

Gofore Plc
FINANCIAL STATEMENTS RELEASE

1 January - 31 December

2018

GOFORE PLC'S FINANCIAL STATEMENTS RELEASE

1 January–31 December 2018

Gofore Plc

Company announcement 19 February 2019 at 09:00

Gofore Plc's Financial Statements Release 1 January–31 December, 2018 (unaudited): Strong growth continued

January–December 2018 in brief:

- Net sales increased to EUR 50.6 million, with a growth of EUR 16.6 million or 49% (EUR 34.0 million).
- Earnings before interest, taxes, depreciation and amortisation (EBITDA) was EUR 6.96 million (EUR 5.82 million), corresponding to 13.77% (17.13%) of net sales.
- Operating profit before amortisation of goodwill (EBITA) was EUR 6.80 million (EUR 5.69 million), corresponding to 13.44% (16.76%) of net sales.
- The operating profit (EBIT) was EUR 6.10 million (EUR 5.36 million), corresponding to 12.05% (15.78%) of net sales.
- Profit for the period was EUR 4.73 million (EUR 3.32 million), corresponding to 9.36% (9.76%) of net sales.
- The earnings per share was EUR 0.36.
- The number of employees increased by approximately 32.35% to a total of 495 people (374).
- The acquisition of the entire share capital of digital solutions specialist Solinor Oy; transferred into Gofore's possession as of 31 August, 2018.
- During the period, a new subsidiary was established in Estonia.
- The Board of Directors proposes a dividend of EUR 0.19 (EUR 0.15) per share.

Outlook for 2019

The company has found that its cloud capacity resale from the point of view of new IFRS regulations can be interpreted mainly as agency activity, which should be treated as netted in net sales. In order to prepare for the possible transition to IFRS and when the Finnish Accounting Standards (FAS) makes it possible, the company has decided to deal with the cloud capacity resale as netted as of 1 January 2019. If this accounting principle had been followed in 2018, the company, according to its own estimate, would have reported net sales of approximately EUR 1.0 million lower, as well as materials and services approximately EUR 1.0 million lower.

On 14 February 2019, the company announced that it had acquired the entire share capital of Silver Planet Oy. Gofore estimates that the net sales impact of the deal is approximately EUR 7 million in 2019 in the financial report of Gofore Group.

Taking these changes into account, the company has specified its net sales guidance for the financial year 2019 to EUR 71–79 million. The previous guidance issued for 2019 published on 21 November 2018 was EUR 65–73 million.

Long-term financial goals

The long-term financial objectives defined in 2017 remain unchanged. Gofore is pursuing net sales growth exceeding the growth of the target market, estimated to be an annual 15–25% in the next few years, and an EBITA margin of 15%.

Key figures

Reported

In thousands of euros, unless otherwise mentioned	7-12/2018	7-12/2017 ¹	2018	2017 ¹
Net sales	25,891	19,583	50,581	33,950
Growth of net sales, %	32,2	97,1	49,0	82,4
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	3,049	3,220	6,964	5,817
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	11,8	16,4	13,8	17,1
Operating profit before amortisation of goodwill (EBITA)	2,980	3,145	6,797	5,691
Operating profit before amortisation of goodwill (EBITA) margin, %	11,5	16,1	13,4	16,8
Operating profit (EBIT)	2,563	2,860	6,095	5,359
Operating profit (EBIT) margin, %	9,9	14,6	12,0	15,8
Profit for the period	1,980	1,304	4,732	3,319
Adjusted profit for the period ²	2,397	2,659	5,434	4,778
Earnings per share (EPS), undiluted, euros	0,15	0,11	0,36	0,28
Adjusted earnings per share (adjusted EPS), undiluted, euros	0,18	0,23	0,41	0,41
Number of outstanding shares at the end of the period ³	13 116 982	12 948 800	13 116 982	12 948 800
Equity ratio, %	6,8	60,8	63,8	60,8
Net gearing, %	-51,2	-47,3	-51,2	-47,3
Return on equity (ROE), % ³	19,9	21,5	23,8	30,2
Return on investment (ROI), % ³	49,8	34,8	24,9	22,5
Average overall capacity, FTE ⁴	438	-	405	-
Average subcontracting, FTE ⁵	47	-	46	-
Number of employees at the end of the review period	495	374	495	374

Unless mentioned otherwise, the comparisons in this financial statements release are presented in relation to the comparable period in 2017. The compared figures include the figures of Leadin Oy, which was acquired in May 2017, from 1 June 2017 onwards.

