

GOFORE PLC
Q3 / 2024

Interim Report

January – September 2024

Q3 adjusted EBITA 11.2%, recruiting
brought capacity to the year's highest level

24 October 2024
Unaudited



July-September 2024 Highlights

Q3 adjusted EBITA 11.2%, recruiting brought capacity to the year's highest level

- Net sales declined by -4.2%, were 39.1 (40.8) million euros. Organic growth -4.2%.
- Both own and subcontracted personnel capacity increased and was at the year's highest level.
- Profitability dropped slightly compared to comparison period. Adjusted EBITA 4.4 (4.7) million euros, 11.2% (11.6%).
- Reversal of eMundo's remaining contingent consideration improved other operating income by 0.7 million euros. This materially explains EBIT and EBITA increases. It does not affect adjusted EBITA.
- Price and salary development in balance; customer prices decline slowed down and was -0.5%, average salary -1.0%.
- Number of employees grew to a total of 1,474 (1,460) people, overall capacity standing at 1,552 (1,560).

Group Key Figures Summary, MEUR	Q3/2024	Q3/2023	2023
Net sales	39.1	40.8	189.2
Organic Growth of Net Sales, %	-4.2%	19.8%	22.0%
Adjusted EBITA	4.4	4.7	26.7
Adjusted EBITA, %	11.2%	11.6%	14.1%
EBITA	4.9	4.5	27.1
Operating Profit (EBIT)	4.1	3.4	23.0
Earnings per share (EPS), undiluted	0.21	0.16	1.15
Earnings per share (EPS), diluted	0.21	0.16	1.15
Number of employees at the end of period	1,474	1,460	1,465
Overall capacity; own and subcontracted personnel (FTE), at the end of period	1,552	1,560	1,529

All figures are compared to the corresponding period of the previous year.
All key figure calculation methods are explained in section "Calculation formulas for key figures"

January-September 2024 Highlights

Gofore's net sales at previous year's level, adjusted EBITA 12.6%

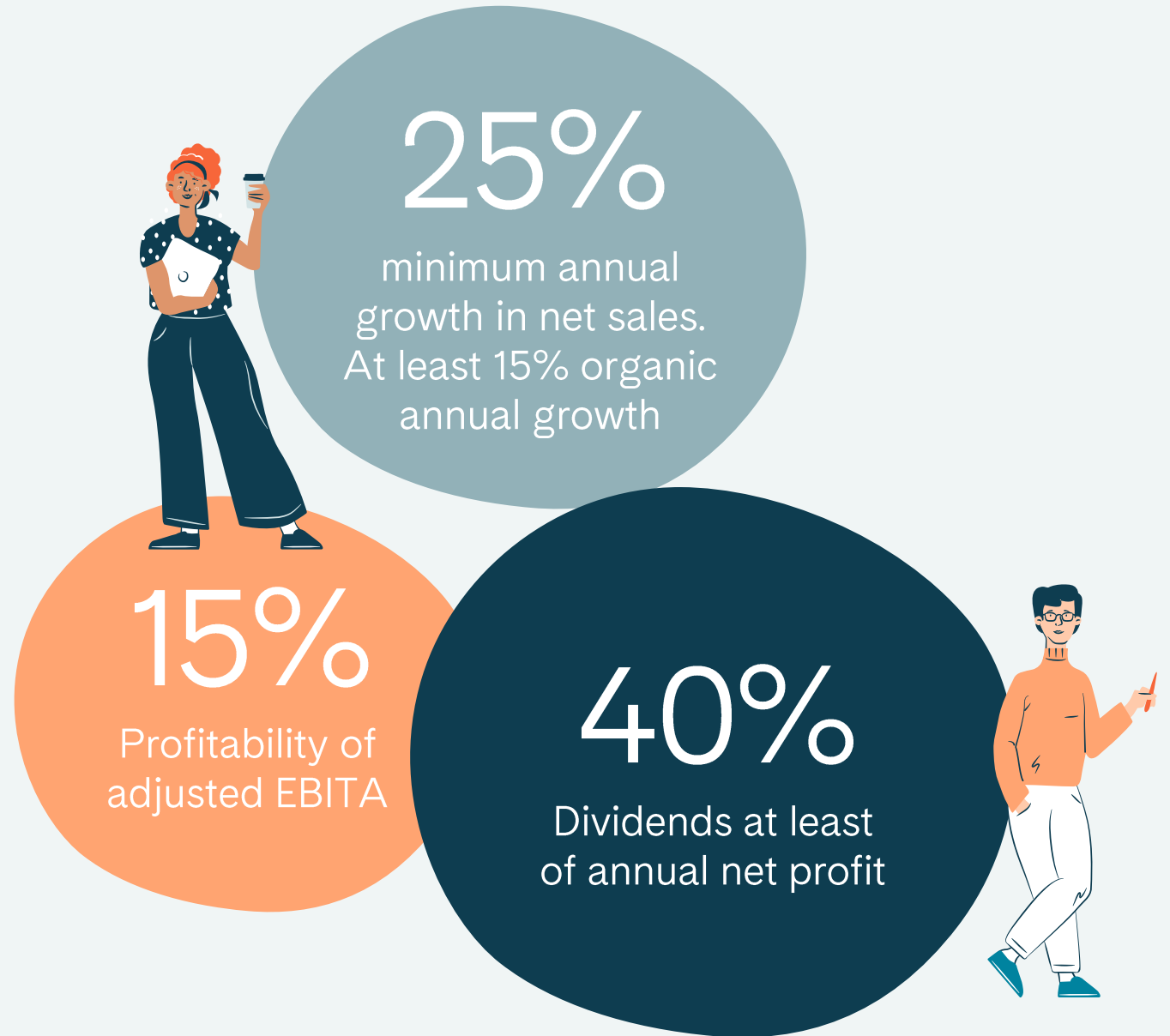
- Net sales at previous year's level, -0.9% and were 136.3 (137.5) million euros.
- Adjusted EBITA 17.2 (18.4) million euros, 12.6% (13.4%) of net sales.
- Customer prices dropped, -0.2%, average salary development standing at +0.6%.

Group Key Figures Summary, MEUR	Q1-Q3/2024	Q1-Q3/2023	2023
Net sales	136.3	137.5	189.2
Organic Growth of Net Sales, %	-3.0%	27.5%	22.0%
Adjusted EBITA	17.2	18.4	26.7
Adjusted EBITA, %	12.6%	13.4%	14.1%
EBITA	17.8	18.0	27.1
Operating Profit (EBIT)	15.0	15.0	23.0
Earnings per share (EPS), undiluted	0.74	0.72	1.15
Earnings per share (EPS), diluted	0.74	0.72	1.15
Number of employees at the end of period	1,474	1,460	1,465
Overall capacity; own and subcontracted personnel (FTE), at the end of period	1,552	1,560	1,529

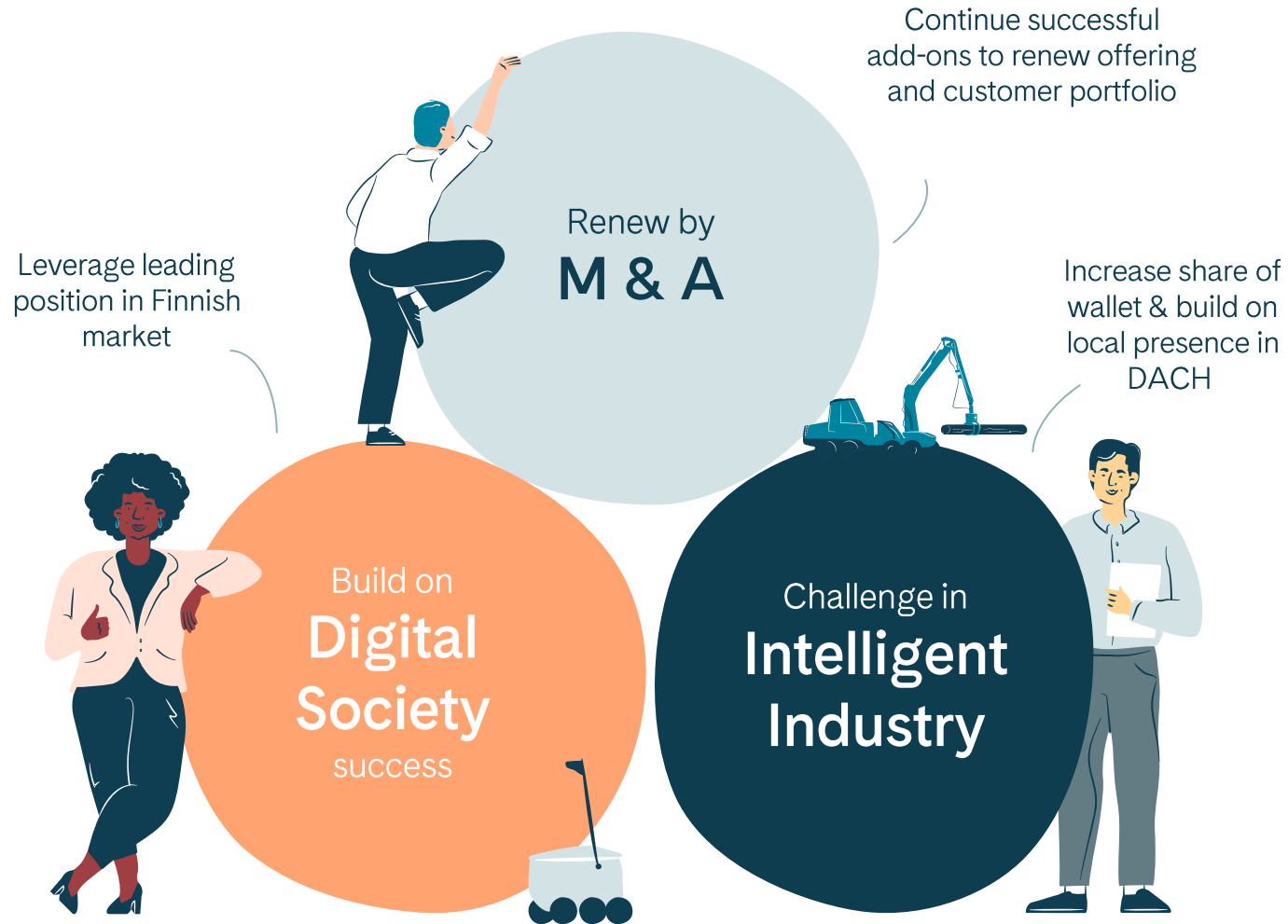
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All key figure calculation methods are explained in section "Calculation formulas for key figures"

Long-term financial targets

In February 2024, Gofore's Board of Directors has decided to reiterate the company's financial targets that span over the economic cycle.



