes have occurred in the company's principles regarding depreciation according to plan.

Development expenditure	Straight line depreciation	5 yrs
Intangible assets	Straight line depreciation	5 yrs
Goodwill	Straight line depreciation	10 yrs
Other capitalised long term expenditure	Straight line depreciation	5 yrs
Machinery and equipment	Straight line depreciation	3–5 yrs

Company's other tangible assets consists of art objects.

Revenue recognition

The company's net sales is mainly recognized as the month of service delivery and billing. Some of the company's services is made by agreements that specify more priced or scheduled delivery liability, to which also billing is tied to. The invoicing

of such service is done in parts afterwards as the delivery phase progresses and typically the recognition is made at the time of invoicing.

If a delivery item is planned for completion and thus billed after the end of the financial year, it is estimated which portion of the work on the delivery has been made prior to the change in the financial year and is recognized for the current financial year.

Share-based payments

Gofore Plc share-based payment plans as compensation for employees with a share matching component: CrewShare. These programs are equity settled transactions and thus, the Parent Company does not have any cash-settled transactions.

Gofore recognizes the cost for the long-term incentive plan as an expense when incurred. The salaries and compensation expenses for the financial period of 2021 include EUR 37 thousand expense from share-based payment plans.

CrewShare

In the autumn of 2018, Gofore's Board of Directors decided to implement a share savings program (Crew Share) for the entire Group's personnel. The objective of the plan is to motivate the Gofore employees to invest in the company's shares and to become shareholders in the company. The aim is also to align the interests and commitment of the employees and management to work for the good value development and increased shareholder value in the long-term. The Board of Directors decides annually on any savings periods to be launched under the program.

The plan is offered to all Gofore Group employees, who will be offered an opportunity to save a proportion of their regular salaries and use the savings for the acquisition of the company's shares at a 10 percent discount. The accrued savings will be used for the acquisition of the Gofore shares after the end of the plan period. Participation in the Plan is voluntary, and an employee will participate in the Plan for one plan period at a time.

The first plan period commenced on 1 November 2018 and ended on 28 February 2019. The second plan period commenced on 1 March 2019 and ended on 29 February 2020. The third plan period commenced on 1 March 2020 and ended on 28 February 2021. Fourth plan commenced on 1 March 2021 and will end 28 February 2022.

As an incentive to participants in the program, Gofore will offer one matching share as a gross incentive per three shares acquired through savings after a share ownership period of two years. The prerequisites for receiving matching shares are that a participant holds the acquired shares for the entire holding period, and that his or her employment at Gofore has not terminated before the end of the holding period.

Dividends paid on shares acquired with savings are automatically used to acquire the shares on the next possible date of acquisition.

At the end reporting period, Gofore has three CrewShare programs.

The total amount of savings in the plan periods may not exceed EUR 1 million, which corresponds to approximately 46,296 shares calculated at the share price of EUR 21.60 per share closed and, 10% discount calculated there from, on 31 December 2021. 46,296 shares equal to 0.3 percent of the total number of shares outstanding.

At the end of the reporting period 31 December 2021, 131 people employed by the Group, who participated to the second savings period, were entitled to receive a total of 12,650 gross shares after the holding period if they had continuously held the shares acquired through the second plan. At a closing price of EUR 24,00 per share on December 31, 2021, the value of the gross shares of the second savings plan would have been EUR 303,600.

Correspondingly, 165 people, who participated to the third savings period, were entitled to 10,159 gross shares after the holding period. At a closing price of EUR 24,00 per share on December 31, 2021, the value of the gross shares in the third savings plan would have been EUR 243,816.

Correspondingly, 289 people, who participated to the fourth savings period, were entitled to 6,373 gross shares after the holding period. At a closing price of EUR 24,00 per share on December 31, 2021, the value of the gross shares in the fourth savings plan would have been EUR 152,952. More information about CrewShare program can be find in note 2.4.

