vincit

ANNUAL REPORT 2023

CONTENT

VINCIT IN BRIEF

Vincit, founded in 2007, is an agency focused on turning digital into business results. We are a comprehensive technology and business partner for our clients, leveraging technology to streamline business operations, transform commercial capabilities and accelerate digital development.

Vincit's service offering combines business-driven design, agile software development, data & AI capabilities, and extensive platform expertise especially in SAP ecosystem technologies. In addition, our own product solution VincitEAM helps companies automate their maintenance operations and asset management.

We operate globally through offices in several locations in Finland, Poland, Portugal, Sweden, and the United States. Nordic countries and the United States are our two main customer markets, where we serve mid-sized to large companies as well as large public sector clients.

We believe that technology is a key component for solving the global challenges of our time – we're here to create better Mondays for Vincitizens, our customers, and our planet.

VINCIT IN NUMBERS

Founded 2007

~800 vincitizens & partners

EUR 98.1 million revenue in 2023

35 nationalities

5 countries: Finland, Poland, Portugal, Sweden, USA

450+ customers

HIGHLIGHTS OF 2023

Renewed brand tells the story of Vincit today

The redesigned Vincit brand communicates the new Vincit – our value proposition, offering, positioning and tone of voice – in a clear and relevant way, and stays true to our core values. Side by side with the brand renewal, we redesigned our values together, and invested in several culture and career development projects, such as redesigning our competence development platform Univincity.

Investments in AI knowledge and tools continue

A pilot project with construction industry leader SRV showed that AI-assisted software development is up to 20% more efficient compared to not using the tools. Our target of having 100 Vincitizens certified with Microsoft Azure AI technologies was reached during 2023. Vincit's sales organisation is also trained to use artificial intelligence-assisted tools, and we have created operational and ethical guidelines for the use of artificial intelligence.

Moving up the customer value chain

The positioning after the Bilot merger in 2022 opened a new market for Vincit and the move upwards in customers' value chain has progressed according to the strategy. The renewal of Vincit continues by developing commercial expertise and broader offering. At the same time, Vincit continues measures to improve profitability and adapt its business to the changed market situation.

Vincit renewed Verkkokauppa.com's online customer experience

Vincit renewed the Verkkokauppa.com online store, to create a base for continuous improvement of Verkkokauppa.com's online customer experience. The renewed online store concretizes Verkkokauppa.com's strategy of aligning with customers and focusing on key target groups and product categories. The project aimed to enhance online customer experience, increase category awareness, improve product findability, and embrace a customer-driven way of working.

Vincit developed a commerce-driven customer portal with Outokumpu

Vincit partnered with Outokumpu to design and implement the overall solution of Outokumpu Connect, a commerce-driven customer portal that enables better digital services for customers and increased sales for Outokumpu. The end goal was to create a future-proof platform that could efficiently and intelligently tie together all the necessary systems in use at Outokumpu, including the ERPs.

The core technologies of Outokumpu Connect include SAP Commerce Cloud with the Composable storefront and Integration Suite. We designed a modern, easy-to-use user experience and user interface for the portal. We also helped Outokumpu to plan and realise the needed harmonisation of data, processes, and business logic to make it all work together seamlessly.

GREETINGS FROM OUR CEO 👋

"2023 was a mixed year for Vincit: we made significant progress in many areas but fell short of our targets for the year in terms of profitability and revenue development. The trends seen in the first half of the year – changes in customer demand and strong price competition, especially in custom software development – continued towards the end of the year, and the investments made in sales and marketing were not reflected in the revenue development at the desired pace. The good profitability development after the summer also stalled in the last months of the year. In the last quarter of the year, the downward trend in revenue continued and, after cost saving measures, we entered the new year with 80 fewer Vincitizens compared to the previous year. Despite the challenges, Vincit's cash flow improved by more than EUR 3 million compared to the financial year 2022.

Throughout 2023, we received strengthening signals that the Nordic digital market is now being driven by players with a deeper understanding of their customers' businesses and the ability to apply their expertise to business-critical challenges in different industries. With the Bilot merger, our renewed offering and our strategy are well aligned with this market development: a focus on our clients' business results. Our own transformation journey is well underway, but it will take longer than expected to have a positive impact on the bottom line. Sales cycles for new comprehensive projects are long, and demand for hourly custom software development work has been declining.

In the US, we adjusted our cost structure, but the impact of the new interest rate environment on our home turf of technology and start-up customers impacted sales negatively throughout the year. Customers' financial difficulties also led to write-offs of around EUR 1 million on trade receivables that had already been incurred before 2023. Despite the challenges, the value potential of the US market for Vincit is significant.

The renewed brand and customer promise and our continued efforts to develop our sales and offering will provide the foundation and focus for the year ahead. I would like to highlight two customer deliveries in Finland: our SAP S/4HANA implementation for Certia, which was delivered on time and to quality standards, and our project with Verkkokauppa.com, where together we made a significant impact on the customer experience of the digital channel. In the US, we made important new openings in the travel, media and retail sectors.

Our investment in AI capabilities will continue through concrete client projects and by investing in systematic training of all our experts; last year alone, more than 100 Vincit employees obtained an officially verified certification in AI technologies, and we will double this number in the spring.

Despite a challenging year, I am proud of the energy with which Vincitizens rolled up their sleeves and worked to find ways to build a new foundation for better Mondays in a rapidly changing IT services market – for our customers and for all Vincit employees."

Julius Manni
CEO

VINCIT'S GROWTH STRATEGY

Vincit's growth strategy aims to elevate our position within the partner value chain of our customers.

The cornerstones of our strategy are:

We aim to be the trusted partner for customers looking to transform their commercial capabilities and accelerate digital development.

In the Nordic countries, we are building a business-driven position, where Vincit's competitive advantage is a unique combination of design thinking, data & AI, modern agile software development, commercial solutions and enterprise-level platform expertise, especially in SAP ecosystem technologies.

In the United States, we aim to accelerate our software development business growth, as the relevant IT market is several times larger than in the whole of Europe.

We continue to develop and diversify our global delivery capability and thus offer our clients the best experts and development teams competitively.

We are committed to being the best place to grow for the best digital talent, aiming for the best customer experience and a stellar employer reputation in the industry.

GOALS BY THE END OF 2023–2025 STRATEGY PERIOD

Business targets

Financials:

20%
Revenue:
Annual growth

30%
of growth from acquisitions mainly outside Finland

> 60%
Equity ratio:

> 10%
Adjusted EBIT throughout strategy period

Market split

USA: 30% of revenue

Europe: 70% of revenue

Sustainability targets

Diversity:

30%
women and gender minorities

15%
international talent/ country

Impact:

- Vincit own operations carbon neutral in 2023
- Towards a carbon neutral digital value chain with partners by 2025
- 100% of customer work has a set goal aligned with our customer's sustainability goals

WE TURN DIGITAL INTO BUSINESS RESULTS

Vincit's business comprises two areas: the Service business in Europe (Vincit Europe) and the US (Vincit USA), and the Product business focusing on the Finnish market. Majority of our revenue comes from our Services business.

A partner in business transformation and an accelerator of digitalization

In recent years, we have shaped our Services business from the role of an IT project supplier towards a strategic partner for business-critical processes and systems. Our goal is to be the trusted partner for our clients in the transformation of their commercial capabilities and in accelerating digital development.

Our Services business forms a logical chain between the development, commercialization and ongoing maintenance of digital solutions, extending our projects deeper into our clients' business processes.

The merger with Vincit and Bilot Oyj in 2022 strengthened our capabilities especially in SAP technologies, data and integration expertise. Now we are able to leverage leading enterprise software and cloud-based technology platforms (including SAP, Microsoft Azure, Amazon Web Services, Google Cloud, Snowflake and Adobe), combined with design-thinking, data & AI, and agile custom software development. This has further strengthened our position as a strategic partner, while at the same time our customer engagements have become more continuous, and we have further enhanced our IT service management capabilities.

Our services include:

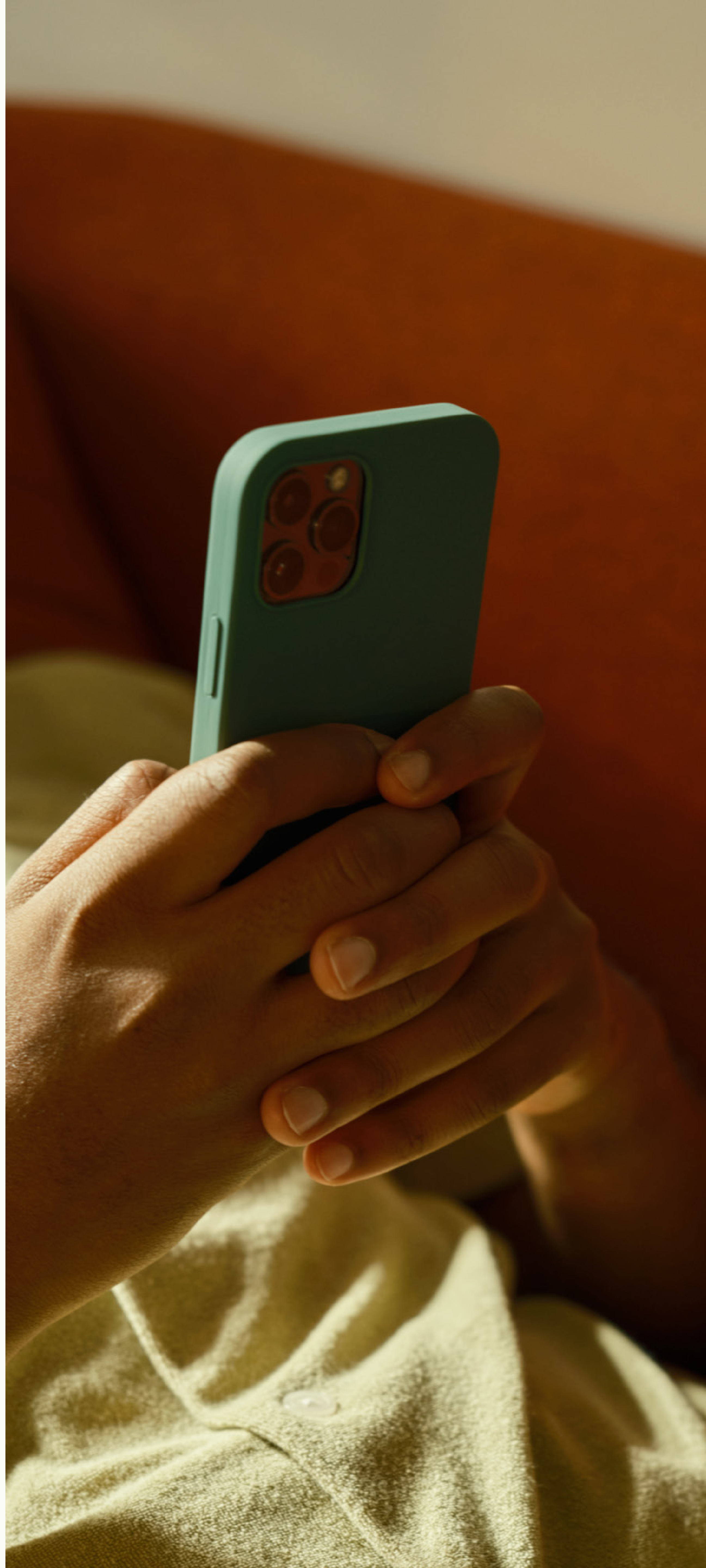
- Winning experiences & digital solutions
- Growth with commerce & engagement
- Business direction with data & analytics
- Efficiency with core processes and platforms
- Value with continuous services and DevOps

Our solutions include:

- Data, AI and analytics
- SAP enterprise solutions
- Web / Mobile applications
- Digital commerce, portals and marketplaces
- Product information management
- IoT and embedded systems
- Integrations