Three avenues to growth



Strategy Update 2024

Gofore has for long carried out its strategy planning in a two-year cycle.

According to the same cycle, the strategy update will also this year take place at the end of this year.

The strategy update will be discussed in the **2025 Capital Markets Day** in early 2025 so stay tuned for the date!



Thoughts from our CEO

Gofore's net sales for the third quarter was 39 million, some 4% lower than a year ago. For the full year, we are on the 2023 track, which we believe reflects the weaker 18-month economic cycle in our industry. However, our profitability remained nearly at the level of the comparison period, with adjusted EBITA at 11.2%. Regarding the utilisation rate, the period following the summer holidays was not a perfect performance, and especially among industrial and the DACH region clientele, there was caution, leaving room for improvement.

During the same 18 months, our recruitment has primarily been done directly for customer needs. Our digital platform allows for the timely identification and management of these needs. In September, we significantly increased our number of employees in this year's comparison, adding 22 people. The amount of subcontracting also grew considerably at the same time. These are important, albeit still preliminary and weak, signals of the awakening of customer demand.

The decline in our customer prices, which began in the second quarter driven by industry overcapacity and price competition, has slightly turned. The average salary developed similarly, indicating both strategic success in recruitment and a less competitive situation in the talent market.

Highlights of the reporting period included our win in the competition for Kela's One Application Model.

This development work is part of Kela's strategic Epos development program. The win was particularly significant for us due to its societal impact and the challenges it poses. We specifically want to develop Gofore into a sought-after partner for large and challenging development projects.

Other wins, as well as new contracts and clients, were also achieved in the fall; read more in this report. These create a solid foundation for successful business in the coming year, as does the fact that our contract portfolio will not change significantly over the next 12 months. For next year, we have identified two contracts to be retendered, in which we will naturally participate with great enthusiasm.

Artificial intelligence is the most significant single technology trend driving the development of future customer demand. Gofore's experts are assisting our clients in leveraging artificial intelligence, and our message is that we need more pioneers who invest and innovate boldly. We wanted to better understand the situation and expectations of our industrial clients regarding AI development, so we explored this together.

The results support everyday observations: companies consider artificial intelligence a significant competitive factor, but perhaps only in the long term, over a 10-year period. Right now, however, the focus is on familiarizing ourselves with the possibilities of AI and improving our understanding and expertise. We encourage our clients to pursue more concrete projects that create competitive advantages rather than current experiments, mainly concerning so-called support functions.

Mikael Nylund



We measured the employee experience of Gofore employees again in the fall. Our fresh results show that there is belief in the future, and the eNPS, i.e. employee promoter rate, increased from the previous measurement in the spring. Our attractiveness as an employer remains very good. In a recent study conducted among IT professionals by Universum, our ranking is the best among competitors in IT consulting in Finland.

Our investment in developing workplace wellbeing will naturally continue. We have chosen mental wellbeing as a key theme for the near future. Psychological strain has increased among working-age individuals for a long time, and it is even discussed as a public health issue in Finland. As pioneers of future working life, we want to encourage broader discussions so that we can collectively address this concerning development. There is more on the subject in this report.

We are also aiming for the future with our ongoing strategic work for the end of the year. To support the implementation of our strategy, we have also initiated a redesign of our organisation. Despite the weak economic cycle and savings targeted at digitalisation investments, the fundamentals of the market have not changed. We want to ensure in every way that Gofore is ready to seize future opportunities. A more customer-oriented operating model and organisation are key factors in this.

Quarterly Performance; Net sales and adjusted EBITA

EUR thousand, unless otherwise specified	Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Net sales	39,123	47,977	49,237	51,710	40,821	47,561	49,150
Change in Net sales, %	-4%	1%	0%	13%	29%	28%	39%
Adjusted EBITA	4,366	6,094	6,782	8,276	4,730	5,397	8,302
Adjusted EBITA, %	11.2%	12.7%	13.8%	16.0%	11.6%	11.3%	16.9%
Change in Adjusted EBITA, %	-8%	13%	-18%	10%	26%	-4%	62%
Organic growth of Net sales, %	-4%	-3%	-2%	9%	20%	22%	32%

Monthly Performance; Net sales and personnel

Month 2024	Net sales, MEUR (Net sales 2023)	Pro forma LTM Net sales	Number of employees at end of period	No. of working days in Finland	Overall capacity (own personnel), FTE	Subcontracting, FTE
January	16,9 (15,8)	193.3	1 463 (1 318)	22 (21)	1 372 (1 225)	147 (186)
February	16,3 (15,3)	193.7	1 461 (1 342)	21 (20)	1 372 (1 256)	149 (184)
March	16,0 (18,1)	191.3	1 456 (1 354)	20 (23)	1 371 (1 271)	160 (189)
April	17,0 (14,5)	193.1	1 456 (1 385)	21 (18)	1 372 (1 293)	155 (187)
May	16,8 (17,2)	192.3	1 455 (1 400)	21 (21)	1 369 (1 311)	159 (192)
June	14,2 (15,9)	189.7	1 453 (1 396)	19 (21)	1 368 (1 319)	143 (170)
June	5,9 (5,9)	189.8	1 446 (1 423)	23 (21)	1 366 (1 341)	65 (83)
August	15,8 (16,9)	188.6	1 452 (1 448)	22 (23)	1 366 (1 353)	144 (166)
September	17,4 (18,0)	188.0	1 474 (1 460)	21 (21)	1 380 (1 374)	172 (186)

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

Key Figures

EUR thousand, unless otherwise specified	Q3/2024	Q3/2023	Q1-Q3/2024	Q1-Q3/2023	2023
Net sales	39,123	40,821	136,337	137,532	189,241
Change in Net sales, %	-4.2%	28.7%	-0.9%	31.9%	26.2%
EBITDA	5,972	5,322	20,831	20,292	30,428
EBITDA, %	15.3%	13.0%	15.3%	14.8%	16.1%
Adjusted EBITA	4,366	4,730	17,242	18,428	26,704
Adjusted EBITA, %	11.2%	11.6%	12.6%	13.4%	14.1%
EBITA	4,944	4,500	17,822	18,009	27,090
EBITA, %	12.6%	11.0%	13.1%	13.1%	14.3%
Operating Profit (EBIT)	4,067	3,422	15,046	15,016	23,019
Operating Profit (EBIT), %	10.4%	8.4%	11.0%	10.9%	12.2%
Profit for the period	3,394	2,542	11,888	11,414	18,263
Return on equity (ROE), %	13.8%	11.7%	16.3%	18.0%	21.1%
Return on investment (ROI), %	14.4%	13.5%	17.5%	19.6%	21.3%
Equity ratio, %	60.5%	59.5%	60.5%	59.5%	56.0%
Net gearing, %	-24.5%	-14.4%	-24.5%	-14.4%	-13.1%
Number of employees at the end of period	1,474	1,460	1,474	1,460	1,465
Average overall capacity, FTE	1,371	1,356	1,371	1,305	1,322
Average subcontracting, FTE	127	145	144	172	172
Earnings per share (EPS), undiluted	0.21	0.16	0.74	0.72	1.15
Earnings per share (EPS), diluted	0.21	0.16	0.74	0.72	1.15
Cash flow from operative activities per share					1.23
Equity per share					5.98
Dividend per share					0.47
DPS/EPS, %					40.9%
Effective dividend yield (DPS/Price), %					2.1%
Price-Earnings ratio, P/E					19.5

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

Gofore succeeded in defending its profitability level

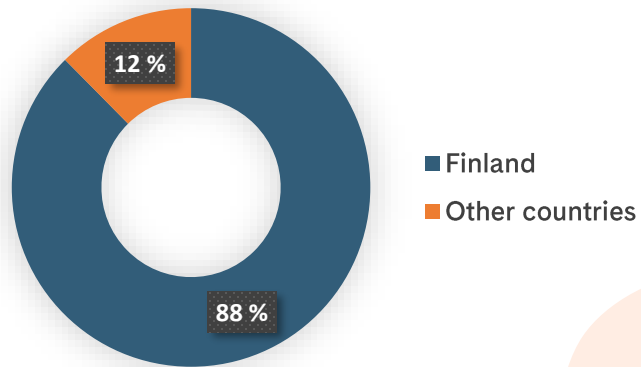
- Despite the challenging market situation, Gofore was able to defend the profitability level, adj. EBITA 11.2% (11.6%).
- The continued decrease of other operating expenses in relation to net sales, together with moderate salary increases, supported profitability.
- Low utilisation rate in the DACH area strained third quarter profitability. Total utilization rate of the Group was weaker than in the comparison period.
- The volume of customer needs enabled recruiting in September, and both own personnel and subcontracting capacity increased to the highest level of the year.
- Decline of the customer prices slowed down, prices -0.5%.
- Salary level adjusted slightly downward; average salary change -1.0% (+3.4%).
- Gofore decided to close the branch office in Bolzano, Italy. The restructuring costs do not impact the adj. EBITA.

Customer price and salary changes excluding the Creanex acquisition made in 2023.

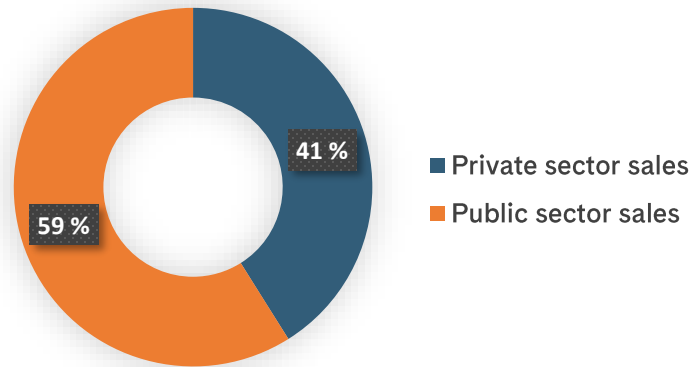


Net sales distribution in January-September

TOP 5 customers contributed 27% of net sales

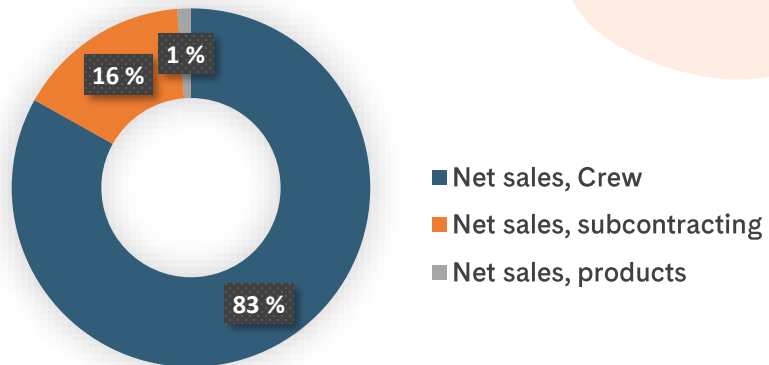


- Finland
- Other countries

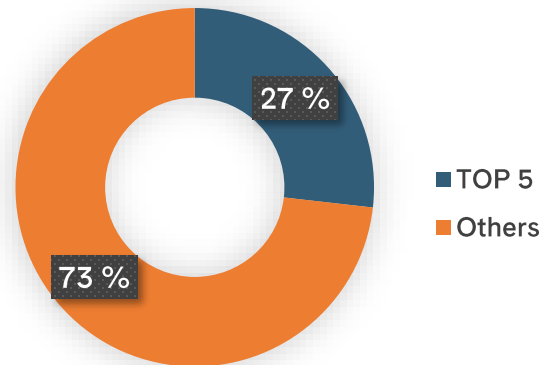


- Private sector sales
- Public sector sales

136.3 MEUR



- Net sales, Crew
- Net sales, subcontracting
- Net sales, products



- TOP 5
- Others



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Market Highlights

Single application model development with Kela

In August, Kela selected Gofore as its partner for the so-called One Application Model project, which is part of a comprehensive reform of Finland's social security as outlined by the government.

