

A large, stylized graphic of the letter 'V' is centered on the page. It is composed of several overlapping, thick, curved bands in various colors: red, orange, yellow, blue, purple, and green. The bands are layered to create a sense of depth and movement.

VINCIT PLC FINANCIAL STATEMENT RELEASE 2023

1 January – 31 December 2023 (unaudited)



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VINCIT PLC'S FINANCIAL STATEMENT RELEASE 2023

1 JANUARY – 31 DECEMBER 2023 (UNAUDITED)

Figures in brackets refer to the corresponding period in the previous year, unless otherwise stated. Percentages and figures presented herein may include rounding differences and therefore may not add up precisely to the totals presented.

Positive cash flow despite a challenging year

July–December 2023

- Revenue was EUR 45.3 million (49.0). Revenue declined by EUR 3.7 million, or 7.6%.
- Adjusted EBIT (EBIT before goodwill amortization) was EUR -0.7 million (0.5), or -1.5% (1.0%) of revenue.
- Adjusted EBIT before non-recurring items was EUR 1.2 million (2.6), or 2.7% (5.2%) of revenue.
- EBITA was EUR -0.5 million (0.6), or -1.1% (1.3%) of revenue. The company adopts EBITA as the profitability indicator in its 2024 financial guidance. EBITA is calculated by adding amortization and impairment to operating profit. The calculation formulas for the key figures are presented at the end of this financial statement release.
- Earnings per share were EUR -0.16 (-0.09).
- Total capacity (FTE) averaged 755 (879) over the reporting period, of which the share of subcontracting was 68 (71).
- Change negotiations were conducted in October–November in all Vincit's Finnish companies, with the exception of Vincit Solutions Oy. One-off costs related to the change negotiations were EUR 0.6 million, and these have been recognized as non-recurring expenses in the fourth quarter of 2023. Additionally, a one-off write down of EUR 1.2 million in accrued accounts receivable was made in December.
- In December, Vincit lowered its guidance on 2023 relative profitability.

January–December 2023

- Revenue was EUR 98.1 million (84.8). Revenue grew by EUR 13.3 million, or 15.7% (37.8%).
- Adjusted EBIT (EBIT before goodwill amortization) was EUR 1.4 million (3.1), or 1.4% (3.7%) of revenue.
- Adjusted EBIT before non-recurring items was EUR 3.4 (5.2) million, or 3.4% (6.1%) of revenue.
- EBITA was EUR 1.7 million (3.4), or 1.8% (4.0%) of revenue.
- Non-recurring items amounted to EUR 2.0 (2.1) million.
- Earnings per share were EUR -0.17 (-0.02).
- Total capacity (FTE) averaged 786 (741) over the reporting period, of which the share of subcontracting was 75 (59). The total capacity at the end of the reporting period was 713 (858), of which subcontracting accounted for 65 (84).



At the end of the review period, the Group employed a total of 720 (Dec. 31, 2022: 803) people.

- The Board of Directors proposes a dividend of EUR 0.10 (0.15) per share to be paid.

Outlook for 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.

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%.



Consolidated key figures

EUR 1,000	H2 2023	H2 2022	Change %	2023	2022	Change %
Revenue	45,280	48,992	-7.6%	98,085	84,789	15.7%
EBITDA ¹⁾	-371	773	-148.0%	1,968	3,619	-45.6%
% of revenue	-0.8%	1.6%	-151.9%	2.0%	4.3%	-53.0%
EBITA ¹⁾	-497	630	-178.9%	1,721	3,390	-49.2%
% of revenue	-1.1%	1.3%		1.8%	4.0%	
Adjusted EBIT (EBIT before goodwill amortization) ¹⁾	-679	496	-236.8%	1,383	3,136	-55.9%
% of revenue	-1.5%	1.0%		1.4%	3.7%	
Adjusted EBIT (EBIT before goodwill amortization) before non-recurring items ^{1) 2)}	1,223	2,557	-52.2%	3,376	5,197	-35.0%
% of revenue	2.7%	5.2%		3.4%	6.1%	
EBIT	-2,475	-1,365	81.3%	-2,196	235	-1035.9%
% of revenue	-5.5%	-2.8%		-2.2%	0.3%	
Profit for the period	-2,569	-1,468	75.0%	-2,853	-277	930.3%
Return on investment (ROI) ¹⁾ , %	-12.5%	-8.2%		-5.1%	1.3%	
Return on equity (ROE) ¹⁾ , %	-14.0%	-9.2%		-7.5%	-0.4%	
Gearing ratio, %				-33.4%	-24.8%	
Equity ratio, %				63.4%	67.1%	
Number of personnel at the end of the period				720	803	-10.3%
EPS, EUR	-0.16	-0.09	77.8%	-0.17	-0.02	895.0%
Dividend/ share (proposal)				0.10	0.15	

- 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) The non-recurring costs from the Bilot Oyj merger in 2022 were approximately EUR 2.1 million. In 2023, the non-recurring items in total EUR 2.0 million were related to change negotiations and the one-time write-off of accounts receivables.



