



digia

Digia Plc

FINANCIAL STATEMENT BULLETIN 2021

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A strong fourth quarter – full-year net sales rise by 12.1% with an EBITA margin of 11.4%

October–December 2021

- Net sales: EUR 44.8 (37.9) million, up 18.2 per cent
- Operating profit (EBITA): EUR 5.0 (4.6) million, up 7.8 per cent; EBITA margin: 11.1 (12.1) per cent of net sales
- Operating profit: EUR 4.2 (4.1) million, up 3.8 per cent; operating margin: 9.4 (10.7) per cent of net sales
- Earnings per share: EUR 0.13 (0.11)
- Share buyback programme started 16 December

January–December 2021

- Net sales: EUR 155.9 (139.0) million, up 12.1 per cent
- Operating profit (EBITA): EUR 17.7 (16.0) million, up 10.9 per cent; EBITA margin: 11.4 (11.5) per cent of net sales
- Operating profit: EUR 14.7 (14.1) million, up 4.1 per cent; operating margin: 9.4 (10.1) per cent of net sales
- Earnings per share: EUR 0.44 (0.40)
- Return on investment: 16.3 (16.5) per cent
- Equity ratio: 48.0 (50.7) per cent
- Acquisition of Climber International AB and Solasys Oy
- Major investments: Availability and scalability of competence, future working environment and Digia Business Engine, and cloud capabilities
- Digia's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 0.17 per share be paid (EUR 0.15 per share in 2020).
- Profit guidance for 2022: 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	10-12/ 2021	10-12/ 2020	Change, %	1-12/ 2021	1-12/ 2020	Change, %
Net sales	44,751	37,867	18.2%	155,939	139,049	12.1%
Operating profit (EBITA)	4,967	4,591	7.8%	17,739	16,000	10.9%
- as a % of net sales	11.1%	12.1%		11.4%	11.5%	
Operating profit (EBIT)	4,213	4,060	3.8%	14,680	14,102	4.1%
- as a % of net sales	9.4%	10.7%		9.4%	10.1%	
Result for the period	3,469	2,961	17.1%	11,772	10,627	10.8%
- as a % of net sales	7.8%	7.8%		7.5%	7.6%	
Return on equity, %				18.3%	18.7%	
Return on investment, %				16.3%	16.5%	
Cash flow from operations				16,648	23,589	-29.4%
Interest-bearing net liabilities				10,663	10,531	1.2%
Net gearing, %				15.7%	17.3%	
Equity ratio, %				48.0%	50.7%	
Number of personnel at period-end				1,339	1,258	6.4%
Average number of personnel	1,347	1,266	6.4%	1,334	1,261	5.7%
Shareholders' equity				68,072	60,737	12.1%

Balance sheet total				143,040	121,078	18.1%
Earnings per share	0.13	0.11	17.5%	0.44	0.40	10.9%
Earnings per share, diluted	0.13	0.11	17.2%	0.44	0.39	11.4%

CEO's Review

"I'm very pleased with our strong growth and good profitability in the last quarter – especially since at the same time we continued to invest in increasing our future competitiveness. Our net sales were up 18.2 per cent in October–December and amounted to EUR 44.8 million. Net sales growth gained momentum in the second half of the year compared to the first. In July–December, our net sales grew by 15.8 per cent to EUR 78.0 million. Our full-year net sales grew by 12.1 per cent to EUR 155.9 million. It is a positive and encouraging development that almost all of our business units increased their net sales in the last quarter.

The fourth-quarter EBITA margin fell slightly short of the comparison period, but was at a good level of 11.1 per cent. The full-year EBITA margin was almost unchanged at 11.4 per cent.

Demand for our own key products – Digia Enterprise and Digia Financial Systems – remained steady throughout the fiscal year. In 2021, our cooperation with S-Bank Fund Management in the outsourcing of its fund functions expanded to cover private equity fund management processes, for instance. In December, we signed an agreement with the Savings Banks Group under which Digia will provide the Group with a savings and investment service package consisting of a system based on the Digia Financial Systems product family, service management and selected back-office functions.