- The development of a single application model is part of Kela's strategic development program Eepos and the broader social security reform outlined by PM Orpo's government.
- The goal of the reform is to create a single universal support that includes a basic component for living, a housing component for accommodation, and a discretionary component as a last resort social security.
- The transition to a single universal support will be gradual, starting with the creation of a single application model by the government's interim framework meeting.
- Kela estimates the value of the procurement to be 10-15 million euros over the entire contract period, and Gofor's comparative price according to the request for proposals has been 5.5 million euros.
- The duration of the project is approximately three years. Magnolia will serve as Gofor's resource subcontractor and technology platform provider in the project.



Customer agreements in July-September

Customer	Project	Service	New customer	~Value, MEUR	Years
City of Helsinki	Frame agreement	Extensive development, e.g. architecture, project management, data science and analysis, Low-code/no-code app development, quality assurance & test automation	No	55 ¹⁾	4
KELA	The one application model	Solution delivery & support and maintenance services	No	10-15	3
WasteHero	ERP SaaS integration	Project management, definition, configuration, localisation, integration and data migration	Yes	1.7-2.2 ²⁾	1.7
Finnish Border Guard	Frame agreement	ERP project support	Yes	³⁾	³⁾
Elenia	Extranet project	Software and continued development and maintenance	No	N/A	0.9 + 2
Metsähallitus Forestry Ltd	Frame agreement	Extensive development support, e.g. Lean and Agile experts	No	4.4 ⁴⁾	2

¹⁾ Gofore involved in 7/10 of the frame agreement areas, priority supplier on one. Other areas involve 3-4 suppliers.

²⁾ The procurement group under WasteHero include three area waste management companies, Rosk'n Roll and Jätekukko.

³⁾ The agreement has not been made, which is why the value or duration cannot be disclosed yet. Gofore is the sole supplier in the areas which it was chosen for.

⁴⁾ The five areas of the frame agreement include 2-3 other suppliers.

Frame agreement reporting

As Gofore is chosen as a supplier in a public tender, it is too early to say when and how much invoicing there will be. When a new agreement is announced, the tender has recently been completed and Gofore has received information on its placement among other suppliers. In a frame agreement's case, the actual orders within the frame will be made later, and the agreement length is usually 3-7 years including the potential option for additional years.

Customer agreements in January-June

Customer	Project	~Value MEUR	Years	Customer	Project	~Value MEUR	Years
State Treasury	Azure integration service development	2	4+2-4	Finnish Transport Infrastructure Agency	Image data service platform	4.4	4
YLE National Broadcast Company	Frame agreement	35	4	Finnish Transport Infrastructure Agency	Identity access management solutions	4.5	3+3
Istekki	Customer resource management system development	0.5	3	Päijät-Häme wellbeing services county	ICT development frame agreement	10	4
2M-IT	Sharepoint development	0.9	4	2M-IT	Wellbeing services counties' ICT development, subcontracting	2.9	4
National Police Board of Finland	Firearms registry system development	10	5	Statistic Finland	Application developers, database and science experts	3.5	3+2
Sansia	Cyber security, frame agreement	1.6		KELA	Expert team	1.3	2+2
North Ostrobothnia wellbeing services county, Pohde	Frame agreement, development of wellbeing county and rescue services' operation processes	4.5	3+1	Finnish Patent and Registration Office	IT expert services	0.7	1
				Ministry of Education and Culture	Continuous learning digital services	1.3	2+1

Retendered customer agreements, next 12 months

Customer	Reason/way of retendering	~Value, MEUR p.a.
Municipality customer	Actual agreement period ends 11/2024, after which agreement continues with six months' notice. There is no known timing for the retendering of the agreement.	3
Government agency	Value of current agreement reaching maximum and ends in the beginning of H1/2025, new tendering about to begin.	3,4

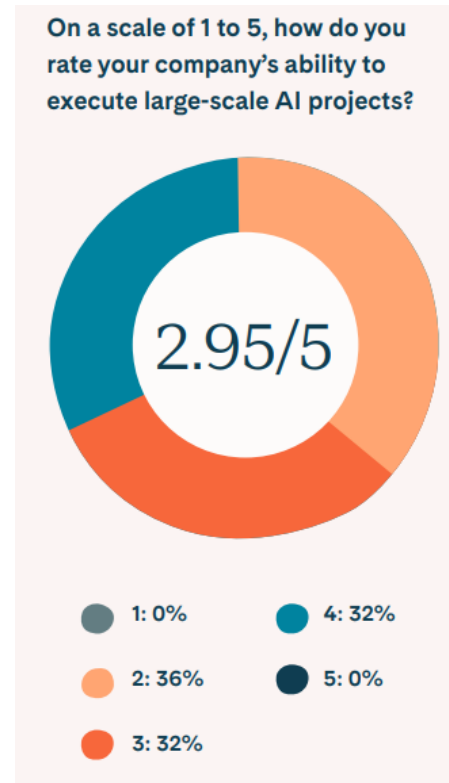
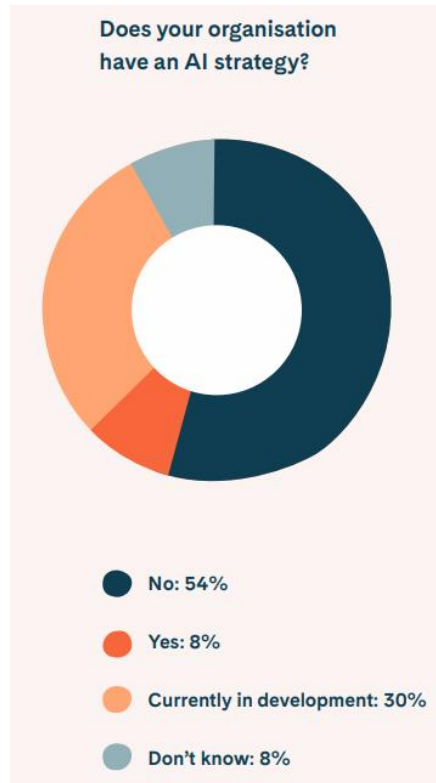
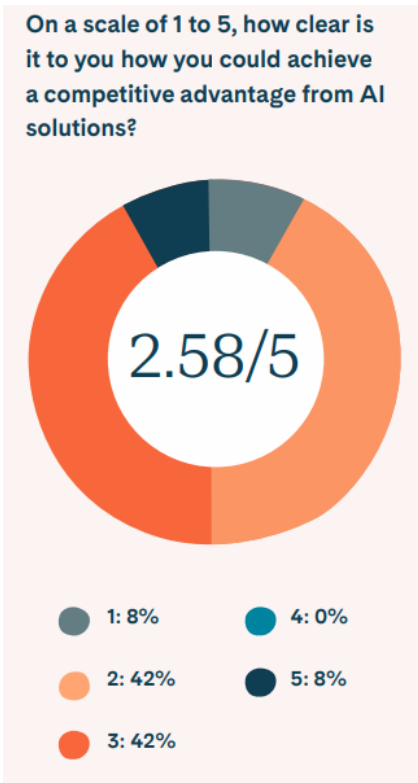
Significant customer agreement outlook

Gofore evaluates and communicates the outlook of significant agreements half-yearly for the next twelve months, based on its best knowledge at the time.



AI impacts industrial competition with a delay?

Gofore studied the manufacturing industry's attitude towards the use of AI in the fall of 2024. According to 13 business leaders, AI will impact competition in the sector and lead to a redistribution of the market - but only in 10 years. Gofore finds this discovery surprising and even concerning for building competitiveness.



Read more on the [research report!](#)

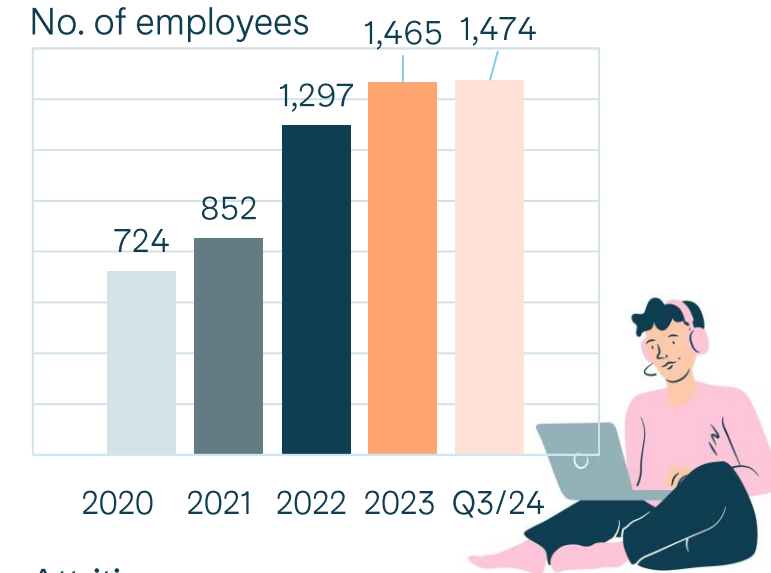


People Development

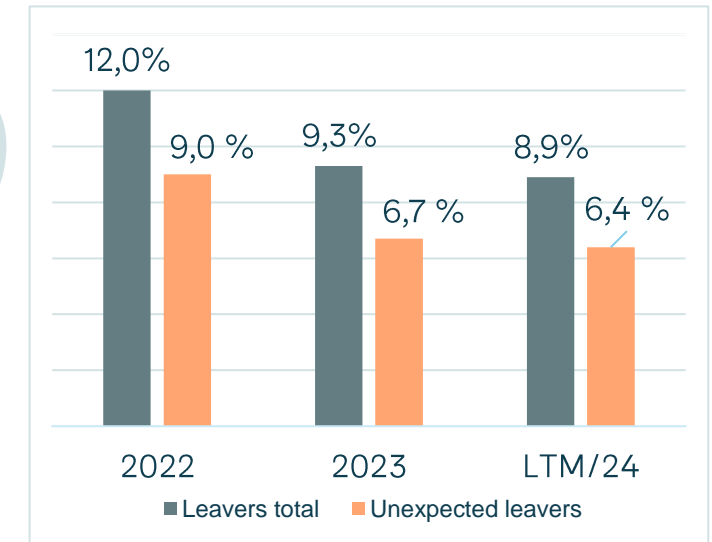
Employee experience on the rise, traction growing

The employee experience at Gofore has improved, and staff attrition has decreased even further. Recruitment has slightly picked up as expected.

