



digia

Digia Plc

# **HALF-YEAR FINANCIAL REPORT 2022**

January–June 2022



A year of renewal: Net sales for January–June were up by 7.3 per cent and EBITA margin amounted to 8.7 per cent

### **April–June 2022**

- Net sales: EUR 41.2 (38.6) million, up 6.7 per cent
- Operating profit (EBITA): EUR 2.1 (3.5) million, down 38.4 per cent; EBITA margin: 5.2 (9.0) per cent of net sales
- Operating profit: EUR 1.5 (2.7) million, down 43.2 per cent; operating margin: 3.7 (7.0) per cent of net sales
- Earnings per share: EUR 0.06 (0.08)
- New management system integrated into operational activities. The deployment of the system significantly burdened the result for April–June.
- Acquisition of MOST Digital Oy on 2 May 2022
- Agreement on the acquisition of the entire share capital of Productivity Leap Oy on 27 June 2022

### **January–June 2022**

- Net sales: EUR 83.7 (78.0) million, up 7.3 per cent
- Operating profit (EBITA): EUR 7.3 (8.7) million, down 16.7 per cent; EBITA margin: 8.7 (11.2) per cent of net sales
- Operating profit (EBIT): EUR 6.1 (7.2) million, down 15.1 per cent; operating margin: 7.3 (9.2) per cent of net sales
- Earnings per share: EUR 0.19 (0.21)
- Return on investment: 12.6 (15.6) per cent
- Equity ratio: 44.2 (44.4) per cent
- Deployment of the Digia Business Engine management system
- Profit guidance remains unchanged: Digia's net sales will grow year-on-year and its EBITA margin will be over 10 per cent of net sales.

Unless otherwise stated, the comparison figures provided in parentheses refer to the corresponding period of the previous year.

## Group key figures

EUR 1,000	4-6/ 2022	4-6/ 2021	Change, %	1-6/ 2022	1-6/ 2021	Change, %	2021
Net sales	41,240	38,638	6.7	83,701	77,995	7.3	155,939
Operating profit (EBITA)	2,143	3,481	-38.4	7,276	8,737	-16.7	17,739
- as a % of net sales	5.2%	9.0%		8.7%	11.2%		11.4%
Operating profit (EBIT)	1,540	2,711	-43.2	6,087	7,167	-15.1	14,680
- as a % of net sales	3.7%	7.0%		7.3%	9.2%		9.4%
Result for the period	1,474	2,003	-26.4	5,132	5,547	-7.5	11,772
- as a % of net sales	3.6%	5.2%		6.1%	7.1%		7.5%
Return on equity, %				15.3%	18.1%		18.3%
Return on investment, %				12.6%	15.6%		16.3%
Cash flow from operations				8,799	10,209	-13.8	16,648
Interest-bearing net liabilities				15,681	16,828	-6.8	10,663
Net gearing, %				23.6%	27.0%		15.7%
Equity ratio, %				44.2%	44.4%		48.0%
Number of personnel at period-end				1,397	1,329	5.1	1,339
Average number of personnel	1,386	1,331	4.1	1,368	1,327	3.1	1,334
Shareholders' equity				66,353	62,252	6.6	68,072
Balance sheet total				154,590	141,291	9.4	143,040
Earnings per share, EUR	0.06	0.08	-25.5	0.19	0.21	-6.5	0.44
Earnings per share (diluted), EUR	0.06	0.07	-25.6	0.19	0.21	-6.6	0.44

## CEO's Review:

"2022 is a year of business renewal and investments in growth – it is also the last year in our 2020–2022 strategy period. During the review period, we overhauled our organisation, operating methods and the systems that guide our operations. These measures support our organic and inorganic growth, enhance our competitiveness and improve the quality of our customer implementations. I'm extremely pleased that we have deployed the largest transformation project in Digia's history – the Digia Business Engine (DBE) management system – as planned.

Our net sales were up 6.7 per cent in April–June and amounted to EUR 41.2 (38.6) million. The second-quarter EBITA margin was 5.2 (9.0) per cent. The margin was significantly impacted by the deployment of the Digia Business Engine: substantial outlays on personnel training were made in April–June, and the time spent on deployment also reduced invoicing rates during the review period. Profitability was also weakened by the higher-than-normal number of sick leave days. In addition, there were more vacation days in the review period than in the comparison period. In January–June, our net sales were up 7.3 per cent to EUR 83.7 (78.0) million, and the EBITA margin was 8.7 (11.2) per cent. I believe that our profitability will improve in the latter half of the year.

DBE is a digital transformation project and its deployment has required a lot of time and learning new things. It has changed our day-to-day operative activities and the ordinary working methods of each and every Digia employee. In April–June, we capitalised EUR 0.2 million in costs from the project, which had a cost impact of EUR -1.3 million. In January–June, the project had a cost impact of EUR -2.2 million. We have capitalised a total of EUR 3.9 million from this project to date. The cost impact of the project will decrease significantly in the third quarter; after that, we will switch over to ordinary further development.

In addition to renewing Digia's internal operations, we made outlays on service offering development and acquisitions to ensure future growth. In May, we expanded our scalable services with Robotics as a Service capabilities by acquiring the entire share capital of MOST Digital Oy. The acquisition strengthens our integration and API business expertise and growth with automation platform



services. Post-acquisition integration has progressed smoothly and the first joint deals have already been made.