In the second half of the year, customers' need to develop and renew their business operations remained evident in demand. In our view, there are growing needs in digital business, knowledge-based management, business continuity and efficiency. As a result, Digia's net sales grew by more than 40 per cent in the fourth quarter in both knowledge-based management solutions and Microsoft ERP and CRM solutions.

Climber, the Swedish business analytics group we acquired early in the year, has also developed in line with our expectations. During the last quarter, we bolstered our position as a leading integration provider and announced customer agreements with DigiFinland Oy and Valtori. Integrations are at the heart of data-based management and networked digital business.

In the fourth quarter, our service and maintenance business generated about 64 (62) per cent of net sales, and the project business about 36 (38) per cent. The service and maintenance business accounted for 67 per cent and the project business for 33 per cent of full-year net sales. Our ongoing service and maintenance business brings stability to our net sales – in addition, our wide-ranging expertise and long customer relationships provide a good basis for growth. The result of Digia's customer satisfaction survey improved once again in 2021.

It testifies to our strong expertise and extensive offering that Digia was selected as Microsoft's Smart Business Solutions / Dynamics 365 Partner of the Year in July. The main reasons for their choice were our strengths in providing wide-ranging service to our customers by combining Azure cloud, Dynamics technology and analytics utilisation with our extensive industry and development expertise. In addition, Microsoft selected Digia as a member of the Microsoft Business Applications 2021/2022 Inner Circle partner network as the only Finnish company. Microsoft honoured Digia due to our achievements last year, commitment to customers and innovations around Microsoft cloud services.

Fourth-quarter operating profit (EBITA) totalled EUR 5.0 (4.6) million, with an EBITA margin of 11.1 (12.1) per cent of net sales. Our full-year operating profit (EBITA) totalled EUR 17.7 (16.0) million, with an EBITA margin of 11.4 (11.5) per cent of net sales. In the comparison year, our travel, meeting and office work expenses were lower than usual, while in the fiscal year now ended we invested heavily in our business platform and management system, Digia Business Engine, further building up our capabilities in cloud platform solutions and recruitment.

At the end of the year, we stepped up our ability to scale our expertise to customer projects by agreeing on a new cooperation model with the U.S. company Fulcrum Digital. With this agreement, Digia will be utilising Fulcrum Digital's offshore

professionals in its customer projects going forward. Digia and Fulcrum Digital have worked together in the past already, but the new agreement deepens the partnership and makes it more systematic. Shared values and corporate responsibility commitments also play an important role.

In addition to our own expertise, we already harness our Digia Hub network in our customer projects – at the end of the review period, more than 80 Digia Hub experts worked on Digia customer projects through this network. Also, 132 subcontractors worked in our projects alongside our own professionals. Our personnel at period-end amounted to 1,339. Surveys indicate that Digia's employee experience developed favourably in 2021 as well.

We announced the updated priorities and objectives of our corporate responsibility in early 2021. In the autumn, we built Digia's climate roadmap to reduce emissions. Our own operations have been carbon neutral since 2020 and our objective is to be carbon neutral throughout our entire value chain by 2030.

2022 is the last year of Digia's 2020–2022 strategy period. Our key individual modernisation project during this period involves the deployment of Digia's own business platform and management system, Digia Business Engine. This project is an investment in Digia's future competitiveness, as it renews our operations by combining technological possibilities with human expertise. In early 2022, we will increase the intensity of our development work and proceed to deploy the platform in phases. The deployment project will still affect our result in early 2022.

Digia expects to see further growth in the Finnish IT service market over the long term, even though the coronavirus pandemic will continue to generate uncertainty in our operating environment. Harnessing technology is a key tool in business renewal in both the public and private sectors. This trend remains strong. Our customers' needs dovetail into three main areas: digital business, knowledge-based management, and operational continuity and efficiency. Digia's offering and competence profile are a good match for this demand. Together with our customers, we build shared growth stories.

Profit guidance for 2022

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

Briefing invitation

A briefing for analysts will be held at 4:00 pm on Friday, 8 February 2022 as a Teams meeting. Attendance instructions have been emailed to participants.

The material and presentation for the event will be available from 4:00 pm on 8 February 2022 on the company's website: digia.com/en/investors/reports-and-presentations.