- The number of employees at Gofore increased to a total of 1,474 (1,460) compared to the end of September 2023.
- New starters from January-September totaled 109 (247), with 52 (78) in July -September.
- Recruitment is strong in management consulting services, quality assurance, and cyber security roles, although overall level remains moderate.
- Employee turnover is below the target level (10%); currently at 8.9% (9.8%).
- The proportion of unexpected departures is 6.4% (7.6%).
- Salary development continued to support profitability; the average salary change from January to September was +0.6% (+3.1%).
- Employee experience has improved; eNPS in the fall survey was as much as ten points better than in the spring, 44 (34).



Attrition



TARGET
10 %

Comparison period Q1-Q3 / 2023.
 Staff count at the end of the period.
 Attrition LTM figure is the rolling value for the last 12 months at the end of the period.

Organizational renewal the next step in strategy implementation

- Gofore will begin, together with its staff, to plan the redesign of its organization to support the implementation of its strategy.
- The redesign, carried out through change negotiations, is aimed at preparing for growth and does not seek staff reductions.
- The main objective of the work is to identify ways to create unique value for customers in the future and to support Gofore's growth.
- Gofore updates its strategy every two years. The next strategy update will be communicated at the turn of the year.
- Gofore will hold a strategy-themed capital markets day in January 2025.



Gofore the most attractive employer in IT services



2024

UNIVERSUM

The Universum survey among Finnish IT professionals, Gofore is the most attractive employer in the IT services space, and 7th most attractive among all IT companies operating in Finland.



2024

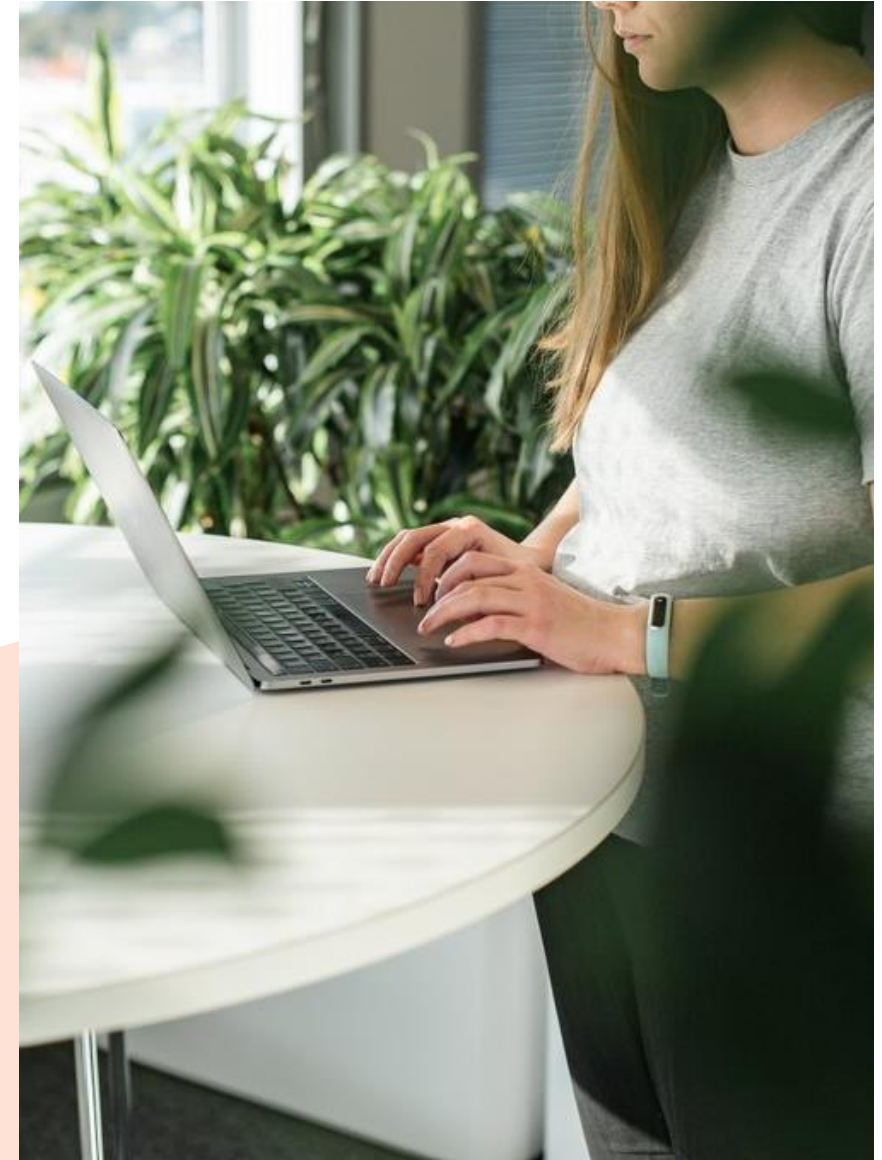
WORKPLACE AWARD

Gofore's long-standing work with work space development was awarded when Gofore won the physical work space category prize in the Rakli Workplace Awards competition.

Focus on mental health

The future of work is a strategic focus area for Gofore, with mental well-being being one of its key phenomena.

- Gofore is now boldly addressing a sensitive topic in the workplace; mental health in working life.
- Mental health-related sick leaves among Finns have been on the rise every year since 2016.
- Mental challenges have become a public health issue that undermines Finland's competitiveness.
- According to THL, in 2022, significant psychological strain was reported by one-fifth of the working-age population.
- According to Mehiläinen, the main factors affecting Gofore's absences are non-work-related reasons, including ongoing global threats since 2020.
- To stimulate discussion on this complex topic, to learn more, and to support mental well-being, Gofore is now openly publishing its statistics on mental health-related absences.

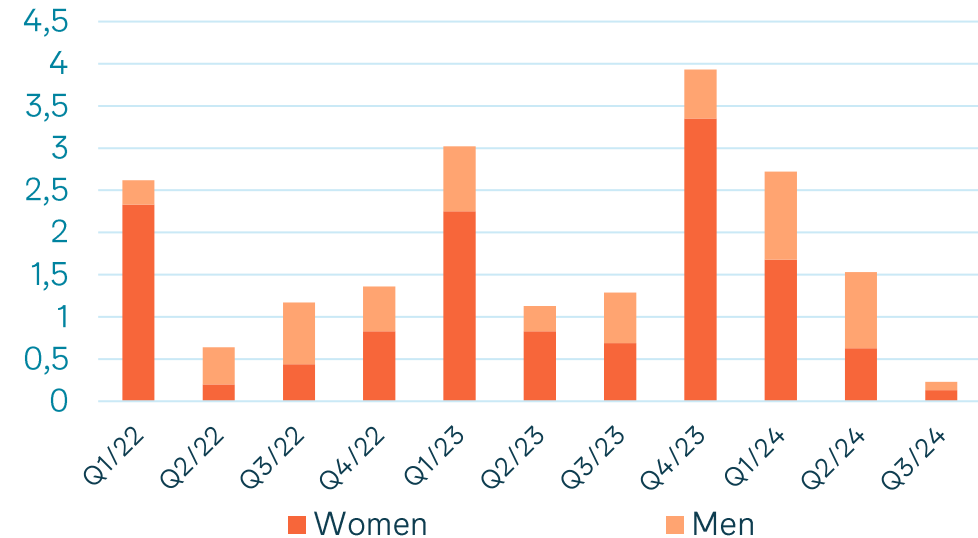


Goforean mental health absences

Mental health-related absence days from all sick leaves / Goforean



Mental health-related absence days by gender among Gofore employees



- Gofore’s mental health-related absences are slightly more common than the average in the IT sector; all sick leaves below averages of all industries in Finland.
- Women have twice as many mental health-related sick leaves as men.
- Gofore is investigating the backgrounds of both phenomena and seeking effective solutions.

Read more:

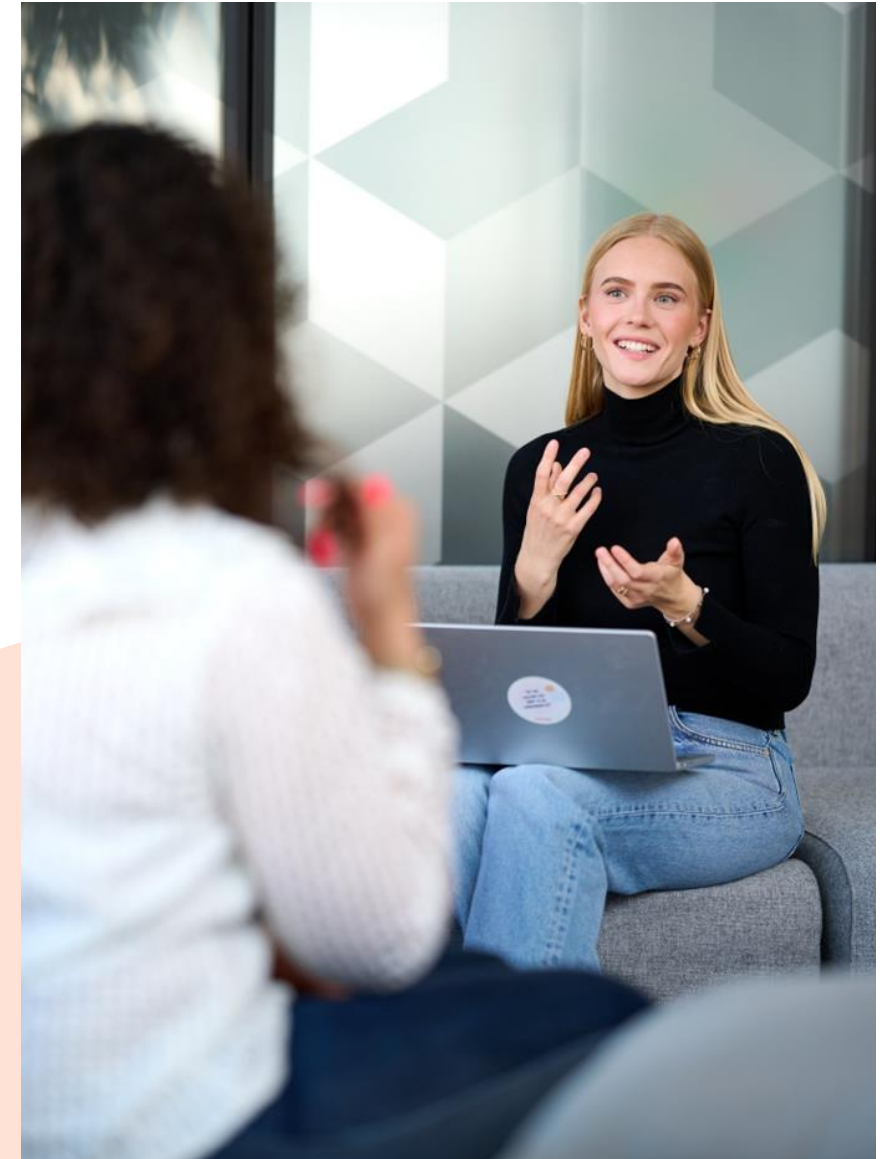
[Gofore’s actions for mental wellbeing](#)