Vincit CEO Julius Manni



“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.”

Financial review July–December 2023

Consolidated revenue

Revenue in July–December decreased by 7.6% to EUR 45.3 million (49.0).

Group profitability and earnings development

EBITDA was EUR -0.4 million (0.8) or -0.8% (1.6%) of revenue during the review period. Adjusted EBIT was EUR -0.7 million (0.5) or -1.5% (1.0%) of revenue. Adjusted EBIT before non-recurring items was EUR 1.2 million (2.6), or 2.7% (5.2%) of revenue. EBIT was EUR -2.5 million (-1.4) or -5.5% (-2.8%) of revenue.

The Group’s personnel costs amounted to EUR 28.7 million (31.5) representing 63.4% (64.3%) of revenue.

Other operating expenses decreased from the comparison period and totaled EUR 9.5 million (10.4), which is about 21.0% (21.2%) of revenue.

One-off costs related to the change negotiations were EUR 0.6 million, and these have been recognized as items affecting comparability in the fourth quarter of 2023.

The non-recurring earnings effect of loan loss provisions during the review period was EUR -1.2 million (-0.3).

Unrealized foreign exchange losses (gains) recognized in financial items during the review period totaled EUR -0.1 million (0.2).

The profit for the period under review was EUR -2.6 million (-1.5).

Financial review January–December 2023

Consolidated revenue

Revenue increased in January–December by 15.7% year-on-year EUR to 98.1 million (84.8).

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).

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.

MEUR	7-12/2023	7-12/2022	Change %	1-12/2023	1-12/2022	Change %
Revenue	43.8	47.8	-8.3%	95.1	82.3	15.6%
Adjusted EBIT (operating profit before goodwill amortization)	-0.3	0.5	-159.4%	1.9	3.1	-38.6%
% of revenue	-0.7%	1.0 %		2.0%	3.8%	
Adjusted EBIT before non-recurring items*	1.6	2.5	-35.8%	3.9	5.2	-25.8%
% of revenue	3.7%	5.3%		4.1%	6.3%	

* The non-recurring costs from the Bilot Oyj merger in 2022 were approximately EUR 2.1 million. In 2023, the non-recurring items in total EUR 2.0 million were related to change negotiations and the one-time write-off of accounts receivables.

Revenue of the Service business in July-December was EUR 43.8 million (47.8), down 8.3% from the comparison period.

During July-December, adjusted EBIT of the Service business was EUR -0.3 million (0.5) or -0.7% (1.0%) of revenue. Adjusted EBIT before non-recurring items was EUR 1.6 million (2.5), or 3.7% (5.3%) of revenue. Non-recurring items in July-December amounted to EUR 1.8 (2.1) million.



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 have 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 and the restructuring of personnel resulting in one-off costs.

MEUR	H2 2023	H2 2022	Change %	2023	2022	Change %
Revenue	39.5	42.6	-7.3%	86.1	71.9	19.7%
Adjusted EBIT (operating profit before goodwill amortization)	0.5	0.5	-4.4%	2.8	2.3	20.8%
% of revenue	1.2 %	1.2 %		3.2%	3.2%	
Adjusted EBIT before non-recurring items*	1.5	2.6	-42.4%	3.8	4.3	-11.7%
% of revenue	3.8%	6.0%		4.4%	6.1%	

* The non-recurring costs from the Bilot Oyj merger in 2022 were approximately EUR 2.1 million.

Vincit Europe's revenue in July–December was EUR 39.5 million (42.6), down 7.3% from the comparison period.

During July–December, Vincit Europe's adjusted EBIT was EUR 0.5 million (0.5) or 1.2% (1.2%) of revenue. Adjusted EBIT before non-recurring items was EUR 1.5 million (2.6), or 3.8% (6.0%) of revenue.

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.