Financial Statements and Annual Report 2021

Digia Plc's 2021 Annual Report will be published in digital format on 24 February 2022 on the company's website: www.digia.com/en/investors/reports-and-presentations.

The Report of the Board of Directors and the Financial Statements for 2021 will be published as part of the Annual Report.

For further information, please contact:

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Distribution

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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 Finland and abroad. 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

DIGIA PLC'S FINANCIAL STATEMENT BULLETIN 2021

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 and business environment

Digia expects to see further growth in the Finnish IT service market over the long term. We expect to see favourable development in demand during 2022, even though the coronavirus pandemic will continue to generate uncertainty in our operating environment in the short term. The digitalisation trend will remain strong after the crisis. Ever-smarter software and the increasing use of data are changing the world permanently – and competition is tightening in every industry. Renewal is continuous. At the same time organisations' value creation models and people's working methods are evolving.

Harnessing technology is a key tool in renewing our customers' business and enhancing competitiveness in both the public and private sectors. This is a strong trend. Our customers' needs dovetail into three main areas: digital business, knowledge-based management, and operational continuity and efficiency. Processes are being digitised, knowledge-based management is gaining ground and continuity and cost-effectiveness are fundamental aspects of business.

Digia believes that modern business digitalisation is built on four robust cornerstones – and data utilisation is strongly linked to them.

- Functionality of operational systems;

- Information management and integrations;
- Digital service packages for end customers;
- Seamless interplay between people and smart software.

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 (including 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 future digital world, Digia believes that corporate business value will be generated through the smart utilisation of data in networks and ecosystems. Data utilisation is becoming an increasing part of daily business life. At the level of companies' internal operations and individuals, we are moving towards a symbiosis between humans and software, where people focus on meaningful tasks while automation and smart software handle part of the work.

Digia sees the following strengthening trends in the market both in the business and public sector:

- Digitalisation is an increasingly important part of the core operations of organisations and business processes;
- The world is becoming networked, and digital platforms enable new business models;
- Smart and responsible data utilisation in business processes creates a competitive advantage;
- A good user experience is a critical success factor for digital services;
- The role of cloud technologies as a platform for developing and operating services is becoming the norm;
- Data utilisation leads to further increases in data security and protection requirements.

Net sales

October–December 2021

Digia's net sales for the review period totalled EUR 44.8 (37.9) million, up 18.2 per cent on the corresponding period of the previous year. Net sales rose in the fourth quarter in almost all of our business units. Net sales generated by our own business platforms remained stable. An average of 16 Digia experts worked on the Digia Business Engine project.

The service and maintenance business accounted for 63.8 (61.6) per cent and the project business for 36.2 (38.4) 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 12.5 (13.1) 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–December 2021

Digia's net sales for the January–December period totalled EUR 155.9 (139.0) million, representing a year-on-year increase of 12.1 per cent. Net sales growth was seen in Microsoft ERPs, data-driven solutions and customised solutions in particular. Growth was accelerated by acquisitions. Demand for our business platforms remains stable

The service and maintenance business accounted for 67.1 (64.8) per cent of net sales, while the project business accounted for 32.9 (35.2) per cent. The product business accounted for 13.4 (12.9) per cent of the company's total net sales. Profit and profitability

October–December 2021

Operating profit (EBITA) for the review period amounted to EUR 4.9 (4.6) million with an EBITA margin (EBITA %) of 11.1 (12.1) per cent. In spite of substantial investments, operating profit (EBITA) improved on the back of increased operational efficiency. Digia invested in the Digia Business Engine, cloud platform solutions, recruitment and future growth.

The Digia Business Engine had an earnings impact of EUR -1.0 million in the fourth quarter. EUR 0.7 million of this was expenditure for cloud service licenses that were activated during the financial year. This change in accounting practice was due to the final agenda decision issued by the IFRS Interpretations Committee (IFRIC) on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets). Earnings before taxes were EUR 4.3 (3.8) million, with earnings after taxes totalling EUR 3.5 (3.0) million. Earnings per share were EUR 0.13 (0.11). Net financial expenses amounted to EUR 0.0 (-0.3) million.

January–December 2021

Digia's operating profit (EBITA) for January–December was EUR 17.7 (16.0) million with an EBITA margin (EBIT %) of 11.4 (11.5) per cent.