Business transfer

Gofore Plc's business specializing in digital change consulting was transferred in a business transfer to Gofore Lead Oy on 1 January 2021. At the same time, the former Silver Planet Oy changed its name to Gofore Lead Oy. The consulting business and the corresponding personnel (approx. 110 people) were transferred from the parent company to Gofore Lead Oy. The transferred business includes e.g., management consulting, project management, architectural consulting, design services, IT procurement consulting and data & AI business.

Impacts of COVID-19 pandemic

The COVID-19 pandemic has caused uncertainties in the operating environment. In the longer term, the pandemic is expected to accelerate digitalization bearing in mind that public and private sector customers' ability to invest in digital transformation depends on the development of the economy. The pandemic did not adversely affect the company's business during 2021, and customer demand has been at the expected level. There is continuing uncertainty about the pandemic and its market impact.

Notes to the Parent Company Income Statement

Net sales		
EUR	2021	2020
By sector		
Digital services and consulting	57,926,406.90	60,882,113.98
Total	57,926,406.90	60,882,113.98

Geographical distribution		
EUR	2021	2020
Finland	50,538,919.97	53,278,982.87
Other countries	7,387,486.93	7,603,131.11
Total	57,926,406.90	60,882,113.98

Manufacturing for own use		
EUR	2021	2020
Manufacturing for own use, intangible assets	235,760.35	738,389.09
Total	235,760.35	738,389.09

Other operating income		
EUR	2021	2020
Received benefits and grants	127,897.82	473,630.83
Other	5,068,059.11	938,497.00
Total	5,195,956.93	1,412,127.83

In 2021, other operating income consists of group management fees amounted EUR 4,954,637.00 (2020: EUR 938,497.00). Other subsidies and compensations are EUR 127,897.82 (2020: EUR 473,630.83) and EUR 113,422.11 is related to liquidation of UK subsidiary.

Personnel expenses		
EUR	2021	2020
Salaries and remunerations	22,723,527.11	28,543,942.36
Pension expenses	3,768,087.68	4,293,577.83
Other social security expenses	849,039.14	1,046,590.50
Total	27,340,653.93	33,884,110.69

Depreciations and reduction in value		
EUR	2021	2020
Depreciations according to plan		
Development expenditure	0.00	4,057.05
Intangible assets	142,790.84	6,159.97
Goodwill	841,348.33	892,509.00
Other long-term expenditure	50,758.96	48,344.81
Machinery and equipment	89,560.03	112,680.18
Total	1,124,458.16	1,063,751.01

Other operating expenses		
EUR	2021	2020
Expenses from business premises	2,462,117.76	2,557,466.52
Equipment and software expenses	3,046,814.15	2,923,562.77
Personnel expenses	1,693,029.81	1,375,557.71
Administrative expenses	1,388,326.42	1,822,046.34
Sales and marketing expenses	917,913.03	914,567.14
Other operating expenses	174,394.71	635,403.69
Total	9,682,595.88	10,228,604.17

Finance income		
EUR	2021	2020
Dividends from group companies	2,896,000.00	2,400,000.00
Other interest income and other financial income		
From group companies	43,380.59	45,726.98
From others		
Interest income	7,898.45	1.66
Other finance income	12.61	12.12
Total	2,947,291.65	2,445,740.76

Interest and other financial expenses		
EUR	2021	2020
Reduction in value of non-current assets		
From group companies	444.44	94,087.25
To others		
Interest expenses	1,233,351.50	67,941.10
Other interest expenses	0.11	11,458.50
Total	1,233,796.05	173,486.85

Notes to the Balance Sheet, Assets

Intangible assets

Development expenses

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	38,021.49	38,021.49
Acquisition cost 31 Dec	38,021.49	38,021.49
Accumulated amortisation in the beginning of the financial period	-38,021.49	-33,964.44
Amortisation for the financial period	0.00	-4,057.05
Book-value 31 Dec	0.00	0.00

Intangible rights

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	885,497.32	147,108.23
Additions	236,560.42	738,389.09
Deductions	-800.07	0.00
Acquisition cost 31 Dec	1,121,257.67	885,497.32
Accumulated amortisation in the beginning of the financial period	-7,699.93	-1,539.96
Amortisation for the financial period	-142,790.84	-6,159.97
Book-value 31 Dec	970,766.90	877,797.39