On 27 June, we announced that we would acquire the entire share capital in Productivity Leap Oy. The acquisition was completed on 1 July and it bolsters our position not only in knowledge management, but also in the social welfare and healthcare sector in particular – we see opportunities for significant growth in the transformation of this sector. Together with Productivity Leap, we are creating an even stronger offering for this market when competing for transformation projects in the social welfare and healthcare sector and knowledge management.

The major new customer agreement in the Financial Platforms business during the review period was the sale of a fund system solution based on Digia's own DiFS product to Aktia Fund Management Company Ltd. In addition, we announced the new SaaS-based Back Office service we productised for small operators in the financial sector. The first customer deliveries were made during the review period.

Digia has become a strong partner in the Finnish higher education sector, where our company has many customers. In June, Digia was selected to provide an expert partner service to Aalto University, covering Microsoft solution development, consulting on their application platforms and products, and the maintenance of application platforms and solutions. After the review period, Digia was also selected as a supplier for CSC – IT Center for Science's Digivisio 2030 project. This is a joint project of all 38 Finnish higher education institutions that aims to create a learning platform that will benefit higher education institutions, students and our society alike. The total value of this project that runs from 2022 to 2026 is about EUR 30–35 million, of which Digia's share is around EUR 10.5–12.5 million.

Digia has a strong position as a provider of Microsoft D365 systems – Microsoft selected Digia as its Smart Business Solutions/Dynamics 365 Partner of the Year in Finland for the second time in a row. During the review period, we delivered projects to Marimekko, the Kanta-Häme Hospital District and Kalevala Jewelry.

Digia's business is not exposed to direct Russia-related risks. We are keeping a close eye on the global economic situation and continuously assess risks with respect to customers, partners and cyberthreats.

I would like to warmly thank all Digia employees for your great efforts in the deployment of the new system and the renewal of operating methods. This is an important step on our growth path towards even smoother day-to-day life and more efficient service models."

## Events after the review period

Digia Plc and Productivity Leap Oy signed an agreement on 27 June 2022 by which Digia purchased Productivity Leap's entire capital stock. The acquisition was completed on 1 July 2022.

## Briefing invitation

A briefing for analysts will be held at 4:00 pm on Tuesday, 9 August 2022 as a Teams meeting. Attendance instructions have been emailed to participants.

CEO Timo Levoranta will give a webcast on the results starting at 5:15 pm at <https://digia.videosync.fi/2022-puolivuosikatsaus>

The material and presentation for the event will be available from 4:00 pm on 9 August 2022 on the company's website: [digia.com/en/investors/reports-and-presentations](https://digia.com/en/investors/reports-and-presentations).

## Publication of the next financial results

Digia will publish its business review for January–September 2022 at 8:00 am on 28 October 2022.

## For further information, please contact:

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## Distribution

Nasdaq Helsinki  
Key media  
[digia.com](https://digia.com)

Digia is a software and service company that helps its customers renew themselves in the networked world. There are more than 1,300 of us working at Digia. Our roots are in Finland and we operate both in our home country and internationally. We are building a world in which digitalisation makes a difference – together with our customers and partners. Digia's net sales totalled EUR 156 million in 2021. The company is listed on Nasdaq Helsinki (DIGIA).  
[digia.com](https://digia.com)

# Digia Plc half-year financial report 2022

Digia is a growing software and service company that helps its customers to renew and develop data-driven business operations in our increasingly networked world. Digia is your partner for comprehensive digitalisation. We provide all the layers of digitalisation from business systems to integrations, digital services and 24/7 monitoring and service management. Unless otherwise stated, the comparison figures provided in parentheses refer to the corresponding period of the previous year.

## Markets, business environment and position

Digia's main market area has traditionally been Finland. Digia expects to see further growth in the Finnish IT service market over the long term. Risks related to Digia's short-term demand have increased especially due to the weaker macroeconomy and elevated inflation. The state of the global economy poses uncertainty in the market, but the underlying demand trend for digital solutions is strong. The Climber acquisition that was completed in 2021 is a step towards acquiring customers and expanding the company's market area outside Finland.

Thanks to Digia's ability to serve the market as both an end-to-end system provider and a builder of new digital services, the company is in a position to support the business growth of its customers.

The development of modern digital business is supported by Digia's extensive product and service offering, which is both customer- and industry-independent. Our offering has successfully met market demand and has also demonstrated its strength during exceptional circumstances. During the pandemic in particular, our strength has lain in having a broad variety of solutions for operative systems (e.g. ERPs) and a data-driven business. As a result of the pandemic, many organisations have woken up to assessing their own operations and renewal, especially with respect to how data utilisation and digital solutions in general could yield greater customer benefits and efficiency as well as open up new business opportunities.

In the post-crisis period, the digitalisation trend in the market will remain strong. Ever-smarter software and the increasing use of data are changing the world permanently – and competition is tightening in every industry. Modernisation and renewal are constant. At the same time, the purchasing behaviour of customers is changing, while the value creation models of organisations and the ways in which people work are evolving.



## **NET SALES**

### **April–June 2022**

Digia's net sales for the review period totalled EUR 41.2 (38.6) million, up 6.7 per cent on the corresponding period of the previous year. Net sales were increased particularly by Data Driven Solutions, Microsoft Customer Apps and Power Platform as well as Integrations and API services. This was also a strong quarter for our Digia HUB network.