Profitability (in euro terms) has been improved through the development of operating methods and cost-conscious operations. However, profitability was weakened by strategic development projects that lasted for the entirety of 2021. Earnings before taxes were EUR 14.6 (13.5) million, with earnings after taxes totalling EUR 11.8 (10.6) million. Earnings per share were EUR 0.44 (0.40). Net financial expenses amounted to EUR -0.1 (-0.6) million.

Research and development

Digia constantly invests in enhancing its long-term competitiveness. In January–December, research and development expenses totalled EUR 6.1 (6.0) million, which represented 3.9 (4.3) per cent of net sales. The main focus of R&D remained on our own ERP systems (Digia Enterprise and ERPs for the financial and logistics sectors). We also developed the Digia IIRIS monitoring solution to meet the 24/7 service needs of our customers.

Financing, cash flow and expenditure

At the end of December 2021, Digia's balance sheet total stood at EUR 143.0 (121.1) million. The increase in the balance sheet is primarily due to the acquisition of the Climber

Group. Equity ratio was 48.0 (50.7) per cent and net gearing was 15.7 (17.3) per cent. At the end of December, Digia had EUR 28.8 (26.9) million in interest-bearing liabilities. Unused bank credit facilities amounted to EUR 4.5 million at the end of December. Interest-bearing liabilities consisted of EUR 16.0 million in long-term and EUR 5.0 million in short-term loans from financial institutions, and EUR 7.8 million in lease liabilities.

During the year, we restructured a loan of EUR 5.9 million that was about to fall due, and it now has a maturity of three years. Digia uses two major banks for financing: Danske Bank A/S and OP Corporate Bank Plc.

Cash flow from operating activities in January–December 2021 totalled EUR 16.7 (23.6) million. Cash flow in 2020 was positively impacted by the payment of individual project receivables. Cash flow from investments came to EUR -10.1 (-4.8) million. Cash flow from financing was EUR -4.8 (-8.3) million.

Human resources and management

Skilled personnel who are committed to the objectives of our customers are the cornerstone of all our operations. Digia aims to be a responsible, knowledge-driven learning community of top professionals that combines solid professionalism, a modern work culture and flexible operations. Strengthening our sense of community and working culture in both remote and hybrid work continued to be a priority during the fiscal year, as did the continual development of our competence capital. We made further changes, so as to provide increased flexibility for employees to choose where to work and shape their working day to suit their current tasks and daily lives. As remote and multi-location work become increasingly important, we provided our employees with a home office package that included an electric table, and also refurbished our premises to better suit modern working life.

Once again, our main investments in competence development were training and certifications acquired via the Digia Cloud Master programme. We restarted Digia's prestigious Career Compass programme, which is aimed at students, recent graduates and career changers in the software industry. The goal is to recruit more than 40 junior experts in a broad range of roles and fields. In late 2021, we once again conducted a Signi survey to measure our employee experience. It was particularly gratifying to

discover that two indexes which had already been at a good level had both risen in spite of the protracted coronavirus pandemic, that is, our eNPS and the index that measures the realisation of things that are meaningful to employees.

Changes in Group structure

During the review period, Digia acquired the entire share capital of Climber International AB and added Climber International AB and its subsidiaries to its group structure. Digia also acquired 90 per cent of the share capital of Solasys Oy. As Digia has previously owned 10 per cent of Solasys Oy's share capital, Digia now owns its entire share capital.

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, 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 31 December 2021, the number of Digia Plc shares totalled 26,823,723. The company had a total of 8,639 shareholders.

Digia Plc held a total of 97,369 treasury shares at the end of 31 December 2021. The accounting counter value of these treasury shares is EUR 0.10 per share. The company held about 0.4 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:

digia.com/en/investors/shareholders.

Trading on the Helsinki Exchanges

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–December 2021 was EUR 6.30 and the highest EUR 9.46. The share officially closed at EUR 7.04 on 31 December 2021. The share's trade weighted average price was EUR 7.51. The company's market capitalisation totalled EUR 188,839,010 on 31 December 2021.