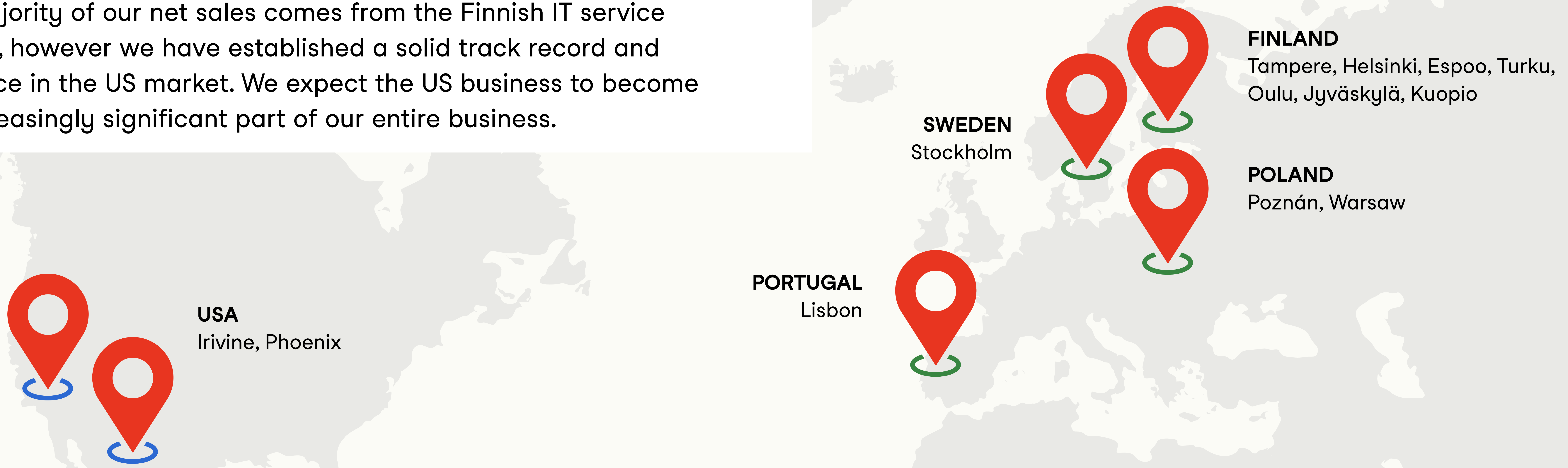
The industries we serve:

- Wholesale and retail
- Manufacturing industries
- Public sector
- Energy and utilities
- Digital platform economy
- Banking, finance, and insurance
- Medical devices manufacturers



FROM HƐLSINKI TO CALIFORNIA

We have offices in Finland, Poland, Portugal, Sweden and in the USA. The majority of our net sales comes from the Finnish IT service market, however we have established a solid track record and presence in the US market. We expect the US business to become an increasingly significant part of our entire business.



GROWTH DRIVERS FOR THE MARKET

1.

Accelerating digitalization boosts market growth

Digitalization as a megatrend is still growing as it is becoming a more critical element in business and society. Digitalization requires vast resources to build, integrate and maintain new applications - and new technologies being developed with increasing speed - which is why the long-term demand fundamentals of IT consulting companies are strong.

IT service companies offer a good opportunity for the investor to invest in the digitalization trend with a more limited risk profile.

2.

IT is a critical area of companies' business, strategy and operations

Digital has grown from a supportive function to a driving force of business transformation. Modern businesses today evolve and change through it. This development means companies need to actively make sure that the organisation, its people, processes and stakeholders are part of the change. Today, digital has a key role in business to drive business innovation, growth and efficiency, which verifies its role as part of business in the future as well.

3.

IT consultancies stay relevant as the enablers of digital transformation

Digital transformation requires knowledge, competencies and resources that tend to be outside the core areas of businesses. Therefore the need for IT consultancies stay strong, as they are able to support and enable the transformation with the required skills and knowledge. Even though companies have started to build these competencies for themselves as well, the growing need for digital transformation in all industries keeps the demand for external support strong.

WHY INVEST IN VINCIT?

Unique combo for customer value

We offer a comprehensive lifecycle of services with our unique combination of business-driven design thinking, modern agile software development, and deep enterprise-level system expertise, especially in SAP ecosystem technologies. In this position we can undertake business-critical customer engagements and deliver on demanding projects.

Our merger with Bilot in 2022 has significantly enhanced our capabilities in SAP technologies, data, and integration expertise, further cementing our position as one of the leading digital players in the Nordics and beyond.

Growth opportunities in the USA and Nordics

Despite the recent turmoil in the IT services market, we have a solid basis for profitable organic growth in the Nordics and a proven track record to capture new opportunities in the USA. We have a strong client portfolio with leading brands across industries in the Nordics and USA, and we have been systematically increasing the average size and duration of our client engagements.

Consolidation development in the Nordic IT services market is also expected to continue increasingly active. Expanding our offering and customer markets through acquisitions has been a key part of Vincit's growth story. The strong cash flow from our operations puts us in a good position to strengthen our business inorganically.

Employer brand among the best in the industry

At the heart of Vincit's success and rapid growth is our award-winning organizational culture. We have been ranked several times as the #1 best place to work in Finland and Europe by the **Great Place to Work Institute** and have been constantly among the top 10 most attractive employers listings in Finland. Vincit has also been featured on **Inc. Magazine's** 'Best Workplaces and Fastest Growing Companies' lists in the USA.

Recognized for our positive and distinctive employer image, we excel in a competitive talent market. We continue to invest in the professional growth of our Vincitizens and are committed to being the best place to grow for the best digital talent. Our ability to recruit experienced experts and to train new future stars in their field is a key competitive factor in keeping our leading position in the market.

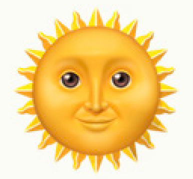
SUSTAINABILITY

Better Mondays for everyone

For us, sustainable business means that we work for a better tomorrow. We want to serve our stakeholders as well as the society and the planet. We develop digital services for diverse users and solutions that drive sustainability in business.

We also want to be a responsible employer, support the wellbeing of Vincitizens, and promote a culture where everyone feels a sense of belonging.

Vincit was founded as a workplace that wouldn't suck – not even on Mondays. The most important goal for us is to make sure that our customers and employees are even happier tomorrow than they already are today, and this is embedded in everything we do. We wanted that this founding principle is also visible along our sustainability journey. Our key sustainability themes 2023 were built to remind us of our goal.



Better Mondays for Our Customers

CREATING SUSTAINABLE IMPACT WITH OUR CUSTOMERS

We help our customers develop sustainable business solutions. We make digital solutions accessible, ensure data privacy and security. We aim to integrate sustainability into all customer work we do, and develop our tools and expertise around sustainability.

Better Mondays for Our People

PROMOTING WELLBEING, DIVERSITY AND WELCOMING CULTURE

We believe in better Mondays as a combination of personal, professional, community and company wellbeing. We want everyone at Vincit to feel welcome as themselves and we want to ensure that VIncit is a place for people with diverse backgrounds.

Better Mondays for Our Planet

IMPROVING SUSTAINABILITY & ENVIRONMENTAL RESPONSIBILITY

We want to ensure our operations are not impacting the environment negatively and we are continuously assessing how to make a positive impact instead. We share our sustainability progress regularly and transparently.

BETTER MONDAYS FOR OUR CUSTOMERS

Digital services play a significant role in our society. At Vincit, we can have the greatest positive impact on the planet, on people, and on Mondays **ahead by helping our customers transform into better versions of themselves.**

We work hand-in-hand with our customers and help them succeed. We're committed to ensuring that all our projects meet our high standards of accessibility and digital trust. We provide digital services to customers in a variety of industries, such as wholesale, discrete manufacturing, process manufacturing, retail, food and medicine, B2B and B2C services, as well as the public sector. We work together with customers, helping them by designing solutions to complex problems ensuring the needs of sustainable society are acknowledged. We also want to build accessible digital services that serve the needs of diverse users and promote digital inclusion in society.

In 2023 we set an ambitious goal to have a sustainability goal and a systematically monitored sustainability KPI in all of our customer projects by 2025. Goals would be developed to be in line with our customers´ sustainability targets and thereby those would support our customers' sustainability work. The project-specific sustainability goal would be set together with the client, making it one of the priorities of the project. Concrete sustainability goals for a project could for example be a certain level of accessibility, a more impact-based model or solution, or improved resource efficiency.

We believe that a sustainable society is a digital society where data security and privacy are protected. We emphasize data security in everything we do. We follow best practices in data privacy and information security, aligning with national and EU-level legislation. The aim of Vincit's data protection and information security measures include proper functioning of our digital tools, preventing unauthorized use, destruction or distortion of data and data systems, and limiting damages if they arise.

BETTER MONDAYS FOR OUR PEOPLE

We believe in better Mondays as a combination of personal, professional, community, and company wellbeing. At Vincit, we value a humane work life. We support our employees by providing flexible working options, healthcare services, meaningful work content, challenging projects, and a collaborative team environment. We foster an open and respectful workplace culture.

9th most attractive employer in the IT sector in Finland

(Universum's Most Attractive Employers study)

The successful recruitment of new employees and the retention of old employees are critical factors to Vincit's growth and business success. In Universum's Most Attractive Employers study in 2023, Vincit was listed as the **9th (2022: 4th) most attractive employer in the IT sector in Finland.** The study is based on a survey and is published annually to rank the most attractive employers in different countries. In addition, higher education students chose Vincit as **Finland's 7th most attractive employer** in the YPAI (Young Professional Attraction Index) survey in 2023.

We believe that diverse teams create better business – and we're working hard to focus on and improve diversity. Our leadership has made a commitment to promoting diversity, equity, and inclusion across the company. We want to increase diversity at Vincit from a broad range of perspectives, including nationality, gender, age, educational background, ethnicity, religion, physical or cognitive ability, sexual orientation, family status or other personal characteristics. We set our first goals to promote diversity, equity, and inclusion in 2022. Our goal is to increase the share of women and gender minorities among Vincitizens to 30% by 2025.

We are empowering our employees to take control of the way they work. Each new Vincitizen has the freedom to choose their own preferred tools and to decide where they prefer to work. We are offering flexibility and location independence for our employees, including several physical offices in various locations.

*Gender as defined by voluntary self-identification process.

7th most attractive employer in Finland
(Young Professional Attraction Index)

We make every effort to support the wellbeing of Vincitizens through a variety of initiatives, such as sports groups, child care assistance, and flexible work hours. We also encourage our employees to build their skills, choose their desired career paths, find purpose in their work, and provide ways to relieve stress. We strive to support our employees in different life situations by providing the option to adjust working hours for a family-friendly work environment. We believe that people are active and motivated to learn when they have agency, support, and a community to learn with.

Fostering continuous learning of our experts

We've established several different ways of supporting professional growth, such as the global professional growth model "Growth Journey" and the "Univincity" learning network. A personalized Growth Journey is created for every Vincitizen to facilitate their development while also gathering feedback and identifying areas of improvement from clients and other members of the team.

Our Univincity network offers different ways for professional learning and competence development. For example, the network offers different formats and personalized learning such as study groups, local learning events, and company-wide development programs.

As an example, with our commitment to stay in the forefront of AI development, we are investing in the systematic AI-training of all our experts: just last year alone, over 100 Vincitians completed officially recognized certifications in AI technologies, and we plan to double this number during the spring.

We also ensure that Vincitizens have access to potential transition or outplacement programs, whether they are retiring or seeking to change career paths. Occasionally we also hire external coaches for our employees. These programs are evaluated on a case-by-case basis to ensure that the individual gets the assistance they need.

Open salary policy

We want to promote equality at Vincit through a transparent culture, low hierarchy, and salary transparency. Vincit has had an open salary policy in Finland for years. The model was implemented to promote equitable salary policies and to increase transparency. Our model has also been our tool to increase and discuss pay equality related topics and we are continuously assessing that pay equality is acknowledged during discussions.

At Vincit, employees have been given the opportunity to publish their own salary for nearly a decade. The open salary model includes salary weeks that are held once or twice a year to allow each employee to choose whether to publish their salary or not. Participation in the salary week is voluntary but the majority of people have opted into publicising their salary.

BETTER MONDAYS FOR OUR PLANET

At Vincit, we are working to develop digital solutions that promote sustainable and circular business together with our customers. In our client projects, we help develop solutions for reducing emissions, build software that improves energy and process efficiency, and help assess the emissions of digital solutions.