The service and maintenance business accounted for 60.1 (68.1) per cent and the project business for 39.9 (31.9) per cent of the company's net sales during the review period. The net sales of both the project and the service and maintenance businesses include product business activities, which accounted for 12.2 (16.5) per cent of the Group's total net sales. The product business comprises Digia's own licences, the licence sales of its partners, as well as licence maintenance. As purchasing behaviour has changed in the business, part of the product business now falls within the scope of service contracts and is reported on as net sales for the service business.

### **January–June 2022**

Digia's net sales for the January–June period totalled EUR 83.7 (78.0) million, representing a year-on-year increase of 7.3 per cent. Net sales were increased particularly by Data Driven Solutions, Microsoft Customer Apps and Power Platform as well as Integrations and API services. The first half of the year was also a strong period for our Digia HUB network.

The service and maintenance business accounted for 63.4 (67.4) per cent of net sales, while the project business accounted for 36.6 (32.6) per cent. The product business accounted for 12.6 (13.3) per cent of the company's total net sales.

## **PROFIT AND PROFITABILITY**

### **April–June 2022**

Operating profit (EBITA) for the review period amounted to EUR 2.1 (3.5) million with an EBITA margin (EBITA %) of 5.2 (9.0) per cent. Digia Business Engine project expenses reduced operating profit (EBITA) by EUR 1.3 million. When this large project was completed, over 6,700 more holiday hours were taken in the review period than in the previous year. In addition, sickness absences increased over 6,300 hours year-on-year. Earnings before taxes were EUR 1.9 (2.5) million, with

earnings after taxes totalling EUR 1.5 (2.0) million. Earnings per share were EUR 0.06 (0.08). Net financial expenses amounted to EUR 0.4 (–0.2) million.

### **January–June 2022**

Digia's operating profit (EBITA) for January–June was EUR 7.3 (8.7) million with an EBITA margin (EBITA %) of 8.7 (11.2) per cent. EUR 2.2 million in expenses were recognised on the Digia Business Engine project in the first half of the year. Earnings before taxes were EUR 6.5 (6.9) million, with earnings after taxes totalling EUR 5.1 (5.5) million. Earnings per share were EUR 0.19 (0.21). Net financial expenses amounted to EUR 0.4 (–0.3) million.

### **RESEARCH AND DEVELOPMENT**

Digia constantly invests in enhancing its long-term competitiveness. In January–June, research and development expenses on Digia's own products totalled EUR 2.9 (3.2) million, which represented 3.4 (4.0) per cent of net sales.

### **FINANCING, CASH FLOW AND EXPENDITURE**

At the end of June 2022, Digia's balance sheet total stood at EUR 154.6 (141.3) million. Balance sheet growth was largely due to acquisitions.

Equity ratio was 44.2 (44.4) per cent and net gearing was 23.6 (27.0) per cent. At the end of June 2022, Digia had EUR 33.5 (33.8) million in interest-bearing liabilities. At the end of June, unused bank credit facilities amounted to EUR 4.0 million. Interest-bearing liabilities consisted of EUR 20.4 million in long-term and EUR 6.1 million in short-term loans from financial institutions, and EUR 7.0 million in lease liabilities.

In the first half of the year, we raised a new loan of seven million euros, which has a maturity of five years. Digia uses two major banks for financing: Danske Bank A/S and OP Corporate Bank Plc.

Cash flow from operating activities in January–June 2022 totalled EUR 8.8 (10.2) million. Cash flow from investments came to EUR –5.0 (–11.1) million. Cash flow from financing was EUR –4.0 (1.5) million. A single payment of EUR 1.9 million was made in July and will thus be evident in cash flow only in the third quarter. It had an effect on cash flow from operating activities in January–June.

## **HUMAN RESOURCES AND ADMINISTRATION**

We aim to be a responsible, knowledge-driven learning community of top professionals that combines solid professionalism, a modern work culture and flexible operations. Digia's operations are built on our personnel, who are committed to the objectives of our customers and have strong, constantly developing professional skills.

We believe that the seamless interplay between people and smart software will deepen at a rapid pace – and this has been one of our major focuses in the development of Digia's work culture. During the review period, we deployed our new Digia Business Engine ERP, which extensively covers our internal operating processes. The deployment of the system and the related training represented a substantial investment in time and learning in spring 2022 that lays the foundation for strong growth and knowledge-based management.

During the review period, we continued to utilise our hybrid working model, which enables extensive flexibility in matters such as where and when people work. At the same time, we invested in building a sense of community with both live and virtual events. During the review period, we also continued to make outlays on developing Digia's approach to leadership with the Digia coaching programme for supervisors (DiVe) and a programme focusing on productivity management. As part of the development of overall remuneration at Digia, we also bolstered our principles and practices for pay and incentives. Our objective in the development of remuneration is to strengthen the clarity, openness, consistency and supportiveness of operating methods.

During the review period, we continued to invest in recruitment. For instance, in the first months of the year, we once again implemented our Digia Career Compass programme, through which we employed both juniors and people changing careers. During the review period, our number of personnel grew to 1,397 (1,339 on 31 December 2021). Growth was driven by both the Most Digital acquisition in May and organic growth. Our recruitment is effective, but at the same time, the growth in our number of personnel is slowed down by turnover in the industry.

In May, we once again conducted a Signi trend survey to measure our employee experience. The Liekki index, which measures the employee experience, rose slightly and was on a fairly good level overall.

During the review period, we bolstered our sales management by appointing Pasi Ropponen as the new Senior Vice President, Sales and Marketing and as a member of the Management Team as from 11 April 2022.

