

## **DIGIA'S FINAL QUARTER 2014: DOMESTIC BUSINESS SHOWED VERY GOOD PROFITABILITY, STRONG GROWTH IN QT NET SALES**

### **Summary**

#### **January-December**

- Consolidated net sales EUR 97.4 (99.7) million, down 2.3 per cent
- Operating profit before extraordinary items EUR 4.5 (4.5) million
- Extraordinary items include EUR 0.2 million in restructuring costs (1-12/2013: EUR 7.4 million)
- Operating profit after extraordinary items: EUR 4.3 (-2.8) million
- Profitability (EBIT%) before extraordinary items 4.6 (4.6) per cent and 4.4 (-2.8) per cent after extraordinary items
- Product business accounted for 40.7 (41.1) per cent of net sales
- Earnings per share before extraordinary items EUR 0.14 (0.15) and after extraordinary items EUR 0.14 (-0.20)

#### **October-December**

- Consolidated net sales: EUR 27.2 (26.8) million, up 1.7 per cent
- Operating profit before extraordinary items EUR 2.5 (2.1) million
- Extraordinary items include EUR 0.2 million in restructuring costs (1-12/2013: EUR 7.4 million)
- Operating profit after extraordinary items: EUR 2.3 (-5.3) million
- Profitability (EBIT%) before extraordinary items 9.0 (7.8) per cent and 8.5 (-19.7) per cent after extraordinary items
- Product business accounted for 38.9 (37.1) per cent of net sales
- Earnings per share before extraordinary items EUR 0.09 (0.09) and 0.08 (-0.26) after extraordinary items

In the final quarter, net sales from the domestic segment decreased from the corresponding period a year earlier. This could be primarily attributed to the extraordinary low-margin maintenance deal for a third-party software product included in the figures for 2013 but not for 2014. Excluding the impact of this deal, net sales from domestic business in the quarter were almost on a par with the previous year. Net sales decline in domestic business affected the total net sales, which fell from the previous year's comparison figures.

Although the Qt segment's net sales in Q4 grew year-on-year, they failed to reach the target. Overall, however, net sales showed strong growth in the final quarter (17.3%).

Operating profit before extraordinary items for the final quarter reached the previous year's level.

Operating profit from domestic business grew both in the review period and especially in the final quarter (EBIT% 12.6). Very good profitability performance in the domestic business contributed to better overall profitability in the final quarter.

Meanwhile, the Qt business continued to make a loss throughout the review period, as expected. This could be attributed to the company's determined and strong investments in business development to enable future growth.

Digia expects healthy demand to continue in the domestic business, and net sales to grow slightly in 2015 from the previous year. Domestic business is also expected to be at least moderately profitable. However, historically the company's profitability has always been weaker in the first quarter than in the rest of the year.

Digia expects the Qt business to grow its net sales in 2015 from the previous year, and to generate a slight operating profit for the full year.

### Proposal for dividend distribution

On 31 December 2014, the distributable shareholders' equity of Digia Plc was EUR 32,592,518, of which EUR 1,774,483 was the net profit for the year. At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.05 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2014. Shareholders listed on the shareholder register maintained by Euroclear Finland Oy on the dividend reconciliation date, 16 March 2015, will be eligible for the payment of dividend. Dividends will be paid on 23 March 2015.

### GROUP KEY FIGURES AND RATIOS

	10-12/2014	10-12/2013	Change, %	1-12/2014	1-12/2013	Change, %
Net sales	27,246	26,782	1.7%	97,433	99,740	-2.3%
Operating profit before extraordinary items	2,460	2,093	17.5%	4,461	4,549	-1.9%
- % of net sales	9.0%	7.8%		4.6%	4.6%	
Operating profit	2,309	-5,278		4,310	-2,822	
- % of net sales	8.5%	-19.7%		4.4%	-2.8%	
Net profit	1,681	-5,396		2,850	-4,067	
- % of net sales	6.2%	-20.1%		2.9%	-4.1%	
Return on equity, %	18.7%	-55.5%		7.8%	-10.4%	
Return on capital invested, %	18.9%	-36.1%		9.0%	-4.4%	
Interest-bearing liabilities	16,245	16,883	-3.8%	16,245	16,883	-3.8%
Cash and cash equivalents	5,132	6,454	-20.5%	5,132	6,454	-20.5%
Net gearing	30.3%	28.9%		30.3%	28.9%	
Equity ratio, %	51.5%	49.9%		51.5%	49.9%	
Earnings per share, EUR, undiluted	0.08	-0.26		0.14	-0.20	
Earnings per share, EUR, diluted	0.08	-0.26		0.14	-0.20	

### MARKETS AND DIGIA'S BUSINESS OPERATIONS

#### Domestic segment

The Integration, Analytics and Site Optimization business performed extremely well during the reporting period. Besides enjoying active demand from its existing clientele, Digia signed a number of new customer agreements and recruited more personnel to meet the growing demand. Major investments were made in the segment in Digia's own workforce management software (Digia Tempus product line) and the related new business development. The segment was also able to improve its profitability from the previous year.