¹ The Leadin Oy figures are combined with the Gofore Group figures starting on 1 June 2017.

² The adjusted profit for the financial period refers to the profit for the financial period to which amortisation of goodwill and the non-recurring funding expenses from listing have been added.

³ Annualised.

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 agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees.

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.

This financial statements release includes the figures for the 2017 pro forma income statement in order to improve comparability and provide additional information. For 2017, the pro forma figures have been combined with the Leadin Group's figures as if the Group had been formed before the beginning of 2017. Pro forma calculations for the period 1 January–30 September 2017, prepared on the basis of a similar consolidation principle, were presented in the listing prospectus published on 3 November 2017 in connection with the listing and share issue for First North Finland market maintained by Nasdaq Helsinki Ltd. The 2018 figures to be compared are the figures reported by the Gofore Group, and these have been combined with the figures of Solinor Oy as of 1 September 2018.

Pro forma¹

In [thousands of] euros, unless otherwise mentioned	2018	2017
Pro forma net sales	50 581	37 322
Pro forma earnings before interest, taxes, depreciation and amortisation (EBITDA)	6 964	6 607
Pro forma earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	13,8	17,7
Pro forma operating profit before amortisation of goodwill (EBITA)	6 797	6 468
Pro forma operating profit before amortisation of goodwill (EBITA) margin, %	13,4	17,3
Pro forma operating profit (EBIT)	6 095	5 898
Pro forma operating profit (EBIT) margin, %	12,0	15,8
Pro forma profit for the financial period	4 732	3 683
Adjusted pro forma profit for the financial period ²	5 434	5 380
Adjusted pro forma earnings per share (adjusted EPS), undiluted, euros	0.41	0.46

¹ The table shows unaudited pro forma information for the period 1 January–31 December 2017. The pro forma information was created to illustrate what Gofore's profit could have been, had the Leadin Oy acquisition taken place on 1 January 2016. The pro forma financial information has been presented in order to illustrate the effects of the acquisition. The figures for Leadin Oy have been combined with the figures for the Gofore Group starting on 1 June 2017.

² The adjusted pro forma profit for the financial period refers to the pro forma profit for the financial period to which pro forma amortisation of goodwill and the extraordinary financial expenses from listing have been added.

CEO Timur Kärki comments on the development of 2018

2018 was the first full year for Gofore as a listed company.

We continued our strong and profitable growth for the 14th consecutive year. Our net sales increased by 49% to EUR 50.6 million. We maintained strong growth, even as a larger company. I am particularly happy that we excellently continued to grow organically. We succeeded in finding new customers, recruiting new employees and increasing the number of subcontractors.

Acquisitions also play an important role in our development. In 2018, we acquired Solinor Oy, a digital consultancy company, which joined the Group in the autumn. Solinor was the second acquisition in our company's history. Our previous Leadin Oy acquisition strengthened our service design expertise. Solinor, on the other hand, brought us more strength in the Helsinki area for software development.

EBITA increased by approximately 20% to EUR 6.80 million, representing 13.44% of the Group's net sales. Our profitability weakened compared to the previous financial year. The company's overall billing rate that measures efficiency was somewhat lower during the autumn, which mainly explains the difference in profitability when compared to the previous year. The billing rate was affected by the configuration done by the company and the integration of the acquired companies. Profitability was also influenced by the increase in subcontracting and the increase in the volume of low-margin cloud capacity.

In 2018, about 60% of our net sales came from customer assignments, in which we play a role in implementing information systems. Management consulting, service design and design, cloud transition consulting, project management services and architectural consulting formed the backbone of our other expert services. Demand for our services continued to be high throughout the year. We have been able to continuously renew our expertise so that our services fully meet the growing demand of our customers.

Data analytics and artificial intelligence are increasingly on the agenda of our customers, as is the development of organisational culture. Businesses and public administration organisations are in the midst of change, with the ever-evolving technology and digitalisation services that make it possible to do things that could not have been imagined before. The change requires renewal capability, comprehensive development and innovative utilisation of information. Even courage is needed. In this change, we want to support our customers as a partner showing direction, and being the best expert and contributor to change.

Our international business was EUR 5.7 million, corresponding to 11.3% of the Group's total net sales. We are in the early stages of our internationalisation and excited about discovering new opportunities and building a truly internationally significant company.

We can already promise you at this stage that 2019 will be an action-packed year. At the beginning of the year, approximately EUR 9 million worth of new contracts have been signed, as well as continuation of contracts. These are additional to the existing order backlog. In February, our acquisition of Silver Planet Oy further strengthens our position as one of the most significant advisors in digital change.