### **CHANGES IN THE GROUP STRUCTURE**

During the review period, Digia acquired the entire share capital of MOST Digital Oy, and both MOST Digital Oy and MOST Digital Sweden AB were added to the Group structure.

At the end of the review period, the Digia Group included the parent company Digia Plc and its subsidiaries Digia Finland Oy, Digia Hub Oy, Digia Sweden AB, Solasys Oy, Most Digital Oy, Most Digital AB and Climber International AB, with its subsidiaries Climber Finland Oy, Climber Benelux B.V., Climber Denmark ApS and Climber Holding AB, and its subsidiary Climber Ab.

### **SHARE CAPITAL AND SHARES**

On 30 June 2022, the number of Digia Plc shares totalled 26,823,723. The company had a total of 8,245 shareholders.

Digia Plc held a total of 357,372 treasury shares on 30 June 2022. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 1.3 per cent of its capital stock.

At the end of the period, a total of 138,222 company shares, previously funded by Digia for use in the incentive system for key personnel and under the management of Evli Awards Management Ltd, remained undistributed.

Up-to-date information about the company's major shareholders and the distribution of their shareholdings can be found on Digia's website:

[www.digia.com/en/investors/shareholders](http://www.digia.com/en/investors/shareholders).

## **REPORTED SHARE PERFORMANCE ON THE HELSINKI STOCK EXCHANGE**

Digia Plc's shares are listed on NASDAQ Helsinki under IT, IT Consulting & Other Services. The company's short name is DIGIA. The lowest reported share quotation in January–June 2022 was EUR 6.21 and the highest EUR 7.80. The share officially closed at EUR 6.80 on 30 June 2022. The share's trade weighted average price was EUR 7.30. The company's market capitalisation totalled EUR 182,401,316 on 30 June 2022.

## **FLAGGING NOTIFICATIONS**

There were no flagging notifications during the review period.

## **DECISIONS OF THE ANNUAL GENERAL MEETING AND THE ORGANISATION OF THE BOARD OF DIRECTORS**

Digia Plc's Annual General Meeting (AGM), held on 21 March 2022, adopted the company's annual accounts, including the consolidated annual accounts for 1 January–31 December 2021, and discharged the members of the Board and the President and CEO from liability.

### **Dividends**

In accordance with the proposal of the Board of Directors, the Annual General Meeting decided that a dividend of EUR 0.17 per share be paid according to the confirmed balance sheet for the financial year ending 31 December 2021. It was decided that the dividend would be paid to shareholders registered in the Register of Shareholders maintained by Euroclear Finland Oy on the record date of 23 March 2022. The dividend payout date decided on was 30 March 2022.

### **Composition of the Board of Directors**

The AGM decided to elect six members to the Board. Re-elected as Board members were: Martti Ala-Härkönen, Santtu Elsinen, Robert Ingman, Seppo Ruotsalainen and Outi Taivainen; Sari Leppänen was elected as a new member. Robert Ingman was elected as Chairman of the Board and Seppo Ruotsalainen as Vice Chairman of the Board.

The Board decided on the composition of the Board's committees as follows:

- Audit Committee: Seppo Ruotsalainen (Chairman), Martti Ala-Härkönen and Santtu Elsinen

- Compensation Committee: Outi Taivainen (Chairman), Robert Ingman and Sari Leppänen
- Nomination Committee: Martti Ala-Härkönen (Chairman), Robert Ingman and Seppo Ruotsalainen.

### **Remuneration of the members of the Board and the auditor**

The AGM decided that the monthly remuneration payable to the Board Members shall be EUR 3,000, to the Vice Chairman of the Board EUR 4,000 and to the Chairman of the Board EUR 5,500. In addition, remunerations of EUR 1,000 to the Chairman and EUR 500 to other members are paid per each Board and Board Committee meeting. It was decided that Board members will be reimbursed for ordinary and reasonable expenses resulting from Board work against an invoice.

### **Auditor and auditor's fees**

In accordance with the recommendation of the Audit Committee of the Board of Directors, the Annual General Meeting decided to select a new auditor for the company. Auditing firm Ernst & Young Oy was chosen for this task. Ernst & Young Oy has announced that the chief auditor will be Terhi Mäkinen, Authorised Public Accountant.

The AGM decided that the company's auditor will be paid according to the auditor's reasonable invoice approved by the company.

### **Authorising the Board of Directors to decide on buying back own shares and/or accepting them as collateral**

The Annual General Meeting authorised the Board to decide on the acquisition and/or pledging of treasury shares with the following terms and conditions:

- A maximum total of 2,000,000 shares may be bought back and/or pledged in one or more instalments. The proposed number is under 10 per cent of the company's total number of shares.
- Only unrestricted equity may be used to buy back treasury shares. The Board will decide on how these shares are to be acquired. Treasury shares may be bought back in disproportion to shareholders' holdings (directed acquisition). The authorisation also includes the acquisition of shares through public trading organised by NASDAQ OMX Helsinki Oy in accordance with the rules and



instructions of NASDAQ and Euroclear Finland Oy or through offers made to shareholders.

- Shares may be acquired in order to improve the company's capital structure, to fund or complete acquisitions or other business transactions, to offer share-based incentive schemes, to sell on, or to be annulled.

The shares must be acquired at the market price in public trading. The minimum price of the shares to be acquired shall be the lowest quotation in public trading while the authorisation is in force and, correspondingly, the maximum price shall be the highest quotation in public trading while the authorisation is in force.