Goodwill

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	8,925,090.45	8,925,090.45
Additions	0.00	0.00
Deductions	-409,285.78	0.00
Acquisition cost 31 Dec	8,515,804.67	8,925,090.45
Accumulated amortisation in the beginning of the financial period	-2,251,027.42	-1,358,518.42
Amortisation for the financial period	-841,348.33	-892,509.00
Deductions	51,160.72	0.00
Book-value 31 Dec	5,474,589.64	6,674,063.03

Other long-term expenditure

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	334,741.18	263,289.02
Additions	83,459.37	71,452.16
Acquisition cost 31 Dec	418,200.55	334,741.18
Accumulated amortisation in the beginning of the financial period	-183,943.32	-135,598.51
Amortisation for the financial period	-50,758.96	-48,344.81
Book-value 31 Dec	183,498.27	150,797.86
Total intangible assets	6,628,854.81	7,702,658.28

Tangible assets

Machinery and equipment

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	685,530.78	680,190.98
Additions	0.00	5,339.80
Deductions	-3,598.80	0.00
Acquisition cost 31 Dec	681,931.98	685,530.78
Accumulated amortisation in the beginning of the financial period	-509,102.48	-396,422.30
Amortisation for the financial period	-89,560.03	-112,680.18
Book-value 31 Dec	83,269.47	176,428.30

Other tangible assets

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	61,484.54	59,684.54
Additions	0.00	1,800.00
Acquisition cost 31 Dec	61,484.54	61,484.54
Total tangible assets	144,754.01	237,912.84

→ Notes to the Balance Sheet, Assets (continues)

Investments**Investments in subsidiaries**

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	28,076,680.22	14,803,449.32
Additions	7,036,565.63	13,367,318.15
Deductions	0.00	-94,087.25
Acquisition cost at 31 Dec	35,113,245.85	28,076,680.22

Other shares

EUR	31.12.2021	31.12.2020
Acquisition cost 1 Jan	0.00	50,500.00
Deductions	0.00	-50,500.00
Acquisition cost at 31 Dec	0.00	0.00

Long-term receivables

EUR	31.12.2021	31.12.2020
Long-term loan receivables from group companies	1,262,000.00	1,325,000.00
Other receivables	500.00	763,295.59
Total long-term receivables	1,262,500.00	2,088,295.59

Short-term receivables

EUR	31.12.2021	31.12.2020
Trade receivables	8,725,912.43	8,075,606.68
Trade receivables from group companies	2,068,191.82	375,721.87
Loan receivables from group companies	413,000.00	108,000.00
Other receivables from group companies	43,380.59	45,893.65
Prepaid expenses and accrued income from group companies	217,000.00	507,397.00
Other receivables	1,082,758.32	1,566,565.98
Prepaid expenses and accrued income	766,528.82	756,765.09
Total short-term receivables	13,316,771.98	11,435,950.27

Specification of prepaid expenses and accrued income

EUR	31.12.2021	31.12.2020
Income tax receivables	144,056.38	173,868.09
Prepaid expenses	766,528.82	268,192.93
Receivables from grants	0.00	135,227.48
Occupational healthcare compensation	115,292.75	123,684.95
Other	0.00	55,791.64
Total prepaid expenses and accrued income	766,528.82	756,765.09