Net sales growth may be expected to exceed long-term targets, as customer demand continues to be fierce. We aim to generate EUR 71-79 million in net sales, as well as great new search and discovery experiences with our customers.

Financial review 1 January–31 December, 2018

Net sales

The net sales of the Gofore Group in 2018 were EUR 50.6 million, which was an increase of 49% from the previous year.

Net sales development during H2/2018:

Month (2018)	Net sales, MEUR (Net sales 2017) ¹	Number of employees	Number of working days in Finland	Overall capacity, FTE ²	Subcontracting, FTE ³
December	3,8 (3,2)	495	17	460	50
November	5,3 (4,1)	490	22	457	55
October	5,4 (3,9)	481	23	453	55
September	4,7 (3,7)	475	20	443	52
August	4,6 (3,4)	476	23	413	46
July	2,2 (1,3)	419	22	400	24

¹ Net sales, MEUR (net sales in 2017), reports net sales (unaudited) for that month.

² 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 agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees.

³ 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.

Profitability and the development of earnings

In January–December 2018, the EBITDA was EUR 6.96 million, corresponding to 13.77% of net sales.

The EBITA in January–December 2018 was EUR 6.80 million, or 13.44% of net sales.

The EBIT in January–December 2018 was EUR 6.10 million, or 12.05% of net sales.

The executed acquisition created approximately EUR 3.97 million in goodwill on the balance sheet, which is to be amortised in ten years, in accordance with the Finnish Accounting Standards (FAS).

Expenses for the comparison period do not include the expenses incurred by the subsidiary acquired during the financial year 2018 or the amortisation of goodwill.

The personnel expenses in January–December 2018 were EUR 27.56 million, or 54.48% of net sales. This figure increased as the number of personnel increased. The light hierarchy of the Group and the operating methods which are based on a self-steering working culture play a significant role in the management of personnel expenses.

The other operating expenses increased from the same period of the previous year to a total of EUR 8.34 million. The largest expense items were the other personnel expenses, facility expenses, and expenses for machinery and equipment.

Balance sheet, funding and cash flow

The Group balance sheet total on 31 December 2018 was EUR 34.52 million (EUR 29.29 million).

The increase of the balance sheet is mainly caused by general growth as well as the acquisition performed.

On 31 December 2018, the equity ratio of the Group was 63.81% (60.82%), with a net gearing of -51.24% (-47.29%). The amount of goodwill on the balance sheet was EUR 8.63 million.

The operating cash flow after interest and direct taxes in January–December 2018 was EUR 7.84 million.

At the end of the financial period, the Group's liquid cash assets were EUR 15.42 million. The interest-bearing debts added up to EUR 4.20 million, consisting of bank loans as well as the rest of the purchase price of the acquisition completed in 2018. Of this amount, EUR 3.13 million was in long-term and EUR 1.07 million in short-term interest-bearing debts. The financing agreement arranges a EUR 1.0 million bank overdraft – at the moment not in use – for the company.

The company's business areas and organisational structure

Gofore is a digitalisation specialist with international growth plans. The company provides expert and capacity services for corporate customers and public sector operators in Finland and Europe. The company's services are divided into the management of digital change, service design and software development, as well as consultation in the utilisation of cloud services and the offering of cloud capacity.

The parent company, Gofore Plc, is the full owner of the subsidiaries Gofore UK Ltd., Gofore Germany GmbH, Gofore Spain SL, Gofore Estonia Oü, Solinor Oy and Erofog Oy (no business operations).

On 14 February, 2019 Gofore announced that it agreed to acquire the entire share capital of Silver Planet Oy, a digital transformation consulting company. The deal was immediately executed. Silver Planet Oy will continue as an independent company and the company will be reported as part of Gofore Group as of 15 February, 2019.

Personnel and offices

At the end of the review period, the Group employed a total of 495 people, of whom 463 work in Finland and 32 in the overseas offices. In Finland, the company's offices are located in Helsinki, Jyväskylä, Tampere and Turku, and the overseas offices are located in Swansea and London (UK), Munich (Germany) and Madrid (Spain).

The number of personnel increased by 121, which is an increase of 32.4% from the end of the comparison period the previous year (374). The average number of employees during the review period was approximately 432.

