DIGIA PLC FINANCIAL STATEMENT RELEASE, 4 FEBRUARY 2016 AT 08:00

DIGIA'S FINAL QUARTER 2015: CONTINUED STRONG NET SALES GROWTH (12.2%)

Summary

January-December

- Consolidated net sales EUR 107.9 (97.4) million, up 10.7 per cent
- Operating profit before extraordinary items EUR 8.4 (4.5) million
- Extraordinary items include EUR 0.8 million in restructuring costs (1-12/2014: EUR 0.2 million)
- Operating profit after extraordinary items EUR 7.6 (4.3) million
- Profitability (EBIT%) before extraordinary items 7.8 (4.6) per cent and after extraordinary items 7.1 (4.4) per cent
- Product business accounted for 43.2 (40.7) per cent of net sales
- Earnings per share before extraordinary items EUR 0.29 (0.14) and after extraordinary items EUR 0.25 (0.14)

October-December

- Consolidated net sales EUR 30.6 (27.2) million, up 12.2 per cent
- Operating profit before extraordinary items EUR 2.2 (2.5) million
- Extraordinary items include EUR 0.1 million in restructuring costs (10-12/2014: EUR 0.2 million)
- Operating profit after extraordinary items EUR 2.1 (2.3) million
- Profitability (EBIT%) was 7.2 (9.0) per cent before extraordinary items and 7.0 (8.5) per cent after extraordinary items
- Product business accounted for 43.4 (38.9) per cent of net sales
- Earnings per share before extraordinary items EUR 0.07 (0.09) and after extraordinary items EUR 0.07 (0.08)

Digia performed very well in 2015, with consolidated net sales showing significant growth (10.7%) and operating profit before extraordinary items almost doubling from the previous year.

With a net sales increase of 32.0 per cent during the review period, the Qt segment showed particularly strong growth. Qt's growth was considerably fuelled by the strengthening of the US dollar against the euro. Excluding the impact of foreign exchange rate changes, Qt's net sales growth amounted to 25.5 per cent in the review period. Qt's net sales showed a steady improvement not only compared to the previous year, but also in a quarterly comparison.

Similarly, in the domestic segment net sales developed favourably towards the end of the period. Net sales grew by 5.1 per cent in the review period and as much as 8.3 per cent in the final quarter from the comparison period last year.

Consolidated operating profit showed a marked improvement in the wake of net sales growth. Operating profit improved, particularly in the Qt segment which began to turn a profit during the review period and continued to do so throughout the period. Meanwhile in the domestic business, operating profit fell slightly, particularly in the final quarter, and remained below last year's comparison figures, which were particularly good in terms of profitability.

Digia expects overall demand to remain moderate in the domestic segment and anticipates continued net sales growth in 2016. The outlook is considered particularly positive in the first half. Profitability in 2016 is expected to remain more or less on the same level as in the previous year.

Digia expects to see Qt's net sales growth in 2016 to be at least in line with the general systems software development market growth rate, but growth is likely to slow down from the extremely strong figures recorded last year. In 2016, the exceptional licence deal agreed with Nokia Corporation in connection with the acquisition of the Qt business in 2012 will no longer generate any net sales for Digia, unlike in 2015 when approximately EUR 1.4 million was recorded in net sales.

Exchange rate fluctuations, particularly between US dollar and euro, may have a major impact on Qt's net sales development in the future, but Digia estimates this effect to be less significant in 2016 than a year earlier. Another factor contributing to considerable fluctuation in quarterly net sales and profitability in particular is the contract turnaround times, which in the major customer segment are very long at up to 18 months.

Digia's planned demerger and the resulting establishment of Qt as an independent public listed company involves considerable expenses, some non-recurring and others continuing. These will tax the profitability of the Qt business in the future. According to Digia's estimate, Qt will record a loss in 2016, but will gradually improve its performance, driven by positive net sales development. However, investments in sales work and thereby in better growth opportunities will continue to affect profit performance in the future.

Proposal for dividend distribution

On 31 December 2015, the distributable shareholders' equity of Digia Plc was EUR 34,214,777.30, of which EUR 2,772,415.03 was the net profit for the year. At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.08 per share be paid according to the confirmed Balance Sheet for the fiscal year ending 31 December 2015. Shareholders listed on the shareholder register maintained by Euroclear Finland Ltd on the dividend reconciliation date, 18 March 2016, will be eligible for the payment of dividend. Dividends will be paid on 29 March 2016.