Although emissions produced by Vincit directly and indirectly are relatively insignificant in the context of global climate change, we want to do our part. We have started to assess our carbon footprint to understand how to prioritize the actions related to emission reductions. We set a goal to be carbon neutral in our own operations for the year 2023 and work towards a carbon-neutral value chain with our partners by 2025. Vincit has not conducted a systematic, standard based climate risk analysis but, in general, the vulnerability of our partners' data centers is the most significant risk posed by climate change to Vincit. Natural disasters and changes in electricity availability and supply pose continuity risks to data centers. These risks may have an indirect impact on Vincit's operations.

Our own operations, which mainly consist of desk-based specialist work, aren't directly affected by climate change apart from the climate anxiety experienced by employees.

vincit

FINANCIALS

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2023

Board of Directors' report

Significant events of the year 2023

- In May, Vincit updated the composition of its Leadership Team and initiated change negotiations in service production.
- In June, Vincit lowered its guidance on 2023 revenue and relative profitability.
- In July, Kimmo Kärkkäinen was appointed Chief Financial Officer of Vincit as of August 1, 2023.
- In September, Jens Krogell was appointed Chief Commercial Officer of Vincit as of September 12, 2023.
- In October-November, Vincit conducted change negotiations in all Vincit's Finnish companies, with the exception of Vincit Solutions Oy.
- In December, Vincit lowered its guidance on 2023 relative profitability.

Financial performance 1.1.-31.12.2023

Consolidated revenue

Revenue increased in January–December by 15.7% year-on-year EUR to 98.1 million (84.8). The revenue growth is due to the Bilot Oyj merger that was completed on July 2022.

Group profitability and earnings development

EBITDA was EUR 2.0 million (3.6) or 2.0% (4.3%) of revenue during the review period. Adjusted EBIT was EUR 1.4 million (3.1) or 1.4% (3.7%) of revenue. Adjusted EBIT before non-recurring items was EUR 3.4 million (5.2), or 3.4% (6.1%) of revenue. EBIT was EUR -2.2 million (0.2) or -2.2% (0.3%) of revenue.

The Group's personnel costs amounted to EUR 62.5 million (55.4) representing 63.7% (65.3%) of revenue.

Other operating expenses totaled EUR 18.4 million (16.0), which is about 18.8% (18.8%) of revenue.

The earnings effect of loan loss provisions during the review period was EUR -1.4 million (-0.4).

Unrealized foreign exchange losses (gains) recognized in financial items during the review period totaled EUR -0.2 million (0.3).

The profit for the period under review was EUR -2.9 million (-0.3).

Parent company financial performance

The parent company revenue increased by 22.2% due to the Bilot merger in June 2022 and was EUR 80.5 (65.9) million. EBITDA was EUR 2.8 million (1.0) or 3.5% (1.5%) of revenue during the review period. The result improved due to the cost-saving measures taken after the demerger. Adjusted EBIT was EUR 2.6 million (0.7) or 3.2% (1.1%) of revenue. Adjusted EBIT before non-recurring items was EUR 3.3 million (2.7), or 4.1% (4.1%) of revenue. EBIT was EUR 0.2 million (-1.4) or 0.2% (-2.1%) of revenue.

The profit for the period under review was EUR -0.5 million (1.5).

The balance sheet total of the parent company at the end of the financial year was EUR 58.2 (61.0) million. The equity ratio at the end of the financial year was 64.3% (66.2%). At the end of the financial year, the group's liquid assets were EUR 8.7 (6.8) million.

Vincit's business areas

Vincit's business comprises two areas: the Service business in Europe (Vincit Europe) and the US (Vincit USA), and the Product business focusing on the Finnish market. Customers include both enterprises and public sector actors.

Service business

During 2023 Vincit's service business continued its transformation and change in position towards an even more business-critical partner for our customers. The strategy responds well to the two-folded market trends during 2023, seeing decline in greenfield investments in tailor made software and a simultaneous growth in supporting companies with business processes and core systems. The change in the market has been faster than anticipated and has impacted Vincit harder than many other players in the market, due to Vincit's historical focus in tailor-made software development.

Revenue of the Service business in January-December was EUR 95.1 million (82.3), up 15.6% year-on-year.

During January-December, adjusted EBIT of the Service business was EUR 1.9 million (3.1) or 2.0% (3.8%) of revenue. Adjusted EBIT before non-recurring items was EUR 3.9 million (5.2), or 4.1% (6.3%) of revenue. Non-recurring items amounted to EUR 2.0 (2.1) million.

Vincit Europe

Vincit's service business in Europe grew during 2023 by almost 20% compared to last year, mainly due to the Bilot merger. The positive trend in revenue and profitability in the start of the year was hit by the decrease in demand of tailor-made software development in the private sector, resulting in declining revenue during the second half of the year. Also greenfield investments into Commerce-platforms has declined and focus has moved into growing business through these digital channels. We continue to see growth in investments into core processes and systems, especially in the cloud transformation of SAP.

Profitability was affected both by the declining revenue in the second half of the year and the restructuring of personnel in Europe resulting in one-off costs.

Vincit Europe's revenue in January-December was EUR 86.1 million (71.9), up 19.7% year-on-year.

During January-December, Vincit Europe's adjusted EBIT was EUR 2.8 million (2.3) or 3.2% (3.2%) of revenue. Adjusted EBIT before non-recurring items was EUR 3.8 (4.3) million, or 4.4% (6.1%) of revenue.

Vincit USA

Vincit USA's business remained challenging throughout the year, resulting in a decline both in revenue and profitability compared to last year. We are building our commercial capabilities and widening our focus towards more traditional customer segments, where digitalization is only starting to speed up. Our earlier focus on technology companies and startups, that were heavily hit by the economic downturn, impacted us both through downscaling of customer R&D teams and approximately one million euros in write-downs from sales receivables, which had already arisen before the year 2023. Efficiency improvements during the year helped our profitability, but future success needs to be built on revenue growth.

Vincit USA's revenue in January-December was EUR 10.5 million (12.6), down 17.0% year-on-year.

During January-December, Vincit USA's adjusted EBIT was EUR -0.9 million (0.8) or -8.4% (6.6%) of revenue. Adjusted EBIT before non-recurring items was EUR 0.0 million, or 0.1% of revenue.

Product business

The Product business consists of VincitEAM, Enterprise level Asset Management solution and related services, that help companies digitizing and automating their maintenance operations, asset management and maintenance related materials management.

In 2023, we had strong demand from our existing customers in the first half and we successfully closed significant deals with new customers in the second half. Although our sales experienced double-digit growth, the increased costs of labor and investment inserver capacity had a negative impact on our profitability compared to the previous year.

Revenue of the Product business in January-December was EUR 3.0 million (2.7), up 10.3% year-on-year.

During January-December, adjusted EBIT of the Product business was EUR -0.5 million (0.0) or -17.5% (0.9%) of revenue.

Group balance sheet, financing and cash flow

The balance sheet total at the end of the financial year was EUR 57.0 million (Dec. 31, 2022: 62.0).

The equity ratio at the end of the financial year was 63.4% (Dec. 31, 2022: 67.1%) and gearing was -33.5% (Dec. 31, 2022: -24.8%).

Cash flow from operating activities after paid interest and direct taxes was EUR 5.3 million (2.5). Cash flow from operating activities was positively impacted by increased depreciation and a decrease in working capital.

At the end of the review period, the Group's liquid assets were EUR 12.2 million (Dec. 31, 2022: 10.3). Interest-bearing debt amounted to EUR 0.1 million (Dec. 31, 2022: 0.2). At the end of the review period, the Group had unused unsecured overdraft limits totaling EUR 2.0 million.

Key figures

EUR 1,000	2023	2022	2021
Revenue	98,085	84,789	61,510
Wages and salares	-52,162	-46,228	-34,983
EBITDA	1,968	3,619	6 453
% of revenue	2.0%	4.3%	10,5%
Adjusted EBIT (EBIT before goodwill amortization)	1,383	3,136	5 905
% of revenue	1.4	3.7	9,6%
Adjusted EBIT (EBIT before goodwill amortization) before non-recurring items [1] [2]	3,376	5,197	5 905
% of revenue			
EBITA	1,721	3,390	6,287
% of revenue	1.8 %	4.0 %	10.2%
EBIT	-2,196	235	4,108
% of revenue	-2.2%	0.3%	6.7%
Profit for the period	-2,853	-277	3,476
Return on investment (ROI) [1], %	-5.1%	1.3%	18.4%
Return on equity (ROE)[1], %	-7.5%	-0.4%	14.7%
Gearing ratio, %	-33.4	-24.8%	-31.6%
Equity ratio, %	63.4	67.1%	70.2%
Number of personnel at the end of the period	754	803	579
EPS, EUR	-0.17	-0,02	0.29
Dividend / share, EUR	0.10[2]	0.15	0.20

[1] The company presents alternative performance measures EBITDA, EBITA (operating profit + amortization and impairment), adjusted EBIT (operating profit before goodwill amortization), adjusted EBIT (operating profit before goodwill amortization) before non-recurring items, return on investment (ROI), and return on equity (ROE) to better describe the financial development of its business.

[2] Board of Directors proposal to the annual general meeting 2023

Parent company key figures

EUR 1,000	2023	2022	2021
Financial key figures			
Revenue	80,508,696.09	65,857,589.62	49,112,938.22
EBIT	155,716.40	-1,350,423.31	1,947,600.12
% of revenue	0.2%	-2.1%	4.0%
Return on equity (ROE), %	0.4%	3.1%	6.6%
Equity ratio %	64.3%	66.2%	66.9%
Non-financial key figures			
Average number of personnel	495	515	349
Wages and salaries	33,364,561.17	27,861,835.24	20,516,761.11

Research and development

Capitalized product development costs are mainly related to the design of additional features of the VincitEAM maintenance system. The product development capitalizations made during the financial period totaled EUR 0.8 (0.6) million. Otherwise, research and development expenses are recorded as annual expenses in the year they are incurred.

Acquisitions and changes in Group structure

The parent company of the Group is Vincit Plc that has subsidiaries in Finland, the United States, Sweden and Poland. At the end of the review period, the Vincit Group comprised the parent company Vincit Plc and its subsidiaries Vincit Helsinki Oy (parent company's holding 92.5%), Vincit Jyväskylä Oy (100%), Vincit Solutions Oy (89%), Vincit California Inc (96,7%), Vincit Arizona Inc (96,7%), Vincit Sweden AB (100%) and Vincit Poland Sp. z.o.o. (100%).

No changes were made in the Group structure during the review period.

Personnel, management and offices

At the end of the review period, the Group employed a total of 720 (Dec. 31, 2022: 803) people, of whom 641 (Dec. 31, 2022: 710) work in Finland, 43 (Dec. 31, 2022: 54) as posted workers and locally employed in the United States, 12 (Dec. 31, 2022: 14) in Sweden and 24 (Dec. 31, 2022: 25) in Poland.

On 10 October 2023, Vincit announced change negotiations concerning all Vincit Plc's Finnish companies, excluding Vincit Solutions Oy. The negotiations were completed on 30 November 2023, and as result of the negotiations, 41 employments in Vincit Plc's Finnish companies was terminated. Additionally, Vincit implemented organizational and role changes and other measures to improve profitability in other countries. As a result of these, the employment terminations resulting from the change negotiations, and the resignations during the negotiations, Vincit's workforce was reduced by 47 people in total. The cost savings from the change negotiations and other savings measures are EUR 3.4 million and will be fully realized during 2024.

In Finland, Vincit has offices in Helsinki, Tampere, Espoo, Turku, Jyväskylä, Oulu and Kuopio. In the United States, the offices are located in Irvine, California, and in Phoenix, Arizona. The office in Sweden is in Stockholm and in Poland our office is located in Poznán. In Portugal we are operating through freelance partners and a coworking space in Lisbon.

At the end of the year, Vincit Group's Leadership Team comprised: Julius Manni, CEO, Jens Krogell, Chief Commercial Officer, Mari Kuha, Chief People Officer, Kimmo Kärkkäinen, CFO and Anssi Kuutti, Chief Delivery Officer (Talent & Delivery).

Vincit Solutions Oy operates as an independent product unit and its CEO is Juuso Jankama, who reports directly to the chairperson of Vincit's Board of Directors, Mikko Kuitunen.