The Gofore executive team consists of CEO Timur Kärki; CFO Petteri Venola; COO Topi Koskinen; Sales Director Juha Virtanen; Development Director Erkki Salminen (previously Director of Culture and Competencies); Business Director, management consulting and M&A Mikael Nylund; Director of International Operations Ville Tuominen; Director of Marketing and Communications Riikka Nurminen (on study leave in 2019), and Business Director, Cloud Services Kristiina Härkönen.

Starting on 27 March 2018, the Group's Board of Directors consists of Ali U. Saadetdin (chair), Sami Somero, Anne-Mari Silvast, Kristiina Michelsson and Mika Varjus.

Changes to the Group structure

During the reporting period, a subsidiary Gofore Estonia Ltd was established in Estonia. The subsidiary is 100% owned by the parent company.

The acquisition of Solinor Oy was completed on 31 August 2018. Solinor merged with Gofore Plc on 31 January, 2019.

Resolutions of the Annual General Meeting 2018

The annual general meeting of Gofore Plc was organised in Tampere on 27 March 2018. The annual general meeting confirmed the financial statements for the financial year 2017 and discharged the members of the Board of Directors and the CEO from liability for the accounts. According to the proposal of the Board of Directors, it was decided that EUR 0.15 per share be paid in dividends for 2017, which adds up to a total of EUR 1,942,320. The record date for the dividends payment was 29 March 2018 and the payment date was 10 April 2018.

The annual general meeting selected five members for the company's Board of Directors for a term of office which will end at the end of the next annual general meeting. Ali U. Saadetdin, Sami Somero, and Anne-Mari Silvast were reselected, and Kristiina Michelsson and Mika Varjus were selected as new members of the Board. The Board of Directors selected Ali U. Saadetdin as its chair. The annual general meeting decided that the chair receives a remuneration of EUR 2,500 per month, while the Board members receive EUR 1,500 per month. In addition, all members of the Board will receive compensation of travel expenses on submission of a receipt, according to the company's travel regulations.

The KPMG Oy Ab auditing community was selected as the auditor for the operating period which will continue until the end of the next annual general meeting, with authorised public accountant Teemu Suoniemi as the appointed auditor.

The annual general meeting decided to authorise the Board of Directors to decide on share buyback. The maximum number of shares to be acquired with this authorisation is 1,294,880, in one or more batches, using the company's non-restricted equity. The maximum number of shares to be acquired corresponds to 10% of the company's total shares according to the situation on the date of the meeting invitation. However, combined with its subsidiaries, the company may not at any time own more than 10% of its total shares.

The authorisation overrides the authorisation to decide on share buyback granted by the extraordinary general meeting on 16 October 2017, and is valid until the end of the next annual general meeting, but no later than 30 June 2019.

In addition, the annual general meeting decided to authorise the Board of Directors to decide on share issue and the granting of options and other special rights to shares, as referred to in Section 10, chapter 1 of the Limited Liability Companies Act (624/2006), in one or several batches, for a fee or without charge.

The maximum number of shares to be issued, including those issued based on options or other special rights, can be 1,294,880 shares, which corresponds to 10% of the company's total shares according to the situation on the date of the meeting invitation. The Board can decide to issue new shares or surrender shares controlled by the company. The authorisation entitles the Board of Directors to decide on the share issue terms as well as the terms on which the options to shares or other special rights are issued, including the right to deviate from the pre-emptive subscription rights of shareholders. The authorisation was intended to be used as compensation in corporate acquisitions, as part of the company's incentive system, or for other purposes decided on by the Board.

The authorisation is valid until the end of the next annual general meeting, but no later than 30 June 2019. The authorisation overrides any previous, unused authorisations regarding share issue and the issuing of options and other special rights to shares.

Shares, shareholders and share-based incentive programmes

At the end of December 2018, Gofore Plc's registered share capital was EUR 80,000.00, which corresponded to a total of 13,117,156 company shares, including 174 of the company's own shares. Own shares represent 0.001% (0.0%) of the total number of shares and votes.

At the end of December 2018, the company had 2,486 registered shareholders. At the end of the review period, 39,760 shares were held outside Finland. There were 42,708 nominee-registered shares, which corresponds to approximately 0.3% of the total shares.

In January–December 2018, Gofore Plc's shares were quoted in the First North market administered by Nasdaq Helsinki using the stock symbol GOFORE.

At the end of December 2018, the company's market value was EUR 110,839,968. From the end of the previous financial period to the end of the review period, the share quotation increased by approximately 20.5%, and the quotation on the last day of December was EUR 8.45. The volume weighted average price of the company's shares was EUR 8.57. The highest share price was EUR 10.34, and the lowest EUR 7.00.