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 17 March 2021, adopted the company's annual accounts, including the consolidated annual accounts for 1 January–31 December 2020, 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 0.15 per share be paid according to the confirmed balance sheet for the financial year ending 31 December 2020. 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 19 March 2021. The dividend payout date decided on was 26 March 2021.

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, Päivi Hokkanen, Robert Ingman, Seppo

Ruotsalainen and Outi Taivainen. 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 (Chair), Martti Ala-Härkönen and Santtu Elsinen

Compensation Committee: Päivi Hokkanen (Chair), Robert Ingman and Outi Taivainen

Nomination Committee: Seppo Ruotsalainen (Chair), Martti Ala-Härkönen and Robert Ingman.

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, fees of EUR 1,000 to the Chair 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.

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). This authorisation also includes the acquisition of shares through public trading on Nasdaq OMX Helsinki 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 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 16 March 2020 and is valid for 18 months, that is, until 17 September 2022.

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 authorisation applies both to new shares and to 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, 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 and 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 will supersede the authorisation granted by the AGM of 16 March 2020 and is valid for 18 months, that is, until 17 September 2022.

More information about the AGM's decisions is available at digia.com/en/investors/governance/annual-general-meeting/agm-2021.

Mergers & Acquisitions

Digia acquired the entire share capital of the Swedish company Climber International AB on 7 January 2021. The acquisition concerned Climber's operations in Sweden, Finland, Denmark and the Netherlands. Climber's business is largely based on the use of

advanced Qlik technologies and an operating model that strongly focuses on consulting. After the acquisition, Digia now employs more than 300 professionals in the fields of data integration and business analytics.

Digia acquired 90 per cent of Solasys Oy's share capital on 1 September 2021. Digia previously had a 10 per cent holding in Solasys Oy. Nine experts joined Digia as a result of the acquisition. Solasys has long served as a partner in the delivery and development of the Digia Enterprise ERP system. The company also has robust expertise in reporting and analytics. The acquisition supports our strategy of combining analytics solutions with profound expertise in core business systems.

Calculations for the allocation of the purchase prices have been made, and the impact of the acquisitions on Digia's figures is reported in the tables section.

Post-Report Period Events

There have been no major events since the end of the reporting period.

Risks and uncertainties

According to the company's estimate, there have been no great changes in Digia's major risks in 2021.

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. There are still some risks relating to short-term demand in Digia's business environment as a result of the coronavirus epidemic.

If demand sees a sharp fall, price levels 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.

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.

Digia has not performed human rights-related assessments, but in the company's opinion there are no significant risks of human rights violations inherent in its own operations. Digia's supply chain does not, in the main, extend outside Finland. Digia has not performed an environmental assessment, but in the company's opinion its operations have a minor impact on the environment and do not involve any significant environmental risk factors.

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 its EBITA margin will be over 10 per cent of net sales.

Helsinki, 8 February 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. Any changes to accounting policies that have been made during the year are mentioned below. The Financial Statement Bulletin has not been audited.

Changes in accounting policies

Cloud service configuration and customisation costs:

In April 2021, the IFRS Interpretations Committee (IFRIC) issued its final agenda decision on the accounting treatment of configuration or customisation costs in a cloud computing arrangement (IAS 38 Intangible Assets). The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where the Company does not have control over the underlying software are accounted for as service contracts providing the Company with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs

incurred, are recognised under other operating expenses when the services are received.

Digia is in the process of introducing a new business platform related to cloud computing arrangements (Digia Business Engine), and an analysis was carried out at Digia during the year as per the agenda decision. As a result of this analysis, Digia has entered license fees for the new business platform's deployment phase, totalling EUR 727 thousand, into the 2021 Financial Statements as expenditure. We activated EUR 2,726 thousand from the project in 2021, and the project had an earnings impact of EUR -1,239 thousand. The Digia Business Engine will be introduced in phases during 2022.