MEUR	H2 2023	H2 2022	Change %	2023	2022	Change %
Revenue	5.1	6.3	-19.8%	10.5	12.6	-17.0%
Adjusted EBIT (operating profit before goodwill amortization)	-0.7	0.0	< 100%	-0.9	0.8	< -100%
% of revenue	-13.4%	-0.3%		-8.4%	6.6%	
Adjusted EBIT before non-recurring items*	0.2	0.0	-1310.4%	0.0	0.8	-99.2%
% of revenue	4.1%	-0.3%		0.1%		

* The non-recurring costs from the Bilot Oyj merger in 2022 were approximately EUR 2.1 million.

Vincit USA's revenue in July-December was EUR 5.1 million (6.3), down 19.8% from the comparison period.

During July-December, Vincit USA's adjusted EBIT was EUR -0.7 million (0.0) or -13.4% (-0.3%) of revenue. Adjusted EBIT before non-recurring items was EUR 0.2 million or 4.1% of revenue.

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

VincitEAM is an 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 in server capacity had a negative impact on our profitability compared to the previous year.



MEUR	H2 2023	H2 2022	Change %	2023	2022	Change %
Revenue	1.5	1.3	13.7%	3.0	2.7	10.3%
Adjusted EBIT (operating profit before goodwill amortization)	-0.4	0.0	-2319.0%	-0.5	0.0	-2319.6%
% of revenue	-27.2%	1.8%		-17.5%	0.9%	

Revenue of the Product business in July–December was EUR 1.5 million (1.3), up 13.7 from the comparison period.

During July–December, adjusted EBIT of the Product business was EUR -0.4 million (0.0) or -27.2% (1.8%) of revenue.

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.

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 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 were 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. One-off costs related to the change negotiations were a total EUR 0.6 million, which were recognized as items affecting comparability in the fourth quarter of 2023.

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 Poznań. 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.

Annual General Meeting 2023 and authorisations of Board of Directors

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' preemptive 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

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) and 16,908,117 (16,836,102) during July-December 2023.

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

Risks and uncertainties

Vincit faces 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 our revenue and profit potential. Economic 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 to clients, employees and investors to maintain confidence is equally important.

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, 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.

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 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.

Financial calendar and Annual General Meeting 2024

In 2024, Vincit will publish financial information as follows:

- Financial Statements and Board of Directors' Report 2023 on week 10
- 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 published as a company announcement and be available on the company's website investors.vincit.com immediately after publication.

Vincit Plc's Annual General Meeting (AMG) is planned to be held on 20.3.2024.

Press and analyst conference

A conference for analysts and the media will be arranged on February 22, 2024, starting at 12 am EET. The conference will be streamed live and can be watched at <https://vincit.videosync.fi/q4-2023>. A recording of the conference can be viewed at the same address later the same day.

Vincit's CEO Julius Manni will review the result of the period and the outlook for the rest of the year. The event is arranged in Finnish.

It will also be possible to ask the management questions in writing during the event. Questions will be answered after the presentation.

Accounting principles for the financial statement release

The financial statement release has been prepared in accordance with good accounting practice and Finnish legislation. The information is presented to the extent required by paragraph 4.4.6-4.4.7 of the Nasdaq First North Growth Market rules. The figures presented are rounded from the exact figures, which may result in the sum of individual figures differing from the amount shown.

The figures of this report are unaudited.



Table section

Consolidated Income Statement (FAS)

EUR 1,000	H2 2023	H2 2022	2023	2022
Revenue	45,280	48,992	98,085	84,789
Other operating income	36	494	147	519
Materials and services				
Purchases during the period	-1,030	-1,049	-1,939	-1,522
External services	-6,468	-5,732	-13,458	-8,780
Personnel costs				
Salaries and fees	-23,947	-26,086	-52,162	-46,228
Indirect employee costs				
Pension costs	-4,002	-4,381	-8,450	-7,448
Other indirect employee costs	-772	-1,064	-1,848	-1,748
Depreciation, amortization and impairment				
Depreciation according to plan	-308	-277	-585	-484
Goodwill amortization	-1,796	-1,860	-3,579	-2,901
Other operating expenses	-9,468	-10,402	-18,408	-15,962
EBIT	-2,475	-1,365	-2,196	235
Financial income and expenses				
Interest income and other financial income	121	-27	213	202
Interest expenses and other financial expenses	-246	-158	-480	-190
Profit after financial items	-2,599	-1,550	-2,463	247
Income taxes	-14	-4	-441	-388
Non-Controlling interest	45	86	51	-136
Profit for the period	-2,569	-1,468	-2,853	-277