In the Employee Offering in autumn 2017, the Matching Share additional share programme was opened for the employees. The programme offers employees one additional share for each three shares subscribed in the Employee Offering, if they remain employed by the Group three years after the start of the share subscription, and if they have owned the subscribed shares continuously throughout this time.

On 31 December 2018, the company employed 238 people who participated in the Employee Offering and accepted the terms of the additional share programme. According to the programme, these employees are entitled to a total of 107,814 additional shares. Approximately half of this sum is paid in shares, and the other half is paid in money to be used for withholding tax. The company may acquire the reward shares from the market or direct a share issue to the participants. Calculated with the closing share price on 31 December 2018, the value of the additional shares would have been EUR 911,028.30.

At the end of the financial period on 31 December 2017, the corresponding numbers were 253 employees entitled to a total of 115,436 additional shares.

In spring 2018, the Board of Directors decided on a new share-based employment contract signing bonus. Every new employee will be offered EUR 1,500 worth of shares as an employment contract signing bonus. The bonus shares were offered for a total of 49 employment contracts valid until further notice and signed between 15 February 2018 and 30 June 2018. Based on the average price in the above-mentioned period, the Board of Directors has confirmed a total of 8,526 shares and 174 shares per person as the amount of signature bonuses. The company may acquire the reward shares from the market or direct a share issue to the participants. Calculated with the volume-weighted average share price in October 2018, the value of the bonus shares would have been EUR 83,469.54. The employment of one employee ceased before the dispose of shares, and these 174 share were subsequently transferred to the ownership of Gofore Plc.

In autumn 2018, the Board of Directors announced plans for introducing a share saving programme for the entire personnel. The programme offers employees an opportunity to save a part of their regular wages for the acquisition of the company's shares. Participation in the programme is voluntary, and each employee can participate in the programme for one savings period at a time. The first savings period began on 1 November 2018 and ends on 28 February 2019. After a two-year share ownership period, Gofore will provide one additional share per employee for each of the three shares acquired through savings as a gross bonus. The acquisition of additional shares is subject to the participant owning the shares it has acquired throughout the period of ownership and that his employment with Gofore has not expired before the end of the ownership period. The ownership period ends on 28 February 2021.

On 30 August 2018, the Board of Directors decided on a directed share-issue against payment. A total of 159,830 new shares were issued in the share issue. New shares were used to acquire Solinor Oy and to engage key personnel through share exchange.

Summary of the share trading in Nasdaq Helsinki 1 January–31 December 2018

January–December 2018

	Traded shares	Total value	Highest, EUR	Lowest, EUR	Average price (volume weighted), EUR	Latest, EUR
Gofore	644,478	5,525,472	10.34	7.00	8.57	8.45

	31 December, 2018	31 December, 2017
Market value, EUR	110,839,968	90,771,088
Shareholders (according to the shareholder list maintained by Euroclear Finland Oy)	2,486	2,555

Research and development operations

In February 2017, the company launched the Business Finland (Tekes) funded project 'Kasvu, Kansainvälistyminen ja Digitaalinen Uudistuminen Palvelu yrityksessä ("KAKADU")', which aims to develop the company's operations. The project builds on a vision of Gofore being as digital as possible.

The costs from the KAKADU project were approximately EUR 695,000 in 2018. Tekes has agreed to fund the project to a maximum of 50% of the estimated total costs, which were EUR 778,000 in 2017-2018. The KAKADU project ended on 31 October 2018.

During 2018, the company has not had any other significant research and development operations, and therefore no capitalisations have been made on the Group balance sheet.

Dividend proposal

On 31 December 2018, the distributable funds of the parent company added up to EUR 21,299,119.11 of which EUR 4,755,458.60 was profit for the financial period.

There have been no material changes in the financial situation of the company after the end of the financial year, nor does the solvency test referred to in section 13:2 of the Limited Liability Companies Act (OYL) affect the amount of distributable funds. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.19 (EUR 0.15) be paid for the financial year 2018. The dividend will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Ltd on the record date 28 March 2019. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on 4 April, 2019. No dividend will be paid on treasury shares held by the company on the record date 28 March, 2019. There are 13,116,982 shares entitling to dividend on the date of the distribution proposal, so the total dividend would be EUR 2,492,226.58. The remaining distributable funds would be EUR 18,806,892.53.