The Board of Directors is otherwise authorised to decide on all terms relating to share buyback.

This authorisation will supersede the authorisation granted by the AGM of 17 March 2021 and is valid for 18 months, that is, until 21 September 2023.

### **Authorising the Board of Directors to decide on a share issue and granting of special rights**

The AGM authorised the Board to decide on an ordinary or bonus issue of shares and the granting of special rights (as defined in Section 1, Chapter 10 of the Limited Liability Companies Act) in one or more instalments, as follows:

- This issue may total a maximum of 2,500,000 shares. The proposed number is under 10 per cent of the company's total number of shares. The authorisation applies to both new shares and treasury shares held by the company.
- The authorisation may be used to fund or complete acquisitions or other business transactions, for offering share-based incentive schemes, to develop the company's capital structure, or for other purposes decided by the Board.
- It is proposed that this authorisation should include the right for the Board to decide on all terms related to the share issue or special rights, including the subscription price, payment of the subscription price in cash or (partly or wholly) in capital contributed in kind or its being written off against the subscriber's receivables, and its recognition in the company's balance sheet.

More information about the AGM's decisions is available at [www.digia.com/en/investors/governance/annual-general-meeting/agm-2022](http://www.digia.com/en/investors/governance/annual-general-meeting/agm-2022).

## **COMPANY ACQUISITIONS**

On 11 April 2022, the company announced that Digia Plc and MOST Digital Oy had signed an agreement through which Digia would acquire MOST Digital's entire share capital. The acquisition was completed on 2 May 2022. The MOST Digital Group includes MOST Digital Oy and MOST Digital Sweden AB. With this acquisition, Digia will grow its scalable services and bolster its expertise and growth in the integration and API business with automation platform services. MOST Digital had net sales of around EUR 2.8 million in the fiscal year ending in December 2021. MOST Digital's figures have been consolidated with the Digia Group as from the beginning of May 2022. A preliminary calculation of the allocation of the purchase price has been drafted and the impact of the acquisition on Digia's figures is reported in the tables section.

## **EVENTS AFTER THE REVIEW PERIOD**

Digia Plc and Productivity Leap Oy signed an agreement on 27 June 2022 by which Digia purchased Productivity Leap's entire capital stock. The acquisition was completed on 1 July 2022. With the acquisition, Digia strengthens its expertise in knowledge management, which is in increasingly high demand, and its ability to serve its customers in an ever more comprehensive way, particularly in the social welfare and healthcare sector. Productivity Leap's net sales for the fiscal period ending December 2021 amounted to approximately EUR 5.5 million. Productivity Leap's figures will be consolidated with the Digia Group from the beginning of July 2022.

## **RISKS AND UNCERTAINTIES**

Digia's short-term demand-related risks in the operating environment have increased, particularly due to the weaker macroeconomic outlook and high inflation. According to Digia's estimate, the uncertainty caused by the war in Ukraine and economic cycles may affect business development in the short term, while the coronavirus pandemic also still involves risk factors. The company's risks and uncertainty factors relate to increasing competition and potential significant changes in the company's operating environment and service areas. General economic trends and changes in customers' operating environment and financial position may have an unfavourable impact on the

company's business, financial position and result through slower decision-making and the postponement or cancellation of IT investments, for instance.

If demand for IT services falls sharply, the price level might also decline. Although the pricing models used in the service business balance out cyclical business, products provided via SaaS (Software as a Service) involve longer-term revenue streams compared to the one-off payment of product licenses. In an inflationary environment, it is not certain how quickly and to what extent the rise in costs will be passed on to market prices.

Implementing the growth strategy will place demands on both the organisation and its management. The company's ability to recruit, maintain and develop the correct competence – and also to correctly time the offering to meet demand – will play a vital role.

In line with its strategy, Digia is also seeking growth through acquisitions. However, Digia cannot be certain of locating suitable companies for acquisition or of successfully integrating them.

In Digia's view, there are no significant risks related to human rights and the environment inherent in its own operations. However, the company has initiated systematic development efforts concerning both of these issues as part of its sustainability programme.

Major customer projects – and fixed-price projects in particular – involve both business opportunities and risks. As customer projects increase in size, the risks associated with profitability management also grow, and there is a greater need to manage extensive contract and delivery packages. Large customer projects typically involve delivery-related sanctions whose materialisation always poses a risk. Risks related to customer receivables are also growing. In addition, data security and protection risks comprise a significant risk area in the company's business operations.

## **OUTLOOK FOR 2022**

Profit guidance for 2022: Digia's net sales will grow year-on-year and the EBITA margin will be over 10 per cent of net sales.

Helsinki, 9 August 2022

Digia Plc  
Board of Directors

## Table section

Accounting policies  
Condensed consolidated income statement  
Condensed consolidated balance sheet  
Consolidated cash flow statement  
Statement of changes in shareholders' equity  
Notes to the accounts

## Accounting policies

This Financial Statement Bulletin was prepared in compliance with IFRS and the IAS 34 Interim Financial Reporting standard. The accounting policies have not been amended in 2022. The half-year report has not been audited.