Changes in Vincit's leadership team

On May 11, 2023 Chief Financial Officer Niklas Wasenius resigned from Vincit's service. On July 6, 2023 Kimmo Kärkkäinen was appointed Chief Financial Officer of Vincit Plc and a Member of the Executive Leadership Team as of August 1, 2023.

On September 12, 2023 Jens Krogell was appointed Chief Commercial Officer of Vincit Plc.

Related parties

Vincit Oyj has granted a total of 41,720.00 euros (164,851.69) of interest-bearing loans to related parties during the financial year. The loans are related to the financing of share subscriptions of the company's long-term incentive system. At the end of the financial period, loans granted to related parties totaled 525,558.12 euros.

Incentive schemes

On September 9, 2020, Vincit Plc's Board of Directors decided on a new share-based long-term incentive plan for the Group´ s key employees. The plan consisted of three performance periods covering the financial years 2021, 2022 and 2023. The aim of the plan is to align the objectives of the company's shareholders and key employees in order to increase the value of the company in the long term, to retain the key employees at the company and to offer them a competitive reward plan that is based on acquiring, earning and accumulating the company's shares.

The performance criterion of the plan 2021–2023 was earnings per share (EPS). The rewards will be paid partly in the company's shares and partly in cash after the end of each performance period. The cash proportion is intended to cover taxes and social security contributions arising from the reward to the participant. The prerequisite for participation and receiving a reward is that a plan participant acquires the company's shares or allocates shares they own to the plan within the limits stated by the company. As a rule, no reward will be paid if a participant's employment terminates before the reward payment. The Board of Directors decides on the scheme's earning criteria and the targets to be set at the beginning of each earning period.

During the performance period 2023, the incentive plan's target group included 13 key employees, including the CEO and members of the Executive Team. The rewards to be paid on the basis of the performance period 2023 correspond to the value of a maximum total of 160,360 Vincit Plc shares, including also the proportion to be paid in cash.

On 24 November 2023, Vincit Board of Directors decided on the launch of the new long-term incentive plan covering the financial years 2024, 2025 and 2026. The performance criterion of the plan during the performance period 2024 is earnings per share (EPS). The achievement of the targets set for the performance criterion in relation to a key employee's own investment will determine the proportion to be paid to the participant of the maximum reward.

The incentive plan's target group in 2024 includes 12 key employees, including the CEO and members of the Executive Team. The company's CEO and the Executive Team member is obliged to hold half of the net shares potentially received from the plan until the value of the CEO's or the member's total shareholding in the company corresponds to half of their annual salary. Such number of shares must be held as long as the position as the CEO or the membership in the Executive Team continues.

Annual General Meeting 2023

Vincit Plc's Annual General Meeting was held on April 26, 2023, in Helsinki. The Annual General Meeting adopted the financial statements for 2022 and discharged the members of the Board of Directors and the CEO of liability for the financial year 2022. The Annual General Meeting decided, based on a proposal from the Board of Directors, that a dividend of EUR 0.15 per share be paid on the distributable profits of the company for the financial year 2022.

The Annual General Meeting resolved that the number of members of the Board of Directors be confirmed as five (5). Current Board members Mervi Airaksinen, Frank Korsström, Mikko Kuitunen, Arto Martonen and Pekka Vähähyyppä were re-elected to the Board of Directors. At the organizing meeting the Board of Directors elected Mikko Kuitunen as its Chairperson.

KPMG Oy Ab, member of the Finnish Institute of Authorized Public Accountants, was appointed as auditor of the company. The chief auditor is Miika Karkulahti, APA.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of shares, option rights and other special rights entitling to shares as referred to in Chapter 10 Section 1 of the Finnish Limited Liability Companies Act in one or several tranches as follows:

A maximum of 2,500,000 shares (including shares issued based on special rights) may be issued based on the authorization, which corresponds to approximately 15% of the company's share capital at the time of the decision.

The Board of Directors will decide on the issuance of shares, option rights and other special rights entitling to shares. The authorization includes the right to resolve to issue new shares or to transfer own shares held by the company. Shares, option rights and other special rights entitling to shares can be issued deviating from the shareholders' pre-emptive subscription right (directed issue).

The authorization revokes all previous unused authorizations to resolve on the issuance of shares, option rights and other special rights entitling to shares. The authorization is effective until the next Annual General Meeting, however, no longer than June 30, 2024.

The Annual General Meeting authorized the Board of Directors to decide on repurchasing and/or accepting the company's own shares as pledge under the following conditions:

A maximum of 1,000,000 shares may be repurchased and/or pledged. The shares will be purchased through trading on the Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd, at the market price at the time of purchase. Own shares may be repurchased deviating from the pro rata holdings of shareholders. The repurchase of shares reduces the company's distributable unrestricted equity. The Board of Directors decides how the shares will be repurchased and/or accepted as a pledge.

The authorization remains valid until the closing of the next AGM, but no longer than until June 30, 2024. The authorization revokes all previous unused authorizations.

Shares and shareholders

Vincit has one series of shares. Each share is entitled to one vote at the Annual General Meeting.

The number of Vincit Plc shares at the end of the review period was 16,952,539 (Dec. 31, 2022: 16,907,381). At the end of the review period, the company held treasury shares 395,080 (Dec. 31, 2022: 404,124). The average number of shares (excluding company held treasury shares) during January-December was 16,907,752 (14,748,298).

At the end of the review period, the company had 10,118 shareholders (Dec. 31, 2022: 10,235). Nominee-registered holdings accounted for 1.08% of the share capital (Dec. 31, 2022: 1.19%).

Summary of trading on Nasdaq Helsinki, Jan. 1-Dec. 31, 2023

January-December 2023	Traded shares volume	Total value EUR	Highest EUR	Lowest EUR	Weighted average price EUR	Latest EUR
VINCIT	3,325,364	13,128,565	5.15	2.59	3.95	3.23

	Dec. 31, 2023	Dec. 31, 2022
Market cap, EUR	54,756,701	70,334,705
Shareholders	10,118	10,235

Financial targets for the strategy period 2023–2025

In the strategy period 2023-2025, Vincit aims to achieve 20% annual net sales growth. The goal is to achieve the growth targets with a combination of organic growth and inorganic growth focused outside Finland. The adjusted EBIT (operating profit before goodwill depreciation) target level is over 10% of net sales during the whole strategy period. The company continues its internationalization and aims for net sales from the USA to represent around 30% of Group net sales by the end of the strategy period. The company aims to keep its equity ratio above 60%.

Board of Directors' proposal for the distribution of profit

According to the company's dividend policy, Vincit's objective is to distribute at least 30% of the profit for the financial period as dividends.

On December 31, 2023 distributable funds of the group's parent company Vincit Plc were EUR 36,715,565.29, of which the loss for the financial year was EUR -526,709.81. The Board of Directors proposes that a dividend of EUR 0.10 (0.15) per share be paid.

No material changes have occurred in the company's financial position since the end of the financial year.

Risks and uncertainties

Vincit face several risks and uncertainties that can impact our financial performance and ability to reach long term targets. We address these challenges proactively to ensure business stability, profitability and continuity.

Macroeconomic conditions and demand volatility:
Fluctuations in demand, economic conditions, and customer preferences can significantly impact on our revenue and profit potential. conomic indicators such as GDP growth, inflation rates, interest rates, and exchange rates can influence the demand for software services. Adverse macroeconomic conditions and regional instability impact us through reduced client spending, delayed projects, or increased price sensitivity. Despite the general uncertainty of the global economy, demand for Vincit's services is expected to remain positive in the long term.

Talent Retention and Recruitment:
Attracting and retaining talented employees is crucial to maintaining a competitive edge. The loss of key personnel may result in a loss of expertise, delays in project deliveries, and increased recruitment costs. Vincit continues to invest in developing the current corporate culture and a very good employer image.

Cybersecurity Threats:
The risk of cyber threats is a concern for our business. Data breaches, ransomware attacks, or system failures can lead to financial losses, reputational damage, and legal consequences. Consequently, we have prioritized the implementation of cybersecurity certificates, regular employee training, and the maintenance of up-to-date software systems to protect against such risks.

Regulatory Compliance:
Our business must comply with various regulatory requirements, such as data protection, privacy laws, and licensing agreements. Non-compliance can result in legal consequences, reputation damage, and financial penalties. Consequently, we have strengthened our efforts in compliance measures and regularly update our policies to manage regulatory risks effectively.

M&A and integration
M&A activities offer opportunities for strategic growth and value creation. Assessing the strategic fit, potential synergies, and financial impact are essential. Thorough due diligence, effective integration management, and consideration of regulatory and legal factors are vital to minimize risks and maximize benefits. Transparent communication with clients, employees and investors to maintain confidence is equally important.

Outlook 2024

With a lower headcount than last year, revenue in 2024 is expected to be lower than in 2023, but relative profitability is expected to improve year-on-year.

Significant events after the reporting period

Shareholders' Nomination Board's proposal for the composition and remuneration of the Board of Directors

On January 17, 2024 the Shareholders' Nomination Board of Vincit Plc announced its proposals to the Annual General Meeting ("AGM") planned for 2024. According to the proposals, the Board of Directors consists of five members and current Board members Mervi Airaksinen, Mikko Kuitunen, Arto Martonen, Pekka Vähähyyppä, Frank Korsström and Arto Martonen will be re-elected to the Board of Directors. All nominees are independent of the company and its significant shareholders, except for Mikko Kuitunen. Kuitunen is the company's largest shareholder and served as the company's CEO until 2021.

The proposed Board members have informed the company that, if elected, they will elect Mikko Kuitunen as Chair of the Board and Pekka Vähähyyppä as Vice Chair of the Board. The members of the Board of Directors are presented on Vincit's website:
https://investors.vincit.com/en/investors/corporate_governance/board_of_directors

The Nomination Board proposes that the Board remuneration will remain unchanged and will be paid as follows:

A monthly fee of EUR 7,000 for the Chairman of the Board of Directors
An annual fee of EUR 30,000 for the Vice Chairman
An annual fee of EUR 18,000 for each member of the Board of Directors.

In addition, the Nomination Board proposes that a meeting fee of EUR 500 per meeting will be paid for meetings of the Board's Audit Committee.

The Nomination Board proposes that the members of the Board of Directors are reimbursed for reasonable travel expenses for the meetings. The Nomination Board proposes that the remuneration of the Chairman of the Board of Directors is paid monthly in cash and 50% of the annual remuneration of the Vice-Chairman and members of the Board of Directors is paid in shares in Vincit Plc held by the company or, if this is not possible, in Vincit Plc shares purchased on the market and 50% is paid in cash. The shares will be transferred to the members of the Board of Directors and, if necessary, acquired on the market directly on behalf of the members of the Board of Directors within one month of the decision of the General Meeting. The meeting fees of the members of the Audit Committee are proposed to be paid in cash.

Annual General Meeting in 2024

Vincit Plc's annual general meeting will be held on 20 March 2024.

Financial calendar in 2024

In 2024, Vincit will publish financial information as follows:

- Business Review for January-March on Thursday, 25 April 2024
- Half-year Report for January-June on Thursday, 18 July 2024
- Business Review for January-September on Thursday, 24 October 2024

The reports will be available on the company's website **investors.vincit.com** immediately after publication.