People Director Sanna Hilden’s blog post on 10 Oct, 24

DACH – A more unified team towards growth

We began in 2024 to build a unified Gofore for the DACH region. The reforms create a solid foundation for seeking stronger growth than before.

- In November 2022, eMundo was acquired to enhance the team and offering; currently about 150 experts in the region.
- D.Sc. Marc Fuchs began as the head of the Gofore team in German-speaking Europe and as member of the Group executive management team in Jan 2024.
- In March, the integration project for the organization in the region was launched, will be fully completed in early 2025.
- The goal is to operate under one Gofore brand in the DACH region moving forward.
- Side branch located in Bolzano, Italy, was closed in the summer in order to focus on growth in the rest of DACH.
- Clients in the Digital Society sector include Deutsche Bahn, the Bavarian State Office for Digitalization, and Spar, while clients in the Intelligent Industry sector include BMW, Skidata, Voith, AGCO, and Bosch Rexroth.



Outlook

Market outlook

Digital transformation has a strong outlook in the mid and long term. A turn in customer demand is taking place in the short term but we expect this to happen gradually in a longer period of time.

Prolonged market caution

The overall weak economical situation has continued and put an increasing strain on customer investments in 2024. Customer savings targets have also been visible in digital development investments, where tighter than before project selection has been taking place.

We estimate that the situation will be prolonged, and according to the latest economical growth estimates the Finnish economy will see growth in 2025. An upturn in the Confederation of Finnish Industries' trust indicators in essential industries supports this view. Technology development continues despite the economical situation. AI development especially, but also other digital technology development requires continuous investment from customer organisations. A lower willingness to invest will accumulate investment need. Based on this, we estimate the demand for IT services to develop positively in the mid and long term.

Moderate growth but price competition in the public sector

Finland's new government that began its work in the summer of 2023 has carried out a tighter than before finance politics and public economy adjustments.

This has been visible in the 2024 IT and development budgets, and implications also carry onto 2025 budgets. We have not seen significant further tightening to 2025 budgets over the fall.

Price competition in IT consulting, driven by over capacity, as continued. However, we see this as an exceptional phenomena that reflects on the industry over capacity. As the demand in other customer groups picks up, public sector supply and demand will be more balanced.

We estimate public sector digital investments to continue in the new government's term, based on statements of the government programme. We therefore expect the public sector market to continue moderate growth in 2024 and 2025.

Situations vary in the private sector

Cautious investments caused by the uncertain economy is starting to accumulate needs in the private sector. We estimate a turn in interest rates to increase investments. At the same time, various uncertainties continue to complicate decision making.

In the industrial sector, which is of significance to Gofore. variance in the customers' situations can still be seen. Many customers are carrying out reorganisation and change negotiations.

In the short term, these have a negative impact on Gofore's business. For example, layoffs often also concern consultants or have another kind of effect on development project progress.

Active market in the DACH area

Macro economy in the DACH area matches that of Finland's. In 2024, that has been seen in more than estimated customer savings. Despite the weaker economic cycle, we see a lot of activity in market. We estimate this will be seen as positive development in the region during the next year, although customer-specific uncertainty is high.

Talent market clearly easier – for now

Weaker performance of the IT industry was clearly reflected on the talent market in 2023. Weakened demand for talent and the warier climate have both affected the industry's attrition as a whole. This also means that the biggest salary hike pressures are behind us for the time being.

We estimate that talent availability will remain very good throughout 2024. We believe that the potential picking up of the industry will again be quickly seen as a tightening talent competition. In our view, winning companies in this competition are the ones who have had the ability to take care of their employees also in a more difficult market.



Short-term risks and uncertainty factors in the operating environment

Macro-economic situation

Uncertainty of the economy has prolonged and affects the entire IT industry throughout 2024. According to economy forecasts, the Finnish economy will return to a growth curve in 2025. Potential weakening of the economic situation would have a negative impact on Gofore's customers' ability to invest in digital development, especially in the private sector.

Geopolitical uncertainty remains high.

Public sector customer market

The public sector is more resilient to macro-economic changes than the private sector. Weakening of the public economy and the adjusting finance policy of the new Finnish government may, however, affect the public sector's IT investment. Content of the new government programme, however, mitigates this uncertainty.

A sizeable share of assignments from the public sector are given within larger frame agreements. Frame agreements are quantitative or otherwise time limited, and retendered as they are or in another form. Gofore's significant, existing public sector agreements that are due to be retendered in the next 12 months according to the company's knowledge are listed in this report.

Private sector customer market

Companies are more vulnerable to political situation or country-specific macro-economical risks. Finnish export companies' results have continued on a satisfactory level in 2024, but order intakes are largely behind expectations. Should this outlook become weaker, there is a growing risk of decreasing investments.

However, in the mid and long term, digitalisation is seen as a competitive edge and high on company agendas, and Gofore's offering creates high added value to customers.

DACH market

Gofore's business in the DACH area is still in its early stages. Integration from separate parts into one entity is still ongoing. There are risks involved in the solidifying and integrating the business, and if materialised would hinder the targeted development of the business. Such risks are related to e.g. customer acquisition, staff and key people.

Talent market

Demand for skilled workforce has slowed down in the IT industry due to the market situation. Several industry companies have laid off staff or slowed down headcount growth. This has resulted to less competition of talent than before. We think it's very likely that this is a temporary situation and the competition on talent will return. To prepare for this, avoid overly high attrition and to ensure adequate recruitment, we continuously develop Gofore's already strong employer brand, flexible working and the wellbeing of our staff.

M&A market

Gofore intends to continue disciplined acquisitions by acquiring companies that fit its strategy. The M&A market has had less activity of late, and valuation levels have not matched. High interest rates have somewhat decreased the competition on targets. There has been a moderate increase of activity of the M&A market in 2024. There are risks involved in the integration of made acquisitions, mitigated with pre-designed integrating models.

Q4/2024 Performance drivers

Positive signs detected in the market situation are seen as effective in the beginning of the year. Overall capacity is expected to set on a higher than last quarter level.

Growth Drivers

- Recruitment continues to take place for direct customer needs, but the number of employees and the capacity of own personnel is expected to continue its growth.
- Subcontracting expected to set near the comparison period level.
- Intelligent Industry clientele's change negotiations and caution is expected to reflect on Gofore's demand. Impacts of the positive activity in the sales pipeline are likelier to take place in the beginning of next year rather than the upcoming year end.

Profitability Drivers

- Utilisation rate expected to set near comparison period's level, but the customer savings measures detected create uncertainty.
- Price competition is expected to remain tough, narrowing average margins in the short term.
- Managing the OPEX seen as having a limited effect on profitability, due to savings measures already taken.
- DACH area's utilisation rate expected to develop positively from the weak Q2-Q3, but customer savings continue to cause uncertainty.

Other Factors

- Equal amount of working days in the period, no impact on available working time.

Disclosure and guidance

As of February 2022, Gofore has not provided forecasts about the revenue or profit for the financial year. Before, Gofore may have presented an estimate of the company's revenue or performance guidance in the financial statement release or half-year report.

Gofore continuously develops the content of its monthly business reviews and interim reports, in an effort to further improve the company's transparency and more real-time monitoring of financial developments.



Financial information

January - September 2024

Unaudited

Group Structure

Personnel and offices

At the end of the reporting period, the Group employed a total of 1,474 (1,460) employees. The number of personnel increased from the corresponding period in 2023 by 1%. Growth was due to organic growth, as well as a result of the Creanex acquisition.

The number of employees in Finland amounted to 1,310 (1,290), and in the other countries of operation to a total of 164 (170) employees at the end of the reporting period.

Gofore has offices in Finland, Estonia, Germany, Austria, Italy and Spain. In July 2024 Gofore decided to close the branch office in Bolzano, Italy.

Corporate acquisitions

There were no corporate acquisitions during the reporting period.

Name	Principal activities	Country of incorporation	% equity interest
			30.09.2024
Gofore Oyj	Parent company / Production company	Finland	
Gofore Spain SL	Production company	Spain	100%
Gofore Germany GmbH	Production company	Germany	100%
Gofore Estonia OÜ	Production company	Estonia	100%
Gofore Lead Oy ¹⁾	Production company	Finland	100%
Rebase Consulting Oy	Production company	Finland	65%
Gofore Verify Oy	Production company	Finland	100%
Sleek Oy	Production company	Finland	68%
Gofore Drive Oy	Production company	Finland	100%
eMundo GmbH (Germany) ²⁾	Production company	Germany	100%
Gofore GmbH (Austria) ²⁾	Production company	Austria	100%
Creanex Oy ³⁾	Production company	Finland	100%

Notes to the table of Group subsidiaries:

- 1) On 1 November 2023 Gofore acquired 5% minority share of Ccea Oy's share capital. After the transaction Gofore held 100% of the share capital of Ccea. On 1 January 2024 Ccea Oy was merged to Gofore Lead Oy.
- 2) eMundo GmbH (Austria), 100% owned subsidiary by eMundo (Germany), changed its name on 21.9.2024 to Gofore GmbH. eMundo Germany also has a branch office in Italy, which has been decided to close.
- 3) Creanex Oy has been consolidated to the Group 3.7.2023.