Similarly, demand for ERP systems was healthy, with Digia's own software products showing positive development. Investments in product and service offering in integrated e-commerce, analytics and mobility solutions have clearly boosted demand across the segment. Demand for operating and lifecycle services also increased. However, significant differences in demand between sectors continued to exist, and sales cycles were, on occasion, quite long. Demand for services in the Finnish financial sector was particularly good, with order and bid volumes at a healthy level.

Customers' cost pressures affected the pricing of tailored solutions and services, and thereby to net sales and profitability. Furthermore, some challenges experienced with a few fixed-price projects also eroded profitability. A clear need was identified in the customer base for comprehensive services and for the development and acquisition of a variety of service centres. In the future, developing new service models will be an increasingly important part of our tailored solutions offering. The order book is reasonably strong. During the review period, Digia invested in the development and streamlining of its tailored solutions offering, particularly in the areas of cloud services, service management and mobility.

### **Qt segment**

Although the Qt business failed to reach its net sales targets for the review period, the situation improved in the final quarter and net sales showed strong growth.

As expected, the Qt business recorded a loss for the review period. This could be attributed to the company's determined and strong investments in business development to enable future growth.

The Qt user ecosystem has seen powerful growth. Feedback from users has been extremely positive.

During the period, Digia continued to implement the previously reported Qt product development plans. During the period, a new Qt 5.4 version was launched involving changes in the open source code licence. The objective of licensing changes is to promote the sale of licences to commercial players. Overall, special attention has been paid to sales enhancement, with several development projects currently in progress.

### **NET SALES**

Digia's consolidated net sales for the reporting period totalled EUR 97.4 (99.7) million, down 2.3 per cent on the same period a year earlier.

Net sales from the domestic segment decreased by 3.5 per cent to EUR 77.0 (79.9) million. Net sales from the Qt segment amounted to EUR 20.4 (19.9) million, showing an increase of 2.6 per cent.

In the domestic business, the net sales decline could be primarily attributed to the fact that the comparison figures for 2013 included a one-off EUR 2.4 million low-margin maintenance deal for a third-party software product concluded in the second quarter. Excluding the impact of this deal, net sales from domestic business in the quarter were almost on a par with the previous year.

Similarly, the net sales development in the Qt business could be attributed to an exceptional net sales item included in the previous year's comparison figures. Net sales in the reference period last year, generated by this five-year deal worth EUR 3.0 million signed in Q2/2013, were EUR 1.1 million higher than those recorded for the reporting period. Excluding the impact of this exceptional deal, Qt net sales grew by 8.7 per cent in the review period, with the final quarter showing particularly strong growth.

During the reporting period, the product business accounted for EUR 39.7 million (1-12/2013: EUR 41.0 million), or 40.7 (41.1) per cent of consolidated net sales.

International operations accounted for EUR 20.2 million (1-12/2013: EUR 21.1 million), or 20.7 (21.2) per cent of consolidated net sales during the reporting period.

Digia's consolidated net sales for the final quarter were EUR 27.2 (26.8) million, up 1.7 per cent from the same period a year earlier.

In the final quarter, net sales from the domestic segment decreased by 1.8 per cent to EUR 21.4 (21.8) million, while net sales from the Qt business increased by 17.3 per cent to EUR 5.8 (5.0) million.

During the fourth quarter, the product business accounted for EUR 10.6 (9.9) million of consolidated net sales, or 38.9 (37.1) per cent.

In the same period, the international business accounted for EUR 5.7 (5.3) million of consolidated net sales, or 21.0 (19.9) per cent.

## **PROFIT PERFORMANCE AND PROFITABILITY**

Digia's consolidated operating profit before extraordinary items for the reporting period was EUR 4.5 (4.5) million, down 1.9 per cent year-on-year. Profitability (EBIT%) before extraordinary items was 4.6 (4.6) per cent.

Digia's consolidated operating profit after extraordinary items for the review period was EUR 4.3 (-2.8) million. Profitability (EBIT%) was 4.4 (-2.8) per cent.