## Condensed consolidated income statement

EUR 1,000	4-6/ 2022	4-6/ 2021	Change, %	1-6/ 2022	1-6/ 2021	Change, %	1-12/ 2021
NET SALES	41,240	38,638	6.7%	83,701	77,995	7.3%	155,939
Other operating income	70	182	-61.4%	120	299	-59.8%	445
Materials and services	-7,059	-5,235	34.8%	-13,437	-9,996	34.4%	-21,674
Depreciation, amortisation	-1,782	-1,897	-6.1%	-3,374	-3,857	-12.5%	-7,485

<b>and impairment</b>							
<b>Other operating expenses</b>	-30,929	-28,976	6.7%	-60,923	-57,274	6.4%	-112,545
<b>Operating profit (EBIT)</b>	1,540	2,711	-43.2%	6,087	7,167	-15.1%	14,680
<b>Financial expenses (net)</b>	357	-208	-272.1%	396	-279	-242%	-107
<b>Profit before taxes</b>	1,897	2,504	-24.2%	6,483	6,889	-5.9%	14,573
<b>Income taxes</b>	-423	-504	-16.0%	-1,351	-1,338	0.9%	-2,801
<b>RESULT FOR THE PERIOD</b>	1,474	2,003	-26.4%	5,132	5,547	-7.5%	11,772

## **Other comprehensive income**

### **Items that may later be reclassified as profit or loss:**

<b>Exchange differences on translation of foreign operations</b>	-467	78	-699.2%	-536	-22	2,344.2%	-198
<b>TOTAL COMPREHENSIVE INCOME</b>	1,007	2,081	-51.6%	4,596	5,525	-16.8%	11,574

**Distribution of  
net profit for  
the period**

Parent- company shareholders	1,464	2,000	-26.8%	5,115	5,550	-7.8%	11,758
Non-controlling interests	10	3		17	-3		14

Distribution of  
total  
comprehensive  
income

Parent- company shareholders	997	2,078	-52.0%	4,579	5,529	-17.2%	11,560
Non-controlling interests	10	3		17	-3		14

Earnings per share, EUR (undiluted EPS)	0.06	0.08	-25.5%	0.19	0.21	-6.5%	0.44
Earnings per share, EUR (diluted EPS)	0.06	0.07	-25.6%	0.19	0.21	-6.6%	0.44

## Condensed consolidated balance sheet

EUR 1,000	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	76,740	71,225	71,915
Other intangible assets	14,810	11,101	10,875
Tangible assets	719	862	686



Right-of-use assets	6,373	9,632	6,969
Investments	484	484	484
Non-current receivables	445	153	538
Deferred tax assets	461	465	640
<b>Total non-current assets</b>	<b>100,030</b>	<b>93,922</b>	<b>92,107</b>
Current assets			
Current receivables	36,734	30,356	32,785
Cash and cash equivalents	17,825	17,013	18,148
<b>Total current assets</b>	<b>54,560</b>	<b>47,369</b>	<b>50,933</b>
<b>Total assets</b>	<b>154,590</b>	<b>141,291</b>	<b>143,040</b>
<b>Shareholders' equity and liabilities</b>			
Share capital	2,088	2,088	2,088
Other reserves	5,204	5,204	5,204
Unrestricted shareholders' equity reserve	42,081	42,081	42,081
Translation difference	-1,077	-365	-541
Retained earnings	12,911	7,694	7,468
Result for the period	5,115	5,547	11,758
Equity attributable to parent-company shareholders	66,322	62,249	68,057
Equity attributable to non-controlling interests	31	3	14
<b>Total shareholders' equity</b>	<b>66,353</b>	<b>62,252</b>	<b>68,072</b>
<b>Liabilities</b>			
Non-current interest-bearing liabilities	23,911	25,362	20,354

Non-current advances received	107	0	0
Other non-current liabilities	5,577	7,000	2,324
Deferred tax liabilities	2,477	1,962	1,877
<b>Total non-current liabilities</b>	<b>32,071</b>	<b>34,323</b>	<b>24,554</b>
Current interest-bearing liabilities	9,595	8,479	8,457
Other current liabilities	46,571	36,236	41,956
<b>Total current liabilities</b>	<b>56,166</b>	<b>44,715</b>	<b>50,413</b>
<b>Total liabilities</b>	<b>88,237</b>	<b>79,038</b>	<b>74,968</b>
<b>Shareholders' equity and liabilities</b>	<b>154,590</b>	<b>141,291</b>	<b>143,040</b>

## Consolidated cash flow statement

EUR 1,000	1 Jan 2022–30 Jun 2022	1 Jan 2021–30 Jun 2021
<b>Cash flow from operations:</b>		
Profit for the period	5,132	5,547
Adjustments to net profit	726	4,064
Change in working capital	-17	-1,701
Change in other receivables and liabilities	5,945	4,550
Interest paid	-216	-133
Interest income	-	27
Taxes paid	-2,770	-2,146
<b>Cash flow from operations</b>	<b>8,799</b>	<b>10,209</b>
<b>Cash flow from investments:</b>		
Purchases of tangible and intangible assets	-1,213	-1,570

Acquisition of subsidiaries, net of cash and cash equivalents at the time of acquisition	-3,834	-9,489
Repayment of loans receivable	-	-
Dividends received	-	-
Divested business operations	-	-
<b>Cash flow from investments</b>	<b>-5,047</b>	<b>-11,059</b>
<b>Cash flow from financing:</b>		
Repayment of lease liabilities	-2,508	-2,018
Repayment of current loans	-2,526	-7,726
Withdrawals of current loans	-	3,000
Repayments of non- current loans	-	-49
Withdrawals of non- current loans	7,497	10,900
Repayments of non- current loan receivables	-	1,573
Acquisition of treasury shares	-1,963	-225
Dividends paid	-4,478	-4,002
<b>Cash flow from financing</b>	<b>-3,978</b>	<b>1,452</b>
Change in cash and cash equivalents	-226	602
Cash and cash equivalents at beginning of period	18,148	16,410