Condensed consolidated income statement

EUR 1,000	10-12/ 2021	10-12/ 2020	Change, %	1-12/ 2021	1-12/ 2020	Change, %
NET SALES	44,751	37,867	18.2%	155,939	139,049	12.1%
Other operating income	122	50	143.1%	445	252	76.6%
Materials and services	-6,235	-4,473	39.4%	-21,674	-15,257	42.1%
Depreciation, amortisation and impairment	-1,787	-1,553	15.1%	-7,485	-6,066	23.4%
Other operating expenses	-32,638	-27,833	17.3%	-112,545	-103,876	8.3%
Operating profit (EBIT)	4,213	4,060	3.8%	14,680	14,102	4.1%
Financial expenses (net)	42	-289	-114.5%	-107	-644	-83.5%

Profit before taxes	4,255	3,771	12.9%	14,573	13,458	8.3%
Income taxes	-787	-810	-2.8%	-2,801	-2,830	-1.1%
RESULT FOR THE PERIOD	3,469	2,961	17.1%	11,772	10,627	10.8%

Other comprehensive income

Items that may later be reclassified as profit or loss:

Exchange differences on translation of foreign operations	-85	103	-182.2%	-198	80	-348.0%
TOTAL COMPREHENSIVE INCOME	3,384	3,064	-10.4%	11,574	10,707	8.1%

Distribution of net profit for the period

Parent-company shareholders	3,462	2,961	16.9%	11,758	10,627	10.6%
Non-controlling interests	7	0		14	0	

Distribution of total comprehensive income

Parent-company shareholders	3,377	3,064	10.2%	11,560	10,707	8.0%
Non-controlling interests	7	0		14	0	
Earnings per share, EUR (undiluted EPS)	0.13	0.11	17.5%	0.44	0.40	10.9%
Earnings per share, EUR (diluted EPS)	0.13	0.11	17.2%	0.44	0.39	11.4%

Condensed consolidated balance sheet

EUR 1,000	31 Dec 2021	31 Dec 2020
Assets		
Non-current assets		
Goodwill	71,915	61,478
Other intangible assets	10,875	6,332
Tangible assets	686	987
Right-of-use assets	6,969	9,272
Investments	484	484
Non-current receivables	538	2
Deferred tax assets	640	513
Total non-current assets	92,107	79,067

Current assets		
Current receivables	32,785	25,600
Cash and cash equivalents	18,148	16,410
Total current assets		
	50,933	42,010
Total assets		
	143,040	121,078
Shareholders' equity and liabilities		
Share capital	2,088	2,088
Other reserves	5,204	5,204
Unrestricted shareholders' equity reserve	42,081	42,081
Translation difference	-541	-343
Retained earnings	7,468	1,080
Result for the period	11,758	10,627
Equity attributable to parent-company shareholders	68,057	60,737
Equity attributable to non-controlling interests	14	0
Total shareholders' equity		
	68,072	60,737
Liabilities		
Non-current interest-bearing liabilities	20,354	15,284
Other non-current liabilities	2,324	2,000
Deferred tax liabilities	1,877	1,115
Total non-current liabilities	24,554	18,399

Current interest-bearing liabilities	8,457	11,658
Other current liabilities	41,956	30,284
Total current liabilities	50,413	41,942
Total liabilities	74,968	60,341
Shareholders' equity and liabilities	143,040	121,078

Consolidated cash flow statement

EUR 1,000	1 Jan 2021–31 Dec 2021	1 Jan 2020–31 Dec 2020
Cash flow from operations:		
Profit for the period	11,772	10,627
Adjustments to net profit	9,398	16,057
Change in working capital	-3,204	2,815
Change in other receivables and liabilities	2,517	-1,684
Interest paid	-299	-457
Interest income	43	32
Taxes paid	-3,580	-3,801
Cash flow from operations	16,648	23,589
Cash flow from investments:		
Purchases of tangible and intangible assets	-1,768	-1,268

Acquisition of subsidiaries, net of cash and cash equivalents at the time of acquisition	-9,933	-3,591
Repayment of loans receivable	1,573	-
Dividends received	5	10
Divested business operations		60
Cash flow from investments	-10,124	-4,789
Cash flow from financing:		
Repayment of lease liabilities	-4,085	-3,019
Repayment of current loans	-9,726	-2,326
Withdrawals of current loans	3,000	-
Repayments of non-current loans	-271	-
Withdrawals of non-current loans	10,900	-
Acquisition of treasury shares	-630	-301
Dividends paid	-4,002	-2,672
Cash flow from financing	-4,814	-8,317
Change in cash and cash equivalents	1,710	10,482
Cash and cash equivalents at beginning of period	16,410	5,838
Effect of changes in foreign exchange rates	28	90
Change in cash and cash equivalents	1,710	10,482