Digia's consolidated fourth-quarter operating profit before extraordinary items was EUR 2.5 (2.1) million, representing a year-on-year increase of 17.5 per cent. Profitability (EBIT%) before extraordinary items was 9.0 (7.8) per cent.

Digia's consolidated operating profit after extraordinary items amounted to EUR 2.3 (-5.3) million. Profitability (EBIT%) was 8.5 (-19.7) per cent.

Operating profit before extraordinary items from domestic operations for the reporting period totalled EUR 6.3 (5.4) million, up 17.0 per cent, and profitability (EBIT%) was 8.2 (6.8) per cent. Operating profit before extraordinary items from domestic operations for the final quarter totalled EUR 2.7 (2.7) million, up 1.5 per cent, and profitability (EBIT%) was 12.6 (12.2) per cent.

Operating profit after extraordinary items for the review period was EUR 6.3 (-2.0) million and profitability (EBIT%) was 8.2 (-2.5) per cent. Operating profit after extraordinary items for the final quarter was EUR 2.7 (-4.7) million and profitability (EBIT%) was 12.6 (-21.6) per cent.

The Qt business recorded an operating profit of EUR -1.9 (-0.8) million before extraordinary items for the review period, and the segment's profitability (EBIT%) was -9.1 (-4.3) per cent. Qt's operating profit before extraordinary items in the final quarter was EUR -0.2 (-0.6) million, and the segment's profitability (EBIT%) was -4.0 (-11.3) per cent.

Qt's operating profit after extraordinary items for the review period was EUR -2.0 (-0.8) million and profitability (EBIT%) was -9.8 (-4.3) per cent. Qt's operating profit after extraordinary items for the final quarter was EUR -0.4 (-0.6) million and profitability (EBIT%) was -6.6 (-11.3) per cent.

Towards the end of the review period, operating profit from the domestic business improved from the weak first half. In the final quarter, profitability was extremely good.

In the Qt business, investments made to boost business growth taxed profitability. Similarly, weaker than expected net sales development in the first three quarters had a negative impact on profitability. Qt business has recorded a loss throughout the reporting period. However, since the first quarter business has seen positive development and losses from operations have been minor.

Consolidated earnings before taxes for the period totalled EUR 3.6 (-3.6) million, and net profit was EUR 2.9 (-4.1) million. Consolidated earnings before taxes for the final quarter amounted to EUR 2.1 (-5.5) million, and net profit after taxes totalled EUR 1.7 (-5.4) million.

Consolidated earnings per share in the review period were EUR 0.14 (0.15) before extraordinary items and EUR 0.14 (-0.20) after extraordinary items. Consolidated earnings per share in the final quarter were EUR 0.09 (0.09) before extraordinary items and EUR 0.08 (-0.26) after extraordinary items.

The Group's net financial expenses for the reporting period were EUR 0.7 (0.8) million, and EUR 0.2 (0.2) million for the final quarter.

## **FINANCIAL POSITION AND EXPENDITURE**

At the end of the reporting period, the Digia Group's consolidated balance sheet total stood at EUR 80.4 (12/2013: 83.3) million and the equity ratio was 51.5 (12/2013: 49.9) per cent. Net gearing was 30.3 per cent (12/2013: 28.9) per cent. Cash and cash equivalents at the end of the period totalled EUR 5.1 (12/2013: 6.5) million.

Interest-bearing liabilities at period end amounted to EUR 16.2 (12/2013: 16.9) million. These consisted of EUR 15.0 million in loans from financial institutions and EUR 1.2 million in financial leasing liabilities.

Consolidated net cash flow from operating activities for the period was EUR 1.9 million (4.9) million positive. Cash flow from investments for the period was negative by EUR 1.2 (1.6) million. Cash flow from finance for the period was negative by EUR 2.0 (5.1) million, with a EUR 0.1 million positive net impact of loans on cash flow. Repayments of bank loans totalled EUR 4.7 million, short-term loan withdrawals amounted to EUR 3.0 million and long-term loan withdrawals to EUR 1.8 million.

The Group's investments in fixed assets during the period totalled EUR 1.1 (1.6) million.

Return on investment (ROI) for the period was 9.0 (-4.4) per cent, and return on equity (ROE) was 7.8 (-10.4) per cent.

The Group carries out quarterly impairment testing of goodwill and intangible assets with an indefinite useful life.