GROUP KEY FIGURES AND RATIOS

	10-12/2015	10-12/2014	Change, %	1-12/2015	1-12/2014	Change, %
Net sales	30,567	27,246	12.2%	107,880	97,433	10.7%
Operating profit before extraordinary items	2,188	2,460	-11.0%	8,399	4,461	88.3%
- % of net sales	7.2%	9.0%		7.8%	4.6%	
Operating profit	2,128	2,309	-7.8%	7,641	4,310	77.3%
- % of net sales	7.0%	8.5%		7.1%	4.4%	
Net profit	1,447	1,681	-13.9%	5,228	2,850	83.4%
- % of net sales	4.7%	6.2%		4.8%	2.9%	
Return on equity, %	14.4%	18.7%		13.5%	7.8%	
Return on capital invested, %	16.9%	18.9%		15.6%	9.0%	
Interest-bearing liabilities	13,513	16,245	-16.8%	13,513	16,245	-16.8%
Cash and cash equivalents	6,710	5,132	30.7%	6,710	5,132	30.7%
Net gearing	16.6%	30.3%		16.6%	30.3%	
Equity ratio, %	53.7%	51.5%		53.7%	51.5%	
Earnings per share, EUR, undiluted	0.07	0.08		0.25	0.14	
Earnings per share, EUR, diluted	0.07	0.08		0.25	0.14	

MARKETS AND DIGIA'S BUSINESS OPERATIONS

Domestic segment

Demand remained strong for integration and analytics services during the review period. Digia's business outperformed general IT market growth, and profitability remained on a healthy level. Investments to enhance delivery and service capacity continued, and are expected to bolster net sales development in 2016. Meanwhile, continued major investments in the development of product and business models for site optimisation taxed the segment's overall profitability during the review period.

On the whole, the ERP and MES business showed moderate development during the review period, with some quarterly fluctuation which is typical in this business area. The Microsoft technology based business grew briskly, with excellent profitability. Quarterly fluctuation was particularly strong in the ERP business based on Microsoft technologies. Significant new delivery and application management service agreements were signed in this business area, which contributed to a slight increase in net sales in the review period and which will provide a firm foundation for 2016. Quarterly fluctuation was also notable in the ERP business based on Digia's own software. Net sales, which had been declining in the third quarter, took an upward turn in the final quarter, resulting in slight overall growth for the full review period.

The business segment based on financial-sector software solutions showed growth throughout the review period. The segment will continue to invest in recruitment, and operations in Finland are forecast to grow faster than the general IT markets in 2016.

In the service business, demand and profitability showed a highly positive performance trend during the period, with the final quarter showing particularly strong net sales growth.

Qt segment

Qt business showed very strong growth throughout the period. Operating profit also improved on the back of net sales growth, and operations were in the black.

During the review period, the new Qt 5.5 version was launched. The www.qt.io website launched for the Qt segment has been well received. This website plays an extremely important role in managing the Qt ecosystem, and Digia will continue to make substantial developments in this channel. The Qt World Summit held in Berlin in October was an event where the global Qt community gathered to present and discuss current Qt technology issues. The event was a huge success. It attracted more than 1,000 visitors from all over the world: customers, partners, and members of the Qt developer community.

During the review period, a new office was opened in Korea, and sales resources were strengthened, especially in Asia. Business development efforts were particularly focused on consumer electronics and automotive segments.

NET SALES

Digia’s consolidated net sales for the period totalled EUR 107.9 (97.4) million, representing an increase of 10.7 per cent year-on-year.

Net sales in the domestic segment rose by 5.1 per cent to EUR 80.9 (77.0) million. Net sales in the Qt segment totalled EUR 26.9 (20.4) million, representing an increase of 32.0 per cent.

The increase in the Group's net sales could be largely attributed to the Qt segment's strong growth. This growth in the Qt segment stemmed from good sales combined with major contracts in automotive products and DTV receivers in particular. Favourable trends in net sales were also supported by the US dollar strengthening against the euro. The impact of exchange rate fluctuations on Qt's net sales growth amounted to a total of EUR 1.3 million during the review period.

During the reporting period, the product business accounted for EUR 46.6 million (1-12/2014: EUR 39.7 million), or 43.2 (40.7) per cent of consolidated net sales.