Cash and cash equivalents at end of period	18,148	16,410
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Statement of changes in shareholders' equity

EUR 1,000	a	b	c	d	e	f
Shareholders' equity, 1 Jan 2020	2,088	42,081	5,204	-422	4,241	53,190
Net profit					10,627	10,627
Other comprehensive income				80		80
Transactions with shareholders						
Dividends					-2,672	-2,672
Share-based payments recognised against equity					-188	-188
Acquisition of treasury shares					-301	-301
Shareholders' equity, 31 Dec 2020	2,088	42,081	5,204	-343	11,707	60,737
Shareholders' equity, 1 Jan 2021	2,088	42,081	5,204	-343	11,707	60,737
Net profit					11,758	11,758
Other comprehensive income				-198		-198
Non-controlling interests					14	14
Transactions with shareholders						
Dividends					-4,002	-4,002
Share-based payments recognised against equity					392	392
Acquisition of treasury shares					-630	-630
Shareholders' equity, 31 Dec 2021	2,088	42,081	5,204	-541	19,240	68,072

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
31 Dec 2021			
Acquisition cost, 1 Jan 2021	40,598	112,872	153,553
Business acquisitions	1,962	0	5,397
Increases	1,318	10,437	13,022
Decreases	-1,489	0	-625
Acquisition cost, 31 Dec 2021	42,388	123,309	171,623
Accumulated depreciation and amortisation, 1 Jan	-30,339	-51,394	-85,743
Depreciation (in income statement)	-4,395	0	-3,070
Translation difference			-20
Accumulated depreciation and amortisation, 31 Dec 2021	-34,734	-51,394	-88,833

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Book value, 1 Jan 2021	10,259	61,478	67,810
Book value, 31 Dec 2021	7,655	71,915	82,790
31 Dec 2020			
Acquisition cost, 1 Jan 2020	36,322	109,165	147,887
Increases	4,373	3,707	4,443
Decreases	-111	0	0
Transferred in acquisitions of business operations	14		1,223
Acquisition cost, 31 Dec 2020	40,598	112,872	153,553
Accumulated depreciation and amortisation, 1 Jan 2020	-26,278	-51,394	-83,738
Depreciation (in income statement)	-4,061	0	-2,005
Accumulated depreciation and amortisation, 31 Dec 2020	-30,339	-51,394	-85,743
Book value, 1 Jan 2020	10,044	57,771	64,149
Book value, 31 Dec 2020	10,259	61,478	67,810

Condensed income statement by quarter

EUR 1,000	10-12/ 2021	7-9/ 2021	4-6/ 2021	1-3/ 2021	10-12/ 2020
Net sales	44,751	33,194	38,638	39,357	37,867
Other operating income	122	23	182	117	50
Materials and services	-6,235	-5,443	-5,235	-4,761	-4,473
Depreciation, amortisation and impairment	-1,787	-1,841	-1,897	-1,959	-1,553
Other operating expenses	-32,638	-22,633	-28,976	-28,298	-27,833
Operating result	4,213	3,299	2,711	4,456	4,060
Financial expenses (net)	42	130	-208	-71	-289
Profit before taxes	4,255	3,429	2,504	4,385	3,771
Income taxes	-787	-676	-504	-834	-810
Result for the period	3,469	2,753	2,000	3,550	2,961
Distribution of net profit for the period					
Parent-company shareholders	3,462	2,749	2,003	3,544	2,961
Non-controlling interests	7	4	-3	6	0
Earnings per share, EUR (undiluted)	0.13	0.10	0.08	0.13	0.11
Earnings per share, EUR (diluted)	0.13	0.10	0.07	0.13	0.11