The dividend per share will increase by 26.7% from the previous year and is about 53% of the Group's profit for the financial year. The shares resulting from the directed share issue decided by the Board of Directors on 14 February, 2019 are not eligible for dividend for the financial year 2018.

Short-term risks and uncertainties

Risks and uncertainty factors related to the company's operating environment, business operations, finances, and funding have been discussed extensively in the prospectus published by the company on 3 November 2017. No significant changes to these have taken place after the publication of the prospectus.

Significant events after the reporting period

The company has found that its cloud capacity resale from the point of view of new IFRS regulations can be interpreted mainly as agency activity, which should be treated as netted in net sales. In order to prepare for the possible transition to IFRS and when the Finnish Accounting Standards (FAS) makes it possible, the company has decided to deal with the cloud

capacity resale as netted as of 1 January 2019. If this accounting principle had been followed in 2018, the company, according to its own estimate, would have reported net sales of approximately EUR 1.0 million lower, as well as materials and services approximately EUR 1.0 million lower.

On 14 February 2019, the company announced that it had acquired the entire share capital of Silver Planet Oy. Gofore estimates that the net sales impact of the deal is approximately EUR 7 million in 2019 in the financial report of Gofore Group.

Taking these changes into account, the company has specified its net sales guidance for the financial year 2019 to EUR 71–79 million. The previous guidance issued for 2019 published on 21 November 2018 was EUR 65–73 million.

On 13 February, 2019, the Board of Directors of Gofore Plc decided on a new savings period 2019–2020 for the CrewShare share savings program. The details of the new savings period are largely in line with the previous savings period.

In addition, as announced on 14 February, 2019, Silver Planet's entire personnel will be included in the CrewShare program. In addition, Gofore will issue a free of charge directed share issue to Silver Planet personnel for a total cost of EUR 200,000, including value of issued shares and expenses.

Approximately EUR 9 million worth of new contracts and continuation of contracts has been signed at the beginning of 2019. These are additional to the existing order backlog.

The company's net sales 1 January–31 January 2019 were EUR 5.2 million (2018: EUR 4.1 million). The number of employees at the end of the period was 504. There were 22 working days during the period in Finland. The Overall capacity, FTE was 469, and the subcontracting FTE was 52.

Month (2019)	Net sales, MEUR (net sales 2018) ¹	Number of employees	Number of working days in Finland	Overall capacity, FTE ²	Subcontracting FTE ³
January	5,2 (4,1)	504	22	469	52

¹ Net sales, MEUR (net sales in 2018), reports net sales (unaudited) for that month.

² 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 agreements and other long-term deviations from normal working hours reduce the amount of overall capacity in comparison with the total number of employees.

³ 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. Solinor Oy merged with the parent company Gofore Plc on 31 January 2019.

On 14 February, 2019 Gofore announced that it had agreed to acquire the entire share capital of Silver Planet Oy, a digital transformation consulting company. With the acquisition, Gofore will strengthen its position as an advisor in digital change and as one of the most significant builders of digital societies. The deal was immediately executed, so the entire share capital of Silver Planet Oy has been transferred to Gofore. Silver Planet's net sales were EUR 7.2 million and EBIT was EUR 1.8 million (25% of net sales) in 2018. The company employs approximately 40 digitalisation experts at its office in Helsinki and has a wide network of subcontractors. The purchase price of EUR 14.3 million consists of the enterprise value EUR 10.8 million and compensation of EUR 3.5 million for net cash. Gofore estimates that the net sales impact of the deal is approximately EUR 7 million in 2019 in the financial report of Gofore Group. Silver Planet Oy will continue as an independent company and the company will be reported as part of Gofore Group as of 15 February, 2019.

Composition principles of the financial statements

The financial statements release has been composed in accordance with good accounting practices and Finnish legislation. The financial statements release figures are unaudited. The information is presented to the extent required by section 4.6 (e) of the First North regulations. The figures have been rounded from the accurate figures. Due to the changes to the Group structure, the figures in the profit and loss account and cash flow calculation are not comparable.

Annual General Meeting 2019

The Annual General Meeting of Shareholders will be held on 26 March 2019. The invitation for the Annual General Meeting is estimated to be published during week 9.

Financial reporting in 2019

On 14 August 2019, the company will publish a half-year report for January–June 2019. Annual Accounts and Directors' Report 2018 will be published on week 10.