Net sales

Net sales decrease of -4% in July-September

July-September 2024

During the reporting quarter, Gofore's net sales decreased by -4 % compared to the corresponding period in 2023, amounting EUR 39.1 (40.8) million.

Organic growth of -4 %. The average hourly price of services sold decreased by -0.5 % from the comparison period.

Net sales generated from public sector sales increased to EUR 23.7 (23.2) million. Net sales generated from the private sector declined by -12 % to EUR 15.5 (17.7) million.

The public sector's share of total net sales was 60 % (57 %) and private sector 40 % (43 %).

Net sales coming from Finland was EUR 34.2 (33.8) million, representing 87 % (83 %) share of the Group's net sales. Other countries' share of the Group net sales was 13 % (17 %); EUR 4.9 (7.0) million.

Subcontracted work represented 17 % (18 %) share of the Group's net sales; EUR 6.5 (7.2) million.

January-September 2024

During the reporting period, Gofore's net sales decreased by -1 % from previous year, amounting to EUR 136.3 (137.5) million.

The average hourly price of services sold also decreased by -0.2 % from the comparison period.

Net sales generated from public sector sales increased to EUR 80.3 (78.6) million. Net sales from the private sector were EUR 56.0 (59.0) million. The public sector share of the net sales were 59 % (57 %) and private sector 41 % (43 %).

Net sales coming from Finland was EUR 119.4 (114.8) million, representing 88 % (83 %) share of the Group's net sales. Other countries contributed EUR 16.9 (22.8) million; 12 % (17 %). Subcontracted work represented 16 % (18 %) share of Group net sales; EUR 21.3 (24.9) million.

Profitability

January-September's adjusted EBITA was 12.6%.

July-September 2024

During the reporting quarter, Gofore's adjusted EBITA decreased by -7.7% compared to the corresponding period previous year and amounted to EUR 4.4 (4.7) million and accounted to 11.2% (11.6%) of net sales. There was one working day more in the reporting quarter than in the comparing period. The calculation method of the adjusted EBITA is presented separately in the section "Calculation formulas for key figures". The break down of adjusted EBITA is shown in the section Alternative performance measures.

EBITA amounted to EUR 4.9 (4.5) million; 12.6% (11.0%) of the net sales. Partial reversal of eMundo contingent consideration increased other operating income by 0.7 million improving EBITA. Item does not affect adjusted EBITA. In contrast, restructuring costs deteriorated the EBITA result.

The proportion of personnel expenses of net sales increased to the level of the comparison period, accounting for 62.3% (61.5%). Personnel expenses for the period amounted to EUR 24.4 (25.1) million. The increase is attributable to growth in the number of personnel.

Other operating expenses amounted to a total of EUR 3.9 (4.3) million and accounted for 10.0% (10.6%) of net sales. The largest expense items included other personnel expenses, ICT expenses and external services.

Depreciations excluding amortizations of intangible assets related to acquisitions were EUR 1.0 (0.8) million, accounting for 2.6% (2.0%) of net sales. Depreciations and amortizations were 1.9 (1.9) million euros; 4.9% (4.7%) of net sales.

Operating profit (EBIT) was EUR 4.1 (3.4) million and accounted for 10.4% (8.4%) of net sales. Finance costs and income were EUR 0.3 (-0.1) million.

Profit for the reporting quarter amounted to EUR 3.4 (2.5) million.

January-September 2024

During the reporting period, Gofore's adjusted EBITA amounted to EUR 17.2 (18.4) million and accounted for 12.6% (13.4%) of net sales. In the section Alternative performance measures a separate break down of items affecting the adjusted EBITA are shown. EBITA amounted to EUR 17.8 (18.0) million; 13.1% (13.1%) of net sales.

Personnel expenses were 85.6 (82.3) million euros; 62.8% (59.9%) of net sales. Other operating expenses were 12.4 (14.4) million euros; 9.1% (10.4%) of net sales. Operating profit (EBIT) was EUR 15.0 (15.0) million and accounted for 11.0% (10.9%) of net sales. Finance costs and income were EUR 0.4 (-0.3) million.

Profit for the reporting period amounted to EUR 11.9 (11.4) million.

Balance sheet, financing and R&D

The Group's liquidity is excellent, balance sheet and financing position strong.

Equity ratio amounted to 60.5%(59.5%) with net gearing of -24.5% (-14.4%). At the end of reporting period, the balance sheet total of the Gofore Group amounted to EUR 166.9 (151.2) million, of which total equity accounted for EUR 100.7(89.6) million. At the end of the review period, interest-bearing net debt amounted to EUR -24.7(-12.9) million.

At the end of the review period, Gofore Plc's unsecured loans from credit institutions amounted to EUR 10.1 (15.3) million. Gofore has not withdrawn any new loan during the review period. The company has interest rate cap and interest rate swap agreements in place to hedge variable rate borrowings. More information can be found in the disclosure Financing.

The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt to EBITDA ratio. The covenant conditions were met on 30 September 2024. At the end of reporting period, right-of-use assets were EUR 13.1 (2.8) million and lease liabilities EUR 13.3 (2.9) million. Increase was materially due to the headquarters' 10-year office lease signed in 2023.

Research & Development

The company's development activity in the reporting period was focused on enhancing its digital platform and enterprise resource management system.

60.5%

Equity ratio

-24.5%

Net gearing

-24.7

Interest-bearing net debt , EUR million

Cashflow

The Group's cash flow from operations was strong.

July-September

Cash flow from operations increased over the reporting quarter to EUR 8.4 (-7.0) million. Cash flow from investments amounted to EUR -0.1 (-3.0) million.

Investments in subsidiary shares during the reporting quarter amounted to EUR 0 (-2.7) million. Investment in the comparison period is related to the Creanex acquisition.

Cash flow from financing activities amounted to EUR -2.7 (-0.7) million, including repayments of lease agreement liabilities for EUR -0.8 million, loan amortizations for EUR -1.9 million.

January-September

Cash flow from operations increased over the reporting period to EUR 22.8 (4.4) million. Cash flow from investments amounted to EUR -0.8 (-9.1) million.

Investments in subsidiary shares during the reporting period amounted to EUR 0 (-8.3) million. Investment in the comparison period is related to the Creanex acquisition and payment of the Gofore Drive and eMundo acquisitions' additional purchase prices.

Cash flow from financing activities amounted to EUR -13.9 (-9.1) million, including repayments of lease agreement liabilities for EUR -2.3 million, loan amortizations for EUR -3.3 million, cash flows from financial instruments EUR 0 million and dividends paid, -7.6 million. Granted loans to executive team members EUR 0.7 million.

At the end of the period, cash assets amounted to EUR 46.6 (30.3) million.



Corporate Governance and Share Information

January-September 2024

Share and ownership structure

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

Share of ownership	30.09.2024	30.09.2023
Sector's share of ownership		
Private companies	5.4 %	5.2 %
Financial and insurance institutions	26.1 %	26.9 %
Public corporations	10.8 %	9.8 %
Households	54.3 %	55.5 %
Non-profit organisations	0.6 %	0.7 %
Foreign ownership	2.7 %	1.9 %
Direct foreign ownership	0.8 %	0.7 %
Holders of nominee registered shares	19.8 %	19.7 %
Foreign ownership total	20.5 %	20.5 %
Nominee registered shares	3,101,820	3,088,500
Issued shares total	15,703,262	15,660,139
Number of registered shareholders	8,818	8,373
Registered share capital	80,000	80,000
Holding of own shares	23,640	0
Own shares of all votes and shares	0.2 %	0.0 %

8,818

Shareholders at the end of period

20.5%

Foreign ownership in total

26.1%

Financial and insurance institutions ownership

Shares and Trading

Trading of shares	30.09.2024	30.09.2023
Trading volume, millions of shares	2.3	1.8
Trading volume of outstanding shares, %	15.0 %	11.7 %
Trading value, MEUR	53.2	43.8
Market value, MEUR	339.5	314.8
Closing price, EUR	21.65	20.10
Trading volume - weighted average price, EUR	22.77	24.39
Highest trading price, EUR	26.55	27.80
Lowest trading price, EUR	20.20	19.50

Changes in major shareholders' ownership

- No flagging notifications during the reporting period.

Directed share issues

- On 17 September: A directed share issue (43,123) shares as part of the CrewShare employee share savings plan; new shares were trade registered on 25 September 2024.
- 76,360 pcs of own shares have been used to personnel incentive programs (CrewShare, matching share plan). The total number of issued shares has not changed from 31 Dec 2023.

339.5

Market value at the end of period, MEUR

-3.4%

Share value change since beginning of the year

21.65

Closing price of the period, EUR

Share-based loyalty and remuneration schemes

62%
OF GOFOREANS
INVOLVED IN
CREWSHARE

Gofore has had a share savings plan called CrewShare open to its entire staff since 2018, as well as two newer share-based incentive plans for key people and the management team. All three started a new savings or earnings period in March 2024.

CrewShare Plan

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

The new plan period started on 1 March 2024 and ends on 28 February 2025. Accrued savings will be used for the acquisition of the Gofore shares biannually following the publications of the Half-year Report in September 2024 and financial statements release for the year 2024 in March 2025.

Performance Share Plan

In March 2024, a new period began for the share-based incentive plan for the group's key personnel, as a continuation to the 2022 plan.

The Performance Share Plan 2024–2026 consists of a three-year performance period, covering the financial years in question.

Matching Share Plan

In March, a new plan was started for the Group's management team as a reward for having first made a personal investment in Gofore shares. The rewards from the Matching Share Plan will be paid after the end of the three-year matching period. The subscriptions were made in March.

Target group of the Matching Share Plan consists of the CEO and the members of the Group Executive Team.

Read more:

<https://gofore.com/en/invest/share-and-shareholders/share-based-remuneration-plan/>

Annual General Meeting and authorisations

Annual General Meeting

The Annual General Meeting was held on 4 April 2024 and the company's financial statements for the financial period of 1 January–31 December 2023 were adopted and dividend of EUR 0.47 per share to be paid. The total amount of dividend is EUR 7,349,154.53 calculated based on outstanding shares as per the day of the Annual General Meeting. The record date for the dividend distribution is 8 April 2024 and the dividend payment date 15 April 2024.

All resolutions and decisions of the Board of Directors' organisational meeting can be seen at <https://gofore.com/en/invest/governance/annual-general-meeting-2024/>

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

The Annual General Meeting decided to authorise the Board of Directors to decide upon the acquisition of a maximum of 1,550,613 of the company's own shares and/or accepting the same number of the company's own shares as a pledge, in one or several tranches, by using the company's unrestricted equity. The maximum total of shares that will be acquired and/or accepted as a pledge corresponds to approximately 10% of all shares in the company as of the date of this notice. However, the company cannot, together with its subsidiaries, own or accept as a pledge altogether more than 10% of its own shares at any point in time.