The table below shows the distribution of goodwill and values subject to testing at the end of the reporting period

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia, domestic business	824	490	37,987	5,549	44,360

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia, Qt business	6,210	672	6,562	1,747	14,520

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia Group, total	7,034	1,162	44,550	7,295	58,879

Present values for domestic operations were calculated for the five-year forecast period based on the following assumptions: Net sales and operating profit for 2015 according to budget; in the five-year forecast period, annual growth in net sales of 3.0 per cent and 2.5 per cent thereafter, operating profit growth of 8.1 per cent, and a pre-tax discount rate of 8.5 per cent. Cash flows following the forecast period were extrapolated using the same assumptions as for the forecast period.

According to a sensitivity analysis, the goodwill related to domestic operations requires either net sales to remain at the current level with profitability at 4.4 per cent, or a 3.0 per cent growth in net sales with profitability at 2.4 per cent. The management sees no risk of goodwill impairment associated with domestic operations.

Present values for the Qt business were calculated for the five-year forecast period based on the following assumptions: Net sales and operating profit for 2015 according to budget; in the five-year forecast period, annual growth in net sales of 6.5 per cent and 5.5 per cent thereafter, operating profit growth of 4.5 per cent, and a pre-tax discount rate of 8.5 per cent. Cash flows following the forecast period were extrapolated using the same assumptions as for the forecast period.

According to a completed sensitivity analysis, the goodwill of the Qt business requires either net sales to remain at the current level with profitability at 3.5 per cent, or a 4.5 per cent growth in net sales with profitability at 0.2 per cent. The management sees no risk of goodwill impairment associated with Qt operations.

## PERSONNEL, MANAGEMENT AND ADMINISTRATION

At the end of the period, the total number of Group personnel was 932, representing a decrease of 6 employees or -0.6 per cent since the end of fiscal 2013 (12/2013: 938). The average number of personnel during the reporting period was 935, a decrease of 4 employees or 0.4 per cent from the 2013 average (2013: 939).

### Employees by function at the end of the period:

Domestic operations	76%
Qt operations	19%
Administration and management	5%

As of the end of the period, 146 (12/2013: 170) employees were working abroad.

The Digia Plc Annual General Meeting of 11 March 2014 re-elected Päivi Hokkanen, Robert Ingman, Kari Karvinen, Pertti Kyttälä, Seppo Ruotsalainen, Leena Saarinen and Tommi Uhari as members of the Board. At the organisation meeting of the Board, Pertti Kyttälä was elected Chairman of the Board and Robert Ingman was elected Vice Chairman.

Juha Varelius has been Digia Plc's President and CEO since 1 January 2008.

Ernst & Young Oy, Authorised Public Accountants, are the Group's auditors, with Authorised Public Accountant Heikki Ilkka as the principal auditor.

Tommi Laitinen, who was previously in charge of the Qt business, left the company during the reporting period. Digia's CEO Juha Varelius is temporarily in charge of the Qt business in addition his other duties. Digia has initiated a recruitment process to hire a new director for the business.

## **RISKS AND UNCERTAINTIES**

Short-term uncertainties are related to any major changes occurring in the company's core business areas.

The company made a significant investment in Qt technology and the related business opportunities with the Qt business acquisition completed in 2012. If the Qt business fails to develop according to the company's expectations, the investments and related costs may have a significant impact on the company's short-term profitability. Possible changes in the competitive scenario or market for that business may also impact the company's future net sales and profitability.

If prolonged, the downward trend in the global economy may affect customers' investment decisions and liquidity, and thereby the company's sales and profits. Signs of the impact of the global economy on customers' investment decisions and the schedules of planned projects appeared steadily throughout the period under review.

Furthermore, the growth in customer project sizes increases the risks related to projects and their profitability.

Risks and their management are described on the company's website at [www.digia.com](http://www.digia.com).

## **FUTURE PROSPECTS**

The company expects the IT market in Finland to remain at roughly the previous year's level in 2015.

The objective in the Digia's domestic business is to raise annual profitability to a good level, and to achieve organic growth at least equivalent to general market development. Besides organic growth, the company actively pursues opportunities to make carefully considered business acquisitions that support its strategy.

Efforts will continue to develop Digia's customer understanding and sales and service portfolio to ensure that it can offer increasingly competitive services and solutions for boosting its customers' business efficiency.

Digia expects healthy demand to continue in the domestic business, and net sales to grow slightly in 2015 from the previous year. Domestic business is also expected to be at least moderately profitable. However, historically the company's profitability has always been weaker in the first quarter than in the rest of the year.

In the Qt business, operational focus is on sales development and on creating better growth opportunities. Besides making growth-targeted investments, Digia is also keeping a close eye on business profitability.

The Qt order book is satisfactory, considering the time of year and general market situation, and the company expects to see continued growth in demand in the large customer segment. However, contract turnaround times in these markets are very long, which can cause significant fluctuation in quarterly net sales and, particularly, profitability.