Notes to Balance Sheet, Equity and Liabilities

Changes in equity

EUR	31.12.2021	31.12.2020
Share capital 1 Jan	80,000.00	80,000.00
Share capital 31 Dec	80,000.00	80,000.00
Restricted equity	80,000.00	80,000.00
Invested non-restricted equity reserve 1 Jan	20,515,186.08	20,323,474.32
Share issue subject to a charge	19,571,058.93	191,711.76
Invested non-restricted equity reserve 31 Dec	40,086,245.01	20,515,186.08
Retained earnings 1 Jan	9,503,023.61	5,953,309.53
Retained earnings transfer	6,258,881.21	6,818,995.30
Dividend distribution	-3,372,535.44	-2,800,973.00
Purchase of own shares	-785.00	-468,308.22
Retained earnings 31 Dec	12,388,584.38	9,503,023.61
Profit for the financial period	6,260,234.12	6,258,881.21
Non-restricted equity	58,735,063.51	36,277,090.90
Total equity	58,815,063.51	36,357,090.90
Distributable non-restricted equity		
EUR	31.12.2021	31.12.2020
Invested non-restricted equity reserve	40,086,245.01	20,515,186.08
Retained earnings	12,388,584.38	9,503,023.61
Profit for the financial year	6,260,234.12	6,258,881.21
Distributable non-restricted equity	58,735,063.51	36,277,090.90

Liabilities

Non-current liabilities

EUR	31.12.2021	31.12.2020
Loans from financial institutions	7,450,000.00	7,500,000.00
Other liabilities	0.00	762,795.59
Long-term accruals and deferred income	0.00	3,813.97
Total non-current liabilities	7,450,000.00	8,266,609.56

Current liabilities

EUR	31.12.2021	31.12.2020
Loans from financial institutions	2,600,000.00	2,000,000.00
Advances received	3,000.00	134,377.17
Trade payables	2,627,624.67	2,037,671.94
Trade payables to group companies	1,410,436.05	347,172.24
Loans from group companies	4,000,000.00	0.00
Accrued expenses and deferred income to group companies	880,444.44	768,615.00
Other liabilities	3,869,278.14	7,650,745.25
Accrued expenses and deferred income	4,145,921.07	5,442,900.25
Total current liabilities	19,536,704.37	18,381,481.85

Specification of accrued expenses and deferred income

EUR	31.12.2021	31.12.2020
Personnel expenses	4,015,322.75	5,120,726.23
Accrued expenses	130,598.32	322,174.02
Total accrued expenses and deferred income	4,145,921.07	5,442,900.25
Total current liabilities	23,682,625.44	23,824,382.10

Commitments and contingencies

Liabilities secured with corporate mortgages or special pledges

EUR	31.12.2021	31.12.2020
Loans from credit institutions	10,050,000.00	9,500,000.00
Mortgages	0.00	0.00
Special pledge	0.00	0.00

Gofore has given a negative pledge on its financial loans.

Nominal amounts of rents for leasing and lease contracts

Lease commitments from machinery, equipment and cars

EUR	31.12.2021	31.12.2020
Current	1,139,419.52	979,172.43
Non-current	926,880.89	935,076.91
Total	2,066,300.41	1,914,249.34

Real-estate lease commitments

EUR	31.12.2021	31.12.2020
Current	1,376,605.41	2,128,932.56
Non-current	1,910,542.30	3,000,593.74
Total	3,287,147.71	5,129,526.30

Lease commitments of cars include VAT 24%.

One lease includes a commitment for renovation costs. If the lease expires before 28 February 2025, the lessee will be responsible for the remaining costs of the renovation, including financial costs. The premises were renovated at the lessor's expense, with an estimated cost of up to EUR 450,000 + VAT

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.

Other commitments

Liabilities in accordance with section 33 of the Value Added Tax Act has been calculated for rental property renovations (EUR):	
Revision period ends 31.12.2026 and total liability under revision	5,157.61
Revision period ends 31.12.2027 and total liability under revision	9,845.35
Revision period ends 31.12.2028 and total liability under revision	3,344.17
Revision period ends 31.12.2029 and total liability under revision	7,847.40
Revision period ends 31.12.2030 and total liability under revision	20,589.38

Gofore holds a lease guarantee limit of EUR 600 thousand of which EUR 388 thousand is in use at 31.12.2021.

Related party transactions

Gofore doesn't have any sales, purchases, receivables, or payables with related parties during the reporting period.