Group key figures

EUR 1,000	1-12/2021	1-12/2020
Extent of business		
Net sales	155,939	139,049
Average capital invested	97,159	86,044
Number of personnel	1,339	1,258
Average number of personnel	1,334	1,261
Profitability		
Operating profit (EBITA)	17,739	16,000
- as a % of net sales	11.4%	11.5%
Operating profit (EBIT)	14,680	14,102
- as a % of net sales	9.4%	10.1%
Profit before taxes	14,573	13,458
- as a % of net sales	9.3%	9.7%
Result for the period	11,772	10,627
- as a % of net sales	7.5%	7.6%
Return on equity, %	18.3%	18.7%
Return on investment, %	16.3%	16.5%
Financing and financial standing		
Interest-bearing net liabilities	10,663	10,531
Net gearing	15.7%	17.3%
Equity ratio	48.0%	50.7%
Cash flow from operations	16,648	23,589

Earnings per share, EUR, undiluted	0.44	0.40
Earnings per share, EUR, diluted	0.44	0.39
Equity per share, EUR	2.54	2.26
Lowest share trading price, EUR	6.30	3.30
Highest share trading price, EUR	9.46	7.80
Average share price, EUR	7.51	5.47
Market capitalisation, EUR 1,000	188,839	201,714

Acquired business operations

The acquisition of the entire share capital of Climber International AB was carried out on 7 January 2021, when the terms and conditions for its completion were met and Climber International AB was transferred to Digia's ownership. Climber International AB is a Swedish company that provides its customers with consulting and solutions for data-driven business development. The acquisition concerns Climber's operations in Sweden, Finland, Denmark and the Netherlands. Climber will continue as a subsidiary with its own brand.

Smart data utilisation is one of the main focal points of Digia's strategy. The acquisition of Climber has accelerated growth in Digia's data and analytics business, primarily by providing access to markets outside Finland.

Solasys Oy became a wholly owned subsidiary of Digia on 1 September 2021. Digia previously had a 10 per cent holding in Solasys Oy. Solasys' net sales for the period ending 30 June 2021 totalled EUR 1.3 million. Nine experts joined Digia as a result of the acquisition.

EUR 1,000

Total fair values of the acquired businesses on the acquisition date	
Property, plant, and equipment, and intangible assets	62
Accounts receivable and other receivables	9,108
Cash and cash equivalents	2,527
Total assets	11,698
Accounts payable and other liabilities	8,522
Total liabilities	8,522
Net assets	3,175
Goodwill	10,254
Value of customer contracts	3,919
Value related to the order book and trademark	1,478
Acquisition cost	17,746
Cash flow effect of the acquired businesses	
Acquisition cost	-17,746
Cash and cash equivalents	2,527
Additional purchase price	5,324
Acquisition-related costs	-23
Net cash flow of acquisition	-9,918

The purchase prices were paid at the time of acquisition in cash, with the exception of estimated additional contingent amounts subsequently payable in cash. The value of the net assets of the acquirees was estimated at EUR 3.2 million in the acquisition cost

calculations. Acquisitions had an impact of EUR 13.5 million on the Digia Group's net sales in the 2021 fiscal year and EUR 1.7 million on the result for the period. If the businesses acquired during the fiscal year had been included in Digia's consolidated accounts for the entire year, the consolidated net sales in 2021 would have amounted to about EUR 156.8 million and the operating result to EUR 14.9 million. On 31 December 2021, 77 people worked for the Climber Group and seven people worked for Solasys Oy.

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 10.3 million as a result of the acquisitions. Goodwill consisted of the value of acquired market share, business expertise and expected synergies.

Formulas

Operating profit (EBITA):

Operating profit + amortisation of acquisition costs

EBITA margin, %:

$$\frac{\text{Operating profit} + \text{amortisation of acquisition costs}}{\text{Net sales}} \times 100$$

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,%:

Dividend per share x 100

Last trading price for the period, adjusted for share issues

Price/earnings (P/E):

Last trading price for the period, adjusted for share issues

Earnings per share

Largest shareholders 31 December 2021

	Shareholders	Shares and votes	%
1.	Ingman Development Oy Ab	7,900,000	29.5
2.	Ilmarinen Mutual Pension Insurance Company	3,008,043	11.2
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.	Rausanne Oy	265,000	1.0
8.	Varelius Juha Pekka	218,424	0.8
9.	Kohonen Jorma	215,658	0.8
10.	OP-Suomi Pienyhtiöt investment fund	153,668	0.6
	Total	16,822,389	62.7