International operations accounted for EUR 28.2 million (1-12/2014: EUR 20.2 million), or 26.1 (20.7) per cent of consolidated net sales.

Digia's consolidated net sales for the final quarter were EUR 30.6 (27.2) million, up 12.2 per cent on the same period last year.

Net sales from the domestic segment increased by 8.3 per cent to EUR 23.2 (21.4) million, while net sales from the Qt business increased by 26.3 per cent to EUR 7.4 (5.8) million.

During the fourth quarter, the product business accounted for EUR 13.3 (10.6) million of consolidated net sales, or 43.4 (38.9) per cent.

In the same period, the international business accounted for EUR 8.0 (5.7) million of consolidated net sales, or 26.1 (21.0) per cent.

PROFIT PERFORMANCE AND PROFITABILITY

Digia's consolidated operating profit before extraordinary items was EUR 8.4 (4.5) million. Profitability (EBIT%) before extraordinary items was 7.8 (4.6) per cent. Consolidated operating profit after extraordinary items was EUR 7.6 (4.3) million for the review period. Profitability (EBIT%) stood at 7.1 (4.4) per cent.

Consolidated operating profit before extraordinary items was EUR 2.2 (2.5) million in the final quarter, representing a year-on-year decrease of 11.0 per cent. Operating profit after extraordinary items amounted to EUR 2.1 (2.3) million in the final quarter, with profitability (EBIT%) at 7.0 (8.5) per cent.

In the domestic segment, operating profit before extraordinary items totalled EUR 6.5 (6.3) million, up 2.7 per cent, with profitability (EBIT%) at 8.0 (8.2) per cent. Operating profit after extraordinary items was EUR 5.9 (6.3) million and profitability (EBIT%) 7.2 (8.2) per cent.

Operating profit before extraordinary items from domestic operations for the final quarter totalled EUR 2.0 (2.7) million, down 24.2 per cent, and profitability (EBIT%) was 8.8 (12.6) per cent. Operating profit after extraordinary items for the final quarter was EUR 2.0 (2.7) million and profitability (EBIT%) was 8.8 (12.6) per cent.

The Qt business recorded an operating profit of EUR 1.9 (-1.9) million before extraordinary items for the review period, and the segment's profitability (EBIT%) was 7.1 (-9.1) per cent. Qt's operating profit after extraordinary items was EUR 1.8 (-2.0) million and its profitability (EBIT%) stood at 6.6 (-9.8) per cent.

Qt's operating profit before extraordinary items in the final quarter was EUR 0.1 (-0.2) million, and the segment's profitability (EBIT%) was 2.0 (-4.0) per cent. Qt's operating profit after extraordinary items for the final quarter was EUR 0.1 (-0.4) million and profitability (EBIT%) was 1.2 (-6.6) per cent.

The increase in consolidated operating profit during the review period could be largely attributed to the notable profitability improvement in the Qt segment.

Consolidated earnings before tax for the period totalled EUR 6.9 (3.6) million, and after tax EUR 5.2 (2.9) million. Consolidated earnings before tax for the fourth quarter were EUR 1.9 (2.1) million, and net profit totalled EUR 1.5 (1.7) million.

Consolidated earnings per share for the review period were EUR 0.29 (1-12/2014: 0.14) before extraordinary items and EUR 0.25 (0.14) after extraordinary items. Consolidated earnings per share for the final quarter were EUR 0.07 (Q4/2014: 0.09) before extraordinary items and EUR 0.07 (0.08) after extraordinary items.

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

FINANCIAL POSITION AND EXPENDITURE

At the end of the review period, the Digia Group's consolidated balance sheet total stood at EUR 84.3 million (12/2014: EUR 80.4 million) and the equity ratio stood at 53.7 (12/2014: 51.5) per cent. Net gearing was 16.6 per cent (12/2014: 30.3 cent). Cash and cash equivalents totalled EUR 6.7 million at period end (12/2014: EUR 5.1 million).

Interest-bearing liabilities amounted to EUR 13.5 (12/2014: 16.2) million at the period end. These consisted of EUR 12.0 million in loans from financial institutions and EUR 1.5 million in financial leasing liabilities.

Consolidated net cash flow from operating activities for the period was EUR 6.7 million (1-12/2014: EUR 1.8 million). Cash flow from investments for the period was negative by EUR 1.4 million (1-12/2014: negative by EUR 1.2 million). Cash flow from finance for the period was negative by EUR 3.8 million (1-12/2014 negative by EUR 2.2 million).