Notes on the audit fee

EUR thousand	31.12.2021	31.12.2020
Auditing	125,014.50	123,200.00
Statements	22,321.50	1,200.00
Tax services	7,725.00	31,771.00
Other services	39,764.00	6,470.00
Total	194,825.00	162,641.00

Notes on the personnel and the management

Average number of personnel during the financial year by function breakdown

	2021	2020
White collar	414	512

CEO and Board fees and remuneration

	2021	2020
CEO and Board fees and remuneration	413,126.00	384,195.63

Group companies

Name of the company	Domicile	Share of ownership
Gofore Oyj	Tampere, Finland	Parent company
Gofore Vantaa Oy	Tampere, Finland	100%
Gofore Spain SL	Madrid, Spain	100%
Gofore Germany GmbH	München, Germany	100%
Gofore Estonia OÜ	Tallinn, Estonia	100%
Gofore Lead Oy	Helsinki, Finland	100%
Qentinel Finland Oy	Espoo, Finland	100%
CCEA Oy	Espoo, Finland	95%
Celkee Oy	Espoo, Finland	95%
Rebase Consulting Oy	Helsinki, Finland	68%

The operations of Gofore UK Ltd has been abandoned during the first quarter of 2020. The company was terminated in 2021.

CCEA Oy and Celkee Oy have been consolidated to Gofore Group 1.3.2021. CCEA Oy is Celkee Oy's parent company.

Gofore Lead Oy changed its name from Silverplanet Oy at 1.1.2021.

Company's own shares

At the end of financial year, the parent company does not hold any of its own shares.

Events after reporting period

Acquisition of Devecto Oy

Gofore announced January 3, 2022, that it has acquired the entire share capital of Devecto Oy, a company specialized in software development and testing of smart devices and machinery, and related testing systems.

With the acquisition, Gofore strengthens both its position in the private sector and its services within industrial digital transformation.

Devecto employs 130 professionals in Finland. For the financial year of 2021, the company's net sales were EUR 10.8 million and EBITDA EUR 2.1 million. In 2020, the company's net sales amounted to EUR 7.8 million and EBITDA to EUR 1.5 million. Devecto will continue to operate as an independent company and is reported as part of the Gofore Group as of 3 January 2022. Gofore estimates a positive growth in Devecto's net sales to continue in 2022.

Devecto provides demanding software design for smart devices and machinery, along with related services and tools. Industrial digitalization solutions, software development for mobile machinery and embedded devices form the core competence of the company. Devecto serves customers from requirements determination and service design to the development and quality assurance of entire systems and digital services.

The purchase price of the share capital acquired amounted to EUR 21.2 million, consisting of the debt-free price of the business operations of EUR 20.0 million, and of compensation payable for the net cash and working capital adjustment, estimated to amount to approximately EUR 1.2 million. 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 maximum earnout shall amount to EUR 5 million and, in case it materializes, will be payable in the form of cash consideration during the first half of 2023.

The fifth CrewShare program

The Board of Directors of Gofore Plc has resolved 24th January 2022 on the new plan period 2022–2023 of CrewShare share savings plan established in 2018. The details of the new plan period will mainly be conformed to follow the previous plan period's particulars.

The new plan period will commence on 1 March 2022 and end on 28 February 2023. The Plan is offered to all, approximately 990, Gofore employees. Invited 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. Participation in the Plan is voluntary, and an employee will participate in the Plan for one plan period at a time.

After a holding period Gofore will grant the employees participating in the Plan one free matching share against every three shares acquired with savings as a gross reward. The prerequisites for receiving matching shares are that a participant holds the acquired shares for the entire holding period, and that their employment at Gofore has not terminated before the end of the holding period. The holding period will end on 28 February 2025.

As a new element to the previous plan periods, the participant can earn 1–1.5 performance based matching shares against every three shares acquired with savings as a gross reward if the target set by the Board for group's annual adjusted EBITA percentage will be reached for the financial year 2022. Thus, the maximum number of matching shares received by the participant can be 2.5 shares against every three shares acquired.

The total amount of all savings of the plan period 1 March 2022–28 February 2023 may not exceed EUR 1,600,000, which corresponds to 72,562 shares calculated at a share price of EUR 22.05 per share including a 10% discount on share price closed on 21 January 2022.