EBITDA, adjusted EBIT (operating profit before goodwill amortization) and EBITA

EUR 1,000	H2 2023	H2 2022	2023	2022
EBIT	-2,475	-1,365	-2,196	235
Goodwill amortization	1,796	1,860	3,579	2,901
Adjusted EBIT (operating profit before goodwill amortization)	-679	495	1,383	3,136
Depreciation according to plan	308	277	585	484
EBITDA	-371	772	1,968	3,619

EUR 1,000	H2 2023	H2 2022	2023	2022
EBIT	-2,475	-1,365	-2,196	235
Other amortization	182	135	339	255
Goodwill amortization	1,796	1,860	3,579	2,901
EBITA	-497	630	1,722	3,391
Depreciation according to plan	126	144	246	229
EBITDA	-371	772	1,968	3,619



Consolidated balance sheet (FAS)

Consolidated balance sheet (FAS)		
EUR 1,000	12/31/2023	12/31/2022
ASSETS		
Non-current assets		
Intangible assets		
Development expenditure	1,225	583
Goodwill	20,709	24,242
Other capitalized long-term expenditure	350	517
Tangible assets		
Machinery and equipment	557	653
Other tangible assets	4	4
Investments		
Other shares and holdings	20	15
Participations in associates		
Other non-current loan receivables	295	283
Total non-current assets	23,160	26,299
Current assets		
Non-current receivables		
Deferred tax assets		142
Receivables from associates		100
Loan receivables	1,388	1,469
Total non-current receivables	1,388	1,711
Current receivables		
Trade receivables	16,927	19,648
Receivables from associates		
Loan receivables	2	10
Other receivables	1,415	1,966
Prepayments and accrued income	1,908	2,007
Total current receivables	20,252	23,630
Total receivables	21,640	25,341
Short-term investments		
Cash in hand and in banks	12,158	10,320
Total current assets	33,798	35,661
TOTAL ASSETS	56,958	61,960
EUR 1,000	12/31/2023	12/31/2022



LIABILITIES		
Equity		
Share capital	545	545
Reserve for invested unrestricted equity	33,274	33,139
Retained earnings	5,127	7,857
Profit for the period	-2,853	-277
Total equity	36,093	41,264
Non-controlling interest	23	292
Liabilities		
Non-current liabilities		
Loans from financial institutions	79	152
Total non-current liabilities	79	152
Current liabilities		
Trade payables	5,528	3,717
Loans from financial institutions	27	
Liabilities to associates		
Other liabilities	3,504	4,055
Accrued expenses and deferred income	11,704	12,480
Total current liabilities	20,763	20,252
Total liabilities	20,843	20,404
TOTAL LIABILITIES	56,958	61,960



Consolidated cash flow statement (FAS)

EUR 1,000	7-12/2023	7-12/2022	1-12/2023	1-12/2022
Cash flow from operating activities				
Profit(loss) before appropriations and taxes	-2,599	-1,550	-2,463	247
Adjustments to operating profit (loss) for:				
Depreciation according to plan	2,104	2,138	4,164	3,385
Unrealised foreign exchange gains and losses	19	132	-93	132
Other non-cash income and expenses	1,154		1,383	74
Financial income and expenses	125	185	267	-86
Other adjustments		29	-89	0
Cash flow from operating activities before change in working capital	803	934	3,168	3,752
Change in working capital:				
Increase/decrease of trade receivables and other receivables	-904	1,109	1,538	-2,521
Increase/decrease of trade payables and other non-interest-bearing liabilities	1,462	824	545	2,769
Total change in working capital	558	1,933	2,084	248
Operating cash flow before financing items and taxes	1,361	2,867	5,252	4,000
Interest and other financial expenses paid relating to operating activities	-118	13	-148	-18
Interest received relating to operating activities	44	-49	68	1
Income taxes paid	115	-379	85	-1,527
Cash flow from operating activities (A)	1,402	2,452	5,256	2,455
Cash flow from investment activities				
Investments in tangible and intangible assets	-592	-490	-1,007	-1,107
Proceeds from sale of tangible	50	0	50	



and intangible assets				
Loans granted/repayments of loan receivables	302	-17	153	44
Other investments		-15	-5	-15
Interest received on investments	2	9	19	-1
Shares purchased in subsidiaries	-268	-82	-268	-82
Gains on the sale of investments	65		154	
Other items				0
Cash flow from investment activities (B)	-441	-595	-903	-1,162
Cash flow from financing activities				
Proceeds from issuance of equity	135	297	135	297
Purchase of own shares		10		-306
Changes in non-current loans	-10	33	-42	34
Interest and other financing expenses paid	-6		-7	
Dividends paid	-109	-84	-2,584	-2,844
Cash flow from financing activities (C)	9	256	-2,499	-2,819
Change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	970	2,113	1,854	-1,526
Liquid assets at beginning of fiscal period	11,163	4,887	10,320	8,659
Exchange rate differences	25	207	-16	74
Cash transferred in mergers	0	3,113		3,113
Group's total cash and cash equivalents at the end of the financial year	12,158	10,320	12,158	10,320