The Group's investments in fixed assets during the period totalled EUR 1.5 (1.1) million.

Return on investment (ROI) for the period was 15.6 (9.0) per cent, and return on equity (ROE) was 13.5 (7.8) per cent.

The Group carries out annual 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	334	490	37,987	5,800	44,121

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia, Qt business	5,647	564	6,562	1,959	14,168

EUR 1,000	Specified intangible assets	Amortisations during the reporting period	Goodwill	Other items	Total value subject to testing
Digia Group, total	5,981	1,053	44,550	7,759	58,289

Present values for domestic operations were calculated for the five-year forecast period based on the following assumptions: Net sales and operating profit for 2016 according to budget; after this, annual growth in net sales of 3.0 per cent and in operating profit of 8.0 per cent, and a pre-tax discount rate of 8.5 per cent. Post-forecast-period cash flows 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 2.8 per cent, or a 3.0 per cent growth in net sales with profitability at 2.5 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 2016 according to budget; after this, annual growth in net sales of 10.0 per cent and in operating profit of 3 per cent, and a pre-tax discount rate of 8.5 per cent. Post-forecast-period cash flows 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 5 per cent, or a 5.5 per cent growth in net sales with profitability at 0 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 944, representing an increase of 12 employees or 1.3 per cent since the end of the 2014 fiscal period (12/2014: 932). During the review period, the number of employees averaged 932, a decrease of 3 employees, or -0.3 per cent, on the 2014 average (2014: 935).

Employees by function at the end of the period

Domestic segment	76 %
Qt segment	20 %
Administration and management	4 %

As of the end of the period, 145 (12/2014: 146) employees were working abroad.

The Digia Plc Annual General Meeting of 12 March 2015 re-elected Päivi Hokkanen, Robert Ingman, Pertti Kyttälä, Seppo Ruotsalainen, Leena Saarinen and Tommi Uhari as members of the Board. Kai Öistämö was elected as a new member. At the Board's organisation meeting, 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.

On 12 March 2015, KMPG Oy Ab, Authorised Public Accountants, was elected as the Group's new auditor with Authorised Public Accountant Virpi Halonen as the principal auditor.

RISKS AND UNCERTAINTIES

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

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 is increasing the risks related to projects and their profitability.

Risks and their management are described on the company’s website at www.digia.com.

The planned demerger of Digia and the stock exchange listing of Qt involve certain risks which, if materialised, may affect Digia's operations, financial position, financial result and share value. These risks will be discussed in more detail in a demerger prospectus to be published.

FUTURE PROSPECTS

In 2016, Digia will invest in building better growth opportunities for both business segments. Besides pursuing organic growth, Digia will actively seek potential acquisitions to support its strategy and to accelerate domestic business growth.

Digia believes digitalisation, the growing popularity of multi-channel services and the revolution in business models involve major business opportunities. To fully tap into these opportunities, Digia will make determined investments in personnel recruitment and training, and in improving its offering. Overall, Digia expects to hire approximately 150 new employees, most of them in the domestic business.

Digia expects overall demand to remain moderate in the domestic segment and anticipates continued net sales growth in 2016. The outlook is considered particularly positive in the first half. Profit performance in domestic operations in 2016 is anticipated to remain on more or less the same level as last year.

Considering the time of year and general market situation, demand for the Qt segment's services is at a moderate level, and the long-term business outlook is promising. The company will continue to introduce changes to open source code licensing in forthcoming versions of its Qt software. These changes are aimed at promoting licence sales to commercial players.

Qt business development efforts will particularly focus on embedded systems in the automotive sector, digital TV and industrial automation. Areas targeted in product development include value-added features and tools required for building embedded systems.

Sales growth associated with embedded systems will also reflect on the earnings logic. Licence revenue from these sales accumulates over the long term, as opposed to one-off licence payments. Consequently, Digia anticipates no major impact from embedded systems sales growth on Qt's net sales in 2016.

Digia expects to see Qt's net sales growth in 2016 be at least in line with the general systems software development market growth rate, but growth is likely to slow down from the extremely strong figures recorded last year. In 2016, the exceptional licence deal agreed with Nokia Corporation in connection with the acquisition of the Qt business in 2012 will no longer generate any net sales for Digia, unlike in 2015 when approximately EUR 1.4 million was recorded in net sales.