Any dividends to be paid on shares acquired with savings and on matching shares given in the Plan will be reinvested into acquisition of additional shares on the next potential acquisition date. These shares will have an equal right to matching shares.

Matching shares will be paid partly in the company's shares and partly in cash as soon as possible after the end of the holding period. The cash proportion is intended to cover taxes and tax-related costs arising from the matching shares to a participant. The matching shares are freely transferable after their transfer on the participant's book-entry account

The intention is that the company will resolve on share issues to subscribe for the shares to be acquired with the accumulated savings at a 10% discount. The intention is that the company will resolve on the share issues before the acquisition of shares.

The Board of Directors will resolve on the following plan period and its details separately.

More information about the CrewShare program is provided in Parent company's notes Share-based payments.

Gofore Plc resolved on a new share-based incentive plan for the key personnel

The Board of Directors of Gofore Plc has resolved 24th January 2022 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 (3) year performance period, covering the financial years of 2022–2024. The Board may decide annually on new performance periods.

In the plan, the target group is given an opportunity to earn Gofore Plc shares based on performance. The potential rewards based on the plan will be paid after the end of each performance period. The reward will be paid partly in Gofore Plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and tax-related costs arising from the rewards to the participants. In general, no reward is paid if the participant's employment or director contract terminates before the reward payment.

During the performance period, the reward is based on the group's average adjusted EBITA percentage and average revenue growth measured cumulatively for the financial years 2022–2024. The value of the targeted maximum rewards to be paid will correspond to an approximate maximum total of 20,200 Gofore Plc shares also including the cash proportion. Depending on the development of the adjusted EBITA percentage, the definite maximum value of the rewards to be paid will correspond an approximate amount of 33,300 Gofore Plc shares also including the cash proportion.

During the performance period, approximately 26 persons, including the CEO and other Gofore Management Team members, belong to the target group of the performance period.

Establishing Sleek Oy

Gofore Plc has established 13. January 2022 a new subsidiary Sleek Oy. The company has been established together with personnel shareholders. Gofore's share of ownership is 70 %.

Signatures to the Board of Directors' Report and the Financial Statements

Tampere, February 28, 2022

Timur Kärki
Chairman of the Board

Piia-Noora Kauppi
Member of the Board

Sami Somero
Member of the Board

Juha Eteläniemi
Member of the Board

Mammu Kaario
Member of the Board

Mikael Nylund
CEO

Auditor's note

A report on the audit performed has been issued today.

Tampere, February 28, 2022

KPMG Oy Ab
Authorized Public Accountant Firm

Lotta Nurminen
Authorized Public Accountant

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of Gofore Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gofore Plc (business identity code 1710128-9) for the year ended 31 December, 2021. The financial statements comprise the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, cash flow statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.2 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The Key Audit Matter

How the Matter was addressed in the Audit

Valuation of goodwill and intangible assets recognised in connection with business combinations (Notes to the consolidated financial statements 3.1, 3.2 and 3.3)

- The Group has in recent years expanded its activities through business combinations. As a result, the consolidated statement of financial position includes a significant amount of goodwill and other intangible assets.
- We have assessed the key assumptions used in the goodwill impairment calculations, such as forecasted revenue growth rate, profitability and discount rate in relation to the forecasts prepared by the management, external market and industry data as well as our own views.
- Goodwill is not amortized but is tested at least annually for impairment. Determining the cash flow forecasts underlying the impairment tests requires management judgement especially over revenue growth rate, profitability, discount rate and long-term growth rate.
- Regarding business combinations we considered the agreements and evaluated the valuation principles of the intangible assets of the acquiree, and the underlying assumptions used.

- In business combinations, the assets and liabilities of the acquiree are measured at fair value at the date of the acquisition which requires management to make estimates.
- We involved KPMG valuation specialists who have assessed the appropriateness of the calculations and tested their technical accuracy.
- Due to the significant carrying amounts involved and management judgement related to the forecasts used, valuation of goodwill and intangible assets recognised in connection with business combinations is considered a key audit matter.
- In addition, we considered the appropriateness of the Group's disclosures in respect of goodwill and other intangible assets and impairment testing.