Effect of changes in foreign exchange rates	-97	1
Change in cash and cash equivalents	-226	602
<b>Cash and cash equivalents at end of period</b>	<b>17,825</b>	<b>17,013</b>

## Statement of changes in shareholders' equity

EUR 1,000	a	b	c	d	e	f
<b>Shareholders' equity, 1 Jan 2021</b>	<b>2,088</b>	<b>42,081</b>	<b>5,204</b>	<b>-343</b>	<b>11,707</b>	<b>60,737</b>
Net profit					5,547	5,547
Other comprehensive income				-22		-22
Non-controlling interests					3	3
Transactions with shareholders						
Dividends					-4,002	-4,002
Share-based payments recognised against equity					214	214
Acquisition of treasury shares					-225	-225
<b>Shareholders' equity, 30 Jun 2021</b>	<b>2,088</b>	<b>42,081</b>	<b>5,204</b>	<b>-365</b>	<b>13,245</b>	<b>62,252</b>
<b>Shareholders' equity, 1 Jan 2022</b>	<b>2,088</b>	<b>42,081</b>	<b>5,204</b>	<b>-541</b>	<b>19,240</b>	<b>68,072</b>
Net profit					5,115	5,115
Other comprehensive income				-536		-536
Non-controlling interests					17	17
Transactions with shareholders						
Dividends					-4,478	-4,478
Share-based payments recognised against equity					125	125
Acquisition of treasury shares					-1,963	-1,963

<b>Shareholders' equity, 30 Jun 2022</b>	<b>2,088</b>	<b>42,081</b>	<b>5,204</b>	<b>-1,077</b>	<b>18,057</b>	<b>66,353</b>
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a = share capital

b = unrestricted invested shareholders' equity reserve

c = other reserves

d = currency translation differences

e = retained earnings

f = total shareholders' equity

## Property, plant, and equipment, and intangible assets

EUR 1,000	Tangible assets	Goodwill	Other intangible assets
30 Jun 2022			
Acquisition cost, 1 Jan 2022	42,388	123,309	48,315
Business acquisitions	12	4,389	3,992
Increases	1,468	0	0
Decreases	-28	0	0
Translation difference	-10	436	298
Acquisition cost, 30 Jun 2022	43,829	128,134	53,618
Accumulated depreciation and amortisation, 1 Jan	-34,734	-51,394	-37,438
Depreciation (in income statement)	-2,005	0	-1,363
Translation difference	0	0	-6



Accumulated depreciation and amortisation, 30 Jun 2022	-36,739	-51,394	-38,808
Book value, 1 Jan 2022	7,665	71,915	10,876
Book value, 30 Jun 2022	7,091	76,740	14,810
30 Jun 2021			
Acquisition cost, 1 Jan 2021	40,598	112,872	40,681
Increases	939	0	1,425
Decreases	-312	0	0
Transferred in acquisitions of business operations	1,881	9,747	4,928
Acquisition cost, 30 Jun 2021	43,105	122,619	47,034
Accumulated depreciation and amortisation, 1 Jan 2021	-30,339	-51,394	-34,349
Depreciation (in income statement)	-2,273	0	-1,584
Accumulated depreciation and amortisation, 30 Jun 2021	-32,612	-51,394	-35,933
Book value, 1 Jan 2021	10,259	61,478	6,332

Book value, 30 Jun 2021	10,494	71,225	11,101
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## Condensed income statement by quarter

EUR 1,000	4-6/ 2022	1-3/ 2022	10-12/ 2021	7-9/ 2021	4-6/ 2021
Net sales	41,240	42,460	44,751	33,194	38,638
Other operating income	70	50	122	23	182
Materials and services	-7,059	-6,378	-6,235	-5,443	-5,235
Depreciation, amortisation and impairment	-1,782	-1,592	-1,787	-1,841	-1,897
Other operating expenses	-30,929	-29,993	-32,638	-22,633	-28,976
Operating result	1,540	4,547	4,213	3,299	2,711
Financial expenses (net)	357	39	42	130	-208
Profit before taxes	1,897	4,586	4,255	3,429	2,504
Income taxes	-423	-928	-787	-676	-504
Result for the period	1,474	3,658	3,469	2,753	2,000
<b>Distribution of net profit for the period</b>					
Parent-company shareholders	1,464	3,651	3,462	2,749	2,003
Non-controlling interests	10	7	7	4	-3
Earnings per share, EUR (undiluted)	0.06	0.14	0.13	0.10	0.08
Earnings per share, EUR (diluted)	0.06	0.14	0.13	0.10	0.07