Helsinki, 22 February 2024
Vincit Corporation
Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

1 Jan - 31 Dec 2023

Consolidated income statement (FAS)

EUR	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Net sales	1	**98,085,256.52**	**84,788,796.62**
Other operating income	2	**146,880.34**	**518,614.08**
Materials and services			
Purchases during the reporting period		-1,939,243.77	-1,521,812.63
External services		-13,457,636.57	-8,779,541.45
Total materials and services		**-15,396,880.34**	**-10,301,354.08**
Employee benefit expenses			
Wages and salaries		-52,161,973.05	-46,227,859.71
Social security expenses			
Pension expenses		-8,449,710.96	-7,448,422.16
Other social security expenses		-1,848,407.04	-1,748,250.59
Total employee benefit expenses	3	**-62,460,091.05**	**-55,424,532.45**
Depreciation. amortisation and impaiments			
Depreciation and amortisation		-585,015.88	-483,560.68
Amortisation on goodwill		-3,578,948.54	-2,901,141.20
Total depreciation, amortisation and impairments		**-4,163,964.42**	**-3,384,701.87**
Other operating expenses	4	**-18,407,559.19**	**-15,962,145.39**
Operating profit		**-2,196,358.14**	**234,676.90**

EUR	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Financial income and expenses			
Share of the profit (loss) of associated companies		0.00	-73,692.29
Other interest and financial income		213,319.68	275,895.42
Interest expenses and other financial expenses		-480,224.51	-189,608.22
Total financial income and expenses	5	**-266,904.83**	**12,594.91**
Profit (loss) before appropriations and taxes		**-2,463,262.97**	**247,271.81**
Income taxes	6	-441,490.03	-387,905.49
Minority interest		51,357.90	-136,316.68
Profit (loss) for the period		**-2,853,395.10**	**-276,950.36**

Consolidated balance sheet

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets	7		
Intangible assets			
Development costs		1,225,022.88	583,432.79
Goodwill		20,709,497.92	24,242,375.17
Other capitalised long-term expenditure		350,007.05	517,375.43
Total intangible assets		22,284,527.85	25,343,183.40
Tangible assets			
Machinery and equipment		556,508.20	653,379.99
Other tangible assets		3,792.00	3,792.00
Total tangible assets		560,300.20	657,171.99
Investments			
Participating interests		0.00	0.00
Other shares and holdings		20,250.00	15,250.00
Other long-term loan receivables		295,376.03	282,269.28
Total investments		315,626.03	297,519.28
Total non-current assets		**23,160,454.08**	**26,297,874.68**
Current assets			
Receivables			
Long-term			
Deferred tax assets	8	0.00	142,089.84
Receivables from associated companies		0.00	100,000.00
Loan receivables		1,387,794.79	1,468,862.96
Total long-term		1,387,794.79	1,710,952.80
Short-term			
Accounts receivables		16,926,810.78	19,529,754.82
Receivables from associated companies		0.00	118,091.40
Loan receivables		2,275.79	10,206.58
Other receivables		1,414,927.15	1,966,411.15
Prepayments and accrued income	9	1,907,714.43	2,006,754.43
Total short-term		20,251,728.15	23,631,218.38
Cash in hand and in banks		12,158,437.53	10,319,965.81
Total current assets		**33,797,960.47**	**35,662,136.99**
TOTAL ASSETS		**56,958,414.55**	**61,960,011.66**

EUR	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity	10		
Share capital		545,000.00	545,000.00
Other reserves		33,274,034.79	33,139,463.95
Retained earnings		5,127,451.24	7,856,718.02
Profit (loss) for the period		-2,853,395.10	-276,950.36
Total equity		**36,093,090.93**	**41,264,231.60**
Minority interest		22,723.72	291,977.96
Liabilities			
Long-term			
Loans from financial institutions		79,162.94	152,024.73
Total long-term		79,162.94	152,024.73
Short-term			
Loans from financial institutions		26,956.92	0.00
Accounts payables		5,528,021.14	3,709,168.10
Liabilities to associated companies		0.00	7,861.80
Other liabilities		3,504,478.23	3,977,419.10
Accruals and deferred income	11	11,703,980.67	12,557,328.36
Total short-term		20,763,436.96	20,251,777.36
Total liabilities		**20,842,599.90**	**20,403,802.10**
TOTAL EQUITY AND LIABILITIES		**56,958,414.55**	**61,960,011.66**

Consolidated cash flow statement (FAS)

EUR	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flows from operating activities		
Profit(loss) before appropriations and taxes	-2,463,262.97	247,271.81
Adjustments to operating profit for:		
Depreciation according to plan	4,163,964.42	3,384,701.87
Unrealised foreign exchange gains and losses	-93,055.44	132,178.61
Other non-cash income and expenses	1,383,072.20	0.00
Financial income and expenses	266,904.83	-12,594.91
Other adjustments	-89,499.40	0.00
Cash flows before change in net working capital	**3,168,123.64**	**3,751,557.38**
Change in net working capital:		
Change in trade and other receivables (increase (-) / decrease (+))	1,538,440.23	-2,520,528.25
Change in trade and other payables	545,166.19	2,768,504.70
Cash flows before finance items and taxes	**5,251,730.06**	**3,999,533.83**
Interest and other financial expenses paid	-147,512.80	-18,181.43
Interest received	67,578.80	610.96
Direct taxes paid	84,589.00	-1,527,398.72
Net cash from operating activities (A)	**5,256,385.06**	**2,454,564.64**

EUR	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flow from investing activities		
Purchase of tangible and intangible items	-1,007,360.71	-1,106,843.54
Proceeds from sale of tangible and intangible assets	50,054.86	0.00
Loans granted	-311,663.00	-193,318.41
Purchase of other investments	-5,000.00	-15,000.00
Proceeds from repayment of loans	465,043.29	237,262.31
Proceeds from sale of investments	89,499.40	0,00
Interest received on investments	18,276.45	-1,948.58
Dividends received on investments	537.59	502.96
Investments of subsidiary shares	-267,533.65	-82,407.00
Cash flow from the sale of subsidiary shares	65,000.00	0.00
Direct taxes paid	0.00	-160.00
Net cash used in investing activities (B)	**-903,145.76**	**-1,161,912.26**
Cash flow from financing activities		
Paid equity increase	134,571.00	296,552.41
Purchase of own shares	0.00	-305,754.58
Interest and other financing expenses paid	-6,541.68	-63,876.92
Proceeds from long-term loans	0.00	98,109.73
Repayment of long-term loans	-42,498.37	0.00
Dividends and other distribution of profit paid	-2,584,366.55	-2,843,538.41
Net cash from financing activities (C)	**-2,498,835.60**	**-2,818,507.77**
Net increase (decrease) in cash and cash equivalents A + B + C	**1,854,403.70**	**-1,525,855.39**
Cash and cash equivalents, at the beginning of the period	10,319,965.81	8,658,886.40
Cash transferred in business arrangements	0.00	3,112,769.87
Bank account exchange rate difference	-15,931.98	74,164.93
Cash and cash equivalents, at the end of the period	**12,158,437.53**	**10,319,965.81**
Change in cash and cash equivalents	**1,854,403.70**	**-1,525,855.39**

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

Notes on the preparation of the consolidated financial statements

Parent company: Vincit Plc
Domicile: Tampere

Scope of the consolidated financial statements
All group and associated companies are combined in the consolidated financial statements.
At the end of the reporting period, the group has no associated companies (see "Changes in group structure")

Basis of preparation of consolidated financial statements

Changes in the group structure
Vincit Helsinki Oy acquisition of own shares increased group ownership to 92,5% (92,0%). Vincit Solutions Oy issue of shares decreased group ownership to 89,01% (93,5%). Vincit California Inc acquistion of own shares increased group ownership in the company and its 100% owned subsidiary Vincit Arizona to 96,7% (87,0%).

Group ownership in Leadership as a Service Company Oy decreased as a result of share sell and an issue of shares in the company. Group ownership in the company at the end of reporting period is below 20% (28,9%) and is not consolidated as an associated company.

Comparability of financial periods
On July 1, 2022, Bilot Oyj merged with Vincit Oyj. The income statements of the subsidiaries transferred in connection with the merger of Bilot Oyj have been included in the group's consolidated income statement for the period from July 1 to December 31, 2022. Therefore, the income statements for the periods are not comparable.

Non-recurring items included in the income statement are personnel expenses 670,450.90 euros (2022: 558,633.61 euros) and other operating expenses 1,322,862.00 euros (2022: 1,502,671.00 euros). Items included in operating expenses for the reporting period mainly consist of bad debts accrual.

Internal share ownership
The consolidated financial statements have been prepared using the acquisition cost method. The difference between the acquisition cost of the subsidiaries and the equity corresponding to the acquired share is presented as group goodwill.

Internal transactions and margins
The group's internal operative transactions, unrealized margins of internal delivieries, internal receivables and liabilities as well as internal profit sharing have been eliminated.

Minority interests
Minority shares have been separated from the group's equity and the result of the financial year and presented as a separate item.

Associated companies
Associated companies have been combined using the equity method. The group's share of the financial year's result of the associated companies is presented as a separate line in the financing items.

Translation differencies
The profit and loss statements of foreign group companies have been converted into Finnish money at the average exchange rate of the financial period, and the balance sheets at the exchange rate of the balance sheet date. The exchange rate differences arising from the conversion, as well as the exchange differences arising from the conversion of foreign subsidiaries' own capital, are presented in the item "Retained earnings".

Measurement and recognition principles and methods

Measurement of non-current assets

Depreciation according to the plan has been deducted from the acquisition cost of intangible and tangible assets entered in the balance sheet. Variable costs incurred from acquisition and manufacturing have been included in the acquisition cost. Grants received have been recorded as a reduction of the acquisition cost. Depreciation according to the plan has been calculated as straight-line depreciation based on the economic life of intangible and tangible assets. Depreciation has started from the month the asset is put into use.

Depreciation periods are:	
Development costs	straight-line depreciation 5 years
Goodwill	straight-line depreciation 10 years
Consolidated goodwill	straight-line depreciation 8-10 years
Other capitalised long-term expenditure	straight-line depreciation 5 years
Machinery and equipment	residual expenditure depreciation 25%
Other tangible assets	straight-line depreciation 0-3 years

Acquisition costs of non-current assets, which have a probable economic useful lifetime of less than three years, as well as small purchases (less than 1,200 euros) have been booked in full as en expenses of the acquisition accounting period.

Measurement of current assets

Cash assets include cash and bank accounts. Loans from financial institutions are included in short-term liabilities on the balance sheet. Interest expenses are recorded as expenses in the period in which they are incurred.

Accounts, loan and other receivables posted as financial assets are valued at their nominal value or their lower fair value. Bad debt provision is posted related to accounts receivables based on a case-by-case risk assessment when there is sufficient evidence that the receivable cannot be collected under the original conditions. The provision is posted as an expense in the income statement.

Recognition of revenue

Revenue from sales is recognized over contract period on accrual basis. Accrued and deferred income is recognized in period result and presented as current receivables and liabilities in the balance sheet.

Recognition of deferred tax

Deferred tax liabilities and receivables have been calculated for the differences between taxation and financial statements at the time of financial statements by following the tax rate of the following years. The balance sheet includes calculated tax receivables in the amount of probable receivables. At the end of the reporting period the consolidated balance sheet does not include deferred tax assets relating to tax losses (2022: 142,089.94 euros)

Recognition of development costs

Product development costs that accumulate income for three or more years are capitalized in the balance sheet as development costs and are written off over 3-5 years. Capitalized product development costs are related to the design of additional features of existing products and productization of new commercial solutions. Other research and development expenses are booked as annual expenses in the year they are incurred.

Events after balance sheet date

Vincit's shareholders' Nomination Board released on 17 January 2024 its proposal for the composition of the Board of Directors for the Annual General Meeting. Shareholders' Nomination Board proposes that the number of members of the Board of Directors will be five (5) and that current Board members Mervi Airaksinen, Mikko Kuitunen, Arto Martonen, Pekka Vähähyyppä, Frank Korsström and Arto Martonen will be re-elected to the Board of Directors.

Other topics

Vincit Plc's US subsidiary was notified in early 2024 of a litigation in the United States related to a termination of employment. The financial impact of the litigation could be significant. The company has existing insurance coverage that is expected to cover any potential financial impact.