Digia will continue to invest significantly in Qt business and sales development. Business development efforts will focus on embedded systems in automotive, digital TV and DTV receivers, and in industrial automation and industrial products. Areas targeted in product development include value-added features and tools required for building embedded systems.

The sales growth associated with embedded systems will also reflect on the earnings logic. Licence revenue from these sales accumulates over the longer term rather than representing a one-time payment.

Digia expects the Qt business to grow its net sales in 2015 from the previous year, and to generate a slight operating profit for the full year.

## **OTHER EVENTS DURING THE REVIEW PERIOD**

Digia Plc's Annual General Meeting (AGM) was held on 11 March 2014. The AGM adopted the financial statements for 2013, released the Board members and the CEO from liability, determined Board emoluments, resolved to keep the number of Board members at seven (7), and elected the company's Board of Directors for a new term.

With regard to profit distribution for 2013, the AGM approved the Board's proposal to make a repayment of capital of EUR 0.10 per share to all shareholders listed on the shareholder list maintained by Euroclear Finland Ltd on the reconciliation date of 14 March 2014. The date for the repayment of capital was set at 21 March 2014.

### **The AGM granted the following authorisations to the Board**

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

The AGM authorised the Board to decide on the buyback and/or acceptance as collateral of not more than 2,000,000 shares in the company. This buyback can only be executed by means of the company's unrestricted equity. The Board shall decide on how these shares are to be bought. Own shares may be bought back in disproportion to the holdings of the shareholders. The authorisation also includes acquisition of shares through public trading organised by NASDAQ OMX Helsinki Oy in accordance with the rules and instructions of NASDAQ OMX Helsinki and Euroclear Finland Ltd, or through offers made to shareholders. Shares may be acquired in order to improve the company's capital structure, to fund acquisitions or other business transactions, for offering share-based incentive schemes, to sell on, or to be annulled. The shares must be acquired at the market price in public trading. This authorisation supersedes that granted by the AGM of 12 March 2013 and is valid for 18 months, i.e. until 11 September 2015.

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: The issue may total, at a maximum, 4,000,000 shares. The authorisation applies both to new shares and to treasury shares held by the company. By virtue of the authorisation, the Board has the right to decide on share issues and



the granting of special rights, in deviation from the pre-emptive subscription rights of the shareholders (a directed issue). 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. The Board was authorised to decide on all terms related to the share issue or special rights, including the subscription price, its payment 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. This authorisation supersedes that granted by the AGM of 12 March 2013 and is valid for 18 months, i.e. until 11 September 2015.

In a meeting held on 17 June 2014, Digia Plc's Board of Directors authorized the company's management to further streamline the company's organizational structure between Digia's domestic business and the international Qt business. This was carried out by setting up a new company entity for Qt under the parent company Digia Plc. The Qt Company Oy, parent company of the Qt business, launched operations at the end of the reporting period, on 1 January 2015.

## SHARE CAPITAL AND SHARES

On 31 December 2014, the number of Digia Plc shares totalled 20,875,645.

According to Finnish Central Securities Depository Ltd, Digia had 4,594 shareholders on 31 December 2014.

### The 10 biggest shareholders were

Shareholder	Shares and votes
Ingman Group Oy Ab	20.2%
Ilmarinen Mutual Pension Insurance Company	14.6%
Jyrki Hallikainen	7.4%
Kari Karvinen	5.7%
Matti Savolainen	5.6%
Varma Mutual Pension Insurance Company	4.6%
Investment Fund Säästöpankki Small Cap	1.3%
Nordea Finnish Small Cap investment fund	1.3%
Nordea Bank Finland Plc (nominee-registered)	1.3%
Etola Oy	1.0%

### Distribution of holdings by number of shares held on 31 December 2014

Number of shares	Shareholders	Shares and votes
1 – 100	23.3%	0.4%
101 – 1,000	57.9%	5.7%
1,001 – 10,000	16.9%	9.9%
10,001 – 100,000	1.4%	8.6%
100,001 – 1,000,000	0.5%	21.9%
1,000,001 – 4,000,000	0.1%	53.5%

### Shareholding by sector on 31 December 2014

	Shareholders	Shares
Non-financial corporations	4.2%	26.1%
Financial and insurance corporations	0.2%	5.2%
General government	0.1%	19.2%
Not-for-profit institutions serving households	0.3%	1.0%
Households	94.6%	45.8%
Foreign holding	0.6%	2.6%

The weighted average number of shares during the reporting period, adjusted for share issues, was 20,780,221. The number of outstanding shares was 20,775,273 in total at the end of the period.