Exchange rate fluctuations, particularly between the US dollar and euro, may have a large impact on Qt's net sales development in the future, but Digia estimates that this effect will be less significant in 2016 than a year earlier. Another factor contributing to considerable fluctuation in quarterly net sales and profitability in particular is contract turnaround times which, in the major customer segment, are very long at up to 18 months.

Digia's planned demerger and the resulting establishment of Qt as an independent, public listed company involves considerable expenses, some non-recurring and others continuing. If the demerger goes ahead, these will tax the profitability of the Qt business in the future. Digia estimates that, following the demerger, Qt will record a loss in 2016, but will gradually improve its performance, driven by positive net sales development. However, investments in sales work and thereby in better growth opportunities will continue to affect profit performance in the future.

OTHER MAJOR EVENTS OF THE REVIEW PERIOD

Digia Plc's Annual General Meeting (AGM) was held on 12 March 2015. The AGM adopted the financial statements for 2014, released the Board members and the CEO from liability, determined the Board and auditor fees, resolved to keep the number of Board members at seven (7), elected the company's Board of Directors for a new term, and elected a new auditor.

With regard to profit distribution for 2014, the AGM approved the Board's proposal to pay a dividend of EUR 0.05 per share to all shareholders listed in the shareholder register maintained by Euroclear Finland Ltd on the reconciliation date of 16 March 2015. The dividend payment date was set at 23 March 2015.

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 no 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 11 March 2014 and is valid for 18 months, i.e. until 12 September 2016.

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 4,000,000 shares at a maximum. 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 11 March 2014 and is valid for 18 months, i.e. until 12 September 2016.

Digia explores possibilities of a spin-off to form two distinct listed companies

On 28 August 2015, Digia Plc announced that its Board of Directors had decided to explore a possible spin-off that would separate its domestic and Qt businesses and create two distinct companies, with identical ownership, listed on NASDAQ OMX Helsinki.

The purpose of the arrangement would be to enable both businesses to focus on maximising their respective business opportunities in line with their strategy and creating further added value for shareholders.

On 16 December 2015, Digia's Board of Directors approved a partial demerger plan. According to the demerger plan, the demerger will involve the transfer of all assets and liabilities related to Digia's Qt business to the new company formed as a result of the demerger: Qt Group Plc. Digia's Domestic operations will remain with Digia.

The demerger and the demerger plan will be presented for approval at the Digia Plc Annual General Meeting scheduled for 16 March 2016.

The demerger will enter into force after the Annual General Meeting approves the demerger and the demerger plan, and the implementation is recorded in the trade register. The planned registration date is 1 May 2016. If the demerger enters into force, Digia's President and CEO Juha Varelius will become the President and CEO of Qt Group Plc. The new CEO of Digia Plc will be Timo Levoranta, M.Sc.(Tech.), B.Sc. (Econ. & Bus.Adm.), (born 1965).

SHARE CAPITAL AND SHARES

On 31 December 2015, the number of Digia Plc shares totalled 20,875,645.

According to Finnish Central Securities Depository Ltd, Digia had 4,241 shareholders on 31 December 2015.

The ten major shareholders were

Shareholder	Percentage of shares and votes
Ingman Development Oy Ab	20.6%
Ilmarinen Mutual Pension Insurance Company	14.6%
Jyrki Hallikainen	7.4%
Kari Karvinen	5.2%
Varma Mutual Pension Insurance Company	4.6%
Matti Savolainen	4.3%
Aktia Capital investment fund	1.4%
Fim Fenno Sek	1.4%
Investment Fund Säästöpankki Small Cap	1.3%
Aktia Nordic Small Cap investment fund	1.3%

Distribution of holdings by number of shares held on 31 Dec 2015

Number of shares	Shareholders	Percentage of shares and votes
1 – 100	25.9%	0.3%
101 – 1,000	56.3%	5.0%
1,001 – 10,000	15.6%	8.6%
10,001 – 100,000	1.6%	11.7%
100,001 – 1,000,000	0.5%	26.6%
1,000,001 – 4,000,000	0.1%	47.7%

Shareholding by sector on 31 December 2015

	Shareholders	Shares
Non-financial corporations	4.2%	27.6%
Financial and insurance corporations	0.4%	8.3%
General government	0.1%	19.2%
Not-for-profit institutions serving households	0.2%	2.2%
Households	94.5%	40.7%
Foreign holding	0.7%	2.0%

The weighted average number of shares during the reporting period, adjusted for share issues, came to 20,768,097 in total. The number of outstanding shares at the end of the review period was 20,741,144.