Notes on the consolidated income statement

1. Net sales by nature of business

EUR	2023	2022
Service business		
Europe	86,075,456.71	71,856,866.36
USA	10,451,602.13	12,563,616.19
Eliminations	-1,420,554.50	-2,158,014.69
Total service business	**95,106,504.34**	**82,262,467.86**
Product business	2,996,525.42	2,674,900.76
Eliminations	-17,773.24	-148,572.00
Total product business	**2,978,752.18**	**2,526,328.76**
Total net sales	**98,085,256.52**	**84,788,796.62**

2. Other operating income

EUR	2023	2022
Received public grants and subsidies	8,528.00	118,001.42
Gain on sale of shares in associated companies	89,499.40	0.00
Sales commissions	0.00	383,348.95
Other	48,852.94	17,263.71
Total	**146,880.34**	**518,614.08**

3. Notes on personnel

	2023	2022
The average number of personnel during the period	754	803

Employee benefit expenses (EUR)	2023	2022
Salaries	52,161,973.05	46,227,859.71
Pension expenses	8,449,710.96	7,448,422.16
Other social security expenses	1,848,407.04	1,748,250.59
Total	**62,460,091.05**	**55,424,532.45**

Management salaries and fees (EUR)	2023	2022
CEO, board members and management team	1,089,118.60	1,076,246.85
Total	**1,089,118.60**	**1,076,246.85**

4. Other operating expenses

EUR	2023	2022
Non-statutory employee benefits	3,344,707.28	2,361,859.98
Cost of premises	4,244,077.35	4,329,873.62
Sales and marketing expenses	1,590,909.11	1,314,683.08
Computer equipment and software costs	3,402,779.39	2,412,071.33
Administrative expenses	2,207,584.91	2,837,744.21
Other operating expenses*	3,617,501.15	2,705,913.17
Total	**18,407,559.19**	**15,962,145.39**

*A bad debts provision amounting to 1,212,633.00 euros (2022: 0.00 euros) is included in other operating expenses.

Auditor's fees

KPMG Oy Ab (EUR)	2023	2022
Audit of financial statements	87,000.00	115,687.10
Engagements referred to in the Auditing Act, 1.1,2§	7,982.50	39,640.00
Total	**94,982.50**	**155,327.10**

5. Financial income and expenses

EUR	2023	2022
Share of result in associated companies	0.00	-73,692.29
Income from group undertakings		
Dividends	537.59	502.96
Other interest and financial income		
Interest income	47,150.12	32,536.65
Other financial income	26,216.35	610.96
Foreign exchange gains	139,415.61	242,244.85
Impairment of non-current assets		
Impairment of non-current receivables	-41,475.24	0.00
Other interest and financial expense		
Interest expense	-5,926.06	-8,754.02
Other financial expense	-38,110.93	-139,956.61
Foreign exchange losses	-394,712.27	-40,897.58
Total	**-266,904.83**	**12,594.92**

6. Items included in income taxes

EUR	2023	2022
Income taxes from the operating activities	297,427.57	529,995.33
Income taxes related to prior years	1,972.62	0.00
Change in deferred taxes	142,089.84	-142,089.84
Total	**441,490.03**	**387,905.49**

Notes on the assets of consolidated balance sheet

7. Specification of non-current assets

Intangible assets

Development costs (EUR)	2023	2022
Acquisition cost at the beginning of the period	2,721,078.01	2,078,744.74
Additions	813,368.10	642,333.27
Disposals	0.00	0.00
Acquisition cost at the end of the period	**3,534,446.11**	**2,721,078.01**
Accumulated amortisation at the beginning of the period	-2,137,645.22	-2,078,744.74
Amortisation	-171,778.01	-58,900.48
Accumulated amortisation at the end of the period	**-2,309,423.23**	**-2,137,645.22**
Carrying amount at the end of the period	**1,225,022.88**	**583,432.79**
Carrying amount at the beginning of the period	**583,432.79**	**0.00**

Goodwill (EUR)	2023	2022
Acquisition cost at the beginning of the period	33,937,904.39	21,304,665.45
Additions	119,132.30	60,923.90
Additions from business arrangements	0.00	12,502,149.70
Exchange differences	-88,343.50	70,165.34
Acquisition cost at the end of the period	**33,968,693.19**	**33,937,904.39**
Accumulated amortisation at the beginning of the period	-9,695,529.22	-6,826,006.16
Amortisation	-3,578,948.54	-2,901,141.20
Exchange differences	15,282.49	31,618.14
Accumulated amortisation at the end of the period	**-13,259,195.27**	**-9,695,529.22**
Carrying amount at the end of the period	**20,709,497.92**	**24,242,375.17**
Carrying amount at the beginning of the period	**24,242,375.17**	**14,478,659.29**

Other capitalised long-term expenditure (EUR)	2023	2022
Acquisition cost at the beginning of the period	4,222,502.65	4,080,485.96
Additions	0.00	96,065.36
Additions from business arrangements	0.00	25,722.09
Exchange differences	-533.16	20,229.24
Acquisition cost at the end of the period	**4,221,969.49**	**4,222,502.65**
Accumulated amortisation at the beginning of the period	-3,705,127.22	-3,509,344.06
Amortisation	-166,790.87	-195,674.79
Exchange differences	-44.35	-108.37
Accumulated amortisation at the end of the period	**-3,871,962.44**	**-3,705,127.22**
Carrying amount at the end of the period	**350,007.05**	**517,375.43**
Carrying amount at the beginning of the period	**517,375.43**	**571,141.90**

Tangible assets

Machinery and equipment (EUR)	2023	2022
Acquisition cost at the beginning of the period	2,237,944.79	1,764,575.71
Additions	193,992.61	368,444.81
Additions from business arrangements	0.00	129,611.72
Exchange differences	-11,723.54	-24,687.45
Acquisition cost at the end of the period	**2,383,684.54**	**2,237,944.79**
Accumulated depreciation at the beginning of the period	-1,584,564.80	-1,356,776.01
Depreciation	-246,447.00	-228,985.41
Exchange differences	3,835.46	1,196.62
Accumulated depreciation at the end of the period	**-1,827,176.34**	**-1,584,564.80**
Carrying amount at the end of the period	**556,508.20**	**653,379.99**
Carrying amount at the beginning of the period	**653,379.99**	**407,799.70**

Other tangible assets (EUR)	2023	2022
Additions	3,792.00	2,820.00
Additions from business arrangements	0.00	972.00
Acquisition cost at the end of the period	**3,792.00**	**3,792.00**
Carrying amount at the end of the period	**3,792.00**	**3,792.00**
Carrying amount at the beginning of the period	**3,792.00**	**2,820.00**

Investments (EUR)	2023	2022
Other shares and participations	20,250.00	15,250.00
Other long-term loan receivables	295,376.03	282,269.28
Total	**315,626.03**	**297,519.28**

Notes on subsidiaries and associated companies

Group companies

Name	Domicile	Group's ownership interest
Vincit Solutions Oy	Helsinki, Finland	89.0%
Vincit Helsinki Oy	Tampere, Finland	92.5%
Vincit California Inc.	Palo Alto, USA	96.7%
Vincit Arizona	Phoenix, USA	96.7%
Vincit Jyväskylä Oy	Jyväskylä, Finland	100.0%
Bilot Sp. z o.o.	Poznan, Poland	100.0%
Vincit Sweden AB	Stockholm, Sweden	100.0%
Motley Agency Oy	Helsinki, Finland	100.0%

All group companies are combined in the parent company's consolidated financial statements.

8. Long-term receivables

Deferred tax assets (EUR)	2023	2022
From timing differences and temporary differences	0.00	142,089.84
Total	**0.00**	**142,089.84**

Loan receivables (EUR)	2023	2022
Shareholder loan receivables	1,285,194.79	1,468,862.96
Other loan receivables	102,600.00	0.00
Total	**1,387,794.79**	**1,468,862.96**

9. Short-term receivables

Material amounts shown under prepayments and accrued income (EUR)	2023	2022
Income tax accrual	719,768.80	1,164,222.40
Prepaid expenses	910,632.32	779,891.35
Accrued income	277,313.31	62,640.68
Total	**1,907,714.43**	**2,006,754.43**

Notes on the equity and liabilities of consolidated balance sheet

10. Changes in equity

Restricted equity

Share capital (EUR)	2023	2022
In the beginning of the period	545,000.00	295,000.00
Share issue	0.00	250,000.00
In the end of the period	545,000.00	545,000.00
Restricted equity at the end of the period	**545,000.00**	**545,000.00**

Unrestricted equity

Reserve for invested unrestricted equity (EUR)	2023	2022
In the beginning of the period	33,139,463.95	16,082,972.62
Share issue	134,570.84	17,087,548.14
Transfers between equity classes	0.00	-31,056.81
Reserve for invested unrestricted equity in the end of the period	**33,274,034.79**	**33,139,463.95**

Translation differences (EUR)		
In the beginning of the period	189,839.43	146,209.63
Change of accounting period	23,172.13	74,101.74
Transfers between equity classes	0.00	-30,471.94
Translation differences in the end of the period	**213,011.56**	**189,839.43**

Retained earnings (EUR)		
In the beginning of the period	7,389,928.23	10,199,789.92
Dividend distribution		-2,438,938.80
Redemption/purchase of own shares	0.00	-305,754.57
Change in accounting principle of minority share calculation	0.00	211,782.04
Retained earnings in the end of the period	**4,914,439.68**	**7,666,878.59**

Profit for the financial year	**-2,853,395.10**	**-276,950.36**
Total unrestricted equity	**35,548,090.93**	**40,719,231.61**
Total equity	**36,093,090.93**	**41,264,231.61**

11. Material items included in accruals and deferred income

EUR	2023	2022
Accrued employee expenses	2,195,735.43	3,124,921.29
Holiday pay including social costs	7,355,565.87	7,061,041.31
Income tax accrual	39,030.20	99,495.03
Deferred income	1,614,890.66	1,188,928.15
Accrued expenses	498,758.51	1,082,942.59
Total	**11,703,980.67**	**12,557,328.36**

Group's guarantees and contingent liabilities

Liabilities for which the company has given mortgages on company assets as a guarantee

EUR	2023	2022
Overdraft limit (available)	2,000,000.00	1,000,000.00
Mortgages given	6,300,000.00	6,300,000.00

Guarantees given on behalf of others

EUR	2023	2022
Security deposit	0.00	12,278.89
Total	**0.00**	**12,278.89**

The nominal amounts of rents according to lease agreements, broken down for those payable in the financial periods that have started and the following ones, as well as the essential terms of termination and redemption of these agreements

EUR	2023	2022
Payble during the following financial year	826,369.31	169,563.82
Payable in later years	627,943.26	161,151.41
Total	**1,454,312.57**	**330,715.23**

The company's leasing contracts are standard car leasing contracts and contracts for office furniture and equipment.

Other financial liabilities that are not included in the balance sheet

Finance company liabilities (EUR)	2023	2022
Credit cards held by the employees	58,164.41	60,398.25
Total	**58,164.41**	**60,398.25**

Rental liabilities (EUR)	2023	2022
Payble during the following financial year	2,330,025.04	1,553,025.38
Payable in later years	3,759,320.84	635,345.85
Total	**6,089,345.88**	**2,188,371.23**

EUR	2023	2022
Rental securities	106,500.00	106,500.00
Total	**106,500.00**	**106,500.00**

Notes on related party transactions

Loans to management and employees for purchase of company shares

EUR	2023	2022
Loans at the beginning of the period	1,468,862.96	949,165.57
Loans granted	129,064.98	201,269.30
Additions from business arrangements	0.00	530,690.49
Repayments	-271,257.91	-212,262.40
Impairment	-41,475.24	0.00
Loans at the end of the period	**1,285,194.79**	**1,468,862.96**

Interest terms: 12-month Euribor/equivalent interest plus 0.5-1.0 percent

Other terms: Deducted annually from dividends received

Accounting principles for key figures

Key figure	Definition	
EBITDA	Operating profit + Depreciation, amortisation, and impairments	
EBITA (operating profit before goodwill amortisation)	Operating profit + Goodwill amortization and impairment	
Comparable EBITA before non-recurring items	Operating profit + Goodwill amortisation + Non-recurring items related to Bilot-transaction	
Operating profit (EBIT)	Net sales + Operating income - Materials and services - Employee benefit expenses - Other operating expenses - Depreciation, amortisation and impairments	
Return on investment (ROI), %	$\frac{\text{Profit (loss) after financial items + Interest- and other financial expenses}}{\text{Balance sheet total - interest-free liabilities (average during the period)}}$	x 100
Return on equity (ROE), %	$\frac{\text{Profit (loss) after financial items - Income taxes}}{\text{Equity + Minority interest (average during the period)}}$	x 100
Net gearing, %	$\frac{\text{Interest-bearing liabilities - Cash in hand and in banks}}{\text{Equity + Minority interest}}$	x 100
Equity ratio, %	$\frac{\text{Equity + minority interest}}{\text{Balance sheet total - advances received}}$	x 100
Earnings per share (EPS)	$\frac{\text{Profit (loss) for the period - Minority interest}}{\text{Share issue-adjusted number of shares on average without own shares}}$	