This authorisation revokes the authorisation given by the Annual General Meeting on 24 March 2023 to resolve on the repurchase of the company's own shares. The authorisation is valid until the closing of the next Annual General Meeting, however, no longer than 30 June 2025.

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

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

The authorisation remains in force until the end of the next annual general meeting, however not for longer than until 30 June 2025. This authorisation will revoke any existing, unused authorisations to decide on a share issue and the issuance of option rights or other special rights entitling to shares.

Authorising the Board of Directors to decide on a donation to the Gofore Impact Foundation

The Annual General Meeting decided to authorise the Board of Directors to decide on one or several donations to the Gofore Impact Foundation for a charitable or similar purpose up to a maximum amount of EUR 250,000. Board of Directors is also authorised to decide on the timing of the above-

mentioned donation as well as on the other terms of the donation. The authorisation is valid until the end of the next Annual General Meeting.

The main purpose of the Gofore Impact Foundation is to support the positive impacts of digitalisation, such as democracy and equality development, to mitigate the social tensions and side effects related to digital change, as well as relieve digital inequality and social exclusion. The foundation also wishes to impact the diversity of digital change makers, as well as the overall vitality of the industry.

During the reporting period the company donated EUR 115,500 to the Gofore Impact Foundation.

Shareholders' Nomination Board

In its organisational meeting on 1 October 2024, the Nomination Board elected **Sami Somero** as the Chair of the Nomination Board.

The following members were appointed to Gofore Plc's Shareholders' Nomination Board:

- Timur Kärki, appointed by Timur Kärki
- Petteri Venola, appointed by Petteri Venola
- Mika Varjus, appointed by Mika Varjus
- Sami Somero, appointed by Gofore Plc's Board of Directors



Sami Somero

Consolidated Half-Year Financial Report

1 January – 30 September 2024

Tables Section

Unaudited

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR thousand	Q3/2024	Q3/2023	Q1-Q3/2024	Q1-Q3/2023	2023
Net sales	39,123	40,821	136,337	137,532	189,241
Production for own use	0	88	0	254	254
Other operating income	795	88	936	223	1,255
Materials and services	-5,648	-6,207	-18,459	-21,009	-28,736
Employee benefit expenses	-24,392	-25,123	-85,572	-82,338	-112,688
Depreciations, amortisations and impairment	-1,905	-1,900	-5,786	-5,276	-7,409
Other operating expenses	-3,906	-4,346	-12,411	-14,369	-18,900
Operating profit (EBIT)	4,067	3,422	15,046	15,016	23,019
Finance costs	-51	-225	-589	-657	-725
Finance income	372	142	1,010	366	615
Profit before tax	4,388	3,339	15,467	14,725	22,909
Income tax	-994	-797	-3,578	-3,311	-4,646
Profit for the financial period	3,394	2,542	11,888	11,414	18,263
Other Comprehensive Income					
Net other comprehensive profit or loss to be reclassified to profit or loss in subsequent periods					
Cash flow hedges	-158	5	-178	-48	-237
Other comprehensive income, net of tax	-158	5	-178	-48	-237
Total comprehensive income for the financial period	3,236	2,547	11,710	11,367	18,027
Profit/loss for the financial period attributable to:					
Equity holders of the parent	3,297	2,475	11,508	11,152	17,923
Non-controlling interests	97	67	381	263	340
Total	3,394	2,542	11,888	11,414	18,263
Total comprehensive income for the financial period attributable to:					
Equity holders of the parent	3,139	2,480	11,330	11,104	17,686
Non-controlling interests	97	67	381	263	340
Total	3,236	2,547	11,710	11,367	18,027
Earnings per share (EPS), undiluted	0.21	0.16	0.74	0.72	1.15
Earnings per share (EPS), diluted	0.21	0.16	0.74	0.72	1.15

Consolidated Statement of Financial Position

EUR thousand	30.09.2024	30.09.2023	31.12.2023
Assets			
Non-current assets			
Goodwill	49,055	49,055	49,055
Other intangible assets	18,647	22,871	21,700
Tangible assets	2,497	1,183	2,048
Right-of-use assets	13,108	2,841	13,455
Other receivables	1,138	839	685
Deferred tax assets	147	159	152
Total non-current assets	84,592	76,948	87,096
Current assets			
Inventories	607	485	472
Trade receivables	28,259	38,378	36,658
Contract assets	1,039	1,240	516
Other current assets	4,049	2,896	3,085
Income tax receivables	1,034	107	46
Securities	764	877	762
Cash and cash equivalents	46,604	30,283	38,450
Total current assets	82,355	74,266	79,989
Total assets	166,947	151,214	167,085

EUR thousand	30.09.2024	30.09.2023	31.12.2023
Equity and liabilities			
Equity			
Share capital	80	80	80
Fund for unrestricted equity	55,842	53,382	53,448
Other reserves	128	494	306
Retained earnings	43,939	35,120	39,153
Equity attributable to equity holders of the parent	99,989	89,076	92,986
Non-controlling interests	675	550	510
Total equity	100,664	89,626	93,495
Non-current liabilities			
Interest-bearing loans and borrowings	5,629	10,878	8,976
Other payables	114	2,363	868
Lease liabilities	10,914	960	10,789
Deferred tax liabilities	3,818	4,695	4,452
Total non-current liabilities	20,475	18,896	25,086
Current liabilities			
Trade and other payables	20,442	19,078	21,718
Contract liabilities	497	467	80
Interest-bearing loans and borrowings	4,443	4,443	4,443
Lease liabilities	2,365	1,942	2,744
Accrued expenses	16,249	15,865	18,658
Income tax payable	1,813	897	862
Total current liabilities	45,808	42,692	48,504
Total liabilities	66,283	61,588	73,590
Total equity and liabilities	166,947	151,214	167,085

Consolidated Statement of Changes in Equity

2024								
EUR thousand	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Fund for unrestricted equity	Reserve for fair value	Retained earnings	Total			
Equity on 1.1.2024	80	53,448	306	39,153	92,986	510	93,495	
Profit for the period				11,508	11,508	381	11,888	
Other comprehensive income			-178		-178		-178	
Total comprehensive income	0	0	-178	11,508	11,330	381	11,710	
Transactions with shareholders and non-controlling interests:								
Share-based payments		2,376		644	3,021		3,021	
Dividends				-7,349	-7,349	-244	-7,593	
Share issue		23			23	-35	-12	
Purchase of own shares				0	0		0	
Acquisition of a subsidiary paid in shares		0			0		0	
Change in non-controlling interests				-17	-21	64	43	
Equity on 30.09.2024	80	55,842	128	43,939	99,989	675	100,664	
2023								
EUR thousand	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital	Fund for unrestricted equity	Reserve for fair value	Retained earnings	Total			
Equity on 1.1.2023	80	49,897	542	28,764	79,283	475	79,759	
Profit for the period				11,152	11,152	263	11,414	
Other comprehensive income			-48		-48		-48	
Total comprehensive income	0	0	-48	11,152	11,104	263	11,367	
Transactions with shareholders and non-controlling interests:								
Share-based payments		1,458		487	1,945		1,945	
Dividends				-5,283	-5,283	-195	-5,478	
Share issue		32			32		32	
Purchase of own shares					0		0	
Acquisition of a subsidiary paid in shares		1,981			1,981		1,981	
Change in non-controlling interests		15		-0	15	7	22	
Equity on 30.09.2023	80	53,382	494	35,120	89,076	550	89,626	

Consolidated Statement of Cash Flows

EUR thousand	Q3/2024	Q3/2023	Q1-Q3/2024	Q1-Q3/2023	2023
Operating activities					
Profit before tax	4,388	3,339	15,467	14,725	22,909
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and impairment	1,905	1,900	5,786	5,276	7,409
Finance income and expenses	-321	83	-421	291	110
Other adjustments	351	975	2,258	2,057	1,504
Change in working capital	3,263	-12,178	3,686	-13,620	-6,994
Interest received and paid	64	45	257	-9	17
Other financial items	-6	-2	-26	-30	-31
Income tax paid	-1,250	-1,178	-4,182	-4,257	-5,755
Net cash flow from operating activities	8,395	-7,016	22,824	4,433	19,168
Net cashflow from investing activities					
Proceeds from sale of tangible assets	1	19	4	77	80
Purchase of intangible assets	0	-88	0	-254	-254
Purchase of tangible assets	-127	-193	-807	-648	-1,602
Acquisition of a subsidiary, net of cash acquired	0	-2,701	0	-8,325	-9,114
Net cash flow from investing activities	-126	-2,963	-803	-9,150	-10,889
Net cash flow from financing activities					
Treasury shares acquired	0	0	0	0	-2,318
Repayment of lease liabilities	-759	-671	-2,283	-1,850	-2,706
Granted loans	0	0	-685	0	0
Repayment of borrowings	-1,902	-330	-3,347	-2,736	-4,637
Financial instruments	0	315	10	876	1,026
Share issue	-23	0	0	32	97
Dividends paid to equity holders of the parent	0	0	-7,349	-5,283	-5,283
Dividends paid to non-controlling interest	0	0	-244	-195	-195
Changes in non-controlling interest	23	22	31	22	53
Net cash flow from financing activities	-2,661	-664	-13,867	-9,135	-13,964
Net increase in cash and cash equivalents	5,609	-10,643	8,154	-13,852	-5,685
Cash and cash equivalents at beginning of period	40,995	40,927	38,450	44,135	44,135
Cash and cash equivalents at end of period	46,604	30,283	46,604	30,283	38,450

Notes to the Accounts

1 January – 30 September 2024

Basis of preparation

The unaudited interim financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, and it should be read in conjunction with the consolidated financial statements for 2023. Information concerning the full year 2023 is based on the audited financial statements for 2023.

The same accounting policies, methods of computation and applications of judgment are followed in this interim report as was followed in the consolidated financial statements for 2023. Amendments to the standards taking effect in 2024 did not have material impact on the Group.

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

Key accounting considerations related to uncertainty arising from the macro economic circumstances

Gofore continued to assess the impacts of geopolitical and macro economical uncertainties by reviewing the carrying values of the balance sheet items, which did not indicate a need for asset impairments. Gofore's financial position remained strong.