Digia Plc held a total of 57,372 treasury shares at the end of the review period. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 0.6 per cent of the capital stock as of 31 December 2015. Digia has financed the acquisition of 121,000 treasury shares for distribution through incentive schemes for key personnel. During the period, 43,871 such shares were distributed. At the end of the period, 77,129 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 2.74 and the highest was EUR 7.47. The share officially closed at EUR 7.01 on the last trading day. The trade-weighted average was EUR 4.05. The Group's market capitalisation totalled EUR 146,338,271 at the end of the period.

The company received the following flagging notifications during the review period

- On 26 February 2015, the Ingman Group announced that, as a result of internal restructuring, the Ingman Group had divested its entire holding in Digia Plc to Ingman Development Oy Ab. As a result of the transaction, the Ingman Group's holding in Digia Plc has fallen under the 5% flagging threshold and Ingman Development Oy Ab's holding has risen by a corresponding amount over the 20% flagging threshold, that is, to 20.21 per cent of the company's shares and voting rights.

STOCK OPTION SCHEMES

Digia Plc had no outstanding options.

Helsinki, 4 February 2016

Digia Plc

Board of Directors

BRIEFING

Digia will hold a briefing on this Financial Statements for analysts on Thursday 4 February 2016 at 11:00 am, in the Tapiola cabinet of Hotel Scandic Simonkenttä, Simonkatu 9, 00100 Helsinki, Finland. Welcome.

FURTHER INFORMATION

Juha Varelius, CEO, tel. +358 (0)10 313 3000 (exchange)

The financial statement release and CEO's presentation will be available in the Investors section at www.digia.com from 11 am on 4 February 2016.

Digia Plc's electronic Annual Report for 2015 will be published on 16 February 2016 on the company website at www.digia.com and at annualreport2015.digia.com.

The Board of Directors' report and the financial statements for 2015 will be published as part of the Annual Report.

DISTRIBUTION

NASDAQ OMX Helsinki
Key media

CONDENSED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED INCOME STATEMENT, EUR 1,000

EUR 1,000	10-12/2015	10-12/2014	Change, %	1-12/2015	1-12/2014	Change, %
NET SALES	30,566.7	27,246.4	12.2%	107,880.1	97,433.5	10.7%
Other operating income	628.9	276.6	127.3%	2,248.2	1,302.9	72.6%
Materials and services	-3,484.4	-2,819.6	23.6%	-10,155.4	-9,501.1	6.9%
Depreciation, amortisation and impairment	-614.3	-600.5	2.3%	-2,561.2	-2,490.4	2.8%
Other operating expenses	-24,968.6	-21,794.4	14.6%	-89,771.0	-82,435.0	8.9%
Operating profit	2,128.2	2,308.5	-7.8%	7,640.8	4,309.8	77.3%
Financial expenses (net)	-187.7	-164.6	14.0%	-708.9	-675.6	4.9%
Earnings before tax	1,940.5	2,143.9	-9.5%	6,931.8	3,634.2	90.7%
Income taxes	-494.0	-463.3	6.6%	-1,704.2	-783.8	117.4%
NET PROFIT	1,446.5	1,680.6	-13.9%	5,227.6	2,850.4	83.4%
Other comprehensive income:						
Items which may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	45.8	-72.3		91.1	-116.6	
TOTAL COMPREHENSIVE INCOME	1,492.3	1,608.3	-7.2%	5,318.7	2,733.8	94.6%
Distribution of net profit:						
Parent-company shareholders	1,446.5	1,680.6	-13.9%	5,227.6	2,850.4	83.4%
Minority interest	0.0	0.0		0.0	0.0	
Distribution of total comprehensive income:						
Parent-company shareholders	1,492.3	1,608.3	-7.2%	5,318.7	2,733.8	94.6%
Minority interest	0.0	0.0		0.0	0.0	
Earnings per share, EUR	0.07	0.08		0.25	0.14	
Earnings per share (diluted), EUR	0.07	0.08		0.25	0.14	