PARENT COMPANY'S FINANCIAL STATEMENTS

1 Jan - 31 Dec 2023

Parent company's income statement (FAS)

EUR	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Net sales		**80,508,696.09**	**65,857,589.62**
Other operating income	1	**2,062,304.91**	**2,349,853.23**
Materials and services			
Purchases during the reporting period		-1,562,020.81	-1,301,858.83
External services		-25,274,361.45	-20,763,359.43
Total materials and services		**-26,836,382.26**	**-22,065,218.26**
Employee benefit expenses			
Wages and salaries		-33,364,561.17	-27,861,835.24
Social security expenses			
Pension expenses		-6,281,917.21	-5,183,696.37
Other social security expenses		-1,039,620.31	-1,090,514.84
Total employee benefit expenses	2	**-40,686,098.69**	**-34,136,046.45**
Depreciation, amortisation and impaiments			
Depreciation and amortisation		-196,907.65	-247,187.26
Amortisation on goodwill		-2,443,122.96	-2,085,815.21
Total depreciation, amortisation and impaiments		**-2,640,030.61**	**-2,333,002.47**
Other operating expenses	3	**-12,252,773.04**	**-11,023,628.98**
Operating profit		**155,716.40**	**-1,350,453.31**

EUR	Note	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Financial income and expenses			
Income from group undertakings		962,554.30	2,744,931.19
Income from other investments held as non-current assets		537.59	502.96
Other interest and financial income		296,428.35	247,339.77
Impairment of non-current assets		-769,475.24	0.00
Interest expenses and other financial expenses		-304,501.46	-133,581.39
Total financial income and expenses	4	**185,543.54**	**2,859,192.53**
Profit (loss) before appropriations and taxes		**341,259.94**	**1,508,739.22**
Appropriations			
Group contribution		-760,626.17	0,00
Income taxes		-107,343.58	0.00
Total income taxes	5	**-107,343.58**	**0.00**
Profit (loss) for the period		**-526,709.81**	**1,508,739.22**

Parent company's balance sheet (FAS)

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets	6		
Intangible assets			
Development expenses		197,515.00	0.00
Goodwill		13,319,865.48	15,762,988.44
Other intagible assets		278,777.46	399,409.83
Total intangible assets		13,796,157.94	16,162,398.27
Tangible assets			
Machinery and equipment		137,891.90	214,167.18
Other tangible assets		3,792.00	3,792.00
Total tangible assets		141,683.90	217,959.18
Investments			
Subsidiary shares		10,084,826.61	10,812,826.61
Receivables from group companies		900,000.00	600,000.00
Shares in associated undertaking		0.00	135,085.19
Other shares and participations		113,179.52	15,000.00
Other long-term loan receivables		240,352.03	225,265.72
Total investments		11,338,358.16	11,788,177.52
Total non-current assets		**25,276,200.00**	**28,168,534.97**
Current assets	7		
Receivables			
Long-term			
Receivables from group companies		2,405,370.92	2,140,148.90
Receivables from associated companies		0.00	100,000.00
Loan receivables		1,169,830.60	1,256,506.46
Total long-term		3,575,201.52	3,496,655.36
Short-term			
Accounts receivables		13,735,584.68	15,026,378.48
Receivables from group companies		4,670,488.63	4,020,636.44
Receivables from associated companies		0.00	118,091.40
Loan receivables		795.11	7,058.77
Other receivables		1,052,533.60	1,693,260.36
Prepayments and accrued income		1,200,573.77	1,643,114.98
Total short-term		20,659,975.79	22,508,540.43
Cash in hand and in banks		8,715,837.31	6,769,667.23
Total current assets		**32,951,014.62**	**32,774,863.02**
Total assets		**58,227,214.62**	**60,943,397.99**

EUR	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity	8		
Share capital		545,000.00	545,000.00
Other reserves			
Reserve for invested unrestricted equity		33,274,034.79	33,139,463.95
Retained earnings		4,165,755.31	5,132,504.64
Profit (loss) for the period		-526,709.81	1,508,739.22
Total equity		**37,458,080.29**	**40,325,707.81**
Liabilities	9		
Long-term			
Liabilities to Group companies		2,392,616.70	2,755,040.78
Loans from financial institutions		0.00	53,915.00
Total long-term		2,392,616.70	2,808,955.78
Short-term			
Loans from financial institutions		26,956.00	0.00
Accounts payables		4,179,718.47	2,772,750.13
Liabilities to Group companies		3,050,518.90	3,218,553.34
Liabilities to associated companies		0.00	7,861.80
Other liabilities		3,019,234.57	2,728,336.30
Accurals and deferred income		8,100,089.69	9,081,232.83
Total short-term		18,376,517.63	17,808,734.40
Total liabilities		**20,769,134.33**	**20,617,690.18**
Total equity and liabilities		**58,227,214.62**	**60,943,397.99**

Parent company’s cash flow statement (FAS)

EUR	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flows from operating activities		
Profit(loss) before appropriations and taxes	341,259.94	1,508,739.22
Adjustments to operating profit for:		
Depreciation according to plan	2,640,030.61	2,333,002.47
Unrealised foreign exchange gains and losses	-74,058.61	239,943.20
Other non-cash income and expenses	294,430.71	0.00
Financial income and expenses	-185,543.54	-2,859,192.53
Other adjustments	-47,593.73	0.00
Cash flows before change in net working capital	**2,968,525.38**	**1,222,492.36**
Change in net working capital:		
Change in trade and other receivables	931,511.70	-5,392,695.20
Change in trade and other payables	-219,798.77	2,787,083.27
Total change in net working capital	**711,712.93**	**-2,605,611.93**
Cash flows before finance items and taxes	**3,680,238.31**	**-1,383,119.57**
Interest and other financial expenses paid	-33,067.65	-10,931.95
Interest recieved	11,618.66	20,918.43
Direct taxes paid	657,255.00	-1,111,150.57
Net cash from operating activities (A)	**4,316,044.32**	**-2,484,283.66**
Cash flow from investing activities		
Purchase of tangible and intangible items	-197,515.00	-170,827.04
Loans granted	-419,063.00	-593,318.41
Purchase of other investments	-5,000.00	-15,000.00
Proceeds from repayment of loans	-161,532.17	1,691,453.13
Interest received on investments	91,484.58	27,907.94
Dividends received on investments	963,091.89	2,745,434.15
Cash flow from investing activities (B)	**360,965.70**	**3,685,649.77**

EUR	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Cash flow from financing activities		
Paid equity increase	134,570.84	296,552.41
Purchase of own shares	0.00	-305,754.58
Repayment of short-term loans	-362,424.08	-289,293.17
Repayment of long-term loans	-26,959.00	0.00
Interest and other financing expenses paid	-539.15	-55,997.16
Dividends and other distribution of profit paid	-2,475,488.55	-2,438,938.80
Net cash from financing activities (C)	**-2,730,839.94**	**-2,793,431.30**
Net increase (decrease) in cash and cash equivalents A + B + C	**1,946,170.08**	**-1,592,065.19**
Cash and cash equivalents, at the beginning of the period	6,769,667.23	6,384,568.48
Cash transferred in business arrangements	0.00	1,977,163.94
Cash and cash equivalents, at the end of the period	**8,715,837.31**	**6,769,667.23**
Change in cash and cash equivalents	**1,946,170.08**	**-1,592,065.19**

NOTES ON THE PARENT COMPANY'S FINANCIAL STATEMENTS

Notes on the preparation of the financial statements

Comparability of financial periods

On July 1, 2022, Bilot Oyj merged with Vincit Oyj. Therefore, the income statements for the periods are not comparable.

Non-recurring items included in the income statement are personnel expenses 319,919.10 euros (2022: 448,633.61 euros) and other operating expenses 404,659.71 euros (2022: 1,502,671.00 euros). Items included in operating expenses for the reporting period mainly consist of bad debts accrual.

Measurement and recognition principles and methods

Measurement of non-current assets

The balance sheet value of intangible and tangible assets is their original acquisition cost, from which the planned depreciation explained below has been deducted.

Investments are valued at original acquisition cost and reduction for impairment.

Measurement of current assets

Accounts, loan and other receivables posted as financial assets are valued at their nominal value or their lower probable value.

Recognition principles and methods

The acquisition cost of intangible and tangible assets belonging to the company's non-current assets is depreciated according to a plan prepared in advance.

Acquisition costs of assets, which have a probable economic useful lifetime of less than three years, as well as small purchases have been booked in full as en expenses of the acquisition accounting period.

There have been no changes in the depreciation principles.

Depreciation periods are:

Intangible assets	
Development costs	straight-line depreciation 3-5 years
Goodwill	straight-line depreciation 10 years
Software costs	straight-line depreciation 5 years
Other capitalised long-term expenditure	straight-line depreciation 5 years
Tangible assets	
Machinery and equipment	residual expenditure depreciation 25%
Other tangible assets	straight-line depreciation 0-3 years

Conversion criteria for items denominated in foreign currency

Foreign receivables have been converted into euros using the exchange rate on the balance sheet date.

Recognition of revenue

Revenue from sales is recognized over contract period on accrual basis. Accrued and deferred income is recognized in period result and presented as current receivables and liabilities in the balance sheet.

Recognition of deferred tax

Deferred tax liabilities and receivables have been calculated for the differences between taxation and financial statements at the time of financial statements by following the tax rate of the following years. The balance sheet includes calculated tax receivables in the amount of probable receivables.

Recognition of development costs

Product development costs that accumulate income for three or more years are capitalized in the balance sheet as development costs and are written off over 3-5 years. Capitalized product development costs are related to the design of additional features of existing products. Otherwise, research and development expenses are booked as annual expenses in the year they are incurred.

Notes on the income statement

1. Other operating income

EUR	2023	2022
Received public grants and subsidies	8,528.00	112,334.00
Service income from group companies	2,003,717.55	1,844,161.04
Sales commissions	2,465.63	383,348.95
Gains from sale of shares in associated undertaking	47,593.73	0.00
Other	0.00	10,009.24
Total	**2,062,304.91**	**2,349,853.23**

2. Notes relating to personnel

	2023	2022
The average number of personnel during the period	495	515

Employee benefit expenses (EUR)	2023	2022
Salaries	33,364,561.17	27,861,835.24
Pension expenses	5,183,696.37	5,183,696.37
Other social security expenses	1,090,514.84	1,090,514.84
Total	**40,686,098.69**	**34,136,046.45**

Management salaries and fees (EUR)	2023	2022
CEO, board members and management team	1,089,118.60	1,076,246.85
Total	**1,089,118.60**	**1,076,246.85**

3. Other operating expenses

EUR	2023	2022
Non-statutory employee benefits	2,559,903.60	1,859,825.24
Cost of premises	2,433,892.83	2,562,526.69
Sales and marketing expenses	936,832.23	765,635.75
Computer equipment and software costs	3,048,031.98	2,160,972.93
Administrative expenses	1,631,175.01	2,264,876.71
Other operating expenses*	1,642,937.39	1,409,791.66
Total	**12,252,773.04**	**11,023,628.98**

*Other operating expenses include a bad debts provision amounting to 294,430.71 euros (2022: 0.00).

Auditor's fees

KPMG Oy Ab (EUR)	2023	2022
Audit of financial statements	87,000.00	115,687.10
Engagements referred to in the Auditing Act, 1.1,2§	3,892.50	34,640.00
Total	**90,892.50**	**150,327.10**

Audit fees for all group companies is invoiced from the parent company and re-charged from its subsidiaries.

4. Financial income and expenses

EUR	2023	2022
Income from group undertakings		
Dividends	962,554.30	2,744,931.19
Income from other investments held as non-current assets		
Dividends	537.59	502.96
Other interest and financial income		
Group companies	107,804.47	46,858.12
Others	188,623.88	200,481.65
Impairment of non-current assets		
Impairment of non-current investments*	-728,000.00	0.00
Impairment of non-current receivables	-41,475.24	0.00
Other interest and financial expense		
Group companies	0.00	-66,652.28
Others	-304,501.46	-66,929.11
Total	**185,543.54**	**2,859,192.53**

*An impairment in value has been recognized for Motley Agency Oy shares.