The company held a total of 57,372 treasury shares at the end of the reporting period. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 0.3 per cent of the capital stock as of 31 December 2014. Digia has financed the acquisition of 43,000 treasury shares for distribution through incentive schemes for key personnel. At the end of the period, 43,000 of these shares remained undistributed and were under the management of Evli Alexander Management Ltd.

## REPORTED SHARE PERFORMANCE ON THE HELSINKI STOCK EXCHANGE

Digia Plc shares are listed on the NASDAQ OMX Nordic Exchange under IT, IT Consulting & Other Services. The company's short name is DIG1V. The lowest reported share quotation was EUR 2.66 and the highest was EUR 4.59. The share officially closed at EUR 2.66 on the last trading day. The trade-weighted average was EUR 3.79. The Group's market capitalisation totalled EUR 55,529,216 at the end of the reporting period.

### The company received the following flagging notifications during the reporting period

- Ilmarinen Mutual Pension Insurance Company announced on 18 February 2014 that its holding in the company had risen above the 10% flagging threshold, to 10.05% of all shares and votes in the company.
- The Ingman Group announced on 25 March 2014 that its holding in the company had risen above the 20% flagging threshold and was 20.12% of all shares and votes in the company.
- Jyrki Hallikainen announced on 7 July 2014 that his holding in the company had fallen below the 10% flagging threshold to 7.83% of all shares and votes.

## STOCK OPTION SCHEMES

Digia Plc had no outstanding options.

Helsinki, 5 February 2015

### Digia Plc

Board of Directors

## BRIEFING

Digia will hold a briefing on its Financial Statements for analysts on Thursday 5 February 2015 at 11 am, in the Tapiola cabinet of Hotel Scandic Simonkenttä, Simonkatu 9, 00100 Helsinki, Finland. Welcome.

## FURTHER INFORMATION

Juha Varelius, President and CEO, mobile: +358 400 855 849, email: [juha.varelius@digia.com](mailto:juha.varelius@digia.com)

The financial statements and the related PowerPoint presentation will be available in the Investors section at [www.digia.com](http://www.digia.com) from 11 am.

## DISTRIBUTION

NASDAQ OMX Helsinki

Key media

## CONDENSED FINANCIAL STATEMENTS AND NOTES

Consolidated Income Statement  
Consolidated Balance Sheet  
Consolidated Cash Flow Statement  
Consolidated Statement of Changes In Shareholders' Equity  
Notes to the accounts

### CONSOLIDATED INCOME STATEMENT, EUR 1,000

EUR 1,000	10-12/2014	10-12/2013	Change, %	1-12/2014	1-12/2013	Change, %
NET SALES	27,246.4	26,781.8	1.7%	97,433.5	99,740.5	-2.3%
Other operating income	276.6	504.2	-45.1%	1,302.9	1,542.7	-15.5%
Materials and services	-2,819.6	-3,033.5	-7.0%	-9,501.1	-11,989.4	-20.8%
Depreciation, amortisation and impairment	-600.5	-7,761.9	-92.3%	-2,490.4	-9,977.0	-75.0%
Other operating expenses	-21,794.4	-21,768.2	0.1%	-82,435.0	-82,138.8	0.4%
Operating profit	2,308.5	-5,277.6		4,309.8	-2,822.0	
Financial expenses (net)	-164.6	-247.3	-33.5%	-675.6	-784.0	-13.8%
Earnings before tax	2,143.9	-5,524.9		3,634.2	-3,605.9	
Income taxes	-463.3	128.6		-783.8	-461.2	69.9%
NET PROFIT	1,680.6	-5,396.3		2,850.4	-4,067.1	
Other comprehensive income:						
Items which may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	-72.3	-48.8		-116.6	-36.2	
TOTAL COMPREHENSIVE INCOME	1,608.3	-5,445.1		2,733.8	-4,103.3	
Distribution of net profit:						
Parent-company shareholders	1,680.6	-5,396.3		2,850.4	-4,067.1	
Minority interest	0.0	0.0		0.0	0.0	
Distribution of total comprehensive income:						
Parent-company shareholders	1,608.3	-5,445.1		2,733.8	-4,103.3	
Minority interest	0.0	0.0		0.0	0.0	
Earnings per share, EUR	0.08	-0.26		0.14	-0.20	
Earnings per share (diluted), EUR	0.08	-0.26		0.14	-0.20	