Tables

Group income statement (FAS)

EUR 1,000	1 Jul–31 Dec 2018	1 Jul–31 Dec 2017	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Net sales	25,891	19,583	50,581	33,950
Other operating income	-29	215	193	306
Materials and services	-4,084	-2,580	-7,911	-4,152
Personnel expenses	-14,249	-10,792	27,557	-18,867
Amortisations and depreciations	-486	-360	-869	-458
Other operating expenses	-4,479	-3,205	8,343	-5,421
Operating profit	2,563	2,860	6,095	5,359
Financial income and expenses, net	-26	-1,108	-11	-1,172
Profit after financial items	2,537	1,753	6,084	4,187
Year-end allocations	-1	-	-1	-2
Income taxes	-556	-440	-1,351	-866
Profit/loss for the financial period	1,980	1,311	4,732	3,319

EBITDA

EUR 1,000	7-12/2018	7-12/2017	2018	2017
Operating profit (EBIT)	2,563	2,860	6,095	5,359
Amortisation of goodwill	417	285	702	332
Other planned amortisations	69	75	167	126
Depreciations	-	-	-	-
EBITDA	3,049	3,220	6,964	5,817

The new instructions on alternative key performance indicators by the European Securities and Markets Authority (ESMA) took effect for the financial period 2016. The company presents the alternative key performance indicators of EBITDA, ROI, and ROE in order to better describe the financial development of its business operations. These indicators are widely used in Finland and familiar to investors, and presented along the earnings, they complete the picture of the development of the company's profitability.

Group balance sheet (FAS)

EUR 1,000	31 December 2018	31 December 2017
ASSETS		
Fixed assets		
Intangible assets		
Development expenses	10	38
Immaterial rights	8	0
Goodwill	8,626	5,362
Other long-term expenses	89	93
Tangible assets		
Machinery and equipment	406	348
Other material goods	46	41
Investments	51	551
Fixed assets total	9,235	6,433
Current assets		
Long-term receivables		
Loan receivables	0	15
Short-term receivables		
Accounts receivable	8,761	8,786
Loan receivables	15	26
Other receivables	520	489
Accrued income	568	880
Receivables total	9,865	10,197
Liquid asset securities		
Other securities	2,007	0
Cash and cash equivalents	13,417	12,657
Current assets total	25,289	22,854
ASSETS TOTAL	34,524	29,287

EUR 1,000	31 December 2018	31 December 2017
LIABILITIES		
Equity		
Share capital	80	80
Invested non-restricted equity fund	12,859	11,459
Profit from the previous financial periods	4,335	2,953
Profit for the review period	4,732	3,319
Equity total	22,006	17,810
External capital		
Long-term liabilities		
Loans from financial institutions	2,614	3,683
Other creditors	516	0
Short-term liabilities		
Loans from financial institutions	1,069	1,105
Advances received	36	15
Accounts payable	2,112	1,589
Other creditors	2,149	1,672
Accrued expenses	4,022	3,412
Short-term liabilities total	9,388	7,794
External capital total	12,518	11,477
LIABILITIES TOTAL	34,524	29,287

Group cash flow statement (FAS)

EUR 1,000	1 Jul-31 Dec 2018	1 Jul-31 Dec 2017	1 Jan-31 Dec 2018	1 Jan-31 Dec 2017
Operating cash flow				
Profit/loss before extraordinary items	2,537	1,753	6,084	4,187
Correction items:				
Planned amortisations	486	360	869	458
Financial income and expenses	26	1,108	11	1,172
Cash flow before change in working capital	3,049	3,220	6,964	5,817
Change in working capital:				
Increase/decrease in short-term non-interest-bearing receivables	6,219	-3,294	1,060	-4,720
Increase/decrease in short-term non-interest-bearing debts	122	559	1,352	1,318
Operating cash flow before financial items and taxes	9,389	486	9,376	2,416
Interests and expenses paid from other operating funding costs	-29	-1,108	-60	-1,168
Other operating funding income	2	0	48	0
Income taxes paid	-937	-284	-1,524	-627
Operating cash flow (A)	8,426	-906	7,840	621
Investment cash flow:				
Investments in tangible and intangible assets	-110	-323	-205	-419
Investments in subsidiary shares	2,319	-	-2,319	-4,685
Other investments	0	-	0	-50
Revenue from other investments	0	0	500	0
Investment cash flow (B)	-2,429	-323	-2,025	-5,153
Funding cash flow:				
Equity increase subject to a charge	0	10,004	0	10,156
Long-term loan withdrawals	0	57	0	5,273
Short-term loan repayments	-37	0	-37	0
Long-term loan repayments	-497	-747	-1,069	-793
Issued dividends and other profit distribution	-	0	-1,942	-1,052
Funding cash flow (C)	-534	9,314	-3,048	13,584
Change in funds (A + B + C) increase (+) / decrease (-)	5,462	8,085	2,767	9,052
Funds at the beginning of the financial period	9,962	4,572	12,657	3,605
Funds at the end of the period	15,424	12,657	15,424	12,657