CONSOLIDATED BALANCE SHEET, EUR 1,000

Assets	31 Dec 2015	31 Dec 2014	Change, %
Non-current assets			
Intangible assets	51,035.4	52,309.0	-2.4%
Tangible assets	1,859.1	1,698.6	9.4%
Financial assets	627.0	627.0	0.0%
Long-term receivables	29.7	26.0	14.2%
Deferred tax assets	293.3	201.2	45.7%
Total non-current assets	53,844.4	54,861.8	-1.9%
Current assets			
Current receivables	23,741.1	20,399.3	16.4%
Available-for-sale financial assets	330.6	328.7	0.6%
Cash and cash equivalents	6,379.2	4,803.3	32.8%
Total current assets	30,450.9	25,531.3	19.3%
Total assets	84,295.3	80,393.1	4.9%

Shareholders' equity and liabilities	31 Dec 2015	31 Dec 2014	Change, %
Share capital	2,087.6	2,087.6	0.0%
Issue premium fund	7,899.5	7,899.5	0.0%
Other reserves	5,203.8	5,203.8	0.0%
Unrestricted shareholders' equity reserve	31,370.3	31,370.3	0.0%
Translation difference	492.1	401.0	22.7%
Retained earnings	-11,393.6	-13,093.8	13.0%
Net profit	5,227.6	2,850.4	83.4%
Equity attributable to parent-company shareholders	40,887.2	36,718.7	11.4%
Total shareholders' equity	40,887.2	36,718.7	11.4%
Liabilities			
Long-term interest-bearing liabilities	8,195.9	9,646.4	-15.0%
Received long-term advances	874.6	1,113.5	-21.5%
Deferred tax liabilities	253.9	288.5	-12.0%
Total long-term liabilities	9,324.4	11,048.4	-15.6%
Short-term interest-bearing liabilities	5,316.8	6,599.0	-19.4%
Other short-term liabilities	28,766.8	26,026.9	10.5%
Total short-term liabilities	34,083.7	32,625.9	4.5%
Total liabilities	43,408.1	43,674.4	-0.6%
Shareholders' equity and liabilities	84,295.3	80,393.1	4.9%

CONSOLIDATED CASH FLOW STATEMENT, EUR 1,000

	1 Jan 2015-31 Dec 2015	1 Jan 2014-31 Dec 2014
Cash flow from operations:		
Net profit	5,228	2,850
Adjustments to net profit	3,254	1,054
Change in working capital	-1,200	-1,537
Interest paid	-375	-420
Interest income	5	0
Taxes paid	-233	-123
Net cash flow from operations	6,679	1,824
Cash flow from investments:		
Purchases of tangible and intangible assets	-1,420	-1,185
Cash flow from investments	-1,420	-1,185
Cash flow from financing:		
Proceeds from share issue	0	0
Payments of finance lease liabilities	267	-137
Repayments of current loans	-3,000	0
Repayments of non-current loans	0	-4,698
Withdrawals of current loans	0	3,000
Withdrawals of non-current loans	0	1,758
Dividends paid and other profit distribution	-1,039	-2,078
Cash flow from financing	-3,772	-2,155
Change in liquid assets	1,486	-1,515
Liquid assets at beginning of period	5,132	6,454
Net foreign exchange difference	91	194
Change in liquid assets	1,486	-1,515
Liquid assets at end of period	6,710	5,132

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY, EUR 1,000

	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 1 Jan 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
BALANCE 31 Dec 2014	2,088	0	7,899	31,370	5,204	401	-10,243	36,719
	a	b	c	d	e	f	g	h
SHAREHOLDERS' EQUITY, 1 Jan 2015	2,088	0	7,899	31,370	5,204	401	-10,243	36,719
Net profit							5,228	5,228
Other comprehensive income						91		91
Dividends							-1,039	-1,039
Share-based payments recognised against equity							-111	-111
SHAREHOLDERS' EQUITY 31 Dec 2015	2,088	0	7,899	31,370	5,204	492	-6,166	40,887

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 financial statement release was prepared in compliance with IFRS and the IAS 34 standard.
Otherwise, the the same accounting principles have been applied as in the 2014 financial statements. The amendments to and interpretations of IFRS standards effective as of 1 January 2015 had no material effect on this Financial Statements bulletin.

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 during the reporting period totalled EUR 1,038,763.65.