# CONSOLIDATED BALANCE SHEET, EUR 1,000

Assets	31/12/2014	31/12/2013	Change, %
Non-current assets			
Intangible assets	52,309.0	53,327.2	-1.9%
Tangible assets	1,698.6	1,986.0	-14.5%
Financial assets	627.0	627.0	0.0%
Inventories	0.0	0.6	-100.0%
Long-term receivables	26.0	64.6	-59.8%
Deferred tax assets	201.2	370.9	-45.7%
Total non-current assets	54,861.8	56,376.2	-2.7%
Current assets			
Current receivables	20,399.3	20,447.8	-0.2%
Available-for-sale financial assets	328.7	324.0	1.5%
Cash and cash equivalents	4,803.3	6,129.8	-21.6%
Total current assets	25,531.3	26,901.7	-5.1%
Total assets	80,393.1	83,277.9	-3.5%
Shareholders' equity and liabilities			
Share capital	2,087.6	2,087.6	0.0%
Rights issue	0.0	0.0	
Issue premium fund	7,899.5	7,899.5	0.0%
Other reserves	5,203.8	5,203.8	0.0%
Unrestricted invested shareholders' equity	31,370.3	33,447.8	-6.2%
Translation difference	401.0	517.6	-22.5%
Retained earnings	-13,093.8	-9,028.6	-45.0%
Net profit	2,850.4	-4,067.1	
Equity attributable to parent-company shareholders	36,718.7	36,060.6	1.8%
Minority interest	0.0	0.0	
Total shareholders' equity	36,718.7	36,060.6	1.8%
Liabilities			
Long-term interest-bearing liabilities	9,646.4	12,741.9	-24.3%
Received long-term advances	1,113.5	2,876.5	-61.3%
Other long-term liabilities	0.0	0.0	
Deferred tax liabilities	288.5	461.0	-37.4%
Total long-term liabilities	11,048.4	16,079.4	-31.3%
Short-term interest-bearing liabilities	6,599.0	4,140.9	59.4%
Other short-term liabilities	26,026.9	26,996.9	-3.6%
Total short-term liabilities	32,625.9	31,137.8	4.8%
Total liabilities	43,674.4	47,217.3	-7.5%
Shareholders' equity and liabilities	80,393.1	83,277.9	-3.5%

# CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1/1/2014-31/12/2014	1/1/2013-31/12/2013
Cash flow from operations:		
Net profit	2,850	-4,067
Adjustments to net profit	1,054	8,162
Change in working capital	-1,480	1,312
Interest paid	-420	-571
Interest income	0	0
Taxes paid	-123	19
Net cash flow from operations	1,881	4,855
Cash flow from investments:		
Purchases of tangible and intangible assets	-1,185	-1,602
Cash flow from investments	-1,185	-1,602
Cash flow from financing:		
Proceeds from share issue	0	0
Acquisition of own shares	0	0
Repayment of current loans	0	-11,500
Repayments of non-current loans	-4,698	-9,500
Withdrawals of current loans	3,000	6,000
Withdrawals of non-current loans	1,758	12,000
Dividends paid and other profit distribution	-2,078	-2,082
Cash flow from financing	-2,018	-5,082
Change in liquid assets	-1,322	-1,829
Liquid assets at beginning of period	6,454	8,283
Change in fair value		
Change in liquid assets	-1,322	-1,829
Liquid assets at end of period	5,132	6,454

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, EUR 1,000

	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 1 January 2013	2,088	0	7,899	33,448	5,204	554	-7,129	42,063
Net profit							-4,067	-4,067
Other comprehensive income						-36		-36
Dividends							-2,082	-2,082
Share-based payments recognised against equity							183	183
Other items								
SHAREHOLDERS' EQUITY 31 December 2013	2,088	0	7,899	33,448	5,204	518	-13,096	36,061
	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 1 January 2014	2,088	0	7,899	33,448	5,204	518	-13,096	36,061
Net profit							2,850	2,850
Other comprehensive income						-117		-117
Repayment of capital				-2,078				-2,078
Share-based payments recognised against equity							2	2
SHAREHOLDERS' EQUITY, 31 December 2014	2,088	0	7,899	31,370	5,204	401	-10,243	36,719

a = share capital

b = rights issue

c = share premium

d = unrestricted invested shareholders' equity

e = other reserves

f = currency translation differences

g = retained earnings

h = total shareholders' equity

## NOTES TO THE ACCOUNTS

### Accounting principles

The interim report was prepared in compliance with IFRS and the IAS 34 standard.

Otherwise, the same accounting principles have been applied as in the 2013 financial statements. The accounting principles and formulae for the calculation of key figures and ratios are unchanged and are presented in the 2013 financial statements.