Revenue recognition (Notes to the consolidated financial statements 2.1)

- The consolidated revenue 104.5 million euros comprise different revenue flows based on different contract types, such as time and material based projects, fixed price projects, maintenance services and third party commissions.
- Our audit procedures included evaluation of the revenue recognition principles applied by the Group and assessment of their appropriateness by reference to IFRS standards.
- Due to the financial significance of revenue in the financial statements as well as a risk that revenue is recognized in an incorrect period, revenue recognition is considered a key audit matter.
- We evaluated the Group's internal control activities and controls over revenue recognition and tested their effectiveness. In addition, we performed substantive testing based partly on data analytics in order to assess the appropriateness of revenue and the accounting treatment of recording revenue in the correct period.
- We considered the appropriateness of the disclosures in respect of revenue recognition principles and revenue.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are

also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors for the financial year ended 31 December 2006. Gofore Plc became a public interest entity on 23 March 2021. We have been the company's auditors since it became a public interest entity.

Other Information

We were first appointed as auditors for the financial year ended 31 December 2006. Gofore Plc became a public interest entity on 23 March 2021. We have been the company's auditors since it became a public interest entity.

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

In connection with our audit of the financial statements, our responsibility is to read the above mentioned other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Tampere 28 February 2022

KPMG OY AB

Lotta Nurminen
Authorised Public Accountant, KHT

Shares and Shareholders

Investor Relations

Gofore's investor relations are managed by the CEO, CFO and IR Lead.

Mikael Nylund CEO

tel. +358 40 540 2280
mikael.nylund@gofore.com

Teppo Talvinko CFO

tel. +358 40 715 3660
teppo.talvinko@gofore.com

Anne Sivula IR Lead

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anne.sivula@gofore.com

Meeting and call requests

InvestorRelations@gofore.com

Aims and principles of investor communications

The main task of Gofore's investor communications is to provide reliable and timely information to support the correct valuation of the company's share.

The company's key principle in managing investor relations is to act in all situations in a transparent, credible, proactive, and consistent manner and to ensure consistency in communications and compliance with high ethical guidelines and with regulations and guidelines for listed companies.

The goal is to respond to investor and analyst queries promptly and to meet with them regularly.

For more information, please see our disclosure policy:
<https://gofore.com/en/invest/governance/disclosure-policy/>

Largest shareholders on 31 December 2021

	Shareholders	Shares	Nominee registered	% of shares
1	Skandinaviska Enskilda Banken AB (publ) Helsinki Branch	2,073,116	x	13.7
2	Kärki Timur Juhana	1,575,000		10.4
3	Varjus Mika Kalevi	1,470,000		9.7
4	Venola Mika Petteri	1,470,000		9.7
5	Lammi Jani Markus	1,260,000		8.3
6	Ilmarinen Mutual Pension Insurance Company	776,614		5.1
7	Evli Finnish Small Cap Fund	636,897		4.2
8	Varma Mutual Pension Insurance Company	517,952		3.4
9	Karjalainen Mika Juhani	511,299		3.4
10	Danske Bank A/S Helsinki Branch	338,724	x	2.2
11	Nylund Tor Mikael	245,438		1.6
12	Virtanen Juha Jaakko	243,841		1.6
13	Citibank Europe Plc	205,007	x	1.3
14	Danske Invest Finnish Equity Fund	196,201		1.3
15	EMK Invest Oy	170,400		1.1
16	Erikoissijoitusrahasto Aktia Mikro Markka	160,000		1.0
17	Nurmiranta Holdings Oy	145,523		0.9
18	Fondita Nordic Micro Cap Sijoitusrahasto	145,000		0.9
19	Kallio Sami Juhani	141,896		0.9
20	Huotarinen Juhana Henriikki	127,690		0.8
	20 largest shareholders total	10,167,210		67.4
	Nominee registered shares total	2,677,331		17.8
	Other shares	2,325,265		14.7
	Total	15,072,085		100.00

Recent and historical shareholder information as well as information on the company share can be found on the company [website](#).

**Tampere HQ**

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