Related-party transactions

Digia Group’s related parties include the CEO and the members of the Board of Directors and Group Management, their related parties and their controlled entities. Transactions related to the sale of services to related parties totalled EUR 7,200 (EUR 0 in 2014). Transactions associated with the purchase of goods or services totalled EUR 0 (EUR 0 in 2014).

Segment information

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

Events after the financial year

There have been no significant events after the close of the financial year 2015.

NET SALES, EUR 1,000	10-12/2015	10-12/2014	Change, %	1-12/2015	1-12/2014	Change, %
Domestic operations	23,184	21,401	8.3%	80,946	77,028	5.1%
Qt segment	7,382	5,845	26.3%	26,934	20,406	32.0%
Digia Group	30,567	27,246	12.2%	107,880	97,433	10.7%

OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS, EUR 1,000	10-12/2015	10-12/2014	Change, %	1-12/2015	1-12/2014	Change, %
Domestic operations	2,042	2,695	-24.2%	6,479	6,311	2.7%
Qt segment	147	-235		1,923	-1,850	
Digia Group	2,188	2,460	-11.0%	8,402	4,461	88.3%

OPERATING PROFIT, EUR 1,000	10-12/2015	10-12/2014	Change, %	1-12/2015	1-12/2014	Change, %
Domestic operations	2,042	2,695	-24.2%	5,858	6,311	-7.2%
Qt segment	87	-386		1,786	-2,001	
Digia Group	2,128	2,309	-7.8%	7,641	4,310	77.3%

ASSETS, EUR 1,000	31 Dec 2015	31 Dec 2014
Domestic segment	53,007	51,076
Qt segment	18,232	17,332
Unallocated	13,056	11,985
Digia Group	84,295	80,393

Consolidated income statement by quarter

EUR 1,000	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014
Net sales	30,566.7	24,552.5	27,109.2	25,651.7	27,246.4
Other operating income	628.9	771.4	424.8	423.1	276.6
Materials and services	-3,484.4	-2,020.0	-2,358.3	-2,292.7	-2,819.6
Depreciation, amortisation and impairment	-614.3	-675.9	-655.6	-615.3	-600.5
Other operating expenses	-24,968.6	-20,112.8	-22,212.5	-22,477.0	-21,794.4
Operating profit	2,128.2	2,515.2	2,307.6	689.8	2,308.5
Financial expenses (net)	-187.7	-40.7	-176.8	-303.8	-164.6
Earnings before tax	1,940.5	2,474.5	2,130.8	386.0	2,143.9
Income taxes	-494.0	-623.7	-472.9	-113.7	-463.3
Net profit	1,446.6	1,850.9	1,657.8	272.3	1,680.6
Distribution of net profit:					
Parent-company shareholders	1,446.6	1,850.9	1,657.8	272.3	1,680.6
Earnings per share, EUR	0.07	0.09	0.08	0.01	0.08
Earnings per share (diluted), EUR	0.07	0.09	0.08	0.01	0.08

Group key figures and ratios

EUR 1,000	1-12/2015	1-12/2014
Extent of business:		
Net sales	107,880	97,433
- change from previous year	10.7%	-2.3%
Average capital invested	53,698	52,954
Personnel at period end	944	932
Average number of personnel	932	935
Profitability:		
Operating profit before extraordinary items and impairment	8,399	4,461
- % of net sales	7.8%	4.6%
Operating profit	7,641	4,310
- % of net sales	7.1%	4.4%
Earnings before tax	6,932	3,634
- % of net sales	6.4%	3.7%
Net profit	5,228	2,850
- % of net sales	4.8%	2.9%
Return on equity, %	13.5%	7.8%
Return on investment, %	15.6%	9.0%
Financing and financial standing:		
Interest-bearing liabilities	13,513	16,245
Short-term investments & cash and bank receivables	6,710	5,132
Net gearing	16.6%	30.3%
Equity ratio	53.7%	51.5%
Net cash flow from operations	6,679	1,824
Earnings per share, undiluted EUR	0.25	0.14
Earnings per share, diluted EUR	0.25	0.14
Equity/share, EUR	1.96	1.76
Lowest share trading price, EUR	2.74	2.66
Highest share trading price, EUR	7.47	4.59
Average share price, EUR	4.05	3.79
Market capitalisation	146,338	55,529

Formulae for key figures and ratios are presented in the 2014 financial statements. These remained unchanged during the reporting period.