5. Income taxes

EUR	2023	2022
Income taxes	110,343.68	0.00
Income taxes related to prior years	-3,000.10	0.00
Total	**107,343.58**	**0.00**

Notes on the assets of balance sheet

6. Specifcation of non-current assets

Intangible assets

Development expenses (EUR)	**2023**	**2022**
Additions	197,515.00	0,00
Acquisition cost at the end of the period	**197,515.00**	**0,00**
Carrying amount at the end of the period	**197,515.00**	**0,00**
Carrying amount at the beginning of the period	**0.00**	**0,00**

Goodwill (EUR)	**2023**	**2022**
Acquisition cost at the beginning of the period	22,627,104.83	15,267,313.86
Additions from business arrangements	0.00	7,359,790.97
Acquisition cost at the end of the period	**22,627,104.83**	**22,627,104.83**
Accumulated amortisation at the beginning of the period	-6,864,116.39	-4,778,301.18
Amortisation	-2,443,122.96	-2,085,815.21
Accumulated amortisation at the end of the period	**-9,307,239.35**	**-6,864,116.39**
Carrying amount at the end of the period	**13,319,865.48**	**15,762,988.44**
Carrying amount at the beginning of the period	**15,762,988.44**	**10,489,012.68**

Software (EUR)	2023	2022
Acquisition cost at the beginning of the period	6,658.03	6,658.03
Acquisition cost at the end of the period	**6,658.03**	**6,658.03**
Accumulated amortisation at the beginning of the period	-5,659.46	-4,327.82
Amortisation	-998.57	-1,331.64
Accumulated amortisation at the end of the period	**-6,658.03**	**-5,659.46**
Carrying amount at the end of the period	**0.00**	**998.57**
Carrying amount at the beginning of the period	**998.57**	**2,330.21**

Other capitalised long-term expenditure (EUR)	2023	2022
Acquisition cost at the beginning of the period	866,148.39	746,532.91
Additions	0.00	95,881.54
Additions from business arrangements	0.00	23,733.94
Acquisition cost at the end of the period	**866,148.39**	**866,148.39**
Accumulated amortisation at the beginning of the period	-467,737.13	-321,857.24
Amortisation	-119,633.80	-145,879.89
Accumulated amortisation at the end of the period	**-587,370.93**	**-467,737.13**
Carrying amount at the end of the period	**278,777.46**	**398,411.26**
Carrying amount at the beginning of the period	**398,411.26**	**424,675.67**

Tangible assets

Machinery and equipment (EUR)	2023	2022
Acquisition cost at the beginning of the period	575,045.25	430,504.55
Additions	0.00	74,945.52
Additions from business arrangements	0.00	69,595.18
Acquisition cost at the end of the period	**575,045.25**	**575,045.25**
Accumulated amortisation at the beginning of the period	-360,878.07	-260,902.35
Depreciation	-76,275.28	-99,975.72
Accumulated depreciation at the end of the period	**-437,153.35**	**-360,878.07**
Carrying amount at the end of the period	**137,891.90**	**214,167.18**
Carrying amount at the beginning of the period	**214,167.18**	**169,602.20**

Other tangible assets (EUR)	2023	2022
Acquisition cost at the beginning of the period	3,792.00	2,820.00
Additions from business arrangements	0.00	972.00
Acquisition cost at the end of the period	**3,792.00**	**3,792.00**
Carrying amount at the end of the period	**3,792.00**	**3,792.00**
Carrying amount at the beginning of the period	**3,792.00**	**2,820.00**

Investments

Subsidiary shares (EUR)	2023	2022
Acquisition cost at the beginning of the period	10,812,826.61	4,627,017.05
Additions from business arrangements	0.00	6,185,809.56
Impairment	-728,000.00	0.00
Acquisition cost at the end of the period	**10,084,826.61**	**10,812,826.61**
Carrying amount at the end of the period	**10,084,826.61**	**10,812,826.61**
Carrying amount at the beginning of the period	**10,812,826.61**	**4,627,017.05**

Receivables from group companies (EUR)	2023	2022
Capital loan receivables (Finnish Companies Act)	600,000.00	600,000.00
Additions	300,000.00	0.00
Carrying amount at the end of the period	**900,000.00**	**600,000.00**
Carrying amount at the end of the period	**900,000.00**	**600,000.00**
Carrying amount at the beginning of the period	**600,000.00**	**600,000.00**

Shares in associated undertaking (EUR)	2023	2022
Acquisition cost at the beginning of the period	135,085.19	135,085.19
Disposals	-41,905.67	0.00
Transfers	-93,179.52	0.00
Acquisition cost at the end of the period	**0.00**	**135,085.19**
Carrying amount at the end of the period	**0.00**	**135,085.19**
Carrying amount at the beginning of the period	**135,085.19**	**135,085.19**

Other shares (EUR)	2023	2022
Acquisition cost at the beginning of the period	15,000.00	0.00
Additions	5,000.00	15,000.00
Transfers	93,179.52	0.00
Acquisition cost at the end of the period	**113,179.52**	**15,000.00**
Carrying amount at the end of the period	**113,179.52**	**15,000.00**
Carrying amount at the beginning of the period	**15,000.00**	**0.00**

Shares in the group companies

Name	Domicile	Ownership interest
Vincit Solutions Oy	Helsinki, Finland	89.0%
Vincit Helsinki Oy	Tampere, Finland	92.5%
Vincit California Inc	Palo Alto, USA	96.7%
Vincit Jyväskylä Oy	Jyväskylä, Finland	100.0%
Bilot Sp. z o.o.	Poznan, Poland	100.0%
Vincit Sweden AB	Stockholm, Sweden	100.0%
Motley Agency Oy	Helsinki, Finland	100.0%

7. Current assets

Loan receivables (EUR)	2023	2022
Shareholder loan receivables	1,069,830.60	1,256,506.46
Other loan receivables	100,000.00	0.00
Total	**1,169,830.60**	**1,256,506.46**

Material amounts shown under prepayments and accrued income (EUR)	2023	2022
Accrued income	262,061.32	62,640.68
Prepaid expenses	667,759.05	541,571.62
Income taxes	270,753.40	1,035,352.56
Other	0.00	3,550.12
Total	**1,200,573.77**	**1,643,114.98**

Receivables from Group companies

Long-term (EUR)	2023	2022
Loan receivable	777,765.92	700,000.00
Other receivables	760,314.24	1,150,855.73
Group cash pool receivables	867,290.76	289,293.17
Total	**2,405,370.92**	**2,140,148.90**

Short-term (EUR)	2023	2022
Accounts receivables	4,514,210.88	2,714,854.51
Accrued income	156,277.75	1,305,781.93
Total	**4,670,488.63**	**4,020,636.44**

Notes on the equity and liabilities of balance sheet

8. Changes in equity

Restricted equity

Share capital (EUR)	2023	2022
In the beginning of the period	545,000.00	295,000.00
Share issue	0.00	250,000.00
In the end of the period	545,000.00	545,000.00
Restricted equity at the end of the period	**545,000.00**	**545,000.00**

Unrestricted equity

Reserve for invested unrestricted equity (EUR)	2023	2022
In the beginning of the period	33,139,463.95	16,051,915.81
Redemption/purchase of own shares	0.00	296,552.41
Share issue	134,570.84	16,790,995.73
Reserve for invested unrestricted equity in the end of the period	**33,274,034.79**	**33,139,463.95**

Retained earnings (EUR)	2023	2022
In the beginning of the period	6,641,243.86	7,877,198.02
Dividend distribution	-2,475,488.55	-2,438,938.80
Redemption/purchase of own shares	0.00	-305,754.58
Retained earnings in the end of the period	**4,165,755.31**	**5,132,504.64**

	2023	2022
Result for the financial year	**-526,709.81**	**1,508,739.22**
Total unrestricted equity	**36,913,080.29**	**39,780,707.81**

	2023	2022
Total equity	**37,458,080.29**	**40,325,707.81**

Calculation regarding distributable unrestricted equity (EUR)	2023	2022
Reserve for invested unrestricted equity	33,274,034.79	33,139,463.95
Retained earnings	4,165,755.31	5,132,504.64
Result for the financial year	-526,709.81	1,508,739.22
Capitalised development expenditure	-197,515.00	0.00
Total distributable unrestricted equity	**36,715,565.29**	**39,780,707.81**

9. Liabilities

Material items included in accruals and deferred income (EUR)	2023	2022
Accrued wages and salaries	948,162.61	990,485.50
Accrued social security contributions	306,320.11	1,282,781.71
Deferred income	1,434,350.82	1,188,928.15
Accrued holiday pay including social costs	5,115,166.69	4,723,238.02
Accrued expenses	296,089.46	887,462.35
Other	0.00	8,337.10
Total	**8,100,089.69**	**9,081,232.83**

Liabilities from Group companies

Long-term (EUR)	2023	2022
Group cash pool liabilities	2,392,616.70	2,755,040.78
Total	**2,392,616.70**	**2,755,040.78**

Short-term (EUR)	2023	2022
Accounts payables	2,289,892.73	3,206,016.94
Other liabilities	760,626.17	0.00
Accrued expenses	0.00	12,536.40
Total	**3,050,518.90**	**3,218,553.34**

Guarantees and contingent liabilities

Liabilities for which the company has given mortgages on company assets as a guarantee

EUR	2023	2022
Overdraft limit (available)	2,000,000.00	1,000,000.00
Financial institution loans	6,300,000.00	6,300,000.00

Guarantees given on behalf of others

EUR	2023	2022
Security deposit	0.00	12,278.89
Total	**0.00**	**12,278.89**

The nominal amounts (VAT 0%) of rents according to the leasing lease agreements, broken down for those payable in the financial periods that have started and the following ones

Finance lease liabilities (EUR)	2023	2022
Payble during the following financial year	711,763.85	160,659.19
Payable in later years	543,981.66	160,334.39
Total	**1,255,745.51**	**320,993.58**

The company's leasing contracts are standard car leasing contracts and contracts for office furniture and equipment.

Other financial liabilities that are not included in the balance sheet

Finance company liabilities (EUR)	2023	2022
Credit cards held by the employees	54,675.54	60,398.25
Total	**54,675.54**	**60,398.25**

Rental liabilities (EUR)	2023	2022
Payble during the following financial year	1,881,959.04	1,131,600.02
Payable in later years	3,759,320.84	635,345.85
Total	**5,641,279.88**	**1,766,945.87**

Securites (EUR)	2023	2022
Rental securities	106,500.00	106,500.00
Total	**106,500.00**	**106,500.00**

Investment commitments (EUR)	2023	2022
Capital loan commitments to group companies	1,100,000.00	0.00
Total	**1,100,000.00**	**0.00**

Notes on related party transactions

Granted loans, guarantees, commitments and contingent liabilities

Loans to management and employees for purchase of company shares (EUR)	2023	2022
Loans at the beginning of the period	1,256,506.46	949,165.57
Additions	119,063.00	201,269.29
Additions from business arrangements	0.00	287,981.00
Prepayments	-264,263.62	-181,909.40
Loans at the end of the period	**1,069,830.60**	**1,256,506.46**

Interest terms: 12-month Euribor/equivalent interest plus 0.5-1.0 percent

Other terms: Deducted annually from dividends received

SIGNATURES AND FINANCIAL STATEMENT ENTRY

Signatures to the financial statements

Helsinki, on 22 February 2024
The Board of Vincit Plc

Mikko Kuitunen
Chairman of the Board

Mervi Airaksinen
Board Member

Pekka Vähähyyppä
Board Member

Arto Martonen
Board Member

Frank Korsström
Board Member

Julius Manni
Chief Executive Officer of Vincit Plc

Auditor's note

An auditor's report based on the audit performed has been issued today.
Helsinki, on 7 March 2024

KPMG Oy Ab
Authorised Public Accountants
Miika Karkulahti, KHT

AUDITOR'S REPORT

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

To the Annual General Meeting of Vincit Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Vincit Oyj (business identity code 2113034-9) for the year ended 31 December, 2023. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

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

Helsinki, 7 March 2024

KPMG OY AB
Authorised Public Accountant, KHT