Change in Group equity (FAS)

EUR 1,000	1 Jan- 31 Dec 2018	1 Jan-31 Dec 2017
Restricted equity	80	8
Increases in share capital related to restructurings	-	72
Share capital at the end of the financial period	80	80
Restricted equity total	80	80
Non-restricted equity		
Invested non-restricted equity fund at the beginning of the financial period	11,459	34
Primary offering	0	10,156
Correction items related to restructuring	1,400	1,269
Invested non-restricted equity fund at the end of the financial period	12,859	11,459
Profit from previous financial periods at the beginning of the period	6,275	4,076
Correction items related to restructuring	-9	-72
Dividend distribution	-1,942	-1,052
Translation differences	11	-4
Profit from previous financial periods at the end of the period	4,335	2,953
Profit for the financial period	4,732	3,319
Non-restricted equity total	21,926	17,731
Equity total	22,006	17,811

Group responsibilities

EUR 1,000	31 December 2018	31 December 2017
Rental liabilities for office facilities		
Due during the next year	1,760	1,640
Due later	3,751	3,413
Total	5,511	5,053
Vehicle leasing liabilities (includes VAT)		
Due during the next year	44	47
Due later	46	27
Total	90	73
Leasing liabilities		
Due during the next year	801	540
Due later	907	681
Total	1,708	1,221
Other liabilities		
Corporate cards	84	0
Other collateral securities		
Corporate mortgages	8,240	7,840
Securities		
Collateral securities issued for others		
Security deposits		
Total	8,324	7,840
Loans from financial institutions	3,683	4,788

Calculation of key figures

Net sales growth	=	$\left(\frac{\text{Net sales of the reporting period}}{\text{Net sales of the reference period}} - 1 \right) \times 100$
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	=	Operating profit + depreciation and amortisation
Earnings before interest, taxes, depreciation and amortisation (EBITDA) margin, %	=	$\frac{\text{Operating profit + depreciation and amortisations}}{\text{Net sales}} \times 100$
Operating profit before amortisation of goodwill (EBITA)	=	Operating profit + amortisation of goodwill
Operating profit before amortisation of goodwill (EBITA) margin, %	=	$\frac{\text{Operating profit + amortisation of goodwill}}{\text{Net sales}} \times 100$
Net debt (net cash)	=	Long-term loans from financial institutions + short-term loans from financial institutions – cash and cash equivalents – other shares and parts of fixed assets
Adjusted profit for the period	=	Profit for the period + amortisation of goodwill + extraordinary financial expenses
Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$
Net gearing, %	=	$\frac{\text{Long-term loans from credit institutions + Short-term loans from credit institutions – Cash in hand and at banks – Other rights of ownership under non-current investments}}{\text{Shareholders' equity}} \times 100$
Return on equity (ROE), %	=	$\frac{\text{Profit for the period (annualised)}}{\text{Average shareholders' equity}} \times 100$
Return on investment (ROI), %	=	$\frac{\text{Profit before taxes (annualised) + financial income and expenses (annualised)}}{\text{Average shareholders' equity + average interest-bearing debt}} \times 100$
Earnings per share (EPS), undiluted, euro	=	$\frac{\text{Profit for the period}}{\text{Average number of shares outstanding during the period (adjusted for share split)}} \times 100$
Adjusted earnings per share (adjusted EPS), undiluted, euro	=	$\frac{\text{Adjusted profit for the financial period}}{\text{Average number of shares outstanding during the period (adjusted for share split)}}$

Tampere, Finland, 19 February 2019

Gofore Plc
Board of Directors

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Gofore Plc is a Finnish digitalisation specialist with international growth plans. We're made up of some 500 people across Finland, Germany, Spain, United Kingdom and Estonia – top experts in our industry who are our company's heart, brain, and hands. We use consulting, coding and design as tools to incite positive change. We care for our people, our customers, and the surrounding world. Our values guide our business: Gofore is a great workplace that thrives on customer success. In 2018, our net sales were EUR 50,6 million. Gofore Plc's shares are quoted in the First North Finland market administered by Nasdaq Helsinki Ltd. Learn to know us better at www.gofore.com.