Distribution of revenue

EUR thousand, unless otherwise specified	Q3/2024	Q3/2023	Q1-Q3/2024	Q1-Q3/2023	2023
Net sales by customer sector					
Private sector sales	15,468	17,660	55,999	58,972	80,531
Public sector sales	23,655	23,161	80,338	78,560	108,710
Net sales by origin of customer					
Finland	34,203	33,789	119,435	114,756	159,714
Other countries	4,920	7,032	16,902	22,776	29,528
Net sales by class					
Net sales, Crew	32,016	33,192	113,323	112,228	154,229
Net sales, subcontracting	6,458	7,213	21,345	24,888	33,412
Net sales, products	648	416	1,669	416	1,600
Timing of revenue recognition					
Services transferred at a point in time	659	438	1,720	476	1,683
Services transferred over time	38,464	40,384	134,617	137,055	187,558
Net sales by agreement types					
Time and material based projects	36,576	38,114	127,369	129,436	176,433
Fixed price projects	1,064	1,565	4,722	5,323	7,919
Maintenance services	822	706	2,519	2,296	3,206
Third party commissions	10	22	51	60	83
Products	648	416	1,669	416	1,600
Net sales, Group total	39,123	40,821	136,337	137,532	189,241

Intangible Assets

EUR thousand	Trademarks	Customer relationships	Non-compete agreement	Technology based intangibles	Models and templates	Capitalized development expenditure	Other intangible assets	Other intangible assets total	Goodwill	Intangible assets total
Cost										
1.1.2024	1,322	23,597	5,586	1,516	200	101	1,980	34,302	49,055	83,357
Additions	0	0	0	0	0	0	0	0	0	0
Business combinations	0	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0	0
30.09.2024	1,322	23,597	5,586	1,516	200	101	1,980	34,302	49,055	83,357
Amortisation and impairment										
1.1.2024	-1,018	-7,834	-2,799	-110	-189	-62	-591	-12,602	0	-12,602
Amortisations	-139	-1,725	-782	-119	-11	-10	-267	-3,053	0	-3,053
30.09.2024	-1,157	-9,559	-3,581	-229	-200	-72	-858	-15,655	0	-15,655
Net book value										
1.1.2024	305	15,763	2,787	1,406	11	39	1,389	21,700	49,055	70,755
30.09.2024	165	14,038	2,006	1,287	0	29	1,122	18,647	49,055	67,702

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										
1.1.2023	1,228	22,069	5,288	66	200	101	1,726	30,679	47,694	78,373
Additions	0	0	0	0	0	0	254	254	0	254
Business combinations	94	1,528	298	1,449	0	0	0	3,370	1,361	4,730
Reclassifications	0	0	0	0	0	0	0	0	0	0
30.09.2023	1,322	23,597	5,586	1,516	200	101	1,980	34,302	49,055	83,357
Amortisation and impairment										
1.1.2023	-788	-5,137	-1,806	-24	-122	-49	-286	-8,214	0	-8,214
Amortisations	-166	-1,998	-732	-46	-50	-10	-215	-3,218	0	-3,218
30.09.2023	-955	-7,136	-2,538	-71	-172	-59	-502	-11,432	0	-11,432
Net book value										
1.1.2023	440	16,932	3,482	42	78	52	1,440	22,465	47,694	70,159
30.09.2023	368	16,461	3,048	1,445	28	42	1,479	22,871	49,055	71,926

Tangible Assets

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1.1.2024	1,759	1,821	3,580
Additions	434	373	807
Business combinations	0	0	0
Disposals	-1	0	-1
Reclassifications	399	-399	0
30.09.2024	2,591	1,795	4,386
Depreciation and impairment			
1.1.2024	-1,169	-364	-1,533
Depreciations charge for the year	-242	-114	-357
Disposals	0	0	0
30.09.2024	-1,411	-478	-1,889
Net book value			
1.1.2024	591	1,457	2,048
30.09.2024	1,180	1,317	2,497

EUR thousand	Machinery & Equipment	Other tangible assets	Total
Cost			
1.1.2023	1,328	680	2,007
Additions	297	350	648
Business combinations	10	0	10
Disposals	-36	0	-36
30.09.2023	1,599	1,030	2,629
Depreciation and impairment			
1.1.2023	-974	-283	-1,256
Depreciations charge for the year	-146	-43	-189
Disposals	0	0	0
30.09.2023	-1,119	-326	-1,445
Net book value			
1.1.2023	354	397	751
30.09.2023	479	704	1,183

Right-of-use Assets

EUR thousand	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
1.1.2024	13,070	385	13,455
Additions	1,967	71	2,038
Disposals	-9	0	-9
Business combinations	0	0	0
Depreciations for the financial year	-2,216	-160	-2,376
30.09.2024	12,812	296	13,108
1.1.2023	3,365	198	3,564
Additions	563	384	947
Disposals	0	-24	-24
Business combinations	224	0	224
Depreciations for the financial year	-1,720	-149	-1,869
30.09.2023	2,432	408	2,841

Financing

Gofore Plc had unsecured loans of EUR 10.1 (15.3) million at the end of the review period. Gofore did not raised any new loans during the period. The loans are associated with the conventional covenants tied to the equity ratio and interest-bearing net debt to EBITDA ratio. The covenant conditions were met on 30 September 2024.

The company has made interest rate cap and swap agreements of EUR 8.0 million nominal value to hedge its floating rate loans. Cash flow hedge accounting is applied to those agreements. At the end of the reporting period the floating rate loans amounted to EUR 10.0 million of which 80% were hedged. The effective portion of fair value changes is recognized into OCI and presented in fair value reserves in equity. The fair value of the agreements are presented in the table below.

Instrument 30.9.2024	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	0	19	-19
Cap 1	3,000	Cash flow	2.3.2026	22	4	18
Cap 2	8,000	Cash flow	29.12.2028	251	90	161
Total				273	114	160

Instrument 30.9.2023	Notional	Hedging type	Maturity	Fair value pos	Fair value neg	Fair value net
Swap	3,500	Cash flow	1.11.2027	42	0	42
Cap 1	3,000	Cash flow	2.3.2026	76	7	69
Cap 2	8,000	Cash flow	29.12.2028	618	111	507
Total				736	118	618

Related party transactions, commitments, litigations and events after the reporting period

Related party transactions

There were no sales, purchases or payables with related parties during the review period. Gofore has granted to its Group executive team members, as part of the implementation of the Matching Share Plan, market condition interest-bearing loans EUR 685 thousand to finance the subscription of the company's shares. The accrued interest income amounts to EUR 18 thousand at the end of the reporting period. The remuneration of the Board of Directors, Group CEO and members of the Group executive team is published in the annual financial statements.

Commitments

Gofore Plc holds an unsecured operative guarantee limit of EUR 1.5 million of which EUR 989 thousand is in use at 30.9.2024. The company has made a 5-year lease agreement concerning new office in Helsinki in the late 2023. Premises will be taken into use during 2024 and 2025.

Gofore has given a negative pledge on its financial loans.

Litigations and proceedings

Gofore is not a defendant in any on-going litigations nor proceedings relating to its business operations.

Significant events after the reporting period

As part of the strategy update, Gofore plans to renew its organization to support the strategy execution. On 22 October 2024, the Board decided to start change negotiations to prepare for growth and the objective is not to reduce headcount.

Alternative performance measures (APM)

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

EBITA, EBITDA, ROI, ROE, equity ratio and net gearing. EBITA is the operating profit before amortisation of PPA. PPA amortisations arise from assets recognised in fair value in acquired business combinations.

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

EUR thousand, unless otherwise specified	Q3/2024	Q3/2023	Q1-Q3/2024	Q1-Q3/2023	2023
EBITA, Adjusted EBITA and EBITDA					
EBIT	4,067	3,422	15,046	15,016	23,019
Amortisation of intangible assets identified in PPA	876	1,078	2,776	2,993	4,071
EBITA	4,944	4,500	17,822	18,009	27,090
Transaction costs from business combinations	0	249	0	256	268
PNL Impact of Contingent Consideration	-744	0	-744	204	-611
Restructuring costs	167	0	167	0	0
Gains or losses from sales of fixed assets	-1	-19	-3	-41	-43
Adjusted EBITA	4,366	4,730	17,242	18,428	26,704
EBIT	4,067	3,422	15,046	15,016	23,019
Depreciations	1,028	822	3,010	2,284	3,338
Amortisation of intangible assets identified in PPA	876	1,078	2,776	2,993	4,071
EBITDA	5,972	5,322	20,831	20,292	30,428

Calculation Formulas for Key Figures

Figure	Definition
EBITDA	Operating profit + depreciations and amortization.
EBITDA margin, %	Operating profit + depreciations and amortization divided by net sales and multiplied by a hundred.
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA)	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill.
Operating profit before amortization of intangible assets identified in PPA and impairment of goodwill (EBITA) margin, %	Operating profit + amortization of intangible assets identified in purchase price allocation (PPA) + impairment of goodwill divided by net sales and multiplied by a hundred.
Operating profit (EBIT) margin, %	Operating profit divided by net sales and multiplied by a hundred.
Earnings per share (EPS), euros	Profit for the period attributable for shareholders of the company divided by the weighted average number of shares outstanding during the financial period adjusted for share issues.
Earnings per share (EPS), euros, diluted	Profit for the period attributable for shareholders of the company divided by the weighted average number of shares outstanding during the financial period adjusted for share issues added with new potential shares.

Calculation Formulas for Key Figures

Figure	Definition
Cash flow per share	Operative cash flow divided by weighted average number of shares outstanding during the period
Equity per share	Equity attributable for shareholders of the company divided by number of shares outstanding at the end of the period
DPS/EPS, %	Dividend per share divided by earnings per share, undiluted, multiplied by a hundred
Dividend per share (DPS)	Dividends during the period divided by weighted average number of shares outstanding during the period
Effective dividend yield, %	Dividend per share divided by share price at the end of the financial period.
P/E -ratio	Share price at the end of financial period divided by Earning per share, undiluted
Return on equity (ROE), %	Profit for the period (annualised) divided by average total equity, multiplied by a hundred.
Return on investment (ROI), %	Profit before taxes (annualised) + financial expenses (annualised) divided by average total equity + average interest-bearing loans and borrowings, multiplied by a hundred.
Equity ratio, %	Total equity divided by balance sheet total – advances received, multiplied by a hundred.
Net interest-bearing debt (NIBD)	Non-current interest-bearing liabilities + Non-current lease liabilities + Current interest-bearing liabilities + Current lease liabilities – Non-current interest-bearing receivables – Current interest-bearing receivables – Securities – Cash and cash equivalents
Net gearing, %	Net interest-bearing debt, divided by total equity and multiplied by a hundred.

Calculation Formulas for Key Figures

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

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Upcoming financial reporting

- Monthly Business Reviews in the beginning of the next month.
- More information can be found at <https://gofore.com/en/news/gofores-financial-communications-calendar-and-annual-general-meeting-in-2024/>
- The 2024 Financial Statements Release on 20 February 2025.

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