## Group key figures

EUR 1,000	1-6/2022	1-6/2021
<b>Extent of business</b>		
Net sales	83,701	77,995
Average capital invested	99,239	92,799
Number of personnel	1,397	1,329
Average number of personnel	1,368	1,327
<b>Profitability</b>		
Operating profit (EBITA)	7,276	8,737
- as a % of net sales	8.7%	11.2%
Operating profit (EBIT)	6,087	7,167
- as a % of net sales	7.3%	9.2%
Profit before taxes	6,483	6,889
- as a % of net sales	7.7%	8.8%
Result for the period	5,132	5,547
- as a % of net sales	6.1%	7.1%
Return on equity, %	15.3%	18.1%
Return on investment, %	12.6%	15.6%
<b>Financing and financial standing</b>		
Interest-bearing net liabilities	15,681	16,828
Net gearing	23.6%	27.0%
Equity ratio	44.2%	44.4%
Cash flow from operations	8,799	10,209
Earnings per share, EUR, undiluted	0.19	0.21
Earnings per share, EUR, diluted	0.19	0.21
Equity per share, EUR	2.47	2.32
Lowest share trading price, EUR	6.21	6.96
Highest share trading price, EUR	7.80	9.46
Average share price, EUR	7.30	7.80
Market capitalisation, EUR 1,000	182,401	204,933

## Acquired business operations

The acquisition of the entire share capital of Most Digital Oy was carried out on 2 May 2022, when the terms and conditions for its completion were met and Most Digital Oy and MOST Digital Sweden AB were transferred to Digia's ownership. With this acquisition, Digia will grow its scalable services and bolster its expertise and growth in the integration and API business with automation platform services. Its consolidation is preliminary.

EUR 1,000

<b>Total fair values of the acquired businesses on the acquisition date</b>	
Property, plant, and equipment, and intangible assets	505
Accounts receivable and other receivables	385
Cash and cash equivalents	57
<b>Total assets</b>	<b>947</b>
Accounts payable and other liabilities	1,174
<b>Total liabilities</b>	<b>1,174</b>
Net assets	-227
Goodwill	4,389
Value of technology	2,635
Value of customer contracts	705
Value related to the order book and trademark	126
Acquisition cost	7,050
<b>Cash flow effect of the acquired businesses</b>	
Acquisition cost	-7,050
Cash and cash equivalents	57
Additional purchase price	3,250
Acquisition-related costs	-113
<b>Net cash flow of acquisition</b>	<b>-3,856</b>

The purchase price was paid at the time of acquisition in cash, with the exception of estimated additional contingent amounts subsequently payable in cash. The additional purchase price is measured at fair value (level 3). The value of the net assets of the acquirees was estimated at EUR 0.2 million in the acquisition cost calculations. Acquisitions had an impact of EUR 0.4 million on the Digia Group's net sales in the first half of 2022 and EUR -0.1 million on the result for the period. If the businesses acquired during the period had been included in Digia's consolidated accounts for the entire first half of the year, the consolidated net sales in the first half of 2022 would have amounted to about EUR 84.5 million and the operating result to EUR 5.8 million. On 1 May 2022, the Most Digital Group had 35 employees.

Accounts receivable consist of the ordinary receivables of the acquired company, whose fair values are estimated to correspond to their book values. Digia's goodwill grew by EUR 4.4 million as a result of the acquisition. Goodwill consisted of the value of acquired technology, market share, business expertise and expected synergies. In addition, goodwill from the Climber Group grew by EUR 0.4 million in January–June due to exchange rate differences.

## Formulas

### **Operating profit (EBITA):**

Operating profit + amortisation of acquisition costs

### **EBITA margin, %:**

$$\frac{\text{Operating profit} + \text{purchase price allocation amortisation}}{\text{Net sales}} \times 100$$

### **Return on investment (ROI),%:**

$$\frac{(\text{Profit or loss before taxes} + \text{interest and other financing costs})}{\text{Balance sheet total} - \text{non-interest bearing liabilities (average)}} \times 100$$

### **Return on equity (ROE),%:**

$$\frac{(\text{Profit or loss before taxes} - \text{taxes})}{\text{Shareholders' equity}} \times 100$$

**Equity ratio, %:**

$$\frac{(\text{Shareholders' equity} + \text{minority interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$$

**Earnings per share:**

$$\frac{\text{Profit before taxes} - \text{taxes} + / - \text{minority interest}}{\text{Average number of shares during the period, adjusted for share issues}}$$

**Earnings per share (diluted):**

$$\frac{\text{Profit before taxes} - \text{taxes} + / - \text{minority interest}}{\text{The average number of shares during the period, adjusted for share issues, includes shares and options issued through shared-based incentives schemes.}}$$

**Dividend per share:**

$$\frac{\text{Total dividend}}{\text{Number of shares at the end of the period, adjusted for share issues}}$$

**Dividend payout ratio, %:**

$$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

**Net gearing:**

$$\frac{(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) \times 100}{\text{Shareholders' equity}}$$

**Effective dividend yield, %:**

$$\frac{\text{Dividend per share} \times 100}{\text{Last trading price for the period, adjusted for share issues}}$$

**Price/earnings (P/E):**

$$\frac{\text{Last trading price for the period, adjusted for share issues}}{\text{Earnings per share}}$$



## Largest shareholders 30 June 2022

Shareholders	Shares and votes	%
1. Ingman Development Oy Ab	7,900,000	29.5
2. Ilmarinen Mutual Pension Insurance Company	3,341,000	12.5
3. Etola Oy	1,605,495	6.0
4. Etola Group Oy	1,325,000	4.9
5. Varma Mutual Pension Insurance Company	1,247,142	4.6
6. Savolainen Matti Ilmari	883,959	3.3
7. Svenska Enskilda Banken	600,673	2.2
8. Digia Plc	357,372	1.3
9. Rausanne Oy	230,000	0.9
10. Varelius Juha Pekka	218,424	0.8
<b>Total</b>	<b>17,709,065</b>	<b>66.0</b>