Group's changes in equity

EUR 1,000	H2 2023	H2 2022	2023	2022
Restricted equity				
Share capital at the start of the period	545	295	545	295
Share issue		250		250
Share capital at the end of the period	545	545	545	545
Total restricted equity	545	545	545	545
Unrestricted equity				
Reserve for invested unrestricted equity at the start of the period	33,139	16,083	33,139	16,083
Share issue	135	17,087	135	17,087
Transfers to other equity items		-31		-31
Reserve for invested unrestricted equity at the end of the period	33,274	33,139	33,274	33,139
Translation difference at the start of period	143	125	190	146
Change	70	95	23	74
Transfers to other equity items		-31		-30
Translation difference at end of period	213	190	213	190
Retained earnings at the start of the period	4,630	8,654	7,390	10,200
Dividends paid			-2,475	-2,439
Repurchase of shares				-306
Other adjustments				
Change in accounting policy for minority interest calculation		204		212
Retained earnings at the end of the period	4,630	8,858	4,914	7,667
Total retained earnings	4,843	9,048	5,127	7,857
Profit for the period	-2,569	-1,468	-2,853	-277
Total unrestricted equity	35,548	40,719	35,548	40,719
Total equity	36,093	41,264	36,093	41,264



Group liabilities

EUR 1,000

Rental liabilities	2023	2022
Payable during the following financial year	2,330	1,553
Payable in later years	3,759	635
Total	6,089	2,188
Leasing liabilities	2023	2022
Payable during the following financial year	472	170
Payable in later years	368	161
Total	840	331
Other financial liabilities		
Credit cards	58	60
Mortgages given	6,300	6,300
Rental securities	106.5	106.5
Security deposit		12
Total	6,465	6,479

Non-Recurring items

MEUR	H2 2023	H2 2022	2023	2022
Loan loss provisions	1.2		1.2	
Personnel costs	0.5	0.6	0.7	0.6
Other operating expenses	0.1	1.5	0.1	1.5
Total	1.8	2.1	2.0	2.1



Formulas for key indicator calculation

EBITDA	=	Operating profit + depreciation, amortization and impairment	
EBITA	=	Operating profit + amortization and impairment	
Adjusted EBIT (operating profit before goodwill amortization)	=	Operating profit + goodwill amortization	
Adjusted EBIT (operating profit before goodwill amortization) before non-recurring items	=	Operating profit + goodwill amortization + non-recurring items	
EBIT	=	Revenue+ Other operating income - Materials and services - Personnel expenses - Other operating expenses - Depreciation, amortization and impairment	
Return on investment (ROI), %	=	$\frac{\text{Profit after financial items + Interest and other financial expenses}}{\text{Balance sheet total - Non-interest-bearing liabilities (average over one year)}} \times 100$	
Return on equity (ROE), %	=	$\frac{\text{Profit after financial items - Income taxes}}{\text{Equity + minority interest (average over the year)}} \times 100$	
Gearing ratio, %	=	$\frac{\text{interest-bearing liabilities - Cash in hand and in banks}}{\text{Equity + Minority interest}} \times 100$	



$$\text{Equity ratio, \%} = \frac{\text{Equity + Minority interest}}{\text{Balance sheet total - advances received}} \times 100$$

$$\text{Earnings per share (EPS)} = \frac{\text{Profit or loss for the financial year excluding minority interest}}{\text{Average number of shares adjusted for share issues excluding own shares}}$$

Helsinki, February 22, 2024

VINCIT PLC

Board of Directors

Additional information

Vincit Plc, CEO Julius Manni, phone: +358 50 424 3932

Certified advisor: Aktia Alexander Corporate Finance Oy, phone: +358 50 520 4098

Vincit Plc in brief

Vincit is a digital business agency that helps customers accelerate digital development and transform their business to make Mondays better for us all. Vincit Plc's shares are listed on the Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd, trading code VINCIT. www.vincit.com