### Seasonal nature of business

The Group's business is affected by the number of workdays each month, as well as by holiday seasons.

### Dividends paid

Dividends paid in the form of capital repayments during the reporting period totalled EUR 2,081,827.30.

### Related-party transactions

Digia Group's related parties include the CEO and the members of the Board of Directors and Group Management Team. Digia Group had no significant transactions with related parties during the reporting period.

## Segment information

Digia's business operations are divided into two main business segments: Domestic and Qt.

NET SALES, EUR 1,000	10-12/2014	10-12/2013	Change, %	1-12/2014	1-12/2013	Change, %
Domestic operations	21,401	21,798	-1.8%	77,028	79,850	-3.5%
Qt operations	5,845	4,983	17.3%	20,406	19,891	2.6%
Digia Group	27,246	26,782	1.7%	97,433	99,740	-2.3%

OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS, EUR 1,000	10-12/2014	10-12/2013	Change, %	1-12/2014	1-12/2013	Change, %
Domestic operations	2,695	2,654	1.5%	6,311	5,395	17.0%
Qt operations	-235	-561	58.0%	-1,850	-846	-118.7%
Digia Group	2,460	2,093	17.5%	4,461	4,549	-1.9%

OPERATING PROFIT, EUR 1,000	10-12/2014	10-12/2013	Change, %	1-12/2014	1-12/2013	Change, %
Domestic operations	2,695	-4,717		6,311	-1,976	
Qt operations	-386	-561	31.1%	-2,001	-846	-136.5%
Digia Group	2,309	-5,278		4,310	-2,822	

ASSETS, EUR 1,000	31 December 2014	31 December 2013
Domestic operations	51,076	53,199
Qt operations	17,332	17,021
Unallocated	11,985	13,058
Digia Group	80,393	83,278

## Consolidated income statement by quarter

EUR 1,000	10-12/2014	7-9/2014	4-6/2014	1-3/2014	10-12/2013
Net sales	27,246.4	21,731.9	24,497.2	23,957.9	26,781.8
Other operating income	276.6	302.7	322.8	400.8	504.2
Materials and services	-2,819.6	-1,960.3	-2,343.1	-2,378.0	-3,033.5
Depreciation, amortisation and impairment	-600.5	-580.1	-607.2	-702.8	-7,761.9
Other operating expenses	-21,794.4	-18,637.4	-20,444.9	-21,558.3	-21,768.2
Operating profit	2,308.5	856.9	1,424.8	-280.4	-5,277.6
Financial expenses (net)	-164.6	-307.1	-53.2	-150.8	-247.3
Earnings before tax	2,143.9	549.8	1,371.6	-431.2	-5,524.9
Income taxes	-463.3	-78.0	-342.8	100.4	128.6
Net profit	1,680.6	471.7	1,028.9	-330.8	-5,396.3
Allocation:					
Parent-company shareholders	1,680.6	471.7	1,028.9	-330.8	-5,396.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Earnings per share, EUR	0.08	0.02	0.05	-0.02	-0.26
Earnings per share (diluted), EUR	0.08	0.02	0.05	-0.02	-0.26

## Group key figures and ratios

EUR 1,000	1-12/2014	1-12/2013
Extent of business:		
Net sales	97,433	99,740
- change from previous year	-2.3%	-0.7%
Average capital invested	52,954	57,428
Personnel at period end	932	938
Average number of personnel	935	939
Profitability:		
Operating profit before extraordinary items and impairment	4,461	4,549
- % of net sales	4.6%	4.6%
Operating profit	4,310	-2,822
- % of net sales	4.4%	-2.8%
Earnings before tax	3,634	-3,606
- % of net sales	3.7%	-3.6%
Net profit	2,850	-4,067
- % of net sales	2.9%	-4.1%
Return on equity, %	7.8%	-10.4%
Return on investment, %	9.0%	-4.4%
Financing and financial standing:		
Interest-bearing liabilities	16,245	16,883
Short-term investments & cash and bank receivables	5,132	6,454
Net gearing	30.3%	28.9%
Equity ratio	51.5%	49.9%
Net cash flow from operations	1,607	4,855
Earnings per share, undiluted (EUR)	0.14	-0.20
Earnings per share, diluted (EUR)	0.14	-0.20
Equity/share, (EUR)	1.76	1.73
Lowest share trading price, (EUR)	2.66	2.65
Highest share trading price, (EUR)	4.59	4.34
Average share price, (EUR)	3.79	3.19
Market capitalisation	55,529	81,624

Formulae for key figures and ratios are presented in the 2013 financial statements. These remained unchanged during the reporting period.